



_Half year financial report 2008

CONTENTS

Board of Directors and controlling bodies	4
Financial highlights	5
Reply Living Network	6
INTERIM MANAGEMENT REPORT 2008	9
HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2008	17
Consolidated income statement	18
Consolidated balance sheet	19
Statement of changes in shareholders' equity	20
Consolidated cash flow statement	21
Notes	22
Annexed tables	47
REPLY S.p.A. – INTERIM FINANCIAL STATEMENTS AT 30 JUNE 2008	51
ATTESTATION UNDER ARTICLE 154 BIS OF LEGISLATIVE DECREE 58/98	56
INDEPENDENT AUDITORS' REPORT	57

Board of directors and controlling bodies

Board of Directors	
Chairman and Chief executive officer	Mario Rizzante
Chief executive officers	Sergio Ingegnatti Tatiana Rizzante
Directors	Oscar Pepino Claudio Bombonato Fausto Forti ^{(1) (2) (3)} Marco Mezzalama ⁽¹⁾⁽²⁾ Carlo Alberto Carnevale Maffè ^{(1) (2)}
Statutory auditors	
President	Piergiorgio Re
Auditors	Tommaso Vallenzasca Ada Alessandra Garzino Demo
Alternative auditors	Paolo Claretta-Assandri Alessandro Mikla
Independent auditors	
	Deloitte & Touche S.p.A.

¹ Directors not invested with operational proxy.

² Independent directors, according to the Corporate Governance code for the public companies;

³ Lead Independent Director.

Financial Highlights

(thousand euros)

FY 2007	%	Economic figures	1st half 2008	%	1st half 2007	%
277.176	100.0	Revenues	160.254	100.0	135.936	100.0
42.282	15.3	Gross operating income	21.725	13.6	19.011	14.0
38.036	13.7	Operating income	19.759	12.3	17.123	12.6
37.820	13.6	Income before taxes (*)	19.356	12.1	16.998	12.5
15.719	5.7	Group net income	7.760	4.8	6.027	4.5

(*) Income before taxes is related o continuing operations.

31/12/2007	Financial figures	30/06/2008	30/06/2007
94.493	Group shareholders' equity	97.190	84.839
12.713	Minority interest	13.528	9.985
235.140	Total assets	260.259	224.193
63.846	Net working capital	63.868	47.017
96.788	Net invested capital	111.776	81.707
19.650	Cash flow (*)	10.744	12.965
10.418	Net financial position	(1.058)	13.117

(*) Calculated as the sum of operating cash flows and change in operating activities.

31/12/2007	Data per share (in euros)	30/06/2008	30/06/2007
9.079.920	Number of shares	9.079.920	9.067.520
4,19	Operating income per share	2,18	1,89
1,73	Net result per share	0,85	0,66
2,16	Cash flow per share	1,18	1,43
10,41	Shareholders' equity per share	10,70	9,36

31/12/2007	Other information	30/06/2008	30/06/2007
2.272	Number of employees	2.539	2.174

_Reply Living Network

The Internet has become a real “informatics system” capable of moving and allowing enormous amounts of data, information and ever more complex contents to be utilised, bringing about a new generation of products and services. A revolution that has triggered different competitive levers and has generated new organizational and behavioural models.

We are all now experiencing a “living network”, a new form of ecosystem in which the barriers between digital components and real components overlap, a system in which technology enables innovation (products, processes) and innovation facilitates innovation (relations, models and products).

We are rapidly moving towards a future in which technology will preside in all moments of our lives, a visible or invisible driver of things, objects and customs.

Reply supports its customers in this path of innovation with solutions and services aimed at leveraging the opportunities provided by the Internet and emerging communication technologies.

The business model

Reply operates with a network of companies respectively specialised in Processes, Applications and Technologies that are centres of excellence capable of winning “Best in Class” positions in their own areas of competence.

Processes –Reply considers the knowledge and usage of technology as a new enabling factor to processes resulting from an in-depth expertise of the market and the industry- specific contexts.

Applications – Reply designs and deploys application solutions aimed at satisfying the core business requirements of companies.

Technologies –Reply optimises the use of state-of-the-art technologies to develop solutions that can guarantee customers maximum efficiency and operating flexibility.

Reply services include:

Consultancy – strategic, communication, process and technology consultancy.

System Integration – full exploitation of the technology potential combining business consultancy with innovative and high value-added technological solutions;

Application Management – management, monitoring and on-going innovation of technological assets.

MARKET FOCUS

Telco & Media

In recent years, the Telecommunications market has seen the development of operators, from suppliers of connectivity to providers of value added services. Services and content are increasingly focused on users (business, consumer, employee), terminals (Smart phone, PDA, PC, etc.) and on how services and devices are used. Wireless applications based on Internet standards require an ever more so sophisticated approach, in terms of design and developments. The amount of information handled and transferred requires complex infrastructures such as area network storage.

Reply is currently one of the major technological partners in the process of convergence between Telco and Media, with particular focus on the components relating to digital terrestrial applications, content and multi-media asset management and Billing and CRM services.

The current relentless technological evolution stimulates innovation towards a consumer oriented approach through new business models (Virtual Operator – MVNO) and interactive types of services (IPTV) with highly personalized contents.

In so doing, Reply integrates expertise and skills in the major technologies, as well as communication and creativity to design content and enable innovative services that leverage the potential of the new digital channels.

Industry and Services

Successful businesses must be able to make fast decisions and act effectively, aligning strategies, people, processes and technologies quickly and simultaneously within “network structures”: complex aggregations of customers, partners and suppliers.

Information systems provide processes with maximum flexibility and an increasingly strict control. New technologies enhance and extend the process potential: Electronic tagging, web services, mobile solutions and instant messaging have changed the pace at which companies move.

Technological development and the ability to integrate it efficiently into application solutions are the basics that Reply offers its own customers during the implementation, change and management of information systems; from design to the understanding and re-definition of core processes and the creation of solutions that can guarantee the integration of applications in support of the Extended Enterprise.

Banking, Insurance and Financial Service Providers

Reply collaborates with very important Bank and Insurance institutions in identifying and implementing solutions capable of bringing together the optimization of core processes with a substantial improvement of efficiency in terms of asset management.

Reply helps its own customers to anticipate changes, defining strategies based on new technologies (Web Services, SOA, Mobile and Wireless solutions, multi-channel portals, on-line self services, Business Intelligence and Knowledge Management) in order to introduce actual innovation into mission-critical areas such as Trading, Asset Management, support to business relationship.

Important Credit Institutions have recognised Reply’s success and key role in critical projects involving asset and wealth management.

Energy & Utilities

In recent years this market segment has faced the phenomena of competition and of “deregulation”, subject to EU regulations, through a phase dominated by strong pressure on profits and margins and the need to provide higher levels of service and security at all times.

Reply has defined a portfolio of offers for the Energy & Utilities industry spread over three main vertical areas– Retailer, Merchant Energy Provider and Network Operations – that provide strategic and technological consultancy services aimed at optimising processes and selecting and implementing the most suitable technological platforms and architectures.

Public Administration

The globalisation process at European level and federalism at national level are having an increasing influence on the trend of demand in the Public Administration market in which, for some time, there has been a move towards reducing bureaucracy and improving services offered to users (citizens and businesses).

Even more so, Public Administrations tend to use technologies in managing relations with citizens, exploiting and managing more efficiently the entire information asset and in assuring their employees access to the knowledge needed in daily work.

In the Central and Local Public Sector, Reply uses its experience gained in recent years, in the most advanced online services, speed of execution and the high professional level of its own consultants, creating vertical applications and skills in order to maximise performance and effectiveness in the deployment of industry-specific solutions.

Reply’s e-government ventures are aimed at creating solutions that allow companies and local government to compete effectively in the new scenario in which Local and Central Public Sectors operate.

INTERIM MANAGEMENT REPORT 2008

Note

This Half-year Financial Report has been prepared pursuant to Article 154-ter of Legislative Decree 58/1998 and consistent with applicable international financial accounting standards adopted by the European Union in EC Regulation 1606/2002 issued by the European Parliament and the Council of the European Union on 19 July 2002 – in particular, the requirements of IAS 34: Interim Reporting - in addition to regulations implementing Article 9 of Legislative Decree 38/2005.

_Trend of the first half

In the first half of 2008 the Group reports consolidated revenues worth 160,3 million Euros with an increase of 17.9% compared to the first half of 2007.

During the first half of 2008, operating margin has grown significantly: consolidated EBITDA amounts to 21.7 million Euros (+14.3%) and EBIT to 19.8 million Euros (+15.4%). The income before taxes achieved 19.4 million Euros (+ 13.9% compared to June 30th, 2007).

With regard to the second quarter of 2008, the Group reports consolidated results worth 83.1 million Euros with an increase of 20.7% compared with the previous year (68.9 million Euros); the consolidated EBITDA amounts to 10.9 million Euros (+13.5%) and the EBIT to 9.9 million Euros (+14.3%).

As at June 30th, 2008, the Net Financial Position shows a negative figure of 1.1 million Euros; compared to a positive 10.4 million euros as of December 31st 2007. The change in the net financial position owes to the acquisition of Communication Valley S.p.A. for 15.9 million euros.

As far as the German market is concerned, syskoplan, a Group's subsidiary, closed 1H2008 with consolidated revenues worth 30.5 million Euros (+10.3%), achieving a 3.6 million Euros EBITDA (+31.8%); the liquidity achieved by syskoplan amounts to 15.4 million Euros.

Major operations

Within the Group's riorganization plans, in March 2008 Reply acquired the 100% share capital of Communication Valey S.p.A., company focused on remote monitoring and management services of ICT Security.

Founded in 1996, Communication Valley is headquartered in Parma with 59 employees achieving 9.1 million Euros worth of revenues in 2007 an EBITDA of 17.6%, EBIT of 16.9% and net income 9.5%. During the time frame 2003-2007 the company has grown by an average of 46% annually. The company consolidated since March 1st 2008, has contributed on Group revenues and net income as at 30 June 2008 respectively by 2.1 % and 3.9%.

With the acquisition of Communication Valley, Reply extends its offering in terms of services targeted to Business Security & Data Protection.

