



# Annual report 2010

## Thetis SpA

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e coordinamento del Consorzio Venezia Nuova





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## Corporate bodies

### Board of Directors

Chairman                      Giovanni Mazzacurati

### Board members

Piergiorgio Baita

Maurizio Castagna

Nicoletta Doni

Alessandro Mazzi

Claudia Minutillo

Luciano Neri

Antonio Paruzzolo

Pio Savioli

Johann Stoker

Federico Sutto

Stefano Tomarelli

### Statutory Auditors

Chairman:                      Francesco Giordano

Regular auditors: Ernesto Battisti, Maurizio Nardon

Alternate auditors: Paolo Minchillo, Raffaello Pietrasanta

### Supervisory Body

*(ex law 231 of 30 June 2001)*

Chairman:                      Pier Vettor Grimani

Members:                      Giorgio Faravelli, Marco Lupatini

### Independent auditors

BDO S.p.A. Società di Revisione



# Report on operations

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## Letter to the Shareholders

Dear Shareholders,

the results achieved by your company in the 2010 period are positive and bear witness to the success of the business strategies implemented in past periods.

Despite the financial economic crisis, 2010 reported growth for the Company compared to the previous period with improvements from a commercial point of view with the increase in order acquisitions in almost all sectors of business and the opening towards new markets, from an economic point of view with growth in the value of production and also from a financial point of view with the improvement in cash flow and consequent reduction in the level of net financial debt.

Production exceeded the goals set in the projected budget, with an increase of 16% from the previous period, and generated a positive result with a gross operating profit margin of 4.3%

Furthermore, alongside the now traditional operations in the fields of civil and environmental engineering and control systems, in 2010 activities continued in technological development and research. Both are essential to the company's competitiveness in its target markets. Collaboration in these areas with leading Italian and foreign institutions is continuing to make the Company an increasingly better incubator of knowledge in the areas of sustainable growth and consistent territorial enhancement.

Revenues for 2010 totalled €27,528 thousand, with contribution margin of €6,539 thousand, or 23.8% of revenues. EBITDA was €2,432 thousand, or 8.8% of revenues, EBIT was €1,070 thousand and net income was €286 thousand.

A comparison of these results with those achieved last year demonstrates the gratifying financial results achieved by the Company in 2010:

- *Value of production* went from €23,730 thousand in the previous period to €27,528, with an increase of 16%.
- *Contributions margin* went from €6,229 thousand in the previous period to €6,539, equal to 23.8% of revenues.
- *EBITDA* went from €2,258 thousand in the previous period to €2,432, equal to 8.8% of revenues.
- *EBIT* is a positive €1,070 thousand, compared to €1,156 thousand in the previous period. This result is impacted by extraordinary provisions of €313 thousand and includes financial charges of €120 thousand, a decrease from the previous period thanks to better interest rates and the contribution of the share capital called.
- *Earnings before taxes* amounts to €1,025 thousand compared to the €1,187 thousand of the previous period, and is impacted by extraordinary charges of €141 thousand relating to taxes and costs of previous periods for €101 thousand, partly offset by extraordinary income relating to unused provisions from previous periods of €96 thousand.
- *Net income*, finally, reports a profit of €286 thousand compared to the €505 thousand of the previous period.
- *Operating costs*, amounting to €4,107 thousand, decreased to 14.9% of the value of production, which is an improvement during the period (16.7%).
- *Amortization, depreciation and provisions*, which total €1,994 thousand, consist of provisions set aside during the period of €1,681 thousand for the depreciation of operating assets purchased as part of the European plan to found a technology centre in the Arsenale, investments made in previous periods and those made in the present



period and provisions made amounting to €313 thousand for contingencies and future expenses.

- *Net financial debt* at year-end was €4,740 thousand, equal to 26.7% of net invested capital and 17.2% of value of production, compared to 37% and 31.6% in the previous period, respectively. This is primarily the result of the contribution from shareholders for the share capital called at the start of 2010.

The valuation criteria used are described in the “Notes to the Financial Statements”, which, together with the “Income Statement” and “Balance Sheet”, form an integral part of the annual financial statements, which have been prepared in ordinary form and presented according to the new plan set forth in Articles 2423, 2424 and 2425 of the Civil Code.

In terms of business activities, the *Civil Engineering division* focused on planning activities in the Arsenale area and work on reclaiming and improving the Certosa island, as well as Works Management services relating to the safeguarding of Venice and its lagoon.

Thetis’ activities in the *Environmental Engineering sector* focused on studies and experiments relating to projects to protect Venice and the Venice Lagoon, as well as a few important projects outside of Venice that include a study conducted for the World Bank on the environmental impact of transferring water from the Red Sea to the Dead Sea, and the planning of artificial islands in the Marano and Grado Lagoon to hold sediments dredged from the lagoon’s channels. In addition, the company is continuing to collaborate with the University of California at San Diego and the Scripps Institution of Oceanography, two of the world’s leading authorities in the field of sustainable development.

Activities relating to *ITS Applications for Maritime Transport* focused on developing the STIM (Integrated Telematic Monitoring System) project, designed to improve efficiency in the Port of Venice, and management of the SIMNAV System (Navigation Monitoring and Information System), used to monitor ship traffic at port inlets.

With respect to *ITS Applications for Sustainable Mobility*, the company was awarded contracts with Roma TPL and Arriva Malta and initiated work. These projects entail the use of a new range of hardware and software products for public transport management that were developed in-house. In addition, as part of the “Stadium” project, a pilot system was set up in Delhi. Finally, the company continued to maintain systems installed in previous years that are used for public transport management in Venice, Bologna and Parma.

*Environmental Services’* activities concentrated on the coordination of studies and environmental remediation projects for the Porto Marghera Site of National Interest, and the launch of a programme to monitor lagoon water bodies for classification and management purposes in accordance with Directive 2000/60/EC.

*Engineering Services*, on the other hand, focused on studies, planning and monitoring activities relating to the morphological restoration of the lagoon, as well as monitoring environmental effects on the lagoon resulting from the construction of defence works at the lagoon inlets, and managing networks and systems for predicting tide heights, which will be used in the future management of the Mose System.

Your Company’s staff increased by 2 in 2010.

Your Company’s prospects for 2011 are positive. Orders have been obtained or are in the process of being obtained totalling 86% of the projected results for the year and it is very possible that additional orders will be obtained.



Dear Shareholders,

**based on this information, we propose that you:**  
**approve the 2010 financial statements, which closed with net income of €286,104;**  
**allocate 5% or €14,305, of this net income to the Statutory Reserve; allocate the remainder of €271,799 to the Non-distributable Reserve, pursuant to Art. 2426, paragraph 5, of the Civil Code.**

For the Board of Directors

The Chairman

Giovanni Mazzacurati

Enclosed:

Reclassified "Income Statement"

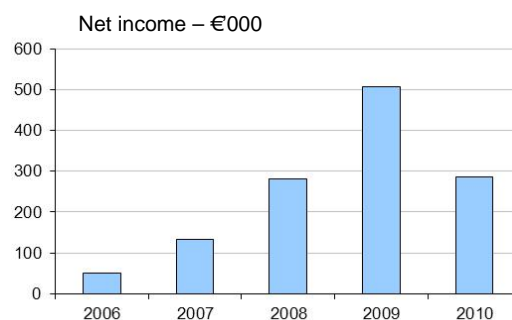
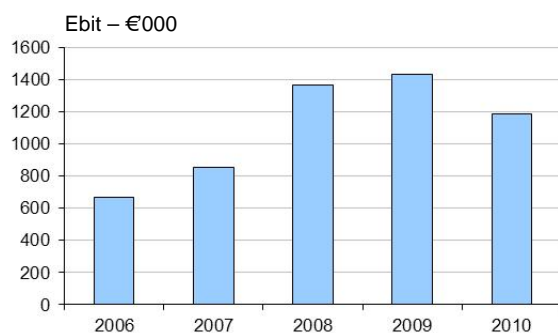
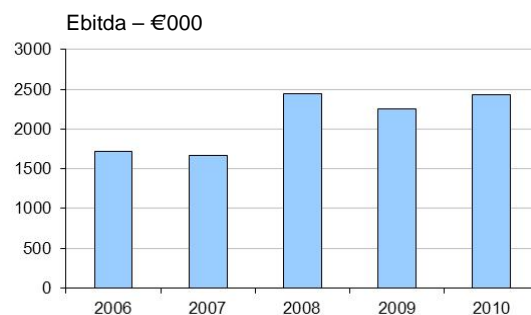
Reclassified "Balance Sheet"

Cash Flow Statement

Key income indicators



## Highlights



Income Statement		€'000
A – Value of production		27,527
B – Cost of production		26,338
	Difference between value and cost of production (A-B)	1,189
C - Financial income and expenses		(118)
D - Adjustments in the value of financial assets		-
E - Extraordinary income and expenses		(46)
Income taxes		(739)
<b>Net Income</b>		<b>286</b>



## Operating Performance

The most significant of the Company's **activities in 2010 in its principal areas of business**, are described briefly below, by Division and sector.

### **Civil Engineering and Construction Supervision (DICL)**

In 2010, the division's activities focused on planning projects in the Venice Arsenal and projects relating to the redevelopment and improvement of Certosa Island, as well as construction supervision for works to protect Venice and its lagoon.

This division's main activities are described briefly below:

#### **Civil Engineering**

##### *Activities around the Arsenale*

On behalf of Consorzio Venezia Nuova, the division developed the final plans for the construction of a centre at the Arsenal for managing and maintaining the Mose System:

- installing initial central building services and networks for the Novissima area, including a central cogeneration plant for generating electricity and heat, combined with a district heating/cooling system that employs a water loop and heat pumps to recover geothermal energy from the lagoon water;
- installing new infrastructure in sixteenth-century sheds (numbered 107 to 112), which will house the administrative offices and control centre, and sheds 98, 99 and 100, which will hold offices and laboratories;
- reinforcing the banks between the medium dock and the small dock and making safety modifications to the nineteenth-century building 91.

##### *Project to create the new Certosa Island urban park*

After developing the master plans for the project to redevelop Certosa Island, Thetis produced, on behalf of Vento di Venezia, the final plans for the first phase of boating-related infrastructure works and is preparing, in collaboration with the Environmental and Land Engineering Division, plans for subsequent construction phases.



##### *Technical, management, administrative and procedural assistance provided to the "G. Cini" Foundation*

Thetis continued to participate in (and act as mandatory for) a temporary joint venture to assist Fondazione G. Cini with a project to renovate and carry out supplementary maintenance of real estate holdings on San Giorgio Maggiore Island in Venice. In 2010, these activities included construction supervision for a new library in the "Manica Lunga" and a new residence in the former machine shops.



### *Studies and plans for a new building complex in Pesaro*

Thetis was commissioned by Greenerg Srl to develop the first stage of a project to construct a new environmentally sustainable, highly energy efficient building complex. Activities included dynamic modelling to optimize the buildings' energy efficiency, design of the electric and heating systems, acoustic analyses and assistance in identifying available incentives in the energy sector and arranging building permits.

### *Carso 2014+*

Thetis, as part of a temporary joint venture led by Swiss architect Paolo Bürgi, was awarded the contract for the Carso 2014+ project following an international competition held by the Province of Gorizia. The project's objective is to create an integrated museum circuit that features environmental, cultural and tourism aspects. It will foster the rediscovery of existing cultural heritage that evokes the heroic events of World War I, and commemorate the first centennial of the war.

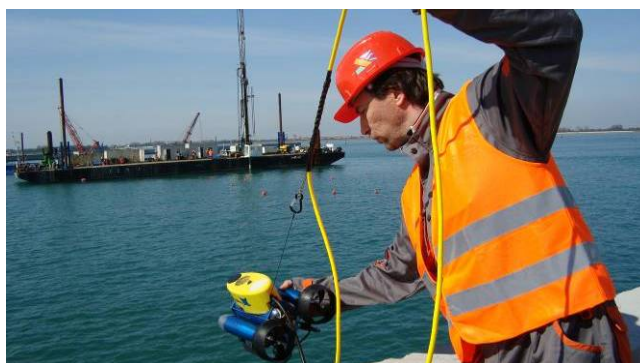
The proposal provides for the urban and environmental redevelopment of the Doberdò, San Michele and Redipuglia sites, as well as improving access from the surrounding areas and the sites' relationship with these areas.

## **Work Management**

### *Construction Supervision Services for the defence works at the lagoon's port inlets (MOSE System) and on the lagoon's interior*

Thetis continued its temporary joint venture with C. Lotti & Associati S.p.A., conducting construction supervision activities on behalf of Consorzio Venezia Nuova for the MOSE System at the construction sites located at the port inlets and external sites where components are being prefabricated, which employ approximately 50 specialized workers.

The company also provided ongoing construction site assistance, construction work accounting and quality control services for the defence works being built on the lagoon's interior, which are the responsibility of Consorzio Venezia Nuova. This construction project currently employs more than 40 specialized workers and has more than 80 active construction sites located in the historic centre of Venice, the lagoon, Porto Marghera and along the shores of the lagoon.



### *Excavation of Porto Marghera's deep-water shipping channels*

Thetis provided Porto Marghera Servizi Ingegneria SpA with ongoing construction supervision services for the excavation of deep-water shipping channels, which was promoted by the Government Commissioner.

### *Construction supervision for work at the Venice Arsenal*

The company provided, and continues to provide, construction supervision services to Consorzio Venezia Nuova for the construction of the centre at the Arsenal for managing and main-



taining the Mose System. The work includes: installing infrastructure in the nineteenth-century "Ex generatori" building, restoring and renovating buildings 62, 72 and 97, which date from the early 1900s, and building 96, which will be the new cafeteria; constructing a new pedestrian bridge over Rio delle Vergini; maintaining and improving the Arsenal's historic graving docks and restoring and renovating sheds 107, 109 and 112, part of a group of sixteenth-century buildings in the Novissima Grande.

In a temporary joint venture with Tecnoconsult, Thetis is also providing construction supervision to the City of Venice for the installation of infrastructure in shed 105, which is also part of the Novissima Grande group.



## Environmental and Territorial Engineering Division (DIAT)

In 2010, the division focused on studies and experiments relating to projects to protect Venice and the Venice Lagoon, as well as a few important projects outside of Venice, including a study conducted for the World Bank on the environmental impact of transferring water from the Red Sea to the Dead Sea and the planning of artificial islands in the Marano and Grado Lagoon to hold sediments dredged from the lagoon's channels.

Additional details on the main activities of this division in 2010 are as follows:

### Environmental services and regional development projects

#### *Planning of the artificial islands to be constructed in the Marano and Grado Lagoon*

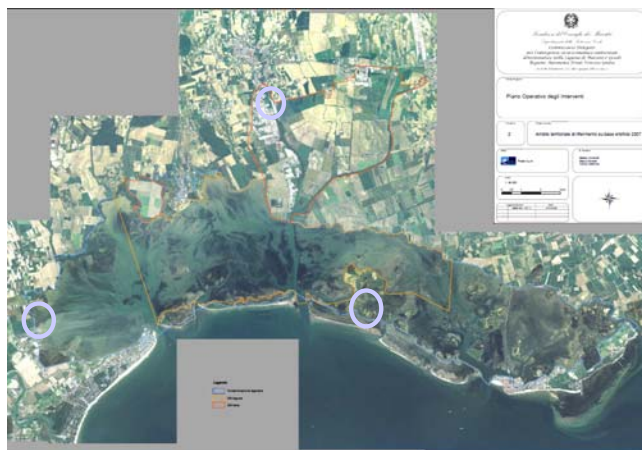
Thetis, on behalf of the Delegate Commissioner for the Environmental, Social and Economic Emergency and in collaboration with Studio Altieri S.p.A. (mandatory), is developing the final construction plans for three artificial islands to hold dredged sediments, which will have a volume of about 600,000 m<sup>3</sup> and a total cost of approximately 24 million Euros. Thetis' responsibilities include all activities relating to obtaining the necessary environmental, scenic and archaeological permits.

#### *Containment and remediation project for the "Caffaro" plant and the surrounding area*

In 2010 Thetis made modifications to the plans for the containment and remediation of the "Caffaro" plant in Torviscosa (UD) and the surrounding area, drafted in 2009 in collaboration with Studio Altieri S.p.A. on behalf of Sogesid S.p.A, to meet the requirements stipulated by the Decision-Making Service Conference (planning meeting) of the Ministry of the Environment during the approval meeting.

#### *Feasibility study for the environmental restoration of Sant'Andrea Island in the Marano and Grado Lagoon*

Thetis, in collaboration with Studio Altieri S.p.A and on behalf of Taverna S.p.A., prepared a feasibility study for the environmental restoration of Sant'Andrea Island in the Marano and Grado Lagoon. The study envisions the integrated execution of works to protect the island and restore its morphology, the creation of an area of reclaimed land produced with sediment dredged from the lagoon, and general environmental improvement of the island.



#### *Environmental permitting and activities relating to the remediation required for the creation of the Certosa Island Urban Park*

The division conducted the environmental assessments and analyses required for approval of the final project for the new Certosa Island Urban Park (Environmental Impact Assessment, Assessment of Plans and Projects Significantly Affecting Natura 2000 Sites, soil quality analysis) and will be responsible for future activities including environmental offsets, dredging, remediation and environmental monitoring.



