KME Group S.p.A.

PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE DRAFT OF THE 2008 FINANCIAL STATEMENTS

CONSOLIDATED REVENUES TOTAL 2,975.2 MILLION EUROS OVERALL AND 862.3 MILLION EUROS NET OF THE VALUE OF RAW MATERIALS (890.9 MILLION EUROS IN 2007)

EBITDA(*) AMOUNT TO 106.6 MILLION EUROS (142 MILLION EUROS IN 2007)

THE PROFIT BEFORE TAXES (*) AMOUNT 7.6 MILION EUROS.
CONSOLIDATED NET LOSS 3.5 MILLION EUROS (CONSOLIDATED NET PROFIT OF 48.3 MILION EUROS IN 2007) AFTER 11.0 MILLION EUROS OF TAXES.

NET INDEBTEDNESS DECREASES TO 227.6 MILLION EUROS (359.9 MILLION EUROS AT THE END OF 2007), EQUAL TO 50% OF SHAREHOLDERS' EQUITY

NET PROFIT OF 21.0 MILLION EUROS FOR THE PARENT COMPANY KME GROUP SPA

PROPOSED A DIVIDEND OF 0.04 EURO TO EACH COMMON SHARE AND OF 0.1086 EUROS TO EACH SAVING SHARE. THE PAY OUT IS 50%

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Florence, March 25, 2009 - The Board of Directors of KME Group S.p.A. reviewed and approved the 2008 Report on Operations and draft financial statements.

- **Consolidated revenues** totaled 2,975.2 million euros in 2008 (3,485.3 million euros in 2007). Restated net of the value of raw materials, the consolidated revenues amount is 862.3 million euros, or 3.2% less than the 890.9 million euros booked in 2007.
  The revenues generated by sales of products with a higher value added helped offset most of the impact of lower unit sales.

- **EBITDA(*)** amounted to 106.6 million euros in 2008 (142.0 million euros in 2007) and **EBIT** totaled 50.0 million euros (88.8 million euros in 2007).
  After holding relatively steady during the first three quarters of the year, the Group's profitability contracted in the last three months of 2008, causing fourth-quarter EBITDA to decrease to 11.7 million euros, compared with 33.1 million euros in the same period in 2007 and an average of 31.6 million euros in the previous quarters of 2008.

- The **profit before taxes** decreased to 7.6 million euros in 2008 (52.3 million euros in 2007).

- The Group reported a **consolidated net loss(*)** of 3.5 million euros for 2008 (consolidated net profit of 48.3 million euros in 2007).
  However, considering that loss reflects the impact of 3.2 million euros in nonrecurring charges, the Group operated virtually at breakeven in 2008.

(*) The reclassifications are described in page 2 and annex 1 of the press release.

- On the balance sheet side, **consolidated net indebtedness** totaled 227.6 million euros, at December 31, 2008, or 37% less than the amount owed at the end of 2007 (359.9 million euros), and was equal to about 50% of shareholders' equity.

- **KME Group S.p.A., the Group's Parent Company,** ended the year with a net profit of 21.0 million euros (12.3 million euros in 2007). Such a result has been contributed by the 2007 results of German subsidiary, which controls the industrial companies.

- The Board of Directors agreed to recommend a dividend distribution of Euro 0.04 on each common share and of Euro 0.1086 on each saving share which will payable as of May 14, 2009 (dividend record date of May 11, 2009). The proposed dividend is equal to the precedent year and the pay out is 11.0 million euros, corresponding to 52% of the net profit of the Group's Parents company; the remaining amount of 9.5 million euros to net profit reserves.

- As for **expectations of the Group's future performance,** the most recent indicators of economic activity do not justify projections of better market conditions over the near term. The uncertain outlook and the concern that the recessionary phase could continue for an extended period of time make reliable forecasts difficult to formulate.
  In this environment, the Group has been aggressively accelerating the implementation of contingent measures to counter the effect of lower volumes and price pressure. At the same time, it is continuing to carry out the structural program it has been pursuing for some time to achieve a more efficient manufacturing system, a more focused organization and an optimum use of invested capital.
  The actions taken succeeded in minimizing the impact of weak market demand and preserving an adequate cash flow and created the conditions necessary to return to the path of rising profitability and fully seize the opportunities that will become available when economic conditions become more favorable.

