ANNUAL REPORT 2011

COECLERICI

COECLERICI

Coeclerici SpA

Head Office:
Piazza Generale Armando Diaz 7, 20123 Milan, Italy

VAT number, Tax Code Number and Companies' Register Number:
00269690103

Chamber of Commerce Number 1761693
Direction and Coordination: Finanziaria Cocler SApA

INDEX

FINANCIAL HIGHLIGHTS

582.953
Turnover

44.974
Ebitda

34.094
Ebit

17.879
Net Profit

DEAR SHAREHOLDERS,

2011 was a very important year for the Coeclerici Group considering the strong growth in operating results compared with the previous year (+30%) and the achievement of important strategic objectives that are a further step forward on our industrial path.
These results were achieved in a macroeconomic situation that has seen the world economy move progressively from a financial crisis to a macro economic recession. The expansionary measures enacted by the governments of emerging countries, such as China and India, have been countered by periodic financial disturbances affecting the solvency of states and the stability of political systems. 2011 was a year of political turmoil in the Middle East and North Africa, with the fall of the governing regimes in Libya, Egypt and Tunisia, resulting in a significant impact on oil markets and in general raw material markets. The tragic earthquake and tsunami in Japan also led to a profound rethinking of energy strategies on the old continent. This process confirmed that coal will remain an essential resource in the immediate future since it is currently not replaceable by any alternative or renewable energy source. In Europe, Germany decided to shut down its nuclear facilities by 2020, while nuclear energy was rejected for the second time in Italy by referendum. More generally, all the major European countries revised their "decarbonization" plans, resulting in an increase in energy demand on the coal market.

Analyzing the trend in last year's coal prices, we can see that the price of steam coal (also known as thermal coal), used to produce electricity, increased in the first half of the year, reaching values above 125 dollars per tonne (API2 price). It later realigned to the same values as 2010 (approximately 92 dollars per tonne) in the fourth quarter of 2011. Coking coal, used to make steel, followed a similar trend and was sold at an average annual price of 293 dollars per tonne, compared to 230 dollars in 2010.

In this context, your Group achieved a 24% increase in turnover (amounting to € 583 million). Combined with an ever increasing operational efficiency, this resulted in a significant rise in Ebitda, which amounted to € 45 million, up € 11.5 million on the same period in 2010, and in a further increase in Ebit (+30%), reaching to € 34.1 million.

Part of this significant increase is due to the excellent performance achieved by the Mining Division. The greater amount mined and mining efficiency reached, combined with the macroeconomic situation in average price increase, allowed the Mining Division to achieve a 44% higher operating result than in 2010.

The Trading Division recorded a 13% increase in handled volumes compared to 2010. Although the operating result was 13% lower than in 2010, it reached the significant value of € 18.1 million. The Division's lower profit margin was mainly due to the difficulties the Asian subsidiary faced on an extremely challenging market, which was penalized by several climatic problems involving Australia and the Far East.

The Logistics Division continued to implement the growth strategies initiated during the previous years both through the acquisition of additional transhipment contracts with major mining operators, and by continuing to build and put into operation new transhippers according to contracts signed in previous years. The turnover increased by 33% compared to 2010 and the operating result rose sharply reaching € 9.1 million. This contributed positively to the objectives set by the Group.

Regarding commercial activities, an important joint venture agreement was signed in February with an Indonesian mining operator for the PT Asian Bulk Logistics registration (formerly PT Bulk Berau Indonesia), aiming to become a major player in offshore logistics in East Asia. Three further ten-years contracts were signed for transhipment operations in Muara Pantai (Indonesia), again through the subsidiary PT Asian Bulk Logistics for the service of PT Berau Coal. The contracts involve the building of three transhippers in addition to the Bulk Java floating transfer station, with an estimated investment of about 70 million dollars. Operations are expected to start between July 2012 and July 2013. As a part of this project, coal transhipment operations began in July in Muara Pantai (Indonesia) using the previously mentioned Bulk Java floating transfer station.

Regarding investments, the Chinese shipyard Jiangsu Hantong Ship Heavy Industry delivered the Bulk Zambesi transhipper on time in July. It is the first of two sister vessels worth 75 million dollars each that will operate in Mozambique for the mining giant Vale. The coal loading operations from the wharf in the port of Beira began in late July. The coal is transported to the offshore anchoring areas approximately 20 miles off the coast where, without any draught limits, the transhipper loads the large capesize vessels.

In financial terms, the Logistics Division has increased its turnover thanks to the increased tonnage handled compared to the previous year and the beginning of operations with the Bulk Zambesi transhipper in Mozambique. The total tonnage handled by the entire Logistics Division, consisting mainly of coal and iron ore, came to about 9.7 million tonnes, excluding cargoes carried under charter contracts or by companies in which the Group holds shares, but which are not consolidated in the financial statements. This figure is up from the 9.2 million tonnes recorded the previous year and confirms your company's position as leader in dry bulk port logistics services.

Lastly, a new variable-interest rate revolving line of credit was signed in April for a total value of € 215 million for seven years. It was granted by a pool of banks headed by Banca Carige. This line of credit replaces a previous one for € 150 million and is earmarked for financing the 2011-2015 business plan which entails strengthening the Mining Division through the acquisition of new coal mines, expanding the Trading Division by opening new offices in Eastern Europe, in addition to those already opened in January 2012 in the United States, and developing port logistics operations through the building of new floating terminals and barges for the mining industry.

We would like to take this opportunity to thank the management and all the Group's workers for their constant generous commitment and the results achieved.

Milan, 27 March 2012

Chairman and CEO
Paolo Clerici

PClerici


BLACK HEART,
GREEN SKIN.

COMPANY OFFICIALS

Board of Directors

Members of the Executive Committee	Paolo Clerici	Chairman and CEO
	Corrado Papone	Deputy Chairman
	Antonio Belloni	Director
	Pasquale Cardarelli	Director
	Giovanni Jody Vender	Director
	Rosario Alessandrello	Director
	Giorgio Cefis	Director
	Giacomo Clerici	Director
	Riccardo Perissich	Director

The term of office of the board of directors expires with the approval of the financial statements as at 31 December 2012.

Board of Statutory Auditors

Guglielmo Calderari di Palazzolo	Chairman
Maurizio Dragoni	Standing Statutory Auditor
Isabella Resta	Standing Statutory Auditor
Costantino Prunestì	Alternate Statutory Auditor

The term of office of the Board of Statutory Auditors expires with the approval of the financial statements as at 31 December 2011.

Independent Auditing Firm

Deloitte & Touche SpA

The independent auditing firm has been appointed for the 2010/2012 three-year period.

GROUP STRUCTURE AT DECEMBER 31, 2011

COECLERICI SPA

LOGISTICS DIVISION

- **100%** Coeclerici Logistics SpA
  - **100%** Shipping Services Srl
  - **80%** Terminal Offshore Piombino SpA
  - **100%** Coeclerici Mozambico SpA
  - **100%** Capo Noli Transportes Maritimos Lda
    - **90%** Bulkguasare De Venezuela SA
  - **70%** Logconversion Transportes Maritimos Lda
  - **49%** PT Pelayaran Logistik Konversi Indonesia
  - **49%** PT Asian Bulk Logistics
  - **77,5%** CGU Logistic Limited
  - **50%** Viannlog Consultoria Economica Lda
    - **100%** Mbs NV
  - **80%** CC Black Sea Bulk Srl
    - **50%** Kyla Charter Transp. Marit. Lda
    - **100%** LLC Coeclerici Logistics Russia

TRADING DIVISION

- **100%** Coeclerici Coal and Fuels SpA
  - **100%** Coeclerici Asia (Pte) Ltd
    - **100%** PT Coeclerici Indonesia
  - **100%** Coeclerici Compagnie SA
    - **100%** Rozco
    - **49%** Ooo Delta Property
      - **100%** Taylepskoe
  - **99%** LLC Coeclerici Russia
  - **100%** Coeclerici Americas Inc

MINING DIVISION

- **100%** Oao Kisk
  - **100%** Ooo Razrez
  - **100%** Ooo Ptu
  - **100%** LLC Zapadny ugol

Excluding dormant companies and companies in liquidation

MANAGEMENT REPORT

CONSOLIDATED RESULTS

Here below are some of the main profit and loss indicators for the year, along with the same indicators from the 2010 and 2009 consolidated financial statements for comparison, according to the IAS/IFRS international accounting standards (in thousands of euros):

	2011	2010	2009
Turnover	582,953	468,520	441,300
Ebitda	44,974	33,523	25,180
Ebit	34,094	26,303	18,820
Net Profit	17,879	16,674	10,773
Group Net Profit	16,229	14,473	9,343
Fixed Assets	188.218	146.020	69.993
Working Capital	68.801	41.392	29.309
Net Capital Employed	257.019	187.412	99.302
Total Coeclerici Group Net Equity	75.221	64.440	60.174
Minority Interests	6.827	6.527	6.452
Net Financial Position	174.971	116.445	32.676
Sources of Finance	257.019	187.412	99.302
Cash Flow from operating activities	237	1,875	39,519
Cash Flow from investing activities	(54,106)	(77,648)	(4,257)
Cash Flow from financing activities	49,330	75,337	(26,597)
ROE	23%	24%	15%
ROI	15%	18%	16%
DEBT/EQUITY	213%	164%	49%

The consolidated income statement shows a significant increase in turnover (+24%) compared to the previous year and a more than proportional increase in Ebit (+30%), amounting to € 34.1 million. These results were influenced by the excellent performances in the Mining Division (€ 11.1 million) and Logistics Division (€ 9.1 million), as well as the confirmation of the Trading Division operating result (€ 18.1 million), less adjustments and holding costs (€ 4.2 million).

+7,8 ml

Increase in Ebit

The net profit in particular came to € 17.9 million, from € 16.7 million on the previous year. This was the result of positive performance in all business sectors, mainly thanks to the rise in coal prices, the achievement of operational efficiencies in the mining operations at the Russian mine - also as a result of the investments made during the last few years - and growth in the maritime transport and port logistics business.

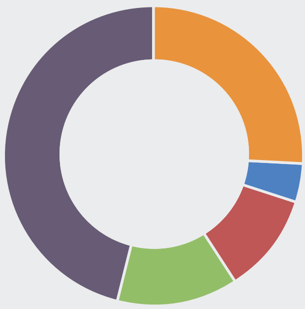
The Group's balance sheet shows a € 33.8 million increase in "Property plant and equipment" mainly due to the effect of investments made for the building of new vessels for the projects in Mozambique, as well as investments in the Russian mine to improve operational mining efficiency. The net financial position increased by € 58.5 million mainly due to the investments mentioned above, but also because of the larger advances paid to Asian suppliers in relation to the operations foreseen during early 2012.

The Debt/Equity ratio increased from 1.64 to 2.13 at 31 December 2011, but was in any case below the threshold limit laid down in the financial covenant agreed to with regard to the syndicated credit line.

The detailed net financial position at 31 December 2011 of the various Coeclerici Group Divisions is shown below (in thousands of euros):

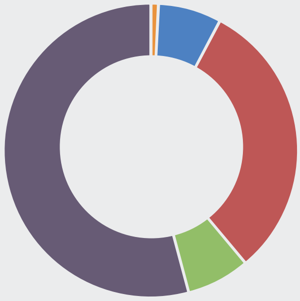
	TRADING	MINING	LOGISTICS	HOLDING	TOTAL
Cash at banks and in hand	(23,984)	(5,208)	(10,505)	(3,081)	**(42,780)**
Short-term bank loans	66,851	3,818	9,897	0	**80,565**
Medium and long-term bank loans	12,500	5,579	56,405	62,702	**137,186**
Intercompany loans	0	0	59,728	(59,728)	**0**
Net Financial Position / (Liquidity)	55,367	4,188	115,523	(107)	**174,971**

ASSETS BY GEOGRAPHICAL AREA



Africa	26%
Americas	4%
Asia and Australia	11%
Russia	13%
European Union	46%

TURNOVER BY GEOGRAPHICAL AREA



Africa	1%
Americas	7%
Asia and Australia	31%
Russia	7%
European Union	54%

TRADING DIVISION

	2011	2010	2009
Tonnage handled (Metric Tons)	5,092,531	4,508,710	6,244,852
Turnover	542,148	437,348	414,629
Ebitda	18,353	21,001	20,678
Ebit	18,153	20,826	20,519
Net Profit	18,324	12,737	11,487
Capital Employed	92,093	75,048	53,595
Net Equity	36,726	26,322	31,406
Net Financial Position	55,367	48,726	22,189

The Trading Division reported a growth in volumes handled in 2011 compared to the previous period, but with a slight decline in Ebit. The lower profit margin is due to the change in sales mix, which was a direct consequence of the constantly evolving and changing global market. As a result products with lower added value were sold mainly in the Far East.

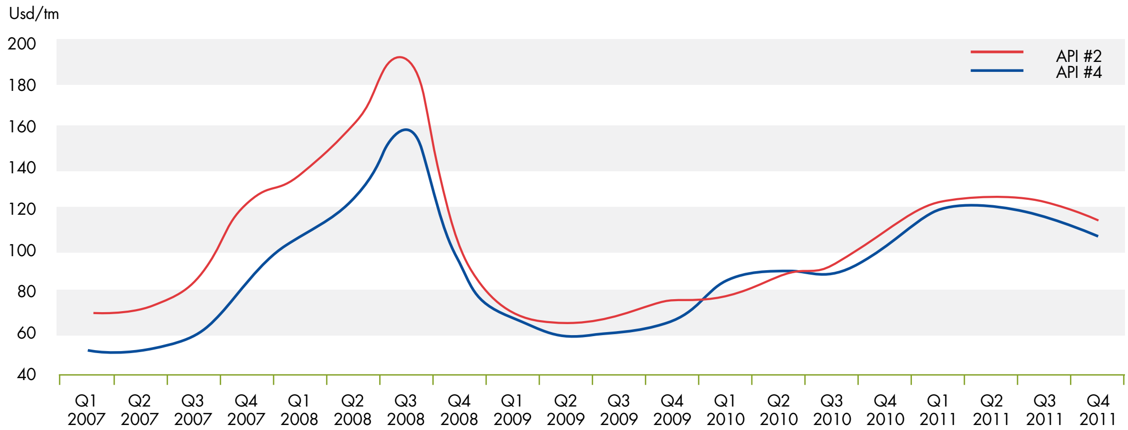
In this market context, the company decided to invest in strengthening its management by hiring new management figures that can help guide the company towards strategically important high-profit business. The sales mix changed owing to a growth in the volume of steam coal handled (the quantity of Indonesian steam coal and Russian steam coal from Murmansk sold to other markets increased). The amounts of PCI, coke and coking coal, mainly marketed by the Asian subsidiary, went against this trend. In 2011, the Asian subsidiary encountered some problems in finding the meeting point between supply and demand in a highly volatile market. Here follows a comparison between the tonnes handled by type of product:

VOLUME COMPOSITION 2011

VOLUME COMPOSITION 2010

Although the Ebit was slightly down from 2010, it continue to perform soundly in 2011. The margins achieved on sales of Russian steam coal via Murmansk contributed to this result, which were always stable despite the volatile climate. The quantities handled at the port of Murmansk, governed by a multi-year contract, were not only higher than the minimum quantities agreed, but also had higher unit margins. This was both due to the direct effect of the commodity prices and the high quality of the coal mined at your mine, which was then sold at the most profitable contract terms. Business with Brazil was also again successful, with profit margins up on last year. These positive factors offset the decline in the result on the Asian front.

In quantitative terms, the average increase in coal prices compared with the previous year was +32% on API#2 and +27% on API#4. Here follows the evolution of the main coal market indices:



	2011	2010	2009
API#2 INDEX - Average	122	92	71
API#4 INDEX - Average	116	92	65

The net result of the Division is up on 2010 (+44%). It gained from the dividends received during 2011 from the subsidiary Kisk, which manages the Mining Division's operations. For consolidation purposes these dividends are eliminated.

MINING DIVISION

	2011	2010	2009
Tonnage handled	794,134	602,275	555,863
Turnover	38,738	23,497	13,055
Ebitda	17,063	11,690	2,862
Ebit	11,097	7,681	(442)
Net Profit	6,695	5,225	(279)
Capital Employed	22,958	17,442	19,650
Net Equity	18,770	18,914	17,417
Net Financial Position / (Liquidity)	4,188	(1,472)	2,233

+3,4 ml

Increase in Mining Division Ebit

For the Mining Division, 2011 was characterized by sound operating results and the achievement of mining capacity goals, which are essential for the growth and sustainability of future investments. In detail, 818,146 tonnes of coal were produced (623,731 tonnes in 2010) and 794,134 tonnes were sold (602,275 tonnes in 2010).

Turnover was up 65% on 2010 and reflected the effects of ever more efficient Group synergies and the increase in commodity prices, which - in the case of coal - were the highest in the past three years. The growth in turnover was actually more than proportional to the amounts handled, which increased in quantity by 32%. The main trading partner was once again the Trading Division holding company, Coeclerici Coal and Fuels SpA, which sold more than 88% of the coal mined, while the domestic market played a less significant role and absorbed the remaining 12%.

The Mining Division's Ebit grew significantly compared to the same period last year thanks to the more efficient mine management and increase in coal prices described above. It therefore achieved a result in line with expectations, which confirms that this area is increasingly strategic owing to recent macroeconomic and socio-political developments.

From balance sheet poin of view, the investment plan - developed in previous years and refined during 2011 (in order to increase the production capacity to 1.1 million tonnes in 2012) - had an impact in terms of an increase in capital invested. The funds allocated to this development plan came to about USD 11 million.
The plan was mainly financed by banks and the money invested in modern mining technology, new ways to maximize coal mining capacity, earth moving equipment, safety technology instruments and future projects again focused on maximizing profits.

The net financial position increased due to short and long-term investments made by the Division, and the payment of dividends to the Trading Division holding company Coeclerici Coal and Fuels SpA. In any case, the invested capital recovery stage and return on investment have begun thanks to the achievement of the desired production level, consolidation of intra-group synergies, and cooperation with local businesses as a result of appropriate and successful industrial and commercial decisions.

LOGISTICS DIVISION

	2011	2010	2009
Tonnage handled	9,748,966	9,210,139	7,896,716
Turnover	33,607	25,216	22,112
Ebitda	13,122	4,284	4,301
Ebit	9,066	1,809	1,679
Net Profit	5,658	4,511	1,451
Capital Employed	153,617	109,362	47,382
Net Equity	38,094	34,982	33,987
Net Financial Position	115,523	74,380	13,395

The Logistics Division has increased its turnover (+33%) thanks to the increase in tonnage handled compared to the previous year (+6%) and the impact of billing the Mozambique contract on the basis of a daily rate, and not on the basis of the tonnage handled. Furthermore the unconsolidated subsidiaries handled an overall 3.6 million tonnes (0.9 million in 2010), contributing positively to the results of the Division.

