

(Translation from the Italian original which remains the definitive version)

CAD IT S.P.A.

Consolidated financial statements as at and for the year ended 31 December 2001

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**BOARD
OF DIRECTORS**

- ¹ GIUSEPPE DAL CORTIVO
Chairman and managing director
- ¹ LUIGI ZANELLA
Managing director
- ¹ GIAMPIETRO MAGNANI
Managing director
- ¹ MAURIZIO RIZZOLI
Managing director
- ³ PAOLO DAL CORTIVO
- ² GIOVANNI COSTA
- ² WOLFGANG KOENIG

**BOARD
OF STATUTORY AUDITORS**

- ¹ SONIA MAZZI
Chairman
- ¹ GIUSEPPE CEREGHINI
Statutory auditor
- ¹ GIANNICOLA CUSUMANO
Statutory auditor
- ¹ CESARE BRENA
Alternate auditor
- ¹ PAOLO DEBORTOLI

AUDITORS
KPMG S.p.A.

⁽¹⁾ Appointed on 23 February 2000; office expires on 22 February 2003.

⁽¹⁾ Appointed on 22 August 2000; office expires on 22 February 2003.

⁽³⁾ Appointed on 30 April 2001; office expires on 22 February 2003.

The chairman and managing director of the parent company CAD IT S.p.A., Giuseppe Dal Cortivo, is authorised to perform all ordinary and extraordinary administrative duties, excluding only those which cannot be delegated by law and those assigned to the board of directors by article 14 of the company by-laws. The principal duties assigned to the board of directors by the company by-laws are: the examination and approval of the strategic, industrial and financial plans of the company; the appointment of the general managers; the purchase, sale, exchange or transfer of fixed assets and real estate rights; the granting of collateral on buildings; the set up of new subsidiaries and the take-over, acquisition or sale of corporate investments; the acquisition, sale, exchange or transfer of the whole company or of business lines. Furthermore, the board of directors is authorised to take on any kind of obligations amounting to more than Euro 4 million, and to stand surety by way of collateral or personal or other guarantees of any amount, if issued on behalf of third parties other than the parent company or its subsidiaries.

The managing directors are authorised to perform all ordinary administrative duties and also to acquire or sell registered moveable assets.

CAD IT S.p.A.

Registered office in Verona - Via Torricelli no. 37
Share capital Euro 4,669,600 fully paid-up
Tax code and Verona company register no. 01992770238
Chamber of Commerce no. 210441

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**DIRECTORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE
YEAR ENDED 31 DECEMBER 2001**

Dear shareholders

The consolidated financial statements as at and for the year ended 31 December 2001 reflect the group's positive results, the effectiveness of the CAD IT Groups' policies and its future growing potential.

The listing on the New Market of the Italian Stock Exchange, which took place on 26 October 2000, required the involvement of management and all company personnel from the beginning of the year. This led to profound changes in the company organisation, which were accepted with great responsibility by employees and company consultants, achieving both the strategic and economic objectives within the established timeframes.

The consolidated figures show a 25.7% growth in net production revenues, up to Euro 60,957 thousand from Euro 48,492 in 2000.

The growth in revenues is linked to the growth in consolidated net profit, which showed a 18.9% increase to Euro 9,169 thousand (net of minority interests of Euro 897 thousand), compared to Euro 7,713 thousand in 2000.

The strong consolidated figures undoubtedly reward the efforts made to achieve the group objectives.

The financial statements of the directly and indirectly controlled subsidiaries and associated companies have been prepared and subsequently approved by the respective boards of directors.

Their summarised results, including those of the parent company, are as follows:

(in thousands of Euro)

| COMPANY | PRODUCTION REVENUES | CASH-FLOW* | NET PROFIT 31.12.2001 | NO. OF EMPLOYEES AL 31.12.2001 |
|-----------------------------|---------------------|------------|-----------------------|--------------------------------|
| parent company | | | | |
| CAD IT S.p.A. | 19,406 | 11,755 | 10,342 | 187 |
| Subsidiary companies | | | | |
| Cad S.r.l. | 46,589 | 321 | 563 | 219 |
| Cesbe S.r.l. | 5,906 | 1,237 | 1,561 | 53 |
| 4 Emme INFORMATICA S.r.l | 764 | 79 | 54 | 9 |
| Syrm S.r.l. | 455 | 138 | 135 | 1 |
| NetBureau S.r.l. | 739 | 96 | 68 | 11 |
| SGM S.r.l. | 1,925 | -574 | -702 | 44 |
| S.M.A.R.T. Line S.r.l. | 1,181 | 71 | 22 | 24 |
| DQS S.r.l. | 5,283 | 961 | 881 | 52 |

* net profit + amortisation and depreciation + provisions and write-downs

Sector and market performance

The world economy has registered a sharp slow down in 2001, particularly in the second half of the year, also due to the 11 September events.

According to the central statistics institute, Italian gross domestic product has increased by 1.8% (source: ISTAT, March 2002), showing a sharp slowdown compared to the positive trend of the previous year.

Within an overall unfavourable economic scenario, the Italian IT sector has increased by an overall 8.6%, one of the lowest rates in the past years. In particular, the segment relating to financial institutions in the Italian IT market has increased by 7.3%. IT investments are expected to increase by an aggregate 7.8% rate in 2002, comprising: +6% in hardware, +8.2% in software, + 10.4% in IT services (source: Sirmi S.p.A., February 2002).

As opposed to the generally negative market trend, CAD IT Group has registered a growing demand for its products and services by the world of financial instruments brokerage and, as such, has not been affected by the 2001 economic crisis.

The growth rate of production revenues of the CAD IT Group has been 25.7%.

The strong demand for software packages, IT services, training and organisational assistance required by the banking sector has been, and will be, driven by the following factors:

- the thriving nature of the financial world, the main characteristics of which are the continuous introduction of new financial instruments, changing in tax and market regulations, changes in the families' investment needs and in financial institutions' strategies;
- the restructuring process of the Italian banking system, in the wider context of the single currency market and the globalisation of capital markets. Banks are currently investing in order to make the automation of their production systems more efficient and to improve the quality and variety of the stock brokerage services provided to their clients; moreover, they are addressing the complex and burdensome issue of the integration of different information systems connected to bank merger transactions and the incorporation of multi-functional banking groups;
- the spread of internet-related technologies, which opens up new strategic horizons to financial institutions requiring different organisational and market structures.

Thanks to the high quality and completeness of the services offered, its experience and consolidated position in the sector, the CAD IT group was able to successfully take the opportunities that the market offered and increase significantly its turnover.

After its listing on the New Market, the company was able to raise the funds necessary to further finance its business development as well as to continue to improve its economic and financial standing and image.

Group financial position and performance

The CAD IT Group 2001 consolidated financial statements show a net profit for the year of Euro 9,169 thousand (2000: Euro 7,713), net of Euro 897 thousand of net profit pertaining to minority interests (2000: 621) and amortisation and depreciation of Euro 2,983 thousand (2000: 2,078).

Taxation on profit for the year amounts to Euro 7,230 thousand for 2001 (2000: 7,802).

The consolidated results are in line with the budget which, given the current performances, indicate the opportunity of also achieving good results in 2001.

At 31 December 2001, the consolidated shareholders' equity amounts to Euro 81,215 thousand (2000: 75,250).

2001 production revenues amount to Euro 60,957 thousand (2000: 48,492).

Personnel expenses amount to Euro 24,838 thousand (2000: 17,596).

Service costs amount to Euro 15,552 thousand (2000: 10,884).

Depreciation, amortisation and write-downs amount to Euro 3,105 thousand (2000: 2,220). Amortisation includes the amount relating to the goodwill arising on consolidation of the subsidiaries, of Euro 1,084 thousand (2000: 554).

Financial income and charges and adjustments to the value of investments amount to

Euro 2,610 (2000: 675) thousand. Net extraordinary income and expense impact on net profit for the year for an expense of Euro 175 thousand (2000: 131).

The group companies have made investments aimed in particular at producing related services.

As detailed below, the largest investments were have been by the parent company CAD IT S.p.A. in corporate investments, in the construction of the future registered offices of the main group companies, and in the arrangement and fitting of training rooms.

Reference should be made to the notes to the financial statements for a summary of the group's fixed assets.

Performance of the parent company CAD IT S.p.A.

Demand for services is growing continuously and our products and services are highly valued by banking sector users. These factors allowed the company to maintain significant levels of demand and activity. Production revenues have reached Euro 19,406 thousand, against Euro 15,994 thousand in the previous year, with an increase of 21.3%.

As in the past years, the directors have remained committed to their cost control and reduction policy and to the rationalisation of the available resources. Production cost totalled Euro 9,364 thousand (2000: 5,486), a 70.7% increase, due to the group activities internal reorganisation process.

Pre-tax profit amounts to Euro 15,042 thousand with an increase of 32.0% on the previous year (Euro 11,392 thousand).

The 2001 financial position of the company has improved compared to the previous year, thanks to the positive operating results. Share capital and reserves have increased to Euro 70,722 thousand (2000: 67,389) as an effect of the allocation of 2000 retained earnings of Euro 2,833 thousand to reserve, while shareholders' equity, including profit for the year, has increased from Euro 73,922 thousand to Euro 81,064 thousand.

Shareholders' equity of CAD IT S.p.A. at 31 December 2001 and 2000 is made up as follows:

| | (in thousands of Euro) | |
|---|------------------------|-------------------|
| | 31.12.2001 | 31.12.2000 |
| Share capital - fully paid-up | 4,669,600 | 4,669,600 |
| Share premium reserve | 62,186,400 | 62,186,400 |
| Legal reserve | 347,328 | 20,658 |
| Other available reserves | 3,518,921 | 512,262 |
| Total share capital and reserves | 70,722,249 | 67,388,920 |
| Profit to be allocated | - | - |
| Profit for the year | 10,341,820 | 6,533,400 |

| | | |
|--------------|-------------------|-------------------|
| Total | 81,064,069 | 73,922,320 |
|--------------|-------------------|-------------------|

Following the listing on the New Market, the group has strengthened its financial position and has been able to support its future expansion projects. With the companies listed on the New Market, the group, and their products, have acquired greater visibility on the market.

Significant events from the beginning of 2001

The main events impacting the company's and the group's performance in 2001 are described below.

Significant relationships with customers

Significant contracts have been acquired during the year, as follows:

- contract with a new customer, Istituto Bancario San Paolo di Torino, a major Italian bank, for the sale of Finance Area software. The transaction entailed negotiations lasting several months and has allowed the group to extend its already large customer portfolio and create a new relationship which should give rise to further development opportunities.
- contract with Banca Nazionale del Lavoro for the supply of Finance Area software and all services necessary to integrate it with the information system of the bank. With this agreement, CAD IT is committed to the complete automatization of the financial instrument transactions of the Roman bank. Following the recent agreement with San Paolo Imi, this new contract allows a significant increase in the company's market share in the Italian large banks sector.
- contract with CEDACRI Ovest for the supply of Finance Area software. Based on this contract, CEDACRI Ovest, an important outsourcer in the Italian banks sector, will provide its services to the banks forming part of its consortium (among which Banca Mediolanum).

Investments:

- 35% of the quotas of Datafox S.r.l., a Florence-based software house operating in the creation and maintenance of web portals, in the design and realisation of e-commerce systems and in the training of specialists on Internet-based technologies. With a total value of approximately Euro 351 thousand, this contract has strengthened the financial position of the associated company. With this acquisition CAD IT Group can avail of the cooperation of human resources with significant know-how in the development of new technologies, particularly in java and web applications and will be able to develop training services for the group's personnel and customers.
- increase in the investment in DQS S.r.l. from 20% to 55%. The additional 35% qualified investment in DQS has been acquired for Euro 3,253 thousand. Based on the related agreement, the sellers, who will maintain 45% of the company's quota capital, will continue to operate within the company.

DQS has been a CAD IT partner for several years in the supply of IT consultancy, installation and assistance services for banking systems. It also provides IT assistance to industries and government agencies. The acquisition of the control of DQS's quotas

strengthens CAD IT Group's production capacity, with an increase in workforce of approximately 50 technicians, and is in line with the group's strategy of expansion and maintenance of high profitability levels.

- increase in the investment in Smart-Line S.r.l. from 2% to 51%. The additional 49% qualified investment in Smart-line's quotas has been acquired for Euro 633 thousand. Smart-Line has recently finalised a web-based application for the collection of taxes via Internet and owns the rights over an IT procedure for the management of real estate transactions. Its customer portfolio of 10 tax collection agencies has increased CAD IT's large market share with the group now providing software and IT services to more than 50% of the Italian tax collection agencies. Smart-Line will play a central role in the analysis and development of the new front-end part of the tax collection procedure joining CAD IT's policy of technological innovation. The new software release (under development) uses leading-edge Internet technologies and can also be used by customers in the Application Server Provider (ASP) mode. The controlling investment in the subsidiary has allowed CAD IT Group to achieve considerable economies of scale, strengthen its production capacity with 20 new highly skilled employees and build up its leadership position in the tax collection software market.

- 1.84% investment, equal to approximately Euro 6,022 thousand, in Class Editori.

Strengthening the alliance between CAD IT and Class Editori, this investment realises a previous year agreement between the two parties. Based on this agreement, the Milan-based publishing company had already subscribed an investment of the same value in 2.09% of CAD IT's shares. These cross-investments confirm the successful and long-lasting cooperation between CAD IT and Class Editori. In fact, this led to the realisation of MF Trading, an on-line platform launched with an innovative contractual solution in 1999 and currently used by approximately 35% of the Italian bank counters.

Trading alliances and partnerships:

- Through the web company NetBureau, the group has also strengthened its alliance with Macromedia-Allaire, becoming its Premier Partner. Macromedia-Allaire Group, listed on the Nasdaq, is the international market leader in the development of web applications and was the first to introduce a web application service for Windows NT in 1995. Its solutions are unique in terms of flexibility, easy implementation and usability as they are compatible with all platforms. NetBureau, which had been a standard partner of Macromedia-Allaire since December 2000, has become one of the two principal reference partners of Macromedia-Allaire in Italy for the design and implementation of Internet and Extranet applications, and for the supply of training and consulting services to the banking and industrial sectors.

- though NetBureau, CAD IT has signed a letter of intent with the Austrian software house UNiQUARE Financial Solutions for the sale, installation and maintenance of the CRM (Customer Relationship Management) banking system produced by the Austrian company and already used by leading banks on the German-speaking markets. CAD IT will have exclusive sales rights on this product in Italy. By integrating it with its own Finance Area software CAD IT will build up its portfolio for the banks customers offering a new product with an expanding market. The Austrian company mainly operates in the German, Swiss and Austrian banking sector and has medium to large banks as customers such as Deutsche Bank and the Swiss Post Office. Based on a survey conducted by Unternehmensberatung Wolfgang Schwetz BDU on the 15 major CRM solution producers in Germany, UNiQUARE Financial Solutions is the most qualified supplier of banks in this area. The Austrian software house is also one of the five leading CRM software manufacturers on the German market in

terms of position, success on the market, leadership, expected future developments and customer satisfaction. Based on the letter of intent, in the future this cooperation will also embrace CAD IT products currently aimed at the export market, namely the SIBAC integrated banking system.

- through SGM, CAD IT signed an agreement with TXT e-solutions according to which the subsidiary will sell innovative Supply Chain & Customer Management solutions using TX SC&CM products in order to achieve better relations with suppliers and customers. SGM will also provide its customers with assistance, maintenance and personnel training services for the new products.

The agreement allows CAD IT Group to develop its industrial division product range with a software designed by TXT e-solutions which may be well integrated with the recently introduced SigmaWeb (ERP web based) software.

Performance of the subsidiary and associated companies

Cad S.r.l. (100% directly controlled)

- Services: Software application development, installation, customisation, maintenance and assistance of for banks and companies.

The financial statements at 31 December 2001 show a net profit of Euro 562,863, a decrease of 49.35% over the previous year (Euro 1,111,229).

Quotaholders' equity at 31 December 2001, including net profit for the year, amounts to Euro 939,789 with respect to Euro 1,409,840 at 31 December 2000.

2001 production revenues reached Euro 46,589 thousand, recording a 4.2% increase over the previous year (Euro 44,731 thousand).

2001 personnel expenses amount to Euro 13,855 thousand, a 5.0% increase with respect to 2000 (Euro 13,196 thousand). The average number of personnel increased to 326, up 8.0%. 142 employees have been transferred to the parent company during the year.

2001 investments totalled Euro 859,275 thousand, Euro 136,653 of which related to the development and operating of software applications and Euro 722,149 to hardware replacement and additions.

Amortisation and depreciation amount to Euro 684,385.

The 2001 development strategy of the company was based on three main factors:

- the tailored design and production of new software based on the customers' actual needs and the technological and functional upgrade of the existing software;
- the acquisition of new customers with both existing and new products;
- the sale of software and services to the large existing customer portfolio ("cross-selling").

The implementation of the above strategy allowed achievement of the targets established at the beginning of the year and the increase in the market share of each product supplied.

New applications will be launched in 2002, among which the most important is SIBAC, a modular and integrated software for the complete automation of the IT systems of small and medium size banks.

