



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

***Half-Year Report  
as at and for the six months  
ended 30 June 2003***

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# First Half-Year Report 2003

Drawn up in accordance with CONSOB resolution no. 11971 of 14 May 1999 and subsequent changes and integrations

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## Corporate Bodies

### BOARD OF DIRECTORS<sup>1</sup>

GIUSEPPE DAL CORTIVO  
*Chairman and Managing Director*

LUIGI ZANELLA  
*Managing Director*

GIAMPIETRO MAGNANI  
*Managing Director*

MAURIZIO RIZZOLI  
*Managing Director*

PAOLO DAL CORTIVO

FRANCESCO ROSSI

LAMBERTO LAMBERTINI

ALBERTO MIAZZI

### STATUTORY AUDITORS<sup>2</sup>

SONIA MAZZI  
*Chairwoman*

GIUSEPPE CEREGHINI  
*Statutory Auditor*

GIANNICOLA CUSUMANO  
*Statutory Auditor*

GIAN PAOLO RANOCCHI  
*Substitute Statutory Auditor*

CESARE BRENA  
*Substitute Statutory Auditor*

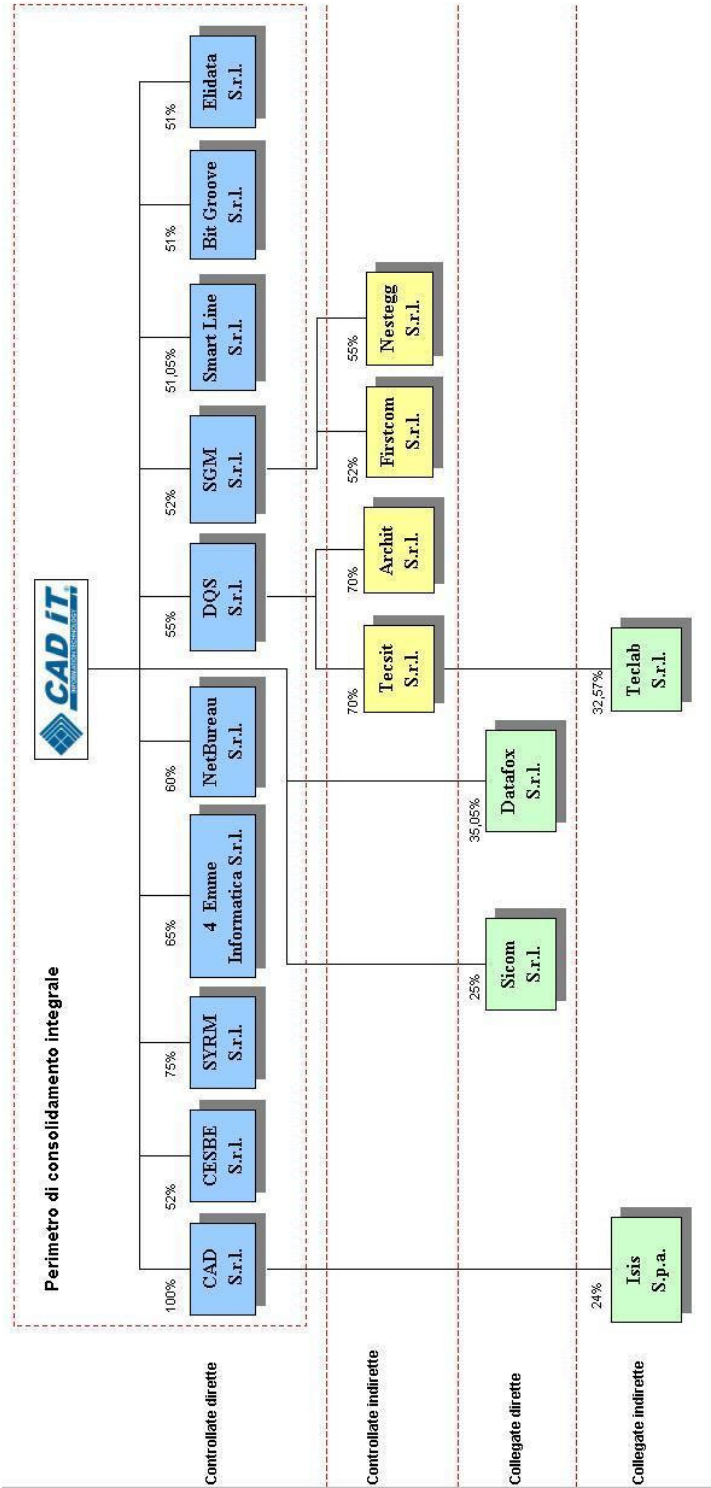
### AUDITORS KPMG S.p.A.