If we look at the overall picture of the business carried out by the Logistics Division during 2011 in greater detail, we find that the main transactions performed were:

- lighterage operations in the port of Piombino using the Bulk Irony floating transfer station, belonging to the Italian subsidiary Terminal Offshore Piombino SpA;
- loading operations in Lake Maracaibo (Venezuela) using the Bulkwayuù floating storage and transfer station, belonging to the Venezuelan subsidiary Bulkguasare de Venezuela SA;
- loading operations in East Kalimantan (Indonesia) using the Bulk Pioneer floating transfer station, belonging to the Indonesian associated company PT Pelayaran Logistik Konversi Indonesia;
- loading operations in the port of Muara Pantai (Indonesia) using the Bulk Java floating transfer station, belonging to the Indonesian joint venture PT Asian Bulk Logistics;
- loading operations in the port of Mormugao in the Goa region (India) using the Bulk Prosperity floating transfer station, belonging to the Indian subsidiary CGU Logistic Limited;
- chartering of the Bulk Zambesi transhipper in the port of Beira (Mozambique), belonging to the Italian subsidiary Coeclerici Mozambico SpA;
- chartering of the Bulk Kremi I floating transfer station in the Black Sea; the vessel is owned by the Russian indirect subsidiary LLC Coeclerici Logistics Russia and chartered through the joint venture Kyla Charter Transportes Maritimos Lda;
- supervision of the storage operations in the port of Koper (Slovenia) through the joint venture Viannlog Consultoria Economica Lda;
- technical assistance, advice and crew management services, provided to the Logistics Division by the Italian subsidiary Shipping Services Srl.

The Logistics Division Ebit essentially reflected the positive trend of the above mentioned activities, to which the quantities handled by the new vessel currently being built will be added in 2012.

The balance sheet figures mainly reveal the increase in investments resulting from the payments made to suppliers to build the vessels involved in the previously mentioned Mozambique and Indonesia projects. The increase in net financial position reflects the financial commitments required to meet the investments described above.

The Logistics Division today consists of the following vessels:

	COMPANY	DWT	YEAR BUILT
Bulk Kremi I	LLC Coeclerici Logistics Russia	14,364	1973
Bulkwayuù	Bulkguasare de Venezuela SA	64,400	1978
Bulk Irony	Terminal Offshore Piombino SpA	13,658	2002
Bulk Pioneer	PT Pelayaran Logistik Konversi Indonesia	5,974	2005
Bulk Prosperity	CGU Logistic Limited	11,470	2007
Bulk Zambesi	Coeclerici Mozambico SpA	54,400	2011
Bulk Java	PT Asian Bulk Logistics	11,838	2011
Launch Matias	Bulkguasare de Venezuela SA	N/A	2010
Launch Sophie	Bulkguasare de Venezuela SA	N/A	2010
Launch Jack C.	Bulkguasare de Venezuela SA	N/A	2010

THE HOLDING COMPANY

	2011	2010	2009
Turnover	6,436	5,334	3,538
Ebitda	(3,769)	(3,925)	(3,140)
Ebit	(4,432)	(4,486)	(4,062)
Net Profit	11,209	19,491	2,114
Capital Employed	74,472	64,522	50,007
Net Equity	74,579	69,711	55,218
Net Financial Position / (Liquidity)	(107)	(5,189)	(5,141)

During 2011, Coeclerici SpA continued to perform its guiding role at the head of the Coeclerici Group, leaving operations in the port logistics, raw materials trading and mining sectors to the two entirely owned sub-holdings, Coeclerici Logistics SpA and Coeclerici Coal and Fuels SpA.

During this accounting period, the Holding company played - as in the past - the important role of coordinating the operating activities of the subsidiaries, and dealt with Group finance, organization and development of human resources, administration, and legal and corporate assistance. Furthermore, during 2011, your company's commitment to implementing the new Enterprise Resource Planning system, designed to improve Group management and accounting activities, continued. The system covered the Italian companies in 2010 and was extended to the Indonesian and Singaporean companies in 2011. It will eventually be implemented in all Group companies.

Regarding cash flow, at 31 December 2011, your company had used € 62,702 thousand of the new € 215 million syndicated credit line. This line was granted in 2011 by a pool of banks led by Banca Carige to support the Group's five-year 2011-2015 industrial plan, which includes three guidelines based on a model that covers the whole production process.

RESEARCH AND DEVELOPMENT

The Group mainly conducts commercial development activities, especially in the Logistics and Trading sectors. R&D in the Logistics sector is concentrated on the research and study of new projects linked with the transport and transhipment of raw materials. All R&D costs are recorded directly in the income statement.

TREASURY SHARES AND SHARES OF THE PARENT COMPANY

The Holding company does not hold own treasury shares or shares in its parent company.

TRANSACTIONS WITH PARENT AND RELATED COMPANIES

The Group has a tax consolidation relationship with the direct parent company Finanziaria Cocler SApA, which plays the role of consolidating company in the tax consolidation your company takes part in. The payables to Finanziaria Cocler SApA stemming from this procedure on 31 December 2011 are commented on in the notes to the financial statements. Furthermore your company has signed a real estate lease contract with the direct parent company Finanziaria Cocler SApA that refers to the offices at 7 Piazza Generale Armando Diaz, Milan, Italy.
Pursuant to section 2497 bis, subsection five of the Italian civil code, it is hereby stated that the relationship with Finanziaria Cocler SApA, which manages and controls your company, exclusively regards the supply of services and leases, according to normal market conditions, as described in the notes to the financial statements.

MAIN RISKS AND UNCERTAINTIES THE GROUP IS EXPOSED TO

The main risks connected with the Group's business, which are monitored and managed by Coeclerici SpA and its subsidiaries, are as follows:

- market risk stemming from exposure to commodity price volatility;
- market risk stemming from exposure to fluctuations in exchange rates;
- market risk stemming from exposure to fluctuations in interest rates;
- credit risk stemming from the possibility a trading partner may default;
- liquidity risk stemming from a lack of financial resources to fulfil commitments undertaken;
- political risk stemming from conducting business in countries where there may occasionally be some uncertainty linked to specific social and political circumstances;
- the risk of total or partial loss of the vessels used to perform the Logistics Division's main business, and the risk of damage caused by these vessels while carrying out the business itself.

Refer to "Note 27 – Information on the risks that characterize the Group's business" for further details.

ENVIRONMENT AND SAFETY

The Coeclerici Group pays particular attention to the need to protect the safety of its employees wherever they may perform their duties. To this end, it has adopted a system of prevention and protection, which is constantly monitored by the new internal auditing office. This system is able to identify safety risks and to implement the measures necessary to prevent them, with the help of key staff members whose role it is to improve the relevant safety standards over time. Furthermore, providing maritime logistics services entails compliance with certain regulations (local, national and supranational) and the maintenance of quality standards. In particular, the Logistics Division complies with the following standards and regulations:

- *Environment:* Environmental management system compliant with the ISO 14001 2004 standard, EMAS Registration (EC regulation No. 1221/09), Environmental Risk Assessment, Venezuelan legal regulations, and authorization to operate in Venezuela from the Dirección Ambiental Zulia RASDA 2009. All vessels apply the legally binding international IMO regulations laid down in the MARPOL Convention.
- *Safety: ISM system* compliant with the ISM Code (verified by the Indian Register on the Bulk Prosperity, RINA - the Italian Naval Register - on the Bulk Zambesi and Shipping Services Milano HO), OHS18000 standard conformity, Italian safety regulations and Italian legislative decree No. 271/99, and legally binding Venezuelan regulations.

CORPORATE GOVERNANCE REPORT

This section aims to provide a complete general picture of the corporate governance system adopted by Coeclerici. The information contained in this section refers to the 2011 accounting period. However, with reference to specific subjects, it has been updated to 27 March 2012, the date on which the Board of Directors' meeting approved the Directors' report accompanying the consolidated financial statements and the draft balance sheet relating to 2011.

Structure and system of corporate governance

The Coeclerici corporate governance system is organized according to a traditional model pursuant to Italian law, which delegates company management to the board of directors, the heart of the organizational system. The board remains in office for three years and may be re-elected. Supervision over compliance with the law and Articles of Association is delegated to the Board of Statutory Auditors, and auditing of the accounts is delegated to the independent auditing firm appointed by the shareholders. In compliance with the Articles of Association, the Chairman of the Board of Directors and the Directors given specific powers of attorney represent the company. The Board appoints one or more managing directors to which it delegates some of the activities required to implement the objects of the company within the limits of law and the Articles of Association. The board may also decide to form an executive committee from among its members.

Board of Directors

Composition

Pursuant to article 17 of the Articles of Association, the number of members of the board of directors may vary from a minimum of three to a maximum of fifteen members. The shareholders decide its number within those limits at the Ordinary General Meeting. The Ordinary General Meeting of 8 February 2011 approved an increase in the number of members from nine to ten. The board of directors has been given a three-year term of office which expires with the approval of the 2012 financial statements. On 1 September 2011, the Group received the resignation of Deputy Chairman Aldo Carmignani with immediate effect. The Board therefore consists of Paolo Clerici (Chairman and Managing Director), Corrado Papone (Deputy Chairman), Antonio Belloni, Pasquale Cardarelli, Giovanni Jody Vender, Rosario Alessandrello, Giorgio Cefis, Giacomo Clerici and Riccardo Perissich.

Function

The Board of Directors is invested with the widest possible powers for the ordinary and extraordinary management of the company. It therefore has the faculty to carry out all acts which it deems necessary and fit in order to implement and achieve the company objects, with the sole exclusion of those acts which the law and the Articles of Association reserve to the General Meeting. In greater detail, the Board:

- determines the system and rules of corporate governance for the company and the Group. In particular, it adopts rules that ensure transparency and substantial and procedural fair play in transactions with related parties and transactions in which a Director has a personal interest or an interest on behalf of a third party;

- grants and revokes the powers of directors, and defines their limits and methods of operation. It also determines the remuneration linked with these powers after hearing the Board of Statutory Auditors. It may issue instructions to the appointed bodies and take upon itself operations within its powers;
- defines guidelines for the organizational, administrative and accounting structure of the Company, including the internal control system of the main subsidiaries and the Group. It evaluates the adequacy of the organizational, administrative and accounting structure with special reference to the handling of conflicts of interest;
- in particular, the Board defines guidelines for the internal control system in order to ensure the identification, measurement, management and monitoring of the principal risks faced by the Company and its subsidiaries, after examining the proposals of the Executive Committee. It assesses the adequacy, efficiency and effective functioning of the internal control system every six months;
- defines the strategies and objectives of the Company and the Group, including policies for economic and financial sustainability. It examines and approves the strategic, operational and financial plans of the Company and the Group, as well as the strategic agreements signed by the Company;
- reviews and approves the company's annual budget and the Group's consolidated budget;
- reviews and approves the half-yearly financial report and the interim management reports of the Company and the Group;
- receives reports from the directors with powers during the board meetings and at least once every six months regarding the activities they perform while exercising their powers;
- receives a half-yearly report from the executive committee;
- evaluates the general performance of the Company and the Group management on the basis of the reports received from the directors with powers, paying particular attention to conflicts of interest;
- reviews and approves Company transactions that have significant strategic, economic and financial importance for the Company, paying particular attention to situations in which one or more directors have an interest, either themselves or on behalf of third parties, and to transactions with related parties.

Meetings and operation

Board meetings are convened by the Chairman who sets the agenda and sends it to the directors and standing statutory auditors at least five days before the date fixed for the meeting. In cases of necessity and urgency, convocation notice may be sent at least one day before the date fixed for the meeting. The Articles of Association allow meetings to be held by video or teleconference, and these means are specifically regulated in the Articles of Association.

Normally, documentation on the subjects on the agenda is made available to the directors and statutory auditors at the same time as the convocation notice and in any case not later than three days before the date of the meeting itself. Managers who work for the Company or its subsidiaries may be invited to board meetings to provide information on specific subjects on the agenda. Specific information is also provided on the individual sectors into which the Company and the Group's operations are divided. According to section 2391 of the Italian Civil Code, before discussing each item on the board meeting agenda, each director is required to report any personal interest or interest on behalf of third parties they may have concerning the matters or issues to be addressed, and specify its nature, terms, origin and scope.

Independence requirements

The Board of Directors plays a central role in inspecting and guiding the corporate governance process. The efficiency and effectiveness of this management body is guaranteed by the presence of independent directors, such as Giorgio Cefis, Giovanni Jody Vender, Pasquale Cardarelli, Rosario Alessandrello, Antonio Belloni and Riccardo Perissich, who have always put great emphasis on the substance and not just on the form of company business. In particular, the following are guaranteed through the presence of independent directors (i) control over company management to ensure it is inspired by principles of prudence and transparency; (ii) inspection of the adequacy of reporting, by checking both the reliability of the data and their completeness; (iii) review of the budget for the coming year before its approval in accordance with the strategic intentions and financial, human and physical resources available; (iv) in the light of the above points, proposals for any corrective action and support to the company owners and management in carrying out their activities; (v) continuous careful supervision of the company during their term in office to identify, where possible, any issues or risks that are not adequately tackled or assessed.

Executive Committee

Article 24 of the Articles of Association states that the Board of Directors may appoint an Executive Committee consisting of a minimum of three and a maximum of nine members and establish its powers. This committee has the task of expressing their prior opinion on issues of particular importance, such as the examination of the company's strategic, industrial and financial plans, and the general assessment of company performance, before they are presented to the Board of Directors.

It also assesses the adequacy of the organizational, administrative and accounting structure of the company on the basis of the reports received. This body is required to report to the Board of Directors at least every six months on overall company performance and its outlook, as well as on major transactions (either on account of their size or characteristics) carried out by the Company and its subsidiaries.

Board of Statutory Auditors

Composition and appointment

In accordance with Italian law and the Articles of Association, the Board of Statutory Auditors consists of three standing members and two alternative members. The Board of Statutory Auditors is appointed by the shareholders' meeting for three years, and its appointment may be renewed at the end of its term. The current composition of the Board in office until the 2011 financial statements are approved is as follows: Guglielmo Calderari di Palazzolo (Chairman), Maurizio Dragoni and Isabella Resta (Standing Statutory Auditors) and Costantino Prunestì (Alternate Statutory Auditors). The shareholders have also decided that the gross annual remuneration payable to the Statutory Auditors will be determined on the basis of the minimum rates laid down by their professional registers.

Function

Pursuant to the Italian Consolidated Law on Finance (Legislative Decree No. 58/1998), the Board of Statutory Auditors supervises over: i) compliance with the law and Articles of Association; ii) accordance with principles of proper management, the adequacy of the organizational structure of the Company for issues within its scope, the internal control system, and the administrative and accounting system and its reliability in correctly representing business transactions; iii) the methods by which the rules of corporate governance are actually implemented; iv) the adequacy of the instructions issued by the Company to its subsidiaries to ensure proper fulfilment of the reporting obligations laid down in the law.

Again under the Italian Consolidated Law on Finance, the Board of Statutory Auditors shall deliver a reasoned proposal to the shareholders' meeting in relation to the appointment of an independent auditing firm and the determination of the remuneration to be paid to this firm. The Board of Statutory Auditors also supervises over the independence of the auditing firm, checking both compliance with legal provisions and the nature and extent of any services, other than the auditing services laid down in law, the firm may provide to the Coeclerici Group, either directly or through companies in its network. The outcome of its supervision is given in a report prepared pursuant to section 153 of the Italian Consolidated Law on Finance and is attached to the financial statements as an annexe.

Meetings and operation

The Statutory Auditors are provided with documentation regarding the items on the agenda of the Board of Directors Meetings. The Board of Directors also provides them with information on its activities and the most important transactions carried out by the Company and its subsidiaries from an economic, financial and balance sheet viewpoint, at least quarterly and in any case during the board meetings themselves.

Independent Auditing Firm

In accordance with the law and the Articles of Association, the Coeclerici SpA accounts are audited by an auditing firm entered in a special register held by Consob (Italian National Commission for Listed Companies and the Stock Exchange). This firm is appointed by the shareholders on the basis of a reasoned proposal presented by the Board of Statutory Auditors.

It has now become established practice for the financial statements of the subsidiaries to be audited by the same firm that audits the Coeclerici financial statements, except in rare cases. In order to express its opinion on the consolidated financial statements, this firm also assumes responsibility for the work done by other auditors on the financial statements of subsidiaries, which totalled together make up an insignificant part of the assets and consolidated turnover.

The independent auditing firm in office is Deloitte & Touche SpA of Genoa, Italy. Its appointment was confirmed for three accounting periods by the shareholders during the meeting of 21 December 2010.

While conducting its activities, the company's independent auditors have access to documents, computer information and data, archives and the property of the Company and its subsidiaries.

In order to protect the independence of the auditors, a special non-auditing assignment monitoring system has been set up. The general aim is not to entrust assignments other than those related to the account auditing pursuant to the law to the independent auditing firm or firms in its network, except for rare motivated exceptions for assignments related to activities not prohibited under Italian law. The Coeclerici Statutory Board of Auditors is in any case regularly informed of the assignments entrusted to the Group companies' independent auditing firm.

In compliance with the changes introduced by Italian Legislative Decree No. 39/2010 ("the Decree") on the publication of fees for auditing services required by law and for non-auditing services, the fees paid to the independent auditing firm for the 2011 financial statements may be broken down as follows:

- € 20 thousand for auditing the annual accounts as required by law;
- € 17 thousand for auditing the consolidated accounts.

During the first six months, no fees were paid for tax advice or services other than those mentioned above.

Internal Control System

The internal control system is the set of rules, procedures and organizational structures that aims to ensure that the Company is managed in a sound and fair way in keeping with its objectives, through an appropriate process of identification, measurement, management and monitoring of major risks. An effective internal control system helps safeguard Company assets and ensure the efficiency and effectiveness of operations, the reliability of financial information, and compliance with laws and regulations. The internal control system structure is an integral part of the Company's organization and management model, and involves the administrative bodies, supervisory bodies, management and the entire staff in different roles.

For Coeclerici, the so called "risk culture" and its control contributes to characterizing and influencing the management's attitudes and choices in pursuing corporate goals and when reporting their results. In keeping with this, Coeclerici has long been committed to encouraging the increase and spread of awareness regarding internal control among all company employees.

In order to ensure the conditions for fair and sound company management in keeping with the strategies and objectives laid down, Coeclerici takes a preventive approach to risk management and seeks to guide management choices and activities with an eye to reducing the probability of negative events occurring and their impact. To this end, Coeclerici adopts risk management strategies that depend on the nature and kind of risk, as more extensively described in "Note 27 - Information on the risks that characterize the Group's business". The manner in which the management identifies, assesses, manages and monitors the specific risks inherent in corporate process management is governed by different regulatory, procedural and organizational instruments laid down in the corporate regulatory system. Since these instruments are permeated by the risk culture, they are geared towards risk containment.

The internal control system is regularly reassessed and updated to make sure it is constantly suitable to safeguard against the main risks entailed in corporate activity, bearing in mind the particular features of its various operating sectors and organizational structure, as well as any new laws. In order to constantly improve and monitor the effectiveness and efficiency of the system itself, a professional internal auditor was hired in 2011. This auditor has the task of providing the management with assessments, analyses, findings and recommendations regarding how the company and Group's internal control system works and compliance with it. The main changes made in 2011 are part of a natural evolutionary process aimed at continuously improving the effectiveness and efficiency of the system.

