PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE DRAFT 2009 FINANCIAL STATEMENTS

2009 CONSOLIDATED REVENUES TOTAL 1,949.4 MILLION EUROS OVERALL AND 663.5 MILLION EUROS NET OF THE VALUE OF RAW MATERIALS (862.3 MILLION EUROS IN 2008)

EBITDA(*) FOR THE FULL YEAR AMOUNT TO 45.3 MILLION EUROS; IN THE FOURTH QUARTER OF 2009, THE GROUP'S OPERATING PROFITABILITY WAS SUBSTANTIALLY IN LINE WITH THE LEVEL ACHIEVED IN THE TWO PREVIOUS QUARTERS

THE 2009 CONSOLIDATED NET RESULT(*) IS NEGATIVE BY 29.5 MILLION EUROS (NEGATIVE BY 3.5 MILLION EUROS IN 2008)

NET INDEBTEDNESS(*) AMOUNTS TO 286.6 MILLION EUROS

KME GROUP S.P.A., THE GROUP'S PARENT COMPANY, ENDED 2009 WITH A NET PROFIT OF 3.6 MILLION EUROS. THE BOARD OF DIRECTORS WILL PROPOSE A DIVIDEND OF 0.07241 EUROS TO EACH SAVING SHARE

THE BOARD OF DIRECTORS APPOINTED MRS. DIVA MORIANI AS VICE PRESIDENT OF THE COMPANY

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Florence, March 25, 2010 – The Board of Directors of KME Group S.p.A. reviewed and approved the 2009 Report on Operations and draft annual financial statements.

- **Consolidated revenues** totaled 1,949.4 million euros in 2009 (2,975.2 million euros in 2008).
  Restated net of the value of raw materials, the consolidated revenues amount is 663.5 million euros, or 23.1% less than the 862.3 million euros booked in 2008 in a significantly more favorable market environment.

- **EBITDA(*)** amounted to 45.3 million euros in 2009 (106.6 million euros in 2008). The ratio of EBITDA to revenues was 6.8% (12.4% in 2008).
  EBITDA for the fourth quarter of 2009 (10.9 million euros) were substantially in line with those reported for the third quarter and second quarter of the year (12.1 million euros and 11.7 million euros, respectively).

Overall, **operating expenses** were down 18.2%, confirming the effectiveness of the cost containment programs implemented to mitigate the bottom-line impact of a sharp reduction in sales. Labor costs alone decreased by 15%.

- The Group reported a **consolidated net loss(*)** of 29.5 million euros in 2009 (consolidated net loss of 3.5 million euros in 2008).

- On the balance sheet side, **consolidated net debt(*)** totaled 286.6 million euros at December 31, 2009 (211.7 million euros at December 31, 2008), holding at a level lower than the value of working capital, as evidence of a balanced financial position without structural indebtedness.
  The increase compared with the end of 2008 reflects the impact of a rise in raw material prices, particularly in the latter part of the year.

- As for **expectations of the Group's future performance,** the signs that the economic situation is beginning to stabilize that developed in the fourth quarter of 2009 could gradually lead to a more robust and widespread turnaround in market conditions.
  The Group responded from the very start to changes in the macroeconomic scenario, implementing a number of initiatives designed to accelerate the structural streamlining of its manufacturing and distribution system, without neglecting opportunities to diversify its operations, as demonstrated by recent transactions in the scrap metal marketing business, while at the same time deploying a series of more short-term measures to bring costs as much as possible in line with a reduced level of business activity.
  In 2010, the Group will continue to take the necessary steps to strengthen its manufacturing and organizational structure.
  The goal of this strategy is to develop competitive advantages that, once conditions in the various business markets become more favorable, will enable the Group to achieve more satisfactory results than those reported in 2009, as it resumes the process of rebuilding its profitability and bringing it to a level that provides an adequate return on invested capital.

(*) An explanation of the reclassifications of the data listed above is provided on page 3 of Annex 1 to this press release.

