

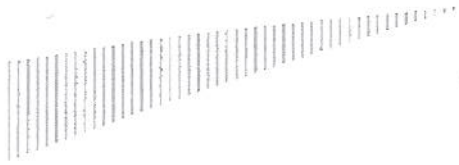


FINTITAN S.R.L.

Reporting Package as of December 31, 2008

Reconta Ernst & Young S.p.A.

 **ERNST & YOUNG**



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FINTITAN S.R.L.

Reporting Package as of December 31, 2008

INDEPENDENT AUDITOR'S REPORT

To the Quotaholder of
FINTITAN S.r.l. Società Unipersonale

We have audited the accompanying balance sheet of Fintitan S.r.l. as of December 31, 2008 and the related statements of income and cash flows for the year then ended (hereinafter "financial statements"). These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. Our report has not been issued in terms of the law, due to the fact that the engagement pursuant to article 2409-bis and successive articles of the Italian Civil Code, has been assigned by Fintitan S.r.l. to other parties.

The above mentioned financial statements have been prepared for purposes of consolidation in conformity with Titan Group policies for consolidation, comprising group accounting principles and disclosures, as detailed in the explanatory notes to the financial statements.

We conducted our audit in accordance with auditing standards generally accepted in Italy. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements present the amounts of the prior year for comparative purposes. For the opinion on the special-purpose financial statements of the prior year, which are presented for comparative purposes, reference should be made to the report dated January 21, 2008, issued by us.

In our opinion, the financial statements of Fintitan S.r.l. referred to above present fairly, in all material respects, for purposes of consolidation, the financial position of Fintitan S.r.l. as of December 31, 2008, and the results of its operations for the year then ended in conformity with Titan Group policies for consolidation comprising group accounting principles and disclosures as detailed in the explanatory notes to the financial statements.

This report is issued solely to enable Titan Cement Company S.A. to prepare its consolidated financial statements, and should not be used for any other purpose.

Treviso January 30, 2009

Reconta Ernst + Young S.p.A.

FINTITAN S.R.L. SOCIETA' UNIPERSONALE

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AS OF DECEMBER, 31 2008

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Financial statements as of December 31, 2008

Balance Sheet

(Thousands of Euro)	Notes	December 31, 2008 IFRS	December 31, 2007 IFRS
<i>ASSETS</i>			
Non-current assets			
Tangible assets	(1)	198	220
Intangible assets	(2)	4	6
Other non-current assets	(3)	0	12
Deferred tax assets	(4)	131	1
Totale non-current assets		333	239
Current assets			
Inventories	(5)	905	731
Trade receivables	(6)	5,114	6,323
Other current assets	(7)	591	438
Receivables for current taxes	(8)	108	0
Cash and cash equivalents	(9)	304	575
Total current assets		7,022	8,067
Total assets		7,355	8,306
 <i>LIABILITIES AND SHAREHOLDER'S EQUITY</i>			
Ordinary shares		109	109
Other reserves		26	26
Net Income (loss) for the year		(366)	134
Total Shareholder's Equity	(10)	(231)	270
 Non-current liabilities			
Retirement benefit obligation	(11)	37	32
Totale non-current liabilities		37	32
Current liabilities			
Trade payables	(12)	7,448	7,822
Other current liabilities	(13)	101	102
Current tax liabilities	(14)	0	81
Total current liabilities		7,549	8,005
Total liabilities		7,586	8,037
Total liabilities and shareholder's Equity		7,355	8,306

Income Statement

(Thousands of Euro)	Notes	December 31, 2008	December 31, 2007
Net Sales	(15)	15,367	16,301
Cost and expenses			
Cost of sales	(16)	(13,241)	(14,003)
General and administrative expenses	(17)	(215)	(225)
Selling expenses	(18)	(2,384)	(1,793)
Extraordinary (expense) / income, net	(19)	(33)	(34)
Total costs and expenses		(15,873)	(16,056)
Operating (loss) Profit		(506)	245
Interest expenses, net		10	(1)
Income (loss) before taxes	(20)	(496)	244
Income taxes		130	(110)
Net income (loss) for the year	(21)	(366)	134

