FARMAFACTORING SPA

Bilancio 2009 Annual Report

Annual Report 2009 25th Year

Call to the general annual Shareholders' meeting

The shareholders are hereby convened to the ordinary and special general annual shareholders' meeting to be held at the headquarters of the company, in Milan, Via Domenichino 5, in first call, on April 29, 2010 at 12:00, and, should it prove necessary, in second call, on May 7, 2010 same time and place, in order to pass resolutions on the following

Order of Business

Ordinary business
1. Examination of the draft financial statements for the year ended December 31, 2009, the board of directors' report on operations and the board of statutory auditors report; respective and pertinent resolutions;
2. Addition to the board of directors.

Special business
1. Free share capital increase from Euros 96,900,000 to Euros 105,400,000 by drawing from retained earnings, and possibly also modifying the par value of the shares; respective and pertinent resolutions;
2. Consequent change in art. 5 of the bylaws.

Milan, April 7, 2010

On behalf of the Board of Directors
The Chairman
Marco Rabuffi

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BOARD OF DIRECTORS

Chairman	Marco Rabuffi*
Vice Chairman	Giancarlo Aliberti*
Directors	Massimiliano Belingheri* Emanuele Bona* Gabriele Cipparrone Giovanni Scacchi

* *Members of the Executive Committee*

BOARD OF STATUTORY AUDITORS

Chairman	Francesco Tabone
Acting auditors	Luca Fontanesi Giancarlo Rizzani
Alternate auditors	Patrizia Paleologo Oriundi Eliano Tomasina

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

01 REPORT ON OPERATIONS

GENERAL ECONOMIC OVERVIEW

Shareholders,
The introduction to this report offers a few observations on the general economic scenario in the world and in Italy.

THE INTERNATIONAL ECONOMIC SCENARIO

Following the financial crisis which began in 2007, and the consequent negative repercussions on the global economy, the figures for 2009 showed the first signs of a recovery. The financial tensions that dominated the previous two years were attenuated, thanks partly to the economic measures implemented by the countries hardest hit by the 'crisis'.

The Federal Reserve confirmed the target range for interest rates in the U.S.A. as being between 0.00% and 0.25%, and repeated its intention of maintaining this policy for the first half of 2010. In general, the other large central banks confirmed the same policy.
The Bank of Japan and the Bank of England kept interest rates unchanged, at 0.10% and 0.50% respectively, and the ECB confirmed the official interest rate at 1.0%.
In 2010, the Basel Committee on Banking Supervision will define new rules geared to strengthening and improving the quality of capital of the banking institutions. However, these will be introduced only starting in 2012 to avoid, at this stage, sparking off another credit crunch.

Despite the levels of financial and economic uncertainty that affected 2009 in different ways, and the recovery of the U.S. dollar in December, the year closed with an increase in the value of the Euro against the U.S. dollar, equal to 1.43, in line with the figure at the end of 2008 (equal to 1.41).

According to ISAE (the Institute for Studies and Economic Analyses) estimates, the real effects of the global financial crisis were a contraction of global GDP for the current year equal to -1.3% (compared to +3.7% in 2008), and a forecast for global GDP in 2010 of +2.9%.

According to an OECD (the Organization for Economic Cooperation and Development) study of the world's leading industrialized countries, in 2009, GDP contracted significantly, despite the fact that recovery began in the third quarter of the year.
In the United States, the benchmark country from the point of view of the global economy, GDP contracted by 2.5%, in Japan it was an even higher fall of 5.3%, while, in the United Kingdom, GDP decreased by 4.7%.
In the eurozone, the weak internal demand and a contraction of investments had an adverse effect, with GDP dropping 4.0%. In France and Germany, the contraction of GDP was estimated at 2.3% and 5.0%.
The Italian economy encountered even greater difficulty (-5%), and Spain continued its recessive phase with a contraction in GDP of 3.6%.

The largest emerging nations, the so-called BRIC countries (Brazil, Russia, India and China) registered a more uneven trend, although, on the whole, it was positive. In China, GDP growth remained virtually the same as in 2008 at 8.3%, while India posted GDP growth of 6.1%. In Brazil, there was zero growth while Russia reported a marked contraction of GDP of 8.7%.

According to the OECD projections, in 2010, there should be a recovery of GDP in the world's leading industrialized countries and in the emerging nations, which observers expect to begin to drive the global economy again, with strong growth in China, estimated at 10.2%.
In the eurozone, on the other hand, growth is expected to be slower, about 0.9% in 2010, rising to 1.2% in 2011.

In 2009, the effects of the sharp decline in the prices of raw materials and energy in the second half of 2008 slowly dispersed, giving way to a trend of rising prices in the last quarter. According to a survey conducted by the OECD, inflation was negative in the United States (-0.4%), and just above zero in the eurozone (0.2%). In 2010, inflation is expected to settle at about 2.0% in the United States and 1.0% in the eurozone.

The excess of productive capacity, high unemployment and the consequent slowdown in the growth of demand are the main factors dominating the degree of uncertainty on the international macro-economic scenario and on the time needed for the global economy to recover.

THE ITALIAN ECONOMY IN 2009 AND FORECASTS FOR 2010

The growth of GDP (+0.6%) in the third quarter of 2009 marked the end of a prolonged recessive phase in Italy, during which GDP contracted, on an annual basis, by 5%.

The most critical factor for Italy remains the high level of unemployment which, in December 2009, stood at 8.6%. This had a negative influence on domestic demand and, in particular, on consumption and private investments.

Despite the weak level of competitiveness of Italian goods on international markets, a certain recovery is forecast, sustained by growth in industrial production and exports, driven essentially by foreign demand. Italian exports are expected to increase by 1.4% in 2010 and by 3.5% in 2011.

With regard to the Italian banking sector, in 2009, the quality of credit deteriorated. During the third quarter, the flow of new adjusted non-performing loans to total loans reached 2.2% (the highest figure recorded since 1998). This also affected the profits in the banking sector which were affected by losses and writedowns of loans. The directives issued by the central banks remain aimed at strengthening the capital requirements of the financial sector.
Whereas, in 2009, the economy in Italy will contract by 5%, in the two following years according to Bank of Italy and the OECD, it will register growth of between 0.7% and 1.1% in 2010, and between 1.0% and 1.5% in 2011.

In the last quarter of 2009, the inflation rate continued to increase slightly, even though, over the year as a whole, the consumer price index decreased by 0.8% (the lowest figure of the last 50 years), compared to 3.3% in 2008. The inflation rate is expected to rise gradually, by 1.4% in 2010 and 1.9% in 2011.

For the second consecutive year, the requirements of the State sector registered marked growth, due to a contraction of tax revenues, mainly attributable to the negative effects of the economic situation. These factors led to a further deterioration in the Deficit/GDP and Debt/GDP ratios, which, in 2009, were respectively 5.3% (compared to 2.7% in 2008) and 115.1% (about 10 points more than the 105.8% in 2008).

Although economic forecasts remain very uncertain, Bank of Italy predicts the beginning of a two-year period of moderate growth, driven by the recovery of the global economy and international trade. Gradually, investments and consumption should begin to recover, although growth will be held back by the persisting critical situation in the labor market, which is not expected to start improving again until 2011.

THE NATIONAL HEALTH SYSTEM IN ITALY IN 2009 AND FORECASTS FOR 2010

According to government estimates, in 2009, total expenditures for healthcare were estimated at Euros 109.4 billion, compared to Euros 106.5 billion in 2008.
Given current expenditures, Budget Law 2009 sets aside Euros 104.5 billion (equal to about 6.8% of the annual GDP), allocated as follows:
• Euros 103.8 billion refers to the *"Current Programmed Level of Financing from the State earmarked for all the Regions"*;
• Euros 0.7 billion refers to the *"Supplementary and Temporary Fund for the Regions having a High Structural Deficit"*.
The healthcare deficit for 2009 amounts to Euros 4.9 billion and will be borne entirely by the Regions, especially the ones affected by repayment plans.

On December 3, 2009, an agreement was signed by the Government, the Regions and the Autonomous Provinces of Trento and Bolzano, known as the *"New Healthcare Agreement 2010-2012"*, which became part of the Budget Law 2010 (Law 191 of December 23, 2009). The new financial and structural agreement between the Government and the Regions, with regard to the expenditures and planning of the National Health Service, valid for three years, aims to improve the quality of services, promote the appropriateness of the services offered and ensure the undivided nature of the system. Any cuts in expenditures will affect employees and pharmaceutical expenditures, but will not affect Standard Minimum Healthcare levels.

On the one hand, the New Healthcare Agreement places the task of ensuring economic and financial equilibrium in healthcare management while ensuring the efficiency and suitability of

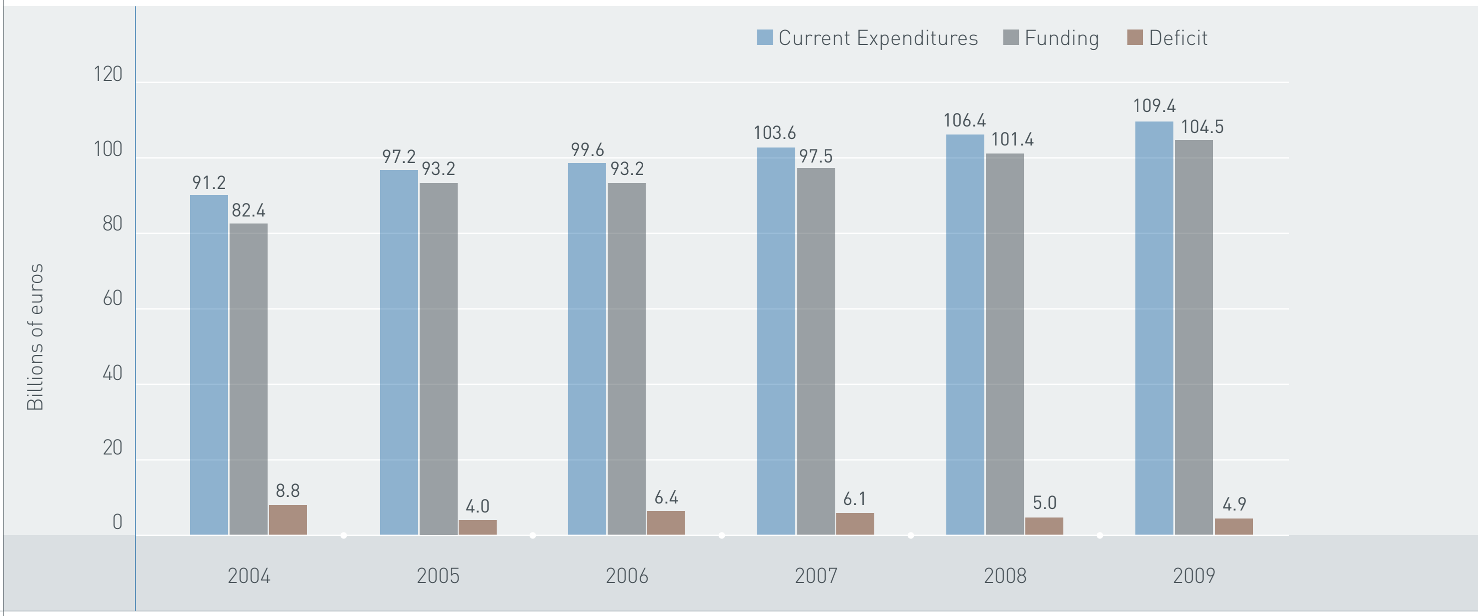
services (80% of regional accounts are for healthcare expenditures) in the hands of the Regions. On the other, the State has committed itself to ensuring funding, including supplements, of Euros 106.2 billion in 2010, Euros 108.7 billion in 2011 and Euros 111.7 billion in 2012.
For the three-year period, total funding should therefore amount to about Euros 330 billion, between the National Healthcare Fund and investments in buildings and technologies.

One of the latest features to be introduced by the New Healthcare Agreement, and incorporated within Budget Law 2010, art. 2 point 89 is the measure regarding the possibility of seizing healthcare receivables and the application of legal interest for twelve months, rather than the rate established in Legislative Decree 231/2002, for those Regions which have undersigned Repayment Plans.

This measure will have an impact on the operations of Farmafactoring, especially for the following Regions committed to the Repayment Plans: Lazio and Abruzzo (which came under the administration of an external commissioner in 2008), Molise and Campania (which came under the administration of an external commissioner in July 2009), Calabria and Sicily.

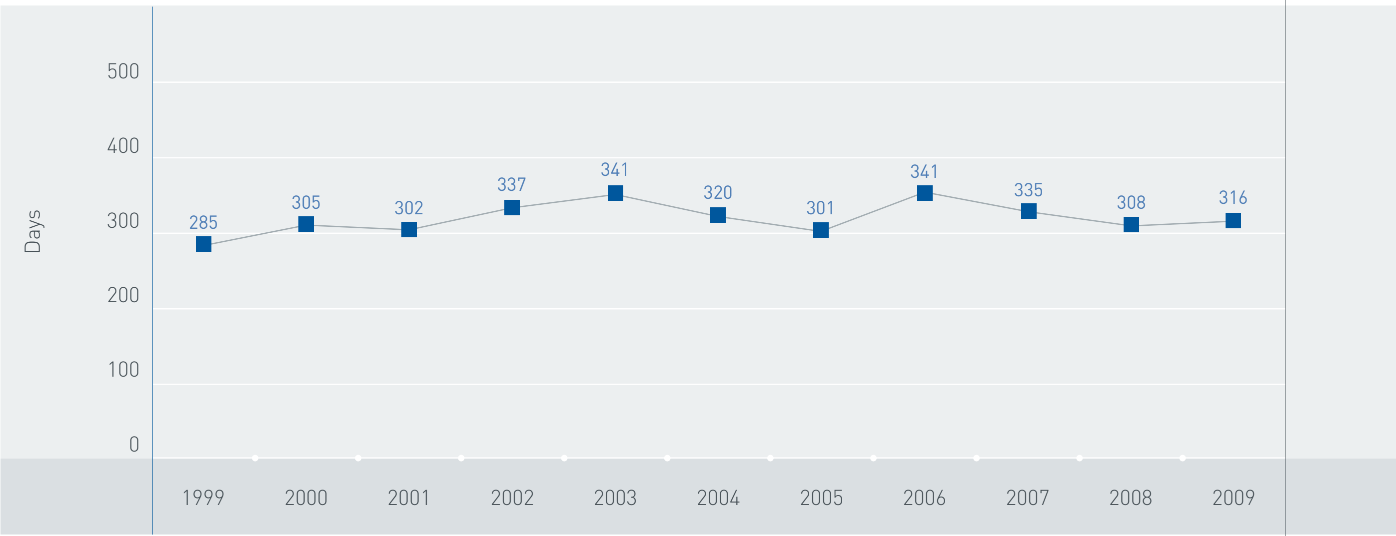
However, in February 2010, the approval of the maxi-amendment with a large number of extensions made it possible to break the deadlock on the law regarding the seizure of receivables from the ASLs (Local Health Service Agencies) in those Regions involved in Repayment Plans regarding the healthcare deficit. Rather than the 'year' cited in Budget Law 2010 and the New Healthcare Agreement, the "temporary halt" will only last for two months: in fact, as from March 2010, National Health Service suppliers may resume their normal legal procedures and be able to go back to applying the rate established in Legislative Decree 231/2002 when calculating interest due on late payments.

National Health Fund



In 2009, the number of days sales outstanding is around 316 compared to 308 days in 2008.

Days Sales Outstanding



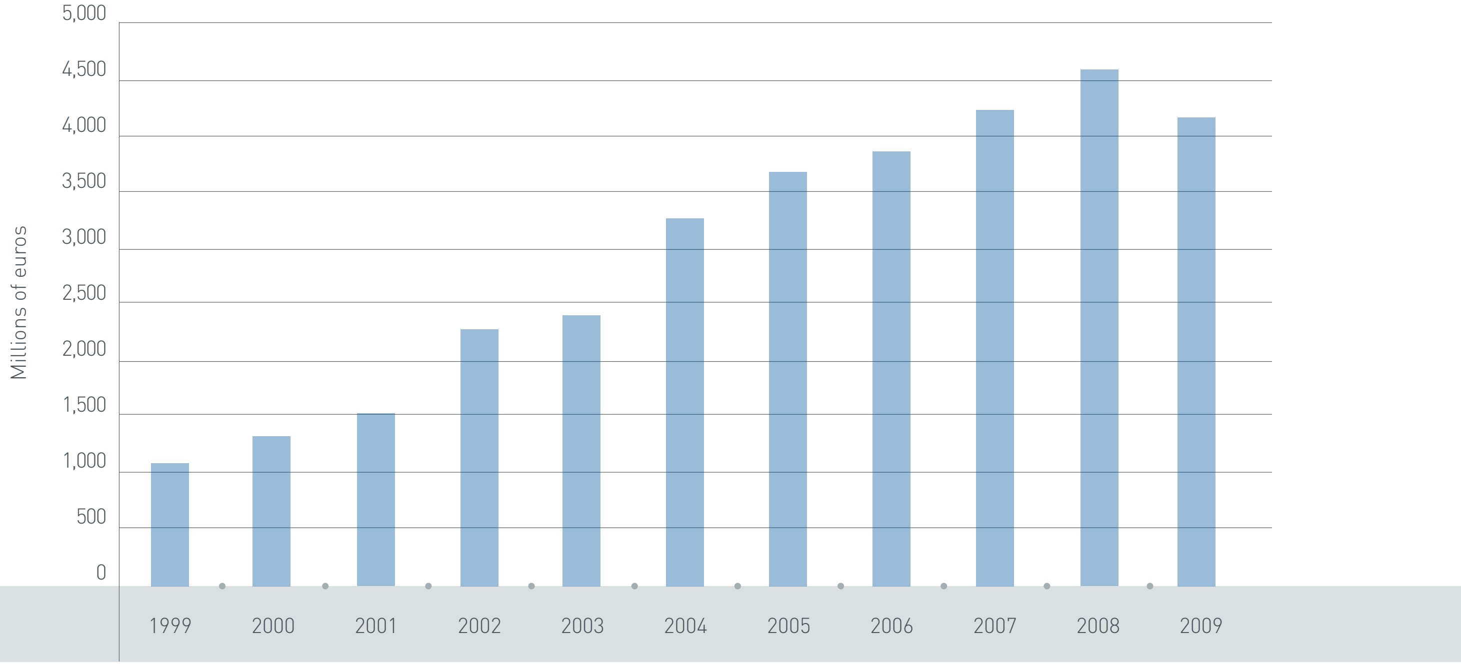
DSO (Days Sales Outstanding) in 2010 is expected to be on average around 330 days.

Despite the difficulties connected with the national and international economic picture, in 2009, the company reports an after-tax profit of Euros 42.8 million, the highest profit since its formation, compared to Euros 28.2 million in 2008, up approximately 52%.
The trend of the company's main business indicators and the key balance sheet and income statement figures are indicated in the next section.

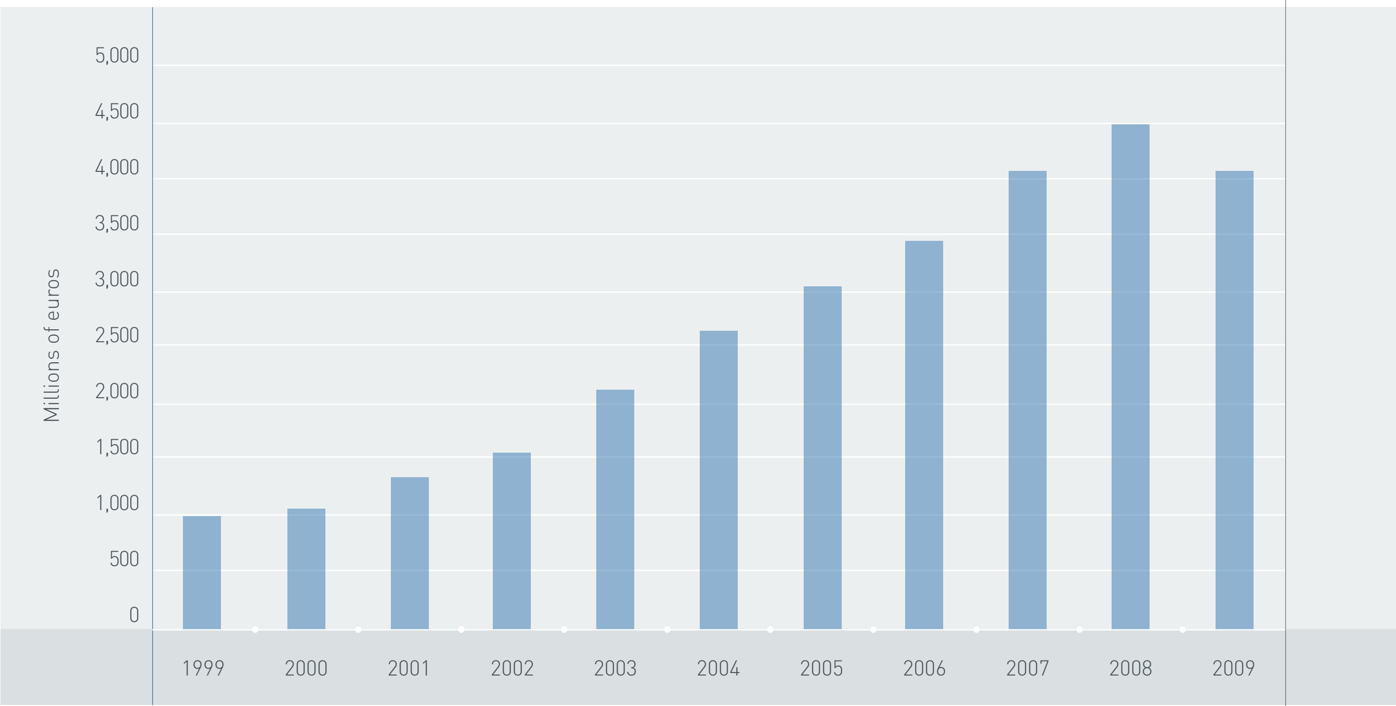
MAIN BUSINESS INDICATORS IN 2009 COMPARED TO 2008

In 2009, total volumes assigned for collection management amount to Euros 4,163 million while total collections stand at Euros 4,183 million.
The decrease compared to 2008 is due to the company's decision to allocate its resources to clientele using Farmafactoring's services on a regular basis so that their requirements for selling receivables in view of the persisting tension in the financial markets.
A contraction in the turnover of the factoring sector was a distinguishing feature of the year 2009. The decrease was particularly evident in the first half and then a moderate recovery occurred towards the end of the year.
The company chose to follow a non-aggressive policy in this difficult context with the aim of satisfying the needs of its consolidated customers and not repeating the extraordinary transactions with the Regions which covered the management or the purchase of receivables of clientele which do not operate on a regular basis with Farmafactoring.