<sup>(1)</sup> Appointed on 30 April 2003

<sup>(2)</sup> Appointed on 30 April 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 can not be delegated by law and those assigned to the Board of Directors by article 14 of the company by-laws. The principal duties assigned to the Board of Directors by the company by-laws are: the examination and approval of the strategic, industrial and financial plans of the company; the appointment of the general managers; the purchase, sale, exchange or transfer of fixed assets and real estate rights; the granting of collateral on buildings; the set up of new subsidiaries and the take-over, acquisition or sale of corporate investments; the acquisition, 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 € 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.

Each of the Managing Directors is authorised to perform all ordinary administrative duties including ordering banking transactions not exceeding € 1 million each. They are also authorised to acquire or sell registered moveable assets.



## 1. Performance of the Group and the company

### 1.1 Foreword

For the preparation of the half-year report the company has complied with the criteria and provisions established by CONSOB with resolutions no. 12475 of 6 April 2000 and no. 11971 of 14 May 1999. The balance sheet and profit and loss account are drawn up in accordance with the provisions of Legislative Decree no. 127/1991 and the instructions of the Italian Civil Code (articles 2424, 2424 bis, 2425 and 2425 bis).

### 1.2 Information on CAD IT S.p.A.

CAD IT was set up as a joint stock company under Italian law.

The registered office and the administrative and operating offices are in Via Torricelli 44/a, Verona.

The company is registered in the Verona Company Register under no. 01992770238.

At 30 June 2003, share capital amounts to € 4,669,600, fully subscribed and paid-in, and comprises 8,980,000 ordinary shares of a nominal value of € 0.52 each, each with equal rights.

These shares are nominal and cannot be divided. Each of them entitles to one vote in the ordinary and extraordinary meetings of the company and to the execution of all other corporate and property rights in accordance with the law and the company's by-laws. They can be freely transferred with no limitation.

#### 1.2.1 Corporate Bodies

The Board of Directors of the company CAD IT S.p.A. comprises the following eight members, of whom three are independent:

- Giuseppe Dal Cortivo	Chairman and Managing Director
- Luigi Zanella	Managing Director
- Giampietro Magnani	Managing Director
- Maurizio Rizzoli	Managing Director
- Paolo Dal Cortivo	
- Francesco Rossi	
- Lamberto Lambertini	
- Alberto Miazzi	

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 can not be delegated by law and those assigned to the Board of Directors by article 14 of the company by-laws. The principal duties assigned to the Board of Directors by the company by-laws are: the examination and approval of the strategic, industrial and financial plans of the company; the appointment of the general managers; the purchase, sale, exchange or transfer of fixed assets and real estate rights; the granting of collateral on fixed assets; the set up of new subsidiaries and the take-over, acquisition or sale of corporate investments; the acquisition, sales, 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 € 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.

Each of the Managing Directors is authorised to perform all ordinary administrative duties including ordering banking transactions not exceeding € 1 million each. They are also authorised to acquire or sell registered moveable assets.

The Board of Statutory Auditors of the company CAD IT S.p.A. comprises the following five members, of whom three Statutory Auditors and two Substitute Statutory Auditors:

- Sonia Mazzi	Chairwoman
- Giuseppe Cereghini	Statutory Auditor
- Giannicola Cusumano	Statutory Auditor
- Gian Paolo Ranocchi	Substitute Statutory Auditor
- Cesare Brena	Substitute Statutory Auditor

### ***1.3 Activities of the Group***

CAD IT Group has developed and distributed IT solutions for the banking sector and the small to medium size industry for over 20 years. CAD IT provides standard and customised application software, maintenance and upgrading services as well as consulting and training services.

CAD IT has become the Italian market leader in the supply of IT solutions in the financial sector with its Finance Area software, adopted by over 50% of the Italian bank branches, for the complete management of negotiations and related functions, as well as the regulation and administration of purchases and sales of shares, bonds and derivatives in any currency in the Italian and foreign regulated markets.

In addition, in synergy with its activities in the financial sector, the Group has long operated in the industrial sector, providing and continuing to develop e-business solutions for banks and industrial companies.

