sia ssb

Management Report and Consolidated Financial Statements

as at 31 December 2010

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Management Report

Dear Shareholders,

We hereby present to you, pursuant to Italian Legislative Decree 127/91, the consolidated financial statements as at 31 December 2010, composed of the Balance Sheet, the Profit and Loss Account and the Explanatory Notes, and accompanied by the Group Cash Flow Statement.

The context in which the Group operated during the year is fully illustrated in the Management Report accompanying the financial statements of the parent company, to which reference should be made.

COMPOSITION OF THE GROUP AND SCOPE OF CONSOLIDATION

During 2010, the scope of consolidation changed due to the decrease of the equity investment held in Kedrios S.p.A. from 81.24% to 49% following the partnership agreement which was signed on 31 July 2010 with the Xchanging Group. Therefore, the company Kedrios was consolidated line-by-line until that date and assessed with the shareholders' equity method at year-end close.

In addition to the parent company SIA-SSB S.p.A., the scope of consolidation includes the following companies, consolidated with the line-by-line method:

GBC - GIRO BANKKARTYA Z.R.t.

The company, 100% owned by SIASSB and acquired in 2007, has its registered office in Budapest (Hungary) and share capital of 177,000,000 Hungarian Forint. 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 € 8.2 million and an operating margin of € 1.9 million. The financial year closed with net profits for the year of € 1.7 million.

Perago AG

The company, with headquarters in Unterägeri (Switzerland, canton of Zug), 100% owned by SIA-SSB, has a share capital of CHF 100,000. It was established during the last quarter of 2005 with the aim of developing the market of RTGS systems to support the operations of central banks outside of the sub-Saharan market in which Perago has worked since 1999. To better govern the company's development, at the end of detailed analyses, it was decided to simplify the corporate structure and shorten the chain of control. Therefore, in July 2010, the procedure to liquidate the company Perago AG was launched, which concentrated all businesses, including sales, within the South African facility. This procedure should be completed during 2011. During the year and as part of the liquidation process, SIA-SSB purchased interests in the company Perago FSE (100%) and Perago Africa -Trustlink (30%) from Perago AG.

The financial statements record a value of production of € 0.8 million and a negative operating margin of € 1.5 million. The year ended with a net loss of € 0.3 million, mainly caused by restructuring costs and costs in preparation for the liquidation. At year-end close, shareholders' equity equalled €4,183,000.

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. During 2010, as part of the Perago AG liquidation process, SIA-SSB acquired a direct investment in Perago FSE.

The year 2010 had a net loss of € 0.9 million and a value of production of € 5.9 million. At year-end close, shareholders' equity equalled € 2.1 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 € 13,829,770, 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 company had a value of production equal to € 18.1 million, an operating margin of € 9.4 million, and a net profit of € 6.4 million.

T.Fin S.r.l.

The company, 100% owned by TSP with share capital of € 600,000, 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.

The year ended with a loss of € 0.2 million.

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 acquired in 2006. During 2010, an additional share of 22.85% was purchased, which brought SIA-SSB's overall shareholding to 87.85%. The company records shareholders' equity inclusive of profit (loss) for the year of € 298 thousand. RA Computer is specialised in the production of application packages and the provision of services to the banking and Public Administration markets. RA Computer is specialised in the creation of "back-office" products in Euro and foreign currency 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 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 infrastructural to application solutions.

2010 closed with value of production of about € 26.9 million, a negative operating margin of € 4.6 million and a net loss of € 3.9 million.

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 € 10,026,000, including profit for the year.

SiNSYS is one of the main businesses in the European market in the full processing services sector. Confirmation of its position on the European full card 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 € 59.9 million and an operating margin of € 4.3 million. The financial year closed with net profits for the year of € 2.5 million.

Equity investments in associated companies, valued at equity, are as follows:

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.

2010 closed with a value of production of approximately € 8.9 million and substantially balanced net profits.

Kedrios S.p.A.

This company, with headquarters in Milan and 49% owned by SIA-SSB , has a share capital of € 4,902,500 and shareholders’ equity of € 7,593,282, including the profit (loss) for the year. During 2010, SIA-SSB transferred the majority interest to Xchanging Italy S.r.l. (Xchanging Group) by subscribing a reserved share capital increase of € 2,500,000, as part of a partnership agreement which caused:

- SIA-SSB’s investment of as much as is needed to complete the restructuring plans launched prior to the change of control;

- Xchanging's investments necessary for relaunching the company.

The transaction must be included within the guidelines of the strategic plan, which set forth the group's focus on core businesses, with a progressive divestment of businesses no longer considered strategic, such as the sector in which Kedrios operates.

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 and asset management companies. In addition, it offers financial reporting services to the entire financial sector.

In 2010, the reference market confirmed the downturn already noted during 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 of 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.

The Kedrios financial statements presented a value of production equal to € 14.6 million, a negative operating margin of € 6.2 million, and a net loss for the year of € 7.3 million.

Perago Africa Ltd - Trustlink

The company is a service provider for the members of the SWIFT network in the sub-Saharan area and carries out activities of development and maintenance of software applications for the financial and telecommunications sector. During the year, shareholdings were transferred from Perago AG to SIA-SSB, as indicated in the paragraph referring to Perago AG.

The company records shareholders' equity of € 1.8 million at the close of 2010.

ECONOMIC RESULTS

The costs and revenues structure largely mirrors that of the parent company. For a detailed analysis, reference should be made to the parent company Management Report.

PROFIT FOR THE YEAR AND SHAREHOLDERS' EQUITY

Group loss for the year amounted to € 9.1 million. Total revenues from services and product sales amounted to € 333.9 million, the value of production amounted to € 354.2 million and the operating margin amounted to € 23.1 million. The reconciliation statement of parent company shareholders' equity and profit (loss) for the year and those of the group is attached to the Explanatory Notes of the consolidated financial statements under "Supplementary information".

FINANCIAL STATEMENTS DATA

Profit and Loss Account position

(amounts in Euro/000)

	Profit and Loss Account results	2010	2009	Changes
	Revenues from sales and services	333,883	350,294	-16,411
	Other value of production items	20,317	13,861	6,456
A	Value of production	354,200	364,155	-9,955
B	Cost of production	331,066	339,797	-8,731
A-B	**Added value**	**23,134**	**24,358**	**-1,224**
C	Financial income and charges	2,182	5,143	-2,961
D	Value adjustments to financial assets	-8,686	-2,340	-6,346
C+D	**Financial management**	**-6,504**	**2,803**	**-9,307**
E	Extraordinary income and charges	-10,701	-9,787	-914
A-B+C+D+E	**Profit (loss) before tax**	**5,929**	**17,374**	**-11,445**
	Income taxes for the year	16,201	13,224	2,977
	Profit (loss) including minority interests	**-10,272**	**4,150**	**-14,422**
	Profit (loss) - minority interests	-1,138	399	**-1,537**
	Profit for the year	**-9,134**	**3,751**	**-12,885**

The analysis of the items, comparing 2010 with the previous year, shows a decrease in the value of production, primarily due to the decrease in revenues for the services dedicated to financial markets only partially offset by a reduction in operating costs resulting in a € 1.2 million decrease in added value (€ 23.1 million in 2010 compared to € 24.4 million in 2009). Financial management, on the other hand, fell by € 9.3 million. We also point out a significant difference in extraordinary income and charges, which worsened by € 0.9 million subsequent to higher costs for personnel reorganisation activities. Profit before tax amounted to € 5.9 million versus € 17.4 for the previous year.