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(*) 2008 Consolidated Financial Highlights

(in millions of euros)	2008	2007
Revenues	2,975.2	3,485.3
Revenues (net of raw materials)	862.3	890.9
EBITDA	106.6	142.0
EBIT	50.0	88.8
Profit before taxes	7.6	52.3
Net profit (loss)	(3.5)	48.3
Net indebtedness	227.6 (at 12/31/08)	359.9 (at 12/31/07)
Shareholders' equity	458.4 (at 12/31/08)	537.6 (at 12/31/07)

The income statement data provided above (stated on a comparable basis in both years) provide a fair presentation of the results from operations.
The table below shows the consolidated income statement data computed valuing the structural inventory of raw materials as required by the IFRS accounting principles, instead of valuing it at cost by the LIFO method (see Annex 1 to this press release for more information). The structural inventory is the inventory that has not been set aside to feel customer orders and so represents a strategic reserve, substantially fixed in the time, which guaranties the industrial activity.

In the current environment, with prices suffering sharp and sudden declines, this type of valuation produced a negative differential of 64.4 million euros, compared with a negative differential of just 7.1 million euros at the end of 2007 (at the end of 2006, against the background of rising prices, the differential was positive by 50 million euros). Clearly, during periods of extremely volatile raw material prices, the use of the IFRS accounting principles introduces in the information provided in interim reports an external economic component the variability of which creates the risk of providing a totally distorted presentation of the results from operations.

(in millions of euros)	**2008**	**2007**
Net profit (loss) with inventory not IFRS valued	**(3.5)**	**48.3**
Impact of IFRS valuation of inventory	**(64.6)**	**(7.1)**
Net profit (loss) with inventory IFRS valued	**(68.7)**	**40.8**

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 provided in the IFRS accounting principles. The meaning and content of these reclassifications and performance indicators is discussed in the annexes.

Operating and Financial Performance in 2008

The general economic environment deteriorated considerably in 2008, evolving from a severe slowdown in business conditions into a full-blown recessions during the second half of the year. This trend engulfed and is continuing to affect at the same time the economies of all industrialized countries, starting in the United States and continuing in Japan and Europe.
In Europe, which is the area where the Group's has its greatest presence, weakness affected all demand components, from consumption to investments.
Consumer demand was constrained by the extreme cautious stance taken by households in anticipation of a deterioration of economic conditions and in the job market.
The decision by businesses to scale back investment programs reflected the impact of a deterioration in current and projected demand and of more stringent requirements for the availability of credit, against the background of a steady decrease in profitability and a further reduction in the ability to fund capital expenditures from cash flow.
The negative phase affecting the construction industry showed no sign of abating and was particularly noticeable in residential real estate. The renovation business appeared to be more resilient.

The steady deterioration of business conditions, which became especially evident during the final quarter of the year, combined with the volatility of raw material prices and the problems that developed in the credit market, inevitably had significant and far-ranging repercussions on demand in the industries that use the Group's copper and copper-alloy semifinished products.
In Europe, after a period of moderate growth in 2006, production of semifinished copper products (excluding conductors) was down significantly during the past two years (-8.2% in 2007 and -10.6%, provisional estimate, in 2008). The volume reduction that occurred in 2008 was the combined result of lower demand from new residential construction and of pullbacks in some industries that are important consumers of semifinished copper products: automotive (in the fourth quarter), appliances and boilers, in particular.

In 2008, in the other major industrialized areas of the world, production of semifinished products decreased further in Japan, as the effect of lower demand from the construction industry was magnified by a collapse in consumption of semifinished products in the automotive and electronics sectors. In the United States, a growing economic crisis and a deepening real estate slump produced a sharp contraction of overall volumes for the fourth consecutive year.
China was the only positive exception, but the rate of growth was decidedly lower than in previous years. Specifically, production of semifinished copper products increased by a modest 2%, reaching 3 million tons, a volume slightly smaller than the combine production of Western Europe and the United States.

The price of raw copper, which is the metal that the Group uses most to manufacture its semifinished products, began to decrease in September. In subsequent months, the slumping global economy produced further price reductions, in a context of extreme volatility, creating uncertainty about spending decisions among final users.

The Group was faced with the challenge posed by the steady pressure on prices and sales volumes produced by heightened competition, which became increasingly aggressive in response to falling demand. Nevertheless, it succeeded in defending its market position tanks to innovation, product diversification, the ability to deliver better services and more effective solutions, a more streamlined distribution system and an expanded presence in the emerging countries.

