



Management Report and Financial Statements

as at 31 December 2009

FY 2009**Board of Directors**

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

Directors	Fabio Giardina
	Paolo Grandi
	Nazzareno Gregori
	Umberto Quilici
	Fabrizio Grossi Gondi
	Paolo Cederle
	Giorgio Ferrero
	Piero Luongo
	Paolo Abbo
	Giovanni Pirovano
	Diego Piovan
	Pier Luigi Curcuruto

Secretary to the Board of Directors	Monica Coppo
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General Manager	Gian Bruno Mazzi
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Board of Statutory Auditors

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

Independent Auditors

Deloitte & Touche S.p.A.

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

In 2009, the effects of the financial crisis and of the recession continued worldwide, with significant repercussions on the trend in the business volumes of the Company, whose performance did not confirm the growth rates recorded in the past, and on clients' propensity for investment, which led to a reduction in project revenues and delays in the acquisition of new contracts. Revenues were also hit by the termination of contracts that reached expiration, by the in-sourcing of activities by some clients and by the deterioration in the performance of the Capital Market Business Unit, which was most affected by the crisis in financial markets.

The year was characterised by the continuation of the integration and rationalisation work to improve corporate efficiency, which led to a further reduction in the number of employees and to the consolidation of the technological production sites, with positive and permanent impacts on the cost structure.

Sales development also continued, increasingly focused on the internationalisation of the company, which translated into the award of important contracts with foreign clients and the growth of the revenues achieved outside the domestic market.

The improved economic perspectives and the disappearance of the elements of uncertainty that had characterised the last two years of the Company's life create the conditions for an improvement in results already from the next year onwards. With the final closure of the auction process aimed at identifying a potential industrial/financial partner for the acquisition of a majority interest in the share capital of SIA-SSB, your Company with greater certainties pursues its objectives of domestic and international growth, of innovation and evolution in the offer and of continuous improvement in operating efficiency and profitability, already set out in the Three-Year Plan.

In 2009 SIA-SSB recorded revenues amounting to € 287.6 million, a value of production of € 293.0 million, and an operating margin of € 6.9 million. Compared with the values of the previous year, there was a reduction in revenues due mainly to the unfavourable trend in services dedicated to financial markets and to non-recurring revenues realised in 2008 in the payment systems area. The contraction in revenues was partly offset by the reduction in costs of production, which enabled to attenuate the decrease in operating margin. The net result, affected by extraordinary charges that resulted from the restructuring plan, mostly concerning personnel, and on write-downs on equity investments, is a loss of € 20.7 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. 39, Part II
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SIA-SSB S.p.A.

Registered office in Milan, Via Taramelli n. 26

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 07:30 hours on 26 April 2010 in first call, and if necessary at **11:00 hours on 5 May 2010** 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 2009 and related resolutions;
2. Determination of the number of Directors, appointment of the Board of Directors and of the Chairman for the 2010/2012 three-year time interval;
3. Appointment of the Board of Statutory Auditors;
4. Determination of compensation to Directors and Statutory Auditors;
5. Appointment of the outside auditor or of an Audit Company.

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

Milan, 29 March 2010

SIA-SSB S.p.A.

The Chairman of the Board of Directors

Mr. Carlo Tresoldi



TABLE OF CONTENTS

Management Report	11
Market and strategic guidelines	12
Reference market developments and the payments industry.....	12
SIA-SSB Positioning	15
The Strategic Plan.....	16
Customers	17
Italy	17
Abroad.....	19
Services	21
Payment Systems	21
Card Processing.....	23
Capital Market	24
Network Services	24
Performance of the main services	25
Payment Systems	25
Card processing.....	26
Capital Market	26
Network Services	27
Service levels	27
Management	28
Production infrastructures.....	28
Security and Business Continuity Governance.....	29
Auditing	31
Supervisory Body (Italian Legislative Decree no. 231)	32
Management of Enterprise Risks	32
Main communication initiatives	33
Personnel	34

Human resources, organisation and quality	34
Trade union relations	36
Equity investments	37
Subsidiaries.....	37
Associated companies	41
Other equity investments.....	42
Results of operations	43
Profit and Loss Account position.....	43
Effects of non characteristic components on the income for the year	45
Balance Sheet position	47
Financial indicators	49
Business outlook	50
Events subsequent to the closure of the financial year	51
Acknowledgements	52
Proposed destination for the income of the year	53
Financial Statements as at 31 December 2009	55
Balance sheet	56
Profit and loss account.....	59
Valuation criteria, accounting standards and principles for drafting the	
Financial Statements	61
Explanatory notes	62
Breakdown of balance sheet items	67
ASSETS.....	67
Associated companies	74
Other equity investments.....	75
LIABILITIES	82
Breakdown of Profit and Loss Account items	92

Supplementary Information 107

- Statement of changes in Property, Plant and Equipment and related amortisations and depreciations 108
- Statement of changes in Property, Plant and Equipment and related depreciation 110
- Breakdown of prepaid and deferred taxes 112
- Reconciliation statement between theoretical and balance sheet rates..... 113
- Breakdown of securities..... 115
- Statement of changes in shareholders' equity..... 116
- Reclassified balance sheet 117
- Cash Flow Statement (Section I) 118
- Cash Flow Statement (Section II)..... 119

Board of Statutory Auditors' Report 121

Independent Auditors' Report 125



Management Report

MARKET AND STRATEGIC GUIDELINES

Reference market developments and the payments industry

2009 was a very challenging year for the global economy. Only during the second half of the year did the first signals of trend reversal appear, though the recovery is starting at different speeds in the various regions of the world and its effects will be difficult to appreciate in the short term.

The economic recovery, which started during the summer in major advanced economies and, more markedly, in emerging ones, was propelled by the stimulus-oriented economic policies adopted in major countries and it continued during the second half of the year as well. During the third quarter of 2009, GDP growth returned in the United States and in the Euro area, continued in Japan and accelerated in the emerging economies of Asia and Latin America. Worldwide trade volumes started growing again, albeit remaining about 10% lower than the previous year. During the fourth quarter, industrial production recovery continued with respect to the lows reached the first half of 2009, and confidence improved further; in the United States and in Japan, unemployment rate growth slowed down. Tensions on international markets loosened and bank credit restrictions became less severe. Inflation remained moderate in the presence of ample unused resources.

Forecasts for 2010 were revised upwards by all international analysis and organisations, though growth is slow in gathering strength in advanced economies, as certain weaknesses that could impair the recovery. On one hand, the expansive effect of fiscal stimulus measures should recede during the second half of the year, while the positive contribution deriving from the expected inventory build-up will be temporary in nature. The possibility that consumption may start feeding the recovery again is burdened by uncertainties on the conditions of the labour market, where unemployment rates should rise again or remain high throughout most of 2010. In many countries, families' desire to restore their budgetary health also contributes to contain their willingness to spend. The low utilisation rate of production capacity tends to hold back investments in operating assets, whilst excess supply of property tends to discourage investments in real estate in countries where that market fell more steeply.

In the Euro area too, according to economic indicators, the recovery continued in the final months of 2009, albeit without gathering any strength relative to the summer quarter. The sharp improvement in company and consumer confidence has not yet been accompanied by an equally strong recovery in production activity and business volumes. This reflected, in view of relatively favourable export dynamics, the continuing weakness of internal demand; the consumption component is impacted by the drop in the employment rate, which continued during the autumn months. According to OECD estimates, substantially aligned with those of Euro system experts, the area's GDP will grow by slightly less than 1% in 2010. The consumer price index, around 1% late in the year, should rise slightly in 2010. The ECB left reference rates unchanged and

started gradually to remove the non conventional measures it deemed no longer necessary, whilst confirming the Euro system's commitment to provide all necessary liquidity to the banking system.

In Italy, growth continues at a slow pace. GDP, which returned to growth in the summer (0.6% over the previous quarter) after five consecutive negative quarters, continued to expand in late 2009, albeit at a slower pace. In spite of the constantly improving confidence climate, companies are still hesitant whether to increase production in the presence of an uncertain strengthening of orders. The partial recovery in industrial activity, recorded in the third quarter, from the very low levels reached during the second quarter, did not continue in the autumn months.

The export recovery that started last summer also slowed down in October and November. However, sales abroad are expected to accelerate gradually in 2010, at an average rate near 3%, still about one point lower than the forecast expansion in worldwide trade. In recent years, Italian goods' loss of price competitiveness has reflected both the appreciation of the Euro, and the faster growth in unit labour costs than in competitor countries, due mostly to stagnant productivity.

The dynamics of private consumption and investments, in spite of the recovery in the third quarter of 2009, remains weak. Consumption is negatively influenced by the labour market situation. The employment rate drop means a decrease in households' available income, whilst the uncertain future outlook tends to hold back their propensity to spend. Last November, the unemployment rate rose to 8.3%, 2.4% more than the April 2007 low. In order comprehensively to assess the rate of utilisation of the available workforce, however, to the "unemployed" must be added workers benefiting from the Wages Guarantee Fund and "discouraged" persons, i.e. those who no longer actively seek employment and hence are excluded from the official unemployment figures, although their likelihood of finding employment is as low as that of the "official" unemployed. In this broad concept, the estimate is that in the second quarter of 2009 the unemployed workforce exceeded 10%, nearly 3% more than the official unemployment rate. In the presence of ample unused margins of production capacity, firms' expenditure in operating assets is expected to be low as well.

Looking forward, in the next two years the internal components of demand should contribute little to growth. As was often the case in recent past in similar cyclical phases, the main support to the recovery would come from foreign demand, but in a situation in which the global economy is having trouble in returning to a path of sustained growth. Overall, the Italian economy is expected to be able to grow by 0.7% this year, and then accelerate to 1% in 2011.

Consumer price inflation, which last summer had dropped to practically nil, rose again in the autumn months, and in December it reached 1.0% over twelve months. The core component, that excludes energy and food, stabilised slightly below 1.5%. According to the most recent forecasts, consumer price inflation should rise gradually to 1.5% in 2010 and 1.9% in 2011, partly reflecting the rising trend in energy prices.

However, significant margins of uncertainty remain around this forecast scenario. They are connected in particular, on one hand, to a worldwide demand that could turn out to be more favourable than is assumed

and, on the other hand, to the risk that labour market conditions will remain weak for a longer time. The projected average GDP growth rate for this year, lower than 1%, is the central value of a wider range of possibilities: with 70% probability that it will be within a range of about $\pm 1\%$.

In 2009, net government deficit should have exceeded 5% of GDP, from 2.7% in 2008; the increase in the deficit is significantly lower than the figure expected for the Euro area. The incidence of public debt over gross domestic product would grow by about ten points. The effects of the worsening economic situation on the government deficit were reduced by the decrease in interest expenditures. The interventions aimed at reducing the social costs of the crisis and to support demand, estimated in their entirety in the order of 1% of GDP, were covered by reducing previous allocations with the introduction of one-off substitute taxes.

The budget law provides some increases in current expenditures for 2010, in addition to the extension of previously initiated interventions. The coverage of the measures is, in this case as well, prevalently obtained by reducing previously allocated outlays and temporary interventions on revenues that should have limited repercussions on the economy; mostly, they were constituted by the "tax shield", whose effects on the deficit were to a large extent transferred to the current year by reducing the amount of the income tax advance due at the end of 2009. Overall, the budget leaves the balance unchanged and determines a net increase of 0.2% of GDP both in revenues and expenses.

In this situation of great uncertainty, SIA-SSB results overall remained, this year too, substantially in line with the budget, albeit with evident differences on the various business lines, among them the positive trend in Card Processing and the Network, both of which grew both relative to the 2009 budget and on the 2008 result, almost completely offset the results of Capital Market and Payments Systems, which were the most affected by the international crisis.

All these business lines were burdened by the poor contribution of innovation investments by clients, which by effect of the crisis were markedly reduced, whilst the overall volumes remained constant, albeit with a different transaction mix.

The progressive affirmation and consolidation, at the European level, of operators that formerly were only active at the domestic level, continued in 2009 as well, changing the competitive scenario and making it more aggressive and dynamic, with an increased pressure on card processing prices.

The SIA-SSB Group is confirmed as the only processor in Europe that centrally manages about 61.7 million credit cards of international brands, 4.5 billion transactions and 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 the pan-European level. In this context, the expected evolution of the regulatory environment due to the introduction, in the main markets of the Euro area, by the Payment Service Directive (PSD) in November 2009 has not yet had significant effects, expected from 2010 onwards, whilst the progressive introduction and the consolidation of the SEPA instruments continued, with the

replacement of traditional cross-border payment instruments and with the development of domestic bank transfers in accordance with the new SEPA standards.

Within the scope of the *Capital Markets*, SIA-SSB confirmed its strategic positioning in the *post-trading* and *fixed income trading* sector, thanks to the long collaboration with Monte Titoli and MTS, which strengthened the relationship with the London Stock Exchange.

Furthermore, the leadership role matured by SIA-SSB was confirmed in relation to the offer for the MiFID directive 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.

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 Positioning

During 2009, 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 and 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 the service capability 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 both its role as technological provider of financial services and solutions, as well as its area of influence, which is gradually expanding outside Europe as well.

The Strategic Plan

Consistently with the profound change in the international macroeconomic environment set off by the financial crisis and the changes that took place in the competitive situation, with the additional consolidation phenomena of the industry at the domestic and international level and the evolution of the Italian card market as a consequence of the definitive obsolescence of the set-up based on the so-called “system companies” during the year, in continuity with the guidelines set by the Group Strategic Plan 2009-2011, the four strategic targets were refined and developed:

- 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

In 2009, the sales promotion action was focused on the Finance, Capital Market and Corporate markets, in order to:

- Guarantee a commercial offer characterised by a portfolio of economically competitive solutions and services, both in economic and innovation term;
- Maintain reference clients to support them in the strategies to develop their own markets through an adequate design capability;
- Expand the client base, gaining a deeper understanding of the business needs of reference markets;
- Achieve commercial synergies with the Company of the Group.

Within the scope of Payment Systems, the action was focused on the acquisition of new references for the SEPA Direct Debit service and on the promotion of the solutions for compliance with the new Payment Systems Directive (PSD), developed in collaboration with the subsidiary RA Computer. Moreover, the development of new Inter-bank Corporate Banking (CBI) services continued, both in terms of organisation tasked with it and as technological facilitator.

With reference to the Database services, the service with Bank of Italy was renewed for the management of the Inter-bank Alarm Central, and the collaboration with the Ministry of the Interior continued.

Since early 2009, Bank of Italy directly provided C.R.I.C. services (*Centrale Rischi Importo Contenuto*, Small Amount Risk Central), previously provided by the SIA-SSB, which, at the bank's request, maintained the historical archive on line throughout the year to assure service continuity.

With the support of the subsidiary RA Computer, moreover, a new institutional reference was acquired for the development of anti-money laundering reporting, tax data archiving and financial investigation services and the projects for architectural re-engineering, in view of SEPA, of the systems for accessing inter-banking networks were completed.

On the firms front, new clients were activated for the CBI service with the power of attorney of the Proposing Banks and new references were acquired for the electronic domiciling services based on inter-bank procedures; additionally, a promotion of the Group's solution was initiated specifically with the insurance industry.

Within the scope of debit and credit Card Processing, SIA-SSB confirmed itself as a technological provider of reference for the development of innovative services and to solve the problems correlated to bank concentration processes.

Projects relevant during the year were focused on the development of the contact-less technology and on the provision of new risk detection solutions to provide a concrete response to the needs of client banks to reduce the phenomenon of debit and credit card fraud.

Moreover, new projects were initiated for the provision of front-end solutions integrated with the card processing systems and the development of new instruments to support pre-paid products, with particular reference to the top-up service on third-party networks which favoured a significant increase in processed volumes.

Back office services were also expanded to provide integrated help-desk solutions for debit and credit cards.

In the Oil & Gas sector, the project aimed at managing a primary operator's fuel cards, in Italy and abroad, was completed. The references acquired in this field, simultaneously with the completion of new initiatives aimed at managing customer loyalty programs and virtualising pre-paid coupons, confirmed the Group's positioning in Italy as an outsources of reference for the management of private circuits along the entire value chain.