Receivables assigned for collection Management



Collections

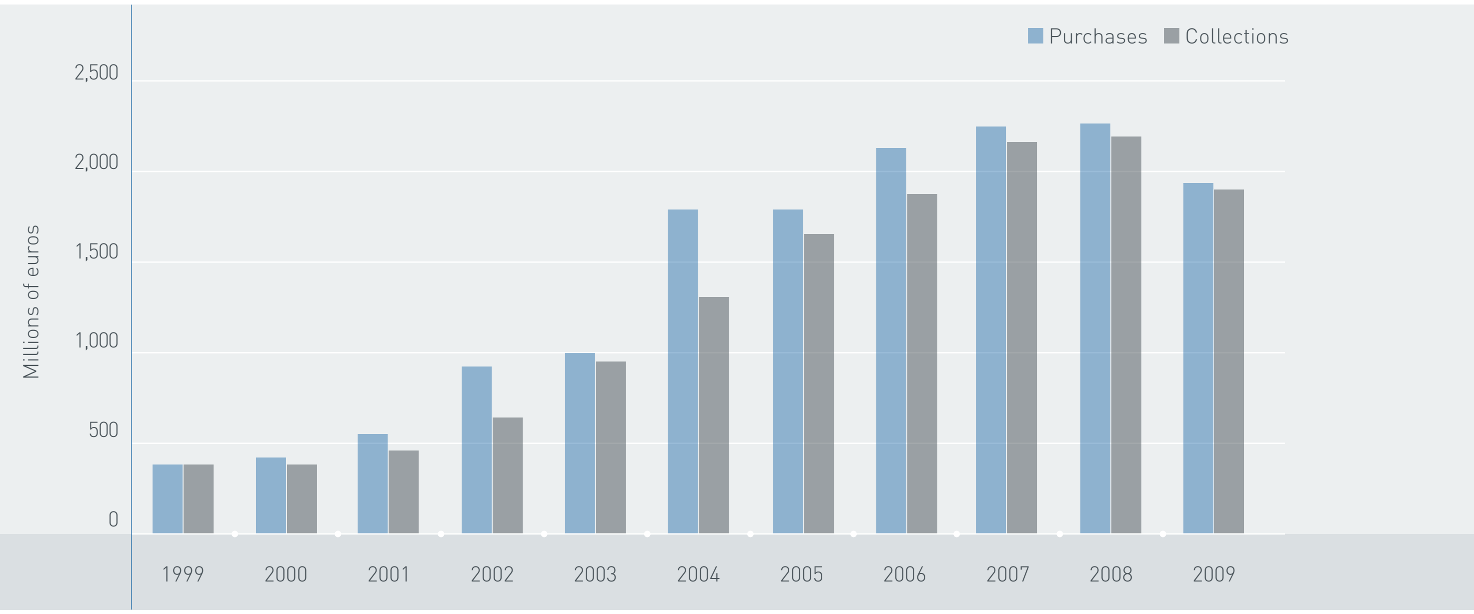


The aforementioned economic situation, in particular, has had an effect on non-recourse receivables purchased by the company which, compared to 2008, decreased from Euros 2,316 million to Euros 1,976 million solely in reference to purchases of an ordinary nature.

Farmafactoring, as mentioned, has initiated a policy of consolidating relationships with the acquired customers. Activities are focused on this target and an action plan has been designed geared to allowing the clientele to fulfill its requirements for the sale of its receivables.
The only activities that have been suspended compared to the prior refer to "extraordinary transactions" connected to agreements with the Regions and the volumes generated by commercial activities were focused on ordinary purchases.
In this respect, in contrast to 2009, in 2008 the company carried out purchases of an extraordinary nature, at special conditions, for approximately Euros 213 million.

Total collections decreased from Euros 2,266 million in 2008 to Euros 1,945 million in 2009. The following table gives a summary of non-recourse receivables purchased and collected in 2009.

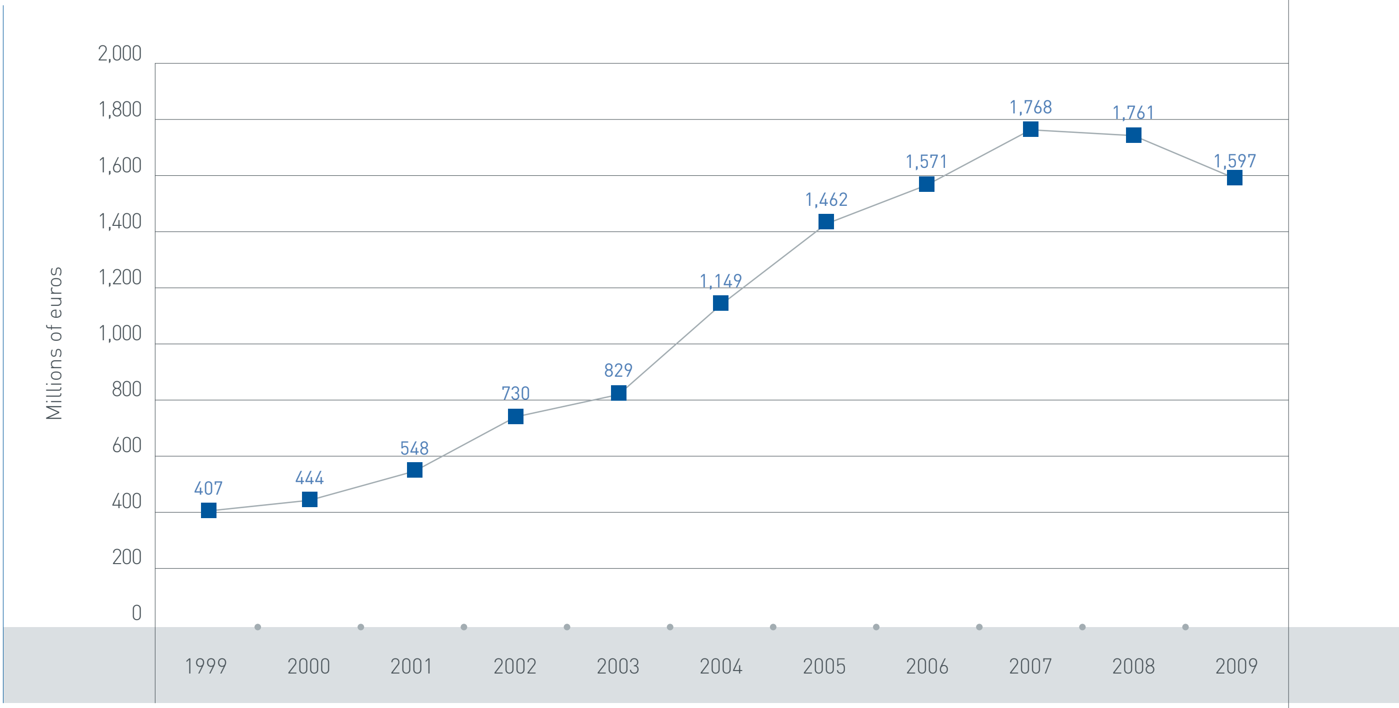
Non-Recourse Receivables - Purchases and Collections



In 2009, Farmafactoring collected receivables under an agreement with the Lazio Region for about Euros 90 million.
In 2008, collections relating to agreements with the Regions were Euros 482 million.
Interest on late payments collected in 2009 on agreements with the Regions is Euros 14 million whereas in 2008 the total was Euros 29 million.
The regional agreements make it possible to reduce the collection times on receivables due from the Local Health Service Agencies (ASLs) and the Hospital Companies (AOs) that have a high average number of days sales outstanding.
As a result of such agreements, the Region achieves the objective of decreasing public funds used for health care expenditures and reducing payment times.

The financial market crisis of 2008, as was expected, continued into the year just ended.
In this climate of credit scarcity, credit lines at the end of December 2009 amount to Euros 1,597 million. The reduction of about Euros 164 million compared to the prior year, attributable to the concentration of the largest banking institutions, did not have significant effects on the company's operations.

Bank Credit Lines



Among the transactions concluded during 2009 are the following:

- a loan secured from a pool of banks with Intesa Sanpaolo as the lead bank, arranger and agent for a total amount of Euros 120 million, for a period of 18 months;
- three bilateral amortizing loans from BNL and Banca Popolare di Vicenza for a total amount of Euros 75 million, for a period of 36 months;
- bilateral loans for a total of Euros 178.5 million, for periods of more than 12 months.

INTERNAL CONTROL

In conformity with Bank of Italy regulations regarding internal control, the organizational unit responsible for internal control has implemented the activities established in the Audit Plan 2009.
All the processes and areas have been audited including the ICAAP (Internal Capital Adequacy Assessment Process) process, the regulatory compliance area, information technology and health and safety in the workplace.
A summary of the audit activities has been presented to the board of directors and board of statutory auditors.

In 2009, the internal control office has coordinated the work of the risks committee. The committee's main activity has been to analyze the risks typical of factoring operations, verifying the capital adequacy established by Basel 2 in Pillar 2.
Starting in 2009, the risks committee has operationally overseen the risk management process of the company.
The company has identified the person in charge of anti money-laundering activities and the person in charge of health and safety in the workplace, formalizing their appointments.
The company has an Organizational Model 231 with a supervisory board that monitors its functioning and updating.
The supervisory board reports on its activities to the board of directors and the board of statutory auditors on a six-monthly basis.

The activities of the supervisory board include the following:
- control over information flows;
- analysis of the organizational models designed under the Organizational Model 231 and strengthening of monitoring activities over anti money-laundering, safety in the workplace and computer crimes;
- verification of mandatory training.

The supervisory board reports on its activities to the board of directors and the board of statutory auditors on a six-monthly basis.

BUSINESS DEVELOPMENTS

In 2009, investments were made in information technology for applications software, basic software and hardware to ensure the availability, the continuity and the performance and security of the systems.
The latter must be able to cope with ever-greater volumes of data and increasing demands in terms of security (see Legislative Decree 196 of June 30, 2003 and amendments and international standards ISO/IEC 27001:2005 - ISO/IEC 27002:2007).

In particular the following main projects were executed:
- activation of new server safety systems in the production sites and a disaster recovery plan;
- updating of software systems for the management of regulatory reporting to Bank of Italy and the management of the Single Computer Archive following the new regulations which came into force during the year;
- creation of software with new functionality in the factoring system for core activities and the management of agreements with the Regions;
- creation of software with new functionality for the statistical system of monitoring past due receivables;

• modifications in compliance with Legislative Decree 196 of June 30, 2003 and subsequent amendments (Code for the protection of personal data and the relative Attachment B (Technical Regulations on minimum security measures), with relative periodical testing.

PROGRAMMING DOCUMENT ON SECURITY

In 2009, the Programming Document on Security was updated in compliance with the provisions of article 19 of Attachment B (Technical Regulations on minimum security measures) of Legislative Decree 196/2003.

At the same time, the following documents were updated: analysis of the organization, processes and company information system regarding the treatment of personal data and the analysis of risks.

TRANSACTIONS WITH THE PARENT AND RELATED PARTIES

Starting from 2007, FF Holding S.p.A. (as the consolidating company) and Farmafactoring S.p.A. (as the subsidiary), after jointly opting to be taxed as a group, calculate the taxable profit on a consolidated basis pursuant to article 117 and subsequent articles of D.P.R. 917 of December 22, 1986.
On December 28, 2009, the parent, FF Holding S.p.A., extended a loan of Euros 5 million to Farmafactoring S.p.A., due on June 30, 2010 and regulated by normal market conditions.

Furthermore, Farmafactoring also has factoring and mandate arrangements for the management and collection of receivables with shareholder companies carried out on an arm's length basis.

On December 10, 2009, Farmafactoring España S.L. was formed with a sole shareholder, Farmafactoring S.p.A. The share capital is fully paid-in and amounts to Euros 100,000.
Farmafactoring España S.L. has its headquarters in Madrid and will start up operations in 2010 as established in the company's deed of incorporation. Its operations will reflect those of the parent, seeking to meet the needs of customer companies which operate in the Spanish market.

Additional information on related party transactions is presented in Part D, Section 6 of the notes – Related party transactions.

FUTURE OUTLOOK

According to the guidelines approved by the board of directors, Farmafactoring will continue the policy commenced in past years so that its business will not be restricted solely to credit management deriving from the supply of pharmaceuticals or diagnostic products but will also be extended to other merchandise sectors and services supplied to the Public Administration in general.

ACCOUNTING PRINCIPLES

General principles
Legislative Decree 38/2005 introduced international financial accounting standards into the Italian legal framework and requires the adoption of IAS/IFRS for the preparation of consolidated financial statements by listed companies, banks, financial intermediaries subject to regulations, companies with publicly traded stocks or bonds and insurance companies.

Structure of the IAS/IFRS financial statements
The structure of the financial statements is in accordance with the provisions stated in *"Instructions for the Preparation of the Financial Statements of the Financial Intermediaries registered in the Special List of IMELs, SGRs and SIMs"* written by Bank of Italy and issued on December 16, 2009.

The document consists of the following:
• report on operations
• balance sheet
• income statement
• statement of comprehensive income;
• statement of cash flows
• statement of changes in equity
• notes to the financial statements

RECLASSIFIED BALANCE SHEET

in thousands of euros

Items / Amounts	12.31.2009	12.31.2008	Change
Assets			
Cash and cash balances	10	14	(4)
Financial assets held for trading	0	0	0
Available-for-sale financial assets	27	27	0
Receivables	1,704,768	1,789,760	(84,992)
Investments	264	0	264
Property, plant and equipment	15,498	16,212	(714)
Intangible assets	655	636	19
Tax assets	19,054	21,446	(2,392)
Other assets	4,756	3,909	847
Total assets	1,745,032	1,832,004	(86,972)
Liabilities and equity			
Payables	1,500,039	1,585,484	(85,445)
Financial liabilities held for trading	5,930	6,825	(895)
Tax liabilities	33,306	26,346	6,960
Other liabilities	15,872	48,527	(32,655)
Employee severance indemnities	846	827	19
Provisions for risks and charges	5,731	4,822	909
Equity	140,472	130,964	9,508
Profit for the year	42,836	28,209	14,627
Total liabilities and equity	1,745,032	1,832,004	(86,972)

RECLASSIFIED INCOME STATEMENT

in thousands of euros

Items / Amounts	2009	2008	Change
Interest and similar income	118,365	144,757	(26,392)
Interest and similar charges	(42,100)	(76,642)	34,542
Net interest income	76,265	68,115	8,150
Net fee and commission income	11,027	11,327	(300)
Gains/losses on trading	895	(8,195)	9,090
Gains/losses on sale or repurchase of financial assets	0	1,361	(1,361)
Operating income	88,187	72,608	15,579
Impairment losses/reversals on financial assets	107	(7,000)	7,107
Administrative expenses	(21,895)	(20,393)	(1,502)
Adjustments to property, plant and equipment and intangible assets	(2,262)	(2,146)	(116)
Net provisions for risks and charges	(951)	(1,869)	918
Other operating income (expenses)	1,611	2,626	(1,015)
Net operating profit	64,797	43,826	20,971
Income taxes	(21,961)	(15,617)	(6,344)
Profit for the year	42,836	28,209	14,627

COMMENTS ON THE RECLASSIFIED BALANCE SHEET

The key line items in the balance sheet are commented below.

Receivables

in thousands of euros

Items / Amounts	12.31.2009	12.31.2008	Change
Due from banks	116,533	313,064	(196,531)
Due from financial institutions	1,275	1,275	0
Due from customers	1,586,960	1,475,421	111,539
Total	1,704,768	1,789,760	(84,992)

"Due from banks" is mainly composed of current account balances which the company has with banks at December 31, 2009.

"Due from financial institutions" refers to the "deferred price" reserve connected with the sales to the vehicle company Justine Capital S.r.l. of receivables due from ASLs and AOs of the Lazio Region for Euros 127 million in 2008.

Details of the amounts "Due from customers" are the following.

in thousands of euros

Items / Amounts	12.31.2009	12.31.2008	Change %
Assignors / loans account	3,690	1,897	94.52%
With recourse advances	2,197	2,438	-9.89%
Fees and commissions due from assignors	2,304	3,133	-26.46%
Non-recourse receivables purchased	1,574,493	1,464,050	7.54%
Receivables purchased below nominal amount	1,749	1,787	-2.13%
Advances for legal fees	2,520	2,109	19.49%
Debtors for interest on late payments	7	7	0.00%
Total	1,586,960	1,475,421	7.56%

Non-recourse receivables purchased are measured at amortized cost based on the present value of estimated future cash flows.

Credit quality

The company performed an impairment test on the receivables portfolio in order to identify any impairments of its financial assets.
This analysis made it possible to distinguish between performing and non-performing receivables; financial assets with a risk of loss were included in the non-performing category, while the remaining financial assets were considered in the performing category.
The measurement of performing receivables includes receivables which, although past due more than 180-270 days, show no objective indication of impairment either individually or collectively in the portfolio based on internal historical or statistical information.
This representation is consistent with the criterion of measuring non-recourse receivables purchased at amortized cost which, in fact, is based on discounting expected future cash flows according to an estimate of the time to collection.

Although the receivables from the Public Administration are considered no-risk, as in prior years, a collective assessment of performing receivables was carried out in order to monitor the quantitative content in accordance with IAS 39.

In order to determine the Loss Given Default (LGD), the company assumed the value proposed by the "Basel Accord" for credits not covered by real guarantees from sovereign states, companies and banks, equal to 45% of the Probability of Default (PD) found.
The collective assessment of the PD was performed by assigning a rating to the debtors (ASLs/AOs), corresponding to the credit rating for the particular Region to which the debtors belong, given by the major rating agencies.
This analysis has produced results in line with those of prior years and did not indicate any significant losses such as to require a charge for a collective impairment loss on the receivables.

In accordance with the *"Instructions for the Preparation of the Financial Statements of the Financial Intermediaries registered in the Special List of IMELs, SGRs and SIMs"* written by Bank of Italy and issued on December 16, 2009, Farmafactoring has divided its receivables from the clientele between "performing" and "impaired".

Impaired assets are divided into the following categories:
• Past due
• Restructured
• Doubtful
• Non-performing
The definitions of these categories are set out in the Regulatory Reporting process, defined by Circular 217 of August 5, 1996 – 8th update of December 16, 2009 *"Manual for the compilation of Regulatory Reporting for the Financial Intermediaries registered in the Special List"*.

Past due
These are in reference to exposure to non-profit entities, public sector entities and companies which at December 31, 2009 are past due more than 180 days.
In particular, positions with central administrations and central banks, public sector entities and territorial entities are considered past due when the debtor has not made any payment for any of the positions owed to the financial intermediary for more than 180 days".
At December 31, 2009, the total of past due receivables amounts to Euros 3,342 thousand.

Restructured
These are in reference to exposure for which an intermediary, owing to the deterioration of the economic and financial conditions of the debtor, agrees to modify the original contract terms which give rise to a loss.
At December 31, 2009, Farmafactoring does not have any positions classified as restructured receivables.

Doubtful
These are in reference to exposure to parties that are in temporary situations of objective difficulty which are expected to pass within a suitable period of time.
Doubtful receivables also include so-called "objective" doubtful receivables.

At December 31, 2009, doubtful receivables total Euros 6,107 thousand.
In the financial statements at December 31, 2008, there were no doubtful receivables: the determination of objective doubtful receivables was made in the financial statements at December 31, 2009 in accordance with the December 16, 2009 Bank of Italy instructions for the preparation of the financial statements of financial intermediaries.

Non-performing
These refer to exposure to parties that are in a state of insolvency or in basically similar situations, regardless of any provisions for loss set aside by the company.
At December 31, 2009, non-performing receivables, net of writedowns due to estimated impairment losses, amount to Euros 3,880 thousand.
Compared to 2008, there are no new non-performing positions. However, at December 31, 2009, on the basis of internal assessments and the advice of an external legal advisor, the potential risk of loss estimated in 2008 on receivables from the entities *"Az. Univer. Pol.co Umberto I" and "Univ. Studi di Roma La Sapienza"* has been increased by Euros 1.8 million.

Impaired assets at December 31, 2009 and December 31, 2008 are presented below.

in thousands of euros

	12.31.2009			12.31.2008		
Type / Amount	Gross amount	Impairment losses	Net amount	Gross amount	Impairment losses	Net amount
Non-performing	16,383	(12,503)	3,880	20,437	(12,610)	7,827
Exposure to assignors	602	(602)	0	602	(602)	0
Exposure to assigned debtors	15,781	(11,901)	3,880	19,835	(12,008)	7,827
Problem	6,107		6,107			
Exposure to assignors						
Exposure to assigned debtors	6,107		6,107			
Restructured						
Exposure to assignors						
Exposure to assigned debtors						
Past due	3,342		3,342	5,123		5,123
Exposure to assignors						
Exposure to assigned debtors	3,342		3,342	5,123		5,123
Total	25,832	(12,503)	13,329	25,560	(12,610)	12,950

Compared to 2008, impaired assets have remained more or less unchanged while the amount of non-performing receivables decreased principally as a result of the collection of approximately Euros 4.1 million from the entity *"Fondazione Ordine Mauriziano"* of Turin in August 2009.