Consolidated revenues totaled 2,975.2 million euros in 2008, or 14.6% less than in 2007. Restated net of the value of raw materials, revenues show a decrease of 3.2%, falling from 890.9 million euros to 862.3 million euros. A more favorable sales mix, with a greater percentage of products with a higher value added, offset most of the effect of an 8.2% reduction in unit sales.

The programs implemented in past years and expanded in recent months to increase the efficiency of the organization, with a growing focus on customer satisfaction, and streamline the manufacturing system, combined with efforts to optimize the use and procurement of raw materials, produced positive economic effects, but could offset only in part the impact of a reduction in sales volumes and an increase in unit costs, caused mainly by higher charges for energy and transportation and the unavoidable lag that occurs in adjusting production facilities to a sudden drop in sales volumes, as was the case in the fourth quarter of 2008.

At the operating level, the Group's profitability was lower in 2008 than in 2007, when market conditions were undoubtedly more favorable.
EBITDA decreased from 142.0 million euros in 2007 to 106.6 million euros in 2008. Net of the value of raw materials, the ratio of EBITDA to revenues declined from 15.9% to 12.4%.
From a trend standpoint, after holding relatively steady during the first three quarters of 2008, the Group's profitability contracted significantly in the last three months of the year: **EBITDA for the fourth quarter of 2008** decreased to 11.7 million euros, compared with 33.1 million euros in the same period in 2007 and an average of 31.6 million euros in the previous quarters of 2008.
EBIT totaled 50.0 million euros in 2008, down from 88.8 million euros in 2007.
The consolidated net loss reported in 2008 amounted to 3.5 million euros, as against a consolidated net profit of 48.3 million euros in 2007.

As elsewhere in this press release, the indicators provided in this report on operations were computed in accordance with presentation and measurement criteria that are partly different from the IFRS principles used to prepare the consolidated financial statements. Specifically, the data are presented without showing the effect on the income statement of an accounting valuation of the raw material inventory substantially at current values, as the IFRS accounting principles require, because, due to the volatility of raw material prices, such an approach introduces an external economic component the variability of which makes it impossible to provide truly comparable data for different periods and a fair presentation of the actual results from operations

During a period of significant price declines, valuing the inventory of raw materials at current prices (weighted average cost for the quarter or end-of-period realizable value, whichever is lower), instead of applying the LIFO valuation method to the structural inventory (a strategic inventory that constitutes a non-current asset)(*), produced a significant difference between the LIFO values and those determined in accordance with IFRS accounting principles. Specifically, the net negative differential was 7.1 million euros at December 31, 2007, but rose to 64.6 million euros at the end of 2008.
Consequently, by valuing its inventory of raw materials in accordance with the IFRS accounting principles, the Group reported a **consolidated net loss** of 68.7 million euros in 2008 and a **consolidated net profit** of 40.8 million euros in 2007.

Turning to the balance sheet, the Group's **net indebtedness** totaled 227.6 million euros at December 31, 2008, or 37% less than the amount owed at the end of 2007 (359.9 million euros). This improvement was made possible by the cash flow generated from operations, the actions taken to minimize working capital requirements and a decrease in the price of raw copper.
Net indebtedness was equal to 50% of shareholders' equity and its amount was 2.1 times that of the EBITDA earned in 2008.

Net invested capital totaled 686.0 million euros. The operating return on invested capital (stated in terms of EBIT net of extraordinary items) was 7.8%.

KME Group S.p.A., the Group's Parent Company, ended the year with a net profit of 21.0 million euros (12.3 million euros in 2007); such a result has been contributed by the 2007 results of German subsidiary, which controls the industrial companies.

The Board of Directors agreed to recommend a dividend distribution of Euro 0.04 on each common share and of Euro 0.1086 on each saving share which will payable as of May 14, 2009 (dividend record date of May 11, 2009). The proposed dividend is equal to the precedent year and the pay out is 11.0 million euros, corresponding to 52% of the net profit of the Group's Parents company, proving also an amount of 9.5 million euros to net profit reserves increasing the present amount.

(*) The structural inventory is the inventory that has not been set aside to feel customer orders and so represents a strategic reserve, substantially fixed in the time, which guaranties the industrial activity.