Consolidated Financial Highlights		
(in millions of euros)	**2009**	**2008**
Revenues	**1,949.4**	**2,975.2**
Revenues (net of raw materials)	**663.5**	**862.3**
EBITDA	**45.3**	**106.6**
EBIT	**(5.4)**	**50.0**
Profit (Loss) before taxes	**(29.5)**	**(3.5)**
Net debt	**286.6 (at 12/31/09)**	**211.7 (at 12/31/08)**
Shareholders' equity	**422.8 (at 12/31/09)**	**458.4 (at 12/31/08)**

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 at current prices, as required by the IFRS accounting principles, instead of valuing it at cost by the LIFO method. The structural inventory is the inventory that has not been set aside to fill customer orders and, consequently, constitutes a strategic reserve, essentially stable over time, maintained to ensure the continuity of the manufacturing operations.
In the current environment of rising prices, this type of valuation produced a positive differential of 6.1 million euros, as against a negative differential of 64.6 million euros at the end of 2008, when prices were falling (at the end of 2007, the differential was negative by 7.1 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 high variability of which creates the risk of providing a totally distorted presentation of the results from operations.

(in millions of euros)	**2009**	**2008**
Loss before taxes with inventory not IFRS valued	**(29.5)**	**(3.5)**
Impact of IFRS valuation of inventory	**6.1**	**(64.6)**
Loss before taxes with inventory IFRS valued	**(23.4)**	**(68.1)**

Note: This press release contains reclassifications of the income statement data (applied consistently for 2008 and 2009) 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 Performance in 2009

In 2009, the economies of all developed countries were affected by the impact of a deep recession and economic growth slowed dramatically in the emerging countries.
The global economy began to show signs of a turnaround only in the closing quarter of the year, spurred by highly expansive monetary and fiscal policies and the resumption of the inventory rebuilding cycle, but with uneven results in different parts of the world.
In Europe, which is the area where the Group has its greatest presence, the recent upturn in GDP growth trend is attributable for the most part to an increase in exports.

However, major uncertainties arising from a significant weakness in the internal components demand continue to weigh on any projections about the evolution and intensity of the recovery.

Consumer demand is being held back by an extremely weak labor market, which adversely affects the disposable income of households and, consequently, obstructs the start of a consumer-driven recovery. Net of an increase in expenditures for durable goods, fueled for the most part by incentives for the replacement of older cars, consumption by households continues to stagnate.
As for capital investments, the other component of internal demand, low capacity utilization and tight bank credit continue to hamper investments in capital goods, while an overhand in the supply of real estate discourages new investments in residential and commercial construction projects.

Inevitably, given the broad range of applications of copper and copper-alloy semifinished products, the deep economic crisis that affected the international markets had major repercussions on the production of these items.
In Europe, following decreases in the previous two years (about 8% both in 2007 and 2008), production of copper semifinished products (excluding conductors) suffered a contraction of unprecedented magnitude in 2009 (estimated at -27% for the year), with an especially pronounced drop during the first three quarters of the year.
The slump in demand occurred across the board in all of the main sectors with a high consumption of copper semifinished products, hitting especially hard industrial application segments, such as home appliances, boilers and air conditioning and refrigeration equipment. Other key sectors, such as the automotive and electric power industries, began to show signs of a turnaround during the closing months of the year. Insofar as demand from the construction industry is concerned, the effects of the recession were especially evident in Spain, Great Britain, Ireland and the Scandinavian countries. As usual, building modernization and renovation activity proved to be more resilient, owing in part to government incentives.
In 2009, in the other major industrialized areas of the world, production of semifinished products decreased by more than one-fourth in Japan and the United States. China was the only positive exception, with annual production of semifinished products passing the three-million-ton milestone for the first time in 2009. However, the rate of growth was decidedly lower (just below 4%) than in previous years.
It is worth noting that in 2009 Chinese production of semifinished products was larger than the combined output of Western Europe (about 1.7 million tons) and the United States (about 0.8 million tons).

In March 2009, the price of raw copper, which is the metal that the Group uses most to manufacture its semifinished products, began to show signs of recovering from the drop that occurred at the end of 2008 as a result of a slump in the global economy.
This upward trend accelerated during the last quarter of 2009 and is continuing in 2010, driven by a recovery in the emerging economies and reflecting in part the impact of speculative trading fueled by ample international liquidity.

The group responded to a significant reduction in demand by diversifying its product portfolio, improving its services, delivering innovative solutions to its customers and strengthening its distribution organization. As a result, it succeeded in defending and, in some cases, actually improving its market position.

