Management Report

Consolidated Financial Statement of Arkimedica Group at 31st December 2007

Here is a short abstract, translated in English, containing the most significant data of Arkimedica's Consolidated Management Report and Consolidated Statement, as filed with Borsa Italiana and Consob[1].

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[1] Translator's note: Consob = National Commission for Listed Companies and the Stock Exchange

ARKIMEDICA GROUP

Introduction

The consolidated financial statement for the year ended 31 December 2007 was prepared in conformity to International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union, as well as to measures issued for purposes of implementing Art. 9 of Legislative Decree 38/2005.

IFRS include all revised international accounting standards ("IAS") and all interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"), previously called the Standing Interpretations Committee ("SIC").

The European Regulation (EC) n°1606/2002 of 19th July 2002 has introduced the obligation, starting from financial year 2005, to comply with the International Financial Reporting Standards ("IFRS"), set forth by the International Accounting Standards Board ("IASB") and acknowledged by the European Commission, relating to the drawing up of consolidated balance sheets for companies having capital securities and/or certificates of indebtedness listed on any of the European Community's regulated markets. Following the above European Regulation, on 20th February 2005, Legislative Decree no. 38 has been issued, thus regulating the said IFRS-related obligation within the Italian regulatory system and extending it over the drawing up of the relevant companies' balance sheets starting from financial year 2006. Following the admission to listing, dated 1st August 2006, on the Expandi market, the Group's has therefore adopted the International Accounting Standards ("IFRS"), issued by the International Accounting Standards Board and applicable to the drawing-up of Consolidated balance sheets.

Consequently, pursuant to IFRS 1, the date of adoption of the IFRSs is 1st January 2005.

Wherever not otherwise specified, the amounts are stated in terms of thousands euros.

Letter from the Chairman

Dear Shareholders,

The year 2007, the first complete financial year since the listing, was a fundamental time for the Group's development and for the project announced at the time of the listing.

Arkimedica achieved all of its goals regarding turnover, the operating result, the number of beds under management and bases for further development.

Particularly, in the Care division, the choice of a federal system brought together managerial talents who showed that they had winning strategies throughout the various regions of our country.

Financially speaking, even in a terrible year for international finance, your company managed to collect €28 million by issuing a bond loan, around 40% of which was placed on international markets, thus increasing the visibility of the Group and of its actions outside the national market.

We can successfully state that Arkimedica is a leading group in the Italian managed care sector and it is also an international Group in terms of shareholders and convertible bond holders.

The 2007 acquisitions laid the foundations for the group to surpass the size and profitability targets which were set in the past.

My congratulations to the entire board of directors, the board of auditors, the employees and all contributors to the Group. Each of them, in every division, has worked with commitment and discipline in order to provide the expected results for the investors.

Simone Cimino

Corporate Boards

Board of Directors	
Cimino Simone	Chairman & Managing director
Bonilauri Torquato	Vice Chairman & Managing director
Barazzoni Cinzio	Managing director
Prampolini Paolo	Managing director
Iuculano Carlo	Managing director
Iuculano Antonino	Director
Lazzaro Vittorino	Director
Burani Giovanni*	Director
Gatti Matteo	Director
Capolino Perlingieri Ugo*	Director
Pagliai Renzo	Director
Vagnone Paolo	Director
Cogorno Claudio (**)	Vice Chairman
Grignani Guido (**)	Director
Fedele De Vita (***)	Director

* Indipendent director
** Co-opted on 28 feb 2008
*** Co-opted on 27 mar 2008

Board of Statutory Auditors	
Valsecchi Simona	Chairman of the Board of Statutory Auditors
Bertolani Mauro	Statutory Auditor
Furian Simone	Statutory Auditor
Marcozzi Attilio	Alternate Auditor
Righetto Alfredo Gianpaolo	Alternate Auditor

Member of the Executive Committee
Cimino Simone
Iuculano Carlo
Barazzoni Cinzio

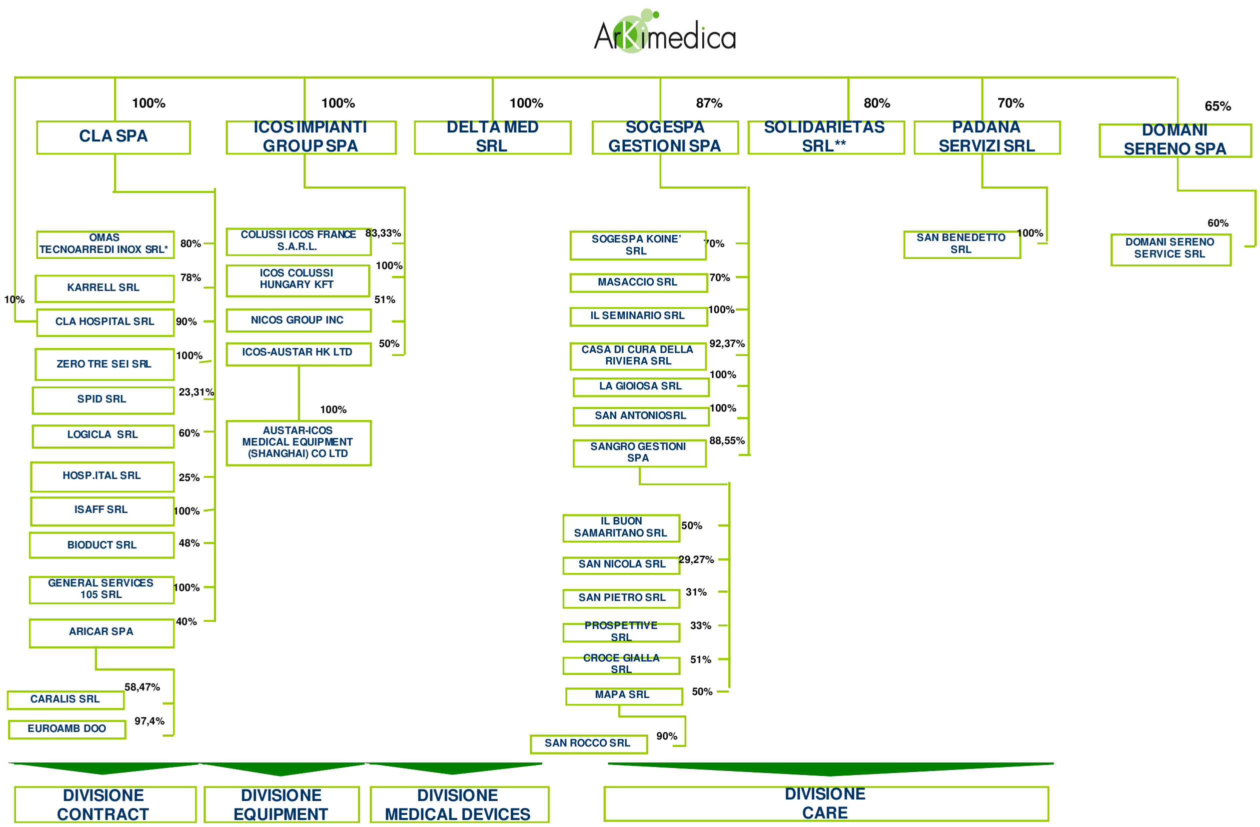
External Audit Firm
Deloitte & Touche S.p.A.