In the field of acquiring, the development of innovative services for the multifunctional POS terminals found new feedback, both in terms of new clients and of expanding existing networks, favouring the enlargement of the terminal fleet managed by the subsidiary TSP.

With regard to payment services through self-service networks, the sales promotion action was focused on the expansion of the client base, both in the finance and corporate fields, with particular reference to the Utility, Telco and Large-scale Organised Distribution sectors, within which the Group has become market leader in Italy.

With reference to Public Administration, cooperation continued with a primary Italian city government for tax payment services within the "*Reti Amiche*" (Friendly Networks) programme and, in cooperation with a reference bank, the service for paying yearly car circulation fees domestically was started; within the mobility sector, moreover, a pilot project was completed for topping-up travel tickets through prepaid bank instruments with contact-less technology.

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

The TODEAL offer consolidated the position, as a technological product and service, with primary Italian dealers leveraging a platform that integrates fixed income secondary market negotiation with access to primary market auctions.

The SIA-EAGLE Intermediaries platform confirmed and developed its domestic leadership in compliance technology between commercial banks, negotiator intermediaries and SGR reaching an 80% share of the market of monitored assets, thanks to the extension of the control perimeter from Market Abuse monitoring

and MiFID tests to the management of the new regulatory indications on Conflicts of Interest and Personal Dealing.

In 2009, the SIA-EAGLE Regulator offer for the oversight activities that are typical of a Regulatory Authority overseeing the capital market was the subject of negotiations domestically and internationally.

The development activities of the platform services of MTS and Monte Titoli continued.

The e-MID market, vice versa, terminated the extant contract with SIA-SSB in June of this year.

With regard to Network Services, in 2009 the proposal of the MDA (Multiple Domain Access) offer continued, broadening the offer portfolio to the area of the card processing services through the preparation of the Domain Access Monetics. This solution, structured according to the PCI regulations, was met with a significant level of appreciation on the clients affected by the transfer of the company dispensing sites as a result of the completion of the technological integration project between SIA and SSB.

Furthermore, in compliance with the unbundling rules set 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.

Lastly, relative to message services, 2009 saw the arrival on the RNI network of the SIPAF project – “System for the Administrative Prevention of Frauds on Payment Cards” promoted by the Central Anti-fraud Office of the UCAMP Payment Means, in addition to the preparation of the offer of supports to the PSD.

Abroad

In spite of the unfavourable macroeconomic environment, in 2009 the international position of the new SIA-SSB Group was strengthened, with new acquisitions and increase in the proportion of total revenues generated outside Italy.

The strategic objective of business internationalisation was pursued with initiatives aimed at maximising 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.

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 in Western and Central Europe.

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

Within the scope of Payment Systems, in 2009 the partnership between SIA-SSB and EBA Clearing was further leveraged, by effect of the consolidation of the SCT (SEPA Credit Transfer) service and of the

developments related to SEPA Direct Debit (SDD), whose service was launched on 2 November 2009, in compliance with the times prescribed by the European Payments Council.

In 2009, the volumes handled by EBA Clearing on the STEP2 platform for the different types of traffic (XCT, SCT, ICT and to a residual extent SDD) reached a new high with a daily average of over 1.2 million transactions.

With regard to projects for Central Banks pertaining to RTGS systems (activity managed in collaboration with the subsidiary Perago AG) in 2009, the RTGS systems of the Central Bank of Norway, Egypt and Uganda were successfully taken into production (upgrade to the latest version of the system). The projects pertaining to Palestine, Sudan and Honduras were launched and lastly, in December, the contract for the RTGSS system of the Central Bank of Lebanon was awarded.

In the Card Processing sector, in 2009 new initiatives were launched, aimed at consolidating the SIA-SSB brand both in Western and Eastern Europe. In particular, in the first half a framework agreement was signed with one of Austria's main banking groups for card, ATM and POS management in 9 countries of Central-Eastern Europe.

The direct presence on the Polish market also favoured assistance to clients in Poland and in neighbouring Countries (i.e. Ukraine) to support them in the migration to the EMV technology, in addition to allowing the identification of new opportunities to be realised in 2010.

The activity on the market of the Hungarian subsidiary GBV contributed to the Group's success in Hungary and in neighbouring Countries. In 2009, important contracts were acquired for the future development of the Company, with particular reference to the large-scale organized distribution sector. However, in 2009 there were growing competitive pressures on the Hungarian market, which emerged in particular during the renegotiation of existing agreements.

In the *Capital Markets* sector, 2009 represented a period of consolidation for relations with foreign customers already acquired in the 15 MTS countries and of development of the markets selected as potential markets for supervisory and compliance issues as introduced by the MiFID Directive (e.g. Greece, Spain, Austria).

On Western European markets, the TODEAL solution has about 30 references among primary market dealers, confirming a market share of about 50% of global players on the London market, whilst the SIA-EAGLE Intermediaries solution in 2009 started multiple commercial negotiations in target countries that are currently being conducted in depth and finalised and it also acquired as a new client, within the scope of controls for Conflicts of Interest, an Italian banking group with pan-European presence.

In 2009, the SIA-EAGLE Regulator offer for the oversight activities that are typical of a Regulatory Authority overseeing the capital market was also the subject of negotiations internationally.

Moreover, campaigns were launched for the promotion of financial markets on TradeImpact with major international organisations and for the development of the pre-settlement service through the X-TRM solution.

As for Network Services, in 2009 the sales action abroad was concentrated on the promotion of SEPA messaging services that support the traditional applicative domains currently achievable on the SIANet.DOM network infrastructure.

Moreover, in the second half of the year, the NSP (Network Service Provider) certification process for access to the main foreign Stock Markets was launched, with the goal of expanding the offer portfolio of Domain Access services.

SERVICES

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

Payment Systems

In 2009 the production activity was launched for the services relating to the exchange of SEPA Direct Debit, in compliance with the requirements and the planning defined by the EPC (European Payments Council) and by the National Migration Plan to SEPA.

SIA-SSB launched the SEPA clearing solutions in the role of technological operator of the STEP2 EBA Clearing platform.

Simultaneously with the initial production of the SEPA Direct Debit service, SEPA clearing access solutions were also activated that allowed banks to manage the migration process to the new standards in an extremely flexible way.

In 2009, the developments for upgrading the STEP2 platform were started on behalf of EBA Clearing, relative to the SEPA Credit Transfer service for the introduction of the functionality of the multiple settlement cycle on the TARGET2 system, which will be enforced in 2010.

In 2009, the Payment Services Directive (PSD) was enforced in most European countries; its goal is to harmonise the rules for the management of payment systems at the European level, whilst favouring competition and the protection of citizens' rights. The SIA-SSB Group, through RA Computer, started preparing a suite of software products able to favour banks and future payment institutions in the implementation of what is necessary for compliance with the Directive.

SIA-SSB launched, on the Application Centre, the modifications pertaining to the inclusion among Italian laws of the European Payment Systems Directive (PSD) related to the Ordinary Bank Transfers procedures (BON) and Italian Trade Collections, which will be operational in production according to the deadlines defined by the cognisant bodies.

Within the scope of the "*Patti Chiar*" (Clear Deals) initiatives, with regard to the Electronic Archive Alignment (AEA) procedure, the bank transfer transferability service was started in production, and for the Ordinary Bank Transfer procedure the "routing bank transfer" functionality was started in production.

In 2009 the following new services defined by the Consortium for CBI were rendered productive:

- invoice advances;
- transferability of bank transfers;
- Sepa Direct Debit;
- financial monitoring.

In 2009, with the support of the subsidiary RA Computer, the development and promotion of document management solutions (electronic invoicing) and substitutive preservation continued; they allow companies to dematerialise hardcopy documents. To facilitate their transmission on the CBI channel, the integration between the e-IS document management platform of RA Computer and the CBI platform of SIA-SSB was completed.

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 2010.

The cognisant Bodies approved the implementation of the national ABI-CAB-BIC national database aimed at making mandatory – currently, it is optional - the census of the BIC codes associated with bank branches. In this way, the archive will facilitate the banking system in the migration from "domestic" to SEPA. These integrations were completed in 2010.

Card Processing

In 2009, the industry went through a period of profound restructuring and revision of the business models, of the operating and investment addressing models, with the primary focus on maintaining an adequate level of profitability. Within the revision of the operating models of card processing, outsourcing proved to be a valid alternative to the process of in-sourcing the activities, which seemed to find widespread acceptance in 2008.

The effects of the crisis manifested themselves in a differentiated manner on the different types of payment cards, with credit cards being more deeply affected than credit cards, and prepaid cards continued their expansion in Italy and in Europe, confirming their position as the most dynamic payment tool in the industry. Overall, there was a reduction in the growth rates of the number of transactions and a significant reduction in transaction volumes and only in the last quarter of 2009 were there signs of recovery in debit card volumes.

The market confirmed a trend to an ever more markedly European vision, with a combined request for issuing and acquiring services, and innovation served as an instrument for differentiating offers, with a first provision of solutions, such as contactless ones, whose goal is to meet consumers' needs for simplification and user friendliness.

The activities related to the creation of payment circuits for the SEPA area continued, albeit with reduced intensity, and the three main players, EAPS-Monnet-Payfair, pursued their objectives consolidating the core of early adopters, expanding the number of experimentations and refining technical and management standards.

In line with the offer evolution plan, activities were developed on the acquiring segment in Italy and in Europe, focusing on the management of both POS and ATM acceptance networks. In this regard, clients were activated in Poland, activities were developed for the management of acquiring of a primary international circuit in the United Kingdom and new contracts for the direct management of POS networks were acquired in Italy.

With regard to the acquisition of major clients, as a result of participating in a tender, the SIA-SSB Group was awarded an important contract to process the payment cards of a European client, for which the activation projects started in Romania and Hungary. Another important contract was signed with a primary oil company for the management of fuel card authorisation processing.

Investments continued for the rationalisation and efficiency enhancement of the platforms and, in addition to regulatory and certification upgrades, significant initiatives were carried out clearing platforms and value added services, fraud and controversy management.

SIA-SSB continued to develop innovative services and supported its clients in the introduction of solutions that were met with significant favour in the market: in particular, functionalities were introduced for the

management of hybrid prepaid cards to support initiatives for marketing 'light bank accounts' and for the management of contactless cards; in non-banking sectors, bill payment services were developed, extending the presence on the value chain to financial services as well.

In the sector of mobile prepayments, different reference platforms were analysed and activity was started on the preparation of a specific Mobile Banking offer, which will be launched in 2010.

Capital Market

In 2009, for MTS significant activities were carried out to enhance functionalities both for the CASH and for the REPO market; this enhancement enabled to test to what extent the TradeImpact platform underlying the markets is reliable and scalable, guaranteeing capabilities to manage ever greater transactional volumes and ever shorter response times.

With respect to Monte Titoli, in 2009 the project for the management of CFD (Contract for Difference) contracts ended, the activities for the migration from X-TRM HOST to X-TRM OPEN continued, various significant projects were developed; among them:

- The acquisition of contracts from the BAIKAL market (Dark Pool);
- The acquisition of the contracts of British treasury notes (UK-MOT) treated for the first time in ICT mode.

Network Services

The SIPAF project – "*Sistema di Prevenzione Amministrativa delle Frodi sulle Carte di Pagamento*" (System for the Administrative Prevention of Frauds on Payment Cards) of the Central Anti-Fraud Office of Payment Means UCAMP was definitively implemented starting in January 2009, after an experimental start in November 2008, using the RNI as a communication channel between the banks and the Ministry of the Economy. The number of the financial computer databases available on the RNI network was then expanded, assuring to the banking system a broad degree of simplification in the processes for the integration of new IT procedures thanks to the synergies made possible by the network.

During the year, moreover, a new fee schedule was prepared, aimed at supporting new bank procedures within the PSD and, in perspective, of Check Imaging. These procedures are characterised by the need to move, in file transfer mode, high traffic volumes in extremely short times. To address the above issues, the need arose to provide a new file transfer service called "Fast&Lite" with some functional limitations with respect to the traditional file transfer service, to make the protocol leaner and improve its performance.

On the occasion of the completion of the technological integration phase deriving from the merger between SIA and SSB, the opportunity arose of proposing to clients who had to migrate their connectivity to ex-SSB services, from the old technological site to the new integrated site, to use the SIANet network instead of the connectivity offered by the telecom providers assuring them of higher service levels and the shift to a PCI compliant configuration. A new Domain Access called "Monetics" was then prepared, aimed at assuring secure access, through the SIANet.NG technology, to the SIA-SSB card processing systems.

Moreover, during the last quarter of 2009, a new initiative was launched for the preparation of an offer portfolio for infra-group network services, propelled by a new international initiative of a banking group operating in Eastern Europe. The new offer line has the goal of offering to banks a valid alternative for the construction of the internal connection networks of the branches and integration with the main international inter-bank circuits.

PERFORMANCE OF THE MAIN SERVICES

Payment Systems

Over 2.5 billion transactions were handled in 2009, versus 2.7 billion in the previous year.

In 2009, the volumes of collections and payments exhibited:

- A further reduction of the domestic wire transfers due to the migration to the STEP2 platform;
- A 15% growth of the wire transfers processed on STEP2;
- A reduction in trade collections, mainly due to the progressive completion by involved players of the alignment of the IBAN coordinates in relation to the launch of the SEPA which during the previous year had led to an anomalous peak in the number of transactions relative to normal operations;
- The constant decrease in the number of cheques handled, due to the ever lesser use of this payment instrument;
- A slight decrease in the volumes linked to inter-bank corporate banking, due to the effect of the economic downturn;
- A reduction in the volumes relating to the measurement of inter-bank expenses as a result of the greater use of the IBAN number, which entailed a lower number of transactions subject to inter-bank expenses.

Card processing

The year-end figures confirm that the processing sector held in this time of crisis, with 61.7 million cards handled and over 4.5 billion transactions, in line with the values of the previous year.

The overall size of the cards portfolio underwent internal variations and the number of credit cards handled decreases, -2%, mainly as a result of the reductions in the portfolios of current clients; the number of debit cards grew, +2%, whilst the number of prepaid cards remained steady.

The transactions (debit, credit, prepaid) also exhibited significant dynamics in 2009 within the stability of the overall volumes, with a sizeable reduction, -16%, in ATM withdrawals, a substantial stability in Pago Bancomat payments, a sizeable increase in international debit transactions and prepaid cards, +25%, and a contract of credit transactions.

The transaction volumes relating to the pre-paid cards recorded significant growth rates: this type of product confirms how the card based payment instrument has the greatest percentage of growth.

The trend also continued in 2009 for the growth Self Service services (utility payments, mobile top-ups, etc.) volumes, with an increment of 14% compared to 2008 and with a significant contribution from the non-banking channel. In relation to non-bank channels, utility bill payment services continue their success with sizeable growth rates, + 75%, and the services for the provision of contents (PIN Dispatching) with large-scale distribution grew rapidly, +69%.

The decrease in number of POS handled, -40%, is due to a combination of the increase in terminals managed by GBC and TSP with a significant reduction, - 50%, of the terminals managed by the main Italian client as a result of its main shareholders' decision to consolidate, on its own subsidiary companies, the management of its clients' POS.

Capital Market

In the Capital Markets sector, 2009 represented a period of consolidation of relationships with MTS and Monte Titoli, consistently with the decisions of the reference shareholder London Stock Exchange.

In particular, 2009 represented a period of consolidation for relations with foreign customers already acquired in the 15 MTS countries and of development of the markets selected as potential markets for supervisory and compliance issues as introduced by the MiFID Directive (e.g. Greece, Spain, Austria).

During 2009, SIA-SSB continued to consolidate its market position in regards in Italy and abroad with regard to the Sia-Eagle product range (for Intermediaries and Markets) launched in 2005.

With reference to the access Systems, the TODEAL solution, a Fixed Income multi-market access platform launched in 2005, continued its development both for trading on the secondary market with the launch of a new real time pricing module (TODEAL/Quant), and for the primary market with an evolution of the technology, successfully completing the migration of all participants in Italian Treasury Note Auctions.