Consolidated revenues totaled 1,949.4 million euros in 2009, or 34.5% less than in 2008. Restated net of the value of raw materials, revenues show a decrease of 23.1%, falling from 862.3 million euros in 2008 to 663.5 million euros in 2009. Unit sales were down 23.5%.
The value of raw materials accounted for about 66% of the revenues from sales of semifinished goods (71% on average in 2008).
In the forth quarter of 2009, revenues net of the value of raw materials amounted to 172.9 million euros, compared with 158.2 million euros in the second quarter of 2009 and 158.1 million euros in the third quarter of 2009.

The Group reacted swiftly and effectively to this drastic reduction in sales, with the goal of containing its impact on profitability. Accordingly, it accelerated the implementation of programs to restructure and reorganize its manufacturing and distribution organizations, in accordance with the Industrial Plan's guidelines, adopted strict, more short-term oriented measures to lower all fixed and variable costs, and protected its cash flow by managing its working capital and focusing its investments.

At the operating level, the Group's profitability deteriorated significantly in 2009 compared with 2008, when market conditions were undoubtedly more favorable and had been affected only marginally by radical changes in the macroeconomic scenario.
In the fourth quarter of 2009, profitability, stated in absolute terms, was substantially in line with the results achieved in the previous quarters.

EBITDA for the year decreased from 106.6 million euros in 2008 to 45.3 million euros in 2009 and the ratio of EBITDA to revenues declined from 12.4% to 6.8%.
EBITDA for the fourth quarter of 2009 totaled 10.9 million euros (12.1 million euros in the third quarter and 11.7 million euros in the second quarter).

Overall, **operating expenses** were down 18.2%, confirming the effectiveness of the cost containment programs implemented to mitigate the bottom-line impact of a sharp reduction in sales. Labor costs alone decreased by 15%.

EBIT were negative by 5.4 million euros in 2009, as against positive EBIT of 50.0 million euros in 2008.

The consolidated net loss reported in 2009 amounted to 29.5 million euros, compared with a consolidated net loss of 3.5 million euros in 2008.

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 annual 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.
Because prices were rising compared with those at the end of 2008, the process of valuing the inventory of raw materials at current prices (FIFO or end-of-period realizable value, whichever is lower), instead of applying the LIFO valuation method to the structural inventory(*), produced a positive difference between the LIFO values and those determined in accordance with IFRS accounting principles. Specifically, the differential was negative by 64.6 million euros at December 31, 2008, but positive by 6.1 million euros at the end of 2009.
Consequently, by valuing its inventory of raw materials in accordance with the IFRS accounting principles, the Group reported a **consolidated net loss** of 23.4 million euros in 2009 and of 68.1 million euros in 2008.

With regard to financial performance, the ability to adjust its manufacturing output to a level consistent with the changed macroeconomic scenario, rationalize the procurement and use of raw materials and skillfully manage customer and supplier relations enabled the Group to keep under control its working capital funding requirements and, consequently, the level of its **net debt,** which totaled 286.6 million euros at December 31, 2009. The increase of 74.9 million euros, compared with the end of 2008, reflects the impact of a rise in raw material prices, particularly in the latter part of the year.
The Group's indebtedness held at a level lower than the value of working capital, a situation indicative of a balanced financial position without structural debt.
Consolidated shareholders' equity of 423 million euros, covers about 60% of net invested capital.
Liquid assets, which totaled 109 million euros at December 31, 2009, are sufficient to provide the group with adequate financial flexibility.

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KME Group S.p.A., the Group's Parent Company, ended 2009 with a net profit of 3.6 million euros (21.0 million euros in 2008). This significant decrease reflects failure of the Group's industrial companies to distribute dividends drawn from any profits earned in 2008.
The Board of Directors will recommend that the shareholders approve the distribution of a dividend of 0.07241 euros on the savings shares, payable on May 13, 2010, with May 10, 2010 coupon record date.

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(*) The structural inventory is the inventory that has not been set aside to fill customer orders. It thus constitutes a strategic reserve, substantially stable over time, needed to guarantee the Group's operating capability.

