



Living network

_Interim management report
at March 31, 2009

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The interim management report has been translated into English from the original version in Italian. In case of doubt the Italian version shall prevail.

Corporate and controlling bodies

Board of Directors

Chairman and Chief Executive Officer	Mario Rizzante
Chief Executive Officers	Sergio Ingegnatti Tatiana Rizzante
Executive Directors	Oscar Pepino Claudio Bombonato Fausto Forti ^{(1) (2) (3)} Marco Mezzalama ⁽¹⁾⁽²⁾ Carlo Alberto Carnevale Maffè ^{(1) (2)}

Board of Statutory auditors

President	Cristiano Antonelli
Statutory auditors	Paolo Claretta Assandri Ada Alessandra Garzino Demo

Independent auditors	Deloitte & Touche S.p.A.
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¹ Directors not invested with operational proxy;

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

³ Lead Independent Director.

Financial highlights (thousand euros)

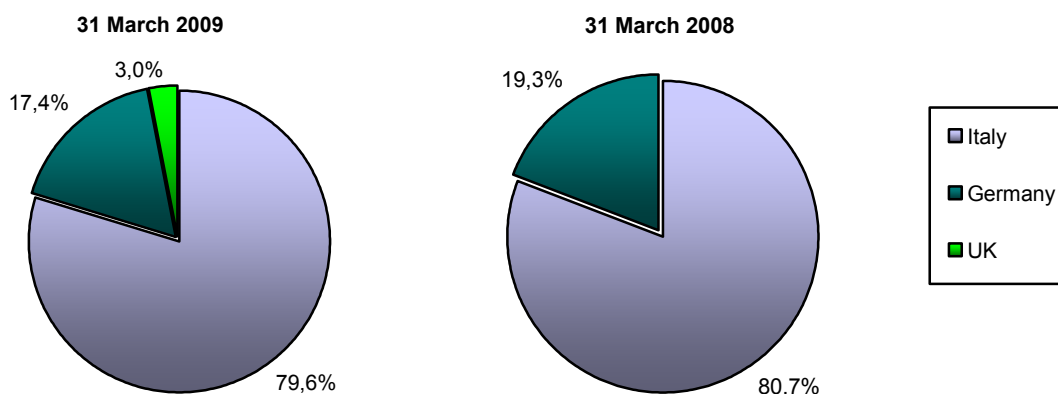
	1 st Q 2009	%	1 st Q 2008	%
Revenues	84.298	100,0	77.137	100,0
Gross operating margin	10.731	12,7	10.777	14,0
Operating income	9.275	11,0	9.862	12,8
Result before taxes	8.840	10,5	9.732	12,6

	1 st Q 2009	1 st Q 2008
Investments	1.208	953

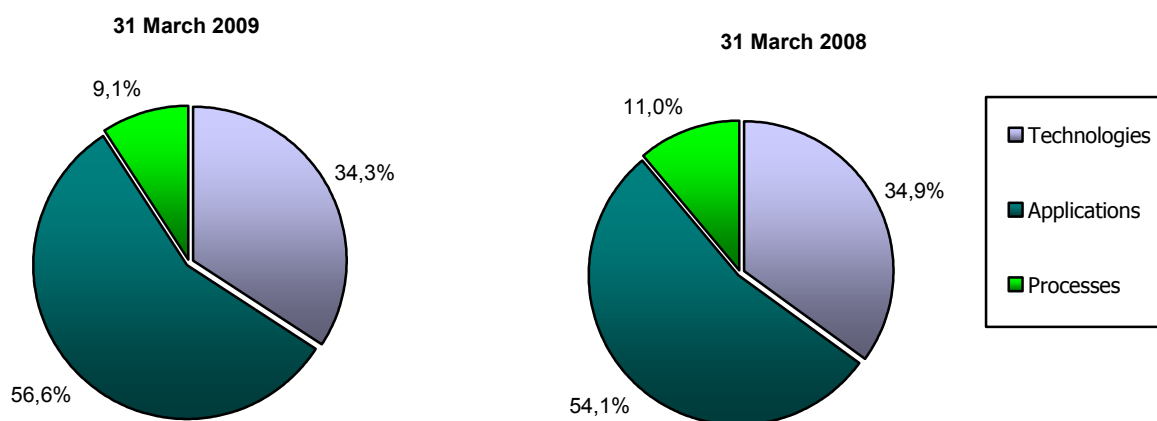
	31 March 2009	31 December 2008
Net financial position	1.772	(18.627)