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 € 354.2 million compared to € 364.2 million in the previous year (-2.8%). Revenues from sales and services decreased from € 350.3 million in 2009 to € 333.9 million in 2010, mainly caused by the following factors:
    a. Network services: total revenues were € 1.2 million higher, mainly thanks to the logic array services;
    b. Card Processing: total revenues were € 5.2 million higher, mainly due to card management and e-commerce services offered;
    c. Payment Systems: overall revenues were lower by € 5.8 million, mainly as a result of the closing of the management of the CRIC service (Centrale Rischi Importo Contenuto, Risk Assessment Centre for small amounts).
    d. Capital Market: there was a € 17.0 million reduction in total revenues, deriving from the closure of the eMID (Interbank Deposit Market) service, the renegotiation of some outsourcing contracts and less project work. The company Kedrios was also integrated line-by-line for only seven months.
- The cost of production was also lower compared to the previous year, by approximately 2.6%, i.e. from € 331.1 million to € 339.8 million. This change was mainly due to:
    a. lower costs for hardware and software leasing following streamlining carried out on applications and fewer infrastructural requirements;
    b. lower property leasing costs following the closing of the office on Via Faravelli;
    c. higher amortisation of intangible assets due to the share related to consolidation differences and additional write-downs carried out to adapt the value of residual goodwill to the book values reported in the separate financial statements. An independent expert was given the task of performing impairment tests on equity investment values. The results of the report led to € 14.6 million in direct write-downs of the recorded investment value.

- The added value, i.e. the difference between the value and cost of production, was € 23.1 million against € 24.4 of the previous year;
- Financial management recorded a negative result of € 6.5 million versus a positive result of € 2.8 million in the previous year; the result is mainly due to write-downs to adapt to the shareholders' equity of associated companies, in particular that of Kedrios;
- Extraordinary income and charges recorded a negative balance of € 10.7 million, exclusively due to the cost of personnel reorganisation procedures, up by € 0.9 million over the previous year;

Balance Sheet position

(amounts in Euro/000)

	Balance Sheet results	31/12/2010	31/12/2009	Changes
	Intangible assets	46,117	64,612	-18,495
	Property, plant and equipment	15,721	11,654	4,067
	Financial assets	5,112	3,495	1,617
A	Total fixed assets	66,950	79,761	-12,811
	Inventories	4,573	1,698	2,875
	Receivables	102,142	114,425	-12,283
	Short-term investments	14,640	2,500	12,140
	Cash and cash equivalents	49,271	56,358	-7,087
B	Total current assets	170,626	174,981	-4,355
C	Accrued income and prepayments	12,138	11,066	1,072
A+B+C	**Total assets**	**249,714**	**265,808**	**-16,094**
	Capital	22,091	22,091	0
	Reserves	84,095	84,095	0
	Profit carried forward	24,104	19,578	4,526
	Profit for the year	-9,134	3,751	-12,885
	Minority interest capital	6,057	6,346	-289
	Profit for the year - minority interests	-1,138	399	-1,537
A	**Total shareholders' equity**	**126,075**	**136,260**	**-10,185**
B	Provisions for risks and charges	14,827	10,829	3,998
C	Employee severance indemnity	21,191	25,127	-3,936
D	Payables	84,132	88,368	-4,236
E	Accrued liabilities and deferred income	3,489	5,224	-1,735
A+B+C+D+E	**Total liabilities**	**249,714**	**265,808**	**-16,094**

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 relating to intangible assets, due primarily to the normal process of amortisation mainly referred to consolidation differences and to fewer acquisitions in 2010;

> Current assets:
- The increase in cash and cash equivalents, also including investments in trading securities, is mainly due to the parent company's positive operations.

> Provisions for risks and charges:
- The increase is due mainly to the parent company's allocations made to the fund related to the corporate reorganisation activity.

SIGNIFICANT EVENTS SUBSEQUENT TO THE CLOSURE OF THE FINANCIAL YEAR AND BUSINESS OUTLOOK.

The significant events subsequent to the closure of the financial year and the business outlook are fully commented in the Management Report of the parent company, to which reference should be made.

SIA-SSB Group Consolidated Financial Statements

BALANCE SHEET

(amounts in Euro/000)

Assets		31/12/2010		31/12/2009	Changes
A) Subscribed capital unpaid					
Called share		0		0	0
Total due from shareholders A)		**0**		**0**	**0**
B) Fixed assets					
I - Intangible assets:					
1) Formation costs		16		1	15
2) Research, development and advertising costs		2,669		6,004	-3,335
3) Industrial patent and intellectual property rights		12,590		13,676	-1,086
4) Franchise, licences, trademarks and similar rights		0		4	-4
5) Goodwill		0		100	-100
5 bis) Consolidation differences		21,093		37,588	-16,495
6) Work in progress and payments on account		7,820		5,577	2,243
7) Other		1,929		1,662	267
Total intangible assets		46,117		64,612	-18,495
II - Property, plant and equipment:					
1) Land and buildings		113		0	
2) Plant and equipment		12,793		8,842	3,951
3) Industrial and commercial equipment		701		385	316
4) Other assets		1,033		1,521	-488
5) Work in progress and payments on account		1,081		906	175
Total Property, plant and equipment		15,721		11,654	4,067
III - Financial assets					
1) Equity investments in:		4,992		1,310	3,682
b) associates	4,976		1,285		
d) other companies	16		25		
2) Receivables		120		121	-1
d) from others	120		121		
3) Other securities				2,003	-2,003
4) Treasury shares				61	-61
Total financial assets		5,112		3,495	1,617
Total Fixed Assets (B)		**66,950**		**79,761**	**-12,811**

Assets	31/12/2010	31/12/2009	Changes
C) **Current assets**			
I) Inventories:			
1) Raw materials, consumables and goods	66	0	66
3) Long-term contracts	4,272	1,615	2,657
4) Finished products and goods	24	83	-59
5) Advances	211	0	211
Total	4,573	1,698	2,875
II) Loans			
1) To customers	84,953	94,195	-9,242
3) To associates	4,710	0	4,710
4bis) Tax credits	1,653	1,321	332
4ter) Prepaid taxes	8,895	5,789	3,106
5) From others	1,931	13,120	-11,189
Total	102,142	114,425	-12,283
III) Short-term investments			
6) Other securities	14,640	2,500	12,140
Total	14,640	2,500	12,140
IV) Cash and cash equivalents			
1) Bank and postal deposits	49,030	55,823	-6,793
2) Cheques		1	-1
3) Cash on hand	241	534	-293
Total	49,271	56,358	-7,087
Total Current Assets (C)	**170,626**	**174,981**	**-4,355**
D) **Accrued income and prepayments**			
- Other accrued income and prepayments	12,138	11,066	1,072
Total Accrued Income and Prepayments (D)	**12,138**	**11,066**	**1,072**
Total Assets (A+B+C+D)	**249,714**	**265,808**	**-16,094**

