PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE SEMIANNUAL REPORT AT JUNE 30, 2008

CONSOLIDATED REVENUES TOTAL 1,623.1 MILLION EUROS OVERALL AND 458.8 MILLION EUROS NET OF THE VALUE OF RAW MATERIALS (469.3 MILLION EUROS AT JUNE 30, 2007)

EBITDA AMOUNT TO 64.4 MILLION EUROS; THE GROUP'S PROFITABILITY IS LOWER THAN IN THE FIRST SIX MONTHS OF 2007, WHEN MARKET CONDITIONS WERE MORE FAVORABLE, BUT IN LINE WITH THE LEVEL ACHIEVED IN THE SECOND HALF OF 2007

REFLECTING A REDUCED CONTRIBUTION FROM THE VALUATION OF THE RAW MATERIALS INVENTORY IN ACCORDANCE WITH IFRS ACCOUNTING PRINCIPLES, THE CONSOLIDATED NET PROFIT DECREASES TO 41.3 MILLION EUROS (66.0 MILLION EUROS AT JUNE 30, 2007)

INDEBTEDNESS FALLS TO 337.3 MILLION EUROS (61 MILLION EUROS LESS THAN AT DECEMBER 31, 2007), AN AMOUNT EQUAL TO 60% OF SHAREHOLDERS' EQUITY

THE GROUP'S PARENT COMPANY REPORT NET PROFIT OF 22.3 MILLION EUROS FOR THE FIRST HALF OF 2008 (9.4 MILLION EUROS AT JUNE 30, 2007)

A SHAREHOLDERS' MEETING IS SCHEDULED FOR SEPTEMBER 15-16 TO AUTHORIZE THE PURCHASE OF TREASURY SHARES

Consolidated Financial Highlights of the First Half 2008

(in millions of euros)	First half 2008	First half 2007
Revenues	1,623.1	1,847.8
Revenues (net of raw materials)	458.8	469.3
EBITDA	64.4	76.5
EBIT	42.9	51.0
Net profit (inventory not IFRS valued)	12.3	17.3
Impact of IFRS valuation of inventory	29.3	48.9
Net profit (inventory IFRS valued)	41.3	66.0
Net indebtedness	337.3 (at 6/30/08)	398.2 (at 12/31/07)
Shareholders' equity	567.6 (at 6/30/08)	537.6 (at 12/31/07)

Note: This press release contains reclassifications of the income statement data (applied consistently for 2007 and 2008) and uses some alternative performance indicators that are not required by the IFRS accounting principles. The meaning and content of these reclassifications and performance indicators is discussed in the annexes.

- In the first half of 2008, the Group booked **consolidated revenues** of 1,623.1 million euros (1,847.8 million euros at June 30, 2007). Restated net of the value of raw materials, revenues amounted to 458.8 million euros, or 2.2% less than the 469.3 million euros reported at June 30, 2007.
  Revenues generated in areas with a higher value added offset most of the impact of lower unit sales.

- **EBITDA** totaled 64.4 million euros (76.5 million euros at June 30, 2007 and 65.5 million euros in the second half of 2007). **EBIT** decreased to 42.9 million euros (51 million euros at June 30, 2007).
  The progress made in the implementation of cost reduction programs, improvements in efficiency and optimization gains in the use and procurement raw materials had a beneficial impact on the income statement but could offset only in part the effect of a reduction in sales volume and higher energy and transportation costs.

- When stated to include the impact of valuing the raw materials inventory in accordance with IFRS accounting principles, which had a positive effect of 29.3 million euros (down from 48.9 million euros in the first six months of 2007), the net profit amounted to 41.3 million euros (66 million euros at June 30, 2007).
  Without the effect of the inventory valuation, the **consolidated net profit** for the first half of 2008 totaled 12.3 million euros, compared with 17.3 million euros in the same period last year.