As for **expectations of the Group's future performance,** the signs that the economic situation is beginning to stabilize that developed in the fourth quarter of 2009 could gradually lead to a more robust and widespread turnaround in market conditions.
The Group responded from the very start to changes in the macroeconomic scenario, implementing a number of initiatives designed to accelerate the structural streamlining of its manufacturing and distribution system, optimize the use of capital and reduce risk, without neglecting opportunities to diversify its operations, as demonstrated by recent transactions in the scrap metal marketing business, while at the same time deploying a series of more short-term measures to bring costs as much as possible in line with a reduced level of business activity.
In 2010, the Group will continue to take the necessary steps to strengthen its manufacturing and organizational structure.
The goal of this strategy is to develop competitive advantages that, once conditions in the various business markets become more favorable, will enable the Group to achieve more satisfactory results than those reported in 2009, as it resumes the process of rebuilding its profitability and bringing it to a level that provides an adequate return on invested capital.

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The Board of Directors also agreed to appoint Mrs. Diva Moriani to the post of Vice President, providing her with the executive powers required to handle ordinary and extraordinary transactions.

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The Shareholders' Meeting will also be asked to vote on a motion to allow the Board of Directors to buy and dispose of, in one or more tranches, common and savings treasury shares up to a total, taking into account any treasury shares held, may not be greater than 20% of the Company's share capital.
The purpose of this authorization, which replaces an earlier authorization that expired in March 2010 and will have a duration of 18 months from the date of the Shareholders' Meeting, is to enable the Board of Directors to (i) utilize the financial instruments that it may purchase as an "inventory of securities," available for use as consideration in extraordinary transactions, including swaps of equity investments, or in connection with programs for the award of stock options or shares of stock, for consideration or free of charge, to Directors, employees or other associates or for distribution as stock dividends; (ii) proceed with the cancellation of any treasury shares held.
Purchases shall be made in accordance with the provisions of Article 144 *bis,* Section 1, Letters a), b), c) and d), of Consob regulation No. 11971/99 and all other applicable provisions, in order to ensure equal treatment for all shareholders, achieved as follows:

- through a public tender offer or exchange offer;
- through transactions executed on regulated markets, in accordance with the operating procedures set forth in the corresponding organization and management regulations;

- through purchases and sales of derivatives traded on regulated markets that require the physical delivery of the underlying shares;
- through the award to the shareholders of an option to sell exercisable within a period equal to the duration of the authorization provided by the Shareholders' Meeting.

Purchases shall be made on regulated markets at prices that shall not be more than 15% below or 15% above the official price recorded on the stock market trading day that precedes each buy transaction or during the ten stock market trading days that precede the public announcement in all other cases, in compliance with any restrictions (including those applicable to buying volume) applicable in accordance with market practices allowed by the Consob.

Permissible utilizations of purchase or held treasury shares include sales in stock market or private transactions, provided the applicable laws and the terms and operating procedures required by the Consob are complied with.

As of the date of this press release, the Company held 8,212,755 common treasury share (equal to 2.15% of the shares in this class) and 135,831 treasury savings shares (equal to 0.37% of the shares in this class).

The Board of Directors

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Marco Miniati, the Corporate Accounting Documents Officer of KME Group S.p.A., 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. Additional information may also be obtained directly from the Company (telephone number +39 055.4411454; e-mail investor.relations@kme.com).

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Annexes:

1. Reclassifications Made and Reconciliations. Alternative Performance Indicators
2. Consolidated Income Statement
3. Consolidated Statement of Financial Position
4. Consolidated Statement of Cash Flows
5. Income statement of KME Group S.p.A.
6. Statement of Financial Position of KME Group S.p.A.
7. Statement of Cash Flows of KME Group S.p.A.

Annex 1

Reclassifications Made and Reconciliations to the 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 external economic component that, because of its volatility, makes 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. More 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, starting in 2009, the inventory is valued at the lower of the cost computed by the FIFO method (average weighted cost method in previous years) 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 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 2009 data of the different measurement and presentation criteria used. As explained in detail in the notes o the financial statements, the Group changed the method it uses to determine the cost of its ending inventory, switching from the “average weighted cost” method to the “FIFO” method. This accounting principle change increased the result for the year and the shareholders’ equity at December 31 2009 by 27.2 million euros before tax effect and 19.6 million euros net of tax effect, respectively.

