



**Management Report and
Financial Statements**
as at 31 December 2008



FY 2008**Board of Directors**

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| Chairman | Carlo Tresoldi |
| Deputy Chairman | Bruno Matteo Accornero |
| Managing Director | Renzo Vanetti |

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| Directors | Ugo Bechis |
| | Paolo Grandi |
| | Nazzareno Gregori |
| | Ennio La Monica |
| | Umberto Quilici |
| | Alessandro Santarsiero |
| | Eugenio Tornaghi |
| | Paolo Cederle |
| | Giorgio Ferrero |
| | Piero Luongo |
| | Paolo Abbo |
| | Giovanni Pirovano |

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| Secretary to the Board of Directors | Monica Coppo |
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| General Manager | Gian Bruno Mazzi |
|-----------------|------------------|

Board of Statutory Auditors

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| Chairman | Mr. Mario Cattaneo |
| Standing auditors | Mr. Giorgio Silva |
| | Mr. Fausto Gobbi |
| Alternate auditors | Mr. Roberto Bianco |
| | Mr. Paolo Golia |

Independent Auditors

Deloitte & Touche S.p.A.



LETTER TO THE SHAREHOLDERS

Dear Shareholders,

For your company, 2008 constitutes the first complete financial year for SIA-SSB, a new company resulting from the merger of SSB S.p.A. with SIA S.p.A., in May 2007, backdated for accounting and tax purposes to 1 January 2007.

The year was characterised by the pursuit of the integration and rationalisation activities in order to improve the efficiency of the company, whose results, in line with the expectations, led to the substantial doubling of the profit for the year.

The trade development also intensified which was aimed at an always greater internationalisation of the company, which translated into the award of important contracts with foreign clients and the growth of the revenues achieved outside of the domestic market.

The second half of 2008 was characterised by the auction process aimed at identifying a potential industrial/financial partner for the acquisition of a majority shareholding of SIA-SSB. In order to continue on its path, the company hopes for a rapid conclusion of the process, given that the consequences of an indefinite situation are amplified by the present condition of market uncertainty.

These elements, nevertheless, do not weigh upon the determination with which your company pursues the growth objectives on a domestic and international level and for a continuous improvement of operational efficiency and the return already indicated in the Three-Year Plan. In particular, it will operate to seize the opportunity of development should it occur in during the present recession.

In 2008 SIA-SSB recorded revenues amounting to € 304.1 million, a value of production of € 314.8 million, and an operating margin of € 27.7 million. The year, compared with the figures of the previous year, presents a reduction in revenues mainly due to the termination of various services dedicated to financial markets, more than compensated by the reduction in production costs, that allowed to increment the operating margin. The net profit, affected by extraordinary charges that resulted from the restructuring plan, mostly concerning personnel, amounts to € 16.7 million.

We wish to reiterate our personal appreciation and thanks to everyone who contributed to the attainment of the results, and to confirm once again our commitment to our customers, strategic partners and Shareholders.

The Chairman

Carlo Tresoldi

The Chief Executive Officer

Renzo Vanetti



ORDINARY SHAREHOLDERS' MEETING

Published in the Official Gazette of the Italian Republic no. 38, Part II on 2 April 2009

SIA-SSB S.p.A.

Registered office at Via Faravelli 14, Milan

Share capital € 22,091,286.62, fully paid-up

VAT number, tax code and Milan Register of Companies no. 10596540152

Milan Economic and Administrative Index no. 1385874

The ordinary session of the SIA-SSB S.p.A. shareholders' meeting is hereby convened at the Company's "Sala ATRIUM ", Via Taramelli 26, Milan, for 09:30 hours on 28 April 2009 in first call, and if necessary at 10:00 hours on 25 May 2009 at the same venue in second call, to discuss and resolve upon the following

agenda

1. Approval of the Financial Statements as at 31 December 2008 and related resolutions;
2. Company offices and possible resolutions related to the composition of the same.

Shareholders with the right to attend the Shareholders' Meeting are those in possession of ordinary shares and that present the special notice released by an authorised intermediary in accordance with the laws in force.

Milan, 30 March 2009

SIA-SSB S.p.A.

The Chairman of the Board of Directors

Mr. Carlo Tresoldi

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Management Report

INTRODUCTION

2008 saw the company engaged in a strong current of commercial expansion concentrated, in particular, on foreign markets, in a careful action to control the expenses with an investment policy aimed at the pursuit and consolidation of the integration synergies, related to the merger, which took place in May 2007.

The second half of the year was characterised by the start-up of the auction process for the selection of a possible buyer of a majority shareholding of the SIA-SSB Share Capital. As at the date of closure of the financial statements, the aforementioned process was not concluded.

MARKET AND STRATEGIC GUIDELINES

Reference market developments and the industry of payments

2008 was the year in which the economic downturn, which began in the summer on the American real estate mortgage market, after rapidly spreading to every financial section and worldwide, hit the real economy. The consequences of this transposition are still difficult to evaluate but have, in fact, left an economic picture for 2009 that is rapidly worsening and that has also hit emerging economies.

In the United States the gross domestic product further decreased in the last quarter of 2008 and it is expected that it will continue to drop in 2009. The weakening of the economic activities was met with an abrupt return of the international costs of the raw materials, in particular energy, which has returned to 2004 prices. A sudden drop of consumer inflation derived in the major economies. The recession of inflation and the worsening of the economic situation were accompanied by expansionary monetary policies together with behaviours aimed at maintaining the market well supplied with cash on hand. Important support programs were provided in the public financial statements by aggregated request.

In the Euro area the slowdown of the foreign demand and the financial market crisis, above all, influenced company investment decisions. The confidence levels within companies and families are at historical lows. The effects on the unemployment trend have not yet fully unfolded. The European Commission estimates a 1.9% drop of the gross domestic product in 2009 (Interim Forecast January 2009). Expectations on the short and medium term for inflation worsened in the summer in tandem with the increase of the raw material energy prices, they were drastically downsized in the last months of 2008.

The GDP in Italy reflected a sharp decline in business investments, a decline in exports and a stagnation of household consumption. The worsening economic situation was accentuated in the last months of 2008. The latest economic polls foreshadow a context of widespread pessimism on the prospects of demand.

Employment, which had been on the increase for over ten years, suffered a setback and the resource to Unemployment Benefits intensified in 2008.

In this context of great uncertainty, the business of SIA-SSB remained substantially stable, feeling the effect of the expected benefits from the growing elevated taxes in the use of electronic payment instruments and the business model of reference that works on the value of production of the transactions and not on the counter-value of the same.

In fact, no significant changes were observed in 2008 relating to purchasing habits and the types of instruments utilised, although a decrease of transaction volumes of various payments (domestic debit) were observed in the last months of the year.

In particular, in relation to the international credit and debit card market, the forecasts of growth were confirmed in 2008; however, at the same time also a reinforcement and confirmation of the inclination towards a growing supranational competition between the primary providers.

With operators previously active at national level establishing themselves at European level, the overall competitive scenario demonstrated itself as being aggressive and dynamic with an increased pressure on card processing prices.

In this context, the SIA-SSB Group is the only processor in Europe that centrally manages more than 58.8 million international brands of credit cards on an economic platform as well as over 1,000,000 retailers supplying issuing and acquiring services in 12 countries.

The *payment systems market* has retained its fragmented structure and, although there are signs of development, there is no specific leader at pan-European level. In this context, an expectation has arisen for the evolution of the regulatory environment for the introduction of the Payment Service Directive (PSD). If in fact the introduction of the SEPA instruments was realised with the substitution of the traditional instruments of cross border payment - on 28 January 2008 the activity of wire transfer processing was initiated in compliance with the new SEPA standards through the Shared Platinum technological platform developed by the company - the implementation of the PSD directive can have a deeper impact on the relationship with the client and the operational activities of the Bank.

2008 was the year in which the strategic position of SIA-SSB was confirmed in the post-trading and pre-settlement securities sector due to the long standing experience and collaboration matured together with the Securities Centralised Administration. In 2008, SIA-SSB, in fact, became the supplier of reference for the London Stock Exchange for all of the clearing securities activities on the British financial market.

Furthermore, the leadership role matured by SIA-SSB was confirmed in relation to the offer for the MiFID directive - in force all over Europe since 1 November 2007 - that aims at regulating European financial services and markets both for intermediaries and clients. The company, that was the first to create solutions for regulators and financial intermediaries, consolidated the Italian market and also began to promote its offer outside of domestic borders.

Furthermore, the leadership role of MTS in fixed income markets, and consequently SIA-SSB's role as technology provider for the sector, was confirmed, thanks to an extremely technological platform.

The company continued to operate expanding the pan-European interconnection offer and service provider interrelation with the various clients for the *network services* market, for example by exploiting the unbundling of connectivity services between network and trading services and, lastly, consolidation of physical connectivity solutions for businesses.

SIA-SSB Position

During 2008, the Group confirmed its leading position on the Italian market, and amongst the first in Europe, on the card processing services and payment systems market - where for its size it is comparable or superior to major international players - in services/solutions markets for financial intermediaries and the networking services area.

The geographic coverage of the services supplied is extended to thirty countries between Europe, Middle East, Africa and South America.

Consistent with the principles that determined the incorporation, the Group confirmed to having the following characteristic qualities:

- European-scale capacity to provide services, indispensable in effectively competing with local players, with leverage on the highest scale available, on a cross-border technological infrastructure and on a local level where necessary;
- high level technology skills, able to satisfy customer needs in terms of efficiency and effectiveness (service levels, innovation support);
- extensive range of the offer in order to seize all of the market opportunities with good marginalisation potential, exploit the "go-to-market" synergies, offering itself as a credible technological partner able to satisfy the demands of the clients (services, solutions and products) over the entire payment systems area, of cards and solutions/services for financial intermediaries, leveraging up the capacities of services associated with the network management.

With reference to the opportunities connected to the altered European regulatory framework and the objectives fixed by the Strategic Plan, the Group confirms its role as a top player in the SEPA area and the partner of reference for the banks, companies and public administration.

The Group has, therefore, confirmed its role as technological provider of financial services and solutions, expanding its area of influence from national to a European and international context.

The Strategic Plan

During the year the 2009-2011 Strategic Plan for the Group was developed with the logic of continuity and consistency with the guidelines envisaged by the previous Plan.

In particular, the Plan takes into consideration:

- the profound change in the international macroeconomic framework triggered by the international financial crisis;
- changes in the competitive framework, with the additional phenomena of consolidation of the sector that have affected, other than the international scene, the same domestic market;
- the evolution of the Italian market of cards as a consequence of the definite overcoming of the structure based on the so-called "system company" in the national banking market.

In consideration of these factors, and in respect of the businesses foreseen by the previous Plan, the latter is developed along four strategic lines:

- compensate the foreseen reduction of transaction volumes on the cards market with the acquisition of new clients and the development of cross selling at international level;
- obtain a rapid re-configuration and greater flexibility of the structural costs, both for human resources and technological platforms;
- accelerate the product/service innovation process and the development of VAS (Value Added Services) /AOS (Additional Optional Service) and the coverage of the value chain for primary services;
- aim at a profitable diversification towards new vertical markets and the penetration in new geographical areas in respect of the priorities identified.

CUSTOMERS

Italy

During 2008 SIA-SSB confirmed its commitment to commercial development on Financial Markets, Capital and Business Markets in order to:

- maintain its role as a point of reference for the clients acquired in terms of planning and innovation skills in support of the market development strategies;
- guarantee a commercial offer characterised by a portfolio of economically competitive solutions and services;
- improve the innovation capacity, creating added value in respect to business needs of the existing and potential customer base;
- thoroughly analyse and expand the understanding of the existing and potential demands of the clients with the support of Group companies.

In the area of Payment Systems the action was focused on the acquisition of new references for SEPA services (access to SEPA Credit Transfer and compensation for SEPA wire transfers) and on the introduction of new services developed in the CBI area.

In particular, new clients were acquired in the year for the access service to Clearing SCT of Step2. By means of the subsidiary RA Computer, new projects of architectural re-engineering, within SEPA, of banking network access systems through the IOM product were completed.

Relevant to the CBI services, the interest of the banks was confirmed for the technological simplification services with particular attention to those foreseen by the New CBI. On the business front, new clients were also activated upon proxy of the promoting banks.

Within the *Processing of debit and credit cards*, the role of SIA-SSB as a point of reference was confirmed by the principal issuer in order to resolve the problems related to the banking concentration processes and at the same time develop new initiatives aimed at the consolidation of the market position. The projects during the year were focused on the development of new front-end solutions integrated with the card processing systems, on the consolidation of risk management services and the completion of the projects for the migration to the micro-circuit. The development of the first project based on contactless technology was launched.

The management of fuel cards was acquired in the Oil & Gas sector in the Italian and European distribution segment of a primary operator. SIA-SSB qualified itself as the exclusive supplier of the service subsequent to an international bid for tender in which the principal players of the sector participated. This acquisition

confirmed the position of the Group as outsourcer of reference in the Oil & Gas sector along the entire value chain for card processing services.

In the field of acquiring, the development of the innovated services for the multifunctional POS terminals found new feedback on the clients acquired, this favouring the enlargement of the terminal fleet managed by the subsidiaries TSP and GBC.

With regard to collection/payment services via the self-service networks, the commercial action was focused on the development of initiatives to increase self-service transactions managed at Group level and to expand the services available through partner bank ATM and internet-banking channels with important results in the supermarket/hypermarket services (GDO).

The tax payment services of a primary Italian municipality were extended to the banking channels in the area of Public Administration.

Furthermore, initiatives for the realisation of pre-paid products for the payment of goods and services within private circuits were also launched in collaboration with TSP.

As for *Capital Market Services*, commercial development of the TODEAL products continued as the primary and secondary market access platform, and SIA-EAGLE as the compliance and supervisory solution for capital market transactions.

The TODEAL offer consolidated the position, as a technological product and service, with the primary Italian dealers due to the integration of fixed income secondary market negotiation with access to primary market auctions.

The SIA-EAGLE platform has reached the 100 domestic references amongst trade banks, negotiation brokers and SGR, having extended the area of verification to the monitoring of Market Abuse to MiFID verifications and the management of new regulatory instructions on the subject of conflict of interest.

In 2008 the multi-year contracts were renewed with the LSE Group in reference to the technological outsourcing services for the Securities Centralised Administration and MTS.

In particular, the primary activities were completed in 2008 for the Securities Centralised Administration also aimed at extending the pre-settlement service offered to the participants in the LSE. For MTS the migration to the new TradeImpact platform of all the MTS markets was successfully completed, including the acceptance for rendering the BondVision market productive.

Lastly, the adjustments for TARGET 2 were completed for e-MID and the new segments of the anonymous market and guaranteed section were developed.

As for the *Network Services*, the proposal continued in 2008 of the MDA (Multiple Domain Access) offer, which was launched in 2007.

The action was primarily oriented on three guidelines: address the new market opportunities by exploiting the necessity to strengthen the lines; renegotiate the existing contracts for SIANet connectivity services; substitute, with winback actions, the connectivity to the existing Group services and those supplied by other providers.

Furthermore, in respect to the unbundling rules envisaged by the Anti-Trust Authority for Competition and the Market (AGCM), the direct renegotiation was launched with clients for the network services offered within valid framework agreements, on the occasion of contract renewals.

As for the messaging service, 2008 also saw the proposal and the first realisations of the new B-Gate service. Always in this area, the new SEPA Domain service was launched and executed with the first clients in 2008. The service is specifically addressed to the vehiculation of the SEPA financial instruments (SEPA Credit Transfer, SEPA Direct Debit ad SEPA eligible, wire transfers and collections).

Foreign

In 2008, the international positioning of the new SIA-SSB Group strengthened considerably, with positive repercussions on both the affirmation of the SEPA brand and the increase in the overall share of revenues generated outside Italy.

The strategic objective of business internationalisation was pursued by numerous initiatives aimed at maximising the sale potential on the client portfolio and to promote cross-selling and the possibility of integration amongst the offers expressed by the different Business Units (Cards, Payment Systems, Capital Market and Network Services).

Reference market presence and the extent of functional coverage of services offered have in fact allowed the Group to capitalise on relations with existing large international banking group customers and at the same time attract new prospects.

Both business development paths have benefited from the geographic coverage guaranteed in terms of sales and operational support through the Group's foreign subsidiaries.

In the *Payment Systems* sector, 2008 was a year of intense collaboration between SIA-SSB and EBA Clearing in relation to the launch of SCTs (SEPA Credit Transfers) and SDD (SEPA Direct Debit) developments.

With regard to services provided to Central Banks, project work continued in 2008 on RTGS and CSD solutions (software consulting and product services offered by the subsidiary Perago AG) relating to Sweden and Egypt, while the acceptance tests for Norway are in the finishing stages. During 2008, two new important projects were acquired relevant to the implementation of RTGS solutions in Sudan and Palestine.

In the *Card Processing* sector, 2008 marked a decisive consolidation of Group business in central and eastern Europe. The subsidiary SiNSYS was awarded a multi-year service contract with the primary card

issuer on the Austrian market. SIA-SSB has also opened a representation office in Warsaw in order to more rapidly consolidate the competitive advantage acquired by means of a direct presence on the market.

The consolidation of the Hungarian company GBC has allowed the Group to be successful with a significant market share in one of the regions considered strategic for international expansion and to widen the proposal in Hungary and surrounding countries. Important contracts were acquired in the first months of 2009 for the future development of the company business.

2008 saw the consolidation of the processing services in the Ukraine and the launching of a project with a bank in Russia. This allowed the prior preparation of the operational infrastructure in compliance to the economic-regulatory and legislative contexts of the area and to consequently accelerate the commercial action.

In the *Capital Markets* sector, 2008 represented a period of consolidation for relations with foreign customers already acquired in the 15 MTS countries and of study to identify potential market openings for supervisory and compliance as introduced by the MiFID Directive. The collaboration with the London Stock Exchange was particularly significant and allowed the renewal of the multi-year contracts relevant to the settlement activities of the Securities Centralised Administration and the outsourcing of the fixed income MTS market.

On western European markets, the TODEAL solution has approximately 30 references with primary market dealers achieving a market share of approximately 50% of the global players in London, whilst the SIA-EAGLE solution has acquired its first foreign reference with an Irish intermediary.

As for *Network Services*, in 2008 the sales action abroad was concentrated on the promotion of SEPA messaging services that support the traditional applicative domains currently achievable on the infrastructure of the SIAnet.DOM network.

In order to render this action more efficient, market research was carried out in the primary European countries in order to become aware of the sensibility on behalf of the major market operators in respect to the subject of network infrastructure as a competitive instrument for business development. The market analysis results produced the mapping of the potential business areas and the position of the SIAnet.NG offer in respect to the major competitors (Radianz and Swift).

At an infrastructural level, the Disaster Recovery of a network pole was activated with GBC in Hungary in order to allow the proposal of a highly reliable solution to clients. This initiative constitutes the basis to favour the extension of the connectivity offer also managed in Hungary and surrounding countries.

In the second half of the year, the NSP (Network Service Provider) certification process was also completed for the access to the infrastructure of the LSE Extranet network, fundamental for accessing the negotiations on Markets Managed by LSE. SIA-SSB is amongst the six European Network Service Providers to have obtained this certification.

SERVICES

Illustrated below are the main new services developed during 2008 and services under development.

Payment Systems

In 2008 the production activity was launched for the activities relating to the exchange of SEPA Credit Transfers, in respect to the requisites and the definite planning by the EPC and the National Migration Plan to SEPA.

SIA-SSB played a dual role in the SEPA launch:

- IT Operator for the EBA Clearing STEP2 platform;
- Clearing Mechanism and Appointed Operators for Italian banks intending to continue the use of the BI-COMP clearing system for the monetary settlement of SEPA payment transactions.

As well as rendering the SEPA Credit Transfer productive, SEPA clearing access solutions were also activated that allowed banks to manage the migration process to the new standards in order to make it extremely flexible.

In particular, for the banks that seized the SEPA opportunity and the corporate transformation to rationalise the applicative processes, SIA-SSB, through RA Computer, created an IOM software that allows a reduction of the elements from the Business Application - Communication network chain of technology and an increased efficacy and efficiency of the entire business process.

In December 2008, the modifications to the STEP2 platform were also rendered productive for the access to the regulatory system TARGET2 for the introduction of an overnight regulation cycle requested by the Finnish community such as AOS.

Lastly, on behalf of EBA Clearing, the adjustment activities were launched for the STEP2 platform, with reference to the SEPA Credit Transfer and SEPA Direct Debit services (B2C and B2B), consistently with the new versions of the relevant EPC Rulebooks, for which the activation is foreseen in 2009.