## Regional planning, management and sustainable development of coastal areas

### *Red Sea Project*

Thetis is performing a study for the World Bank on the environmental impact of withdrawing water from the Red Sea. This work is part of the feasibility study for a project that would transfer 2,000,000 m<sup>3</sup> of water annually from the Red Sea to compensate for the Dead Sea's serious water deficit and also produce fresh water and energy for Jordanians, Israelis and Palestinians. The project's potential effects on the Gulf of Aqaba's marine environment include changes in water circulation patterns, impacts on the biology of the coral reefs and impacts relating to climate change-induced shifts in environmental conditions. Thetis is coordinating a project team composed of Israeli, Jordanian and American members.



### *Vulnerability and adaptation of the Venice Lagoon to climate change*

In 2010 the division, in collaboration with Engineering Services, initiated a study to assess the Venice Lagoon's vulnerability to climate change and formulate/update the adaptation plan.

### *Stormwater runoff management*

Thetis is assisting the Venice Water Authority, through its concessionary Consorzio Venezia Nuova, in identifying and promoting best practices for stormwater runoff management, pursuant to full implementation of Law 192/2004. The activities, which will be carried out by the division in close collaboration with Environmental Services, will include writing guidelines, taking scientific readings, and presenting the findings to stakeholders in order to promote discussion and involvement.

### *Environmental impact study on the exploitation of underwater sand deposits on the continental shelf off of Tuscany's coast for beach nourishment*

Thetis is participating in a study coordinated by CIBM-Livorno, on behalf of the Tuscany Region, to assess the possibility of mining sand from two offshore sites for beach nourishment projects on stretches of the Tuscan coast affected by erosion. Thetis's activities include studying methods of mining and ways of transporting the sand that minimize environmental impacts, preparing the Environmental Impact Study and defining preliminary mining scenarios.

## Monitoring and environmental research

### *Research on the state of the environmental matrices in the MAPVE2 area and related modeling*

Thetis, in collaboration with ISPRA, is finalizing the research and specialized biological / ecological studies necessary for planning interventions in the MAPVE area (an area of the lagoon between Venice and Porto Marghera). Suitable simulation models are being employed to compare the effects that different intervention scenarios would have on the transfer of contaminants from the sediment matrix to various levels of the trophic web.



### *Designing and managing monitoring networks*

The Division provided technical-scientific support to Environmental Services for the development and approval of the MODUS project (monitoring of lagoon water bodies for classification and management purposes - Directive 2000/60/EC and Ministerial Decree 56/2009) and initiated experiments.

The Division continued managing the marigraphic system for obtaining, verifying and managing marigraphic measurements at lagoon inlets, and gathering data required to *calibrate the flowmeters* installed at the port inlets.

Wave monitoring activities continued at the National Research Council's "Acqua Alta" platform and at the inlet to the Port of Malamocco. These measurements will be used to fine-tune the tide forecasting system and determine the placement of the abutment caissons at the inlet to the Port of Malamocco.

### *Monitoring activities*

In 2010 Thetis expanded the environmental monitoring activities it conducted for CNR-ISMAR of Ancona on a series of AGIP (oil company) platforms located in the central-northern Adriatic.

In addition, Thetis broadened the range of services its Environmental Laboratory provides, offering new analyses (predominantly ecotoxicological) that have applications in environmental studies of lagoons and ports, as well as studies for projects relating to remediation and the construction of infrastructure and other works.



### **Management of the Laboratories of the Water Authority in Venice and in Voltabarozzo (Padua)**

In 2010 Thetis continued the activities entrusted to it by Consorzio Venezia Nuova to ensure the operating capabilities of the Venice Water Authority's analytical laboratories in Venice and Voltabarozzo (Padua). These activities significantly strengthen Thetis's structure in specialist sectors related to environmental analysis activities. Since 2010 Thetis has also provided these laboratories with services related to the scheduling of supplies of technical and consumable materials, and the procurement of these materials.



## Intelligent Transport Systems Division (DITS)

In 2010, activities relating to ITS Applications for Maritime Transport focused on management of the SIMNAV System (Navigation Monitoring and Information System), used to monitor ship traffic at port inlets, and the continuation of the STIM (Integrated Telematic Monitoring System) project, designed to improve efficiency in the Port of Venice.

With respect to ITS Applications for Sustainable Mobility, the company was awarded contracts with Roma TPL and Arriva Malta in 2010 and initiated work. These projects entail the use of a new range of hardware and software products for public transport management that were developed in-house. In addition, as part of the "Stadium" project, a pilot system was set up in Delhi. Finally, the company continued to maintain systems installed in previous years that are used for public transport management in Venice, Bologna and Parma.

The main activities are described briefly below:

### ITS sea transport applications

#### *SIMNAV and STIM systems*

As part of an agreement between the Venice Water Authority and the Venice Port Authority, the initial implementation phase for the STIM system (integrated telematic monitoring and port management system) is underway. The primary objective of the system is to improve efficiency and safety in the Port of Venice. The system required the installation of two radar systems to monitor the Canale dei Petroli (Oil Tanker Canal). These radar systems are positioned on Petroli Island and on a dedicated platform on the side of the Canale dei Petroli, near marker 16 (Fusina).



*In addition, a radar tower for the STIM System was installed in Fusina.*

Management and maintenance activities proceeded for the SIMNAV system, a navigation monitoring and information system for the port inlets that features radar sites at the inlets to the ports of Malamocco, Lido and Chioggia and the control centre at the Arsenal. Planning activities for the expansion of the system, which will involve doubling the number of radar sites at the port inlets, were initiated.

#### *Technological systems*

Two new systems were developed to monitor the velocities of water vessels by means of cameras. Installed in Venice and Murano, the cameras are connected to display panels to encourage a reduction in speed. In addition, the company continued to manage and maintain the system it previously installed in Burano.

Approval from the Venice Water Authority was received for the installation of two new systems, at San Giuliano Point and the Canale degli Angeli (Canal of Angels) in Murano, and a study for the installation of another two systems in Chioggia was initiated.



The company continued to manage the positioning system for construction vehicles operating near the port inlets in the Venice Lagoon, installing new equipment, maintaining existing equipment, and also monitoring the system's functioning.

## ITS Applications for sustainable mobility

### *Public transport management system for Roma TPL*

Thetis was selected by Roma TPL to provide technological systems to support the management of public transport lines in Rome's periphery. The system includes the installation of approximately 450 on-board systems (including video surveillance, passenger counter, audio-visual announcement system, infotainment system) and a control centre. The system is expected to be completed in the spring of 2011.



### *Technological system for public transport management in Malta*

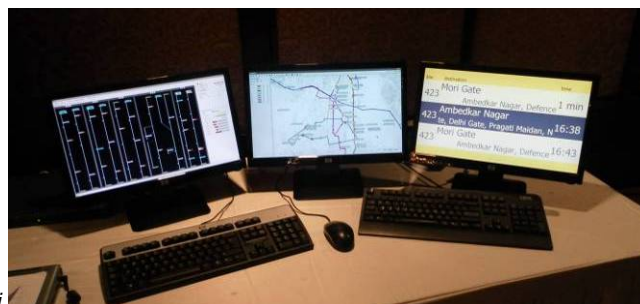
Thetis was awarded a contract with Arriva (now part of the Deutsche Bahn Group) to provide technological systems for public transport management in Malta. The company will supply an AVM system for approximately 300 buses (including GPS positioning, video surveillance, passenger counter, information system for passengers aboard the bus), an integrated ticketing system, a management system for 5 parking areas and a real-time user information system. The system is expected to be completed in mid-2011.

### *AVM (Automatic Vehicle Monitoring) systems*

Functionalities have been added and maintenance activities have continued for the system for the location and management of ACTV vehicles and craft operating in the land and sea transportation networks, for the ATC Bologna system and the TEP Parma system.

### *European projects*

With respect to research, development and technological innovation, the company continued work on three European projects: Stadium, Viajeo and Freilot. For each of these projects, Thetis is responsible for the implementation of pilot models of new technologies designed to improve the sustainability of urban public transport in New Delhi, Beijing and Lyon, respectively.



*The control centre for the pilot system in Delhi*

Specifically, an integrated pilot system that provides real-time management of information and passengers was developed and implemented in Delhi for the Commonwealth Games.



### *Study in Tbilisi, Georgia, to develop a sustainable urban mobility plan*

In 2010 Thetis conducted a study to formulate guidelines for developing a sustainable urban mobility plan for the city of Tbilisi, Georgia. The study was performed in collaboration with experts from the City of Tbilisi's transport division.



### **Safety systems for work yard and port areas**

Thetis has continued its work, on behalf of Consorzio Venezia Nuova, on a video surveillance system for the MOSE system works at the Venice port inlets.

A project to provide video surveillance of the construction site on the island that is located at the inlet to the Port of Lido was carried out. For this project, the placement of the surveillance equipment followed the evolution of the construction work, with devices being moved away from areas where activity had decreased or ceased (San Nicolò construction site) to zones where construction was underway. Both cameras and radio relay stations were moved during the project.

In addition, the company completed plans for a video surveillance system in the northern section of the Arsenal. The system will connect 30 cameras by means of an approximately 4000-metre network of fibre optic lines and radio relay stations integrated with the existing control centre. As part of the same project, plans for a similar system in the area of Ca' Roman were devised.



## Knowledge Systems Engineering Division (DICO)

The Division strengthened in-house information services, provided support for ongoing projects and offered its expertise outside the company.

### *IT Governance and internal services*

The Company's use of IT resources was optimized through the adoption of intelligent virtualization and networking systems that have resulted in a significant reduction in physical servers and significant energy savings. The process of strengthening perimeter computer safety systems was also completed, along with the detection and recording of computer accesses ("in-trusion detection" and "log management"), given the necessary inter-connections between the company network and service networks linked to external projects.

The Division completed development of document and workflow management applications to improve the company's internal management procedures and consolidated human resources applications and specific treasury applications.

### *External Market*

A project involving the creation of an Electronic Data Interchange application that integrates into the LogIS computer platform was completed for the Venice Port Authority.

The company also prepared several cost-benefit analyses relating to the expansion of the Port Community System for the Venice Port Authority.

Other completed projects include:

- the development of an application, integrated into the LogIS computer platform, for completing customs documents relating to merchandise transport;
- the development of an application to manage vehicle maintenance for Roma TPL (public transport company).

The company also completed plans for the development of SIT-Demanio, an application to manage activities relating to the concession of state property under the jurisdiction of the Venice Port Authority.

In addition, the company provided Consorzio Venezia Nuova with operational management services for the ship simulator in Malamocco.



## Environmental Service (SEAM)

Environmental Services, on behalf of Consorzio Venezia Nuova, coordinated and supervised studies, research and environmental monitoring activities relating to problems stemming from the quality of the lagoon environment and the soil in Porto Marghera, and coordinated planning for a project to reinforce the banks of the lagoon in Porto Marghera.

### Quality of the lagoon environment

The activities conducted by Environmental Services in 2010 focused on studies and environmental monitoring of the Venice Lagoon (in the areas Mela 4, Mela 5, Mapve2 and Hicsed), hydrogeological characterization of the subsoil in Porto Marghera and research relating to the design of bank reinforcements in Porto Marghera.

The following were also initiated in 2010:

- activities to promote best practices for stormwater runoff management, pursuant to full implementation of Law 192/2004.
- activities relating to the MODUS project, which involves monitoring lagoon water bodies for classification and management purposes in accordance with Directive 2000/60/EC.

In addition, the Division wrote the volume "State of the Venice Lagoon Ecosystem", which was published by Marsilio Editori as part of the "Tools of the Venice Water Authority" series.



### Reinforcement of the lagoon banks in Porto Marghera

In 2010 the company assisted Consorzio Venezia Nuova with the planning of bank reinforcements for the larger islands of the Porto Marghera Site of National Interest, as well as project coordination, which included attending the Porto Marghera Service Conference (planning meeting), drafting technical documents and acting as a liaison with local government officials, the Port Authority and businesses located in the area.

Specifically, the focus was on:

- preliminary planning for reinforcement of the banks of the Fincantieri shipyard's dock and the western bank of the Canale Industriale Ovest (West Industrial Canal);
- final plans for the environmental improvement of the second section of the Rana Dock, reinforcement of the western bank of the Canale Industriale Ovest and improvement of the western bank of the Canale San Leonardo-Marghera (specifically the stretch between Canale Industriale Sud and Fusina);
- compilation and technical assessment of reports on piezometric monitoring activities relating to bank reinforcement projects.

Other activities included implementation of the Porto Marghera Documents Archive, assisting the Venice Water Authority in writing a progress report on the work being performed in Porto Marghera and half-yearly updating of data in the relevant Ministry of the Environment Database.



## Engineering Service (SEIN)

In 2010, Engineering Services focused on activities relating to lagoon and coastal hydromorphology, as well as data networks and tide forecasting systems.

### Lagoon and coastal hydromorphology

#### *Plans, studies and monitoring*

Engineering Services conducted studies and morphological and environmental monitoring on the lagoon and its coasts (state of sites with mudflat and shoal morphologies, state of navigable canals, state of the coasts, state of the habitat) to be used by the Venice Water Authority and the Veneto Region in drafting the SPA Management Plan for the Venice Lagoon and preparing the new Morphological Plan.

Other projects initiated in 2010, in collaboration with the Environmental and Land Engineering Division, include a study on sustainable management that will be used in drafting the General Plan for complementary adaptation measures and the updating of the Water Authority's General Plan of Action, which takes into account future climate change and the need to develop adaptation and mitigation methods, techniques and measures.

#### *Morphological restoration*

Morphological planning was initiated, and partially completed, for the *Valle Millecampi area* (Casone Millecampi, Europa mudflats and intervention area), the *Sant'Erasmo area* (Canale Passaora), the *San Leonardo – Marghera canal area* and the *Val di Brenta area*. For the San Leonardo – Marghera area in particular, a solution that protects the floor of the Central Lagoon while promoting navigability by reducing infilling of the navigable channel was devised and its implementation was initiated.



New morphological restoration activities that make use of biostabilization techniques (with funding from the Veneto Region) are currently being implemented in the North Lagoon.

In addition, the company began planting eelgrass in vegetation offsets for the MOSE project and planned vegetation offsets for private projects in the Venice Lagoon.

The Division, in collaboration with the Intelligent Transport Division, continued and expanded the maintenance and management services that it provides to the Venice Water Authority for systems that deter speeding in certain lagoon canals – an effective measure to prevent morphological degradation.

The Division also assisted the Venice Water Authority with experiments to identify materials that could be used as an alternative to wood for mooring posts and signposts installed in the lagoon environment.

In addition, Thetis initiated new projects to protect lagoon morphological structures from wave action. These projects experimented with old and new technologies, most notably the use of mollusc processing waste materials in the construction of structures to protect morphological



elements (biostabilization) – an initiative that featured the direct involvement of fishermen who work in the lagoon environment.

#### *Coastal protection*

Using physical and mathematical models as a starting point, the division, together with Consorzio Venezia Nuova, developed an intervention plan to resolve problems in the coastal area of Cortellazzo.

In addition, the company provided Consorzio Venezia Nuova with assistance in planning and implementing an environmental conservation project in the dune area of Cortellazzo, and initiated a larger conservation project involving the coastal SCIs in the Europa environmental offset areas.

Thetis was also involved in organizing the “Laguna Longa” event, during which the Regions on the North Adriatic Transitional Waters Charter was presented. Drafted in coordination with Thetis, the charter (which covers the regions of Emilia-Romagna, Veneto and Friuli Venezia Giulia) has the objective of reconciling environmental conservation with economic development by providing incentives for applying best practices in regional management.

### **Data networks and forecasting systems**

Engineering Services continued to manage networks and high-tech measuring systems, as well as the transfer of data to end users (including construction sites at the port inlets), ensuring a steady supply of information for studies and monitoring relating to meteorological and marine conditions, high waters forecasting systems, and the hydrology of the lagoon drainage basin.

Specifically, *a high waters forecasting system* for the Venice Water Authority was installed in Thetis' computer infrastructure and made fully operational in 2010.

Operational maintenance of the meteorological and marine networks and the forecasting systems currently relates to the management of the MOSE system, but in the future these networks and systems may also be used to provide "technical services" to other regional bodies (for example, Venice Port Authority, ARPAV, Civil Defence, Reclamation Consortia, Basin Authority).

In addition, the company continued to *monitor the impacts of the construction sites at the port inlets* on behalf of the Consorzio Venezia Nuova and the Venice Water Authority.



## Other Activities

### The energy sector

In 2010 Thetis laid the foundations to offer consulting and planning services for the energy sector, in addition to its current services.

Activities to develop this area of expertise focused on strategic consulting *services in the Carbon & Energy Management* field and, more specifically, projects relating to reducing greenhouse gas emissions.

Specifically, the following topics were addressed for various clients, including WWF, Sofidel and Mutti:

- Carbon footprint calculation,
- Clean Development Mechanism,
- Energy management in industrial sectors,
- Emission Trading System.