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

(in millions of euros)	2009 IFRS		Reclassifi-cations	Restate-ments	2009 reclassified	
Gross revenues	1,949.4	**100.0%**			1,949.4	
Raw material costs	-		(1,285.9)		(1,285.9)	
Revenues net of raw material costs	**-**				**663.5**	**100%**
Labor costs	(301.9)		1.1		(300.8)	
Other materials and costs	(1,591.3)		1,278.5	(4.5)	(317.4)	
EBITDA	**56.1**	**2.9%**			**45.3**	**6.8%**
Extraordinary income (expense)	-		2.9		2.9	
Depreciation and amortization	(56.7)		3.1		(53.6)	
EBIT	**(0.6)**	**0.0%**			**(5.4)**	**-0.8%**
Net financial expense	(14.9)		0.3		(14.6)	
Loss before taxes (non-IFRS inventory)	**(15.5)**	**-0.8%**			**(20.0)**	**-3.0%**
Current taxes	(10.2)		-		(10.2)	
Deferred taxes	2.3		(1.6)		0.7	
Net loss (non-IFRS inventory)	**(23.4)**	**-1.2%**			**(29.5)**	**-4.5%**
Impact of IFRS valuation of inventory and financial instruments	-			4.5	4.5	
Income taxes on IFRS valuation of inventory and financial instruments	-		1.6		1.6	
Consolidated net loss	**(23.4)**	**-1.2%**			**(23.4)**	**-3.5%**
Minority interest in net loss	0.5				0.5	
Group interest in net loss	**(23.9)**	*-1.23%*			**(23.9)**	*-3.61%*

Alternative Performance Indicators

EBITDA

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

Net Debt

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 Current liabilities, except for the items used to compute Net debt, as described above.

Annex 2

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

(in millions of euros)	2009 reclassified		2008 reclassified		% change
Gross revenues	1,949.4		2,975.2		-34.5%
Raw material costs	(1,285.9)		(2,112.9)		-39.1%
Revenues net of raw material costs	**663.5**	**100%**	**862.3**	**100%**	*-23.1%*
Labor costs	(300.8)		(353.8)		-15.0%
Other materials and costs	(317.4)		(401.9)		-21.0%
EBITDA	**45.3**	**6.8%**	**106.6**	**12.4%**	*n.m.*
Extraordinary income (expense)	2.9		(3.2)		n.m.
Depreciation and amortization	(53.6)		(53.4)		0.5%
EBIT	**(5.4)**	**-0.8%**	**50.0**	**5.8%**	*n.m.*
Net financial expense	(14.6)		(42.4)		-65.5%
Loss before taxes (non-IFRS inventory)	**(20.0)**	**-3.0%**	**7.6**	**0.9%**	*n.m.*
Current taxes	(10.2)		(9.9)		2.8%
Deferred taxes	0.7		(1.2)		n.m.
Net loss (non-IFRS inventory)	**(29.5)**	**-4.5%**	**(3.5)**	**-0.4%**	*n.m.*

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

KME Group S.p.A. - Consolidated Income Statement (continued)

(in millions of euros)	2009 reclassified		2008 reclassified		% change
Net loss (non-IFRS inventory)	**(29.5)**	**-4.5%**	**(3.5)**	**-0.4%**	*n.m.*
Impact of IFRS valuation of inventory and financial instruments	4.5		(72.7)		n.m.
Income taxes on IFRS valuation of inventory and financial instruments	1.6		8.1		n.m.
Consolidated net loss	**(23.4)**	**-3.5%**	**(68.1)**	**-7.9%**	**-65.6%**
Minority interest in net loss	0.5		0.6		
Group interest in net loss	**(23.9)**	*-3.61%*	**(68.7)**	*-7.97%*	*-65.2%*

Earnings per share (in euros)	**2009**	**2008**
Basic earnings per share	(0.1104)	(0.3003)
Diluted earnings per share	(0.1104)	(0.2627)

(Data not audited by the Independent Auditors)