- Insofar as the balance sheet is concerned, **consolidated net indebtedness** amounted to 337.3 million euros at June 30, 2008, for a 15% decrease compared with the balance at December 31, 2007 (398.2 million euros), and is equal to about 60% of shareholders' equity.
  The decrease in indebtedness was made possible by further streamlining the management of the working capital's financial cycle.

- With regard to **expectations of the Group's future performance,** the most recent data provide further evidence that demand is weak across the board in Europe and the outlook is uncertain.
  The Group has taken appropriate actions to respond to these unfavorable business conditions and the resulting competitive pressure both on sales volumes and prices. At the same time, it is continuing to work on strengthening its market position and implementing programs to optimize invested capital and minimize risks, with the goal of consolidating the structural conditions necessary to return to the path of rising profitability that it pursued during the past two years and fully seize the opportunities that will again become available when economic conditions become more favorable.

- **KME Group S.p.A., the Group's Parent Company,** reported a **net profit** of 22.3 million euros in the first half of 2008 (9.4 million euros at June 30, 2007).
  This positive performance was made possible by the collection of about 20 million euros in dividends paid by the industrial subsidiaries from profits earned in 2007.

Florence, August 7, 2008 — The Board of Directors of KME Group S.p.A. approved the report on operations in the first half of 2008.

The signs of weakness that began to appear in the European economy in the second half of 2007 became more widespread and pronounced during the first six months of this year.
This economic environment had far-ranging repercussions on demand for copper and copper-alloy semifinished products, due to the wide range of applications for these products.
Demand for products used in the construction industry suffered from an even greater and generalized weakness that affected all of the countries of Western Europe, with the worst conditions occurring in the key Spanish and Italian markets. The effect of a crisis in new residential construction was magnified by continuing pressure on the price of raw copper. Demand from the home renovation segment, a business in which the Group has an important presence, was more stable.
Demand for semifinished goods for industrial applications was down overall, but markets in various geographic regions performed differently. Specifically, while weakness prevailed in the main areas of the Mediterranean, the markets of Northern Europe proved to be more resilient. Among the different business segments, the electrical industry, manufacturers of thermal solar systems and carmakers were the best performers.
The Group was able to offset at least in part a decrease in demand from customers in Western Europe by redoubling its efforts to penetrate the main markets in Central and Eastern Europe, Russia and those of areas with a strong economic growth potential, such as China, the Far East and some Arab countries.

After falling back toward the end of 2007, the price of copper, which the metal that the Group uses the most to manufacture its semifinished products, began to rise again in March, surging past US$8,000 per ton in a highly volatile market. This caused uncertainty among end users about spending decisions, creating problems in managing list price setting policies and providing a strong incentive to maintaining minimum inventories.

In an environment characterized by weakening demand, the Group was faced by an increase in competition, which produced steady pressure on prices and sales volumes. Nevertheless, it was able to defend its market position thanks to innovation, product diversification, improved service and an expanded presence in the emerging countries.

Consolidated revenues for the first six months of 2008 totaled 1,623.1 million euros, or 12.2% less than in the same period last year. Restated net of the value of raw materials, consolidated revenues show a decrease of 2.2%, falling from 469.3 million euros to 458.8 million euros.
A more favorable sales mix, with a greater percentage of products with a higher value added, offset most of the effect of a 9.6% reduction in unit sales.
The impact of raw materials component on the Group's revenues was about 72%.

The progress made in the implementation of cost reduction programs, improvements in efficiency and optimization gains in the use and procurement raw materials had a beneficial impact on the income statement but could offset only in part the effect of a reduction in sales volume and higher energy and transportation costs.

At the operating level, the Group's profitability was in line with the performance achieved in the last two quarters of 2007 but lower than in the first six months of 2007, when market conditions were undoubtedly more favorable.