ARKIMEDICA GROUP

MANAGEMENT REPORT

Group Structure and Description of Division Business Areas

The companies presented in the flow chart below were part of the Group on 31 December 2007:



In order to provide more substantial information, please note that in some cases, as required by the IFRS, the accounting of the stock considers, besides the formal share held on 31 December 2007, also the commitments at that time for the acquisition of further shares. Please find in the information below the shareholdings owned directly by the Company.

As will be discussed in greater detail below, during the year 2007 new acquisitions were made within the Care Division, both through the subsidiary Sogespa Gestioni S.p.A., and directly by the parent company, with the purchase of a majority share in the companies Solidarietas S.r.l. and Padana Servizi S.r.l.

The Group operates through the following divisions:

- ***CONTRACT:*** design, production and turnkey supply of equipment and trolleys for hospitals, rest homes, primary schools and communities in general, construction of operating theatres, fitting of ambulances and special vehicles, supply of consumable goods to communities, automated administering of medication;
- ***CARE:*** management of care homes for senior citizens;
- ***MEDICAL DEVICES:*** production and supply of products for infusion therapy, non-woven fabric products, and other customised products for the pharmaceutical and dental sectors;
- ***EQUIPMENT:*** design, production and supply of sterilisation and washing equipment for the pharmaceutical and hospital sectors, and cooking equipment for communities;
- ***DOMANI SERENO:*** advanced services for care homes for senior citizens.

In addition to these divisions, the parent company conducted corporate activities involving management and coordination through its management structure, while the majority of its employees continue to perform administrative and commercial secretarial activities, after being transferred to other companies in the Group, which came to an end on 31 January 2008.

The Supplemental Notes identify and describe significant equity investments (direct and indirect) as well as the consolidation area.

Performance trends of Group companies

Please note than the Management Report does not include alternative performance measurements other than net financial standing, and therefore it is not necessary to provide any information with reference to the CESR Recommendation (CESR/05-178b) on alternative performance indicators (see the Supplemental Notes for a description of the structure of net financial standing). In addition, as described in more detail below, for better understanding of Group company performance trends in 2007, the Management Report provides pro-forma economic data for the Care Division which are not subject to audit.

In compliance with the requirements of CONSOB [Italy's official body for regulating and supervising companies and stock exchanges] Notice DEM/6064293 of 28 July 2006, the profit and loss accounts given in this Report do not differ from those shown in the financial statement, whereas the balance sheets present a few changes that are immediately reconciled with the financial statements.

ECONOMIC DATA

Consolidated income statement

(Thousands euros)	**31 dec 2007**	**31 dec 2006**
Value of production		
Revenues from sales of goods and services	123.393	97.094
Change in inventories of finished products and work-in-progress	1.985	(1.587)
Increase of internal works capitalized	452	337
Other revenues	3.711	1.465
Total value of production	**129.541**	**97.309**
Costs of producion		
Raw materials costs	(50.914)	(42.527)
Service costs and rents, leases and similar costs	(36.701)	(25.198)
of which not recurrent	-	*(527)*
Personnel costs	(27.784)	(17.500)
of which not recurrent	*558*	-
Changes in row materials, ancillary and consumables	534	232
Provisions	(490)	(472)
Other operating expenses	(1.841)	(857)
Total costs of productions	**(117.196)**	**(86.322)**
Ebitda	**12.345**	**10.987**
Amortization, depreciation and write-downs	(6.137)	(3.400)
Profit resulting from lower price paid for shareholdings	0	1.990
Ebit	**6.208**	**9.577**
Financial income and charges	(3.253)	(1.600)
Share of income (loss) from associates	(442)	(488)
Profit before taxes	**2.513**	**7.489**
Income taxes	(2.052)	(3.523)
Net profit (loss) for the year	**461**	**3.966**
Net profit (loss) for the year - minority interests	**(393)**	**233**
Grupo net profit (loss) for the year	**854**	**3.733**

By examining and comparing the data above, the following information can be gathered:

- The increase in revenues is mainly due to the expansion of the consolidation area;
- Costs increased proportionally to a slightly larger extent than revenues;
- EBITDA decreased by approximately 1.5%;
- EBIT decreased because of the double effect of the absence of the extraordinary item of Profit generated by *the smaller price paid for the purchase of shares*, which can be found in the financial statement from 2006, and of the greater amortization and devaluations calculated in 2007.

Consolidated Balance Sheet

(thousands euros)	31.12.07	31.12.06
Tangible and intangibles assets	72.767	34.500
Goodwill	55.929	34.939
Financial assets	2.724	1.568
Other fixed assets	3.555	1.534
Total fixed assets	**134.975**	**72.541**
Inventories	17.615	14.801
Trade	68.012	62.761
Suppliers	(31.795)	(32.562)
Tax credits and payables	(316)	(4.043)
Current liabilities net of other current assets	(18.325)	(8.081)
Total net working capital	**35.191**	**32.876**
Diferred tax provvision	(6.023)	(2.597)
Provvisions for employee leaving indemnity and other founds	(6.645)	(5.571)
Total net invested capital	**157.498**	**97.249**
Capital and reserves	63.883	55.019
Consolidation/pro-forma reserves		-
Net profit (loss)	854	3.733
Group shareholders' equity	**64.737**	**58.752**
Shareholders' equity – minority interest	8.798	4.767
Net financial debt	83.963	33.730
Total sources	**157.498**	**97.249**

The main changes were:

- The increase in Total Fixed Assets is mainly attributable to the Tangible and intangible assets and Goodwill, and it is generated exclusively by the variations in the consolidation area. More specifically:
  - *Tangible and intangible assets:*
    - Care Division: an increase of €2.2 million in Intangible assets, €1.5 million to Solidarietas due to the right to obtain a contribution, and €700 thousand to the subsidiaries of Sogespa. The same Division made its most significant investments in tangible assets, including land and buildings for €27.7 million;
    - Equipment Division: €1.1 million for industrial and commercial equipment;
    - Contract Division: €200 thousand for the completion of the research and development costs by

the subsidiary Aricar Spa for the launch of new product models.

- *Goodwill:*
  - Equipment Division: €627 thousand for the purchase of Colussi Icos France sarl;
  - Care Division: €5.9 million for the purchases carried out through the subsidiary Sogespa and €15 million for the purchase of San BenedettoS.r.l. and Solidariets S.r.l.

- The increase of the Net Total Circulating Capital is mainly due to a change in the consolidation area. The only note worth mentioning is the reduction of debts towards Suppliers, accomplished by the Contract Division, as 2007 saw the end of the effects of a significant supply as an ATI (Temporary Company Association), with Cla Spa as the parent company.
- Almost half (€22 million) of the increase in net financial borrowing (€50.6 million) is due to the Convertible Bond Loan. The rest was due to the financing obtained for the purchases made in 2007, as well as to the extension in the consolidation area. For a more detailed analysis of the Net Financial Standing, the corresponding paragraph of this report should be seen.

As previously described, the balance sheet presented above highlights a different structure compared to the consolidated accounting reports presented in the Consolidated Financial Statement, but the reconciliation between the two is immediate as no changes in the entries were made.

FINANCIAL POSITION

For the examination of the Financial Report, see the accounting balance sheet.

