

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

CAD IT S.P.A.

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
- ² JOZE GRI AR

**STATUTORY
AUDITORS**

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

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. 14 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: Verona - Via Torricelli, 37

Share capital Euro 4,669,600 fully paid-up

Verona Company Register no. 25971 - Chamber of Commerce no.

210441

Fiscal code and VAT number 01992770238

2001 DIRECTORS' REPORT

Dear shareholders,

the financial statements as at and for the year ended 31 December 2001 show a net profit of Euro 10,341,820 net of amortisation and depreciation of Euro 1,045,861 and taxation of Euro 4,700,257.

The above net profit was higher than the budget, with a 58.3% increase on the previous year (Euro 6,533,400).

The performance trend is as follows:

	(in thousands of Euro)
net profit for 1999	3,627
net profit for 2000	6,533
net profit for 2001	10,342

The 2001 consolidated and statutory financial statements (balance sheet and profit and loss account) have been drawn up in the reporting currencies of the group companies and converted into Euro in accordance with current legislation. Also comparative prior year figures have been converted into Euro at the fixed rate of 1 Euro

= Lit 1936.27 established on 31 December 1998.

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 banks 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.

Financial position and performance

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 to reserve of Euro 2,833 thousand of 2000 retained earnings and the increase in shareholders' equity, including profit for the year, from Euro 73,922 thousand to Euro 81,064 thousand.

Shareholders' equity at 31 December 2001 and 2000 is made up as follows:

	(in 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
Retained earnings	-	-
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 current and future expansion projects. With the companies listed on the New Market, the group, and their products, have acquired greater visibility on the market.

The balance sheet and profit and loss account figures reported in the 2001 accounts show the most important items affecting the results for the year compared to the previous year.

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 the 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 automatisisation 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 (with Banca Mediolanum among them).

New 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 stock 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 strategy of technological innovation in this area. 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 had 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.

Financial position

The financial position of the company at 31 December 2001 is summarised here and compared to that at 31 December 2000.

RECLASSIFIED BALANCE SHEET		
(in thousand of Euro)		
	31/12/2001	31/12/2000
FIXED ASSETS		
Intangible fixed assets	3,079	3,563
Tangible fixed assets	7,738	2,521
Other fixed assets	18,954	9,726
TOTAL FIXED ASSETS (A)	29,771	15,810
CURRENT ASSETS		
Trade receivables, net	3,877	1
Closing inventories	0	0
Other current assets	19,584	14,103
Accrued income and deferred expenses	50	166
TOTAL CURRENT ASSETS (B)	23,511	14,270
CURRENT LIABILITIES		
Payments on account	0	0
Accounts payable to creditors	3,246	1,275
Other current liabilities	4,746	4,755
Accrued expenses and deferred income	28	2
TOTAL CURRENT LIABILITIES (C)	8,020	6,032
OPERATING CAPITAL, NET (B-C)	15,492	8,237
Employees' leaving entitlement (D)	1,383	1,015
INVESTED CAPITAL, NET (A+B-C-D)	43,880	23,032
SHAREHOLDERS' EQUITY AND NET FINANCIAL POSITION		
Total shareholders' equity	81,064	73,922
Medium/long term payables due to banks	0	0
Debentures due after one year	0	0
Provisions for contingencies and other charges	0	0
Short term net indebtedness/(financial position)	-37,184	-50,890
TOTAL SHAREHOLDERS' EQUITY LESS NET FINANCIAL POSITION	43,880	23,032

Compared to 31 December 2000, net invested capital has increased by Euro 20,848 thousand as an effect of the following variations.

Fixed assets, amounting to Euro 29,771 thousand, have increased by Euro 13,961 thousand.

Current assets, amounting to Euro 23,511 thousand, have increased by Euro 9,241 thousand.

Current liabilities, amounting to Euro 8,020 thousand, have increased by Euro 1,988 thousand.

Net assets forming part of working capital, equal to Euro 15,492 thousand, have recorded an increase of Euro 7,255 thousand, due to net trade receivables (Euro 3,876 thousand) and other current assets (Euro 5,481 thousand), principally represented by receivables from subsidiaries. This amount is net of the increase of Euro 1,988 thousand in current liabilities, almost totally due to accounts payable to creditors.

The charge to employees' leaving entitlement, equal to Euro 1,383 thousand, has increased by Euro 368 thousand.

Shareholders' equity, equal to Euro 81,064 thousand, fully covers invested capital of Euro 43,880 thousand, leaving a residual net financial position of Euro 37,184 thousand.

For further details and information of these variations, reference is made to the notes to the financial statements.

Investments

The construction of the new headquarters, started in April 2000,

has continued, even though the completion of the external structure suffered a slow down due to the rigid temperature last winter. The new offices will be usable within a few months. Total investments amount to Euro 7,608 thousand at year end, of which Euro 5,138 thousand is the current portion.

Other investments in tangible fixed assets, amounting to Euro 126 thousand, are not material.

The company also invested Euro 434 thousand for the realisation and fitting of training rooms and areas in the present headquarters, to be principally used for the training of the customers' personnel and the refresher courses of the group's personnel.

Software licenses used for production have been purchased for Euro 88 thousand.

Investments

Investing activities have been directed to the following new investments, totalling Euro 10,271 thousand:

a) Controlling investments:

- DQS S.r.l. investment of 35% equal to Euro 3,261 thousand
- S.m.a.r.t. Line S.r.l. investment of 49%, equal to Euro 637 thousand

b) Associated companies:

- Datafox S.r.l. - the total investment of Euro 351 thousand comprises the subscription of the quota capital increase (Euro 248 thousand) and the acquisition of quotas for Euro 103 thousand

c) Other investments:

- Class Editori S.p.A. 1.840% investment equal to Euro 6,022

thousand.

Financial activities

The net financial position at 31 December 2001 presents a positive balance of Euro 37,184 thousand compared to Euro 50,890 thousand in the year previous.

The variation of Euro 13,706 thousand is due to :

	(in thousands of Euro)
- Cash flows from (for) operating activities	4,501
- Investing activities	-15,007
- Distribution of 2000 dividends	-3,200
<i>Liquid funds for the year</i>	(13,706)
Opening liquid funds	50,890
<i>Short term closing liquid funds</i>	37,184

The net financial position of the company may be broken down as follows:

	(in thousands of Euro)	
<i>Net financial position at</i>	31/12/2001	31/12/2000
Cash on hand and at bank	34,584	35,308
Financial assets not of a fixed nature	2,600	15,583
Payables due to banks including current portion of medium to long term loans	0	(1)
<i>Short term net financial position/(indebtedness)</i>	37,184	50,890
Long term loans net of current portion	0	0
<i>Net medium to long term financial position / (indebtedness)</i>	0	0
<i>Net financial position / (indebtedness)</i>	37,184	50,890

Excluding income from investments, financing activities have generated other financial income of Euro 2,192 thousand (2000: Euro 558 thousand). Interest expenses and other financial charges are not

material (2000: Euro 54 thousand). Therefore, financing activities, excluding income from investments, result in an income of Euro 2,192 thousand (2000: 504).

(in thousands of Euro)

	<i>2001</i>	<i>2000</i>
Financial income from receivables classified as fixed assets and adjustments	2	2
Securities included under assets forming part of working capital	833	175
Bank and other interest	1,357	381
<i>Total other financial income</i>	<i>2,192</i>	<i>558</i>
Interest expense and other financial charges	-	(54)
<i>Financial income and charges, net</i>	<i>2,192</i>	<i>504</i>

Performance

The reclassified profit and loss account figures, which best represent the performance of the company, are shown below. This profit and loss account has been duly reclassified to comply with the requirements of the Civil Code.