EBITDA(*) decreased from 76.5 million euros in the first six months of 2007 to 64.4 million euros in the first half of 2008. Net of the value of raw materials, the ratio of EBITDA to revenues declined from 16.3% to 14.2%. In the second half of 2007, EBITDA totaled 65.5 million euros.
Over the same period, **EBIT(*)** went from 51.0 million euros to 42.9 million euros, reflecting the positive impact of extraordinary items.
The **consolidated profit(*)** amounted to 12.3 million euros, compared with 17.3 million euros at June 30, 2007.
The EBIT and net profit presented above are computed without including the income statement impact of measuring at fair value the inventories of raw materials at fair value, as required by the IFRS accounting principles, because, due to price volatility, the impact of such valuation introduce an economic component that would make it impossible to compare homogeneous data for two different periods and provide an accurate presentation of the results from operations. More information about this issue is provided in the detailed description of the reclassification made, which is included in the annexes to this press release.
A raw material inventory method based on current prices (weighted average cost for the quarter) instead of applying the LIFO method to the structural inventory (**) produced a reduction in the differential between the values determined by the LIFO method and those obtained by applying the IFRS accounting principles. Specifically, this process produced a net positive differential of 48.9 million euros at June 30, 2007, but the positive differential narrowed to 29.3 million euros at the end of June 2008.
Moreover, the **consolidated net profit** for the first six months of 2008 computed by valuing inventories in accordance with the IFRS accounting principles totaled 41.3 million euros, as against 66.0 million euros in the first half of 2007.

The data for the first six months of 2008 produced a further improvement in the strong balance sheet position achieved at the end of 2007.
The Group's **net indebtedness** amounted to 337.3 million euros at June 30, 2008, for a decrease of 60.9 million euros (-15%) compared with the balance at December 31, 2007 (398.2 million euros), and is equal to about 60% of shareholders' equity.
The decrease in indebtedness, which was achieved despite an increase in raw material prices during the second quarter of he year, was made possible by further streamlining the management of the working capital's financial cycle.

(*) Reclassified indicators (see annexes).
(**) The structural inventory is the inventory that is not set aside to meet customer orders.

With regard to **expectations of the Group's future performance,** the second half of the year began amid further evidence that market demand is slowing and the outlook is uncertain. Raw material prices, which remain high and are characterized by high volatility, are an additional source of risk.
The Group has taken appropriate actions to respond to these unfavorable business conditions and the resulting competitive pressure both on sales volumes and prices. At the same time, it is continuing to work on strengthening its market position and implementing programs to optimize invested capital and minimize risks, with the goal of consolidating the structural conditions necessary to return to the path of rising profitability that it pursued during the past two years and fully seize the opportunities that will again become available when economic conditions become more favorable.

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The Board of Directors further agreed to convene an **Extraordinary Shareholders' Meeting** for September 15, 2008, on the first calling, and, if necessary, on September 16, on the second calling, to vote on a motion to **authorize the purchase of treasury shares** in accordance with Articles 2357 and 2357 *ter* of the Italian Civil Code.
The abovementioned motion is aimed at allowing the Company to purchase common and savings treasury shares for the following purposes: (i) as an investment or to stabilize the trading activity, prices and liquidity of these securities; (ii) to establish a portfolio of treasury shares that can be used in connection with transactions executed as part of the business operations or projects that are consistent with the strategic objectives pursued by KME Group; (iii) use the treasury shares thus purchased to carry out stock option plans reserved for Directors and/or executives of the Company and/or its subsidiaries; and (iv) subsequently retire the treasury shares in connection with capital reduction transactions, with the terms and methods that the Shareholders' Meeting may approve pursuant to Article 2445 of the Italian Civil Code.
The abovementioned share purchase authorization is being requested for the maximum number of shares that may be acquired without causing the total number of shares held to exceed 10% of the Company's share capital. Currently, KME Group S.p.A. holds only 21,666 treasury savings shares, equal to 0.008% of the total number of shares.
The abovementioned authorization is being requested for a period of 18 months from the date the corresponding resolution is adopted by the Shareholders' Meeting.
Share purchases shall be carried out in accordance with the provisions of Article 132 of Legislative Decree No. 58/1998 and Article 144 *bis* of the Securities Issuers Regulations (Consob Resolution No. 11971/1999), which allow the following methods: (i) trough a public tender or exchange offer; (ii) through purchases on regulated markets, in accordance with the operating procedures set forth in regulations governing the establishment and operations of such markets; (iii) through purchases and sales of listed derivatives that require the physical delivery of the underlying shares in accordance with the terms set forth by Borsa Italiana S.p.A.; (iv) through the award to the shareholders of put options exercisable for a period equal to the length of the abovementioned authorization by the Shareholders' Meeting.
Purchases shall be made at prices that may not be more than 15% below or 15% above the official price recorded for each class of shares that is being bought on the stock market trading day that proceeds each buy transaction. If shares are bought through a tender or exchange offer, the reference price shall be the official price on the stock market trading day before the corresponding public announcement.