Statement of cash flows

(Thousands of Euro)	December 31, 2008	December 31, 2007
Net income (loss) for the year	(366)	134
Adjustment to reconcile net income to net cash provided by operating activity		
Amortization of intangible assets	3	3
Depreciation of tangible assets	48	47
Provision for retirement benefit	5	(6)
Changes in operating assets and liabilities	0	0
Deferred tax assets	(130)	0
Inventories	(175)	(72)
Trade receivables	1,209	(924)
Other current assets	(153)	97
Receivables for current taxes	(108)	160
Trade payables	(374)	1,075
Other current liabilities	(1)	35
Current tax liabilities	(81)	81
Other non-current assets and liabilities	12	(1)
Cash flow from operating activities	(110)	631
Purchases of fixed assets	(26)	(186)
Purchases of intangible assets	(1)	0
Cash flow from investing activities	(27)	(186)
Short term amounts owed to banks	0	0
Dividends assigned to shareholders	(134)	0
Cash flow from financing activities	(134)	-
Increase (decrease) in cash	(271)	445
Cash and cash equivalents at beginning of the year	575	130
Cash and cash equivalents at the end of the year	304	575

Statement of changes in shareholder's equity

(Thousands of Euro)	Capital Stock	Legal Reserve	Extraordinary reserve	Income for the period	Total Shareholders Equity
Balances at December 31, 2006	109	22	4	1	136
Dividends assigned to shareholder's					0
Dividends assigned to extraordinary reserve			1	(1)	0
Income for the period ended December 31, 2007				134	134
Balances at December 31, 2007	109	22	5	134	270
Dividends assigned to shareholder's				(134)	(134)
Dividends assigned to extraordinary reserve					0
Net Income (loss) for the year ended December 31, 2008				(366)	(366)
Balances at December 31, 2008	109	22	5	(366)	(230)

Balance sheet reconciliation between ITA GAAP and IFRS GAAP

(Thousands of Euro)	Notes	December 31,		December 31,	
		2008	Reclassification	Adjustments	2008
		ITA GAAP	IFRS	IFRS	IFRS
ASSETS					
Non-current assets					
Tangible assets	(1)	34	164		198
Intangible assets	(2)	168	(164)		4
Deferred tax assets	(4)	131			131
Totale non-current assets		333	0	0	333
Current assets					
		0			
Inventories	(5)	905			905
Trade receivables	(6)	5,114			5,114
Other current assets	(7)	591			699
Receivables for current taxes	(8)	108			0
Cash and cash equivalents	(9)	304			304
Total current assets		7,022	0	0	7,022
Total assets		7,355	0	0	7,355
LIABILITIES AND SHAREHOLDER'S EQUITY					
Ordinary shares		109			109
Other reserves		26			26
Net Income (loss) for the year		(366)			(366)
Total Shareholder's Equity	(10)	(231)	0	0	(231)
Non-current liabilities					
Provisions for risks and charges					0
Retirement benefit obligation	(11)	37			37
Long term amounts owed to banks					0
Other non-current liabilities					0
Deferred tax liabilities					0
Totale non-current liabilities		37	0	0	37
Current liabilities					
Short term amounts owed to banks					0
Trade payables	(12)	7,448			7,448
Other current liabilities	(13)	101			101
Current tax liabilities	(14)	0			0
Total current liabilities		7,549	0	0	7,549
Total liabilities		7,586	0	0	7,586
Total liabilities and shareholder's Equity		7,355	0	0	7,355

Explanatory Notes to Financial statements as of December 31, 2008

General information

Fintitan S.r.l. Unipersonale is a distribution terminal of Titan Cement Company S.A., which is the sole shareholder.

Form and content of the financial statements

The balance sheet and income statement formats adopted are those normally utilized for international purposes and are a shortened and reclassified version of the Italian statutory financial statements.

We draw attention to the fact that the Statutory financial statements are non yet finalized. Legal requirements allow the Company to finalize the statutory financial statements by the end of March 2009.