In a related project, the company is collaborating with the Ministry of the Environment to start a Carbon & Energy Management programme for Italian universities, initiating a pilot programme at the Ca' Foscari University of Venice.

In addition to the abovementioned consulting activities, Thetis is an accredited E.S.C.O. (Energy Service Company). The company has developed *industrial energy efficiency projects* (e.g., a *project to improve the energy efficiency* of production lines at Tredegar SpA) that have resulted in substantial energy savings for its clients. These activities have led to the obtainment of a total of approximately 650 Energy Efficiency Credits.

Furthermore, in collaboration with other divisions of the company, this division initiated several projects relating to energy sustainability in buildings (*energy optimization project for the Villa Fastiggi residential complex in Pesaro*), which promoted certification protocols like LEED, as well as projects relating to sustainable mobility and problems connected with climate change in general.



## Research, Development and Technological Innovation Activities

In 2010 approximately 7,900 man hours were dedicated to research and development; this was the equivalent of 2.8% of the workforce, and cost roughly € 2,300. Research and development have tracked the company's growth; they were 9.5% of revenues in 2010, a result that is also set to be repeated in 2011.

The most significant investment which was made during the period involved the *development of new AVM* (Automatic Vehicle Monitoring) products which also figure in the operating lease agreement entered into with the company Roma TPL.

### *Regional development. The project for the new Certosa Island urban park*

With respect to activities relating to the development of the Venice area, in 2010 Thetis, in collaboration with Vento di Venezia, assisted in creating the final plans for a project to revitalize Certosa Island. The project involves consolidating and strengthening existing business activities on the island, redeveloping open (unbuilt) areas and renovating more than 40 buildings that will house boating services, sports facilities, educational areas and hospitality facilities. While architect Tobia Scarpa was responsible for the project's architectural aspects, Thetis coordinated the project planning, developed structural and building services designs and performed the necessary environmental studies and analyses.

The results of these activities are already being applied in the project's development. In fact, Thetis has signed contracts to prepare the final plans for the first phase of boating-related infrastructure works on the island and to manage the environmental permitting. The costs incurred during the project will be recovered in subsequent development stages.

### *Development of new AVM - Automatic Vehicle Monitoring products*

With respect to the "Sviluppo nuovo sistema di bordo" (new on-board system development) investment project, a new line of hardware and software products was developed in 2010, including the new UPL090 on-board computer and a new video surveillance system featuring a video counting system.

In response to requests from clients, new functions were developed for the on-board software, including the "Ecodriving" module, and new modules for the AVM control centre are being completed, including a forecasting module. The eBus-R reporting and validation software is also under development, as is the multimedia on-board system for advertisements, entertainment and service messages.

The principal areas of application for these products are contracts to provide AVM/ITS systems for sustainable mobility. Specifically, two contracts signed in 2010 for AVM systems in Rome and Malta constitute the current primary applications.

### *European projects in the field of transportation sustainability*

The company continued work on three European projects: Stadium, for which Thetis is responsible for creating a pilot model to manage public transport in Delhi; Viajeo, for which Thetis is responsible for introducing a pilot model for a real-time multi-modal travel planner system in Beijing; and Freilot, for which Thetis demonstrated the functions of a software module for dynamic allocation of parking areas in Lyon.

Thetis, along with 50 partners, continued work on the CVIS (Cooperative Vehicle Information Systems) project, part of the EU's Sixth Framework Programme. Coordinated by Ertico, the project has the objective of developing, through pilot models, basic knowledge and technologies for the automated communication of information to improve traffic safety.

Some of the projects' results have already been offered in third-party contracts in 2010, and more will be offered in future years as the results become available.



## Governance and Corporate Responsibility

### Corporate Governance

#### *Board of Directors*

The Board of Directors of Thetis S.p.A. is made up of 12 Directors, whose term expires upon the approval of the December 31, 2010 financial statements.

The Board is entitled to complete periodic access to all significant information and is responsible for the management of the Company. The Board's main role is to set the strategic goals of the Company, monitor management's performance and establish the economic and general values of the Company, thus ensuring that shareholders' interests are protected. It also decides significant issues regarding, among other things, large investments, bids, financial management strategies, health and safety issues, and environmental policies.

In 2010 the Directors of Thetis S.p.A. met regularly to examine the matters submitted to them.

#### *Remuneration of directors and Statutory Auditors*

The remuneration due the Directors and Statutory Auditors of Thetis S.p.A. for the performance of their duties is as follows:

Position	2010	2009
Directors	237,616	409,948
Statutory Auditors	39,580	36,648

#### *Organizational, Management and Control Model pursuant to Legislative Decree 231/2001*

During 2010, the main activities carried out by the Supervisory Body in relation to the management and organizational model adopted by the Company for the purposes of preventing the crimes laid out by Legislative Decree 231/2001 were:

*Oversight and control* – Oversight and control activities were carried out regarding some matters that fall under the scope of Legislative Decree 231/2001. In particular:

- Work safety – the evolution of the management of work safety issues was monitored, resulting in the preparation of the Risk Assessment document; the main theme of the period was that of the BS OHSAS 18000:2007 certification.
- Cybercrimes and Security Policy Document – the Security Policy Document and the vulnerability assessment performed in 2010 in order to verify the condition of Thetis's computer systems were analyzed.
- Contracts – the presence of the ethics clause in the goods and services supply agreements entered into by Thetis was verified.

*Monitoring of regulatory changes and additions to the organizational model* – The Supervisory Body continuously monitored the regulatory changes which took place during 2010 and put forward a proposal to supplement the organizational model which was approved in its last draft at the Board meeting on March 15, 2010.

*Employee training* – the Board verified the training provided in 2010 on issues relating to workplace safety, which continued the training provided in 2009.

*Authorizations and powers of attorney system* – The Supervisory Body was constantly informed of the changes which took place to Thetis' authorizations and power of attorney system to ensure that it was consistent with what was set out in the Organizational Model.



### *Privacy, Security Policy Document*

Since the Company places great importance on its know-how, data and information, which represent a key asset for the Company, special attention was given to IT security issues and, in general, risks related to the use of infrastructures and *Information and Communication Technology tools*.

To that effect a continuous improvement plan has been in place for a few years now and will be included in the annual revision of the Security Policy Document. The plan involves the introduction of certain new monitoring and IT security analysis tools and the overall revision of company policies on the use of IT tools, data access and their storage.

### *Principal risks and uncertainties to which the Company is exposed*

The Company takes a systematic approach to managing strategic, operating and financial risks, with particular focus on the life cycle of production orders, which represent the key feature of business activity. The business risk control procedure is implemented throughout all stages of orders, from their acquisition to the end of the warranty period, and involves all functions that are engaged in order fulfillment depending on the nature of the risks identified and the action necessary to face them.

The financial Company's financial position is nonetheless affected by various factors of the macroeconomic framework of the local, national and international market. The Company continues to be exposed to economic risk, liquidity risk, market interest rate fluctuations and the more general risk of financial flow evaluation.

Against this backdrop and with reference to the information required by Legislative Decree 32 of February 2, 2007 concerning the analysis and description of the main risks and uncertainties, at the time this Report on Operations was prepared the Company was not exposed to any particular risks and it is therefore believed that there will be no negative economic effects and that any potential risks are in any case manageable in view of the risk provisions that the Company makes for any uncertainties that are characteristic of the activities which it performs.

### *Relationships with subsidiaries, associates and parent companies*

In accordance with Art. 2497 bis of the Civil Code, it is specified that the Company is subject to management and coordination by Consorzio Venezia Nuova.

The key information from the most recent approved financial statements of Consorzio Venezia Nuova is reported in the Notes to the Financial Statements. The transactions that took place in 2010 with subsidiaries, affiliates and parent companies are summarized below.

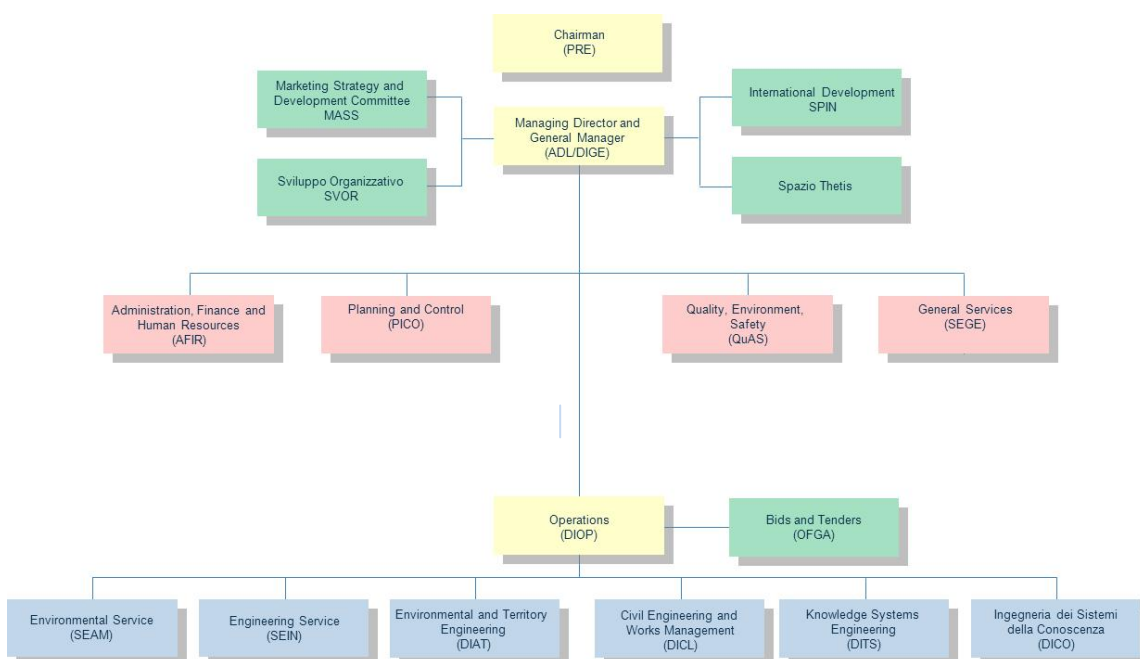
Affiliates	Trade receivables	Trade payables	Operating income	Operating cost
Lotti – Thetis Servizi Ingegneria S.c.a r.l.	6,250,750	332,007	21,489,305	1,429,487
Affiliates	Trade receivables	Trade payables	Operating income	Operating cost
Lotti – Thetis Servizi Ingegneria S.c.a r.l.	540	163,902		612,500
Porto Marghera Servizi Ingegneria S.c.a r.l.	579,703	773	135,522	644
Consorzio Oikos Fer				



## Organizational Structure of the Company

The Company strengthened its organizational structure to improve the assignment of responsibilities, to develop the skills of the individual staff members and to create improvements and synergies between operating activities.

The operational structure consists of four operational divisions active in the sectors of Ingegneria Ambientale e del Territorio (DIAT) (*Environmental and Land Engineering*), Ingegneria Civile e Direzione Lavori (DIDL) (*Civil Engineering and Construction Supervision*), Ingegneria dei Sistemi Intelligenti dei Trasporti (DITS) (*Intelligent Transport Systems Engineering*), and Ingegneria dei Sistemi della Conoscenza (DICO) (*Knowledge Systems Engineering*), as well as the Servizio Ambiente (SEAM) (*Environmental Services Department*) and Servizio Ingegneria (SEIN) (*the Engineering Services Department*), that are composed of seconded personnel from Consorzio Venezia Nuova.





## Quality Management Systems

In 2010 Thetis obtained BS OHSAS 18001:2007 "Occupational Health and Safety Management Systems" certification, a recognized international standard that enables the company to manage its Worker Health and Safety System in a methodical and systematic manner.

In addition, with respect to quality and environmental management systems, in 2010 the company:

- Maintained UNI EN ISO 9001:2008 - "Quality Management Systems" certification.
- Maintained UNI EN ISO 14001:2004 - "Environmental Management Systems" certification.
- Updated its Environmental Declaration and maintained its registration in accordance with Regulation (EC) 761/2001 – EMAS.
- Maintained the environmental laboratory's SINAL accreditation for several chemical and ecotoxicological assays, in accordance with "UNI-CEI EN ISO/IEC 17025 - General Requirements" for analytical and ecotoxicological laboratories.

Capitalizing on the company's specific expertise in the sector, in 2010 Thetis provided specialized consulting services to: *Impresa di Costruzione ing. E. Mantovani* to maintain "BS OHSAS 18001, Occupational Health and Safety Management Systems" certification and "UNI EN ISO 14001: 2004, Environmental Management Systems" certification; *Insula S.p.A.* to maintain "UNI EN ISO 9001:2008, Quality Management Systems" certification; the *Venice Port Authority* to obtain "UNI EN ISO 14001: 2004, Environmental Management Systems" certification; and *Arkema S.r.l.*, a company that produces acetone cyanohydrin in the petrochemical area of Marghera, conducting an internal audit of the environmental management system to assess conformity with "UNI EN ISO 14001: 2004" standards.



## Human resources

### Human resources

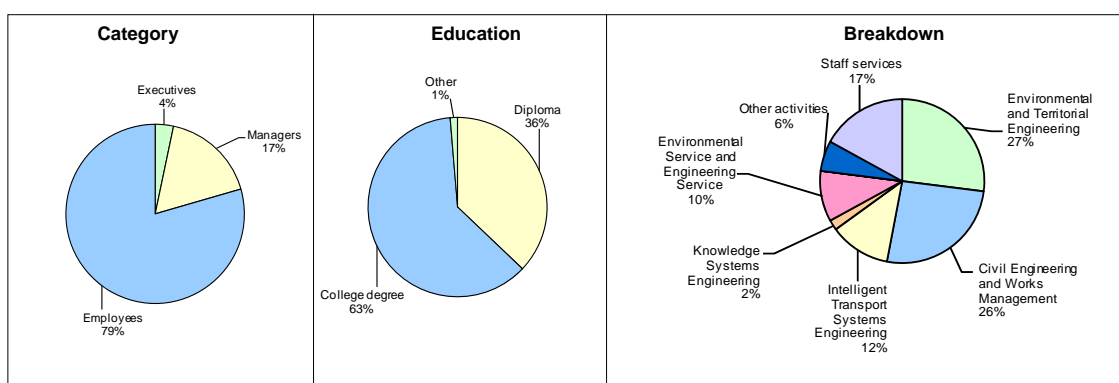
As of 31 December 2010, Thetis S.p.A. had 153 employees, an increase of 2 compared to 31.12.2009.

In 2010 two members of staff resigned, while 4 new staff members were hired on fixed-term contracts.

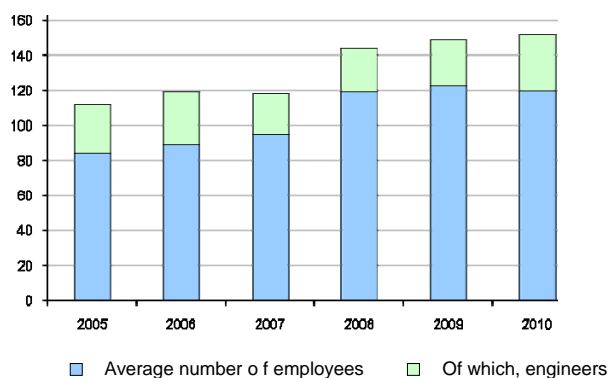
The average age of staff at Thetis is 39 years old, with females making up more than 45%. In terms of level of education, 63% of employees hired hold a degree.

During 2010 the activities of seconded personnel from the Environmental and Engineering Service of Consorzio Venezia Nuova working at Thetis were consolidated, with the aim of developing the synergies made possible by the related and complementary expertise of Thetis and Consorzio Venezia Nuova. Offerings will be made to the local, Italian and international markets.

A division of the employees by area shows the highest number belong to the Environmental and Territorial Engineering Division (27%) and Civil Engineering and Works Management Division (26%), followed by the Transportation Engineering Division (12%), the other operating activities (6%) and Knowledge Systems Engineering Division (2%), seventeen percent of the workforce acts as Staff. The two operating services, (the Environmental Service and the Engineering Service) use 10% of the workforce, made up almost entirely of seconded personnel.



The average number of salaried employees has evolved as follows:



	2006	2007	2008	2009	2010
Average number of employees	119	118	144	149	152
Of which, engineers	89	95	119	123	120



### *Human Resources development system*

The Company's growth objectives cannot be achieved without thoughtful policies regarding the management and development of human resources. Individual training paths were implemented in 2010 based on the specific professional qualifications of each person, with support from an evaluation system. Over 126 employees participated in training events in 2010, for a total of roughly 3,000 man-hours spent in sessions expanding peoples' knowledge of managerial technological and administrative issues. In addition to the training given internal personnel, some training was offered to consultants and collaborators working in fields in which the company is active. Activities continued throughout the year related to the provision of information and training about environmental and health protection and workplace safety to workers and managers, resulting in the planning of activities for organizational and technical improvements. During the year 71 employees were involved in this for a total of around 1,000 man hours.

An intranet system is in place at Thetis which allows employees to gain access to the main know-how easily, enabling them to improve their professional skills further by sharing documents and participating in training sessions carried out both internally and externally.