As for the projects for Central Banks relevant to RTGS systems (activity managed in collaboration with the subsidiary Perago AG), the creation of the systems for the Central Bank of Sweden and the Central Bank of Egypt was concluded in 2008, while the acceptance test for the Central Bank of Norway system is still in progress.

In the area of Interbank Commercial Collections a transferability service of the mortgages, executed within the Patti Chiari initiative, was rendered productive.

In 2008, with particular reference to the first half of the year, the archive alignment procedure, at the time realised in the area of interbank commercial collections, was utilised for the mass alignment between banks and companies of the new IBAN codes, in compliance with SEPA standardisation requirements in the area of bank wire transfers, with a consequent peak of non-recurring revenues.

In 2008 the following new services defined by the Consortium for CBI were rendered productive:

- SEPA SCT wire transfer with results towards the sender and beneficiary;
- notification of foreign wire transfer in arrival;
- vehiculation of structured and unstructured documents according to new layouts.

SIA-SSB, as a technical subject of the Manager of the Access Point, has also passed the function certification test relating to the digital signature on the flow mechanisms in relation to existing CBI services.

In 2008, with the support of the subsidiary RA Computer, the development and promotion of documentation management solutions (e-invoicing) and substitute preservation pursuant to regulations, that allow the offering banks to integrate the Corporate Banking offer, facilitating the vehiculation of the e-documents exchanged in the area of B2B through the CBI and favouring the reconciliation between the supply and financial value chain.

In 2008 the evolutional maintenance requested was developed by the competent interbank organisms.

Lastly, SIA-SSB participated in the final stage of the Bank of Italy indirect Bill of Tender for the renewal of the concession of the Interbank Alarm Centre (CAI), for which the conclusion and assignment of the service is foreseen in 2009.

Card processing

The reference market of the card processing sector, in 2008, confirmed the evolution towards a market of European dimensions with a reduction of interests towards payment circuits with predominant national characteristics. Similarly a request arose on behalf of the clients more and more oriented to the management of the value chain which was also extended to value added services.

The activities relating to the readiness of SEPA demonstrated a marked attention towards the possible direction of the possible creation/confirmation of new circuits for the debit card segment, in line with the

Central European Bank instructions that, more than once, expressed the necessity of a European payment circuit in addition to the international ones. To date, tangible operational results are not visible.

In order to positively respond to any different client requests, the Card Business Unit operated on various fronts, continuing the support activities for the initiatives of various international circuits and evolving the domestic Bancomat/Pago Bancomat circuit solutions (see the European Alliance of Processing Schemes integration agreements). In this regard, the processor-to-processor mode management was realised for payment and withdrawal transactions made with domestic and foreign payment cards of the Italian banks interested in the service on POS and ATM circuits of foreign banks.

Apart from the acquisition of new clients both in Italy and abroad, 2008 was characterised by the completion of the activities relevant to the migration of client and retailer portfolios - some of which already launched in 2007 - and the launching of various important projects for the use of value added services. As regards the acquisition of new clients, subsequent to the participation in a bid for tender, the SIA-SSB Group, through SiNSYS, has already been awarded an important job for the processing of Austrian credit cards confirming the company as being a player of reference even outside of domestic boundaries. Another important contract was executed with a primary national acquirer for the management of the acquiring processing in the United Kingdom.

In 2008 the investments on value added services continued and contracts were executed with different clients on various services such as, for example, those relevant to the incorporation of a national database to prevent credit card fraud (UCAMP), those on the behavioural scoring service (TRIAD) other than those for fraud prevention (FALCON).

In relation to non-banking clients, in the Oil & Gas segment, the realisation of an acquiring system was completed, inclusive of terminal management and a loyalty solution. Important new jobs were acquired in the private cards sector connected to the distribution of fuel. New clients were also activated for payment services of bills and taxes through the GDO banks and bank ATM terminals.

Subsequent to the acquisition of the Hungarian company GBC, the activities and services offered were intensified on the Terminal Handling platforms.

The SEMOPS project, a bi-yearly initiative partially financed by the European Community, in which SIA-SSB and GBC participate, with the objective of activating a payment system on a European level through a mobile device, entered into the experimental stage, in collaboration with an Italian bank.

Furthermore, activities were launched for the realisation of new functions for the management of contactless payment cards, which permitted the launching of a pilot project.

Capital Market

During 2008, with the migration of the BondVision market, activities were completed in relation to the MTS migration from the Tandem/Exchange Place platform to the Open System TradeImpact platform.

With regard to e-MID, adjustments were carried out in 2008 to allow for the regulation in the third window of Target 2. Moreover, new implementation projects were realised on the platform:

- for the Auction function and modifications for negotiation on the anonymous e-MID
- in the Guaranteed Euro segment (Collateralised).

The latter has taken on an extremely urgent nature given that the same is connected to express necessities of the political and financial world to support the current economic downturn of the markets.

Relevant to the Securities Centralised Administration, updating activities were completed in 2008 for Settlement services to the new regulation system Target 2, by means of the specific TOSETTLE product created for dialogue with the new platform.

In the last quarter of 2008 migration of the Italian MTA market on the TradElect platform of LSE was successfully completed. In this context, the realisation of the updating project of the management of contracts executed on the LSE platform, also including the migration of the remaining Borsa Italiana markets were executed. The project shall be concluded in the first quarter of 2009 with the rendering productive of the London IOB market.

In 2008, the project for the management of CFD contracts in X-TRM was launched, created on an open platform. The project includes the extension of the Securities Centralised Administration by means of the migration onto the same platform as the LSE markets contracts.

In the capital markets sector, 2008 represented a period of consolidation for relations with foreign customers already acquired in the 15 MTS countries and of study to identify potential market openings for supervisory and compliance as introduced by the MiFID Directive.

During 2008, SIA-SSB continued to consolidate its market position in regards to the Sia-Eagle product range (for Intermediaries and Markets) launched in 2005.

The SIA-EAGLE family of products made up of SIA-EAGLE Intermediaries, a solution active with 100 financial operators amongst trade banks, negotiation brokers and SGR, extended the area of verification from the monitoring of Market Abuse to MiFID verifications and the management of new regulatory instructions on the subject of conflict of interest. The Sia-Eagle solution has also obtained its first foreign reference in an Irish intermediary.

In the area of Access Systems, the TODEAL solution, Fixed Income multi-market access platform launched in 2005, continued its development both for trading on the secondary market with the integration of markets

such as SENAF-REPO, SENAF-CASH, Bloomberg and Brokertec-BOND, and the primary market with access to Auctions for the government securities trading module.

Network Services

With the launching of SEPA in January 2008, the consequent SIANet offer was made to the European banks that required access to the SCT service of EBA Clearing and Italian CSM. Therefore, from January 2008 it is possible to adhere to the SIANet.DOM offer for SEPA to reach the Italian CSM and STEP2 by means of a competitive offer that covers both the SEPA SCT and SDD instruments and the "Sepa Eligible" instruments (Wire transfers and Commercial Collections in compliance to old RNI standards).

The certification was obtained during the year for the SIANet network from the LSE, for the access to information and trading services of the new LSE platforms TradElect and Infolect to which all of the Group markets are progressively migrating, including those of Borsa Italiana. Therefore, the progressive connection of all the primary financial markets to the infrastructure of the SIANet network began, hence, guaranteeing a portfolio to the clients in line with the expectations and necessity for growth.

The B-Gate service was made available in 2008, characterised by a "full service" model managed by SIA-SSB on behalf of the Sponsor that guarantees remote monitoring and management of the hardware and software components, messaging services and the overall management of the private Domain, from the initial configuration to the daily management.

The GBC connection in Hungary was also launched as well as the relevant extension of the SIANet offer for Eastern European clients. Therefore, the first contracts were executed in 2008 with Hungarian clients to offer connectivity services to the GBC terminal handling platforms.

Lastly, the consolidation activities of the network infrastructures of the SIA-SSB Disaster Recovery centres networks were concluded in 2008.

PERFORMANCE OF THE MAIN SERVICES

Payment Systems

7.2 million transactions were handled in 2008, in line with the figures from the previous year.

In 2008 the performance of the volumes relating to collections and payments followed the trends already verified in the previous year, pointing out:

- a further reduction of the domestic wire transfers due to the migration to the STEP2 platform;
- a 25% growth of the wire transfers processed on STEP2;
- a progressive increase in the commercial collections with an increment of 13% primarily due to the use of the "archive alignment" procedure for the mass alignment of the IBAN codes in relation to the launching of SEPA, and as such, non-recurring;
- the constant decrease in the cheques handled that, other than the effects of banking concentration, is due to the continuing lesser use of this payment instrument;
- the reduced Corporate Banking service volumes due to the discontinued use of the Application Centre, which was still partially operative for the first quarter of 2007;
- an increase in volumes relevant to the identification of the interbank charges related to the mass utilisation of the archive alignment procedure subsequent to the introduction of the mandatory use of the IBAN code and the penalties foreseen for the same in the case of a late execution of the requested alignment.

Card processing

An average of 58.8 million cards were handled in 2008 against 52.9 million in the previous year and 4.6 billion transactions against 4.0 billion in the previous year.

The payment cards (debit, credit, pre-paid) continued to present higher growth rates in 2008 in respect to the other electronic payment instruments, notwithstanding the changes due to the negative economic situation that began to show in the later part of the year. The overall consistence of the managed card portfolio exceeds 61.5 million at year-end, with an increment of 14.5% in respect to the previous year, primarily for effect of the completion of the migration of various important clients on the foreign market and the growing diffusion of pre-paid cards. The 15% increase was due to the transactions. The retailers portfolio ended the year with an increase of 8% in respect to 2007.

The increase of the operations on credit cards (+17%) and on international debit cards (+10%) is mainly due to the completion of the migration of important foreign clients in 2008. Within the managed cards portfolio and net of the effect for the migration during the year, the 2007-08 growth rates of Eastern European client transactions (+13%) resulted as being higher than those for Western Europe (+2%).

The national card processing volumes, Bancomat and PagoBancomat, have increased beyond that which was forecasted for the first 9 months of the year, however, they presented negative dynamics for the last quarter.

The transaction volumes relating to the pre-paid cards confirmed important growth rates: this type of product confirms how the card based payment instrument has a greater percentage of growth compared to 2007, with a variation equal to +41.3% in terms of number of cards.

The trend also continued in 2008 for the growth Self Service services (utility payments, mobile top-ups, etc.) volumes, with an increment of 21% compared to 2007 and with a significant contribution from the non-banking channel.

The increase in managed POS, +10.8%, is attributable both to the terminals managed by GBC and the installation of terminals for non-banking Italian clients.

Capital Market

2.5 billion transactions were handled in 2008 compared to 1.4 for the previous year.

In the area of the secondary MTS Market, we point out that in comparison to the previous year, there was a significant increase in the number of proposals issued on the market, in particular relevant to the CMF market, for which the negotiation proposals increased by 89%. The REPO market was substantially stable with negotiation proposals equal to the volumes for the previous year.

With regard to the MID market (Interbank Deposits Market), the downward operational trend also continued in 2008 (-58%).

The Securities Centralised Administration demonstrated to be in growth due to the increase in operations adhering to the service (+22%).

Network Services

In the area of network services, as regards the logic network of the services, it is important to point out the consolidation of the traffic volumes on the overall volumes of approximately 9,862 GB, slightly in decline in respect to 2007 due to the decrease in Message Switching volumes and, lesser, for the transaction service.

This was a result of mixed factors, very different amongst each other and illustrated herein, by means of a more significant example, the important decrease of the traffic equal to 35% on all of the relevant applications, in general terms, to the performance of the financial markets and a significant increase of the traffic on the front of transport of the commercial collection transactions equal to 12%.

The differences are also verifiable in relation to the number of the transactions per transportation service, where it is possible to observe a significant increase of the File Transfer transactions (+26%) and a decrease on the other transportation services: Message Switching (-6%) and Transactional (-13%).

The moving of the traffic from the services at a higher unit cost (especially Message Switching) towards File Transfer are the testimony of greater Client attention to the optimisation of the network resources and the relevant operational costs.

Service levels

The overall Service Levels in 2008 confirmed the good results from the previous year notwithstanding the complex infrastructural evolution of the technological platform implemented that gave rise to the consolidation of the Disaster Recovery Centres, the evolution to the last generation of mainframe technology (z10), and the introduction of advanced high performance storage devices (flash drive).

Very positive results were achieved in the Cards segment for the Data Centre services supplied for SiNSYS that improved the 2007 performances (99.445% vs. 99.401%), the figures from the previous year were confirmed for Transactional services (99.949% vs. 99.950%).

With regard to the Payment Systems, the EBA services demonstrated a decline in respect to the previous year (99.945% vs. 99.967%), subsequent to the introduction of the new SCT service that required an initial stabilising stage - likewise to the services area, the indicator value would have been better than the previous year, equal to 99.974%.

In the Capital Market area, the indicators relevant to the availability of the services improved compared to 2007, both for the trading platform supplied to eMID and MTS (99.990% vs. 99.979%), and for the Regulation and Settlement services for Securities Centralised Administration (99.992% vs. 99.948%).

Lastly, the Transportation Network Services have improved beyond the excellence levels from last year, going from 99.9997% in 2007 to 99.9999% in 2008.

MANAGEMENT

Production infrastructures

During 2008, in continuity with the transactions carried out in the previous year, the new Disaster Recovery Centre was completed and the preparatory activities began to rationalise the infrastructures of the production centres in order to reduce the risks connected to the consolidation of the sites.

The acquisition of a new IBM z10 mainframe, in fact, allowed for the reduction of the total number of processors, substituting the obsolete machines with a new technology, characterised by greater elevated services, less energy consumption and reduced unitary processing costs.

Another important rationalisation transaction regarded the storage infrastructure.

New "Flash Drive" technology disks were also installed on this new technology with very low response times. New equipment was acquired for the filing and archiving process of the data that implement the "data de-duplication" technique. This equipment will replace the instruments for the virtualisation of tapes and robotics, given that in respect to the latter mentioned they present advantages in terms of occupying less space and management costs.

The main operations involving the Fault Tolerant environments were:

- the moving of the systems, both Stratus and HP Non Stop Server, at the new site;
- the upgrading of the HP Non Stop Server production system and the corresponding DR system.

The operation by which the Hot Stand By was successfully activated was particularly important: the operation allowed for the activation of the machines present on the DR site, to supply from the latter production services for a week and then return to supply the services from the primary site. All of this within the times contractually stipulated and in respect of the service levels.

The main operations in the distribution environments were:

- the acquisition of the new Superdome Unix system necessary in order to extend the use of the Clearing and Settlement platform also for the transaction executed on the LSE market;
- the acquisition of the new Intel Linux systems in order to house the latest MTS market (BondVision) on the TradeImpact platform;
- the enhancing of the Custodian Bank services supplied for Kedrios, utilising IBM P/series - Linux technology in order to consolidate more clients on the same platform;
- the complete updating with the new Intel - Windows systems of the GSS service;
- the further enhancement of the HP Intel- VMWare infrastructure utilised to supply the Corporate Services;
- the preparation of the work stations at the new DR site;

- the acquisition of new Intel - Windows systems to house the CBI-STD service within the consolidation project of the production data centres.

Security and Business Continuity Governance

The integration project of the SIA-SSB Governance System was completed in 2008 that translated, in particular, into the unequivocal definition of the:

- risk analysis model;
- security policy and guidelines;
- Risk Treatment Plan;
- security incident management process.

SIA-SSB positively sustained the maintenance inspection for the ISO27001 Certification that had as its primary objective the verification of the integration of the two previous SIA-SSB security systems into an exclusive security governance system.

Important activities were completed in 2008 in the area of Business Continuity, in particular:

- the carrying out of a BC/DR assessment and production of a Business Impact Analysis for the verification of the adequacy of the disaster recovery solutions in respect to the requisites expressed in the Bank of Italy Guidelines and client contracts. The consequent interventions were planned in the BC/DR Master Plan that is monitored regularly by means of the BC/DR Support Committee;
- definition and diffusion of the Business Continuity Plan of the Units involved in the supply of the business activities;
- definition and diffusion of the Disaster Recovery Plan;
- operational instructions and training;
- Business Continuity test, carried out with success in April 2008 in line with the test organised by the Bank of Italy (CODISE).

From an IT viewpoint within the Disaster Recovery project, in 2008 the new secondary site was realised and functionality tests of the new centre were carried out as well as DR tests with the Securities Centralised Administration, EBA, MTS, eMID and SiNSYS.

SIA-SSB positively sustained the Certification inspection for the verification of the compliance of the SIA-SSB governance system to the international standard BS25999.

In the area of the international card Processing services, SIA-SSB obtained the PCI-DSS (Version 1.1) certification. Periodic network vulnerability verifications were also successfully carried out.

During 2008, integration tasks were completed on the models adopted for the treatment of privacy, specifically:

- the Security Planning Document definition model;
- the informative report for customers and suppliers;
- the appointment of personal data treatment managers and officers;
- the awareness of all corporate structures.

The Security Planning Document was drawn-up during the year pursuant to the provisions of the law.

Auditing

Amongst the audit activities carried out in 2008, mainly worth mentioning are the audits carried out on the Business Continuity, verifying the compliance of the Continuity Plans with the provisions of the Supervisory Authorities and with the participation in the audit - as an observer - to the tasks performed. Verifications relating to powers, proxies and internal procedures were also launched. In 2008, Auditing also controlled the management rules of the technological infrastructure, paying attention, amongst other things, to the stages during production of modifications to the IT procedures. Auditing provided support to the Supervisory Body in compliance with the Italian Legislative Decree no. 231/2001.

Supervisory Body (Italian Legislative Decree no. 231)

The Company updated its Organisational Model to incorporate the new criminal risks provided by the Law for computer crime and money laundering. It is important to mention that in the fall of 2008 the Company also organised special training sessions - that involved all of the personnel - on the contents of the regulatory laws on the administrative responsibility of the Company and the Entities.

The Supervisory Board, Italian Legislative Decree 231/2001, in particular contributed with instructions and opinions for the updating of the corporate Ethical Code and the criminal Risk Map, Italian Legislative Decree 231, and continued the monitoring and control of the corporate environments deemed to be at greater risk of committing a crime, Italian Legislative Decree 231.

Management of corporate risks

Pursuant to art. 2428 subsection 2 at paragraph 6-bis of the Italian Civil Code, the following information is relevant to the use of financial instruments, the management and the exposure to risk.

While exercising its activities throughout the year, the company is exposed to normal financial risks, amongst which, credit risks, liquidity risk and change of cash flow risk.

It should be mentioned, with regard to this loan, that since 2002 an interest rate swap coverage derivative contract exists, with expiry 30 June 2011, related to the trend of interest rates to transform the effect of the original loan from a floating interest rate to a fixed interest rate. During the following year a new derivative contract was activated that, starting from 1 July 2008, compensates and, therefore, eliminates the economic and equity effects of the previous contract, rendering the interest rate of the loan contract variable once again. Agreements were reached with the counter-party to execute both derivative contracts in the first months of 2009.

MAIN COMMUNICATION INITIATIVES

During 2008, the Communications Department was concentrated mainly on the implementation of specific internal and external initiatives with the objective of promoting and positioning the new SIA-SSB Group with its stakeholders.

A peculiarity of the period was chosen by the "One Company" strategic driver, aimed at building an exclusive identity, centred on shared values and common procedures, and to identify the SIA-SSB Group as a company in which the added value is its skill to offer a wide range of adequate solutions to individual client necessities.

Within internal communication, amongst the more important activities, it is necessary to remember the realisation of the internal information portal "WOW" (We On Web), accessible to all of the employees, that offers updated news and videos on a daily basis about people, Group activities and the market evolution.

The portal was created with the objective to promote integration, growth of an exclusive corporate culture, enrich the professionalism and consolidate the overall feeling of belonging to a company.

As regards external communication, the new release of the institutional website www.siaspb.eu is between the most significant products of the year, including over 500 pages available in Italian and English that integrally present the business offer and that qualifies the SIA-SSB Group as a technological stakeholder able to respond to continuing and more complex market demands.

Important media results were also obtained, in terms of the increase in information coverage and visibility of the company business activities and strategies: in particular, there were approximately 600 publications in Italy and abroad in press agencies, daily periodicals, specialised publications, and news items broadcasted

by television and radio networks, with a 50% increase compared to 2007. In particular, an increase was registered in the visibility in foreign newspapers that contributes for 25% to the entire press release.

Even this year SIA-SSB organised, in collaboration with the Italian newspaper "Il Sole24Ore", the third International Payment Summit "Do You SEPA?" held at Palazzo Mezzanotte.

The meeting, which has become a regular appointment for the banking and entrepreneurial world at an international level, brought the most influential representatives of the sector together in Milan registering over 500 participants and was focused on the thorough analysis of the effects and results from the launching of SEPA in January 2008, as well as the challenges and future prospects.