In February 2010, the entity *"Fondazione Ordine Mauriziano"* of Turin paid another Euros 2.7 million which allowed the company to record an impairment reversal and release Euros 1.9 million from the provision account.
The following tables show non-performing receivables and movements in impairment losses/reversals at December 31, 2009 and at December 31, 2008.

in thousands of euros

Counterparties / Amount	Gross amount 12.31.2009	Impairment losses	Impairment reversals	Net amount at 12.31.2009
Receivable from *"Enterprise Digital Architects S.p.A."*	602	(602)	-	0
Total "Receivables from assignors"	602	(602)	-	0
Receivables from assigned debtors *("Enterprise Digital Architects S.p.A." bankruptcy)*	6,245	(5,008)	-	1,237
Receivable from *"Fondazione Ordine Mauriziano"* Liq. Mgt.	7,136	(6,500)	1,907	2,543
Receivable from *"Az. Univer. Pol.co Umberto I"* Liq. Mgt. *"Univ. Studi di Roma La Sapienza"*	2,400	(2,300)	-	100
Total "Receivables from assigned debtors"	15,781	(13,808)	1,907	3,880
Total	16,383	(14,410)	1,907	3,880

in thousands of euros

Counterparties / Amount	12.31.2008	Change		12.31.2009
	Beginning impairment losses	Impairment losses	Impairment reversals	Ending impairment losses
Receivable from *"Enterprise Digital Architects S.p.A."*	602	-	-	602
Total "Receivables from assignors"	602	-	-	602
Receivables from assigned debtors *("Enterprise Digital Architects S.p.A." bankruptcy)*	5,008	-	-	5,008
Receivable from *"Fondazione Ordine Mauriziano"* Liq. Mgt.	6,500	-	(1,907)	4,593
Receivable from *"Az. Univer. Pol.co Umberto I"* Liq. Mgt. *"Univ. Studi di Roma La Sapienza"*	500	1,800	-	2,300
Total "Receivables from assigned debtors"	12,008	1,800	(1,907)	11,901
Total	12,610	1,800	(1,907)	12,503

Investments

Investments refer to the equity investment in the company Farmafactoring España S.L., a wholly-owned subsidiary of Farmafactoring S.p.A.

The value of the investment is Euros 264 thousand and refers to the share capital fully paid-in by Farmafactoring S.p.A. and incidental charges for setting up the company. The subsidiary will draw up its first financial statements for the year ended December 31, 2010 since it was formed on December 10, 2009.

Property, plant and equipment

in thousands of euros

Items / Amounts	12.31.2008	Net increases	Net decreases	12.31.2009
Buildings	8,870	0	(302)	8,568
Land	3,685	0	0	3,685
Extraordinary building maintenance	1,314	0	(654)	660
Plant	929	118	(274)	773
Furniture and fixtures	385	61	(104)	342
Electronic machines	661	466	(460)	667
Other property, plant and equipment	368	587	(152)	803
Total	16,212	1,232	(1,946)	15,498

At the date of IFRS first-time adoption (January 1, 2005), the properties used by the company in its business (Milan and Rome) were measured at fair value which then became the new cost from that date. This resulted in a revaluation of buildings of about Euros 4 million.

Additions to electronic machines largely refer to hardware purchases.

The increase in "Other property, plant and equipment" regards mainly leasehold improvements to rented offices incurred in 2009.

Payables

in thousands of euros

Items / Amounts	12.31.2009	12.31.2008	Change
Due to banks	1,434,112	1,476,262	(42,150)
Due to financial institutions	5,000	0	5,000
Due to customers	60,927	109,222	(48,295)
Total	1,500,039	1,585,484	(85,445)

"Due to banks" refers to loans obtained from the banking system.

"Due to financial institutions" includes the loan received from the parent, FF Holding S.p.A., on December 28, 2009 due on June 30, 2010 and regulated by normal market conditions.

Financial liabilities held for trading

Financial liabilities held for trading refer to "derivative financial instruments" used to hedge interest rate risk.

Derivative financial instruments are used to hedge fluctuations in market interest rates compared to the fixed rate implicit in the non-recourse fees and commissions.

Derivatives are recognized as "Assets/Liabilities held for trading" in accordance with IAS 39 although operationally they are considered as hedges of interest rate risk relating to the purchase of non-recourse receivables.

Derivatives are measured at fair value.

At December 31, 2009, the fair value is a negative Euros 5,930 thousand while at December 31, 2008 the fair value was a negative Euros 6,825 thousand. This resulted in a positive impact in the income statement of Euros 895 thousand recognized in "Gains/losses on trading".

Provisions for risks and charges

Provisions for risks and charges amount to Euros 5,731 thousand and mainly include charges referring to employees.

Provisions include Euros 4,571 thousand principally for "Pension funds and similar obligations".

in thousands of euros

Items / Amounts	12.31.2008	Increases	Decreases	12.31.2009
Long-term employee benefits	3,820	751	0	4,571
Total	3,820	751	0	4,571

The provision includes obligations towards employees for incentive plans and contractual agreements.

These obligations have been measured in accordance with IAS 19 and the "Non-compete agreement" was computed on the basis of actuarial calculations.

COMMENTS ON THE RECLASSIFIED INCOME STATEMENT

The income statement shows an after-tax profit for the year of Euros 42,836 thousand and is Euros 14,627 thousand higher than the profit reported in 2008.
The key line items in the income statement are commented below.

Net interest income

in thousands of euros

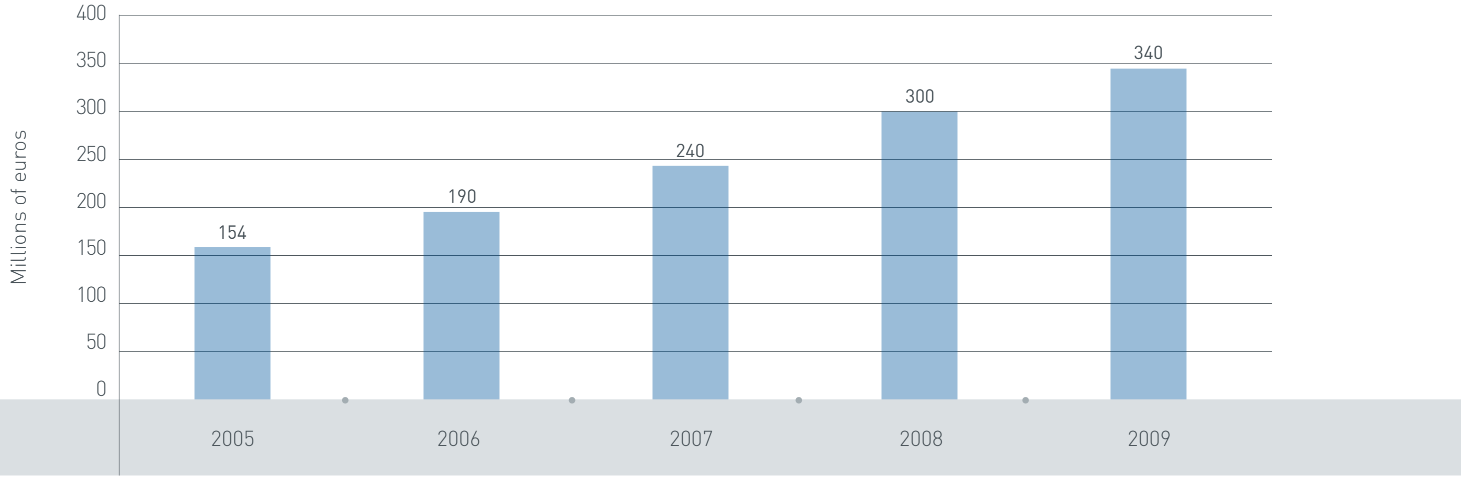
Items / Amounts	2009	2008	Change	Change %
Maturity commissions	69,898	97,054	(27,156)	-27.98%
Interest on late payments	39,185	39,363	(178)	-0.45%
Other interest	9,282	8,340	942	11.29%
Total interest income	118,365	144,757	(26,392)	-18.23%
Interest expenses	(42,100)	(76,642)	34,542	-45.07%
Net interest income	76,265	68,115	8,150	11.97%
Net interest income (%)	64,43%	47,05%		17.38%

The recognition of "Maturity commissions" in the income statement reflects the effective return from the application of the amortized cost criterion for measuring non-recourse receivables purchased, in accordance with IAS 39, as a result of which the income connected with such activity is recognized in relation to the return originating from the estimated cash flows.

"Maturity commissions" decreased by approximately Euros 27 million in 2009 compared to 2008. Such reduction is largely due to the lower average commission charged to assignors linked to the lower cost of money compared to the prior year.

"Interest on late payments" is calculated on purchases of non-recourse receivables in the amount established by existing laws. At December 31, 2009, "Interest on late payments" matured on those non-recourse receivables amount to approximately Euros 340 million, of which approximately Euros 177 million has already been invoiced and fully offset by an accrual to the provision for interest on late payments for the same amount, resulting in a nil effect.

Provision for "Interest" on late payments

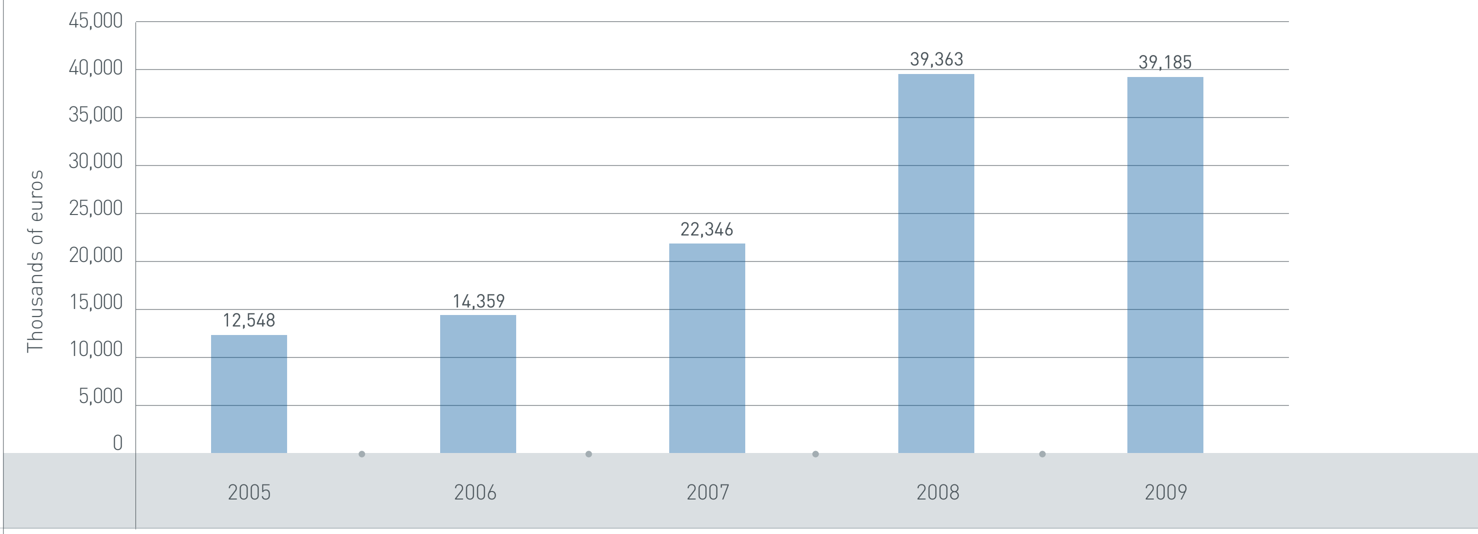


Given the uncertainty of the date of collection and the amount that will be received, “Interest on late payments” is recognized in the income statement when it is effectively received. “Interest on late payments” collected in 2009 amounts to about Euros 39.2 million, in line with collections in the prior year.

Interest on late payments collected in 2009 and relating to agreements with the Regions amount to Euros 14 million.

“Interest expenses” fell by approximately Euros 35 million in 2009 compared to 2008, mainly due to the above-mentioned reduction in the cost of money.

"Interest" collected on late payments



Net fee and commission income

The income balance of net fees and commissions does not show any significant change from the prior year. Details are as follows.

in thousands of euros

Items / Amounts	2009	2008	Change	Change %
Operating fee and commission income	11,374	11,558	(184)	-1.59%
Commission charges	(347)	(231)	(116)	50.22%
Net fee and commission income	11,027	11,327	(300)	-2.65%

Gains/losses on trading

"Gains/losses on trading" includes the recognition of the fair value of derivatives, which amounts to Euros 5,930 thousand at December 31, 2009, with a positive impact on the income statement of Euros 895 thousand.

Movements in fair value adjustments of derivatives

in thousands of euros

Items / Amounts	Carrying amount	Change
Financial assets held for trading		
Amount at 12.31.2008	0	
Amount at 12.31.2009	0	0
Financial liabilities held for trading		
Amount at 12.31.2008	6,825	
Amount at 12.31.2009	5,930	895
Gains/losses on trading		895

Impairment losses/reversals on financial assets

The impairment loss of Euros 1,800 thousand refers to the additional amount charged in respect of the receivables from the entities *"Az. Univer. Pol.co Umberto I"* and *"Univ. Studi di Roma La Sapienza"* of Rome.

However, the payment of Euros 2.7 million in February 2010 by the entity *"Fondazione Ordine Mauriziano"* of Turin allowed an impairment reversal to be recorded with a contra-entry to the provision account for Euros 1.9 million.

In 2009, impairment losses and reversals show a net impairment reversal of Euros 107 thousand.

Administrative expenses

Details of "Administrative expenses" are as follows.

in thousands of euros

Items / Amounts	2009	2008	Change	Change %
Personnel costs	9,031	7,792	1,239	15.90%
Other administrative expenses	12,864	12,601	263	2.09%
Total administrative expenses	21,895	20,393	1,502	7.37%

Personnel costs increased compared to the prior year mainly as a result of a higher number of employees in connection with the company's development plans and the optimization of the organization.

As regards employees, the following table shows the number of employees at the end of 2009 compared to prior years:

Category	2005	2006	2007	2008	2009
Senior managers	3	3	3	4	6
Managers	12	14	17	16	22
Remaining employees	43	47	50	55	54
Total	58	64	70	75	82

It can be noted that the company has increased the number of managers in conjunction with its development plan particularly the middle management categories (QD1 and QD2).

Six people were hired in 2009, with indefinite contracts, of whom two in staff and four in line positions.
During the year, fixed term contracts were used on average for two people. At the end of the year, two people were under contract.

Change in the result for the year
The pre-tax profit for 2009 increased by about Euros 21.0 million, from Euros 43.8 million in 2008 to Euros 64.8 million in 2009.
The main factors which had an effect on the change in the result for the year are the following:

1) Net interest income
As noted earlier, net interest income increased by about Euros 8 million mainly due to the impact of the reduction in the cost of money and the effect on profit and loss of commissions collected in 2009 but referring to purchases made during previous years at higher rates.

2) Gains/losses on trading / Fair value adjustments of derivatives
Compared to 2008, gains/loss on trading, consisting of fair value adjustments of derivatives, show a positive effect of approximately Euros 9 million.

The trend in rates during the year led to a positive impact on the fair value measurement of derivatives of Euros 0.9 million, whereas a negative fair value of about Euros 8 million was recorded in 2008.

3) Impairment losses/reversals of financial assets
Compared to 2008 in which impairment losses on receivables were recorded for Euros 7.0 million, in 2009, an additional impairment loss was charged in respect of the entities *"Az. Univer. Pol. co Umberto I"* and *"Univ. Studi di Roma La Sapienza"* of Rome for Euros 1.8 million. Such charge was offset by an impairment reversal of approximately Euros 1.9 million for the entity *"Fondazione Ordine Mauriziano"* of Turin.

INFORMATION ON THE COMPANY'S OBJECTIVES AND POLICIES REGARDING THE ASSUMPTION, MANAGEMENT AND HEDGING OF RISKS

Going concern
In accordance with IAS 1, paragraph 24, Farmafactoring assesses its ability to continue as a going concern and takes into account the trend of its main core indicators and available information about the future at least for 12 months after the reporting date.

Performance review
The analysis of performance over the last few years, discussed in the Report on Operations, shows a continuous improvement in terms of profit and high levels of turnover which can be summarized as follows:
- increasing trend in the last three years in profit and equity;
- steady increase in the number of staff in the last few years;
- capital adequacy in relation to the risks connected with lending activities;
- sufficient availability of financial resources;
- positive commercial prospects associated with the trend in demand.

A quantitative summary of such analyses is presented below.

Items / Amounts	12.31.2009	12.31.2008	12.31.2007
Net interest income	76.3	68.1	51.9
Operating income	88.2	72.6	63.9
EBTDA	67.0	53.0	47.6
Profit	42.8	28.2	24.1
R.O.E. (Return On Equity) (%)	30.5%	21.5%	19.7%
Operating income / Non-recourse volumes (%)	4.5%	3.1%	2.8%
Interest charges / Maturity commissions (%)	60.2%	78.6%	72.6%
Net interest income / Interest income and similar income (%)	64.4%	47.1%	46.5%
Non-performing (net of impairment losses) / Outstanding	0.3%	0.5%	0.1%
Regulatory capital / Weighted outstanding	43.4%	40.7%	38.1%
Equity	183.3	159.2	146.3

In prospective terms, too, there are no elements that would suggest that the going concern assumption is not appropriate.

Future outlook

This aspect is confirmed by the 2010 budget which includes good prospects for turnover and economic and financial results for the coming year.

Despite the fact that 2010 will be affected by persisting financial pressure, in preparing the 2010 budget an increase in turnover was budgeted and, in particular, purchases of non-recourse receivables.

Commercial efforts will be geared towards cementing relations with the acquired clientele, growing with a focus in particular on the traditional sector and expanding services for existing customers.

In this context, estimates are in any case positive for 2010 with a profit budgeted that is basically in line with that of the last few years.

As far as its particular financial structure is concerned, represented by bank credit lines equally divided between ordinary and committed lines, Farmafactoring has designed an internal monitoring system according to ICAAP principles which provides for, by means of stress scenarios, the possibility of activating a series of measures in case of strong pressures or contingency situations. Such measures vary according to the type of scenario and their goal is to keep the financial position in equilibrium through the use of different levers such as the liquidity reserve, lending plans and actions directed throughout the territory.

Farmafactoring meets its working capital requirements through the use of short-term financial credit lines and its own equity and cash flows provided during the period. At the same time, estimated lending requirements are met in the medium term with structured finance operations and bilateral committed financing transaction and financing through pools.

Following the recent crisis, the company further consolidated its position in the territory by building up commercial relations and diversifying banking relations in order to reduce as much as possible the concentration risk of relationships and minimize the time factor in the crediting of sums made available by the entities in the National Health System and the Public Administration. Moreover, the reference market suggests a strong increase in demand for the sale of non-recourse receivables, which goes against the current trend of the present situation in the financial markets.

In view of the above considerations associated with the historical analysis and the future expectations of the company's performance and its ability to access financial resources, it is deemed that Farmafactoring will continue to operate as a going concern in the future and consequently has drawn up these financial statements on a going concern basis.

Risk management and conformity with the prudential supervision regulation
Beginning January 1, 2008, the financial intermediaries registered in the special list referred to in art. 107 of T.U.B. must comply with the regulation on prudential supervision set out in Circular 216 of August 5, 1996 – 7th update of July 9, 2007 "Supervision Instructions for the Financial Intermediaries registered in the Special List" issued by Bank of Italy".
The regulation is based on three pillars.

<u>Pillar 1 – Capital adequacy to meet typical risks associated with financial activities</u>

From an operational standpoint, the absorption of risks, where significant, is calculated using various calculation methods:
- credit risk → Standardized method
- counterparty risk → Standardized method
- operating risk → Basic indicator method
- market risk → not material. The company does not have a trading portfolio.

Regulatory capital
Regulatory capital is the first line of defense against risks associated with overall financial activities and constitutes the main parameter of reference for the assessment of the capital adequacy of the company.
The purpose of the new prudential supervision regulation is to ensure that all the intermediaries registered in the special list referred to in art. 107 T.U.B. have a minimum obligatory capitalization in relation to the risks assumed.
Farmafactoring constantly assesses its capital structure, developing and utilizing techniques for monitoring and managing risks, assisted also by its internal risk committee.

From the standpoint of prudential supervision, the level of capitalization absorbed is determined considering the current reporting regulations.
Regulatory capital is composed of Tier 1 Capital plus Tier 2 Capital, net of deductions.

Compliance with capital adequacy limits, for the Tier 1 Capital Ratio and the Total Capital Ratio is constantly monitored by the competent corporate bodies.
The Tier 1 Capital Ratio is the ratio of Tier 1 capital to the amount of risk-weighted assets.
The Total Capital Ratio is the ratio of regulatory capital to the amount of risk-weighted assets.
Farmafactoring's total exposure to risks at December 31, 2009, in relation to its business, is adequate according to the level of capitalization and the profile of risk identified.
The capital ratios show an improvement over 2008 and are now 32% for the Tier 1 Capital Ratio and 38% for the Total Capital ratio.

in millions of euros, unless otherwise indicated

Details	Total 12.31.2009	Total 12.31.2008
Tier 1 capital	126.0	115.6
Tier 2 capital	22.7	22.8
Total Regulatory Capital	148.7	138.4
Risk-weighted assets	395.3	434.1
Tier 1 Capital Ratio (%)	32%	27%
Total Capital Ratio (%)	38%	32%

Pillar 2 – Internal Capital Adequacy Assessment Process (ICAAP) Summary

This Pillar requires the intermediaries to have strategies and processes for determining the adequacy of current and future capital. It is the Regulatory Authority's responsibility to verify the reliability and accuracy of the relative results and, where necessary, to take the appropriate corrective actions.
The company will present Bank of Italy with the ICAAP Summary by March 31, 2010 showing the updated risk management system for the determination of the adequacy of capital.

Pillar 3 – Disclosure to the public

By the date set for the publication of the 2009 financial statements, and at least once a year, this Pillar requires the company to publish on its website www.farmafactoring.it, using the six tables designed by Bank of Italy (complying with the order and content), the information regarding capital adequacy, exposure to risks and the general characteristics of the systems used for the identification, measurement and management of such risks (under Circular 216 of August 5, 1996 – 7th update of July 9, 2007, "Regulatory Instructions for the Financial Intermediaries registered in the Special List" Chapter V, Section XII).

Such information is discussed in greater detail in the notes, Part D) Other information.

OTHER INFORMATION REQUIRED BY ART. 2428 OF THE ITALIAN CIVIL CODE

The company does not possess treasury shares or quotas of the parent company, either directly, through individuals or trustee companies. There have been no significant events subsequent to the end of the year, apart from those that have already been mentioned.

MOTION FOR THE APPROPRIATION OF PROFIT

Shareholders,
The financial statements for the year ended December 31, 2009 show a profit of Euros 42,835,574 and the board motions for the appropriation of profit as follows:

Profit	42,835,574
- 5% to the legal reserve	2,141,779
To the shareholders:	
Euros 19 to each of the 1,700,000 shares	32,300,000
To retained earnings	8,393,795

After the appropriation of profit, the legal reserve will be equal Euros 11,548,599 and "Retained earnings" will amount to Euros 18,248,234.
The special shareholders' meeting is also called to vote on the free increase in share capital from Euros 96,900,000 to Euros 105,400,000 drawing from "Retained Earnings" Euros 8,500,000 and the simultaneous modification of the par value of the shares.
After this increase, "Retained earnings" will be reduced to Euros 9,748,234.