Details of the Net Financial Standing are given below. It concurs with the one in the Supplementary Notes, which is calculated according to the CESR recommendations.

(thousands euros)

	Ref.	31 - Dec 2007	31 - Dec 2006
Securities	**N.a.**	0	0
Short - term financial credits		415	
Cash and cash equivalents	**2.e**	18.860	13.937
Short - term financial assets (A)		**19.275**	**13.937**
Short - term Bank payables	**4.d**	(18.172)	(10.529)
Short - terms share of medium/long term debt	**4.d**	(11.428)	(8.476)
Short - term Bond Issued	**4.d**	(513)	
Short - term other lenders payables	**4.d**	(4.308)	(965)
Short - term financial debt (B)		**(34.421)**	**(19.970)**
Medium/long - term Bank payables	**4.d**	(41.212)	(20.235)
Medium/long - term other lenders payables	**4.d**	(5.558)	(6.956)
Medium/long - term Bond Issued	**4.d**	(22.047)	(506)
Medium/long - term debt		**(68.817)**	**(27.697)**
Net financial debt		**(83.963)**	**(33.730)**
Short - term net financial debt (A+B)		**(15.146)**	**(6.033)**

In order to substantially present the financial situation of the Group, we must take into account the financial commitments chargeable to third-parties, which total €9.7 million. They are credits for transfers without recourse of commercial credits (€4.7 million) and for bonds generated by the obligation of third-parties for the purchase of an intangible asset of the subsidiary General Service 105 srl (€5.0 million), whose contracts were agreed in December 2007, but which were not included in the Financial Statement, as they were considered to be technically included in the following financial year.

Considering these factors, the net financial borrowing would be €74.2 million.

Additionally, among the debts to other financing entities, an item of €2.2 million was entered, regarding the financial commitment that could result from the exercising of the purchase option for 70% of Triveneta Iniziative, which is mentioned below.

Not taking into account this commitment, which is probable but not certain, the Net Financial Position would further decrease to €72.2 million.

The company's financial structure is noticeably influenced by the Convertible Bond Loan 2007-2012 Conv. 5, issued and underwritten in November 2007, with a nominal value of €28 million.

The impact of the issue of this loan on the balance sheet is shown below:

Descrtiption	**Ammount**	**Account**
Equity Reserve: 18,3% of Bond (equity)	4.939	Equity reserve – Bond (Other Reserves)
Convertible Bond	22.047	Debts for Convertible Bonds
Totale a bilancio	**26.986**	

Please note that the costs related to the issue of the bond loan of €1,392 thousand, as established by the International Accounting Standards, led to a reduction (proportionally) of the Equity share and debts.

Based on the standard applied, the same will be included on the income statement proportionally to the duration of the loan. The share of these costs and of the applicable notional financial component of the financial year totals €119 thousand. In addition, the income statement includes accrued liability of €188 thousand.

It can be seen that short-term borrowing makes up around 41% of total borrowing. Taking into account the available liquidity, this decreases to 18%.

Particularly:

Short-term debt involves:

- Banks: almost exclusively borrowing to give credit discount to clients, most commonly advancing invoices, portfolio subject to collection, etc;
- Short-term share of Medium/long-term debt: instalments which mature within the next 12 months of loans and medium/long-term financing in general;
- Bond loan issued by the subsidiary Aricar for €506 thousand, maturing in June 2008;
- Other lenders:

- Instalments which mature within the 12 subsequent months of financial leasing operations;
- Share of the purchase price balance, maturing within the 12 subsequent months.

Medium/long-term debt involves:

- Banks: instalments which mature after the next 12 months of loans and medium/long-term financing in general;
- Other lenders:
  - Instalments which mature after the 12 subsequent months of financial leasing operations;
  - Share of the balance price of the acquisitions, reaching maturity after the 12 subsequent months;
  - Debts for the Bond Loan mentioned above.

Summary Data for the Divisions of the Group

2007 was the Arkimedica group's second year of operations in its current form.

As the reader is aware, on the 1st of August 2006 the parent company Arkimedica Spa was listed on the EXPANDI market, which is managed by Borsa Italiana Spa. During the 2007 financial year the investments, focused on Care Division, continued. They were carried out both through new purchases by the subsidiary Sogespa Gestioni Spa, and directly, by creating companies with expert operators in this sector, for the implementation of the "federal model" project, approved by the Company's Board of Directors as an instrument to increase and accelerate the process of development of the Care Division, especially in the most interesting regions of the country.

Parent Company: Arkimedica

Comparing the 2006-2007 data for the parent company, a decrease in the Gross Operating Margin can be noted, due to the increase in the structural costs.

	31/12/2007	%	31/12/2006	%
Value of Producion	**0**		**0**	
Ebitda	**-1.779**		**-1.523(*)**	
YoY	*16,81%*			
Ebit	**-1.805**		**435**	
YoY	*-514,94%*			

(*) Data differing from those in the consolidated financial statement (EBITDA - €1,945 thousand, EBIT €13 thousand) in that they are inclusive of costs charged to Cla for personnel transferred to Cla, totalling €371 thousand, and positive consolidation differences of €51 thousand.

The 2007 data are already net of these costs.

The value of production is zero because all of the parent company's revenues were cancelled when the consolidated statement was drafted, in that such revenues refer exclusively to the companies included in the consolidation area.

Contract Division

The economic data may be summarised as follows:

	31/12/2007	%	31/12/2006	%
Value of Production	**63.049**		**57.594**	
YoY	*9,47%*			
Ebitda	**5.854**	**9,28%**	**5.274(*)**	**9,16%**
YoY	*11,00%*			
Ebit	**4.621**	**7,33%**	**4.265(*)**	**7,41%**
YoY	*8,35%*			

(*) Data differing from those in the consolidated financial statement (EBITDA €5,645 thousand, EBIT €4,636 thousand) as they are net of costs for transferred staff charged by the parent company (€371 thousand).

The 2007 data are already net of these costs.

The results of the Division increased compared to 2006, both in terms of turnover and of margins.

Within this division, the optimal Cla performance should be underlined in a positive way, as it improved its margins overall as well as in relative terms. A negative aspect is the unsatisfying result of Aricar, still influenced by the start up of the project for fittings for the new models of the main car companies.

Medical Devices Division

The economic data may be summarised as follows:

	31/12/2007	%	31/12/2006	%
Value of Production	**16.531**		**15.266**	
YoY	*8,29%*			
Ebitda	**4.744**	**28,70%**	**4.639**	**30,39%**
YoY	*2,26%*			
Ebit	**3.152**	**19,07%**	**3.079**	**20,17%**
YoY	*2,37%*			

The Division improved the 2006 turnover, while compared to 2006 the EBITDA was reduced in percentage terms. In the last quarter of 2007 some extraordinary costs, together with the reduction in turnover in the dollar area, generated the decrease in the margin percentages, which are nevertheless the best in the group.

Equipment Division

The economic data may be summarised as follows:

	31/12/2007	%	31/12/2006	%
Value of Production	**17.229**		**12.093**	
YoY	*42,47%*			
Ebitda	**1.567**	**9,10%**	**1.146**	**9,48%**
YoY	*36,74%*			
Ebit	**1.226**	**7,12%**	**788**	**6,52%**
YoY	*55,58%*			

The results of the Equipment Division clearly improved compared to the previous financial year, although they were lower than predicted.