PERSONNEL

Human resources, organisation and quality

2008 ended with a workforce of 1,028 employees (net of 12 outgoing employees from January 2009), equal to 1,006 Full Time Equivalent (FTE) and a reduction compared to 2007 of 3.9% of the workforce employed, equal to 41 FTE. This evolution was in line with the industrial merger plan. As regards the statistics of the workforce: female employees represent 29.6% of the total workforce, and 25.5% of employees are graduates or have a university diploma. Lastly, of the personnel in service at year-end, part-time employees represent 7.5% of the workforce.

New recruitments in 2008 were mainly aimed at the strengthening of the sales function and business development, whereas terminations were the result of normal staff value of production and the reorganisation of the workforces that, by means of aimed incentives and access to the solidarity fund, guaranteed the achievement of the synergies foreseen by the merger plan relevant to the personnel.

In 2008 the internal resource mobility was a leverage which made the achievement of the containment objectives of the workforces possible. This, in fact, due to a series of internal paths that lead to the relocation of approximately 10% of the corporate population, it was possible to replace the outgoing staff responding in this way to the shortage of the internal workforce.

The new system of corporate roles was completed in 2008, based on which the entire workforce of SIA-SSB is mapped. The performance evaluation project was also completed in line with the new system of organisational roles.

Training also began in support of the objectives of internationalisation, supply excellence, innovation and integration of SIA-SSB, as well as specific requalification courses to support the internal mobility initiatives.

Language training involved over 25% of the workforce with a total of over 9,520 hours of lessons given.

As regards project management and the objective to acquire the primary international standards, expertise developmental paths were proposed that resulted in the international certification of the Project Management Professional, giving over 2,500 hours of expertise training on project management to approximately 10% of the workforce.

In order to consolidate the management processes for the supply of services, training courses were planned and given on the ITIL international standard, appropriately focused on the company methods and context. In line with this objective, an implementation project was launched in 2008 for the Service Management function in SIA-SSB, with the objective of identifying and training -Service Manager- resources specifically delegated for the management of the assigned products/services.

In order to fully carry out the SIA-SSB integration path and to put the one-company concept into practice, and with the objective of sustaining a wide knowledge of the corporate structures, their internal organisation and the main services defended, the first "Get to Know SIA-SSB" session was held open to all employees and given by internal instructors.

2008 also saw the "Key-People Program" that was launched in 2007 fully put into practice, which gave rise to the carrying into effect of aimed interventions of retention, retributive or not, on the resources possessing distinctive skills, with an employment in strategically important projects/activities or with a potential for use. In particular, for the Key-People responsible for organisational units, a developmental path, differentiated by seniority level, was finalised that focused on the application of the economic and managements skills in a systematic scope.

Lastly, with the objective of guaranteeing efficiency and updating for technical-expertise resources, training courses were organised and given for a total of 17,000 hours. In particular, in the area of professional requalification, projects were launched that foresaw the initial mapping of the skills and a consequent organisation of training courses in line with the new organisational roles.

2008 was also characterised by various post-merger organisational adjustments. The organisational variations regarded most of the company Management and, although maintaining the overall consistency of the organisational model prepared during the merger stage, allowed to put various important regulations into practice for the organisational positions with the objective of optimising the underlying functional processes.

Initiatives were also launched during the year aimed at defining the optimum size of the organisational structures. The harmonisation projects were completed for the instruments and reports for the human resources management launched in 2007.

Lastly, the Board of Directors completed and approved the Company Code of Ethics, which represents a public declaration of the ethical commitments and responsibilities to which the company aspires in the carrying out of their business.

The integration and formalisation of the processes launched in 2007 were completed in 2008. In particular it focused on those relevant to the service management, prepared in compliance with the practices documented in ITIL V.3.

The scheduled activities for the Quality Management System were carried out: planning and execution of the internal inspections, management of the corrective actions, support of the corporate structure for the application of the processes, preparation of the Management re-examination. In November the three-year review was carried out for the renewal of the ISO 9001:2000 certificate: the positive outcome brought the Certification Authority to renew the validity of the SIA-SSB certificate until 2011.

Lastly, support was given to the certified Group companies, allowing the maintenance and extension of the Corporate certificate ISO 9001:2000 for the SIA-SSB Group that currently includes SIA-SSB, Kedrios, RA Computer and SiNSYS.

In 2008 the project for the integration of all the accounting and management control systems were launched in Oracle environments. In fact, as foreseen by the merger project, the basis for the implementation was prepared for the entire active cycle in the new eBusiness Suite 12 release, this allows, starting as at the second quarter of 2009, to manage all of the accounting information in exclusively one environment (ERP).

Trade union relations

The harmonisation of the rules and internal corporate treatments was continued in 2008, which created the new Corporate Integrated Agreement, in force until 31 December 2011.

Within the mentioned contract all of the topics stipulated by the national collective labour contract were defined, as well as the working hours, the availability and the corporate regulation relevant to the provisions for the personnel.

The harmonisation of all the contractual and integrative mechanisms were also completed (Pension Funds, Corporate Award, Health Policies, etc.).

EQUITY INVESTMENTS

Subsidiaries

GBC - GIRO BANKKARTYA Z.R.t.

The company, 100% owned by SIA-SSB and acquired in 2007, with headquarters in Budapest (Hungary), share capital amounting to HUF 177,000,000 and a shareholders' equity including the profit (loss) for the year equal to HUF 878,636,000. The company is a leader in Hungary in payment and processing systems, providing management services for ATM and POS terminals, transaction switching, fraud monitoring and other payment system services to banks, payment card issuers and acquirers.

The financial statements record a value of production of € 7.3 million and an operating margin of € 2.1 million. The financial year closed with net profits for the year of € 1.9 million.

For 2008, an independent expert was asked to verify and report upon the value of this equity investment. The report led to a € 2.5 million write-down in the recorded investment value. The write-down was executed on the basis of the exchange rates as at 31 December 2008, in line with the accounting principles. In the case that the average exchange rates for the first quarter of 2009 were used, the write-down would have been equal to € 6.5 million due to the consistent exchange depreciation of the Hungarian forint.

The company's Board of Directors, after appropriate allocation of provisions, proposed the distribution of a dividend to shareholders totalling HUF 370,000,000, equivalent to € 1.3 million.

Perago AG

Perago AG, with headquarters in Unterägeri (Switzerland, canton of ZUG), 100% owned by SIA-SSB, was incorporated in the last quarter of 2005. The company has a share capital of CHF 100,000.

During the year SIA-SSB, by means of a transfer transaction at the original acquisition value, transferred to Perago AG the shareholdings in the companies Perago FSE (75%) and Perago Africa (30%). Moreover, Perago AG directly executed the acquisition of the remaining 25% of Perago FSE. At the conclusion of these two transactions, Perago AG owns 100% of Perago FSE and 30% of Perago Africa.

The financial statements record a value of production for € 2.4 million and an operating margin of € 1.1 million. The year ended with a net loss of € 9.9 million subsequent to the consistent write-downs of equity investments in Perago FSE and Perago Africa. SIA-SSB shall provide to subordinate their credits in the measure necessary to guarantee corporate continuity pursuant to the Swiss legislations for approximately € 11.2 million.

For 2008, an independent expert was asked to verify and report upon the value of this equity investment. The result of the report led to a write-down of € 2.3 million, writing off the equity investment value for € 1.2 million and by means of an allocation to the provisions for risks for € 1.1 million.

Perago FSE Ltd.

Company with headquarters in Pretoria (Republic of South Africa) that, based on experience gained from the transformation of the South African payment systems, has developed its own RTGS (Real Time Gross Settlement) product, considered by the market to be a sophisticated, modular, scalable system based on the most advanced technology for the sector.

2008 had a value of production equal to € 4.5 million, an operating margin equal to € 0.1 million, and a net profit of € 0.4 million.

Perago Africa Ltd.

The company is a service provider for the members of the SWIFT network in the sub-Saharan area and carries out activities of development maintenance of software applications for the financial and telecommunications sector.

2008 had a value of production equal to € 6.7 million, an operating margin equal to € 1.1 million, and a net profit of € 0.8 million.

TSP S.r.l.

This company, with headquarters in Milan and 100% owned by SIA-SSB, has a share capital of € 5,647,000 and shareholders' equity of € 12,983,164, including the profit (loss) for the year.

TSP is a leading company in Italy in the provision of mobile phone top-ups, payment of utilities, inquiry and top-up of bank- and privately-issued credit cards distributed via the banking and private networks. It designs, develops and manages solutions based on a multi-channel infrastructure capable of providing services to businesses and Public Administration.

The positive performance of the company is again linked to the expansion of Gateway service operations. This development was seen in terms of both quantity and quality, with efforts into diversification worthy of particular note. In 2008, greater value of production and revenue were generated for the Bill Payment service and for the support services for the Gateway offer relevant to the supply and management of the terminal fleet.

In summary, the company had a value of production equal to € 14.2 million, an operating margin equal to € 7.6 million, and a net profit of € 5.8 million.

The company's Board of Directors, after appropriate allocation of provisions, proposed the distribution to shareholders of a € 5.6 million dividend.

Kedrios S.p.A.

The company, with headquarters in Milan and 81.24% owned by SIA-SSB, has a share capital of € 2,402,500 and shareholders' equity of € 8,535,520, including profit for the year.

Kedrios is one of the primary operators in Italy in the sector of the supply of back office and IT and administrative outsourcing services towards financial intermediaries/deposit banks, SGR. In addition, it offers technical consulting, application consulting and financial reporting services to the entire financial sector.

2008 was characterised by the operative date of new applications by important operators on the market and from the acquisition of new contracts.

The Kedrios financial statement presented a value of production equal to € 31.0 million, an operating margin equal to € 1.5 million, and a net profit of € 0.8 million.

For 2008, an independent expert was asked to verify and report upon the value of this equity investment. The report led to a € 2.6 million write-down in the recorded investment value.

The company's Board of Directors, after appropriate allocation of provisions, proposed the distribution to shareholders of a € 0.4 million dividend.

RA Computer S.p.A.

The company has headquarters in Milan and a share capital of € 3,000,000, 65% of the investment was executed in 2006. The company records shareholders' equity inclusive of profit (loss) for the year of € 5,012,405. RA Computer is specialised in the production of application packages and the provision of services to the banking and Public Administration sectors. RA Computer is specialised in the creation of "back-office" products in Euro and divided for the banking market and web applications for the bank and the Public Administration, looking, in particular, for opportunities deriving from the evolution of Bank-Business and Bank-Public Administration relations. The company's response to opportunities offered by the imminent launch of the SEPA focused on the development of the new SAPA architecture (Single Architecture for Payment Area).

The presence of RA Computer in the Group allows for an increase in the offer in order to provide wider coverage of the financial system value chain: from infrastructure to application solutions.

2008 closed with a value of production of approximately € 34.6 million and operating margin of € 0.9 million and substantially balanced net profits.

In 2008, verification of the value of this equity investment was requested by means of an independent expert estimate and report, which confirmed the recorded value of the investment.

SiNSYS SA

This Belgian company with headquarters in Brussels, 51% owned by SIA-SSB, has a share capital of € 6,000,000 and a shareholders' equity of € 6,056,420, including profit for the year.

SiNSYS is one of the leading operators in the field of full processing services on the European market. Confirmation of its position on the European full processing market was achieved through the acquisition of service agreements with leading pan-European banking groups.

SiNSYS has achieved significant results in several European countries (Belgium, Holland, Poland, Slovakia, Czech Republic, Hungary, Germany and Ukraine), by launching and completing migration to the SMAC and CAMS platforms for banks in the leading European banking groups, recording a notable increase in values of production of issuing and acquiring services managed.

The financial statements of SiNSYS record a value of production for € 60.0 million and an operating margin of € 2.1 million. The financial year closed with net profits for the year of € 1.1 million.

Associated companies

Glesia S.r.L.

Glesia S.r.l, the company formed from the joint venture between SIA-SSB and GL TRADE SA (SunGard), is a world leader in electronic solutions for trading on financial markets. Glesia products are targeted at Italian banks and financial institutions, with a complete range of STP instruments for e-markets including Front and Back Office solutions, e-trading systems, Internet platforms and a single international remote trading network. The services offered cover the management of the entire lifecycle of an order from Front to Back Office.

Glesia is 51% owned by GL TRADE (SunGard) and 49% owned by SIA-SSB, with a highly specialised professional staff.

The 2008 results show a value of production of € 15.4 million, an operating margin of € 3.0 million and net profit for € 2.0 million.

The company's Board of Directors, after appropriate allocation of provisions, proposed the distribution to shareholders of a € 1.8 million dividend.

INVOICING S.r.l.

The value of the equity investment recorded in the financial statement was cancelled given that as at 31 December 2008 the statement of realisation and liquidation was drawn up which permitted the conclusion of the winding-up procedure of the company.

Actalis S.p.A.

The company has a share capital of € 6,300,000, is 44.6% owned by SIA-SSB and operates as a Certification Authority on the Italian market.

The new Al maviva Group management set the objective of expanding business, amongst other things by re-launching the National Services Card (CNS) activities related to the CNIPA contract, developing Certified Electronic Mail, increasing consulting on logical security and the dematerialisation of documents.

In summary, the company has reached a value of production of € 9.4 million and a negative operating margin of € 0.2 million. The current year closes substantially balanced and no write-down was executed.

ATS S.p.A.

In December 2000 SIA acquired a 30% holding in ATS S.p.A., which has a share capital of € 120 thousand. This is a software development company, operating mainly in the banking and finance sectors, and is a qualified SIA-SSB business partner and supplier.

2008 had a value of production of approximately € 9.4 million, an operating margin of € 0.6 million, and a net profit of € 0.1 million.

Other equity investments

Isnova S.c.r.l.

This is a non-profit organisation for new technology development and promotion on the national and international markets. The equity investment recorded was € 52 thousand.

Waini S.r.l.

Waini S.r.l., the company whose business purpose was the sale, distribution and presentation of marketing on their own behalf and for third parties, as well as the promotion of high-volume consumer goods of any category, particularly wine market products and advance sales certificates on wines, was transferred in the month of December and, moreover, it was provided to cancel the figures.

SIA-SSB relations with subsidiaries and associated companies (figures in €/000)

| Company | Receivables as at 31/12/2008 | Payables as at 31/12/2008 | Revenues 2008 | Costs 2008 |
|------------------------------|------------------------------------|---------------------------------|------------------|---------------|
| Subsidiaries | | | | |
| GBC Zrl | 1,715 | 0 | 328 | 1 |
| <i>Trade</i> | 328 | - | 328 | 1 |
| <i>Dividends</i> | 1,387 | - | - | - |
| Perago AG | 2,171 | 1 | 529 | 1,459 |
| <i>Trade</i> | 139 | 1 | 529 | 1,459 |
| <i>Financial</i> | 2,032 | - | - | - |
| TSP S.p.A. | 5,833 | 2,011 | 1,723 | 2,795 |
| <i>Trade</i> | 233 | 2,011 | 1,723 | 2,795 |
| <i>Dividends</i> | 5,600 | - | - | - |
| Kedrios S.p.A. | 2,785 | 1,006 | 5,835 | 3,504 |
| <i>Trade</i> | 2,473 | 1,006 | 5,835 | 3,504 |
| <i>Dividends</i> | 312 | - | - | - |
| Perago FSE Ltd. | 521 | 1 | 28 | 210 |
| <i>Trade</i> | - | 1 | 28 | 210 |
| <i>Financial</i> | 521 | - | - | - |
| RA Computer S.p.A. | 479 | 1,504 | 652 | 2,818 |
| <i>Trade</i> | 479 | 1,504 | 652 | 2,818 |
| SiNSYS SA | 3,583 | 4,816 | 21,822 | 27,708 |
| <i>Trade</i> | 3,583 | 4,816 | 21,822 | 27,708 |
| Associates and Others | | | | |
| Glesia S.r.l. | 1,517 | 0 | 2,656 | 53 |
| <i>Trade</i> | 635 | - | 2,656 | 53 |
| <i>Dividends</i> | 882 | - | - | - |
| Actalis S.p.A. | 1,050 | 281 | 529 | 238 |
| <i>Trade</i> | 1,050 | 281 | 529 | 238 |
| ATS S.p.A. | 616 | 447 | 848 | 2,998 |
| <i>Trade</i> | 616 | 447 | 848 | 2,998 |
| Total | 20,270 | 10,067 | 34,950 | 41,784 |

Relations with subsidiaries and associated companies include trade and financial receivables/payables and receivables on dividends allocated for the year.

RESULTS OF OPERATIONS

Profit and Loss Account

The figures compared with the financial statements as at 31 December 2007 are as follows:

The table below illustrates the main profit and loss account results, expressed in thousands of Euro.

| | Profit and Loss Account results | 2008 | 2007 |
|-----------|--|---------------|---------------|
| | Revenues from sales and services | 304,133 | 313,048 |
| | Other value of production items | 10,704 | 10,289 |
| A | Value of production | 314,837 | 323,337 |
| B | Cost of production | 287,186 | 292,651 |
| A-B | Added value (Ebit) | 27,651 | 30,686 |
| C | Financial income and charges | 10,566 | 11,572 |
| D | Value adjustments to financial assets | -6,345 | -3,936 |
| C+D | Financial management | 4,221 | 7,636 |
| E | Extraordinary income and charges | -5,612 | -17,958 |
| A-B+C+D+E | Profit (loss) before tax | 26,260 | 20,364 |
| | Income taxes for the year | 9,528 | 11,300 |
| | Profit (loss) for the year | 16,732 | 9,064 |

An analysis of the items, comparing the data of 2008 with that of the previous year, showing that the decrease in value of production, mainly due to a reduction in revenues from services, was off-set in full by the reduction in the production costs, generating a reduction in the operating margin of approximately € 3.0 million. The differences in financial income and charges and financial asset adjustments are mainly attributable to dividends and equity investment write-downs/revaluations. The increase in extraordinary income and charges relates to restructuring activities, mainly with regard to personnel. The result before taxes is equal to € 23.3 million, while net profit was equal to € 16.7 million.

The items with the greatest impact on the year can be summarised as follows:

- > The value of production, which also takes into account increases in own work capitalised, changes in projects under development, changes in long-term contracts and other revenues and income, amounted to € 314.8 million, compared to € 323.3 million in the previous year (-2.6%). The following factors contributed to this result:
 - a. network services: a slight decrease of network services consequent to a reduction of revenues deriving from the modification in 2008 of the VAT tax regime on various services and the implementation of a new pricing policy, only in part compensated by the breakdown of the component relevant to the Network services as regard valid bundled contracts, as well as from higher value of production and software development for important clients;
 - b. card processing services: an increase in the value of production relating to the management of international debit and credit cards as well as domestic debit cards, in addition to greater software development activity.
 - c. payment systems: we point out higher revenues deriving from the effects of the introduction of the IBAN on the ICI service for Collections and Payments.
 - d. financial market services: there was a reduction in revenues deriving from the closure of various services with important clients, from the renegotiation of various contracts with important clients, as well as the breakdown of the network services as previously indicated.
- > The cost of production decreased by 1.9% over the previous year's figure, from € 292.6 million to € 287.2 million. This change was mainly due to:
 - e. lower amortisations of the intangible fixed assets due at the completion of the amortisation process of various important software developments only partially compensated by new activities;
 - f. lower depreciation of tangible fixed assets due to the policy to acquire infrastructures through operating leases;
 - g. greater provisions for risks and charges subsequent to the results of the partial verifications carried out by the Tax Authorities on the direct and indirect taxes of the companies SSB SpA and SIA SpA prior to the merger.

- h. lesser costs for telephone connections and data transmission;
 - i. lesser costs for professional services subsequent to minor developments and minor consultancy activities relevant to the integration and merger process that characterised the previous year;
 - j. lesser costs for non-deductible pro-rata VAT subsequent to the reduction of the percentage that is non-deductible which went from 57% to 41%;
 - k. greater costs for processing services subsequent to greater volumes handled;
- > The added value (Ebit), given the difference between the value of production and production costs, was € 27.7 million against the € 30.7 million for the previous year;
 - > The financial management recorded an overall profit of approximately € 4.2 million compared to the € 7.6 million of the previous year. This result derives primarily from dividends recorded for the year, relating to subsidiaries TSP, GBC, Kedrios and Glesia, and from income on securities held in portfolio, partially offset by write-downs in the GBC, Kedrios, and Perago AG equity investments.
 - > The extraordinary incomes and charges had a negative balance of € 5.6 million in respect to € 17.9 million in the previous financial year, the difference refers to the lesser charges for personnel, deriving from the restructuration process.
 - > The lesser impact of the taxes - equal to 36% of the gross profit - in respect to the previous year, other than the reduction of the IRES and IRAP rates is primarily due to the lesser restructuration costs and the possibility of a deduction of expenses relevant to costs for necessary telecommunication systems and strictly functional to the supply of Network services (Interbank National Network). We also point out that the company provided to apply the stamp pursuant to the law to align the tax and statutory figures relevant to the amortisations.