On behalf of the Board of Directors
The Chairman
Marco Rabuffi

02 FINANCIAL STATEMENTS AT DECEMBER 31, 2009

BALANCE SHEET

in euros

Assets		12.31.2009	12.31.2008
10.	Cash and cash balances	10,642	13,512
20.	Financial assets held for trading	0	159
40.	Available-for-sale financial assets	26,887	26,887
60.	Receivables	1,704,767,957	1,789,760,673
90.	Investments	263,900	0
100.	Property, plant and equipment	15,498,420	16,212,366
110.	Intangible assets	655,105	636,472
120.	Tax assets	19,053,729	21,445,740
	a) current	*14,276,874*	*16,387,126*
	b) deferred	*4,776,855*	*5,058,614*
140.	Other assets	4,755,655	3,908,746
	TOTAL ASSETS	1,745,032,295	1,832,004,555

in euros

Liabilities and Equity	12.31.2009	12.31.2008
10. Payables	1,500,039,266	1,585,484,582
30. Financial liabilities held for trading	5,929,999	6,825,330
70. Tax liabilities	33,305,571	26,345,637
a) current	*21,839,492*	*14,877,782*
b) deferred	*11,466,079*	*11,467,855*
90. Other liabilities	15,871,819	48,526,759
100. Employee severance indemnities	846,371	827,267
110. Provisions for risks and charges:	5,731,136	4,822,420
a) pension funds and similar obligations	*4,571,471*	*3,819,923*
b) other provisions	*1,159,665*	*1,002,497*
120. Share capital	96,900,000	90,100,000
160. Reserves	19,349,583	16,640,367
170. Valuation reserves	24,222,976	24,222,976
180. Profit for the year	42,835,574	28,209,217
TOTAL LIABILITIES AND EQUITY	1,745,032,295	1,832,004,555

INCOME STATEMENT

in euros

		2009	2008
10.	Interest and similar income	118,364,512	144,757,475
20.	Interest and similar charges	(42,099,652)	(76,642,352)
	NET INTEREST MARGIN	76,264,860	68,115,123
30.	Fee and commission income	11,374,538	11,558,528
40.	Fee and commission charges	(347,222)	(231,050)
	NET FEES AND COMMISSIONS	11,027,316	11,327,478
60.	Gains /losses on trading	895,172	(8,195,555)
90.	Gains/losses on disposal or repurchase of:		
	a) financial assets	*0*	*1,361,118*
	OPERATING INCOME	88,187,348	72,608,164
100.	Impairment losses/reversals on:		
	a) financial assets	*107,238*	*(7,000,000)*
110.	Administrative expenses:		
	a) personnel costs	*(9,031,092)*	(7,792,148)
	b) other administrative expenses	*(12,863,416)*	*(12,601,207)*
120.	Impairment losses/reversals to property, plant and equipment	(1,946,268)	(1,856,504)
130.	Impairment losses/reversals to intangible assets	(316,230)	(289,996)
150.	Net provisions for risks and charges	(951,547)	(1,868,579)
160.	Other operating income/expenses	1,611,106	2,626,237
	PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	64,797,139	43,825,967
190.	Income taxes on profit from continuing operations	(21,961,565)	(15,616,750)
	PROFIT FROM CONTINUING OPERATIONS	42,835,574	28,209,217
	PROFIT FOR THE YEAR	42,835,574	28,209,217

STATEMENT OF COMPREHENSIVE INCOME

in euros

		2009	2008
10.	Profit for the year	42,835,574	28,209,217
110.	Total Other comprehensive income after taxes	0	0
120.	COMPREHENSIVE INCOME (Items 10 + 110)	42,835,574	28,209,217

STATEMENT OF CHANGES IN EQUITY

in euros

For the year ended December 31, 2008

				Appropriation prior year profit		Change in equity during the year							
							Equity transactions						
	Opening balance 12.31.2007	Adjust. to opening balance	Opening balance 12.31.2008	Reserves	Dividends and other appropriat.	Change in reserves	New share issue	Purchase of treasury shares	Payment of extraord. dividends	Change in equity instrum.	Other changes	Comprehen. income year 2008	Equity 12.31.2008
Share capital	85,000,000		85,000,000				5,100,000						90,100,000
Share premium													
Reserves													
a) income reserves	12,929,330		12,929,330	8,811,037			(5,100,000)						16,640,367
b) other reserves													
Valuation reserves	24,222,975		24,222,975										24,222,975
Equity instruments													
Treasury shares													
Profit for the year	24,111,037		24,111,037	(8,811,037)	(15,300,000)							28,209,217	28,209,217
Equity	146,263,342		146,263,342	0	(15,300,000)		0					28,209,217	**159,172,559**

in euros

For the year ended December 31, 2009

				Appropriation prior year profit		Change in equity during the year							
							Equity transactions						
	Opening balance 12.31.2008	Adjust. to opening balance	Opening balance 12.31.2009	Reserves	Dividends and other appropriat.	Change in reserves	New share issue	Purchase of treasury shares	Payment of extraord. dividends	Change in equity instrum.	Other changes	Comprehen. income year 2009	Equity 12.31.2009
Share capital	90,100,000		90,100,000				6,800,000						96,900,000
Share premium													
Reserves													
a) income reserves	16,640,367		16,640,367	9,509,217			(6,800,000)						19,349,584
b) other reserves													
Valuation reserves	24,222,975		24,222,975										24,222,975
Equity instruments													
Treasury shares													
Profit for the year	28,209,217		28,209,217	(9,509,217)	(18,700,000)							42,835,574	42,835,574
Equity	159,172,559		159,172,559	0	(18,700,000)		0					42,835,574	**183,308,133**

STATEMENT OF CASH FLOWS INDIRECT METHOD

in euros

	2009	2008
A. Operating Activities		
1. Operations	**45,899,549**	**39,013,701**
profit for the year (+/-)	42,835,574	28,209,217
gains/losses on financial assets held for trading and on financial assets/liabilities designated at fair value through profit or loss (-/+)		
gains/losses on hedging activities (-/+)		
impairment losses/reversals (+/-)	(107,238)	7,000,000
impairment losses/reversals on property, plant and equipment and intangible assets (+/-)	2,262,498	2,146,500
net provisions and other costs/revenues (+/-)	908,715	1,657,984
unpaid indirect taxes and duties (+)		
impairment losses/reversals of disposal groups net of the tax effect (+/-)		
other (+/-)		
2. Cash flows from/used by financial assets	**(86,645,214)**	**225,170,654**
financial assets held for trading	(159)	(1,375,935)
financial assets designated at fair value through profit or loss		
available-for-sale financial assets		
due from banks	(196,531,615)	258,224,635
due from financial institutions		
due from customers	111,431,660	(35,123,666)
other assets	(1,545,100)	3,445,620
3. Cash flows from/used by financial liabilities	**(112,016,547)**	**203,169,012**
due to banks	(37,149,853)	97,286,131
due to financial institutions		
due to customers	(48,295,462)	75,275,149
securities issued	0	(7,900,000)
financial liabilities held for trading	(895,331)	6,819,621
financial liabilities designated at fair value through profit or loss		
other liabilities	(25,675,901)	31,688,111
Net cash flows from/used in operating activities	**20,528,216**	**17,012,059**
B. Investing Activities		
1. Cash flows from	**0**	**0**
disposals of equity investments		
dividends from equity investments		
sales of held-to-maturity financial assets		
sales of property, plant and equipment		
sales of intangible assets		
disposals of business segments		
2. Cash flows used in	**(1,831,086)**	**(1,712,248)**
purchases of equity investments	(263,900)	0
purchases of held-to-maturity financial assets		
purchases of property, plant and equipment	(1,232,322)	(1,415,524)
purchases of intangible assets	(334,864)	(296,724)
purchases of business segments		
Net cash flows from/used in investing activities	**(1,831,086)**	**(1,712,248)**
C. Financing Activities		
- issue/purchase of treasury shares		
- share capital increase		
- distribution of dividends and other	(18,700,000)	(15,300,000)
Net cash flows from/used in financing activities	**(18,700,000)**	**(15,300,000)**
Net increase (decrease) in cash and cash equivalents	**(2,870)**	**(189)**

RECONCILIATION

in euros

	2009	2008
Cash and cash equivalents at beginning of the year	13,512	13,701
Change in cash and cash equivalents during the year	(2,870)	(189)
Cash and cash equivalents at end of the year	10,642	13,512

NOTES TO THE FINANCIAL STATEMENTS

To the Shareholders,
the notes are arranged as follows:

1) Part A - Accounting Policies
2) Part B - Balance Sheet
3) Part C - Income Statement
4) Part D - Other Information

Part A - Accounting Policies

A.1 - General information

Section 1 - Statement of compliance with international accounting principles
The financial statements have been prepared in accordance with the international accounting principles (IAS/IFRS) issued by the International Accounting Standards Board (IASB), endorsed by the European Commission as established in EC Regulation 1606 of July 19, 2002 regulating the coming into force of IAS/IFRS, and all interpretations of IFRIC endorsed by the European Commission and in effect at the end of the reporting period.
IFRS have been applied by complying with the systematic framework for the preparation and the presentation of the financial statements with particular reference to the fundamental principle of substance over form and the concept of relevance or significance of the information.

The financial statements have been drawn up according to the *"Instructions for the Preparation of the Financial Statements of the Financial Intermediaries registered in the Special List of IMELs, SGRs and SIMs"* written by Bank of Italy and issued on December 16, 2009.

Section 2 - Basis of presentation
The financial statements include the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, the notes to the financial statements and the report on operations.
The financial statements agree with the accounting records of the company.
In conformity with art. 5, paragraph 2 of Legislative Decree 38 of February 28, 2005, the financial statements are expressed in euros which is the functional currency.

The notes are prepared in thousands of euros and present comparative figures for the prior year.
The components of the financial statements are measured in accordance with the general criterion of prudence, the going-concern concept and on the accrual basis.

Significant accounting policies
In accordance with IAS 1.108 and the Instructions contained in the December 16, 2009 Bank of Italy regulation, the most significant accounting policies are described as follows:
• **Financial assets/liabilities held for trading**
Financial instruments hedging exposure to interest rate risks included in this line item are measured at fair value.
• **Receivables**
Non-recourse receivables purchased are measured at amortized cost whereas other receivables are stated at their face value.
• **Property, plant and equipment and intangible assets**
These assets are stated at cost.
• **Other receivables and other payables**
These are stated at their face value.

Section 3 - Subsequent events
There have been no events or facts subsequent to the end of the reporting period such as to require an adjustment to the results of the financial statements for the year ended December 31, 2009.

Section 4 - Other matters

Use of estimates and assumptions in the preparation of the financial statements
The preparation of the financial statements requires the use of estimates and assumptions that imply the use of available information and the adoption of subjective judgments based also upon historical experience in order to formulate reasonable assumptions for the recognition of operating events. These estimates may vary from one year to the next and, hence, the actual results recorded in the financial statements may differ significantly owing to changes in the subjective judgments utilized.

The main categories that require the use of estimates can be summarized as follows:
• measurement of impairment losses on receivables and, in general, on other financial assets;
• fair value estimation of financial instruments to be used for disclosure purposes;
• use of estimation models for determining the fair value of financial instruments not listed in active markets;
• measurement of investments;
• measurement of employee benefit obligations and provisions for risks and charges;
• estimates and assumptions on the recoverability of deferred tax assets.

The description of the accounting policies adopted for the main aggregates of the financial statements provides the information needed to identify the major assumptions and subjective judgments used in the preparation of the financial statements.

For additional detailed information on the breakdown and the relative amounts recognized in the line items where estimates are used, reference should be made to the specific sections of the notes.

Audit
The shareholders' meeting held on April 29, 2009 appointed "PricewaterhouseCoopers S.p.A." for the audit of the financial statements of the company for the three-year period 2009, 2010 and 2011 pursuant to the provisions of art. 2409 bis of the Italian Civil Code.

New accounting standards
Some of the major changes adopted in the financial statements in 2009 are the following:

A) IAS 1 revised: the statement of comprehensive income;
B) amendments to IAS 39 and IFRS 7: the reclassification of financial instruments between accounting portfolios and the relative disclosure obligations.
There are no reclassifications of financial instruments among portfolios at the end of the reporting period.
C) amendment to IFRS 7: the fair value hierarchy according to level 1, level 2 and level 3.

The fair value measurements are classified according to a hierarchy based on levels which reflect the importance of the inputs used in the measurements. They are divided into three levels:
1) quoted prices in active markets;
2) inputs derived from observable market data, other than the quoted prices of the financial instrument;
3) inputs that are not based on observable market.
The amendment is applicable to Farmafactoring at December 31, 2009 for the fair value measurement of derivative financial instruments (level 2).

Changes in classification
In accordance with the new Bank of Italy regulations issued on December 16, 2009, the company has made the appropriate changes and reclassifications to the financial statements for the year ending December 31, 2008.

A.2 - Information on the main aggregates of the financial statements

Information is provided below on the main aggregates of the financial statements and the criteria for recognition, classification, measurement and derecognition.

A.2.1 Financial assets held for trading

Recognition criteria
Derivatives are initially recognized at the trade date at fair value.

Classification criteria
Financial assets held for trading include financial instruments used to hedge fluctuations in market interest rates compared to the fixed rate implicit in non-recourse fees and commissions.

Derivatives are recognized as assets/liabilities held for trading in accordance with IAS 39 although operationally they are considered as hedges of interest rate risk relating to the activities for the purchase of non-recourse receivables.

Measurement criteria
Financial assets held for trading are adjusted to the relative fair value through profit or loss.
If the fair value of a financial asset becomes negative, it is recorded as a financial liability.

Since these instruments are not listed in an active market, the fair value is determined using estimation methods and valuation models which take into account all the risk factors related to the instruments and are based on data obtained on the market where available. Accordingly, considering that the inputs used for the measurement of financial assets held for trading are different from the quoted prices but observable directly or indirectly in the market, in accordance with the Instructions for the preparation of financial statements issued by Bank of Italy on December 16, 2009, the fair value hierarchy is level 2.

Derecognition criteria
Financial assets held for trading are derecognized when the contractual rights have expired and when, as a result of the sale, the company has substantially transferred all the risks and rewards of ownership.

A.2.2 Available-for-sale financial assets

Recognition and classification criteria
These are financial assets held for an indefinite period of time which are not classified as receivables, held-to-maturity financial assets or assets designated at fair value through profit or loss.
Monetary market securities, other debt instruments and equity securities may be classified as available-for-sale financial assets which can, for any reason, such as liquidity requirements or changes in interest rates, in exchange rates or in the prices of equity securities, be sold.
The investment in Nomisma S.p.A. is recognized on this line since it is not subject to a “significant influence”.

Measurement criteria
Available-for-sale financial assets (except for investments in equity instruments that are not listed in active markets and whose fair value cannot be determined reliably, which are kept at cost) are measured at fair value.
The investment in Nomisma S.p.A. is accounted for at cost and tested for impairment.

Derecognition criteria
The investment is derecognized at the time of sale.

A.2.3 Receivables

Recognition criteria
Non-recourse receivables:
a) non-recourse receivables purchased, with the transfer of substantially all the risks and rewards of ownership, are recognized initially at fair value, represented by the face value of the receivable net of fees and commissions charged to the assignor.
b) receivables purchased for amounts below face value are recognized for the amount effectively paid at the time of purchase.

Measurement criteria
Non-recourse receivables purchased subsequent to initial recognition are measured at amortized cost determined by discounting estimated future cash flows.
The measurement of performing receivables includes receivables that despite being past due more than 180-270 days show no objective elements of a loss either at an individual or a collective level of the portfolio.
Nevertheless, such receivables are included in impaired assets, in accordance with Bank of Italy's December 16, 2009 instructions for the preparation of financial statements, even though, as mentioned above, there are no profiles of risk.

This representation is consistent with the method of measuring non-recourse receivables purchased at amortized cost which is in fact based on discounting estimated future cash flows according to an estimate of the time to collection.

Under IAS 39, and for the purposes of an analytical valuation, the company carried out an assessment of the financial assets classified in receivables in order to identify any impairment of individual positions.
Such non-performing receivables are measured by adjusting receivables to estimated realizable value by recognizing in the income statement any impairment losses determined on an individual basis which takes into account cash flows and estimated collection times and any impairment reversals.
The impairment loss is reversed and the receivable is reinstated to its original carrying amount when the reasons for the impairment no longer exist.

Interest on late payments is recognized in the income statement at the time of actual collection.

Derecognition criteria
Receivables are eliminated when they are considered unrecoverable.

A.2.4 Investments

Recognition and classification criteria
These consist of equity investments in which the company has control. Specifically, this refers to the company Farmafactoring España S.L., a wholly-owned subsidiary recognized initially at cost. Cost is represented by the value of share capital subscribed to and the costs incurred for setting up the company.

Measurement criteria
The investment is valued at cost and is adjusted by any impairment in the carrying amount and recognized in the income statement.

Derecognition criteria
Investments are derecognized when the contractual rights to the cash flows from the investment expire or when the investments are sold with the transfer of substantially all the risks and rewards deriving from their ownership.

A.2.5 Property, plant and equipment

Recognition and classification criteria
Property, plant and equipment include assets and buildings, plant, other machines and equipment held for use in the business by the company.
Property, plant and equipment are recognized initially at cost, including all directly attributable costs to bring the asset to use.
Ordinary maintenance costs are recorded directly in the income statement.

Measurement criteria
At the date of IFRS first-time adoption (January 1, 2005), the properties used by the company in its business were measured at fair value which then became the new cost from that date.
Subsequent to initial recognition, the other property, plant and equipment were accounted for at cost less depreciation. Such assets are depreciated on a straight-line basis over the remaining estimated useful life.

Derecognition criteria
Property, plant and equipment are derecognized from the balance sheet at the time of disposal or when the asset is permanently retired from use or when future economic benefits are not expected to derive from its disposal.

A.2.6 Intangible assets

Recognition and classification criteria
Intangible assets are recorded at cost, adjusted by any additional expenses, only if it is probable that the assets will generate future economic benefits and if the cost of the assets can be determined reliably.

If not, the cost of intangible assets is recognized in the income statement in the year incurred.
Intangible assets are basically represented by software used for more than one year.

Measurement criteria
Intangible assets are recognized at cost net of amortization calculated on a straight-line basis over their estimated useful lives.
At every closing date the assets are tested for impairment whenever there is an indication that the carrying amount may not be recoverable.
Any impairment loss is recognized in the income statement and is represented by the difference between the carrying amount of the asset and the recoverable amount.

Derecognition criteria
Intangible assets are eliminated at the time of disposal or when the asset is permanently retired from use.

A.2.7 Tax assets and liabilities

Income taxes are calculated in accordance with enacted tax legislation.
The tax charge consists of the total amount of current and deferred income taxes included in arriving at the result for the year.
Current income taxes correspond to the amount of income taxes calculated on the taxable income for the year.
Deferred tax liabilities correspond to the amount of income taxes due in future years on temporary taxable differences. Deferred tax assets correspond to the amount of income taxes recoverable in future years and refer to deductible temporary differences.
The tax amount of an asset or a liability is the value attributed to that asset or liability according to enacted tax legislation.
A deferred tax liability is recognized on all taxable temporary differences as set forth in IAS 12.
A deferred tax asset is recognized on all deductible temporary differences as set forth in IAS 12 only to the extent that it is probable that there will be future taxable income against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are calculated on the basis of enacted tax rates in the year in which the asset will be recovered or the liability will be settled.

Current and deferred tax charges and benefits are recognized in the income statement.

A.2.8 Payables

Classification criteria
Payables include all technical forms of funding from banks and customers (deposits, current accounts and financing).

Recognition and measurement criteria
Payables essentially include exposure to banks and the residual amount payable to assignors. Due to banks are recognized at the nominal amounts since they are generally due within 18 months.

Derecognition criteria
Financial liabilities are derecognized from the financial statements when the obligation specified in the contract is extinguished or following a substantial change in the contract terms of the liability.

A.2.9 Employee severance indemnities

Recognition and measurement criteria
As a result of the new provisions introduced by Law 296 of 2006, the calculation of employee severance indemnities accrued up to December 31, 2006 (which remains with the company) is calculated by estimating the remaining service life of the employees, by individual person or homogeneous groups, on the basis of demographic assumptions:
• projecting the employee severance indemnity already accrued, on the basis of demographic assumptions, in order to estimate the amount payable at the time of termination of employment;
• discounting the indemnity accrued to December 31, 2006 to present value on the basis of financial assumptions.
The employee severance indemnity accruing from January 1, 2007, since it must be transferred to the INPS fund or supplementary pension funds, takes on the characteristics of a "defined contribution plan" since the employer's obligation ceases once payment is made and the contribution is recorded in the income statement on the accrual basis.

A.2.10 Provisions for risks and charges

Recognition and measurement criteria
Provisions for risks and charges include costs and expenses of a determinate nature considered certain or probable which, at the balance sheet date are uncertain as to amount or as to the date on which they will arise.
The provisions for risks and charges are only made when:
• there is a present obligation as a result of a past event;
• it is more likely than not that an outflow of resources will be required to settle the obligation;
• the amount of the obligation can be estimated reliably.

The provisions for risks and charges include, in accordance with IAS 19, the measurement of post-employment benefits.
The measurement of such obligations in the balance sheet, where necessary, is made according to actuarial calculations by determining the charge at the measurement date on the basis of demographic and financial assumptions.

Derecognition criteria

Derecognition occurs when the obligation or contingent liability which generated the recognition of a provision is extinguished.

A.2.11 Recognition of revenues

The general criterion for the recognition of revenue components is the accrual basis. Specifically:

• interest income on receivables due from customers is recognized at the effective return; similarly, commissions charged to the assignor for the purchase of non-recourse receivables are recognized as transaction revenues and are therefore part of the effective return of the receivable;

• interest on late payments is calculated on non-recourse receivables purchased according to existing laws.

Given the uncertainty of the date of collection and the amount that will be paid, receivables for interest on late payments referring to the year are entirely written off by setting up a specific provision that is deducted from the corresponding asset account.