Subsequently, on July 15, 2008, Reply finalised the acquisition of the 100% share capital of glue: an English company with headquarters in Marlow UK and specialized in Enterprise Architecture, Solution Design and SOA consulting services.

glue: characterized by an outstanding reputation and for the excellence of its solutions, further potentiates Architecture, Application Integration and BPM offerings - sectors that are demonstrating to be more and more important for those companies defining new business models enabled by SOA and the 2.0 paradigm.

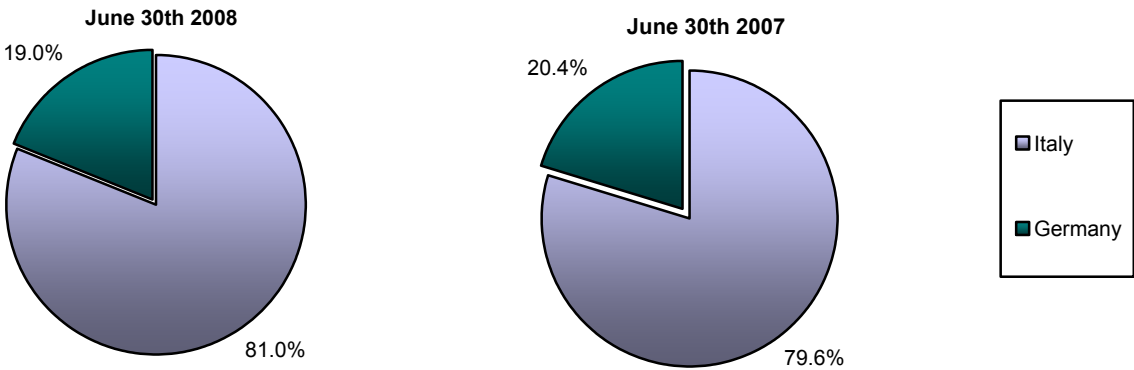
This operation strengthens the position of Reply in Europe, where it already has a solid presence in Italy and Germany, and as of today also in Great Britain, a market with an enormous potential.

Reclassified consolidated statement of income

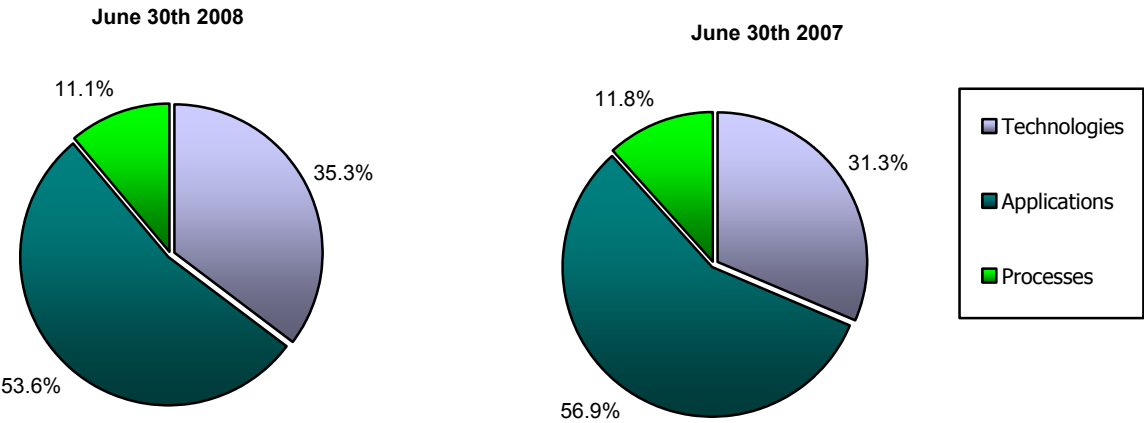
Reply's performance is shown in the following reclassified consolidated statement of income and is compared to corresponding figures of the previous year:

(thousand euros)	1 st half 2008	%	1 st half 2007	%
Revenues	160.254	100.0	135.936	100.0
Purchases	(6.005)	(3.7)	(2.850)	(2.1)
Personnel	(80.957)	(50.5)	(68.454)	(50.3)
Services and other costs	(50.481)	(31.5)	(44.960)	(33.1)
Other unusual operating income/expenses	(1.086)	(0.7)	(661)	(0.5)
Operating costs	(138.529)	(86.4)	(116.925)	(86.0)
Gross operating income (EBITDA)	21.725	13.6	19.011	14.0
Amortisation, depreciation and write-downs	(1.966)	(1.2)	(1.888)	(1.4)
Operating income (EBIT)	19.759	12.4	17.123	12.6
Financial income/(expenses)	(403)	(0.3)	(125)	(0.1)
Result before taxes of continued operations	19.356	12.1	16.998	12.5
Income taxes	(9.947)	(6.2)	(9.567)	(7.0)
NET RESULT OF CONTINUED OPERATIONS	9.409	5.9	7.431	5.5
Result from discontinued operations	(48)	(0.1)	(47)	(0.0)
Minority interest	(1.601)	(1.0)	(1.357)	(1.0)
GROUP NET RESULT	7.760	4.8	6.027	4.5

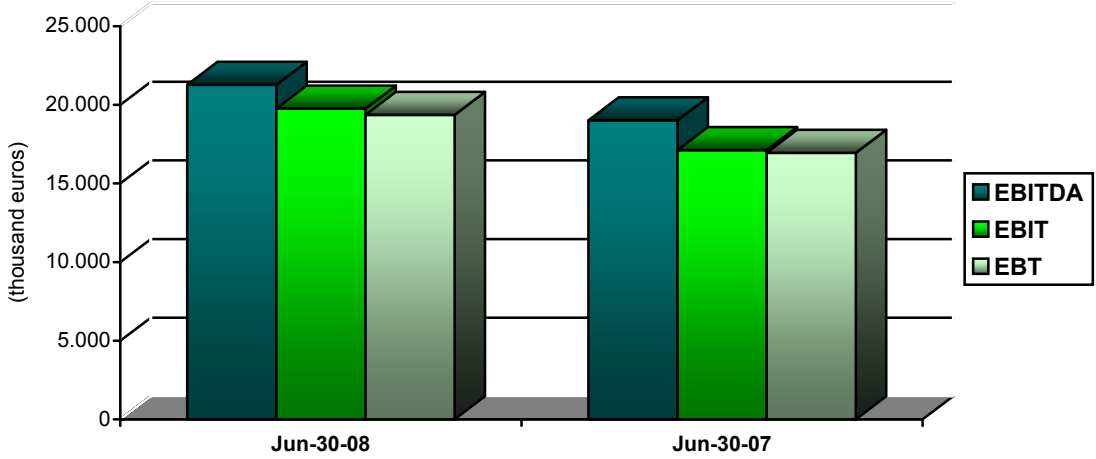
Revenues by geographic area



Revenues by business line



Trend in the major economic indexes



Analysis of financial structure

The table below details the Group's financial structure as at 30 June 2008 compared to 31 December 2007:

(thousand euros)	30/06/2008 (a)	%	31/12/2007 (b)	%	Change (a)-(b)
Current operating assets	143.222		134.996		8.226
Current operating liabilities	(79.356)		(71.150)		(8.206)
Net working capital (A)	63.866		63.846		20
Non current assets	73.511		58.398		15.113
Non M/L term financial liabilities	(25.601)		(25.456)		(145)
Net fixed capital (B)	47.910		32.942		14.968
Net invested capital (A)+(B)	111.776	100.0	96.788	100.0	14.988
Shareholders' equity (C)	110.718	99.1	107.206	110.8	3.512
Net financial position (A)+(B)-(C)	1.058	0.9	(10.418)	(10.8)	11.476

Net invested capital amounted to 111.776 thousand euros as at 30 June 2008 and was financed by Shareholders' equity for 110.718 thousand euros, with a residual net financial position of 1.058 thousand euros.

The following table provides the breakdown of net working capital.

(thousand euros)	30/06/2008 (a)	31/12/2007 (b)	Change (a)-(b)
Inventories	23.917	8.691	15.226
Trade receivables	113.418	121.128	(7.710)
Other operating assets	5.887	5.177	711
Current operating assets (A)	143.222	134.996	8.226
Trade payables	22.941	25.334	(2.393)
Other current liabilities	56.415	45.816	10.599
Current operating liabilities (B)	79.356	71.150	8.208
Net working capital (A)-(B)	63.866	63.846	20
<i>Return on revenues</i>	<i>19.9%</i>	<i>23.0%</i>	<i>n/a</i>

Net financial position and statement of cash flows

Detail of the Group's net financial position as at 30 June 2008 analysed by maturity date and compared to 31 December 2007 figures is provided below:

(thousand euros)	30/06/2008	31/12/2007	Change
Cash and cash equivalents	42.322	40.810	1.512
Cash and cash equivalents of discontinued operations	435	356	79
Investments in liquid funds	131	-	131
Due to banks	(8.479)	(3.914)	(4.565)
Due to others	(359)	(151)	(208)
Short term financial position	34.050	37.101	(3.051)
Non financial assets	638	580	58
Due to banks	(35.540)	(26.920)	(8.620)
Other providers of finance	(206)	(343)	137
M/L term financial position	(35.108)	(26.683)	(8.425)
Total net financial position	(1.058)	10.418	(11.476)

The net financial position as of June 30, 2008 shows a negative figure of 1.058 thousand euros, with a decrease of 11.476 thousand euros compared to December 31, 2007 principally owing to the acquisition of the equity investment in Communication Valley S.p.A.

Due to banks is related mainly to the partial use (43.230 thousand euros) of the credit line for new M&A operations, of which 15.500 thousand euros related to Communication Valley S.p.A.

Change in the item cash and cash equivalents is summarised in the table below:

(thousand euros)	30/06/2008
Cash flows from operating activities (A)	7.625
Cash flows from investment activities (B)	(16.837)
Cash flows from financial activities (C)	10.724
Change in cash and cash equivalents (D)=(A)+(B)+(C)	1.512
Cash and cash equivalents at beginning of period	40.810
Cash and cash equivalents at period end	42.322
Total change in cash and cash equivalents (D)	1.512

Reconciliation of equity and profit for the period of the Parent Company

In accordance with Consob Communications no. DEM/6064293 dated July 28, 2006, the equity and profit of the parent company are reconciled below with the related consolidated amounts.