Annex 3

Consolidated Statement of Financial Position		
(in thousands of euros)	**12/31/09**	**12/31/08**
Property, plant and equipment	594,217	616,087
Investment property	23,728	22,612
Goodwill and consolidation difference	114,897	114,892
Other intangible assets	3,528	2,908
Investments in associates	6,526	5,077
Investments in other companies	258	258
Investments valued by the equity method	3,958	-
Other non-current assets	28,878	26,342
Non-current financial assets	111,923	3,239
Deferred-tax assets	34,867	45,014
NON-CURRENT ASSETS	**922,780**	**836,429**
Inventories	469,512	402,283
Trade receivables	140,129	89,058
Other receivables and current assets	27,186	42,962
Current financial assets	100,912	224,060
Cash and cash equivalents	108,964	38,814
CURRENT ASSETS	**846,703**	**797,177**
TOTAL ASSETS	**1,769,483**	**1,633,606**
Share capital	250,015	250,009
Other reserves	174,082	172,276
Treasury stock	(2,888)	(2,349)
Retained earnings (loss carryforward)	14,395	5,910
Technical consolidation reserves (*)	8,135	98,500
Reserve for deferred taxes	65	131
Net profit (loss) for the period	(23,929)	(68,651)
Group interest in shareholders' equity	**419,875**	**455,826**
Minority interest in shareholders' equity	2,928	2,529
TOTAL SHAREHOLDERS' EQUITY	**422,803**	**458,355**
Provisions for employee benefits	152,382	152,377
Deferred-tax liabilities	111,550	121,272
Borrowings and other financial liabilities	363,075	139,307
Other non-current liabilities	14,266	11,185
Provisions for risks and charges	136,113	140,491
NON-CURRENT LIABILITIES	**777,386**	**564,632**
Borrowings and other financial liabilities	237,980	331,402
Trade payables	209,657	147,669
Other current liabilities	94,714	103,429
Provisions for risks and charges	26,943	28,119
CURRENT LIABILITIES	**569,294**	**610,619**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,769,483**	**1,633,606**

(*) 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

Consolidated Statement of Cash Flows – Indirect Method

(in thousands of euros)		At 12/31/09		At 12/31/08
(A)	**Cash and cash equivalents at the beginning of the year**	**38,814**		**93,936**
	Loss before taxes	(15,537)		(65,113)
	Depreciation and amortization	56,273		54,104
	Writedowns of current assets	2,707		2,109
	Writedowns (Revaluations) of non-current assets other than financial assets	470		225
	Writedowns (Revaluations) of current and non-current financial assets	290		1,612
	Losses (Gains) on non-current assets	(4,355)		413
	Changes in provisions for pensions, provision for severance indemnities and stock options	(413)		1,286
	Changes in provisions for risks and charges	(5,484)		11,437
	Decreases (Increases) in inventories	(50,814)	(*)	195,053
	(Increases) Decreases in current receivables	(39,188)		46,992
	Increases (Decreases) in current payables	53,986		(52,514)
	Changes from currency translations	(1,238)		(367)
	Decreases (Increases) on LME contracts and other metal commitments	128,235	(*)	(92,692)
	Income tax liability for the year	(7,230)		(9,877)
(B)	**Cash Flow from operating activities**	**117,702**		**92,668**
	(Increases) in property, plant and equipment and non-current intangible assets	(37,779)		(59,289)
	Decreases in property, plant and equipment and non-current intangible assets	6,174		1,680
	(Increases) Decreases in equity investments	(5,712)		64
	(Increases) Decreases in available-for-sale financial assets	-		-
	Increases/Decreases in other non-current assets/liabilities	545		4,862
	Dividends received	1,463		2,169
(C)	**Cash flow from investing activities**	**(35,309)**		**(50,514)**
	Contributory increases in shareholders' equity	6		(1,854)
	(Purchases) Sales of treasury stock	(539)		(2,312)
	Increases (Decreases) in current and non-current financial liabilities	109,415		(72,407)
	(Increases) Decreases in current and non-current financial receivables	(109,637)		(9,216)
	Dividends paid and earnings distributed	(11,488)		(11,487)
(D)	**Cash flow from financing activities**	**(12,243)**		**(97,276)**
(E)	**Net change in cash and cash equivalents (B)+(C)+(D)**	**70,151**		**(55,122)**
(F)	**Impact of changes in the scope of consolidation**	**-**		**-**
(G)	**Cash and cash equivalents at the end of thee year (A)+(E)+(F)**	**108,965**		**38,814**

(*) As a result of the adoption of the FIFO inventory valuation method, the data for 2008 reflect the reclassification of 15.8 million euros from change in inventories to change in LME contracts and other metal commitments.