In 2010 the Supplementary Territorial Agreement made operative in 2009 was renewed. This agreement concerns the bonus for company participation provided by Art. 38 of the Energy and Oil National Collective Labor Contract. The participation bonus is an institution that aligns the interests of individual workers and of the company; it is a tool that encourages employees to take more responsibility for achieving the company's goals. Their doing so is essential to success in an increasingly competitive global market, especially in view of the current difficult economic situation.

### *The support and wellbeing of individuals*

As started in the Company's Charter of Values, all workers are entitled to equal treatment at work: each individual must be valued and treated with dignity and protected from incorrect conduct of any kind. Thetis strictly prohibits and does not tolerate any form of discrimination, harassment or unprofessional conduct because of age, disability, civil status, race or color, origin, religion, gender, sexual orientation or gender identity.

In identifying and regulating the various initiatives, solutions to individual and collective issues and regulatory adjustments in relations with its employees, the Company continued talks and dealings both with those directly concerned and with the with the RSU (Unitary Trade Union representatives).

The "Mobility Manager" initiative has been continued, which is an agreement entered into between Thetis and the local transport companies (Actv and Trenitalia) for the subsidized purchase of yearly travel subscriptions on behalf of employees.

### *Health and safety*

Thetis has always been committed to ensuring the safety of its personnel, involving all employees working within the company facilities in this activity.

Thetis plans and manages its work activities in a manner that minimizes worker health and safety hazards. Specifically, the company ensures that its workers are properly trained and that training is updated, promotes responsible behaviour, identifies and performs preliminary assessments of dangers and hazards, and takes appropriate prevention and protection measures to reduce or mitigate potential hazards. This approach has enabled Thetis to meet its objective of obtaining BS OHSAS 18001:2007 certification for its in-house Safety Management System.



## Environmental protection

### *Environmental sustainability*

Thetis' efforts thus far in the field of sustainable development arose as a natural result of views that the company has held since it was founded in 1993.

Sustainable development is a source of inspiration for Thetis' corporate strategy and culture, which balance economic growth, social responsibility and environmental protection. It also contributes to creating value, a long-term perspective, and competitive advantage, and aids in anticipating and managing business risks.

Over the years Thetis has promoted numerous environmental improvement initiatives, both in infrastructure management and in specific work activities, with the objective of optimizing the company's environmental performance by anticipating and surpassing the requirements prescribed by law.

### *Sustainability management*

Significant progress was made with respect to sustainability management in 2010, as Thetis made a greater commitment to evaluating the company's environmental performance. This enabled the company to comply with the stipulations of the new Regulation (EC) 1221/2009 (EMAS III - Eco-Management and Audit Scheme), which went into effect in late 2009 and imposes new environmental reporting standards.

One of the company's objectives for 2011 is to start an in-house inter-functional work group called the "Energy & Carbon Management Team". This project arose from the realization that proper measurement and management of energy consumption and CO<sub>2</sub> emissions within a complex organization such as Thetis can only be achieved through the involvement of all parties who have a direct impact on consumption or are responsible for planning and executing efficiency measures (e.g., systems and maintenance, ICT, human resources, etc.).



## Art, culture and tradition

2010 was an unprecedented year for Spazio Thetis – in addition to hosting numerous exhibitions, performances, conferences and concerts, it was involved in events held outside the Arsenal for the first time.



In fact, at the beginning of the year Spazio Thetis signed an agreement with the Veneto Region to curate a series of exhibitions of works by artists from Veneto in the region's Brussels office. The first event in the series was a solo exhibition by *Claudia Buttignol* that was held in both the Veneto Region's office and the Italian Cultural Institute.

Spazio Thetis also forged strong ties with the Brera Academy of Fine Arts, La Sapienza University in Rome, Milan Polytechnic and Torino Polytechnic.

Spazio Thetis hosted an exhibition entitled "*Creatività=sostenibilità*", displaying works by young artists from Brera. The works focused on the timely theme of sustainability, which was explored further in the "*Culture\_Nature*" exhibition organized by the two polytechnics. *Culture\_Nature* was highly successful in terms of the number of visitors it attracted and the attention it received from the press. It also allowed Spazio Thetis to strengthen its working relationship with *Andreas Kipar*, one of the most famous landscape architects in the world.

A series of conferences provided an opportunity to further explore the exhibition's themes – an event that explored the relationship between Music and Architecture was attended by such illustrious guests as *Mario Botta* and *Philippe Daverio*, and concluded with a concert by *Ezio Bosso* and a performance by *Omar Galliani*.

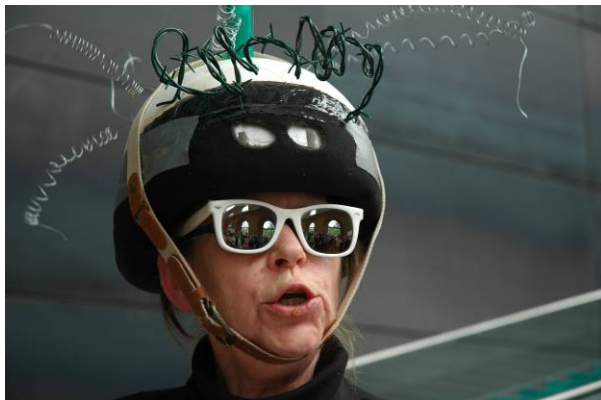


*E-picentro*, a collateral event of the Venice Biennale promoted by La Sapienza University, focused on the theme of emergencies and the relationship between architecture and environmental catastrophes. The event opened new opportunities for the company to collaborate with experts who participated in the exhibition.

From an artistic perspective, the year began with a photography exhibition entitled "*Lateral Bodies*", which was curated by *Ewald Stastny*. This was followed by the *Perfomedia* Festival, a performance art event that brought artists from around the world to Spazio Thetis. In June,



solo exhibitions by *Giovanni Canova* and *Bruno Kladar* opened and the group exhibition “*Tra Oriente ed Occidente, Venezia Centro dell’Arte*” (Between the Orient and the Occident, Venice – the Centre of Art) was held. For a project commissioned by Consorzio Venezia Nuova, Spazio Thetis curated two *site-specific* installations designed by artists *Francesca Pasquali* and *Susie MacMurray* for sheds 107 and 112.



The *Felicity* exhibition, another noteworthy event, displayed the winning projects from an international graphic art competition whose theme was life in urban society and how it can be improved.

The season ended with an exhibition by *Youngju Oh* – a single large installation that is still open to visitors. The event was curated by Lucrezia De Domizio Durini and featured a concert by *Marco Rapattoni* on the opening night.

Spazio Thetis’ cultural initiatives contribute to the company’s visibility and prestige, and have a positive impact on Thetis’ core business activities.

## Offices of the company

### *Headquarter*

Venice - Castello 2737/f

### *Secondary offices*

Venice Marghera - Via delle Industrie, 15

Beijing (China) - Chaowai Da Jie 6b-Soho b-1017



## Outlook for 2011

The **outlook for the Company in 2011** is positive, there being a portfolio of orders already obtained and in the process of being obtained for an overall value of 86% of projected revenues for the period, and there are strong possibilities of additional orders being obtained.

**The outlook for the Civil Engineering Division (DICL)** in terms of *design activities* is that 2011 will be characterized by the completion of planning activities related to the reclamation and infrastructure construction of the state properties of the northern area of the Arsenale and of the first stage in the work carried out on the island of Certosa.

In *Works Management*, the contracts with Consorzio Venezia Nuova for the services of Works Management for the internal lagoon works and for the MOSE Systems works will ensure the continuity and consolidation of this group in 2011. Plans are also being made regarding initiatives to develop the *non-captive market*.

The promotional activities already begun to expand and diversify the Division's activities are continuing; they include participation in both domestic and international calls for bids.

The activities of the **Environmental and Territorial Engineering Division (DIAT)** in 2011 will be distinguished by the completion of the World Bank study on environmental issues of the Red Sea and by the kick-off of environmental activities relating to the Certosa island project and Environmental Monitoring on the quality of the Laguna set out in EU Directive 2000/60.

Other activities relating to the environmental permitting of the Fusina Logistics Platform and to the management of its instrument monitoring networks should be carried out shortly. Operating management will also continue in 2011 of the analysis laboratories of the Venice Water Authority and Voltabarozzo (Padua), performed on behalf of Consorzio Venezia Nuova.

Meanwhile promotional activities continue that are targeted not only to the government market but also the private third party market, related to the fields of reclamation, environmental due diligence and environmental impact assessments.

With respect to **prospects for the ITS Division**, activities in the *maritime transport* sector for 2011 will focus on the completion of the first phase of the STIM project (integrated telematic monitoring system), which is part of a framework agreement between the Venice Water Authority and the Venice Port Authority, and the management of the equipment for the SIMNAV navigation monitoring system that has already been installed at the lagoon's three port inlets. In addition, final deployment of the SIMNAV system is expected to be initiated.

*Land transport* activities in 2011 will be characterized by the AVM – Automatic Vehicle Monitoring systems for urban transportation in Rome and those for the public transport of Malta and Liverpool, for which Thetis was recently awarded the contract, as well as by a portfolio of possible opportunities that appear significant, though dependent upon an increasingly competitive market.

In 2011, the "Stadium" project will be completed, while work will continue on the "Viajeo" project. Part of the EU's Sixth Framework Plan for research and innovation, the "Viajeo" project fosters international collaboration in the development of several technological prototypes for sustainable mobility management.

This Division will also search for new opportunities, including in the foreign market, and to this end is participating in competitive bids and pursuing initiatives in the context of International Cooperation and of Italian and EC funds.



The **outlook for the Knowledge Systems Engineering Division (DICO)** is related to the supply of service connected with Information Technology and knowledge systems, and the development of computer applications for both the company and the external market.

In addition, the company expects to be awarded several contracts that will extend its collaboration with the Venice Port Authority.

The **Environmental Service (SEAM)** and the **Engineering Service (SEIN)** will continue in 2011 with their coordination and supervision of the environmental studies and plans developed by Consorzio Venezia Nuova in the context of the activities related to the protection of Venice and its lagoon.

The activities of Environmental Services will focus on studies and environmental monitoring in the Venice Lagoon, the hydrogeological characterization of the subsoil in Porto Marghera, and the coordination of the planning activities for the project to reinforce the banks of the industrial canals in Porto Marghera.

Engineering Services, on the other hand, will monitor morphological restoration projects, as well as coastlines and the effects of the construction work being performed at the port inlets, manage the high waters forecasting system and instruments for acquiring data in the lagoon, and develop plans for new projects to restore the lagoon's morphology.

Activities are also underway related to offering the two Services' skills to the domestic and international markets, in combination with those of the Civil Engineering and Environmental Divisions of the Company.

With respect to the **Energy Sector**, in 2011 the company plans to increase the services it offers relating to the development of greenhouse gas reduction strategies and policies. Agreements with public and private entities will be organized to support these plans, while the company continues to develop projects and solutions in the fields of energy efficiency and energy production.

The promotion of the LEED protocol, for both new and existing buildings, is another key element of the corporate strategy for the energy sector. In addition, Thetis will embark on projects relating to sustainable mobility and climate change in general.

Finally in 2011 Thetis is also planning to promote its brand and capabilities to support the Company's further growth in local, national and international markets.

To this end, the Company's promotional activities will take the form of a coordinated series of initiatives that will include some hand-picked publications in the trade press and attending important fairs, including international fairs.



## Significant events that occurred during the year

**Among the significant events which occurred during the period** are the payment of the called share capital, the appointment of a Technical Director in accordance with Presidential Decree 554 of 12.21.1999, the amendment of the bylaws, the appointment of the Governing Body of the Company and its Chairman for the 2010 period by the Shareholders' Meeting, the assignment of the task of auditing the accounts to the Auditing Firm "BDO S.p.A.", the determination of powers of representation by the Board of Directors, the shareholding in the project company "Venice New Port S.c.p.A." and the sale of the holdings in the share capital of "Veneto Pass S.c.p.A.".

On January 27, 2010 Consorzio Venezia Nuova paid €776,529.74 for the rest of the share capital that it had not yet paid in.

On January 29, 2010 the company "ACTV S.p.A." paid in a total of €215,845.35 for the rest of the subscribed capital increase, the Company "Grandi Lavori Fincosit S.p.A." paid in a total of €451,524.30 for the rest of the subscribed capital increase, the company "Adria Infrastrutture S.p.A." paid in a total of €338,643.23 for the rest of the subscribed capital increase and the construction firm "Impresa di Costruzioni Ing. E. Mantovani S.p.A." paid in a total of €451,524.30 for the rest of the subscribed capital increase.

On January 31, 2010, "Consorzio Veneto Cooperativo S.p.A." paid in a total of €282,202.69 for the rest of the capital increase it had subscribed.

As a result of these transactions the Share capital is now structured as follows:

Shareholder	No. of shares	Par value in euros	Percentage	Par value in euros
CONSORZIO VENEZIA NUOVA	111,864	5,777,775.60	51.181%	5,777,775.60
ING. E. MANTOVANI S.P.A.	18,218	940,959.70	8.335%	940,959.70
GRANDI LAVORI FINCOSIT S.P.A.	17,711	914,773.15	8.103%	914,773.15
SOCIETA' ITALIANA CONDOTTE S.P.A.	17,711	914,773.15	8.103%	914,773.15
ADRIA INFRASTRUTTURE S.P.A.	13,284	686,118.60	6.078%	686,118.60
ACTV S.P.A.	12,581	649,808.65	5.756%	649,808.65
CO.VE.CO S.P.A.	11,070	571,765.50	5.065%	571,765.50
ING. MAZZACURATI S.A.S.	10,928	564,431.20	5.000%	282,228.51
VI HOLDING S.R.L.	4,000	206,600.00	1.830%	206,600.00
PALOMAR S.R.L.	1,200	61,980.00	0.549%	61,980.00
	<b>218,567</b>	<b>11,288.985.55</b>	<b>100.000%</b>	<b>11,006,782.86</b>

In its meeting on March 15, 2010, the Board of Directors appointed Mr Agostino Croff as Technical Director in accordance with Presidential Decree 554 of 12.21.1999.

On April 30, 2010, the Extraordinary Shareholders' Meeting of the Company amended Art. 3 of the company bylaws, adding to the company purpose the possibility of the Company carrying out "integrated services for the carrying out and possible subsequent management of actions to reduce energy consumption".

On April 30, 2010, the Shareholders' Meeting appointed the new Board of Directors for 2010, with Mr Piergiorgio Baita, Mr Maurizio Castagna, Ms Nicoletta Doni, Mr Giovanni Mazzacurati, Mr Alessandro Mazzi, Ms Claudia Minutillo, Mr Luciano Neri, Mr Antonio Paruzzolo, Mr Johannes Stocker, Mr Federico Sutto and Mr Stefano Tomarelli being asked to serve as members.



The same meeting also appointed Mr Giovanni Mazzacurati as Chairman of the Company.

Again on April 30, 2010, the Shareholders' Meeting resolved to entrust auditing of the accounts to the Auditing Firm "BDO S.p.A." for the three-year period 2010 – 2012.

Subsequently on July 16, 2010, the Board of Directors of the Company assigned powers to the Chairman.

On July 27, 2010, by notarial deed ref. 50268/13578 of Mr Giorgio Gottardo, the joint-stock consortium company (società consortile per azioni) "Venice New Port S.c.p.A." was incorporated with share capital of €1,000,000.00, €50,000.00 of which were subscribed by Thetis S.p.A. This company was set up for project financing purposes in order to create the "Fusina Logistics Platform".

On 21 September, 2010, 250 ordinary shares, partially paid-up, of the joint-stock consortium company "Veneto Pass S.c.p.A." were sold to "Adria Infrastrutture S.p.A.".

**After the end of the period**, 20% of the share capital in "NOE – Nordest Engineering S.r.l." was subscribed, amounting to 2,000 ordinary holdings for a nominal value of 2,000.00 euros. The company operates in the field of engineering in water and mineral research, geological and geognostic surveys.

The Company does not own any treasury shares, or shares of parent companies or companies that hold a stake in it, nor were shares purchased or sold in 2010, including through a trust company or person, of parent companies or companies that hold a stake in the Company.