	31 March 2009	31 March 2008
Number of employees	3.046	2.446

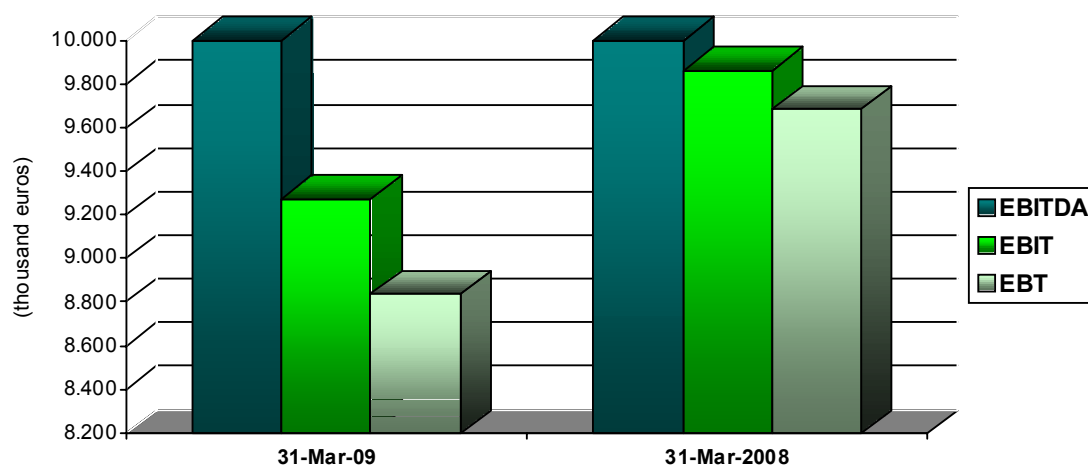
Revenues by geographical area



Revenues by business lines



Trend in profitability margins



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

Reply supports main European Industrial groups operating in Telco & Media, Industry and Services, Banking and Insurance and Public Administration market segments.

Telco & Media

In recent years, in the Telecommunications market operators have turned from connectivity providers into value-added service providers. Network infrastructures and available applications enable a new generation of convergent services related to users (business, consumer, employee), devices (Smart phone, PDA, PC, etc.) and the pattern of use. Wireless applications and applications based on Internet standards require an increasingly sophisticated approach, both in design and in development. The volume of the information managed and transmitted requires increasingly complex infrastructures, such as storage area networks.

Today Reply is a renowned actor in the process of convergence between Telco and Media, with a special focus on components regarding VAS, the digital terrestrial technology, multimedia content and asset management and Billing and CRM services.

Technology evolution and market requirements boost innovation towards a consumer market-oriented approach. Clients no longer want to see their digital world confined to a computer screen but would like to be able to have access to its services and contents at any time, independent of the device utilised.

By means of an integrated consulting, communication and creativity supply, Reply devises contents and enables innovative services harnessing all the potential of new digital channels.

Furthermore, Reply is one of the main partners with Telco Operators regarding Device Testing & Certification and internally Reply has work groups who take advantage on skills developed through many years of work on critical aspects of telecommunications scenario.

Banking, Insurance and Financial companies

Reply cooperates with major Banking Institutions and Insurance Companies in the identification and implementation of solutions combining core process optimization with a substantial improvement in information asset efficiency.

In particular, Reply helps its customers anticipate change by 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) aimed at introducing actual innovation in mission-critical industries such as Trading, Asset Management, distribution channels, risk and security management.

It should also be stressed that Reply's activity in consulting and support to change are increasingly recognized by important Banking Institutions as a result of Reply's successful highly critical projects in asset management and cost optimization.

Industry and Services

Successful enterprises must be able to make quick decisions and act effectively, aligning strategies, people, processes and technologies quickly and simultaneously within “networked” structures: complex aggregations of customers, partners and providers.

Information systems ensure maximum flexibility of processes and increasingly accurate checking. New technologies strengthen and extend their potential: electronic tagging, web services, mobile solutions and instant messaging have changed the pace of evolution of companies.

Technological innovation and the ability to effectively integrate it into application solutions make up the foundations of Reply, which supports its customers in the implementation, change and management of information systems: from strategic design to the understanding and re-definition of core processes to the building of solutions ensuring integration of the applications supporting the entire value chain of the Extended Enterprise.