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With regard to **expectations of the Group's future performance,** the most recent indicators of economic activity do not justify projections of better market conditions over the near term. The uncertain outlook and the concern that the recessionary phase could continue for an extended period of time make reliable forecasts difficult to formulate.
In this environment, the Group has been aggressively accelerating the implementation of contingent measures to counter the effect of lower volumes and price pressure. At the same time, it is continuing to carry out the structural program it has been pursuing for some time to achieve a more efficient manufacturing system, a more focused organization and an optimum use of invested capital.
The actions taken succeeded in minimizing the impact of weak market demand and preserving an adequate cash flow and created the conditions necessary to return to the path of rising profitability and fully seize the opportunities that will become available when economic conditions become more favorable.

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The Board of Directors agreed to call a Shareholders' Meeting for April 28, 2009, on the first calling, and April 29, 2009, on the second calling to approve the 2008 annual financial statements. The Shareholders' Meeting will also be asked to vote on a resolution to elect by the slate-voting method the Company's Board of Directors and Board of Statutory Auditors for 2009, 2010 and 2011.

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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.

The Board of Directors

This press release is available at the Company website, www.kme.com Additional information may also be obtained directly from the Company (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. *Income statement of KME Group S.p.A.*
6. *Balance Sheet of KME Group S.p.A.*
7. *Cash Flow Statement of KME Group S.p.A.*

Annex 1

Reclassifications Made and Reconciliations to the Results Restated in Accordance with IFRS Accounting Principles

As explained earlier in this press release, according to the IFRS principles, the ending inventory cannot be measured by the LIFO method, which is used internally for management controlling purposes. This approach introduced an economic component that, because of the volatility of raw material prices, make it impossible to generate truly comparable data for different periods and provide a fair presentation of the actual results from operations. Consequently, some of the operating and financial data provided in this press release are based on accounting principles that differ in some respects from the IFRS principles, mainly in terms of measurement and presentation. Specifically:

1 Revenues are shown net of the value of raw materials to eliminate the impact of fluctuations in raw material prices.

2 When valuing the ending metal inventory, the portion representing the structural inventory (i.e., the portion of the inventory that was not set aside to fill customer orders) was valued by the LIFO method. The portion of inventory set aside for customer orders was valued based on the value of the corresponding orders, which is deemed to be the realizable value. Under the IFRS method, the inventory is valued at the lower of average weighted cost or net realizable value, which is the sales price for inventory earmarked to fill customer orders and the average of the closing prices on the London Metal Exchange (LME) in the month of December. The IFRS principles also require that inventory buy and sell commitments and the corresponding hedges executed on the LME be disclosed separately and shown in the financial statements as financial instruments measured at fair value.

3 Extraordinary items are shown below the EBITDA line.

The table that follows shows the impact on the 2008 data of the different measurement and presentation criteria used.

KME Group S.p.A. - Consolidated Income Statement

(in millions of euros)	2008 IFRS		Reclassifi-cations	2008 reclasssif.	
Gross revenues	2,915.2	100%		2,975.2	
Raw material costs	-		**(2,112.9)**	(2,112.9)	
Revenues net of raw material costs	**-**			862.3	*100%*
Labor costs	(353.8)			(353.8)	
Other materials and costs	(2,589.8		2,187.9	(401.0	
EBITDA (*)	**31.6**	*1.06%*		**106.6**	*12.36%*
Non-recurring income (expense)	-		**(3.2)**	(3.2)	
Depreciation and amortization	(54.3)		0.9	(53.4)	
EBIT	**(22.7)**	*-0.76%*		**50.0**	*5.80%*
Net financial expense	(42.4)			(42.4)	
Interest in the result of companies valued by the equity method	-			-	
Profit (Loss) before taxes (non-IFRS inventory)	**(65.1)**	*-2.19%*		**7.6**	*0.88%*
Current taxes	(9.9)			(9.9)	
Deferred taxes	6.9		**(8.1)**	(1.2)	
Net profit (loss) (non-IFRS inventory)	**(68.1)**	*-2.29%*		**(3.5)**	*-0.41%*
Impact of IFRS valuation of inventory and physical and LME contracts	-		**(72.7)**	(72.2)	
Income taxes on IFRS valuation of inventory and physical and LME contracts	-		**8.1**	8.1	
Consolidated net loss	**(68.1)**	*2.29%*	**-**	**(68.1)**	*-7.90%*
Minority interest in net loss	0.6			0.6	
Group interest in net loss	**(68.7)**	*-2.31*	**-**	**(68.7)**	*-7.97%*

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Alternative Performance Indicators

EBITDA

This indicator provides a useful yardstick to measure the Group's operating performance. It is an intermediate income statement item equal to EBIT before deducting depreciation and amortization and extraordinary items.