## Reclassified Income Statement

(in thousands of euros)

	2010		2009	
<b>Revenue from ordinary operations</b>	<b>27,528</b>	<b>100.00%</b>	<b>23,730</b>	<b>100.00%</b>
<b>Labour costs, goods and services</b>				
Salaries and contributions - direct	(7,685)		(7,159)	
Detached staff	(1,360)		(671)	
Direct costs	(11,192)		(8,866)	
Depreciation and amortization	(752)		(805)	
	<b>(20,989)</b>	<b>76.2%</b>	<b>(17,501)</b>	<b>73.8%</b>
<b>Contribution margin</b>	<b>6,538</b>	<b>23.8%</b>	<b>6,229</b>	<b>26.2%</b>
<b>Operating costs</b>				
of which:				
Salaries and contributions	(1,499)		(1,356)	
Other provisions	(2,608)		(2,615)	
	<b>(4,107)</b>	<b>14.9%</b>	<b>(3,971)</b>	<b>16.7%</b>
<b>EBITDA</b>	<b>2,431</b>	<b>8.8%</b>	<b>2,258</b>	<b>9.5%</b>
<b>Depreciation, amortization and write-downs</b>				
of which:				
Depreciation and amortization	(929)		(718)	
Other provisions	(313)		(90)	
	<b>(1,242)</b>	<b>4.5%</b>	<b>(808)</b>	<b>3.4%</b>
<b>EBIT</b>	<b>1,189</b>	<b>4.3%</b>	<b>1,450</b>	<b>6.1%</b>
<b>Financial items</b>				
of which:				
Financial income	10		2	
Financial expenses	(130)		(296)	
	<b>(120)</b>	<b>0.4%</b>	<b>(294)</b>	<b>1.2%</b>
<b>Gross income from ordinary operations</b>	<b>1,069</b>	<b>3.9%</b>	<b>1,156</b>	<b>4.9%</b>
<b>Extraordinary operations</b>				
of which:				
Extraordinary income	96		69	
Non-core income	0		0	
Extraordinary expenses	(141)		(38)	
Non-core expenses	0		0	
	<b>(45)</b>		<b>31</b>	
<b>Income before taxes</b>	<b>1,025</b>	<b>3.7%</b>	<b>1,187</b>	<b>5.0%</b>
<b>Direct taxes (IRES and IRAP)</b>	<b>(739)</b>		<b>(682)</b>	
<b>Net income</b>	<b>286</b>	<b>1.0%</b>	<b>505</b>	<b>2.1%</b>



## Reclassified Balance Sheet

(in thousands of euros)

	2010	2009	Changes
<b>Due from shareholders for unpaid capital</b>	<b>282</b>	<b>3,250</b>	<b>(2,968)</b>
Tangible fixed assets	2,970	1,226	1,744
Intangible fixed assets	5,296	5,327	(31)
Equity investments, treasury shares and other securities	2,462	2,662	(200)
Receivables and payables from investing activities	131	113	18
<b>Invested capital</b>	<b>10,859</b>	<b>9,328</b>	<b>1,531</b>
Intenvoties	10,269	10,155	114
Other current assets	12,038	11,035	1,003
Current liabilities	(14,514)	(12,408)	2,106
Provisions for risks and charges	(343)	(303)	40
<b>Net working capital</b>	<b>7,450</b>	<b>8,479</b>	<b>(1,029)</b>
<b>Post-employment benefits</b>	<b>(807)</b>	<b>(808)</b>	<b>(1)</b>
<b>Net invested Capital</b>	<b>17,784</b>	<b>20,249</b>	<b>(2,465)</b>
<b>Equity</b>	<b>13,044</b>	<b>12,758</b>	<b>286</b>
<b>Provisions in application of fiscal legislation</b>			
Net medium/long term indebtedness (cash)			
Net short-term indebtedness (cash)	4,740	7,491	(2,751)
<b>Net indebtedness</b>	<b>4,740</b>	<b>7,491</b>	<b>(2,751)</b>
<b>Coverage of net invested capital</b>	<b>17,784</b>	<b>20,249</b>	<b>(2,465)</b>



# Cash Flow Statement

(in thousands of euros)

	2010	2009
Net income (loss)	286	505
Fiscal items		
Depreciation, amortization and other non monetary items	1,681	1,523
Write-downs (write-backs)		
Changes in provisions for risks and charges	40	31
Change in post-employment benefits	(1)	(15)
Capital losses on disposals		
Capital losses (gains) and losses (recoveries) on receivables for divestment		
Dividends		
Interest receivables	(10)	(2)
Interest expenses	130	294
Currency differences not realized		
Extraordinary income (expenses)	45	(31)
Income taxes	739	536
Receivables for net deferred tax assets	46	145
Other adjustments		
<b>Operating income before changes in working capital</b>	<b>2,956</b>	<b>2,986</b>
Changes:		
- inventories	(116)	(1,285)
- other trade receivables	(960)	406
- accrued income and prepayments	5	(6)
- other trade payables	1,718	2,552
- accrued expenses and deferred income	90	3
<b>Cash flows from operating income</b>	<b>3,693</b>	<b>4,656</b>
Capital gains collected		
Interest collected	10	2
Interest paid	(130)	(294)
Extraordinary income (expenses) collected (paid)	(46)	31
Income taxes paid	(560)	(602)
Tax refunds and tax credits sold		
<b>Cash flow from operating activities</b>	<b>2,967</b>	<b>3,793</b>
Investments:		
- intangible fixed assets	(1,256)	(2,277)
- tangible fixed assets	(2,140)	(445)
- equity investments	200	(2,351)
- securities		
- financial receivables		
- changes in receivables and payables related to investing activities	(19)	(27)
<b>Cash flow from investing activities</b>	<b>(3,215)</b>	<b>(5,100)</b>
Divestments:		
- tangible fixed assets	31	0
- equity investments		
- securities		
- financial receivables		
<b>Cash flow from divesting activities</b>	<b>31</b>	<b>0</b>
<b>Cash flow from investing activities</b>	<b>(3,184)</b>	<b>(5,100)</b>
Payables for long-term financing		
Repayment of long-term debt		
Increases (decreases) in short-term debt		
Provisions of capital	2,968	500
<b>Cash flow from financing activities</b>	<b>2,968</b>	<b>500</b>
<b>Net cash flow for the period</b>	<b>2,751</b>	<b>(807)</b>
<b>Cash and cash equivalents (indebtedness) at the start of the period</b>	<b>(7,491)</b>	<b>(6,684)</b>
<b>Cash and cash equivalents (indebtedness) at the end of the period</b>	<b>(4,740)</b>	<b>(7,491)</b>



## Key income indicators

	2010	2009
<b>Financial structure indicators</b>		
Non-current assets incidence (Non-current assets/Total assets)	32.5%	27.4%
Working capital incidence (Current assets/Total assets)	67.5%	72.6%
Own capital incidence (Own capital/Total liabilities)	39.0%	37.5%
Current liabilities incidence (Current liabilities/Total liabilities)	57.6%	59.2%
<b>Financial situation indicators</b>		
Liquid assets index (Deferred liquid assets and cash on hand/Current liabilities)	1.17	1.23
Fixed capital self-financing index (Net equity/Non-current assets)	1.20	1.37
Indebtedness index (Net financial indebtedness/Net invested capital)	26.7%	37.0%
<b>Profitability indicators</b>		
ROE (return on equity) (Net income/Equity)	2.19%	3.96%
ROI (return on investments) (Operating income/Operating invested capital)	3.56%	4.29%



# Financial Statements as at 31.12.2010

## Balance Sheet

<b>Assets</b>	<b>Euro 31/12/2010</b>	<b>Euro 31/12/2009</b>
<b>A) Due from shareholders for unpaid capital</b>		
<i>I. Amounts to be called in</i>		
<i>II. Amounts called in</i>		
<b>Total due from shareholders for unpaid capital</b>	<b>282,203</b>	<b>3,249,997</b>
<b>B) Fixed assets</b>		
<i>I. Intangible fixed assets</i>		
1) Start-up and expansion costs		
2) Research, development and advertising costs	1,732,119	1,590,281
3) industrial patent and intellectual property rights	333,551	161,734
4) Licenses, trademarks, and similar rights	12,510	13,291
5) Goodwill		
6) Assets under construction and advances	877,819	1,029,945
7) Other intangible fixed assets	2,339,526	2,531,565
	<b>5,295,525</b>	<b>5,326,816</b>
<i>II. Tangible fixed assets</i>		
1) Land and buildings	64,961	68,898
2) Plant and machinery	374,626	391,937
3) Industrial and commercial equipment	15,491	23,212
4) Other assets	708,291	742,111
5) Assets under construction and advances	1,807,435	
	<b>2,970,804</b>	<b>1,226,158</b>
<i>III. Financial assets</i>		
1) Equity investments in:		
a) subsidiaries		
b) associates	172,700	634,700
c) other companies	2,289,105	2,027,430
	<b>2,461,805</b>	<b>2,662,130</b>
2) Receivables		
a) From subsidiaries		
- within 12 months		
- beyond 12 months		
b) From associates		
- within 12 months	33,000	
- beyond 12 months		
c) From parent companies		
- within 12 months		
- beyond 12 months		
d) Other		
- within 12 months		
- beyond 12 months	98,229	112,822
	<b>131,229</b>	<b>112,822</b>



	Euro 31/12/2010	Euro 31/12/2009
3) <i>Other securities</i>		
4) <i>Treasury shares (total par value)</i>		
	<b>2,593,034</b>	<b>2,774,952</b>
<b>Total fixed assets</b>	<b>10,859,363</b>	<b>9,327,926</b>
<b>C) Current assets</b>		
<b>I. Inventories</b>		
1) <i>Raw materials, ancillary and consumables</i>		
2) <i>Work in progress and semi-finished goods</i>		
3) <i>Contract work in progress</i>	13,811,297	13,334,793
4) <i>Finished goods and merchandise</i>	50,388	30,570
5) <i>Prepayments received</i>	427,887	354,650
	<b>14,289,572</b>	<b>13,720,013</b>
<b>II. Receivables</b>		
1) <i>Trade receivables</i>		
- within 12 months	4,444,838	2,787,976
- beyond 12 months		
	<b>4,444,838</b>	<b>2,787,976</b>
2) <i>From subsidiaries</i>		
- within 12 months		
- beyond 12 months		
3) <i>From associates</i>		
- within 12 months	580,243	552,902
- beyond 12 months		
	<b>580,243</b>	<b>552,902</b>
4) <i>From parent companies</i>		
- within 12 months	6,250,750	6,914,506
- beyond 12 months		
	<b>6,250,750</b>	<b>6,914,506</b>
4 bis) <i>Taxes receivable</i>		
- within 12 months	311,644	
- beyond 12 months	192,300	192,300
	<b>503,944</b>	<b>192,300</b>
4 ter) <i>Deferred tax assets</i>		
- within 12 months	110,370	63,706
- beyond 12 months		242
	<b>110,370</b>	<b>63,948</b>
5) <i>Other</i>		
- within 12 months	60,227	432,612
- beyond 12 months		
	<b>60,227</b>	<b>432,612</b>
	<b>11,950,372</b>	<b>10,944,244</b>



	Euro 31/12/2010	Euro 31/12/2009
<b>III. Financial assets other than Fixed assets</b>		
1) <i>Equity investments in subsidiaries</i>		
2) <i>Equity investments in associates</i>		
3) <i>Equity investments in parent companies</i>		
4) <i>Other equity investments</i>		
5) <i>Treasury shares (total par value)</i>		
6) <i>Other securities</i>		
<b>IV. Cash and cash equivalents</b>		
1) <i>Bank and postal accounts</i>	12,032	244,259
2) <i>Checks</i>		
3) <i>Cash and cash equivalents</i>	2,513	2,232
	<b>14,545</b>	<b>246,491</b>
<b>Total current assets</b>	<b>26,254,489</b>	<b>24,910,748</b>
<b>D) Accruals and deferments</b>		
- discount on loans		
- other	86,957	92,490
<b>Total accruals and deferments</b>	<b>86,957</b>	<b>92,490</b>
<b>Total assets</b>	<b>37,483,012</b>	<b>37,581,161</b>



<b>Liabilities</b>	Euro 31/12/2010	Euro 31/12/2009
<b>A) Equity</b>		
<i>I. Capital</i>	11,288,986	11,288,986
<i>II. Share premium reserve</i>	10,514	10,514
<i>III. Revaluation reserve</i>		
<i>IV. Legal reserve</i>	79,039	53,782
<i>V. Treasury stock reserve</i>		
<i>VI. Statutory reserves</i>		
<i>VII. Other reserves</i>		
- extraordinary reserve		
- capital grants as per Article 55 T.U.		
- non-distributable reserve as per Article 2426	1,379,562	899,678
	<b>1,379,562</b>	<b>899,678</b>
<i>VIII. Retained earnings (losses)</i>		
<i>IX. Income for the year</i>	286,104	505,141
<i>X. Loss for the year</i>		
<b>Total equity</b>	<b>13,044,205</b>	<b>12,758,101</b>
<b>B) Provisions for risks and charges</b>		
1) <i>Retirement benefits and similar obligations</i>		
2) <i>Provisions for taxes</i>	75,000	75,000
3) <i>Other</i>	268,249	227,724
<b>Total provisions for risk and charges</b>	<b>343,249</b>	<b>302,724</b>
<b>C) Employees severance indemnity</b>	<b>806,965</b>	<b>807,783</b>
<b>D) Liabilities</b>		
1) <i>Bonds</i>		
- within 12 months		
- beyond 12 months		
2) <i>Convertible debentures</i>		
- within 12 months		
- beyond 12 months		
3) <i>Payable to shareholders for loans</i>		
- within 12 months		
- beyond 12 months		
4) <i>Bank borrowings</i>		
- within 12 months	4,755,289	7,737,265
- beyond 12 months		
	<b>4,755,289</b>	<b>7,737,265</b>
5) <i>Due to other lenders</i>		
- within 12 months		
- beyond 12 months		
6) <i>Prepayments received</i>		
- within 12 months	4,019,820	3,565,369
- beyond 12 months		
	<b>4,019,820</b>	<b>3,565,369</b>



	Euro 31/12/2010	Euro 31/12/2009
7) <i>Trade payables</i>		
- within 12 months	10,459,867	8,982,912
- beyond 12 months		
	<b>10,459,867</b>	<b>8,982,912</b>
8) <i>Payables represented by securities issued</i>		
- within 12 months		
- beyond 12 months		
9) <i>Due to subsidiaries</i>		
- within 12 months		
- beyond 12 months		
10) <i>Due to associates</i>		
- within 12 months	164,674	139,788
- beyond 12 months		
	<b>164,674</b>	<b>139,788</b>
11) <i>Due to parent companies</i>		
- within 12 months	332,007	314,025
- beyond 12 months		
	<b>332,007</b>	<b>314,025</b>
12) <i>Taxes payables</i>		
- within 12 months	519,798	34,489
- beyond 12 months		
	<b>519,798</b>	<b>34,489</b>
13) <i>Due to social security institutions</i>		
- within 12 months	653,563	596,412
- beyond 12 months		
	<b>653,563</b>	<b>596,412</b>
14) <i>Other payables</i>		
- within 12 months	2,283,032	2,332,128
- beyond 12 months	5,165	5,165
	<b>2,288,197</b>	<b>2,337,293</b>
<b>Total liabilities</b>	<b>23,193,215</b>	<b>23,707,553</b>
<b>E) Accrued expenses and deferred income</b>		
- premiums on loans		
- other	95,378	5,000
<b>Total accrued expenses and deferred income</b>	<b>95,378</b>	<b>5,000</b>
<b>Total liabilities</b>	<b>37,483,012</b>	<b>37,581,161</b>

<b>Memorandum accounts</b>	Euro 31/12/2010	Euro 31/12/2009
1) <i>Lease payments remaining</i>		
<b>Total memorandum accounts</b>		



## Income Statement

	Euro 31/12/2010	Euro 31/12/2009
<b>A) Value of production</b>		
1) Revenues from sales and services	25,898,696	20,449,972
2) Change in work in progress, semi-finished and finished goods inventories	19,818	(85,419)
3) Change in work in progress to order	716,493	2,679,151
4) Increases in fixed assets for internal work	326,244	476,126
5) Other revenues and income:		
- other	19,449	25,242
- revenue grants	543,998	185,413
- capital grants (operating portion)	2,375	
	<b>565,822</b>	<b>210,655</b>
<b>Total value of production</b>	<b>27,527,073</b>	<b>23,730,485</b>
<b>B) Cost of production</b>		
6) Costs for raw materials, subsidiary materials consumables and goods for resale	1,882,857	1,351,054
7) Costs for services	11,128,667	9,228,386
8) Hire purchase and leasing charges	787,699	706,389
9) Personnel costs		
a) Wages and salaries	7,695,039	6,711,059
b) Social security charges	1,931,463	1,803,412
c) Employee severance indemnity	473,844	436,536
d) Retirement benefits and similar obligations	108,071	98,515
e) Other costs	113,865	124,600
	<b>10,322,282</b>	<b>9,174,122</b>
10) Amortization, depreciation and write-downs		
a) Amortization of intangible fixed assets	1,286,082	1,124,161
b) Depreciation of tangible fixed assets	395,275	399,009
c) Other write-downs of fixed assets		
d) Write-down of receivables included under assets forming part of working capital and cash on hand	215,826	10,000
	<b>1,897,183</b>	<b>1,533,170</b>
11) Changes in raw materials, subsidiary materials, consumables and goods for resale inventories		
12) Provisions for risks	97,437	80,000
13) Other provisions		
14) Sundry operating expenses	221,979	207,572
<b>Total cost of production</b>	<b>26,338,104</b>	<b>22,280,693</b>
<b>Difference between value and cost of production (A-B)</b>	<b>1,188,969</b>	<b>1,449,792</b>



	Euro 31/12/2010	Euro 31/12/2009
<b>C) Financial income and expenses</b>		
15) <i>Income from equity investments:</i>		
- subsidiaries		
- associates		
- other		
16) <i>Other financial income:</i>		
a) from receivables included under fixed assets		
- subsidiaries		
- associates		
- parent companies		
- other	680	537
b) from securities recorded under fixed assets		
c) from securities recorded under current assets		
d) income other than the above:		
- subsidiaries		
- associates		
- controlling companies		
- other	9,560	1,462
	<b>10,240</b>	<b>1,999</b>
17) <i>Interest payable and other financial expenses:</i>		
- subsidiaries		
- associates		
- controlling companies		
- other	119,174	293,872
	<b>119,174</b>	<b>293,872</b>
17 bis) <i>Currency exchange gains/losses</i>	<b>(9,114)</b>	<b>(2,190)</b>
<b>Total financial income and expenses</b>	<b>(118,048)</b>	<b>(294,063)</b>
<b>D) Value adjustments of financial assets</b>		
18) <i>Write-backs:</i>		
a) equity investments		
b) financial fixed assets		
c) securities recorded under current assets		
19) <i>Write-downs:</i>		
a) equity investments		
b) financial fixed assets		
c) securities recorded under current assets		
<b>Total value adjustments to financial assets</b>		



	Euro 31/12/2010	Euro 31/12/2009
<b>E) Extraordinary income and expenses</b>		
20) <i>Income:</i>		
a) capital gains on disposals		
b) sundry	95,600	68,869
	<b>95,600</b>	<b>68,869</b>
21) <i>Expenses:</i>		
a) capital losses on disposals		
b) taxes from perious periods	26,145	18,002
c) sundry	115,347	20,216
	<b>141,492</b>	<b>38,218</b>
<b>Total extraordinary income and expenses</b>	<b>(45,892)</b>	<b>30,651</b>
<b>Income before taxes (A-B±C±D±E)</b>	<b>1,025,029</b>	<b>1,186,380</b>
22) <i>Income taxes for the year</i>	738,925	681,239
<b>23) Income (loss) for the year</b>	<b>286,104</b>	<b>505,141</b>

The Chairman of the Board of Directors  
Mr. Giovanni Mazzacurati



# Financial statement as at 31.12.2010

## Notes to the financial statements

Amounts in Euros.