Production revenues have increased by Euro 19,406 thousand (2000: 15,994) mostly as an effect of the internal reorganisation process, leading CAD IT to directly recruit personnel for its bank customers and transfer some personnel from its subsidiary Cad S.r.l..

Service costs have increased to Euro 3,283 thousand (2000: 1,249), mostly as an effect of the increases related to external consultants (up Euro 689 thousand), travel expenses and reimbursements (up Euro 139 thousand), services received from subsidiary and associated companies (up Euro 765 thousand), legal, administrative and organisational expenses (up Euro 196 thousand)

and other services (up 245 thousand).

Added value amounts to Euro 15,920 thousand (2000: 14,579), as an effect of the increase in production revenues.

Personnel expenses have increased to Euro 4,833 thousand (2000: 3,147) basically as an effect of the increase in the average number of employees from 34 to 54 units.

Gross operating result is equal to 11,088 thousand (2000: 11,432).

Net operating profit has reached Euro 10,042 thousand (2000: 10,509). As already noted in the notes and in this report, the reduction in net operating profit is due to group companies' intense investments in the production of new IT procedures, started in 2000 and continuing in the current year.

Net financial income and charges reached Euro 5,002 thousand (2000: 884). This amount comprises Euro 1,870 thousand (2000: 196) of dividends from subsidiaries, Euro 941 thousand (2000: 141) of tax credits on dividends and other financial income of Euro 2,192 thousand (2000: 504), net of interest expenses and other financial charges.

The result from operating activities for the year reaches Euro 15,044 thousand (2000: 11,393), with an increase of 32.0%.

Taxation on profit for the period amounts to Euro 4,700 thousand (2000: 4,859). The lower incidence of income taxes basically arises from the three year benefits granted to recently listed companies, namely the reduction of IRPEG tax rate to 7% on part of the

company's profit. The tax relief for the year is equal to approximately Euro 1,400 thousand.

RECLASSIFIED PROFIT AND LOSS ACCOUNT REPORTING ADDED VALUE				
(in thousands of Euro)				
	31/12/2001	%	31/12/2000	%
Turnover - goods and services	19,331	99.61	15,993	99.99
Other revenues and income	75	0.39	1	0.01
Grants for operating expenses	0	0.00	0	0.00
A) PRODUCTION REVENUES	19,406	100.00	15,994	100.00
Raw materials, consumables and supplies	20	0.10	55	0.35
Services	3,283	16.92	1,249	7.81
Other operating costs	183	0.94	111	0.69
B) ADDED VALUE	15,920	82.04	14,579	91.15
Personnel expenses	4,833	24.90	3,147	19.68
C) GROSS OPERATING RESULT	11,088	57.14	11,432	71.48
Amortisation and depreciation	1,046	5.39	923	5.77
D) NET OPERATING PROFIT	10,042	51.75	10,509	65.70
Financial income and charges, net	5,002	25.78	884	5.53
E) PROFIT FROM ORDINARY ACTIVITIES	15,044	77.52	11,393	71.23
Extraordinary income or expenses	-2	-0.01	-	0.00
F) PROFIT BEFORE TAXATION	15,042	77.51	11,392	71.23
Taxation on profit for the year	4,700	24.22	4,859	30.38
PROFIT (LOSS) FOR THE YEAR	10,342	53.29	6,533	40.85

Performance of the subsidiary and associated companies

The financial statements at 31 December 2001 of the subsidiary and main associated companies, either directly or indirectly held, have been prepared and subsequently approved by the respective bodies. Their summarised results, including those of the parent

company, are as follows:

(in thousands of Euro)

COMPANY	PRODUCTION REVENUES	CASH-FLOWS*	NET PROFIT 31/12/2001	NO. OF EMPLOYEES AT 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/depreciation + provisions and write-downs

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

- Services: Software application development, installation, customisation, maintenance and assistance 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, an increase of 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 market share of each product supplied has increased.

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. Production is at an advanced stage.

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 on-line trading 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 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.

The most important products offered by the company include 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 on line.

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

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

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 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 showed 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 S.r.l. (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 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 391,089, 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 35.05% investment in Datafox S.r.l..

The financial statements at 31 December 2001 show a 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.

Relationships with subsidiary, associated and parent companies

The parent company 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 transactions carried out with subsidiary and associated companies may be summarised as follows:

Company	(in thousands of Euro)			
	Revenues	Costs	Receivables	Payables
Cad S.r.l.	14,140	523	17,853	525
Cad S.r.l. - loans on	-	-	-	-
Cesbe S.r.l.	43	135	325	162
Syrm S.r.l.	2	-	2	-
4 Emme In. S.r.l.	-	-	-	-
NetBureau S.r.l.	31	38	100	20
S.G.M. S.r.l.	-	-	-	-
DQS S.r.l.	-	-	-	-
Sicom INFORMATICA S.r.l.	-	69	-	-
Datafox S.r.l.	-	-	-	-
Total	14,216	765	18,280	707

Turnover from services to group companies amount to Euro 14,216 thousand and principally relate to licenses (Euro 8,625 thousands)

and study, assistance, design and development services (Euro 5,591 thousands).

The company purchased goods and services from the other group companies for a total amount of Euro 765 thousand.

2001 dividends arising from subsidiary and associated companies, net of tax credit, amount to Euro 1,870,194, of which Euro 1,032,914 from CAD S.r.l., Euro 537,115 from Cesbe S.r.l., of which Euro 268,558 collected in the year, Euro 77,469 from Syrm S.r.l., Euro 67,139 from 4 Emme Informatica S.r.l., Euro 17,973 from NetBureau S.r.l. and Euro 137,584 from DQS S.r.l..

Research and development activities

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 are still being 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 ITS.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.

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

The company does not hold, nor has it acquired or sold, either directly or indirectly, own shares or quotas or shares of parent companies.

Subsequent events

and expected future development

No subsequent events which may have a significant impact on the financial position and results of the company have occurred. The company's 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 objectives 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 of the company and the group.

The board of directors pays close attention to the market requirements when tailoring its management and development strategies, coordinating the use of 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.

Proposals of the board of directors

Dear shareholders, the 2001 financial statements of your company close in a profit of Euro 10,341,820.49, i.e., rounded to the unit of Euro, 10,341,820.

If you agree with the criteria and accounting policies adopted in the preparation of these financial statements, we suggest that you resolve as follows:

"Having heard the communications of the directors and taken note of the report of the statutory auditors to the shareholders, as per article 153 of Legislative Decree no. 58/1998, and of the report of the auditors on the financial statements as at and for the year ended 31 December 2001, the shareholders' in a meeting

resolve:

- 1 - to approve the directors' report;
- 2 - to approve the financial statements as at and for the year ended 31 December 2001 as a whole and in all their parts;
- 3 - to allocate the net profit for the year of Euro 10,341,820.49 as follows:

= 5% of net profit for the year to legal reserve	Euro	517,091.03
= to dividends, in the proportion of Euro 0.65 (zero point sixty-five cents), gross of withholding tax, for each of the 8,980,000 ordinary shares	Euro	5,837,000.00
= to available reserve	Euro	<u>3,987,729.46</u>
resulting net profit for the year	Euro	<u><u>10,341,820.49</u></u>

The tax credit on dividends is calculated in accordance with letter a), point 1 of article 105 Presidential Decree no. 917/86 and represents

56.25% of the dividends.

These dividends will be paid starting 16 May 2002 (the dividend coupon will be detached on 13 May 2002).".

On behalf of the board of directors

The chairman

(signed on the original)

(Giuseppe Dal Cortivo)

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

CAD IT S.p.A.