Reporting

The Group companies prepare monthly financial reports and balances in order to communicate and share data. While drawing up these reports, specific checks are performed on the accounting processes and their output data in order to identify and correct any errors that may affect the accuracy and completeness of the financial reporting. These checks are carried out both on the routine processes performed during the year and on the non-routine processes primarily carried out when the annual accounts are closed. Furthermore, a Group Controller has been hired from a major multinational in order to strengthen the management control structure.

OUTLOOK

During the first few months of 2012, coal prices continued to decline in the wake of the negative trend of the last quarter of 2011, reaching their lowest levels since the end of 2010. One reason is certainly to be found in the ongoing financial market turbulence, fuelled by the European debt crisis and especially the risk of default by Greece. Volatility, as is evident from fluctuating prices, characterizes this period of change. It is however hoped that the Trading Division will continue to seize the opportunities provided by its core business (the sale of Russian coal via Murmansk), also thanks to the excellent synergies with the Mining Division subsidiary. In any case, we expect a two-speed recovery, where on the one hand both the trade and domestic demand in emerging countries grow at a double-digit rate, which encourages consumption and investment, and on the other, the industrialized countries benefit from this renewed external demand.

From the point of view of the Asian market, the difficulties encountered during 2011 have given way to new trade agreements and business opportunities, with some indications of growth in competitiveness and increase in profitability.

Coeclerici Americas LLC based in Miami begun operations in January 2012 aimed at the development of coal trading activities with particular attention to logistic opportunities. Operations started up thanks to the new CEO who will coordinate the development of business in the United States (one of the world's largest producers of coal) and more generally in the Americas.

As for the Mining Division, the investments in technology and equipment made in 2011 and those planned for 2012 will bring the production capacity up to 1.1 million tonnes, with a positive impact due to economies of scale. The volatility of coal market reference prices and fluctuations in the ruble/dollar exchange rate will certainly be critical elements to watch over. To mitigate these effects, the Company constantly monitors and carefully evaluates the scenarios, and has carried out transactions with derivatives to hedge the price of coal and exchange rate oscillation.

From the operational point of view, the Logistics Division will continue with the projects already under way. The Bulk Limpopo, the second of the two transhippers involved in the contract acquired in Mozambique, was completed during the first quarter. The vessel is expected to begin operations as early as April. Completion of the Bulk Borneo floating transfer station is also expected, which is to come into operation at Muara Pantai (Indonesia) as part of the contract with PT Berau Coal. The building of a further two vessels (Bulk Sumatra and Bulk Celebes) is continuing and delivery is expected in 2013. The Company intends to finance the investments needed to build these vessels using special lines of credit currently being negotiated with leading European banks. Furthermore promotion operations will be undertaken to ensure the vessels owned by the Group are continuously in use and strengthen business in the fastest growing countries.

In accordance with its role as Holding Company, Coeclerici SpA will continue its managerial coordination in 2012 so that the subsidiary companies may seek and take advantage of new business opportunities both overseas and in Italy.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011 (in thousands of euros)

ASSETS	(NOTES)	31-dec-2011	31-dec-2010	CHANGES
NON-CURRENT ASSETS				
Property, plant and equipment	1	163,631	129,858	33,773
Intangible assets	2	1,470	1,596	(126)
Interests in jointly controlled entities	3	8,522	711	7,811
Other investments	3	7,250	6,679	571
Available-for-sale financial assets	3	7,345	7,176	169
Deferred tax assets	24	4,003	3,214	789
Other non-current assets	4	2,510	3,488	(978)
TOTAL NON-CURRENT ASSETS		194,731	152,722	42,009
CURRENT ASSETS				
Inventories	5	18,754	14,959	3,795
Trade receivables	6	59,244	52,507	6,737
Prepayments	7	45,516	36,906	8,610
Other receivables and current assets	7	22,570	9,484	13,086
Cash and cash equivalents	8	42,780	47,319	(4,539)
TOTAL CURRENT ASSETS		188,864	161,175	27,689
TOTAL ASSETS		383,595	313,897	69,698
NET EQUITY AND LIABILITIES				
NET EQUITY				
Shareholders' equity	9	75,221	64,440	10,781
Minority interests	9	6,827	6,527	300
TOTAL NET EQUITY		82,048	70,967	11,081
NON-CURRENT LIABILITIES				
Interest bearing liabilities and borrowings	10	137,186	88,741	48,445
Provisions for liabilities and charges	11	12,668	13,743	(1,075)
Post-employment benefits	12	1,672	2,080	(408)
Deferred tax liabilities	24	6,658	5,955	703
TOTAL NON-CURRENT LIABILITIES		158,184	110,519	47,665
CURRENT LIABILITIES				
Interest bearing liabilities and borrowings	10	80,565	75,023	5,542
Provisions for liabilities and charges	11	1,609	2,591	(982)
Trade payables	13	42,509	41,532	977
Other payables and current liabilities	14	18,680	13,265	5,415
TOTAL CURRENT LIABILITIES		143,363	132,411	10,952
TOTAL NET EQUITY AND LIABILITIES		383,595	313,897	69,698

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2011 (in thousands of euros)

	(NOTES)	2011	2010	CHANGES
Revenues	15	582,953	468,520	114,433
Cost of sales	16	(508,146)	(404,853)	(103,293)
GROSS PROFIT		74,807	63,667	11,140
Selling, general and administrative expenses	17	(30,295)	(29,515)	(780)
Capital gains/ (losses) on non-current assets	18	267	(475)	742
Profit/ (loss) from jointly controlled entities	19	903	1,245	(342)
Other incomes/ (expenses), net	20	(708)	(1,399)	691
Depreciation and amortization	21	(10,880)	(7,220)	(3,660)
OPERATING PROFIT		34,094	26,303	7,791
Net financial income/ (expense)	22	(5,302)	(2,283)	(3,019)
Exchange gains/ (losses)	23	(1,926)	431	(2,357)
PROFIT BEFORE TAX		26,866	24,451	2,415
Income taxes	24	(8,987)	(7,777)	(1,210)
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		17,879	16,674	1,205
Profit from discontinued operations		0	0	0
NET OPERATING PROFIT		17,879	16,674	1,205
Attributable to Coeclerici SpA Shareholders		16,229	14,473	1,756
Attributable to minority interests		1,650	2,201	(551)

STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2011 (in thousands of euros)

	(NOTES)	2011	2010	CHANGES
NET PROFIT		17,879	16,674	1,205
Differences from conversion of financial statements in currencies other than euros		(1,840)	(2,036)	196
Change in the fair value of assets available for sale	3	(744)	280	(1,024)
Change in the fair value of cash flow hedge financial instruments	26	1,665	(1,537)	3,202
Income tax relating to other income components		203	(77)	280
NET INCOME RECORDED DIRECTLY IN EQUITY		(716)	(3,370)	2,654
TOTAL COMPREHENSIVE INCOME		17,163	13,304	3,859
ATTRIBUTABLE TO:				
- Coeclerici SpA Shareholders		15,757	11,631	4,126
- minority interests		1,406	1,673	(267)

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2011 (in thousands of euros)

	SHARE CAPITAL	LEGAL RESERVE	TRANSLATION RESERVE	MERGER SURPLUS RESERVE	FINANCIAL INSTRUMENTS FAIR VALUE RESERVE	OTHER RESERVES	RETAINED EARNINGS	OPERATING PROFIT	TOTAL CC GROUP NET EQUITY	TOTAL MINORITY NET EQUITY	TOTAL NET EQUITY
Balances at 31 December 2009	**8,500**	**1,700**	**(3,299)**	**8,298**	**(103)**	**26,291**	**9,444**	**9,343**	**60,174**	**6,452**	**66,626**
Retained profit from 2009							9,343	(9,343)	0	0	0
Dividends paid							(5,000)		(5,000)	(1,854)	(6,854)
Capital increase	1,500			(1,500)					0	0	0
Net income recorded directly in equity			(1,305)		(1,537)				(2,842)	(529)	(3,370)
Effect of change in consolidation area (*)			2,806			(2,583)	(2,589)		(2,365)	257	(2,108)
Profit at 31 December 2010								14,473	14,473	2,201	16,674
Balances at 31 December 2010	**10,000**	**1,700**	**(1,798)**	**6,798**	**(1,640)**	**23,708**	**11,198**	**14,473**	**64,440**	**6,527**	**70,967**
Retained profit from 2010		300					14,173	(14,473)	0	0	0
Dividends paid							(5,000)		(5,000)	(507)	(5,507)
Board of directors' remuneration							(800)		(800)	0	(800)
Reclassification of deferred tax provisions				(6,798)		25,490	(18,692)		0	0	0
Net income recorded directly in equity			(1,596)		1,124				(472)	(244)	(716)
Effect of change in consolidation area (**)							824		824	(599)	225
Profit at 31 December 2011								16,229	16,229	1,650	17,879
Balances at 31 December 2011	**10,000**	**2,000**	**(3,393)**	**0**	**(516)**	**49,198**	**1,703**	**16,229**	**75,221**	**6,827**	**82,048**

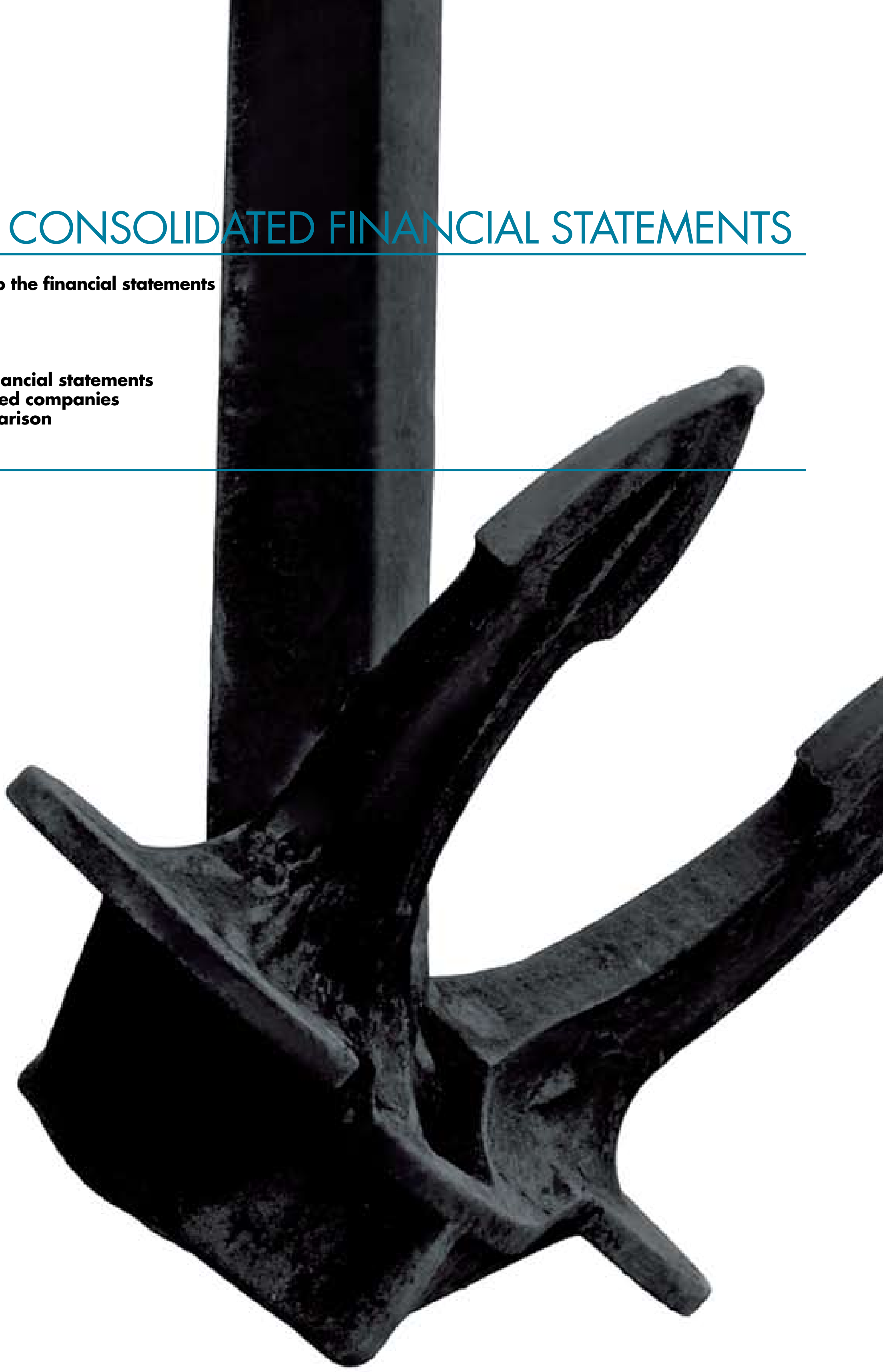
(*) The changes in the consolidation area refers to the deconsolidation of the American company Newport Trading & Services LLC, deconsolidation of the British company Swansea Marine Limited, deconsolidation of the Bulgarian company CC Steel Shipping and Logistics AD, consolidation of the Indonesian companies PT Asian Bulk Logistics and PT Pelayaran Logistik Konversi Indonesia ("PLKI"), and the 15% decrease in minority interests in the equity of the Singaporean company Coeclerici Asia (Pte) Ltd.

(**) Unilateral capital increase in the Russian subsidiary OOO Delta Property and deconsolidation of the Indonesian company PT Asian Bulk Logistics following the joint venture agreement signed in February.

CASH FLOW STATEMENT AT 31 DECEMBER 2011 (in thousands of euros)

	2011	2010
A CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	47,319	47,755
B CASH FLOW PROVIDED (ABSORBED) BY OPERATING ACTIVITIES		
Net operating profit	16,229	14,473
Minority interest profit	1,650	2,201
Depreciation of property, plant and equipment	10,330	6,754
Amortization of intangible assets	550	466
Share of profits from equity investments measured using the net equity method	(903)	(1,245)
Interests paid	(5,243)	(2,228)
Net change in provisions for liabilities and charges	(2,057)	2,411
Net change in post-employment benefits	(408)	638
Net change in deferred taxes	(86)	1,216
Change in inventories	(3,795)	(6,599)
Change in trade payables	(6,737)	(16,316)
Change in trade receivables	977	15,509
Other changes in working capital	(10,270)	(15,405)
CASH FLOW PROVIDED (ABSORBED) BY OPERATING ACTIVITIES (B)	237	1,875
C CASH FLOW PROVIDED (ABSORBED) FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment	(73,114)	(76,119)
Investments in intangible assets	(431)	(915)
Disposal of property, plant and equipment	27,787	1,141
Disposal of intangible assets	0	571
Change in other non-current assets	128	1,345
Equity investments available for sale	(798)	(4,519)
Investments in other companies	(8,392)	(2)
Dividends received from jointly controlled entities	714	850
CASH FLOW PROVIDED (ABSORBED) FROM INVESTING ACTIVITIES (C)	(54,106)	(77,648)
D CASH FLOW PROVIDED (ABSORBED) FROM FINANCING ACTIVITIES		
Change in current financial receivables	850	(1,142)
Net change in non-current financial payables	48,445	43,686
Change in current financial payables	5,542	39,647
Dividends paid	(5,000)	(5,000)
Dividends paid to minority interests	(507)	(1,854)
CASH FLOW PROVIDED (ABSORBED) FROM FINANCING ACTIVITIES (D)	49,330	75,337
E TOTAL CASH FLOWS GENERATED (ABSORBED) (E = B + C + D)	(4,539)	(436)
F CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A + E)	42,780	47,319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



PRINCIPLES USED IN DRAWING UP THE FINANCIAL STATEMENTS

The consolidated financial statements were drawn up in compliance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and approved by the European Union. The acronym IFRS also refers to all the reviewed international accounting standards ("IASs") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formally known as the Standing Interpretations Committee ("SIC").

The financial statements have been prepared under the historical cost convention, modified as required in order to evaluate some financial instruments.

The financial statements are presented in euros and, unless otherwise indicated, values are expressed in thousands of euros.

The consolidated financial statements consist of a balance sheet, an income statement, a statement of comprehensive income, a statement of changes in net equity accounts, a cash flow statement and notes. They were drawn up on the basis of the financial statements of the parent company and Italian and foreign subsidiaries in which Coeclerici SpA either directly or indirectly holds majority voting rights, owns a controlling interest, or from which it may receive benefits by virtue of its power to control financial and operating policies.

The financial statements for the period ended 31 December 2011 were used to draw up the consolidated financial statements. The entries in the financial statements were adjusted, where necessary, in order to comply with the consolidation standards and bring them into line with the International Financial Reporting Standards ("IFRSs").

Financial statement models

The Coeclerici Group presents its income statement by nature of expense, which is considered more representative than classification by function.

The balance sheet was drawn up according to IAS 1 by classifying assets and liabilities according to the "current/ non-current" criteria.

Current assets are considered as such when they are expected to be realized during the company's normal operational cycle, in other words within twelve months of the date of the financial statements. Inventories and trade receivables are included as current assets.

Tangible and intangible assets, as well as all assets other than current ones, are included as non-current assets.

Current liabilities are items that are expected to cease within the company's normal operational cycle, in other words within twelve months of the date of the financial statements.

The cash flow statement was drawn up according to the indirect method.

CONSOLIDATION PRINCIPLES

Subsidiaries

These are firms that the Group controls, as defined by IFRS 10 - Consolidated Financial Statements, the new standard issued by the IASB in May 2011. Control exists when the Group has the direct or indirect power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date control begins until such time as that control ceases to exist. The amounts of net equity and profit attributable to minority shareholders are shown separately in the consolidated balance sheet and income statement. Where necessary, adjustments have been made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group.

The book value of the shares held is eliminated against a corresponding fraction of the subsidiary's net equity, calculated by attributing each asset and liability its value at the date the Group acquired control. Any remaining positive difference (gain) is included as profit under "goodwill"; any negative difference (loss) is recorded in the income statement, as required by IFRS 3 (Business Combinations).

Jointly controlled entities

These are firms over whose business the Group has joint control as defined in IFRS 11 – Joint Arrangements, issued by the IASB in May 2011. The consolidated financial statements include the share of the profits of jointly controlled entities attributable to the Group, measured using the net equity method, from the date on which joint control starts until the moment it ceases to exist. If the share of losses attributable to the Group exceeds the book value of the equity investment in the financial statements, the value of the equity investment is zeroed and the Group's share of any further losses is not recorded, unless and to the extent to which the Group is obliged to answer for them. Where necessary, adjustments have been made to the financial statements of jointly controlled entities to bring their accounting policies in line with those adopted by the Group.

Associated companies

These are companies over whose financial and operating policies the company has considerable influence, but not control or joint control, as defined by IAS 28 – Investments in associates.
The consolidated financial statements include the share of the profits of associated firms attributable to the Group, measured using the net equity method, from the date on which considerable influence starts until the moment it ceases to exist. If the share of losses attributable to the Group exceeds the book value of the equity investment in the financial statements, the value of the equity investment is zeroed and the Group's share of any further losses is not recorded, unless and to the extent to which the Group is obliged to answer for them. Where necessary, adjustments have been made to the financial statements of associated companies to bring their accounting policies in line with those adopted by the Group.