Net Indebtedness

This indicator is used to evaluate the financial structure. It is equal to gross borrowings less cash and cash equivalents and other financial receivables.

Net Invested Capital

Net invested capital is defined as the sum of Non-current assets and Current assets, net of Non-current liabilities and Current liabilities, except for the items used to compute Net indebtedness, as described above.

Annex 2

KME Group SpA - Consolidated Income Statement

(in millions of euros)	*2008 reclassified*		*2007 reclassified*		*Change*
Gross revenues	2,975.2		3,485.3		*-14.6%*
Raw material costs	(2,112.9)		(2,594.4)		*-18.6%*
Revenues net of raw material costs	**862.3**	*100.00%*	**890.9**	*100.00%*	*-3.2%*
Labor costs	(353.8)		(349.3)		*1.3%*
Other materials and costs	(401.9)		(399.6)		*0.6%*
EBITDA	**106.6**	*12.36%*	**142.0**	*15.94%*	*-24.9%*
Extraordinary income (expense)	(3.2)		(2.6)		*n.m.*
Depreciation and amortization	(53.4)		(50.6)		*5.5%*
EBIT	**50.0**	*5.80%*	**88.8**	*9.97%*	*-43.7%*
Net financial expense	(42.4)		(36.5)		*16.2%*
Interest in the result of companies valued by the equity method	-		-		*0.0%*
Profit before taxes (non-IFRS inventory)	**7.6**	*0.88%*	**52.3**	*5.87%*	*-85.5%*
Current taxes	(9.9)		(30.0)		*-67.0%*
Deferred taxes	(1.2)		26.0		*-104.6%*
Net profit (loss) (non-IFRS inventory)	**(3.5)**	*-0.41%*	**48.3**	*5.61%*	*-107.2%*

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

KME Group SpA - Consolidated Income Statement (continued)

(in millions of euros)	*2008 reclassified*		*2007 reclassified*		*Change*
Net profit (loss) (non-IFRS inventory)	**(3.5)**	*-0.41%*	**48.3**	*5.61%*	*-107.2%*
Impact of IFRS valuation of inventory and physical and LME contracts	(72.7)		(15.3)		*375.2%*
Income taxes on IFRS valuation of inventory and physical and LME contracts	8.1		8.2		*-0.8%*
Consolidated net profit (loss)	**(68.1)**	*-7.90%*	**41.2**	*4.78%*	*-265.3%*
Minority interest in net profit (loss)	0.6		0.4		*50.0%*
Group interest in net profit (loss)	**(68.7)**	*-7.97%*	**40.8**	*4.73%*	*-268.4%*

(Unaudited data)

Earnings per share (in euros)	2008	2007
Basic earnings per share	(0.3003)	0.1668
Diluted earnings per share	(0.2627)	0.1457

KME Group SpA - Consolidated Balance Sheet

Balance Sheet **Items classified as current and non-current** *(amounts in thousands of euros)*	**At 12/31/08**	**At 12/31/07**
Property, plant and equipment	616,087	619,160
Investment property	22,612	20,516
Goodwill and consolidation difference	114,892	114,582
Other intangible assets	2,908	2,654
Investments in associates	5,077	5,279
Investments in other companies	258	3,693
Investments valued by the equity method	-	-
Other non-current assets	26,342	28,019
Non-current financial assets	3,239	0
Deferred-tax assets	45,014	36,513
NON-CURRENT ASSETS	**836,429**	**830,416**
Inventories	418,127	628,233
Trade receivables	89,058	127,843
Other receivables and current assets	42,962	51,169
Current financial assets	208,216	72,354
Cash and cash equivalents	38,814	93,936
CURRENT ASSETS	**797,177**	**973,535**
TOTAL ASSETS	**1,633,606**	**1,803,951**
Share capital	250,009	324,165
Other reserves	172,276	96,133
Treasury stock	(2,349)	(37)
Retained earnings (loss carryforward)	5,910	5,917
Technical consolidation reserves (*)	98,500	68,787
Reserve for deferred taxes	131	194
Net profit (loss) for the period	(68,651)	40,774
Group interest in shareholders' equity	**455,826**	**535,933**
Minority interest in shareholders' equity	2,529	1,690
TOTAL SHAREHOLDERS' EQUITY	**458,355**	**537,623**
Provisions for employee benefits	152,377	158,510
Deferred-tax liabilities	121,272	118,290
Borrowings and other financial liabilities	139,307	393,077
Other non-current liabilities	11,185	8,000
Provisions for risks and charges	140,491	130,065
NON-CURRENT LIABILITIES	**564,632**	**807,942**
Borrowings and other financial liabilities	331,402	127,899
Trade payables	147,669	172,592
Other current liabilities	103,429	131,020
Provisions for risks and charges	28,119	26,875
CURRENT LIABILITIES	**610,619**	**458,386**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,633,606**	**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 completed their review of the data provided above.