### Introduction

Despite the financial economic crisis, 2010 was a year of growth for the Company compared to the previous period and closed with a net profit of €286 thousand, which was in line with objectives thanks to the contribution of all Divisions.

The year 2010 was also characterized nationally and internationally by the development of commercial and operating activities in the four Divisions (Civil Engineering and Works Management, Environmental and Territorial Engineering, Intelligent Transport Systems Engineering and Knowledge Systems Engineering) and locally by the two “Environmental Service” and “Engineering Service” services, which produced a contribution margin and Gross Operating Margin of 23.8% and 8.8% of revenues, respectively.

#### A) Significant events during the year

See the related section in the report on operations.

#### B) Accounting standards and valuation policies

These financial statements were prepared in compliance with Articles 2423 et seq. of the Italian civil code.

These notes to the financial statements, which were prepared in accordance with Article 2427 of the Italian civil code, are to be considered an integral part of the financial statements (in accordance with Article 2423 of the civil code).

The standards and policies adopted in preparing the financial statements for the financial year ended 31 December 2010 are the same as those used in preparing the prior year's financial statements, particularly as concerns valuations and continuity of the same accounting principles.

The continuity in the application of valuation policies over time is essential for the purposes of comparing the financial statements of successive periods.

Valuation of the captions of the financial statement was performed in accordance with the general criteria of prudence and on an accruals and going-concern basis.

Application of the principle of prudence has led to the valuation of the elements making up the individual captions or items of assets and liabilities in order to avoid offsets between losses that should have been highlighted and gains not to be recognized until actually realized.

In accordance with accruals-basis accounting, the effect of transactions and other events is recognized in the period to which the transaction or event refers, not in the period in which the actual monetary receipts or payments are made.



## Non-current assets

### *Intangible assets*

Intangible assets are recognized at their historical purchase cost and are shown net of accumulated amortization, as well as of any capital grants received and allocated directly to the individual items.

The costs recognized are reasonably correlated to their utility across multiple years and are amortized on a straight-line basis based on their remaining useful life. The Company has never made revaluations of any kind.

Research and development costs of long-term utility are recognized as assets with the approval of the board of statutory auditors and are amortized over a period of five years.

Industrial patent and intellectual property rights are amortized at an annual rate of 33.3%.

Given the complexity of the actions taken and the significant financial outlay that they entailed, leasehold improvements are amortized at an annual rate set in relation to the residual duration of the concession for state-owned area.

### *Property, plant & equipment*

Property, plant and equipment is recognized at purchase cost and adjusted by the corresponding accumulated depreciation.

The carrying value takes account of the additional costs incurred in order to make the asset useable in operations.

Depreciation expenses recorded in the income statement were calculated in consideration of the use, destination, and economic-technical life of the relative assets, on the basis of the remaining useful life criterion, which we consider to be accurately represented by the following rates.

The main depreciation rates used are as follows:

- General purpose plant and machinery 10%
- Various equipment 25%
- Office furniture and machines 12%
- Electronic office machines 20%
- Motor vehicles 25%

No revaluations have been made.

### *Financial assets*

“Investments in associates and other companies” are recognized at purchase or subscription cost and represent long-term, strategic investments by the company, adjusted, if necessary, if the permanent value is lower than the value established in compliance with numbers 1 and 2 of art. 2426 of the Civil Code.

### Receivables

Receivables are recognized at their presumed realizable value.



## Accrued income and prepaid expenses

Accruals and prepayments are recognized based on the matching concept of revenues and expenses.

They account for income and expenses related to a period different from the one in which the related payment was made or documentation issued.

For long-term accruals and payables, we have verified the conditions that led to their original recognition and made any necessary adjustments.

## Inventories

Inventories are recorded at the lesser of purchase or production cost and their presumed realizable value based on market conditions and applying the annual LIFO method.

Work in progress beyond one year is recognized based on the *criterion of the percentage of completion or progress made*: the costs, revenues and margins on contracts are recognized based on production progress. For this purpose, the cost-to-cost method has been adopted.

Work in progress within one year is recognized based on the *completed contract criterion*: the revenues and margins are only recognized when the contract is actually completed and the works are handed over.

## Provisions for risks and charges

Provisions for risks and charges represent certain or probable costs or charges of a specific nature for which, as of the balance sheet date, the amount or timing is uncertain.

## Post Employment Benefits (TFR)

This account represents the actual debt accumulated towards employees in accordance with applicable law and labour contracts, considering all forms of remuneration of a continuous nature.

The payable corresponds to the total of the individual indemnities accumulated for employees, net of advances, as of the balance sheet date, and is equal to that which would be owed to the employees in the event of termination of employment on that date.

## Payables

Payables are recognized at their nominal value and adjusted in the event of returns or invoice adjustments.

## Revenue recognition

Revenues from the sale of products are recognized at the moment of transfer of ownership, which generally coincides with the delivery.

Financial income and revenues from the sale of services are recognized in the period to which they refer.



## Income tax expense

Income taxes are allocated on an accruals basis. As such, they represent:

- allocations for taxes paid or to be paid for the period, calculated at prevailing tax rates and in accordance with applicable laws;
- the amount of deferred tax assets and liabilities resulting from temporary differences between fiscal legislation and financial reporting principles.

## C) The workforce

The Company's workforce underwent the following changes, by category of employee, with respect to the previous year.

Workforce	2010	2009	Changes
Senior management	6	5	1
Middle management	26	25	1
Office staff	121	121	
	153	151	2

The average number of employees for the year was 152.

The Italian collective bargaining agreement for middle management and office workers applied is that of the energy industry/ENI.

In accordance with the Company's INPS categorization as "Commerce – Services to business", for senior management, the national labour contract for the senior management of commercial business is applied".



## Balance Sheet

### Assets

#### A) Due from shareholders

Share capital is as follows:

- Share capital subscribed in the amount of € 11,288,985.55, divided into 218,567 shares with a value of € 51.65;
- Paid in share capital € 11,006,782.86.

The balance, € 282,202.69, consists in the called but not paid in portions.

#### B) Non-current assets

##### I. Intangible assets

	Balance on 31/12/2010	Balance on 31/12/2009	Changes
	5,295,525	5,326,816	(31,291)

##### Total changes in intangible assets

Description	Value 31/12/2009	Increases for the period	Decreases for the period	Changes	Ammort. for the period	Value 31/12/2010
Start-up and expansion costs	0					0
Research and development	1,590,281	386,446		521,934	766,542	1,732,119
Industrial patent and intellectual property rights	161,734	174,922		256,124	259,229	333,551
Concession fees, licenses and trademarks	13,291				781	12,510
Goodwill	0					0
Work in progress and advances	1,029,945	387,390		(539,516)		877,819
Other	2,531,565	66,044		1,447	259,530	2,339,526
	5,326,816	1,014,802		239,989	1,286,082	5,295,525

The increases and changes in the item “*Research and Development*”, amounting to €908,380, primarily relate to the internal development project activities for the “*Techniques for the management of contaminated sediments*” which had the aim of developing expertise and work tools in the field of soil and contaminated sediment management for €158,303 and to the “*Certosa Island New Urban Park Project*”, a development of the final planning of the work carried out on reclaiming the Island of Certosa. The project involved the consolidation and optimization of the activities already started on the island for €368,879 and the “*Organizational Model Project*”, the analysis and development of a new corporate organization that will play the key role in the acquisition, management and diffusion of company resources and know-how for €115,613.



Changes to the item “*Research and Development*” include projects which had been assigned to the item “Inventories” in the previous period and which mainly relate to activities to do with the internal development project “*Cvis - Cooperative Vehicle Information Systems Project*” of the 6th European Framework Program, coordinated by Ertico and involving the participation of around 50 partners, with the aim of developing the knowledge and technologies for the automatic communication of information to improve road traffic safety for €246,592.

This caption includes the costs relative to the application of the results of research work or other know-how to a plan or a project for the production of new, or substantially advanced, devices, processes, systems or services, prior to the start of commercial production or utilization, for which the future production of economic benefits amortized throughout the period in which the expected future gains will be realized can be proven.

The increases and changes in the item “*Industrial patent and intellectual property rights*”, totaling €431,046, are related mainly to software development and to updating and purchase of new software license. This item comprises, among other things, the project “*Management Reporting Development*” relating to the development of the application for the computerized accounting system (SAP) for €222,974, the “*Knowledge Centre*” project for the management of a “knowledge base” of technical and administrative procedures applicable to the environmental protection and improvement of industrial sites for €54,760 and the acquisition of new software licenses primarily relating to the use of “Autocad” for €15,896, Microsoft licenses – Matika for €61,513, licenses for environmental software for €13,530 and software licenses for the “HR – Human Resources Management System” for the development of a staff management application for €10,001.

The main increases in “*Accruals and deferrals*” refer to the “*Development of new AVM products*” investment for the development of a new range of hardware and software (€818.196); to the “*Piteco - Treasury Management System*” which had the aim of integrating the treasury system with company processes for €59,623.

The increase in the caption “*Other*” in the amount of €67,491 is primarily related to costs incurred for the completion of the company’s offices in the Venetian Arsenale concerning state-owned properties.

### Research and development costs

Description Costs	Value 31/12/2009	Increases for the period	Changes	Ammort. for the period	Value 31/12/2010
University Collaborations 2008	92,102			30,701	61,401
ITER	358,597			119,532	239,065
SW Consolidation	199,681			199,657	24
University Collaborations 2009	175,954			43,989	131,965
Applications development 2009	55,016			13,754	41,262
UE Marnis project	614,973			153,743	461,230
Lagoon sediment treatment	93,958			23,489	70,469
Sediment Management Techniques			158,304	31,661	126,643
Certosa project		368,879		73,776	295,103
Applications development 2010		10,964		2,193	8,771
Tide model			8,028	1,606	6,422
Organizational Model Project			115,613	23,123	92,490
CVIS UE project		6,603	239,989	49,318	197,274
Other research	0	0	0	0	0
	<b>1,590,281</b>	<b>386,446</b>	<b>521,934</b>	<b>766,542</b>	<b>1,732,119</b>



### Industrial patent and intellectual property rights

Description Costs	Value 31/12/2009	Increases for the period	Changes	Ammort. for the period	Value 31/12/2010
Software	94,242	67,483	256,124	170,481	247,368
Software license	46,861	107,439		68,117	86,183
Company management - information system	0				
Information system services	20,631			20,631	0
	<b>161,734</b>	<b>174,922</b>	<b>256,124</b>	<b>259,229</b>	<b>333,551</b>

### Concession fees

Description Costs	Value 31/12/2009	Increases for the period	Changes	Ammort. for the period	Value 31/12/2010
Area concession contract registration expenses	13,291			781	12,510
	<b>13,291</b>			<b>781</b>	<b>12,510</b>

### Other intangible assets

Description Costs	Value 31/12/2009	Increases for the period	Changes	Ammort. for the period	Value 31/12/2010
Leasehold improvements	2,435,429	59,544	1,447	190,400	2,306,020
Multi-annual expenses	96,136	6,500		69,130	33,506
Quality certifications	0				
	<b>2,531,565</b>	<b>66,044</b>	<b>1,447</b>	<b>259,530</b>	<b>2,339,526</b>

## II. Tangible assets

Balance on 31/12/2010	Balance on 31/12/2009	Changes
2,970,804	1,226,158	1,744,646

### Land and building

Description	Amount
Historical cost	78,741
Monetary revaluation	
Financial revaluation	
Accumulated depreciation	(9,843)
Impairment losses from previous periods	
<b>Balance on 31/12/2009</b>	<b>68,898</b>
Purchases for the period	
Changes	
Financial revaluations for the period	
Impairment losses for the period	
Disposals for the period	
Capitalized interest for the period	
Depreciation for the period	(3,937)
<b>Balance on 31/12/2010</b>	<b>64,961</b>



## Plant and machinery

Description	Amount
Historical cost	3,194,922
Monetary revaluation	
Financial revaluation	
Accumulated depreciation	(2,802,985)
Impairment losses from previous periods	
<b>Balance on 31/12/2009</b>	<b>391,937</b>
Purchases for the period	125,461
Changes	
Financial revaluations for the period	
Impairment losses for the period	
Disposals for the period	
Capitalized interest for the period	
Depreciation for the period	(142,772)
<b>Balance on 31/12/2010</b>	<b>374,626</b>

The increases which took place over the course of the period derive mainly from expenditures of €52,123 for machinery and drills for the environmental laboratory, €5,053 for the upgrading of the video surveillance system, €29,000 for the upgrading of the gas distribution system, €28,359 for the expansion of the electrical systems and network connection for shed 107, €4,976 for the purchase of a new audio/video system and €5,950 for the purchase of other systems and machinery.

During the period the "Tessari" Generator was sold which had a historical value of €8,279 and which had been depreciated in full.

## Industrial and commercial equipment

Description	Amount
Historical cost	241,365
Monetary revaluation	
Financial revaluation	
Accumulated depreciation	(218,153)
Impairment losses from previous periods	
<b>Balance on 31/12/2009</b>	<b>23,212</b>
Purchases for the period	5,954
Monetary revaluation	
Financial revaluations for the period	
Impairment losses for the period	
Disposals for the period	
Capitalized interest for the period	
Depreciation for the period	(13,675)
<b>Balance on 31/12/2010</b>	<b>15,491</b>

The increase derives from the supply of three measuring tools for €3,550 and the supply of miscellaneous equipment for €2,404.



## Other assets

Description	Importo
Historical cost	2,559,628
Monetary revaluation	
Financial revaluation	
Accumulated depreciation	(1,817,517)
Impairment losses from previous periods	
<b>Balance on 31/12/2009</b>	<b>742,111</b>
Purchases for the period	201,071
Monetary revaluation	
Financial revaluations for the period	
Impairment losses for the period	
Disposals for the period	
Capitalized interest for the period	
Depreciation for the period	(234,891)
<b>Balance on 31/12/2010</b>	<b>708,291</b>

The main increases during the year are related to expenditures of €23,214 for furnishings and fixtures; €162,431 for electronic equipment; €15,426 for boats.

During the period, fully-depreciated electronic machinery with a historical cost of €11,688 was sold, as was a boat with a historical cost of €12,000 which was also depreciated in full.

### III. Non-current financial assets

The total balance and the related changes in non-current financial assets are shown in the table below.

Balance on 31/12/2010	Balance on 31/12/2009	Changes
2,461,805	2,662,130	(200,325)

### Equity investments

Description	31/12/2009	Increases	Changes	Decreases	31/12/2010
Subsidiaries					
Associates	634,700		(212,000)	250,000	172,700
Controlling companies					
Other companies	2,027,430	50,000	212,000	325	2,289,105
	<b>2,662,130</b>	<b>50,000</b>	<b>0</b>	<b>250,325</b>	<b>2,461,805</b>

The decrease in "Associates" derives from the sale of 250 partially paid-up ordinary shares in the joint-stock consortium company "Veneto Pass S.C.p.A." to "Adria Infrastrutture S.p.A.".