(thousand euros)	30/06/2008		31/12/2007	
	Net equity	Result of H1 2008	Net equity	Result of the year
Reply S.p.A.'s separate financial statements	84.922	18.328	71.537	11.795
Results of the subsidiary companies	52.516	14.293	61.085	26.939
Carrying value of investments in consolidated companies	(24.609)	128	(23.231)	311
Elimination of dividends from subsidiary companies	-	(18.656)	-	(13.812)
Adjustments to accounting principles and elimination of unrealized intercompany gains and losses, net of related tax effect	(2.111)	(4.732)	(2.185)	(7.551)
Minority interest	(13.528)	(1.601)	(12.713)	(1.963)
Reply Group consolidated financial statements	97.190	7.760	94.493	15.719

Transactions with related parties

During the period, there were no transactions with related parties, including intragroup transactions, which qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered.

Information on transactions with related parties, including specific disclosures required by the Consob Communication of 28 July 2006, is in the annex.

Outlook

Reply has reported positive results in the first half of 2008 showing a steady growth supported by dynamic activities carried out in all the markets in which Reply is present: Telco and Media, Banking and Insurance, Manufacturing and Services, as well as Public Administration.

Such results are in line with the 2008 target and constitute a solid basis for the second half of the year.

Turin, August 7, 2008

For the Board of Directors
The Chairman
(Mario Rizzante)



**HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS AT JUNE 30, 2008**

REPLY
CONSOLIDATED INCOME STATEMENT (*)
(thousand euros)

	<i>Note</i>	1st half 2008	1st half 2007	FY 2007
Revenues	5	160.254	135.936	277.176
Other revenues		697	537	1.900
Purchases	6	(6.005)	(2.850)	(6.955)
Personnel	7	(80.957)	(68.454)	(134.909)
Services and other costs	8	(51.178)	(45.497)	(94.415)
Amortisation, depreciation and write-downs	9	(1.966)	(1.888)	(4.246)
Other unusual operating income/expenses	10	(1.086)	(661)	(515)
Operating income		19.759	17.123	38.036
Financial income/(expenses)	11	(403)	(125)	(216)
Result before tax of continuing operations		19.356	16.998	37.820
Income tax	12	(9.947)	(9.567)	(19.475)
NET RESULT OF CONTINUING OPERATIONS		9.409	7.431	18.345
Result from discontinued operations	13	(48)	(47)	(92)
Minority interest		(1.601)	(1.357)	(2.534)
GROUP NET RESULT		7.760	6.027	15.719
Net result per share	14	0,86	0,66	1,75
Diluted net result per share	14	0,84	0,66	1,75

(*) Pursuant to Consob Regulation no. 15519 of 27 July 2006, the effects of related-party transactions on the consolidated statement of income are reported in the annexed tables.

REPLY
CONSOLIDATED BALANCE SHEET (*)
(thousand euros)

	Note	30/06/2008	31/12/2007	30/06/2007
Tangible assets	15	7.926	7.217	6.798
Goodwill	16	55.063	40.496	41.073
Other intangible assets	17	3.434	3.015	2.433
Other financial assets	18	3.150	2.954	1.297
Deferred tax assets	19	4.574	5.141	4.420
Non current assets		74.147	58.823	56.021
Inventories	20	23.917	8.691	16.066
Trade receivables	21	113.418	121.128	107.411
Other receivables and current assets	22	5.887	5.028	3.973
Financial assets	18	-	-	305
Cash and cash equivalents	23	42.322	40.810	39.741
Current assets		185.544	175.657	167.496
Total assets from discontinued operations	13	568	660	676
TOTAL ASSETS		260.259	235.140	224.193
Share capital		4.722	4.722	4.715
Other reserves		84.708	74.052	74.097
Group net result		7.760	15.719	6.027
Group shareholders' equity	24	97.190	94.493	84.839
Minority interest		13.528	12.713	9.985
SHAREHOLDERS' EQUITY		110.718	107.206	94.824
Financial liabilities	25	35.746	27.240	23.779
Employee benefits	26	13.895	13.362	12.867
Deferred tax liabilities	27	4.261	4.264	3.894
Provisions	28	7.445	7.830	4.072
Non current liabilities		61.347	52.696	44.612
Financial liabilities	25	8.838	4.088	4.079
Trade payables	29	22.941	25.334	21.373
Other current liabilities	30	50.927	41.723	54.183
Provisions	28	5.462	4.024	5.082
Current liabilities		88.168	75.169	84.717
Total liabilities from discontinued operations	13	26	69	40
TOTAL LIABILITIES		149.541	127.934	129.369
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		260.259	235.140	224.193

(*) Pursuant to Consob Regulation no. 15519 of 27 July 2006, the effects of related-party transactions on the consolidated balance sheet are disclosed at the Annexed tables herein.

REPLY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(thousand euros)	Share capital	Reserve for cash flow hedge	Other reserves	Result for the year	Total Group equity	Minority interest	Total consolidated equity
Balance at 31/12/2006	4.642	351	63.840	10.274	79.107	14.481	93.588
Allocation 2006 result							
- reserves	-	-	7.743	(7.743)	-	-	-
- dividends	-	-	-	(2.531)	(2.531)	(455)	(2.986)
Share capital increase	73	-	1.965	-	2.038	-	2.038
Other changes	-	305	(107)	-	198	(5.398)	(5.200)
Result of the period	-	-	-	6.027	6.027	1.357	7.384
Balance at 30/06/2007	4.715	656	73.441	6.027	84.839	9.985	94.824
Reversal of the first half 2007 result	-	-	-	(6.027)	(6.027)	(1.357)	(7.384)
Share capital increase	7	-	129	-	136	-	136
Other changes	-	(198)	24	-	(174)	1.551	1.377
Result for the year	-	-	-	15.719	15.719	2.534	18.253
Balance at 31/12/2007	4.722	458	73.594	15.719	94.493	12.713	107.206
Allocation 2007 result							
- reserves	-	-	12.600	(12.600)	-	-	-
- dividends	-	-	-	(3.119)	(3.119)	(613)	(3.732)
Other changes	-	222	(2.166)	-	(1.944)	(173)	(2.116)
Result of the period	-	-	-	7.760	7.760	1.601	9.360
Balance at 30/06/2008	4.722	680	84.028	7.760	97.190	13.528	110.718

REPLY
CONSOLIDATED STATEMENT OF CASH FLOWS
(thousand euros)

	1 st half 2008	1 st half 2007
Net result for the period	7.760	7.431
Income tax	9.947	9.567
Depreciation and amortisation	1.966	1.888
Change in trade receivables	10.062	2.793
Change in other current assets	249	1.967
Change in inventories	(15.225)	(7.029)
Change in trade payables	(3.252)	375
Change in other current liabilities	(2.147)	(2.644)
Income tax paid	(484)	(1.051)
Net cash flows from operating activities of discontinued operations	-	(330)
Net cash flows from operating activities	7.625	12.965
Payments for tangible and intangible assets	(2.900)	(2.244)
Proceeds from disposal of financial assets	-	601
Out payments for the acquisition of subsidiaries	(13.937)	(1.039)
Net cash flows from investment activities of discontinued operations	-	155
Net cash flows from investment activities	(16.837)	(2.527)
In payments from issuing of new shares	-	838
Dividend distribution	(614)	(2.998)
Payments for acquisition of treasury shares	(2.163)	(328)
Bank loans	15.500	-
Payment of instalments	(2.000)	(2.119)
Out payments for financial assets	-	(12)
Net cash flows from financing activities of discontinued operations	-	222
Net Cash flows from financing activities	10.724	(4.397)
Net cash flows	1.512	6.042
Cash and equivalents at beginning of period	40.810	33.699
Cash and cash equivalents at period end	42.322	39.741
Total change in cash and cash equivalents	1.512	6.042

_ Explanatory Notes

General information	NOTE 1 - General information
	NOTE 2 - Accounting principles and basis of consolidation
	NOTE 3 - Basis of consolidation
	NOTE 4 - Financial risk management
Statement of income	NOTE 5 - Revenues
	NOTE 6 - Purchases
	NOTE 7 - Personnel expenses
	NOTE 8 - Services and other costs
	NOTE 9 - Amortisation, depreciation and write-downs
	NOTE 10 - Other unusual operating income/expenses
	NOTE 11 - Financial income and expenses
	NOTE 12 - Income taxes
	NOTE 13 - Assets, liabilities and result from discontinued operations
	NOTE 14 - Earnings per share
Balance sheet - Assets	NOTE 15 - Tangible assets
	NOTE 16 - Goodwill
	NOTE 17 - Other intangible assets
	NOTE 18 - Financial assets
	NOTE 19 - Deferred tax assets
	NOTE 20 - Inventories
	NOTE 21 - Trade receivables
	NOTE 22 - Other receivables and current assets
	NOTE 23 - Cash and cash equivalents
Balance sheet – Liabilities and Equity	NOTE 24 - Shareholders' equity
	NOTE 25 - Financial liabilities
	NOTE 26 - Employee benefits
	NOTE 27 - Deferred tax liabilities
	NOTE 28 - Provisions
	NOTE 29 - Trade payables
	NOTE 30 - Other current liabilities
Other information	NOTE 31 - Segment Reporting
	NOTE 32 - Transactions with related parties
	NOTE 33 -Guarantees, commitments and contingent liabilities
	NOTE 34 - Events subsequent to 30 June 2008

NOTE 1 – General information

Reply is a Consulting, System Integration and Application Management company and leader in the design and implementation of solutions based on new communication channels and digital media.

Reply, consisting of a network of specialized companies, provides applications to optimize corporate processes and develops innovative technology-based solutions to enable communication between customers, business partners and suppliers. Reply's activities are focused on the areas of Telecom & Media, Manufacturing, Finance and Public Administration.

The Group is headed by the Parent Company Reply S.p.A., company listed on the STAR segment of Borsa Italiana [REY.MI].

NOTE 2 – Accounting principles and basis of consolidation

These half-year condensed financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") endorsed by the European Union. The designation "IFRS" also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

In particular, these half-year condensed financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting* applying the same accounting principles and policies used in the preparation of the Consolidated financial statements at 31 December 2007.