Sales of the treasury shares may be carried out without time or price restrictions, in accordance with the criteria and conditions that the Board of Directors may determine, taking into account implementation requirements, the price levels of the shares and the Company's best interest.

Purchases of treasury shares shall be carried out within the limits of distributable earnings and available reserves, as required by Article 2357, Section 1, of the Italian Civil Code. The Company's interim financial statements at June 30, 2008 show that the available reserves total 75 million euros.

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During today's meeting, the Board of Directors amended the provisions of the Company's Bylaws to make them consistent with the requirements introduced by Legislative Decree No. 58/1998, which incorporated into Italian law the EU regulations governing consistency in transparency obligations. The abovementioned amendments concern the maximum deadline for approval of the annual financial statements by the Shareholders' Meeting, which has been cut to 120 days from the close of the fiscal year.

The Board of Directors

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Marco Miniati, the Company's Corporate Accounting Documents Officer, acting in accordance with the requirements of Article 154 *bis,* Section 2, of the Uniform Financial Code (Legislative Decree No. 58/1998), declares that the accounting information contained in this press release is consistent with the data in the supporting documents and in the Company's other documents and accounting records.

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This press release is available at the Company website, www.kmegroup.it, where additional information may also be obtained (telephone number +39 055.4411454; e-mail investor.relations@kme.com).

Annexes:
1. *Reclassifications and Reconciliations*
2. *Consolidated Income Statement*
3. *Consolidated Balance Sheet*
4. *Consolidated Cash Flow Statement*
5. *Company Income Statement*
6. *Company Balance Sheet*
7. *Company Cash Flow Statement*

Reclassifications and Reconciliations with Results Consistent with the IFRS Accounting Principles

KME Group SpA — Consolidated Income Statement

(in millions of euros)	1st half 2008 IFRS		recl.	1st half 2008 recl.	
Gross revenues	1,623.1	100%		1,623.1	
Raw material costs	0.0		(1,164.3)	(1,164.3)	
Revenues net of raw material costs	**0.0**			**458.8**	**100%**
Labor cots	(182.3)			(182.3)	
Other materials and costs	(1,335.8)		1,123.7	(212.1)	
EBITDA (*)	**105.0**	**6.47%**		**64.4**	**14.04%**
Non-recurring income (expense)	-		5.2	5.2	
Depreciation and amortization	(26.7)			(26.7)	
EBIT	**78.3**	**4.82%**		**42.9**	**9.35%**
Net financial expense	(14.4)			(14.4)	
Interest in the result of companies valued by the equity method	0.0			0.0	
Profit before taxes (inventory not IFRS valued)	**63.9**	**3.94%**		**28.5**	**6.21%**
Current taxes	(9.2)			(9.2)	
Deferred taxes	(13.1)		6.1	(7.0)	
Net profit (inventory not IFRS valued)	**41.6**	**2.56%**		**12.3**	**2.68%**
Impact of IFRS valuation of inventory and LME contracts	0.0		35.4	35.4	
Income taxes on IFRS valuation of inventory and LME contrac	0.0		(6.1)	(6.1)	
Consolidated net profit	**41.6**	**2.56%**	**0.0**	**41.6**	**9.07%**
Minority interest in net profit	0.3			0.3	
Group interest in net profit	**41.3**	**2.54%**	**0.0**	**41.3**	**9.00%**