Liabilities		31/12/2010		31/12/2009	Changes
A) Shareholders' equity					
Group:					
I Capital		22,091		22,091	0
IV Legal reserve		3,825		3,825	0
VII Other reserves:		80,270		80,270	0
- split-off surplus	1,426		1,426		
- merger surplus	78,844		78,844		
VIII Undistributed profits and other reserves		24,104		19,578	4,526
IX Profit / Loss for the year		-9,134		3,751	-12,885
Total Group shareholders' equity		121,156		129,515	-8,359
Minority interests:					
X Capital and reserves		6,057		6,346	-289
XII Profit / Loss for the year		-1,138		399	-1,537
Total Minority Interest shareholders' equity		4,919		6,745	-1,826
Total shareholders' equity A)		**126,075**		**136,260**	**-10,185**
B) Provisions for Risks and Charges					
1) For pensions and similar obligations		0		0	0
2) For taxes		2,176		2,157	19
3) Other		12,651		8,672	3,979
Total Provisions for Risks and Charges B)		**14,827**		**10,829**	**3,998**
Employee severance indemnity C)		**21,191**		**25,127**	**-3,936**
D) Payables					
4) Due to banks		10,403		12,748	-2,345
5) Due to other lenders		49		71	-22
6) Advances		1,605		1,760	-155
7) Due to suppliers		27,905		27,192	713
10) Due to associates		1,159		963	196
12) Tax payables		12,288		6,653	5,635
13) Due to social security authorities		12,925		14,673	-1,748
14) Other payables		17,798		24,308	-6,510
Total Payables D)		**84,132**		**88,368**	**-4,236**
E) Accrued liabilities and deferred income					
- Other accrued liabilities and deferred income		3,489		5,224	-1,735
Total accrued liabilities and deferred income E)		**3,489**		**5,224**	**-1,735**
Total liabilities (A+B+C+D+E)		**249,714**		**265,808**	**-16,094**

Memorandum accounts		31/12/2010		31/12/2009	Changes
Memorandum accounts					
1. Personal guarantees given		6,530		7,024	-494
A) Guarantees	6,530				
to others			7,024		
4. Other		65,341		55,609	9,732
Total Memorandum Accounts		**71,871**		**62,633**	**9,238**

PROFIT AND LOSS ACCOUNT

(amounts in Euro/000)

Profit and loss account	2010	2009	Changes
A) Value of production			
1) Revenues from sales and services	333,883	350,294	-16,411
3) Ch. in work in progress	7,792	-929	8,721
4) Increases in own work capitalised	6,165	10,204	-4,039
5) Other revenues and income	6,360	4,586	1,774
Total A)	**354,200**	**364,155**	**-9,955**
B) Cost of production			
6) For raw materials, consumables and goods	1,882	3,981	-2,099
7) For services	100,739	107,646	-6,907
8) For use of third party assets	46,583	53,161	-6,578
9) For personnel	121,563	126,981	-5,418
a) wages and salaries	84,132	86,846	
b) social security costs	23,160	24,822	
c) employee severance indemnity	5,809	6,200	
e) other costs	8,462	9,113	
10) Amortisation, depreciation and write-downs	42,097	28,562	13,535
a) amortisation of intangible assets	35,983	23,711	
b) depreciation of property, plant and equipment	3,999	4,447	
c) other write-downs of fixed assets	2,115	325	
d) write-down of debts included under current assets, cash and cash equivalents		79	
11) Change in raw materials, consumables and goods	10	8	2
12) Provisions for risks and charges	22	396	-374
14) Other operating costs	18,170	19,062	-892
Total B)	**331,066**	**339,797**	**-8,731**
Difference between value and cost of production (A-B)	**23,134**	**24,358**	**-1,224**

Profit and loss account	2010		2009		Changes
C) Financial Income and Charges					
15) Income from investments:		638		4,674	-4,036
- dividends and other income from associates	638		4,674		
- dividends and other income from others					
16) Other financial income:		837		954	-117
a) interest income	254		295		
d) other income:	583		659		
17) Interest and other financial charges		-490		-649	159
- bank charges	-490		-649		
17-bis) Exchange gains and losses		1,197		164	1,033
Total C)		**2,182**		**5,143**	**-2,961**
D) Value adjustments to financial assets					
18) Revaluations		29		71	-42
a) of investments, including shares of profits from non-consolidated equity investments	29		66		
c) of securities classified as current assets			5		
19) Write-downs		-8,715		-2,411	-6,304
a) of investments, including shares of profits from non-consolidated equity investments	-8,715		-2,411		
c) of securities classified as current assets	0		0		
Total D)		**-8,686**		**-2,340**	**-6,346**
E) Extraordinary Income and Charges					
20) Income		366		285	81
- other	366		285		
21) Charges		-11,067		-10,072	-995
- other	-11,067		-10,072		
Total E)		**-10,701**		**-9,787**	**-914**
Profit (loss) before tax (A-B+C+D+E)		**5,929**		**17,374**	**-11,445**
22) Current, deferred and prepaid income tax for the year		16,201		13,224	2,977
- current	18,599		13,926		
- deferred (prepaid)	-2,398		-702		
Profit (loss) including minority interests		**-10,272**		**4,150**	**-14,422**
22 bis) Minority interest profit / loss for the year		-1,138		399	-399
23) Profit / Loss for the year		**-9,134**		**3,751**	**-12,885**

Explanatory Notes

Dear Shareholders,

The financial statements which we submit for your approval, comprised of the Balance Sheet, Profit and Loss Account and Explanatory Notes, have been prepared according to Italian GAAP supplemented with the accounting standards developed by the Italian National Councils of Public and Chartered Accountants and, if none, with those issued by the International Accounting Standards Board (IASB) and were unchanged during the year. 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 purpose of the Explanatory Notes is to illustrate, analyse and in some cases supplement data in the Consolidated Balance Sheet and Profit and Loss Account statements. The Explanatory Notes contain all information required under applicable regulations.

Pursuant to art. 2428 of the Italian Civil Code, the nature of the group's business, the situation and development of group management, relations with subsidiaries and associated companies, significant events subsequent to the closure of the financial year and the business outlook for the group are described in the Management Report prepared by the parent company directors, to which reference should be made for a more complete disclosure.

In addition to the parent company SIA-SSB S.p.A., the scope of consolidation includes the following companies:

amounts in Euro/000

COMPANY NAME	REGISTERED OFFICE	SHARE CAPITAL	% OWNED BY THE GROUP		
			DIRECT	INDIRECT	THROUGH
SIA-SSB S.p.A. (Parent company)	MILAN	22,091			
GBC Z.r.t.	BUDAPEST (HUN)	637	100.00%		
Perago AG	ZUG (CH)	80	100.00%		
TSP S.r.l.	MILAN	5,647	100.00%		
Perago FSE Ltd	PRETORIA (SAF)	3	100.00%		
RA Computer S.p.A.	MILAN	3,000	87.85%		
SiNSYS S.A.	BRUSSELS (B)	6,000	51.00%		
T.Fin	MILAN	600		100.00%	TSP S.r.l.