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

Separate Financial Statements of KME Group S.p.A. at December 31, 2009

Income Statement (amounts in euros)	**At 12/31/09**	**At 12/31/08**
Sales and service revenues	2,839,000	2,839,000
Other revenues	16,506	20,056
Labor costs	(726,399)	(1,360,683)
Depreciation, amortization and writedowns	(8,032)	(4,023)
Other operating expenses	(5,395,192)	(9,507,147)
EBIT	**(3,274,117)**	**(8,012,797)**
Financial income	13,122,909	35,494,011
Financial expense	(4,508,662)	(6,336,298)
Profit before taxes	**5,340,130**	**21,144,916**
Current taxes	(3,049,862)	(369,195)
Deferred taxes	1,339,107	248,577
Total income taxes	**(1,710,755)**	**(120,618)**
Net profit	**3,629,375**	**21,024,298**

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

Separate Financial Statements of KME Group S.p.A.at December 31, 2009

Consolidated Statement of Financial Position (amounts in euros)	**At 12/31/09**	**At 12/31/08**
Property, plant and equipment	162,727	101,699
Investments in subsidiaries	312,566,288	314,833,235
Other non-current financial assets	58,880,541	46,339,600
Deferred-tax assets	2,197,484	3,874,243
NON-CURRENT ASSETS	**373,807,040**	**365,148,777**
Trade receivables	89,064	7,452
Other receivables and current assets	1,192,590	7,707,785
Current financial assets	101,957,331	82,998,807
Cash and cash equivalents	402,887	661,460
CURRENT ASSETS	**103,641,872**	**91,375,504**
TOTAL ASSETS	**477,448,912**	**456,524,281**
Share capital	250,014,923	250,009,678
Other reserves	76,331,753	75,345,871
Treasury stock	(2,887,603)	(2,349,231)
Retained earnings (Loss carryforward)	14,394,985	5,910,828
Stock option reserve	6,941,919	6,187,401
Net profit for the year	3,629,375	21,024,298
SHAREHOLDERS' EQUITY	**348,425,352**	**356,128,845**
Provisions for employee benefits	156,230	150,638
Borrowings and other financial liabilities	63,287,197	49,202,199
Other liabilities	1,446,454	1,180,411
Provisions for risks and charges	2,789,368	7,294,288
NON-CURRENT LIABILITIES	**67,679,249**	**57,827,536**
Borrowings and other financial liabilities	57,303,062	39,559,514
Trade payables	701,807	752,329
Other current liabilities	3,339,442	2,256,057
CURRENT LIABILITIES	**61,344,311**	**42,567,900**
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	**477,448,912**	**456,524,281**

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

Annex 7

Statement of Cash Flows – Indirect Method		
(in thousands of euros)	**At 12/31/09**	**At 12/31/08**
(A) Cash and cash equivalents at the beginning of the year	**661**	**1,739**
Loss before taxes	5,340	21,144
Depreciation and amortization	8	4
Writedowns (Revaluations) of current and non-current financial assets	-	8
Losses (Gains) on non-current assets	-	(2)
Changes in provisions for pensions, provision for severance indemnities and stock options	506	1,174
Changes in provisions for risks and charges	(4,505)	3,296
(Increases) Decreases in current receivables	5,800	(17,320)
Increases (Decreases) in current payables	1,942	(61)
Income tax liability for the year	(101)	(368)
(B) Cash Flow from operating activities	**8,990**	**7,875**
(Increases) in property, plant and equipment and non-current intangible assets	(69)	(76)
Decreases in property, plant and equipment and non-current intangible assets	-	2
(Increases) Decreases in equity investments	2,521	119
(Increases) Decreases in available-for-sale financial assets	-	-
Increases/Decreases in other non-current assets/liabilities	266	1,180
Dividends received	633	21,361
(C) Cash flow from investing activities	**3,351**	**22,586**
Contributory increases in shareholders' equity	6	(1,854)
(Purchases) Sales of treasury stock	(539)	(2,312)
Increases (Decreases) in current and non-current financial liabilities	30,920	38,326
(Increases) Decreases in current and non-current financial receivables	(31,498)	(54,211)
Dividends paid and earnings distributed	(11,488)	(11,488)
(D) Cash flow from financing activities	**(12,599)**	**(31,539)**
(E) Net change in cash and cash equivalents (B)+(C)+(D)	**(258)**	**(1,078)**
(F) Cash and cash equivalents at the end of thee year (A)+(E)	**403**	**661**

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