Considering the growth of the market, the strong performance and the orders backlog, as well as negotiations which are expected to be completed in the near future, we believe that the 2002 budget objectives will also be achieved.

Cesbe S.r.l. (52% directly controlled)

- Services: Consulting and technical-organisational training services for banks, state-owned and private companies; development, installation, customisation, maintenance and assistance services relating to the trading-on-line platform.

The financial statements at 31 December 2001 show a net profit of Euro 1,560,769, an increase of 31.8% over the previous year (Euro 1,184,143).

2001 production revenues reached Euro 5,906,000, recording a 19.2% increase over the previous year (Euro 4,954,779).

2001 personnel expenses amount to Euro 1,609,453, a 62.8% increase with respect to 2000 (Euro 988,358). The average number of personnel increased to 41.79 units, up 103.8%.

2001 investments totalled Euro 21.411.

Amortisation and depreciation amount to Euro 19,306.

Quotaholders' equity at 31 December 2001, including net profit for the year, amounts to Euro 1,726,747 with respect to Euro 1,198,891 at 31 December 2000.

The company's performance was positive and a further increase in the demand for the company's services is expected. In particular, 2001 turnover from both organisational and consulting services and from the trading-on-line platform, subject to continuous upgrading of its technology and functions, is in line with expectations.

In 2001 the company has widened both its training services, covering a wider range of subjects, and its consulting services aimed at the formalisation of the organisational, technical and functional processes in the finance area of banks. On-line training techniques have also been adopted and are currently being tested.

The company is increasing in size, with favourable short and medium term outlooks.

4 Emme Informatica S.r.l. (65% directly controlled)

- Services: Software installation and maintenance services for banks.

The financial statements at 31 December 2001 show a net profit of Euro 53,905, an increase of 12.9% over the previous year (47,738).

2001 production revenues reached Euro 764,193 million, recording a 53.7% increase over the previous year (Euro 497,170).

2001 personnel expenses amount to Euro 423,158 million, a 108.66% increase with respect to 2000 (Euro 202,794). The average number of personnel is 6.75 units.

Investments are immaterial, while amortisation and depreciation amount to Euro 6,498.

Quotaholders' equity at 31 December 2001, including net profit for the year, amounts to Euro 89,843 with respect to Euro 139,229 at 31 December 2000.

In collaboration with CAD S.r.l., the company mainly provides assistance to customers located in northern Italy. The company's performance was positive and the overall 2002 results are expected to be in line with 2001.

Syrm S.r.l. (75% directly controlled)

- Services: Development of software relating to banking risk management, and related assistance.

The financial statements at 31 December 2001 show a net profit of Euro 134,924, an increase of 52.2% over the previous year (Euro 88,663).

2001 production revenues reached Euro 454,843, recording a 13.3% increase over the previous year (Euro 401,581).

2001 personnel expenses amount to Euro 54,362, a 2.1% increase with respect to 2000 (Euro 53,250), with an average of only one employee.

Investments are immaterial, while amortisation and depreciation amount to Euro 1,366.

Quotaholders' equity at 31 December 2001, including net profit for the year, amounts to Euro 161,174 with respect to Euro 129,541 at 31 December 2000.

The company's performance has been above expectations, mainly due to the integration of the

Kondor+ platform provided by Reuters with the Finance Area procedure.

NetBureau S.r.l. (60% controlled)

- Services: the company provides consulting and technical-organisational assistance to banks and companies, particularly with respect to internet-related issues; development, installation, customisation, maintenance and assistance relating to web software applications (portals, web sites, etc.) for banks and industrial companies.

The financial statements at 31 December 2001 show a net profit of Euro 68,422, an increase of 104.0% over the previous year (Euro 33,535).

2001 production revenues reached Euro 736,598, recording a 248.6% increase over the previous year (Euro 211,284).

2001 personnel expenses amount to Euro 253,638, a 2,172.7% increase with respect to 2000 (Euro 11,160). The average number of employees is 8 units compared to one unit in the previous year.

2001 investments totalled Euro 11,557. Amortisation and depreciation amount to Euro 15,744.

Quotaholders' equity at 31 December 2001, including net profit for the year, amounts to Euro 120,291 with respect to Euro 83,535 at 31 December 2000.

Considering that the company started its operations in September 2000, performance is positive and in line with the budget. In 2001 the company has become premier partner of the US MacroMedia-Allaire Group for the use of their technologies and has entered into an agreement for the distribution to banks of the CRM software produced by the Austrian company Uniquare.

Among the most important products offered by the company there is a web portal for the on-line subscription of IPOs and a software, which is being launched on the market, for the distribution of SICAV through the net.

SGM S.r.l. (52% controlled)

- Services: Development, installation, customisation, maintenance and assistance of software applications for small and medium size companies.

The financial statements at 31 December 2001 show a net loss of Euro 706,279, against a net profit of Euro 9,130 in 2000.

This negative result is due to the organisation of the company in 2000 and to the decision to allocate more development staff, software analysts and programmers, to studying and developing new and innovative programs, which may also be used via internet, in order to speed up the related realisation process and the subsequent introduction into the market.

2001 production revenues reached Euro 1,924,785, recording a 6.2% decrease compared to the previous year (Euro 2,052,670).

2001 personnel expenses amount to Euro 1,636,507, an increase of 54.7% with respect to 2000 (Euro 1,057,483). The average number of personnel increased to 41 units (2000: 29), up 41%.

2001 investments totalled Euro 154,104, of which Euro 43,921 in intangible fixed assets and Euro 110,182 in operating tangible fixed assets.

Amortisation, depreciation and write-downs amount to Euro 74,384.

Quotaholders' equity decreased from Euro 1,521,185 at the beginning of the year to Euro 814,906 at the year end, as an effect of the losses for the year.

2001 performance has been marked by significant investments in the production of new software to be launched starting 2002.

More specifically, the company completed the new analytical accounting and production control modules of the ERP business management information system, "SIGMAWEB".

In 2001 it developed a new sales force automation software operating on palm computers, which is fully compatible with the SIGMAWEB platform.

The year also saw a more intense cooperation of this subsidiary with the parent company for the supply of services to banks.

DQS S.r.l. (55% directly controlled)

- Services: Development of software applications for the banking sector and technical assistance.

In May CAD IT also increased its investment in DQS S.r.l. from 20% to 55%.

The financial statements at 31 December 2001 show a net profit of Euro 881,130, an increase of 44.5% over the previous year (Euro 609,911).

2001 production revenues reached Euro 5,283,114, recording a 43.8% increase over the previous year (Euro 3,674,738).

2001 personnel expenses amount to Euro 1,575,207, an increase of 49.3% with respect to 2000 (Euro 1,055,198). The average number of personnel increased to 38 units.

2001 investments totalled Euro 48,059, of which Euro 47,413 in operating tangible fixed assets.

Amortisation, depreciation and write-downs amount to Euro 23,882.

Quotaholders' equity at 31 December 2001, including net profit for the year, amounts to Euro 896,403 with respect to Euro 703,192 at 31 December 2000.

In 2001 DQS achieved the budget targets agreed with CAD IT upon acquisition.

Investments aimed at the completion of the innovative software for depository banks are continuing.

S.m.a.r.t. Line Srl (51% directly controlled)

- Services: Development of software applications for tax collection agencies and technical assistance.

In June 2001 CAD IT also increased its investment in the subsidiary from 2% to 51%.

The financial statements at 31 December 2001 show a net profit of Euro 52,534, an increase of 715.6% over the previous year (Euro 6,441).

2001 production revenues reached Euro 2,132,606, recording a 18.8% increase over the previous year (Euro 1,795,269).

2001 personnel expenses amount to Euro 1,045,975, a 19.3% increase with respect to 2000 (Euro 876,887). The average number of personnel increased to 12.3 units.

2001 investments totalled Euro 62,946, of which Euro 61,975 in operating intangible fixed assets.

Amortisation, depreciation and write-downs amount to Euro 65,697.

Quotaholders' equity at 31 December 2001, including net profit for the year, amounts to Euro 164,143 with respect to Euro 111,609 at 31 December 2000.

Since its very acquisition in 2001, Smart Line has closely cooperated with CAD IT Group, particularly for the production of tax collection software and has allowed the company to achieve results beyond expectations.

Sicom Informatica S.r.l. (associated company - 25% directly held)

- Services: Software development for the banks sector and technical assistance.

The financial statements at 31 December 2001 show a net profit of Euro 391,098, an increase of 235.7% over the previous year (Euro 116,505).

2001 production revenues reached Euro 1,297,538, recording a 76.2% increase over the previous year (Euro 736,255).

In November 2001 the company invested Euro 381,996 in the purchase of a building in Reggio Emilia to be used as headquarters. The company also invested Euro 20,735 in operating tangible fixed assets.

Amortisation and depreciation amount to Euro 15,165.

Quotaholders' equity at 31 December 2001, including net profit for the year, amounts to Euro 518,003 with respect to Euro 126,905 at 31 December 2000.

Datafox S.r.l. (associated company - 35.05% directly held)

- IT Services; software development for the banks sector and technical assistance.

In April 2001, CAD IT purchased a 35.5% investment in Datafox S.r.l.

The financial statements at 31 December 2001 show a net loss of Euro 12,129, against a net profit of Euro 37,669 in 2000.

2001 production revenues reached Euro 498,024, recording a 9.0% increase over the previous year (Euro 456,764).

In 2001 the company increased its quota capital with a quota premium allowing the availability of additional funds of Euro 247,512. 2001 quotaholder's equity, including the loss for the year, amounts to Euro 304,345 compared to Euro 69,962 in 2000.

Research and development activities of the group

As in previous years, research and development costs have not been capitalised; they are taken to the profit and loss account of the year in which they are incurred.

According to plans, the complex projects for new, highly innovative integrated procedures continue. Some are expected to be completed in the short term and some in the medium term and will create tangible results only over a medium to long term.

The intangible fixed assets represented by technological know-how, which is fundamental for the company's positive results over the years, is constantly increasing, boosting the company's expected results of future years.

In 2001 research and development activities have been strongly intensified. Investments in research and development activities principally comprise the expenses for software designers and developers.

In respect of the activities aimed at consolidating its traditional business, the group continues to regularly produce new modules for the implementation of additional functions and the technological upgrade of the software installed at the numerous customers.

The "back-office financial instrument" division is also upgrading the functions of the private banking platform.

As expected, the increased investments in research and development allowed the launch of the new ERP Web Based -SIGMAWEB on the market at the end of June. This

product is already being sold and resources have been allocated for its adaptation to the requirements of industrial sectors requiring tailored innovative products.

With its numerous relationships at a national and international level, and the involvement of various teams of experts, the group is researching the most innovative technologies in the sectors of Customer Relationship Management (CRM), Internet banking, multi-channelling and ASP technologies.

The main projects in which the group companies are involved are:

- CAD IT S.p.A. and CAD S.r.l. are developing new important modules for the Finance Area, which will be placed on the market in 2002;
- Cesbe S.r.l. has continued to invest in the technological and functional upgrading of its solutions for on-line trading and training solutions;
- NetBureau S.r.l. is developing vertical portals (mainly for tax and financial purposes), Internet sites and e-commerce solutions using the technology of Macromedia-Allaire (international market leader for this technology), of which it is the premier partner in Italy;
- SGM S.r.l., is developing IT solutions for sales force automation and the integration of company IT systems with mobile phones as well as investing in the above SIGMAWEB project;
- SYRM S.r.l. is developing IT solutions aimed at optimising the integration of Reuter-owned front office software with the Finance Area solution offered by CAD IT.
- DQS S.r.l. is investing resources to re-engineer the procedure for the management of depository banks;
- SMART LINE S.r.l. is investing resources to upgrade the functionalities of the web-based tax collection software.

Relationships of the parent company CAD IT S.p.A. with subsidiary, associated, parent and other group companies

Sofyl S.r.l., with registered offices in Verona, holds the controlling investment (54.65% of the current share capital) in CAD IT S.p.A..

The parent company CAD IT S.p.A. carries out commercial and financial transactions with the subsidiary and associated companies on an arm's length basis.

No transactions have been carried out with the parent company Sofyl S.r.l..

The principal intercompany transactions carried out with subsidiary and associated companies may be summarised as follows:

(in thousands of Euro)

| Company | Revenues | Costs | Receivables | Payables |
|----------------|-----------------|--------------|--------------------|-----------------|
| Cad It S.p.A. | 14,216 | 696 | 18,280 | 707 |
| Cad S.r.l. | 903 | 20,016 | 724 | 19,665 |
| Cesbe S.r.l. | 2,156 | 519 | 758 | 419 |

| | | | | |
|-------------------|---------------|---------------|---------------|---------------|
| Syrm S.r.l. | - | 12 | - | 101 |
| 4 Emme In. S.r.l. | 739 | 1 | 184 | 1 |
| NetBureau S.r.l. | 109 | 38 | 20 | 123 |
| S.G.M. S.r.l. | 947 | - | 299 | - |
| SMART LINE | 149 | 5 | 49 | 1 |
| DQS S.r.l. | 2,070 | 2 | 706 | 3 |
| Total | 21,289 | 21,289 | 21,020 | 21,020 |

Own shares or quotas, or shares or quotas of parent companies, held, acquired or sold

The company does not hold either directly or indirectly own quotas or shares or quotas or shares of parent companies.

Subsequent events and expected future developments

No subsequent events which may have a significant impact on the financial position and results of the company have occurred. The company's positive performance continues in line with expectations.

The company has favourable development opportunities, due to both the investments made, which accelerate the growth in size, and the scheduled objective for development of new integrated procedures, which are already commented on in the notes to the financial statements and involve the on- going commitment of the entire organisational and operating structure.

The board of directors pay close attention to the market requirements when tailoring their management and development strategies, by coordinating the use of the group resources in order to maintain high efficiency and attain positive economic results.

The directors are currently examining further development opportunities, both internal and through external channels, by acquiring further investments in order to implement additional activities that are complementary and synergic to those already in place.

Related parties

The members of the board of directors and the board of statutory auditors that receive fees, either directly or indirectly, are as follows:

(in thousands of Euro)

| Name | Role held | Duration of office Role | Fees for the office | Fringe benefits | Bonus and other incentives | Other fees |
|----------------------|---|-------------------------|---------------------|-----------------|----------------------------|------------|
| Giuseppe Dal Cortivo | Chairman of the board of directors and managing director of CAD IT S.p.A. | 1/1 - 31/12/2001 | 118 | | 17 | |
| | Legal representative of CAD S.r.l. | 1/1 - 31/12/2001 | 87 | | | |
| | Director of CESBE S.r.l. | 1/1 - 31/12/2001 | 6 | | | |
| | Director of SYRM S.r.l. | 1/1 - 31/12/2001 | 6 | | | |
| | Director of SICOM S.r.l. | 1/1 - 31/12/2001 | 6 | | | |
| Magnani Giampietro | Managing director of CAD IT S.p.A. | 1/1 - 31/12/2001 | 118 | | 17 | |
| | Chairman of the board of directors of CAD S.r.l. | 1/1 - 31/12/2001 | 87 | | | |
| | Director of NetBureau S.r.l. | 23/4 - 31/12/2001 | 6 | | | |
| | Director of I.S.I.S. S.p.A. | 1/1 - 31/12/2001 | 5 | | | |
| Rizzoli Maurizio | Managing director of CAD IT S.p.A. | 1/1 - 31/12/2001 | 118 | | 17 | |
| | Legal representative of CAD S.r.l. | 1/1 - 31/12/2001 | 25 | | | |
| Zanella Luigi | Managing director of CAD IT S.p.A. | 1/1 - 31/12/2001 | 118 | | 17 | |
| | Legal representative of CAD S.r.l. | 1/1 - 31/12/2001 | 87 | | | |
| | Director of CESBE S.r.l. | 1/1 - 31/12/2001 | 6 | | | |
| | Director of SYRM S.r.l. | 1/1 - 31/12/2001 | 6 | | | |
| | Director of 4 EMME INFORMATICA S.r.l. | 1/1 - 31/12/2001 | 6 | | | |
| | Director of SICOM S.r.l. | 1/1 - 31/12/2001 | 6 | | | |
| | Director of DQS S.r.l. | 1/1 - 31/12/2001 | 27 | | 7 | |
| Costs Giovanni | Director of CAD IT S.p.A. | 1/1 - 31/12/2001 | 11 | | | |
| Koenig Wolfgang | Director of CAD IT S.p.A. | 1/1 - 31/12/2001 | 9 | | | |
| Gricar Joze | Director of CAD IT S.p.A. | 1/1 - 31/12/2001 | 8 | | 1 | |
| Paolo Dal Cortivo | Director of CAD IT S.p.A. | 1/1 - 31/12/2001 | 7 | | | |
| | Director of 4 EMME INFORMATICA S.r.l. | 1/1 - 31/12/2001 | 6 | | | |
| | Director of SGM S.r.l. | 1/1 - 31/12/2001 | 6 | | | |
| Mazzi Sonia | Chairman of the board of statutory auditors of CAD IT S.p.A. | 1/1 - 31/12/2001 | 26 | | | |
| | Chairman of the board of statutory auditors of CAD S.r.l. | 1/1 - 31/12/2001 | 8 | | | |
| | Statutory auditor of SGM S.r.l. | 1/1 - 31/12/2001 | 3 | | | |
| Cereghini | Statutory auditor of CAD IT S.p.A. | 1/1 - 31/12/2001 | 18 | | | |
| Giuseppe | Statutory auditor of CAD S.r.l. | 1/1 - 31/12/2001 | 5 | | | |
| | Chairman of the board of statutory auditors of SGM S.r.l. | 1/1 - 31/12/2001 | 5 | | | |
| Cusumano | Statutory auditor of CAD IT S.p.A. | 1/1 - 31/12/2001 | 18 | | | |
| Giannicola | Statutory auditor of CAD S.r.l. | 1/1 - 31/12/2001 | 5 | | | |