The increase in "Other companies" is related to the Company's subscription of 500 ordinary shares with a par value of €100.00 each in the share capital increase of "Venice New Port S.c.p.a.", for a total of €50,000.

The decrease in "Other Companies" is a result of the reclassification of the amount receivable from "Arsenale di Venezia S.p.A. in liquidation" to the item "other receivables".



## Investments in associates

Company name	Head office	Share capital	Net result for 2010	Equity	Book value	% stake
Lotti – Thetis Servizi Ingegneria S.c.a.r.l.	Venice	10,000	2,646(*)	34,714	4,900	49
Porto Marghera Servizi Ingegneria S.c.a. r.l.	Venice	500,000	(6,000)(*)	496,855	165,000	33
Consorzio Oikos Fer	Rome	10,000	13,998(*)	26,886	2,800	50
<b>Total</b>					<b>172,700</b>	

## Investments in other companies

Company name	Head office	Share capital	Net result for 2010	Equity	Book value	% stake
Consorzio Fagos	Venice	129,843	0(*)	138,394	12,985	10
Consorzio Venezia Ricerche	Venice	488,918	(65,317)(*)	438,425	10,329	6.25
Autostrade del Mare S.r.l.	Milan	50,000	1,991(*)	37,363	2,500	5
Consorzio Invexport	Venice	(**)	(**)	36,000	1,291	
Fondo "RealVenice II"	Padua	70,500,000	(**)	(**)	2,000,000	2.84
Veneto TLC S.r.l.	Venice	2,000,000	(41,912)(*)	1,909,956	212,000	8.75
Venice New Port S.c.p.A.	Venice	1,000,000	(**)	1,000,000	50,000	5
<b>Totale</b>					<b>2,289,105</b>	

(\*) Values relative to 2009 (\*\*) data not available.

No "write-backs" were carried out.

## Receivables

Description	31/12/2009	Increases	Decreases	31/12/2010
Subsidiaries				
Associates		33,000		33,000
Controlling companies				
Other	112,822	2,708	17,301	98,229
	<b>112,822</b>	<b>35,708</b>	<b>17,301</b>	<b>131,229</b>

"Other" includes a non-interest bearing loan of € 35,000, granted to the Veneto TLC S.r.l.; and a non-interest bearing loan of € 33,000, granted to the Porto Marghera Servizi Ingegneria S.c. a r.l.; as well as security deposits for the following: concession fees for the use of state-owned properties in the amount of € 39,100, deposits for leases, utenze, and motor vehicle rentals in the amount of € 18,964 and the receivable from Consorzio Venezia Ricerche in the amount of € 5,165, following a non-interest-bearing loan to Tecnomare SpA, which Thetis took over in 1999 when the company became a part of the consortium.



## C) Current assets

### I. Inventories

The total balance and the related changes in inventories are shown in the table below:

Balance on 31/12/2010	Balance on 31/12/2009	Changes
14,289,572	13,720,013	569,559

The increase in “*Inventories*”; compared to the prior year is due mainly to the start-up of some works and progress on important activities. The main components of this item are € 4,395,911 for Works Management Services related to the MOSE System activities; € 1,247,234 for “Activities in the area of the Arsenale Nord – definitive project”; € 1,130,539 for the “Vallone Moranzani Project”; “Technological system for the management of public transport in Malta” for € 845,611; and € 587,163 for the “STIM System – Phase I”.

### II. Receivables

Balance on 31/12/2010	Balance on 31/12/2009	Changes
11,950,372	10,944,244	1,006,128

Ageing of the balances is shown in the following breakdown.

Description	Within 12 months	Beyond 12 months	Beyond 5 months	Total
Trade	4,705,664			4,705,664
Provision for doubtful accounts	(260,826)			(260,826)
From subsidiaries				
From associates	580,243			580,243
From controlling companies	6,250,750			6,250,750
Taxes receivable	311,644	192,300		503,944
Deferred tax assets	110,370			110,370
Others	60,227			60,227
	<b>11,758,072</b>	<b>192,300</b>		<b>11,950,372</b>

The most significant receivables are listed below:

Description	Amount
Consorzio Venezia Nuova	6,250,750
Accounting Department Arriva Malta Ltd	1,690,718
Roma TPL Scarl	618,361
Porto Marghera Servizi Ingegneria	579,703
Beijing Public Transport Holdings	525,000
Regione Autonoma Sardegna	349,326
River S.r.l.	244,500
Nethun S.p.A.	236,540
Studio Altieri SpA	125,323
The World Bank	101,033

“*Taxes receivable*” that are due within the accounting period include the VAT credit deriving from the payment made in December 2010 net of deferred VAT on sales and before deferred VAT on purchases.

“*Taxes receivable*” that are due beyond one year include € 177,437 for the tax credit related to the research and development expenditures provided for by Art. 1, paragraphs 280-283, of



Law No. 296 of 27 December 2006, as subsequently amended in 2008, and € 14,863 for VAT refunds on vehicles.

Lastly, *amounts due from other companies* include receivables due from suppliers for credit notes to be received and payments made in advance for €6,066, the amount receivable from INPS (the National Social Security Institute) for substitute tax on the revaluation of post-employment benefits for €1,678, amounts receivable from employees for payments made in advance for €27,703, amounts receivable for costs pertaining to the 2011 period incurred in 2010 for €23,229, the amount receivable from "Arsenale di Venezia S.p.A. in liquidation" for €324 and the amount relating to a prepaid credit card for €1,227.

The receivables mentioned above are shown net of the Provision for Doubtful Accounts. This provision has been set up based on the estimated losses on doubtful debts, such as those which are the object of disputes and legal proceedings as a result of non-payment of creditors. The nominal value of the receivables is adjusted to their estimated realizable value by suitably updating it.

The change can be broken down as follows:

Description	Doubtful accounts art. 106 Dpr 917/86	Total
Balance on 31/12/2009	45,000	45,000
Uses for the period		
Additions for the period	215,826	215,826
<b>Balance on 31/12/2010</b>	<b>260,826</b>	<b>260,826</b>

Breakdown of receivables by geographic area:

	Trade	Subsidiaries	Associates	Controlling companies	Total
Veneto	1,020,434		580,243	6,250,750	7,851,427
Friuli Venezia Giulia	68,100				68,100
Lombardy	22,045				22,045
Campania	39,528				39,528
Calabria	19,818				19,818
Emilia Romagna	1,521				1,521
Lazio	692,381				692,381
Liguria	2,280				2,280
Tuscany	55,902				55,902
Sardinia	349,326				349,326
Piedmont	3,900				3,900
Sicily	15,570				15,570
Umbria	3,140				3,140
European Union	1,693,718				1,693,718
Non-UE	718,001				718,001
Provision for doubtful accounts	(260,826)				(260,826)
<b>Total</b>	<b>4,444,838</b>		<b>580,243</b>	<b>6,250,750</b>	<b>11,275,831</b>

### III. Cash and cash equivalents

	Balance on 31/12/2010	Balance on 31/12/2009	Changes
	14,545	246,491	(231,946)
<b>Description</b>	<b>31/12/2010</b>	<b>31/12/2009</b>	
Bank and postal accounts	12,032	244,259	
Cheques			
Cash and other values on hand	2,513	2,232	
	<b>14,545</b>	<b>246,491</b>	



The balance represents the cash and cash equivalents in circulation as of the balance sheet date.

#### D) Accrued income and prepaid expenses

Balance on 31/12/2010	Balance on 31/12/2009	Changes
86,957	92,490	(5,533)

As at 31 December 2010, there was no accrued income or prepaid expenses with a duration of more than five years.

This item may be broken down as follows:

Description	31/12/2010	31/12/2009
Prepaid expense for lease payments	17,680	35,705
Prepaid expense for maintenance and services	69,277	56,785
	86,957	92,490

Prepaid maintenance and service expenses consist mainly of insurance policies and sureties for €22,696 and prepaid service costs relating to production orders pertaining to 2011 for €32,593.



## Liabilities

### A) Equity

	Balance on 31/12/2010	Balance on 31/12/2009	Changes
	13,044,205	12,758,101	286,104

Details are given in the following table:

Description	31/12/2009	2009 income allocation	Net result	31/12/2010
Capital	11,288,986			11,288,986
Share premium reserve	10,514			10,514
Revaluation reserve				
Legal reserve	53,782	25,257		79,039
Treasury stock reserve				
Statutory reserves				
Other reserves				
Extraordinary reserve				
Capital grants				
Capital grants reserve as per Article 55 of the Italian Financial Services Act. (TU)				
Reserve for accelerated depreciation as per art. 67 T.U.				
Reserve suspended from taxation				
Reserves from facilitated conferments				
Reserves ex art. 15 d. of law 429/1982				
Capital gains provisions (law168/1982)				
Reserve for supplementary pension funds ex decree n. 124/1993				
Non-distributable reserve ex art. 2426	899,678	479,884		1,379,562
Reserve for translation into Euro				
Retained earnings (losses)				
Profit (loss) for the year	505,141	(505,141)	286,104	286,104
	12,758,101	0	286,104	13,044,205

The following details are supplied in compliance with the provisions of accounting principle no. 28 concerning Net Equity:

Reserves	Free	Frozen by law	Frozen according to company by laws	At discretion of shareholders meeting
Share premium reserve		10,514		
Legal reserve		79,039		
Non-distributable reserve as per Article 2426		1,379,562		

The net equity items are determined according to origin, the possibility of utilisation, the facility for distribution, and the effective utilisation in the three previous years (art. 2427, para.1, n.7-(2) of the Civil Code):

Nature/description	Amount	Possibility of Utilisation (*)	Available portion
Capital	11,288,986	B	
Share premium reserve	10,514	A; B	
Legal reserve	79,039	B	
Non-distributable reserve as per Article 2426	1,379,562	A; B	

(\*) A: for increase in capital; B: for coverage of losses; C: for distribution to shareholders.



Description	31.12.08	Increases (Decreases)	31.12.09	Increases (Decreases)	31.12.10
Capital	11,288,986		11,288,986		11,288,986
Share premium reserve	10,514		10,514		10,514
Legal reserve	39,729	14,053	53,782	25,257	79,039
Non-distributable reserve as per Article 2426	632,658	267,020	899,678	479,884	1,379,562
	<b>11,971,887</b>	<b>281,073</b>	<b>12,252,960</b>	<b>505,141</b>	<b>12,758,101</b>

Share capital is composed as follows:

Shares	Number	Per value (in euros)
Ordinary	218,567	51.65
<b>Total</b>	<b>218,567</b>	

Subscribed and paid up share capital at 31.12.2010 is broken down as follows:

Shareholder	No. of shares	Par value (in euros)	% Held	Amount paid (in euros)
CONSORZIO VENEZIA NUOVA	111,864	5,777,775.60	51.181%	5,777,775.60
ING. E. MANTOVANI S.P.A.	18,218	940,959.70	8.335%	940,959.70
GRANDI LAVORI FINCOSIT S.P.A.	17,711	914,773.15	8.103%	914,773.15
SOCIETA' ITALIANA CONDOTTE S.P.A.	17,711	914,773.15	8.103%	914,773.15
ADRIA INFRASTRUTTURE S.P.A.	13,284	686,118.60	6.078%	686,118.60
ACTV SpA	12,581	649,808.65	5.756%	649,808.65
CO.VE.CO S.P.A.	11,070	571,765.50	5.065%	571,765.50
ING. MAZZACURATI S.A.S.	10,928	564,431.20	5.000%	282,228.51
VI HOLDING S.R.L.	4,000	206,600.00	1.830%	206,600.00
PALOMAR SRL	1,200	61,980.00	0.549%	61,980.00
	<b>218,567</b>	<b>11,288,985.55</b>	<b>100,000%</b>	<b>11,006,782.86</b>

The company is subject to the supervision and coordination of Consorzio Venezia Nuova.

In compliance with the provisions of art. 2497 (2) para. 4 of the Civil Code, the main economic data of Consorzio Venezia Nuova at 31 December 2010 are shown below.

Company name	Head office	Consortium provision	Equity	Net result for 2010	Value of Production
Consorzio Venezia Nuova	Venice	274,000	274,000	0(*)	605,714,471(*)

(\*)Amounts relating to the 2009 period

## B) Provisions for risks and charges

Balance on 31/12/2010	Balance on 31/12/2009	Changes
343,249	302,724	40,525

The changes in this provision can be analysed as follows.

Changes	Amount
Increase due to allocations during the year	97,437
Decrease due to utilisation during the year	(56,912)
	<b>40,525</b>

This item can be broken down as follows:

Description	31/12/2010	31/12/2009
Provisions for taxes	75,000	75,000
Other reserves	268,249	227,724



343,249

302,724

The “Provisions for taxes” of €75,000 concerns an allocation for the potential liability arising from the tax litigation relative to the payment file of the amount of €136,493 issued to recover the higher amounts of IRPEG, IRAP and VAT for 2003 in relation to which an appeal has been lodged before the Provincial Tax Commission of Venice. In the decision filed on 15 December 2009 the Provincial Tax Commission of Venice granted the appeal from the assessment notice concerning taxes for the year 2003 and ordered the Tax Office to cover the procedural expenses. In March 2010, the Italian Revenue Agency appealed to Venice Provincial Tax Commission.

The item “Other Reserves” in the amount of €268,249 includes the allocation of the “mark to market” expense relative to the unlisted derivative contract currently held for €90,812 and the provision of €177,437 for risks related to uncollectibility of the tax credit related to the research and development expenditures provided for by Art. 1, paragraphs 280-283, of Law No. 296 of 27 December 2006, as subsequently amended in 2008. An appeal was submitted to Pescara Provincial Tax Court against the denial of the authorization to use the tax credit for research and development.

### C) Post employment benefits

Balance on 31/12/2010	Balance on 31/12/2009	Changes
806,965	807,783	(818)

The composition of the fund is as follows:

Description	31/12/2010	31/12/2009
Post employment benefits	1,317,709	1,163,521
Receivable due from INPS for post employment benefits	(510,744)	(355,738)
	806,965	807,783

The Post-Employment Benefits Fund represents the effective amount payable by the company at 31/12/2010 to the employees in the workforce on that date, net of any advances already disbursed and the reserve for supplementary pension funds.

The receivable of €510,744 from the INPS (National Social Security Institute) is related to post-employment benefits that are not of a supplementary pension nature and therefore governed by the provisions of Art. 2120 of the Civil Code, based on the choices made by employees pursuant to Art. 8, paragraph 7, of Legislative Decree No. 252/2005.

The change can be broken down as follows.

Changes	Amount
Increase due to allocations during the year	180,284
Decrease due to utilisation during the year	(26,096)
Increase in receivable from INPS for post-employment benefits	(155,006)
	(818)



## D) Paybles

	Balance on 31/12/2010	Balance on 31/12/2009	Changes
	23,193,215	23,707,553	(514,338)

Payables are recorded at their face value, adjusted in the event of invoice adjustments, and their due dates can be broken down as follows:

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Bonds				
Convertible debentures				
Accounts payable to banks	4,755,289			4,755,289
Accounts payable to other lender				
Advances	4,019,820			4,019,820
Trade payables	10,459,867			10,459,867
Payables represented by securities issued				
Due to subsidiaries				
Due to associates	164,674			164,674
Due to controlling companies	332,007			332,007
Tax payables	519,798			519,798
Due to social security institutions	653,563			653,563
Other payables	2,283,032	5,165		2,288,197
	23,188,050	5,165		23,193,215

The balance of "Accounts payable to banks" at 31.12.2010, totaling €4,755,289, reflects the effective payable for principal, interest, and ancillary charges matured and payable.

"Advances" includes advances from customers for supplies of goods and services to be carried out.

"Due to associates" includes trade payables of €163,902 owed to associate Lotti-Thetis Società d'ingegneria S.C. a r.l. and to the associated company Porto Marghera Servizi per l'Ingegneria S.c.a r.l. amounting to €772.

"Due to controlling companies", in the amount of €332,007 reflects trade payables to Consorzio Venezia Nuova.

"Other payables" includes €1,420,000 related to the remaining 71% of the shares subscribed in the reserved closed-end mutual fund "RealVenice II" but not paid in.

"Other payables" comprende €117,053, payables related to unpaid fees assessed, to the Administrators, Mayors and members of the Supervisory Board.

"Other payables" also includes €560,281 of amounts payable to employees for vacations, reductions in working hours and other benefits accrued but not used, including the respective contributions.

"Other payables" further includes €37,500 of payables to Venice New Port S.c.p.a. for 7.5% of the share capital subscribed but not paid in. Finally, "Other payables" includes payables of €51,229 owed to Ca'Foscari University of Venice in relation to doctorate degrees.

"Other payables" due beyond year end, in the amount of €5,165, refers to the amount due to Tecnomare S.p.A. relative to the assumption by Thetis of the receivable from "Consorzio Venezia Ricerche", due to the effect of the transfer of the equity investment to said consortium.