During the financial year, the company acquired control of Icos Colussi France Sarl (holding 83.33% of the shares), which has its registered office in Lentilly (Lyon). It sells and provides after-sales services and assistance for sterilizing machines and products in France and in francophone countries.

Additionally, the restructuring of the internal resources, started in the second half of 2006, was completed.

Care Division

In 2007 the Care Division once again represented the main objective for the entire group's development. The Division is still focusing mainly on the activity of the subsidiary Sogespa Gestioni Spa and its subsidiaries. At the time of the listing, on 1 August 2006, 288 beds were being managed. At the end of 2006 the number had reached 1018. Presently the section led by Sogespa manages 1,426.

The following companies were purchased during the financial year:

- Il Seminario S.r.l. - Stazzano (AL), with 167 beds;

- Casa di Cura delle Riviera S.r.l. - Savona, with 14 beds;

- La Gioiosa s.r.l. - Savona (with registered office in Genoa), with 44 beds;

- Opera Serena - Termoli (management purchase), 72 authorised beds, of which 37 agreed as a protected structure with the Region of Molise;

- S. Antonio S.r.l. - Basaluzzo (AL), with 111 beds.

In addition to the acquisitions made through Sogespa mentioned above, in October Arkimedica made a direct investment by purchasing the Solidarietas srl company, which has its registered office in Novara and has 548 beds. 80% of the shares were purchased in 2007, while the remaining 20% will be acquired progressively between 2008 and 2010, in accordance with the purchase agreement**.**

The profitability of Sogespa and its subsidiaries during the financial year suffered due to the low effectiveness of some recently purchased structures, while the problems regarding the fare levels found in the first half-year by the subsidiary Sangro Gestioni seem to be improving.

In 2007 Arkimedica prepared a new development plan for the Division, the so-called “federal model”. The idea is to involve other professional operators in the sector, making use of the relationships created by the Contract Division during the many years of its existence. The advantage of this model is the acceleration of the development process and the penetration in some of the most important Italian regions (North-East), and at the same time it reduces the financial input of Arkimedica, thanks to the capital contribution of the “federal” shareholders achieved through the foundation of companies. These are subsidiaries of your company, which normally has a 70% shareholding. The boost that Arkimedica intends to give to the development of the federal model also aims to guarantee constant profitability, through the revenues of the individual initiatives, thanks to an agreement with the minor shareholders who will take responsibility for the operational management and its results.

The first agreement under this model was made in December 2007 with the acquisition of 100% of San Benedetto S.r.l. by the subsidiary Padana Servizi S.r.l. (70% of which is owned by your company).

Another such agreement was made in December 2007 through an option on 70% of the shares of “Triveneta Iniziative S.r.l.” which is creating, as part of a thirty-year agreement, 160 beds in the Veneto region. They will be available by 2009.

The beds managed at the end of 2007 reached the number of 2,185.

The economic data may be summarised as follows:

	31/12/07 Consolidated Statement A	%	S.Antonio 1/1-31/7 2007 (1)(2) B	S.Benedettoe Solidarietas 1/1-30/9 2007(1)(2) C	31/12/07 Pro-forma (2) A+B+C	31/12/06 Bilancio consolidato A	%	Sangro 1/1-4/8 2006 (1)(2) B	31/12/06 Pro-forma gestionale (2) A+B
Value of Production	**30.250**		**1.233**	**6.317**	**37.800**	**12.355**		**4.682**	**17.037**
YoY	144,84%								
Ebitda	**5.058**	**16,72%**				**3.186**	**25,79%**		
YoY									
Cost of Structure	**- 2.901**					**- 1.684**			
Ebitda	**2.157**	**7,13%**	**386**	**1.074**	**3.617**	**1.502**	**12,16%**	**844**	**2.346**
YoY	43,61%								
Ebit	**- 527**	**-1,74%**	**348**	**1.012**	**833**	**1.061**	**8,59%**	**490**	**1.551**
YoY	-149,67%								

(1) Management Data
(2) Data without accounting audit

If we take into account the turnover and the gross margin achieved by the companies purchased during the financial year before the consolidation, i.e. if the companies' data had been consolidated as of 1 January 2007, the turnover and the gross margin would have increased by €7.5 million and €1.5 million respectively, which means a total of €37.8 million and €3.6 million.

Domani Sereno

The starting-up activities of the company created in the second half of 2006 continued during the financial year. The project with the Allianz group for the creation of the Domani Sereno policy continued.

The affiliation of assistance structures for senior citizens was launched within this framework, in view of the foundation of a residential care home circuit capable of welcoming the requirements from the underwriters of the policy being prepared by the Allianz Group.

The structures were selected from the database prepared by Domani Sereno and a careful examination was carried out of their compliance with the quality standards defined in the Domani Sereno Charter of Services created together with Allianz, which will be part of the contract documents for the Domani Sereno policy.

On 31 December 2007 there were 1,020 affiliated beds in 10 structures, mainly situated in Lombardy.

During the financial year, the company purchased from Cla, and to a smaller extent from another shareholder, 60% of Studio Luna s.r.l., which subsequently changed its company name to Domani Sereno Servizi s.r.l.

Domani Sereno Servizi s.r.l is an industrial hospital laundry and supplies washing company and its main source of business is assistance to senior citizens.

The acquisition was decided on the basis of the advantages identified for Domani Sereno, which was thus able to extend its own range of services to affiliates. For Domani Sereno Service the access to the circuit of affiliates represents an opportunity for them to expand their own prospects, as well as a chance to increase their turnover.

The economic data may be summarised as follows:

	31/12/2007	%	31/12/2006	%
Value of Production	**2.482**			
Ebitda	**-199**	**-8,02%**		
Ebit	**-461**	**-18,57%**		

Investments

As stated in the Supplemental Notes to the Consolidated Accounting Statements, in 2007 investments in tangible assets were made primarily to maintain structure, obviously without considering the significance of changes in the consolidation area.

See the Supplemental Notes for a description of the principal changes. Movements and amounts of land and buildings owned were particularly significant, and are broken down by Division in the following table.

CONTRACT DIVISION

	At 31st December 2007	At 31st December 2006
Land and buildings		
Historical cost	13.083	12.439
Depreciation provision	1.910	1.347
Net value	**11.173**	**11.092**

EQUIPMENT DIVISION

	At 31st December 2007	At 31st December 2006
Land and buildings		
Historical cost	4.189	5.226
Depreciation provision	467	464
Net value	**3.722**	**4.762**

CARE DIVISION

	At 31st December 2007	At 31st December 2006
Land and buildings		
Historical cost	38.430	8.210
Depreciation provision	3.543	1.025
Net value	**34.887**	**7.185**

MEDICAL DEVICES DIVISION

	At 31st December 2007	At 31st December 2006
Land and buildings		
Historical cost	462	400
Depreciation provision	281	242
Net value	**181**	**158**

DIVISION TOTALS

	At 31st December 2007	At 31st December 2006
Land and buildings		
Historical cost	56.164	26.275
Depreciation provision	6.201	3078
Net value	**49.963**	**23.197**

Assumption, Management and Coverage of Risk

The information required as per Art. 2428 no. 6. ii. is presented in the Supplemental Notes.