Network Services

Within network services, there was a significant increase in the overall network traffic (from 9 thousand GB to 11.1 thousand GB) essentially due to the volume growth of the FTS File Transfer service (+13% on carried volumes and +24% on the number of file transfer operations carried out in the network) that offset the slight decrease on the MSS Message Switching service and the substantial stability on the TRS Transactional service relative to the previous year.

With regard instead to the physical network, there was a trend reversal on the number of installed systems which resumed its growth after 2 years of consolidation, from 550 systems at the end of 2008 to 592 systems at the end of 2009. Particular attention should be paid to the analysis of the distribution of plant technologies demanded by the market, where high reliability technological systems (redundant systems on dual carrier) are overwhelmingly prevalent, amounting to 65% of general installations and 100% of the 95 foreign systems. This demonstrates that the market recognises that SIA-SSB's offer has the capability of effectively addressing the reliability and performance issues necessary for the provision of mission-critical services, such as access to financial markets.

Service levels

In 2009, Service Levels overall confirmed the good results of the previous year, in spite of the fact that 2009 was the year of consolidation of the infrastructure with the unification of the production Data Centre which entailed, in addition to the actual moving, several technological renewal interventions.

In the Cards area, highly positive results were achieved in particular for the Data Centre services delivered for SINSYS which markedly improved the 2008 performance (99.938% vs. 99.445%) benefiting from the technological evolution of the Data Centre.

Improvements were also achieved in the Transactional Authorisation services (99.974% vs. 99.949%) and technological Processing services (99.704% vs. 99.680%) whilst management Processing services experienced a downturn (98.850% vs. 98.905%) essentially because of problems noted by our outsourcers (E/C processing and printing).

With respect to Payment Systems, the EBA services exhibited a decrease over the previous year (99.865% vs. 99.945%), as a result of problems that occurred during the consolidation of the production sites, whilst a performance improvement was noted both in CBI - Inter-bank Corporate Banking – indicators (99.960% vs. 99.785%) and in the indicators for the other payments, which reached 100%.

Within the Capital Markets, the indicators relating to the availability of services for the trading platforms provided to eMID and MTS are in line with respect to 2008 (99.989% vs. 99.988%) in spite of the significant evolution undergone by the CMF market. However, in 2009 interventions were carried out on the Tradeimpact platform, which allowed to bring the processing capacity to 6 thousand transactions per second.

Payment and Settlement services for Monte Titoli, instead, had a slight decrease (99.934% vs. 99.970%) essentially due to the consolidation and technological tuning activity and to the application releases carried out by virtue of the integration with the LSE platforms.

Lastly, the Transport Network Services confirmed the levels of excellence of the previous year, remaining at 99.999% as in 2008 and on some types of services, reaching 100%.

MANAGEMENT

Production infrastructures

While 2008 had been characterised by the activities for the consolidation of Disaster Recovery sites, the objective of many of the infrastructural activities of 2009 was to consolidate the production site.

The opportunity was also taken to make important technological renewals of the equipment, with consequent rationalisation in the number of equipment items, whose main elements were the replacement of the mainframe hardware, the renewal of storage with significant reduction in robotics, and the upgrade of the main basic software packages (z/OS and DB2) to the latest release.

Moreover, moving the Data Centre required a massive migration of the network infrastructures and of the client lines connected at the site undergoing disposal.

The consolidation of the production Data Centre also had important organisational consequences; in this field, of particular note is the centralisation and displacement of the operating sites (Service Desk/Call Centre and Data Processing Centre Operations) readying a new, more flexible and reliable platform for monitoring and accessing the dispensing systems.

This solution enabled the logistical uncoupling of the presence structures from the infrastructures of the primary site and of the secondary site, providing additional guarantees in terms of service continuity.

Security and Business Continuity Governance

Security governance system

The System was designed according to the criteria defined by the international security standard ISO27001. SIA-SSB was certified ISO27001 in 2007 with the Certifying Agency DNV; the certification was confirmed in 2009.

The system defines a set of organisational, technical and procedural measures to guarantee that basic security requirements will be met, i.e. confidentiality, integrity, availability and compliance with laws and industry regulations on the subject of security.

The main components and activities of the system are:

- Definition of the security policies and guidelines
- Completion of the security risk analysis
- Management of Security Risks
- Monitoring and managing the Plan for Treating security Risks
- Maintenance of the ISO27001 certification
- Security Committee
- Awareness
- Security compliance (international standards for cards, CO.BAN, etc..)

The Security Governance System is completed by the following operational activities:

- Definition of the security requirements for the development of IT projects and solutions
- Execution of the Vulnerability Assessment
- Analysis and correlation of events and security indicators on internal networks and systems and on the systems exposed to the Internet
- Management of authorisations process and user profiling for secure access to computer resources
- Management of the security quantities (keys and certificates)
- Corporate plan and management of Physical Security

In particular, through the Security Committee and the Risk Treatment Plan, the General Manager's Office is kept continuously informed about the main activities, progress, critical issues and related recovery plans.

Business Continuity

The Business Continuity System was designed by SIA-SSB according to the criteria defined by the standard BS25999.

The Business Continuity System defines the rules, processes, chains of command, emergency groups, logistical solutions, Disaster Recovery solutions to have them available promptly in case of emergency/crisis. The Business Continuity system is completed by continuous test and awareness processes.

In particular the logistical solutions, Disaster Recovery solutions and the related procedures are managed by Operating Machine.

SIA-SSB was certified BS25999 in 2008 with the Certifying Agency DNV; the certification was confirmed in 2009.

The main components and activities of the system are:

- Business Impact Analysis
- Risk Assessment
- Definition of the corporate strategy
- Business Continuity Plan
- Disaster Recovery Plan
- Logistical solutions (managed by Operating Machine)
- DR technological solutions (managed by Operating Machine)
- Plan and execution of the internal BC tests and tests with Bank of Italy (CODISE)
- Plan and execution of the DR trials and tests (managed by Operating Machine)
- Awareness
- Maintenance of the BS25999 certification
- Business Continuity and Disaster Recovery Guidance Committee

In particular, through the Guidance Committee, the General Manager's Office is kept continuously informed about the main activities, progress, critical issues and related recovery plans.

Privacy Governance System

SIA-SSB has developed a Privacy System with the goal of defining rules and processes and managing the operating aspects so SIA-SSB complies with privacy laws and regulations.

The main activities pertain to:

- Definition of Privacy roles (notice to the Authority, appointment of the designated persons responsible for the treatment, treatment managers, system administrators, etc.). In particular, SIA-SSB, treatment controller, through the Board of Directors attributed the specific Privacy powers of attorney to the Chairman, and in case of his/her incapacitation to the Deputy Chairman. Moreover, for a correct management, the company attributed to individual heads of organisational units the appointments as persons responsible for the treatment.
- Policy Privacy Definition
- Annual preparation of the Security Planning Document
- Awareness
- Preparation of specific disclosures and client management of client requests

Auditing

In early 2009, a change to the audit structure was fully enforced; it now comprises an operational audit unit - focused on the internal control risks in the operational / procedural field – and an IT audit unit – focused on governing and controlling IT risks.

This organisation enabled to enhance the effectiveness of the tests of the overall internal corporate control system, of its characteristics and of its operation.

With this set-up, control actions were initiated on the operational fields considered more heavily exposed to operating risks and a preliminary survey of the management of corporate risks was completed. This activity resulted during the year in a more comprehensive review - started within SIA-SSB – of the procedures whereby operating risk is monitored.

The Audit function also participated – as an observer – in some of the tests and trials prescribed by the Corporate Business Continuity Plan.

With regard to IT audit issues, checks were carried out on the effectiveness of the governance of the IT infrastructure of the data-centre, focusing on the procedures that manage the data-centre services (included in the SAS70 type 2 reports that SiNSYS prepares for its own Client).

Lastly, it should be noted that the Audit function also served as a support to the work of the Oversight Body in compliance with Legislative Decree 231/2001.

Supervisory Body (Italian Legislative Decree no. 231)

The Supervisory Body (Legislative Decree 231) is the controlling body tasked with verifying, independently and autonomously, the compliance and adequacy of the Organisation and Management Model prepared in accordance with Legislative Decree 231/2001. It comprises a Chairman appointed by the Board of Directors and two members: the Head of Legal Counsel and Corporate Affairs and the Head of Auditing of SIA-SSB.

This body met 9 times in 2009 to verify the actual enforcement in the company of the provisions of Legislative Decree 231/2001 and to assess the scopes of activity of the company that are potentially most exposed to the risks of offenses set out in the Decree.

With reference to the SIA-SSB activity for the purposes of decree 231/2001, it should be noted that in 2009 the Organisational Model 231 was updated, the prevention protocols prescribed by SIA-SSB were better specified and they are now collected in a "special part" of the Model. Moreover, the new instances of offenses prescribed by Law 231 were incorporated in 2009.

The Code of Ethics was also updated in the part that pertains to the connection between the Code of Ethics and the Organisational Model per Legislative Decree 231.

Management of Enterprise Risks

Pursuant to article 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.

Overall, the Company is exposed to modest financial risks connected with its activity. The individual financial risks potentially linked to operations are commented below.

Credit risk: in relation to commercial relations with clients, operations are mostly with banks and companies controlled by banks, so in past years credit losses were not significant.

Interest rate risk: the company uses available cash in bank deposits and very short term instruments, with pre-set returns. Interest rate fluctuations may influence the returns of the investments and the cost of loans, impacting on financial income and expenses, but not in a manner that is substantial or relevant in relation to the reference amounts.

Exchange rate risk: the company operates mainly in the Euro area, therefore it is not significantly exposed to exchange rate risks.

No transactions involving derivative instruments or financial leveraging are ever carried out.

In 2009, the Company noted the need to extend the analysis of already monitored risks, pertaining to business continuity, the security of business services and of the related technological infrastructures: for this purpose, in late 2009 an Enterprise Risk Management project was launched. The goal of the project is the definition of the Corporate Risk Profile based on the comprehensive identification of the risks to which SIA-SSB is exposed: strategic, financial, operational, image, compliance and reporting risks

MAIN COMMUNICATION INITIATIVES

In 2009, internal and external communication activities focused on the goal of consolidating the SIA-SSB Group's positioning as an international centre of excellence, able to create value for its clients and innovation for the banking and financial system.

This is the direction of the "2009-2012: the roadmap for the new Europe", a three-year programme of meetings, conferences and research activities (with a dedicated Observatory) on the issue of innovation in the new international payment systems scenario, defined by the Single Euro Payment Area (SEPA) and by the Payment Service Directive (PSD). Devised in collaboration with the Consultancy Firm Capgemini and the Research Centre on Technologies, Innovation and Financial Services (CeTIF) of the Milan Catholic University, the roadmap is meant to provide a competent, comprehensive support to banks and new financial enterprises (Payment Institutions) in the path to compliance with the SEPA and PSD.

The closing moment of the first year of activity was held in Milan, with the International Payment Summit DOYOUSEPA?, with more than 500 attendees.

A contribution to the continuous consolidation of the SIA-SSB Group's positioning was provided not only by participation in about forty events, tradeshows and conferences at the international level (Hong Kong, Budapest, London, Athens, Vienna, Tel Aviv, as well as Milan and Rome), but also by the media coverage, stimulated by an intense media relations activity. In 2009, the business activities and corporate strategies were discussed in 620 articles (+3.5% over last year) in Italy and abroad, on news agencies, daily papers, specialised press and radio-tv reports. In particular, there was a significant increase in the number of articles published by the foreign press, from 116 to 142 (+21.6%), i.e. 23% of the total number of published stories. Equally relevant, with 5.3% of the total, was the contribution of the reports broadcast on television and radio networks, up by over 130% from the previous year.

Among the 2009 events that involved the Group's companies, it is worth mentioning the opening of the new GBC offices and Perago's ten-year anniversary.

In terms of internal communication, SIA-SSB's new Intranet was launched. The new portal was launched with the goal of supporting and spreading a single culture, improving communication within the company

and sharing knowledge. Developed with e-ntRA, RA Computer's Content Management System, the new Intranet is fully integrated with the multimedia internal information portal WOW – We On Web and with the web site www.siasb.eu.

PERSONNEL

Human resources, organisation and quality

2009 ended with a workforce of 992 employees (net of 13 outgoing employees from 1 January 2010), equal to 969 Full Time Equivalents (FTE) and a reduction compared to 2008 of 3.8% of the workforce employed, equal to 37 FTE. This evolution was in line with the Industrial Merger Plan. As regards workforce statistics: female employees represent 29.3% 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 8.67% of the workforce.

New recruitments in 2009 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 2009 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 led to the relocation of approximately 7.4% of the corporate population, it was possible to replace the outgoing staff responding in this way to the shortage of internal workforce.

The project for the implementation of an internal portal (Rium4me) was started, to enable all Organisational Unit Managers to obtain the most important information on employees' work situation (compensation, training, contract conditions, record in the organisation, holidays and leave balance, etc.), for better management of their organisation. In 2009, the forms for compensation history, holiday and leave balance, organisational costs and contract conditions were issued.

During the year, all of SIA-SSB's resources were mapped on the basis of the roles system defined in the Complementary Company Contract (CIA) and the assignment of the role to each resource was formalised.

An ad-hoc education path was defined for Service Managers, consistently with the provisions of the project for implementing this role in SIA-SSB. This path comprised 3 different training modules: behavioural, technical and language.

In line with this objective, an implementation project was launched in 2009 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.

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

Language training involved over 44% of the workforce with a total of over 16 thousand hours of lessons given.

In terms of project management techniques and with the goal of incorporating the main international standards, specialist growth paths have been proposed which end with the international certification as Project Management Professional and of consolidating the processes for managing the provision of services, training courses were designed and delivered on the international standard ITIL; appropriately adapted to the company's methodologies and environment, which led to the ITIL Foundation V3 certification.

Within these fields, over 1,100 hours of specialist training were conducted in 2009.

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, a refresher programme was held on SIA-SSB's main process and services.

In 2009, a manager training programme started for Organisational Unit managers, called "No Limits". This programme, expected to last three years, will deal with issues of organisation, economic evaluation, leadership and management of subordinates. 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 9,200 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.

The activities for updating the processes and training for the company's resources for the shift to the new standard ISO9001:2008 were carried out.

The scheduled activities for the 2009 confirmation of the certification of the Quality Management System were carried out: planning and execution of internal audits, management of corrective actions, support of the corporate structures for the application of the processes, preparation of the corporate indicator system and Management review.

Lastly, support was given to the Group's certified companies, allowing the maintenance and extension of the Corporate certificate ISO 9001:2008 for the SIA-SSB Group that currently includes SIA-SSB, Kedrios, RA Computer, SiNSYS and GBC.

Trade union relations

In 2009, the harmonisation of company rules and treatments was completed, formalising agreements that relate mainly to work schedule issues.

The new agreement on the verification of telephone recordings within the Card Assistance Services Management Toll-free Number.

In the second half of 2009, the necessary support was provided to Kedrios for the definition and implementation of the new industrial plan in term of employment repercussions.

Moreover, the outsourcing of the activities related to mail and inventory management was completed, handing all repercussions on the personnel employed in these activities.

EQUITY INVESTMENTS

Subsidiaries

GBC - GIRO BANKKARTYA Z.R.t.

This company, 100% owned by SIA-SSB and acquired in 2007, has its registered office in Budapest (Hungary), share capital of HUF 177,000,000 and shareholders' equity inclusive of profits for the year totalling HUF 1,054,368,000 (€ 3,806,000). The company, a leader in Hungary in payment and processing systems, provides management services for ATM and POS terminals, transaction switching, fraud monitoring and other payment system services mostly to banks, payment card issuers and acquirers.

The financial statements record a value of production of € 6.8 million and an operating margin of € 2.1 million. The financial year closed with net profits for the year of € 1.9 million.