Balance Sheet position

The table below illustrates the main Balance Sheet data, expressed in thousands of Euro:

| | Balance Sheet results | 31.12.2008 | 31.12.2007 |
|-----------|-----------------------------------|-------------------|-------------------|
| | Intangible fixed assets | 12,310 | 12,831 |
| | Tangible fixed assets | 10,883 | 13,174 |
| | Financial fixed assets | 125,131 | 131,355 |
| A | Total fixed assets | 148,324 | 157,360 |
| | Inventories | 3,504 | 5,150 |
| | Receivables | 99,302 | 118,471 |
| | Short-term investments | 0 | 0 |
| | Cash and cash equivalents | 17,885 | 4,788 |
| B | Total current assets | 120,691 | 128,409 |
| C | Accruals and deferrals | 7,411 | 4,626 |
| A+B+C | Total assets | 276,426 | 290,395 |
| | Capital | 22,091 | 22,091 |
| | Reserves | 135,663 | 132,597 |
| | Profit (loss) for the year | 16,732 | 9,064 |
| A | Total Shareholders' Equity | 174,486 | 163,752 |
| B | Provisions for risks and charges | 13,817 | 17,935 |
| C | Employee severance indemnity | 18,296 | 20,005 |
| D | Payables | 68,894 | 88,140 |
| E | Accruals and deferrals | 933 | 563 |
| A+B+C+D+E | Total liabilities | 276,426 | 290,395 |
| | | | |

The main changes emerging from a comparative analysis between the balance sheet position and the proforma balance sheet are:

- > Fixed assets:
 - lesser amounts relevant to the tangible fixed assets, due mainly to the amortisations accrued as at 31 December 2008, only partially compensated by new acquisitions;
 - lower figures for financial fixed assets, relevant to the transfer of the equity investment in Perago FSE, Perago Africa and Waini and the equity investment write-downs in GBC, Kedrios and Perago AG;

- > Current assets:
 - Increase in cash on hand against cash flows generated by operations of the year and also by a reduction in trade receivables.

- > Provisions for risks and charges:
 - are decreased subsequent to the uses for the reorganisation procedures of the personnel are only partially compensated by new allocations relevant to possible future risks.

- > Payables:
 - the decrease in payables relates mainly to payables due to suppliers.

Financial indexes

Here below are the main financial indexes:

| | | 2008 | 2007 |
|--|---|---------------|---------------|
| <i>Profitability Index</i> | | | |
| R.O.E. - Return on Equity | Net profit / Net equity | 9.59% | 5.54% |
| R.O.I. - Return on Investment | Ebit / Total assets | 10.00% | 10.57% |
| R.O.S. - Return on Sales | Ebit / Revenues from sales and services | 9.09% | 9.80% |
| Level of extra-management influence | Net Profit / Ebit | 60.51% | 29.54% |
| <i>Financial indexes</i> | | | |
| LEVERAGE | Total assets / Net equity | 1.58 | 1.77 |
| CURRENT RATIO | Current assets / Current liabilities | 1.88 | 1.59 |
| Liquidity ratio | Cash on hand / Current liabilities | 1.82 | 1.53 |
| <i>Financial and equity structure</i> | | | |
| Elasticity of the investments | Total fixed assets / Total assets | 0.54 | 0.54 |
| Elasticity of current assets | Current assets / Total assets | 0.46 | 0.46 |
| Elasticity of the permanent capital | Permanent capital / Total liabilities | 0.76 | 0.72 |
| Index of equity soundness | Share capital / Net equity | 0.13 | 0.13 |
| Financial independence | Net equity / Total liabilities | 0.63 | 0.56 |

BUSINESS OUTLOOK

2009 shall most likely will be a year of further transition for the company, both for market and contingent aspects related to the particular moment of the corporate life.

As regards internal operations, the pursuit of synergies shall be integrated this year both from a cost viewpoint, where the achievement of the initial objectives are in line with the provisions of the plan, and also on the front of revenues. In the latter scope, other than consolidating the important international successes obtained, the company shall be asked to quickly recover from the negative impacts on revenue deriving from external factors, effectively addressing the cross-selling and European expansion potential.

On the market front, we are participating in a serious downturn of the international macro-economic picture, with obvious signs of a recession. Other than the above, the company must face a changed competitive picture, both on a national and international level, with further phenomena of consolidation of the sector.

The company intends to maintain its role as the preferential point of contact towards the national institutional players, given it is owner of critical infrastructures for the financial processes of the European economy. SIA-SSB reconfirms its role as a main player in the evolution and convergence model of the European financial market and its candidature to be a global player in the field of technological innovation and support for financial processes.

The company also intends to continue the push towards the international markets that will also occur due to a local aid by means of opening representative offices in the interested countries.

EVENTS SUBSEQUENT TO THE CLOSURE OF THE FINANCIAL YEAR

Of note among the significant events after closure of the financial year are:

- the liquidation of the company INVOICING S.r.l. was completed;
- in reference to the call for tenders for the CAI (Interbank Alarm Centre), the open session took place at the Bank of Italy - with the participation of all of the competing companies - during which the communication of the technical and economic score assigned to each participant was made. The overall SIA-SSB offer obtained the best score over both of the parties presented and, moreover, the company is in the condition to confirm, even for the future, the management of the service;
- the migration of the BondVision market to the CMF market on the TradeImpact platform was carried out, hence completing the migration of the MTS markets from the legacy (Tandem) technology to the open technologies (Linux);
- the Central Bank of Sweden began, with satisfaction and without problems, the operations of the RTGS system;
- the Central Bank of Egypt rendered the RTGS system productive;
- an agreement was reached for the transfer of 44.6% of the shareholding into Actalis S.p.A.;
- a processing, issuing and acquiring agreement was executed for a pan-European banking Group, which will be activated sometime in 2009/2010.



Proposed allocation of profits

Dear Shareholders,

We hereby submit the Draft Financial Statements as at 31 December 2008 for your approval and we propose allocation of the € 16,732,010 profits as follows:

| | |
|--|-------------------|
| To the legal reserves, as required by law | 836,601 |
| As a dividend, equal to € 0.0353 per share | 5,998,634 |
| Profits carried forward | 9,896,775 |
| | <u>16,732,010</u> |

The proposal expresses the wish of the Company to maintain the continuity of the remuneration towards the Shareholders distributing a dividend in line with the previous four-year period. This confirms the confidence in the solidity of the SIA-SSB industrial prospective.

If the proposals are accepted, the Shareholders' Equity would be as follows:

| | |
|--|--------------------|
| Share capital | 22,091,287 |
| Legal reserves | 3,442,605 |
| Reserve for split-off surplus | 1,425,801 |
| Merger surplus reserve | 78,844,027 |
| Revaluation reserve for equity investments | 2,714,625 |
| Profits carried forward | 59,968,608 |
| | <u>168,486,953</u> |

SIA-SSB S.p.A.

The Chairman of the Board of Directors

Mr Carlo Tresoldi



Financial Statements as at 31 December 2008

BALANCE SHEET

| Assets | 12/31/2008 | 12/31/2007 | Changes |
|---|--------------------|--------------------|-------------------|
| Subscribed capital unpaid (A) | 0 | 0 | 0 |
| B) Fixed assets | | | |
| I - Intangible fixed assets | | | |
| 3) Industrial patent and intellectual property usage rights | 8,410,041 | 8,246,102 | 163,939 |
| 5) Goodwill | | 0 | 0 |
| 6) Projects under development and advances | 2,189,063 | 2,339,603 | -150,540 |
| 7) Other | 1,710,681 | 2,245,436 | -534,755 |
| Total | 12,309,785 | 12,831,141 | -521,356 |
| II - Tangible fixed assets | | | |
| 2) Plant and equipment | 9,590,497 | 11,533,214 | -1,942,717 |
| 4) Other assets | 1,292,156 | 1,640,997 | -348,841 |
| 5) Work in progress and payments on account | 0 | 0 | 0 |
| Total | 10,882,653 | 13,174,211 | -2,291,558 |
| III - Financial fixed assets | | | |
| 1) Equity investments in: | 106,852,697 | 120,201,268 | -13,348,571 |
| a) Subsidiaries | 103,870,581 | 114,649,319 | |
| b) Associates | 2,930,470 | 5,450,303 | |
| c) Other companies | 51,646 | 101,646 | |
| 2) Receivables: | 11,287,204 | 150,033 | 11,137,171 |
| a) from subsidiaries | | | |
| Amounts realisable beyond the following financial year | 11,188,681 | 0 | |
| d) from others | | | |
| Amounts realisable beyond the following financial year | 98,523 | 150,033 | |
| 3) Other securities | 6,990,800 | 11,004,000 | -4,013,200 |
| Amounts realisable within the following financial year | 6,990,800 | 11,004,000 | |
| Amounts realisable beyond the following financial year | | | |
| Total | 125,130,701 | 131,355,301 | -6,224,600 |
| Total Fixed Assets (B) | 148,323,139 | 157,360,653 | -9,037,514 |

| Assets | 12/31/2008 | | 12/31/2007 | | Changes |
|---|-------------------|--------------------|-------------------|--------------------|--------------------|
| C) Current Assets | | | | | |
| I - Inventories | | | | | |
| 3) Long-term contracts | | 3,504,240 | | 5,150,340 | -1,646,100 |
| Total | | 3,504,240 | | 5,150,340 | -1,646,100 |
| II - Loans | | | | | |
| 1) To customers | | 65,185,892 | | 73,905,257 | -8,719,365 |
| Amounts realisable within the following financial year | 65,185,892 | | 73,905,257 | | |
| Amounts realisable beyond the following financial year | | | | | |
| 2) To subsidiaries | | 17,086,813 | | 22,068,519 | -4,981,706 |
| Amounts realisable within the following financial year | 17,086,813 | | 22,068,519 | | |
| Amounts realisable beyond the following financial year | | | | | |
| 3) To associates | | 3,183,000 | | 5,453,457 | -2,270,457 |
| Amounts realisable within the following financial year | 3,183,000 | | 5,453,457 | | |
| Amounts realisable beyond the following financial year | | | | | |
| 4-bis) Tax credits | | 3,882,412 | | 3,598,419 | 283,993 |
| Amounts realisable within the following financial year | 3,882,412 | | 3,598,419 | | |
| Amounts realisable beyond the following financial year | | | | | |
| 4-ter) Prepaid taxes | | 6,614,128 | | 8,503,631 | -1,889,503 |
| Amounts realisable within the following financial year | 6,614,128 | | 8,503,631 | | |
| Amounts realisable beyond the following financial year | | | | | |
| 5) To others | | 3,350,646 | | 4,941,328 | -1,590,682 |
| Amounts realisable within the following financial year | 3,350,646 | | 4,941,328 | | |
| Amounts realisable beyond the following financial year | | | | | |
| Total | | 99,302,891 | | 118,470,611 | -19,167,720 |
| III - Financial assets that do not make up fixed assets | | | | | |
| 6) Other securities | | 0 | | 0 | 0 |
| Total | | 0 | | 0 | 0 |
| IV - Cash and cash equivalents | | | | | |
| 1) Bank and postal deposits | | 17,869,066 | | 4,771,394 | 13,097,672 |
| 3) Cash on hand | | 15,654 | | 16,820 | -1,166 |
| Total | | 17,884,720 | | 4,788,214 | 13,096,506 |
| Total Current Assets (C) | | 120,691,851 | | 128,409,165 | -7,717,314 |
| D) Total Accrued Income and Prepayments | | | | | |
| Accrued liabilities and deferred income | | 7,411,413 | | 4,626,057 | 2,785,356 |
| Total Accrued Income and Prepayments (D) | | 7,411,413 | | 4,626,057 | 2,785,356 |
| Total Assets (A+B+C+D) | | 276,426,403 | | 290,395,875 | -13,969,472 |

| Liabilities | 12/31/2008 | 12/31/2007 | Changes |
|--|--------------------|--------------------|--------------------|
| A) Shareholders' Equity | | | |
| I - Capital | 22,091,287 | 22,091,287 | 0 |
| IV - Legal reserve | 2,606,004 | 2,152,798 | 453,206 |
| VII - Other reserves recorded separately | 82,984,453 | 82,986,198 | -1,745 |
| Reserves for split-off surplus | 1,425,801 | 1,425,801 | |
| Extraordinary reserve | | | |
| Reserve for merger surplus | 78,844,027 | 78,844,027 | |
| Revaluation reserve for equity investments | 2,714,625 | 2,714,625 | |
| Reserve for exchange gains | | 1,745 | |
| VIII - Profit (loss) carried forward | 50,071,833 | 47,457,813 | 2,614,020 |
| IX - Profit (loss) for the year | 16,732,010 | 9,064,115 | 7,667,895 |
| Total Shareholders' Equity (A) | 174,485,587 | 163,752,211 | 10,733,376 |
| B) Provisions for Risks and Charges | | | |
| 2) For taxes, including deferred tax | 113,892 | 1,574,846 | -1,460,954 |
| 3) Other | 13,703,651 | 16,360,337 | -2,656,686 |
| Total Provisions for Risks and Charges (B) | 13,817,543 | 17,935,183 | -4,117,640 |
| C) Employee severance indemnity | | | |
| | 18,296,385 | 20,005,390 | -1,709,005 |
| Total Employee severance indemnity (C) | 18,296,385 | 20,005,390 | -1,709,005 |
| D) Payables | | | |
| 4) Due to banks | 7,423,653 | 10,068,659 | -2,645,006 |
| Amounts realisable within the following financial year | 2,851,343 | 2,644,975 | |
| Amounts realisable beyond the following financial year | 4,572,310 | 7,423,684 | |
| 6) Advances | 2,457,120 | 3,448,956 | -991,836 |
| Amounts realisable within the following financial year | 2,457,120 | 3,448,956 | |
| Amounts realisable beyond the following financial year | | | |
| 7) Due to suppliers | 23,330,511 | 39,420,877 | -16,090,366 |
| Amounts realisable within the following financial year | 23,330,511 | 39,420,877 | |
| Amounts realisable beyond the following financial year | | | |
| 9) Due to subsidiaries | 9,339,000 | 7,868,677 | 1,470,323 |
| Amounts realisable within the following financial year | 9,339,000 | 7,868,677 | |
| Amounts realisable beyond the following financial year | | | |
| 10) Due to associates/investee companies | 728,000 | 1,338,656 | -610,656 |
| Amounts realisable within the following financial year | 728,000 | 1,338,656 | |
| Amounts realisable beyond the following financial year | | | |
| 12) Taxes payables | 2,411,491 | 2,902,971 | -491,480 |
| Amounts realisable within the following financial year | 2,411,491 | 2,902,971 | |
| Amounts realisable beyond the following financial year | | | |
| 13) Due to social security authorities | 8,489,802 | 5,908,886 | 2,580,916 |
| Amounts realisable within the following financial year | 8,489,802 | 5,908,886 | |
| Amounts realisable beyond the following financial year | | | |
| 14) Other payables | 14,714,552 | 17,182,412 | -2,467,860 |
| Amounts realisable within the following financial year | 14,714,552 | 17,182,412 | |
| Amounts realisable beyond the following financial year | | | |
| Total Payables (D) | 68,894,129 | 88,140,094 | -19,245,965 |
| E) Accruals and Deferrals | | | |
| Accrued liabilities and deferred income | 932,759 | 562,997 | 369,762 |
| Total accruals and deferrals (E) | 932,759 | 562,997 | 369,762 |
| Total Liabilities (A+B+C+D+E) | 276,426,403 | 290,395,875 | -13,969,472 |
| Memorandum accounts: | | | |
| Guarantees issued to third parties | | | |
| Surety bonds issued | 6,260,936 | 5,402,779 | 858,157 |

Profit and loss account

| Profit and loss account | 2008 | 2007 | Change |
|---|--------------------|--------------------|-------------------|
| A) Value of production | | | |
| 1) Revenues from sales and services | 304,132,972 | 313,048,197 | -8,915,225 |
| 3) Changes in long-term contracts | -1,646,100 | 1,393,364 | -3,039,464 |
| 4) Increases in own work capitalised | 4,234,027 | 3,327,544 | 906,483 |
| 4) Other revenues and income | 8,116,460 | 5,568,288 | 2,548,172 |
| Total A) | 314,837,359 | 323,337,393 | -8,500,034 |
| B) Cost of production | | | |
| 6) Cost for consumables and goods | 2,184,508 | 2,474,444 | -289,936 |
| 7) For services | 115,995,965 | 118,532,652 | -2,536,687 |
| 8) For use of third party assets | 48,183,442 | 47,455,917 | 727,525 |
| 9) For personnel | 82,221,872 | 82,561,622 | -339,750 |
| a) Wages and salaries | 56,073,991 | 56,124,006 | |
| b) Social security costs | 15,760,412 | 16,205,766 | |
| c) Employee severance indemnity | 4,406,776 | 4,433,518 | |
| e) Other costs | 5,980,693 | 5,798,332 | |
| 10) Amortisation, depreciation and write-downs | 14,618,840 | 18,960,737 | -4,341,897 |
| a) Amortisation of intangible fixed assets | 9,161,085 | 10,994,835 | |
| b) Depreciation of tangible fixed assets | 5,369,199 | 6,365,292 | |
| c) Other write-downs of fixed assets | 0 | 1,600,610 | |
| d) Write-down of receivables recorded under current assets, cash and cash equivalents | 88,556 | 0 | |
| 12) Provisions for risks and charges | 2,539,823 | 697,933 | 1,841,890 |
| 14) Other operating costs | 21,441,904 | 21,968,168 | -526,264 |
| Total B | 287,186,354 | 292,651,473 | -5,465,119 |
| Difference between value and cost of production (A-B) | 27,651,005 | 30,685,920 | -3,034,915 |
| C) Financial Income and Charges | | | |
| 15) Income from investments | 9,136,737 | 9,730,938 | -594,201 |
| 16) Other financial income | 2,160,089 | 3,134,933 | -974,844 |
| 17) Interest and other financial charges | -836,980 | -1,302,824 | 465,844 |
| 17-bis) Exchange gains and losses | 106,680 | 9,185 | 97,495 |
| Total C | 10,566,526 | 11,572,232 | -1,005,706 |
| D) Value adjustments to financial assets | | | |
| 18) Revaluations: | 0 | 0 | 0 |
| a) of equity investments | | | |
| 19) Write-downs: | -6,344,830 | -3,936,247 | -2,408,583 |
| a) of equity investments | -6,333,230 | -3,916,246 | |
| b) of financial fixed assets not classed as investments | -11,600 | -20,001 | |
| Total D | -6,344,830 | -3,936,247 | -2,408,583 |
| E) Extraordinary Income and Charges | | | |
| 20) Income | 0 | 1,125,624 | -1,125,624 |
| 21) Charges | -5,612,142 | -19,083,715 | 13,471,573 |
| Total E | -5,612,142 | -17,958,091 | 12,345,949 |
| Profit (loss) before tax (A-B+C+D+E) | 26,260,559 | 20,363,814 | 5,896,745 |
| 22) Current, deferred and prepaid income tax for the year | 9,528,549 | 11,299,699 | -1,771,150 |
| 23) Profit (Loss) for the year | 16,732,010 | 9,064,115 | 7,667,895 |



Valuation criteria, accounting standards and principles for drafting the Financial Statements

EXPLANATORY NOTES

Dear Shareholders,

The financial statements which we submit for your approval, composed of the Balance Sheets, Profit and Loss Account and Explanatory Notes, have been prepared according to the Italian GAAP (art. 2423 et seq. of the Italian Civil Code), interpreted and supplemented with the accounting standards developed by the Italian Accounting Profession and, where such standards are lacking or where new standards must apply, with those issued by the International Accounting Standards Board (IASB). In order to provide full disclosure, the financial statements were integrated with the Cash Flow Statement which analyses cash flows generated during the year. The financial statements were drawn up in compliance with the reforms of the corporate laws put into practice by the Italian Legislative Decree no. 6/2003. Furthermore, we specify that there were no derogations pursuant to art. 2423, fourth subsection of the Italian Civil Code and that no revaluations were made pursuant to the special laws on the subject.

As envisaged under art. 2428 of the Italian Civil Code, the description of activities, position and results of operations of the Company, related party transactions, significant events following closure of the financial year and the business outlook are described in the management report prepared by the Company's Directors.

For greater clarity, items with a zero value for both the current and previous year have been omitted from the balance sheet and profit and loss account.

The data and comments on items of the balance sheet and profit and loss account are expressed in Euro, without decimal points in accordance with law.