Annex 4

KME Group SpA – Consolidated Cash Flow Statement

Consolidated Cash Flow Statement **indirect method** *(amounts in thousands of euros)*	**2008**	**2007**
(A) Cash and cash equivalents at the beginning of the year	**93,936**	**162,098**
Profit (loss) before taxes	(65,113)	36,956
Depreciation and amortization	54,104	50,272
Writedowns of current assets	2,109	4,132
Writedowns (Revaluations) of non-current assets other than financial assets	225	375
Writedowns (Revaluations) of current and non-current financial assets	1,612	-
Accrued net interest	25,950	30,092
Losses (Gains) on non-current assets	413	256
Results of affiliated companies valued by the equity method	-	-
Changes in provisions for pensions, provision for severance indemnities, stock options	1,286	(4,270)
Changes in provisions for risks and charges	11,437	(15,991)
Decreases (increases) in inventories	210,106	53,632
(Increases) Decreases in current receivables	46,992	84,278
Increases (Decreases) in current payables	(52,514)	21,181
Changes from currency translations	(367)	(300)
Net interest paid during the period	(25,950)	(29,996)
Income tax liability for the current period	(9,877)	(30,260)
(B) Cash Flow from operating activities	**200,413**	**200,357**
(Increases) in property, plant and equipment and non-current intangible assets	(59,289)	(70,818)
Decreases in property, plant and equipment and non-current intangible assets	1,680	7,730
(Increases) Decreases in equity investments	64	(424)
(Increases) Decreases in available-for-sale financial assets	-	(3,448)
Increases/Decreases in other non-current assets/liabilities	4,862	1,381
Dividends received	2,169	1,531
(C) Cash flow from investing activities	**(50,514)**	**(64,048)**
Contributory increase in shareholders' equity	(1,854)	4,522
(Purchases) Sales of treasury stock	(2,312)	-
Increases (Decreases) in current and non-current financial liabilities	(50,267)	(244,128)
(Increases) Decreases in current and non-current financial receivables	(139,101)	41,277
Dividends paid	(11,487)	(6,570)
(D) Cash flow from financing activities	**(205,021)**	**(204,899)**
(E) Net change in cash and cash equivalents (B)+('C)+(D)	**(55,122)**	**(68,590)**
(F) Impact of changes in the scope of consolidation	**-**	**428**
(G) Cash and cash equivalents at December 31 (A)+(E)+(F)	**38,814**	**93,936**

The Independent Auditors have not completed their review of the data provided above.

Annex 5

KME Group SpA - Company Income Statement

Comprehensive income statement with costs classified by type (amounts in euros)	**2008**	*Amount with related parties*	**2007**	*Amount with related parties*
Sales and service revenues	2,839,000	*2,839,000*	2,855,947	*2,839,000*
Other revenues	20,056	*2,198*	198,965	*1,025*
Labor costs	(1,360,683)	*(1,166,847)*	(1,114,855)	*(553,057)*
Depreciation, amortization and writedowns	(4,023)	-	(2,011)	
Other operating expenses	(9,507,147)	*(3,507,609)*	(5,259,502)	*(2,539,319)*
EBIT	**(8,012,797)**	*(1,833,258)*	**(3,321,457)**	*(252,351)*
Financial income	35,494,011	*34,165,913*	10,149,283	-
Financial expense	(6,336,298)	*(1,486,340)*	(1,480,656)	
Profit before taxes	**21,144,916**	*30,846,315*	**5,347,170**	*(252,351)*
Current taxes	(369,195)		3,472,797	*3,796,080*
Deferred taxes	248,577		3,495,000	
Total income taxes	**(120,618)**	-	**6,967,797**	*3,796,080*
Net profit	**21,024,298**	*30,846,315*	**12,314,967**	*3,543,729*

The Independent Auditors have not completed their review of the data provided above.