Registered office: Verona - Via Torricelli, 37

Share capital Euro 4,669,600 fully paid-up

Verona Company Register no 25971 - Chamber of Commerce no. 210441

Tax and VAT no. 01992770238

IL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2001

* * *

BALANCE SHEET

ASSETS	31/12/2001	31/12/2000	VARIATIONS
A) SHARE CAPITAL PROCEEDS TO BE RECEIVED			
Total share capital proceeds to be received (A)	0	0	0
B) FIXED ASSETS			0
I - Intangible fixed assets			0
1) start-up and capital costs	2,627,493	3,503,325	-875,831
4) licences, trademarks and similar rights	90,578	59,594	30,983
7) other	360,735	0	360,735
Total intangible fixed assets	3,078,807	3,562,919	-484,112
II - Tangible fixed assets			0
2) plant and machinery	35,342	24,421	10,921
4) other assets	93,988	26,102	67,885
5) Assets under construction and payments on account	7,608,186	2,470,587	5,137,599
Total tangible fixed assets	7,737,517	2,521,111	5,216,406
III - Financial fixed assets			0
1) investments in:			0
a) subsidiary companies	12,528,116	8,629,837	3,898,278
b) associated companies	353,609	2,600	351,009
d) other companies	6,022,021	0	6,022,021
Total investments	18,903,747	8,632,437	10,271,309

2) amounts receivable:			0
a) from subsidiary companies due after one year	0	1,032,913	-1,032,913
d) other due after one year	50,493	60,342	-9,848
Total amounts receivable included under fixed assets	50,493	1,093,255	-1,042,762
Total financial fixed assets	18,954,240	9,725,693	9,228,546
Total fixed assets (B)	29,770,566	15,809,724	13,960,841
C) ASSETS FORMING PART OF WORKING CAPITAL			
I - Inventory			
Total inventory	0	0	0
II - Receivables			
2) Trade receivables due within one year	3,877,075	1,032	3,876,042
2) Subsidiary companies due within one year	18,279,798	14,023,217	4,256,581
5) Others due within one year	1,304,581	79,890	1,224,691
Total receivables	23,461,455	14,104,140	9,357,315
III - Financial assets not of a fixed nature			
6) Other securities	0	15,583,276	-15,583,276
7) Insurance policies capitalised	2,600,250	0	2,600,250
Total financial assets not of a fixed nature	2,600,250	15,583,276	-12,983,026
IV - Liquid funds			
1) bank and postal accounts	34,578,991	35,296,843	-717,851
3) cash-in-hand and cash equivalents	5,163	11,063	-5,900
Total liquid funds	34,584,155	35,307,907	-723,751
Total assets forming part of working capital (C)	60,645,861	64,995,324	-4,349,462
D) ACCRUED INCOME AND DEFERRED EXPENSES	49,876	165,723	-115,847
TOTAL ASSETS	90,466,304	80,970,772	9,495,531

SHAREHOLDERS' EQUITY AND LIABILITIES	31/12/2001	31/12/2000	VARIATIONS
A) SHAREHOLDERS' EQUITY			
I - Share capital	4,669,600	4,669,600	0
II - Share premium reserve	62,186,400	62,186,400	0
III - Revaluation reserve	0	0	0
IV - Legal reserve	347,328	20,658	326,669
V - Reserve for purchase of own shares	0	0	0
VI - Statutory reserves	0	0	0
VII - Other reserves	3,518,920	512,261	3,006,659
VIII - Retained earnings or losses carried forward	0	0	0
IX - Net profit/(loss) for the year	10,341,820	6,533,399	3,808,420
Total shareholders' equity (A)	81,064,069	73,922,319	7,141,750
B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES			
Total provisions for contingencies and other charges (B)	0	0	0
C) EMPLOYEES' LEAVING ENTITLEMENT	1,382,730	1,015,026	367,703
D) PAYABLES			
3) due to banks due within one year	0	1,037	-1,037
6) accounts payable to creditors due within one year	3,246,018	1,275,419	1,970,598
8) amounts payable to subsidiaries due within one year	707,239	148,025	559,214
11) sums payable to taxation authorities due within one year	477,254	2,885,872	-2,408,618
12) social security charges payable due within one year	799,828	332,780	467,048
13) other sums payable due within one year	2,761,189	1,388,287	1,372,901
Total payables (D)	7,991,529	6,031,422	1,960,106
E) ACCRUED EXPENSES AND DEFERRED INCOME	27,974	2,003	25,970
TOTAL LIABILITIES	90,466,304	80,970,772	9,495,531
	31/12/2001	31/12/2000	VARIATIONS
MEMORANDUM AND CONTINGENCY ACCOUNTS	12,394,965	12,394,965	0

PROFIT AND LOSS ACCOUNT

	31/12/2001	31/12/2000	VARIATIONS
A) PRODUCTION REVENUES			
1) Turnover - goods and services	19,330,665	15,992,731	3,337,934
5) other revenues and income:	72,908	1,668	71,239
grants for operating expenses	2,065	0	2,065
Total production revenues (A)	19,405,639	15,994,400	3,411,239
B) PRODUCTION COST			
6) raw materials, consumables and supplies	19,655	55,433	-35,778
7) services	3,282,520	1,249,161	2,033,359
8) Use of third party assets	122,897	84,493	38,404
9) personnel expenses			
a) wages and salaries	3,494,018	2,193,749	1,300,268
b) social security contributions	1,095,486	783,550	311,935
c) employees' leaving entitlement	227,796	165,932	61,863
e) other costs	15,456	3,764	11,691
Total personnel expenses	4,832,757	3,146,997	1,685,759
10) amortisation, depreciation and write-downs:			
a) amortisation of intangible fixed assets	1,006,231	904,713	101,518
b) depreciation of tangible fixed assets	39,629	18,761	20,867
Total amortisation and depreciation	1,045,861	923,475	122,386
14) Other operating costs	60,300	26,194	34,105
Total production cost (B)	9,363,992	5,485,755	3,878,236
Difference between production revenues and cost (A-B)	10,041,647	10,508,644	-466,997
C) FINANCIAL INCOME AND CHARGES			
15) income from investments			

a) in subsidiary companies - dividends	1,870,193	196,253	1,673,940
b) in associated companies - dividends	0	43,382	-43,382
d) tax credits on dividends	940,640	140,738	799,902
Total income from investments	2,810,834	380,374	2,430,460
16) Other financial income			
a) Receivables classified as fixed assets	1,479	1,999	-520
c) from securities included under assets forming part of worl	833,301	175,011	658,289
d) Other income	1,356,817	380,741	976,075
Total other financial income	2,191,597	557,752	1,633,845
Total financial income	5,002,432	938,126	4,064,305
17) Interest and other financial charges			
d) other interest payable	179	49,113	-48,933
e) other financial charges	249	5,044	-4,795
Total interest and other financial charges	429	54,158	-53,729
Total financial income and charges (C) (15+16-17)	5,002,003	883,968	4,118,034
D) ADJUSTMENTS TO FINANCIAL ASSET VALUES			
Total revaluations	0	0	0
Total write-downs	0	0	0
Total revaluations and write-downs (D) (18-19)	0	0	0
E) EXTRAORDINARY INCOME AND EXPENSES			
21) Expenses	1,573	116	1,457
Total extraordinary items (E) (20-21)	-1,573	-116	-1,457
Profit (loss) before taxation (A-B+/-C+/-D+/-E)	15,042,077	11,392,496	3,649,580
22) Taxation on profit for the year			
a) Current taxation	4,653,180	4,863,153	-209,972
b) Deferred taxation	47,076	-4,056	51,132
Total taxation on profit for the year	4,700,256	4,859,097	-158,840
26) NET PROFIT/(LOSS) FOR THE YEAR	10,341,820	6,533,399	3,808,420

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2001

FOREWORD

The financial statements are drawn up in accordance with the provisions of the Civil Code and comprise balance sheet, prepared in the format required by articles 2424 and 2424 bis, profit and loss account, prepared in the format required by articles 2425 and 2425 bis, and these notes.