The values indicated in the accounting statements are expressed in thousands of euros.

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. Moreover, these valuation procedures, in particular those of a more complex nature regarding matters such as any impairment of non-current assets, are only carried out in full during the preparation of the annual financial statements, when all the information required is available, other than in the event that there are indications of impairment, when an immediate assessment is necessary. In the same way the actuarial valuations that are required for the determination of employee benefit provisions are also usually only carried out during the preparation of the annual financial statements.

Income taxes are recognised based upon the best estimate of the weighted average income tax rate expected for the full financial year.

Format of the financial statements

These half-year condensed financial statements include, statement of income, balance sheet, statement of changes in shareholders' equity, statement of cash flows and the explanatory notes.

The income statement format adopted by the group classifies costs according to their nature, which is deemed to properly represent the Group's business. The Balance sheet is prepared according to the distinction between current and non-current assets and liabilities. The statement of cash flows is presented using the indirect method.

The most significant items are disclosed in a specific note in which details related to the composition and changes compared to the corresponding period of the previous year for income statement items and to the previous year for the balance sheet items are provided.

In connection with the requirements of Consob Resolution No. 15519 of July 27, 2006 as to the format of the financial statements, additional statements: income statement and balance sheet have been added showing the amounts of related party transactions.

Accounting principles, amendments and interpretations not yet effective and not early adopted by the Group

On 30 November 2006, the IASB issued the IFRS 8 – *Operating Segments* that will become effective on 1 January 2009 and which will replace IAS 14 – *Segment Reporting*. The new standard requires the information provided in segment reporting to be based upon the components of the entity that management uses to make decisions about operational matters. The standard requires these operating segments to be identified on the basis of internal reports that are regularly reviewed by the entity's management in order to allocate resources to the segment and assess its performance. Adopting this standard will have no effect on the measurement of items in the financial statements.

On 29 March 2007 the IASB issued a revised IAS 23 – *Borrowing Costs*. The standard shall be applied for annual period beginning after 1 January 2009. The main change from the previous version is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The standard shall be applied to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the 1 January 2009. This standard has not yet been endorsed by the European Union at the date of this half-year financial report.

On 6 September 2007 the IASB issued a revised version of IAS 1 - *Presentation of Financial Statements* that is effective for annual periods beginning on or after 1 January 2009. The revised standard requires an entity to present changes in its equity resulting from transactions with owners in a statement of changes in equity. All non-owner changes (meaning changes in comprehensive income) are required to be presented either in a single statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Transactions with non-owners may not be presented in the statement of changes in equity. This standard had not yet been endorsed by the European Union at the date of this half-year financial report.

On 10 January 2008 the IASB issued a revised version of IFRS 3 – *Business Combinations* and an amended version of IAS 27 - *Consolidated and Separate Financial Statements*. The main changes that revised IFRS 3 will make to existing requirements are the elimination of the need to measure at fair value every asset and liability at each step in a step acquisition for the purpose of calculating a portion of goodwill. Instead, goodwill will be measured as the difference at acquisition date between the value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired. Moreover, for a business combination in which the acquirer achieves control without purchasing all of the acquiree, the remaining (non-controlling) equity interests are measured either at fair value or by using the method already provided in IFRS 3. The revised IFRS 3 also requires acquisition related costs to be recognised as expenses and the acquirer to recognise the obligation to make an additional payment (contingent consideration) as part of the business

combination. In the amended version of IAS 27, the IASB has added a requirement specifying that changes in a parent's interest in a subsidiary that do not result in the loss of control must be accounted for as equity transactions and recognised within equity. Moreover when a parent loses control of a subsidiary but retains an ownership interest it must initially measure any retained investment at fair value. At the date when control is lost, the difference between the fair value and the carrying amount of the retained interest must be recognised in profit or loss. Finally, the amendment to IAS 27 requires losses pertaining to non-controlling interests to be allocated to non-controlling interest equity, even if this result in the non-controlling interest having a deficit balance. The new rules will apply prospectively from 1 January 2010. The amendment and the revised had not yet been endorsed by the European Union at the date of this half-year financial report.

On 17 January 2008 the IASB issued an amendment to IFRS 2 - *Vesting Conditions and Cancellations* which clarifies that for the purpose of share based payments measurement, vesting conditions are service conditions and performance conditions only. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This amendment, effective from 1 January 2009 had not yet been endorsed by the European Union at the date of this half-year financial report.

On 14 February 2008 the IASB issued an amendment to IAS 32 – *Financial Instruments: Presentation* and to IAS 1 *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*. These amendments require puttable financial instruments and instruments, or components of instruments that impose on an entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity instruments. This amendment, effective from 1 January 2009, had not yet been endorsed by the European Union at the date of this half-year financial report.

On 22 May 2008 the IASB issued a series of amendments to IFRS (“Improvements”). Details are provided in the following paragraphs of those identified by the IASB as resulting in accounting changes for presentation, recognition and measurement purposes, leaving out amendments regarding changes in terminology or editorial changes which are likely to have minimal effects on accounting.

- IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*: this amendment, that shall be applied from 1 January 2010, requires an entity that is committed to a sale plan involving loss of control of a subsidiary to classify all the assets and liability of that subsidiary as held for sale, regardless of whether the entity will retain a non controlling interest in its former subsidiary after the sale.
- IAS 1 – *Presentation of Financial Statements*: this amendment, which shall be applied from 1 January 2009, requires an entity to classify assets and liabilities arising from derivative financial instruments that are not classified as held for trading between current and non-current assets and liabilities.
- IAS 19 – *Employee Benefits*: this amendment, effective prospectively from 1 January 2009 to change in benefits that occur after that date, clarifies the definition of positive/negative past service costs and states that in the case of a curtailment, only the effect of the reduction for future service shall be recognised immediately in the income statement, while the effect arising from past service periods shall be considered a negative past service cost. The Board also revised the definition of short-term employee benefits and other long-term employee benefits and the definition of a return on plan assets, stating that this amount should be net of any costs for administering the plan (other than those included in the measurement of the defined benefit obligation).
- IAS 36 – *Impairment of Assets*: this amendment, effective from 1 January 2009, requires additional disclosures to be made in the case in which an entity determines the recoverable amount of a cash-generating unit using discounted cash flows.
- IAS 38 – *Intangible Assets*: this amendment, effective from 1 January 2009, requires expenditure on advertising and promotional activities to be recognised in the income statement. Further, it states that in the case expenditure is incurred to provide future economic benefits to an entity, but no intangible assets is recognised, in the case of the supply of goods, the entity recognise such expenditure as an expense when it has the right to access the

goods. In the case of the supply of services, an entity shall recognise the expenditure as an expense when it receives the services. Moreover, the standard has been revised in order to allow entities to use the unit of production method for determining the amortisation charge for an intangible asset with a finite useful life.

- IAS 39 – *Financial Instruments: Recognition and Measurement*: this amendment, effective from 1 January 2009, clarifies how to calculate the revised effective interest rate on ceasing fair value hedge accounting and notes additionally that the prohibition on the reclassification of financial instruments into or out of the fair value through profit or loss category after initial recognition should not prevent a derivative from being accounted for at fair value through profit or loss when it does not qualify for hedge accounting and vice versa. Finally, in order to eliminate conflict with IFRS 8 – *Operating Segments*, it removes the reference to designating and documenting hedges at sector level.

These improvements had not yet been endorsed by the European Union at the date of this half-year financial report.

NOTE 3 – Basis of Consolidation

Companies included in consolidation are consolidated on a line-by-line basis.

The principle change in consolidation compared to June 30, 2007 and to December 31, 2007 is related to the consolidation as of March 1st 2008, of the company Communication Valley S.p.A., of which the Parent Company, through Spike Reply S.r.l., has acquired 100% of the shares for a total of 15.9 million euros.

In the four months running up to June 30, 2008, Communication Valley has contributed to the Group's half year net result for 299 thousand euros.

A list of the Reply Group companies as at June 30, 2008 is provided at the Annexed tables herein.

NOTA 4 – Financial Risk management

Credit risk

For business purposes, specific policies are adopted in order to guarantee that clients honour payments.

With regards to financial counterparty risk, the Group does not present significant risk in credit-worthiness or solvency.

Liquidity risk

The cash flows, funding requirements and liquidity of Group companies are monitored on a centralized basis of the Group Treasury. The aim of this centralized system is to optimise the efficiency and effectiveness of the management of the Group's capital resources (maintaining the availability of minimum reserves of liquidity that are readily convertible to cash and committed credit).

Currency risk and interest rate risk

As the Group operates mainly in a “Euro area” the exposure to currency risks is limited.

The Group's exposure to interest rate risk is mainly associated to financial loans bearing free float interest rates. The Group manages this risk with the use of interest rate swaps which allows floating interest rates to be transformed to fixed interest rates.

Information related to the fair value of the derivative financial instrument is disclosed in Note 25.

NOTE 5 - Revenues

Revenues from sales and services, including change in work in progress, amounted to 160.254 thousand euros and are detailed at the table below.

(thousand euros)	1st half 2008	1st half 2007	Change
Fixed price projects	83.631	72.109	11.522
Time and material	64.851	55.254	9.597
Assistance and maintenance services	10.259	6.999	3.260
Other	1.513	1.574	(61)
Total	160.254	135.936	24.318

The change of 24.318 thousand euros compared to the corresponding period of the previous year is attributable to the consolidation of Communication Valley S.p.A. (approximately 3 million euros) and a positive trend of the period.

The following table shows the percentage breakdown of revenues by geographic area, determined as the area in which the services are executed:

Country	1 st half 2008	1 st half 2007
Italy	81.0%	79.6%
Germany	19.0%	20.4%
	100.0%	100.0%

Disclosure required by IAS 14 (“Segment reporting”) is provided in note 31 herein.

NOTE 6 - Purchases

Detail is as follows:

(thousand euros)	1 st half 2008	1 st half 2007	Change
Software licenses for resale	3.628	1.429	2.199
Hardware for resale	972	251	721
Other	1.405	1.170	235
Total	6.005	2.850	3.155

The items “Software licenses for resale” and “Hardware licenses for resale” include change in inventory of the same products.

The item *Other* includes the acquisition of fuel amounting to 1.069 thousand euros (852 thousand euros at 30 June 2007) and office material amounting to 148 thousand euros (163 thousand euros at 30 June 2007).