Statement comparing the annual result and shareholders' equity of the Group to similar values of the Parent Company

In compliance with the requirements of Notice no. DEM/6064293 of 28 July 2006, we present the following comparative statement, identical to the statement in the Supplemental Notes:

Statement comparing annual result and shareholders' equity of the Parent Company with the corresponding consolidated values

The statement comparing shareholders' equity and the annual result (drawn up in accordance with IFRS) of the Parent Company and the corresponding values of the consolidated balance sheet is as follows:

(thousands euros)	**Shareholders' equity**	**Profit (loss) for the year**
Ammounts in financial statement of Arkimedica S.p.A.	**59.249**	**695**
Difference between book value of wholly-consolidated subsidiaries and shareholders' equity and annual results, net of minority interest	6.051	601
Valutation with net equity method of not-consolidated investments	(563)	(442)
Net effect of consolidation adjustments	**5.488**	**159**
Group shareholders' equity and results	**64.737**	**854**
Minority interest	**9.191**	**(393)**
Consolidated shareholders' equity and result at 31st December 2007	**73.928**	**461**

Note: Effects deriving from items subject to IAS 17 are already included in the equity and results of consolidated subsidiaries.

Research and development activities

The following information is provided pursuant to Art. 2428 paragraph II number 1.

Due to its shareholding nature, in 2007 your Company did not have research and development costs.

During 2007, in addition to normal production and marketing of their products and services, the Group's main companies conducted research and development in order to update and improve their current products and services as well as to perfect new and innovative systems intended for future industrial and commercial development. Details are provided below.

Contract Division

During the financial year the subsidiary Aricar concluded work on the study, design and launch of fittings for new lines of Mercedes, Volkswagen, Renault, and (especially) Fiat vehicles.

Cla produced three new lines for updating the quality level and maintaining leadership across Europe. This was achieved by involving the subsidiary ISAFF in production in order to optimize the industrial margins. The launch of these lines is expected to take place in May and it will involve significant investments (€300thousand) which according to estimates will allow competitive advantages for the next 5 years.

Care Division

In addition to the minimum performance required by the applicable national and regional regulations, over the last two years Sangro Gestioni has been involved in additional and/or supplementary services within the individual Plans for areas in residential care home management. The goal is the continuous improvement of services and client satisfaction regarding explicit and implicit expectations.

Special attention will be paid to the continuity of improvement programs in the assistance and protection area through operations aimed at management protocol regarding incontinence (continence stimulation programs, removal of bladder catheters and personalization of the use of aids for incontinence).

Sangro Gestioni SpA, within the framework of the health (medical and nursing) performance, will guarantee the permanent monitoring of the quality indicators (healing of bedsores, falls). The “Prevention of infections within the community” Protocol is being implemented as the “infections” indicator. It is already operating in the Santa Rita Residential Care Home in Santa Maria Imbaro and is in the implementation phase in the other group structures.

Equipment Division

In 2007 Icos Impianti Group SpA carried out the projects and the research and development activities listed below:

- development of a new machine for the hospital sector;
- development of new washing machine software for the pharmaceutical sector;
- development of a new gas sterilization machine for the pharmaceutical sector;
- development of a high pressure washing machine for containers used for medicine production;
- development of software for air-vapour blend autoclave sterilization;
- study and design of a rotary movement system for autoclaves used for lipid sterilization;
- study, development, design and preparation of a new area for experimenting, testing and making prototypes of large products.

In order to develop these activities, the Company had estimated total costs of €573 thousand for patents and licences, personnel, instruments and equipment, external expert consulting, prototype production costs and general expenditure.

Medical Devices Division

During the financial year 2007, in addition to the customary Medical Devices production and sales, the company focused on research and development aimed at the continuous updating and improvement of production systems and existing products, as well as on the preparation of new innovative devices for its future industrial and commercial development. Particularly, the following research and development activities were performed:

1. Conception, technical design and internal construction of the automated assembly line (L9);
2. Conception, technical design and internal construction of an automated double-flaring machine;
3. Conception, technical design and internal construction of an automated clothes packaging machine;
4. For the technical designs, the Company used external technical studies particularly for mechanical and micro-mechanical digital designs;

5. For robotization, the Society partly made use of external automation and numerical control programming experts;
6. Research and development with new engineering, both internal and external, of a fundamental element (hub) of two-way venous catheters in order to improve their performance during use;
7. The Company acquired and implemented a new Quality Manual prepared by experts in the field;
8. The Company prepared, through external software houses, personalised programs for integrating accounting data following the merger of the company formerly known as Dirra SRL;
9. The Company focused on investments in research and development by purchasing special equipment for the laboratory such as an electronic dynamometer equipped with a control computer;
10. Development of new dies for the components used by the Company;
11. Research and development of new products in the field of cannulation in kits and doctors' coats which will be marketed by the Company at the beginning of 2008.

Technological development also continued for the acquisition and preparation of new and updated production technologies aimed at increasing production and reducing costs.

Human Resources

Please see the Supplemental Notes for a detailed description of the employee situation in the various Divisions.

Significant events after the end of the financial year

Among the significant events occurring after the end of the year was an additional investment in the Care sector following the so-called "federal model" with ICOS Scarl of Milan. An investment agreement was signed with this company for the foundation of a company, with 70% of the shares to be owned by Arkimedica and 30% by ICOS Scarl, for the acquisition of at least 1,000 beds within the next three years. 709 of them have already been identified; the first 409 are expected to be acquired by April, and the remaining 300 by the end of the year.

In January 2008, Padana Servizi srl, the direct subsidiary of Arkimedica, purchased 100% of Previsan srl, which holds 63 beds already in the system in Villa D'Alme' (BG), as well as two company branches related to two start up companies in Piedmont (120 beds in the municipality of Aglie' and 60 beds in the municipality of Lombardore).

In February 2008 Sangro Gestioni S.p.A, by increasing the share capital, held 66% of the shares in San Nicola Srl. In March 2008 Sangro Gestioni S.p.A. purchased the remaining 66% of Prospettive Srl (a residential care home with 30 beds located in Sulmona), thus obtaining a 100% shareholding.

Performance forecast

The Group is expected to continue focusing its activities on development of the CARE Division by acquiring new companies. Negotiations are currently underway and are at various different stages.

The development of the federal model will be able to rely on the contribution of the three expert partners. Development agreements have already been signed with them, and the aim is to reach 5,000 beds.

New acquisitions are also expected for the Contract Division, in Italy and abroad, of companies showing good opportunities for combined growth in trade and production.

Positive development is generally expected for the Group, with improvement on the 2007 performance.

Disclosure statement

The disclosure statement required by the IFRS and by CONSOB regulations is provided in the Supplemental Notes.

Relationships with related parties

With regard to transactions with related parties, the Arkimedica Group intends to guarantee complete substantive and procedural transparency and correctness in transactions with related parties, including through the intervention of independent experts regarding the type, value, and characteristics of the transaction.

The Company has adopted a periodic monitoring procedure for all transactions with related parties for purposes of increasing their awareness with regard to the transparency and correctness of transactions.