GBC - Giro Bankkartya Zrt, with headquarters in Budapest, Hungary, 100% owned by SIA-SSB. The company has a share capital of HUF 177,000,000. This company, acquired in July 2007, was consolidated with the line-by-line method.

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

Perago FSE Ltd., with headquarters in Pretoria (Republic of South Africa) is 100% owned by SIA-SSB. The company has a share capital of ZAR 5,820,000. This company was consolidated with the line-by-line method.

TSP - Tecnologie e Servizi per il Pubblico S.r.l., with headquarters in Milan, and a share capital of € 5,647,000, composed of a single stake wholly-owned by the sole shareholder SIA-SSB. This company was consolidated with the line-by-line method.

T.Fin S.r.l., a company with its headquarters in Milan, was incorporated in 2009 with share capital of € 600,000, it is 100% controlled by TSP, it 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. This company was consolidated with the line-by-line method.

RA Computer S.p.A., with headquarters in Milan, has share capital of € 3,000,000 and is 87.85% owned by SIA-SSB. This company was consolidated with the line-by-line method.

SiNSYS SA, with headquarters in Brussels, was incorporated on 23 September 2003 with share capital of € 6,000,000, 51% subscribed by SIA-SSB and 49% by Atos Worldline SA/NV with registered office in Brussels. This company was consolidated line-by-line.

The closing date of the financial statements coincides for all companies included in the scope of consolidation, and corresponds to that of the parent company.

REPORTING CRITERIA FOR THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were drafted on the basis of financial statements prepared by the respective companies as at 31 December 2010 in compliance with applicable law, and submitted for approval of the company bodies. All statements are expressed in thousands of euro unless specified otherwise.

CONSOLIDATION PRINCIPLES

The consolidation principles adopted, unchanged from the previous year, are discussed below.

Asset and liability items, as well as income and charges of the companies included in the scope of consolidation are reported on a line-by-line basis.

The book value of equity investments in the companies included in the consolidation area is cancelled against the corresponding portion of the shareholders' equity. The difference in the cost of the equity investment compared to the shareholders' equity of the investee at the date of acquisition is proportionally recognised to the asset and liability items to which it can be attributed. The remainder, if positive, is recognised to assets under consolidation differences and, if negative, to consolidated shareholders' equity as consolidation reserves. Otherwise, if it is expected that the acquired company will incur losses in the financial years immediately following acquisition, it is recognised to the liability item 'Consolidation provisions for risks and charges'. These provisions will be used in future years to cover any losses incurred.

Payables and receivables existing between companies included in the scope of consolidation as at the balance sheet date are eliminated.

Costs and revenues regarding intercompany transactions during the year are eliminated.

If significant, the profits and losses resulting from transactions between the companies included in the scope of consolidation are eliminated.

Dividends, loss coverage and write-downs of equity investments included in the scope of consolidation are eliminated.

The translation to Euro of foreign investee company financial statements is carried out by applying the year-end exchange rate to balance sheet items and the year-average exchange rate to profit and loss account items.

RECONCILIATION BETWEEN THE SHAREHOLDERS' EQUITY AND PROFIT (LOSS) OF THE PARENT COMPANY AND CONSOLIDATED SHAREHOLDERS' EQUITY AND PROFIT (LOSS) FOR THE YEAR

The reconciliation statement between the parent company shareholders' equity and profit (loss) for the year as at 31 December 2010 and the consolidated figures as at the same date is attached to these Explanatory Notes.

VALUATION CRITERIA

In drafting the consolidated financial statements, the valuation criteria and accounting standards adopted are inspired by the general criteria of prudence and accrual with a view to business continuity.

The valuation criteria adopted for the most significant items are indicated below.

Intangible assets

Intangible assets, based on article 2426 of the Italian Civil Code, are recognised at purchase or production cost, including any accessory charges. Intangible assets subject to transfer or split are recognised at the value established in the related agreement. The values recorded are amortised on a straight-line basis depending on their future useful lives. 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.

Goodwill:

In compliance with art. 2426, paragraph 6 of the Italian Civil Code and subject to Board of Statutory Auditors consent, goodwill is recognised to the extent of costs incurred and normally amortised over 5 years. If amortisation is applied for a period exceeding five years, justification is provided in the Explanatory Notes.

Consolidation differences:

This item includes the positive differences between the acquisition cost of investments in subsidiaries and the corresponding portion of shareholders' equity acquired as at the date of consolidation, adjusted according to group accounting principles. Consolidation differences are normally amortised over five years from the equity investment acquisition date. If amortisation is applied for a period exceeding five years, justification is provided in the Explanatory Notes. For controlling interests acquired during the year, amortisation for the first year is calculated in proportion to the duration of the period of control.

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 associated companies are valued with the equity method; equity investments in other companies are recorded at their purchase cost and are written down in case of impairment. 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 "Accruals and deferrals " 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 according to fees accrued with reasonable certainty 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.

Inventories of finished products and goods

Inventories of products and goods are valued at the lower of the purchase price and the consumer goods value deriving from the market trend. The cost is determined using the weighted average cost method. Values deriving from adoption of the weighted average cost method do not significantly differ from those resulting from current costs at the end of the year. The value of final inventories is adjusted for several articles depending on the market price and the estimated consumer goods value in case of obsolete articles.

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.

Accrued income

The item Accrued Income includes the shares of revenues for the year to be received in future financial years.

Prepayments and deferred income

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 legal regulations and current employment contracts, and represents the debt matured 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.

Income from investments

Dividends from investments in limited companies, not consolidated by the global integration method and not valued with the equity method, are recorded in the year in which they are collected.

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.

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 tax assets are recorded only when there is a reasonable certainty of their future recovery. The tax benefit relating to tax losses which can be carried forward is recorded in the financial statements when its recovery through future taxable income is reasonably certain.

Breakdown of Balance Sheet items

ASSETS

Fixed Assets – 66,950 €/000

Intangible assets

Intangible assets totalled € 46,117 thousand (€ 64,612 thousand in 2009) and were primarily composed of:

Industrial patent and intellectual property rights

Software programmes for services to customers

These refer to software programmes required to provide services to customers. The increases refer to new applications or increases in old applications, in order to manage the changing needs of the market or to comply with new rules regarding the provision of services.

Software programmes for internal use

These refer to basic software programmes which, along with the Operating System, allow full use of the services offered by the data processing system hardware, to software applications allowing data processing according to different needs and software for the Corporate Office Automation System.

Patents and trademarks

This represents the cost, net of direct amortisation, for the research and registration of patent applications in Italy and abroad, and the trademarks used to identify the products/services offered by the group.

Software programs under development and advances

These costs refer to the development of software programmes for which, at the end of the year, their completion and future use is certain in providing profitable services to customers. It is only after these programmes advance to the production stage and external procedures testing that the costs relating to such projects are classified under "Software programmes for services to customers" with subsequent commencement of the amortisation process.

Other intangible assets

These mainly comprise long-term charges regarding works on leased assets, and mainly refer to adaptations carried out in the new offices.

Intangible assets were not revalued and do not include capitalised financial charges. The changes in intangible assets during the year are illustrated in the Supplementary Information section of the Explanatory Notes.