The valuation criteria implemented faithfully respects the provisions in art. 2426 of the Italian Civil Code, in its entirety. Items were assessed pursuant to the general prudence and matching criteria, with a view to the business as an ongoing concern pursuant to art. 2423-bis of the Italian Civil Code, and taking into account the economic function of the asset or liability concerned. The valuation criteria adopted for the most significant items of the financial statements are indicated below.

Intangible fixed assets

Intangible fixed assets are recognised at purchase or production cost, net of any cumulative amortisation calculated on a straight-line basis according to their useful life. Where required by law, the items are recorded with consent from the Board of Statutory Auditors. If as at the date of the financial statements any fixed assets have undergone impairment, they are written down accordingly. If the reasons for write-down should at any time no longer apply, the write-down is not carried forward to future years.

*Industrial patent and intellectual property rights:**- Patents:*

The amortisation period corresponds with the duration of the patent.

- Software licences:

This item includes costs for the purchase of user licences for third-party software. The recorded costs all relate to long-term utilisation and are amortised according to the user licence duration. If the licence has an unlimited duration, the related cost is amortised over 3 years. Infrastructure and software application licences of particular strategic importance are examined on a case-by-case basis to assess the fair useful technical and economic life, which in exceptional circumstances may be more than 3 years.

Annual licence instalments are charged directly to the Profit and Loss Account under "Costs for use of third party assets".

- Projects developed during the year:

This item includes in-house software development projects already at production stage as at the balance sheet date. Third-party services are recognised at their direct cost, whereas production costs are calculated according to art. 2426, subsection 1, paragraph 1 of the Italian Civil Code through identification of the specific cost of related internal resources. The amortisation period is 3 years. Infrastructure and application software projects of particular strategic importance are examined on a case-by-case basis to assess the fair useful technical and economic life, which in exceptional circumstances may be more than 3 years. Costs relating to projects completed as at the end of the year for which future utilisation is certain are recorded under Balance Sheet assets.

Software programmes under development and advances:

This item includes value of production and purchase costs for the production of new software programmes as part of projects not yet completed or at final testing stage, and, therefore, not yet in operation at the end of the year. These relate to projects for which completion by the Company is reasonably certain from a technical point of view. Should these requisites not be met, the project costs are charged to the Profit and Loss Account for the year. It is only when the procedures using such software programmes go into production that the costs are reclassified to "Projects developed during the year", with subsequent commencement of related amortisation.

Other intangible fixed assets:

This item includes long-term charges relating to third-party assets. Amortisation is calculated according to the duration of the contract concerned and the residual useful life of the investment, and in any event for a period not exceeding 5 years.

Tangible fixed assets

Tangible fixed assets are recorded at their purchase cost, inclusive of related start-up costs. The values recorded are adjusted by their respective accumulated depreciation. If as at the date of the financial statements the value proves to be persistently lower than the net book value, the value is written down accordingly. If the reasons for write-down should at any time no longer apply, the write-down is not carried forward to future years. Depreciation recognised to the profit and loss account was calculated systematically and on a straight line basis - reduced by 50% for assets purchased during the year - according to the domestic rate considered most representative of the estimated useful technical and economic life of the assets. These rates are then detailed in comments to the financial statements items.

Costs for maintenance and repairs are charged to the Profit and Loss Account for the year in which they are incurred when they are of an ordinary nature, or capitalised if extraordinary.

Financial fixed assets

Equity investments in subsidiaries were assessed at acquisition or subscription cost, adjusted for any impairment. The reduction of book values, where necessary, directly reduce the carrying value recorded previously. If the reasons for write-down should at any time no longer apply, the write-down is not carried forward to future years. Equity investments in associates and other companies recognised at acquisition cost are written down if impaired. Long-term investments composed of loans are recorded at their estimated realisable value. Long-term investment portfolio securities are recorded in the item "Other securities" under Financial Fixed Assets. This item includes both the purchase cost of the securities and directly attributable accessory charges, excluding accumulated interest which is recorded under "Accrued income and prepayments" or, if interest has already matured in full, to "Other receivables" under Current Assets. If at the time of preparation of the financial statements the security proves to be impaired, or if a change in economic use of the asset is decided, e.g. from a capitalised asset to an asset held for trading, the cost criteria is replaced by the lower of the cost and the market value of the security. Securities classed as long-term investments are held until their natural maturity.

Change in long-term contracts

The valuation of long-term contracts with duration beyond the year is based on percentage completion criteria pursuant to art. 2426, subsection 11 of the Italian Civil Code. The percentage completion of the contracts was calculated according to the cost-to-cost method. Any losses on the contract, expected on the basis of objective, reasoned assessment, are charged to the profit and loss account in the period in which they become known, allocating the year-end inventories value to a special fund or reducing the value as appropriate.

Receivables and payables

Receivables are recorded according to their estimated realisable value, corresponding to the difference between the nominal value and the bad debt provision created during the previous years and increased by the amount allocated during the year. Payables are shown at their nominal value.

Short-term investments

Securities classed as short-term investments are valued at the lower between the purchase cost and market value, defined as the market value on the last day of trading for the year.

Cash and cash equivalents

Cash and cash equivalents are recorded at nominal value and represent the existence of cash and equivalent calculable sums as at the financial statements date.

Accruals and deferrals

These are recognised according to the cost matching principle. The item prepayments includes costs, the extent of which is time-dependent, incurred by the end of the financial year but relating to future financial years. The item deferred income includes income for the year that will be collected in future years.

Provisions for risks and charges

The provisions for risks and charges include allocations for loss cover or debts of a calculable nature, whose existence is certain or probable, where the total or date of the contingency asset cannot be calculated as at year-end.

Employee severance indemnity

Allocation is performed in compliance with reference regulations and current employment contracts, and represents the debt accrued in favour of employees as at the end of the financial year.

Costs and Revenues

These are recorded using the cost matching principle, also in observance of the principle of prudence.

Derivatives

The derivatives comprise interest rate swap (IRS) hedges.

The IRS interest spread is recorded financial charges in the profit and loss account according to the matching principle. If any transaction is not in perfect alignment with the underlying financial position, it is assessed under market conditions.

Dividends

These are recorded according to the cost matching principles.

Taxes

The allocation of taxes for the year, recorded in the financial statements, was calculated based on the forecast of taxable income pursuant to current regulations. Deferred tax assets and liabilities are calculated on the temporary differences between the value of assets and liabilities according to Italian GAAP criteria and their value for tax purposes. Deferred taxes are not recorded if their payment is considered unlikely. Prepaid taxes are recognised only if there is a reasonable certainty of their recovery in the future.

BREAKDOWN OF BALANCE SHEET ITEMS

Assets

Fixed assets: € 148,323,139

Fixed assets (tangible and intangible) are illustrated in analytical tables among the supplementary information to the explanatory notes and, for each item, indicate the historic costs, accumulated amortisation/depreciation, write-downs, reclassifications and changes during the year.

Intangible fixed assets: € 12,309,785

The breakdown of intangible fixed assets as at 31 December 2008 (net of amortisation) was as follows:

| Intangible fixed assets | 31.12.2008 | 31.12.2007 |
|---|-------------------|-------------------|
| Patent and intellectual property rights | 8,410,041 | 8,246,102 |
| Projects under development and advances | 2,189,063 | 2,339,603 |
| Other intangible fixed assets | 1,710,681 | 2,245,436 |
| Total | 12,309,785 | 12,831,141 |

Some of the main software developed and completed in the year refer to the integration activity foreseen by the merger project was launched in May 2007. In fact, some of the developments are relative to the substitutions of application programmes that perform an important cross company function to the entire corporation and from the time they were rendered productive, the same guarantee economic benefits for future years.

For a detailed analysis of changes in intangible assets, related amortisation and any reclassification, reference should be made to the special table in the Supplementary Information section. Other intangible assets include improvements to third party properties and the capitalisation of long-term charges for data transmission connections.

The amortisation rates used are indicated in the section of valuation criteria adopted by the company.

Tangible fixed assets: € 10,882,653

The breakdown of intangible fixed assets as at 31 December 2008 (net of amortisation) was as follows:

| Tangible fixed assets | 31.12.2008 | 31.12.2007 |
|------------------------------|-------------------|-------------------|
| Plant and equipment | 9,590,497 | 11,533,214 |
| Other assets | 1,292,156 | 1,640,997 |
| Total | 10,882,653 | 13,174,211 |

The main acquisitions during the year mainly referred to hardware.

During the year the company proceeded with its policy to acquire data processing and transmission technology infrastructures through operating leases. This method of acquiring means of production allows a more flexible upgrading of technological assets to meet company needs.

The residual useful life of tangible assets recorded in the balance sheet is verified periodically with operations managers to confirm coherence.

The table below indicates the depreciation rates used.

| Tangible Asset Category | Rate |
|--|-------------|
| Electrical systems | 15% |
| Air-conditioning systems | 15% |
| Alarm and security systems | 30% |
| Telephony and telecommunications systems | 25% |
| Hardware | 40% |
| Office furniture and equipment | 12% |
| Vehicles | 25% |

Financial fixed assets: € 125,130,701

The breakdown of financial fixed assets as at 31 December 2008 (net of depreciation) was as follows:

| Financial fixed assets | 31.12.2008 | 31.12.2007 |
|-----------------------------------|--------------------|--------------------|
| Equity investments | 106,852,697 | 120,201,268 |
| Receivables due from subsidiaries | 11,188,681 | - |
| Other receivables | 98,523 | 150,033 |
| Other securities | 6,990,800 | 11,004,000 |
| Total | 125,130,701 | 131,355,301 |

The change in the item "financial fixed assets" derives from the transfer of the equity investment in Perago FSE, Perago Africa, Waini S.r.l. and from the completion of the winding-up of the company INVOICING S.r.l.. Write-downs were also made to the figures of the companies GBC, Perago AG and Kedrios S.p.A.. Details are provided in the tables below. The receivables due from subsidiaries derive from the subordination of the financial receivables distributed to the subsidiary Perago AG, on behalf of the latter for the equity investment in Perago FSE and Perago Africa. The amount of the receivables subject to subordination shall be adjusted in function of that which is requested by the Swiss legislation. This transaction is necessary in order to guarantee the corporate continuity of the subsidiary in presence of a negative shareholders' equity.

In line with the approach implemented in the previous years, the valorisation in the financial statements of the subsidiaries is sustained by an impairment test on behalf of an independent expert.

Due to the persistent turbulence on the financial markets, that make it difficult to define the parameters of reference (risk free interest rates, growth rates, etc.) that are the basis of the valuation systems for the companies. An in depth analysis was entrusted to an important consultancy firm of the rates and all the variables utilised for the valorisation of the subsidiaries, also requesting a validation of the results obtained from the same.

This method is focused on the calculation of the Unlevered Discounted Cash Flow and introduced various improvements in respect to that implemented in the past, implementing conceptual and technical application logics provided by IAS 36 Impairment of Assets, compatible with the OIC principles and considered the best practice at an international level. Particular attention was also dedicated to the definition of the reference

parameters, utilising the most recent forecasted data processed by internationally recognised institutions and bearing in mind the markets of reference for each subsidiary.

The following tables summarise the main values of equity investments and their changes during the year.

| | Share capital | Percentage inv. | Nominal value of inv. | Carrying value | Shareholders' Equity as at 31/12/2008 |
|---|---------------|-----------------|-----------------------|--------------------|---------------------------------------|
| EQUITY INVESTMENTS IN SUBSIDIARIES | | | | | |
| GBC Zrl | 719,000 | 100% | 719,000 | 46,979,980 | 3,294,470 |
| Perago AG | 60,000 | 100% | 60,000 | - | - |
| TSP S.r.l. | 5,647,000 | 100% | 5,647,000 | 6,686,812 | 12,983,164 |
| Kedrios S.p.A. | 2,402,500 | 81% | 1,951,791 | 32,456,709 | 8,535,520 |
| RA Computer | 3,000,000 | 65% | 1,950,000 | 15,068,050 | 5,012,405 |
| SiNSYS SA | 6,000,000 | 51% | 3,060,000 | 2,679,030 | 6,056,420 |
| EQUITY INVESTMENTS IN ASSOCIATED COMPANIES | | | | | |
| Glesia S.r.l. | 20,000 | 49% | 9,800 | 9,800 | 2,058,227 |
| Actalis S.p.A. | 6,300,000 | 45% | 2,812,320 | 1,988,817 | 4,459,814 |
| A.T.S. S.p.A. | 120,000 | 30% | 36,000 | 931,853 | 2,073,000 |
| EQUITY INVESTMENTS IN OTHER COMPANIES | | | | | |
| Isnova S.c.r.l. | 232,398 | 22% | 51,639 | 51,646 | - |
| TOTAL CARRYING VALUE AS AT 31/12/2008 | | | | 106,852,697 | |

| | Balance as at 31/12/07 | Acquisitions / Subscriptions | Disposals | Value adjustments | Balance as at 31/12/08 |
|---|---------------------------|---------------------------------|-------------------|----------------------|---------------------------|
| EQUITY INVESTMENTS IN SUBSIDIARIES | | | | | |
| GBC | 49,515,980 | | - | -2,536,000 | 46,979,980 |
| Perago AG | 1,211,230 | | - | -1,211,230 | 0 |
| TSP S.r.l. | 6,686,812 | - | - | - | 6,686,812 |
| Kedrios S.p.A. | 35,025,709 | - | - | -2,569,000 | 32,456,709 |
| Perago FSE Ltd. | 4,462,508 | - | -4,462,508 | - | 0 |
| RA Computer | 15,068,050 | - | - | - | 15,068,050 |
| SiNSYS SA | 2,679,030 | - | - | - | 2,679,030 |
| EQUITY INVESTMENTS IN ASSOCIATED COMPANIES | | | | | |
| Glesia S.r.l. | 9,800 | - | - | - | 9,800 |
| INVOICING S.r.l. | 0 | - | - | - | 0 |
| Actalis S.p.A. | 1,988,817 | - | - | - | 1,988,817 |
| A.T.S. S.p.A. | 931,853 | - | - | - | 931,853 |
| Perago Africa Ltd. | 2,519,833 | - | -2,519,833 | - | 0 |
| EQUITY INVESTMENTS IN OTHER COMPANIES | | | | | |
| Isnova S.c.r.l. | 51,646 | - | - | - | 51,646 |
| Waini S.r.l. | 50,000 | - | -50,000 | - | 0 |
| TOTAL CARRYING VALUE | 120,201,268 | 0 | -7,032,341 | -6,316,230 | 106,852,697 |

The effect of investment valuation by the equity method is indicated in the SIA-SSB Group consolidated financial statements, presented at the same time as the separate financial statements.

Equity investments in subsidiaries

GBC - GIRO BANKKARTYA Zrt

The company, for which 100% acquisition was completed in 2007, has its headquarters in Budapest (Hungary) and share capital of HUF 177,000,000.

The company's Board of Directors, after appropriate allocation of provisions, proposed the distribution of a dividend to shareholders totalling HUF 370,000,000, equivalent to € 1.3 million.

2008 had a value of production equal to € 7.3 million, an operating margin equal to € 2.1 million, and a net profit of € 1.9 million.

For 2008, an independent expert was asked to verify and report upon the value of this equity investment. The report led to a € 2.5 million write-down in the recorded investment value. The write-down was executed in the basis of the exchange rates as at 31 December 2008, in line with the accounting principles and results a particularly sensible to the assumptions implemented with particular reference to the growth rate estimated in the processing of the form utilised. In the case that the average exchange rates for the first quarter of 2009 were used, the write-down would have been equal to € 6.5 million due to the consistent exchange depreciation of the Hungarian forints.

Perago AG

Perago AG, with headquarters in Unterägeri (Switzerland, canton of ZUG), 100% owned by SIA-SSB, was incorporated in the last quarter of 2005. The company has a share capital of CHF 100,000.

During the year SIA-SSB, by means of a transfer transaction at the original acquisition value, transferred to Perago AG the shareholdings into the companies Perago FSE (75%) and Perago Africa (30%), moreover, Perago AG directly executed the acquisition of the remaining 25% of Perago FSE. At the conclusion of these two transactions, Perago AG owns 100% of Perago FSE and 30% of Perago Africa.

The financial statements record a value of production for € 2.4 million and an operating margin of € 1.1 million. The year ended with a net loss of € 9.9 million subsequent to the consistent write-downs of equity investments in Perago FSE and Perago Africa. SIA-SSB shall provide to subordinate their credits in the measure necessary to guarantee corporate continuity pursuant to the Swiss legislations.

For 2008, an independent expert was asked to verify and report upon the value of this equity investment. The result of the report led to a write-down of € 2.3 million, writing off the equity investment value for € 1.2 million and by means of an allocation to the provisions for risks for € 1.1 million.

Perago FSE Ltd.

Company with registered office in Pretoria (Republic of South Africa) that, based on experience gained from the transformation of the South African payment systems, Perago FSE has developed its own RTGS product, considered by the market to be a sophisticated, modular, scalable system based on the most

advanced technology for the sector: positive feedback has already arrived in the form of contracts awarded from Sweden, Norway and more recently from Egypt.

2008 had a value of production equal to € 4.5 million, an operating margin equal to € 0.1 million, and a net profit of € 0.4 million.

Perago Africa Ltd.

This company is a service provider to the SWIFT network subscribers in sub-Saharan area in Africa.

2008 had a value of production equal to € 6.7 million, an operating margin equal to € 1.1 million, and a net profit of € 0.8 million.

TSP S.r.l.

TSP S.r.l., with headquarters in Milan, was incorporated on 23 July 1997. The company was incorporated for the development and marketing of the services based on cards and microprocessors. On 18 February 2004, TSP's extraordinary shareholders' meeting resolved to change the company from a public limited company to a private limited company. The share capital of € 5,647,000 is 100% owned by our company.

In summary, the company had a value of production equal to € 14.2 million, an operating margin equal to € 7.6 million, and a net profit of € 5.8 million. On approval of the financial statements it was resolved to allocate a € 5.6 million dividend.

Kedrios S.p.A.

The company, with headquarters in Milan and 81.24% owned by SIA-SSB, has a share capital of € 2,402,500 and shareholders' equity of € 8,535,520, including profit for the year.

The Kedrios financial statement presented a value of production equal to € 31.0 million, an operating margin equal to € 1.5 million, and a net profit of € 0.8 million.

For 2008, an independent expert was asked to verify and report upon the value of this equity investment. The report led to a € 2.6 million write-down in the recorded investment value.

RA Computer S.p.A.

A company with headquarters in Milan and share capital of € 3 million, 65% of ownership was acquired in 2006. RA Computer is specialised in the production of application packages and the provision of services to the banking and Public Administration sectors.

2008 closed with a value of production of approximately € 34.6 million and operating margin of € 0.9 million and substantially balanced net profits.

An independent expert was asked to verify and report upon the value of this equity investment also. The result of the report confirms sustainability of the value recorded in the financial statements.

SiNSYS SA

SiNSYS, with headquarters in Brussels, was incorporated on 23 September 2003 with share capital of € 6,000,000 comprised of 10,000 shares, 51% of which subscribed by our Company.

The SiNSYS financial statements record revenues of € 58.8 million and an operating margin of € 2.1 million. The financial year closed with net profits for the year of € 1.1 million.

Equity investments in associates**Glesia S.r.l.**

The 2008 results show a value of production of € 15.4 million, an operating margin of € 3.0 million and a net profit for € 2.0 million.

The company's Board of Directors, after appropriate allocation of provisions, proposed the distribution to shareholders of a € 1.8 million dividend.

INVOICING S.r.l.

The value of the equity investment recorded in the financial statement was cancelled given that as at 31 December 2008 the statement of realisation and liquidation was drawn up which permitted the conclusion of the winding-up procedure of the company.

Actalis S.p.A.

In summary, the company has reached a value of production of € 9.4 million and a negative operating margin of € 0.2 million. The current year closes substantially balanced and no write-down was executed.

ATS S.p.A.

2008 had a value of production of approximately € 9.4 million, an operating margin of € 0.6 million, and a net profit of € 0.1 million.

Equity investments in other companies

For an analysis of the business activities and performance of the various companies, reference should be made to the Management Report.

Isnova S.c.r.l.

This is a non-profit organisation for new technology development and promotion on the national and international markets. The equity investment recorded was € 52 thousand.

Waini S.r.l.

Waini S.r.l., the company, whose business purpose was the sale, distribution and presentation of marketing on their own behalf and for third parties, as well as the promotion of high-volume consumer goods of any category, particularly wine market products and advance sales certificates on wines, was transferred in the month of December and, moreover, it was provided to cancel the figures.