Investments of directors, statutory auditors and CEOs

| Name | Investment | Number of shares/quota s held at 31 December 2000 | Number of shares/quota s purchased | Number of shares/quota s sold | Number of shares/quota s held at 31 December 2001 |
|----------------------|---------------|---|------------------------------------|-------------------------------|---|
| Giuseppe Dal Cortivo | CAD IT S.p.A. | 407,219 ⁽¹⁾ | 0 | 31,250 | 375,969 ⁽²⁾ |
| Magnani Giampietro | CAD IT S.p.A. | 405,319 ⁽¹⁾ | 0 | 31,250 | 374,069 ⁽²⁾ |
| Rizzoli Maurizio | CAD IT S.p.A. | 405,320 ⁽¹⁾ | 23,403 | 12,412 | 416,311 ⁽³⁾ |
| Zanella Luigi | CAD IT S.p.A. | 408,170 ⁽¹⁾ | 3,240 | 34,612 | 376,798 ⁽⁴⁾ |
| Paolo Dal Cortivo | CAD IT S.p.A. | 1,200 | 7,209 | 7,992 | 417 |
| Costs Giovanni | CAD IT S.p.A. | 180 ⁽⁵⁾ | 0 | 0 | 180 ⁽⁵⁾ |
| Koenig Wolfgang | CAD IT S.p.A. | 0 | 0 | 0 | 0 |
| Gricar Joze | CAD IT S.p.A. | 0 | 76 | 0 | 76 |
| Mazzi Sonia | CAD IT S.p.A. | 1,565 | 600 | 0 | 2,165 |
| Cereghini Giuseppe | CAD IT S.p.A. | 838 | 0 | 0 | 838 |
| Cusumano Giannicola | CAD IT S.p.A. | 0 | 0 | 0 | 0 |

(1) of which 202,660 owned by his wife

(2) of which 189,535 owned by his wife

(3) of which 208,811 owned by his wife

(4) of which 199,635 owned by his wife

(5) of which 60 owned by his wife

Other information

Reference should be made to the notes to the consolidated financial statements and related annexes for further information on the group performance and the relationships with the group companies.

On behalf of the board of directors

The chairman

(Giuseppe Dal Cortivo)

(signed on the original)

**Consolidated financial statements as at and for the year ended 31 December 2001 -
amounts are stated in Euro
Consolidated balance sheet - Assets**

| | 31/12/2001 | 31/12/2000 | Variations |
|--|--------------------|-------------------|--------------------|
| B) FIXED ASSETS | | | |
| I. Intangible fixed assets | | | |
| 1) Start-up and capital costs | 2,639,995 | 3,542,813 | -902,818 |
| 4) Licenses, trademarks and similar rights | 386,940 | 297,014 | 89,926 |
| 5) Goodwill | 22,776 | | 22,776 |
| 6) Goodwill arising on consolidation | 9,494,198 | 6,731,478 | 2,762,720 |
| 7) Other | 422,212 | 61,741 | 360,471 |
| Total intangible fixed assets | 12,966,121 | 10,633,046 | 2,333,075 |
| II. Tangible fixed assets | | | |
| 1) Land and buildings | 119,550 | 129,114 | -9,564 |
| 2) Plant and machinery | 119,509 | 89,368 | 30,141 |
| 4) Other assets | 1,317,136 | 817,917 | 499,220 |
| 5) Assets under construction and payments on account | 7,608,187 | 2,470,587 | 5,137,599 |
| Total tangible fixed assets | 9,164,382 | 3,506,986 | 5,657,396 |
| III. Financial fixed assets | | | |
| 1) Investments in: | | | |
| a-bis) Subsidiaries valued using the equity method | 87,878 | | 87,878 |
| b) Associated companies | 520,578 | 208,627 | 311,951 |
| c) Other | 6,023,064 | 26,856 | 5,996,208 |
| 2) Amounts receivable: | | | |
| d) Other due after one year | 66,894 | 180,759 | -113,865 |
| Total financial fixed assets | 6,698,415 | 416,242 | 6,282,172 |
| Total fixed assets (B) | 28,828,917 | 14,556,275 | 14,272,643 |
| C) ASSETS FORMING PART OF WORKING CAPITAL | | | |
| I. Inventory | | | |
| 1) Raw materials, consumables and supplies | 2,479 | | 2,479 |
| 3) Contract work in progress | | 195,518 | -195,518 |
| 4) Finished products and goods | 144,190 | 110,087 | 34,103 |
| 5) Payments on account | | 112 | -112 |
| Total inventory | 146,669 | 305,716 | -159,047 |
| II. Trade receivables | | | |
| 1) Trade receivables | 29,840,499 | 28,386,454 | 1,454,046 |
| 3) Associated companies | 2,311 | | 2,311 |
| 4) Parent companies | 2,350 | | 2,350 |
| 5) Others due within one year | 2,195,738 | 203,023 | 1,992,715 |
| Total trade receivables | 32,040,898 | 28,589,477 | 3,451,421 |
| III. Financial assets not of a fixed nature | | | |
| 2) Investments in associated companies | 61,975 | 12,911 | 49,063 |
| 6) Other securities | | 15,585,651 | -15,585,651 |
| 7) Insurance policies capitalised | 2,600,251 | | 2,600,251 |
| Total financial assets not of a fixed nature | 2,662,225 | 15,598,563 | -12,936,337 |
| IV. Liquid funds | | | |
| 1) Bank and postal accounts | 38,445,075 | 38,427,848 | 17,227 |
| 2) Cheques on hand | 7,592 | | 7,592 |
| 3) Cash-in-hand and cash equivalents | 17,502 | 29,213 | -11,711 |
| Total liquid funds | 38,470,170 | 38,457,061 | 13,108 |
| Total assets forming part of working capital | 73,319,962 | 82,950,817 | -9,630,855 |
| D) ACCRUED INCOME AND DEFERRED EXPENSES | | | |
| Accrued income | 2,589 | 185,981 | -183,392 |
| Deferred expenses | 193,550 | 82,002 | 111,548 |
| Total accrued income and deferred expenses | 196,139 | 267,983 | -71,844 |
| TOTAL ASSETS | 102,345,018 | 97,775,074 | 4,569,944 |

Consolidated financial statements at 31 December 2001 - amounts are stated in Euro
Consolidated balance sheet - Liabilities

| | <u>31/12/2001</u> | <u>31/12/2000</u> | <u>Variations</u> |
|--|--------------------|-------------------|-------------------|
| A) SHAREHOLDERS' EQUITY | | | |
| I. Share | 4,669,600 | 4,669,600 | |
| II. Share premium reserve | 62,186,400 | 62,186,400 | |
| III. Revaluation reserves | | 97,878 | -97,878 |
| IV. Legal reserve | 347,328 | 20,658 | 326,670 |
| VII. Other reserves | 3,518,921 | 512,262 | 3,006,659 |
| Consolidation reserves | 1,323,150 | 49,749 | 1,273,401 |
| IX. Profit/(loss) of the group for the year | 9,169,462 | 7,712,990 | 1,456,472 |
| Consolidated shareholders' equity of the group | 81,214,861 | 75,249,536 | 5,965,325 |
| Share capital and reserves pertaining to minority interest | 923,819 | 799,489 | 124,330 |
| Profit (loss) for the period pertaining to minority interest | 897,095 | 620,677 | 276,418 |
| Shareholders' equity pertaining to minority interest | 1,820,914 | 1,420,166 | 400,748 |
| Total consolidated shareholders' equity (including minority interest) | 83,035,775 | 76,669,702 | 6,366,073 |
| B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES | | | |
| 1) Pension and similar provisions | 23,363 | | 23,363 |
| 2) Taxation | | 706 | -706 |
| 3) Exchange rate risk | | 1,627 | -1,627 |
| Total provisions for contingencies and other charges (B) | 23,363 | 2,333 | 21,030 |
| C) EMPLOYEES' LEAVING ENTITLEMENT | 3,145,511 | 3,490,483 | -344,972 |
| D) PAYABLES | | | |
| 3) Due to banks | 46,946 | 12,042 | 34,904 |
| due after one year | | | |
| 5) Payments on account | 299,209 | 1,419,064 | -1,119,855 |
| 6) Accounts payable to creditors | 6,588,639 | 4,878,977 | 1,709,662 |
| 8) Amounts payable to subsidiary companies | 20,671 | | 20,671 |
| 9) Amounts payable to associated companies | 40,298 | | 40,298 |
| 11) Sums payable to taxation authorities | 2,053,751 | 5,219,735 | -3,165,985 |
| 12) Social security charges payable | 1,760,871 | 1,721,835 | 39,036 |
| 13) Other sums payable | 5,268,814 | 4,330,435 | 938,378 |
| Total payables | 16,079,198 | 17,582,089 | -1,502,891 |
| E) ACCRUED EXPENSES AND DEFERRED INCOME | | | |
| Accrued expenses | 8,126 | 2,314 | 5,812 |
| Deferred income | 53,046 | 28,155 | 24,891 |
| Total accrued expenses and deferred income | 61,172 | 30,468 | 30,704 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 102,345,018 | 97,775,074 | 4,569,944 |
| MEMORANDUM AND CONTINGENCY ACCOUNTS | 12,394,966 | 12,394,966 | 0 |

Consolidated financial statements at 31 December 2001 - amounts in Euro
Consolidated profit and loss account

| | <u>31/12/2001</u> | <u>31.12.2000</u> | <u>Variations</u> |
|---|---------------------|---------------------|--------------------|
| A) PRODUCTION REVENUES | | | |
| 1) Turnover - goods and services | 60,955,403 | 48,657,073 | 12,298,330 |
| 3) Variations in contract work in progress | (287,395) | (235,094) | -52,302 |
| 5) Other revenues and income | 289,458 | 69,735 | 219,723 |
| Total production revenues | 60,957,466 | 48,491,714 | 12,465,752 |
| B) PRODUCTION COST | | | |
| 6) Raw materials, consumables and supplies | (1,583,070) | (1,614,396) | 31,326 |
| 7) Services | (15,551,764) | (10,883,938) | -4,667,826 |
| 8) Use of third party assets | (856,103) | (396,452) | -459,651 |
| 9) Personnel expenses | | | |
| a) Wages and salaries | (18,048,347) | (12,467,438) | -5,580,909 |
| b) Social security contributions | (5,375,438) | (4,255,372) | -1,120,066 |
| c) Employees' leaving entitlement | (1,142,943) | (846,326) | -296,618 |
| e) Other costs | (271,447) | (27,099) | -244,347 |
| Total personnel expenses | (24,838,175) | (17,596,235) | -7,241,940 |
| 10) Amortisation, depreciation and write-downs: | | | |
| a) Amortisation of intangible fixed assets | (2,320,781) | (1,630,449) | -690,332 |
| b) Depreciation of tangible fixed assets | (661,519) | (447,506) | -214,013 |
| c) Write-downs of fixed assets | (265) | | -265 |
| c) Write-downs of receivables included under assets forming part of working capital | (122,004) | (142,272) | 20,268 |
| Total amortisation, depreciation and write-downs | (3,104,569) | (2,220,226) | -884,343 |
| 11) Variations in raw materials, supplies and consumables | 36,582 | (26,829) | 63,411 |
| 12) Provisions for contingencies | | (1,627) | 1,627 |
| 14) Other operating costs | (197,870) | (159,891) | -37,979 |
| Total production cost | (46,094,969) | (32,899,594) | -13,195,375 |
| Difference between production revenues and cost (A-B) | 14,862,497 | 15,592,121 | -729,624 |
| C) FINANCIAL INCOME AND CHARGES | | | |
| 16) Other financial income | | | |
| a) Receivables classified as fixed assets: | 1,479 | 5,614 | -4,135 |
| c) from securities included under assets forming part of working capital | 841,692 | 175,269 | 666,423 |
| d) Other income | 1,745,040 | 426,134 | 1,318,906 |
| 17) Interest and other financial charges | | | |
| a) Other | (31,035) | (67,493) | 36,457 |
| Total (15+16-17) | 2,557,176 | 539,525 | 2,017,652 |
| D) ADJUSTMENTS TO FINANCIAL ASSET VALUES | | | |
| 18) Revaluation of investments in associated companies | 136,509 | 151,108 | -14,599 |
| 19) Write-downs of investments in associated companies | (84,146) | (15,618) | -68,528 |
| Total adjustments | 52,363 | 135,491 | -83,127 |
| E) EXTRAORDINARY INCOME AND EXPENSES | | | |
| 20) Income | 49,203 | 13,940 | 35,264 |
| 21) Expenses | (222,882) | (145,431) | -77,451 |
| Losses on sale of fixed assets | (1,343) | | -1,343 |
| Total extraordinary items (20-21) | (175,022) | (131,491) | -43,531 |
| PROFIT (LOSS) BEFORE TAXATION (A-B+C+-D+-E) | 17,297,015 | 16,135,645 | 1,161,370 |
| 22) Taxation on profit for the year | (7,230,458) | (7,801,978) | 571,520 |
| 23) Profit before minority interest | 10,066,557 | 8,333,666 | 1,732,890 |
| 24) Profit (loss) for the year pertaining to minority interest | (897,095) | (620,677) | -276,418 |
| 26) Profit (loss) for the year | 9,169,462 | 7,712,990 | 1,456,472 |

Notes to the consolidated financial statements as at and for the year ended 31 December 2001

Foreword

These notes present the consolidated financial position and results as at and for the year ended 31 December 2001 together with the comparative prior year figures.

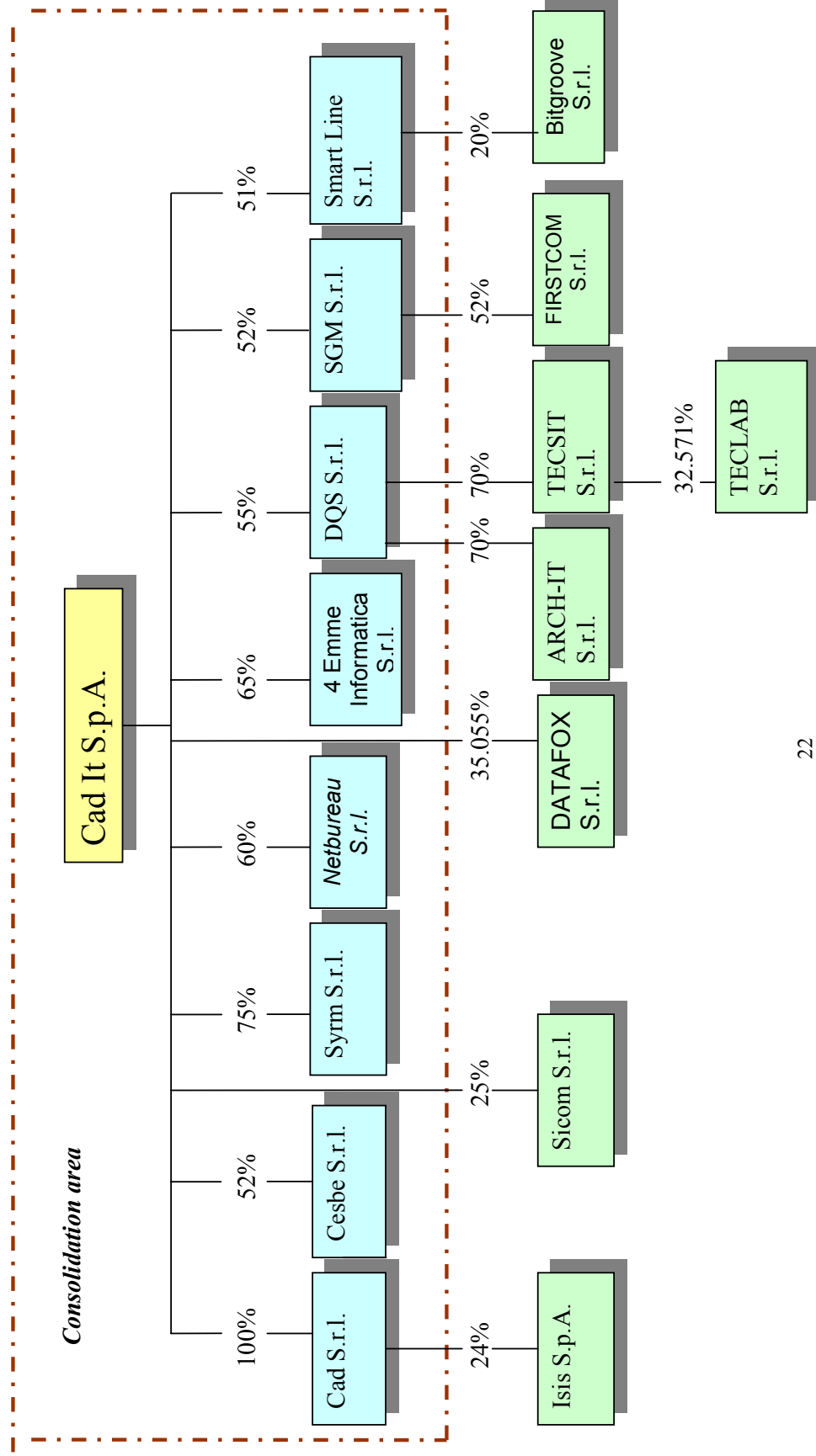
Unless otherwise indicated, the amounts in these notes and annexes are stated in Euro.