Consolidation differences

These refer to residual differences on items not attributable to the Balance sheet, between the cost of acquisition of equity investments and the related portion of shareholders' equity at the time of their inclusion in the consolidation area. Amortisation is spread over 5 years, except for GBC for which it was considered reasonable to opt for a 10-year period. In establishing 10 years as the goodwill amortisation period, reference was made to the GBC three-year plan. The residual value of goodwill to be amortised will be reviewed on an annual basis to confirm its recoverability, guaranteeing an adequate return on the capital invested. Such assessments were also confirmed by an independent expert.

Property, plant and equipment

The net book value of property, plant and equipment amounted to € 15,721 thousand (€ 11,654 thousand in 2009).

Property, plant and equipment were revaluated and do not include capitalised financial charges. Depreciation recognised during the year amounted to € 3,999 thousand and was calculated on all assets depreciable as at 31 December 2010, applying the rates deemed to best represent the economic-technical life of the assets. The increases for the year refer mainly to IT infrastructure enhancements and also include some investments for the parent company's new office, not yet subject to amortisation since they have not been utilised. The changes in property, plant and equipment during the year are illustrated in the Supplementary Information section of the Explanatory Notes.

Financial assets

The net book value of financial assets amounted to € 5,112 thousand (€ 3,495 thousand in 2009).

Equity investments in associated and other companies

As at 31 December 2010, equity investments in associated companies totalled € 4,976 thousand, whilst investments in other companies amounted to € 16 thousand, for a total recorded value of € 4,992 thousand. The increase over the previous year is due to Kedrios no longer being part of the scope of consolidation and its classification among associated companies. These companies were not consolidated, but rather assessed using the equity method on the corresponding percentage investment.

Equity investments in non-consolidated companies can be summarised as follows:

Associated companies	**Percentage owned**	**Value as at 31/12/10**
ATS S.p.A.	30.00%	721
Kedrios S.p.A.	49.00%	3,721
Perago Africa Ltd.	30.00%	534
Other		
Banca Etica S.p.A.	-	16
Total		**4,992**

Perago Africa Ltd - Trustlink

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.

Kedrios S.p.A.

This company, with headquarters in Milan and 49% owned by SIA-SSB , has a share capital of € 4,902,500 and shareholders' equity of € 7,593,282, including the profit (loss) 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 and asset management companies. In addition, it offers financial reporting services to the entire financial sector.

The Kedrios financial statements presented a value of production equal to € 14.6 million, a negative operating margin of € 6.2 million, and a net loss for the year of € 7.3 million.

ATS S.p.A.

2010 closed with a value of production of approximately € 8.9 million and substantially balanced net profits.

Equity investments in other companies

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

Banca Etica S.p.A.

This equity investment is held by the subsidiary RA Computer.

Due from others beyond the following financial year

These refer to security deposits on service supply contracts and real estate lease agreements.

Due from others	**31/12/2010**	**31/12/2009**
Other	120	121
Total	**120**	**121**

Other securities

Details of this item are illustrated in the following table, which includes changes and value adjustments for the year.

Changes in the portfolio mainly relate to the redemption of government securities on maturity.

Securities	**Balance as at 31/12/2009**	**Acquisition**	**Disinvestments /Redemptions**	**Write-downs/write-backs**	**Balance as at 31/12/2010**
Government securities	2,003	-	- 2,003	-	-
Corporate bonds	-	-	-	-	-
Total	**2,003**	**-**	**-2,003**	**-**	**-**

Current assets – 170,626 €/000

As at 31 December 2010, current assets were composed as follows:

Current Assets	**31/12/2010**	**31/12/2009**
Inventories	4,573	1,698
Receivables	102,142	114,425
Short-term investments	14,640	2,500
Cash and cash equivalents	49,271	56,358
Total	**170,626**	**174,981**

The main differences are in the reduction in trade receivables following an important action of recovery and the purchase of some fixed-income securities (government securities and bank bonds), partially compensated by a decrease in cash on hand.

Accrued income and prepayments – 12,138 €/000

Accrued income and prepayments

These can be broken down as follows:

Accrued income and prepayments	**31/12/2010**	**31/12/2009**
Accrued income	3,108	2,202
Prepayments	9,030	8,864
Total	**12,138**	**11,066**

With regard to their nature, accrued income concerns costs incurred during the year that will be accounted for in the subsequent year, whilst prepayments regard costs incurred in advance for services to be used in 2010. These essentially relate to hardware and software rentals, maintenance agreements and insurance premiums. There are no prepayments and accrued income with a duration greater than five financial years.

LIABILITIES

Shareholders' equity – 121,156 €/000

Share capital

The share capital amounts to € 22,091 thousand, divided into 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	31/12/2010	31/12/2009
Share Capital	22,091	22,091
Total	**22,091**	**22,091**

Legal reserve

The legal reserve of the parent company recorded the following changes:

Legal reserve	31/12/2010	31/12/2009
Legal reserve	3,825	3,825
Total	**3,825**	**3,825**

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

Reserve for split-off surplus

This represents the difference between the total value of assigned SIA-SSB shares and the book value of assets transferred in the year 2000 following the partial split-off of the "processing" branch of Servizi Interbancari S.p.A.

Reserve for split-off surplus	31/12/2010	31/12/2009
Split-off of Servizi Interbancari	1,426	1,426
Total	**1,426**	**1,426**

Reserve for merger surplus

This represents the total difference of € 78,844 thousand generated from the merger by incorporation of SIA S.p.A. in 2007.

Reserve for merger surplus	31/12/2010	31/12/2009
Merger by incorporation of SIA S.p.A.	78,844	78,844
Total	**78,844**	**78,844**

Undistributed profits and other reserves

The item undistributed profits and other reserves includes the effects on group results in previous financial years and translation reserves.

Undistributed profits and other reserves	31/12/2010	31/12/2009
Undistributed profits and other reserves	24,104	19,578
Total	**24,104**	**19,578**

Provisions for risks and charges – 14,827 €/000

Provision	Balance as at 31/12/2009	Increases	Utilisation	Balance as at 31/12/2010
Claims risk	159	-	-8	151
Future charges	2,803	-	-999	1,804
Restructuring costs	5,710	8,053	-3,067	10,696
Deferred tax reserve	2,157	534	-515	2,176
Total	**10,829**	**8,587**	**-4,589**	**14,827**

The provision for claims risk was allocated as a result of claims for damages made by certain customers as a result of discrepancies occurring in 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 and to procedures currently being defined by the parent company with Italian Inland Revenue; the utilisation is mainly caused by the closing of the tax assessment settlement referring to 2005.

The provision for restructuring costs was established and increased during this year to meet personnel reorganisation costs and its use is due to the leaving of personnel.

Employee severance indemnity – 21,191 €/000

Adjustment of the debt was performed in compliance with current regulations and covers sums accrued by employees as at 31 December 2010. Movements during the year were as follows:

Employee severance indemnity	31/12/2010	31/12/2009
Opening Balance	25,127	26,258
Utilisation for termination of employment contracts, advances and pension funds	-9,745	-7,331
Allocations accrued during the year	5,809	6,200
Total	**21,191**	**25,127**

Payables – 84,132 €/000

Due to suppliers

Amounts due to suppliers amount to € 27,905 thousand (€ 27,192 thousand in 2009) and are made up of trade payables due within the next financial year. The decrease is mainly relevant to minor purchases and a contract and supplier conditions optimisation policy.