Receivables

The receivables due from subsidiaries amount to € 11,188,681 and derive from the subordination of the credit distributed to the subsidiary Perago AG for the acquisition of the equity investments in Perago FSE and Perago Africa. No amounts were recorded in this item during the previous year.

The receivables due from others amount to € 98,523 (€ 150,033 in 2007) and refer mainly to interest-free guarantee deposits realisable beyond the next financial year.

Other securities

| Securities | Balance as at 31/12/2007 | Acquisitions | Disinvestments/ Redemptions | Write- downs/write- backs | Balance as at 31/12/2008 |
|-----------------------|-----------------------------|--------------|--------------------------------|---------------------------------|-----------------------------|
| Government securities | 4,009,600 | - | -2,002,600 | -9,200 | 1,997,800 |
| Corporate bonds | 6,994,400 | - | -1,999,000 | -2,400 | 4,993,000 |
| Total | 11,004,000 | - | -4,001,600 | -11,600 | 6,990,800 |

The above table illustrates the changes and value adjustments during the year. Changes in the portfolio mainly relate to the redemption of fixed and floating rate securities on maturity. The write-downs relate to the adjustment of the book value with respect to market prices as at 31 December 2008, whereas reversals are to the extent of previous write-downs. For greater details, reference should be made to the "Supplementary Information" section.

Current assets: € 120,691,851

The individual elements are illustrated separately in the following tables, which summarise the changes commented below each table. Firstly, illustrated below are the changes in items comprising net current assets:

| Net current assets | 31/12/2008 (a) | 31/12/2007 (b) | Change (a b) |
|---|---------------------------|---------------------------|-----------------------------|
| Current assets | 120,691,851 | 128,409,165 | -7,717,314 |
| Accruals and deferrals | 7,411,413 | 4,626,057 | 2,785,356 |
| Receivables due beyond the following financial year | - | - | - |
| <i>Current assets</i> | <i>128,103,264</i> | <i>133,035,222</i> | <i>-4,931,958</i> |
| Payables | 68,894,129 | 88,140,094 | -19,245,965 |
| Accrued liabilities and deferred income | 932,759 | 562,997 | 369,762 |
| Amounts due beyond the following financial year | -4,572,310 | -7,423,684 | 2,851,374 |
| <i>Current liabilities</i> | <i>65,254,578</i> | <i>81,279,407</i> | <i>-16,024,829</i> |
| Total | 62,848,686 | 51,755,815 | 11,092,871 |

The attachments to these Explanatory Notes, forming an integral part of the statements, contain both the reclassified balance sheet and cash flow statement in terms of changes in net current assets so as to allow comparative analysis of the equity data.

The individual items are commented in detail below.

Inventories - € 3,504,240

Long-term contracts amount to € 3,504,240 (€ 5,150,340 as at 31 December 2007) and relate to national and international multi-year contracts for key customers.

Receivables: € 99,302,891

Due from customers

The breakdown of amounts due from customers included under current assets as at 31 December 2008 was as follows:

| Due from customers | 31/12/2008 | 31/12/2007 |
|------------------------------|-------------------|-------------------|
| Due on amounts invoiced | 56,391,216 | 61,748,561 |
| Due on invoices to be issued | 10,662,271 | 13,951,614 |
| Bad debt provision | -1,867,595 | -1,794,918 |
| Total | 65,185,892 | 73,905,257 |

Changes in the bad debt provision were as follows:

| Bad debt provision | 31/12/2008 | 31/12/2007 |
|---------------------------|-------------------|-------------------|
| Opening balance | 1,794,918 | 908,733 |
| Increases from merger | - | 1,461,347 |
| Allocation for the year | 88,556 | - |
| Utilisation | -15,879 | -575,162 |
| Total | 1,867,595 | 1,794,918 |

Due from subsidiaries and associates

The breakdown of amounts due from subsidiaries, associates and other equity investments included under current assets as at 31 December 2008 was as follows:

| Due from subsidiaries and associates | 31/12/2008 | 31/12/2007 |
|---|-------------------|-------------------|
| Subsidiaries | 17,086,813 | 22,068,519 |
| Associated companies | 3,183,000 | 5,453,457 |
| Total | 20,269,813 | 27,521,976 |

For greater details, reference should be made to the statement in the management report.

Tax credits

Tax credits totalled € 3,882,412 and include payments on account.

| Tax credits | 31/12/2008 | 31/12/2007 |
|--|-------------------|-------------------|
| From tax authorities for IRES (Corporation tax) | 746,157 | 2,921,437 |
| From tax authorities for IRAP (Regional business tax) | 741,131 | 676,982 |
| From tax authorities for withholding taxes | 261,292 | - |
| From tax authorities for VAT | 2,133,832 | - |
| Total | 3,882,412 | 3,598,419 |

Prepaid taxes

Prepaid tax credits amounting to € 6,614,128 derive from the temporary differences between the income for tax purposes and the balance sheet figure recorded in both past years and the current year. These were recorded as it is reasonably certain that they will be recovered in the future, and are calculated on the basis

of average rates expected in the recovery periods. For this purpose the period considered is no more than five financial years.

Details of the temporary tax differences with breakdown by type are included in the summary statement attached to the explanatory notes.

Other receivables (due within 12 months)

The balance amounts to € 3,350,646.

| Other receivables | 31/12/2008 | 31/12/2007 |
|---|-------------------|-------------------|
| Advances to suppliers | 39,400 | 3,637,419 |
| Receivables due from INVOICING in liquidation | 425,556 | - |
| Other receivables | 2,885,690 | 1,303,909 |
| Total | 3,350,646 | 4,941,328 |

Advances to suppliers primarily relate to a transaction of payments in advance of invoices executed during the previous year that was not re-proposed.

The receivables due from INVOICING in liquidation refer to the distribution plan established by the official receiver for the company.

There are no receivables in foreign currency or realisable in more than 5 years.

Cash and cash equivalents: € 17,884,720

These mainly comprise funds temporarily available in current accounts, and cash and cash equivalents on hand.

| Cash and cash equivalents | 31/12/2008 | 31/12/2007 |
|----------------------------------|-------------------|-------------------|
| Bank current accounts | 17,869,066 | 4,771,394 |
| Cash on hand | 15,654 | 16,820 |
| Total | 17,884,720 | 4,788,214 |

The increase in respect to the previous year is mainly due to the lesser exposure for trade receivables and a precise acquisition policy that allowed for the negotiation of better conditions with the suppliers.

Accrued income and prepayments: € 7,411,413

Accrued income and prepayments can be broken down as follows:

| Prepayments | 31/12/2008 | 31/12/2007 |
|--|-------------------|-------------------|
| Lease instalments | 4,513,715 | 1,935,991 |
| System support | 571,112 | 688,457 |
| Software user licences and maintenance | 1,432,788 | 803,288 |
| Insurance policies | 837,973 | 210,036 |
| Other prepayments | 55,825 | 988,285 |
| Total prepayments | 7,411,413 | 4,626,057 |
| Total accrued income | - | - |
| Closing balance | 7,411,413 | 4,626,057 |

There are no accrued income or prepayment items with a duration of more than 5 years.

Liabilities

Shareholders' equity: € 174,485,587

The statement of changes in shareholders' equity is provided in the attachments.

Share capital

The share capital is fully paid up and amounted to € 22,091,287, comprising 169,932,974 ordinary shares with a nominal value of € 0.13 each. For an analysis of changes in capital during the year, reference should be made to the attached statement.

| Share capital | 31/12/2008 | 31/12/2007 |
|----------------------|-------------------|-------------------|
| Share capital | 22,091,287 | 22,091,287 |
| Total | 22,091,287 | 22,091,287 |

Legal reserves

The reserve has not yet reached a fifth of the share capital pursuant to art. 2430 of the Italian Civil Code.

| Legal reserves | 31/12/2008 | 31/12/2007 |
|-----------------------|-------------------|-------------------|
| Legal reserves | 2,606,004 | 2,152,798 |
| Total | 2,606,004 | 2,152,798 |

Reserves for split-off surplus

The total of € 1,425,801 recorded represents the difference between the total value of SSB shares assigned and the book value of the assets transferred after the partial split-off of the SIA S.p.A. processing branch.

Reserve for merger surplus

Recorded for a total € 78,844,027 this reserve represents the difference generated from the merger by incorporation of SIA S.p.A.

Revaluation reserve for equity investments

| | 31/12/2008 | 31/12/2007 |
|---|------------------|------------------|
| Revaluation reserve for equity investments | | |
| Revaluation of the TSP investment, 2004 | 487,397 | 487,397 |
| Revaluation of the TSP investment, 2005 | 248,670 | 248,670 |
| Revaluation of the TSP investment, 2006 | 535,817 | 535,817 |
| Revaluation of the SiNSYS investment, 2006 | 1,442,741 | 1,442,741 |
| Total | 2,714,625 | 2,714,625 |

Reserve for exchange gains

| | 31/12/2008 | 31/12/2007 |
|-----------------------------------|------------|--------------|
| Reserve for exchange gains | | |
| Reserve for exchange gains | - | 1,745 |
| Total | 0 | 1,745 |

Profits carried forward

Profits carried forward were equal to € 50,071,833 following allocation of the residual profits from 2007, and distribution of the € 0.0353 per share dividend for a total of € 5,998,634 as resolved by the shareholders' meeting of 23 April 2008.

| Profits carried forward | 31/12/2008 | 31/12/2007 |
|------------------------------------|-------------------|-------------------|
| Opening balance | 47,457,813 | 41,626,418 |
| Allocation of profits for the year | 2,614,020 | 5,831,395 |
| Total | 50,071,833 | 47,457,813 |

Provisions for risks and charges: € 13,817,543

Provision for taxes

Changes during the year were as follows:

| Provision for taxes | 31/12/2008 | 31/12/2007 |
|---|-------------------|-------------------|
| Provision for deferred taxes as at 31 December 2007 | 1,574,846 | 2,201,369 |
| Allocation/utilisation during the year | -1,460,954 | -626,523 |
| Total | 113,892 | 1,574,846 |

Other

| Provision | Balance as at 31/12/2007 | Increases | Utilisation | Balance as at 31/12/2008 |
|------------------------|-------------------------------------|------------------|--------------------|-------------------------------------|
| Claims risk | 1,140,800 | 263,121 | -990,518 | 413,403 |
| Future charges | 1,651,113 | 1,163,054 | -218,734 | 2,595,433 |
| Restructuring costs | 11,593,327 | 3,326,322 | -6,633,768 | 8,285,881 |
| Equity investment risk | 1,975,097 | 1,131,770 | -697,933 | 2,408,934 |
| Total | 16,360,337 | 5,884,267 | -8,540,953 | 13,703,651 |

The provision for damages was allocated as a result of claims for damages made by various customers as a result of discrepancies occurring in the current and previous years. It should be mentioned that certain positions are partly covered by insurance.

The provision for future charges mainly refers to costs that could be incurred for advance termination of the lease agreement on the Roncaglia property.

The provision for restructuring costs was established to meet personnel reorganisation costs and its considerable use is due to the foreseen leaving of personnel.

The provision for equity investment risks relates to losses generated by the subsidiary Perago AG.

Employee severance indemnity: € 18,296,385

Changes in this item were as follows:

| Employee severance indemnity | 31/12/2008 | 31/12/2007 |
|--|-------------------|-------------------|
| Opening balance | 20,005,390 | 8,939,429 |
| Effects of merger | 0 | 12,094,589 |
| Use for termination of employment relationships and advances | -2,226,603 | -2,100,118 |
| Allocations for the year | 4,406,776 | 4,433,518 |
| Transfers to SINSYS | -57,293 | -2,324 |
| Adjustments | 53,657 | 9,383 |
| Deposits to pension/treasury fund | -3,822,169 | -3,293,451 |
| Substitute tax | -63,373 | -75,636 |
| Total | 18,296,385 | 20,005,390 |

Utilisation was linked to recourse to advances to personnel on employee severance indemnity matured and to staff turnover.

The total proves sufficient to meet relevant contractual and legal obligations.

Payables: € 68,894,129

A summary of changes during the year is provided below:

| Payables | Balance as at 31/12/2008 | Balance as at 31/12/2007 | Net changes for the year |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| Due to bank | 7,423,653 | 10,068,659 | -2,645,006 |
| Advances from customers | 2,457,120 | 3,448,956 | -991,836 |
| Due to suppliers | 23,330,511 | 39,420,877 | -16,090,366 |
| Due to subsidiaries | 9,339,000 | 7,868,677 | 1,470,323 |
| Due to associates/investee companies | 728,000 | 1,338,656 | -610,656 |
| Tax payables | 2,411,491 | 2,902,971 | -491,480 |
| Due to social security authorities | 8,489,802 | 5,908,886 | 2,580,916 |
| Other payables | 14,714,552 | 17,182,412 | -2,467,860 |
| Total | 68,894,129 | 88,140,094 | -19,245,965 |

Due to banks

Amounts due to banks totalled € 7,423,653, of which € 4,572,310 payable beyond the following financial year, and refer to a medium/long-term loan. The loan was taken out in the first half of 2001 to cover investments in equity investments, has floating rate interest, is not backed by any form of guarantee and matures on 30 June 2011. It should be mentioned, with regard to this loan, that since 2002 an interest rate swap coverage derivative contract exists, with expiry 30 June 2011, related to the trend of interest rates to transform the effect of the original loan from a floating interest rate to a fixed interest rate. During the following year a new derivative contract was activated that, starting from 1 July 2008, compensates and, therefore, eliminates the economic and equity effects of the previous contract, rendering the interest rate of the loan contract variable once again. Agreements were reached with the counter-party to execute both derivative contracts in the first months of 2009.

There are no payables due in more than 5 years other than those illustrated above, and no payables are expressed in currencies other than Euro.

Amounts due to subsidiaries relate to commercial transactions.

Amounts due to subsidiaries/associates mainly refer to consulting, software development and processing services provided on behalf of SIA-SSB. For further information, reference should be made to the section "Equity and economic relations with associated companies" in the Management Report.

Advances

These amount to € 2,457,120 and refer to advances received from key customers for contracts still in progress. In the previous year the amount of this item was equal to € 3,448,956.

Due to suppliers

The overall amount is equal to € 23,330,511 and is made up as follows:

| Due to suppliers | 31/12/2008 | 31/12/2007 |
|------------------------------------|-------------------|-------------------|
| Suppliers, of which: | | |
| Invoices received and not yet paid | 5,359,771 | 12,950,347 |
| Invoices to be received | 17,970,740 | 26,470,530 |
| Total | 23,330,511 | 39,420,877 |

Due to subsidiaries

The overall amount for this item was € 9,339,000 compared to € 7,868,677 in 2007.

Due to associates

The overall amount for this item was € 728,000 compared to € 1,338,656 in 2007.

Income taxes payable

The overall amount for this item was € 2,411,491 compared to € 2,902,971 in 2007.

| Income taxes payable | 31/12/2008 | 31/12/2007 |
|--|-------------------|-------------------|
| Due to tax authorities for withholding taxes | 2,410,988 | 2,329,170 |
| VAT payables | - | 573,801 |
| Sundry payables | 503 | - |
| Closing balance | 2,411,491 | 2,902,971 |

Due to social security authorities

The overall total for this item was € 8,489,802 compared to € 5,908,886 in 2007.

| Due to social security authorities | 31/12/2008 | 31/12/2007 |
|---|-------------------|-------------------|
| INPS (Social Security) | 8,462,688 | 5,838,994 |
| Other | 27,114 | 69,892 |
| Total | 8,489,802 | 5,908,886 |

The increase in the payables due to INPS is due to the personnel restructuring underway for the confirmation of the subscription of an elevated number of the resources to the "Solidarity Fund for the support of income, occupation and of the professional re-conversion and re-qualification of the employees of the credit companies".

Other payables

The total for this item was € 14,714,552, compared to € 17,182,412 in 2007.

| Other payables | 31/12/2008 | 31/12/2007 |
|---|-------------------|-------------------|
| Due to personnel for wages/salaries matured | 613,036 | 172,831 |
| Staff bonuses and MBO | 7,112,506 | 7,732,943 |
| Other amounts due to personnel | 2,306,738 | 5,499,506 |
| Other payables | 4,682,272 | 3,777,132 |
| Total | 14,714,552 | 17,182,412 |

The decrease of the other payables due to personnel is mainly due to the elevated amounts, present in the previous year and that were not re-proposed in 2008, relevant to personnel incentives subsequent to the restructuration process underway.

In the item other payables, the amounts were entered relevant to the reformation underway of the preparation concerning the calculation of the taxes for the previous year.

Accrued liabilities and deferred income: € 932,759

Accrued liabilities and deferred income can be broken down as follows:

| Accrued liabilities and deferred income | 31/12/2008 | 31/12/2007 |
|--|-------------------|-------------------|
| EBA Participant System Maintenance | 125,418 | 147,751 |
| Pekao Migration Project | 580,000 | - |
| Monte Paschi Siena Project | 175,000 | - |
| Sia-Eagle products | - | 67,500 |
| SCT flow management | - | 70,000 |
| Fastbank service | - | 33,850 |
| SMAC and DREAM environment developments | - | 120,000 |
| National Services Card | - | 50,891 |
| Non-credit services | 52,341 | 73,005 |
| Total | 932,759 | 562,997 |

There are no accrued liability or deferred income items with a duration of more than 5 years.

Memorandum accounts: € 6,260,936

The values refer to commitments and guarantees given to third parties as sureties.

| Memorandum accounts | 31/12/2008 | 31/12/2007 |
|----------------------------|-------------------|-------------------|
| Guarantees | 6,260,936 | 5,402,779 |
| Total | 6,260,936 | 5,402,779 |

BREAKDOWN OF PROFIT AND LOSS ACCOUNT ITEMS

Value of production: € 314,837,359

Revenues from sales and services

Revenues from ordinary operations are broken down as follows:

| Revenues from services and sales of products | 2008 | 2007 |
|---|--------------------|--------------------|
| Network services | 56,928,843 | 58,429,172 |
| Card processing | 139,448,781 | 128,300,484 |
| Payment systems | 59,854,182 | 56,805,698 |
| Capital market | 47,901,166 | 69,512,843 |
| Total | 304,132,972 | 313,048,197 |

There was a slight decrease for Network Services. This change is a consequence of the reduction of revenues deriving from the modification in 2008 of the VAT tax regime on various services and the implementation of a new pricing policy, only in part compensated by the breakdown of the component relevant to the Network services as regard valid bundled contracts, as well as from higher value of production and software development for clients of primary importance.

In relation to the Processing Services for the cards, we point out the increase in value of production relating to the management of international debit and credit cards as well as domestic debit cards in addition to greater software development activities.

In the Payment Systems item, we point out higher revenues deriving from the effects of the introduction of the IBAN on the ICI service for Collections and Payments.

The item dedicated to financial services, shows a decrease of revenues due to the termination of various services with primary clients, from the renegotiation of various contracts with important clients, as well as the previously mentioned breakdown of network services.

Changes in long-term contracts

The change in the year is equal to € -1,646,100 and was mainly generated from the work in process on orders relevant to RTGS Norway and Clearing CFD projects for the LSE and the completion of the RTGS Sweden and Egypt projects.

Increases in own work capitalised

The value of projects completed as at the end of the year, and, therefore, subject to amortisation, were as follows:

| Increases in own work capitalised | 2008 | 2007 |
|---|------------------|------------------|
| Software programmes developed during the year | 4,077,566 | 3,277,320 |
| Software programmes under development | 156,461 | 50,224 |
| Total | 4,234,027 | 3,327,544 |

Some of the main software developed and completed in the year refer to the integration activity foreseen by the merger project launched in May 2007. In fact, some of the developments are relative to the substitutions of application programmes that perform an important cross company function to the entire corporation and from the time they were rendered productive, the same guarantee economic benefits for future years.

The change for the year, as regards internal projects underway, equal to € 156,461, is generated from the completion of various projects launched during the previous year, from the suspension of the projects not completed within the end of 2008 and from the unsuccessful continuation of the two initiatives initially suspended in the previous year.

Other revenues and income

Other operating revenues are broken down as follows:

| Other revenues | 2008 | 2007 |
|-------------------------------------|------------------|------------------|
| Other income | 3,952,972 | 1,901,216 |
| Extraordinary income | 4,150,778 | 3,655,725 |
| Capital gains on disposal of assets | 12,710 | 11,347 |
| Total | 8,116,460 | 5,568,288 |

The contingent assets mainly refer to the release of part of the provisions for damages allocated in previous years and the definition of various positions that did not generate any type of disbursements, to the reversal of higher allocations for taxes from the previous year to the release of the provisions for risks for the receivables of the company INVOICING, given that the completion of the winding-up procedure allowed for the total recovery of the original loan.

The item "Other income" mainly includes the reimbursements obtained from insurance for the coverage of damage requests forwarded by various clients and the chargeback to the shareholder banks in reference to the expenses suffered for the transfer process of the block of shares launched in the month of July.