Other investments

Minor equity investments in other companies are entered at cost price and - if necessary - written down for impairment losses. The dividends received from these firms are included in the income statement.

Transactions eliminated during consolidation

When preparing the consolidated financial statements, all balances and significant transactions between Group companies were eliminated, as well as all unrealized gains and losses on intragroup transactions.

Foreign currency transactions

Items originally expressed in foreign currency are converted into euros at the historical exchange rate on the date of the transaction. Exchange differences which occur when foreign currency receivables are collected and payables are paid are recorded in the income statement.

Foreign currency assets and liabilities (with the exception of fixed assets) are entered at the year-end spot exchange

rate and the relevant exchange gains and losses are recorded in the income statement. Any net profit is set aside in a special non-distributable reserve until it is realized.
The conversion of the financial statements of foreign subsidiaries into euros is based on the year-end exchange rate for balance sheet items and the average annual exchange rate for income statement items. Exchange differences stemming from the conversion of financial statements expressed in foreign currencies are allocated directly to the "translation reserve" item under equity.

The Usd bank loan granted to the subsidiary Coeclerici Mozambico SpA was however not adjusted to the year-end exchange rate as described above since the sole purpose of the subsidiary is to perform a single contract that entails revenues in US dollars using two supramax vessels financed with a medium-term loan in US dollars. According to this contract, the revenues generated are not converted into euros unless they exceed the three-month loan repayment instalment due, and in that case only the part in excess is converted. The revenues are instead placed in a foreign currency account and recorded financially at the same exchange rate in force when the loan was taken out. This procedure avoids the effects of exchange rate fluctuations when the loan is paid back, since it is covered by the revenue flow in dollars. It is expected, and it shall be periodically checked, that the contract will give rise to revenues in dollars that are greater than the payments required to pay back the loan.

ACCOUNTING POLICIES

The most significant accounting principles adopted when preparing the consolidated financial statements are illustrated below.

Property, plant and equipment

Tangible fixed assets are entered at cost price or production cost and are not written up.
Any costs incurred after purchase are included only if they increase the future economic benefits inherent in the asset they refer to. All other costs are recorded in the income statement when incurred.

Assets are depreciated by applying the following depreciation rates, which are designed to spread the value of the tangible assets adequately over their estimated useful life:

	RATES OF DEPRECIATION
Buildings	3%
Plant and machinery	10% - 25%
Other tangible assets	12% - 25%

Land is not depreciated.

Fleet depreciation is measured on the basis of the cost of each vessel, decreased by the amount it is estimated could be gained from scrapping, based on an assumed useful life of 25 years for the hull, 15 - 20 years for the engines, 10 - 15 years for cranes and conveyor belts and 5 years for all components subject to renovation or replacement during dry-dock maintenance.

"Mining reserves" are determined on the basis of an assessment of the fair value of the coal reserves conducted at the moment the mine was purchased, in keeping with IFRS 3 (Business Combinations). The mine exploitation license will expire in 2017. Mine depreciation is calculated on the basis of the production schedule taking into consideration the quantities mined during the reference period. The depreciation schedule used will zero the value of the coal reserves when the licence expires. The carrying amount of the mining reserves, which is determined on the basis of the recoverability of the book value, may be written down, as outlined in IAS 36.

The costs of dismantling and reclaiming mining sites are recorded in compliance with IAS 16 as a separate component of the reference asset and amortized over the whole remaining life of that asset. These costs are set off against special provisions for liabilities that are used when amounts are paid out to reclaim the sites.

"Assets under construction and advances" include all investments that have not yet become part of the production process.

Intangible assets

According to IAS 38 (Intangible Assets), intangible assets are entered as assets when it is likely that use of the asset will generate future economic benefits and when the cost of the asset may be measured reliably.

Initial capital

If companies are taken over, the assets, liabilities and potential liabilities acquired and identifiable are recorded at their fair value on the takeover date.
If the difference between the takeover price and the share held by the Group at its fair value is positive, these assets and liabilities are classified as goodwill and are entered in the financial statements as intangible assets.
If the difference is negative ("negative goodwill"), this difference is recorded in the income statement at the time of takeover.

Goodwill is not amortized but is tested for impairment annually, or whenever specific events or changes in circumstances suggest it may have been impaired. After initial determination, goodwill is calculated as the purchase price less any accumulated impairment losses.

If a previously acquired company whose takeover gave rise to goodwill is partly or entirely transferred, the remaining goodwill will be taken into account in the capital gain or capital loss calculation.

When the International Financial Reporting Standards were applied for the first time, the Group chose not to apply IFRS 3 (Business Combinations) retroactively to company takeovers that occurred before 1 January 2006. Consequently, the allocations made on the purchase dates have not been reviewed.

Exploration assets

Costs relating to the purchase of exploration rights, geological and topographical surveys, exploratory drilling and excavation, sampling, and the technical feasibility and commercial viability studies of mining a resource are recorded as exploration and evaluation assets in compliance with IFRS 6.
These costs are recorded as intangible assets and amortized over the period during which it is expected the relevant mining will take place. Exploration assets may be decreased in value in compliance with the procedures laid down in IAS 36, when their book value is not recoverable.

Other intangible assets

According to IAS 38 (Intangible Assets), other intangible assets (purchased or produced internally) are entered as such when it is likely that use of the asset will generate future economic benefits and when the cost of the asset may be measured reliably.

These assets are assessed at purchase price or production cost and amortized on a straight-line basis over their estimated useful lives if they have a definite useful lifespan. Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment annually, or whenever specific events suggest they may have been impaired.

Other intangible assets acquired after taking over a company are entered separately from goodwill if their fair value can be measured reliably.

Leasing contracts

Assets held under financial lease contracts, which essentially transfer all the risks and benefits linked to ownership of the assets to the Group, are recognized as Group assets at their fair value or, if lower, at the present value of the lease payments due. The corresponding liability for the lessor is shown as a specific liability item.
The contract is classified as a finance lease upon stipulation by examining the contract requirements and/or asset involved. Payments made under operating lease contracts are charged to the income statement on a straight-line basis over the lease term.

Asset impairment loss

The Group regularly assesses the recoverability of the book values of intangible and tangible assets in order to determine if there is any sign they may have been impaired. If there is evidence of impairment, the book values of the assets concerned are decreased to their respective recoverable values. The recoverable value of an asset is either its fair value less any costs of sale or its value in use, whichever the greater. To determine the value in use of an asset, the Group calculates the present value of the estimated future cash flows (gross of taxation) discounted at a before-tax rate which reflects the current market time value of money and the specific risks associated with that asset.
An impairment loss is recorded if the recoverable value is lower than the book value. When an impairment loss (excluding impairment losses on goodwill) subsequently reverses or decreases, the book value of that asset or cash-generating unit is increased to the revised estimate of its recoverable amount which cannot exceed the book value that would have been determined had no impairment loss been recognized for that asset. Reversal of an impairment loss is immediately recognized in the income statement.

Financial assets available for sale

Financial assets available for sale are initially recorded at purchase price and subsequently assessed at fair value. The gains and losses stemming from changes in fair value are recorded directly in equity until the financial asset is eliminated from the balance sheet, which is when the overall profits and losses are recorded in the income statement. If a decrease in fair value is recorded directly in equity and there is objective evidence that the asset has undergone a permanent decrease in value, the cumulative loss which has been recorded in equity is reversed and recorded in the income statement.

Financial instruments

Non-current financial assets other than equity investments, current financial assets, and financial liabilities are entered according to IAS 39 (Financial instruments: recognition and measurement).

Derivates financial instruments

Financial derivatives are normally used for hedging purposes. In keeping with IAS 39, derivates financial instruments may be recorded according to the methods laid down for hedge accounting only if (i) there was a formally designated and documented hedging relationship when hedging began, (ii) it is presumed that the hedging is highly effective, (iii) effectiveness may be reliably measured, and (iv) the hedging itself is highly effective during the various accounting periods for which it is designated.

All derivates financial instruments are measured at their fair value, as laid down in IAS 39. When financial instruments have the appropriate characteristics to be entered according to hedge accounting methods, the following accounting principles are applied:

- Fair value hedge - If a derivates financial instrument is designated to hedge the exposure to changes in fair value of an asset or liability shown on the financial statements and attributable to a particular risk which may affect the income statement, the gain or loss from subsequently re-measuring the hedging instrument at fair value is entered on the income statement. The gain or loss on the hedged item attributable to the hedged risk changes the book value of that item and is recognized in the income statement.

- Cash flow hedge – If a derivates financial instrument is designated to hedge exposure to changes in the future cash flows of an asset or liability entered into the financial statements or of a highly probable forecast transaction that may affect the income statement, the effective portion of the gains or losses on the derivates financial instrument is recorded in equity. Accrued equity gains or losses are reversed and entered into the income statement in the same period in which the hedged transaction is recorded. Gains or losses associated with hedging (or part thereof) which becomes ineffective are recorded in the income statement immediately. If a hedging instrument or hedging relationship is closed before the hedged transaction occurs, the accrued gains and losses recorded up to that time in equity are recorded in the income statement when the relevant transaction actually occurs. If the hedged transaction is no longer considered likely, the gains or losses that have not yet been realized and are suspended in equity are immediately recorded in the income statement.

If hedge accounting cannot be applied, the gains or losses which stem from a fair value assessment of the derivates financial instrument are immediately entered in the income statement.

Inventories

Inventories of lubricants and fuels on board ships are recorded at cost price, measured according to the FIFO method.

Inventories of commodities are entered either at the cost price of the inventories on hand, measured according to the FIFO method, or their estimated realizable value based on market price, whichever the lower.

Trade receivables

These are recorded at their presumed realizable value.

Cash and cash equivalents

These include cash funds, the surplus balance of current accounts, the total of bank deposits, and all high-liquidity investments with due date within the next three months.

Provisions for liabilities and charges

The Group records provisions for liabilities and charges when: it has a legal or implicit obligation towards third parties; it is likely that Group resources will be needed to fulfil this obligation; and when a reliable estimate of the total value of the obligation itself may be made. The provisions reflect the best possible estimate on the basis of the facts available. Estimates are updated to the date of the financial statements. Changes in the estimates are reflected in the income statement for the period during which they occur.

Post-employment benefits

Post-employment benefits are calculated according to IAS 19.
The severance indemnity reserve is considered a "defined benefit plan" and is measured on the basis of actuarial calculations using the "projected unit credit method". The actuarial gains and losses generated by applying this method are recognized in the income statement.

Since all the Italian companies belonging to the Group have less than 50 employees, the amendments made by Italian law No. 296 of 27 December 2006 ("the 2007 finance act") and subsequent decrees and regulations issued during the first few months of 2007 allow employees to keep their post-employment benefit within the company without being obliged to opt to hand it over to a supplementary pension fund or assign the post-employment benefit to the treasury fund at the Italian national social security institute (INPS). The actuarial calculation made since 2007 excludes the component relating to future pay increases only for employees who voluntarily exercised the options laid down in the above mentioned law. The difference resulting from the new calculation is treated as a "curtailment" according to

paragraph 109 of IAS 19 and is consequently entered in the first six months of 2007.
Amounts of post-employment benefit falling due for employees from the moment they exercise the option are considered a "Defined Contribution Plan".

Recognition of revenues and costs

Revenues are recorded to the extent that it is likely the Group will receive economic benefits and that their total value may be measured reliably. Revenues are shown net of discounts and allowances.

Revenues from sales are recognized at the end of the service performed or when property is transferred. Financial revenues and revenues from services are recognized on an accrual basis.

Capital grants

Capital grants obtained in accordance with Italian law are recognized when they are definitively assigned to the company and recorded in the income statement at the same time as the asset they refer to is amortized.

Financial income and expenses

Financial income and expenses are recognized on an accrual basis, according to the amount of time that passes and using the actual effective rate.

Income taxes

Income taxes include all the taxes calculated on the Group taxable income. They are recognized in the income statement, with the exception of those concerning items directly charged or credited to equity, in which case the tax effect is recorded directly in equity. Other taxes not related to income, such as taxes on immovable property and on capital, are included among the operating expenses. The taxable income is different from the amount recorded in the income statement since it excludes positive and negative components that are taxable in other accounting periods and also excludes items that will never be taxable or allowable. The liability for current taxes is calculated using the rates in force or de facto rates at the year ending date.
Deferred taxes are set aside according to the overall liability allocation method. They are calculated on all temporary differences which may emerge between the taxable base of an asset or liability and the book value in the consolidated financial statements. Deferred tax assets on tax losses and unused tax receivables that may be carried forward, as well as on temporary differences, are recognized to the extent that it is likely that future taxable income may emerge against which they can be recovered.

Use of estimates

In order to draw up the financial statements, the Directors produce estimates and assessments that affect the amounts recorded as assets, liabilities, costs and revenues, and potential future gains and losses. The Directors periodically check their estimates and assessments on the basis of past experience and other factors considered reasonable in the circumstances. The use of estimates and assessments is particularly important in determining the following balance sheet and income statement items:

a) Tangible and intangible assets – Useful life and recoverability estimates

The Directors establishes the useful lives of assets and determines whether they are recoverable (in order to decide whether the company should write them down), and this involves assessments and estimates.
Assets are depreciated or amortized on the basis of their useful lives, which is estimated for each category (tangible and intangible). The recoverable value of tangible and intangible assets depends on the chances the assets have to generate sufficient net cash flows to recover their book value over the course of their estimated useful life.

b) Additional estimates

Estimates are also used to enter the presumed values of certain receivables, the fair value of derivatives and financial assets available for sale, the funds set aside for employee benefits, taxes and other provisions. Further details about these kinds of estimates can be found in the specific notes on each item.

Generally speaking, the final figures in the following accounting period may differ from the estimates originally entered. Changes in estimates are recorded in the income statement for the accounting period during which they actually appear.

In the absence of an established principle or interpretation applicable to a specific operation, the Group's management decides which accounting methods to adopt, through its own well thought-out and subjective evaluations, in order to provide relevant and reliable information so that the financial statements:

- paint a true picture of the company's balance sheet and financial position, profit result and cash flows;
- reflect the economic substance of transactions;
- are objective;
- are prepared on a prudent basis;
- are complete in all relevant respects.

CONSOLIDATION AREA

Attached to the notes to the financial statements are lists of the companies included in the consolidation area, equity investments in joint ventures, and associated companies measured using the equity method.

The following transactions led to changes in the company consolidation area compared to the previous year:

- the American company Coeclerici Americas Inc. was set up on 28 January 2011. It is 100% controlled by Coeclerici Coal and Fuels SpA. The company aims to become a link with markets in the Americas. Consequently its purpose is to develop new products, such as steam coal and coking coal, and take advantage of new opportunities for the Logistics Division;
- on 10 February 2011 was signed a joint venture contract for joint control of PT Bulk Berau Indonesia. The company was therefore consolidated using the equity method at 31 December 2011. Furthermore PT Bulk Berau Indonesia changed its name to PT Asian Bulk Logistics on 13 December;
- the Dutch company Somocar International NV was liquidated on 26 April 2011 with subsequent deletion from the Dutch business and trade register on 2 May 2011;
- the Italian company CC Black Sea Bulk Srl was set up on 22 June 2011. It was 80% controlled by Coeclerici Logistics SpA and 20% by Andrea Clavarino (Managing Director of Coeclerici Logisitics SpA) at 31 December 2011. The company aims to rationalize and coordinate the activities of the Logistics Division in Russia;
- the Italian company Coeclerici Mining Srl was set up on 21 September 2011. It was wholly controlled by Coeclerici SpA at 31 December 2011. The company is not yet operational, but it is set up to become the reference sub-holding for mining activities;
- Bulkguasare de Venezuela SA merged through acquisition with the 100% owned Bulkguayana SA on 16 November 2011. The aim of the operation was to rationalize business in Venezuela and implement a cost saving policy.

OTHER INFORMATION

Accounting principles, amendments and interpretations applied since 1 January 2011

No amendments or interpretations have been issued since 1 January 2011 that the Group is required to apply at the date of these financial statements, and there are no additional standards, amendments and interpretations, applied for the first time by the Group since 1 January 2011, which have had significant effects on the Group financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The figures shown in these comments are expressed in thousands of euros. Figures from the previous period or the exchange value of the amount in the reference currency are shown in brackets.

Property, plant and equipment (Note 1)

The changes that occurred in property, plant and equipment over the course of 2011 are summarized in the following table:

	FLEET	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER ASSETS	COAL RESERVES	CLEANUP AND RESTORATION COSTS	FIXED ASSETS UNDER CONSTRUCTION	TOTAL
Balance as 31 December 2009	**29,202**	**3,212**	**4,703**	**2,867**	**15,176**	**572**	**3,381**	**59,113**
Increases	3,989	650	941	734	0	1,918	67,888	76,119
Decreases	(526)	0	(22)	(132)	0	0	(462)	(1,141)
2010 depreciation	(2,458)	(54)	(1,480)	(960)	(1,737)	(65)	0	(6,754)
Reclassifications	2,546	0	1,727	1,735	0	0	(6,008)	0
Exchange rate differences	1,409	184	272	74	886	33	(337)	2,519
Balance as 31 December 2010	**34,162**	**3,992**	**6,141**	**4,318**	**14,325**	**2,458**	**64,462**	**129,858**
Increases	1,296	1,860	2,083	5,235	0	0	62,640	73,114
Decreases	(1,930)	0	(12)	(126)	0	(222)	(25,230)	(27,520)
2011 depreciation	(4,039)	(53)	(2,089)	(1,506)	(2,256)	(387)	0	(10,330)
Reclassifications	52,888	0	0	15	0	0	(52,903)	0
Exchange rate differences	(1,390)	(80)	(88)	(14)	(271)	(47)	399	(1,491)
Balance as 31 December 2011	**80,987**	**5,719**	**6,035**	**7,922**	**11,798**	**1,802**	**49,368**	**163,631**

"Fleet" came to € 80,987 thousand (€ 34,162 thousand at 31 December 2010) and is shown less the capital grants stemming from Italian laws No. 488/1992 and No. 341/1995, amounting to a total of € 870 thousand (€ 949 thousand at 31 December 2010). These capital grants were received to build the Bulk Irony floating transfer station, owned by the subsidiary Terminal Offshore Piombino SpA, and are released into the income statement over the useful life of the vessel. The period depreciation is therefore shown less the portion of the grants already released into the

income statement, amounting to € 79 thousand. The increase for the period may be chiefly ascribed to the completion of the new Bulk Zambesi transhipper and the start of operations, and the improvements made to the Bulk Kremi I floating transfer station for class renewal. The decrease for the period is instead attributable to the loss of three barges owned by the indirect subsidiary Bulkguayana SA owing to their seizure by the Venezuelan authorities as a result of a law which came into force in 2009. After unsuccessfully taking all possible commercial and legal measures in order to recover them, the company decided to make a claim for insurance compensation under a specific insurance policy taken out with the leading insurance company Sace SpA. This claim concluded in April with a refund equal to 90% of the value of the assets entered at the time of the seizure. Some of the vessels in the fleet are mortgaged.
The € 5,719 thousand (€ 3,992 thousand at 31 December 2010) in "Land and Buildings" includes € 2,959 thousand (RUB 123.6 million) corresponding to the value of 11,870,400 square metres of land in the Kemerovo region, adjacent to the mine and useful for the mine's operation. The land belongs to the Russian company "Selskohozyaistvennoe Predpriyatie Taylepskoe" ("Taylepskoe"), a subsidiary fully controlled by the Russian company OOO Delta Property. This item also includes € 266 thousand corresponding to the value of the buildings belonging to the Russian mining company OAO Kisk, € 364 thousand corresponding to the value of the representative offices of Coeclerici Asia (Pte) Ltd in Sydney (Australia) and € 256 thousand corresponding to the value of the offices of the indirect subsidiary LLC Coeclerici Russia in Novokuznetsk (Russia). € 1,856 thousand of the period increase can be attributed to the purchase of new offices and a company flat in Miami (United States) by the indirect subsidiary Coeclerici Americas Inc.