*In order to present a more meaningful picture of the Group's operating performance and make the data more readily comparable over time, certain components of the items used to compute **EBITDA, EBIT and consolidated net profit** were reclassified.*

Specifically:

- *Revenues are shown net of the value of raw materials to eliminate the impact of fluctuations in raw material prices.*
- *The impact on EBITDA, EBIT and net profit of adopting the IFRS accounting principle concerning the valuation of the inventory of raw materials and the effect of valuing London Metal Exchange hedging contracts at fair value was derecognized. It is also important to keep in mind that the adoption of the IFRS international accounting principles required a switch in the method used to value the structural(*) metal inventory, which was changed from the LIFO method to a method based on current prices (weighted average cost for the quarter). Because of the high volatility or raw material prices, copper prices in particular, the use of this method introduces an income statement component that creates the risk of providing an inaccurate presentation of the results from operations. Therefore, the descriptions provided in the text of this press release and the data in the income statements set forth in Annex 2 make reference*

to EBITDA, EBIT and net profit based on the LIFO method to value the structural inventory of raw materials (applied consistently in 2007 and 2008), which is also the method used as part of internal management controlling activities. Obviously, the description of the results from operations and the data in the consolidated income statement set forth in Annex 2 are supplemented by the operating data that reflect the use of the method required by the IFRS accounting principles.

- *Extraordinary items are shown below the EBITDA line.*

(*) The structural inventory is the inventory that is not set aside to meet customer orders.

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Alternative Performance Indicators

EBITDA

This indicator provides a useful gauge to assess the Group's operating performance. EBITDA represent an intermediate income statement amount based on EBIT that does not include depreciation, amortization and nonrecurring income (expense).

Net Indebtedness

Net indebtedness is an indicator of the Group's financial structure. It is computed as the sum of gross indebtedness, less cash and cash equivalents and other financial receivables.

KME Group SpA — Consolidated Income Statement

2007 full year recl.		(in millions of euros)	1st half 2008 recl.		1st half 2007 recl.		Change
3,485.3		Gross revenues	1,623.1		1,847.8		-12.2%
(2,594.4)		Raw material costs	(1,164.3)		(1,378.5)		-15.5%
890.9	*100%*	**Revenues net of raw material costs**	**458.8**	*100%*	**469.3**	*100%*	**-2.2%**
(349.3)		Labor cots	(182.3)		(182.9)		-0.3%
(399.6)		Other materials and costs	(212.1)		(209.9)		1.0%
142.0	*15.94%*	**EBITDA**	**64.4**	*14.04%*	**76.5**	*16.30%*	**-15.8%**
(2.6)		Non-recurring income (expense)	5.2		1.3		n.m.
(50.6)		Depreciation and amortization	(26.7)		(26.8)		-0.4%
88.8	*9.97%*	**EBIT**	**42.9**	*9.35%*	**51.0**	*10.87%*	**-15.9%**
(36.5)		Net financial expense	(14.4)		(16.5)		-12.7%
0.0		Interest in the result of companies valued by the equity method	0.0		0.0		n.m.
52.3	*5.87%*	**Profit before taxes (inventory not IFRS valued)**	**28.5**	*6.21%*	**34.5**	*7.35%*	**-17.4%**
(30.0)		Current taxes	(9.2)		(10.1)		-8.9%
26.0		Deferred taxes	(7.0)		(7.1)		-1.4%
48.3	*5.43%*	**Net profit (inventory not IFRS valued)**	**12.3**	*2.68%*	**17.3**	*7.35%*	**-28.9%**