Changes in accounting policies

The accounting policies are the same as those adopted in the previous year. The accounting policies are those of the Titan Group (IFRS) comprising group accounting principles and disclosures. These are the same as those adopted in the previous year.

Accounting policies

Intangible assets

The intangible assets with a defined useful life are recognized at purchase or production cost and then booked net of accumulated amortization and any impairment losses determined in the same way as for property, plant and equipment. Other intangible assets with a defined useful life are amortized on a straight-line basis over their estimated useful life; their useful life is reviewed every year and any changes, where necessary, are applied from then on, not retrospectively.

The estimated useful life for each type of asset included in this category is as follows:

Software	20%
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Tangible assets

Tangible assets are booked at purchase or production cost. The cost of fixed assets includes any directly attributable ancillary costs that are necessary to put the asset into operation for the use for which it was bought.

Any costs incurred after the purchase are only capitalized if they increase the future economic benefits produced by the asset in question. All other costs (including the financial charges directly attributable to the purchase or construction of the asset) are written off when incurred.

Tangible assets are shown net of accumulated depreciation and any impairment losses determined according to the methods explained below. Depreciation is calculated on straight-line basis over the estimated useful life of the assets, as follows:

Machinery and equipment	12-20%
Office equipment and furniture	12-20%
Vehicles	25%

These depreciation rates are reviewed annually and any changes, if needed, are made from then on, not retrospectively.

The book value of tangible fixed assets is checked for impairment losses if events or changes in the circumstances suggest that the book value may not be recovered. If there is an indication of this kind and the book value appears to exceed the estimated realizable value, the assets in question are written down accordingly. The realizable value of tangible fixed assets is represented by the higher of the net selling price and the value in use.

Inventories

Inventories are valued at the lower of purchase or production cost, generally determined on the basis of the "weighted average cost method", and the corresponding market or realizable value expected to be obtained from their sale in the normal run of business.

Production cost includes raw materials, direct and ancillary costs and all indirect manufacturing costs attributable to it.

The estimated realizable value is calculated taking account of any direct selling costs. Obsolete and slow-moving goods are written down according to the likelihood of them being used or sold.

Trade receivables

Trade receivables are shown at their estimated realizable value, i.e. face value net of any write downs for expected losses.

Other current assets and receivables for current taxes

Other current assets are shown at their nominal amount. Prepaid and accrued expenses are included in other current assets and have been accounted for on an accrual basis.

Cash and cash equivalents

Cash and cash equivalents include all types of ready money, which can be cashed immediately or in the very short term, without risk or expense.

Retirement benefit obligation

TFR is deferred compensation for workers, employees and managers, based on their years of service. The TFR liability vests, and is paid immediately upon termination of the employee, or in the event of an employee's death TFR is collected by the heirs. For each year of service the TFR accrual is one month salary (approximately 1/13,5th of the yearly remuneration).

The prior year TFR obligation is subject to annual revaluation based on the Italian cost of living index (75% of ISTAT index plus 1,5%). TFR is generally reported net of advance payments. TFR is usually a long-term liability and generally unfunded.

Trade payables

Payables are stated at face value.

Other current liabilities and tax liabilities

Other current liabilities and tax liabilities are stated at face value.

Revenue recognition

Revenues are recognized to the extent that it is possible to determine their fair value and it is reasonably probable that the economic benefits of such revenues will be enjoyed.

Revenues are recognized on the basis of the following specific criteria depending on the type of transaction:

- Revenues from the sale of goods are recognized when the main risks and benefits of ownership of the assets have been transferred to the buyer;
- Revenues from the provision of services are recognized according to the stage of completion. If it is impossible to determine the amount of the revenues, they are recognized up to the amount of the costs incurred and to the extent that they are expected to be recovered.

Interest

Interest income and expense are recognized on an accrual basis according the interest accruing on the net value of the related financial assets and liabilities using the effective interest rate.

Taxes

Current income taxes for the period are determined on the basis of an estimate of the taxable income and in accordance with current regulations.