"Plant and machinery" amounted to € 6,035 thousand (€ 6,141 thousand at 31 December 2010). This figure increased by € 2,083 thousand mainly due to the new machinery purchased or completed at the Russian mine, belonging to the indirect Russian subsidiary OAO Kisk, in order to increase the productivity of the mine itself. This item includes € 964 thousand (RUB 40,256 thousand) in assets under leasing agreements (new Komatsu excavators), less € 638 thousand (RUB 26,037 thousand) in depreciation for the period and the € 22 thousand negative exchange rate effect. Refer to "Note 10 - Interest bearing liabilities and borrowings" for information on the remaining payables connected to these leasing contracts (€ 533 thousand).

"Other assets" came to € 7,922 thousand (€ 4,318 thousand at 31 December 2010). They increased by € 3,604 thousand less the depreciation for the period (€ 1,506 thousand), decreases (€ 126 thousand) and exchange rate differences (€ 14 thousand). The increase for the period mainly included € 3,963 thousand in new vehicles used at the Russian mine, owned by the indirect subsidiary OAO Kisk, and € 1,139 thousand in new furniture, furnishings, pictures and paintings recorded in Coeclerici SpA.

"Coal reserves" amounted to € 11,798 thousand (€ 14,325 thousand at 31 December 2010) equal to RUB 493 million. They are exclusively attributable to the value of the coal reserves belonging to the Russian mining company OAO Kisk purchased by the Group during 2008.

"Cleanup and restoration costs" are recorded as a separate item from the coal reserves in compliance with IAS 16. They consisted of € 1,802 thousand (€ 2,458 thousand at 31 December 2010) in costs to be incurred for reclaiming the site when the mines are closed.

"Fixed assets under construction" amounted to € 49,368 thousand (€ 64,462 thousand at 31 December 2010). They mainly included the € 45,116 thousand in payments on account from Coeclerici Mozambico SpA to the Chinese shipyard to build the second transhipper (Bulk Limpopo), which was delivered in March 2012, together with the € 2,225 thousand in improvements made to the Bulk Kremi I floating transfer station during building and € 2,783 thousand in investments in order to improve productivity at the Russian mine. The decrease for the period may be chiefly ascribed to the sale of the Bulk Java floating transfer station to PT Asian Bulk Logistics, which was consolidated using the equity method at 31 December 2011 owing to the joint venture agreement signed in February.

Intangible assets (Note 2)

The changes in intangible assets which occurred during 2011 are summarized in the following table:

	GOODWILL	OTHER FIXED ASSETS	FIXED ASSETS UNDER CONSTRUCTION	TOTAL
Balance at 31 December 2009	**191**	**221**	**820**	**1,232**
Increases	0	749	166	915
Decreases	0	(96)	0	(96)
Reclassifications	0	979	(979)	0
Exchange rate differences	0	11	0	11
2010 depreciation	0	(466)	0	(466)
Balance at 31 December 2010	**191**	**1,398**	**7**	**1,596**
Increases	0	316	115	431
Reclassifications	0	122	(122)	0
Exchange rate differences	0	(7)	0	(7)
2011 depreciation	0	(550)	0	(550)
Balance at 31 December 2011	**191**	**1,279**	**0**	**1,470**

The € 191 thousand in "Goodwill" referred entirely to the surplus value stemming from purchase of a 60% stake in the indirect subsidiary Coeclerici Asia (Pte) Ltd, which occurred during 2007. From the analyses made when the consolidated financial statements were prepared, it was not considered necessary to decrease the value of the original amount entered as goodwill upon takeover.

"Other fixed assets" mainly consist of leasehold improvements and the costs of capitalizing software licences. Leasehold improvements are amortized over the period of the lease contracts. Other intangible fixed assets are amortized over a period of five years.

Interests in jointly controlled entities, other investments and available-for-sale financial assets (Note 3)

This item consisted of:

	31 December 2011	31 December 2010
Interests in jointly controlled entities	8,522	711
Other investments	7,250	6,679
Available-for-sale financial assets	7,345	7,176
Total	**23,117**	**14,566**

"Interests in jointly controlled entities", measured using the equity method, changed in the following ways during 2011:

	KYLA CHARTER	PT ASIAN BULK LOGISTICS	VIANNLOG	TOTAL
Balance at 31 December 2009	**0**	**0**	**314**	**314**
2010 profit	1,265	0	(20)	1,245
Dividends paid	(550)	0	(300)	(850)
Change in consolidation area	2	0	0	2
Balance at 31 December 2010	**717**	**0**	**(6)**	**711**
2011 profit	557	306	40	903
Dividends paid	(714)	0	0	(714)
Foreign exchange effect	0	356	0	356
Change in consolidation area	0	7,266	0	7,266
Balance at 31 December 2011	**560**	**7,928**	**34**	**8,522**

The key financial information relating to 2011 regarding jointly controlled entities is shown in the following table:

	KYLA CHARTER	PT ASIAN BULK LOGISTICS	VIANNLOG
Assets	2,364	33,056	635
Liabilities	1,244	16,874	567
Net Equity	1,120	16,180	68
Turnover	5,052	3,940	2,846
Operating Profit	1,135	1,716	94
Net Profit	1,114	625	80

Kyla Charter Transportes Maritimos Lda is 50% owned by the Coeclerici Group through its subsidiary CC Black Sea Bulk Srl and 50% owned by Donmar Corporation, a subsidiary of the Transship Group. The company carries out transhipment operations in the Black Sea by chartering the Bulk Kremi I floating transfer station, owned by the indirect subsidiary LLC Coeclerici Logistics Russia.

PT Asian Bulk Logistics is 49% owned by the Coeclerici Group through its subsidiary Coeclerici Logistics SpA.
As discussed in the Directors' report, the company aims to become a leading operator in offshore logistics in East Asia.

Viannlog Consultoria Economica Lda is 50% held by the Coeclerici Group and 50% by Finaval Holding SpA. The company holds a 100% stake in the share capital of Mediterranean Bulk System N.V., which works in the raw materials port logistics sector, specializing chiefly in coal transport. Through its above mentioned subsidiary, it provides assistance at the port of Koper (Slovenia) to unload Panamax ships and temporarily store materials that are subsequently loaded onto shuttle-vessels destined for Italian ports.

"Other investments" changed by a net € 571 thousand compared to the amount entered at 31 December 2010, and consisted of:

	31 December 2011	31 December 2010
Ambienta SGR SpA	9	9
Coeclerici Logistics (India) Ltd (in liquidation)	0	0
Consorzio Armatori per la Ricerca (Cons.A.R.) Srl	5	5
Consorzio per lo studio e ricerca	0	10
Dharamtar Infrastructure Limited	1,167	1,167
Telemar SpA	434	434
USL Coeclerici Logistics Private Limited	581	0
United Shippers Limited	5,053	5,053
Others	1	1
Total other investments	**7,250**	**6,679**

The € 581 thousand increase stemmed from the purchase of 22.5% of the capital of the Indian company "USL Coeclerici Logistics Private Limited", which will carry out offshore transhipment operations in the Gujarat area (India) using a floating transfer station currently being built.

On 20 September 2010, addendum No. 2 to the shareholders' agreements of the Indian port logistics company United Shippers Limited (USL) was signed. It modified, among other things, the terms of the put option which Coeclerici Logistics SpA had on the resale of its 7.5% stake in the company at a price in line with the purchase price. This option expired on 31 May 2011 and was not exercised. The latest financial statements approved by United Shippers Limited relating to the accounting period that closed on 31 March 2011 reported a net equity of € 32,093 thousand (2,205,209 thousand Rupees) and a profit for the period of € 5,118 thousand (351,697 thousand Rupees).

The "Financial assets available for sale" that are likely to remain for some time among the company assets, consist of:

	31 December 2011	31 December 2010
Banca Carige SpA	121	128
Banca Carige SpA - Bonds	17	18
Banco Popolare S.C.	8	11
Italian Treasury Bills	1,000	0
Fondo Ambienta I	1,470	1,230
Hao Capital Fund II L.P.	371	264
Bumi PLC	3,161	3,886
Value Secondary Investments SICAR	1,197	1,639
Total financial assets available for sale	**7,345**	**7,176**

This item increased by a total of € 169 thousand in 2011, as shown below:

- a € 7 thousand decrease as a result of adjusting 81,985 shares in Banca Carige SpA to market value;
- a € 1 thousand decrease as a result of adjusting 17,887 Banca Carige SpA convertible bonds to market value;
- a € 3 thousand decrease as a result of adjusting 7,680 shares in Banco Popolare S.C. to market value;
- a € 1,000 thousand increase for the purchase of Italian Treasury Bills with due date before the end of 2012;
- a € 240 thousand increase due to the subscription of shares in the private equity closed-end fund Ambienta I;
- a € 107 thousand increase as a result of adjusting shares in the Hao Capital Fund II LP investment fund to market value;
- a € 725 thousand decrease as a result of adjusting 300,000 shares in Bumi PLC to market value;
- a € 442 thousand decrease as a result of the capital repayment decided by the Luxembourgian subsidiary Value Secondary Investments SICAR.

Further information regarding the private equity funds Ambienta, Hao Capital Fund II L.P. and Value Secondary Investments SICAR is provided in "Note 28 – Obligations and guarantees".

Other non-current assets (Note 4)

This item consisted of:

	31 December 2011	31 December 2010
Other receivables	751	1,601
Receivables for advance payment of post-employment benefit	5	45
Tax receivables	2,299	2,299
Guarantees and deposits	667	755
Provision for other bad debts	(1,212)	(1,212)
Total other non-current assets	**2,510**	**3,488**

The € 751 thousand in "Other receivables" consists of loans granted to third parties connected with Group activities carried out in Indonesia. The interest rate applied was the six-month Libor rate plus a spread.

The € 2,299 thousand in "Tax receivables" includes tax refunds requested in previous years and not yet received. The item also includes € 645 thousand in amounts paid for disputed provisional tax assessments, for which a favourable outcome is expected with recovery of the sums paid.

"Guarantees and deposits" amounted to € 667 thousand. This item includes € 566 thousand (38,870 thousand rupees) deposited with the Indian customs authority while awaiting settlement of a dispute regarding the payment of customs import duties on the Bulk Prosperity floating transfer station. This figure decreased by € 84 thousand compared to 31 December 2010 owing to exchange rate effects and makes up 50% of the € 1,132 thousand total guarantees paid to the Indian customs authorities (INR 77,740 thousand). It also includes € 56 thousand in caution money paid to the Bulgarian judicial authorities on account of disputes under way for the seizure of a cargo of materials.

The "Provision for other bad debts" amounted to € 1,212 thousand, and was unchanged from the previous period.

Inventories (Note 5)

The € 18,754 thousand in inventories (€ 14,959 thousand at 31 December 2010) consisted of:

	31 December 2011	31 December 2010
Goods	18,342	14,305
Consumables	412	654
Total inventories	**18,754**	**14,959**

"Goods" consisted of the following:

	31 December 2011		31 December 2010	
	TONNES	€ 000	TONNES	€ 000
Coal at the port	226,416	16,206	210,387	13,041
Coal at the mine	96,096	2,136	65,495	1,264
Total goods	**322,512**	**18,342**	**275,882**	**14,305**

The value of the coal inventories increased by € 4,037 thousand both owing to the increase in prices and increase in tonnes in inventory (up 46,630 tonnes on 2010) and to the change in the inventory product mix at the year-end date.

The € 412 thousand in "Consumables" mainly included bunkers and oils on hand at the year-end date on vessels the Group owns.

Trade receivables (Note 6)

This item amounted to € 59,244 thousand (€ 52,507 thousand at 31 December 2010) and consists exclusively of receivables from customers stemming from normal trading operations; it is shown net the € 537 thousand provision for bad debts (€ 490 thousand at 31 December 2010).

The growth in credit exposure is mainly due to the Logistics Division. The € 4,176 thousand increase is mainly due to delays in collections from the indirect Venezuelan subsidiary Bulkguasare de Venezuela SA.

Trade receivables at 31 December 2011 may be broken down by due date as follows:

	31 December 2011	31 December 2010
Invoices to be issued	837	5,876
Receivables not yet due	52,677	39,829
Due < 60 days	3,630	7,009
Due < 180 days	2,622	262
Due < 365 days	10	17
Due > 1 year	5	4
Provision for bad debts	(537)	(490)
Total trade receivables	**59,244**	**52,507**

The changes in the provision for bad debts during 2011 were as follows:

Provision for bad debts at 31 December 2010	**(490)**
Allocations	(65)
Uses	12
Exchange rate differences	6
Provision for bad debts at 31 December 2011	**(537)**

Prepayments and other receivables and current assets (Note 7)

This item consisted of:

	31 December 2011	31 December 2010
Payments on account to suppliers	45,516	36,906
Other receivables	1,034	1,357
Receivables relating to the fair value of financial instruments	1,718	142
Tax receivables	8,161	4,653
Receivables from the holding company	0	1,255
Receivables from joint ventures	8,706	78
Accrued income and prepaid expenses	2,951	1,999
Total prepayments and other receivables and current assets	**68,086**	**46,390**

"Payments on account to suppliers" amounted to € 45,516 thousand (€ 36,906 thousand at 31 December 2010) and mainly consists of down payments to Russian suppliers for the purchase of coal delivered during the months following 31 December 2011. The increase in down payments compared to the previous year was affected by the higher deposits paid to suppliers in Asia compared to the same period in 2010.

The € 1,034 thousand in "Other receivables" (€ 1,357 thousand at 31 December 2010) consists of receivables of various kinds, including a € 247 thousand loan granted in 2005 by the indirect subsidiary Rozko to the Russian company Ugol and a € 340 thousand insurance reimbursement for damaged parts on the Bulk Prosperity floating transfer station owned by the indirect subsidiary CGU Logistic Limited.

"Receivables relating to the fair value of financial instruments" consists primarily of sales transactions carried out by the Group, as better described in "Note 26 - Information regarding financial instruments". Refer to the note for further details.

The € 8,161 thousand in "Tax receivables" (€ 4,653 thousand at 31 December 2010) increased by € 3,508 thousand mainly due to the VAT receivables recorded by the subsidiary OAO Kisk in reference to the considerable investments made at the Russian mine, and the € 750 thousand VAT refund requested by Coeclerici SpA.

"Receivables from the holding company" decreased by € 1,255 thousand compared to 31 December 2010 since payables of € 2,925 thousand emerged in the corporate income tax (IRES) consolidation procedure at 31 December 2011, as described under "Note 14 - Other payables and current liabilities". For further details, refer to "Note 24 – Income taxes".

"Receivables from joint ventures" increased by € 8,628 thousand. This item mainly refers to the loans granted to the subsidiary PT Asian Bulk Logistics, at the six-month Libor rate plus a spread, in order to finance the construction of new vessels.

"Prepayments and accrued income" amounted to € 2,951 thousand (€ 1,999 thousand at 31 December 2010). This item mainly consists of prepaid expenses for bank charges, insurance premiums, rents and licence fees. The € 952 thousand increase stems from bank charges paid during the year in relation to the new syndicated credit line signed in April, as better discussed in the Directors' report.

Cash and cash equivalents (Note 8)

This item consisted of:

	31 December 2011	31 December 2010
Bank and postal deposits	42,681	47,213
Cash in hand and unpresented effects	99	106
Total cash and cash equivalents	**42,780**	**47,319**

"Bank and postal deposits" consists of temporarily available funds in banks resulting from cash management. These deposits consisted of euro and foreign currency current accounts.

"Cash in hand and unpresented effects" amounted to € 99 thousand. This item refers to the cash funds held at the various Group and representative offices and the cash on board vessels at the year ending date.

The cash was divided into the following currencies:

	31 December 2011		31 December 2010	
	CURRENCY/000	EURO/000	CURRENCY/000	EURO/000
Venezuelan Bolivares - VEF	2,291	412	1,790	312
Australian Dollars - AUD	39	31	52	40
Singapore Dollars - SGD	663	394	350	204
United States Dollars - USD	27,436	21,205	34,893	26,113
Euros - EUR	16,673	16,673	16,737	16,737
Swiss Francs - CHF	11	9	1,076	860
Bulgarian Levs - BGN	28	14	10	5
Chinese Renminbis - CNY	96	12	334	38
Russian Roubles - RUB	165,807	3,970	20,222	495
Indian Rupees - INR	3,414	50	12,704	213
Indonesian Rupiahs - IDR	116,558	10	27,736,259	2,302
Total cash funds per foreign currency		**42,780**		**47,319**

Total Equity (Note 9)

The changes in the items which form the Group equity are shown in the special statement of changes in equity.

The € 10,000 thousand share capital is entirely subscribed to and fully paid-in. It consists of 10,000,000 ordinary shares with a par value of € 1 each.

The "Legal Reserve" amounts to € 2,000 thousand. This is the legal reserve of the parent company, which increased by € 300 thousand compared to the previous year as a result of the decision made during the meeting on 11 May 2011, which approved the 2010 financial statements.

The minus € 3,393 thousand "Translation reserve" stemmed from the conversion into euros of the financial statement items of consolidated companies that draw up their financial statements in currencies other than euros. It increased by € 1,596 thousand.

The "Merger surplus reserve" decreased by € 6,798 thousand owing to a shareholders' resolution on 11 May 2011. The shareholders approved the reconstitution of the deferred tax provision (in the financial statements of Coeclerici SpA which merged by incorporation during 2010) using the merger surplus reserve and part of the retained earnings.

The "Reserve for the fair value of financial instruments" amounted to minus € 516 thousand. This item decreased by € 1,124 thousand owing to the change in fair value of the financial instruments themselves (as more fully analysed in "Note 26 - Information regarding financial instruments").

"Other reserves" amounted to € 49,198 thousand. This item increased by € 25,490 owing to a shareholders' resolution on 11 May 2011. The shareholders approved the reconstitution of the deferred tax provision (in the financial statements of Coeclerici SpA before the merger) using the merger surplus reserve and part of the retained earnings. As concerns this tax reserve, there have been no tax allocations since, at present, no operations are foreseen that may lead to such taxation. It should also be noted that this item includes a € 2,583 thousand decrease owing to the increase in the investment in the subsidiary Coeclerici Asia (Pte) Ltd decided in 2010 in order to gain a 100% stake. As stated in IAS 27, once control over a company has been established, the transactions in which the holding company buys or transfers minority shareholdings without changing the control it has over the subsidiary are considered transactions with shareholders and must therefore be recognized in equity. Consequently, any difference between the size of the adjustment made to minority interests and the fair value of the price paid or received in the corresponding transaction is recorded directly in equity and attributed to the shareholders of the holding company.