Relationships with related parties, as defined in IAS 24, regard normal economic and financial relationships determined via formal agreements and stipulated under normal market conditions or, in the case of individuals, conditions equivalent to those usually granted to employees.

As required by the CONSOB Notice of 28 July 2006, information on relationships with related parties is presented in the Supplemental Notes.

Treasury shares

The parent company owns no treasury shares and did not trade any treasury shares in 2007.

Following the resolution of the ordinary shareholders' meeting on 28 February 2008, the board of directors obtained the authorisation to purchase and dispose of their own shares in accordance with articles 2357 and following of the Civil Code within legal limits of 10% of the share capital (a maximum number of 8,640,000 ordinary shares) and for an equivalent value of not more than €20 million, which will be carried out within the limits of the profit for distribution and of the available provisions according to the last properly approved balance sheet.

The plan is an important instrument for strategic and operating flexibility for the Arkimedica Group, particularly allowing it to: use the treasury shares held as a means of payment for extraordinary operations or to receive the necessary funds for acquisition projects, or to pledge the shares in order to obtain the financing necessary for projects and/or to work on company purposes, and/or in exchange operations and/or transfer of share packages, and generally for strategic operations; to invest the company's liquid assets in the best possible way, also in order to control the share trend; to assign the treasury shares to profit-bearing policies, when the Company sees the opportunity.

The purchase operations will be performed in accordance with the applicable laws and regulations. The duration of the authorisation is for 18 months from the date of the resolution.

A protected provision will be created with a value equal to that of the Treasury Shares recorded in the balance sheet assets, in accordance with article 2357 iii, paragraph 3 of the Civil Code, by withdrawing this amount out of the available provisions. The purchase of treasury shares will be carried out in one or more transactions and, in accordance with the applicable laws and regulations, it will have to be carried out on the market by operating means not consenting the direct coupling of the purchase negotiation proposals with previous proposals of sale negotiations.

The purchase of treasury shares on the regulated market must be at a price no more than 20% higher or lower than the reference price registered by the shares on the stock exchange the previous day and also in accordance with the applicable laws and regulations.

The authorisation for the disposal of treasury shares is given without any time limit and can occur through sale on the stock exchange or stock transfer in bulk, also following private negotiation at a transfer price no more than 20% higher or lower than the reference price registered by the shares on the stock exchange the previous day and also in accordance with the applicable laws and regulations; as a means of purchasing shareholdings (letter against letter) or companies, as well as for agreements with strategic counterparts; it constitutes a pledge in order to obtain financing, for the Company or the Companies of the Group, necessary for project implementation and the continuation of company aims; under any other form allowed by the applicable regulations.

Atypical and/or unusual transactions

In compliance with CONSOB Notice DEM/6064293 of 28 July 2006, it is hereby confirmed that the Company conducted no atypical and/or unusual transactions (as defined in the Supplemental Notes) in 2007.

CONSOB Resolution no. 11971 of 14 May 1999

In compliance with the requirements of CONSOB Resolution no 11971 of 14 May 1999, the following table shows the shares held by directors, auditors, and managing directors in Arkimedica S.p.A. and in its subsidiaries:

Schedule 2 - INVESTMENTS BY DIRECTORS, AUDITORS, AND MANAGING DIECTORS AT 31/12/07

Last Name, First Name	Company invested in	No. Shares held at 31/12/06	No. Shares bought	No. Shares sold	No. Shares held at 31/12/07	Means of ownership	Title
Simone Cimino	Arkimedica Spa	356.115	1.095.000		1.451.115	direct	ownership
		37.173		37.173	0	indirect thruogh affiliate (a)	ownership
Torquato Bonilauri	Arkimedica Spa	957.517			957.517	direct	ownership
		768.378			768.378	through family members	ownership
	Aricar Spa	8.891			8.891	indirect thruogh affiliate (a)	ownership
		1.111			1.111	through family members	ownership
Cinzio Barazzoni	Arkimedica Spa	1.536.758			1.536.758	direct	ownership
		685.416		400.000	285.416	through family members	ownership
Paolo Prampolini	Arkimedica Spa	1.536.758			1.536.758	direct	ownership
		1.052.086		737.502	314.584	through family members	ownership
Ugo Capolino Perlingeri	Arkimedica Spa	22.556		9.556	13.000	direct	ownership
Lazzaro Vittorino	Arkimedica Spa	1.069.903		1.069.903	- 0	indirect thruogh affiliate (a)	ownership
			700.000		700.000	direct	ownership
Adriano Bertolin[l]	Arkimedica Spa	35.250		35.250	0	indirect thruogh affiliate (a)	ownership
Carlo Iuculano	Arkimedica Spa	1.565.296	97.453	185.956	1.476.793	indirect thruogh affiliate (b)	ownership
		97.138		97.138	0	indirect thruogh affiliate (a)	ownership
	Sogespa Gestioni Spa	50.050	151.946	47.632	154.364	indirect thruogh affiliate (c)	ownership
	Sangro Gestioni Spa	n.a.			145.343	indirect thruogh affiliate (d)	ownership
Antonino Iuculano	Arkimedica Spa	1.565.296	97.453	185.956	1.476.793	indirect thruogh affiliate (b)	ownership
		97.138		97.138	0	indirect thruogh affiliate (a)	ownership
	Sogespa Gestioni Spa	50.050	125.125		175.175	indirect thruogh affiliate (c)	ownership
	Sangro Gestioni Spa	n.a.			145.343	indirect thruogh affiliate (d)	ownership
Renzo Pagliai	Arkimedica Spa	n.a.	992.604		992.604	indirect thruogh affiliate (e)	ownership
	Sogespa Gestioni Spa	n.a.	103.697		103.697	indirect thruogh affiliate (f)	ownership
	Sangro Gestioni Spa	n.a.	572.155		572.155	indirect thruogh affiliate (g)	ownership
Guido De Vecchi[h]	Arkimedica Spa	11.278			11.278	direct	ownership
Franco Petrali[i]	Arkimedica Spa	1.623.642		1.623.642	-	direct	ownership

(a) Shares held through Gestione Icos di Bertolin Adriano e Cimino Simone e C. S.a.s. which on 31/12/2006 held 2,136,387 shares of Arkimedica Spa. Gestione Icos di Bertolin Adriano e Cimino Simone e C. S.a.s. has sold all of the shares it held. Subsequently, the main shareholders of Gestione Icos (Simone Cimino, Lazzaro Vittorino and Arkigest Srl) directly purchased Arkimedica shares in 2007 as shown in the table.

(b) In 2007 Arkigest Srl acquired 574,505 shares of Arkimedica S.p.A. so on 31/12/2007 the shareholding was of 8,705,914 shares of Arkimedica Spa. Arkigest Srl is 88.12% owned by Sogespa Immobiliare Spa, which in turn is 50% owned by Toscofina di Carlo Iuculano e C. S.a.s. of which Carlo and Antonino Iuculano hold 38.5% each, thus Carlo and Antonino Iuculano indirectly own approximately 1,476,793 shares of Arkimedica S.p.A.. On 31/12/06 the shareholding of Sogespa Immobiliare in Arkigest srl was 100% while a shareholding of 11.88% was sold to Sangro Invest Srl, which is the reason why there were more shares at the beginning of the year than at the end of the year.