NOTE 7 - Personnel expenses

Detail is as follows:

(thousand euros)	1 st half 2008	1 st half 2007	Change
Payroll employees	71.558	60.722	10.836
Executive Directors	7.979	6.083	1.896
Project collaborators	1.420	1.649	(229)
Total	80.957	68.454	12.503

Increase in personnel expenses amounted to 12.503 thousand euros and mainly owes to the increase in human resources.

Personnel expenses include the fair value of the stock options vested as at 30 June 2008 (117 thousand euros).

Detail of personnel by category is provided below:

(number)	30/06/2008	30/06/2007	Change
Directors	190	159	31
Managers	374	329	45
Staff	1.975	1.686	289
Total	2.539	2.174	365

Human resources comprise mainly electronic engineer and economic and business graduates from the best Italian and foreign Universities.

NOTE 8 - Services and other costs

Service expenses comprised the following:

(thousand euros)	1 st half 2008	1 st half 2007	Change
Commercial and technical consulting	22.835	21.197	1.638
Travelling and professional training expenses	8.699	6.965	1.734
Other service costs	11.523	10.584	939
Office expenses	3.871	2.904	967
Lease and rentals	3.011	3.058	(47)
Other	1.239	789	450
Total	51.178	45.497	5.681

Change of 5.681 thousand euros in this item is mainly due to the increase in the Group's revenues.

Office expenses include charges from related parties in connection to service contracts for the use of premises and centralised secretarial services (2.421 thousand euros).

NOTE 9 - Amortisation, depreciation and write-downs

Depreciation of tangible assets, amounting to 1.375 thousand euros, has been determined on a straight-line basis at economic-technical rates that reflect the useful lives of the asset. Details of depreciation are provided at the notes to tangible fixed assets herein.

Amortization of intangible assets in the first half of 2008 amounted to 591 thousand euros. The details are provided at the notes to intangible assets herein.

In the first half of 2008 no impairment was revealed.

NOTE 10 – Other unusual operating income/expenses

Other unusual operating income/expenses amounted to 1.086 thousand euros and is mainly related to the accrual of 1.050 thousand euros in relation to contractual and commercial risks and disputed with the related provision stated in the item “Provision for other risks”.

NOTE 11 - Financial income and expenses

Detail is as follows:

(thousand euros)	1 st half 2008	1 st half 2007	Change
Financial gains	843	698	145
Interest expenses	(1.228)	(817)	(411)
Other	(18)	(6)	(12)
Total	(403)	(125)	(278)

Interest expenses mainly include the interest expenses related to the use of the credit facility granted by a pool of credit institutions for new M&A operations.

NOTE 12 – Income taxes

Income taxes are recognised based upon the best estimate of the weighted average income tax rate expected for the full financial year and as at June 30, 2008 amount to 9.947 thousand euros. Tax burden before taxation is equivalent to 51.4% (56.3% in 2007).

NOTE 13 – Assets, liabilities and result from discontinued operations

In accordance with IFRS 5 illustrated below are the assets, liabilities and result of discontinued operations of Syskoplan Consulting (USA) and Syskoplan Holding (USA), which are no longer running at 30 June 2008.

Detail is as follows:

(thousand euros)	1 st half 2008	1 st half 2007
Revenues	5	33
Operating expenses	(53)	(80)
Result of discontinued operations	(48)	(47)

	30/06/2008	31/12/2007
Total assets from discontinued operations	568	660
Total liabilities from discontinued operations	26	69
Net financial position	435	511
No. of employees	1	1

NOTE 14 – Earnings per share

Basic earnings per share

Basic earnings per share at 30 June 2008 is calculated with reference to the profit for the period of the Group which amounted to 7.760 thousand euros (6.027 thousand euros at 30 June 2007) divided by the weighted average number of shares outstanding during the year (9.051.669) at 30 June 2008.

<u>(in euros)</u>	<u>1st half 2008</u>	<u>1st half 2007</u>
Net profit for the year	7.760.000	6.027.000
Weighted average number of shares	9.051.669	8.970.945
Basic earnings per share	0,86	0,66

Diluted earnings per share

Diluted earnings per share at 30 June 2008 is calculated with reference to the profit for the period of the Group which amounted to 7.760 thousand euros (6.027 thousand euros at 30 June 2007) divided by the weighted average number of shares outstanding during the period taking in consideration the diluting effect.

<u>(in euros)</u>	<u>1st half 2008</u>	<u>1st half 2007</u>
Net profit for the year	7.760.000	6.027.000
Weighted average number of shares	9.051.669	8.970.945
Diluting effect	152.400	12.400
Weighted number of diluted shares	9.204.069	8.983.345
Diluted earnings per share	0,84	0,66

NOTE 15 – Tangible assets

Tangible assets as at 30 June 2008 amounted to 7.926 thousand euros and are detailed as follows:

(thousand euros)	30/06/2008	31/12/2007	Change
Buildings	2.971	3.042	(71)
Plant and machinery	919	952	(33)
Hardware	2.642	1.949	693
Hardware in leasing	494	504	(10)
Other	900	770	130
Total	7.926	7.217	709

Change in the first half of 2008 is summarised below:

(thousand euros)	Buildings	Plant and machinery	Hardware in leasing	Hardware	Other	Total
Historical cost	4.023	4.518	919	8.753	3.081	21.294
Accumulated depreciation	(981)	(3.566)	(415)	(6.804)	(2.311)	(14.077)
Balance at 31 December 2007	3.042	952	504	1.949	770	7.217
Historical cost						
Additions	-	213	86	1.490	307	2.096
Disposals	-	(1)	(146)	(324)	(56)	(527)
Other changes	-	71	-	632	52	755
Accumulated depreciation						
Depreciation	(71)	(273)	(96)	(791)	(144)	(1.375)
Utilisation	-	9	146	258	23	436
Other changes	-	(52)	-	(572)	(52)	(676)
Historical cost	4.023	4.801	859	10.551	3.384	23.618
Accumulated depreciation	(1.052)	(3.882)	(365)	(7.909)	(2.484)	(15.692)
Balance at 30 June 2008	2.971	919	494	2.642	900	7.926

Additions in the first half of 2008 amounted to 2.096 thousand euros and were mainly related to computers and network equipment.

Other changes refer to the first time consolidation of Communication Valley S.p.A.

The item Buildings includes a building belonging to a Syskoplan group company.

NOTE 16 - Goodwill

This item includes goodwill arising from consolidation of subsidiaries and the value of business branches purchased against payment from some Group companies.

Detail is as follows:

(thousand euros)	Acquisition date	% acquired	30/06/2008
@logistics Reply S.r.l.	2000	30%	459
Cluster Reply S.r.l.	2000	15%	155
Sytel Reply S.r.l.	2000	20%	223
Business Reply S.r.l.	2000	30%	160
YH Reply S.r.l.	2000	100%	16
XYZ Reply S.r.l.	2001	70%	1.554
E* Finance Reply S.r.l.	2001	58%	1.012
Sysproject Reply S.r.l.	2002	100%	1.665
XYZ Reply S.r.l.	2003	30%	864
IrisCube Reply S.p.A.	2003	51%	2.594
Sytel Reply S.r.l. (già Planet Reply S.r.l.)	2004	20%	1.191
Blue Reply S.r.l.	2004	12%	285
E* Finance Reply S.r.l.	2005	42%	1.549
EOS Reply S.r.l.	2005	(*)	360
Sytel Reply S.r.l.	2005	(*)	210
IrisCube Reply S.p.A.	2005	49%	4.069
Spike Reply S.r.l.	2005	10%	298
syskoplan AG	2006	63.76%	9.611
Macros Innovation GmbH(**)	2006	100%	4.652
Interactiv! GmbH (**)	2006	66.9%	1.745
Santer Reply S.p.A.	2002 - 2006	53.77%	1.062
Xuccess Consulting GmbH (**)	2007	100.0%	5.708
Axcel S.r.l.	2007	100.0%	808
Communication Valley S.p.A.	2008	100%	14.536
Others from the syskoplan group			42
Others (*)		(*)	235
Total			55.063

(*) business branch acquisition

(**) syskoplan Group company

In the first half of 2008 the following goodwill was recorded:

(thousand euros)

Balance at 31 December 2007	40.496
Increases	14.567
Balance at 30 June 2008	55.063

Increase in Goodwill is related to the acquisition of the equity investment in Communication Valley S.p.A., finalised in the month of March 2008. The difference between the acquisition price and the net assets of the acquired company has, in the mean time, been entirely allocated to goodwill, while waiting for the final results of the *fair value* analysis of the assets and liabilities of the company.

The amounts recorded as goodwill represent the expected future economic benefits of the investments made and are not susceptible to separate identification. Such goodwill is subject to the impairment test as required by IAS 36. This assessment is to be carried out at least once a year, or more frequently, should any impairment of value be identified.

In the first half of 2008 there were no indications of any impairment.

NOTE 17 - Other intangible assets

Net intangible assets as at 30 June 2008 amounted to 3.434 thousand euros (3.015 thousand euros as at 31 December 2007) and detail is as follows:

(thousand euros)	Historical cost	Accumulated amortisation	Net book value at 30/06/2008
Development expenses	5.633	(4.129)	1.504
Software	9.377	(7.970)	1.407
Trademarks	523	-	523
Total	15.533	(12.099)	3.434

Change in the first half of 2008 is summarised below:

(thousand euros)	Net book value at 31/12/2007	Other movements	Increases	Amortisation	Net book value at 30/06/2008
Development expenses	1.271	-	498	(265)	1.504
Software	1.224	2	507	(326)	1.407
Trademarks	520	-	3	-	523
Total	3.015	2	1.008	(591)	3.434

Development costs are related to the “Click Reply™” and “Discovery™” products and are accounted for in accordance with provisions of IAS 38.

The item *Software* is related mainly to software licenses purchased and used internally by the Group companies.

The item *Trademarks* expresses the value of the “Reply” trademark granted to the Parent Company Reply S.p.A. (before Reply Europe Sàrl) on 9 June, 2000, in connection to the Company’s share capital increase that was resolved and undersigned by the Parent Company Alister. Such amount is not subject to systematic amortisation but is deemed adequately supported in terms of expected financial results and related cash flows.