The amounts recognized in the income statement represent the actual amount received during the year;

• commissions on receivables collection management on behalf of assignors are recognized in two successive stages in relation to the time and nature of the service rendered:

- when the receivables are entrusted for credit management;
- when the receivables are collected.

A.3 - Fair value disclosure

All amounts are expressed in thousands of euros

A.3.1 Reclassifications between portfolios

A.3.1.1 Reclassified financial assets: carrying amount, fair value and effects on comprehensive income

In 2009, no financial assets have been reclassified.

A.3.1.2 Reclassified financial assets: effects on comprehensive income before reclassification

In 2009, as in 2008, no financial assets have been reclassified.

A.3.1.3 Reclassification of financial assets held for trading

In 2009, no financial assets held for trading have been reclassified.

A.3.1.4 Effective interest rate and expected cash flows from reclassified assets

In 2009, since no financial assets have been reclassified, it is not possible to identify the effective interest rate and the amounts of expected cash flows.

A.3.2 Fair value hierarchy

A.3.2.1 Accounting portfolios: breakdown by fair value level

Financial assets/liabilities measured at fair value	Level 1	Level 2	Level 3	Total
1. Financial assets held for trading				
2. Financial assets designated at fair value through profit or loss				
3. Available-for-sale financial assets				
4. Hedging derivative assets				
Total				
1. Financial liabilities held for trading		5,930		5,930
2. Financial liabilities designated at fair value through profit or loss				
3. Hedging derivative liabilities				
Total		5,930		5,930

The above financial assets/liabilities designated at fair value refer to Level 2 in that the inputs used for measurement can be observed directly or indirectly and are not quoted prices in an active market.
Financial liabilities held for trading refer to the recognition of the fair value of the derivatives used for hedging interest rate risk.

A.3.2.2 Annual changes in financial assets designated at fair value at Level 3
At December 31, 2009, there are no financial assets designated at fair value at Level 3 (not based on observable market data); during the year there were no changes involving such assets.

A.3.2.3 Annual changes in financial liabilities designated at fair value at Level 3
At December 31, 2009, there are no financial liabilities designated at fair value at Level 3 (not based on observable market data): during the year there were no changes involving such liabilities.

A.3.3 Day one profit/loss
At December 31, 2009, there are no financial assets designated at fair value at Level 3 (not based on observable market data); therefore the market of financial instruments is not active.

Part B - Balance Sheet

All amounts are expressed in thousands of euros.

ASSETS

Section 1 - Cash and cash balances - caption 10
Euros 10

Cash and cash balances are represented by the cash fund and the liquidity on the postal account. There are no significant changes compared to 2008.

Section 2 - Financial assets held for trading - caption 20
Euro 0

At December 31, 2008, financial derivatives held for trading totaled Euros 159 (amounts in euros); their notional amount was Euros 10,000 (see table *"2.2 Derivative financial instruments"*). Amounts at December 31, 2008 and December 31, 2009 refer, in both periods, to financial derivatives issued by banks. Since the amounts are equal to 0, the tables *"2.1 Financial assets held for trading: product breakdown"* and *"2.3 Financial assets held for trading: breakdown by debtor/issuer"* have not been completed.

2.2 Derivative financial instruments

Types / Underlyings	Interest rate	Currency	Equity securities	Other	Total 12.31.2009	Total 12.31.2008
1. Over the counter						
Financial derivatives						
- Fair value	0				0	0
- Notional amount	0				0	10,000
Credit derivatives						
- Fair value						
- Notional amount						
Total	0				0	0
2. Other						
Financial derivatives						
- Fair value						
- Notional amount						
Credit derivatives						
- Fair value						
- Notional amount						
Total						
Total	0				0	0

Section 4 - Available-for-sale financial assets - caption 40
Euros 27

Available-for-sale financial assets represent the investment in the company Nomisma S.p.A. Information about the investment is as follows:

Description	Carrying amount	No. of shares purchased	Par value per share	Percentage of investment holding
Nomisma S.p.A.	26,887	72,667	0.37	0.503%

Key figures on Nomisma S.p.A. are as follows:

amounts in euros, referring to December 31, 2008

Head office	Bologna - Strada Maggiore n. 44
Share capital	5,345,328
Equity	5,404,237
Profit for the year	257,344

4.2 Available-for-sale financial assets: breakdown by debtor/issuer

Items / Amounts	Total 12.31.2009	Total 12.31.2008
Financial assets		
a) Governments and central banks		
b) Other public sector entities		
c) Banks		
d) Financial institutions		
e) Other issuers	27	27
Total	27	27

4.3 Available-for-sale financial assets: annual changes

Changes / Types	Debt securities	Equity securities and units in OICR	Financing	Total
A. Beginning balance		27		27
B. Increases				
B.1 Purchases				
B.2 Positive fair value changes				
B.3 Impairment reversals				
- through profit or loss				
- in equity				
B.4 Transfers from other portfolios				
B.5 Other changes				
C. Decreases				
C.1 Sales				
C.2 Reimbursements				
C.3 Negative fair value changes				
C.4 Impairment losses				
C.5 Transfers to other portfolios				
C.6 Other changes				
D. Ending balance		27		27

Section 6 - Receivables - caption 60
Euros 1,704,768

The caption mainly includes receivables from debtors for factoring activities.

6.1 "Due from banks"
Euros 116,533

Due from banks amounts to Euros 116,533 and includes the current account balances with banks at December 31, 2009.
The caption includes liquidity deriving from collections received in the final days of the year until they are cleared relating to both the mandate for receivables collection management and non-recourse receivables purchased.
The balance consists of amounts due on demand and is therefore included in the short-term category with a residual term "up to three months".

Breakdown	Total 12.31.2009	Total 12.31.2008
1. Deposits and current accounts	116,533	313,064
2. Financing		
2.1 Repurchase agreements		
2.2 Finance leases		
2.3 Factoring activities		
- receivables from assignors		
- receivables from assigned debtors		
2.4 Other financing		
3. Debt securities		
- structured		
- other		
4. Other assets		
Total carrying amount	116,533	313,064
Total fair value	116,533	313,064

6.3 "Due from financial institutions"
Euros 1,275

	Total 12.31.2009		Total 12.31.2008	
Breakdown	Performing	Impaired	Performing	Impaired
1. Financing				
1.1 Repurchase agreements				
1.2 Finance leases				
1.3 Factoring activities				
- recourse				
- non-recourse				
1.4 Other financing				
2. Debt securities				
- structured				
- other				
3. Other assets	1,275		1,275	
Total carrying amount	1,275		1,275	
Total fair value	1,275		1,275	

"Due from financial institutions" refers to the deferred price reserve in connection with the sale to the vehicle company Justine Capital S.r.l. of receivables from the ASLs and the AOs of the Lazio Region in 2008 for Euros 127 million.

6.5 "Due from customers"
Euros 1,586,960

The breakdown of the caption is as follows:

• performing non-recourse receivables purchased, recorded in the name of the assigned debtor, which meet the conditions for derecognition, measured at amortized cost, with a balance of Euros 1,562,913.
The total includes Euros 70 relating to past due receivables not impaired (Circular 217 of August 5, 1996 – 8th update of December 16, 2009 *"Manual for the compilation of Regulatory Reporting for the Financial Intermediaries registered in the Special List"*.
Non-recourse receivables are mainly purchased when already past due and the principal portion of the receivables is deemed collectible;
• Impaired Assets, inclusive of exposure for purchases below face value, total Euros 13,329 and comprise:
- non-performing receivables, for Euros 3,880;
- doubtful receivables, for Euros 6,107;
- past due receivables, for Euros 3,342;
• receivables from assignors for advances made on receivables with recourse for Euros 2,197;
• receivables referring to advances, commissions to be invoiced to assignors and interest on extended payment terms granted to debtors for Euros 6,001;
• receivables from assignors for legal fees to be recovered for Euros 2,520;
• receivables for interest on late payments invoiced up to December 31, 2009 amounting to Euros 177,272 which are fully offset by an accrual to the provision for interest on late payments for the same amount, resulting in a nil effect.

Past due receivables amount to Euros 3,342 and consist of receivables from non-profit entities, public sector entities and companies which at December 31, 2009 are past due more than 180 days. Specifically, exposure to central administrations and central banks, public sector entities and territorial entities are considered past due when the debtor has not made any payment for any of the positions owed to the financial intermediary for more than 180 days".

"Objective" doubtful receivables amount to Euros 6,107 and are composed of exposure to parties that are in temporary situations of objective difficulty which are expected to pass within a suitable period of time.
In the financial statements at December 31, 2008 there were no doubtful receivables: the determination of objective doubtful receivables was made in the financial statements at December 31, 2009 in accordance the *"Instructions for the Preparation of the Financial Statements of the Financial Intermediaries registered in the Special List of IMELs, SGRs and SIMs"* written by Bank of Italy and issued on December 16, 2009.

Non-performing receivables include exposure to parties that are in a state of insolvency or basically in similar situations, regardless of any provisions for loss set aside by the company.

Non-performing receivables include all doubtful uncollectible receivables, net of writedowns for estimated losses on receivables and any writebacks.
At December 31, 2009, non-performing receivables amount to Euros 3,880. Details are in the following table.

Counterparties / Amounts	Gross amount 12.31.2009	Impairment losses	Impairment reversals	Net amount 12.31.2009
Exposure to *"Enterprise Digital Architects S.p.A."*	602	(602)	-	0
Total "Exposure to assignors"	602	(602)	-	0
Exposure to assigned debtors *("Enterprise Digital Architects S.p.A." bankruptcy)*	6,245	(5,008)	-	1,237
Exposure to *"Fondazione Ordine Mauriziano"* Liq. Mgt	7,136	(6,500)	1,907	2,543
Exposure to *"Az. Univer. Pol.co Umberto I"* Liq. Mgt *"Univ. Studi di Roma La Sapienza"*	2,400	(2,300)	-	100
Total "Exposure to assigned debtors"	15,781	(13,808)	1,907	3,880
Total	16,383	(14,410)	1,907	3,880

Compared to 2008, there are no additional non-performing positions.
At December 31, 2009, on the basis of internal assessments and the advice of an external legal advisor, the potential risk of loss estimated in 2008 on receivables from the entities Az. Univer. Pol.co Umberto I" and "Univ. Studi di Roma La Sapienza" has been increased by Euros 1,800.
After the collection in August 2009 of Euros 4.1 million, in February 2010, the entity "Fondazione Ordine Mauriziano" of Turin paid another Euros 2.7 million which enabled the company to record an impairment reversal and release Euros 1,907 from the provision account.
Legal action has been taken with the aim of accelerating credit recovery although no adjustment has been made to receivables at December 31, 2009 as regards principal in view of the solvency of the debtors.

Non-recourse receivables purchased below face value amount to Euros 544 at December 31, 2009, net of writedowns.
At December 31, 2009, the realizable value of receivables purchased below face value is equal to Euros 121.

Given the uncertainty and the difficulty of establishing the collectibility of the interest on late payments, the interest is prudently recorded in the income statement only when collection is effectively received.

Breakdown	Total 12.31.2009 Performing	Total 12.31.2009 Impaired	Total 12.31.2008 Performing	Total 12.31.2008 Impaired
1. Finance leases				
of which, without final purchase option				
2. Factoring				
- recourse	2,197		2,438	
- non-recourse	1,562,913	13,329	1,452,887	12,950
3. Consumer credit (including revolving cards)				
4. Credit cards				
5. Other financing	6,001		5,037	
of which:				
from guarantees and commitments				
6. Debt securities				
- structured				
- other				
7. Other assets	2,520		2,109	
Total carrying amount	1,573,631	13,329	1,462,471	12,950
Total fair value	1,573,631	13,329	1,462,471	12,950

Fair value

Due from customers in the financial statements mainly refers to non-recourse receivables purchased for which there is not an active and liquid market. These especially refer to past due receivables from the Public Administration for which it is not easy to reliably determine the price of a hypothetically independent transaction, partly due to the difficulties in establishing a reasonable assessment of the liquidity risk which would be accepted by the market for such transactions.

It was therefore deemed that the carrying amount (determined on the basis of amortized cost and taking into account any individual and collective impairment losses) in relation to the nature, type, duration and forecasts of collection of such assets could substantially be considered representative of the fair value of these same receivables at the balance sheet date.

6.7 "Receivables: assets guaranteed"
Euros 2,197

Guaranteed receivables refer to advances made to assignors under transactions for recourse receivables.
The VE column (carrying amount of exposures in the financial statements) indicates the amount of advances and the VG column (fair value of the guarantees) shows the receivables underlying those same advances.

	Total 12.31.2009						Total 12.31.2008					
	Due from banks		Due from financial institutions		Due from customers		Due from banks		Due from financial institutions		Due from customers	
	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG
1. Performing assets guaranteed by:												
- Assets under finance leases												
- Receivables for factoring					2,197	3,780					2,438	3,461
- Mortgages												
- Liens												
- Personal guarantees												
- Derivatives on receivables												
2. Impaired assets guaranteed by:												
- Assets under finance leases												
- Receivables for factoring												
- Mortgages												
- Liens												
- Personal guarantees												
- Derivatives on receivables												
Total					2,197	3,780					2,438	3,461

Section 9 - Investments - caption 90
Euros 264

Investments refer to the company Farmafactoring España S.L., a wholly-owned subsidiary of Farmafactoring which exercises a significant influence.
The investment amounts to Euros 264 and refers to share capital fully paid in by the sole shareholder, Farmafactoring S.p.A., and incidental charges in connection with setting up the company and its start-up in the Spanish market.

9.1 Investments: information

Key information on the investment in Farmafactoring España S.L. is as follows.

Name	Carrying amount	Holding %	Voting rights %	Headquart.	Total assets	Total revenues	Equity	Profit/loss	Listed (Yes/No)
A. Subsidiaries wholly-owned *1. Farmafactoring España*	264	100%	100%	Madrid (Spain)	-	-	-	-	No
B. Subsidiaries under joint control									
C. Companies under significant influence									

Farmafactoring España S.L. will start its operations in 2010 as established in the deed of incorporation; its first financial statements will be drawn up as of December 31, 2010.

9.2 Annual changes in investments

	Group investments	Non-Group investments	Total
A. Beginning balance	0		0
B. Increases			
B.1 Purchases	264		264
B.2 Impairment reversals			
B.3 Revaluations			
B.4 Other changes			
C. Decreases			
C.1 Sales			
C.2 Impairment losses			
C.3 Other changes			
D. Ending balance	264		264

Section 10 - Property, plant and equipment - caption 100
Euros 15,498

10.1 Breakdown of caption 100 "Property, plant and equipment"

Items / Measurement	Total 12.31.2009		Total 12.31.2008	
	Assets accounted for at cost	Assets measured at fair value or revalued	Assets accounted for at cost	Assets measured at fair value or revalued
1. Property, plant and equipment				
1.1 owned				
a) land	3,685		3,685	
b) buildings	9,227		10,183	
c) furniture and fixtures	342		385	
d) for use in the business	1,441		1,591	
e) other	803		368	
1.2 purchased under finance leases				
a) land				
b) buildings				
c) furniture and fixtures				
d) for use in the business				
e) other				
Total 1	15,498		16,212	
2. Assets purchased under finance leases				
2.1 unopted assets				
2.2 assets purchased at end of lease				
2.3 other				
Total 2				
3. Assets held for investment				
of which: granted under operating leases (to specify)				
Total 3				
Total (1+2+3)	15,498		16,212	
Total (Assets at cost and revalued)	15,498		16,212	

10.2 Property, plant and equipment: annual changes

	Land	Buildings	Furniture and fixtures	For use in the business	Other	Total
A. Beginning balance	3,685	10,183	385	1,591	368	16,212
B. Increases						
B.1 Purchases		0	61	584	587	1,232
B.2 Impairment reversals						
B.3 Positive fair value changes allocated to:						
a) equity						
b) profit or loss						
B.4 Other changes						
C. Decreases						
C.1 Sales						
C.2 Depreciation		(956)	(104)	(734)	(152)	(1,946)
C.3 Impairment losses allocated to:						
a) equity						
b) profit or loss						
C.4 Negative fair value changes allocated to:						
a) equity						
b) profit or loss						
C.5 Other changes						
D. Ending balance	3,685	9,227	342	1,441	803	15,498

At the date of IFRS first-time adoption (January 1, 2005), the properties used by the company in its business (Milan and Rome) were measured at fair value which then became the new cost from that date.
The measurement at first-time adoption resulted in a revaluation of the buildings of about Euros 4 million.
In the financial statements, the value of the land and building owned in Milan (at Via Domenichino 5) was separated on the basis of an appraisal conducted by the same company which determined the value of both the land and building.
The land on which the Rome building sits was not separated because Farmafactoring is not the owner of the entire building.

The increase in "Other" refers to leasehold improvements on the rented offices incurred in 2009.

Increases in "For use in the business" refer mainly to the investments in electronic machines.

Section 11 - Intangible assets - caption 110
Euros 655

11.1 Breakdown of caption 110 "Intangible assets"

	12.31.2009		12.31.2008	
	Assets accounted for at cost	Assets measured at fair value or revalued	Assets accounted for at cost	Assets measured at fair value or revalued
1. Goodwill				
2. Other intangible assets				
2.1 owned				
- generated internally				
- other	655		636	
2.2 purchased under finance leases				
Total 2	655		636	
3. Assets purchased under finance leases				
3.1 unopted assets				
3.2 assets purchased at end of lease				
3.3 other assets				
Total 3				
4. Assets granted under operating leases				
Total (1+2+3+4)	655		636	
Total	655		636	

11.2 Intangible assets: annual changes

	Total
A. Beginning balance	636
B. Increases	
B.1 Purchases	335
B.2 Impairment reversals	
B.3 Positive fair value changes to	
- equity	
- profit or loss	
B.4 Other changes	
C. Decreases	
C.1 Sales	
C.2 Amortization	(316)
C.3 Impairment losses to	
- equity	
- profit or loss	
C.4 Negative fair value changes to	
- equity	
- profit or loss	
C.5 Other changes	
D. Ending balance	655

Intangible assets are recorded at cost; the carrying amount is net of amortization which is calculated on the basis of the residual estimated future benefit.

Section 12 - Tax assets and liabilities

12.1 Breakdown of caption 120 "Tax assets: current and deferred"
Euros 19,054

	Total 12.31.2009	Total 12.31.2008
A) Current tax assets		
IRAP on-account payments	2,676	2,804
IRES on-account payments	11,601	13,583
other		
Total	14,277	16,387
B) Deferred tax assets		
deferred tax assets	4,777	5,058
Total	4,777	5,058
Total	19,054	21,445

12.2 Breakdown of caption 70 "Tax liabilities: current and deferred"
Euros 33,306

	Total 12.31.2009	Total 12.31.2008
A) Current tax liabilities		
prior year residual amount	158	244
IRAP and IRES charge	21,682	14,633
Total	21,840	14,877
B) Deferred tax liabilities	11,466	11,469
Total	33,306	26,346

The company received a tax assessment on November 30, 2009 from the Tax Revenue Agency in respect of 2004 and referring to the write-back of depreciation and amortization in excess of the deductible amount.
The observation originates from the content of the report notified to the company on July 21, 2009 following an inspection by the Tax Revenue Agency for the years 2004-2007. A settlement procedure is in progress regarding the assessment for the year 2004 together with other years under examination.
The company did not consider it necessary to set aside an amount in the financial statements for the existing dispute since it believes the observation is based upon an arbitrary interpretation and well-founded reasons exist for obtaining the definitive cancellation of the claims.

12.3 Changes in deferred tax assets (through profit or loss)
Euros 4,777

	Total 12.31.2009	Total 12.31.2008
1. Beginning balance	5,058	6,073
2. Increases		
2.1 Deferred tax assets recognized during the year		
a) relating to prior years	436	1,333
b) due to changes in accounting policies		
c) impairment reversals		
d) other		
2.2 New taxes or tax rate increases		
2.3 Other increases		
3. Decreases		
3.1 Deferred tax assets cancelled during the year		
a) reversals	(717)	(2,341)
b) writeoffs due to non-recoverability		
c) due to changes in accounting policies		
d) other		
3.2 Tax rate reductions		(7)
3.3 Other decreases		
4. Ending balance	4,777	5,058

12.4 Change in deferred tax liabilities (through profit or loss)
Euros 11,466

	Total 12.31.2009	Total 12.31.2008
1. Beginning balance	11,468	11,499
2. Increases		
2.1 Deferred tax liabilities recognized during the year		
a) relating to prior years		
b) due to changes in accounting policies		
c) other		
2.2 New taxes or tax rate increases		
2.3 Other increases		
3. Decreases		
3.1 Deferred tax liabilities canceled during the year		
a) reversals	(2)	(31)
b) due to changes in accounting policies		
c) other		
3.2 Tax rate reductions		
3.3 Other decreases		
4. Ending balance	11,466	11,468

Section 14 - Other assets - caption 140

14.1 Breakdown of caption 140 "Other assets"
Euros 4,756

	Total 12.31.2009	Total 12.31.2008
Security deposits	22	19
Other receivables	390	376
Accrued income and prepaid expenses	4.344	3.514
Total	4.756	3.909

Prepaid expenses mainly refer to differences in the timing of contractual fees on financing.

LIABILITIES AND EQUITY

Section 1 - Payables - caption 10
Euros 1,500,039

1.1 Payables

Items	Total 12.31.2009			Total 12.31.2008		
	due to banks	due to financial institutions	due to customers	due to banks	due to financial institutions	due to customers
1. Financing						
1.1 repurchase agreements						
1.2 other financing	1,434,112	5,000		1,476,262		
2. Other amounts due			60,927			109,222
Total	1,434,112	5,000	60,927	1,476,262		109,222
Fair value	1,434,112	5,000	60,927	1,476,262		109,222

"Other financing" refers to exposure to banking institutions.

"Due to financial institutions" refers to the loan extended by the parent, FF Holding S.p.A., due on June 30, 2010 and regulated by normal market terms.