The "Retained earnings" amounted to € 1,703 thousand after distributing a dividend of € 5,000 thousand to the sole shareholder, approving a Board of Directors' remuneration of € 800 thousand in relation to the results achieved in 2010, reconstituting the deferred tax provision using € 18,692 thousand taken from the retained earnings, and lastly recording a net increase of € 824 thousand as a result of deconsolidating PT Asian Bulk Logistics on a line-by-line basis (now consolidated using the equity method) and a unilateral increase in the capital of the subsidiary OOO Delta Property.

As regards the information required by section 124 of IAS 1, the Group's capital management aims are to: create value for the shareholders, safeguard the continuity of Group companies and support the growth of the various companies themselves. The Group therefore tries to maintain an adequate level of capitalization in order to produce a satisfactory return for shareholders and, at the same time, ensure economic accessibility to external sources of financing by - among other things - achieving adequate ratings. This strategy has not changed since the previous period.

The Group's capital structure is made up of financial payables (including overdrafts and loans as described in "Note 10 – Interest bearing liabilities and borrowings"), cash at banks and in hand (as described in "Note 8 – Cash and cash equivalents") and equity, consisting of the share capital, reserves and retained earnings.

The Group constantly monitors its capital structure and, especially, its level of net financial borrowing, calculated as the ratio of net financial position and net equity. Compared with the previous year, this ratio is:

	31 December 2011	31 December 2010
Net financial position	174,971	116,445
Shareholders' equity	82,048	70,967
Level of net financial borrowing	**213%**	**164%**

The increase in the level of net financial borrowing is related to the considerable investments the Group is making in the Mozambique and Indonesia projects, as fully discussed in the Directors' Report.

Interest bearing liabilities and borrowings (Note 10)

This item consisted of:

	31 December 2011			31 December 2010		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Short term advances	66,553	0	**66,553**	69,744	0	**69,744**
Secured loans from financial institutions	5,483	56,405	**61,888**	1,397	25,457	**26,854**
Unsecured loans from financial institutions	8,174	80,603	**88,777**	3,086	62,738	**65,824**
Leasing agreements	355	178	**533**	796	546	**1,342**
Interest bearing liabilities and borrowings	**80,565**	**137,186**	**217,751**	**75,023**	**88,741**	**163,764**

Short term advances amounted to € 66,553 thousand (€ 69,744 thousand at 31 December 2010). This item is broadly in line with the previous year, and mainly consists of € 62,140 thousand in loans granted by banks mainly to Coeclerici Coal and Fuels SpA and Coeclerici Asia (Pte) Ltd to finance the coal trading business, and the investments to increase the production capacity of the mine controlled by OAO Kisk.

The € 61,888 thousand in secured loans consists of loans granted by major banks for the construction of vessels owned by the Group. The € 35,034 thousand increase for the period was mainly due to the progress of the building work on the new vessels.

Unsecured loans amounted to € 88,777 thousand. This item refers to loans made by major banks to finance the Group's operating activities. At 31 December 2011, € 62,702 of the € 215 million new syndicated credit line had been used. This new credit line, which replaces the previous € 150 million line, was made available in 2011 by a pool of banks headed by Banca Carige SpA. The agreements relating to the syndicated credit line have the following characteristics: it may be used either in Eur or in Usd (and must be paid back in the same currency) with three working days notice prior to the date of availability at the agent bank; the interest rate charged depends on the currency of use (if in euros, interest is charged at the 1, 2 or 3 month Euribor rate according to the duration, plus a spread; if in Usd, interest is charged at the 1, 2 or 3 month Libor rate, according to the duration, plus a spread). The loan agreement for the syndicated credit line expires in 2018 and entails complying with financial covenants that are calculated on the basis of the consolidated financial statements of the Coeclerici Group. These covenants refer to the ratio of the "net financial position" and "net equity", and the ratio of "Ebitda" and "Net financial expense". Failure to comply with the covenants leads to early re-payment of the whole loan used. The financial covenants were constantly complied with throughout 2011.

Lastly, the remaining payables for assets leased by the indirect Russian subsidiary OAO Kisk amounted to € 533 thousand (RUB 22,294 thousand). The amount due within the next twelve months is € 355 thousand (RUB 14,843 thousand), whereas the remaining € 178 thousand (RUB 7,451 thousand) will fall due in from one to five years.
For further details, refer to "Note 1 – Property, plant and equipment".

The "Interest bearing liabilities and borrowings" at 31 December 2011 had the following deadlines:

	Within 2012	2013-2014	2015-2016	Beyond 2016	TOTAL
Short term advances	66,553	0	0	0	**66,553**
Secured loans from financial institutions	5,483	13,926	13,926	28,553	**61,888**
Unsecured loans from financial institutions	8,174	14,179	3,722	62,702	**88,777**
Leasing agreements	355	178	0	0	**533**
Interest bearing liabilities and borrowings	**80,565**	**28,283**	**17,648**	**91,255**	**217,751**

The "Interest bearing liabilities and borrowings" consisted of the following items:

	31 December 2011			31 December 2010		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Eur	5,000	67,473	**72,473**	2,880	57,500	**60,380**
Inr	1,913	0	**1,913**	1,777	0	**1,777**
Rub	3,528	5,580	**9,108**	1,382	546	**1,928**
Usd	70,124	64,133	**134,257**	68,984	30,695	**99,679**
Interest bearing liabilities and borrowings in foreign currency	**80,565**	**137,186**	**217,751**	**75,023**	**88,741**	**163,764**

Provisions for liabilities and charges (Note 11)

This item includes the funds allocated to deal with the potential liabilities deriving from legal, tax or commercial disputes. It also includes funds set aside to deal with the costs of restoring and reclaiming the Russian mining site. These funds will be used when the company has to face cash outlays in order to reclaim the site.

At 31 December 2011, this item could be broken down as follows:

	31 December 2011	31 December 2010
Current	1,609	2,591
Non-current	12,668	13,743
Total provisions for liabilities and charges	**14,277**	**16,334**

During the 2011 period, this item changed as follows:

Balance at 31 December 2010	**16,334**
Allocations	1,446
Uses	(3,120)
Releases	(861)
Change in restoration costs	268
Change in consolidation area	46
Exchange rate differences	164
Balance at 31 December 2011	**14,277**

The funds allocated for the period came to € 1,446 thousand (€ 4,238 thousand at 31 December 2010) and are recorded under "Allocations to provisions for liabilities" on the income statement as described in "Note 20 – Other income/expense, net". These allocations were made by estimating the potential liabilities connected with each risk on the basis - among other things - of the opinion of the Group's legal and tax consultants.

During 2011, € 3,120 thousand of the provisions for liabilities was used (€ 2,539 thousand at 31 December 2010) to cover the occurrence during that period of the potential liabilities it was set aside for.

"Releases" amounted to € 861 thousand (€ 166 thousand at 31 December 2010) and are entered on the income statement under "Release of provisions", as described in "Note 20 – Other income/expense, net". This item refers mainly to the € 361 thousand released by the indirect subsidiary New Sea Logistics EAD relating to successfully concluded litigation and the € 480 thousand released by the indirect subsidiary Capo Noli Transportes Maritimos Lda relating to provisions recorded in previous years.

"Change in restoration costs" refers to the adjustments made during the year as a result of discounting the future cash flows for the costs to be incurred for the restoration of the mines used by the Russian subsidiary OAO Kisk.

"Change in consolidation area" came to € 46 thousand. This item refers to the effect of deconsolidating the Dutch company Somocar International NV following its liquidation.

Post-employment benefits (Note 12)

The changes in the post-employment benefit provisions were as follows:

Balance at 31 December 2009	**1,442**
Provisions for the period	328
Discounting effect	359
Uses	(49)
Balance at 31 December 2010	**2,080**
Provisions for the period	415
Discounting effect	(444)
Uses	(379)
Balance at 31 December 2011	**1,672**

The main assumptions behind the actuarial valuation of the post-employment benefit provisions are the following:

	31 December 2011	31 December 2010
Updating coefficient	5%	5%
Inflation rate	2%	2%
Annual salary increase rate		
Executives	2%	4%
Management / white-collar	2%	4%
Annual post-employment benefit increase rate	3%	3%

The actuarial post-employment benefit recalculation method is explained in the accounting principles. The method used is the "Projected unit credit method" in accordance with IAS 19. The actuarial gains and losses generated by applying this method are recognized in the income statement.

Trade payables (Note 13)

Trade payables amounted to € 42,509 thousand (€ 41,532 thousand at 31 December 2010). This item refers to the current payables for supplies connected with normal Group operating activities. The payables are essentially in line with those in 2010.

Other payables and current liabilities (Note 14)

"Other payables and current liabilities" consisted of the following:

	31 December 2011	31 December 2010
Payments on account from customers	6	840
Other payables	9,026	6,330
Payables relating to the fair value of financial instruments	1,699	1,620
Tax payables	1,150	3,011
Payables to holding companies	1,971	0
Payables to joint ventures	954	376
Payables to social security institutions	1,115	521
Accrued expenses and deferred income	2,759	567
Total other payables and current liabilities	**18,680**	**13,265**

"Payments on account from customers" amounted to € 6 thousand (€ 840 thousand at 31 December 2010). This item refers essentially to trade payables for down payments received for Mining Division activities.

"Other payables" amounted to € 9,026 thousand (€ 6,330 thousand at 31 December 2010). This item refers to payables of various nature due within the next accounting period. In particular, it includes the deferred commissions earned by Group employees at the date of the financial statements that will be paid during the following period, and payables to banks for already completed foreign currency transactions, but for which as of 31 December 2011 the banks had not charged the exchange value to the current accounts.

"Payables relating to the fair value of financial instruments" came to € 1,699 thousand (€ 1,620 thousand at 31 December 2010). This item refers to the foreign currency purchase and interest rate fluctuation risk hedging transactions described in "Note 26 – Information regarding financial instruments". Refer to the note for further details.

"Tax payables" came to € 1,150 thousand (€ 3,011 thousand at 31 December 2010). This item consists of income tax and employee and freelance withholding tax payables. Income tax payables consist of Regional Business Tax (IRAP), less payments on account already made in 2011, VAT payments, and provisions for current taxes.

"Payables to holding companies" increased by € 1,971 thousand owing to changes in the Group tax consolidation area for IRES (corporate income tax), which consisted of € 1,225 in receivables at 31 December 2010. For further details, refer to "Note 24 – Income taxes".

"Payables to social security institutions" came to € 1,115 thousand (€ 521 thousand at 31 December 2010). This item mainly refers to social security contributions accrued in December 2011 and duly paid in January 2012.

"Accruals and deferred income" amounted to € 2,759 thousand (€ 567 thousand at 31 December 2010). This item consists mainly of accrued expenses for various types of operating costs. The € 2,192 thousand increase for the period was mainly due to the advance billing of Logistics Division transhipment operations.

Revenues (Note 15)

This item consisted of:

	2011	2010
Raw material sales	549,085	442,832
Transhipment and other logistics services	24,982	24,148
Charters and shipping transport	7,595	968
Coal brokerage commission	130	381
Other services	1,161	191
Total revenues	**582,953**	**468,520**

The revenues from the sale and marketing of raw materials came to € 549,085 thousand and € 130 thousand respectively and referred to the trading business. The € 106,253 thousand increase in raw material turnover is due to the rise in coal prices and greater coal quantities handled compared to the same period in 2010. This item also includes € 7,335 thousand in coal sold by the Russian subsidiary OAO Kisk directly to third parties (+19% compared to 2010).

"Transhipment and other logistics services" came to € 24,982 thousand. This item rose by € 834 thousand compared to the 2010 figure (€ 24,148 thousand) chiefly due to the increase in tonnes handled thanks to greater use and efficiency of the Bulk Prosperity floating transfer station, which operates on the Indian market.

The Logistics Division's revenues from chartering and shipping came to € 7,595 thousand. This item increased by € 6,627 thousand compared to the corresponding period in 2010, when it amounted to € 968 thousand. This increase is mainly due to the operation of the new Bulk Zambesi transhipper on behalf of the client Vale Mozambique.

"Other services" came to € 1,161 thousand. This item refers to the € 421 thousand in revenues for administrative services provided to joint venture companies and € 740 thousand in assets loaned to third parties by the subsidiary Coeclerici Logistics SpA.

Information by business sector is provided in "Note 25 – Information by business sector and geographical area".

Cost of sales (Note 16)

This item consisted of:

	2011	2010
Purchase of raw materials	476,116	381,280
Mine operating costs	12,069	6,889
Cost of seafaring personnel	6,669	5,694
Cost of mining personnel	5,939	4,124
Technical costs for fleet and plants	3,951	3,961
Port expenses and other shipping costs	1,601	1,488
Bunker	895	919
Lubricants / spare parts	906	498
Total cost of sales	**508,146**	**404,853**

The € 94,836 thousand increase in "Purchase of raw materials" may mainly be attributed to the rise in prices on the coal market and greater quantities handled compared to the same period in 2010. The increase in the ratio between these costs and the revenue from "sale of raw materials" is mainly due to the different mix of products sold.
"Mine operating costs" came to € 12,069 thousand (€ 6,889 thousand in 2010). This item increased compared to the previous period owing to the larger quantities mined and handled compared to 2010.

The "Cost of seafaring personnel" regarded the crews on board the vessels belonging to the indirect subsidiaries Coeclerici Mozambico Spa, Terminal Offshore Piombino SpA, CGU Logistic Limited, Bulkguasare de Venezuela S.A., PLKI and LLC Coeclerici Logistics Russia. This item came to € 6,669 thousand and was € 975 thousand up on the previous year mostly owing to the operation of the new Bulk Zambesi transhipper.

"Cost of mining personnel" amounted to € 5,939 thousand. This item was € 1,815 thousand higher than in the same period in 2010 chiefly due to the average increase in the number of staff employed at the mine (+7%), the increase in wages and salaries during 2011, and the greater local taxation on pay.

The € 3,951 thousand in "Technical costs for fleet and plants" and € 1,601 thousand in "Port expenses and other shipping costs" are essentially in line with the previous year.

The € 895 thousand in "Bunker" consists of fuel used to run the fleet and is essentially in line with 2010.

"Lubricants / spare parts" came to € 906 thousand. This item refers to the cost of spare parts and consumable stores for the routine and special maintenance of vessels owned by the Group, which are charged to the income statement in the period in which they are incurred.

General and administrative expenses (Note 17)

This item consisted of:

	2011	2010
Cost of staff	12,512	11,013
Consultants	5,033	5,921
Fees	3,787	5,289
Rents, leases and similar	1,874	2,103
Other costs	2,499	1,584
Travel expenses	1,442	1,157
Entertainment expenses	1,045	816
Utilities Building administration – Representative offices	1,055	781
Consumables	559	428
Advertising	489	423
Total general and administrative expenses	**30,295**	**29,515**

The € 12,512 thousand in "Cost of staff" is better described in "Note 30 – Other information". Refer to the note for further details.

"Consultants" amounted to € 5,033 thousand. This item mainly includes management and business strategy advice received by the Group in order to develop its business plan and continue the development project in Indonesia, as well as legal advice for its business in Venezuela, as better discussed in the Management report.

"Fees" to Directors and Statutory Auditors amounted to € 3,787 thousand. This item decreased by € 1,502 thousand compared to the same period in 2010, and included the following fees to parent company Directors and Statutory Auditors:

	2011		2010	
	Number	Remuneration	Numero	Compenso
Directors	9	1,927	10	2,240
Statutory Auditors	3	40	3	64
Total Fees	**12**	**1,967**	**13**	**2,304**

"Rents, leases and similar" mainly included the rent paid to the parent company Finanziaria Cocler SApA for the property used in Milan.

"Other costs" came to € 2,499 thousand. This item mainly consists of costs for software maintenance and repair, insurance, membership fees, taxes on commodities, other indirect taxation, costs for vehicles and other various services.

"Travel expenses" and "Entertainment expenses" amounted to € 1,442 thousand and € 1,045 thousand respectively. The overall € 514 thousand increase is mainly linked to the projects under way and the consequent monitoring of the projects themselves.

Capital gains / (losses) on non-current assets (Note 18)

This item mainly consists of the capital gain realized by the subsidiary OAO Kisk following the sale of excavators which were no longer needed for mining operations.

Profit / (loss) from jointly controlled entities measured using the equity method (Note 19)

This item consisted of:

	2011	2010
Kyla Charter Transportes Maritimos Lda	557	1,265
PT Asian Bulk Logistics	306	0
Viannlog Consultoria Economica Lda	40	(20)
Total profit / (loss) from jointly controlled entities measured using the equity method	**903**	**1,245**

The € 903 thousand positive balance (€ 1,245 thousand in 2010) is the part of the profits of the companies consolidated using the equity method attributable to the Group. For further details of the nature of the business of these companies, refer to "Note 3 – Interests in jointly controlled entities, other investments and available-for-sale financial assets".

Other income/expense net (Note 20)

	2011	2010
Other operating income		
Other income and (costs), net	1,268	2,154
Income from profit sharing	0	103
Release of provisions and other liabilities	861	166
Insurance claims	446	494
Gains on derivatives	71	0
Total other operating income	**2,646**	**2,917**
Other operating costs		
Allocations to provisions for liabilities	1,446	4,238
Allocations to provisions for bad debts	65	46
Losses on derivatives	1,843	32
Total other operating costs	**3,354**	**4,316**
Total other income/expense, net	**(708)**	**(1,399)**

"Other income and (costs), net" amounted to € 1,268 thousand. This item mainly consists of € 610 thousand in recharged costs incurred by the indirect subsidiary Bulkguasare de Venezuela SA, as well as approximately € 340 in non-operating income for the period.

"Release of provisions and other liabilities" amounted to € 861 thousand. This item refers primarily to the release of € 361 thousand by the indirect subsidiary New Sea Logistics EAD relating to successfully concluded litigation, and the release of €480 thousand by the indirect subsidiary Capo Noli Transportes Maritimos Lda relating to provisions recorded in previous years.

"Insurance claims" amounted to € 446 thousand. This item mainly refers to the compensation received during the year by the Indonesian subsidiary PLKI for damaged components on the Bulk Pioneer floating transfer station (€ 164 thousand) and by the Indian subsidiary CGU Logistic Limited for damaged components on the Bulk Prosperity floating transfer station (€ 237 thousand).

"Allocations to provisions for liabilities" amounted to € 1,446 thousand (€ 4,238 thousand in 2010). This item refers to the allocations made in the financial statements to cover losses connected with the operations entailed in existing contracts, and with a few legal and business disputes assessed with the aid of external consultants, as described in "Note 11 – Provisions for liabilities and charges" (refer to note for further information).

"Allocations to provision for bad debts" amounted to € 65 thousand (€ 46 thousand in 2010). This item includes allocations to the bad trading debt provision that mostly stem from Trading Division operations as described in "Note 6 – Trade receivables".