NOTE 18 - Financial assets

Financial assets amounted to 3.150 thousand euros and are all referred to non-current assets.

Detail is as follows:

(thousand euros)	30/06/2008	31/12/2007	Change
Receivables from insurance companies	2.146	2.123	23
Guarantee deposits	1.004	831	173
Total	3.150	2.954	196

NOTE 19 – Deferred tax assets

This item amounted to 4.574 thousand euros at 30 June 2008 (5.141 thousand euros at 31 December 2007), and includes the fiscal change corresponding to the temporary differences deriving from statutory income and taxable income related to deferred deductibility items.

NOTE 20 - Inventories

The item inventories amounted to 23.917 thousand euros, and are detailed as follows:

P14 (thousand euros)	30/06/2008	31/12/2007	Change
Contract work in progress	47.458	27.505	19.953
Finished products and goods for resale	89	436	(347)
Advance payments from clients	(23.630)	(19.250)	(4.380)
Total	23.917	8.691	15.226

Change in Inventories is essentially related to the operational trends of the turn key projects managed by the Group. As at June 30, 2007 Inventories amounted to 16.066 thousand euros.

NOTE 21 - Trade receivables

Trade receivables at 30 June 2008 amounted to 113.418 thousand euros with a decrease of 7.710 thousand euros.

Trade receivables are shown net of allowances for doubtful accounts of 1.402 thousand euros (1.577 thousand euros at 31 December 2007).

(thousand euros)	30/06/2008	31/12/2007	Change
Domestic receivables	103.300	109.150	(5.850)
Foreign trade receivables	11.683	14.335	(2.652)
Credit notes to be issued	(163)	(780)	617
Total	114.820	122.705	(7.885)
Allowance for doubtful accounts	(1.402)	(1.577)	175
Total trade receivables	113.418	121.128	(7.710)

Allowance for doubtful accounts in the first half of 2008 evolved as follows:

(thousand euros)	31/12/2007	Other changes	Provisions	Reversals	30/06/2008
Allowance for doubtful accounts	1.577	33	30	(238)	1.402

Over due trade receivables and the corresponding allowance for doubtful accounts is summarised in the tables below:

(thousand euros)	Overdue at 30 June 2008						
	Trade receivables	Current	1-90 days	91-180 days	181-360 days	over 360 days	Total overdue
Trade receivables	114.820	91.989	14.508	7.041	456	826	22.831
Allowance for doubtful accounts	(1.402)	-	(116)	(323)	(137)	(826)	(1.402)
Total trade receivables	113.418	91.989	14.392	6.718	319	-	21.429

(thousand euros)	Overdue at 31 December 2007						
	Trade receivables	Current	1-90 days	91-180 days	181-360 days	over 360 days	Total overdue
Trade receivables	122.705	102.325	17.381	1.187	594	1.218	20.380
Allowance for doubtful accounts	(1.577)	-	(178)	(81)	(100)	(1.218)	(1.577)
Total trade receivables	121.128	102.325	17.203	1.106	494	-	18.803

NOTA 22 - Other receivables and current assets

Detail is as follows:

(thousand euros)	30/06/2008	31/12/2007	Change
Tax receivables	2.569	2.695	(126)
Advances to employees	177	198	(21)
Other receivables	500	567	(67)
Accrued income and prepaid expenses	2.641	1.568	1.073
Total	5.887	5.028	859

The item tax receivables mainly include:

- Vat tax receivables (750 thousand euros);
- Advance payment on income tax for some Italian companies (1.220 thousand euros);
- Receivables for withholding tax (252 thousand euros).

NOTE 23 - Cash and cash equivalents

This item amounted to 42.322 thousand euros, with an increase of 1.512 thousand euros compared to 31 December 2007, and reflects the amount of cash at banks and on hand at the balance sheet date.

Change in cash and cash equivalents is fully detailed in the consolidated statement of cash flow.

NOTE 24 – Shareholders' equity

Share capital

As at 30 June 2008 the fully subscribed paid-in share capital of the Parent Company Reply S.p.A. amounted to 4.721.558,40 euros and is made up of 9.079.920 ordinary shares, par value 0,52 euros per share.

Other reserves

Other reserves comprised the following:

(thousand euros)	30/06/2008	31/12/2007	Change
Share premium reserve	17.551	17.551	-
Legal reserve	944	930	14
Reserve for treasury shares on hand	3.416	1.253	2.163
Reserve for purchase of treasury shares	26.584	28.747	(2.163)
Reserve for cash flow hedge	679	458	221
Retained earnings and others	35.534	25.113	10.421
Total	84.708	74.052	10.656

As at 30 June 2008 the *Share premium reserve* amounted to 17.551 thousand euros, no changes have occurred since 31 December 2007.

The *Legal reserve* increased by 14 thousand euros following allocation of Reply S.p.A.'s 2007 net result.

The *Reserve for treasury shares on hand* amounting to 3.416 thousand euros, is related to shares held by the Parent company that as at 30 June 2008 were equal in number to 169,499. During the first half of 2008 Reply S.p.A. acquired no. 100,000 ordinary shares for a total out payment of 2.163 thousand euros.

The *Reserve for purchase of treasury shares*, amounting to 26.584 thousand euros was constituted through withdrawal from the *Reserve for treasury shares on hand*, following the resolution made by the General Shareholders Meeting of Reply S.p.A. which authorised, pursuant to art. 2357 of the Italian Civil Code, the purchase of a maximum of 30 million euros of ordinary shares, corresponding to 10% of the share capital, in a lump sum solution or in several solutions within 18 months of the resolution. The decrease compared to 31 December 2007 is related to the acquisition of treasury shares during the period.

The *Reserve for cash flow hedges* includes the effects deriving from financial hedge instruments measured at fair value.

Retained earnings and other includes the effects deriving from the costs related to the existing Stock Option Plans as at 30 June 2008, the 2007 net result not distributed and to the treasury shares on hand (3.416 thousand euros).

NOTE 25 - Financial liabilities

Detail is as follows:

(thousand euros)	30/06/2008			31/12/2007		
	current	non current	Total	current	non current	Total
Advances on receivables and bank overdrafts	-	-	-	4	-	4
Financial borrowings	8.479	35.540	44.019	3.929	26.897	30.826
Total due to banks	8.479	35.540	44.019	3.933	26.897	30.830
Due to others	359	206	565	155	343	498
Total financial payables	8.838	35.746	44.584	4.088	27.240	31.328

The future out payments of the financial liabilities are detailed as follows:

(thousand euros)	30/06/2008				31/12/2007			
	Within 1 year	Between 1 and 5 years	Over 5 years	Total	Within 1 year	Between 1 and 5 years	Over 5 years	Total
Advances on receivables and bank overdrafts	-	-	-	-	4	-	-	4
Syndicated loan – SanPaolo IMI Tranche A	2.000	-	-	2.000	4.000	-	-	4.000
Syndicated loan – SanPaolo IMI Tranche B	6.872	34.358	-	41.230	-	25.730	-	25.730
Commerzbank	200	503	811	1.514	200	545	863	1.608
Other financial borrowings	359	206	-	565	155	343	-	498
Fair Value IRS and other	(593)	(132)	-	(725)	(271)	(241)	-	(512)
Total	8.838	34.935	811	44.584	4.088	26.377	863	31.328

The syndicated loan, at 30 June 2008, is referred to the partial utilization of the credit facility as undersigned on December 30, 2005 by Reply S.p.A. with San Paolo IMI, pool leader of a group of banks for the granting of the loan.

The maximum total amount of 66 million euros has been divided in two tranches:

- Tranche A can be used as an overdraft for a maximum amount of 12.000.000 euros with the purpose of entirely reimbursing the previous loan. Instalments are paid on half year basis (Euribor 6 months + 0.75%) and the loan expires on 31 December 2008.
- Tranche B can be used as an overdraft and/or as a performance guarantee for a maximum amount of 54.000.000 with the purpose of satisfying Reply's financial needs in maintaining the growth strategy finalised at the acquisition of companies, strategic investments or shares. Instalments are paid on a half year basis commencing June 30, 2009 (Euribor 6 months + 0.75%) and the loan expires on 31 December 2011.

The exiting cash and cash equivalents on hand are sufficient to enable the Group to cover payment of instalments according to their maturity.

Throughout the duration of the contract and until the loan is completely reimbursed, Reply S.p.A. must achieve predetermined ratios (Covenants) of economic and financial nature calculated on the consolidated financial statements as at 31 December of each year.

As contractually defined, such ratios are as follows:

- Net financial indebtedness / Equity $\leq 1,5$
- Net financial indebtedness / EBITDA $\leq 3,0$

At the balance sheet date the Covenants established by the loan have been fully achieved by the company.

The loan with Commerzbank is referred to a loan undersigned by syskotool, a syskoplan Group company, for the acquisition of the building in which the parent company has its registered office. Instalments are paid on a half year basis (at 4.28%) and the loan expires 30 December 2019.

Other financial borrowings are related to financial leases determined according to IAS 17 for some syskoplan Group companies.

Fair value and other is mainly related to the fair value of the cash hedge flow.

Net financial position

In compliance with Consob regulation issued on July 28, 2006 and in accordance with CESR's *Recommendations for the consistent implementation of the European's regulation on Prospect uses* issued on February 10, 2005, the Group's Net financial position, at 30 June 2008 is as follows.

(thousand euros)	30/06/2008	31/12/2007	Change
Liquidity			
- Cash and cash equivalents	42.322	40.810	1.512
- <i>Cash and cash equivalents of discontinued operations</i>	435	356	79
Current financial assets (*)	131	-	131
Non current financial assets	638	425	213
<i>Non-current assets included in discontinued operations</i>	-	155	(155)
Total financial assets	43.526	41.746	1.780
Current financial liabilities	(8.838)	(4.088)	(4.750)
Non current financial liabilities	(35.746)	(27.240)	(8.506)
Total financial liabilities	44.584	(31.328)	13.256
Total net financial position	(1.058)	10.418	(11.476)

(*) These amounts are referred to interest in relation to the gain on IRS hedging and are stated within the balance sheet caption "Other current receivables".