Deferred tax liabilities are calculated on all taxable temporary differences between the balance sheet figures shown in the financial statements and the equivalent amounts recognized for tax purposes.

Deferred tax assets are recognized on all deductible temporary differences and on all tax losses carried forward, to the extent that there will probably be sufficient taxable income in the future to offset against them.

The recoverability of deferred tax assets is reviewed at the end of each period and reduced to the extent that it is no longer probable that there will be sufficient taxable income in the future to offset all or part of the tax credit. Unrecognized deferred tax assets are reviewed annually at the balance sheet date and recognized to the extent that there will probably be sufficient taxable income to offset them.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to be applicable when the asset is realized and the liability extinguished, using the tax rates and regulations in force at the balance sheet date.

Comments on the principal captions in the balance sheet

1. Tangible assets

(Thousands of Euro)	December 31, 2008	December 31, 2007
Furniture and fixtures	9	12
Machinery and equipment	25	18
Improvements on tangible assets owned by third parties	164	190
Total tangible assets	198	220

The following table summarizes the changes in property, plant and equipment that took place during 2008. Breakdown of fixed assets cost:

(Thousands of Euro)					
FIXED ASSETS CATEGORY	January 1, 2008	Additions	Reclassification	Sales	December 31, 2008
Furniture & fixtures	101	3	0	0	104
Machinery and equipment	1,826	15	0	0	1,841
Transportation equipment	78	0	0	(0)	78
Improvements on tangible assets owned by third parties	520	7	0	0	527
Total	2,525	25	0	(0)	2,550

Breakdown of fixed assets depreciation:

(Thousands of Euro)				
FIXED ASSETS CATEGORY	January 1, 2008	Depreciat.	Reduct.	December 31, 2008
Furniture & fixtures	89	6	-	95
Machinery and equipment	1,809	7	-	1,816
Transportation equipment	78	-	-	78
Improvement on tangible assets owed by third parties	329	34	-	363
Total	2,305	47	(0)	2,352

We have performed depreciation checks on a monthly basis according to IFRS accounting Guidelines; the difference between the depreciations performed and the depreciation calculated under ITA GAAP method is not significant.

2. Intangible assets

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
Software	4	5
Other intangible assets	0	1
Total intangible assets	4	6

The intangible assets are mainly referred to software costs amortized over a 5 years period.

3. Other non current assets

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
VAT receivables relating Fintitan GEIE	-	12
Total other non current assets	-	12

Long term receivables include VAT receivable was related to former Fintitan GEIE (a former Fintitan Company prior to the 1999 merge) to be reimbursed by the Government. This amount matures interest. During 2008 the Company collected the whole amount.

4. Deferred tax assets

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
Deferred tax assets IRES	131	(0)
Deferred tax assets IRAP	-	(0)
Income taxes, total	131	(0)

The amount of deferred tax assets, is related to the tax loss realized this year and carried forward. Under Italian tax law, tax losses realized during the current year can be utilized to offset future profits for a period of 5 years.

Based on the fact that the tax losses realized are related to the payment of rental described in paragraph n. 18 and on the fact that without this amount the Company would have realized a tax profit, the tax assets accounted for are expected to be realized in the future 5 years.

5. Inventories

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
Stock on hand	925	748
Provision for obsolescence	(20)	(17)
Total inventories	905	731

Inventories are evaluated on an average cost basis.

The increase in value compared to prior year is due to the combined effect on increase in quantity (16,450 tons in 2008; 14,241 tons in 2007) and increase in price (Euro 56,22 / ton in 2008 versus 52,54 / ton in 2007).

Provision for obsolescence refers to cement, which is no longer saleable due to physical deterioration.

6. Trade receivables

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
Trade receivables	5,255	6,452
Provision for doubtful accounts	(141)	(129)
Total trade receivables	5,114	6,323

Trade receivables decreased compared to prior year, mainly due to the effect of sales quantity decrease (235,838 tons in 2008 versus 265,094 tons in 2007).