The purpose of these notes is to present and comment on the consolidated financial statements figures duly analysed and integrated. They include the information required by article 38 and following of Legislative Decree no. 127/1991, together with the disclosures considered necessary to provide a complete, true and fair view of the group.

1 Consolidation area and policies

1.1 Consolidation area

The group structure at the date of the consolidated financial statements is shown in the following chart:



For the purpose of the preparation of the consolidated financial statements, the companies of the CAD IT Group included in the consolidation area using the full consolidation method and those included using the equity method are the following:

| Registered office | | Quota capital | Percentage of investment |
|--|--------------|---------------|--------------------------|
| Cad It S.p.A. | Verona | 4,669,600 | Parent company |
| Cad S.r.l. | Verona | 130,000 | 100.000% |
| Cesbe S.r.l. | Verona | 10,400 | 52.000% |
| Syrm S.r.l. | Verona | 10,400 | 75.000% |
| 4 Emme Informatica S.r.l. | Lodi | 26,000 | 65.000% |
| NetBureau S.r.l. | Milan | 50,000 | 60.000% |
| SGM S.r.l. | Padua | 1,044,650 | 52.000% |
| DQSS.r.l. | Rome | 11,000 | 55.000% |
| Smart Line S.r.l. | Avellino | 102,700 | 51.000% |
| <i>Subsidiaries valued using the equity method</i> | | | |
| Tecsit S.r.l. | Rome | 75,000 | 70.000% |
| Arch It S.r.l. | Rome | 50,000 | 70.000% |
| Firstcom S.r.l. | Padua | 25,000 | 52.000% |
| <i>Associated companies valued using the equity method</i> | | | |
| Sicom S.r.l. | Viadana (MN) | 10,400 | 25.000% |
| Isis S.p.A. | S.Marino | 284,047 | 24.000% |
| Datafox S.r.l. | Florence | 99,999 | 35.055% |

The following subsidiaries, valued using the equity method have not been consolidated with the full consolidation method.

- Tecsit S.r.l., controlled by DQS S.r.l., which operates in a different business sector and is not significant;
- Arch It S.r.l., controlled by DQS S.r.l., which was set up on 23 July 2001 and is not significant;
- Firstcom S.r.l., controlled by SGM S.r.l., which was set up on 27 February 2001 and is not significant.

Total assets and revenues of non-consolidated subsidiaries represent respectively 2.1% of the group assets and 1,2% of the group revenues.

1.2 Consolidation policies

The consolidated financial statements as at and for the year ended 31 December 2001 have been prepared on the basis of the financial statements of the individual group companies, approved by the respective directors' boards and duly reclassified and adjusted for consistency with the accounting policies.

The quotaholders' equities of the subsidiaries, which have been used for the preparation of these consolidated financial statements at 31 December 2001, are as follows:

(in thousands of Euro)

| Date of | Quotaholders' | Net | Profit | Percentage of |
|---|----------------------|---------------|-----------------------|----------------------|
| | reference | equity | for the period | investment |
| <i>Consolidated using the full consolidation method</i> | | | | |
| Cad S.r.l. | 31/12/2001 | 940 | 563 | 100.000% |
| Cesbe S.r.l. | 31/12/2001 | 1,727 | 1,561 | 52.000% |
| Syrm S.r.l. | 31/12/2001 | 161 | 135 | 75.000% |
| 4 Emme Informatica S.r.l. | 31/12/2001 | 90 | 54 | 65.000% |
| NetBureau S.r.l. | 31/12/2001 | 120 | 68 | 60.000% |
| SGM S.r.l. | 31/12/2001 | 815 | -706 | 52.000% |
| D.q.s. S.r.l. | 31/12/2001 | 896 | 881 | 55.000% |
| Smart line S.r.l. | 31/12/2001 | 164 | 21 | 51.000% |

The valuation of the associated companies in accordance with the equity method has been made on the basis of the quotaholders' equities reported in the latest financial statements approved by the respective boards of directors at their meetings and opportunely adjusted to comply with the group's accounting policies.

The companies held for less than 20% and accounted for as financial fixed assets are stated at acquisition cost reduced for permanent impairment in value.

The cost of investments in listed companies other than subsidiary or associated companies is reduced for rates lower than the accounting value, unless in case of permanent impairment in value.

In the preparation of consolidated financial statements the following items have been eliminated:

- intercompany costs and revenues of consolidated companies
- intercompany receivables and payables of consolidated companies;
- intercompany profits and unrealised profits from transactions with independent parties.

The carrying value of the individual investments is eliminated against the related shareholders'/quotaholders' equity as an effect of the recognition of the subsidiaries' assets and liabilities, revenues and costs and of the related minority interest.

The difference between the subsidiaries' acquisition cost and their quotaholders' equity at the date of acquisition is allocated to the subsidiaries' assets and liabilities for the portion attributable thereto. Any positive difference is included in the asset caption "Goodwill arising on consolidation". Any negative difference is included under the caption "Consolidated provision for contingencies and other charges", if arising from an expected negative result, or otherwise under the shareholders' equity caption "Consolidation reserve".

The mentioned consolidation difference is amortised over a period of ten years, representing its estimated income generating potential.

Unrealised profit and losses arising from intercompany transactions have been eliminated. Intercompany receivables, payables, revenues, costs and distributed dividends have also been eliminated.

2 Accounting policies

2.1 Fixed assets

2.1.1 Intangible fixed assets

They are stated at acquisition cost and amortised over their residual income-generating potential, based on the provisions of point 5, article 2426 of the Civil Code.

Start-up and capital costs are amortised over five years on a straight line basis.

Trademarks are amortised over five years on a straight line basis.

Software licenses are amortised on a straight line basis over a variable period of 3-5 years.

Leasehold improvements are amortised over the length of the related rental contracts.

Goodwill arising on consolidation is amortised on a straight line basis over ten years, representing its income-generating potential.

2.1.2 Tangible fixed assets

These are stated at acquisition cost including any related costs less related depreciation.

Depreciation rates are calculated on a straight line basis over the expected useful economic lives of the assets. The depreciation rates applied, which are also in accordance with current tax legislation, are the following:

- industrial buildings: 3%
- electric plants: 10%
- air conditioning systems: 15%
- telephones: 20%
- alarm systems: 30%
- furniture and fittings: 12%
- electric equipment: 15%
- electronic equipment: 20%
- vehicles: 25%

These rates are reduced by 50% in the first year of utilisation of the assets.

The depreciation rates applied by the group also include the portion of accelerated depreciation allowed by current tax legislation.

No revaluations of fixed assets have been made except for the building owned by Cad S.r.l., as better specified in paragraph 3.1.2 below.

Ordinary maintenance costs are fully charged to the profit and loss account in the year in which they are incurred, while the costs of an incremental nature are attributed to the assets to which they relate and depreciated over the respective residual useful lives.

2.2 *Inventory*

Contract work in progress is stated at a reasonable cost based on its progress, calculated under the contract completion method, gross of possible payments on accounts and progress bills which do not relate to the receipt of definitive payments; future expenses, if any, are included in the specific provision for contingencies and other charges.

Goods and consumables are stated at the lower of purchase cost, calculated on a LIFO basis, and market value.

2.3 *Receivables*

Receivables are stated at their estimated realisable value represented by their nominal value less related bad debt provision. This value arises from an analysis of their recoverability, considering the existence of any pending claims or legal proceedings.

2.4 *Financial assets not of a fixed nature*

They are stated at the lower of cost or market value at year end.

2.5 *Liquid funds*

Liquid funds are stated at their nominal value. Bank balances include cheques issued, bank transfers ordered and collections received by banks and credited into the accounts prior to the year end. They also include bank interest expenses and charges, even if not yet accounted for by banks.

2.6 *Accruals and deferrals*

They are calculated on an accruals basis of accounting.

2.7 Payables

Payables are stated at their nominal value.

2.8 Provisions for contingencies and other charges

These provisions are made for losses or payables of a certain or probable existence, the amount or due date of which are unknown at year end.

2.9 Employees' leaving entitlement

This represents the accrued payables due to employees in accordance with the current Italian legislation and labour contracts relating to any type of on-going working relationship, as per article 2120 of the Civil Code.

The balance represents total payables due to employees, net of payments on account, at the year end.

2.10 Taxation on profit

Current taxes are calculated based on the taxable income of each company in accordance with current legislation.

Deferred tax assets and liabilities are also calculated, as arising from consolidation and the temporary differences between consolidated asset and liability values and the corresponding tax-driven amounts, as resulting from the financial statements of the individual group companies.

In particular, deferred tax assets are recognised only if their recoverability is reasonably certain, whereas deferred tax liabilities are not accounted for, if the related payable is not likely to arise.

2.11 Recognition of revenues

Revenues are recognised on the basis of the following criteria:

- income from the sale of licenses is recognised upon delivery of the related product;
- turnover from consulting and extraordinary maintenance services (for those activities which are not included in ordinary maintenance service contracts and, in any case, which require the utilisation of resources exceeding 20 man/days) are recognised on the basis of the actual days of consulting work provided at the client's at the year end;
- turnover arising from ordinary maintenance services related to products sold are stated on the basis of the related maintenance contracts, which expire in one year, usually at 31 December;
- financial income is recognised on an accruals basis;
- dividends are accounted for in the year of approval of distribution by the respective companies. The related tax credits are recognised upon collection.

2.12 *Research and development costs*

Research and development costs are charged to the profit and loss account in the year in which they are incurred.

3 Composition of the principal captions of the consolidated balance sheet

The following table presents the reclassified consolidated balance sheet of the group as at 31 December 2001.

| | <i>(in thousands of Euro)</i> | |
|---|-------------------------------|---------------|
| | 31/12/2001 | 31/12/2000 |
| Fixed assets | | |
| Intangible fixed assets | 12,966 | 10,632 |
| Tangible fixed assets | 9,164 | 3,507 |
| Other fixed assets | 6,698 | 416 |
| Total fixed assets | 28,829 | 14,555 |
| Current assets | | |
| Trade receivables, net | 29,845 | 28,386 |
| Closing inventory | 147 | 306 |
| Other current assets | 2,196 | 203 |
| Accrued income and deferred expenses | 196 | 268 |
| Total current assets | 32,384 | 29,163 |
| Current liabilities | | |
| Payments on account | 299 | 1,419 |
| Accounts payable to creditors | 6,650 | 4,879 |
| Payables due to former shareholders | - | - |
| Other current liabilities | 9,083 | 11,272 |
| Accrued expenses and deferred income | 61 | 30 |
| Total current liabilities | 16,093 | 17,600 |
| Operating capital, net | 16,290 | 11,563 |
| Employees' leaving entitlement | 3,146 | 3,490 |
| Invested capital, net | 41,974 | 22,628 |
| Shareholders' equity and net financial position | | |
| Total shareholders' equity of the group | 81,215 | 75,250 |
| Minority interest | 1,821 | 1,420 |
| Medium/long term payables due to banks | - | - |
| Provisions for contingencies and other charges | 23 | 2 |
| Short term net indebtedness/(financial position) | (41,085) | (54,044) |
| Total shareholders' equity less net financial position | 41,974 | 22,628 |

3.1. Fixed assets

3.1.1. Intangible fixed assets

The caption "Intangible fixed assets" is composed as follows:

| | 31/12/2001 | 31/12/2000 |
|---|-------------------|-------------------|
| Start-up and capital costs | 2,639,995 | 3,542,813 |
| Licenses, trademarks and similar rights | 386,940 | 297,014 |
| Goodwill | 22,776 | 0 |
| Goodwill arising on consolidation | 9,494,198 | 6,731,478 |
| Other intangible fixed assets | 422,212 | 61,741 |
| Total intangible fixed assets | 12,966,121 | 10,663,046 |

The residual start-up and capital costs at 31 December 2001 principally consist of the costs incurred by the parent company for the listing of Cad It S.p.A.'s ordinary shares on the New Market organised and managed by Borsa Italiana S.p.A.. These costs have been capitalised in accordance with the Accounting Principle no. 24 established by the *Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri*, as they are considered to generate income as an effect of the improved financial position of the company, the opportunity to avail of the corporate tax benefit granted to newly listed companies, with effect from the year ending 31 December 2001, together with the greater visibility and opportunities for development arising from the listing.

The caption "Licenses, trademarks and similar rights" principally includes the Dynasty software used by the group for object-oriented programming activities.

"Goodwill arising on consolidation" is amortised on a straight line basis over ten years, representing its estimated income-generating potential. This difference arose from the acquisitions made by the company at the 1999 year end, in 2000 (CAD S.r.l. and SGM S.r.l.) and 2001 (SMART LINE S.r.l. and DQS S.r.l.).

The caption "Other intangible fixed assets" principally comprises leasehold improvements carried out by the subsidiaries and the parent company.

Amortisation for the period of "Intangible fixed assets" is equal to Euro 2,321 thousand (2000: 1,630), of which Euro 1,084 thousand (2000: 554) relates to goodwill arising on consolidation, Euro 882 thousand to listing costs, Euro 250 thousand (2000: 186) to licenses, trademarks and similar rights and Euro 102 thousand (2000: 12) to other intangible fixed assets.

During 2001, the caption "Intangible fixed assets" varied as follows:

| | Start-up and capital costs | Licenses, trademarks and similar rights | Goodwill | Goodwill arising on consolidation | Other intangible fixed assets | Total |
|--|----------------------------|---|---------------|-----------------------------------|-------------------------------|-------------------|
| Opening balance | 3,542,813 | 297,014 | 0 | 6,731,499 | 61,741 | 10,633,067 |
| Variations in consolidation area | 2,934 | 33,457 | 0 | 0 | 7,312 | 43,703 |
| Additions | 2,634 | 309,108 | 0 | 3,846,328 | 455,473 | 4,613,543 |
| Transfers | (26,029) | (1,782) | 26,029 | 0 | 0 | (1,782) |
| Reduction in accumulated amortisation due to disposals | 0 | 243 | 0 | 0 | 133 | 375 |
| Disposals | 0 | (1,586) | 0 | 0 | (398) | (1,983) |
| Revaluations for the year | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortisation and write-downs for the year | (882,356) | (249,515) | (3,254) | (1,083,609) | (102,048) | (2,320,781) |
| Adjustments to write-downs for the year | 0 | 0 | 0 | 0 | 0 | 0 |
| Total intangible fixed assets | 2,639,995 | 386,940 | 22,776 | 9,494,219 | 422,212 | 12,966,142 |

3.1.2 Tangible fixed assets

The caption "Tangible fixed assets" is composed as follows:

| | 31/12/2001 | 31/12/2000 |
|---|------------------|------------------|
| Land and buildings | 119,550 | 129,114 |
| Plant and machinery | 119,509 | 89,368 |
| Industrial and commercial equipment | 0 | 0 |
| Other assets | 1,317,136 | 817,917 |
| Assets under construction and payments on account | 7,608,187 | 2,470,587 |
| Total tangible fixed assets | 9,164,382 | 3,506,986 |

In accordance with Law no. 342/2000, in its 2000 financial statements, CAD S.r.l. revalued a building adjusting its acquisition value from Lit 79,416,103 (equal to € 41,015) to Lit 617,283,964 (€ 318,800) and, accordingly, the related accumulated depreciation from Lit 44,870,099 (€ 23,173) to Lit 367,283,964 (€ 189,686).

The revaluated building, net of accumulated depreciation, amounts to Lit 250,000,000 (= € 129,114). The substitute tax of Lit 44,455,000 (= € 22,959) on the revaluation has been deducted from the revaluation reserve in accordance with Law no. 342/2000.

In 2001, further costs of Euro 5,138 thousand (2000: 1,180) have been incurred for the construction and furnishing of this building, which is expected to be completed in the first half of 2002. These assets have not been used in the year, accordingly the related costs have not been depreciated. Total expected cost amounts to approximately Euro 10,500 thousand.