Due to associated companies

Amounts due to associated companies can be broken down as follows:

Due to associated companies	31/12/2010	31/12/2009
ATS S.p.A.	860	927
Kedrios S.p.A.	299	-
Other	-	36
Total	**1,159**	**963**

Payables to associated companies refer to advisory activities.

Tax payables

Due to tax authorities for withholding taxes:

Tax payables	31/12/2010	31/12/2009
Due to tax authorities for withholding taxes	2,706	978
VAT payables	3,085	1,368
Due to tax authorities for income taxes	6,332	4,301
Other	165	6
Total	**12,288**	**6,653**

Due to social security institutions

The amount can be broken down as follows:

Due to social security institutions	31/12/2010	31/12/2009
INPS (Social Security)	12,175	13,988
Other	750	685
Total	**12,925**	**14,673**

The payables indicated above mainly refer to social security contributions on deferred wages and salaries for December 2010, as well as contributions for leave accrued but not taken.

Other payables

The overall amount of € 17,798 thousand (€ 24,308 thousand in 2009) is composed mainly of amounts due to employees for remuneration accrued but not yet paid. The amount due to employees includes variable pay components, i.e. MBO system payments and bonuses, together with sums relating to personnel reorganisation procedures implemented by the parent company, for the final and certain component.

Accrued liabilities and deferred income – 3,489 €/000

This item amounts to € 3,489 thousand (€ 5,224 thousand in 2009) and refers to revenues recorded as at 31 December 2010 but receivable in future years and costs accrued during the year but not yet accounted for.

Memorandum accounts – 71,871 €/000

Memorandum accounts	**31/12/2010**	**31/12/2009**
Guarantees	6,530	7,024
Other	65,341	55,609
Total	**71,871**	**62,633**

The values referred to sureties relate mainly to participations in tenders and to real estate lease agreements. “Others” relate to the residual debt for the purchases of technological infrastructures carried out through operating leases and to the value of the microprocessor cards owned by customers and to the nominal value of the PIN codes held on customers’ behalf.

Breakdown of Profit and Loss Account items

Value of production – 354,200 €/000

Revenues from services and sales of products

Revenues from ordinary operations are broken down as follows:

Revenues from services and sales of products	2010	2009
Network Services	61,216	60,047
Payment Systems	71,574	77,363
Card Processing	163,361	158,148
Capital Market	37,732	54,736
Total	**333,883**	**350,294**

As regards Network Services: there was an overall increase of € 1.2 million mainly due to logic array services.

In the area of Payment Systems, overall revenues were lower by € 5.8 million, mainly as a result of the closing of the management of the CRIC service (Risk Assessment Centre for small amounts).

In relation to Card Processing, total revenues were € 5.2 million higher, mainly due to services offered for card management and e-commerce.

In the Capital Market area, there was a € 17.0 million reduction in total revenues, deriving from the closure of the eMID (Interbank Deposit Market) service, the renegotiation of some outsourcing contracts and less project work. The company Kedrios was also integrated line-by-line for only seven months.

Change in long-term contracts

The changes in long-term contracts amounted to € 7,792 thousand and mainly refer to the completion of some developments for the customer EBA European Banking Authority, the continuation of work to develop the technological solution to control transactions in securities for the Brazilian financial market supervisory body and the start-up of two initiatives for Italian financial markets.

Increases in own work capitalised

The overall amount was equal to € 6,165 thousand (€ 10,204 thousand in 2009) and relates to:

Software programmes developed during the year

These refer to costs incurred during the year for the completion of software programmes, for which the amortisation procedure has been initiated.

Software programmes under development

These refer to costs for the development of software programmes, for which, at the end of the year, the completion and future use for the provision of services to customers is certain. It is only after these programmes advance to production stage and external procedures testing that the costs relating to such projects are classified under "Software programmes for services to customers" with subsequent commencement of the amortisation process.

Other revenues

Other operating revenues are broken down as follows:

Other revenues	**2010**	**2009**
Other revenues	2,026	2,278
Contingent assets	4,334	2,308
Total	**6,360**	**4,586**

Contingent assets mainly refer to the reversal of provisions for invoices to be received accrued in the previous year, contributions allowances referring to the productivity bonus in 2008 and 2009 and the partial release of the provision for risks allocated in 2009 in relation to the Perago group.

Cost of production – 331,066 €/000

The cost of production is composed of:

Cost of production	**2010**	**2009**
Purchase costs	1,882	3,981
Service costs	100,739	107,646
Costs for use of third-party assets	46,583	53,161
Personnel costs	121,563	126,981
Amortisation, depreciation and write-downs	42,097	28,562
Changes in inventories of raw materials	10	8
Provisions for risks	22	396
Other operating costs	18,170	19,062
Total	**331,066**	**339,797**

The Amortisation item includes the amortisation relative to consolidation differences, totalling € 21.8 million regarding GBC and RA Computer. The residual amount of consolidation differences totalling € 21.1 million includes € 18.5 million regarding GBC, € 1.4 million for RA Computer and € 1.2 million for Perago FSE.

Amortisation is normally spread over 5 years, except for GBC for which it was considered reasonable to opt for a 10-year period. The residual value of goodwill to be amortised will be reviewed on an annual basis to confirm its recoverability, guaranteeing an adequate return on the capital invested. Such assessments were also confirmed by an independent expert hired by the parent company to check its value.

Remuneration for auditing and periodic controls paid by the parent company during the year to the company Deloitte & Touche S.p.A. totalled € 110,000.

As at 31 December 2010, employees numbered 1526, divided by category as follows:

	2010	2009
Top Management and Executives	42	68
Middle managers and staff	1,484	1,727
Total	**1,526**	**1,795**

The decrease was both an effect of the voluntary redundancy policy and of the exit of the company Kedrios S.p.A. from the scope of consolidation.

Financial income and charges – 2,182 €/000

Financial Income and Charges	2010	2009
Income from investments	638	4,674
Interest income	254	295
Other income	583	659
Bank charges	-490	-649
Exchange gains (losses)	1,197	164
Total	**2,182**	**5,143**

Revenues mainly comprise the capital gain realised from the sale of the equity investments in Simbologica S.r.l. (€ 0.4 million), the Perago Africa - Trustlink dividend (€ 0.3 million) and profits realised on exchange rate fluctuations (€ 1.2 million) mainly from Perago AG, whilst the charges refer to interest payable on the medium and long term loan obtained for the acquisition of stocks and to bank charges. The notable decrease from the previous year is due to the capital gain realised during 2009 on the sale of the company Glesia S.r.l. (€ 4.5 million).

Value adjustments to financial assets - 8,686 €/000

Revaluations

The item refers to the revaluation of the equity investment in ATS S.p.A. as a result of its valuation according to the shareholders' equity method.