Section 3 - Financial liabilities held for trading - caption 30
Euros 5,930

3.1 Breakdown of caption 30 "Financial liabilities held for trading"

Liabilities	Total 12.31.2009					Total 12.31.2008				
	Fair value					*Fair value*				
	L1	L2	L3	FV	VN	L1	L2	L3	FV	VN
A. Financial liabilities										
1. Payables										
2. Debt securities										
- bonds										
- structured										
- other bonds										
- other securities										
- structured										
- other										
B. Derivatives										
1. Financial derivatives		5,930		5,930	322,500		6,825		6,825	337,000
2. Credit derivatives										
Total		5,930		5,930	322,500		6,825		6,825	337,000

3.3 "Financial liabilities held for trading": derivative financial instruments

Types / Underlyings	Interest rates	Currency	Equity securities	Other	Total 12.31.2009	Total 12.31.2008
1. Over the counter						
Financial derivatives						
- Fair value	*5,930*				*5,930*	*6,825*
- Notional amount	322,500				322,500	337,000
Credit derivatives						
- Fair value						
- Notional amount						
Total	5,930				5,930	6,825
2. Other						
Financial derivatives						
- Fair value						
- Notional amount						
Credit derivatives						
- Fair value						
- Notional amount						
Total						
Total	5,930				5,930	6,825

Section 7 – Tax liabilities – caption 70
See "Section 12 – *Tax assets and liabilities" (assets).*

Section 9 – Other liabilities – caption 90
Euros 15,872

9.1 Breakdown of caption 90 "Other liabilities"

	Total 12.31.2009	Total 12.31.2008
Payables to suppliers and invoices to be received	5,953	5,905
Payables to the tax authorities	309	354
Payables to social securities agencies	268	233
Payables to employees	1,919	1,715
Payables for receivables management	580	14,262
Collections pending allocation	3,535	5,633
Other payables	925	18,896
Accrued liabilities and deferred income	2,383	1,529
Total	15,872	48,527

"Payables to suppliers and invoices to be received" refer to purchases of goods and services.

"Accrued liabilities and deferred income" include interest accrued on loans.

Section 10 – Employee severance indemnities – caption 100
Euros 846

10.1 "Employee severance indemnities": annual changes

	Total 12.31.2009	Total 12.31.2008
A. Beginning balance	827	868
B. Increases		
B.1 Provision for the year	210	188
B.2 Other increases		
C. Decreases		
C.1 Payments made	(1)	(44)
C.2 Other decreases	(189)	(185)
D. Ending balance	847	827

10.2 Other information
The liability recognized in the financial statements at December 31, 2009 represents the present value of the obligation estimated by an independent actuarial firm.
"Other decreases" include actuarial differences recognized directly in profit or loss.
The results of the actuarial calculations reflect the impact of Law 296/2006 and the calculation, for purposes of IAS 19, refers solely to employee severance indemnity matured and not transferred to supplementary pension funds or to the INPS treasury fund.

Section 11 – Provisions for risks and charges – caption 110
Euros 5,731

11.1 Breakdown of caption 110 "Provisions for risks and charges"

	Total 12.31.2009	Total 12.31.2008
Pension funds and similar obligations	4,571	3,820
Other provisions	1,160	1,002
Total	5,731	4,822

11.2 "Provisions for risks and charges": annual changes

	Total 12.31.2009	Total 12.31.2008
Beginning balance	4,822	3,164
Increases		
Provision for the year	951	1,868
Decreases		
Use during the year	(42)	(210)
Ending balance	5,731	4,822

Section 12 – Equity – captions 120, 130, 140 and 150
Euros 183,308

12.1 Breakdown of caption 120 "Share capital"
Euros 96,900

Types	Amount
1. Share capital	
1.1 Ordinary shares	96,900
1.2 Other shares (to specify)	

Share capital consists of 1,700,000 ordinary shares of par value Euros 57.00 each.
The shareholders, in the special meeting held on April 29, 2009, passed a resolution for a free increase in share capital from Euros 90,100 to Euros 96,900, drawn from "Retained earnings".

12.5 Other information

In accordance with the art. 2427, paragraph 1, 7-bis of the Italian Civil Code, a summary is presented below of the individual items of equity according to the possibility of utilization, the amount available for distribution and their utilization in the three years previous to the date of the preparation of the financial statements.

				Summary of utilization in the last three years	
	12.31.2009	Possibility of utilization (a)	Amount available	For absorption of losses	For other reasons
Share capital	96,900				
Reserves	19,349				
- Legal reserve	9,407	B			
- Extraordinary reserve	88	A,B,C	88		
- Retained earnings	9,854	A,B,C	9,854		(*) 16,900
Valuation reserves	24,223				
- Measurement of property, plant and equipment at estimated cost	2,791	A,B			
- Other	21,432	A,B,C	21,432		
Total Share capital and Reserves	140,472		31,374		16,900

(a): Possibility of utilization: A= for share capital increases, B= for absorption of losses, C= for distribution to shareholders.
(*) In the previous three years, "Retained earnings" were used to increase share capital, from Euros 80,000 in 2006 to Euros 96,900 in 2009.

Changes in reserves are as follows:

	Legal reserve	Retained earnings	Other reserves: Extraordinary	Total
A. Beginning balance	7,997	8,555	88	16,640
B. Increases				
B.1 Appropriation of profit	1,410	8,099		9,509
B.2 Other changes				
C. Decreases				
C.1 Use for the year				
- absorption of losses				
- distribution				
- transfer to share capital		(6,800)		(6,800)
C.2 Other changes				
D. Ending balance	9,407	9,854	88	19,349

Legal reserve

The increase in the legal reserve of Euros 1,410 compared to the end of the prior year is due to the appropriation of the profit for the year ended December 31, 2008, as approved by the shareholders' meeting held on April 29, 2009.

Retained earnings

The increase in retained earnings of Euros 8,099 compared to the end of the prior year is due to the appropriation of the profit for the year ended December 31, 2008, as approved by the shareholders' meeting held on April 29, 2009.
The subsequent decrease of Euros 6,800 refers to the appropriation to increase share capital from Euros 90,100 to Euros 96,900 drawn from "Retained earnings", as approved by the special shareholders' meeting held on April 29, 2009.

Valuation reserves

The balances of the Valuation reserves have remained unchanged compared to the prior year.

	Available-for-sale financial assets	Property, plant and equipment	Intangible assets	Cash flow hedges	Special revaluation laws	Other	Total
A. Beginning balance		2,791			21,432		24,223
B. Increases							
B.1 Positive fair value changes							
B.2 Other changes							
C. Decreases							
C.1 Negative fair value changes							
C.2 Other changes							
D. Ending balance		2,791			21,432		24,223

Part C - Income Statement

All amounts are expressed in thousands of euros.

Section 1 – Interest – captions 10 and 20

1.1 Breakdown of caption 10 "Interest and similar income"
Euros 118,375

Items / Technical forms	Debt securities	Financing	Other	Total 12.31.2009	Total 12.31.2008
1. Financial assets held for trading			0	0	2,022
2. Financial assets designated at fair value through profit or loss					
3. Available-for-sale financial assets					
4. Held-to-maturity financial assets					
5. Receivables					
5.1 Due from banks			1,901	1,901	3,566
5.2 Due from financial institutions			51	51	540
5.3 Due from customers		69,898	46,514	116,412	138,526
6. Other assets			1	1	103
7. Hedging derivatives					
Total		69,898	48,467	118,365	144,757

1.2 Interest and similar income: other information
Interest "Due from banks" refers to temporary cash on hand in the bank current accounts.

Interest "Due from customers" for factoring totals Euros 69,898 and consists of fees and commissions charged to the assignors for the purchase of non-recourse receivables.
The principle used for charging these fees and commissions reflects the criterion for the measurement of non-recourse receivables purchased at amortized cost in accordance with IAS 39 as a result of which the income connected with such activity is recognized in relation to the returns originating from the estimated cash flows.
"Maturity commissions" in 2009 decreased by approximately Euros 27 million from 2008. This reduction is mainly due to lower average commissions charged to assignors in connection with the cost of money compared to the prior year.

Interest "Due from customers" for "other" includes Euros 39,185 of interest for late payments collected during the year, in line with collections in the prior year.

1.3 Breakdown of caption 20 "Interest and similar charges"
Euros 42,100

Items / Technical forms	Financing	Securities	Other	Total 12.31.2009	Total 12.31.2008
1. Due to banks	32,501		265	32,766	69,139
2. Due to financial institutions			470	470	6,379
3. Due to customers			270	270	1,124
4. Securities issued					
5. Financial liabilities held for trading			8,593	8,593	0
6. Financial liabilities designated at fair value through profit or loss					
7. Other liabilities			1	1	0
8. Hedging derivatives					
Total	32,501		9,599	42,100	76,642

Interest "Due to banks" relates to loans received from the banking system; the decrease compared to the prior year is about Euros 35 million mainly as a result of the reduction in the cost of money.

Interest "Due to customers" includes amounts that will be paid to the assignors because of the different value dates with which the amounts collected are credited to their bank statements.

Section 2 – Fees and commissions – captions 30 and 40

2.1 Breakdown of caption 30 "Fee and commission income"
Euros 11,374

Details	2009	2008
1. Finance lease transactions		
2. Factoring transactions		
3. Consumer credit		
4. Merchant banking activities		
5. Guarantees given		
6. Services for:		
- funds management on behalf of third parties		
- currency trading		
- product distribution		
- other		
7. Collection and payment services	11,374	11,556
8. Securitization servicing	0	2
9. Other fees and commissions (to specify)		
Total	11,374	11,558

2.2 Breakdown of caption 40 "Fee and commission charges"
Euros 347

Details / Sectors	Total 2009	Total 2008
1. Guarantees received		
2. Distribution of services by third parties		
3. Collection and payment services		
4. Other commissions (to specify):		
- collection and payment services	196	201
- commissions for funds availability	116	0
- other banking expenses	35	30
Total	347	231

Section 4 – Gains/losses on trading"– caption 60
Euros 895

4.1 Breakdown of caption 60 "Gains/losses on trading"

Items / Income components	Gains	Gains on trading	Losses	Losses on trading	Profit (loss)
1. Financial assets					
1.1 Debt securities					
1.2 Equity securities and units in OICR					
1.3 Financing					
1.4 Other assets					
2. Financial liabilities					
2.1 Debt securities					
2.2 Payables					
2.3 Other liabilities					
3. Financial assets and liabilities: foreign exchange differences					
4. Financial derivatives		895			895
5. Credit derivatives					
Total		895			895

Changes in fair value adjustments of derivatives

	Carrying amount	Change
Financial assets held for trading		
Amount at December 31, 2008	0	
Amount at December 31, 2009	0	0
Financial liabilities held for trading		
Amount at December 31, 2008	6,825	
Amount at December 31, 2009	5,930	895
Gains/losses on trading		895

Section 7 – Gains/losses on disposal or repurchase – caption 90
Euros 0

7.1 Breakdown of caption 90 "Gains/losses on disposal or repurchase"

	Total 2009			Total 2008		
Items / Income components	Gains	Losses	Net	Gains	Losses	Net
1. Financial assets						
1.1 Receivables	0		0	1,361		1,361
1.2 Available-for-sale assets						
1.3 Held-to-maturity assets						
Total (1)	0		0	1,361		1,361
2. Financial liabilities						
2.1 Payables						
2.2 Securities issued						
Total (2)						
Total (1+2)	0		0	1,361		1,361

Section 8 – Impairment losses/reversals – caption 100

8.1 "Impairment losses/reversals on financial assets"
Euros (107)

Items / Impairment losses and reversals	Impairment losses		Impairment reversals		Total 2009	Total 2008
	specific	portfolio	specific	portfolio		
1. Due from banks						
- for leasing						
- for factoring						
- other						
2. Due from financial institutions						
- for leasing						
- for factoring						
- other						
3. Due from customers						
- for leasing						
- for factoring	1,800		(1,907)		(107)	7,000
- for consumer credit						
- other						
Total	1,800		(1,907)		(107)	7,000

Section 9 - Administrative expenses - caption 110
Euros 21,895

9.1 Breakdown of caption 110.a "Personnel costs"
Euros 9,031

Items / Sectors	Total 2009	Total 2008
1. Employees		
a) wages and salaries	5,339	4,828
b) social security charges	1,669	1,501
c) employee severance indemnity charges		
d) pension charges		
e) provision for severance indemnity	212	211
f) provision for pension and similar obligations		
- defined contribution		
- defined benefit		
g) payments to supplementary external pension funds		
- defined contribution	73	61
- defined benefit		
h) other expenses	650	509
2. Other employees	338	
3. Directors and statutory auditors	750	682
4. Early retirement costs		
5. Recovery of expenses for employees on secondment to other companies		
6. Reimbursement of expenses for employees on secondment with the company		
Total	9,031	7,792

9.2 Average number of employees by category

Category	Average number 2009	Average number 2008
Senior managers	6	4
Managers	21	17
Remaining employees	50	52
Total	77	73

9.3 Breakdown of caption 110.b "Other administrative expenses"
Euros 12,864

Details	Total 2009	Total 2008
Legal fees	2,667	3,025
Data processing costs	481	400
External receivables management services	720	813
Compensation to statutory auditors and Supervisory Board	75	62
Legal fees for receivables under management	598	1,260
Notary fees	604	527
Notary fees to be recovered	0	48
Corporate hospitality and donations	797	723
Maintenance expenses	912	989
Non-deductible VAT	1,402	1,321
Other indirect taxes and duties	79	79
Consulting fees	2,631	1,491
Office operating expenses	576	516
Other expenses	1,322	1,347
Total	12,864	12,601

This caption includes legal and notary fees of Euros 598 incurred on behalf of the assignor companies which were fully recovered and included in other operating income.

Details of costs for outsourced services included in "Other administrative expenses" in 2009 are as follows:

Details	Total 2009
Audit fees (external firm)	85
Internal audit fees (external firm)	42
Data processing fees (external firms)	518
Collection fees (external firms)	720

Section 10 - Impairment losses/reversals to property, plant and equipment - caption 120
Euros 1,946

10.1 Breakdown of caption 120 "Impairment losses/reversals to property, plant and equipment"

Items / Impairment losses and reversals	Depreciation (a)	Impairment losses (b)	Impairment reversals (c)	Net result (a+b-c)
1. Property plant and equipment				
1.1 owned				
a) land	0			0
b) buildings	956			956
c) furniture and fixtures	104			104
d) used in the business	734			734
e) other	152			152
1.2 finance lease				
a) land				
b) buildings				
c) furniture and fixtures				
d) used in the business				
e) other				
2. Assets purchased under finance leases				
3. Assets held for investment				
of which, granted under operating leases				
(to specify)				
Total	1,946			1,946

Section 11 – Impairment losses/reversals to intangible assets – caption 130
Euros 316

11.1 Breakdown of caption 130 "Impairment losses/reversals to intangible assets"

Items / Impairment losses and reversals	Amortization (a)	Impairment losses (b)	Impairment reversals (c)	Net result (a+b-c)
1. Goodwill				
2. Other intangible assets				
2.1 owned	316			316
2.2 purchased under finance leases				
3. Assets purchased under finance leases				
4. Assets granted under operating leases				
Total	316			316

Section 13 – Net provisions for risks and charges – caption 150
Euros 951

13.1 Breakdown of caption 150 "Net provisions for risks and charges"
A comparison of provisions compared to the prior year is as follows:

	Total 2009	Total 2008
Provision for pension funds and similar obligations	751	1,452
Other provisions	200	417
Total	951	1,869

The "Provision for pension funds and similar obligations" refers to the accrual for employee benefit obligations.

Section 14 – Other operating income and expenses – caption 160
Euros 1,611

14.1 Breakdown of caption 160 "Other operating income and expenses"

	Total 2009	Total 2008
1. Operating income		
- Recovery of legal fees for purchases of non-recourse receivables	707	932
- Recovery of legal fees for credit management of receivables	598	1,260
- Receivables realized at other than face value	121	121
- Prior period items	847	369
- Recovery of notary expenses from assignors	0	48
- Other income	117	77
Total (1)	2,390	2,807
2. Operating expenses		
- Prior period items	(637)	(56)
- Rounding and rebates	(142)	(125)
- Other	0	0
Total (2)	(779)	(181)
Total (1+2)	1,611	2,626

Section 17 – Income taxes on profit from continuing operations – caption 190
Euros 21,961

17.1 Breakdown of caption 190 "Income taxes on profit from continuing operations"

	Total 2009	Total 2008
1. Current income taxes	21,681	14,633
2. Adjustment to current income taxes of prior years		
3. Reduction to current income taxes for the year		
4. Changes to deferred tax assets	282	1,016
5. Changes to deferred tax liabilities	(2)	(32)
Income taxes for the year	21,961	15,617

17.2 Reconciliation of theoretical tax and effective tax charge

Details	IRES	IRAP
Taxable profit used for tax calculations	64,517	73,540
Theoretical tax charge 27.50% IRES – 4.82% IRAP	17,742	3,545
Non-deductible permanent differences	2,431	1,964
Deductible IRAP	(255)	
Temporary differences taxable in future years	1,510	
Reversal of temporary differences referring to future years	(2,262)	(1,897)
Taxable profit	65,941	73,607
Current income taxes for the year: 27.50% IRES – 4.82% IRAP	18,134	3,548

Section 19 – Other information – Income statement

19.1 Analytical breakdown of interest income and fee and commission income
Euros 129,728

Items / Counterparty	Interest income			Fee and commission income			Total 2009	Total 2008
	Banks	Financial institut.	Custom.	Banks	Financial institut.	Custom.		
1. Finance leases								
- investment property								
- movable property								
- assets used in the business								
- intangible assets								
2. Factoring								
- on current receivables								
- on future receivables								
- on non-recourse receivables purchased			69,898				69,898	97,054
- on receivables purchased below original amount								
- for other financing	1,901	52	46,514			11,374	59,841	59,261
3. Consumer credit								
- personal loans								
- specific loans								
- garnishing of one-fifth								
4. Guarantees and commitments								
- commercial nature								
- financial nature								
Total	1,901	52	116,412			11,374	129,739	156,315

- Interest income from customers for factoring “on non-recourse receivables purchased” amounts to Euros 69,898 and consists of fees and commissions charged to assignors.
- Interest income from customers for factoring “for other financing” amounts to Euros 46,514, and includes late interest collected during the year for Euros 39,185.
- Fee and commission income from customers for factoring “for other financing” amounts to Euros 11,374 and refers to activities for the credit management of receivables.

Part D - Other Information

All amounts are expressed in thousands of euros.

Section 1 – Specific references to the company's activities

B. FACTORING AND SALES OF RECEIVABLES

B.1 - Gross amount and carrying amount

Items / Amounts	Total 12.31.2009			Total 12.31.2008		
	Gross amount	Impairm. losses	Net amount	Gross amount	Impairm. losses	Net amount
1. Performing assets						
- exposures to assignors (with recourse):						
- sale of future receivables						
- other	2,197		2,197	2,438		2,438
- exposures to assigned debtors (non-recourse)	1,562,913		1,562,913	1,452,887		1,452,887
2. Impaired assets						
2.1 Non-performing						
- exposures to assignors (with recourse):						
- sale of future receivables						
- other	602	(602)	0	602	(602)	0
- exposures to assigned debtors (non-recourse):						
- purchases below face value	1,417	(1,205)	212	1,417		1,417
- other	14,364	(10,696)	3,668	18,418	(12,008)	6,410
2.2 Doubtful						
- exposures to assignors (with recourse):						
- sale of future receivables						
- other						
- exposures to assigned debtors (non-recourse):						
- purchases below face value	7		7			
- other	6,100		6,100			
2.3 Restructured						
- exposures to assignors (with recourse):						
- sale of future receivables						
- other						
- exposures to assigned debtors (non-recourse):						
- purchases below face value						
- other						
2.4 Past due						
- exposures to assignors (with recourse):						
- sale of future receivables						
- other						
- exposures to assigned debtors (non-recourse):						
- purchases below face value	325		325	370		370
- other	3,017		3,017	4,753		4,753
Total	1,590,942	(12,503)	1,578,439	1,480,885	(12,610)	1,468,275

• The "Other exposures to assignors (with recourse)" under "Performing assets" refers to receivables from assignors for advances on with-recourse receivables for Euros 2,197.
• The "Other exposures to assigned debtors (non-recourse)" under "Performing assets" refers to receivables from assigned debtors for Euros 1,562,913, of which Euros 70 relates to "receivables past due but not impaired" (Circular 217 of August 5, 1996 – 8th update of December 16, 2009 *"Manual for the compilation of Regulatory Reporting for the Financial Intermediaries registered in the Special List"*). These receivables relate to non-recourse receivables purchased and are recorded under the name of the assigned debtor, when derecognition conditions are met, and measured at amortized cost.

"Exposures/Impaired assets" correspond to "Past due" as defined in Circular 216 of August 5, 1996 – 7th update of July 9, 2007, "Regulatory Instructions for the Financial Intermediaries registered in the Special List".

Exposures/Impaired assets are divided into the following categories:
• Non-performing
• Doubtful
• Restructured
• Past due
The definitions are set out in the Regulatory Reporting process, defined by Circular 217 of August 5, 1996 – 8th update of December 16, 2009 *"Manual for the compilation of Regulatory Reporting for the Financial Intermediaries registered in the Special List"*.

"Impaired assets" also include receivables purchased below face value recorded for the amount effectively paid at the time of purchase; the balance of these receivables at December 31, 2009, net of writedowns, is equal to Euros 544.
At December 31, 2009, the realizable value of receivables purchased below face value is equal to Euros 121.

Past due
These are in reference to exposure to non-profit entities, public sector entities and companies which at December 31, 2009 are past due more than 180 days (extension of the 90 day limit until December 31, 2011).
In particular, positions with central administrations and central banks, public sector entities and territorial entities are considered past due when the debtor has not made any payment for any of the positions owed to the financial intermediary for more than 180 days".
At December 31, 2009, the total of past due receivables amounts to Euros 3,342.

Restructured
These are in reference to exposure for which an intermediary, owing to the deterioration of the economic and financial conditions of the debtor, agrees to modify the original contract terms which give rise to a loss.
At December 31, 2009, Farmafactoring does not have any positions classified as restructured receivables.

Doubtful

These are in reference to exposure to parties that are in temporary situations of objective difficulty which are expected to pass within a suitable period of time.
Doubtful receivables also include so-called "objective" doubtful receivables.
At December 31, 2009, doubtful receivables total Euros 6,107.