The provision for doubtful accounts amounts to Euro 141 thousands, versus 129 thousands in prior year. The provision is considered to be adequate to cover potential risks for bad debts. During the year the provision was utilized for 7 thousands Euro and at year end Company accrued for 19 thousands Euro, both for tax purposes and for income statement, to meet with the increase in risk.

7. Other current assets

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
Prepayments	369	418
VAT receivables	197	0
Other	25	20
Total other current assets	591	438

Pintitan S.r.l. Unipersonale
All amounts are in thousands of Euro, unless otherwise stated

Prepayments represents the amount for the renewal of the building lease contract paid during 2004. The new lease contract began on January 1, 2006 and expires on December 31, 2015. The cost paid in 2004 was therefore deferred as prepayments and is charged to income statement in accordance with the years of residual life of the lease contract.

The VAT receivable represent the net VAT position at year end according to Italian fiscal regulation.

8. Receivables for current taxes

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
Advance payment of current taxes IRES	83	-
Advance payment of current taxes IRAP	25	-
Total receivables for current taxes	108	-

Advance payment of current taxes represent the amount that should be paid in advance under Italian tax law, based on the tax results of previous year (as at December 31, 2007 the Company showed liabilities for current taxes, whose amount were represented net of the advance payments made during 2007. Refer to paragraph n. 14).

9. Cash and cash equivalents

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
Cash on hand	0	1
Bank accounts	304	574
Total receivables for cash and cash equivalents	304	575

There are no restrictions over the use of both cash and bank accounts. Bank accounts include money deposited with financial institution that can be withdrawn without notice.

10. Shareholder's Equity

There are no differences between the Equity in prior year reporting package and the Equity as per the statutory report.

11. Retirement benefit obligation

The amount shown as retirement benefit obligation (TFR) is not compliant with IAS 19 requirements. The amount is defined according to Italian law. The table below states the number of employees for the year 2008 and 2007:

Finititan S.r.l. Unipersonale

All amounts are in thousands of Euro, unless otherwise stated

	December 31, 2008	December 31, 2007
Workers	4	4
Employees	3	3
Managing director	1	1
	8	8

12. Trade payables

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
Trade payables from third parties	501	334
Trade payables Titan S.A.	6,947	7,488
Total trade payables	7,448	7,822

The payables due to Titan Cement Company SA are to be considered as related party transactions that are based on conditions agreed among themselves.

13. Other current liabilities

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
Salaries and wages payable	40	37
Social security contributions payable	25	29
Other	36	36
Total other current liabilities	101	102

14. Current tax liabilities

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
IRES	-	70
IRAP	-	11
Total current tax liabilities	-	81

At December 31, 2008 the Company does not have liabilities for current taxes.

Fintitan S.r.l. Unipersonale*All amounts are in thousands of Euro, unless otherwise stated*

The years since 2002 (since 2003 for VAT purposes) are open for examination by fiscal authorities. Tax rates adopted to calculate IRES (corporate tax on income) and IRAP (regional tax on "added value") are 27,4% and 3,9% respectively.

Comments on the principal captions in the income statement**15. Net sales**

Net sales decreased compared to prior year, primarily due to the decrease in the quantity sold (235,838 tons in 2008 versus 265,094 tons in 2007; -11%).

16. Cost of goods sold

The balance is composed as follows

(Thousands of Euro)	December 31, 2008	December 31, 2007
Merchandise	13,295	13,865
Insurance	33	35
Taxes and duty	87	88
Beginning inventory	731	659
Ending inventory	(905)	(731)
Other costs	0	87
Total cost of sales	13,241	14,003

The indirect cost attributable to the cost of sales are insurance cost, taxes and duty costs. In addition, in previous year the Company sustained costs for the transport of unsalable cement, classified in "Other costs". All the amounts included in "merchandise" were acquired from Titan Cement Company SA and are therefore to be considered as a related party transaction.