Energy & Utilities

In past years this industry has tackled competition and deregulation, and has had to comply with EU regulations which require the separation between the production and selling processes, under significant pressure in terms of revenues and margins and the need to provide increasing levels of service and security. Such evolution has generated consequent dynamic investments by the operators, who have discovered new competitive drives in ICT components.

Reply has defined a set of specific supplies regarding the main industry’s vertical areas – Retailer, Merchant Energy Provider and Network Operations – made up of strategic and technology consulting services which optimize processes and select and implement the technology architectures and platforms most suitable to the context.

The continuous consolidation and development of competences on business core processes has made Reply a main Italian operator and has allowed Reply to enter the international market.

Public administration

Consultancy ability and business technology represent an essential factor to achieve strategic objectives set out by the Government. In this scenario, Reply which is one of the main qualified partners, will use its knowhow and experience to accompany Central and Local Public Administration in this phase of transition towards innovation.

Reply, in particular in the Public Administration, has a distinctive specialization in providing integration solutions, interoperable and orientated at application co-operation between the local and central governments and it is able to guarantee the Public Administrations a high level of consultancy support in redesigning and optimizing administration processes.

Reply supports Public Administration in achieving new modernization objectives and improving efficiency with: innovative community solutions, multichannel infotainment services and a consolidated experience in defining integration models among heterogeneous application contents.

Summary report of the first quarter 2009 and expected business developments

In the first three months of 2009, which has been characterised by difficult market conditions, Reply has achieved consolidated turnover amounting to 84,3 million euros with an increase of 9.3% compared to 2008. EBITDA stood at 10,7 million euros (12.7% over revenues), and an EBIT totalling 9,3 million euros (11% over revenues). Result before taxes amounted to 8,8 million euros (10.5% over revenues).

In the corresponding period of 2008 Reply achieved consolidated turnover amounting to 77,1 million euros an EBITDA of 10,8 million euros, EBIT totalling 9,9 million and result before taxes 9,7 million euros.

The Group's net financial position at 31 March 2009 was positive and stood at 1,8 million euros, with an up slope trend compared to 31 December 2008 when the figure was negative at 18,6 million euros.

Financial year 2009 has gotten off to a positive start for Reply; Reply's turnover has increased by approximately 10%, maintaining good profitability margins despite Syskoplan's more difficult than expected trend, achieving a turnover of 14,7 million euros at 31 March, that dropped by 1.4% compared to 2008.

With the acquisition, in the month of February, of the Motorola Research Centre, Reply has set the grounds to build and construct on, with a new offer in the Internet of objects and Machine to Machine.

Lastly, together with the Armando Testa Group, at the beginning of May Reply gave life to bitmama: a new company in the digital communication segment where the creative leadership of Armando Testa and Reply's technological expertise come together to realize outstanding solutions in terms of technology, creativity and communication on all digital channels.

These final operations strengthen Reply's distinctive market positioning and further complete the offer on new digital platforms with important industrial expansion for the Group's competitiveness.

Consolidated financial statements and explanatory notes

Reply's performance is summarised in the following reclassified consolidated statement of income of the first quarter of 2009.

Reply Consolidated statement of income as at 31 March 2009

(thousand euros)	Note	31 March 2009	%	31 March 2008	%
Revenues	4	84.298	100,0	77.137	100,0
Purchases	5	(2.561)	(3,0)	(3.024)	(3,9)
Personnel	6	(43.136)	(51,2)	(39.646)	(51,4)
Services and other expenses	7	(27.652)	(32,8)	(23.658)	(30,7)
Other unusual operating income/(expenses)	8	(218)	(0,3)	(32)	(0,0)
Operating costs		(73.567)	(87,3)	(66.360)	(86,0)
Gross operating margin		10.731	12,7	10.777	14,0
Amortisation, depreciation and write-downs	9	(1.456)	(1,7)	(915)	(1,2)
Operating income		9.275	11,0	9.862	12,8
Financial income/(expenses)	10	(435)	(0,5)	(130)	(0,2)
RESULT BEFORE TAXES FROM CONTINUED OPERATIONS		8.840	10,5	9.732	12,6
Result from discontinued operations	11	-	-	(46)	(0,0)
GROUP RESULT BEFORE TAXES		8.840	10,5	9.686	12,6