During 2001, the caption "Tangible fixed assets" has varied as follows:

| | Land and buildings | Plant and machinery | Other tangible fixed assets | Assets under construction and payments on account | Total |
|--|--------------------|---------------------|-----------------------------|---|------------------|
| Opening balance | 129,114 | 89,368 | 817,917 | 2,470,587 | 3,506,986 |
| Variations in consolidation area | 0 | 12,201 | 171,010 | 0 | 183,211 |
| Additions | 0 | 82,671 | 957,951 | 5,137,599 | 6,178,222 |
| Transfers | 0 | 0 | 631 | 0 | 631 |
| Reduction in accumulated depreciation due to disposals | 0 | 501 | 212,001 | 0 | 212,502 |
| Disposals | 0 | (9,873) | (225,171) | 0 | (235,045) |
| Revaluations for the year | 0 | 0 | 0 | 0 | 0 |
| Depreciation and write-downs for the year | (9,564) | (55,359) | (615,491) | 0 | (680,414) |
| Adjustments to write-downs for the year | 0 | 0 | (1,711) | 0 | (1,711) |
| Total tangible fixed assets | 119,550 | 119,509 | 1,317,136 | 7,608,187 | 9,164,382 |

Gross values including related depreciation can be broken down as follows:

| | Land and buildings | Plant and machinery | Other tangible fixed | Assets under construction | Total |
|--------------------------------------|--------------------|---------------------|----------------------|---------------------------|------------------|
| Gross value | 189,849 | 360,859 | 3,648,128 | 7,608,187 | 11,807,022 |
| Accumulated depreciation | (70,298) | (241,350) | (2,330,992) | 0 | (2,642,640) |
| Net value at 31 December 2001 | 119,550 | 119,509 | 1,317,136 | 7,608,187 | 9,164,382 |

3.1.3 Other fixed assets

Financial fixed assets are composed of investments in associated companies which were valued using the equity method, investments in other companies valued at cost, tax credits for payments on account on employees' leaving entitlement (Law no. 123/96) and other receivables due after one year.

| Financial fixed assets | 31/12/2001 |
|---|-------------------|
| Investments in subsidiary companies | |
| Firstcom S.r.l. | 5,656 |
| Archit S.r.l. | 32,283 |
| Tecsit S.r.l. | 49,939 |
| Total investments in non-fully consolidated subsidiaries | 87,878 |
| Investments in associated companies | |
| Datafox S.r.l. | 322,751 |
| Sicom S.r.l. | 129,501 |
| Isis S.p.A. | 68,327 |
| Total investments in associated companies | 520,578 |
| Other investments: | |
| Nesteg S.r.l. | 1,016 |
| Class Editori | 6,022,047 |
| Total other investments | 6,023,064 |
| Tax credits for payments on account on employees' leaving entitlement | 47,423 |
| Other receivables due after one year | 19,471 |
| Total receivables due after one year | 66,894 |
| Total financial fixed assets | 6,698,415 |

The values used as a basis for the valuation of investments in associated companies under the equity method and the related dates of reference are as follows:

| Company name | Date of reference | Quota-/Shareholders' equity | Profit for the period | Percentage of investment | Portion of equity held |
|----------------|-------------------|-----------------------------|-----------------------|--------------------------|------------------------|
| Datafox S.r.l. | 31/12/2001 | 304,345 | (12,129) | 35.055% | 106,688 |
| Sicom S.r.l. | 31/12/2001 | 518,002 | 391,098 | 25.000% | 129,500 |
| ISIS S.p.A.* | 31/12/2001 | 227,189 | 642 | 24.000% | 54,525 |

3.2 *Current Assets*

3.2.1 *Trade receivables, net*

Trade receivables are composed as follows:

| | 31/12/2001 | 31/12/2000 |
|---|-------------------|-------------------|
| Trade receivables due from associated companies | 4,661 | - |
| Trade receivables | 30,262,048 | 28,686,598 |
| Bad debt provision | (421,549) | (300,144) |
| Total trade receivables | 29,845,160 | 28,386,454 |
| Average collection days | 145 | 132 |

Trade receivables principally comprise receivables relating to the banks division. The increase recorded at year end is partly due to the increase in turnover for the period.

As indicated above, the group accounts for receivables at their estimated realisable value. This valuation is performed analytically for overdue and to be due receivables with ageing exceeding average collection days and on a lump sum basis for other receivables based on the historic incidence of the group's losses on sales by year of invoicing.

In the course of time, the peculiar type of customers (principally banks and bank-related companies) reduced significantly the materiality of credit losses, and principally affected average collection days. The increase in the average volumes of contracts led the company and customers to agree on extended payments terms.

The current bad debt provision covers 1.39% of total receivables.

3.2.2 *Closing inventory*

The caption "Inventory" includes contract work in progress and finished goods.

Contract work in progress principally reflects the group's valuation of the status of production of the SIBAC integrated system modules at the 2000 year end.

The caption may be broken down in the period of reference as follows:

| Closing inventory | 31/12/2001 | 31/12/2000 |
|---|-------------------|-------------------|
| Raw materials, consumables and supplies | 2,479 | 0 |
| Contract work in progress | 0 | 195,518 |
| Finished products and goods | 144,190 | 110,087 |
| Payments on account | 0 | 112 |
| Total closing inventory | 146,669 | 305,716 |

3.2.3 *Accrued income and deferred expenses*

The caption principally relates to prepaid advertising, insurance and rental costs relating to the subsequent period.

Current liabilities

3.3.1 *Payments on account*

The caption shows a balance of Euro 299 thousand (2000: 1,419).

The caption is justified by the organisational system of Cad S.r.l., which mainly operates on the basis of contracts requiring the anticipated payment of the services.

3.3.2 *Accounts payable to creditors*

The caption varied as follows:

| Euro | 31/12/2001 | 31/12/2000 |
|--|-------------------|-------------------|
| Accounts payable to creditors | 6,588,639 | 4,878,977 |
| Amounts payable to subsidiaries valued using the equity method | 20,671 | - |
| Amounts payable to associated companies | 40,298 | - |
| Total accounts payable to creditors | 6,649,608 | 4,878,977 |
| Average payment days | 95 | 110 |

The residual amount relates to trade payables of an ordinary nature.

3.3.3 *Other current liabilities*

The caption "Other current liabilities" is composed as follows:

| Euro | 31/12/2001 | 31/12/2000 |
|--|------------------|-------------------|
| Sums payable to taxation authorities | 2,053,751 | 5,219,735 |
| Social security charges payable | 1,760,871 | 1,721,835 |
| Other sums payable | 5,268,814 | 4,330,435 |
| Total other current liabilities | 9,083,436 | 11,272,005 |

The caption "Sums payable to taxation authorities" is represented by the tax charges of the individual consolidated companies for each period of reference. They comprise income taxes, VAT tax and withholding agent activities carried out by the individual companies on behalf of their employees and consultants.

At the date of preparation of these financial statements at 31 December 2001, the company does not have any assessments by or litigations with the tax authorities. With respect to the parent company the last year closed to inspection for direct tax purposes is 1995, whereas 1996 is the last year for VAT purposes.

The caption "Other sums payable" may be broken down as follows:

| Euro | 31/12/2001 | 31/12/2000 |
|---|------------------|------------------|
| directors' emoluments | 38,170 | 12,395 |
| dividends to be distributed to shareholders (third parties) | 248,251 | - |
| wages and salaries | 1,033,535 | 1,064,934 |
| production bonuses due to employees | 1,178,813 | 1,385,137 |
| accrued holidays due to employees | 1,119,067 | 1,157,896 |
| 14 th month payable to employees | 410,007 | - |
| acquisition of investments | 1,084,562 | 645,571 |
| Other | 156,409 | 64,502 |
| Total other sums payable | 5,268,814 | 4,430,435 |

3.3.4 *Accrued expenses and deferred income*

The caption principally relates to deferred income from annual ordinary maintenance contracts on licenses which do not expire at the fiscal year end.

3.4 *Employees' leaving entitlement*

The caption varied depending on the annual accruals made on the basis of the wages and salaries of the employees of the Cad Group and utilizations for terminations or advances.

It varied as follows:

| | |
|------------------------------------|------------------|
| Balance at 31 December 2000 | 3,490,483 |
| Changes in consolidation area | 133,434 |
| Accruals | 1,142,943 |
| Utilisation for advances | (158,273) |
| Utilisation for terminations | (1,463,076) |
| Balance at 31 December 2001 | 3,145,511 |

The group's average workforce at the date of reference is as follows:

| | 31/12/2001 | 31/12/2000 |
|--|-------------------|-------------------|
| Managers | 2,50 | 2 |
| White collars | 540,67 | 362 |
| Apprentices | 2,00 | 2 |
| Blue collars | 0,33 | - |
| Total average number of employees | 545,50 | 366 |

At 31 December 2001 the number of employees of the fully consolidated companies is as follows:

| | 31/12/2001 | of which for variation in consolidation area | 31/12/2000 |
|--|-------------------|---|-------------------|
| Managers | 3 | - | 2 |
| White collars | 593 | 47 | 432 |
| Apprentices | 2 | 1 | 2 |
| Blue collars | 2 | 1 | - |
| Total average number of employees | 600 | 49 | 436 |

The 2001 average workforce of the associated companies SICOM S.r.l. and Datafox S.r.l. counts 5 and 7 units, respectively.

3.5 Shareholders' equity and net financial position

3.5.1 Shareholders' equity del group

The following table shows the adjustments made to the parent company's shareholders' equity and profit for the period as an effect of the consolidation policies applied for the preparation of the 2001 consolidated financial statements.

| | Shareholders' equity | Profit for the year |
|---|-------------------------|------------------------|
| Shareholders' equity and profit for the year of the parent company | 81,064,070 | 10,341,820 |
| Elimination of the carrying value of consolidated investments | | |
| - difference between carrying value and percentage of quotaholders' equity held | - 11,126,378 | 0 |
| - effects on reserves | - 223 | 0 |
| - pro quota results of the investments in subsidiaries | 1,679,180 | 1,679,180 |
| - goodwill arising on consolidation | 9,494,198 | (1,083,609) |
| - consolidation reserves | 6,409 | 0 |
| - elimination of intercompany dividends | - | (1,870,194) |
| - other effects on the profit and loss account | - | (1,027) |
| Investments valued using the equity method | 97,606 | 103,290 |
| Total consolidated shareholders' equity as at 31 December 2001 | 81,214,862 | 9,169,460 |

The current share capital of the parent company comprises 8,980,000 ordinary shares with the nominal value of Euro 0.52 each and a total amount of Euro 4,669,600.

The following table presents the variations in the group shareholders' equity.

| | Share capital | Reserves | Profit for the year | Shareholders' equity of the group |
|---|------------------|-------------------|---------------------------|---|
| 31 December 2000 | 4,669,600 | 62,866,947 | 7,712,990 | 75,249,335 |
| Increase in revaluation reserves | | | | 0 |
| Allocation of profit for the year to reserves | | 7,712,990 | (7,712,990) | 0 |
| Distribution of dividends - parent company | | (3,200,070) | | (3,200,070) |
| Changes on consolidation reserves | | (4,067) | | (4,067) |
| Capital injections | | | | 0 |
| Result for the year | | | 9,169,462 | 9,169,462 |
| 31 December 2001 | 4,669,600 | 67,375,800 | 9,169,462 | 81,214,862 |

3.5.3 *Minority interest*

The caption includes the portion of the subsidiaries' quotaholders' equities which, based on equity ratios, are accounted for as relating to minority interest. It is composed as follows:

| Euro | 31/12/2001 | 31/12/2000 |
|---|------------------|------------------|
| Minority interests of Cesbe S.r.l. | 828,839 | 575,468 |
| Minority interests of Syrm S.r.l. | 40,293 | 32,385 |
| Minority interests of 4 Emme Informatica S.r.l. | 31,445 | 48,730 |
| Minority interests NetBureau S.r.l. | 48,117 | 33,414 |
| Minority interests of SGM S.r.l. | 391,155 | 730,169 |
| Minority interests of DQS S.r.l. | 400,636 | 0 |
| Minority interests of SMART LINE S.r.l. | 80,430 | 0 |
| Total minority interests | 1,820,914 | 1,420,166 |

3.5.3 *Medium to long term payables due to banks*

There are no medium to long term payables due to banks.

3.5.4 *Provisions for contingencies and other charges*

The opening caption, which results of an immaterial amount at year end, includes deferred taxation and exchange rate risk provisions fully utilised in the year. The caption also includes Euro 23 thousand of pension and similar costs.

3.5.5 *Short term net indebtedness/(financial position)*

Reference should be made to paragraph 5.4 for an analysis of the net short term financial position.

4 Consolidated profit and loss account for the period ended 31 December 2001

The following table shows the reclassified consolidated profit and loss account of the group for the year ended 31 December 2001.

| (in thousands of Euro) | 31/12/2001 | % | 31/12/2000 | % |
|--|---------------|----------------|---------------|----------------|
| Turnover - goods and services | 60,955 | 100.00% | 48,657 | 100.34% |
| Variations in contract work in progress | (287) | (0.47%) | (235) | (0.48%) |
| Other revenues and income | 289 | 0.47% | 70 | 0.14% |
| Production revenues | 60,957 | 100.00% | 48,492 | 100.00% |
| Consumables and supplies | (1,546) | (2.54%) | (1,641) | (3.38%) |
| Services | (13,087) | (21.47%) | (9,176) | (18.92%) |
| Other operating costs | (1,054) | (1.73%) | (556) | (1.15%) |
| Added value | 45,270 | 74.26% | 37,118 | 76.55% |
| Personnel expenses | (24,838) | (40.75%) | (17,596) | (36.29%) |
| Other administrative expenses | (2,464) | (4.04%) | (1,708) | (3.52%) |
| Gross operating result | 17,967 | 29.47% | 17,814 | 36.74% |
| Charges to the bad debt provision | (122) | (0.20%) | (142) | (0.29%) |
| Amortisation and depreciation | (2,983) | (4.89%) | (2,078) | (4.29%) |
| Other provisions | - | - | (2) | (0.00%) |
| Operating profit | 14,862 | 24.38% | 15,592 | 32.15% |
| Financial income and charges, net | 2,557 | 4.20% | 540 | 1.11% |
| Result from operating activities | 17,420 | 28.58% | 16,131 | 33.27% |
| Revaluations and write-downs | 52 | 0.09% | 135 | 0.28% |
| Extraordinary income or expenses | (175) | (0.29%) | (131) | (0.27%) |
| Profit (loss) before taxation | 17,297 | 28.38% | 16,135 | 33.27% |
| Taxation on profit for the year | (7,230) | (11.86%) | (7,802) | (16.09%) |
| Profit before minority interest | 10,067 | 16.51% | 8,333 | 17.19% |
| (Profit)/loss for the year pertaining to minority interest | (897) | (1.47%) | (621) | (1.28%) |
| Profit / (loss) for the year | 9,169 | 15.04% | 7,713 | 15.91% |

4.1 *Variations in production revenues*

The group's activities and results may be classified in two principal areas:

- the "banks" division and
- the "industrial companies" division.

The "banks" division comprises the following five main sectors: (i) "back office - financial instruments"; (ii) "software for banking services"; (iii) "SIBAC - integrated banking information systems"; (iv) "training and organisation" and (v) "new technologies".

The following table shows this classification by business areas:

| | 31/12/2001 | % | 31/12/2000 | % |
|---|---------------|--------------|---------------|--------------|
| B.O. financial instruments | 41,571 | 68.2 | 34,518 | 71.0 |
| Software for banking services | 7,295 | 12.0 | 5,901 | 12.1 |
| Sibac | 695 | 1.1 | 549 | 1.1 |
| Training and organisational consulting services | 3,422 | 5.6 | 2,341 | 4.8 |
| New technologies | 3,079 | 5.1 | 2,116 | 4.4 |
| Total banks division | 56,062 | 92.0 | 45,425 | 93.4 |
| Training, consulting and industrial services | 790 | 1.3 | | |
| Industrial companies division hardware and software | 4,103 | 6.7 | | |
| Total industrial companies division | 4,893 | 8.0 | 3,232 | 6.6 |
| Total turnover - goods and services | 60,955 | 100.0 | 48,657 | 100.0 |

This table evidences the following matters:

- The significant increase in CAD IT Group's turnover is due to the on-going growth of the group's core activities and to the opportunities offered by the new technologies sector.
- the banks division represents 92.0% of total turnover. The group activities in fact, are mainly focused on the production of banking software for the "Finance Area" which allows the management of back office activities relating to the brokerage of Italian and foreign financial instruments for the portfolios owned by the bank and third parties.
- The revenues contributed by SIBAC - bank integrated systems - and the new technologies are still limited, as the production of the related system modules has not yet been completed. The first revenues of the group arise from feasibility studies and some of the first modules completed. The SIBAC system is expected to be completed in 2001.

Training and organisational activities, which are almost exclusively carried out by Cesbe S.r.l., have shown a strong growth potential. The same for the new technologies sector, which already represents 5.1% of total turnover.

A breakdown by geographic area is not significant, as the company is almost totally focused on the Italian market, particularly, the North East area, where the major customers (banks) are located.