Disclosures in these notes are those required by article 2427 of the Civil Code and comply with the provisions of Legislative Decree no. 127/1991 and previous legislation, as amended. As they are also intended to comply with the provisions of Legislative Decree no. 58/1998, and CONSOB's relevant recommendations, these notes also disclose any complementary information which is considered necessary to give a true and fair view of the financial statements.

7Except for the specific cases commented on in these notes, it should be noted that:

- no exceptional events have occurred requiring waivers of the mentioned principles, as provided by paragraph 4 of article 2423 and paragraph 2 of article 2423 bis of the Civil Code;
- the valuations adopted have been made in accordance with article 2426 of the Civil Code, on the basis of the concepts of prudence and going concern;
- income and expenses have been accounted for on an accruals basis, independently of the date of collection or payment;

- any contingencies or losses, including those realised after the year end, have been accounted for on an accruals basis;
- comparative prior year figures have been given, in accordance with paragraph 5 of article 2423 ter of the Civil Code;
- the balance sheet and the profit and loss account items have not been aggregated, not even as provided by paragraph 2 of article 2423 ter of the Civil Code;
- specific reference has been made, if necessary, to the asset and liability items pertaining to more than one balance sheet caption;
- revenues and income, costs and expenses have been stated net of returns, discounts, bonuses and premiums and any directly related taxes.
- the accounting policies comply with the provisions of article 2426 of the Civil Code and are consistent with those applied for the preparation of the financial statements of the preceding year.

Cad It S.p.A. is required by law to present its consolidated financial statements, to which reference is made for further information on the results of the group.

1 - CRITERIA APPLIED IN THE EVALUATION OF THE FINANCIAL STATEMENT CAPTIONS, THE RELATED ADJUSTMENTS AND CONVERSION

The most significant accounting policies adopted in the preparation of the financial statements as at and for the year ended 31 December 2001 in accordance with article 2426 of the Civil Code are as follows:

Intangible fixed assets - Deferred costs have been stated at cost, including related expenses, and amortised within five years based on

their residual income-generating potential.

These costs, which have been incurred for the development or the transformation of the company's business, are capitalised at cost and amortised as provided by article 2426 of the Civil Code.

Licenses, trademark and similar rights are stated at purchase cost and amortised over a period comprised between three years and the useful life of the asset.

Other intangible fixed assets comprise deferred costs, not classified elsewhere, and leasehold improvements. These costs are amortised according to their nature and their income-generating potential.

Tangible fixed assets - Tangible fixed assets are stated at purchase cost, including related expenses. The financial statement values are net of depreciation applied for the current and previous years.

These assets are annually depreciated in accordance with their residual useful lives at the maximum rates provided by law for the individual categories of assets.

The costs incurred to increase the functionalities of the company's plants have been capitalised and recognised under tangible fixed assets.

Maintenance and repair costs which are not of an incremental nature are expensed in the year in which they are incurred.

Depreciation is not applied to assets under construction.

Should the residual useful life of an asset result significantly shorter than expected at year end, the residual value is written-down accordingly.

The original value is reinstated in subsequent years if the reasons for the write-down no longer exist.

Financial fixed assets - They are valued at cost, possibly adjusted to reflect permanent impairment in value due to negative current or forecast economic trends.

Should the reasons for the impairment in value no longer exist, the assets are written back to their original value.

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

Financial assets not of a fixed nature - They are stated at the lower of cost and market value. Cost is calculated using the LIFO method.

Receivables- Receivables are stated at their estimated realisable value represented by their nominal value less related bad debt provision.

Accruals and deferrals - Accruals and deferrals are stated on accruals basis. Their amount varies depending on the period of accrual or deferral.

Provisions for contingencies and other charges - Provisions for contingencies and other charges, if any, serve the purpose of covering specific losses or liabilities of a certain or probable existence, the exact amount of which or date of occurrence can not be determined at year end. The accruals represent the best estimate based on the information available at the date of preparation.

Employees' leaving entitlement - The employees' leaving entitlement is calculated in accordance with article 2120 of the Civil Code and integrated by the relevant labour contract. It is adequate to cover the entitlements matured by employees on the basis of their current wages and salaries. The current portion is expensed.

Payables - Payables are stated at their nominal value, which is expected to represent the actual amount to be paid.

Costs and revenues - Costs and revenues have been determined on the basis of the concepts of prudence and accruals, regardless of the date of payment or collection.

Recognition of revenues - Revenues are credited to the profit and loss account as follows:

- services, upon actual execution;
- goods, upon transfer of ownership, i.e. delivery or consignment.

Dividends - Dividends are accounted for when distribution has been approved by the individual companies.

The related tax credit is accounted for upon their collection.

Taxation on profit for the year - Taxation is calculated on taxable income in accordance with current legislation.

In addition, the financial statements include deferred tax assets, related to accruals and expenses deductible over more than one year, which are expected to be recovered and deferred tax liabilities, related to revenues and income, taxable over more than one year, which are expected to be paid on an accruals basis.

Introduction of the Euro in 2001 - All related costs are not material and

fully expensed in the year.

**Composition of the balance sheet and profit and loss account
and comments on the principal captions**

2001 financial statements, comprising balance sheet and profit and loss account, have been drawn up in lire and converted in Euro in accordance with current legislation.

The same conversion criteria have been applied to the 2000 financial statements.

Figures in the notes and the financial statement schedules are stated in units of Euro, unless otherwise indicated.

**COMPOSITION OF THE CAPTIONS AND RELATED VARIATIONS
COMPARED TO THE PREVIOUS YEAR FINANCIAL STATEMENTS**

2 - Variations in fixed assets

The following tables summarise the variations and movements in fixed assets compared to the situation at the previous year end.

INTANGIBLE FIXED ASSETS

(amounts in Euro)

INTANGIBLE FIXED ASSETS	START-UP AND CAPITAL COSTS	RESEARCH, DEVELOPMENT AND ADVERTISING COSTS	PATENTS AND SIMILAR RIGHTS	LICENSES, TRADEMARKS AND SIMILAR RIGHTS	GOODWILL	ASSETS UNDER DEVELOPMENT AND PAYMENTS ON ACCOUNT	OTHER
Purchase or acquisition cost +	4,379,156			113,212			
Previous year amortisation and write-downs -	-875,831			-53,617			
Adjustments to previous year write-downs +							
Opening balance =	3,503,325	0	0	59,595	0	0	0
Additions +				88,004			434,116
Transfers ∇							
Disposals -							
Revaluations for the year (b)							
Amortisation and write-downs for the year -	-875,831	0	0	-57,021			-73,380
Adjustments to write-downs for the year +							
Closing balance =	2,627,494	0	0	90.578	0	0	360.736
(of which revalued)	0	0	0	0	0	0	0

Start-up and capital costs relate to the costs incurred for the listing of the company's ordinary shares on the New Market, which is managed and organised by Borsa Italiana S.p.A.. These costs of a deferred nature are amortised over five years on the basis of their residual income-generating potential.

Software licenses used for production have been purchased for Euro 88 thousand.

The caption "Other" includes leasehold improvements of Euro 434 thousand for the realisation and fitting of training rooms and areas.

TANGIBLE FIXED ASSETS

(amounts in Euro)

TANGIBLE FIXED ASSETS	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	ASSETS UNDER CONSTRUCTION AND PAYMENTS ON ACCOUNT
Purchase or acquisition cost		32,201	0	632,275	2,470,587
Previous year revaluation (a)					
Previous year depreciation and Adjustments to previous year		-7,780	0	-609,172	
Opening balance =	0	24,421	0	23,103	2,470,587
Additions +		30,335		96,415	5,137,600
Utilisation of accumulated				58,854	
Disposals -		-8,315		-58,854	
Transfers					
Revaluation of accumulated					
Revaluations for the year (b) +					
Depreciation and write-downs for Adjustments to write-downs for		-11,099		-28,530	
Closing balance =	0	35,342	0	90,988	8,794
(of which revalued = a + b)	0	0	0	0	0

The caption "Assets under construction and payments on account" includes the costs sustained for the new registered office of CAD IT S.p.A., and comprises both the acquisition cost of the land and the current construction work, which started in 2000 and is now at an advanced stage.