(c) In 2007 Sogespa Gestioni increased its share capital from 2,000,000 to 7,000,000 shares. 13% of it is owned by Arkigest Srl, which in turn is 88.12% owned by Sogespa Immobiliare Spa, which in turn is 50% owned by Toscofina of Carlo Iuculano e C. S.a.s. of which Carlo and Antonino Iuculano hold 38.5% each, considering the sale of 11.88% of Arkigest to Sangro Invest, thus Carlo and Antonino Iuculano indirectly hold 154,364 shares of Sogespa Gestioni SpA.

(d) Sangro Gestioni spa is 88.55% owned by Sogespa Gestioni SpA, thus according to the shareholdings mentioned above, Carlo and Antonino Iuculano indirectly own approximately 145,343 shares of Sangro Gestioni S.p.A.

(e) The remaining 11.88% of Arkigest is held by Sangro Invest srl, which in turn is 95.92% owned by Renzo Pagliai, who indirectly holds 992,604 shares of Arkimedica S.p.A.

(f) Due to the shareholding of Renzo Pagliai of 95.92% of Sangro Invest, which owns 11.88% of Arkigest (13% of which is owned by Sogespa Gestioni S.p.A), Renzo Pagliai indirectly owns approximately 103,697 shares in Sogespa Gestioni S.p.A.

(g) 6.16% of Sangro Gestioni S.p.A is owned by Sangro Invest SpA (of which Pagliai owns 95.92%) and the remaining 5.29% is owned by Serenity Srl (of which Pagliai holds 9%). Considering also the indirect shareholding in Sogespa Gestioni, the indirect shareholding of Renzo Pagliai in Sangro Gestioni is of 572,155 shares.

(h) He was a director of Arkimedica Spa until 28/02/08; he is no longer in office.

(i) He was a director of Arkimedica Spa until 29/01/07. He subsequently sold his shares.

(l) He was a director of Arkimedica Spa until 26/03/08; he is no longer in office.

Changes in the shareholding after the end of the financial year:

- in February 2008, Carlo and Antonino Iuculano sold their shareholding in Toscofina.
- Guido Grignani, co-opted consultant by the Board of Directors on 28/02/08, directly holds 150,000 shares in Arkimedica S.p.A.
- UBS FIDUCIARIA SPA owns, on behalf of the consultant co-opted on 27/03/08, Fedele De Vita, 4,350,000 shares, which make up 5.035% of the share capital of Arkimedica S.p.A.

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CNPEF and Fondamenta granted repurchase options to directors Torquato Bonilauri (for 1,001,054 shares), Cinzio Barazzoni (for 1,001,054 shares), Paolo Prampolini (for 1,001,054 shares), Carlo Iuculano (for 1,022,190 shares) and Franco Petrali (for 351,161 shares), which they will be able to exercise if certain profitability goals in favour of CNPEF and Fondamenta are met within three years of the start of trading of the Company's shares on the Expandi Market.

On 21 April 2006, the Extraordinary Shareholders' Meeting of Arkimedica Spa, following the splitting of the nominal value of the shares on 13 June 2006, and the elimination of the indication of shares' nominal value on 17 July 2006, approved the Stock Option Plan, resolving to increase the Company capital available for the plan to a maximum of €600,000 by issuing up to a maximum of 4,800,000 ordinary shares to be issued at a price not lower than par value, i.e. €0.125, to be offered to the beneficiaries.

The beneficiaries of the Stock Option Plan are the Issuer's directors, Cinzio Barazzoni, Carlo Iuculano and Paolo Prampolini, in equal parts.

The accounting price of the Options will not be smaller than the par value, i.e. €0.125, increased by a premium equivalent to the premium set by the Company's Board of Direction during the price setting of the Shares offered at the time of the admission of the Company Shares to negotiations on the Expandi Market. Thus the accounting price of the Options will be €1.20.

The option rights regarding the Stock Option Plan will reach maturity in three batches, with a third of the rights each, i.e. at the expiry date of the first, the second, and the third anniversary from the starting date of the negotiations on the Expandi Market and they will be available for thirty days from the date of the last batch reaching maturity.

Note: there are no persons other than the directors who may be identified as Key Managers as defined in the IFRS.

Other Information

Legislative Decree no. 231 of 8 June 2001

Following the board of directors' resolution on 29 March 2007, the parent company has adopted a "Model of management organisation and control pursuant to article 6 of Legislative Decree no. 231/01" and has given a Supervisory Board, which includes independent professionals with the necessary professional qualifications, the task of checking the operation, the effectiveness and the observance of the model itself, giving the consultants the task of updating it.

During the year 2007, the Supervisory Board has also approved the Operating Regulations of the body itself.

On a Group level, beginning with 2006 and with the help of the external consultants, the organisational instruments, the management and the control of the Issuer and of the most important subsidiary companies were analyzed and adapted. Particularly, taking into account the organisational structure of each company, the focus was on identifying the activities within which the violation of the above decree could occur.

The main subsidiary companies (Cla Spa. Aricar Spa, Icos Impianti Group Spa, Deltamed Srl, Sogepa Gestioni Spa) approved, following board of directors' resolutions, the Models for organisation, management and control, also nominating a Supervisory Board, while in other Group companies this Model is still being prepared.

For the 2008 financial year a new Model update was scheduled, with the aim of covering other violations i.e. those mentioned in the anti-money laundering regulations (Legislative Decree no. 231 of 21 November 2007 "Decree for the Implementation of the 3rd Anti-money Laundering Directive") and in the regulations on health and safety in the workplace (Law 123 of 3 August 2007) for the Issuer and also for the subsidiary companies which have already approved the model.

Cavriago, 11th April 2008

Chairman of the Board of Directors

Simone Cimino

ARKIMEDICA GROUP

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet

Ref.	*(thousands euros)*	31 - dec 2007	31 - dec 2006
	Assets		
	Non - current assets:		
1.a	Goodwill	55.929	34.939
1.a	Intangible assets	3.629	1.132
1.b	Tangible fixed assets	69.138	33.368
1.c	Equity investments	2.724	1.568
1.d	Deferred tax assets	-	-
1.e	Other non - current assets	3.555	1.534
	Total non - current assets	**134.975**	**72.541**
	Current assets:		
2.a	Inventories	17.615	14.801
2.b	Trade receivables	68.012	62.761
2.c	Tax receivables	4.688	1.937
2.d	Other current assets	3.342	2.586
2.e	Cash and cash equivalents	18.860	13.937
	Total current assets	**112.517**	**96.022**
	Total assets	**247.492**	**168.563**
	Liabilities and shareholders' equity		
3	**Shareholders' equity:**		
	Share Capital	10.800	10.800
	Reserves	53.083	44.219
	Group net profit (loss) for the year	854	3.733
	Group shareholders' equity	**64.737**	**58.752**
	Minority interest capital and reserves	9.191	4.534
	Profit (loss) for the year - minority interest	(393)	233
	Shareholders' equity - minority interest	**8.798**	**4.767**
	Total shareholders' equity	**73.535**	**63.519**
	Non - current liabilities:		
4.a	Previsions for risk and charges	733	700
4.b	Deferred tax liabilities	6.023	2.597
4.c	Provisions for employee and other lenders	5.912	4.871
4.d	Payables to banks and other lenders	68.817	27.697
4.e	Other non - current liabilities	2.618	-
	Total non - current liabilities	**84.103**	**35.865**
	Current liabilities:		
5.a	Trade payables	31.795	32.562
5.b	Tax payables	5.004	5.980
4.c	Payables to banks and other lenders	34.421	19.970
5.c	Other current liabilities	18.634	10.667
	Total current liabilities	**89.854**	**69.179**
	Total liabilities and shareholders' equity	**247.492**	**168.563**