4.2 *Variations in production costs*

The trend of the principal production costs grouped by nature is as follows:

| | 31/12/2001 | | 31/12/2000 | |
|---------------------------------|---------------|---------------|---------------|---------------|
| Additions - hardware | 688 | 1.5% | 635 | 1.9% |
| Additions -software | 601 | 1.3% | 499 | 1.5% |
| Other additions | 295 | 0.6% | 480 | 1.5% |
| Variations in raw materials | (37) | -0.1% | 27 | 0.1% |
| Total raw materials | 1,546 | 3.4% | 1,641 | 5.0% |
| | 7,319 | 15.9% | 6,323 | 19.2% |
| | 2,666 | 5.8% | 1,868 | 5.7% |
| Other | 3,103 | 6.7% | 985 | 3.0% |
| Total service cost | 13,087 | 28.4% | 9,176 | 27.9% |
| Wages and salaries | 18,048 | 39.2% | 12,467 | 37.9% |
| Social security contributions | 5,375 | 11.7% | 4,255 | 12.9% |
| Employees' leaving entitlement | 1,143 | 2.5% | 846 | 2.6% |
| Pension and similar costs | 0 | 0.0% | - | 0.0% |
| Other | 271 | 0.6% | 27 | 0.1% |
| Total personnel expenses | 24,838 | 53.9% | 17,596 | 53.5% |
| | 1,848 | 4.0% | 1,349 | 4.1% |
| | 325 | 0.7% | 245 | 0.7% |
| Commissions and advertising | 291 | 0.6% | 114 | 0.3% |
| | 2,464 | 5.3% | 1,707 | 5.2% |
| Amortisation and depreciation | 2,983 | 6.5% | 2,078 | 6.3% |
| | 122 | 0.3% | 144 | 0.4% |
| Use of third parties' assets | 856 | 1.9% | 396 | 1.2% |
| Other operating costs | 198 | 0.4% | 160 | 0.5% |
| Total other costs | 4,159 | 9.0% | 2,778 | 8.4% |
| | 46,095 | 100.0% | 32,899 | 100.0% |

This table evidences the following matters:

- the cost of raw materials and consumables is not material in respect of the type of business of the group and the materiality of hardware sales, which only reach 2.5% of turnover.
- service cost items represent 28.4% of total production cost and 21.5% of production revenues. They principally comprise the costs incurred by the group for occasional or on-going technical consultancy services. The use of external consultants is principally
- due to the group's policy aimed at maintaining high structural flexibility despite a significant growth in turnover.

- The caption "Services" principally includes external consultancy expenses representing 15.9% of total turnover. This is due to the fact that during the year of reference, the group has frequently used highly specialised external personnel for the development and implementation of its products.
- In 2001, the most significant resource of the group is represented by personnel (programmers, system administrators, application developers, administrative clerks and other), which represent 53.9% of total production cost and 40.7% of production revenues. The increase in personnel expenses (+41.2% in 2001 on 2000) is principally due to the additional workforce (+115 units).
- The cost of raw materials and consumables is not significant due to the type of activity of the group and the limited impact of sales of hardware, which reach only 2.5% of turnover.
- The 2001 emoluments of the directors may be broken down as follows (in millions of lire):

| Directors | Role held | Cad It S.p.A. | Subsidiaries |
|----------------------|--------------------------------|---------------|--------------|
| Giuseppe Dal Cortivo | Chairman and managing director | 118 | 99 |
| Giampietro Magnani | Managing director | 118 | 93 |
| Luigi Zanella | Managing director | 118 | 132 |
| Maurizio Rizzoli | Managing director | 118 | 25 |
| Paolo Dal Cortivo | Director | 7 | 12 |
| Giovanni Costa | Director | 11 | |
| Wolfgang Koenig | Director | 9 | |
| Joze Gricar | Director | 8 | |
| Total | | 506 | 361 |

4.3 *Performance of the group's financial activities*

The group's financial income and charges, including adjustments to financial asset values, varied as follows:

| | Euro | |
|---|------------------|----------------|
| | 31/12/2001 | 31/12/2000 |
| Total financial income | 2,588,212 | 607,017 |
| Revaluation of investments valued using the equity method | 136,509 | 151,108 |
| Write-downs of investments valued using the equity method | (84,146) | (15,618) |
| Financial charges | (31,035) | (67,493) |
| Effect on financial charges of pro-forma assumptions | - | - |
| Total financial income and charges | 2,609,540 | 675,015 |

This table shows the impact of financing activities on the profit for the year, equal to 4.3% of production revenues.

The group has very rarely made use of borrowings from third parties due to the positive cash flows arising from ordinary activities and the placing of additional share capital.

4.4 *Extraordinary income*

The financial position and results of Cad Group do not evidence any significant extraordinary income for the years of reference.

The net balance of extraordinary expenses and income is equal to Euro (175) thousand (2000: Euro (131) thousand).

4.5 *Ratio of taxation to gross profit*

The consolidated financial statements at 31 December 2001 record average income taxes of 41.8%.

The decrease in the tax charge from 48.3% in the previous year to 41.8% is due to the tax benefits granted to newly listed companies.

The significant tax burden is also due to the recognition of Euro 1,084 thousand of the amortisation of goodwill arising on consolidation, which increases the taxable base compared to profit before taxation. Net of these charges, taxation would represent 39.3% of profit before taxation.

4.6 *Ratio of gross operating result, net operating profit, profit from ordinary activities to production revenues.*

The ratio of gross operating result to production revenues was equal to 29.5%, due to the following factors:

- on one side, the steady increase in volumes due to the banks' increasing demand for services in connection with the upgrading of their IT structures and the automation of all their processes. In addition, it should be considered the new legislation governing financial and tax issues, which entailed the need to create new procedures or upgrade the existing ones;
- on the other side, the group's effort to improve services despite a policy aimed at a reduction of operating costs. The incidence of operating costs on production revenues, in fact, showed a less than proportionate growth compared to the increase in production revenues.

It should also be considered that the 2001 net operating profit includes the amortisation of intangible fixed assets for goodwill arising on consolidation of Euro 1,084 thousand. Excluding these costs, net operating profit would represent 26.2% of production revenues.

5 Performance of the group

5.1 *The group's financial balance*

At 31 December 2001 shareholders' equity results higher than fixed assets by Euro 54,207 thousand. This is particularly due to the increase in shareholders' equity of the group and the effect of the profit arising from listing activities.

5.2 *Net assets forming part of working capital*

The following table shows the performance of total net assets forming part of working capital, specifically evidencing assets of a trading nature:

| | 31/12/2001 | 31/12/2000 |
|---|---------------|---------------|
| Trade receivables, net | 29,845 | 28,386 |
| Accounts payable to creditors | (6,650) | (4,879) |
| Payments on account received | (299) | (1,419) |
| Total assets forming part of operating working capital | 22,896 | 22,088 |
| Closing inventory | 147 | 306 |
| Other current assets | 2,196 | 203 |
| Accrued income and deferred expenses | 196 | 268 |
| Sums payable to taxation authorities | (2,054) | (5,220) |
| Other current liabilities | (7,029) | (6,022) |
| Accrued expenses and deferred income | (61) | (30) |
| Total operating capital, net | 16,291 | 11,563 |

Given the labour intensive nature of the group activities, the netting of trade receivables and payables of the same nature is negative compared to other companies where production revenues are more affected by raw material costs, payable in more extendable terms, than by personnel expenses.

5.3 *Variations in cash flows*

The following table shows the principal components of CAD IT's cash flows for the year of reference:

| | | 31/12/2000 | 31/12/2000 |
|--|-----|-------------------|-------------------|
| Cash flows from (for) operating activities | (A) | 7,100 | (356) |
| Cash flows for investing activities | (B) | (17,259) | (11,925) |
| Cash flows from (for) financing activities | (C) | (2,799) | 65,920 |
| Variations in liquid funds (A+B+C) | | (12,958) | 53,640 |

5.4 *Net financial position*

The following table shows the variations in the net financial position.

| | 31/12/2001 | 31/12/2000 |
|--|-------------------|-------------------|
| Cash on hand and at bank | 38,470,170 | 38,457,061 |
| Financial assets not of a fixed nature | 2,662,225 | 15,598,563 |
| Payables due to banks including current portion of medium to long term loans | (46,946) | (12,042) |
| Short term net financial position /(indebtedness) | 41,085,449 | 54,043,582 |
| Long term loans less current portion | - | - |
| Long term net financial position/(indebtedness) | - | - |
| Net financial position /(indebtedness) | 41,085,449 | 54,043,582 |

This table shows a positive financial position of Euro 41,085 thousand at 31 December 2001, principally due to the funds arising from the recent listing on the New Market.

Total bank accounts have increased by Euro 38,445 thousand, following the capital injection of 26 October 2000. The related amount is available at sight and has been agreed to produce the same yield as government securities.

Financial assets not of a fixed nature consist of liquid funds invested in bonds at variable interest rates, in line with the market rates, by two banks, based on asset management agreements. These bonds may be also disinvested at sight.

6 Consolidated cash flows of Cad It group at 31 December 2001

The following table shows the consolidated cash flows of the group at 31 December 2001.

Cash flows of Cad It Group for the period 1 January - 31 December 2001 and 2000

| | 2001 | 2000 |
|--|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Profit (loss) for the year | 9,169,462 | 7,712,990 |
| Amortisation and depreciation: | | |
| - tangible fixed assets | 661,519 | 447,506 |
| - intangible fixed assets | 1,237,172 | 1,076,754 |
| - goodwill arising on consolidation | 1,083,609 | 551,427 |
| Accruals: | | |
| employees' leaving entitlement | 1,142,943 | 846,326 |
| other provisions | - | 1,627 |
| Utilisation of provisions for contingencies and other charges | 21,030 | (29,851) |
| (Gains)/losses on sale of fixed assets | | |
| Sub-total | 13,315,735 | 10,606,778 |
| Utilisation of employees' leaving entitlement | (1,487,916) | (260,761) |
| (Increase)/Decrease in receivables included under assets forming part of nwc | (3,451,421) | (8,839,146) |
| (Increase)/Decrease in inventory | 159,047 | 235,989 |
| (Increase)/Decrease in deferred expenses and accrued income | 71,844 | (220,479) |
| ((Increase)/Decrease in other financial assets not of a fixed nature | - | |
| Increase/(Decrease) in amounts due to creditors | 589,807 | (4,948,478) |
| Increase/(Decrease) in accrued expenses and deferred income | 30,704 | 24,903 |
| Increase/(Decrease) in other non-financial payables | (2,127,602) | 3,045,680 |
| Sub-total | (6,215,537) | (10,962,293) |
| Cash flows from (for) operating activities | 7,100,198 | (355,515) |
| INVESTING ACTIVITIES | | |
| (Purchase)/Sale of tangible and intangible fixed assets | | (6,966,430) |
| (Purchase)/Sale of investments in subsidiary companies fully consolidated | (87,878) | (36,146) |
| (Purchase)/Sale of intangible fixed assets | (4,653,856) | |
| (Purchase)/Sale of tangible fixed assets | (6,318,915) | |
| (Increase)/Decrease in other fixed assets | 109,798 | (1,157) |
| Realised gain from the sale of tangible and intangible fixed assets | | (92,108) |
| Valuation of associated companies using the equity method | | (4,828,243) |
| Purchase of investments in fully consolidated subsidiaries | | (311,951) |
| Increase in investments in associated companies | (5,996,208) | (1,190) |
| (Purchases)/sales of other investments and securities | (17,259,010) | (11,925,274) |
| Cash flows from (for) investing activities | (17,259,010) | (11,925,274) |
| FINANCING ACTIVITIES | | |
| (Increase)/Decrease in financial payables | | (100,952) |
| Increase/(Decrease) in reserves | | 62,745,480 |
| Minority interest | 400,748 | 620,677 |
| Distribution of dividends | (3,200,070) | (3,098,741) |
| Capital injections | | 5,753,921 |
| Cash flows from (for) financing activities | (2,799,322) | 65,920,384 |

| | | |
|----------------------------------|---------------------|-------------------|
| <i>Total cash flows</i> | <i>(12,958,133)</i> | <i>53,639,594</i> |
| Opening liquid funds, net | 54,043,582 | 403,989 |
| Closing liquid funds, net | 41,085,449 | 54,043,582 |



Reference should be made to the consolidated directors' report of the parent company for more complete information on the performance of the group.

On behalf of the board of directors

The chairman

(Giuseppe Dal Cortivo)
(signed on the original)

Consolidated balance sheet as at 31 December 2001

| | 31/12/2001 | | |
|---|-------------------|------------------------------|---|
| | Aggregate | Consolidation adjustments | Consolidated financial statements |
| Current Assets | | | - |
| Bank accounts, cash-in-hand and cash equivalents | 41,132 | - | 41,132 |
| Trade receivables, net | 31,879 | (2,033) | 29,845 |
| Closing inventory | 147 | - | 147 |
| Other current assets | 21,182 | (18,987) | 2,196 |
| Accrued income and deferred expenses | 196 | - | 196 |
| Total current assets | 94,536 | (21,020) | 73,516 |
| Fixed assets | | | |
| Intangible fixed assets | 3,472 | 9,494 | 12,966 |
| Tangible fixed assets | 9,164 | - | 9,164 |
| Investments | 19,067 | (12,436) | 6,632 |
| Other fixed assets | 67 | - | 67 |
| Total fixed assets | 31,771 | (2,942) | 28,829 |
| TOTAL ASSETS | 126,307 | (23,962) | 102,345 |
| Current liabilities | | | |
| Due to banks | 47 | - | 47 |
| Payments on account | 299 | - | 299 |
| Accounts payable to creditors | 8,683 | (2,033) | 6,650 |
| Financial payables due to shareholders | - | - | - |
| Other current liabilities | 28,070 | (18,987) | 9,083 |
| Accrued expenses and deferred income | 61 | - | 61 |
| Total current liabilities | 37,160 | (21,020) | 16,140 |
| Medium to long term liabilities | | | |
| Medium/long term payables due to banks | - | - | - |
| Employees' leaving entitlement | 3,146 | - | 3,146 |
| Provisions for contingencies and other charges | 23 | - | 23 |
| Total medium to long term liabilities | 3,169 | - | 3,169 |
| TOTAL LIABILITIES | 40,329 | (21,020) | 19,309 |
| Shareholders' equity | | | |
| Share capital | 6,055 | (1,385) | 4,670 |
| Reserves | 67,005 | 371 | 67,376 |
| Profit /(loss) for the year | 12,918 | (3,749) | 9,169 |
| Total shareholders' equity of the group | 85,977 | (4,763) | 81,215 |
| Minority interest | - | 1,821 | 1,821 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 126,307 | (23,962) | 102,345 |
| MEMORANDUM AND CONTINGENCY ACCOUNTS | 12,394,966 | - | 12,394,966 |

Consolidated profit and loss account for the period ended 31 December 2001

(in thousands of Euro)

| | 31/12/2001 | | |
|---|-------------------|------------------------------|---|
| | Aggregate | Consolidation adjustments | Consolidated financial statements |
| Turnover - goods and services | 82,243 | (21,288) | 60,955 |
| Variations in contract work in progress | (287) | - | (287) |
| Other revenues and income | 289 | - | 289 |
| Production revenues | 82,246 | (21,288) | 60,957 |
| Raw materials, consumables and supplies | (1,584) | 37 | (1,546) |
| Services | (34,338) | 21,251 | (13,087) |
| Other operating costs | (1,054) | - | (1,054) |
| Added value | 45,270 | - | 45,270 |
| Personnel expenses | (24,838) | - | (24,838) |
| Other administrative expenses | (2,464) | - | (2,464) |
| Gross operating result | 17,967 | - | 17,967 |
| Charges to the bad debt provision | (122) | - | (122) |
| Charges to provisions for contingencies and other charges | - | - | - |
| Amortisation and depreciation of fixed assets | (1,899) | (1,084) | (2,983) |
| Operating profit | 15,946 | (1,084) | 14,862 |
| Financial income and charges, net | 5,368 | (2,811) | 2,557 |
| Result from operating activities | 21,314 | (3,894) | 17,420 |
| Extraordinary income or expenses | (51) | 103 | 52 |
| | (174) | (1) | (175) |
| Profit (loss) before taxation | 21,089 | (3,792) | 17,297 |
| Taxation on profit for the year | (8,171) | 941 | (7,230) |
| Profit before minority interest | 12,918 | (2,852) | 10,067 |
| Profit /(loss) for the year pertaining to minority interest | - | (897) | (897) |
| Profit / (loss) for the year | 12,918 | (3,749) | 9,169 |

Reclassified consolidated balance sheet of Cad It Group as at 31 December 2001

| | (in thousands of Euro) | |
|---|------------------------|---------------|
| | 31/12/2001 | 31/12/2000 |
| Shareholders' equity | 83,036 | 76,670 |
| Tangible fixed assets | 9,164 | 3,507 |
| Intangible fixed assets | 12,966 | 10,633 |
| Financial fixed assets and other fixed assets | 6,698 | 416 |
| | - | - |
| <i>Total fixed assets</i> | <i>28,829</i> | <i>14,556</i> |
| (Deficit)/surplus of shareholders' equity and minority interests | 54,207 | 62,114 |
| Medium to long term payables due to banks | - | - |
| Provisions for contingencies and other charges | 23 | 2 |
| Employees' leaving entitlement | 3,146 | 3,490 |
| | - | - |
| <i>Total medium to long term liabilities</i> | <i>3,169</i> | <i>3,493</i> |
| (Deficit)/surplus long term liabilities | 57,376 | 65,606 |
| Short term loans due to banks | 47 | 12 |
| Payments on account | 299 | 1,419 |
| Accounts payable to creditors | 6,650 | 4,879 |
| Other current liabilities | 9,083 | 11,272 |
| Payables due to former shareholders | - | - |
| Accrued expenses and deferred income | 61 | 30 |
| <i>Total current liabilities</i> | <i>16,140</i> | <i>17,613</i> |
| Assets forming part of working capital, gross | 73,516 | 83,219 |
| Invested in: | | |
| Cash on hand, at banks and trading securities | 41,132 | 54,056 |
| Trade receivables, net | 29,845 | 28,386 |
| Closing inventory | 147 | 306 |
| Other current assets | 2,196 | 203 |
| Accrued income and deferred expenses | 196 | 268 |
| Total short term assets | 73,516 | 83,219 |

INVESTMENTS IN RELATED COMPANIES

The following table shows CAD IT S.p.A.' direct and indirect investments of over 10% in the shares/quotas with voting rights of non-listed joint stock companies and limited liability companies at 31 December 2001.