Impact of Valuing the Inventory of Raw Materials at Current Prices (IFRS Principles)

KME Group SpA — Consolidated Income Statement (continued)

2007 full year recl.		(in millions of euros)	1st half 2008 recl.		1st half 2007 recl.		Change
48.3	*5.43%*	**Net profit (inventory not IFRS valued)**	**12.3**	*2.68%*	**17.3**	*7.35%*	**-28.9%**
(15.3)		Impact of IFRS valuation of inventory and LME contracts	35.4		62.8		-43.6%
8.2		Income taxes on IFRS valuation of inventory and LME contracts	(6.1)		(13.9)		-56.1%
41.2	*4.62%*	**Consolidated net profit**	**41.6**	*9.07%*	**66.2**	*14.11%*	**-37.2%**
0.4		Minority interest in net profit	0.3		0.2		50.0%
40.8	*4.58%*	**Group interest in net profit**	**41.3**	*9.00%*	**66.0**	*14.06%*	**-37.4%**

(Unaudited data)

Earnings per share (in euros):	1st half 2008	1st half 2007
Basic earnings per share	0.1666	0.2766
Diluted earnings per share	0.1458	0.2365

KME Group SpA — Consolidated Balance Sheet

Balance Sheet items classified as current and non-current *(amounts in thousands of euros)*	**At 6/30/08**	**At 6/30/07**
Property, plant and equipment	611,190	619,160
Investment property	20,514	20,516
Goodwill and consolidation difference	114,582	114,582
Other intangible assets	2,761	2,654
Investments in associates	5,628	5,279
Investments in other companies	-	3,693
Investments valued by the equity method	-	-
Other non-current assets	28,089	28,019
Non-current financial assets	2,104	-
Deferred-tax assets	32,728	36,513
NON-CURRENT ASSETS	**817,596**	**830,416**
Inventories	659,126	628,233
Trade receivables	135,135	127,843
Other receivables and current assets	80,185	89,475
Current financial assets	75,313	34,048
Cash and cash equivalents	77,038	93,936
CURRENT ASSETS	**1,026,797**	**973,535**
TOTAL ASSETS	**1,844,393**	**1,803,951**
Share capital	250,000	324,165
Other reserves	171,240	96,133
Treasury stock	(37)	(37)
Retained earnings (Loss carryforward)	5,910	5,917
Technical consolidation reserves (*)	97,010	68,787
Reserve for deferred taxes	161	194
Net profit (loss) for the period	41,309	40,774
Group interest in shareholders' equity	**565,593**	**535,933**
Minority interest in shareholders' equity	2,025	1,690
TOTAL SHAREHOLDERS' EQUITY	**567,618**	**537,623**
Provisions for employee benefits	156,207	158,510
Deferred-tax liabilities	128,065	118,290
Borrowings and other financial liabilities	318,647	393,077
Other non-current liabilities	8,899	8,000
Provisions for risks and charges	164,755	130,065
NON-CURRENT LIABILITIES	**776,573**	**807,942**
Borrowings and other financial liabilities	162,732	127,899
Trade payables	215,615	172,592
Other current liabilities	121,855	131,020
Provisions for risks and charges		26,875
CURRENT LIABILITIES	**500,202**	**458,386**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,844,393**	**1,803,951**

(*) The technical consolidation reserves include the retained earnings (loss carryforward), the consolidation reserve and the currency translation reserve.

The independent auditors have not yet completed their audit of the data provided above.