Costs for the progress of this construction work amount to Euro 5,137,599.

The construction of the structure has been completed, while that of the building plants and systems is in progress. Despite a delay due to the rigid winter temperature, the new headquarters are expected to be fully operational within a few months.

In addition, limited investments of Euro 126,750 million have been made in plants, furniture and computers.

FINANCIAL FIXED ASSETS

(in Euro)

FINANCIAL FIXED ASSETS	INVESTMENTS	AMOUNTS RECEIVABLE	SECURITIES	OWN SHARES	GUARANTEE DEPOSITS
Purchase cost	8,632,438	1,093,256			
Previous year revaluations(a) +					
Previous year write-downs					
Adjustments to previous year write-downs +					
Opening balance =	8,632,438	1,093,256	0	0	0
Additions / Subscriptions +	10,271,309				
Transfers -					
Opening of credit lines +		1,239			
Reimbursements and utilisation -		-1,044,002			
Disposals -					
Revaluations for the year (b)					
Write-downs for the year -					
Adjustments to write-downs for the year +					
Closing balance =	18,903,747	50,493	0	0	0

During the year, the company has continued to acquire investments in companies performing activities in synergy with those of the group.

Additions are shown in the following table:

Name of the company	% of investment	Acquisition value
Subsidiary companies		
DQS S.r.l. : registered office in Rome	35%	3,261,068
- S.M.A.R.T. LINE S.r.l.:Registered office in Avellino	49%	637,210
Associated companies		
- Datafox S.r.l.: registered office in Florence	35.05%	
- subscription of increase in share capital		247,512
- acquisition of investment		103,498
Other investments:		
- Class Editori S.p.A.	1.84%	6,022,021
Total additions / subscriptions		10,271,309

The tables included in paragraphs 5.1 and 5.2 of these notes show the financial statement values and the company's portion of the quotaholders' equity of its subsidiaries and associated companies held.

The caption "Amounts receivable" under financial fixed assets relate to the payment on account of the tax on employees' leaving entitlement (ex Law no. 123/1996) - plus related revaluations - and to guarantee deposits paid for supply or lease contracts.

The non-interest-bearing loan of Euro 1,032,914, granted to temporarily fund the subsidiary CAD S.r.l. on 21 December 2000 and expiring after six months, has been fully repaid in due time.

3 - COMPOSITION OF THE CAPTION "START-UP AND CAPITAL COSTS" AND "RESEARCH, DEVELOPMENT AND ADVERTISING COSTS"

As described above, these asset captions, which have been recognised with the approval of the auditors, include total start-up and capital costs of Euro 4,379,156, of which Euro 1,524,403 relates to the listing project and activities, advertising costs included, Euro 10,033 to the share capital increase and Euro 2,844,720 to commissions and placement costs of the additional share capital. These costs, which have a deferred nature, are amortised over five years.

Research, development and advertising costs for the current year are expensed as incurred.

4 - VARIATIONS IN THE OTHER ASSET AND LIABILITY CAPTIONS

The most significant variations in the other asset and liability captions

are as follows:

ASSETS		(amounts in Euro)		
CAPTIO N	DESCRIPTION	BALANCE AT 31/12/2001	BALANCE AT 31/12/2000	VARIATIONS ±
C II 1	TRADE RECEIVABLES	3,877,076	1,033	3,876,043
C II 2	RECEIVABLES FROM SUBSIDIARY COMPANIES	18,279,799	14,023,217	4,256,582
C II 5	OTHER	1,304,582	79,890	1,224,692
C III 6	OTHER SECURITIES	0	15,583,277	-15,583,277
C III 7	CAPITALISED INSURANCE POLICIES	2,600,251	0	2,600,251
C IV 1	BANK DEPOSITS	34,578,992	35,296,843	-717,851
C IV 3	CASH-IN-HAND AND CASH EQUIVALENTS	5,163	11,064	-5,901
D	ACCRUED INCOME AND DEFERRED EXPENSES	49,877	165,724	-115,847

Trade receivables: they principally comprise receivables due from banks or other financial institutions. A limited portion is due from other companies. No write-downs or any bad debt provision have been made, as no potential risks are currently foreseen.

Receivables from subsidiary companies: the caption comprises Euro 18,279,799 of trade receivables due from the subsidiaries CAD S.r.l. (Euro 16,704,614), NetBureau S.r.l. (Euro 100,186), Cesbe S.r.l. (Euro 324,906) and Syrm S.r.l. (Euro 1,983), and also Euro 1,148,110 due from the subsidiary CAD S.r.l. for the transfer of some of its personnel to the parent company.

Other receivables: in accordance with the accounting standard no. 25, the caption, totalling Euro 1,304,582, comprises Euro 10,088 of deferred tax assets arising from current and previous year tax credits for tax payments on account reasonably recoverable in subsequent

years; it also includes Euro 3,099 of services paid on account, Euro 321,381 of VAT tax credits and Euro 129 of other receivables.

Other securities: the caption includes approximately Euro 80,000 million of units of mutual funds and SICAV and Euro 15,500,000 of liquid funds invested on a short term basis according to a specific asset management agreement with a bank and completely discharged.

Capitalisable Insurance policies: a capitalisable insurance policy of Euro 2,600,251 has been signed with a leading insurance company aimed at ensuring a higher yield than that arising from bank deposits. This policy is redeemable with a notice of 20 days, without paying commissions, from the fourth month after subscription. Annual expected yield is 5.1% net.

Bank and postal accounts: they comprise promptly available cash on hand and at bank.

Accrued income and deferred expenses: the caption is entirely composed of deferred expenses of Euro 49,877, principally comprising advertising costs, insurance costs, specialised services, assistance and other minor costs.

LIABILITIES

(amounts in Euro)

CAPTION	DESCRIPTION	BALANCE AT 31/12/2001	BALANCE AT 31/12/2000	VARIATIONS ±
A I	SHARE CAPITAL	4,669,600	4,669,600	0
A II	SHARE PREMIUM RESERVE	62,186,400	62,186,400	0
A IV	LEGAL RESERVE	347,328	20,658	326,670
A VII	OTHER RESERVES	3,518,921	512,262	3,006,659
C	EMPLOYEES' LEAVING ENTITLEMENT	1,382,730	1,015,027	367,703
D 3	PAYABLES DUE TO BANKS	0	1,038	-1,038
D 6	ACCOUNTS PAYABLE TO CREDITORS	3,246,018	1,275,419	1,970,599
D 8	AMOUNTS PAYABLE TO SUBSIDIARIES	707,239	148,025	559,214
D 11	SUMS PAYABLE TO TAXATION AUTHORITIES	477,254	2,885,873	-2,408,619
D 12	SOCIAL SECURITY CHARGES PAYABLE	799,828	332,780	467,048
D 13	OTHER SUMS PAYABLE	2,761,189	1,388,288	1,372,901
E	ACCRUED EXPENSES AND DEFERRED INCOME	27,975	2,004	25,971

Share capital is fully subscribed and comprises 8,980,000 ordinary shares with the nominal value of Euro 0.52 each.

It has not varied during the year.

The share premium reserve, amounting to Euro 62,183,400, has remained unvaried compared to that at 31 December 2000.