All the investments below are owned by the company, and the percentage of shares or quotas held corresponds exactly to the percentage of voting rights.

CONSOLIDATED COMPANIES

Companies consolidated using the full consolidation method

| Company name | Registered office | Share capital | % shares/quotas held | % of investment of the group | |
|----------------------------------|---------------------------------|---------------|----------------------|------------------------------|------|
| CAD S.r.l. | Verona Via Torricelli 37 | Euro | 130,000 | 100% | 100% |
| Cesbe S.r.l. | Verona Via Marsala 11 | Euro | 10,400 | 52% | 52% |
| Syrm S.r.l. | Verona Via Torricelli 37 | Euro | 10,400 | 75% | 75% |
| 4 Emme Informatica S.r.l. | Lodi Corso Archinti 25 | Euro | 26,000 | 65% | 65% |
| NetBureau S.r.l. | Milan Via Morigi 13 | Euro | 50,000 | 60% | 60% |
| SGM S.r.l. | Padua Galleria Spagna 28 | Euro | 1,044,650 | 52% | 52% |
| DQS S.r.l. - Data Quality System | Rome Via Silvio D'Amico 40 | Euro | 11,000 | 55% | 55% |
| Smart Line S.r.l. | Avellino Via Tagliamento 165 | Euro | 102,700 | 51% | 51% |

COMPANIES VALUED USING THE EQUITY METHOD

| Company name | Registered office | | Share capital | % shares/quotas held | % of investment of the group |
|--------------------------|----------------------------------|------|---------------|----------------------|------------------------------|
| Sicom Informatica S.r.l. | Viadana (MN) Via Verdi 15/a | Euro | 10,400 | 25% | 25.000% |
| Datafox S.r.l. | Florence Via Circondaria 56/3 | Euro | 99,999 | 35.055% | 35.055% |
| I.S.I.S. S.p.A. | S. Marino Via Del Volfone 120 | Euro | 284,047 | (*) 24% | 24.000% |
| Tecsit S.r.l. | Rome Via Silvio D'Amico 40 | Euro | 75,000 | (**) 70% | 38.500% |
| Arch It S.r.l. | Rome Via Silvio D'Amico 40 | Euro | 50,000 | (***) 70% | 38.500% |
| Firstcom S.r.l. | Padua Galleria Spagna 28 | Euro | 25,000 | (****) 52% | 27.040% |

(*) through Cad S.r.l.

(**) through DQS S.r.l.

(***) through DQS S.r.l.

(****) through SGM S.r.l.

COMPANIES VALUED AT COST

| Company name | Registered office | | Share capital | % shares/quotas held | % of investment of the group |
|------------------|--|------|---------------|----------------------|------------------------------|
| Teclab S.r.l. | La Spezia Via delle Pianazze 74 | Euro | 72,303 | (*) 32,571% | 12.540% |
| Bitgroove S.r.l. | Agliaiana (PT) Piazza IV Novembre 8 | Euro | 15,500 | (**) 20% | 10.200% |

(*) through Tecsit S.r.l.

(**) through Smart Line S.r.l.

CAD IT SPA
ANNUAL REPORT 31/12/2001
MAIN DATA FROM THE ANNUAL REPORT OF THE SUBSIDIARIES
WHICH ARE INCLUDED IN THE CONSOLIDATION AREA

(Art. 2429 u.c. Codice Civile)

CAD SRL

REGISTERED OFFICE IN: Via Torricelli, 37 - 37100 VERONA

QUOTE CAPITAL: 130.000,00 €

STAKE HELD BY CAD IT SPA (%) 100%

| | 2001 | 2000 |
|----------------------------------|-------------|-------------|
| Turnover - goods and services | 46.635.482 | 44.943.659 |
| Gross operating result | 2.750.525 | 3.898.892 |
| Operating profit, net | 1.958.437 | 3.189.499 |
| Financial income (charges), net | 313.257 | 30.103 |
| Result from operating activities | 2.271.694 | 3.219.602 |
| Profit/(loss) for the year | 562.862 | 1.111.228 |
| Fixed assets, net | 1.268.287 | 1.203.345 |
| Net working capital | -2.180.753 | 845.017 |
| Net invested capital | -2.187.507 | -261.038 |
| Employees' leaving entitlement | 1.275.041 | 2.309.400 |
| Quoteholders' equity | 939.789 | 1.409.840 |
| Short term financial debt/(cash) | -3.127.296 | -1.672.504 |

CESBE SRL

REGISTERED OFFICE IN: Via Torricelli, 37 - 37100 VERONA

QUOTE CAPITAL: 10.400,00 €

STAKE HELD BY CAD IT SPA (%) 52%

| | 2001 | 2000 |
|----------------------------------|-------------|-------------|
| Turnover - goods and services | 5.873.076 | 4.954.673 |
| Gross operating result | 2.743.010 | 2.145.011 |
| Operating profit, net | 2.710.773 | 2.118.612 |
| Financial income (charges), net | 11.538 | 3.371 |
| Result from operating activities | 2.722.311 | 2.121.984 |
| Profit/(loss) for the year | 1.560.769 | 1.184.143 |
| Fixed assets, net | 29.273 | 27.219 |
| Net working capital | 1.777.786 | 1.059.271 |
| Net invested capital | 1.695.875 | 1.020.011 |
| Employees' leaving entitlement | 111.184 | 66.478 |
| Quoteholders' equity | 1.726.747 | 1.198.891 |
| Short term financial debt/(cash) | -30.871 | -178.879 |

SYRM SRL**REGISTERED OFFICE IN:** Via Torricelli, 37 - 37100 VERONA**QUOTE CAPITAL:** 10.400,00 €**STAKE HELD BY CAD IT SPA (%)** 75%

| | 2001 | 2000 |
|----------------------------------|----------|----------|
| Turnover - goods and services | 454.782 | 401.566 |
| Gross operating result | 234.425 | 158.614 |
| Operating profit, net | 233.013 | 157.644 |
| Financial income (charges), net | 6.176 | 1.767 |
| Result from operating activities | 239.189 | 159.411 |
| Profit/(loss) for the year | 134.924 | 88.663 |
| Fixed assets, net | 1.442 | 2.855 |
| Net working capital | -93.864 | -39.602 |
| Net invested capital | -99.758 | -42.312 |
| Employees' leaving entitlement | 7.335 | 5.565 |
| Quoteholders' equity | 161.173 | 129.541 |
| Short term financial debt/(cash) | -260.932 | -171.853 |

NETBUREAU SRL**REGISTERED OFFICE IN:** Via Morigi, 13 - MILANO**QUOTE CAPITAL:** 50.000,00 €**STAKE HELD BY CAD IT SPA (%)** 60%

| | 2001 | 2000 |
|----------------------------------|----------|---------|
| Turnover - goods and services | 736.598 | 211.284 |
| Gross operating result | 162.253 | 68.185 |
| Operating profit, net | 146.509 | 65.408 |
| Financial income (charges), net | -475 | -121 |
| Result from operating activities | 146.034 | 65.288 |
| Profit/(loss) for the year | 68.422 | 33.535 |
| Fixed assets, net | 27.570 | 33.468 |
| Net working capital | -30.813 | 34.690 |
| Net invested capital | -15.824 | 67.663 |
| Employees' leaving entitlement | 12.581 | 495 |
| Quoteholders' equity | 120.291 | 83.535 |
| Short term financial debt/(cash) | -136.115 | -16.578 |

4 EMME INFORMATICA SRL

REGISTERED OFFICE IN: Corso Archinti, 25 - 26900 LODI

QUOTE CAPITAL: 26.000,00 €

STAKE HELD BY CAD IT SPA (%) 65%

| | 2001 | 2000 |
|----------------------------------|---------|---------|
| Turnover - goods and services | 758.254 | 494.072 |
| Gross operating result | 131.899 | 109.149 |
| Operating profit, net | 124.480 | 104.004 |
| Financial income (charges), net | 656 | 810 |
| Result from operating activities | 125.136 | 104.813 |
| Profit/(loss) for the year | 53.905 | 47.738 |
| Fixed assets, net | 17.640 | 22.578 |
| Net working capital | 76.519 | 106.119 |
| Net invested capital | 57.073 | 109.311 |
| Employees' leaving entitlement | 37.086 | 19.386 |
| Quoteholders' equity | 89.843 | 139.229 |
| Short term financial debt/(cash) | -32.770 | -29.918 |

DQS SRL

REGISTERED OFFICE IN: Via Silvio d'Amico, 10 - 00145 ROMA

QUOTE CAPITAL: 11.000,00 €

STAKE HELD BY CAD IT SPA (%) 55%

| | 2001 | 2000 |
|----------------------------------|-----------|-----------|
| Turnover - goods and services | 5.281.212 | 3.674.738 |
| Gross operating result | 1.587.411 | 1.112.852 |
| Operating profit, net | 1.563.529 | 1.102.931 |
| Financial income (charges), net | 14.718 | 8.575 |
| Result from operating activities | 1.578.247 | 1.111.506 |
| Profit/(loss) for the year | 881.130 | 609.911 |
| Fixed assets, net | 194.370 | 137.802 |
| Net working capital | 689.324 | 495.338 |
| Net invested capital | 760.305 | 565.608 |
| Employees' leaving entitlement | 123.389 | 67.532 |
| Quoteholders' equity | 896.403 | 703.192 |
| Short term financial debt/(cash) | -158.150 | -225.382 |

SGM SRL**REGISTERED OFFICE IN:** Galleria Spagna, 28 - 35100 PADOVA**QUOTE CAPITAL:** 1.044.650,00 €**STAKE HELD BY CAD IT SPA (%)** 52%

| | 2001 | 2000 |
|----------------------------------|-----------|------------|
| Turnover - goods and services | 1.914.203 | 2.026.601 |
| Gross operating result | -853.082 | 171.022 |
| Operating profit, net | -927.466 | 132.336 |
| Financial income (charges), net | 864 | -26.302 |
| Result from operating activities | -926.602 | 106.034 |
| Profit/(loss) for the year | -706.279 | -9.130 |
| Fixed assets, net | 306.079 | 224.838 |
| Net working capital | 576.225 | 286.776 |
| Net invested capital | 775.331 | 437.482 |
| Employees' leaving entitlement | 106.973 | 74.132 |
| Quoteholders' equity | 814.905 | 1.521.185 |
| Short term financial debt/(cash) | -40.884 | -1.083.703 |

SMART LINE SRL**REGISTERED OFFICE IN:** Via Tagliamento, 165 - 83100 AVELLINO**QUOTE CAPITAL:** 102.700,00 €**STAKE HELD BY CAD IT SPA (%)** 51%

| | 2001 | 2000 |
|----------------------------------|-----------|-----------|
| Turnover - goods and services | 1.259.181 | 1.706.417 |
| Gross operating result | 123.114 | 118.946 |
| Operating profit, net | 95.183 | 80.820 |
| Financial income (charges), net | -1.563 | 49 |
| Result from operating activities | 93.620 | 79.094 |
| Profit/(loss) for the year | 20.540 | 6.441 |
| Fixed assets, net | 155.278 | 203.250 |
| Net working capital | -15.970 | 28.712 |
| Net invested capital | 50.119 | 166.061 |
| Employees' leaving entitlement | 89.189 | 65.902 |
| Quoteholders' equity | 164.143 | 111.609 |
| Short term financial debt/(cash) | -114.024 | -18.249 |

CAD IT SPA**ANNUAL REPORT 31.12.2001****MAIN DATA FROM THE ANNUAL REPORT OF THE ASSOCIATED COMPANIES****SICOM SRL****REGISTERED OFFICE IN:** Via Verdi, 15/a - 46019 Viadana (MN)**QUOTE CAPITAL:** 10.400 €**STAKE HELD BY CAD IT SPA (%):** 25%

| | 2001 | 2000 |
|----------------------------------|-------------|-------------|
| Turnover - goods and services | 1.297.522 | 736.253 |
| Gross operating result | 563.931 | 208.485 |
| Operating profit, net | 548.765 | 207.219 |
| Financial income (charges), net | 1.081 | 439 |
| Result from operating activities | 549.847 | 207.658 |
| Profit/(loss) for the year | 391.098 | 116.505 |
| Fixed assets, net | 395.285 | 7.720 |
| Net working capital | -70.764 | -127.902 |
| Net invested capital | 315.341 | -122.016 |
| Employees' leaving entitlement | 9.180 | 1.834 |
| Quoteholders' equity | 518.003 | 126.905 |
| Short term financial debt/(cash) | -202.662 | -248.920 |

DATAFOX SRL**REGISTERED OFFICE IN:** Via Circondaria, 56/3 - 50100 FIRENZE**QUOTE CAPITAL:** 99.999,00 €**STAKE HELD BY CAD IT SPA (%):** 35,055%

| | 2001 | 2000 |
|----------------------------------|-------------|-------------|
| Turnover - goods and services | 442.296 | 439.269 |
| Gross operating result | 23.371 | 81.242 |
| Operating profit, net | 1.326 | 69.952 |
| Financial income (charges), net | 1.506 | -529 |
| Result from operating activities | 2.832 | 69.423 |
| Profit/(loss) for the year | -12.129 | 37.669 |
| Fixed assets, net | 103.683 | 52.061 |
| Net working capital | 115.872 | 50.149 |
| Net invested capital | 210.684 | 100.077 |
| Employees' leaving entitlement | 8.870 | 2.133 |
| Quoteholders' equity | 304.345 | 68.962 |
| Short term financial debt/(cash) | -93.661 | 31.115 |

CAD IT SPA

ANNUAL REPORT 31.12.2001

MAIN DATA FROM THE ANNUAL REPORT OF THE INDIRECTLY ASSOCIATED COMPANIES

I.S.I.S. SPA

REGISTERED OFFICE IN: Via Del Volfone 120 - 47980 SAN MARINO

QUOTE CAPITAL: 284.047,50 €

STAKE HELD BY CAD IT SPA (%): 24%

| | 2001 | 2000 |
|----------------------------------|---------|--------|
| Turnover - goods and services | 606.096 | 439203 |
| Gross operating result | 50.945 | -23395 |
| Operating profit, net | 2.339 | -58340 |
| Financial income (charges), net | -1.696 | 840 |
| Result from operating activities | 643 | -57500 |
| Profit/(loss) for the year | 643 | -57500 |
| Fixed assets, net | - | - |
| Net working capital | - | - |
| Net invested capital | - | - |
| Employees' leaving entitlement | - | - |
| Quoteholders' equity | - | - |
| Short term financial debt/(cash) | - | - |

* Non disponibili i dati patrimoniali

TECLAB SRL

REGISTERED OFFICE IN: Via delle Pianazze, 74 - 19100 LA SPEZIA

QUOTE CAPITAL: 72.303,96 €

STAKE HELD BY CAD IT SPA (%): 32,571 %

| | 2001 | 2000 |
|----------------------------------|------|---------|
| Turnover - goods and services | - | 992.435 |
| Gross operating result | - | 110.978 |
| Operating profit, net | - | 70.498 |
| Financial income (charges), net | - | -36.743 |
| Result from operating activities | - | 33.755 |
| Profit/(loss) for the year | - | 1.710 |
| Fixed assets, net | - | 166.845 |
| Net working capital | - | 397.761 |
| Net invested capital | - | 480.294 |
| Employees' leaving entitlement | - | 84.312 |
| Quoteholders' equity | - | 57.227 |
| Short term financial debt/(cash) | - | 422.859 |

* L'ultimo bilancio disponibile è quello relativo all'esercizio 31/12/2000. Non sono ancora disponibili i dati al 31/12/2001

BIT GROOVE SRL**REGISTERED OFFICE IN:** Piazza IV Novembre, 8 - 51031 AGLIANA (PT)**QUOTE CAPITAL:** 15.500,00 €**STAKE HELD BY CAD IT SPA (%):** 20%

| | 2001 | 2000 |
|----------------------------------|-------------|-------------|
| Turnover - goods and services | 321.072 | 101.849 |
| Gross operating result | 61.751 | 29.959 |
| Operating profit, net | 22.594 | 12.558 |
| Financial income (charges), net | -10.351 | -2.594 |
| Result from operating activities | 12.243 | 9.964 |
| Profit/(loss) for the year | -3.182 | 5.528 |
| Fixed assets, net | 83.050 | 59.553 |
| Net working capital | 10.853 | -39.943 |
| Net invested capital | 91.555 | 18.041 |
| Employees' leaving entitlement | 2.348 | 1.569 |
| Quoteholders' equity | 17.846 | 21.028 |
| Short term financial debt/(cash) | 73.709 | -2.986 |