KME Group SpA – Consolidated Cash Flow Statement

Consolidated Cash Flow Statement indirect method *(in thousands of euros)*	First half 2008	First half 2007
(A) Cash and cash equivalents at the beginning of the year	**93,936**	**162,098**
Profit before taxes	63,928	97,308
Depreciation and amortization	26,905	26,610
Writedowns of current assets	943	133
Writedowns (Revaluations) of non-current assets other than financial assets	(206)	167
Writedowns (Revaluations) of current and non-current financial assets	-	-
Accrued net interest	13,710	14,577
Losses (Gains) on non-current assets	(391)	(1,254)
Results of affiliated companies valued by the equity method	-	-
Changes in provisions for pensions, provision for severance indemnities, stock options	1,134	130
Changes in provisions for risks and charges	8,429	(4,166)
Decreases (increases) in inventories	(30,893)	(89,902)
(Increases) Decreases in current receivables	1,998	4,401
Increases (Decreases) in current payables	34,671	76,479
Changes from currency translations	(226)	(24)
Net interest paid during the period	(13,710)	(14,577)
Income tax liability for the current period	(9,224)	(10,072)
(B) Cash Flow from operating activities	**97,068**	**99,810**
(Increases) in property, plant and equipment and non-current intangible assets	(20,531)	(23,563)
Decreases in property, plant and equipment and non-current intangible assets	185	7,021
(Increases) Decreases in equity investments	(142)	(70)
(Increases) Decreases in available-for-sale financial assets	-	-
Increases/Decreases in other non-current assets/liabilities	829	407
Dividends received	2,010	1,511
(C) Cash flow from investing activities	**(17,649)**	**(14,694)**
Increase (Decrease) in shareholders' equity	(1,863)	96
Increases (Decreases) in current and non-current financial liabilities	(39,597)	(169,323)
(Increases) Decreases in current and non-current loans receivable	(43,369)	18,901
Dividends paid	(11,488)	(6,543)
(D) Cash flow from financing activities	**(96,317)**	**(156,869)**
(E) Net change in cash and cash equivalents (B)+('C)+(D)	**(16,898)**	**(71,753)**
(F) Impact of changes in the scope of consolidation	**-**	**428**
(G) Cash and cash equivalents at June 30 (A)+(E)+(F)	**77,038**	**90,773**

The independent auditors have not yet completed their audit of the data provided above.

KME Group SpA — Company Income Statement

Separate Financial Statements of KME Group S.p.A. at June 30, 2008

INCOME STATEMENT (in euros)	**June 30, 2008**	***Amount with related parties***	**June 30, 2008**	***Amount with related parties***
Sales and service revenues	1,419,500	*1,419,500*	1,436,447	*1,419,500*
Other revenues	15,610	*2,198*	261,029	*26,780*
Labor costs	(771,459)	*(666,232)*	(748,710)	*(442,000)*
Depreciation, amortization and writedowns	(2,011)		(1,089)	
Other operating expenses	(6,589,380)	*(2,275,324)*	(2,604,242)	*(1,251,510)*
EBIT	**(5,927,740)**	***(1,519,858)***	**(1,656,565)**	***(247,230)***
Financial income	29,190,077	*27,135,830*	5,505,975	*5,433,550*
Financial expense	(1,445,806)	*(138,348)*	(738,865)	*(715,088)*
Profit before taxes	**21,816,531**	***25,477,624***	**3,110,545**	***4,471,232***
Current taxes	(182,709)	-	3,258,646	*3,481,000*
Deferred taxes	701,000		3,070,000	
Total income taxes	**518,291**	**-**	**6,328,646**	***3,481,000***
Net profit	**22,334,822**	***25,477,624***	**9,439,191**	***7,952,232***

The independent auditors have not yet completed their audit of the data provided above.