The legal reserve has increased from Euro 20,658 at 31 December 2000 to Euro 326,670 as an effect of the allocation of 2000 profit for the year.

The available reserve comprises retained earnings and has increased from Euro 512,262 to Euro 3,006,659 as an effect of the allocation of 2000 retained earnings.

Variations in 2001 shareholders' equity are shown in the following table.

Share capital and reserves:

Share capital and shareholders' equity varied as follows in the year:

VARIATIONS IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2001

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	AVAILABLE RESERVE RETAINED EARNINGS	PROFIT FOR THE YEAR	TOTAL €
Share capital and reserves at 31/12/2000	4,669,600.00	62,186,400.00	20,658.28	512,261.51		67,388,919.79
- Profit for the year at 31/12/2000					6,533,399.59	6,533,399.59
Shareholders' equity at 31/12/2000						73,922,319.38
Allocation of profit - meeting of 30/4/2001:						
- to reserve			326,669.98		-326,669.98	0
- to available reserve				3,006,659.37	-3,006,659.37	0
- to shareholders as dividends					-3,200,070.24	-3,200,070.24
Shareholders' equity at 31/12/2001						70,722,249.14
Profit for the year at 31/12/2001					10,341,820.49	10,341,820.49
Balance at 31/12/2001	4,669,600.00	62,186,400.00	347,328.26	3,518,920.88	10,341,820.49	81,064,069.63

The following comments are disclosed concerning the other liability captions:

Employees' leaving entitlement: the employees' leaving entitlement amounts to Euro 1,382,730 net of payments on account;

The provision has varied as follows:

	(amounts in Euro)
Balance at 31/12/2000	1,015,027
Payments on account	- 73,079
Utilisation for terminations	- 55,786
Trasfer of personnel from Cad S.r.l.	268,772
2001 accrual	227,796
Balance at 31/12/2001	1,382,730

Payables due to banks: the company has not yet used mortgage current accounts with banks of Euro 8,263 thousand related to the investment for the construction of the new headquarters. The line of credit is guaranteed by way of mortgages on the building under construction totalling Euro 12,395 thousand. These mortgages are recognised under memorandum and contingency accounts.

Accounts payable to creditors: they represent normal accounts payable for services and goods received.

Amounts payable to subsidiaries: the caption is related to services received from the subsidiaries Cad S.r.l. (Euro 524,777), Cesbe S.r.l. (Euro 162,458) and NetBureau S.r.l. (Euro 20,004).

Sums payable to taxation authorities: they comprise direct taxes and withholding taxes payable, which will be partly paid within the legal terms and partly settled upon presentation of the tax return.

Social security charges payable: they comprise payables of Euro 799,828 due to social security authorities for the accrual of obligatory contributions to be charged to both the company and the employees.

Other sums payable: the balance comprises Euro 2,761,189 due to employees for current wages and salaries, holidays, production bonuses and reimbursements.

Accrued expenses and deferred income: the caption is composed of deferred income arising from software assistance services relating to the year. The amount is not material.

Financial position: 2001 cash flows are shown in the following table with comparative prior year figures.

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

	(amounts in Euro)	
	2001	2000
OPERATING ACTIVITIES		
Profit (loss) for the year	10,341,820	6,533,400
Amortisation and depreciation:		
- tangible fixed assets	39,629	18,762
- intangible fixed assets	1,006,232	904,714
- goodwill arising on consolidation	0	0
Provisions:		
employees' leaving entitlement	227,796	165,932
other provisions	0	0
Utilisation of provisions for contingencies and other charges	0	0
(Gains)/losses on sale of fixed assets	0	0
Sub-total	11,615,478	7,622,807
Utilisation of employees' leaving entitlement	139,907	(40,636)
(Increase)/Decrease in receivables included under assets forming part of working capital	(9,357,316)	(8,360,283)
(Increase)/Decrease in inventory	0	0
(Increase)/Decrease in deferred expenses and accrued income	115,847	(165,178)
(Increase)/Decrease in other financial assets not of a fixed nature	0	0
Increase/(Decrease) in accounts due to creditors	1,970,599	1,349,364
Increase/(Decrease) in accrued expenses and deferred income	25,971	275
Increase/(Decrease) in other non-financial payables	(9,454)	1,769,465
Total	(7,114,446)	(5,446,993)
Cash flows from (for) operating activities	4,501,032	2,175,814

INVESTING ACTIVITIES

(Purchase)/Sale of tangible and intangible fixed assets		(5,701,078)
(Purchases)/Sale of investments in subsidiary companies consolidated with the full consolidation method		(8,568,253)
(Purchases)/Sale of intangible fixed assets	(522,120)	
(Purchase)/Sale of tangible fixed assets	(5,256,036)	
(Increase)/Decrease in other fixed assets	(9,228,547)	(1,041,502)
Realised gain from the sale of tangible and intangible fixed assets		
Valuation of associated companies using the equity method		
Purchase of investments in non-consolidated subsidiaries		
Increase in investments in associated companies		
(Purchases)/sales of other investments and securities		
Cash flows from (for) investing activities	(15,006,702)	(15,310,833)

FINANCING ACTIVITIES

(Increase)/Decrease in financial payables		(100,952)
Increase/(Decrease) in reserves		62,161,598
Shareholders' equity pertaining to minority interest	0	
Distribution of dividends	(3,200,070)	(3,098,741)
Capital injections		4,659,271
Cash flows from (for) financing activities	(3,200,070)	63,621,175
Total cash flows	(13,705,740)	50,486,158
Opening liquid funds, net	50,890,146	403,989
Closing liquid funds, net	37,184,406	50,890,146

5.1 - INVESTMENTS IN SUBSIDIARY COMPANIES (amounts in Euro)

COMPANY NAME	SHARE CAPITAL Euro	QUOTAHOLDERS' EQUITY AT 31/12/2001 INCLUDING PROFIT OR	LOSS/PROFIT FOR THE YEAR	PERCENTAGE OF INVESTMENT AT 31/12/2001	FINANCIAL STATEMENT VALUE AT 31/12/2001	PORTION OF QUOTAHOLDERS' EQUITY HELD
Cad S.r.l. - registered office: Verona (1)	130,000	939,789	562,863	100.000%	5,823,652.80	939,789.00
CESBE S.r.l. - registered office: Verona (1)	10,400	1,726,747	1,560,769	52.000%	56,818.01	867,908.44
4 Emme Informatica S.r.l. - registered office: Lodi (1)	25,823	89,843	53,905	65.000%	118,401.46	58,397.95
SYRM S.r.l. - registered office: Verona (1)	10,400	161,174	134,924	75.000%	32,456.73	120,880.50
NETBUREAU S.r.l. - registered office: Milan	50,000	120,291	68,422	60.000%	30,000.00	72,174.60
SGM S.r.l. - registered office: Padua (2)	1,044,650	814,906	-706,279	52.000%	2,539,246.59	423,751.12
S.M.A.R.T. LINE S.r.l. - reg. office: Avellino (1) (3)	102,700	164,143	55,534	51.0506%	664,065.46	83,795.99
DQS S.r.l. - registered office: Rome (1) (4)	11,000	896,403	881,130	55.000%	3,263,475.08	493,021.65
TOTAL					12,528,116.13	3,089,719.25

5.1.1 - INVESTMENTS IN INDIRECT SUBSIDIARY COMPANIES

COMPANY NAME	SHARE CAPITAL Euro	QUOTAHOLDERS' EQUITY AT 31/12/2001 INCLUDING PROFIT OR	LOSS/PROFIT FOR THE YEAR	PERCENTAGE OF INVESTMENT AT 31/12/2001	SUBSIDIARY COMPANY HELD BY
ARCH-IT S.R.L. - registered office: ROMA	50,000	46,119	-3.881	70%	DQS S.R.L.
TECSIT S.R.L. - registered office: ROMA	75,000	74,546	9,529	70%	DQS S.R.L.
FIRSTCOM S.R.L. - registered office: PADOVA	25,000	10,876	-14,124	52%	SGM S.R.L.