17. General and administrative expenses

(Thousands of Euro)	Breakdown	December 31, 2008	December 31, 2007
General and administrative expenses	Auditors, legal	42	40
	General manager	39	37
	Salaries	37	49
	Other expenses	21	25
	Other advice	19	14
	Social security on salaries	11	16
	Insurance	8	8
	Cleaning expenses	8	6
	Phone and postal expenses	8	6
	Depreciation of tangible	6	8
	Energy, gas & water	6	6
	Provision for retirement benefit	4	4
	Amortization of intangible	3	3
	Refectory costs	3	3

General and administrative expenses Total	215	225
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18. Selling expenses

(Thousands of Euro)	Breakdown	December 31, 2008	December 31, 2007
Selling expenses	Rental	1,498	756
	Transportation	219	372
	Wages	136	117
	Technical advice	51	44
	Insurance	49	58
	Energy, gas & water	42	46
	Social security on wages	42	42
	Depreciation of tangible	41	40
	Maintenance	41	32
	General manager	39	37
	Fuel costs	38	34
	Legal advice related to the Crotona rental agreement	36	0
	Selling salaries	30	30
	Other expenses and advice	22	26
	Allowance for doubtful debtors	19	23
	Other rental	15	13
	Provision for retirement benefit	11	10
	Social security on selling salaries	10	9
	Trip costs	9	4
	Petty consumable material	9	9
	Refectory costs	7	7
	Commission	6	78
	Insurance	6	4
	Other advice	5	0
	Gift	4	2
Selling expenses Total		2,385	1,793

In 2007 commission were related to costs recognized to Mr. Schwienbacher for sales to the customer Beton Lana performed during 2007.

We point out the Company doesn't have a written contract signed with Mr. Schwienbacher.

Rental refers to the costs related to the building located in Venice and to the building located in Crotona (south of Italy).

In July (25th 2008) Titan Cement Company S.A. signed a service agreement with the Company Ciliberto S.p.A.. The main terms and conditions related to this service agreement are as follows:

- Ciliberto S.p.A. ("the supplier") has a concession agreement with the local Harbour Authority of Gioia Tauro that will expire in December 31, 2010;
- Titan Cement Company S.A. wants to increase their business in the Italian market;
- Titan Cement Company S.A. entrust the supplier all the services related to the unloading of the ship, the storage of the cement and the subsequent load on the vehicles for the sale to the customers;
- The rental fee amounts to Euro 10 for each ton of cement handled, with a monthly minimum of Euro 142 thousands;
- The tenancy term is of 3 years;
- After the first contract year (i.e. after July 25th 2009) Titan Cement Company S.A. can recede from the contract without paying damages, by giving to the suppliers 3 months notice;
- In August Fintitan S.r.l. succeeded Titan Cement Company S.A. on the agreement..

Finitan S.r.l. Unipersonale*All amounts are in thousands of Euro, unless otherwise stated*

For the abovementioned reasons the amount of rental costs increased, compared to the prior year, by Euro 710 thousands.

Finitan S.r.l. will probably recede from the contract in 2009.

19. Extraordinary income / expenses

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
Extraordinary income	7	2
Extraordinary expenses	(40)	(36)
Total extraordinary income / expenses	(33)	(34)

The extraordinary expenses for 2007 relates mainly to the debit note issued during 2007 by the building lessor, corresponding to the Istat adjustment (inflation) on the rent referred to years 2004 and 2005.

The extraordinary expenses for 2008 relates mainly to the debit note issued during 2008 by the building lessor, corresponding to the Istat adjustment on the rent referred to years 2006 and 2007.

Please kindly note that the Istat adjustment for 2008, is already included in the rental cost.

20. Income taxes

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
IRES	-	83
IRAP	-	28
Total current tax liabilities	0	110
Deferred tax assets IRES	(130)	(0)
Deferred tax assets IRAP	-	(0)
Income taxes, total	0	110

The deferred tax assets are related to the loss of the period carry forward.

21. Income (loss) for the period

(Thousands of Euro)		
	December 31, 2008	December 31, 2007
Income (loss)	(366)	134

Finitan S.r.l. Unipersonale

All amounts are in thousands of Euro, unless otherwise stated

Total income	(366)	134
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The loss of the period is mainly related to the cost of rental described in paragraph 18.

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