For 2009, an independent expert was appointed to verify and report upon the value of this equity investment. The report led to a € 6.9 million direct write-down in the recorded investment value. The write-down was executed on the basis of the exchange rates as at 31 December 2009, in line with the accounting principles. The Company's value impairment was mainly caused by a reduction in the development of the growth plan also in relation to the crisis in the financial markets that particularly hit the economies of East European companies and to the postponement in the closing of new agreements.

The company's Board of Directors, after appropriate allocation of provisions, proposed the distribution of a dividend to shareholders totalling HUF 442,000,000, equivalent to about € 1.6 million.

Perago AG

The company, 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 previous 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 end of these two transactions, Perago AG owns 100% of Perago FSE and 30% of Perago Africa.

The financial statements record a value of production of € 2.2 million and an operating margin of € 1.4 million. The year ended with a net loss of € 6.2 million, mainly caused by restructuring costs and by the write-downs of equity investments in Perago FSE and Perago Africa. SIA-SSB subordinated its credits to the extent necessary to guarantee corporate continuity pursuant to the Swiss legislation.

For 2009, in consideration of the company's balance sheet, with negative shareholders' equity amounting to € 17.0 million, an equal amount was allocated to a provision for risks in SIA SSB's financial statements, which added to the previously existing provision of € 2.4 million, results in a total risk provision of € 19.4 million. This amount reflects the total value of the receivables claimed by SIA-SSB from the companies Perago AG and Perago FSE, considered non recoverable on the basis of the negative performance and of current development plans. For this purpose, the parent company is reassessing market positioning in light of the guidelines to be defined by the Group's new strategic plan.

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, 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.

In Year 2009, there was a net estimated loss of € 1.5 million. SIA-SSB shall subordinate their credits to the extent necessary to guarantee corporate continuity pursuant to South African laws.

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.

2009 had a value of production equal to € 6.6 million, an operating margin of € 1.0 million, and 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 € 13,103,366, 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, inquiries 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 2009, 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 of € 16.0 million, an operating margin of € 8.4 million, and a net profit of € 5.7 million.

Since no additional provisions to legal reserve are necessary, the company's Board of Directors proposed the distribution to shareholders of a € 5.7 million dividend.

In March 2009, the company incorporated T.Fin S.r.l., with its headquarters in Milano and with share capital of € 600,000.

T.Fin S.r.l.

The company, 100% owned, is registered in the general list of financial brokers per Article 106 of Legislative Decree 385/1993 (no. 41597) and its exclusive purpose is to carry out financial activities for the public and, specifically, to provide payment services supporting the TSP business. Shareholders' Equity as at 31 December 2009, which includes a share premium reserve of € 600,000, is equal to € 1,095,312, inclusive of the operating result. In 2009, the company took over a net loss of € 104,688, mainly related to start-up costs.

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 € 5,276,514, 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.

In 2009, the reference market confirmed the downturn already noted during the final quarter of the previous year; moreover, the reference industry of the company's customers, was once again characterised by the ongoing concentration in the banking system, which had significant effects on the company's sales outlook. The performance of the reference markets, the uncertainties on the future and the times needed to come out of a downturn whose effects are still not altogether known, makes financial operators extremely prudent in the definition of investment plans, with potential effects on the company's short-term economic outlook.

In 2009, taking into account the intensity with which the effects of the crisis were manifesting themselves on the Company's sales, with a significant regression of the economic result, a new three-year plan was approved with the aim of reversing the negative trends and repositioning the company, both from the viewpoint of products and services and in terms of internal organisation.

The Three-Year Plan redrew the Company's perimeter, hypothesising the sale of the Consultation Services units, no longer considered "core", with impacts on the number of FTE and on the correlated costs.

In December, a preliminary agreement was then signed with a company specialised in the reference sector for the sale of the Consultation Services (KCO) business unit and of the equity investment held in the company Simbologica S.r.l.

The evolution of the offer is based on an internal project contribution and on the stipulation of some partnerships with third parties.

In parallel to the reorganisation of the corporate units and of the launch of the new organisation chart, the cost structure was revised, both in terms of technology/services and of human resources; to reduce the workforce, a voluntary termination agreement, based on economic contribution, was defined and signed with the unions.

The Kedrios financial statements presented a value equal to € 23.4 million, a negative operating margin of € 2.9 million, and a net loss for the year of € 2.9 million.

For 2009, an independent expert was appointed to verify and report upon the value of this equity investment. The report led to a € 18.5 million direct write-down in the recorded investment value. The write-down was caused by a severe downsizing of the Industrial Plan due to the adverse conditions of the reference market and of the consequent plan for the restructuring and recovery of the company.

RA Computer S.p.A.

A company with registered office in Milan and share capital of € 3,000,000, the 65% investment in which was completed in 2006. The company records shareholders' equity inclusive of profit (loss) for the year of € 4,247,000. 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.

2009 closed with value of production of about € 29.5 million, negative operating margin of € 0.2 million and a net loss of € 0.8 million.

In 2009, 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 € 8,514,000, 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 turnovers of issuing and acquiring services managed.

The financial statements of SiNSYS record a value of production of € 61.0 million and an operating margin of € 3.5 million. The financial year closed with net profits for the year of € 2.5million.

The company's Board of Directors proposed to shareholders the distribution of a total dividend of € 1.0 million, which determines a € 0.5 million portion to SIA-SSB.

Associated companies

Glesia S.r.l.

In December 2009, an agreement was stipulated for the sale of the entire interest to GL TRADE SA (SunGard). This agreement entailed a total sale value of € 5,500,000 which, compared with the recorded investment value, generated a capital gain of € 5,490,200.

Actalis S.p.A.

Moreover, in March 2009 an agreement was stipulated for the sale of the entire interest to ARUBA S.p.A.. This agreement entailed a total sale value of € 2,170,337 which, compared with the recorded investment value, generated a capital gain of € 181,250.

ATS S.p.A.

In December 2000 SIA-SSB 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.

2009 closed with a value of production of approximately € 8.6 million and substantially balanced net profits.

Other equity investments

Isnova S.c.r.l.

This is a non-profit making organisation for new technology development and promotion on the national and international markets. The value of the equity investment was adjusted during the year to match it to shareholders' equity, therefore the equity investment is recorded at a value of € 10,000. SIA-SSB relations with subsidiaries and associated companies (figures in €/000)

Company	Receivables as at 31/12/2009	Payables as at 31/12/2009	Revenues 2009	Costs 2009
<i>Subsidiaries</i>				
GBC Zrl	2,583	-	1,046	17
<i>Trade</i>	949	-	1,046	17
<i>Dividends</i>	1,634	-	-	-
Perago AG	15,641	-	821	185
<i>Trade</i>	442	-	303	185
<i>Financial</i>	15,199	-	518	-
TSP S.p.A.	5,843	581	2,019	2,786
<i>Trade</i>	143	581	2,019	2,786
<i>Dividends</i>	5,700	-	-	-
Kedrios S.p.A.	5,126	1,862	4,795	4,081
<i>Trade</i>	5,126	1,862	4,795	4,081
Perago FSE Ltd	958	-	13	73
<i>Trade</i>	174	-	-	73
<i>Financial</i>	784	-	13	-
RA Computer S.p.A.	1,599	701	602	1,380
<i>Trade</i>	95	701	568	1,380
<i>Financial</i>	1,504	-	34	-
SiNSYS SA	2,943	3,300	23,658	30,034
<i>Trade</i>	2,433	3,300	23,658	30,034
<i>Dividends</i>	510	-	-	-
<i>Associates and Others</i>				
ATS S.p.A.	-	927	-	4,068
<i>Trade</i>	-	927	-	4,068
Total	34,693	7,371	32,954	42,624

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 position

The figures compared with the financial statements as at 31 December 2009 are as follows:

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

	Profit and Loss Account results	2009	2008
	Revenues from sales and services	287,613	304,133
	Other value of production items	5,394	10,704
A	Value of production	293,007	314,837
B	Cost of production	286,150	287,186
A-B	Added value (Ebit)	6,857	27,651
C	Financial income and charges	14,398	10,566
D	Value adjustments to financial assets	-25,443	-6,345
C+D	Financial result	-11,045	4,221
E	Extraordinary income and charges	-7,782	-5,612
A-B+C+D+E	Profit (loss) before tax	-11,970	26,260
	Income taxes for the year	8,757	9,528
	Profit (loss) for the year	-20,727	16,732

The results of 2009, compared to the previous year, show a € 21.8 million decrease in the value of production, mainly due to a decrease in service revenues, as well as to the reduced project development activity, not matched by a corresponding reduction in production costs.

The added value (Ebit) decreased significantly (- € 20.8 million) mainly as a result of provisions for risks for a total of € 17.0 million referred to the receivables claimed from the companies Perago AG and Perago FSE. The provisions were made in consideration of the recording of a negative Shareholders' Equity writing down the receivables from the same subsidiaries.

The differences in financial income and charges and financial asset adjustments are mainly attributable to dividends and equity investment write-downs. The write-downs were made applying the results of the impairment tests performed by an independent expert on the basis of the approved industrial plans.

The increase in extraordinary income and charges relates to restructuring activities, mainly with regard to personnel.

The result before taxes thus shows a loss of € 12.0 million, which after the application of the taxes for the year generates a net loss of € 20.7 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 € 293.0 million compared to € 314.8 million in the previous year (- 6.9%). The following factors, in particular, contributed to these results:
 - a. Network services: total revenues were € 3.1 million higher, mainly thanks to the logic and physical network services;
 - b. Card processing: revenues were lower by € 1.3 million, mainly due to the reduced contract work demanded by customers;
 - c. Payment Systems: total revenues were lower by € 10.5 million, as a result of the exhaustion of the effect of the introduction of the IBAN on the ICI service in Collections and Payments, as well as of lower revenues for database management services;
 - d. Capital Market: there was a € 7.8 million reduction in total revenues, deriving from the closure of some services and the renegotiation of some contracts with major clients.
- > The costs of production decreased by 0.4% over the previous year's figure, from € 287.2 million to € 286.1 million. This change was mainly due to:
 - a. lower amortisations of the intangible assets, by € 0.6 million, due to the completion of the amortisation process of various important software developments;
 - b. lower depreciation of property, plant and equipment by € 1.3 million due to the policy to acquire infrastructures through operating leases;

- c. higher provisions for risks and charges referred to the companies Perago AG and Perago FSE (€ 17.0 million);
 - d. lower costs for professional services by € 11.0 million as a result of a reduction in developments and consultation activities. The latter derive from the conclusion of technological projects contemplated in the integration plan which started after the merger of 2007, from the replacement of external resource with internal resources;
 - e. lesser costs for non-deductible pro-rata VAT subsequent to the reduction of the percentage that is non-deductible which went from 41% to 40%;
- > The added value (Ebit), given by the difference between the value of production and production costs, was € 6.9 million versus the € 27.7 million for the previous year.
- > Financial operations (lines C and D) had a negative result of about € 11.0 million versus the positive result of € 4.2 million of the previous year. This result derives mainly from the write-downs of the equity investments in GBC, Kedrios and Perago AG, partially offset by the dividends recorded by accrual, of the associated companies TSP, GBC and Sinsys, by the sale of the equity investments in Glesia S.r.l. and Actalis S.p.A. and by the revenues deriving from the securities in the portfolio.
- > Extraordinary incomes and charges had a negative balance of € 7.8 million with respect to € 5.6 million in the previous financial year; the difference refers to the lesser charges for personnel, deriving from the restructuring process.

Effects of non characteristic components on the income for the year

The performance of the result for the year was strongly influenced non characteristic components referred mainly to the following items:

- activities provided by the integration plan activated at the time of the merger between SIA and SSB, charges for € 3.0 million (€ 4.1 million in 2008);
- adjustment to the value of the associated companies according to the results of the appraisals carried out by an independent expert, through allocations to the provisions for risks and charges for € 17.0 million (€ 1.1 million in 2008) and the recording of write-downs, charges for € 25.4 million (€ 6.3 million in 2008);

- capital gains deriving from the sale of the minority interests in the companies Glesia and Actalis, income of € 5.7 million (€ 1.0 million in 2008);
- execution of the personnel restructuring and reorganisation plan launched in 2007, charges for € 7.7 million (€ 5.6 million in 2008).

The Ebit for the year (€ 6.9 million) was influenced by the first two non-recurring components highlighted, net of which, considering also the reclassifications of some entries that determine a reduction of € 0.1 million (€ 0.5 million in 2008), would have been of € 26.8 million versus the € 32.4 million of the previous year.

Applying all non characteristic components to the result before taxes (- € 12.0 million in 2009 versus € 26.3 million in 2008) it would be € 35.4 million versus € 42.4 million of the previous year.

The productivity indicators, net of non characteristic components, are only slightly lower than the previous year, with the R.O.E. at 14.7% (16.4% in 2008), the R.O.I. at 9.6% (11.4% in 2008) and R.O.S. at 9.3% (10.7% in 2008).

This analysis expresses the company's capability of tackling a challenging reference market, maintaining adequate levels of profitability, in line with those recorded the previous year.

Balance Sheet position

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

Balance Sheet results		31.12.2009	31.12.2008
	Intangible assets	10,877	12,310
	Property, plant and equipment	9,523	10,883
	Financial assets	95,681	125,131
A	Fixed assets	116,081	148,324
	Inventories	291	3,504
	Receivables	90,674	99,302
	Cash and cash equivalents	39,394	17,885
B	Total current assets	130,359	120,691
C	Accrued liabilities and deferred income	7,695	7,411
A+B+C	Total assets	254,135	276,426
	Capital	22,091	22,091
	Reserves	146,396	135,663
	Profit for the year	-20,727	16,732
A	Total Shareholders' Equity	147,760	174,486
B	Provisions for risks and charges	28,225	13,817
C	Employee severance indemnity	17,319	18,296
D	Payables	60,546	68,894
E	Accrued liabilities and deferred income	285	933
A+B+C+D+E	Total liabilities	254,135	276,426

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

- > Fixed assets:
 - Lower values of intangible assets (€ 1.4 million), due mainly to the new developments of projects, more than offset by the amortisations of 2009;
 - Lower amounts of property, plant and equipment (€ 1.4 million), due mainly to the depreciation accrued as at 31 December 2009, only partially compensated by new acquisitions;
 - Lower values of financial assets, mainly related to the write-downs of the equity investments in GBC (€ 6.9 million) and in Kedrios (€ 18.5 million), to the sale of the equity investments in Glesia S.r.l and Actalis S.p.a. and to the maturity reached by securities in the portfolio (€ 5.0 million).

- > Current assets:
 - Increase in cash on hand (€ 21.5 million) against cash flows generated by operations of the year and also by a reduction in trade receivables.

- > Provisions for risks and charges:
 - They increased mainly as a result of the allocations (€ 17.0 million) related to the companies Perago AG and Perago FSE and as a result of new provisions for personnel reorganisation procedures, more than offset by greater uses due to the departure of personnel (€ 2.6 million).

- > Payables:
 - There was a decrease, mainly due to trade payables (€ 4.9 million) and to the reimbursement of the loan at the planned due dates (€ 3.2 million).

Financial indicators

Here below are the main financial indicators:

		2009	2008
<i>Profitability Index</i>			
R.O.E. - Return on Equity	Net profit / Shareholders' equity	-14.03%	9.59%
R.O.I. - Return on Investment	Ebit / Total assets	2.70%	10.00%
R.O.S. - Return on Sales	Ebit / Revenues from sales and services	2.38%	9.09%
<i>Financial indicators</i>			
LEVERAGE	Total assets / Shareholders' equity	1.72	1.58
CURRENT RATIO	Current assets / Current liabilities	2.21	1.88
Liquidity ratio	Cash on hand / Current liabilities	0.67	0.28
<i>Financial and equity structure</i>			
Elasticity of the investments	Fixed assets / Total assets	0.46	0.54
Elasticity of current assets	Current assets / Total assets	0.54	0.46
Elasticity of the permanent capital	Permanent capital / Total liabilities	0.77	0.76
Index of equity soundness	Share capital / Shareholders' equity	0.15	0.13
Financial independence	Shareholders' equity / Total liabilities	0.58	0.63

BUSINESS OUTLOOK

For 2010, a weak recovery of the real economy is expected in Italy and in Europe, which will be reflected in the confirmation of the moderate growth rates of business volumes recorded in the final months of 2009 and in a certain resumption in clients' investments in development and innovation, whilst the company's revenues will substantially hold.