Cost of production: € 287,186,354

Costs for raw materials, consumables and goods

| Costs for consumables and goods | 2008 | 2007 |
|--|------------------|------------------|
| Consumables | 677,727 | 662,993 |
| Third party hw and sw purchases | 821,472 | 888,440 |
| Gifts | 190,442 | 262,325 |
| Other | 494,867 | 660,686 |
| Total | 2,184,508 | 2,474,444 |

Service costs

| Costs for the provision of services | 2008 | 2007 |
|--|--------------------|--------------------|
| Consulting and technical assistance | 47,567,666 | 50,905,594 |
| Insurance | 1,299,943 | 1,661,806 |
| Retrocessions | 4,864,233 | 4,628,253 |
| Hardware maintenance fees | 5,773,871 | 5,425,308 |
| Maintenance | 10,056,278 | 12,533,578 |
| Electricity | 3,168,932 | 2,719,850 |
| Telephone and data transfer charges | 18,487,442 | 21,830,603 |
| Travel | 1,619,069 | 1,849,203 |
| Company bodies | 1,108,718 | 991,773 |
| Processing services | 17,329,765 | 10,095,416 |
| Surveillance and cleaning services | 1,332,055 | 2,036,496 |
| Distribution costs | 802,298 | 989,318 |
| Other | 2,585,695 | 2,865,454 |
| Total | 115,995,965 | 118,532,652 |

The lesser telephone and data transmission costs are due to the optimisation of the infrastructures for the supply of Network Services. The higher costs for the processing services arose from the greater volume handled. The lesser expenses for insurance is due to the re-negotiation of contracts with brokers.

Costs for use of third-party assets

These can be broken down as follows:

| Costs for use of third-party assets | 2008 | 2007 |
|--|-------------------|-------------------|
| Property leases | 8,667,931 | 8,459,553 |
| Software leases | 22,272,861 | 23,464,821 |
| Vehicle rentals | 1,025,915 | 1,036,424 |
| Hardware leases | 16,166,212 | 14,279,604 |
| Miscellaneous leases | 50,523 | 215,515 |
| Total | 48,183,442 | 47,455,917 |

Costs for the use of third party hardware and software reflect the acquisition costs for technology infrastructures for which operating leases are prevalent. This decision was determined by the strong degree of flexibility and rapid hardware upgrading options in meeting the changing needs of services provided and to satisfy customer requirements.

Costs for subordinate employees and related contributions

As at 31 December 2008 the workforce totalled 1,040 (30 Managers - 1,010 Staff). The average number of employees, divided by category, is as follows:

| Number of employees | 2008 | 2007 |
|----------------------------|--------------|--------------|
| Managers | 30 | 54 |
| Staff | 1,023 | 1,073 |
| Total | 1,053 | 1,127 |

The breakdown of personnel costs is as follows:

| Personnel costs | 2008 | 2007 |
|------------------------------|-------------------|-------------------|
| Wages and salaries | 56,073,991 | 56,124,006 |
| Social security costs | 15,760,412 | 16,205,766 |
| Employee severance indemnity | 4,406,776 | 4,433,518 |
| Insurance and pension funds | 3,130,041 | 2,932,454 |
| Other costs | 2,850,652 | 2,865,878 |
| Total | 82,221,872 | 82,561,622 |

Amortisation, depreciation and write-downs

Amortisation of intangible fixed assets

Amortisation of intangible fixed assets related to the following items:

| Amortisation of intangible fixed assets | 2008 | 2007 |
|--|------------------|-------------------|
| Software programmes for customer services and internal use | 8,078,422 | 8,973,117 |
| Long-term charges | 1,082,663 | 2,021,718 |
| Total | 9,161,085 | 10,994,835 |

The balance derives from the amortisation process for software licences and projects developed in-house, regarding both central technology infrastructures and applications for specific services.

Depreciation of tangible fixed assets

| Depreciation of tangible fixed assets | 2008 | 2007 |
|--|------------------|------------------|
| Plant and equipment | 4,937,839 | 5,910,496 |
| Other assets | 431,360 | 454,796 |
| Total | 5,369,199 | 6,365,292 |

The balance is attributable to the depreciation of peripheral hardware and market access (share and bond markets), and to a number of central processing and transmission infrastructures.

The detailed amounts for each category are illustrated in the complete table of tangible fixed assets provided as an attachment to the explanatory notes, of which the attachment forms an integral part.

Bad debt provision

| Bad debt provision | 2008 | 2007 |
|---------------------------|---------------|-------------|
| Bad debt provision | 88,556 | - |
| Total | 88,556 | 0 |

In 2008 an allocation was made to adjust the bad debt provisions in existence to cover the risk of the positions as at the end of the year.

Allocation to provisions for risks and charges

| Allocation to provision for risks | 2008 | 2007 |
|--|------------------|----------------|
| Provision for equity investment risks | 1,131,770 | 697,933 |
| Provision for future charges | 1,408,053 | - |
| Total | 2,539,823 | 697,933 |

The amount of the allocation to the provisions for risks on equity investments reflects the results of the appraisal executed by an independent expert and the value of the investment recorded in the financial statements.

The amount of the allocation to the provision for future charges and mainly referred to estimated figures subsequent to the results of the partial verifications carried out by the Tax Authorities on direct and indirect taxes of the companies SSB S.p.A and SIA prior to the merger.

Other operating costs

These are broken down as follows:

| Other operating costs | 2008 | 2007 |
|--|-------------------|-------------------|
| Non-deductible VAT | 13,884,325 | 17,245,993 |
| Indirect taxes | 772,372 | 264,975 |
| Indemnities to customers | 2,239,002 | 1,070,750 |
| Entertainment expenses and sponsorship | 591,926 | 942,110 |
| Contingent assets and liabilities | 2,333,279 | 1,311,379 |
| Charitable donations | 135,000 | 215,000 |
| Membership fees | 273,443 | 282,531 |
| Database membership fees | 980,039 | 410,324 |
| Sundry charges | 232,518 | 225,106 |
| Total | 21,441,904 | 21,968,168 |

The impact of non-deductible VAT was positive as a result of the reduction in the non-deductible percentage from 57% to 41%. The higher compensation costs for damages are partially compensated by insurance reimbursements, while the higher contingent liabilities are due to the underestimated allocations in 2007, relevant to the variable personnel costs, and for the back charge of various revenue items erroneously invoiced.

Financial income and charges: € 10,566,526

Income from investments

| Income from equity investments | 2008 | 2007 |
|---------------------------------------|------------------|------------------|
| TSP Srl - dividend | 5,600,000 | 6,200,000 |
| Giro Bankkartya Zrt - dividend | 1,387,326 | 2,758,838 |
| Kedrios SpA - dividend | 312,287 | - |
| Glesia Srl - dividend | 882,000 | 671,300 |
| Liquidation of Invoicing | 61,125 | - |
| Disposal of Perago FSE | 893,999 | - |
| Perago Africa - dividend | - | 100,800 |
| Total | 9,136,737 | 9,730,938 |

The amount is due to dividends, recorded for the year, of the subsidiaries TSP S.r.l., GBC and Kedrios S.p.A. and from the associated Glesia Srl. The companies resolved to allocate the dividends prior to approval of the SIA-SSB financial statements. The GBC dividend totals HUF 370,000,000, converted as at the 31 December 2008 exchange rate (€1 = HUF 266.7). Furthermore, we point out revenues deriving from the winding-up of the company INVOICING, from the transfer at the acquisition price of the equity investment in Perago FSE and the missed payment of the dividends on behalf of Perago Africa subsequent to the transfer of the equity investment.

Other financial income

A summary table is provided below, followed by all the detailed tables:

| Other financial income | 2008 | 2007 |
|--|------------------|------------------|
| Interest income from current accounts and short-term credit facilities | 919,375 | 1,865,011 |
| Intercompany interest income | 549,264 | 289,129 |
| IRS interest | 243,959 | 483,281 |
| Interest income on bonds | 447,465 | 475,923 |
| Other interest income | 26 | 21,589 |
| Closing balance | 2,160,089 | 3,134,933 |

Interest and other financial charges

| Interest and other financial charges | 2008 | 2007 |
|---|----------------|------------------|
| Interest expense on M/L term loans | 519,958 | 588,839 |
| IRS interest expense | 239,095 | 573,811 |
| Bank charges and other financial charges | 68,234 | 127,783 |
| Interest expense to suppliers | 9,693 | 12,391 |
| Total | 836,980 | 1,302,824 |

Exchange gains (losses)

The item, with a net balance amounting to € 106,680, contains the net exchange gains for € 151,045 and exchange losses for € 44,365.

Value adjustments to financial assets: € -6,344,830

Write-down of Equity investments

| Write-down of Equity investments | 2008 | 2007 |
|---|------------------|------------------|
| GBC | 2,536,000 | - |
| Kedrios SpA | 2,569,000 | 1,419,000 |
| Perago AG | 1,211,230 | - |
| Invoicing Srl | - | 74,921 |
| Thesia SpA | - | 92,126 |
| Perago FSE | - | 894,000 |
| Perago AG | - | 728,770 |
| Actalis SpA | - | 707,429 |
| Waini | 17,000 | - |
| Total | 6,333,230 | 3,916,246 |

The value adjustments made to the figures of GBC, Kedrios and Perago AG were carried out based on an appraisal executed by an independent expert. The amount in reference to Waini derives from the spreads between the investment value and the realisable value.

Write-down of financial fixed assets not classed as investments

| Write-down of financial fixed assets not classed as investments | 2008 | 2007 |
|--|---------------|---------------|
| Write-down of bonds | 11,600 | 20,001 |
| Total | 11,600 | 20,001 |

This value relates to security prices adjusted to the market value as at 31 December 2008.

Extraordinary income and charges: € -5,612,142

Income

| Extraordinary income | 2008 | 2007 |
|-----------------------------|-------------|------------------|
| Extraordinary income | - | 1,125,624 |
| Total | 0 | 1,125,624 |

This item includes dividends of associates Glesia S.r.l. and Perago Africa in reference to the 2006 financial statements, distributed in 2007 and recorded under cash flow matching criteria.

Charges

| Extraordinary charges | 2008 | 2007 |
|------------------------------|------------------|-------------------|
| Extraordinary charges | 5,612,142 | 19,083,715 |
| Total | 5,612,142 | 19,083,715 |

This item relates to costs incurred as a result of implementation of the personnel reorganisation process.

Income taxes for the year: € 9,528,549**These are composed of:**

| Taxes | 2008 | 2007 |
|----------------|------------------|-------------------|
| IRAP | 3,400,000 | 4,900,000 |
| IRES | 5,700,000 | 8,100,000 |
| Deferred taxes | -1,460,954 | -626,523 |
| Prepaid taxes | 1,889,503 | -1,073,778 |
| Total | 9,528,549 | 11,299,699 |

The minor impact of the taxes - equal to 36% of the gross profit, in respect to the previous year, other than the reduction of the IRES and IRAP rates is primarily due to the lesser personnel restructuring costs and the possibility of a deduction of expenses relevant to costs for necessary telecommunication systems and strictly functional to the supply of Network services (Interbank National Network). We also point out that the company provided to apply the stamp pursuant to the law to align the tax and statutory figures relevant to the amortisations.

The prepaid taxes are essentially due to allocations to risk provisions as well as personnel costs on which deduction was deferred in compliance with current legal provisions.

SIA-SSB S.p.A.

The Chairman of the Board of Directors

Mr. Carlo Tresoldi



Supplementary Information

Statement of changes in tangible fixed assets and related amortisations and depreciations

| | Historical cost | | | | |
|--|-----------------------------|-------------------|-------------------|------------------|-----------------------------|
| | Balance as at 31/12/2007 | Reclassifications | Increases | Decreases | Balance as at 12/31/2008 |
| | (a) | (b) | (c) | (d) | (e=a+b-c+d) |
| Formation costs | 81,260 | 0 | 0 | 0 | 81,260 |
| Total formation costs | 81,260 | 0 | 0 | 0 | 81,260 |
| Projects developed during the year | 149,025,241 | -3,900 | 4,077,566 | 0 | 153,098,906 |
| Software licences | 55,962,744 | 3,900 | 4,164,790 | -8,983 | 60,140,423 |
| Patents | 8,983 | 0 | 0 | 0 | 8,983 |
| Total patent and intellectual property usage rights | 204,996,968 | 0 | 8,242,356 | -8,983 | 213,248,312 |
| Goodwill | 1,118,646 | 0 | 0 | 0 | 1,118,646 |
| Total goodwill | 1,118,646 | 0 | 0 | 0 | 1,118,646 |
| Other intangible fixed assets | 19,623,994 | 0 | 547,906 | 0 | 20,171,900 |
| Total other intangible fixed assets | 19,623,994 | 0 | 547,906 | 0 | 20,171,900 |
| Software programs under development and advances | 2,339,602 | 0 | 4,478,505 | 4,629,044 | 2,189,063 |
| Total intangible fixed assets in the year | 228,160,470 | 0 | 13,268,767 | 4,620,061 | 236,809,181 |

| Accumulated amortisation | | | | | | | 31/12/2007 | 31/12/2008 |
|------------------------------------|--------------------------|------------------|--|-------------------------------------|--|--|--|------------|
| Balance as at 31/12/2007 (f) | Reclassifications (g) | Increases (h) | Amortisation and depreciation for the year (i) | Decreases for adjustments (l) | Balance as at 31/12/2008 (m=f+g+h+i-l) | Fixed assets net intangible assets (n=a-g) | Fixed assets net intangible assets (o=e-m) | |
| 81,260 | 0 | 0 | 0 | 0 | 81,260 | 0 | 0 | |
| 81,260 | 0 | 0 | 0 | 0 | 81,260 | 0 | 0 | |
| 141,400,889 | 3,011,753 | 0 | 4,590,790 | 0 | 149,003,432 | 7,624,352 | 4,095,474 | |
| 55,340,994 | -3,011,753 | 0 | 3,487,632 | -8,983 | 55,825,856 | 621,750 | 4,314,567 | |
| 8,983 | 0 | 0 | 0 | 0 | 8,983 | 0 | 0 | |
| 196,750,866 | 0 | 0 | 8,078,422 | -8,983 | 204,838,271 | 8,246,102 | 8,410,041 | |
| 1,118,646 | 0 | 0 | 0 | 0 | 1,118,646 | 0 | 0 | |
| 1,118,646 | 0 | 0 | 0 | 0 | 1,118,646 | 0 | 0 | |
| 17,378,557 | 0 | 0 | 1,082,663 | 0 | 18,461,219 | 2,245,437 | 1,710,681 | |
| 17,378,557 | 0 | 0 | 1,082,663 | 0 | 18,461,219 | 2,245,437 | 1,710,681 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 2,339,602 | 2,189,063 | |
| 215,329,329 | 0.00 | 0 | 9,161,085 | -8,983 | 224,499,396 | 12,831,141 | 12,309,785 | |

Statement of changes in tangible fixed assets and related depreciation

| | Historical cost | | | | | Balance as at 31/12/2008 (f=a+b+c-d-e) |
|---|------------------------------------|--------------------------|------------------|------------------|--------------------|--|
| | Balance as at 31/12/2007 (a) | Reclassifications (b) | Increases (c) | Decreases (d) | Write-downs (e) | |
| Plant and equipment | | | | | | |
| Electrical systems | 19,941,807 | 0 | 764,828 | 50,164 | 0 | 20,656,471 |
| Air-conditioning systems | 7,252,937 | 0 | 397,300 | 0 | 0 | 7,650,237 |
| Telecommunications systems | 9,998,526 | 0 | 780,527 | 30,930 | 0 | 10,748,123 |
| Alarm and security systems | 6,607,048 | 0 | 281,163 | 20,317 | 0 | 6,867,894 |
| Misc. systems | 2,065,535 | 0 | 55,015 | 328 | 0 | 2,120,222 |
| Hardware | 54,023,200 | 0 | 800,289 | 1,363,703 | 0 | 53,459,786 |
| Machinery | 34,449 | 0 | 0 | 0 | 0 | 34,449 |
| Total plant and equipment | 99,923,502 | 0 | 3,079,122 | 1,465,442 | 0 | 101,537,182 |
| Other assets | | | | | | |
| Vehicles | 14,587 | 0 | 0 | 0 | 0 | 14,587 |
| Electrical machinery | 403,833 | 0 | 0 | 0 | 0 | 403,833 |
| Miscellaneous equipment | 692,546 | 0 | 3,421 | 4,241 | 0 | 691,726 |
| Office furniture and equipment | 9,361,052 | 0 | 79,097 | 20,978 | 0 | 9,419,171 |
| Total other assets | 10,472,018 | 0 | 82,518 | 25,219 | 0 | 10,529,317 |
| Work in progress and payments on account | | | | | | |
| Work in progress and payments on account | 0 | 0 | 0 | 0 | 0 | 0 |
| Total work in progress and payments on account | 0 | 0 | 0 | 0 | 0 | 0 |
| Total tangible fixed assets | 110,395,520 | 0 | 3,161,640 | 1,490,661 | 0 | 112,066,499 |

| Accumulated amortisation | | | | | | 31/12/2007 | 31/12/2008 |
|------------------------------------|--------------------------|------------------|--|----------------------------------|--|--|--|
| Balance as at 31/12/2007 (g) | Reclassifications (h) | Increases (i) | Amortisation and depreciation for the year (l) | Decreases for the year (m) | Balance as at 31/12/2008 (n=g+h+i+l-m) | Fixed assets net tangible assets (o=a-g) | Fixed assets net tangible assets (p=f-n) |
| 14,574,762 | 0 | 0 | 1,397,923 | 50,164 | 15,922,521 | 5,367,045 | 4,733,950 |
| 5,253,246 | 0 | 0 | 518,594 | 0 | 5,771,840 | 1,999,691 | 1,878,397 |
| 9,275,872 | 0 | 0 | 432,758 | 30,930 | 9,677,700 | 722,654 | 1,070,423 |
| 6,041,016 | 0 | 0 | 308,993 | 20,317 | 6,329,692 | 566,032 | 538,202 |
| 1,940,768 | 0 | 0 | 85,680 | 328 | 2,026,120 | 124,767 | 94,102 |
| 51,272,915 | 0 | 0 | 2,191,150 | 1,279,703 | 52,184,362 | 2,750,285 | 1,275,423 |
| 31,709 | 0 | 0 | 2,741 | 0 | 34,450 | 2,740 | 0 |
| 88,390,288 | 0 | 0 | 4,937,839 | 1,381,442 | 91,946,685 | 11,533,214 | 9,590,497 |
| 14,587 | 0 | 0 | 0 | 0 | 14,587 | 0 | 0 |
| 402,242 | 0 | 0 | 444 | 0 | 402,686 | 1,591 | 1,147 |
| 625,109 | 0 | 0 | 40,896 | 4,241 | 661,764 | 67,437 | 29,962 |
| 7,789,083 | 0 | 0 | 390,019 | 20,978 | 8,158,124 | 1,571,969 | 1,261,047 |
| 8,831,021 | 0 | 0 | 431,359 | 25,219 | 9,237,161 | 1,640,997 | 1,292,156 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 97,221,309 | 0 | 0 | 5,369,198 | 1,406,661 | 101,183,846 | 13,174,211 | 10,882,653 |

Breakdown of prepaid and deferred taxes

| | 2008 | | 2007 | |
|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Total temp. differences | Tax effect (rate of x%) | Total temp. differences | Tax effect (rate of x%) |
| Prepaid taxes: | | | | |
| Provisions for risks and charges | 2,283,019 | 638,093 | 2,791,916 | 767,777 |
| Bad debt provision | 1,267,528 | 348,570 | 2,617,528 | 719,820 |
| Write-down of equity investments | 132,053 | 36,315 | 4,579,185 | 1,259,277 |
| Entertainment expenses | 278,799 | 77,458 | 351,604 | 121,154 |
| Personnel costs and expenses payable | 19,021,006 | 5,230,774 | 19,048,605 | 5,238,364 |
| Write-down of tangible fixed assets | 217,514 | 59,817 | 217,514 | 59,817 |
| Write-down of intangible fixed assets | 288,894 | 90,713 | 281,880 | 108,276 |
| Other | 600,494 | 132,388 | 443,612 | 229,146 |
| Total | 24,089,307 | 6,614,128 | 30,331,844 | 8,503,631 |
| Deferred taxes: | | | | |
| Accelerated amortisation/depreciation | | | 4,271,402 | 1,341,221 |
| Dividends | 409,081 | 113,892 | 486,547 | 133,800 |
| Provision for tax credit write-downs | | | 363,000 | 99,825 |
| Total | 409,081 | 113,892 | 5,120,949 | 1,574,846 |
| Net deferred/prepaid tax | | 6,500,236 | | 6,928,785 |