KME Group SpA — Company Balance Sheet

BALANCE SHEET (in euros)	**At June 30, 2008**	***Amount with related parties***	**At June 30, 2007**	***Amount with related parties***
Property, plant and equipment	27,660		29,671	
Investment property	-		-	
Investments in subsidiaries	314,295,839	*314,295,839*	312,991,149	*312,991,149*
Investments in other companies	129,114		3,577,559	*3,448,445*
Other non-current financial assets	30,417,643	*28,312,432*	6,992,026	*6,992,026*
Deferred-tax assets	4,863,000		3,748,000	
NON-CURRENT ASSETS	**349,733,256**	***342,608,271***	**327,338,405**	***323,431,620***
Trade receivables	44,344	*44,344*	23,496	*23,496*
Other receivables and current assets	9,510,730	*3,248,157*	10,176,116	*2,192,504*
Current financial assets	83,923,295	*83,923,295*	66,241,884	*66,241,884*
Cash and cash equivalents	1,390,050		1,739,163	
CURRENT ASSETS	**94,868,419**	***87,215,796***	**78,180,660**	***68,457,885***
TOTAL ASSETS	**444,601,675**	***429,824,067***	**405,519,065**	***391,889,505***
Share capital	250,000,000		324,164,741	
Other reserves	75,376,205		628,715	
Treasury stock	(37,161)		(37,161)	
Retained earnings (Loss carryforward)	5,910,828		5,918,502	
Reserve for first adoption of the IAS-IFRS	-		1,644,616	
Stock option reserve	5,151,350		3,180,428	
Net profit (loss) for the period	22,334,821		12,314,967	
SHAREHOLDERS' EQUITY	**358,736,043**	-	**347,814,808**	-
Provisions for employee benefits	146,671		143,900	
Deferred-tax liabilities	506,000		59,000	
Borrowings and other financial liabilities	34,861,771	*1,276,585*	12,651,323	*6,992,026*
Other liabilities	619,177	*619,177*	-	
Provisions for risks and charges	7,297,613		3,997,613	
NON-CURRENT LIABILITIES	**43,431,232**	***1,895,762***	**16,851,837**	***6,992,026***
Borrowings and other financial liabilities	39,603,453	*9,739,846*	37,784,008	*12,974,295*
Trade payables	445,450	*29,750*	328,834	*1,240*
Other current liabilities	2,385,497	*1,140,692*	2,739,578	*1,707,855*
CURRENT LIABILITIES	**42,434,400**	***10,910,288***	**40,852,420**	***14,683,389***
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**444,601,675**	***12,806,050***	**405,519,065**	***21,675,416***

The independent auditors have not yet completed their audit of the data provided above.

KME Group SpA — Company Cash Flow Statement

CASH FLOW STATEMENT (in euros)	June 30, 2008	June 30, 2007
(A) Cash and cash equivalents at the beginning of the year	**1,739**	**377**
Profit before taxes	21,817	3,110
Depreciation and amortization	2	1
Accrued net interest	(1,355)	(224)
Losses (Gains) on non-current assets		
Additions to provisions for pensions and similar provisions	669	201
Addition to other provisions	3,300	(90)
(Increases) Decreases in current receivables	(22,395)	(8,788)
Increases (Decreases) in current payables	(239)	(98)
Net interest paid during the period	1,355	224
Income tax (payments) and refunds during the period	(183)	3,262
(B) Cash Flow from operating activities	**2,971**	**(2,402)**
(Increases) Decreases in property, plant and equipment and non-current intangible assets		2,775
Increases/Decreases in other non-current assets/liabilities	619	-
(Increases) Decreases in equity investments		-
Dividends received	21,361	1,265
(C) Cash flow from investing activities	**21,980**	**4,040**
Contributory increases in shareholders' equity	(1,863)	96
Increases (Decreases) in current and non-current financial liabilities	24,030	(23,402)
(Increases) Decreases in current and non-current loans receivable	(35,979)	28,474
Dividends paid	(11,488)	(6,182)
(D) Cash flow from financing activities	**(25,300)**	**(1,014)**
(E) Net change in cash and cash equivalents (B+C+D)	**(349)**	**624**
(F) Cash and cash equivalents at June 30 (A+E)	**1,390**	**1,001**

The independent auditors have not yet completed their audit of the data provided above.