The markets where the Group operates will be characterised, for 2010 as well, by strong dynamism and international competition. The consolidation process initiated by European industry players is expected to continue, in many cases with a guiding role played by bank shareholders and strong dynamism of SIA-SSB's competitors on international markets.

In this environment, SIA-SSB will resume the assessment of international partnerships to strengthen its competitive position.

Also as a result of the conclusion of the auction process, the year 2010 will see the strengthening of SIA-SSB's strategic role in system infrastructures in Italy and in Europe on the markets of payments, domestic payment cards, on financial markets, to support MTS and Monte Titoli and the network services.

With regard to internal operations, with the integration projects for the achievement of merger synergies substantially concluded, the next year will be centred on the continuation of the process to improve operating efficiency both on the side of technological infrastructures and of application architectures. Within the first half, the disposal of an operating site is also expected.

The company also expects to continue the thrust towards international markets, also initiating specific market researches to favour commercial development in some European target countries.

EVENTS SUBSEQUENT TO THE CLOSURE OF THE FINANCIAL YEAR

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

- Start of the project for the definition of the new strategic guidelines - also in light of the confirmed corporate and shareholder situation – which will allow to formulate the Company's and the Group's 2010-2012 Industrial Plan.
- In January, the Bank of Italy definitively awarded to SIA-SSB the contract to manage the CAI, the computerised archive of irregular cheques and payment cards. The Europe-wide tender, which started in August 2007 with the pre-qualification phase and subsequently in May 2008 with the invitation to bid, thus ended with our Company's success. The total value of the contract, with five year validity and a possible three-year extension of the Concession, is over € 23 million. SIA-SSB set up its internal work team to provide the new functionalities prescribed in the tender and, in February, it transmitted to the Bank of Italy, within the terms prescribed by the Technical Specification, the development Plan for the "new CAI".
- In January, the agreement for the sale of a 49% interest in Glesia S.r.l., stipulated in December 2009, was implemented and registered.
- In March - after fulfilling all requirements and completing all necessary checks - Kedrios signed the definitive agreement for the sale of the KCO business unit and of the interest in Simbologica S.r.l. to BV Tech S.p.A., which groups companies active in consultation, engineering, IT and telecommunications services.
- Move of the Company's registered office from Via Faravelli 14 to Via Taramelli 26 on 15 February 2010.

ACKNOWLEDGEMENTS

Dear Shareholders,

At the expiration of the office you appointed us to hold, I would like first of all to give you heartfelt thanks, also on behalf of all Directors and together with all the Company's personnel, for the trust you have placed in us these years and for your active participation in the company's life; at the same time I wish to extend our gratitude to all Clients who, during the year, chose the services and products offered by our company.

We are glad to have contributed, each in his or her own role, to the process of change, growth, integration and internationalisation your Company has carried out in these years in office and in turn we formulate our best wishes to SIA-SSB for continued success.

In particular, we are duty-bound to express our heartfelt gratitude to the Chief Executive Office, who at the expiration of his office, after twenty-five years of collaboration, first in SIA, then in SSB, and lastly in SIA-SSB, will leave, having reached retirement age, all the positions held within the SIA-SSB Group, as well as to the Managing Director and to all of the company's personnel, for the hard work and dedication they have demonstrated, which were fundamental for the achievement of the pre-set objectives, and in particular for the effective completion of the integration process.

We extend our thanks to the Board of Statutory Auditors which carried out its professional duties with a high degree of professionalism, assuring the constant and vigilant oversight on the correct and adequate management of the Company.

In the future, too, our Company will be able to count on the hard work and professionalism demonstrated so far by the management and by all workers, whom I wish to thank gratefully at this time, expressing my own personal esteem and that of my fellow Directors for the work carried out in SIA-SSB's service.

SIA-SSB S.p.A.

The Chairman of the Board of Directors

Mr. Carlo Tresoldi



Proposed destination
for the income of the year

Dear Shareholders,

We submit for your approval the Draft Financial Statements as at 31 December 2009, which show a net loss of € 20,727,398, and we propose not to distribute any dividend for 2009 and to use the Reserve for Profits carried forward to cover the entire amount of the loss.

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

Share capital	22,091,287
Legal reserve	3,442,604
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	39,241,211
	<u>147,759,555</u>

SIA-SSB S.p.A.

The Chairman of the Board of Directors

Mr. Carlo Tresoldi



Financial Statements
as at 31 December 2009

BALANCE SHEET

Assets	31/12 /2009	31/12/2008	Changes
Subscribed capital unpaid (A)	0	0	0
B) Fixed assets			
I - Intangible assets			
3) Industrial patent and intellectual property usage rights			
6) Projects under development and advances	7,189,065	8,410,041	-1.220.976
7) Other	2,460,944	2,189,063	271.881
	1,226,627	1,710,681	-484.054
Total	10,876,636	12,309,785	-1.433.149
II - Property, plant and equipment			
2) Plant and equipment	8,387,774	9,590,497	-1.202.723
3) Industrial and commercial equipment	11,494	0	11.494
4) Other assets	1,123,646	1,292,156	-168.510
Total	9,522,914	10,882,653	-1.359.739
III - Financial assets			
1) Equity investments in:	78,407,025	106,852,697	-2 8.445.672
a) Subsidiaries	77,465,601	103,870,581	
b) Associates	931,853	2,930,470	
c) Other companies	9,571	51,646	
2) Receivables:	15,271,345	11,287,204	3.984.141
a) From subsidiaries			
Amounts realisable beyond the following financial year	15,198,596	11,188,681	
d) From others			
Amounts realisable beyond the following financial year	72,749	98,523	
3) Other securities	2,003,140	6,990,800	-4.987.660
Amounts realisable within the following financial year	2,003,140	6,990,800	
Amounts realisable beyond the following financial year			
Total	95,681,510	125,130,701	-29.449.191
Fixed Assets (B)	116 .0 81.06 0	148,323,139	-32,242,079

Assets	31/12 /2009	31/12/2008	Changes
C) Current assets			
I - Inventories			
3) Long-term contracts	290,674	3,504,240	-3,213,566
Total	290,674	3,504,240	-3,213,566
II - Receivables			
1) From customers	55,762,173	65,185,892	-9,423,719
Amounts realisable within the following financial year	55,762,173	65,185,892	-9,423,719
Amounts realisable beyond the following financial year	19,495,845	17,086,813	2,409,032
2) From subsidiaries	19,495,845	17,086,813	2,409,032
Amounts realisable within the following financial year	0	3,183,000	-3,183,000
Amounts realisable beyond the following financial year	0	0	0
3) From associated companies	0	3,183,000	-3,183,000
Amounts realisable within the following financial year	0	0	0
Amounts realisable beyond the following financial year	0	3,183,000	-3,183,000
4-bis) Tax receivables	1,056,115	3,882,412	-2,826,297
Amounts realisable within the following financial year	1,056,115	3,882,412	-2,826,297
Amounts realisable beyond the following financial year	0	0	0
4-ter) Prepaid taxes	5,727,298	6,614,128	-886,830
Amounts realisable within the following financial year	5,727,298	6,614,128	-886,830
Amounts realisable beyond the following financial year	0	0	0
5) From others	8,632,968	3,350,646	5,282,322
Amounts realisable within the following financial year	8,632,968	3,350,646	5,282,322
Amounts realisable beyond the following financial year	0	0	0
Total	90,674,399	99,302,891	-8,628,492
III- Short-term investments			
6) Other securities	0	0	0
Total	0	0	0
IV- Cash and cash equivalents			
1) Bank and postal deposits	39,386,914	17,869,066	21,517,848
3) Cash on hand	6,964	15,654	-8,690
Total	39,393,878	17,884,720	21,509,158
Total Current Assets (C)	130,358,951	120,691,851	9,667,100
D) Total Accrued Income and Prepayments			
Accrued liabilities and deferred income	7,695,305	7,411,413	283,892
Total Accrued Income and Prepayments (D)	7,695,305	7,411,413	283,892
Total assets (A+B+C+D)	254,135,316	276,426,403	-22,291,087

LIABILITIES	31/12/2009	31/12/2008	Changes
A) Shareholders' Equity			
I - Capital	22,091,287	22,091,287	0
IV - Legal reserve	3,442,604	2,606,004	836,600
VII - Other reserves recorded separately	82,984,453	82,984,453	0
Reserves for split-off surplus	1,425,801	1,425,801	
Extraordinary reserve			
Reserve for split-off surplus	78,844,027	78,844,027	
Revaluation reserve for equity investments	2,714,625	2,714,625	
Reserve for exchange gains			
VIII - Profit (loss) carried forward	59,968,609	50,071,833	9,896,776
IX) Profit (Loss) for the year	-20,727,398	16,732,010	-37,459,408
Total Shareholders' Equity (A)	147,759,555	174,485,587	-26,726,032
B) Provisions for Risks and Charges			
2) For taxes, including deferred tax	184,747	113,892	70,855
3) Other	28,040,718	13,703,651	14,337,067
Total Provisions for Risks and Charges (B)	28,225,465	13,817,543	14,407,922
C) Employee severance indemnity			
	17,319,151	18,296,385	-977,234
Total Employee severance indemnity (C)	17,319,151	18,296,385	-977,234
D) Payables			
4) Due to banks	4,175,922	7,423,653	-3,247,731
Amounts realisable within the following financial year	2,611,038	2,851,343	
Amounts realisable beyond the following financial year	1,564,884	4,572,310	
6) Advances	242,760	2,457,120	-2,214,360
Amounts realisable within the following financial year	242,760	2,457,120	
Amounts realisable beyond the following financial year			
7) Due to suppliers	18,405,970	23,330,511	-4,924,541
Amounts realisable within the following financial year	18,405,970	23,330,511	
Amounts realisable beyond the following financial year			
9) Due to subsidiaries	6,444,000	9,339,000	-2,895,000
Amounts realisable within the following financial year	6,444,000	9,339,000	
Amounts realisable beyond the following financial year			
10) Due to associates/investee companies	927,302	728,000	199,302
Amounts realisable within the following financial year	927,302	728,000	
Amounts realisable beyond the following financial year			
12) Tax payables	3,447,203	2,411,491	1,035,712
Amounts realisable within the following financial year	3,447,203	2,411,491	
Amounts realisable beyond the following financial year			
13) Due to social security authorities	12,168,524	8,489,802	3,678,722
Amounts realisable within the following financial year	12,168,524	8,489,802	
Amounts realisable beyond the following financial year			
14) Other payables	14,733,931	14,714,552	19,379
Amounts realisable within the following financial year	14,733,931	14,714,552	
Amounts realisable beyond the following financial year			
Total Payables (D)	60,545,612	68,894,129	-8,348,517
E) Accruals and Deferrals			
Accrued liabilities and deferred income	285,533	932,759	-647,226
Total accruals and deferrals (E)	285,533	932,759	-647,226
Total Liabilities (A+B+C+D+E)	254,135,316	276,426,403	-22,291,087
Memorandum Accounts:	31/12/2009	31/12/2008	Changes
Guarantees issued to third parties			
Surety bonds issued	6,576,578	6,260,936	315,642
Third party assets			
Leased IT assets	40,385,795	38,846,799	1,538,996
Total Memorandum Accounts	46,962,373	45,107,735	1,854,638

PROFIT AND LOSS ACCOUNT

Profit and loss account	2009	2008	Change
A) Value of production			
1) Revenues from sales and services	287,612,522	304,132,972	-16,520,450
3) Changes in long-term contracts	-3,213,566	-1,646,100	-1,567,466
4) Increases in own work capitalised	5,001,241	4,234,027	767,214
4) Other revenues and income	3,606,636	8,116,460	-4,509,824
Total A)	293,006,833	314,837,359	-21,830,526
B) Cost of production			
6) Cost for consumer goods	1,174,882	2,184,508	-1,009,626
7) For services	108,508,314	115,995,965	-7,487,651
8) For use of third party assets	49,527,874	48,183,442	1,344,432
9) For personnel	79,805,216	82,221,872	-2,416,656
a) Wages and salaries	53,947,997	56,073,991	
b) Social security costs	15,700,095	15,760,412	
c) Employee severance indemnity	4,120,185	4,406,776	
e) Other costs	6,036,939	5,980,693	
10) Amortisation, depreciation and write-downs	12,614,613	14,618,840	-2,004,227
a) Amortisation of intangible assets	8,524,808	9,161,085	
b) Depreciation of changes in property, plant and equipment	4,089,805	5,369,199	
c) Other write-downs of fixed assets	0	0	
d) Write-down of receivables recorded under current assets, cash and cash equivalents	0	88,556	
12) Provisions for risks and charges	17,355,483	2,539,823	14,815,660
14) Other operating costs	17,163,034	21,441,904	-4,278,870
Total B	286,149,416	287,186,354	-1,036,938
Difference between value and cost of production (A-B)	6,857,417	27,651,005	-20,793,588
C) Financial Income and Charges			
15) Income from investments	13,516,214	9,136,737	4,379,477
16) Other financial income	1,119,996	2,160,089	-1,040,093
17) Interest and other financial charges	-262,254	-836,980	574,726
17-bis) Exchange gains and losses	24,092	106,680	-82,588
Total C	14,398,048	10,566,526	3,831,522
D) Value adjustments to financial assets			
18) Revaluations:	5,340	0	5,340
b) Of financial assets not classified as investments	5,340	0	
19) Write-downs:	-25,448,148	-6,344,830	-19,103,318
a) Of equity investments	-25,448,148	-6,333,230	
b) Of financial assets not classified as investments	0	-11,600	
Total D	-25,442,808	-6,344,830	-19,097,978
E) Extraordinary Income and Charges			
20) Income	0	0	0
21) Charges	-7,782,370	-5,612,142	-2,170,228
Total E	-7,782,370	-5,612,142	-2,170,228
Earnings before taxes (A+B+C++D+E)	-11,969,713	26,260,559	-38,230,272
22) Current, deferred and prepaid income tax for the year	8,757,685	9,528,549	-770,864
23) Profit (Loss) for the year	-20,727,398	16,732,010	-37,459,408



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 prepared in compliance with the provisions of corporate reform introduced by Italian Legislative Decree 6/2003. Furthermore, it must be specified that there were no derogations from art. 2423, subsection 4 of the Civil Code and that no revaluation was performed pursuant to special laws on this matter.

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. The criteria were not changed from the previous year.

Intangible assets

Intangible 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 at the balance sheet date 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 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 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.

Property, Plant and Equipment

Property, Plant and Equipment are recorded at their purchase cost, inclusive of related start-up costs. The values recorded are adjusted by their respective accumulated depreciation. If at the balance sheet date the value proves 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 balance sheet 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 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 consumer goods value. Long-term investment portfolio securities are recorded in the item "Other securities" under Financial 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 classified 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 consumer goods 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 classified 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 balance sheet 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

Derivative financial instruments, when stipulated, serve hedging purposes.

In the case of IRS, interest spreads are recorded among financial charges in the profit and loss account according to the accrual 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: € 116,081,060

Fixed assets (intangible and Property, Plant and Equipment) 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 assets: € 10,876,636

The breakdown of intangible assets as at 31 December 2009 (net of amortisation) was as follows:

Intangible assets	31.12.2009	31.12.2008
Patent and intellectual property rights	7,189,065	8,410,041
Projects under development and advances	2,460,944	2,189,063
Other intangible assets	1,226,627	1,710,681
Total	10,876,636	12,309,785

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.

Property, Plant and Equipment: € 9,522,914

The breakdown of property, plant and equipment as at 31 December 2009 (net of depreciation) was as follows:

Property, plant and equipment	31.12.2009	31.12.2008
Plant and equipment	8,387,774	9,590,497
Industrial and commercial equipment	11,494	-
Other assets	1,123,646	1,292,156
Total	9,522,914	10,882,653

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.