Consolidated Profit and Loss Account

Ref.	*(thousand euros)*	31 - Dec 2007	31 - Dec 2006
6.	**Value of production**		
	Revenues from sales of goods and services	123.393	97.094
	Change in inventories of finished products and work-in-progress	1.985	(1.587)
	Increase of internal works capitalized	452	337
7.	Other revenues	3.711	1.465
	Total value of production	**129.541**	**97.309**
	Costs of productions:		
8.	Raw material costs	(50.914)	(42.527)
9.	Service costs and rents, leases and similar costs	(36.701)	(25.198)
	of which not recurrent	-	*(527)*
10.	Personnel costs	(27.784)	(17.500)
	of which not recurrent	*558*	-
	Changes in row materials, ancillary and consumables	534	232
11.	Provisions	(490)	(472)
12.	Other operating expenses	(1.841)	(857)
	Total costs of productions	**(117.196)**	**(86.322)**
	Ebitda	**12.345**	**10.987**
13.	Amortization, depreciation and write-downs	(6.137)	(3.400)
14.	Profits resulting from lower price paid for shareholdings	0	1.990
	Ebit	**6.208**	**9.577**
15.	Financials income and charges	(3.253)	(1.600)
16.	Share of income (loss) from associates	(442)	(488)
	Profit before taxes	**2.513**	**7.489**
17.	Income taxes	(2.052)	(3.523)
	Net profit/(loss) for the year	**461**	**3.966**
	Profit/(loss) for the year - minority interests	**(393)**	**233**
	Group net profit/(loss) for the year	**854**	**3.733**
18.	**Group basic earning per share**	**0,010**	**0,03**

Consolidated Cash Flow Statement

(thousand euros)	*Ref.*		**31 - dec 07**		**31 - dec 06**
A - OPERATING ACTIVITY					
Net profit/(loss) for the year			461		3.966
Amortization and depraciation	**13.**		6.137		3.400
(Profit) loss from associates			442		488
Deferred (Pre-paid) tax assets			(1.254)		(298)
Net charges in the employee leaving indemnity provision			(807)		267
Net changes in other provisions			33		(63)
Profits resulting from the lower price paid for acquisitions of subsidiaries	**14.**		-		(1.990)
Cash flow (absorbed) from operating activity before the changes in working capital			*5.012*		*5.770*
(Increase)/Decrease in trade receivables			(2.974)		(9.014)
(Increase)/Decrease in inventories			(2.791)		1.245
Increase/(Decrease) in trade payables			(1.305)		5.025
Net changes in other current assets/liabilities			1.480		2.554
Cash flow (absorbed) from operating activity for changes in working capital			*(5.590)*		*(190)*
Total (A) cash flow from operating activity			**(578)**		**5.580**
B - INVESTMENT ACTIVITY					
Net investments in goodwill, intangibles and tangibles fixed assets			(17.276)		(3.476)
Net long - term financial assets			(1.598)		(880)
Acquisition of companies/firms, gross of the short-term Net financial Debt			(34.141)		(56.605)
Tangibles and intangibles assets	***1.b***	(22.648)		(26.559)	
Goodwill	***1.a***	(21.341)		(33.934)	
Equity investments		0		(279)	
Pre-paid taxes and other non-current assets		3.351		(1.234)	
Provision for employee leaving indemnity and other provisions		1.848		6.861	
Trade receivables	***2.b***	(2.277)		(28.805)	
Inventory	***2.a***	(23)		(10.981)	
Trade payables		538		15.908	
Payables to banks and other medium/long term loans		6.610		16.087	
Other current assets and liabilities		(199)		4.341	
Lower price paid for acquisitions	***14.***			1.990	
Total (B) cash flow (absorbed) from investment activity			**(53.015)**		**(60.961)**
C - FINANCIAL ACTIVITY					
Increase in share capital	**3.**		-		19.904
Increase in share capital post IPO (net of the relative costs)	**3.**		-		25.080
Bond (equity)			4.939		-
Other net equity changes	**3.**		4.616		4.384
Bond changes (debt)			22.497		-
Net changes in loans			12.013		3.346
Net changes in other non-current assets/liabilities			-		234
Total (C) cash flow (absorbed) resulting from financial activity			**44.065**		**52.948**
Net short-term financial availability (debt) at financial period's beginning			**(6.033)**		**(3.600)**
Net changes in short-term Net financial position (debt) (A+B+C)			**(9.528)**		**(2.433)**
Short-term net financial availability (debt) at financial period's end			**(15.561)**		**(6.033)**
Additional information:					
Interest paid			(4.188)		(2.196)
Income taxes paid			(3.306)		(3.821)

Statement of Changes in Consolidated Shareholders' Equity

	Share capital	Share premium reserve	Legal reserve	Other reserves	Profit (loss) for the period	Group shareholders' equity	Minority interest capital and reserves	Profit (loss) for the period - minority interest	Shareholders' equity - minority interests	Total shareholders' equity
Balance at 1st January 2006	**78**	**7.033**	**8**	**2.183**	**540**	**9.842**	**197**	**146**	**343**	**10.185**
Allocation of profit for the year as reserve	-	-	1	539	(540)	-	146	(146)	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Evaluation of the Stock Option Plan	-	-	-	188	-	188	-	-	-	188
Changes in consolidation scope	-	-	-	-	-	-	4.191	-	4.191	4.191
Capital contributions	7.922	10.733	-	1.249	-	19.904	-	-	-	19.904
Increase Capital for IPO	2.800	24.080	-	-	-	26.880	-	-	-	26.880
Accounting IPO costs (net of the relative fiscal effect)	-	(1.798)	-	-	-	(1.798)	-	-	-	(1.798)
Other movements	-	-	-	3	-	3	-	-	-	3
Year profit (loss)	-	-	-	-	3.733	3.733	-	233	233	3.966
Balance at 31st December 2006	**10.800**	**40.048**	**9**	**4.162**	**3.733**	**58.752**	**4.534**	**233**	**4.767**	**63.519**
Allocation of profit for the year as reserve	-	-	2	3.731	(3.733)	0	233	(233)	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Evaluation of the Stock Option Plan	-	-	-	213	-	213	-	-	-	213
Changes in consolidation scope	-	-	-	-	-	-	3.797	-	3.797	3.797
Changes in conversion reserves	-	-	-	(21)	-	(21)	(23)	-	(23)	(44)
Increase in Sogespa's share capital	-	-	-	-	-	-	650	-	650	650
Bond (equity)	-	-	-	4.939	-	4.939	-	-	-	4.939
Year profit (loss)	-	-	-	-	854	854	-	(393)	(393)	461
Balance at 31st December 2007	**10.800**	**40.048**	**11**	**13.024**	**854**	**64.737**	**9.191**	**(393)**	**8.798**	**73.535**