NOTE 26 - Employee benefits

Detail is as follows:

thousand euros)	30/06/2008	31/12/2007	Change
Employee severance indemnities	10.821	10.367	454
Directors severance indemnities	749	704	45
Employee pension funds	2.273	2.232	41
Other	52	59	(7)
Total	13.895	13.362	533

Benefits to employees that fall within the Italian regulation of Employee severance indemnities (TFR) are considered by IAS 19 as “post employment benefits” of the “defined benefits” type and are therefore subject to valuation by means of the actuarial procedure.

Reassessment of Employee severance indemnities in accordance to IAS 19 was carried out “ad personam” and on the existing employees, that is analytical calculations were made on each employee in force in the company at the assessment date without considering future work force.

The actuarial valuation model is based on the so called technical bases which represent the demographic, economic and financial assumptions underlying the parameters included in the calculation.

The employee severance indemnities (TFR), measured according to IAS 19 in the first half of 2008 was as follows:

(thousand euros)	
Balance at 31/12/2007	10.367
service cost	560
Actuarial gains/losses	468
Interest cost	243
Indemnities paid	(1.068)
Other	251
Balance at 30/06/2008	10.821

The Actuarial profits and losses and financial charges (interest cost) are generated from the valuation of the fund according to the actuarial method recalculated at 1 January 2007 in accordance with the reform.

NOTE 27 – Deferred tax liabilities

Deferred tax liabilities at 30 June 2008 amounted to 4.261 thousand euros and are referred mainly to the fiscal effects arising from temporary differences deriving from statutory income and taxable income related to deferred deductibility.

NOTE 28 – Provisions

Provisions amounted to 12.907 thousand euros (of which 7.445 thousand euros non current).

Change in provisions is detailed as follows:

(thousand euros)	Balance at 31/12/2007	Accruals	Utilization	Reversals	Balance at 30/06/2008
Payables to minority shareholders	3.620	-	(236)	-	3.384
Fidelity provisions	3.154	2.694	(2.088)	(110)	3.650
Purchase price adjustment provision	3.201	63	(258)	-	3.006
Restructuring provisions	268	-	-	-	268
Warranty provisions	180	66	(117)	-	129
Provision for other risks	1.431	2.105	(996)	(70)	2.470
Total	11.854	4.928	(3.695)	(180)	12.907

Payables to minority shareholders for 3.384 thousand euros represents the fair value of the minority interest equal to 49% of is4, a syskoplan group company. This amount has been recorded according to IAS 32 as syskoplan has signed a put option agreement with the minority shareholders to be exercised with a 12 months notice.

Fidelity provisions are referred to mainly to provisions made for some syskoplan group companies in relation to anniversary bonuses and is usually paid once the employee leaves the company.

The provisions for *Purchase price adjustments* cover the earn-out components of acquiring shares in some syskoplan group companies.

Restructuring provision includes employee leave incentives.

The *Warranty provision* represents management's best estimate of commitments given by the Group for contractual, legal or constructive obligations which can arise after termination of a project.

The *Provision for other risks* represents the amounts set aside by the individual companies of the Group principally in connection with contractual and commercial risks and disputes.

NOTE 29 - Trade payables

Change in trade payables compared to year ended 2007, amounted to 2.393 thousand euros and is detailed below:

(thousand euros)	30/06/2008	31/12/2007	Change
Domestic suppliers	25.096	24.050	1.046
Foreign suppliers	978	2.064	(1.086)
Advances to suppliers	(3.133)	(780)	(2.353)
Total	22.941	25.334	(2.393)

NOTE 30 - Other current liabilities

Detail is as follows:

(thousand euros)	30/06/2008	31/12/2007	Change
Income tax payable	11.812	3.522	8.290
VAT payable	1.193	2.694	(1.501)
Withholding tax and other (IRPEF)	2.086	2.588	(502)
Total due to tax authorities	15.091	8.804	6.287
INPS	5.268	7.051	(1.783)
Other	612	656	(44)
Total due to social security authorities	5.880	7.707	(1.827)
Employee accruals	14.408	10.515	3.893
Due to minority shareholders	3.119	-	3.119
Other payables	10.046	12.214	2.168
Accrued expenses and deferred income	2.383	2.483	(100)
Total other payables	29.956	25.212	4.744
Total other payables and current liabilities	50.927	41.723	9.204

Due to tax authorities (15.091 thousand euros), mainly refers to payables due to tax authorities for withholding tax on employees and professionals' compensation

Other payables to social security authorities (5.880 thousand euros) refer to amounts payable for employee and employer contributions.

Other payables at 30 June 2008 amounted to 29.956 thousand euros and include:

- Amounts due to employees that at the balance sheet date had not yet been paid (14.408 thousand euros);
- Amounts due to directors.

NOTE 31 – Segment reporting

Segment reporting has been prepared in accordance to IAS 14, determined as the area in which the services are executed.

Economic data (thousand euros)	Italy	%	Germany	%	Intrasegment	Total 1st half 2008	%
Revenue	129.806	100.0	30.539	100.0	(91)	160.254	100.0
Operating costs	(111.683)	(86.0)	(26.937)	(87.3)	91	(138.529)	(86.4)
Gross operating income	18.123	14.0	3.602	12.7	-	21.725	13.6
Amortisation, depreciation and write-downs	(1.357)	(1.0)	(1.145)	(2.4)	-	(609)	(1.2)
Operating income	16.766	12.9	5.890	10.2	-	19.759	12.3

Net invested capital

Balance sheet items (thousand euros)	30/06/2008				31/12/2007			
	Italy	Germany	Intrasegment	Total	Italy	Germany	Intrasegment	Total
Net invested capital								
Current operating assets	129.888	13.409	(75)	143.222	122.637	12.425	(66)	134.996
Current operating liabilities	(70.507)	(8.924)	75	(79.356)	(61.122)	(10.094)	66	(71.150)
Net working capital (A)	59.381	4.485	-	63.866	61.515	2.331	-	63.846
Non current assets	54.229	19.282	-	73.511	39.062	19.336	-	58.398
Non current liabilities	(16.355)	(9.246)	-	(25.601)	(15.866)	(9.590)	-	(25.456)
Net fixed assets (B)	37.874	10.036	-	47.910	23.196	9.746	-	32.942
Net invested capital (A+B)	97.255	14.521	-	111.776	84.263	12.077	-	96.788

NOTE 32 - Transactions with Related parties

The main economic and financial transactions with related parties at 30 June 2008 is summarised below.

(thousand euros)	With related party	Nature of transaction
FINANCIAL TRANSACTIONS		
Trade receivables and other	99	Receivables from professional services
Trade payables and other	15	Payables for professional services and office rental
Financial liabilities	-	Interest bearing loan
ECONOMIC TRANSACTIONS (*)		
Revenues from sales and services	30	Consulting services
Costs for professional services	-	Consulting services
Services from Parent company and related parties	2.420	Services related to office rental and office of the secretary

As summarised in the table above, transactions with the Mother company, Alika S.r.l., are overall insignificant.

In accordance with Consob Resolution no. 15519 of July 27, 2006 and Consob communication no. DEM/6064293 of July 28, 2006 the financial statements present the Consolidated Income statement and Balance Sheet showing transactions with related parties separately, together with the percentage incidence with respect to each account caption. The following can be found in the annexed tables.

Pursuant to the above art. 150, paragraph 1 of the Italian Legislative Decree n. 58 of 24 February 1998, no transactions have been carried out by the members of the Board of Directors that might be in potential conflict of interests with the Company.

NOTE 33 – Guarantees, commitments and contingent liabilities

Guarantees, commitments and contingent liabilities, where existing, have been disclosed at the item to which they refer.

NOTE 34 – Events subsequent to 30 June 2008

On July 15, 2008 Reply finalised the acquisition of the 100% share capital of glue, an English company based in Marlow, UK and specialized in Enterprise Architecture, Solution Design and SOA consulting services.

glue: is leader in its field and works for leading organizations within the Telco & Media, Manufacturing, Insurance and Retail markets such as: Argos, Axa, BBC, Boots, BSkyB, Cable & Wireless, Carphone Warehouse, Fosters, GlaxoSmithKline, J&J, Kraft Foods, Liverpool & Victoria, Marks & Spencer, Unilever, WH Smiths.

This acquisition will allow Reply to extend its own related specialist consulting and delivery offerings to the UK with an overall investment amounting to 9 million GBP, of which 2,5 million GBP financed through a reserved increase of capital to the shareholders of glue.

ANNEXED TABLES

Consolidated Statement of Income pursuant to Consob Resolution No. 15519 of July 27, 2006

(thousand euros)	1 st Half 08	<i>Of which related parties</i>	%	1 st Half 07	<i>Of which related parties</i>	%
Revenues	160.254	30	0.0%	135.936	8	0.0%
Other revenues	697			537		
Purchases	(6.005)			(2.850)		
Personnel expenses	(80.957)			(68.454)		
Services and other costs	(51.178)	(2.420)	4.7%	(45.497)	(1.328)	2.9%
Amortisation and write-offs	(1.966)			(1.888)		
Other unusual operating income/expenses	(1.086)			(661)		
Operating income of continuing operations	19.759			17.123		
Financial income/(expenses)	(403)			(125)	(15)	12.0%
Result before tax of continuing operations	19.356			16.998		
Income taxes	(9.947)			(9.567)		
NET RESULT	9.409			7.431		
Result of discontinued operations	(48)			(47)		
Minority interest	(1.601)			(1.357)		
GROUP NET RESULT	7.760			6.027		

Consolidated Balance Sheet pursuant to Consob Resolution No. 15519 of July 27, 2006