Additionally it should be pointed out that, since continuity in the performance of the technological services rendered by the company is vitally important for the correct operation of the Italian and European financial system, the company is obliged to assure continuous operation, 24/7 throughout the year. This enables to adopt and maintain complex technological systems, dedicated to the safe operation of electrical energy, of the internal and external connections and of maintaining the systems at constant temperature, able to allow the provision of ICT services under the conditions described above.

The table below shows 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 assets: € 95,681,510

The breakdown of financial assets as at 31 December 2009 (net of depreciation) was as follows:

Financial assets	31.12.2009	31.12.2008
Equity Investments	78,407,025	106,852,697
Receivables from subsidiaries	15,198,596	11,188,681
Other receivables	72,749	98,523
Other securities	2,003,140	6,990,800
Total	95,681,510	125,130,701

The change in “financial assets” derives mainly from the write-downs in the values of the companies GBC and Kedrios S.p.A. and from the management of the equity investments in Glesia S.r.l e Actalis S.p.A.; for the details, see the tables that follow. The receivables due from subsidiaries derive from the subordination of the financial receivables distributed to the subsidiary Perago AG. 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.

This method, already defined last year with the collaboration of a primary consulting firm, is focused on the calculation of the *Unlevered Discounted Cash Flow*, adopting the conceptual and technical application logic prescribed by IAS 36 Impairment of Assets, consistent with the principles issued by OIC and having considered the best international practices; particular care was also dedicated to the definition of the reference parameters, using the most recent forecast data prepared by internationally recognised organisations and taking into consideration the reference markets of the individual associated companies.

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

	Share capital	Percentage inv.	Nominal value of investment	Carrying value	Shareholders equity as at 31/12/2009
EQUITY INVESTMENTS IN SUBSIDIARIES					
GBC Zrl	655,000	100%	655,000	39,031,000	3,806,000
Perago AG	68,000	100%	68,000	-	-17,043,000
TSP S.r.l.	5,647,000	100%	5,647,000	6,686,812	13,103,366
Kedrios S.p.A.	2,402,500	81%	1,951,791	14,000,709	5,276,514
RA Computer	3,000,000	65%	1,950,000	15,068,050	4,247,000
SiNSYS SA	6,000,000	51%	3,060,000	2,679,030	8,514,000
EQUITY INVESTMENTS IN ASSOCIATED COMPANIES					
A.T.S. S.p.A.	120,000	30%	36,000	931,854	2,293,000
EQUITY INVESTMENTS IN OTHER COMPANIES					
Isnova S.c.r.l.	58,565	16%	9,570	9,570	58,565
TOTAL AS AT 31/12/2009				78,407,025	

	Balance as at 31/12/08	Price adjustment	Disposals	Value adjustments	Balance as at 31/12/09
EQUITY INVESTMENTS IN SUBSIDIARIES					
GBC	46,979,980	-998,907		-6,950,073	39,031,000
Perago AG	-				-
TSP S.r.l.	6,686,812	-			6,686,812
Kedrios S.p.A.	32,456,709	-		-18,456,000	14,000,709
Perago FSE Ltd	-	-			-
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	-		-	-
Actalis S.p.A.	1,988,817	-	-1,988,817	-	-
A.T.S. S.p.A.	931,854	-		-	931,854
Perago Africa Ltd.	-	-	-	-	-
EQUITY INVESTMENTS IN OTHER COMPANIES					
Isnova S.c.r.l.	51,645	-	-	-42,075	9,570
TOTAL CARRYING VALUE	106,852,697	-998,907	-1,998,617	-25,448,148	78,407,025

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.

In 2009, as contractually prescribed by the agreement signed in 2007, a price adjustment was regularised with the selling shareholders that determined a net decrease of € 1.0 million in the carrying value of the interest.

The company's Board of Directors, after appropriate allocation of provisions, proposed the distribution of a dividend to shareholders totalling HUF 442,000,000, equivalent to about € 1.6 million.

2009 had a value of production equal to € 6.8 million, an operating margin equal to € 2.1 million, and a net profit of € 1.9 million.

For 2009, an independent expert was asked to verify and report upon the value of this equity investment. The report led to a € 6.9 million direct write-down in the recorded investment value. The write-down was executed on the basis of the exchange rates as at 31 December 2009, in line with the accounting principles.

Perago AG

The company, 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 previous 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 end of these two transactions, Perago AG owns 100% of Perago FSE and 30% of Perago Africa.

The financial statements record a value of production of € 2.2 million and an operating margin of € 1.4 million. The year ended with a net loss of € 6.2 million, mainly caused by restructuring costs and by the write-downs of equity investments in Perago FSE and Perago Africa. SIA-SSB subordinated their credits to the extent necessary to guarantee corporate continuity pursuant to the Swiss legislation.

For 2009, in consideration of the company's balance sheet, with negative shareholders' equity amounting to € 17.0 million, an equal amount was allocated to a provision for risks, which added to the previously existing provision of € 2.4 million, results in a total risk provision of € 19.4 million. This amount reflects the total value of the receivables claimed by SIA-SSB from the companies Perago AG and Perago FSE, considered non recoverable on the basis of the negative performance and of current development plans. For this purpose, the parent company is reassessing market positioning in light of the guidelines to be defined by the Group's new strategic plan.

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, 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.

In Year 2009, there was a net estimated loss of € 1.5 million. SIA-SSB shall subordinate their credits to the extent necessary to guarantee corporate continuity pursuant to South African laws.

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.

2009 had a value of production equal to € 6.6 million, an operating margin of € 1.0 million, and 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 € 13,103,366, including the profit (loss) for the year.

In summary, the company had a value of production of € 16.3 million, an operating margin of € 8.4 million, and a net profit of € 5.7 million.

Since no additional provisions to legal reserve are necessary, the company's Board of Directors proposed the distribution to shareholders of a € 5.7 million dividend.

In March 2009, the company incorporated T.Fin S.r.l., with its headquarters in Milano and with share capital of € 600,000.

T.Fin S.r.l.

The company, 100% owned, is registered in the general list of financial brokers per Article 106 of Legislative Decree 385/1993 (no. 41597) and its exclusive purpose is to carry out financial activities for the public and, specifically, to provide payment services supporting the TSP business. Shareholders' Equity as at 31 December 2009, which includes a share premium reserve of € 600,000, is equal to € 1,095,312, inclusive of the operating profit. In 2009, the company took over a net loss of € 104,688, mainly related to start-up costs.

Kedrios S.p.A.

This company, with headquarters in Milan and 81.24% owned by SIA-SSB, has a share capital of € 2,402,500 and shareholders' equity of € 5,276,514, including the profit (loss) for the year.

The Kedrios financial statements presented a value equal to € 23.4 million, a negative operating margin of € 2.9 million, and a net loss for the year of € 2.9 million.

For 2009, an independent expert was asked to verify and report upon the value of this equity investment. The report led to a € 18.56 million direct write-down in the recorded investment value.

RA Computer S.p.A.

A company with registered office in Milan and share capital of € 3,000,000, the 65% investment in which was completed in 2006. The company records shareholders' equity inclusive of profit (loss) for the year of € 4,262,000. RA Computer is specialised in the production of application packages and the provision of services to the banking and Public Administration sectors.

2009 closed with value of production of about € 29.5 million, negative operating margin of € 0.2 million and a net loss of € 0.8 million.

In 2009, 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 € 8,514,000, including profit for the year.

The financial statements of SiNSYS record a value of production of € 61.0 million and an operating margin of € 3.5 million. The financial year closed with net profits for the year of € 2.5million.

The company's Board of Directors proposed to shareholders the distribution of a total dividend of € 1.0 million, which determines a € 0.5 million portion to SIA-SSB.

Associated companies

Glesia S.r.L.

In December 2009, an agreement was stipulated for the sale of the entire interest to GL TRADE SA (SunGard). This agreement entailed a total sale value of € 5,500,000 which, compared with the recorded investment value, generated a capital gain of € 5,490,200.

Actalis S.p.A.

Moreover, in March 2009 an agreement was stipulated for the sale of the entire interest to ARUBA S.p.A.. This agreement entailed a total sale value of € 2,170,337 which, compared with the recorded investment value, generated a capital gain of € 181,250.

ATS S.p.A.

In December 2000 SIA-SSB 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.

2009 closed with a value of production of approximately € 8.6 million and substantially balanced net profits.

Other equity investments

Isnova S.c.r.l.

This is a non-profit making organisation for new technology development and promotion on the national and international markets. The value of the equity investment was adjusted during the year to match it to shareholders' equity, therefore the equity investment is recorded at a value of € 10,000.

Receivables

Receivables from subsidiaries amount to € 15,198,596 and they fully refer to the loans issued to the company Perago AG. We note that a part of them were subordinated as prescribed by Swiss law.

The receivables due from others amount to € 72,749 (€ 98,523 in 2008) and refer mainly to interest-free guarantee deposits realisable beyond the next financial year.

Other securities

Securities	Balance as at 31/12/2008	Acquisitions	Disinvestments/Redemptions	Write-downs / Write-backs	Balance as at 31/12/2009
Government securities	1,997,800	-	-	5,340	2,003,140
Corporate bonds	4,993,000	-	-4,993,000	-	-
Total	6,990,800	-	-4,993,000	5,340	2,003,140

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 2009, whereas reversals are to the extent of previous write-downs. For greater details, reference should be made to the "Supplementary Information" section.

Current assets: € 130,358,951

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	31/12/2009 (a)	31/12/2008 (b)	Change (a-b)
Current assets	130,358,951	120,691,851	9,667,100
Accrued liabilities and deferred income	7,695,305	7,411,413	283,892
Receivables due beyond the following financial year	-	-	-
<i>Current assets</i>	<i>138,054,256</i>	<i>128,103,264</i>	<i>9,950,992</i>
Payables	60,545,612	68,894,129	-8,348,517
Accrued liabilities and deferred income	285,533	932,759	-647,226
Amounts due beyond the following financial year	-1,564,884	-4,572,310	3,007,426
<i>Current liabilities</i>	<i>59,266,261</i>	<i>65,254,578</i>	<i>-5,988,317</i>
Total	78,787,995	62,848,686	15,939,309

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: € 290,674

Long term contracts amounted to € 290,674 (€ 3,504,240 as at 31 December 2008) and they refer to contracts with less than 12 months validity, valued at cost. The decrease from the previous year is due to the conclusion of important projects, among them the one for the Norwegian Central Bank.

Receivables: € 90,674,399

Receivables from customers

The breakdown of amounts due from customers included under current assets as at 31 December 2009 was as follows:

Due from customers	31/12/2009	31/12/2008
Due on amounts invoiced	52,404,774	56,391,216
Due on invoices to be issued	5,224,994	10,662,271
Bad debt provision	-1,867,595	-1,867,595
Total	55,762,173	65,185,892

Changes in the bad debt provision were as follows:

Bad debt provision	31/12/2009	31/12/2008
Opening Balance	1,867,595	1,794,918
Allocation for the year	-	88,556
Utilisation	-	-15,879
Closing Balance	1,867,595	1,867,595

Receivables from subsidiaries and associates

The breakdown of amounts due from subsidiaries, associates and other equity investments included under current assets as at 31 December 2009 was as follows:

Due from subsidiaries and associates	31/12/2009	31/12/2008
Subsidiaries	19,495,845	17,086,813
Associated companies	0	3,183,000
Total	19,495,845	20,269,813

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

Tax credits

Tax credits totalled € 1,056,115 and include payments on account.

Tax credits	31/12/2009	31/12/2008
From tax authorities for IRES (Corporation Tax)	803,078	746,157
From tax authorities for IRAP (Regional Business Tax)	151,245	741,131
From tax authorities for amounts withheld	101,792	261,292
VAT payables	-	2,133,832
Total	1,056,115	3,882,412

Prepaid taxes

Prepaid tax credits amounting to € 5,727,298 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 € 8,632,968.

Other receivables	31/12/2009	31/12/2008
Advances to suppliers	79,471	39,400
Receivables from INVOICING in liquidation	373,736	425,556
Receivables for sale of Glesia S.r.l.	5,500,000	-
Other receivables	2,679,761	2,885,690
Total	8,632,968	3,350,646

The receivables due from INVOICING in liquidation refer to the distribution plan established by the official receiver for the company. Receivables for the sale of the interest in Glesia S.r.l. refer to the agreement executed in December, which will be settled in January 2010.

Other receivables include, among other items, the amount of the contractually specified price adjustment, with respect to one of the two shareholders, for the acquisition of the investment in the company GBC which took place in 2007, i.e. € 1,990,206 (HUF 526,031,391 at the exchange rate of 264.31).

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

Cash and cash equivalents: € 39,393,878

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

Cash and cash equivalents	31/12/2009	31/12/2008
Bank current accounts	39,386,914	17,869,066
Cash on hand	6,964	15,654
Total	39,393,878	17,884,720

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: € 7,695,305

Accrued income and prepayments can be broken down as follows:

Prepayments	31/12/2009	31/12/2008
Lease instalments	4,896,374	4,513,715
System support	335,895	571,112
Software user licences and maintenance	1,187,787	1,432,788
Insurance policies	1,075,826	837,973
Other prepayments	199,423	55,825
Total prepayments	7,695,305	7,411,413
Total accrued income	-	-
Closing balance	7,695,305	7,411,413

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

LIABILITIES

Shareholders' equity: € 147,759,555

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	31/12/2009	31/12/2008
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	31/12/2009	31/12/2008
Legal reserves	3,442,604	2,606,004
Total	3,442,604	2,606,004

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 split-off 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

Revaluation reserve for equity investments	31/12/2009	31/12/2008
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

Profits carried forward

Profits carried forward were equal to € 59,968,609 following allocation of the residual profits from 2008, and distribution of the € 0.0353 per share dividend for a total of € 5,998,634 as resolved by the shareholders' meeting of 28 April 2009.

Profits carried forward	31/12/2009	31/12/2008
Opening Balance	50,071,833	47,457,813
Allocation of profits for the year	9,896,776	2,614,020
Total	59,968,609	50,071,833

Provisions for risks and charges: € 28,225,465

Provision for taxes

Changes during the year were as follows:

Provision for taxes	31/12/2009	31/12/2008
Previous year deferred tax reserve	113,892	1,574,846
Allocation/utilisation during the year	70,855	-1,460,954
Total	184,747	113,892

Other

Provision	Balance as at 31/12/2008	Increases	Utilisation	Balance as at 31/12/2009
Claims risk	413,403	8,353	-262,069	159,687
Future charges	2,595,433	394,483	-189,898	2,800,018
Restructuring costs	8,285,881	4,617,425	-7,192,227	5,711,079
Equity investment risk	2,408,934	16,961,000	-	19,369,934
Total	13,703,651	21,981,261	-7,644,194	28,040,718

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 risk refers to the losses generated by the subsidiary Perago AG, to the loans issued by SIA-SSB and to an estimate of the restructuring costs.

Employee severance indemnity: € 17,319,151

Changes in this item were as follows:

Employee severance indemnity	31/12/2009	31/12/2008
Opening Balance	18,296,385	20,005,390
Use for termination of employment relationships and advances	-1,428,836	-2,226,603
Allocations for the year	4,120,185	4,406,776
Transfers from SiNSYS	-	-57,293
Adjustments	-1,565	53,657
Deposits to pension/treasury fund	-3,612,263	-3,822,169
Substitute tax	-54,755	-63,373
Closing Balance	17,319,151	18,296,385

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: € 60,545,612

A summary of changes during the year is provided below:

Payables	Balance as at 31/12/2009	Balance as at 31/12/2008	Net changes for the year
Due to banks	4,175,922	7,423,653	-3,247,731
Advances from customers	242,760	2,457,120	-2,214,360
Due to suppliers	18,405,970	23,330,511	-4,924,541
Due to subsidiaries	6,444,000	9,339,000	-2,895,000
Due to associates/investee companies	927,302	728,000	199,302
Tax payables	3,447,203	2,411,491	1,035,712
Due to social security authorities	12,168,524	8,489,802	3,678,722
Other payables	14,733,931	14,714,552	19,379
Total	60,545,612	68,894,129	-8,348,517

Due to banks

Amounts due to banks totalled € 4,175,922, of which € 1,564,884 payable beyond the following financial year, and refer to a medium and 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.