Depreciation and amortization (Note 21)

This item consisted of:

	2011	2010
Depreciation of property, plant and equipment	10,330	6,754
Amortization of intangible assets	550	466
Total depreciation and amortization	**10,880**	**7,220**

Refer to “Note 1 – Property, plant and equipment” and “Note 2 – Intangible assets” for a more detailed description of the depreciations and amortizations.

Net financial income/expense (Note 22)

This item consisted of the following financial income:

	2011	2010
Dividends from equity investments in “other companies”	73	343
Interest received	1,160	284
Other income	818	292
Total financial income	**2,051**	**919**

“Dividends from equity investments in other companies” amounted to € 73 thousand. This item refers to the collection of dividends paid by Banca Carige SpA (€ 6 thousand) and by United Shippers Limited (€ 67 thousand) in which the Group holds shares.

“Interest received” came to € 1,160 thousand. This item chiefly refers to interest received from banks on current accounts and deposits and interest received on loans granted to joint ventures and third parties as described in “Note 7 – Prepayments and other receivables and current assets”.

“Other income” referred to financial income recorded by the subsidiary Capo Noli Transportes Maritimos Lda as a result of the trading of Venezuelan bonds.

The financial expenses, on the other hand, consist of:

	2011	2010
Bank charges	1,825	884
Interests paid	5,528	2,318
Total financial expenses	**7,353**	**3,202**

“Bank charges” increased by € 941 thousand mainly due to the signing of the new syndicated line of credit and the consequent early closure of the previous line, as well as to the signing of new loan agreements specific to investments in progress.

“Interests paid” amounted to € 5,528 thousand (€ 2,318 thousand in 2010). This item refers mainly to interests paid on bank loans (€ 1,696 thousand of which regards the syndicated credit line) and € 268 thousand in interests paid and financial costs resulting from updating the cash flows foreseen to reclaim the mines.

The increase in interests paid is primarily due to the increase in spreads, increase in average annual financial exposure of the Group towards banks, and lower capitalization of interests paid in relation to payables incurred for the building of new vessels.

Exchange gains/losses (Note 23)

Exchange differences that occur during the year are included in this item along with the exchange differences stemming from aligning foreign currency payables and receivables outstanding at the end of the period with year-end rates. Details of the realized and unrealized exchange differences at 31 December 2011 are given in the table below compared with the same period the previous year:

	2011			2010		
	REALIZED	UNREALIZED	TOTAL	REALIZED	UNREALIZED	TOTAL
Exchange gains	20,983	4,033	**25,016**	19,133	2,533	**21,666**
Exchange losses	(22,022)	(4,920)	**(26,942)**	(17,611)	(3,624)	**(21,235)**
Total exchange gains/losses	**(1,039)**	**(887)**	**(1,926)**	**1,522**	**(1,091)**	**431**

Please note that these differences are partly due to the business carried out by the Trading Division in dollars.

Income taxes (Note 24)

The tax burden resulting from the 2011 period amounted to Euro 8,987 thousand. This was calculated according to the laws in force and taking exemptions, components subject to deferred taxation, and the effects of the Finanziaria Cocler SApA tax consolidation into account.

The tax figure may be broken down into:

	2011	2010
Current taxes	(9,073)	(5,170)
Deferred taxes	86	(2,607)
Total taxes	**(8,987)**	**(7,777)**

The figures in the following table refer to the deferred tax assets and liabilities in the group company statutory financial statements and the effects of consolidation entries.

	2011	2010
Deferred tax assets	4,003	3,214
Deferred tax liabilities	(6,658)	(5,955)
Net balance of advance / (deferred) taxes	**(2,655)**	**(2,741)**

"Deferred tax assets" mainly consist of provisions for risks set aside during the year and during previous years, which are not immediately tax deductible.

The "Deferred taxes liabilities" amounted to € 6,658 thousand. This item includes the deferred taxes stemming from provisions made for positive or negative income components with deferred tax deductibility.

The payables and receivables of the Group companies that took part in the Group tax consolidation at 31 December 2011 are shown below:

	RECEIVABLES	PAYABLES	TOTAL
Coeclerici Coal and Fuels SpA	0	(3,517)	(3,517)
Coeclerici Logistics SpA	492	0	492
Coeclerici SpA	1,254	0	1,254
Shipping Services Srl	0	(40)	(40)
Terminal Offshore Piombino SpA	0	(160)	(160)
Total receivables /payables owing to tax consolidation	**1,746**	**(3,717)**	**(1,971)**

Information by business sector and geographical area (Note 25)

The information by sector for the 2011 period is summarized in the following table:

	TRADING	MINING	LOGISTICS	HOLDING ADJUSTMENTS	TOTAL
Revenues	542,148	38,738	33,607	(31,540)	**582,953**
Operating Profit	18,153	11,097	9,066	(4,222)	**34,094**
Net financial income/expense	6,924	(1,141)	(1,512)	(9,573)	**(5,302)**
Net Profit	18,324	6,695	5,658	(12,798)	**17,879**
Balance sheet					
Total assets	171,407	41,655	180,446	(9,913)	**383,595**
Total net equity	36,726	18,770	38,094	(11,542)	**82,048**
Total liabilities	134,681	22,885	142,352	1,629	**301,547**

The following table shows details of Group revenues from sales and services broken down by region:

	TRADING	MINING	LOGISTICS	HOLDING ADJUSTMENTS	TOTAL
Africa	0	0	8,449	0	8,449
The Americas	27,313	0	11,714	0	39,027
Asia and Australia	176,836	0	5,472	0	182,308
Russia and the Middle East	31,421	38,738	0	(31,540)	38,619
Europe	306,578	0	7,972	0	314,550
Total revenues	**542,148**	**38,738**	**33,607**	**(31,540)**	**582,953**

Information regarding financial instruments (Note 26)

Derivatives relating to currency exchange transactions

The Group carried out hedging transactions (cash flow and fair value hedging) to protect against fluctuations in the EUR/USD, RUB/USD and RUB/EUR exchange rates.

Fair value hedge

The existing contracts at 31 December 2011 that have the characteristics of fair value hedging and therefore whose changes in fair value are recorded in the income statement under "exchange gains/losses" are described below:

EXPIRY	QUANTITY (€/THOUSAND)	CURRENCY	FORWARD EXCHANGE CONTRACT RATE	NOTIONAL VALUE (€/THOUSAND)	FAIR VALUE AT 31/12/2011 (€/THOUSAND)
Q1 2012	5,498	USD	0.759	4,164	(85)
Q4 2012	10,000	RUB	0.022	296	(5)
Total sales				**4,386**	**(90)**

EXPIRY	QUANTITY (€/THOUSAND)	CURRENCY	FORWARD EXCHANGE CONTRACT RATE	NOTIONAL VALUE (€/THOUSAND)	FAIR VALUE AT 31/12/2011 (€/THOUSAND)
Q1 2012	6,658	USD	0.767	5,109	39
Total purchases				**5,109**	**39**

Cash flow hedge

In order to hedge the risk of fluctuations in the interest rates on the loans received by the subsidiary Coeclerici Coal and Fuels SpA, an Interest Rate Swap (IRS) was taken out with the following characteristics:

EXPIRY	QUANTITY (€/THOUSAND)	CURRENCY	FIXED RATE FROM AGREEMENT	NOTIONAL VALUE (€/THOUSAND)	FAIR VALUE AT 31/12/2011 (€/THOUSAND)
Q2 2015	8,750	EUR	2.61	8,750	(216)
Total IRS				**8,750**	**(216)**

Hedging transactions were carried out in 2011 to protect against a fall in coal prices on 22% of the expected sales in 2012, only with reference to the quantities handled at the Russian mine for export. The forward coal sale transactions at 31 December 2011 that had the characteristics of cash flow hedging and whose changes in fair value are recorded net of tax under the equity item "Reserve for fair value of financial instruments" are described below:

EXPIRY	QUANTITY (TONNES)	FORWARD CONTRACT PRICE	NOTIONAL VALUE (€/THOUSAND)	FAIR VALUE AT 31/12/2011 (€/THOUSAND)
Q1 2012	45,000	124.17	5,588	508
Q2 2012	45,000	124.17	5,588	467
Q3 2012	45,000	124.17	5,588	392
Q4 2012	45,000	124.17	5,588	312
Total sales			**22,352**	**1,679**

Furthermore there were currency transactions at 31 December 2011 that qualified as cash flow hedges. The changes in their fair value are recognized in equity under "Reserve for the fair value of financial instruments" and are detailed below:

EXPIRY	QUANTITY (€/THOUSAND)	CURRENCY	FORWARD EXCHANGE CONTRACT RATE	NOTIONAL VALUE (€/THOUSAND)	FAIR VALUE AT 31/12/2011 (€/THOUSAND)
Q1 2012	26,460	USD	0.761	20,017	(433)
Q2 2012	2,400	USD	0.742	1,780	(71)
Q3 2012	2,400	USD	0.741	1,779	(70)
Q4 2012	2,400	USD	0.740	1,777	(68)
Total sales				**25,353**	**(642)**

EXPIRY	QUANTITY (€/THOUSAND)	CURRENCY	FORWARD EXCHANGE CONTRACT RATE	NOTIONAL VALUE (€/THOUSAND)	FAIR VALUE AT 31/12/2011 (€/THOUSAND)
Q1 2012	225,000	RUB	0.032	7,161	(188)
Q2 2012	225,000	RUB	0.032	7,076	(191)
Q3 2012	225,000	RUB	0.031	6,980	(183)
Q4 2012	225,000	RUB	0.031	6,903	(189)
Total purchases				**28,120**	**(751)**

Summary of fair value of derivatives

The values and changes in the fair value of derivatives at 31 December 2011 are summarized in the following table net of tax:

	31/12/2010	CHANGES IN EQUITY	CHANGES IN INCOME STATEMENT	31/12/2011
Receivables				
Receivables from foreign exchange market transactions	142	39	(142)	39
Forward coal sales	0	1,679	-	1,679
Total receivables	**142**	**1,718**	**(142)**	**1,718**
Payables				
Receivables from foreign exchange market transactions	(32)	(594)	(1,073)	(1,699)
Forward coal sales	(1,588)	0	1,588	0
Total payables	**(1,620)**	**(594)**	**515**	**(1,699)**
Net total	**(1,478)**	**1,124**	**373**	**19**

The fair value of all derivatives is calculated on the basis of the forward market index on the reference date.

The table below shows an analysis of financial instruments evaluated on a fair value basis, grouped together into levels from 1 to 3 according to the degree to which their fair value is observable:

- level 1, the fair value is determined by prices quoted on active markets;
- level 2, the fair value is determined using evaluation techniques based on variables that are directly (or indirectly) observable on the market;
- level 3, the fair value is determined using evaluation techniques based on significant variables that cannot be observed on the market.

	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets			
Available for sale	4,307	-	3,038
Hedging derivatives	-	39	-
Forward coal sales	-	1,679	-
Total financial assets	**4,307**	**1,718**	**3,038**
Financial liabilities			
Hedging derivatives	-	(1,699)	-
Total financial liabilities	**-**	**(1,699)**	**-**

The financial instruments classified as "level 1" include shares in publicly traded companies, the value of which are quoted on a daily basis. "Level 2" financial instruments include financial derivatives; in order to determine the fair market value of these derivatives, the Coeclerici Group uses the following measurement and evaluation model:

TYPE	INSTRUMENT	PRICING MODEL	MARKET DATA USED	DATA PROVIDER	IFRS 7 HIERARCHY
Foreign exchange / coal erivatives	Forward	Discounted cash flow	- Foreign exchange spot - Zero coupon curves for reference currencies	Reference bank	Level 2

Instruments classified as "level 3" refer to shares held at 31 December 2011 in closed-end investment funds.

Other financial information

For completeness, some additional financial information is given below:

- "Note 1 – Property, plant and equipment" shows the value of the fixed assets that are mortgaged to banks for loans provided to the Group, as described in "Note 10 – Interest bearing liabilities and borrowings";
- "Note 8 – Cash and cash equivalents" gives information about available cash and its characteristics;
- "Note 10 – Interest bearing liabilities and borrowings" summarizes the characteristics of the bank loans and gives their due dates and interest rates applied;
- "Note 22 – Net financial income/expense" gives information about interest receivables and payables relating to financial items.

Information on the risks that characterize the Group's business (Note 27)

The main risks connected with the Group's business, which are monitored and managed by Coeclerici SpA and its subsidiaries, are as follows.

Commodity risk

The company's profit is affected by changes in the prices of the commodities and services it sells in the trading sector.

Volatile coal prices and freight rates generally lead to volatile operating profits and sales margins. The risks connected with trading may be limited by:

- back-to-back transactions;
- undertaking time-limited commitments to purchase/sell coal and transport services (freight) at values mainly pegged to the API#2 and API#4 indices and partly to fixed values; prior inspection and approval of transactions according to the corporate policy.

Trading risks are assessed through:

- constant monitoring of all trading transactions, including the continuous monitoring of trading partners;
- periodic business projections and analysis of the effects of the main variables (freight rates and commodity indices).

As regards sources of coal supply, the Group has depended less on suppliers since the Group took over the Russian "OAO Kisk" mine in 2008

The demand for dry bulk logistic transhipment services depends on the levels of freight rates. When freight rates are high, the development of efficient dock services, able to reduce loading and unloading times, becomes strategically important for traders and this favours the development of new opportunities for the Group.

Exchange rate risk

Most of the subsidiaries' revenues and operating costs are recorded in currencies other than Euros. The Group manages the exchange rate risk, where it deems necessary, through forward currency transactions and foreign currency loans. Clauses are included in commercial contracts that safeguard the revenues from fluctuations in the Eur/Usd exchange rate where accepted by the customer. Furthermore, loans are stipulated by the operating companies in the same currency as the revenues, where possible, in order to attenuate exchange rate oscillations.

Interest rate risk

The Coeclerici Group is mainly funded at variable interest rates. The Group's policy is to monitor the trend in interest rates and the long-term forecasts in order to make sure the financial expenses are always sustainable. In the current market situation, the company does not consider it wise to engage in hedging transactions with the aim of stabilizing interest rates over time with the exception of the Interest Rate Swap contract described in "Note 26 – Information regarding financial instruments".

In a risk sensitivity assessment, it was estimated that a 10% increase in market interest rates compared to those actually applied during the period would have had a negative effect of about € 662 thousand on the 2011 income statement and equity.

Credit risk

Credit risk is the company's exposure to potential losses deriving from the failure of trading partners to comply with their commitments. Commercial credit management is entrusted to the business units, in agreement with the Group holding company, on the basis of formal risk assessment procedures, including debt collecting and any dispute proceedings. Furthermore, all outstanding receivables are monitored monthly by Division credit committees, including regular prospective analysis of credit limits.

Credit risk hedging is mainly carried out through the following instruments:

- confirmed letters of credit (bank guarantees) in the trading sector;
- performance bonds (guarantees of satisfactory completion of a contract) and advance payment bonds in the logistics sector;
- commercial credit insurance by leading insurance agencies (SACE B.T. SpA and Garant) in both sectors.

The Coeclerici Group did not record any significant loss on receivables from their trading partners during 2011, but as already described in "Note 6 - Trade receivables", the indirect Venezuelan subsidiary Bulkguasare de Venezuela SA experienced delays in collecting amounts due. The management is in contact with the trading partners in order to find new financial arrangements.

Liquidity risk

Liquidity risk is the risk that financial resources may not be available or are only available at high cost. Thanks in part to use of the credit system, the structure of the Coeclerici Group's sources of finance is diversified and makes sufficient sources of finance available to satisfy foreseeable financial needs both in the medium and long term. Furthermore, corporate liquidity risk management aims to ensure a suitable level of operational elasticity for the Group's development programmes.

During 2011, a new syndicated "stand-by" credit line agreement was signed with a pool of banks for further seven years. It was increased to € 215 million (compared with the previous agreed amount of € 150 million) to allow the Group to meet its cash needs. This renewal provides the Group with important protection against liquidity risks.

The Trading Division needs to finance its current assets, especially the down payments made to Russian suppliers for the purchase of commodities. This need is mainly met by short-term borrowing through bank loans.

As regards the Logistics Division, the investments to build vessels are usually financed through specific medium and long-term loans whose characteristics are normally negotiated so that they are compatible with the cash flows forecast from sector operating activities. In addition, specific contract provision such as advance payments in time charter contracts and guaranteed minimum tonnages in contracts based on quantities handled are exploited, among other things, to achieve optimal short-term financial management.
The Group intends to finance its investments in tangible fixed assets for the development of new projects through the use of specific lines of credit, currently being negotiated with banks, especially with regard to the Indonesia project. The aim is to negotiate agreements with banks for specific medium or long-term loans structured on the basis of the characteristics of the individual investment projects.

Political risk

The Group's business takes place through investments all over the world. In the case of investments made in a country considered to be politically "at risk", the Group protects itself where possible with a specific investment insurance policy drawn up with a leading insurance company, SACE SpA. These investment insurance policies protect companies that set up or hold shares in foreign companies or that make indirect investments through foreign companies controlled by their national company. These policies cover the risk of losses in capital, revenues, interest and amounts owed to their national company or its subsidiaries in connection with the investment, caused by the following political events: expropriation and other acts of absolute power, currency restrictions and moratoriums, force majeure events and civil unrest. The percentage investment insurance cover ranges from a minimum of 95% to a maximum of 100%.

The Group's Mining Division holds a policy that covers risks concerning mining investments in Russia.

Operational risk

In the particular case of the Logistics Division, the business entails a generic operational risk that stems from managing the vessels in accordance with the contracts signed. The main risk categories entailed in operational management include events connected with the partial or total loss of vessels belonging to the Division, and risks relating to liability for damage caused while carrying out the business itself. Special insurance policies are drawn up with major insurance companies to protect against these risks. The typical instruments adopted by a company working in the shipping sector include hull and machinery policies for damage to the ships and the equipment installed on board, protection and indemnity third-party liability policies and War Risk Policies.

Obligations and guarantees (Note 28)

Obligations relating to derivatives

The existing derivatives are shown in "Note 26 – Information regarding financial instruments" and concern forward transactions on the foreign exchange and freight markets.

Obligations relating to financial investments

The "Obligations relating to financial investments" are shown in the following table:

	YEAR OF SUBSCRIPTION	DURATION FUND	TOTAL COMMITMENT	SUBSCRIBED AMOUNT	RESIDUAL COMMITMENT
Ambienta I	2007	10 years	3,000	1,470	1,530
Hao Capital Fund II L.P.	2008	10 years	773	502	271
VSI SICAR	2007	5 years	1,197	1,197	0
Total financial investments			**4,970**	**3,169**	**1,801**

Fondo Ambienta I

"Ambienta I" is a private equity fund set up in 2007 that aims to invest in the environmental sector. It is held and managed by SGR "Ambienta Società di Gestione del Risparmio SpA". The Group bought a 0.6% shareholding in this company in 2007 for € 9 thousand, as recorded among the fixed assets under "Other investments". In 2007, the Group undertook to subscribe shares in the fund amounting to a total of € 3,000 thousand. The Group bought a further € 240 thousand share in 2011 bringing the overall investment in the fund so far to € 1,470 thousand.

Hao Capital Fund II L.P.