Revaluations	**2010**	**2009**
Of equity investments	29	66
Of securities recorded under current assets but not classed as investments	-	5
Total	**29**	**71**

Write-downs

The item refers to the write-down of the equity investment in Kedrios S.p.A. for € 7,744 thousand and to the write-down of the investment in Perago Africa - Trustlink for € 752 thousand, as a result of its valuation according to the shareholders' equity method. Government securities and bank bonds in the portfolio were written down for € 219 thousand, which adapted their value to the market value.

Write-downs	**2010**	**2009**
Of equity investments	-8,496	-2,411
Of securities recorded under current assets but not classed as investments	-219	-
Total	**-8,715**	**-2,411**

Extraordinary income and charges – 10,701 €/000

Extraordinary income and charges	2010	2009
Income	366	285
Charges	-11,067	-10,072
Total	**-10,701**	**-9,787**

Extraordinary charges include costs incurred as a result of implementation of the personnel reorganisation process.

Income taxes for the year – 16,201 €/000

These are composed of:

Income taxes for the year	2010	2009
Direct taxes for the year	18,599	13,926
Deferred taxes	-2,398	-702
Total	**16,201**	**13,224**

Supplementary Information

Statement of changes in intangible assets

	Historical cost					
	Balance as at 31/12/2009 (a)	Currency translation differences (b)	Reclassifications (c)	Increases (d)	Decreases (e)	Balance as at 31/12/2010 (f=a+b+c+d-e)
Formation costs	267			20	7	280
Research and development costs	18,054	13			652	17,415
Industrial patent and intellectual property rights	251,981			10,737	12,416	250,302
Franchise, licences and trademarks	44				44	0
Goodwill	3,999				1,646	2,353
Projects under development	5,577			6,967	4,724	7,820
Other intangible assets	23,676			1,256	2,184	22,748
Consolidation differences	100,813			5,298	36	106,075
Total intangible assets in use	**404,411**	**13**	**0**	**24,278**	**21,709**	**406,993**

Accumulated amortisation							31/12/2009	31/12/2010
Balance as at 31/12/2009 (g)	Currency translation differences (h)	Reclassifications (i)	Increases for acquisitions (j)	Amortisation for the year (k)	Decreases for adjustments (l)	Balance as at 31/12/2010 (m=g+h+i+j+k-l)	Net intangible assets (n=a-g)	Net intangible assets (o=f-m)
266				5	7	264	1	16
12,050				2,725	29	14,746	6,004	2,669
238,305	61			10,615	11,269	237,712	13,676	12,590
40					40	0	4	0
3,899					1,546	2,353	100	0
							5,577	7,820
22,014				845	2,040	20,819	1,662	1,929
63,225				21,793	36	84,982	37,588	21,093
339,799	**61**	**0**	**0**	**35,983**	**14,967**	**360,876**	**64,612**	**46,117**

Statement of changes in property, plant and equipment

	Historical cost					
	Balance as at 31/12/2009 (a)	Currency translation differences (b)	Increases (b)	Decreases (c)	Reclassifications (d)	Balance as at 31/12/2010 (e=a+b-c-d)
Land and buildings	0				159	159
Plant and equipment	102,372		7,715	9,402	-1,090	99,595
Fixtures and fittings	1,184	16	324	436	1,090	2,178
Other assets	15,251	11	101	1,542	-159	13,662
Work in progress and payments on account	908		912	739		1,081
Total Property, Plant and Equipment	**119,715**	**27**	**9,052**	**12,119**	**0**	**116,675**

Accumulated depreciation							31/12/2009	31/12/2010
Balance as at 31/12/2009 (f)	Currency translation differences (g)	Increases for acquisitions (h)	Depreciation for the year (i)	Decreases for the year (l)	Reclassifications (m)	Balance as at 31/12/2010 (n=f+g+h+i-l-m)	Net property, plant and equipment (o=a-e)	Net property, plant and equipment (p=e-n)
0					46	46	0	113
93,530			3,345	9,165	-908	86,802	8,842	12,793
799			266	432	844	1,477	385	701
13,730			388	1,509	20	12,629	1,521	1,033
2					-2	-	906	1,081
108,061	**0**	**0**	**3,999**	**11,106**	**0**	**100,954**	**11,654**	**15,721**

Cash Flow Statement (Section I)

	2010	2009
(in Euro/000)		
SOURCES OF FINANCING		
Profit (loss) for the year	(9,134)	3,751
Minority interest profit (loss) for the year	(1,138)	399
Amortisation, depreciation and write-downs	39,982	28,158
Allocations to employee severance indemnity	5,809	6,200
Allocations to provisions for risks and charges	8,456	396
Deferred taxes	19	865
Change in consolidation reserves	587	616
Write-downs of equity investments		2,411
NET WORKING CAPITAL GENERATED FROM INCOME MANAGEMENT	**44,581**	**42,796**
TOTAL SOURCES	**44,581**	**42,796**
USE OF FUNDS		
Investments in property, plant and equipment	8,066	4,379
Investments in intangible assets	17,488	14,846
Net change in financial assets	(2,003)	(4,988)
Changes in equity investments in associated companies	3,682	(3,054)
Change to locked-up receivables	(1)	(39)
Change in treasury shares	(61)	61
Disbursement of employee severance indemnities	9,745	7,331
Dividend distribution	500	6,071
Use of provisions for risks and charges	4,477	3,386
TOTAL USE	**41,893**	**27,993**
Increase/Decrease in Net Working Capital	**2,688**	**14,803**

Cash Flow Statement (Section II)

(in Euro/000)	**2010**	**2009**
CHANGES IN CURRENT ASSETS		
Inventories	2,875	-3,304
Receivables		
- Due from customers	-9,242	-8,158
- Due from associates	4,710	-1,535
- Taxes payable	332	-3,933
- Prepaid taxes	3,106	-2,219
- Due from others	-11,189	8,751
Other securities	12,140	-3,178
Cash and cash equivalents	-7,087	25,592
Accrued income and prepayments	1,072	476
TOTAL CURRENT ASSETS	**-3,283**	**12,492**
CHANGES IN CURRENT LIABILITIES		
Payables		
- Due to banks	-2,345	933
- Due to other lenders	-22	71
- Advances	-155	-987
- Due to suppliers	713	-8,522
- Due from associates	196	210
- Taxes payable	5,635	-812
- Due to Social Security	-1,748	3,969
- Other payables	-6,510	3,451
Accrued liabilities and deferred income	-1,735	-624
TOTAL CURRENT LIABILITIES	**-5,971**	**-2,311**
Increase (Decrease) in Net Working Capital	**2,688**	**14,803**

Reconciliation between parent company and consolidated shareholders' equity and profit (loss) for the year

	shareholders' equity	including result for the year
SIA-SSB S.p.A.	**126,528**	**-21,231**
Shareholders' equity and profit (loss) for consolidated companies	36,132	1,644
Shareholders' equity and profit (loss) for third party consolidated companies	-4,919	1,138
Elimination of carrying value of consolidated equity investments	-46,676	0
Amortisation of consolidation differences	21,093	-21,793
Differences due to the alignment of accounting principles (amortisation/depreciation)	-91	0
Tax effects on differences for the alignment of accounting principles (amortisation/depreciation)	29	0
Elimination of capitalised costs	-235	-235
Reversal of dividends	-8,820	-8,820
Reversal of provisions for risks on shareholdings	517	0
Reversal of equity investment write-downs	0	31,589
Shareholders' Equity method valuation of associated companies	-2,062	8,574
Sale of equity investments	0	0
Consolidation reserve	-340	0
SIA-SSB S.p.A. Group	**121,156**	**-9,134**