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 € 242,760 and refer to advances received from key customers for contracts still in progress. The previous year, the value of this item was € 2,457,120 and they referred to contracts with primary customers that were successfully completed during the year.

Due to suppliers

The overall amount is equal to € 18,405,970 and is made up as follows:

Due to suppliers	31/12/2009	31/12/2008
Suppliers, of which:		
Invoices received and not yet paid	5,003,418	5,359,771
Invoices to be received	13,402,552	17,970,740
Total	18,405,970	23,330,511

Due to subsidiaries

The overall amount for this item was € 6,444,000 compared to € 9,339,000 in 2008.

Due to associates

The overall amount for this item was € 927,302 compared to € 728,000 in 2008.

Tax payables

The overall amount for this item was € 3,447,203 compared to € 2,411,491 in 2008.

Tax payables	31/12/2009	31/12/2008
Due to tax authorities for withholding taxes	1,952,845	2,410,988
VAT payables	1,494,358	-
Sundry payables	-	503
Closing balance	3,447,203	2,411,491

Due to social security authorities

The overall amount of this item was € 12,168,524 compared to € 8,489,802 in 2008.

Due to social security authorities	31/12/2009	31/12/2008
INPS (Social Security)	12,083,799	8,462,688
Other	84,725	27,114
Total	12,168,524	8,489,802

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 € 14,733,931, compared to € 14,714,552 in 2008.

Other payables	31/12/2009	31/12/2008
Due to personnel for wages/salaries matured	1,867,049	613,036
Staff bonuses and MBO	8,392,700	7,112,506
Other amounts due to personnel	1,955,227	2,306,738
Other payables	2,518,955	4,682,272
Total	14,733,931	14,714,552

Other payables include, among other items, the amount of the credit notes to be issued for € 1,070,170, as well as the payable relating to the contractually specified price adjustment, with respect to one of the two shareholders, for the acquisition of the investment in the company GBC which took place in 2007, i.e. € 991,299, (HUF 314,364,209 at the exchange rate of 270.42).

Accrued liabilities and deferred income: € 285,533

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

Accrued liabilities and deferred income	31/12/2009	31/12/2008
Maintenance EBA Participant System	120,917	125,418
Pekao Migration Project	160,000	580,000
Monte Paschi Siena Project	-	175,000
Non-credit services	4,616	52,341
Total	285,533	932,759

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

Memorandum accounts: € 46,962,373

Memorandum accounts	31/12/2009	31/12/2008
Guarantees	6,576,578	6,260,936
Third party assets	40,385,795	38,846,799
Total	46,962,373	45,107,735

The values referred to sureties relate mainly to participations in tenders and to real estate lease agreements. The values of third party assets pertain to the residual debt for the purchases of technological infrastructures that take place through operating leases. 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.

BREAKDOWN OF PROFIT AND LOSS ACCOUNT ITEMS

Value of production: € 293,006,833

Revenues from sales and services

Revenues from ordinary operations are broken down as follows:

Revenues from services and sales of products	2009	2008
Network Services	60,046,786	56,928,843
Card Processing	138,165,637	139,448,781
Payment Systems	49,303,586	59,854,182
Capital Market	40,096,513	47,901,166
Total	287,612,522	304,132,972

With regard to Network Services, there was an increase (+ € 3.2 million) consequent to logic and physical network services (€ 4.1 million), only partly offset by lower revenues for the CBI service, whilst the "other network services" overall offset (+€ 0.4 million) the reduction in contract design activities.

With regard to Card Processing, revenues were lower (-€ 1.3 million) mainly for the "Card Production" service (-€ 1.7 million), for the contracted development activities required by customers (-€ 0.9 million), partly offset by higher revenues on other services (+€ 1.6 million), in particular the Fastpay service (+€ 0.5 million), eCommerce services (+0.5 million), and security services (+0.4 million).

In the Payment Systems area, there were lower revenues (-€ 10.6 million) deriving from the conclusion of the effect of the introduction of the IBAN on the ICI service in Revenues and Payments that took place in 2008 (-€ 4.1 million), in addition to the lower revenues for contract design activities (-€ 2.7 million) and to the conclusion, during the year, of the management of the CRIC service (-€ 2.3 million), as well as to lower revenues on other services (-€ 1.5 million) mainly for "Payment" services.

The area dedicated to financial services, revenues were reduced (-€ 7.8 million) because of the closing of the eMID service (-€ 1.3 million) of the renegotiation of some contracts with major customers (-€ 6.1

million) and of the lesser other services (-€ 1.1 million) especially to the group's companies only partly offset by the increased design activity (+€ 0.7 million).

Changes in long-term contracts

The change in the year is equal to -€ 3,213,566 and was mainly generated from the successful completion of the work orders for the RTGS Norway and Clearing CFD projects for the London Stock Exchange (LSE).

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	2009	2008
Software programmes developed during the year	2,540,297	2,044,964
Software programmes under development	2,460,944	2,189,063
Total	5,001,241	4,234,027

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 € 271,881, 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 2009 and from the non continuation of three initiatives initially suspended in the previous year.

Other revenues and income

Other operating revenues are broken down as follows:

Other revenues	2009	2008
Other income	1,297,596	3,952,972
Extraordinary income	2,308,275	4,150,778
Capital gains on disposal of assets	765	12,710
Total	3,606,636	8,116,460

The contingent assets mainly refer to provisions allocated in previous years, for which no invoice was received, to loans pertaining to education granted by social security institutions and to the release of certain amounts previously allocated to risk provisions.

Cost of production: € 286,149,416

Costs for raw materials and consumer goods

Costs for and consumer goods	2009	2008
Consumables	584,320	677,727
Third party hw and sw purchases	100,094	821,472
Gifts	82,752	190,442
Other	407,716	494,867
Total	1,174,882	2,184,508

Service costs

Costs for the provision of services	2009	2008
Consulting and technical assistance	37,400,038	47,567,666
Insurance	1,225,975	1,299,943
Retrocessions	5,403,226	4,864,233
Hardware maintenance fees	5,373,369	5,773,871
Maintenance	10,843,908	10,056,278
Electricity	3,381,708	3,168,932
Telephone and data transfer charges	18,144,733	18,487,442
Travel	1,374,315	1,619,069
Company bodies	983,200	1,108,718
Processing services	20,349,435	17,329,765
Surveillance and cleaning services	413,747	1,332,055
Distribution costs	1,115,695	802,298
Other	2,498,965	2,585,695
Total	108,508,314	115,995,965

The reduction in expenses for consultation work refers to lesser development and to the policy of a greater use of internal resources as opposed to external ones. 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. It should be pointed out that compensation, inclusive of expenses, for auditing activities on the financial statements of the company and on the consolidated financial statements of the Group and for tax return verification activities, as well as for the activities of periodic verification that corporate accounting records are kept properly, paid during the year to Deloitte & Touche S.p.A, amounted to € 117,475. In addition, agreements were defined with said company for a total amount of € 25,000 for specific activities necessary for participation in tenders.

Costs for use of third-party assets

These can be broken down as follows:

Costs for use of third-party assets	2009	2008
Property leases	8,479,198	8,667,931
Software leases	23,290,425	22,272,861
Vehicle rentals	1,292,313	1,025,915
Hardware leases	16,256,250	16,166,212
Miscellaneous leases	209,688	50,523
Total	49,527,874	48,183,442

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 2009 the workforce totalled 1,005 (29 Managers – 976 Staff). The average number of employees, divided by category, is as follows:

Number of employees	2009	2008
Managers	30	30
Staff	985	1,023
Total	1,015	1,053

The breakdown of personnel costs is as follows:

Personnel costs	2009	2008
Wages and salaries	53,947,997	56,073,991
Social security costs	15,700,095	15,760,412
Employee severance indemnity	4,120,185	4,406,776
Insurance and pension funds	3,585,574	3,130,041
Other costs	2,451,365	2,850,652
Total	79,805,216	82,221,872

Amortisation, depreciation and write-downs

Amortisation of intangible assets

Amortisation of intangible assets related to the following items:

Amortisation of intangible assets	2009	2008
Software programmes for customer services and internal use	7,670,876	8,078,422
Long-term charges	853,932	1,082,663
Total	8,524,808	9,161,085

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 property, plant and equipment

Depreciation of property, plant and equipment	2009	2008
Plant and equipment	3,736,321	4,937,839
Other assets	353,484	431,360
Total	4,089,805	5,369,199

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 property, plant and equipment provided as an attachment to the explanatory notes, of which the attachment forms an integral part.

Bad debt provision

Bad debt provision	2009	2008
Bad debt provision	-	88,556
Total	-	88,556

In 2009 no 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, because they were deemed congruous.

Allocation to provisions for risks and charges

Allocation to the provision for risks	2009	2008
Provision for equity investment risks	16,961,000	1,131,770
Provision for future charges	394,483	1,408,053
Total	17,355,483	2,539,823

The value of the allocation to the provision for equity investment risks was decided taking into account the financial and trade receivables to the companies Perago AG and Perago FSE and their ability to return them.

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

Other operating costs

These are broken down as follows:

Other operating costs	2009	2008
Non-deductible VAT	12,416,635	13,884,325
Indirect taxes	790,156	772,372
Indemnities to customers	631,462	2,239,002
Entertainment expenses and sponsorship	389,461	591,926
Contingent assets and liabilities	1,870,417	2,333,279
Charitable donations	116,100	135,000
Membership fees	147,298	273,443
Database membership fees	579,228	980,039
Sundry charges	222,277	232,518
Total	17,163,034	21,441,904

The impact of non-deductible VAT was positive as a result of the reduction in the non-deductible percentage from 41% to 40%. The lower costs for damage indemnity are due to lower claims by customers. Contingent liabilities are mainly due to provisions underestimated in 2008, relating to variable personnel costs and to operating costs, and to the reversal of some revenue items that were the targets of objections by customers.

Financial income and charges: € 14,398,048

Income from investments

Income from investments	2009	2008
TSP Srl - dividend	5,700,000	5,600,000
Giro Bankkartya Zrt - dividend	1,634,494	1,387,326
Sinsys - dividend	510,000	-
Kedrios SpA - dividend	-	312,287
Glesia Srl - dividend	-	882,000
Invoicing Liquidation	-	61,125
Perago FSE Sale	-	893,999
Glesia Srl Sale	5,490,200	-
Actalis SpA Sale	181,520	-
Total	13,516,214	9,136,737

The amount is due to dividends, recorded for the year, of the subsidiaries TSP S.r.l., GBC and Sinsys. The companies resolved to allocate the dividends prior to approval of the SIA-SSB financial statements. The GBC dividend totals HUF 442,000,000, converted as at the 31 December 2008 exchange rate (€ 1 = HUF 270.42). There were also revenues deriving from the sale of the companies Glesia S.r.l. and Actalis S.p.A.

Other financial income

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

Other financial income	2009	2008
Interest income from current accounts and short-term credit facilities	456,198	919,375
Intercompany interest income	564,693	549,264
IRS interest	-	243,959
Interest income on bonds	92,028	447,465
Other interest income	7,077	26
Closing balance	1,119,996	2,160,089

Interest and other financial charges

Interest and other financial charges	2009	2008
Interest expense on M/L term loans	151,081	519,958
IRS interest expense	-	239,095
Bank charges and other financial charges	100,029	68,234
Interest expense to suppliers	11,144	9,693
Total	262,254	836,980

Exchange gains (losses)

The item, with a net balance amounting to € 24,092, contains the net exchange gains for € 140,372 and exchange losses for € 116,280.

Value adjustments to financial assets: € 25,442,808

Write-down of financial assets not classified as investments	2009	2008
Revaluation of bonds	5,340	-
Total	5,340	-

Write-down of Equity investments

Write-down of Equity investments	2009	2008
GBC	6,950,073	2,536,000
Kedrios Spa	18,456,000	2,569,000
Perago AG	-	1,211,230
Isnova	42,075	-
Waini	-	17,000
Total	25,448,148	6,333,230

The value adjustments made to the figures of GBC and Kedrios were carried out based on an appraisal executed by an independent expert. The amount referred to Isnova was generated as a result of the adjustment of the recorded value according to the company's shareholders' equity.

Write-down of financial assets not classified as investments

Write-down of financial assets not classified as investments	2009	2008
Write-down of bonds	-	11,600
Total	-	11,600

Extraordinary income and charges: € 7,782,370

Charges

Extraordinary charges	2009	2008
Extraordinary charges	7,782,370	5,612,142
Total	7,782,370	5,612,142

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

Income taxes for the year: € 8,757,685

These are composed of:

Taxes	2009	2008
IRAP (Regional tax on productive activities)	3,150,000	3,400,000
IRES (Corporate Tax)	4,650,000	5,700,000
Deferred taxes	70,855	-1,460,954
Prepaid taxes	886,830	1,889,503
Total	8,757,685	9,528,549

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 Property, Plant and Equipment and related amortisations and depreciations

	Historical cost				
	Balance as at 31/12/2008	Reclassifications	Increases	Decreases	Balance as at 31/12/2009
	(f)	(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	153,098,906	0	4,729,360	16,268	157,811,998
Software licences	60,140,423	0	1,720,539	136,288	61,724,674
Patents	8,983	0	0	0	8,983
Total patent and intellectual property usage rights	213,248,312	0	6,449,899	152,556	219,545,655
Goodwill	1,118,646	0	0	0	1,118,646
Total goodwill	1,118,646	0	0	0	1,118,646
Other intangible assets	20,171,900	0	369,878	3,644	20,538,133
Total other intangible assets	20,171,900	0	369,878	3,644	20,538,134
Software programmes under development and advances:	2,189,063	0	5,338,304	5,066,423	2,460,944
Total intangible assets in use	236,809,181	0	12,158,081	5,222,623	243,744,639

Accumulated amortisation						31/12/2008	31/12/2009
Balance as at 31/12/2008	Reclassifications	Increases	Amortisation and depreciation for the year	Decreases for adjustments	Balance as at 31/12/2009	Fixed assets net intangible assets	Fixed assets net intangible assets
(f)	(g)	(h)	(i)	(l)	(m=f+g+h+i-l)	(n=a-g)	(o=e-m)
81,260	0	0	0	0	81,260	0	0
81,260	0	0	0	0	81,260	0	0
149,003,432	0	0	4,171,052	16,268	153,158,216	4,095,474	4,653,782
55,825,856	0	0	3,499,824	136,288	59,189,391	4,314,567	2,535,283
8,983	0	0	0	0	8,983	0	0
204,838,271	0	0	7,670,876	152,556	212,356,590	8,410,041	7,189,065
1,118,646	0	0	0	0	1,118,646	0	0
1,118,646	0	0	0	0	1,118,646	0	0
18,461,219	0	0	853,932	3,644	19,311,507	1,710,681	1,226,626
18,461,219	0	0	853,932	3,644	19,311,507	1,710,681	1,226,627
0	0	0	0	0	0	2,189,063	2,460,944
224,499,396	0	0	8,524,808	156,200	232,868,003	12,309,785	10,876,636

Statement of changes in Property, Plant and Equipment and related depreciation

	Historical cost					Balance as at 31/12/2009 (f=a+b+c-d-e)
	Balance as at 31/12/2008	Reclassifications	Increases	Decreases	Write-downs	
	(a)	(b)	(c)	(d)	(e)	
Plant and equipment						
Electrical systems	20,656,471	0	586,858	2,450	0	21,240,879
Air-conditioning systems	7,650,236	0	318,461	294	0	7,968,403
Telecommunications systems	10,748,123	0	661,780	151,841	0	11,258,062
Alarm and security systems	6,867,894	0	177,580	23,034	0	7,022,440
Misc. systems	2,120,222	0	30,000	377	0	2,149,845
Hardware	53,459,785	0	760,818	4,556,109	0	49,664,494
Machinery	34,449	0	0	0	0	34,449
Total plant and equipment	101,537,180	0	2,535,497	4,734,105	0	99,338,572
Other assets						
Vehicles	14,587	0	0	0	0	14,587
Electrical machinery	403,833	0	0	8,260	0	395,573
Miscellaneous equipment	691,726	0	5,000	7,463	0	689,263
Office furniture and equipment	9,419,172	0	191,862	40,984	0	9,570,050
Total other assets	10,529,318	0	196,862	56,707	0	10,669,473
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 Property, Plant and Equipment	112,066,498	0	2,732,359	4,790,812	0	110,008,045