(thousand euros)	30/06/2008	Of which related parties	%	31/12/2007	Of which related parties	%
Tangible fixed assets	7.926			7.217	-	-
Goodwill	55.063			40.496	-	-
Other intangible assets	3.434			3.015	-	-
Equity investments	3.150			-	-	-
Deferred tax assets	4.574			2.954	-	-
Non current assets	74.147	-		58.823	-	-
Inventories	23.917			8.691	-	-
Trade receivables	113.418	99	0.1%	121.128	67	0.1%
Other receivables and current assets	5.887			4.774	-	-
Financial assets	-			254	-	-
Cash and cash equivalents	42.322			40.810	-	-
Current assets	185.544			175.657		
Total assets from discontinued operations	568			660		-
TOTAL ASSETS	260.259			235.140		
Share capital	4.722			4.722	-	-
Other reserves	84.708			74.052	-	-
Group net result	7.760			15.719	-	-
Group shareholders' equity	97.190	-		94.493	-	
Minority interest	13.528			12.713	-	-
TOTAL SHAREHOLDERS' EQUITY	110.718	-		107.206	-	
Financial liabilities	35.746			27.240	-	-
Employee benefits	13.895			13.362	-	-
Deferred tax liabilities	4.261			4.264	-	-
Other provisions	7.445			7.830	-	-
Non current liabilities	61.347	-		52.696	-	
Financial liabilities	8.838			4.088	-	-
Trade payables	22.941	15	0.1%	25.334	371	1.5%
Other payables and current liabilities	50.927			41.723	-	-
Other provisions	5.462			4.024	-	-
Current liabilities	88.168			75.169		
Total liabilities from discontinued operations	26			69		-
TOTAL LIABILITIES	149.541			127.934		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	260.259			235.140		

**REPLY S.p.A. - INTERIM FINANCIAL STATEMENTS
AT 30 JUNE 2008**

REPLY S.p.A.
STATEMENT OF INCOME
(thousand euros)

	1 st half 2008	1 st half 2007	FY 2007
Revenues	61.801	52.334	109.221
Other revenues	729	1.248	2.768
Purchases	(834)	(286)	(899)
Personnel	(4.921)	(3.898)	(8.313)
Services and other costs	(57.425)	(49.209)	(105.067)
Amortisation, depreciation and write-downs	(389)	(327)	(758)
Other unusual operating income/expenses	198	(11)	31
Operating income	(841)	(148)	(3.015)
Income from equity investment	18.525	13.811	13.097
Financial income/(expenses)	934	869	1.563
Result before taxes	18.618	14.532	11.645
Income taxes	(290)	(630)	150
NET RESULT	18.328	13.902	11.795
<i>Net result per share</i>	<i>2,02</i>	<i>1,53</i>	<i>1,32</i>
<i>Diluted net result per share</i>	<i>1,99</i>	<i>1,53</i>	<i>1,32</i>

REPLY S.p.A.

BALANCE SHEET

(thousand euros)

	30/06/2008	31/12/2007	30/06/2007
Tangible assets	1.028	1.102	988
Goodwill	87	87	87
Other intangible assets	1.239	994	684
Equity investments	63.432	63.417	61.892
Other financial assets	586	705	826
Deferred tax assets	548	416	891
Non current assets	66.920	66.721	65.368
Trade receivables	68.460	61.486	57.193
Other receivables and current assets	2.392	16.572	2.030
Financial assets	37.233	27.144	40.532
Cash and cash equivalents	15.997	15.883	22.434
Current assets	124.083	121.025	122.189
TOTAL ASSETS	191.003	187.746	187.557
Share capital	4.722	4.722	4.715
Other reserves	61.872	55.020	55.143
Net result	18.328	11.795	13.902
SHAREHOLDERS' EQUITY	84.922	71.537	73.760
Financial liabilities	21.309	25.489	22.250
Employee benefits	702	690	689
Deferred tax liabilities	503	234	223
Non current liabilities	22.514	26.413	23.162
Financial liabilities	9.143	8.604	4.399
Trade payables	65.882	73.505	74.316
Other current liabilities	8.542	7.688	11.920
Current liabilities	83.567	89.797	90.636
TOTAL LIABILITIES	106.081	116.210	113.797
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	191.003	187.746	187.557

REPLY S.p.A.

STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Legal reserve	Reserve for treasury shares on hand	Extraord. reserve	Cash flow hedge reserve	Other reserves	Result for the year	Total
(thousand euros)									
Balance at 31/12/2006	4.642	25.530	930	224	7.018	351	20.929	550	60.174
Allocation 2005 result									
- reserves	-	-	-	-	550	-	-	(550)	-
- dividends	-	-	-	-	(2.531)	-	-	-	(2.531)
Increase in share capital	73	1.965	-	-	-	-	-	-	2.038
Reserve for stock option	-	-	-	-	-	-	286	-	286
Income (losses) stated directly to net equity	-	-	-	-	-	305	-	-	305
Purchase of treasury shares	-	-	-	328	-	-	(656)	-	(328)
Other	-	-	-	-	-	-	(86)	-	(86)
Result of the year	-	-	-	-	-	-	-	13.902	13.902
Balance at 30/06/2007	4.715	27.495	930	552	5.037	656	20.473	13.902	73.760
Reversal 1 st half result									
- reserves	-	-	-	-	-	-	-	(13.902)	(13.902)
Increase in share capital	7	129	-	-	-	-	-	-	136
Reserve for stock option	-	-	-	-	-	-	736	-	736
Income (losses) stated directly to net equity	-	-	-	-	-	(285)	-	-	(285)
Purchase of treasury shares	-	-	-	701	-	-	-	-	701
Other	-	(10.073)	-	-	-	-	8.669	-	(1.404)
Result of the year	-	-	-	-	-	-	-	11.795	11.795
Balance at 31/12/2007	4.722	17.551	930	1.253	5.037	371	29.878	11.795	71.537
Allocation 2007 result :									
- reserves	-	-	14	-	8.662	-	-	(8.676)	-
- dividends	-	-	-	-	-	-	-	(3.119)	(3.119)
Reserve for stock option	-	-	-	-	-	-	117	-	117
Income (losses) stated directly to net equity	-	-	-	-	-	222	-	-	222
Purchase of treasury shares	-	-	-	2.163	-	-	(4.326)	-	(2.163)
Other	-	-	-	-	-	-	-	18.328	18.328
Balance at 30/06/2008	4.722	17.551	944	3.416	13.699	593	25.669	18.328	84.922

REPLY S.p.A.

STATEMENT OF CASH FLOWS

(thousand euros)

	1 st Half 2008	1 st Half 2007
Net result for the period	18.328	13.902
Depreciation and amortisation	389	327
Other non monetary changes	151	-
Change in trade receivables	(6.974)	(965)
Change in trade payables	(7.623)	14.831
Change in other current assets and liabilities	13.141	6.835
Interest paid	(1.080)	(658)
Net Cash flows from operating activities	16.332	34.271
Payments for tangible and intangible assets	(560)	(378)
Payments for equity investments	(14)	(25)
In payments from the sale of investments	119	-
Net cash flows from investment activities	(455)	(403)
In payments from issuing of new shares	-	838
Dividend distribution	-	(2.531)
In payments from dividends	-	687
Out payments from treasury shares	(2.163)	(328)
In payments from financial loans	-	-
Payment of instalments	(2.000)	(2.000)
Out payments for financial assets	-	(300)
Net Cash flows from financing activities	(4.163)	(3.634)
Net cash flows	11.714	30.233
Cash and equivalents at beginning of period	38.070	31.681
Cash and cash equivalents at year end	49.783	61.914
Total change in cash and cash equivalents	11.714	30.233

Attestation in respect of the Half Year condensed financial statements under Article 154-bis of Legislative Decree 58/98

1. The undersigned, Sergio Ingegnatti, Chief Executive Officer and Giuseppe Veneziano, director in charge of drawing up the accounting documents of Reply S.p.A. pursuant to article 154-bis, paragraph 3 and 4 of legislative decree no. 58 of 24 February 1998, declare:

- the correctness in terms of the company's characteristics and
- the real application,

of the administration and accounting procedures and that all the economic, financial and earnings position reported in the Consolidated financial statements for first half 2008:

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at June 30, 2008 was based on a process defined by Reply in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

3. The undersigned moreover attest that:

3.1 the Half Year condensed financial statements at 30 June 2008:

a) correspond to the amounts shown in the Company's accounts, books and records; and

b) have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standard Board and based on their knowledge, fairly and correctly present the financial condition, results of operations and cash flows of the issuer and of the Group companies included in the scope of consolidation.

3.2 the related interim management report contains reference to the important events affecting the Company during the first six month of the current fiscal year, including the impact of such events on the Company's condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year along with a description of material related party transactions.

Turin, August 7, 2008

Sergio Ingegnatti
(Chief Executive Officer)



Giuseppe Veneziano
(Director in charge of drawing
up the accounting documents)



**AUDITORS' REPORT ON THE INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

AUDITORS' REVIEW REPORT ON THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2008

To the Shareholders of REPLY S.p.A.

1. We have reviewed the half-year condensed consolidated financial statements, consisting of the balance sheet, income statement, statement of changes in shareholders' equity and cash flows and the related explanatory notes as of June 30, 2008 of Reply S.p.A. and its subsidiaries (the "Reply Group"). These half-year condensed consolidated financial statements prepared in conformity with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union, are the responsibility of Reply S.p.A.'s Directors. Our responsibility is to issue a report on these half-year condensed consolidated financial statements based on our review.
2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the half-year condensed consolidated financial statements, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive verification procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-year condensed consolidated financial statements.

With regard to the comparative figures related to the year ended December 31, 2007 and to the six-month period ended June 30, 2007, presented in the half-year condensed consolidated financial statements, reference should be made to our auditors' reports respectively dated May 26, 2008 and September 28, 2007.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of the Reply Group as of June 30, 2008 are not presented fairly, in all material respects, in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Luca Scagliola
Partner

Turin, Italy
August 8, 2008

This report has been translated into the English language solely for the convenience of international readers.

Corporate Information

Legal Headquarters

Reply S.p.A.
Corso Francia, 110
10143 TORINO – ITALIA
Tel. +39-011-7711594
Fax +39-011-7495416
www.reply.it

Corporate data

Share Capital: Euro 4.721.558,40 i.v.
R.I. of Torino n. 112006/2000
C.C.I.A.A. 938289
Fiscal Code 97579210010
Partita Iva 08013390011

Marketing and communication

E-mail: marketing@reply.it
Tel. +39-011-7711594
Fax +39-011-7495416

Investor Relator

Investor relators
E-mail: investor@reply.it
Tel. +39-02-535761
Fax +39-02-53576444

Corso Francia, 110
10143 TORINO

Tel. +39 011 7711594
Fax +39 011 7495416
info@reply.it

www.reply.it