The "Hao Capital Fund II L.P." is a private equity fund that aims to invest in the Chinese market. In 2008, the Group undertook to purchase shares in the fund amounting to a total of 1 million USD (€ 773 thousand) at 31 December 2011. The value of the shares purchased in the financial investment has been adjusted to its market value of € 371 thousand, as described under "Financial assets available for sale".

Value Secondary Investments (VSI) SICAR

At 31 December 2011, the Group invested a total of € 1,197 thousand in the Luxembourgian fund "Value Secondary Investments S.I.C.A.R." The fund, which aimed to invest in the secondary private equity market, was put into voluntary liquidation in 2010, and in 2011 a € 442 thousand share in the capital was returned.

The € 3,169 thousand in shares in the various funds is registered in the Group's fixed assets under "Assets available for sale" (adjusted to market value).

Other commitments

At 31 December 2011, the commitments for the building of the M/V Bulk Limpopo for the Mozambique project amounted to € 1.8 million, which will be paid during 2012.

The commitments undertaken by the joint venture PT Asian Bulk Logistics to build the vessels for the Indonesia project amounted to USD 30.4 million (of which 50% will be provided by the Group). On the basis of the schedule agreed with the shipyard, the financial outlay to meet these commitments is expected during 2012.

Guarantees issued

At 31 December 2011, the guarantees given to third parties stood at € 40,441 thousand:

	31 December 2011	31 December 2010
Bank guarantees	4,659	4,235
Insurance policy	1,152	1,152
Others	34,630	90,539
Total guarantees issued	**40,441**	**95,926**

The guarantees issued to third Parties consist of:

- a USD 2,000 thousand performance bond (€ 1,546 thousand) issued by Banca Carige SpA to the customer PT Berau Coal on behalf of Coeclerici Logistics SpA, with due date on 12 January 2012, for which a surety bond for the same amount was received;
- a USD 1,000 thousand performance bond (€ 773 thousand) issued by Deutsche Bank Indonesia to the customer KPC on behalf of the subsidiary PLKI, with due date in August 2012, for which a surety bond for the same amount was received;
- a USD 600 thousand performance bond (€ 464) issued by BNL-BNP Paribas on behalf of Coeclerici Logistics SpA to the Venezuelan customer Carbones del Guasare, with due date in December 2012;
- a € 210 thousand bank guarantee issued by Citibank to the Preveza Law Courts (Greece) on behalf of the indirect subsidiary Capo Noli Transportes Maritimos Lda, with due date on 31 December 2020, relating to the contract regarding the use of the M/V Capo Noli sold in July 2007;
- a € 42 thousand bank guarantee issued by Monte dei Paschi di Siena to the Port of Genoa harbour office on behalf of the indirect subsidiary Capo Noli Transportes Maritimos Lda, with due date in March 2012;
- a 60 million Indian rupee bank guarantee (€ 873 thousand) issued by Barclays Milano to Barclays Mumbai on behalf of the indirect subsidiary CGU Logistic Limited, with due date in March 2012;
- € 18 thousand in bank guarantees issued by Banca Popolare di Bergamo to the owners of leased properties;
- a USD 301 thousand performance bond (€ 233 thousand) issued by Barclays Milano on behalf of Coeclerici Coal and Fuels SpA to the Moroccan customer Office National de l'Electricitè, with due date in May 2012;
- a € 500 thousand bank guarantee issued by Banca Popolare di Bergamo on behalf of the subsidiary Coeclerici Coal and Fuels SpA to the tax authorities for a VAT refund claim, with due date in May 2014;
- a € 1,139 thousand insurance policy issued by Sace BT SpA to Enel Trade SpA on behalf of the indirect subsidiary Mediterranean Bulk System NV, with due date in June 2012, to guarantee correct performance of the contract;
- a € 13 thousand insurance policy issued by Viscontea Coface to the Port Authority of Piombino on behalf of the subsidiary Terminal Offshore Piombino SpA, with due date in July 2012;
- an € 8,000 thousand corporate guarantee issued to Deutsche Bank SpA on behalf of the subsidiary OAO Kisk to hedge commodity transactions carried out in 2011 with regard to the 2012 production;
- guarantees issued by Coeclerici SpA to the owners of two ships (Red Lotus and Bulk Japan) acquired with long-term time charter contracts (with purchase options which may be exercised three years after ship delivery and original contract durations which range from 7 to 10 years) by the subsidiary Ceres Bulk Carriers Transportes Maritimos Lda, which was part of the Group until the beginning of May 2007. To cover these commitments, the company received a € 26,630 thousand surety (USD 34 million). This surety covers the entire amount due in freight rates until the expiry date of the respective contracts for the three remaining vessels.

Guarantees received

At 31 December 2011, the guarantees received from third parties stood at € 73,370 thousand:

	31 December 2011	31 December 2010
Bank guarantees	73,370	106,872
Total guarantees received	**73,370**	**106,872**

The guarantees received from third parties consist of:

- a € 26,630 thousand bank guarantee (USD 34 million) issued by Unicredit Banca d'Impresa on behalf of Uno Shipping Srl to Coeclerici SpA in relation to the extraordinary demerger of the shipping business, owing to the exposure towards shipowners for obligations stemming from time charter contracts, since Coeclerici SpA is no longer the payee;
- a USD 55,500 thousand (€ 42,894 thousand) bank guarantee issued by the Bank of China on behalf of a Chinese shipyard to cover the amount paid at 31 December 2011 in order to build the second supramax vessel Bulk Limpopo;
- a USD 1,500 thousand (€ 1,159 thousand) bank guarantee issued by the Bank of China on behalf of a Chinese shipyard to cover the work carried out in order to build the second supramax vessel Bulk Limpopo;
- a USD 2,000 thousand performance bond (€ 1,546 thousand), with due date on 12 January 2012, issued by ANZ Panin Bank on behalf of the customer PT Berau Coal to offset the guarantee issued by the subsidiary Coeclerici Logistics SpA, as described under "Guarantees issued – Others";
- a USD 1,000 thousand performance bond (€ 773 thousand), with due date in August 2012, issued by PT Bank Central Asia on behalf of the customer KPC to offset the guarantee issued by the subsidiary PLKI, as described under "Guarantees issued - Others";
- a USD 147 thousand performance bond (€ 114 thousand) issued by Kreditversicherung Euler Hermes to the subsidiary Coeclerici Mozambico SpA regarding a contract for the purchase of accessories, with due date in March 2012;
- a € 254 thousand performance bond issued by Banca Regionale Europea on behalf of the supplier CGT SpA regarding a contract for the purchase of accessories, with due date in July 2012;
- a performance bond issued by the brasilian mining company Vale as part of the Mozambique project with the symbolic value of € 1.

Related party transactions (Note 29)

Transactions took place with the holding company Finanziaria Cocler SApA in 2011 as part of the Group tax consolidation procedure. The holding company is the consolidating company, as described in "Note 14 – Other payables and current liabilities". Furthermore there is a real estate lease contract signed by the company with the direct holding company Finanziaria Cocler SApA that refers to the offices at 7 Piazza Generale Armando Diaz, Milan, Italy.

The remuneration received by the Directors is shown in "Note 17 – Selling, general, and administrative expenses". The Chairman of the Board of Directors and Managing Director of Coeclerici SpA is also the Group's sole shareholder.

In addition, the shareholders allocated a € 800 thousand share of the 2010 profit to the Board of Directors when they approved the 2010 financial statements.

Finally, it should be noted that Andrea Clavarino, CEO of the subsidiary Coeclerici Logistics SpA, holds a 20% share in the indirect subsidiary CC Black Sea Bulk Srl.

Other information (Note 30)

Personnel costs

Personnel costs amounted to € 25,120 thousand in 2011 (€ 20,831 thousand in 2010), € 6,669 thousand of which related to seafaring personnel (€ 5,694 thousand in 2010), € 5,939 thousand to personnel at the Russian mine (€ 4,124 thousand in 2010) and € 12,512 thousand to staff (€ 11,013 thousand in 2010).

The average number of employees was:

	2011	2010
Executives	37	31
White-collar	235	205
Seafaring staff	173	112
Miners	491	457
Total employees	**936**	**805**

The average increase in the number of staff and the resulting increase in cost is attributable to the increase in the activities in all divisions of the Group.

Events after accounting period closure (Note 31)

There were no further events after the end of the accounting period.

ANNEXE 1
LIST OF COMPANIES CONSOLIDATED USING THE FULL CONSOLIDATION METHOD

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	EQUITY INVESTMENT
Coeclerici Americas Inc	America	Usd	100	100.00%
New Sea Logistics EAD	Bulgaria	Bgl	50,000	100.00%
CGU Logistic Limited	India	Inr	550,000	77.50%
PT Coeclerici Indonesia	Indonesia	Idr	2,265,000	100.00%
PT Pelayaran Logistik Konversi Indonesia ("PLKI")	Indonesia	Idr	8,330,000,000	49.00%
CC Black Sea Bulk Srl	Italy	Euro	1,500,000	80.00%
Coeclerici Coal and Fuels SpA	Italy	Euro	5,000,000	100.00%
Coeclerici Logistics SpA	Italy	Euro	10,000,000	100.00%
Coeclerici Mining Srl	Italy	Euro	10,000	100.00%
Coeclerici Mozambico SpA	Italy	Euro	10,000,000	100.00%
Shipping Services Srl	Italy	Euro	45,000	100.00%
Terminal Offshore Piombino SpA	Italy	Euro	4,500,000	80.00%
Capo Noli Transportes Maritimos Lda	Portugal	Euro	5,000	100.00%
Logconversion Transportes Maritimos Lda	Portugal	Euro	2,300,000	70.00%
LLC Zapadnyugol	Russia	Rub	31,070	100.00%
OAO Kuznetskaya Investitsionno - Stroitelnaya Compania ("Kisk")	Russia	Rub	15,000,000	100.00%
LLC Coeclerici Logistics Russia	Russia	Rub	20,443,000	100.00%
LLC Coeclerici Russia	Russia	Rub	4,000,000	99.00%
OOO Obshestvos ogranichennojotvetsvennost'ju Delta Property	Russia	Rub	10,000	49.00%
OOO RazrezKorciakolskij	Russia	Rub	10,000	100.00%
OOO Scc-Rozko	Russia	Rub	13,381,000	100.00%
OOO Yuzhno - Kuzbasskoe promyshlenno - transportnoe upravlenie ("Ptu")	Russia	Rub	10,000	100.00%
Selskohozyaistvennoe predpriyatie Taylepskoe	Russia	Rub	123,600,000	49.00%
Coeclerici Asia (Pte) Ltd	Singapore	Usd	1,995,000	100.00%
Coeclerici Compagnie SA	Switzerland	Chf	5,000,000	100.00%
Bulkguasare de Venezuela SA	Venezuela	Vef	2,408,000	90.00%

LIST OF COMPANIES CONSOLIDATED USING THE NET EQUITY METHOD

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	EQUITY INVESTMENT
Kyla Charter Transportes Maritimos Lda	Portugal	Euro	5,000	50.00%
PT Asian Bulk Logistics	Indonesia	Usd	20,000,000	49.00%
Viannlog Consultoria Economica Lda	Portugal	Euro	5,000	50.00%
Mediterranean Bulk System NV (*)	The Netherlands	Euro	45,378	50.00%

(*) Mediterranean Bulk System NV is 100% controlled by Viannlog Consultoria Economica Lda

ANNEXE 2
NET EQUITY COMPARISON BETWEEN COECLERICI SPA AND THE GROUP

	NET PROFIT	NET EQUITY
Coeclerici SpA at 31 December 2011	**10,929**	**74,741**
Net equity and net profit for the period attributable to the Group recorded by consolidated companies	21,829	(7,570)
Net equity and period profit of associated companies measured using the net equity method	189	8,522
Effects of application of the IAS/IFRS international accounting standards on the parent and consolidated companies	(1,468)	(472)
Elimination of intercompany dividends paid	(15,250)	0
Coeclerici Group at 31 December 2011	**16,229**	**75,221**

TECHNICAL GLOSSARY

API#2 (cif ARA): Average Coal Price Index (cost, insurance and freight at Amsterdam, Rotterdam and Antwerp). The average index of the price of coal including freight and insurance costs at Amsterdam, Rotterdam and Antwerp.

API#4 (fob Richards Bay): Average Coal Price Index (free on board at the port of Richards Bay). The average coal price index without freight cost at the port of Richards Bay (South Africa).

B/B - Bare Boat Charter: A contract whereby a crewless ship is made available to a charterer for a certain period of time. Besides the cost of the voyage (fuel, dockage, canal fees, etc.), the charterer also has to pay all operating costs (crew, maintenance, repairs, lubricants, stores, insurance, etc.).

Capesize: A dry bulk cargo ship that exceeds 90,000 dwt, not able to sail through the Panama canal.

Demurrage: Penalty applied for the additional time it takes the charterer to complete ship loading and unloading operations, over and above that laid down by the shipowner.

Despatch: Premium paid if the charterer takes less time to complete ship loading and unloading operations than that laid down by the shipowner.

DWT - Dead Weight Tonnage: The carrying capacity of a ship, measured in tonnes, including the load, fuel, stores and crew.

Floating Transfer Station (FTS): A vessel patented by Coeclerici fitted with equipment (cranes, conveyor belts, loaders, etc.) for performing cargo transhipment operations.

Floating Storage & Transfer Station (FSTS): A vessel converted into a floating store, equipped to stockpile and transship cargo.

Floating cranes: Floating cranes are used to transship cargo from lighters to ships or vice versa.

IRS: Interest Rate Swap. A contract whereby two parties agree to exchange payments calculated on the basis of different predefined interest rates applied to a notional principal for a period of time agreed upon when the contract is stipulated.

Panamax: Bulk carrier able to sail through the Panama canal, i.e. with a maximum width of 32.24 metres. These vessels do not normally exceed 80,000 dwt.

PCI: Pulverized Coal Injection. Coal used in steel mills, whose main characteristics are a low ash content and high calorific value.

Revamping: Special maintenance that improves a vessel and increases its value.

T/C - Time Charter: A contract whereby a ship is made available, but the charterer has to pay the fuel costs, dockage, canal fees and other costs relating to the voyage. Normally it is expressed as US dollars per day of ship availability.

Transhipment vessel - Floating Terminal: A vessel able to transfer cargo from one floating vessel to another, offshore, near ports. They are used for lighterage or transoceanic vessel loading operations.


BULK ZA
GENO
IMO 958

AUDITORS' REPORT

Deloitte.

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AUDITORS' REPORT
PURSUANT TO ART. 14 OF LEGISLATIVE DECREE N. 39 OF JANUARY 27, 2010

To the Shareholders of
COECLERICI S.p.A.

1. We have audited the consolidated financial statements of Coeclerici S.p.A. and subsidiaries (the "Coeclerici Group"), which comprise the statement of financial position as of December 31, 2011, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, the balances of which are presented for comparative purposes as required by law, reference should be made to our auditors' report issued on April 26, 2011.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Coeclerici Group as of December 31, 2011, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

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4. The Directors of Coeclerici S.p.A. are responsible for the preparation of the management report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the management report with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the management report is consistent with the consolidated financial statements of the Coeclerici Group as of December 31, 2011.

DELOITTE & TOUCHE S.p.A.

Signed by
Fabrizio Fagnola
Partner

Genoa, Italy
April 4, 2012

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

Report of the Board of Auditors
in compliance with article 2429, second sub-paragraph of the Civil Code

To the Meeting of Shareholders of COECLERICI S.p.A.,

during the year ended 31.12.2011, in agreement with the auditing firm Deloitte & Touche S.p.A., we carried out the supervisory activity required by law, according to the principles of conduct recommended by the Board of Auditors national advisory and accounting experts.

The main data

The financial statements consist of a balance sheet, income statement and the Notes, shall, in summary, the following data:

Balance Sheet

Assets	144,966,045
Liabilities and provision	70,225,100
Equity	63,812,109
Net Income	**10,928,836**

Income Statement

Production value	8,075,898
Production costs	(13,823,490)
Difference	**(5,747,592)**
Financial income and expenses	15,632,791
Value adjustments to financial assets	(17,272)
Extraordinary income and expenses	0
Income before income taxes	**9,867,927**
Income taxes	1,060,909
Net income at 31.12.2011	**10,928,836**

Compliance of financial statements and consolidated financial statements

As regards the financial statements as at and for the year ended 31st December 2011 and the consolidated financial statement of the Group as at and for the year ended 31st December 2011, we would like to point out the following.
There being no specific request to analytically examine balance sheet content, we have checked general layout and compliance of balance sheet with the provisions of the law as far as preparation and structure are concerned.
The Board of Auditors considers that the financial statements and consolidated financial statements and management report prepared by the Directors that are presented to the Shareholders' meeting for approval complies with the law.
The operations of major economic, financial and capital have been carried out in the 2011 brought to the attention of the Board and are presented in a complete and comprehensive in the business report prepared by the Directors.

Compliance with the law and the social status

We have taken part in the meetings held by the Board of Directors. During said meetings we received useful informations on the general company management as well as on the major economic and financial transactions carried out by the company.

Relating to these activities, we believe that the actions approved and passed were in accordance with the Articles of Association and the provisions of the law and were not imprudent, reckless, a potential conflict of interest of the Company or contrary to the resolutions passed by meeting or which undermines the integrity of corporate assets.

Adequacy of organizational structure and internal control system

We have become acquainted with and checked the efficiency and adequacy of the organizational structure of the company with respect to the principles of Good Administration, by direct observation, by obtaining information from the heads of the organizational function and meetings with the auditing firm Deloitte & Touche S.p.A.
We evaluated and checked the adequacy of internal control and accounting system, as well as the reliability of the administrative accounting system to represent the company management, by obtaining information from the heads of functions by the person responsible the audit and examination of business documents.
No significant aspects emerged from the aforesaid supervisory activity so as to be included in the present report.

Exceptions art. 2423

As far as we are concerned, we would like to point out no exception has been made by Directors with respect to the provisions of the law pursuant to article 2423, fourth sub-section of the Civil Code.

Complaints received by the Board of Auditors

During the year there have been no complaints under Article 2408 of the Civil Code. No evidence was submitted to be paid by the directors.

Special Operations

During the year the Board of Auditors has issued no opinions regarding any special operation.

Consolidated financial statements

On the other hand, special attention should be paid to the consolidated financial statement presented to you for information purposes.
To that end, from 2007 the Group decided to voluntarily apply international accounting standards (IAS/IFRS) for the preparation of the consolidated financial statement. During the meetings held with the auditing firm we have carefully examined the analytical list of companies included in the consolidation. We have also gathered information on the different auditing levels and examined the main consolidation principles adopted. The auditing firm did not point out any relevant aspect in relation to possible weak points in the instructions given to participated companies or differences with respect to the accounting principles of the parent company.

Final judgement

Taking into consideration the results shown in the report drawn up by the auditing company on the financial statements and the consolidated financial statements, we hereby express our favourable opinion in respect of the approval of the balance sheet as at and for the year ended 31st December 2011, as prepared by Board of Directors.

Milan, 4th April 2012

The Board of Auditors

Dott. Guglielmo Calderari

Dott. ssa Isabella Resta

Dott. Maurizio Dragoni

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