Annex 6

KME Group SpA - Company Balance Sheet

Balance sheet - Items classified as current and non-current (amounts in euros)	**At 12/31/08**	*Amount with related parties*	**At 12/31/07**	*Amount with related parties*
Property, plant and equipment	101,699	-	29,671	-
Investment property	-	-	-	-
Investments in subsidiaries	314,833,235	*314,833,235*	312,991,149	*312,991,149*
Investments in other companies	-	-	3,577,559	*3,448,445*
Other non-current financial assets	46,339,600	*43,100,414*	6,992,026	*6,992,026*
Deferred-tax assets	3,874,243	-	3,748,000	-
NON-CURRENT ASSETS	**365,148,777**	*357,933,649*	**327,338,405**	*323,431,620*
Trade receivables	7,452	*7,452*	23,496	*23,496*
Other receivables and current assets	7,707,785	-	10,176,116	*2,192,504*
Current financial assets	82,998,807	*82,998,807*	66,241,884	*66,241,884*
Cash and cash equivalents	661,460	-	1,739,163	-
CURRENT ASSETS	**91,375,504**	*83,006,259*	**78,180,660**	*68,457,885*
TOTAL ASSETS	**456,524,281**	*440,939,908*	**405,519,065**	*391,889,505*
Share capital	250,009,678	-	324,164,741	-
Other reserves	75,345,871	-	628,715	-
Treasury stock	(2,349,231)	-	(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	6,187,401	-	3,180,428	-
Net profit (loss) for the period	21,024,298	-	12,314,967	-
SHAREHOLDERS' EQUITY	**356,128,845**	-	**347,814,808**	-
Provisions for employee benefits	150,638	-	143,900	-
Deferred-tax liabilities	-	-	59,000	-
Borrowings and other financial liabilities	49,202,199	*1,334,800*	12,651,323	*6,992,026*
Other liabilities	1,180,411	*1,180,411*	-	-
Provisions for risks and charges	7,294,288	-	3,997,613	-
NON-CURRENT LIABILITIES	**57,827,536**	*2,515,211*	**16,851,837**	*6,992,026*
Borrowings and other financial liabilities	39,559,514	*9,859,801*	37,784,008	*12,974,295*
Trade payables	752,329	*130,098*	328,834	*1,240*
Other current liabilities	2,256,057	*586,991*	2,739,578	*1,707,855*
CURRENT LIABILITIES	**42,567,900**	*10,576,890*	**40,852,420**	*14,683,389*
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**456,524,281**	*13,092,101*	**405,519,065**	*21,675,416*

The Independent Auditors have not completed their review of the data provided above.

Annex 7

KME Group SpA - Company Cash Flow Statement

CASH FLOW STATEMENT – indirect method (amounts in thousands of euros)	2008	2007
(A) Cash and cash equivalents at the beginning of the year	**1,739**	**377**
Profit before taxes	21,144	5,347
Derecognition of dividends received	(21,361)	(1,266)
Depreciation and amortization	4	2
Accrued net interest	(2,554)	(744)
Losses (Gains) on non-current assets	6	
Additions to provisions for pensions and similar provisions	1,174	(82)
Addition to other provisions	3,296	58
(Increases) Decreases in current receivables	4,041	6,160
Increases (Decreases) in current payables	(61)	690
Net interest paid during the period	2,554	840
Income tax (payments) and refunds during the period	(368)	3,237
(B) Cash Flow from operating activities	**7,875**	**14,242**
(Increases) Decreases in property, plant and equipment and non-current intangible assets	(74)	2,768
Increases/Decreases in other non-current assets/liabilities	1,180	
(Increases) Decreases in equity investments	119	(3,448)
Dividends received	21,361	1,265
(C) Cash flow from investing activities	**22,586**	**585**
Contributory increases in shareholders' equity	(1,854)	4,522
(Purchases) Sales of treasury stock	(2,312)	
Increases (Decreases) in current and non-current financial liabilities	38,326	(6,265)
(Increases) Decreases in current and non-current financial receivables	(54,211)	(5,515)
Dividends paid	(11,488)	(6,207)
(D) Cash flow from financing activities	**(31,539)**	**(13,465)**
(E) Net change in cash and cash equivalents (B+C+D)	**(1,078)**	**1,362**
(F) Cash and cash equivalents at December 31 (A+E)	**661**	**1,739**

The Independent Auditors have not completed their review of the data provided above.