Non-performing

These refer to exposure to parties that are in a state of insolvency or basically in similar situations, regardless of any provisions for loss set aside by the company.
At December 31, 2009, non-performing receivables, net of writedowns due to estimated impairment losses, amount to Euros 3,880.
In 2007, with regard to the bankruptcy of *Enterprise Digital Architects S.p.A.*, losses were estimated at Euros 5.6 million are recorded in a provision for the same amount that was directly deducted from the receivables.
Compared to 2008, there are no further non-performing positions.
At December 31, 2009, on the basis of internal assessments and the advice of an external legal advisor, the potential risk of loss estimated in 2008 on receivables from the entities *"Az. Univer. Pol.co Umberto I"* and *"Univ. Studi di Roma La Sapienza"* has been increased by Euros 1,800.
In February 2010, the entity *"Fondazione Ordine Mauriziano"* paid another Euros 2.7 million which allowed the company to record an impairment reversal and release Euros 1,907 from the provision account.

B.2 - Residual term of exposures and outstanding

B.2.1 – With recourse factoring transactions: advances and outstanding

	Advances		Outstanding	
Time frame	12.31.2009	12.31.2008	12.31.2009	12.31.2008
- on demand				
- to 3 months				
- 3 to 6 months				
- 6 months to 1 year				
- after 1 year				
- unspecified term	2,197	2,438	3,780	3,461
Total	2,197	2,438	3,780	3,461

B.2.2 – Non-recourse factoring transactions: exposure

Time frame	Exposure 12.31.2009	Exposure 12.31.2008
- on demand		
- to 3 months	95,360	120,971
- 3 to 6 months	81,650	115,092
- 6 months to 1 year	100,273	353,978
- after 1 year	965,703	620,088
- unspecified term	333,255	255,708
Total	1,576,241	1,465,837

The face value of non-recourse exposure at December 31, 2009 is Euros 1,635,545 net of writedowns.

B.3 – Changes in impairment losses

Item	Beginning impairm. losses	Increases			Decreases				Ending Impairm. losses
		Impairm. losses	Transfers from another status	Other positive changes	Impairm. reversals	Transfers from another status	Derecogn.	Other negative changes	
Impaired assets - details									
Exposure to assignors									
- Non-performing	602								602
- Doubtful									
- Restructured									
- Past due									
Exposure to assigned debtors									
- Non-performing	12,008	1,800			(1,907)				11,901
- Doubtful									
- Restructured									
- Past due									
On the portfolio of other assets									
- Exposure to assignors									
- Exposure to assigned debtors									
Total	12,610	1,800			(1,907)				12,503

B.4 – Other information

B.4.1 - Turnover of receivables under factoring transactions

in millions of euros

	Total 2009	Total 2008
1. Non-recourse transactions	1,976	2,316
- of which: purchases below face value		
2. With recourse transactions	1	3
Total	1,977	2,319

B.4.2 - Collection services

in millions of euros

	Total 2009	Total 2008
Receivables referring to credit collection services only taken on in 2009	2,187	2,328
Amount of receivables existing at the end of the reporting period	2,191	2,162

Section 2 - Securitization and sale of assets transactions

In 2009, no securitization transactions or asset sale transactions were put into place.
With regard to all the sales of receivables during 2008 to the vehicle Justine Capital S.r.l., at December 31, 2009, having the mandate for collections, Farmafactoring manages an outstanding amount of Euros 137 million.

To this end, after having sold the non-recourse receivables, Farmafactoring no longer has any involvement in the securitization activity or a holding in the vehicle. Furthermore, such transactions, as explained in the notes to the 2008 financial statements, had the following principal characteristics:
• absence of credit enhancement mechanisms or subscription to financial instruments (junior, mezzanine or senior), with the transfer to the assignor of all the risks and rewards;
• absence of financial instruments held by Farmafactoring;
• put option written with Dresdner Bank London Branch, now Commerzbank London Branch, subscriber to the notes issued by Justine Capital S.r.l., which has the right to give back the credit to Farmafactoring if it is not of "certain liquidity and collectible". In that case, Farmafactoring will have the possibility of giving it back in turn to the original assignor.

Section 3 – Information on risks and related risk management policies

SECTION 3.1 – CREDIT RISK

QUALITATIVE INFORMATION

1. General
Factoring activities, governed by the Italian Civil Code (Book IV – Heading V, articles 1260–1267) and by Law 52 of February 21, 1992 and subsequent laws, consist of a plurality of financial services arranged in various ways through the sale of recourse and non-recourse trade receivables.
A particular characteristic of factoring transactions is the involvement of three different parties:
• Factor (assignee)
• Customer (assignor)
• Debtor (assigned)

2. Credit risk management policies

2.1 Organization
In view of the above considerations, the assessment of a factoring transaction must be conducted through the analysis of a multiplicity of factors: the degree of the fragmentation of risk, the characteristics of the underlying trade transaction, the reimbursement capability of the customer assignor and the solvency of the assigned debtors.
The monitoring and management of credit risk starts with a preliminary background check for credit lines, before a factoring service is offered. The various corporate functions work together and cooperate with meticulous synergy in order to provide an analytical and subjective assessment of the counterparts, both from a quantitative standpoint (current economic and financial situation, in the past and prospectively) and from a qualitative point of view (level of management, competitiveness, prospects of the product and potential credit volumes to be managed).
The guidelines and the procedures for monitoring and controlling credit risk are contained in the "Credit Regulation" in effect, issued by the board of directors on February 23, 2004 and subsequent updates.
Credit Risk is thus adequately covered at various levels of the operational processes.

2.2 Management, measurement and control systems

Credit Risk
Beginning January 1, 2008, the financial intermediaries registered in the special list referred to in art. 107 T.U.B. must comply with the regulation on prudential supervision set out in Circular 216 of August 5, 1996 – 7th update of July 9, 2007, *"Regulatory Instructions for the Financial Intermediaries registered in the Special List"* issued by Bank of Italy.

The assessment of Credit Risk is part of an overall analysis of the capital adequacy of the company in relation to the risks connected with lending.

With this in mind, the company uses the "Standardized" approach for the measurement of credit risk. This approach involves the division of the exposures into the various portfolios according to the nature of the counterparty and the application of diversified weighted ratios to each portfolio. In particular, for the "Central administrations and central banks" portfolio, the weighting depends on the rating assigned by the specialized credit assessment agencies, ECAI, or ECA, to the individual States; for the "supervised intermediaries" portfolio, the weighting depends on the rating of the State in which the supervised intermediary has its headquarters; for the "public sector entities" portfolio, the rules for weighting are the same as those for supervised intermediaries.
With regard to regulatory capital and capital requirements reporting, the credit assessment agency (ECAI) for exposures to central administrations and central banks recognized by Farmafactoring is "Moody's Investor Service", with the "Unsolicited" type of rating, which attributes a 0% weighting to the State of Italy, and allows a 20% weighting to be applied to exposures to public sector entities.
Farmafactoring, since it does not receive deposits from the public, constantly maintains, as a capital requirement covering credit risk, an amount of regulatory capital equal to at least 6% of the weighted exposure for credit risk.

Capital requirement = 6% RWA

The Risk-Weighted Amount is determined by the sum of the risk-weighted assets of the various portfolios.
The company has a Credit Regulation which describes the stages of the process which the regulations of the sector have identified:
• background check
• decision
• disbursement
• monitoring and review
• dispute

In order to identify the main risk factors, the principal activities carried out by the company are described as follows:
• receivables management only
• non-recourse factoring
• recourse factoring

Under receivables management only, the credit risk is very limited because the company's exposure is limited to the payment of the agreed fees and commissions by the customer or the reimbursement of legal fees incurred on its behalf.

The granting of a credit line for receivables management only follows the normal procedures used in the credit process even if the credit line can be decided by a body that is not a collegiate body.

Non-recourse factoring by its very nature represents the service that is most exposed to credit risk. For this reason, the background check for the credit line is conducted with the utmost attention and the decision-making power is reserved for the bodies that can provide approval.
Credit risk management, therefore, besides following internal corporate procedures must also abide by external regulations (Circular 216 of August 5, 1996 – 7th update of July 9, 2007, *"Regulatory Instructions for the Financial Intermediaries registered in the Special List"*) with regard to concentrations of risk, in particular:
• a large exposure is defined as every position equal to or higher than 15% of the regulatory capital (transitory regime up to December 31, 2011);
• each risk-weighted position must be within the limit of 40% of regulatory capital (transitory regime up to December 31, 2011);
• the total amount of large exposures equivalent to eight times the regulatory capital (global limit) will not be applied from January 1, 2008 to December 31, 2011.

In view of the fact that Farmafactoring has an exposure that is almost completely composed of receivables due from the Public Administration, with a weighted risk of 20%, the portfolio risk is to be considered limited.
Furthermore, the company files a monthly report to the interbank Risk Office (Circular 139 of February 11, 1991 – 12th update of March 27, 2009 *"Central Risk Bureau. Instructions for Credit Intermediaries"*) providing information on the debt of the debtor over the course of time and on the agreed/utilized ratio (which expresses the financial commitment of the company and the debt margins which it has with the system).

Regulatory capital increased by about 7% compared to 2008, from Euros 138.4 million to Euros 148.7 million.
The breakdown of regulatory capital and capital ratios compared to the prior year are as follows:

in millions of euros, unless otherwise indicated

	Total 12.31.2009	Total 12.31.2008	Change (%)
Tier 1 capital	126.0	115.6	9%
Tier 2 capital	22.7	22.8	-
Total Regulatory Capital	148.7	138.4	7%
Risk-weighted assets	395.3	434.1	-9%
Tier 1 Capital Ratio (%)	32%	27%	5%
Total Capital Ratio (%)	38%	32%	6%

Qualitative assessment of receivables
The company performed an impairment test on the receivables portfolio in order to identify any impairments of its financial assets.
This analysis made it possible to distinguish between performing and non-performing receivables; financial assets with a risk of loss were included in the non-performing category, while the remaining financial assets were considered in the performing category.

Performing receivables
The measurement of performing receivables includes receivables from customers which, despite being past due more than 180-270 days show no objective elements indicating a loss either at an individual or a collective level of the portfolio based upon a series of historical and internal statistics.

This representation is consistent with the method of measuring non-recourse receivables purchased at amortized cost which, in fact, is based on discounting estimated future cash flows according to an estimate of the time to collection.

In accordance with IAS 39, a collective assessment was carried out on performing receivables. Such analysis was carried out on the receivables portfolio and did not point to any significant potential losses such as to require a collective writedown of the receivables.

Non-performing receivables
In accordance with IAS 39, and for purposes of an analytical valuation, the company carried out an individual assessment of the financial assets classified as non-performing in order to identify any impairment of individual positions.

Non-performing receivables amount to Euros 3,880, net of individual impairment losses.

2.3 Credit risk mitigation techniques
In order to render non-recourse receivables purchased compatible with the derecognition principle, the risk mitigation clauses which could have in some way invalidated the effective transfer of risks and rewards have been eliminated from the relative contracts.

2.4 Impaired financial assets
Impaired financial assets include the amount of Exposures/Impaired assets corresponding to "Past due" defined in Circular 216 of August 5, 1996 – 7th update of July 9, 2007, *Regulatory Instructions for the Financial Intermediaries registered in the Special List"*. They refer to the sum of the following categories:

- Non-performing (net amount of Euros 3,880)
- Doubtful (for an amount of Euros 6,107)
- Restructured (not material)
- Past due (for an amount of Euros 3,342)

The definitions of these categories are set out in the Regulatory Reporting process, defined by Circular 217 of August 5, 1996 – 8th update of December 16, 2009 *"Manual for the compilation of Regulatory Reporting for the Financial Intermediaries registered in the Special List"*.

"Impaired assets" include exposures to assigned debtors for purchases below face value for a net carrying amount of Euros 544.
At December 31, 2009, the realizable value of such receivables is equal to Euros 121.

Contrary to the considerations made for “Impaired assets”, the measurement of performing receivables, equal to Euros 1,572,362, includes those receivables from the clientele which, despite being past due more than 180-270 days, show no objective indication of impairment either individually or collectively based on internal historical or statistical information.
This representation is consistent with the amortized cost criterion of measuring non-recourse receivables purchased which, in fact, is based on discounting estimated future cash flows according to an estimate of the time to collection.

QUANTITATIVE INFORMATION

1. Distribution of credit exposure analyzed by portfolio and credit quality

Portfolio / Quality	Non-performing	Doubtful	Restructured	Past due	Other assets	Total
1. Financial assets held for trading					0	0
2. Financial assets designated at fair value through profit or loss					27	27
3. Available-for-sale financial assets						
4. Held-to-maturity financial assets						
5. Due from banks					116,533	116,533
6. Due from financial institutions					1,275	1,275
7. Due from customers	3,880	6,107	0	3,342	1,573,631	1,586,960
8. Hedging derivatives						
Total 12.31.2009	3,880	6,107	0	3,342	1,691,466	1,704,795
Total 12.31.2008	7,827	0	0	5,123	1,776,838	1,789,788

2. Credit exposure

2.1 Credit exposure to customers: gross and net amounts

Exposure types / Amounts	Gross exposure	Specific impairment losses	Portfolio impairment losses	Net exposure
A. Impaired assets				
Cash exposure:				
- Non-performing receivables	16,383	(12,503)		3,880
- Doubtful receivables	6,107			6,107
- Restructured exposures				
- Past due exposures	3,342			3,342
Off-balance sheet exposure:				
- Non-performing receivables				
- Doubtful receivables				
- Restructured exposures				
- Past due exposures				
Total A	25,832	(12,503)		13,329
b. Performing exposure:				
- Past due receivables not impaired	70			70
- Other receivables	1,562,843			1,562,843
Total B	1,562,913			1,562,913
Total (A+B)	1,588,745	(12,503)		1,576,242

2.2 Credit exposure to banks and financial institutions: gross and net amounts

Exposure types / Amounts	Gross exposure	Specific impairment losses	Portfolio impairment losses	Net exposure
A. Impaired assets				
Cash exposure:				
- Non-performing receivables				
- Doubtful receivables				
- Restructured receivables				
- Past due receivables				
Off-balance sheet exposure:				
- Non-performing receivables				
- Doubtful receivables				
- Restructured receivables				
- Past due receivables				
Total A				
B. Performing exposure:				
- Past due receivables not impaired				
- Other receivables	117,808			117,808
Total B	117,808			117,808
Total (A+B)	117,808			117,808

3. Concentration of credit

3.1 Distribution of financing to the clientele by economic business segment of the counterparty

Exposure types / Amounts	Public Administration			Non-financial companies		
	Gross exposure	Impairment losses	Net exposure	Gross exposure	Impairment losses	Net exposure
Financing extended:						
- non-recourse	1,628,831	(11,901)	1,616,930	1,362		1,362
- recourse				2,197		2,197
Total	1,628,831	(11,901)	1,616,930	3,559		3,559

Exposure types / Amounts	Non-profit institutions serving families			Rest of the world		
	Gross exposure	Impairment losses	Net exposure	Gross exposure	Impairment losses	Net exposure
Financing extended:						
- non-recourse	17,236		17,236	17		17
- recourse						
Total	17,236		17,236	17		17

Exposure types / Amounts	Total		
	Gross exposure	Impairment losses	Net exposure
Financing extended:			
- non-recourse	1,647,446	(11,901)	1,635,545
- recourse	2,197		2,197
Total	1,649,643	(11,901)	1,637,742

The data reported in the above tables refer to the face value of financing extended by the company, outstanding at December 31, 2009, divided by economic business segment of the counterparty.

3.2 Distribution of financing to the clientele by geographic area of the counterparty

Exposure types / Amounts	Italy					
	North West			North East		
	Gross exposure	Impairment losses	Net exposure	Gross exposure	Impairment losses	Net exposure
Financing extended:						
- non-recourse	143,529	(5,231)	138,298	292,570	(2)	292,568
- recourse						
Total	143,529	(5,231)	138,298	292,570	(2)	292,568

Exposure types / Amounts	Italy – Central: Gross exposure	Italy – Central: Impairment losses	Italy – Central: Net exposure	Italy – South and Islands: Gross exposure	Italy – South and Islands: Impairment losses	Italy – South and Islands: Net exposure
Financing extended:						
- non-recourse	559,829	(6,336)	553,493	651,501	(332)	651,169
- recourse	2,197		2,197			
Total	562,026	(6,336)	555,690	651,501	(332)	651,169

Exposure types / Amounts	Rest of the world: Gross exposure	Rest of the world: Impairment losses	Rest of the world: Net exposure	Total: Gross exposure	Total: Impairment losses	Total: Net exposure
Financing extended:						
- non-recourse	17		17	1,647,446	(11,901)	1,635,545
- recourse				2,197		2,197
Total	17		17	1,649,643	(11,901)	1,637,742

The data reported in the above tables refer to the face value of financing extended by the company, outstanding at December 31, 2009, divided by geographic area of the counterparty.

3.3 Large exposures

In view of the fact that Farmafactoring has an exposure that is almost completely composed of receivables due from the Public Administration, with a weighted risk of 20%, at December 31, 2009 there are no large exposures to risks, that is individual positions which exceed 40% of regulatory capital.

SECTION 3.2 – MARKET RISK

3.2.1. INTEREST RATE RISK

QUALITATIVE INFORMATION

1. General

The interest rate risk is represented by changes in the level of volatility of market interest rates such as to produce negative effects on the income statement of the company.

The company's lending activities, represented by non-recourse receivables purchased, are at fixed rates whereas funding is generally at floating rates.

The exposure is given by the amount of financing subject to this risk.

Use of derivative instruments

The amount of hedging derivative instruments, as a consequence, is decided for non-recourse purchases by considering: the exposure of receivables purchased, the purchases in progress, the fixed rate implicit in the commission and the flows of correlated exposure so as to achieve a matching of the hedged item (rate on the outstanding balance) and the rate contracted on the balance of derivative transactions.

At December 31, 2009, the balance of derivative hedging transactions is equal to Euros 322.5 million.

Outstanding contracts

Transaction types	Notional amount	Fair value at 12.31.2009		Residual term
		Positive	*Negative*	
IRSs	*215,000*		*(3,093)*	*293*
Convertible swaps	*107,500*		*(2,837)*	*486*
Sub-total		0	(5,930)	
Total	322,500		(5,930)	412

Hedging strategies

Hedging strategies follow the trend of the rates and expectations expressed by the market.

At December 31, 2009, the fair value of hedging instruments is negative for an amount of Euros 5,930, given the interest rate curve.

The fair value represents the value of the financial instrument. This value depends on the specific composition of the financial transaction and the structure of the market curves (rate curve and volatility curve) over time.

Each financial instrument structure, from the simplest to the most complex, can be separated or associated with one or more of the following listed below:

1) fixed-rate component, for which the cash flows generated by interest are calculated on the basis of the fixed rate, nominal amount and term. The fair value is equal to sum of the discounted flows using the calculated discount factors;

2) variable-rate component, for which the forward rates are calculated on the basis of the discount factors curve. The cash flows of interest are estimated using the forward rates. The fair value is equal to the sum of the discounted cash flows;

3) options (caps, floors, digitals), which are separated into single elementary components. The fair value of the single component is calculated using the *Black'76* model. The fair value of the option is equal to the sum of the fair value of the single components.

This negative result is basically due to the presence of extremely moderate base rates compared to those at the time of putting into place the hedging instruments. There is however an improvement compared to the prior year and confirmation of the full correlation with the rates implicit in the lending transactions carried out during the same period.

QUANTITATIVE INFORMATION

1. Distribution of financial assets and liabilities by residual term (forecast date)

Item / Residual term	to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	after 10 years	Unspecified term	Total
1. Assets								
1.1 Debt securities								
1.2 Receivables	222,604	81,650	100,273	965,704			334,537	**1,704,768**
1.3 Other assets							291	**291**
2. Liabilities								
2.1 Payables	801,796	40,676	362,042	295,525				**1,500,039**
2.2 Securities issued								
2.3 Other liabilities	3,164	557	1,088	1,121				**5,930**
3. Derivatives								
Options								
3.1 Long positions								
3.2 Short positions								
Other derivatives								
3.3 Long positions								
3.4 Short positions								

The structure of the company's financing is represented by committed credit lines and ordinary credit lines.
The ordinary lines, equal to 29% of total credit lines, do not have fixed expiration dates and are used, according to treasury needs on average within three months. At the same time, the structured credit lines with expiry dates between 12 and 36 months in part provide for the possibility of revolving drawdowns with drawdowns between one and six months renewable each time until the expiry of the contract.

2. Interest rate risk measurement and management models and other methods
The company, in accordance with the regulation for prudential supervision of Bank of Italy, wrote a Treasury and Finance Regulation which fully regulates, continually, the roles and responsibilities as regards governance and financial risk management. This document especially attributes:

• to the **board of directors of the company**, the task of approving the strategic guidelines, the policies and the operational limits for risk management, assigning the appropriate mandates for their management and monitoring them under the governance policy;
• to **senior management**, the responsibility of defining the organizational, the functional and the control solutions needed to implement what has been proposed by the board of directors;
• to the **financial office**, the responsibility of ensuring that the funding rate can be correlated to the lending rate, securing fixed-rate financing or putting into place derivative transactions for hedging purposes.

The situation at December 31, 2009 shows a value on the risk index below the attention threshold established by Bank of Italy's prudential supervision regulation defined as 20%.

3.2.2 PRICE RISK

QUALITATIVE INFORMATION

1. General
The price risk, meaning the possibility of sustaining losses from trading activities, is not present since the company's activities do not envisage trading on the market. Loans are represented by short-term or cash loans, intended to satisfy funding requirements, which normally remain in the financial statements until their natural expiration. Transactions in derivative instruments are put into place for the sole purpose of hedging interest rate exposure.

QUANTITATIVE INFORMATION

1. Price risk measurement and management models and other methods
In accordance with what was stated above, the limited exposure to risk does not require the use of control instruments other than those used for ordinary business operations.

3.2.3 EXCHANGE RATE RISK

QUALITATIVE INFORMATION

1. General
Exchange rate risk is represented by the exposure of the intermediary to fluctuations in exchange rates, considering both positions in foreign currency and those that provide for indexation clauses linked to the trend in the exchange rates of a specific currency.
The company's asset portfolio is entirely expressed in euros; accordingly, the risk connected with the volatility of foreign currencies is to be considered non-existent.

QUANTITATIVE DISCLOSURES

2. Exchange rate risk measurement and management models and other methods
The Treasury and Finance Regulation in effect establishes that any foreign currency transactions put into place for more than Euros 10 thousand must be fully hedged.

SECTION 3.3 – OPERATIONAL RISK

QUALITATIVE INFORMATION

1. General, operational processes and operational risk measurement methods
The company has taken note of the importance of operational risks and uses the Basel 2 definition. In particular, with regard to the four examples of operational risk (human resource risk, organizational/processes risk, technology/systems risk and external events risks), the company has adopted the following measures:
• organizational control with defined responsibilities;
• operational procedures for each process with an indication of first-level controls;
• institution of an organization office;
• insurance policies to cover risks from exogenous events;
• logistics and physical security policies.