5.2 - INVESTMENTS IN ASSOCIATED COMPANIES

(amounts in Euro)

COMPANY NAME	SHARE CAPITAL	QUOTAHOLDERS' EQUITY AT	31/12/2001 INCLUDING PROFIT OR LOSS FOR THE YEAR	PERCENTAGE OF INVESTMENT AT 31/12/2001	FINANCIAL STATEMENT VALUE AT 31/12/2001	PORTION OF QUOTAHOLDERS' EQUITY HELD
DATAFOX S.r.l. - registered office: Florence	99,999	304,345	-12,129	35,055%	351,009.93	106,688.14
SICOM INFORMATICA S.r.l. - registered office: Viadana	10,400	518,003	391,098	25,000%	2,600.00	129,500.75
TOTAL					353,609.93	236,188.89

5.2.1 - INVESTMENT IN INDIRECT ASSOCIATED COMPANIES

DENOMINAZIONE	SHARE CAPITAL Euro	QUOTAHOLDERS' EQUITY AT	31/12/2001 INCLUDING PROFIT OR LOSS FOR THE YEAR	PERCENTAGE OF INVESTMENT AT 31/12/2001	ASSOCIATED COMPANY HELD BY
ISIS S.P.A. - sede: SAN MARINO	284.047	284.690	643	24%	CAD S.R.L.
BITGROOVE S.R.L. - sede: AGLIANA (PT)	15.500	17.846	-3.182	20%	SMART LINE S.R.L.
TECLAB S.R.L. - sede: LA SPEZIA ⁽⁶⁾	72.303,96	57.227	1.710	32,571%	DQS S.R.L. -TECSIT S.R.L.

(1) The higher financial statement values compared to the portion of quotaholders' equity of Cad S.r.l., 4 Emme Informatica S.r.l., SGM S.r.l. and DQS S.r.l. held are due to goodwill paid upon acquisition of these investments. The recognition of these investments at cost, which is higher than the respective portions of quotaholders' equity, is justified by their positive actual and/or expected results.

(2) The higher financial statement value compared to the portion of quotaholders' equity of SGM S.r.l. held is due to goodwill paid upon acquisition of the investment. The recognition of this investment at cost, which is higher than the portion of quotaholders' equity held, is justified by its positive actual and/or expected results.

(3) The controlling investment in Smart Line S.r.l. was purchased on 22 June 2001.

(4) The controlling investment in DQS S.r.l. was purchased on 14 May 2001.

(5) The investment in the associated company Datafox S.r.l. was made on 17 April 2001 through the acquisition of quotas and the subscription of the quota capital increase.

(6) Based on the last financial statement available (as at and for the year ended 31 December 2000).

5.3 - OTHER INVESTMENTS

An investment of 1.84% was also acquired in the Milan-based listed company Class Editori S.p.A.. The stake consists of 1,694,171 ordinary shares each of a nominal value of Euro 0.10

	2001	2000
Percentage of investment	1.84%	-%
No. of shares held:	1,694,171	-
Book value:	6,022,021	-
Stock Exchange rate (average rate in the past half year):	7,062,999	-

For further information on investments in subsidiary and associated companies reference is made to the directors' report enclosed to these notes and to the consolidated financial statements of CAD IT Group.

6 - RECEIVABLES AND PAYABLES DUE AFTER FIVE YEARS AND PAYABLES GUARANTEED BY COLLATERAL ON THE COMPANY'S ASSETS, WITH SPECIFIC INDICATION OF THEIR NATURE AND RELATED GUARANTEES

The financial statements do not include any receivables or payables due after five years.

7 - COMPOSITION OF THE CAPTIONS "DEFERRED EXPENSES AND ACCRUED INCOME", "ACCRUED EXPENSES AND DEFERRED INCOME", "OTHER PROVISIONS" AND "OTHER RESERVES"

The caption D) "Accrued income and deferred expenses" comprises Euro 49,877 of advertising costs, insurance costs, and specialised, assistance and other minor services relating to the following year.

The caption E) "Accrued expense and deferred income" comprises the deferred income from software assistance services relating to the year.

No provisions for contingencies and other charges have been accounted for under liabilities. The liability caption AVII) "Other reserves" is fully composed of retained earnings, which are available provided that compliance with the provision of point 1, paragraph 5 of article 2426 of the Civil Code - related to non-amortised start-up and capital costs, research, development and advertising costs - is maintained.

The existing available reserves, comprising realised profits, largely cover residual start-up and capital costs.

Reserves and provisions

The variations in reserves and provisions are as follows:

(amounts in Euro)

Description	31/12/2000	Increase	Decrease	31/12/2001
Legal reserve	20,658	326,670		347.328
Available reserve	512,262	3,006,659		3,518,921

INFORMATION REQUIRED BY ARTICLE 105 OF PRESIDENTIAL DECREE NO. 917/1986

For the purpose of the recognition of tax credits on dividends, it should be noted that at the date of presentation of the latest tax

return:

- the total tax credit calculated in accordance with paragraphs 2 and 3 of article 105 of Presidential Decree no. 917/1986 amounts to Euro 5,323,553, of which Euro 1,879,401 has already been used for the distribution of dividends resolved in 2001.

- the total tax credit calculated in accordance with paragraph 4 of article 105 of Presidential Decree no. 917/1986, amounts to Lit Euro 673.

Income tax for the year - The caption of Euro 4,700,257 comprises the IRPEG and IRAP tax charges for the year, of Euro 3,986,984.77 and Euro 666,196 respectively, and also Euro 47,076 million arising from the recognition of deferred tax assets and liabilities, and related adjustments, in the profit and loss account.

At the date of these notes the company does not have any assessments by or litigations with the tax authorities. The last year closed to inspection for direct tax purposes is 1995, whereas 1996 is the last year for VAT purposes.

8 - FINANCIAL CHARGES FOR THE YEAR CAPITALISED BY CATEGORY OF ASSET

No financial charges have been capitalised.

9 - COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET

The company has not given any endorsement liabilities or personal guarantees on behalf of third parties, subsidiaries or associated companies, which are not included in the balance sheet.

At the year end there was a guarantee deposit with a bank on behalf of third parties amounting to Euro 10,329 and related to a rented

building.

The mortgage guarantees of Euro 12.4 million related to the credit lines of Euro 8.2 million granted by banks for the construction of the new head office have been maintained. These credit lines have not currently been used.

10 - TURNOVER FROM GOODS AND SERVICES BY TYPE OF BUSINESS AND GEOGRAPHIC AREA

Turnover can be broken down as follows:

(amounts in Euro)

	31/12/2001	31/12/2000
= software services	19,308,650	15,855,227
= software and hardware assistance	0	29,796
= other	96,990	109,383
Total turnover	19,405,640	15,994,406

A breakdown of services by geographic area or customers' business is not significant.

The great part of the company's turnover arises from services rendered to the subsidiary CAD S.r.l.. As better described in the directors' report, the significant increase in this caption is due to the services rendered to other customers, amounting to Euro 5,115,098. The transactions with CAD S.r.l., based on a contractually regulated relationship of over ten years, take place at arm's length conditions.

11 - GAINS ON INVESTMENTS OTHER THAN DIVIDENDS

Tax credits on dividends amount to Euro 940,641.