CAD IT SPA
ANNUAL REPORT 31/12/2001
ANNUAL REPORT OF THE INDIRECT SUBSIDIARIES

ARCH-IT S.R.L.

registered office: via Silvio D'amico , 40 - ROMA

Tax code 06698591002

Quote capital Euro 50.000,00 fully paid-up

Roma company register , R.E.A. n. 984281

ANNUAL REPORT AS AT 31/12/2001

Balance Sheet - assets

| | 31/12/2001 | | 31/12/2000 | |
|--|------------|------------------|------------|-------------|
| | partial | total | partial | total |
| A) Credits towards quoteholders | | 0,00 | | 0,00 |
| B) Fixed assets | | | | |
| I - Intangible fixed assets | 6.972,00 | | 0,00 | |
| - Accumulated depreciation | 1.394,00 | | 0,00 | |
| Total | | 5.578,00 | | 0,00 |
| II - Tangible fixed assets | 0,00 | | 0,00 | |
| - Accumulated depreciation | 0,00 | | 0,00 | |
| Totale | | 0,00 | | 0,00 |
| III - Financial fixed assets | | 0,00 | | 0,00 |
| Total fixed assets | | <u>5.578,00</u> | | <u>0,00</u> |
| C) Assets forming part of the working capital | | | | |
| I - Inventory | | 0,00 | | 0,00 |
| II - Trade receivables: | | 49.873,00 | | 0,00 |
| - Current | 49.873,00 | | 0,00 | |
| - with maturity beyond the following year | 0,00 | | 0,00 | |
| III - Financial assets not of a fixed nature | | 0,00 | | 0,00 |
| IV - Liquid funds | | 27.952,00 | | 0,00 |
| Total assets forming part of the working capital | | <u>77.825,00</u> | | <u>0,00</u> |
| D) Accrued income and deferred expenses | | 180,00 | | 0,00 |
| TOTAL ASSETS | | 83.583,00 | | 0,00 |

Balance sheet - liabilities

| | 31/12/2001 | | 31/12/2000 | |
|--|------------|------------------|------------|-------------|
| | partial | total | partial | total |
| A) Quoteholders' equity | | | | |
| I -Quote | 50.000,00 | | 0,00 | |
| II - Quote premium reserve | 0,00 | | 0,00 | |
| III - Revaluation reserves | 0,00 | | 0,00 | |
| IV - Legal reserve | 0,00 | | 0,00 | |
| VII - Other reserves | 0,00 | | 0,00 | |
| IX - Profit/(loss) for the year | -3.881,00 | | 0,00 | |
| Total | | <u>46.119,00</u> | | <u>0,00</u> |
| B) Provisions for contingencies and other charges | | 0,00 | | 0,00 |
| C) Employees' leaving entitlement | | 165,00 | | 0,00 |
| D) Payables | | 37.299,00 | | 0,00 |
| I - Current | 37.299,00 | | 0,00 | |
| II - with maturity beyond the following year | 0,00 | | 0,00 | |
| E) Accrued expenses and deferred income | | 0,00 | | 0,00 |
| TOTAL LIABILITIED AND QUOTEHOLDERS' EQUITY | | 83.583,00 | | 0,00 |

Profit and loss account

| | year 2001 | year 2000 |
|--|------------------|-------------|
| A) Production revenues | | |
| 1) Turnover - goods and services | 66.001,00 | 0,00 |
| total A) | <u>66.001,00</u> | <u>0,00</u> |
| B) Production cost | | |
| 6) Raw materials, consumables and supplies | 95,00 | 0,00 |
| 7) Services | 62.443,00 | 0,00 |
| 8) Use of third party assets | 0,00 | 0,00 |
| 9) Personnel expenses | 4.002,00 | 0,00 |
| a. Wages and salaries | 3.023,00 | 0,00 |
| b. Social security contributions | 802,00 | 0,00 |
| c. Employees' leaving entitlement | 177,00 | 0,00 |
| 10) Amortisation, depreciation and write-downs | 1.394,00 | 0,00 |
| a. Amortisation of intangible fixed assets | 1.394,00 | 0,00 |
| b. Amortisation of tangible fixed assets | 0,00 | 0,00 |
| 11) Variations in raw materials, supplies and consumables | 0,00 | 0,00 |
| 12) Provisions for contingencies | 0,00 | 0,00 |
| 13) Other provisions | 0,00 | 0,00 |
| 14) Other costs | 66,00 | 0,00 |
| total B) | <u>68.000,00</u> | <u>0,00</u> |
| Difference between production revenues and cost (A-B) | -1.999,00 | 0,00 |
| C) Financial income and charges | | |
| 16) Other financial income: | 330,00 | #RIF! |
| d) Other income | 330,00 | 0,00 |
| 17) Interest and other financial charges | 70,00 | 0,00 |
| total (16 - 17) | <u>260,00</u> | <u>0,00</u> |
| <hr/> | | |
| | YEAR 2001 | YEAR 2000 |
| <hr/> | | |
| D) Adjustments to financial assets values | <u>0,00</u> | <u>0,00</u> |
| E) Extraordinary income and expenses | <u>0,00</u> | <u>0,00</u> |
| Profit (loss) before taxation (A-B-C-E) | -1.739,00 | 0,00 |
| 22) taxation on profit of the year | 2.142,00 | 0,00 |
| <hr/> | | |
| 23) Profit/(loss) for the year | -3.881,00 | 0,00 |

FIRSTCOM s.r.l.

Registered office in: Galleria Spagna n. 28 - 35127 PADOVA

Quote capital: € 25.000,00 not fully paid-up

Tax code: 03615300286

VAT code: 03615300286

Short
annual report (Italian lira)
31 december 2001

| ASSETS | 31-dic-2001 | 31-dic-2000 |
|---|----------------------------------|--------------------|
| A) Credits towards quoteholders | | |
| Part already payable mentioned aside | 12,264,334 | - |
| B) Fixed assets | | |
| <i>I – Intangible fixed assets</i> | | |
| Total Cost | 3,829,333 | - |
| Accumulated depreciation | - | - |
| | 765,867 | - |
| Total | 3,063,466 | - |
| <i>II – Intangible fixed assets:</i> | | |
| Total Cost | - | - |
| Accumulated depreciation | - | - |
| Total | - | - |
| <i>III – Financial fixed assets:</i> | | |
| Total Cost | - | - |
| Accumulated depreciation | - | - |
| Total | - | - |
| | Total fixed assets (B) | 3,063,466 |
| Working capital | | |
| <i>I – Inventory</i> | - | - |
| <i>II – Receivables:</i> | | |
| a) with maturity within next year | 21,704,937 | - |
| b) with maturity after next year | - | - |
| Total | 21,704,937 | - |
| <i>III – Assets forming part of working capital</i> | - | - |
| <i>IV – Liquid funds:</i> | 1,347,904 | - |
| | Total working capital (C) | 23,052,841 |

| | | |
|--|-------------------|---|
| Accrued income and deferred expenses | 126,000 | - |
| TOTAL ASSETS (A+B+C+D) | 38,506,641 | - |
| LIABILITIES | | |
| A) Quoteholders' equity | | |
| <i>I – Quote</i> | 48,406,750 | - |
| <i>IX – Profit/(loss) for the year</i> | | |
| 1) Profit for the year | - | - |
| 2) Loss for the year | - 27,347,799 | - |
| Total | - 27,347,799 | - |
| Total quoteholders' equità (A) | 21,058,951 | - |
| B) Provisions for contingencies and other charges | - | - |
| C) Employees' leaving entitlement | - | - |
| D) Payables: | | |
| a) with maturity within next year | 17,447,690 | - |
| b) with maturity after next year | - | - |
| Total Payables | 17,447,690 | - |
| E) Ratei e risconti | - | - |
| TOTAL LIABILITIES AND QUOTEHOLDERS' EQUITY A+B+C+D+E) | 38,506,641 | - |

| PROFIT AND LOSS ACCOUNT | 31/12/2001 | 31/12/2000 |
|--|---------------------|-------------------|
| A) Production revenues: | | |
| 1) Turnover – goods and services | 34,057,576 | - |
| 5) Other revenues: | 27,860 | |
| Total other revenues | 27.860 | - |
| Total production revenues (A) | 34.085.436 | - |
| B) Production cost: | | |
| 6) Raw material , consumables and supplies | 4,723,900 | - |
| 7) services | 45,366,598 | - |
| 8) use of third party assets | - | - |
| 9) personnel expenses: | | |
| a) wages and salaries | 5,477,992 | - |
| b) social security contributions | 1,711,304 | - |
| c) employees' leaving entitlement | 348,981 | - |
| Total personnel expenses | 7,538,277 | - |
| 10) Amortisation, depreciation and write-downs: | | |
| a) amortisation of intangible fixed assets | 765,867 | - |
| b) amortisation of tangible fixed assets | - | - |
| Total amortisation, depreciation and write-downs | 765,867 | - |
| 14) Other operating costs | 2,303,294 | - |
| Total production cost (B) | 60,697,936 | - |
| Difference between production revenues and cost (A-B) | - 26,612,500 | - |
| C) Financial income and Charges: | | |
| 16) other financial income | | |
| d) Other income | 129.007 | |
| Total other income | 129,007 | - |
| Total other financial income | 129,007 | - |
| 17) Interest and other financial charges | | |
| c) towards other | 864,306 | - |
| Total financial income and charges (C) | - 735,299 | - |
| D) Adjustments to financial assets values | - | - |
| Total adjustments (D) | - | - |
| E) Extraordinary income and charges | - | - |
| Total extraordinary items (E) | - | - |
| Profit/(loss) before taxation A-B+C+D+E) | - 27,347,799 | - |
| 22) Taxation on profit of the year | | - |
| 26) profit (loss) for the year | - 27,347,799 | - |

TECSIT S.R.L.

Registered office in via Silvio D'amico , 40 - ROMA

Tax code and VAT code 06140121002

Quote capital Euro 75.000 fully paid-up

Roma company register, R.E.A. n. 9508551

ANNUAL REPORT AS AT 31 DECEMBER 2001

Balance Sheet - assets

| | 31/12/2001 | | 31/12/2000 | |
|--|------------|-------------------|------------|------------------|
| | partial | total | partial | total |
| A) Credits towards quoteholders | | 0,00 | | 15.734,00 |
| B) Fixed assets | | | | |
| I - Intangible fixed assets | 3.925,00 | | 3.925,00 | |
| - Accumulated depreciation | 1.570,00 | | 785,00 | |
| Total | | 2.355,00 | | 3.140,00 |
| II - Tangible fixed assets | 2.789,00 | | 2.789,00 | |
| - Accumulated depreciation | 1.046,00 | | 349,00 | |
| Totale | | 1.743,00 | | 2.440,00 |
| III - Financial fixed assets | | 103.291,00 | | 41.317,00 |
| Total fixed assets | | <u>107.389,00</u> | | <u>46.897,00</u> |
| C) Assets forming part of the working capital | | | | |
| I - Inventory | | 0,00 | | 0,00 |
| II - Trade receivables: | | 10.695,00 | | 1.990,00 |
| - Current | 10.695,00 | | 1.990,00 | |
| - with maturity beyond the following ye | 0,00 | | 0,00 | |
| III - Financial assets not of a fixed nature | | 0,00 | | 0,00 |
| IV - Liquid funds | | 839,00 | | 4.239,00 |
| assets forming part of the working capital | | <u>11.534,00</u> | | <u>6.229,00</u> |
| D) Accrued income and deferred expenses | | 331,00 | | 480,00 |
| Balance sheet - liabilities | | 119.254,00 | | 69.340,00 |

Stato Patrimoniaale Passivo

| | 31/12/2001 | | 31/12/2000 | |
|--|------------|-------------------|------------|------------------|
| | partial | total | partial | total |
| A) Quoteholders' equity | | | | |
| I -Quote | 75.000,00 | | 75.000,00 | |
| II - Quote premium reserve | 0,00 | | 0,00 | |
| III - Revaluation reserves | 0,00 | | 0,00 | |
| IV - Legal reserve | 0,00 | | 0,00 | |
| VII - Other reserves | 0,00 | | 0,00 | |
| VIII - Profit(loss) from previous years | -9.983,00 | | 0,00 | |
| IX - Profit/(loss) for the year | 9.529,00 | | -9.983,00 | |
| Total | | <u>74.546,00</u> | | <u>65.017,00</u> |
| B) Provisions for contingencies and other charges | | 0,00 | | 0,00 |
| C) Employees' leaving entitlement | | 0,00 | | 165,00 |
| D) Payables | | 44.708,00 | | 4.158,00 |
| I - Current | 44.708,00 | | 4.158,00 | |
| II - with maturity beyond the following ye | 0,00 | | 0,00 | |
| E) Accrued expenses and deferred income | | 0,00 | | 0,00 |
| TOTAL LIABILITIED AND QUOTEHOLDERS' EQU | | 119.254,00 | | 69.340,00 |

Profit and loss account

| | YEAR 2001 | | YEAR 2000 | |
|--|-----------|------------------|-----------|-------------------|
| A) Production revenues | partial | total | partial | total |
| 1) Turnover - goods and services | | 60.842,00 | | 0,00 |
| 5) Other revenues | | 1.052,00 | | 4.132,00 |
| total A) | | <u>61.894,00</u> | | <u>4.132,00</u> |
| B) Production cost | | | | |
| 6) Raw materials, consumables and supplies | | 23.524,00 | | 1.806,00 |
| 7) Services | | 21.194,00 | | 3.942,00 |
| 8) Use of third party assets | | 0,00 | | 0,00 |
| 9) Personnel expenses | | 1.358,00 | | 4.038,00 |
| a. Wages and salaries | 978,00 | | 2.960,00 | |
| b. Social security contributions | 305,00 | | 901,00 | |
| c. Employees' leaving entitlement | 75,00 | | 177,00 | |
| 10) Amortisation, depreciation and write-downs | | 1.482,00 | | 1.134,00 |
| a. Amortisation of intangible fixed asset | 785,00 | | 785,00 | |
| b. Amortisation of tangible fixed assets | 697,00 | | 349,00 | |
| 11) Variations in raw materials, supplies and consumables | | | | |
| 12) Provisions for contingencies | | 0,00 | | 0,00 |
| 13) Other provisions | | 0,00 | | 0,00 |
| 14) Other costs | | 1.259,00 | | 3.270,00 |
| total B) | | <u>48.817,00</u> | | <u>14.190,00</u> |
| Difference between production revenues and cost (A-B) | | 13.077,00 | | -10.058,00 |

C) Financial income and charges

| | | | | |
|--|----------|------------------|--------|--------------|
| 16) Other financial income: | | 1.549,00 | | 233,00 |
| d) Other income | 1.549,00 | | 233,00 | |
| 17) Interest and other financial charges | | 4.178,00 | | 159,00 |
| total (16 - 17) | | <u>-2.629,00</u> | | <u>74,00</u> |

| | YEAR 2001 | | YEAR 2000 | |
|--|-----------|-----------------|-----------|------------------|
| | partial | total | partial | total |
| D) Adjustments to financial assets values | | 0,00 | | 0,00 |
| E) Extraordinary income and expenses | | | | |
| 20) Income | | 13,00 | | 1,00 |
| b. Other extraordinary income | 13,00 | | 1,00 | |
| 21) Expenses | | 31,00 | | 0,00 |
| b. Other extraordinary expenses | 31,00 | | 0,00 | |
| totale delle partite straordinarie | | <u>-18,00</u> | | <u>1,00</u> |
| Profit (loss) before taxation (A-B-C-E) | | 901,00 | | 0,00 |
| 22) taxation on profit of the year | | 901,00 | | 0,00 |
| 23) Profit/(loss) for the year | | 9.529,00 | | -9.983,00 |



KPMG Assurance

KPMG S.p.A.
Corso Cavour 39
37121 VERONA VR

Telefono (045) 8062111
Telefax (045) 8015313

(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 156 of legislative decree no. 58 of 24 February 1998

To the shareholders of
Cad IT S.p.A.

- 1 We have audited the financial statements of Cad IT S.p.A. as at and for the year ended 31 December 2001. These financial statements are the responsibility of the Cad IT S.p.A. company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 22 March 2001 for our opinion on the prior year figures which are presented for comparative purposes as required by law.

- 3 In our opinion, the financial statements of Cad IT S.p.A. as at and for the year ended 31 December 2001 comply with the Italian regulations governing their preparation; therefore they are clearly stated and give a true and fair view of the financial position and results of the company.
- 4 As described in the notes to the financial statements, the company holds controlling interests in a number of companies and, in accordance with current legislation, has



prepared consolidated financial statements. Such statements are presented in addition to its own financial statements in order to furnish adequate information on the financial position and results of both the company and the group. We have audited the consolidated financial statements and these (with our audit report thereon) are presented together with the statutory financial statements.

Verona, 8 April 2002

KPMG S.p.A.

(Signed on the original)

Manuela Grattoni
Director of Audit