Control over operational risk is also part of the activities of the internal control organizational unit aimed at ensuring the adequacy of the internal control system and, for those operational risks which are relevant under Legislative Decree 231, also part of the tests carried out by the supervisory board on the Organizational and Control Model for 231 Compliance.
The company calculates the capital requirement to cover operational risk using the basic indicator approach, or applying a 15% regulatory ratio to the average of the operating income taken for the last three years.

QUANTITATIVE DISCLOSURES

On the basis of the above method, the capital requirement for operational risk is equal to about Euros 11.2 million.

Section 4 – Information on equity

4.1 Equity of the company

4.1.1 Qualitative information
Equity is composed of the aggregate of share capital, reserves, valuation reserves and profit for year.

For regulatory purposes, the aggregate equity relevant for that purpose is calculated on the basis of the existing instructions of Bank of Italy and constitutes the basis of reference of the prudential supervision regulations.

4.1.2 Quantitative information

4.1.2.1 Equity of the company: breakdown

Items / Amounts	Total 12.31.2009	Total 12.31.2008
1. Share capital	96,900	90,100
2. Share premium		
3. Reserves		
- income		
a) legal	9,407	7,996
b) statutory		
c) treasury shares		
d) other	9,942	8,644
- other		
4. (Treasury shares)		
5. Valuation reserves		
- Available-for-sale financial assets		
- Property, plant and equipment	2,791	2,791
- Intangible assets		
- Hedges of foreign investments		
- Cash flow hedges		
- Foreign exchange differences		
- Non-current assets and groups of assets held for sale		
- Special revaluation laws	21,432	21,432
- Actuarial gains/losses relating to defined benefits plans		
- Share of valuation reserves from investments accounted for using the equity method		
6. Equity instruments		
7. Profit /loss for the year	42,836	28,209
Total	183,308	159,172

4.2 Equity and banking regulatory ratios

4.2.1 Regulatory capital

4.2.1.1 Qualitative information

Regulatory capital is the first line of defense against risks associated with overall financial activities and constitutes the main parameter of reference for the assessment of the capital adequacy of the company.
The purpose of the new prudential supervision regulation is to ensure that all the intermediaries registered in the special list referred to in art. 107 T.U.B. have a minimum obligatory capitalization in relation to the risks assumed.
Farmafactoring constantly assesses its capital structure, developing and utilizing techniques for monitoring and managing risks, also through its internal risk committee.

From a prudential supervision standpoint, capital absorption is determined considering the current reporting rules.
Regulatory capital is composed of Tier 1 Capital plus Tier 2 Capital, net of deductions.

The main elements of the company which are comprised in regulatory capital are the following:

<u>1. Tier 1</u>
Tier 1 positive items:
• Share capital paid-in
• Reserves (legal reserve, extraordinary reserve, retained earnings)
• Profit for the year

Tier 1 negative items:
• Other intangible assets

Items to be deducted:
• Equity interests in credit and financial institution in excess of 10%.

<u>2. Tier 2</u>
Tier 2 positive items:
• Valuation reserves of property, plant and equipment: special revaluation laws
• Valuation reserves of property, plant and equipment used in the business

Tier 2 negative items:
• Non-calculable quota of the valuation reserve of property, plant and equipment assets used in the business.

Items to be deducted:
• Equity interests in credit and financial institution in excess of 10%.

3. Tier 3
At December 31, 2009, there are no capital items that qualify as Tier 3.

Deductions from total capital include prudential filters which consist of corrections to the items of equity in the financial statements in order to protect the quality and reduce the potential volatility deriving from the application of international financial reporting standards.

Regulations state that the revaluation deriving from the redetermination of the cost of buildings at first-time adoption of international financial reporting standards should be computed entirely in Tier 2 capital.

4.2.1.2 Quantitative information

	Total 12.31.2009	Total 12.31.2008
A. Tier 1 before prudential filters	126,130	115,613
B. Tier 1 prudential filters:		
B.1 Positive IAS/IFRS prudential filters (+)		
B.2 Negative IAS/IFRS prudential filters (-)		
C. Tier 1 gross of items to be deducted (A + B)	126,130	115,613
D. Items to be deducted from Tier 1	(132)	
E. Total TIER 1 (C - D)	125,998	115,613
F. Tier 2 before prudential filters	22,828	22,828
G. Tier 2 prudential filters:		
G.1 Positive IAS/IFRS prudential filters (+)		
G.2 Negative IAS/IFRS prudential filters (-)		
H. Tier 2 gross of items to be deducted (F + G)	22,828	22,828
I. Items to be deducted from Tier 2	(132)	
L. Total TIER 2 (H - I)	22,696	22,828
M. Items to be deducted from Tier 1 and Tier 2		
N. Regulatory capital (E + L - M)	148,694	138,441
O. TIER 3		
P. Regulatory capital including TIER 3 (N + O)	148,694	138,441

4.2.2 Capital adequacy

4.2.2.1 Qualitative information

Compliance with capital adequacy limits, for the Tier 1 Capital Ratio and the Total Capital Ratio is constantly monitored by the competent corporate bodies.
The Tier 1 Capital Ratio is the ratio of Tier 1 capital to the amount of risk-weighted assets.
The Total Capital Ratio is the ratio of regulatory capital to the amount of risk-weighted assets.
Farmafactoring's overall exposure to risks at December 31, 2009, in relation to its business, is adequate according to the level of capitalization and the profile of risk identified.
The capital ratios are 32% for the Tier 1 Capital Ratio and 38% for the Total Capital Ratio.

Measurable risks

From an operational standpoint, the absorption of risks is calculated using various methods:
- credit risk → standardized approach
- counterparty risk → standardized approach
- operational risk → basic indicator approach
- market risk → not material. The company does not have a trading portfolio.

Credit risk

The application of the standardized approach involves the division of the exposures into various portfolios based upon the nature of the counterparty, and the application of diversified weighted ratios to each portfolio.
In particular, for the "Central administrations and central banks" portfolio, the weighting depends on the rating assigned by the External Credit Assessment Institution (ECAI), or Export Credit Agencies (ECA), to the individual States; for the "supervised intermediaries" portfolio, the weighting depends on the rating of the State in which the supervised intermediary has its headquarters; for the "public sector entities" portfolio, the rules for weighting are the same as those for supervised intermediaries; for companies, the weighting is based on the specific rating of the company.

With regard to regulatory capital and capital requirements reporting, the credit assessment agency (ECAI) for exposures to central administrations and central banks recognized by Farmafactoring is Moody's Investor Service, with an "Unsolicited" type of rating, which attributes a 0% weighting to the State of Italy, and allows a 20% weighting to be applied to exposures to public sector entities.
For the calculation of credit risk, the company applies the following weighting factors established by Bank of Italy's regulation on prudential supervision:
- 0% for receivables from governments;
- 20% for receivables from the Public Administration (which include those from the Hospital (AOs) in the National Health System and ASLs);
- 20% for receivables from supervised intermediaries;
- 100% for receivables from private debtors;
- 100% for property, plant and equipment, investments and other assets;
- 150% for past due receivables.

Farmafactoring, since it does not receive deposits from the public, constantly maintains, as a capital requirement against credit risk, an amount of regulatory capital equal to at least 6% of the weighted exposure to credit risk.

Capital requirement = 6% RWA (Risk-Weighted Assets)

The Risk-Weighted Amount is determined by the sum of the risk-weighted assets of the various portfolios.

Operational risk
The company uses the Basic indicator approach to measure operational risk: the capital requirement is determined applying a 15% ratio to the three-year average of the operating income taken from the financial statements for the last three years, according to the formats of Bank of Italy (Circular 216 of August 5, 1996 – 7th update of July 9, 2007, *"Regulatory Instructions for the Financial Intermediaries registered in the Special List"* First Part, Chapter V, Section IX, page 2).

Counterparty risk
Counterparty risk represents a particular type of credit risk which generates a loss if the transactions put into place with a specific counterparty have a positive value at the time of bankruptcy. For Farmafactoring, the counterparty risk is represented only by the subscription to derivative contracts with the aim of hedging the risk of fluctuations in the interest rate: the application of the standardized approach shows an insignificant amount.

Pillar 2 – Internal Capital Adequacy Assessment Process Summary (ICAAP)

The company, by March 31, 2010, must present the ICAAP summary to Bank of Italy. The summary documents its system for the management of risks for the purpose of the determination of capital adequacy.
The latter also contains a self-assessment which identifies areas for improvement in addition to the action plans relating to the ICAAP process.
The company, based on the principle of proportionality, is classified for ICAAP purposes in Class 3, since its assets are lower than Euros 3.5 billion. As a result, the calculation methods used for capital requirements are those for the first pillar risks: standardized approach for credit risk and basic indicator approach for operational risk. With regard to risks not included in the first pillar, the company uses adequate systems for checking, analysis and organizational control.

Other risks
In reference to other risks stated in Attachment K of Circular 216 of August 5, 1996 – 7th update of July 9, 2007, *"Regulatory Instructions for the Financial Intermediaries registered in the Special List"*, Farmafactoring has set up the following organizational controls and monitoring systems.

Relevant risks
Relevant risks for the second pillar are: credit risk, operational risk, liquidity risk, strategic risk, reputational risk and residual risk.

The risks not discussed previously are described below.

• *Liquidity risk* is defined as *"the possibility that the intermediary is unable to meet its obligations at the due date, owing to its inability to raise funds on the market or the presence of limits in disposing of assets"*.
For this risk, Farmafactoring has adopted the approaches indicated in the regulation on prudential supervision, preparing a liquidity policy, including a contingency plan.
The document aims to define a funding policy in order to maintain an adequate level of financial flexibility, such as to ensure that a current treasury margin is kept which supports business activities by accessing financial sources without altering the economic or equity equilibrium of the company represented by the correlation between sources and uses.

• *Strategic risk* is defined as *"the current or future risk of a decline in profits or capital owing to changes in the operational context or to incorrect company decisions, insufficient implementation of decisions and inadequate reactivity to changes in the competitive environment"*.
The company has formalized a short-term, structured strategic planning process directed towards the determination of total future internal capital.

• *Reputational risk*, is defined as, *"the decline in profits or capital as a result of a negative perception of the intermediary's image by customers, counterparties, shareholders, investors or the regulator"*.
The company has conducted customer satisfaction surveys in 2009 with assignor customers and assigned debtors in order to continue to improve its image, also by improving the quality of its services.

• *Residual risk*. As for the residual risk associated with the validity of the guarantees that the company receives from the clientele, there is a guarantee management policy in place in the Credit Regulation, and an *ad hoc* procedure which regulates operational aspects.

Non-relevant risks
• *Interest rate variation risk*. The exposure to the risk of variations in interest rates is measured by reference to the assets and liabilities in the non-current portfolio. Farmafactoring determines the exposure to risks arising from potential changes in interest rates according to the provisions of Attachment M of Circular 216 of August 5, 1996 – 7th update of July 9, 2007, *"Regulatory Instructions for the Financial Intermediaries registered in the Special List"* issued by Bank of Italy, or weighting the asset and liability exposure according to the time frame, with weighed factors determined on the basis of the duration, and with shock rate assumptions of 200 basis points for all due dates.
The situation at December 31, 2009 shows a value on the risk index considerably below the attention threshold established by the regulation on prudential supervision (20%): consequently the risk for 2009 is considered immaterial.

• *Concentration risk*. The concentration risk represents a risk that can be measured by the company using the method proposed in Attachment B of Circular 263 of December 27, 2006 *(New Regulation for Prudential Supervision for the Banks)*, issued by Bank of Italy, which provides for

the determination of the measurement of internal capital against concentration risk using the Granularity Adjustment algorithm.
The figures at December 31, 2009 relating to the credit portfolio show that almost all of the company's exposure to non-recourse receivables consists of receivables from entities of the Public Administration and the National Health System.
The individual concentration risk is close to zero since the parties which comprise the outstanding balance have a Probability of Default (PD) close to or at zero. Even the sectorial concentration risk is close to zero since the sector with the highest concentration has a PD close to zero.

• *Securitization risk*. The securitization risk is not relevant to the company since it currently does not have any securitization transactions in place.

Non-relevant risks also include the counterparty risk.

4.2.2.2 Quantitative information

Categories / Amounts	Non-weighted assets		Weighted assets	
	12.31.2009	12.31.2008	12.31.2009	12.31.2008
A. Risk assets				
A.1 Credit and counterparty risk				
1. Standardized approach	1,744,852	1,832,618	395,256	434,104
2. Internal rating based (IRB) approaches				
2.1 Basic indicator approach				
2.2 Advanced				
3. Securitizations				
B. Capital requirements				
B.1 Credit and counterparty risk			23,715	26,046
B.2 Market risk				
1. Standardized approach				
2. Internal models				
3. Concentration risk				
B.3 Operational risk				
1. Basic indicator approach			11,238	8,484
2. Standardized approach				
3. Advanced approach				
B.4 Other capital requirements				
B.5 Other calculation elements				
B.6 Total capital requirements			34,953	34,530
C. Risk assets and capital ratios				
C.1 Risk-weighted asset			395,256	434,104
C.2 Tier 1/Risk-weighted assets *(Tier 1 capital ratio) (%)*			32%	27%
C.3 Regulatory capital including TIER 3/Risk-weighted assets *(Total capital ratio) (%)*			38%	32%

Section 5 – Analytical statement of comprehensive income

Analytical statement of comprehensive income for 2009

Items	Before tax effect	Tax effect	After tax effect
10. Profit/loss for the year	64,797	21,961	42,836
Other comprehensive income			
20. Available-for-sale financial assets:			
a) fair value changes			
b) reclassification through profit or loss			
- impairment loss adjustments			
- gains/losses on disposals			
c) other changes			
30. Property, plant and equipment			
40. Intangible assets			
50. Hedges of foreign investments:			
a) fair value changes			
b) reclassification through profit or loss			
c) other changes			
60. Cash flow hedges:			
a) fair value changes			
b) reclassification through profit or loss			
c) other changes			
70. Foreign exchange differences:			
a) fair value changes			
b) reclassification through profit or loss			
c) other changes			
80. Non-current assets held for sale:			
a) fair value changes			
b) reclassification through profit or loss			
c) other changes			
90. Actuarial gains/losses on defined benefits plans			
100. Share of valuation reserves of investment accounted for using the equity method:			
a) fair value changes			
b) reclassification through profit or loss			
- impairment loss adjustments			
- gains/losses on disposals			
c) other changes			
110. Total other comprehensive income	0	0	0
120. Comprehensive income (Captions 10+110)	64,797	21,961	42,836

Section 6 – Related party transactions

6.1 Information on compensation to key managers
• Compensation to the directors Euros 660.
• Compensation to the board of statutory auditors Euros 90.

6.2 Loans and guarantees provided on behalf of directors and statutory auditors
No guarantees have been provided on behalf of the directors and statutory auditors.

6.3 Information on related party transactions
Beginning in 2007, FF Holding S.p.A. (as the consolidating company) and Farmafactoring S.p.A. (as the subsidiary), after jointly opting to be taxed as a group, calculate the taxable profit on a consolidated basis pursuant to article 117 and subsequent articles of D.P.R. 917 of December 22, 1986.
Tax assets and liabilities relating to the IRES income tax on companies shown in Section 12 refer to receivables and payables with the parent FF Holding S.p.A.
On December 28, 2009, the parent, FF Holding S.p.A., extended a loan of Euros 5 million to Farmafactoring S.p.A. due on June 30, 2010 and regulated by normal market conditions.

Furthermore, Farmafactoring also has factoring and mandate arrangements for the management and collection of receivables with shareholder companies carried out on an arm's length basis.

On December 10, 2009, Farmafactoring España S.L. was formed with a sole shareholder, Farmafactoring S.p.A. The share capital is fully paid-in and amounts to Euros 100,000.
Farmafactoring España S.L. has its headquarters in Madrid and will start up operations in 2010 as established in the company's deed of incorporation. Its operations will reflect those of the parent, seeking to meet the needs of customer companies which operate in the Spanish market.

03 BOARD OF STATUTORY AUDITORS' REPORT

To the shareholders' meeting of Farmafactoring S.p.A.

Board of Statutory Auditors' Report on the Financial Statements for the year ended December 31, 2009 of Farmafactoring S.p.A.

Shareholders,

The board of statutory auditors is writing this report in accordance with art. 2429 of the Italian Civil Code in that the company has engaged the audit firm of PricewaterhouseCoopers S.p.A. for the audit of the company. The audit firm is listed in the register of the Ministry pursuant to art. 2409 bis of the Italian Civil Code.

Our work on control activities pursuant to art. 2403 of the Italian Civil Code during the course of the year ended December 31, 2009 has been guided by the Code of Conduct of the board of statutory auditors as recommended by the National Boards of Dottori Commercialisti and Ragionieri.

In particular, with regard to the provisions of art. 2403 of the Italian Civil Code, we would like to inform you that the board:

- has overseen compliance with the law and the deed of incorporation and observance of the principles of correct administration;
- has taken part in the shareholders' meetings and meetings of the board of directors, which have been conducted in accordance with the bylaws, laws and regulations which govern their functioning and for which we can reasonably assure you that the motions resolved have been in compliance with the law and bylaws and that they have not been manifestly imprudent, risky, in conflict of interest or such as to compromise the integrity of the company's assets;
- has also obtained adequate information from the directors on the general performance of operations and the future outlook as well as on the most significant transactions, in terms of size or features, carried out by the company, and, in this regard there are no significant matters to report;
- has not noted the existence of atypical and/or unusual transactions; confirms that as a result of the supervisory and control activities carried out there were no significant facts that emerged such as to be reported or mentioned by the board in this report;
- has acquired information and monitored, as far as its responsibilities are concerned, the adequacy of the organizational structure and the administrative and accounting system adopted by the company and on its actual functioning, through meetings and direct observations and through the gathering of information from the persons in charge, as well as the reliability of the administrative and accounting system to properly represent the operating events and to this end we have no particular matters to report;
- has monitored the development of internal control and risk management activities for the year 2009 and monitored the areas covered by such activities which we believe are adequate in relation to the needs of the company;
- has also monitored the implementation of the ICAAP process, in concert with the person in charge of internal control, which has been designed according to the guidelines set out by Bank of Italy in Circular 216/96;
- has fulfilled the obligation of updating the programming document on security relating to the treatment of data for purposes of the law on privacy;

- has taken note of the activity carried out by the supervisory body nominated to ensure the adequacy, observance and updating of the organizational and operational model pursuant to Legislative Decree 231 of June 8, 2001 and subsequent legislative changes and also monitored the requisites of efficiency and independence related thereto;
- has proceeded with the customary exchange of information with the firm charged with the audit pursuant to art. 2409 *septies* of the Italian Civil Code;
- has noted transactions between the company and its shareholder which are based on operating activities and are in the interests of the company, as stated by the directors in the report on operations; such transactions are carried out at normal market terms and taking into account the characteristics of the transactions that have been entered into;
- in 2009, has not received petitions or complaints nor has the board issued opinions pursuant to the law;
- has examined the report issued by the audit firm which issued an unqualified opinion without qualifications.

The condensed balance sheet and income statement are presented as follows:

Balance sheet		
Assets		1,745,032,295
Liabilities		1,561,724,162
Share capital	96,900,000	
Legal reserve	19,349,583	
Valuation reserves	24,222,976	
Equity		140,472,559
Profit for the year 2009		42,835,574
Liabilities and equity		1,745,032,295
Income statement		
Operating income		88,187,348
Profit before tax from		
continuing operations		64,797,139
Profit after for the year 2009		42,835,574

The board of statutory auditors confirms that the directors have made no departures pursuant to art. 2423 of the Italian Civil Code in the preparation of the financial statements.

Accordingly, the board has no reasons to oppose the approval of the financial statements at December 31, 2009 and expresses a favorable opinion on the motion for the appropriation of profit proposed by the board of directors.

Milan, April 12, 2010

The Board of Statutory Auditors

Francesco Tabone

Luca Fontanesi

Giancarlo Rizzani

04 INDEPENDENT AUDITORS' REPORT

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 2409-TER OF CIVIL CODE (now art. 14 of legislative decree no. 39 dated 27 January 2010)

To the Shareholders of
Farmafactoring SpA

1 We have audited the financial statements of Farmafactoring SpA, which comprise the balance sheet, the income statement and the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the related notes as of 31 December 2009. Farmafactoring SpA's Directors are responsible for the preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In accordance with those standards and criteria, the audit has been planned and performed to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles used and the reasonableness of the estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

The audit of the financial statements at 31 December 2009 was conducted in accordance with the legislation in force during the year then ended.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 10 April 2009.

3 In our opinion, the financial statements of Farmafactoring SpA as of 31 December, 2009 comply with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005; accordingly, they

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give a true and fair view of the financial position, the results of operations, the changes in shareholders' equity and cash flows of Farmafactoring SpA for the year then ended.

4 The directors of Farmafactoring SpA are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the financial statements, as required by Law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the financial statements of Farmafactoring SpA as of 31 December 2009.

Milan, 12 April 2010

PricewaterhouseCoopers SpA

Signed by

Marco Palumbo
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. References in this report to the Financial Statement refer to the Financial Statement in original Italian and not to their translation.

RESOLUTIONS OF THE ORDINARY AND SPECIAL SESSIONS OF THE SHAREHOLDERS' MEETING

The ordinary session of the shareholders' meeting, which met in first call on April 29, 2010, approved the financial statements for the year ended December 31, 2009, consisting of the balance sheet, the income statement and the notes to the financial statements, together with the board of directors' report on operations, acknowledging the report of the board of statutory auditors and the report of the audit firm, and appropriated the profit for the year of Euros 42,835,574 as follows:

- to the legal reserve, the amount of Euros 2,141,779;
- to dividends, the amount of Euros 19.00 for each of the 1,700,000 outstanding shares, equal to a total of Euros 32,300,000;
- to retained earnings, the remaining amount of Euros 8,393,795.

The special session of the shareholders' meeting held on the same date passed a resolution to increase share capital from Euros 96,900,000 to Euros 105,400,000, in the form of a free increase, by partly drawing from retained earnings, raising the par value of the shares from Euros 57.00 to Euros 62.00, with a consequent modification to art. 5 of the bylaws.

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