Reconciliation statement between theoretic and balance sheet rates

| | 2008 | | 2007 | | 2008 | | 2007 | |
|---------------------------------------|-------------|-------------|----------------------|--|----------------------|--|----------------------|--|
| | | | IRES (Corporate Tax) | IRAP (Regional tax on productive activities) | IRES (Corporate Tax) | IRAP (Regional tax on productive activities) | IRES (Corporate Tax) | IRAP (Regional tax on productive activities) |
| Ordinary rate applicable | | | 27,5% | 3.90% | 33% | 4.25% | | |
| Profit (loss) for the year before tax | 27,119,559 | 20,363,814 | 7,457,879 | 1,057,663 | 6,720,059 | 865,462 | | |
| - IRES-exempt income | -21,373,541 | -15,590,732 | -5,877,724 | | -5,144,942 | | | |
| - Dividends | -8,181,613 | -10,800,280 | -2,249,944 | | -3,564,092 | | | |
| - IRES non-deductible costs | 23,150,737 | 30,556,702 | 6,366,453 | | 10,083,712 | | | |
| - IRAP taxable income | 83,797,317 | 92,883,728 | | 3,268,095 | | 3,947,558 | | |
| - IRAP-exempt income | -30,748,244 | -11,449,933 | | -1,199,182 | | -486,622 | | |
| - IRAP non-deductible costs | 5,966,084 | 12,463,058 | | 232,677 | | 529,680 | | |
| Total | | | 5,696,664 | 3,359,254 | 8,094,736 | 4,856,078 | | |
| Effective rate | | | 21.01% | 12.39% | 39.75% | 23.85% | | |

Breakdown of shareholders' equity as at 31 December 2008

| Type/Description | Amount | Possibility of utilisation | Quota Available |
|--|-------------------|----------------------------|--------------------|
| Capital | 22,091,287 | | |
| Capital reserves: | | | |
| Legal reserves | 2,606,004 | B | - |
| Reserve for merger surplus | 78,844,027 | A,B,C | 78,844,027 |
| Split-off reserves | 1,425,801 | A,B,C | 1,425,801 |
| Profit reserves: | | | |
| Revaluation reserve for equity investments | 2,714,625 | B | - |
| Profits carried forward | 50,071,833 | A,B,C | 50,071,833 |
| Total | | | 130,341,661 |
| Quota not distributed | | | 12,309,786 |
| Remaining distributable share | | | 118,031,875 |

Key: A: for share capital increases; B: for loss coverage; C: for distribution to shareholders

Breakdown of securities

| Securities | Balance as at 31.12.07 | Acquisitions | Disinvestments/ Redemptions | Write-downs | Write-backs | Balance as at 31.12.08 |
|------------------------------------|------------------------------|--------------|--------------------------------|----------------|-------------|------------------------------|
| <i>Financial fixed assets</i> | | | | | | |
| C.C.T. 01/09/2008 floating rate | 2,002,600 | | -2,002,600 | | | - |
| C.C.T. 01.06.10 floating rate | 2,007,000 | | | -9,200 | | 1,997,800 |
| Total government securities | 4,009,600 | - | -2,002,600 | -9,200 | - | 1,997,800 |
| Banco di Desio 09/07/09 floating | 2,997,000 | | | -3,000 | | 2,994,000 |
| Credito Emiliano 20/6/2008 floati | 1,999,000 | | -1,999,000 | | | - |
| Banca Agrileasing 11/3/2009 floa | 1,998,400 | | | | 600 | 1,999,000 |
| Total bonds | 6,994,400 | - | -1,999,000 | -3,000 | 600 | 4,993,000 |
| Total Securities | 11,004,000 | - | -4,001,600 | -12,200 | 600 | 6,990,800 |

Statement of changes in shareholders' equity

| | Share capital | Legal reserve | Split-off reserves | Merger surplus reserve | Reserve for undistributed exchange gains | Revaluation reserve for equity investments | Profits carried forward | Profit (Loss) for the year | Total |
|--|-------------------|------------------|--------------------|------------------------|--|--|-------------------------|----------------------------|--------------------|
| Balances as at 31/12/06 | 10,763,984 | 2,152,798 | 1,425,801 | - | 356 | 736,067 | 41,626,418 | 10,879,077 | 67,584,501 |
| <i>Distribution of 2006 profits</i> | | | | | | | | | |
| Legal reserve | | | | | | | | | |
| Revaluation reserve for equity investments | | | | | | 1,978,558 | | -1,978,558 | |
| Reserve for undistributed exchange gains | | | | | 1,389 | | | -1,389 | |
| Profits carried forward | | | | | | | 5,831,395 | -5,831,395 | |
| Dividends | | | | | | | | -3,067,735 | -3,067,735 |
| <i>Merger by incorporation of SIA S.p.A.</i> | | | | | | | | | |
| Share capital increase | 11,327,303 | | | | | | | | 11,327,303 |
| Merger surplus reserve | | | | 78,844,027 | | | | | 78,844,027 |
| Profit (Loss) for the year as at 31.12.07 | | | | | | | | 9,064,115 | |
| Balances as at 31/12/07 | 22,091,287 | 2,152,798 | 1,425,801 | 78,844,027 | 1,745 | 2,714,625 | 47,457,813 | 9,064,115 | 163,752,211 |
| <i>Distribution of 2007 profits</i> | | | | | | | | | |
| Legal reserve | | 453,206 | | | | | | -453,206 | |
| Revaluation reserve for equity investments | | | | | | | | | |
| Reserve for undistributed exchange gains | | | | | -1,745 | | 1,745 | | |
| Profits carried forward | | | | | | | 2,612,275 | -2,612,275 | |
| Dividends | | | | | | | | -5,998,634 | -5,998,634 |
| Profit (Loss) for the year as at 31.12.08 | | | | | | | | 16,732,010 | |
| Balances as at 31.12.08 | 22,091,287 | 2,606,004 | 1,425,801 | 78,844,027 | - | 2,714,625 | 50,071,833 | 16,732,010 | 174,485,587 |

Reclassified balance sheet

| | 12/31/2008 | % | 12/31/2007 | % |
|--|--------------------|---------------|--------------------|---------------|
| Patent and intellectual property rights | 8,410,041 | 3.0% | 8,246,102 | 2.8% |
| Projects under development and advances | 2,189,063 | 0.8% | 2,339,603 | 0.8% |
| Plant and equipment | 9,590,497 | 3.5% | 11,533,214 | 4.0% |
| Technical assets | 20,189,601 | 7.3% | 22,118,919 | 7.6% |
| Other assets | 1,292,156 | 0.5% | 1,640,997 | 0.6% |
| Other intangible fixed assets | 1,710,681 | 0.6% | 2,245,436 | 0.8% |
| Other fixed assets | 3,002,837 | 1.1% | 3,886,433 | 1.3% |
| Financial fixed assets - equity investments in subsidiaries | 103,870,581 | 37.6% | 114,649,319 | 39.5% |
| Financial fixed assets - equity investments in other companies | 2,982,116 | 1.1% | 5,551,949 | 1.9% |
| Financial fixed assets - loans to others | 11,287,204 | 4.1% | 150,033 | 0.1% |
| Financial fixed assets - other securities | 6,990,800 | 2.5% | 11,004,000 | 3.8% |
| Fixed assets | 148,323,139 | 53.7% | 157,360,653 | 54.2% |
| Due from customers | 65,185,892 | 23.6% | 73,905,257 | 25.4% |
| Due from subsidiaries | 17,086,813 | 6.2% | 22,068,519 | 7.6% |
| Due from associates/investee companies | 3,183,000 | 1.2% | 5,453,457 | 1.9% |
| Tax credits | 3,882,412 | 1.4% | 3,598,419 | 1.2% |
| Prepaid tax credits | 6,614,128 | 2.4% | 8,503,631 | 2.9% |
| Other receivables | 3,350,646 | 1.2% | 4,941,328 | 1.7% |
| Inventories | 3,504,240 | 1.3% | 5,150,340 | 1.8% |
| Bank deposits | 17,869,066 | 6.5% | 4,771,394 | 1.6% |
| Cash on hand | 15,654 | 0.0% | 16,820 | 0.0% |
| Accrued income and prepayments | 7,411,413 | 2.7% | 4,626,057 | 1.6% |
| Current assets | 128,103,264 | 46.3% | 133,035,222 | 45.8% |
| TOTAL ASSETS | 276,426,403 | 100.0% | 290,395,875 | 100.0% |
| Share capital | 22,091,287 | 8.0% | 22,091,287 | 7.6% |
| Legal reserves | 2,606,004 | 0.9% | 2,152,798 | 0.7% |
| Other reserves | 82,984,453 | 30.0% | 82,986,198 | 28.6% |
| Profit (loss) carried forward | 50,071,833 | 18.1% | 47,457,813 | 16.3% |
| Profit (loss) for the year | 16,732,010 | 6.1% | 9,064,115 | 3.1% |
| Provisions for risks and charges | 13,817,543 | 5.0% | 17,935,183 | 6.2% |
| Employee severance indemnity | 18,296,385 | 6.6% | 20,005,390 | 6.9% |
| Medium/long-term payables due to banks | 4,572,310 | 1.7% | 7,423,684 | 2.6% |
| Fixed liabilities | 211,171,825 | 76.4% | 209,116,468 | 72.0% |
| Short-term payables due to banks | 2,851,343 | 1.0% | 2,644,975 | 0.9% |
| Short-term advances from customers | 2,457,120 | 0.9% | 3,448,956 | 1.2% |
| Due to suppliers | 23,330,511 | 8.4% | 39,420,877 | 13.6% |
| Due to subsidiaries | 9,339,000 | 3.4% | 7,868,677 | 2.7% |
| Due to associates/investee companies | 728,000 | 0.3% | 1,338,656 | 0.5% |
| Income taxes payable | 2,411,491 | 0.9% | 2,902,971 | 1.0% |
| Due to social security authorities | 8,489,802 | 3.1% | 5,908,886 | 2.0% |
| Other payables | 14,714,552 | 5.3% | 17,182,412 | 5.9% |
| Accrued liabilities and deferred income | 932,759 | 0.3% | 562,997 | 0.2% |
| Current liabilities | 65,254,578 | 23.6% | 81,279,407 | 28.0% |
| TOTAL LIABILITIES | 276,426,403 | 100.0% | 290,395,875 | 100.0% |
| Current assets | 128,103,264 | | 133,035,222 | |
| Current liabilities | 65,254,578 | | 81,279,407 | |
| NET CURRENT ASSETS | 62,848,686 | | 51,755,815 | |

Cash Flow Statement (Section II)

(amounts in Euro/000)

| | 2008 | 2007 |
|---|---------------|---------------|
| Profit for the year | 16,732 | 9,064 |
| <i>+ Non-monetary costs</i> | | |
| Amortisation and depreciation | 14,530 | 17,360 |
| Write-down of fixed assets | 0 | 1,601 |
| Employee severance indemnity fund | 4,407 | 4,434 |
| Allocations to deferred tax reserve | 0 | 0 |
| Allocation to provisions for risks and charges | 5,884 | 12,928 |
| Unblocking of funds | 0 | 0 |
| Net cash flow generated from income management | 41,553 | 45,387 |
| Changes in net cash flow generated from off-balance sheet operations | | |
| <i>Sources:</i> | | |
| Sale of fixed assets (net book values) | 84 | 36 |
| Increase in tax credits beyond the financial year | 0 | 0 |
| Change in shareholders' equity due to merger | 0 | 92,960 |
| Change in provisions for risk due to merger | 0 | 5,489 |
| Change in employee severance indemnity fund due to merger | 0 | 12,095 |
| Change in loans payable due to merger | 0 | 10,127 |
| Increase in prepaid tax credits realisable beyond the financial year | 0 | 0 |
| Decrease in other receivables beyond the financial year | 0 | 0 |
| Decrease of financial fixed assets for unblocking | 11,029 | 0 |
| Total sources | 52,666 | 166,094 |
| <i>Utilisation:</i> | | |
| Increase in intangible fixed assets | 8,640 | 7,400 |
| Increase in tangible fixed assets | 3,162 | 8,568 |
| Change in intangible fixed assets due to merger | 0 | 9,406 |
| Change in tangible fixed assets due to merger | 0 | 4,776 |
| Change in financial fixed assets | -6,333 | 47,775 |
| Change in financial fixed assets due to merger | 0 | 72,681 |
| Net change in long-term loans | 0 | 0 |
| Decrease in loans payable | 2,851 | 2,703 |
| Revaluation of equity investments | 0 | 0 |
| Loss cover for associates | 0 | 0 |
| Distributed dividends | 5,999 | 5,856 |
| Utilisation of provisions for risk for compensation for damages | 990 | 877 |
| Utilisation of provisions for future risks and charges | 219 | 2,575 |
| Utilisation of the mobility reserve | 6,634 | 1,537 |
| Use of provisions for shareholding risks | 698 | |
| Utilisation of the deferred tax reserve | 1,461 | 627 |
| Utilisation of employee severance indemnity | 6,116 | 5,462 |
| Total utilisation | 41,574 | 170,243 |
| Increase/Decrease in Net Current Assets | 11,092 | -4,149 |

Cash Flow Statement (Section II)

(amounts in Euro/000)

| | 2008 | 2007 |
|---|----------------|---------------|
| Change in current assets | | |
| Inventories | -1,646 | 2,504 |
| Receivables | | |
| Due from customers | -8,719 | 39,627 |
| Due from subsidiaries | -4,982 | 13,883 |
| Due from associates | -2,270 | 3,974 |
| Due from others | -3,196 | 13,559 |
| Financial assets not tied up | 0 | 0 |
| Cash and cash equivalents | 13,097 | -32,366 |
| Accrued income and prepayments | 2,785 | 1,463 |
| <i>Total current assets</i> | <u>-4,932</u> | <u>42,644</u> |
| Change in current liabilities | | |
| Payables | | |
| Due to banks | 206 | 2,645 |
| Due to suppliers | -16,090 | 23,268 |
| Due to subsidiaries | 1,470 | 2,310 |
| Due to associates | -611 | 635 |
| Advances | -992 | 3,449 |
| Taxes payable | -491 | -1,562 |
| Due to Social Security | 2,581 | 3,540 |
| Other payables | -2,467 | 11,946 |
| Accrued liabilities and deferred income | 370 | 563 |
| <i>Total current liabilities</i> | <u>-16,024</u> | <u>46,794</u> |
| <i>Increase/Decrease in Net Current Assets</i> | 11,092 | -4,150 |



Board of Statutory Auditors' Report

SIA-SSB S.p.A.

Registered office: Via Faravelli 14, Milan

Share capital € 22,091,286.62, fully paid-up

VAT number, tax code and Milan Register of Companies no. 10596540152.

Milan Economic and Administrative Index no. 1385874

* * *

Board of Statutory Auditors' Report on the separate financial statements as at 31 December 2008 pursuant to art. 2429 of the Italian Civil Code

Dear Shareholders,

During the 2008 financial year, we performed the auditing activity assigned to us by the Italian law and Company By-laws.

We confirm that in 2008:

- we participated in the Shareholders' Meetings and the Board of Directors' Meetings of your Company. We obtained from the Directors, in the due time, information on the activities carried out and the most important economic, financial and equity transactions resolved upon and executed during the year, even through subsidiary companies. Based on the information at our disposal, we can reasonably assure that these transactions were in compliance to Italian law and the Company By-laws and were not evidently imprudent, risky, potentially in conflict of interest or such to compromise the integrity of the share capital;
- to the extent of our responsibility, we monitored and supervised the adequacy of the Company's organisational structure and its observance of the principles of proper management by gathering information from operations and audit department managers and from meetings with the Independent Auditors for the mutual exchange of relevant data and information;
- we assessed and monitored the adequacy of the administrative and accounting system, and its reliability in correctly representing operations by gathering information from the respective department managers and mentioned auditors;
- we met with the Supervisory Board, set-up pursuant to the Italian Legislative Decree 231/2001, and have seen the minutes and periodical reports. We have no particular observations in this regard;
- we regularly met with the person responsible for the audit control pursuant to art. 2409-bis of the Italian Civil Code, simultaneously performing the necessary exchanges of information. From the analysis of the periodic reports, no important facts arose that require to be mentioned;
- we did not receive any complaints pursuant to art. 2408 of the Italian Civil Code.

The management aspects of business conducted by your Company is provided in the Management Report, the more important financial statements items then commented in the Explanatory Notes.

This Report accompanies the draft financial statements as at 31 December 2008, duly submitted by the Directors together with detailed statements and attachments, and with the Management Report pursuant to art. 2428 of the Italian Civil Code.

The aforementioned documents were prepared pursuant to the law. We also point out that the Independent Auditors' Report appointed for the accounting control, prepared pursuant to art. 2409-ter of the Italian Civil Code, certified without observations the compliance of the consolidated financial statements to the legislations that regulate the preparation, as well as the consistency of the Management Report with the financial statements.

In the Management Report the Directors formally acknowledged that, with reference to the equity investments held in various subsidiaries, a verification was requested of the value recorded in the SIA-SSB financial statements by means of an appraisal or an independent expert. On the base of the appraisal, we proceeded, where necessary, to the write-down of the above-mentioned equity investments.

The balance sheet and profit and loss account results as at 31 December 2008, as illustrated in the financial statements, can be summarised as follows:

Balance Sheet

| | | | | |
|----------------------------|------|-------------|------|---------------|
| Assets | | | Euro | 276,426,403 |
| Liabilities and provisions | Euro | 101,940,816 | | |
| Net equity | Euro | 157,753,577 | | |
| | | | Euro | (259,694,393) |
| Profit for the year | | | Euro | 16,732,010 |

Included in the balance sheet are guarantees totalling € 6,260,936.

Profit and loss account

| | | |
|---------------------------------------|------|-------------|
| Production results | Euro | 27,651,005 |
| Financial income | Euro | 10,566,526 |
| Value adjustments to financial assets | Euro | (6,344,830) |
| Extraordinary charges | Euro | (5,612,142) |
| Profit (loss) before tax | Euro | 26,260,559 |
| Income taxes for the year | Euro | (9,528,549) |
| Profit for the year | Euro | 16,732,010 |

With regard to the financial statements, we should mention that in preparing these documents the Directors made no recourse to exceptions pursuant to art. 2423, subsection 4 of the Italian Civil Code.

Based on the controls carried out, we did not identify violations in the management of the company of the fulfilments pursuant to the Italian law and Company By-laws. At the conclusion of our analysis, we express our favourable opinion for your approval of the draft Financial Statement as at 31 December 2008.

With regards to the allocation of profits for the year, the relationship between company profits for distribution and the profits recorded in the consolidated financial statements of the Group should be emphasised. Even this year, your Directors propose to allocate for distribution of an amount of € 5,998,634 to the shareholders, lower than the profit (loss) from the aforesaid consolidated financial statements.

In this respect, we consider that the sustainability of this policy should always be viewed in strict connection with outlook monitoring of the profitability status of both the parent company and, especially, the major subsidiaries.

In this area, the proposal for a distribution made by you Directors can be deemed as agreed upon.

Lastly, we point out that the next Shareholders' Meeting must resolve on the appointment of two new directors, which took over the role by co-option of the outgoing directors.

Milan, 9 April 2009

The Board of Statutory Auditors

The Chairman: Mr. Mario Cattaneo

Standing Auditor: Mr. Giorgio Silva

Standing Auditor: Mr. Fausto Gobbi



Independent Auditors' Report

**AUDITORS' REPORT PURSUANT TO ARTICLE 2409-TER
OF THE ITALIAN CIVIL CODE****To the Shareholders of
SIA-SSB S.p.A.**

1. We have audited the financial statements of SIA-SSB S.p.A. as of December 31, 2008. These financial statements prepared in accordance with the Italian law governing financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in Italy. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. The responsibility for the audit of the financial statements of some subsidiaries, representing 63% of the total investment in Group companies and 24% of total assets, rests with other auditors.

For the opinion on the prior year's 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 8, 2008.

3. In our opinion, the financial statements present fairly the financial position of SIA-SSB S.p.A. as of December 31, 2008, and the results of its operations for the year then ended in accordance with the Italian law governing financial statements.
4. The Directors of SIA-SSB 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 art. 2409-ter, paragraph 2, letter e), of the Italian Civil Code. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC). In our opinion the Management Report is consistent with the financial statements of SIA-SSB S.p.A. as of December 31, 2008.

DELOITTE & TOUCHE S.p.A.

Signed by
Maurizio Ferrero
PartnerMilan, Italy,
April 9, 2009*This report has been translated into the English language solely for the convenience of international readers.*Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Perugia
Roma Torino Treviso VeronaMember of
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