_Reply Net financial position

The Group's net financial position as at 31 March 2009, analysed by due date and with comparative figures as at 31 December 2008 is shown in the following statement:

(thousand euros)	Note	31/03/2009	31/12/2008
Bank and cash on hand		52.627	39.356
Due to banks		(17.142)	(23.858)
Due to other providers of finance		(213)	(254)
Short term financial position	12	35.272	15.244
Other non current financial receivables		605	562
Due to banks		(33.686)	(33.994)
Due to providers of finance		(419)	(439)
M/L term financial position	12	(33.500)	(33.871)
Total net financial position		1.772	(18.627)

NOTE 1 – Accounting principles

The Interim Management Statements as at 31 March 2009, in relation to the first quarter of financial year 2009, pursuant to Art. 154-ter, paragraph 5 of Legislative Decree 24 February 1998, no. 58 as amended by Legislative Decree 195 of 6 November 2007.

The interim report herein has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) and 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”).

The accounting policies applied in these financial statements are consistent with those adopted in preparing the annual report.

The preparation of the interim report requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities the financial statements reported herein. 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

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

The Interim Management report as at 31 March 2009 was not subject to audit by Reply’s Independent auditors.

NOTE 2 - Group activities

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.

Reply is listed on the STAR index of the Italian Stock Exchange [REY.MI].

NOTE 3 - Consolidation

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

The principle changes compared to 31 March 2008 are related to:

- Consolidation of glue: Reply Ltd with Headquarters in London, of which the Parent Company Reply S.p.A. acquired 100% of the share capital in 2008;
- Acquisition of the Motorola research centre.

NOTE 4 - Revenues

Revenues from sales and services, including change in work in progress, amounted to 84.298 thousand euros.

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

Country	31/03/09	31/03/08
Italy	79.6%	80.7%
Germany	17.4%	19.3%
UK	3.0%	-
	100.0%	100.0%

The following table shows the percentage breakdown of revenues by business line:

	31/03/09	31/03/08
Technologies	34.3%	34.9%
Applications	56.6%	54.1%
Processes	9.1%	11.0%
	100.0%	100.0%

NOTE 5 - Purchases

Detail is as follows:

(thousand euros)	31/03/09	31/03/08	Change
Software licenses for resale	1.629	2.223	(594)
Hardware for resale	350	171	179
Other	582	630	(48)
Total	2.561	3.024	(463)

The items "Software licenses for resale" and "Hardware licenses for resale" include change in inventory of software and hardware products for resale.

NOTE 6 - Personnel expenses

Detail of personnel by category is provided below:

(number)	31/03/09	31/03/08	Change
Directors	213	185	28
Managers	447	343	104
Staff	2.386	1.918	468
Total	3.046	2.446	600

Increase in the number of human resources is partially due to change in consolidation by n. 334 employees.

NOTE 7 - Services and other costs

Services and other costs comprised the following:

(thousand euros)	31/03/09	31/03/08	Change
Commercial and technical consulting	13.209	11.198	2.011
Travelling and professional training expenses	4.218	3.936	282
Miscellaneous services	5.273	4.484	789
Office charges	2.044	1.909	135
Rental and Leasing	1.699	1.558	141
Other	1.209	573	636
Total	27.652	23.658	3.994

Change of 3.994 thousand euros in this item is mainly due to the increase in the Group's revenues.

NOTE 8 - Other unusual operating income/(expenses)

Other unusual operating expenses amounting to 218 thousand euros are related to events falling out of the Group's ordinary course of business.

NOTE 9 - Amortisation, depreciation and write-downs

Depreciation of tangible assets, amounting to 930 thousand euros has been determined on a straight-line basis at economic-technical rates that reflect the useful lives of the asset.

Amortization of intangible assets as at 31 March 2009 amounted to 526 thousand euros and is mainly related to:

- development charges capitalised according to IAS 38 (165 thousand euros);
- software licenses used internally by the Group (229 thousand euros);
- know how emerging from the allocation of goodwill (132 thousand euros).

NOTE 10 - Financial income/(expenses)

Detail is as follows:

(thousand euros)	31/03/09	31/03/08	Change
Financial gains	166	426	(260)
Interest expenses	(631)	(533)	(98)
Exchange rate differences	30	(23)	53
Total	(435)	(130)	(305)

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

NOTE 11 – Result from discontinued operations

As provided by IFRS 5, the amount accounted for at this item represents the discontinued operations finalised in 2008.