Statement of changes in Shareholders' Equity

Statement of changes in Shareholders' Equity

	Share capital	Legal reserve	Reserve for split-off surplus	Reserve for merger surplus	Undistributed profits and other reserves	Profit (loss) for the year	Shareholders' Equity
Balances as at 31 December 2009	**22,091**	**3,825**	**1,426**	**78,844**	**19,578**	**3,751**	**129,515**
Allocation of previous year's profits						-3,251	
Dividend distribution						-500	
Translation reserve changes					-875		
Consolidation reserves					5,401		
Profit for the year						-9,134	
Balances as at 31 December 2010	**22,091**	**3,825**	**1,426**	**78,844**	**24,104**	**-9,134**	**121,156**

Board of Statutory Auditors' Report

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING IN ACCORDANCE WITH ART. 2429, SUBSECTION 2 OF THE ITALIAN CIVIL CODE AND ITALIAN LEGISLATIVE DECREE NO. 127 OF 9 APRIL 1991

To the Annual General Meeting of Shareholders of SIA-SSB S.p.A.

During the year closed as at 31 December 2010, our business was inspired by the provisions of law and codes of conduct of the Board of Statutory Auditors issued by the Italian Accounting Profession.

- ***Supervisory Activity***

We supervised the observance of the law and the articles of association and compliance with the principles of correct administration.

We participated in the shareholders' meeting and the meetings of the board of directors, in relation to which, on the basis of the information available, we confirm respect with the law and the articles of association, and the absence of transactions that are evidently imprudent, hazardous, in potential conflict of interests or such that they may compromise the integrity of assets.

During these meetings, we acquired information from the directors on general company performance and its foreseeable outlook, as well as on the most significant transactions, due to their size or characteristics, carried out by the company and its subsidiaries and, on the basis of the information obtained, we do not have particular observations to make.

We met with the party in charge of auditing, and significant data and information did not emerge which requires mention in this report.

We exchanged information with the statutory auditors of the subsidiaries where members of the board of statutory auditors are not already present, and significant data and information did not emerge which requires mention in this report.

We obtained information from the head of the internal control system and significant data and information did not emerge which requires mention in this report.

We obtained information from the supervisory body and on those occasions, we were able to confirm the suitability of the organisational model implemented.

Insofar as we are responsible, we supervised the company's organisational structure, also by collecting information from department heads and in that regard, we confirm its suitability in relation to the business carried out.

Insofar as we are responsible, we supervised the administrative-accounting system, as well as its reliability in correctly representing operational transactions, by obtaining information from department heads and the party in charge of auditing, and by analysing corporate documents, and in that regard we confirm its suitability and correct operations.

We did not receive any complaints pursuant to art. 2408 of the Italian Civil Code.

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

During supervisory activity as described above, other significant facts did not emerge which require mention in this report.

- ***Separate and Consolidated Financial Statements***

We analysed the draft financial statements for the year closed as at 31 December 2010, which were provided to us within the terms pursuant to art. 2429 of the Italian Civil Code, in relation to which we indicate the following.

Since we are not responsible for the auditing of the financial statements, we supervised their general layout and we confirm that their formation and structure comply with legal regulations.

We checked the management report and found that its preparation complies with the law.

As far as we know, in drawing up the financial statements, the directors did not violate the legal regulations in accordance with art. 2423, fourth subsection of the Italian Civil Code.

In the Management Report and explanatory notes, the Directors formally acknowledged that a verification of the value recorded in the SIA-SSB financial statements of the equity investments held in various subsidiaries was requested, also taking into account the results of the appraisal drawn up by an independent expert. Specifically, the Directors adequately illustrated why the following recorded investment values were written down:

- GBC – GIRO BANKKARTYA Z.R.t.; the value impairment was mainly caused by a reduction in the development of the growth plan, partially in relation to the crisis in the financial markets and to the postponement in the closing of new agreements;

- RA Computer S.p.A.; the impairment was substantially caused by the downsizing of outlook development plans;

- Kedrios S.p.A.; the impairment was caused by considerations on the company's future outlook. After this write-down, the recorded value of the investment corresponds to the value of the put option, which can be exercised between 2014 and 2016, for the disposal of the portion owned by SIA-SSB S.p.A. to the Xchanging Group.

Furthermore, please note that the Swiss company Perago AG, wholly owned by SIA-SSB, was put into liquidation during the year.

As regards infragroup transactions which occurred with subsidiaries, the disclosure reported confirms that those transactions were concluded in the interest of the company, and transactions that are atypical and/or unusual in relation to normal operations were not carried out.

The independent auditors Deloitte & Touche S.p.A. issued the independent auditors' report on 13 April 2011 in accordance with art. 14 of Legislative Decree no. 39 of 27 January 2010, without information of note, indicating that the financial statements for the year closed as at 31 December 2010 truthfully and correctly represent the company's state of affairs. The independent auditors also expressed their opinion on the consistency of the management report with the company's annual financial statements closed as at 31 December 2010.

According to the provisions of legislative decree no. 127/1991, the Company also prepared the consolidated financial statements and consolidated management report.

The Board of Statutory Auditors also supervised the general layout adopted for those documents and their compliance with law as regards the formation and structure, and it did not have particular observations to mention.

The independent auditors Deloitte & Touche S.p.A. issued the independent auditors' report on the consolidated financial statements on 13 April 2011, without information of note, indicating that the financial statements for the year closed as at 31 December 2010 truthfully and correctly represent the Group's state of affairs. The independent auditors also expressed their opinion on the consistency of the consolidated management report with the company's consolidated annual financial statements closed as at 31 December 2010.

- *Conclusions*

Also considering the results of the activities carried out by the party responsible for auditing, the Board believes that the shareholders' meeting may approve the annual financial statements closed as at 31 December 2010 as they have been drawn up by the Directors, and we have no objections to the proposal put forth by the Board of Directors regarding covering the year's loss.

Milan, 13 April 2011

The Board of Statutory Auditors

Mr. Mario Cattaneo	Chairman
Mr. Giorgio Silva	Standing auditor
Mr. Pier Luigi Diociaiuti	Standing auditor

Independent Auditors' report

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AUDITORS' REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
SIA-SSB S.p.A.

1. We have audited the consolidated financial statements of SIA-SSB S.p.A. and its subsidiaries (the "SIA-SSB Group") as of December 31, 2010. These consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, the balances of which are presented for comparative purposes as required by law, reference should be made to our auditors' report issued on April 9, 2010.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of SIA-SSB Group as of December 31, 2010, 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 consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob. In our opinion the Management Report is consistent with the consolidated financial statements of SIA-SSB Group as of December 31, 2010.

DELOITTE & TOUCHE S.p.A.

Signed by
Maurizio Ferrero
Partner

Milan, Italy,
April 13, 2011

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