Payables can be broken down by geographic area as follows:

	Trade payable	Due to subsidiaries	Due to associates	Due to controlling companies	Total
Veneto	5,535,973		164,674	332,007	6,032,654
Marche	2,230				2,230
Tuscany	385,664				385,664
Piedmont	18,743				18,743
Lombardy	1,084,189				1,084,189
Liguria	18,042				18,042
Lazio	1,906,338				1,906,338
Friuli Venezia Giulia	475,524				475,524
Emilia Romagna	264,039				264,039
Sardinia	85,866				85,866
Puglia	60				60
Trentino Alto Adige	244,553				244,553
Campania	796				796
Abruzzo	41,515				41,515
Sicily	1,092				1,092
Non-UE	352,390				352,390
European Union	42,853				42,853
<b>Total</b>	<b>10,459,867</b>		<b>164,674</b>	<b>332,007</b>	<b>10,956,548</b>

#### E) Accrued income and prepaid expenses

	Balance on 31/12/2010	Balance on 31/12/2009	Changes
	95,378	5,000	90,378

Accrued liabilities and deferred income consist of pre-paid income for the public transport management system for Rome Local Public Transport pertaining to the year 2011.

## Memorandum accounts

No guarantees have been provided that are included “*Memorandum accounts*”.



## Income Statement

### A) Value of production

The total of balances and related changes in the value of production are shown in the table below.

	2010	2009	Changes
	27.527.073	23.730.485	3.796.588
Description	2010	2009	Changes
Revenues from sales and services	25.898.696	20.449.972	5.448.724
Changes in product inventories	19.818	(85.419)	105.237
Change in work progress to order	716.493	2.679.151	(1.962.658)
Increase in fixed assets for internal work	326.244	476.126	(149.882)
Other revenues and income	565.822	210.655	355.167
	27.527.073	23.730.485	3.796.588

In relation to the breakdown of the Value of Production among the company's divisions, contracts of the Civil Engineering and Works Management Division generated revenues for € 9,349,272, contracts of the Environmental Engineering Division produced revenues for € 4,849,357, contracts of the Intelligent Transport Systems Engineering Division produced revenues of € 6,333,863, orders of the Knowledge Systems Engineering Division generated revenues of € 415,745 and orders of the Environmental and Engineering Services generated revenues of € 876,580 and € 3,890,884, respectively.

The item "*Change in work in progress to orders*" shows a decrease from the previous period due to the fact that it was possible to send invoices for certain important activities, which were therefore absorbed into the item "Revenues from sales and services".

The main revenues for contracts executed in the year include:

- € 21,489,305 for contracts with Consorzio Venezia Nuova for internal lagoon protection works and assistance in works management;
- € 845,611 for the contract with Arriva Malta Ltd. for a project concerning the management of the public transport system in Malta;
- € 738,024 from the contract with Rome Local Public Transport for the activities carried out in relation to the public transport management system for the suburban routes of Rome;
- € 535,177 from the framework agreement with ACTV and consequent implementation acts for services associated with the GPS management system of the navigation service vessels;
- € 472,157 from the contract with Word Bank for a study on the environmental effects of withdrawing water from the Red Sea.

The value of production is broken down by geographical area as follows:

Region of Veneto	23,519,092
Region of Emilia Romagna	68,205
Region of Sardinia	333,150
Region of Lazio	916,114
Region of Friuli Venezia Giulia	385,971
Region of Tuscany	21,019
European Union	1,569,917
Non-U.E.	713,605



## B) Production costs

	2010	2009	Changes
	26,338,104	22,280,693	4,057,411
Description	2010	2009	Changes
Raw materials, ancillaries and consumables	1,882,857	1,351,054	531,803
Services	11,128,667	9,228,386	1,900,281
Hire purchase and leasing charges	787,699	706,389	81,310
Wages and salaries	7,695,039	6,711,059	983,980
Social security charges	1,931,463	1,803,412	128,051
Post employment benefits	473,844	436,536	37,308
Retirement benefits and similar obligations	108,071	98,515	9,556
Other personnel costs	113,865	124,600	(10,735)
Amortization of intangible fixed assets	1,286,082	1,124,161	161,921
Depreciation of tangible fixed assets	395,275	399,009	(3,734)
Other write-downs of fixed assets			
Write-down of receivables included under assets forming part of working capital	215,826	10,000	205,826
Changes in raw material inventories			
Provisions for risks	97,437	80,000	17,437
Other provisions			
Sundry operating costs	221,979	207,572	14,407
	<b>26,338,104</b>	<b>22,280,693</b>	<b>4,057,411</b>

The increase in the item “*Services*” is purely related to what is reported in the Directors’ Report on Operations in point A (Value of Production) and in the Income Statement.

The increase in the item “*Wages and Salaries*” primarily derives from the cost of personnel of Consorzio Venezia Nuova seconded to the Company.

The increase in “Amortization of intangible fixed assets” is relate to research and development expenses and to amortization related to products and software licenses.

### Costs for raw materials, subsidiary materials, consumables and goods for resale

These costs mainly refer to the purchase of goods relative to the supplies for vehicle location monitoring and user-information systems.

### Costs for services

The majority of these costs are related to the provision of services for production contracts, technical consultancy rendered by companies and professionals concerning operating activities, transport services, utilities, insurance contracts, and maintenance services for the company’s head offices at Arsenale.

The main costs of this caption include:

Description	Amount
Technical services of companies relative to production contracts	2.336.383
Professional fees referred to production contracts	1.387.600
Project collaborations	353.077
Other services relative to production contracts	3.995.637
Refunds for out of office expenses	192.497
Professional services	75.502
Advertising, exhibition, and trade fair costs	78.603



Description	Amount
Insurance premiums	192,229
Utilities	585,095
Company canteen	292,110
Maintenance costs	316,184
Transport and shipping costs	15,331
Security service costs	81,386
Directors' and Statutory auditors' emoluments	277,196
Occupational training expenses	75,914
Cleaning and gardening services	78,283
Association fees	105,956
Legal and notarial expenses	71,875

### Hire purchase and leasing charges

These amounts refer to the concession fees for the use of state-owned properties of the area of the Arsenale headquarters and infrastructure, to the rent for the company's offices at the "Vega" Techno pole and to the hiring of equipment.

### Costs for personnel

This caption includes the entire expenditure for employees including performance benefits, promotions, automatic cost of living expenses, holidays accrued but not taken, and provisions provided for by the law and collective labour agreements.

The item "*Costs for personnel*" also includes expenses of € 1,359,937 related to the personnel seconded from Consorzio Venezia Nuova.

## C) Financial income and costs

	2010	2009	Changes
	(118,048)	(294,063)	176,015
Description	2010	2009	Changes
From equity investments			
From receivables recorded under fixed assets	680	537	143
From securities recorded under fixed assets			
From securities recorded under current assets			
Income other than the above	9,560	1,462	8,098
Interest and other financial income (expenses)	(119,174)	(293,872)	174,698
Currency exchange gains (losses)	(9,114)	(2,190)	(6,924)
	(118,048)	(294,063)	176,015

Exchange gains are entirely realized. It is therefore not necessary to create a reserve as per Art. 2426.

### Other financial income

Description	Controlling companies	Subsidiaries	Associates	Other	Total
Interest on bonds					
Interest on securities					
Bank and post office interest				1,349	1,349
Interest from customers					
Interest on loans					
Other income				8,211	8,211
				9,560	9,560



## Interest payable and other financial expenses

Description	Controlling Companies	Subsidiaries	Associates	Other	Total
Interest on bonds					
Bank interest				114,211	114,211
Interest on tax payables				3,303	3,303
Interest on amounts due to social security institutions				469	469
Average late payment interest					
Discounts or financial expenses				1,191	1,191
Interest on loans					
Other expenses on financial transactions					
				119,174	119,174

## D) Value adjustments of financial assets

	2010	2009	Changes
<b>Description</b>	<b>2010</b>	<b>2009</b>	<b>Changes</b>
Write down of financial assets			

No adjustments were made to the value of financial assets during the year.

## E) Extraordinary income and expenses

The total balance and the related changes of extraordinary income and expenses are shown in the table below.

	2010	2009	Changes
	(45,892)	30,651	(76,543)
<b>Description</b>	<b>2010</b>	<b>2009</b>	<b>Changes</b>
Sundry	95,600	68,869	26,731
<b>Total income</b>	<b>95,600</b>	<b>68,869</b>	<b>26,731</b>
Contingent liabilities	(115,347)	(20,216)	(95,131)
Taxes from previous periods	(26,145)	(18,002)	(8,143)
<b>Total expenses</b>	<b>(141,492)</b>	<b>(38,218)</b>	<b>(103,274)</b>
	(45,892)	30,651	(76,543)

The item “*sundry*” under extraordinary income relates to the unused provisions of previous periods for €95,600.

The item “*Contingent liabilities*” under extraordinary expenses is a result of the failure to set aside provisions in previous periods for €115,347.

“*Taxes from previous periods*” relate to taxes of the 2007 period, amounting to €1,374 for the reduction of the tax credit for research and development and €24,771 for taxes of the 2009 period.



## Deferred taxation

Deferred tax assets are calculated taking into account the cumulative amount of all timing differences determined in accordance with the expected tax rates at the time in which deductible timing differences arise; in this respect, it was considered to be reliable to assume 27.5% as the expected IRES tax rate and 3.9% as the IRAP rate.

Deferred tax assets were recorded inasmuch as there exists a reasonable certainty of the existence of a taxable income that is no lower than the amount of the differences that will be off-set.

## Income tax expense

	2010	2009	Changes
	738,925	681,239	57,686
<i>Taxes</i>	2010	2009	Changes
IRES PAID	413,977	188,163	225,814
IRAP PAID	371,370	347,576	23,794
DEFERRED TAX ASSETS	(46,422)	145,500	(191,922)
	738,925	681,239	57,686
<i>Taxes for the year</i>	Paid	Prepaid	Due
IRES	413,977	(46,472)	367,505
IRAP	371,370	50	371,420
	785,347	(46,422)	738,925

## Information on the fair value of derivative financial instruments

In compliance with art. 2427 (2), para 1, point 1) of the Civil Code the following table shows the *fair value* and information on the amount and nature of each category of derivative financial instruments taken out by the company, broken down into classes taking account of the aspects of the characteristics of the instruments and the relative aims.

The unlisted derivative contracts utilised are listed below:

Type of derivative contract:	Variable Rate Protected Differential IRS
Purpose ( <i>trading or hedging</i> ):	Trading
Notional amount:	€ 2,500,000
Underlying financial risk:	Interest rate risk
Derivative contract <i>Fair value</i> :	€ -90,812

## Other information

Transactions carried out by the Company with related parties are, pursuant to Art. 2427, paragraph 1, no. 22-bis of the Civil Code, governed by the Board of Directors.

In any event, there were no significant transactions of an ordinary nature with related parties that were carried out under conditions that were not in line with normal market conditions. For specific information concerning relationships with subsidiaries refer to the report on operations.

The Company has not carried out any transactions that fall under those governed by Art. 2427, paragraph 1, no. 22-ter of the Civil Code that have not already been addressed in this document.

In accordance with Art. 20 of the Company Bylaws, the Board of Auditors is responsible for the accounting control.



In compliance with the law, the following table shows remuneration due to company directors and members of the Board of Auditors.

Role	Remuneration
Directors	237,616
Statutory Auditors	39,580

These financial statements, composed of the Balance sheet, Income statement and Notes, provide a truthful and fair representation of the equity, financial situation, and economic results in compliance with the company's accounting records.

The Chairman of the Board of Directors  
Mr. Giovanni Mazzacurati



# Financial statement as at 31.12.2010

## Report of the board of statutory auditors

pursant to Article 2429 of the italian civil code

Shareholders,

the financial statements for the financial year ended 31 December 2010, received by the Company's board of directors at the end of the meeting held on 18 February 2011, and subject to approval by the shareholders' meeting, show € 286,104 profit.

The Directors' report on operations that accompanies the financial statements clarifies those transactions that affected the business of the company. For the year ended 31 December 2010 we performed both functions of control of the company and with this report, we hereby report to you on the checks we have carried out.

### *Accounts auditing functions*

We performed accounts auditing of the annual financial statements of the company for the year ended 31 December 2010 in compliance with art. 2409-(3) of the Italian civil code. The responsibility for drafting the accounts lies with the Board of Directors, while it is the responsibility of the Board of Statutory Auditors to express our judgement on the financial statements.

In the context of our verification and auditing activities we found:

- during the year and on a quarterly basis the company accounts were duly compiled and details of the company's operations were correctly represented in the accounting entries;
- the correspondence of the financial statements with the accounting entries and the checks performed and the compliance of the financial statements with the requirements of the law.

The audit was conducted with the aim of acquiring all the necessary information to ascertain whether the annual financial statements contain any significant errors and whether they are reliable and truthful when considered in their entirety.

The auditing procedure included an assessment of the adequacy and correctness of the accounting criteria utilised and the fairness of the estimates made by the directors.

The accounting criteria adopted in assessing the Company's financial statements are in compliance with the principles accepted by the National Board of Chartered Accountants and Accounting Consultants and, if not present, those issued by the International Accounting Standards Committee (IASC).

Auditing of the accounts was completed on 26 March 2010 and the certification reports bear said date.

We consider that the work performed provides a reasonable basis for the expression of our professional judgement.

The 2010 financial statements showing income of € 286,104 can be summarised as follows:

<b>Balance Sheet</b>		
Assets	Euro	37,483,012
Liabilities	Euro	24,438,807
Equity	Euro	12,758,101
<b>Income for the year</b>	<b>Euro</b>	<b>286,104</b>



Income Statement		
Value of production	Euro	27,527,073
Production costs	Euro	(26,338,104)
<b>Difference</b>	<b>Euro</b>	<b>1,188,969</b>
Financial income and expenses	Euro	(118,048)
Extraordinary income and expenses	Euro	(45,892)
Income before taxes	Euro	1,025,029
Income tax expense	Euro	(738,925)
<b>Profit</b>	<b>Euro</b>	<b>286,104</b>

We also attest to the fact that the Report on operations meets the content requirements of Article 2428 of the Italian civil code in that it corresponds with the company's accounting records and provides a clear and thorough overview of the company's financial performance and standing.

In our opinion, the aforementioned financial statements and report on operations are clearly intelligible and provide a truthful and fair representation of the assets and liabilities, financial situation and economic results of the Company for the year ended 31 December 2010 in compliance with regulations governing financial reporting.

#### *Supervisory functions*

During the year ended 31 December 2009 we supervised over compliance with the law and with the company bylaws and on the observance of the principles of correct administration, using, in the execution of the assignment, the suggestions indicated in "Code of Conduct of the Board of Statutory Auditors recommended by the Italian National Councils of Certified Public Accountants".

We attended the shareholders' meetings and the meetings of the Board of Directors, which were held in observance of the company bylaws, legislation, and regulations that govern the proceedings of said meetings and in relation to which the deliberated actions were all in compliance with the law and the company bylaws and we found no trace of imprudent or high risk activities or actions in conflict of interest or such as to threaten the preservation of the share capital.

We obtained information from the directors concerning the general progress of operations and the foreseeable business outlook and on the most significant transactions in terms of size or characteristics and we can reasonably guarantee that the actions performed were lawful and in compliance with the company bylaws and are not manifestly imprudent, hazardous, in conflict of interest or in opposition to the resolutions passed by the shareholders' meeting or such as to threaten the preservation of the share capital.

We gained familiarity with and supervised over the adequacy of the company's organisational structure, also through the collection of information from the function heads. In this respect we inform you that we have no particular indications to bring to your attention.

We evaluated and supervised over the adequacy of the administrative and accounting system and also on the reliability of this latter in representing the company's operations by obtaining information from the function heads and by examining company documents and, in this respect, we have no particular observations to make.

We received no complaints ex art. 2408 of the Italian civil code.

Pursuant to art. 2426 of the civil code, point 5, we expressed our approval for the recording under assets in equity of research and development costs.

We checked compliance of the financial statements with the events and information in our possession following the execution of our duties and we have no exceptions to make in this respect.



An examination of the assets, liabilities and shareholders' equity posted in the Balance Sheet and of the positive and negative components of the Income Statement, that was based on the audit procedures performed to date, revealed nothing that would invalidate our opinion of the Company's financial statements.

In consideration of the above findings, we hereby express our favourable opinion in relation to passing the resolutions as at article 2364 of the civil code in relation to the financial statements for the year ended 31 December 2010.

#### THE BOARD OF STATUTORY AUDITORS

The Chairman of the Board of Statutory Auditors Mr Francesco Giordano

Regular auditor Mr Ernesto Battisti

Regular auditor Mr Maurizio Nardon

## Report of the Independent Audit Firm

To the Shareholders  
of Thetis S.p.A.

1. We have audited the statutory financial statements of the company Thetis S.p.A. as of December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. This report is not issued in accordance with art. 2409-bis and following of Civil Code being the accounting control performed by another auditor, different from the writer audit firm.
2. We conducted our audit in accordance with the auditing standards required by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether they result reliable as a whole. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements as well as assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes as required by law, reference should be made to the auditors' report issued by us on March 19, 2010.

3. In our opinion, the statutory financial statements of Thetis S.p.A. as of December 31, 2010 are in accordance with the regulations governing financial statements; therefore they are prepared correctly and present fairly the financial position and the results of company's operations.

Padova, March 8, 2011

BDO S.p.A.

Alfonso Iorio  
(Partner)

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