12 - BANK INTEREST EXPENSE, OTHER PAYABLES DUE TO BANKS AND OTHER FINANCIAL CHARGES

The profit and loss account caption C17) can be broken down as follows:

	(amounts in Euro)	
	31/12/2001	31/12/2000
- interest expense on mortgage loans	0	5,056
- bank interest expense on mortgage current accounts	0	11,985
- bank interest expense on payables due to banks	178	12,814
- other interest expense	2	19,258
- losses on sale of securities included under assets forming part of working capital	250	5,045
Total	430	54.158

13 - COMPOSITION OF THE CAPTIONS "EXTRAORDINARY INCOME" AND "EXTRAORDINARY EXPENSES"

No extraordinary income has been gained. Extraordinary expenses, represented by previous years items, total Euro 1,574.

14 - FISCALLY-DRIVEN WRITE-DOWNS AND PROVISIONS

No such write-downs or provisions have been made.

15 - AVERAGE NUMBER OF EMPLOYEES

The average number of employees is as follows:

<i>Average number of employees</i>	<i>2001</i>	<i>2000</i>	<i>Variation</i>
- White collars	59.92	34.00	25.92
- Apprentices	0.13	0.00	0.13
Total	60.05	34,00	26.05

The average number of employees at the two years ends is as follows:

<i>Number of employees at</i>	<i>31/12/2001</i>	<i>31/12/2000</i>	<i>Variation</i>
- White collars	186	34	152
- Apprentices	1	0	1
Total	187	34	153

16 - EMOLUMENTS OF THE DIRECTORS AND STATUTORY AUDITORS

Total emoluments of the directors for the year amount to Euro 506,128, while those of the statutory auditors amount to Euro 62,800.

The emoluments of the directors and statutory auditors of the parent company and subsidiaries are the following:

(amounts in Euro)

Directors:	Role	Cad It S.p.A.*	Subsidiaries
Giuseppe Dal Cortivo ⁽¹⁾	Chairman and managing director	117,752	99,160
Giampietro Magnani ⁽²⁾	Managing director	117,752	92,962
Luigi Zanella ⁽³⁾	Managing director	117,752	132,213
Maurizio Rizzoli ⁽⁴⁾	Managing director	117,752	24,790
Giovanni Costa	Director	10,846	
Wolfgang Koenig	Director	8,780	
Joze Gricar	Director	8,263	
Paolo Dal Cortivo ⁽⁵⁾	Director	7,230	12,395
Total		506.127	361.520

* all directors of CAD IT S.p.A. also receive an indemnity equal to 1/5 of their annual emoluments upon conclusion of their term of office. This indemnity is subject to annual revaluation on the basis of the cost of living index.

(1) the emoluments received from subsidiaries comprise Euro 6,197 as director of Cesbe S.r.l., Euro 6,197 as director of Syrm S.r.l. and Euro 86,765 million as legal representative of CAD S.r.l..

(2) the emoluments received from subsidiaries comprise Euro 86,765 as chairman and managing director of CAD S.r.l. and Euro 6,197 as director of NetBureau S.r.l..

(3) the emoluments received from subsidiaries comprise Euro 6,197 as director of Cesbe S.r.l., Euro 6,197 as director of Syrm S.r.l., Euro 86,765 as legal representative of CAD S.r.l., Euro 6,197 as director of 4 Emme Informatica S.r.l. and Euro 26,856 as director of DQS S.r.l..

(4) the emoluments received from subsidiaries comprise Euro 24,790 as legal representative of CAD S.r.l..

(5) the emoluments received from subsidiaries comprise Euro 6,197 as director of 4 Emme Informatica S.r.l. and Euro 6,197 as director of SGM S.r.l..

Statutory Auditors:	Role	CAD IT S.p.A.	Subsidiaries*
Sonia Mazzi ⁽¹⁾	Chairman	25,800	11,355
Giuseppe Cereghini ⁽²⁾	Statutory auditor	18,500	10,170
Giannicola Cusumano ⁽³⁾	Statutory auditor	18,500	5,420
Cesare Brena	Alternate auditor		
Paolo Debortoli	Alternate auditor		
Total		62,800	26,945

(1) the emoluments received from subsidiaries comprise Euro 8,050 as chairman of CAD S.r.l. and Euro 3,305 as statutory auditor of SGM S.r.l..

(2) the emoluments received from subsidiaries comprise Euro 5,420 as statutory auditor of CAD S.r.l. and Euro 4,750 as chairman of SGM S.r.l..

(3) the emoluments received from subsidiaries comprise Euro 5,420 as statutory auditor of CAD S.r.l..

17 - SHARE CAPITAL

The company's share capital amounts to Euro 4,669,600.00 and comprises 8.980,000 shares each of a nominal value of Euro 0.52.

The share premium reserve amounts to Euro 62,186,400.00.

18 - SECURITIES OR SIMILAR PRODUCTS ISSUED BY THE COMPANY

The company has no new or circulating securities, bonds or similar products.

For further information on the company's management, subsequent events and the relationships with subsidiary and associated companies, reference should expressly be made to the directors' report.

On behalf of the board of directors

The chairman

(signed on the original)

(Giuseppe Dal Cortivo)

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

CAD IT S.p.A.

Registered office: Verona - Via Torricelli, 37

Share capital Euro 4,669,600 fully paid-up

Verona Company Register no. 25971 -

Chamber of Commerce no. 210441

Tax and VAT no. 01992770238

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REPORT OF THE STATUTORY AUDITORS

**(in accordance with article 2429 of the Civil Code and article
153 of Legislative Decree no. 58/1998)**

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

In the course of the year ended 31 December 2001, we carried out our supervisory duties as required by law and in accordance with the recommendations of the *Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri*.

We drew up this report making specific reference to Consob communications no. 1025564 of 6 April 2001 and 97001574 of 20 February 1997.

In particular,

- we took part at the directors' board meetings and obtained from the directors by-monthly information on the activities carried out and those operations, carried out by the parent and subsidiary companies, which are most significant in respect of the company's financial position and results. We also controlled that

the resolutions taken and acted upon were in compliance with the legal requirements and the company's by-laws and verified that no overtly imprudent or hazardous actions were taken which may give rise to conflict of interest or compromise the integrity of the company's shareholders' equity.

- We performed direct observations, obtained information from the management in charge of the company's organisation and departments, and met the responsible auditors to exchange data and relevant information.

To the extent of our duties, we acquired knowledge and controlled that the company's organisation is adequate and complies with the principles of correct management.

- We assessed and verified the adequacy of the internal control and accounting systems and that the latter provides a reliable representation of the company's operations.

- We also verified the compliance with the provisions of the law and the company's by-laws governing management of operations and the preparation and format of the statutory and consolidated financial statements and of the directors' report, on the basis of direct observations and the information obtained from the auditors. We confirm that we have received a copy of the auditors' reports, according to which no findings arose.

- We assessed and supervised the adequacy of the instructions given to the subsidiary companies. These instructions served them to provide the parent company with all the necessary disclosures

to comply with the communication requirements of the law on a timely basis.

In the course of the above described supervisory activities, no significant events occurred or omissions were noted which should be notified to the relevant regulatory bodies or mentioned in this report. We inform you that no complain or claim was submitted as provided by article 2408 of the Civil Code.

- In the course of 2001, the boards of directors and statutory auditors held 7 and 6 meetings respectively.
- The board of directors provided complete information, also in respect of transactions with group companies and related parties and no unusual transactions were noted.
- The auditors, KPMG S.p.A., have been engaged to provide administration advisory services and train the administrative personnel in charge of periodical reporting and of the preparation of financial statements. The fees paid for these services amount respectively to Euro 7,226 and Euro 15,493.

The allocation of profit for the year proposed by the board of directors complies with the relevant legislation and the company's by-laws.

In conclusion, we inform you that we are in favour of your approval of the financial statements at 31 December 2001 and the allocation of profit as proposed by the board of directors.

The board of statutory auditors

Sonia Mazzi

Giuseppe Cereghini

Giannicola Cusumano



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

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
<hr/>		

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