Accumulated amortisation						31/12/2008	31/12/2009
Balance as at 31/12/2008	Reclassifications	Increases	Amortisation and depreciation for the year	Decreases for the year	Balance as at 31/12/2009	Fixed assets net tangible assets (o=a-g)	Fixed assets net tangible assets (p=f-n)
(g)	(h)	(i)	(l)	(m)	(n=g+h+i+l-m)		
15,922,521	0	0	1,208,844	551	17,130,814	4,733,950	4,110,065
5,771,840	0	0	547,618	294	6,319,164	1,878,396	1,649,239
9,677,699	0	0	510,642	151,841	10,036,500	1,070,424	1,221,562
6,329,692	0	0	303,628	23,034	6,610,286	538,202	412,154
2,026,120	0	0	58,118	377	2,083,861	94,102	65,984
52,184,362	0	0	1,107,471	4,556,109	48,735,724	1,275,423	928,770
34,449	0	0	0	0	34,449	0	0
91,946,683	0	0	3,736,321	4,732,206	90,950,798	9,590,497	8,387,774
14,587	0	0	0	0	14,587	0	0
402,686	0	0	444	8,260	394,870	1,147	703
661,764	0	0	24,171	7,463	678,472	29,962	10,791
8,158,125	0	0	328,869	40,590	8,446,404	1,261,047	1,123,646
9,237,162	0	0	353,484	56,313	9,534,333	1,292,156	1,135,140
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
101,183,845	0	0	4,089,805	4,788,519	100,485,131	10,882,653	9,522,914

Breakdown of prepaid and deferred taxes

	2009		2008	
	Total temporary differences	Tax effect	Total temporary differences	Tax effect
Prepaid taxes:				
Provisions for risks and charges	1,893,561	530,991	2,283,019	638,093
Bad debt provision	1,267,528	348,570	1,267,528	348,570
Write-down of equity investments	132,053	36,315	132,053	36,315
Entertainment expenses	175,187	44,924	278,799	77,458
Personnel costs and expenses payable	16,120,543	4,433,148	19,021,006	5,230,774
Write-down of property, plant and equipment	745,115	204,907	217,514	59,817
Write-down of intangible assets	232,962	73,150	288,894	90,713
Other	364,762	55,293	600,494	132,388
Total	20,931,711	5,727,298	24,089,307	6,614,128
Deferred taxes:				
Accelerated amortisation/depreciation				
Dividends	392,225	109,256	409,081	113,892
Sale of equity investment in Glesia	274,510	75,490		
Provision for tax credit write-downs				
Total	392,225	184,746	409,081	113,892
Net deferred/prepaid tax		5,542,552		6,500,236

Reconciliation statement between theoretical and balance sheet rates

	2009		2008		2009		2008	
			IRES	IRAP	IRES	IRAP		
Ordinary rate applicable			27.5%	3.90%	27.5%	3.90%		
Profit (loss) for the year before tax	-12,959,919	27,119,559	-3,563,978		7,457,879	1,057,663		
- IRES-exempt income	-22,883,201	-21,373,541	-6,292,880		-5,877,724			
- Dividends	-7,844,494	-8,181,613	-2,157,236		-2,249,944			
- IRES non-deductible costs	60,493,899	23,150,737	16,635,822		6,366,453			
- IRAP taxable income	87,662,633	83,797,317		3,418,843		3,268,095		
- IRAP-exempt income	-27,251,666	-30,748,244		-1,062,815		-1,199,182		
- IRAP non-deductible costs	20,142,796	5,966,084		785,569		232,677		
Total			4,621,728	3,141,597	5,696,664	3,359,254		
Effective rate			35.66%	24.24%	21.01%	12.39%		

Breakdown of shareholders' equity as at 31 December 2009

Nature/Description	Amount	Utilisation options	Available share
Capital	22,091,287		
Capital reserves:			
Share capital	3,442,604	B	-
Reserve for split-off 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	59,968,609	A,B,C	59,968,609
Total			140,238,437
Quota not distributed			-
Remaining distributable share			140,238,437

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

Breakdown of securities

Securities	Balance as at 31.12.08	Acquisitions	Disinvestments/ Redemptions	Write-downs	Write-backs	Balance as at 31.12.09
<i>Financial assets</i>						
C.C.T. 01.06.10 floating rate	1,997,800				5,340	2,003,140
Total government securities	1,997,800	-			5,340	2,003,140
Banco di Desio 09/07/09 floating rate	2,994,000		-2,994,000			
Banca Agrileasing 11/3/2009 floating rate	1,999,000		-1,999,000			
Total bonds	4,993,000	-	-4,993,000			
Total Securities	6,990,800	-	-4,993,000	-	5,340	2,003,140

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
Balance as at 31/12/2007	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	
Profit (Loss) for the year as at 31.12.08								16,732,010	
Balance as at 31/12/2008	22,091,287	2,606,004	1,425,801	78,844,027		2,714,625	50,071,833	16,732,010	174,485,587
<i>Distribution of 2008 profits</i>									
Legal reserve		836,601						-836,601	
Revaluation reserve for equity investments									
Reserve for undistributed exchange gains									
Profits carried forward							9,896,775	-9,896,775	
Dividends								-5,998,634	
Profit (Loss) for the year as at 31.12.09								-20,727,398	
Balance as at 31/12/2009	22,091,287	3,442,605	1,425,801	78,844,027	-	2,714,625	59,968,608	- 20,727,398	147,759,555

Reclassified balance sheet

	31/12/2009	%	31/12/2008	%
Patent and intellectual property rights	7,189,065	2.8%	8,410,041	3.0%
Projects under development and advances	2,460,944	1.0%	2,189,063	0.8%
Plant and equipment	8,387,774	3.3%	9,590,497	3.5%
Technical assets	18,037,783	7.1%	20,189,601	7.3%
Other assets	1,123,646	0.4%	1,292,156	0.5%
Other intangible assets	1,226,627	0.5%	1,710,681	0.6%
Other fixed assets	2,361,767	0.9%	3,002,837	1.1%
Financial assets - equity investments in subsidiaries	77,465,601	30.5%	103,870,581	37.6%
Financial assets - equity investments in other companies	941,424	0.4%	2,982,116	1.1%
Financial assets - loans to subsidiaries	15,198,596	6.0%	11,188,681	4.0%
Financial assets - loans to others	72,749	0.0%	98,523	0.0%
Financial assets - other securities	2,003,140	0.8%	6,990,800	2.5%
Fixed assets	116,081,060	45.7%	148,323,139	53.7%
Due from customers	55,762,173	21.9%	65,185,892	23.5%
Due from subsidiaries	19,495,845	7.7%	17,086,813	6.2%
Due from associates/investee companies	0	0.0%	3,183,000	1.2%
Tax credits	1,056,115	0.4%	3,882,412	1.4%
Prepaid tax credits	5,727,298	2.3%	6,614,128	2.4%
Other receivables	8,632,968	3.4%	3,350,646	1.2%
Inventories	290,674	0.1%	3,504,240	1.3%
Bank deposits	39,386,914	15.5%	17,869,066	6.5%
Cash on hand	6,964	0.0%	15,654	0.0%
Accrued income and prepayments	7,695,305	3.0%	7,411,413	2.7%
Current assets	138,054,256	54.3%	128,103,264	46.3%
TOTAL ASSETS	254,135,316	100.0%	276,426,403	100.0%
Share capital	22,091,287	8.7%	22,091,287	8.0%
Share capital	3,442,604	1.4%	2,606,004	0.9%
Other reserves	82,984,453	32.7%	82,984,453	30.0%
Profit (loss) carried forward	59,968,609	23.6%	50,071,833	18.1%
Profit for the year	-20,727,398	-8.2%	16,732,010	6.1%
Provisions for risks and charges	28,225,465	11.1%	13,817,543	5.0%
Employee severance indemnity	17,319,151	6.8%	18,296,385	6.6%
Medium/long-term payables due to banks	1,564,884	0.6%	4,572,310	1.7%
Fixed liabilities	194,869,055	76.7%	211,171,825	76.4%
Short-term payables due to banks	2,611,038	1.0%	2,851,343	1.0%
Short-term advances from customers	242,760	0.1%	2,457,120	0.9%
Due to suppliers	18,405,970	7.2%	23,330,511	8.4%
Due to subsidiaries	6,444,000	2.5%	9,339,000	3.4%
Due to associates/investee companies	927,302	0.4%	728,000	0.3%
Tax payables	3,447,203	1.4%	2,411,491	0.9%
Due to social security authorities	12,168,524	4.8%	8,489,802	3.1%
Other payables	14,733,931	5.8%	14,714,552	5.3%
Accrued liabilities and deferred income	285,533	0.1%	932,759	0.3%
Current liabilities	59,266,261	23.3%	65,254,578	23.6%
TOTAL LIABILITIES	254,135,316	100.0%	276,426,403	100.0%
Current assets	138,054,256		128,103,264	
Current liabilities	59,266,261		65,254,578	
NET CURRENT ASSETS	78,787,995		62,848,686	

Cash Flow Statement (Section I)

(amounts in Euro/000)

	2009	2008
Profit for the year	-20,727	16,732
+ Non monetary costs		
Amortisation and depreciation	12,615	14,530
Write-down of fixed assets	25,448	6,316
Employee severance indemnity fund	4,120	4,407
Allocations to deferred tax reserve	71	0
Allocation to provisions for risks and charges	21,981	5,884
Net cash flow generated from income management	43,508	47,869
Changes in net cash flow generated from off-balance sheet operations		
<i>Sources:</i>		
Sale of fixed assets (net book values)	2	84
Increase in tax credits beyond the financial year	0	0
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 assets for unblocking	1,999	11,029
<i>Total sources</i>	45,509	52,666
<i>Utilisation:</i>		
Increase in intangible assets	7,092	8,640
Increase in Property, Plant and Equipment	2,732	3,162
Increase in other receivables beyond the financial year	3,984	11,137
Change in financial assets	-5,987	-17
Net change in long-term loans	0	0
Decrease in loans payable	3,007	2,851
Distributed dividends	5,999	5,999
Utilisation of provisions for risk for compensation for damages	262	990
Utilisation of provisions for future risks and charges	190	219
Utilisation of the mobility reserve	7,193	6,634
Use of provisions for shareholding risks	0	698
Utilisation of the deferred tax reserve	0	1,461
Utilisation of employee severance indemnity	5,097	6,116
<i>Total utilisation</i>	29,569	41,574
Increase/Decrease in Net Current Assets	15,940	11,092

Cash Flow Statement (Section II)

(amounts in Euro/000)

	2009	2008
Change in current assets		
Inventories	-3,214	-1,646
Receivables		
Due from customers	-9,424	-8,719
Due from subsidiaries	2,409	-4,982
Due from associates	-3,183	-2,270
Due from others	1,569	-3,196
Financial assets not tied up	0	0
Cash and cash equivalents	21,509	13,097
Accrued income and prepayments	284	2,785
<i>Total current assets</i>	<i>9,951</i>	<i>-4,932</i>
Change in current liabilities		
Payables		
Due to banks	-240	206
Due to suppliers	-4,925	-16,090
Due to subsidiaries	-2,895	1,470
Due to associates	199	-611
Advances	-2,214	-992
Taxes payable	1,036	-491
Due to Social Security	3,678	2,581
Other payables	19	-2,467
Accrued liabilities and deferred income	-647	370
<i>Total current liabilities</i>	<i>-5,989</i>	<i>-16,024</i>
Increase/Decrease in Net Current Assets	15,940	11,092

Board of Statutory Auditors' Report



SIA-SSB S.p.A.

Registered office: Milano, Via Taramelli n. 26

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

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Board of Statutory Auditors' Report on the separate financial statements as at 31 December 2009
pursuant to art. 2429 of the Italian Civil Code

Dear Shareholders,

In 2009, Mr. Fausto Gobbi passed away; he had already left the office of Statutory Auditor of the Company, after holding it for a long time. His colleagues fondly remember him as a great human being and a fine professional. In January, as prescribed by the law, Mr. Paolo Golia succeeded him in office.

We performed the auditing activity assigned to us by the Italian law and Company By-laws and we confirm that in 2009:

- 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, 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.

During the years, the Board of Statutory Auditors did not issue opinions prescribed by law.

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 2009, 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. In this regard, the Independent Auditors' Report certified without observations the compliance of the consolidated financial statements to the legislations that regulate their 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.

Moreover, taking into account that the Swiss company Perago AG; 100% controlled by SIA-SSB, reported negative shareholders' equity of about € 17 million at the end of 2009, an equal amount was allocated to the provisions for risks.

The balance sheet and profit and loss account results as at 31 December 2009, as illustrated in the financial statements, can be summarised as follows:

Balance Sheet

Assets			Euro	254.135.316
Liabilities and provisions	Euro	106,375,761		
Shareholders' equity	Euro	168,486,953		
			Euro	(274,862,714)
Loss for the year			Euro	(20,727,398)

Included in the balance sheet are guarantees totalling € 6,576,578 and third party assets under operating lease for € 40,385,795.

Profit and loss account

Production results	Euro	6,857,417
Financial income	Euro	14,398,048
Value adjustments to financial assets	Euro	(25,442,808)
Extraordinary charges	Euro	(7,782,370)
Profit (loss) before tax	Euro	(11,969,713)
Income taxes for the year	Euro	(8,757,685)
Loss for the year	Euro	(20,727,398)

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 2009.

With regard to the destination of the loss for the year of € 20,727,398, your Directors propose to cover it in full, using an equal amount from the Reserve for Profits carried forward.

Moreover, in view of strengthening the Company's balance sheet, we share the Directors' proposal not to distribute any dividend for 2009, although the exceptional nature of the negative result for the year and the sizeable amount of distributable reserves would have enabled to allocate to Shareholders an extraordinary dividend in line with the remunerations of the previous four years.

Moreover, with the year ended as at 31 December 2009 our mandate expired, as did the mandate of the Board of Directors and of the Audit Company. The shareholders' meeting to be convened, therefore, will have to appoint the new Board of Statutory Auditors, the new Board of Directors and the independent auditor for the 2010-2012 three-year time interval.

With reference to this last appointment, we refer you to the proposal formulated in the document we have prepared, which shall be illustrated during the shareholders' meeting to be convened.

Milan, 09 April 2010

The Board of Statutory Auditors

The Chairman: Mr. Mario Cattaneo

Standing Auditor: Mr. Giorgio Silva

Standing Auditor: Mr. Paolo Golia

Independent Auditors' Report



AUDITORS' REPORT
PURSUANT TO ARTICLE 2409-TER OF THE CIVIL CODE
(NOW ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010)

**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, 2009. 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 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 audit of the financial statements of subsidiaries and associates, which investments represent 17 % of total assets, and 54 % of total investments, is the responsibility of other auditors.

The audit of the financial statements as of December 31, 2009 has been performed in accordance with the legal requirements in force during that period.

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 9, 2009.

3. In our opinion, the financial statements give a true and fair view of the financial position of SIA-SSB S.p.A. as of December 31, 2009, and of 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 law. Our responsibility is to express an opinion on the consistency of the Management Report with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC). In our opinion the Management Report is consistent with the financial statements of SIA-SSB S.p.A. as of December 31, 2009.

DELOITTE & TOUCHE S.p.A.

Signed by
Maurizio Ferrero
Partner

Milan, Italy,
April 9, 2010

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