Details as at 31 March 2008 was as follows:

(thousand euros)	31/03/09	31/03/08
Income	-	11
Expenses	-	(57)
Result from discontinued operations	-	(46)
No. of employees	-	1

NOTE 12 – Net financial position

The net financial position as at 31 March 2009 was positive for 1.772 thousand euros with an increase of 20.399 thousand euros compared to 31 December 2008. The improvement compared to year ended 2008 is mainly related to the acquisition of the cash and cash equivalents of the Motorola research centre (20.588 thousand euros).

Due to banks is referred to the partial utilization (49.330 thousand euros) of the credit facility undersigned for M&A operations.

NOTE 13 – Events subsequent to 31 March 2009

At the beginning of May, Reply and Armando Testa announced the launch of Bitmama, a new company within the digital communication segment. The transaction will be realized through the incorporation of TestaWebEDV in Aware Reply, giving life to the new company Bitmama of which Reply will hold 51% and the remaining 49% will be held by Armando Testa.

NOTE 14 – Other information

The following is to be noted:

- Transactions among group companies are carried out at market prices and are eliminated during the consolidation process.
- Transactions carried out by the group companies with related parties that as of the reporting date are the parent company Aliko S.r.l., are considered ordinary business and are carried out at normal market conditions.
- Pursuant to art. 150, 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.

For the Board of Directors
The Chairman
Mario Rizzante

A handwritten signature in black ink, appearing to read "M. Rizzante", written in a cursive style.

Declaration pursuant to Article 154-bis, paragraph 2 of legislative decree no. 58 of 24 February 1998, “Single text in matter of regulation of financial intermediation” and subsequent changes

The director responsible for preparing the Company's financial reports, Giuseppe Veneziano, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this document corresponds to the results documented in the books, accounting and other records of the company.

Turin, 14 May 2009

/s/ Giuseppe Veneziano
(Director responsible of
drafting financial statements)

Giuseppe Veneziano

[_Annexed tables](#)

REPLY

Companies included in consolidation as at 31 March 2009

Company name	Headquarters	Group interest
PARENT COMPANY		
Reply S.p.A.	Torino - Corso Francia, 110	-
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS		
4Cust Reply S.r.l.	Torino - Corso Francia, 110	80,00%
@Logistics Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Aktive Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Aware Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Atlas Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Axcel Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Blue Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Business Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Cluster Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Communication Valley S.p.A.	Parma – via Budellungo, 2	100,00%
Discovery Reply S.r.l.	Torino - Corso Francia, 110	100,00%
e*finance consulting Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Ekip S.r.l.	Torino - Corso Francia, 110	100,00%
EOS Reply S.r.l.	Torino - Corso Francia, 110	100,00%
glue: Reply Ltd.	London – Old Baily, 16	100,00%
Hermes Reply S.r.l. (*)	Torino - Corso Francia, 110	100,00%
IrisCube Reply S.p.A.	Torino - Corso Francia, 110	100,00%
Iriscube SA	Savosa - Switzerland	100,00%
Open Reply S.r.l.	Torino - Corso Francia, 110	85,00%
Plus Reply S.r.l.	Torino - Corso Francia, 110	70,00%
Power Reply S.r.l.	Torino - Corso Francia, 110	85,00%
Reply Consulting S.r.l. (**)	Torino - Corso Francia, 110	100,00%
Reply Services S.r.l.	Torino - Corso Francia, 110	100,00%
Santer Reply S.p.A.	Milano - Via Don Minzoni, 24	100,00%
Spike Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Square Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Syskoplan AG	Gutersloh, Germany	61,36%
Syskoplan Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Sytel Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Target Reply S.r.l.	Torino - Corso Francia, 110	80,00%
Technology Reply S.r.l.	Torino - Corso Francia, 110	100,00%
Twice Reply S.r.l.	Torino - Corso Francia, 110	94,00%
Whitehall Reply S.r.l.	Torino - Corso Francia, 110	100,00%

(*) As at 31 March 2009 legal possession is 95%, the percentage indicated in the table reflects the accounting according to IAS 32.

(**) As at 31 March 2009 legal possession is 56%; the percentage indicated in the table reflects the accounting according to IAS 32.

Corporate Information

Legal headquarters

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Corporate Data

Share capital: Euros 4.795.885,64 i.v.
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