Over the past years, the company has made significant investments in new products that allow taking advantage of the latest and most sophisticated technologies.

### ***1.4 Significant events in 2003***

On 9 April, CAD IT S.p.A. shareholders' meeting, held upon first call, approved unanimously the distribution of an extraordinary dividend of € 3 per share.

The coupon was detached and the dividend was paid on 14 and 17 April 2003, respectively.

On 30 April, CAD IT S.p.A. shareholders' meeting, held upon first call, approved the 2002 financial statements. On the basis of the positive results, the shareholders' meeting resolved to distribute a dividend of € 0.18 per share and allocate € 1.5 million to a reserve, in the same proportion as in 2001.

The coupon was detached and the ordinary dividend was paid on 12 and 15 May 2003, respectively.

## **1.5 The market**

The IT turnover is expected to grow by 2.6% in Italy in 2003. According to the European Information Technology Observatory (EITO), in fact, the Italian growth rate doubles the European average rate. Whereas the European growth rate is affected by the negative performance of the ITC sector in Germany (down 1.9% in the current year), the Italian growth rate approximates those of France, Spain and United Kingdom. The research institute foresees a much more remarkable growth for 2004: up 4.3% in Italy and 3.7% in Europe. The 2003 figure represents a sharp improvement compared to the 1.5% contraction registered in Italy in 2002. In Italy, the current year increase is particularly relevant in the TLC sector (up 4.5%) and is significant in the software and services sector (up 2.6%), whereas hardware sales continue to decrease (down 1.6%), even though less than in previous years.

## **1.6 Research and development**

Investments in research and development activities are fully expensed in the period. They principally comprise expenses for the personnel dedicated to the design and development of new software.

The Group continues to design new modules to upgrade the technological and functional content of its broad range of software products already installed, in order to strengthen its core business. The substantial investments in research and development financed in 2002 have a good effect on the market in terms of purchases of licences.

Apart from the various projects and products related to the Finance Area, the new Private Banking and Asset Management platforms offered by CAD IT are meeting with great interest.

With respect to new projects, it continues research and development activities for the SIBAC platform, software created for the management of the entire IT systems of Italian and foreign banks and financial institutions. The marketing activity carried out by CAD IT on an international level together with its partners HP and Dynasty is intense.

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

- CAD IT S.p.A. and CAD S.r.l. are developing new important modules of the Finance Area software, which will be launched onto the market in 2003. They are also focused on the integration of the "Babele" software, produced by Bit Groove, with several products of the CAD IT Group offered to clients of both the industrial and banking sectors. The development activities to upgrade the Finance Area software with new modules to comply with the new international accounting principles (International Financial Reporting Standards) are intense. These standards shall be adopted by the companies listed on regulated markets and by financial institutions, listed and unlisted, with effect from the 2005 financial statements.
- Cesbe S.r.l. continues to invest in the technological and functional upgrading of its solutions for on-line trading and e-training solutions.
- NetBureau S.r.l. is developing vertical portals (mainly for financial purposes), web 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. developed vertical IT solutions of the SIGMAWEB software for various sectors.
- DQS S.r.l. is investing resources to re-engineer the procedure for the management of "depository banks".
- Elidata S.r.l. continues investing to increase further the functions of its platform for linking to the financial markets.

Within the industrial division, notwithstanding the strong national and international competition, the

investments made for the ERP SIGMAWEB verticalisation are producing their results.

## 1.7 Investments

As described in the 2002 annual report, the Group made considerable investments in the construction of the new Verona head offices owned by CAD IT S.p.A. as part of its programmed expansion. The head offices became operative in September 2002.

With a site of more than 7,000 square metres, this structure is one of the most modern centres for the production of IT software and the supply of services and organisation consulting for the financial and industrial sectors, with extremely high quality standards.

Investments in tangible and intangible fixed assets made by the consolidated Group companies in the first half year 2003 are shown in aggregate in the following table:

<i>Summary of investments</i>	<i>1st half year 2003</i>	<i>1st half year 2002</i>
Intangible fixed assets	888,101	654,849
Assets under development and payments on account		
Plant, machinery, equipment and other tangible fixed assets	299,305	394,298
Buildings under construction and payments on account		2,175,866
<i>Total investments in tangible and intangible fixed assets</i>	<i>1,187,406</i>	<i>3,225,012</i>
Shareholdings and financial investments		1,019,711
Financial amounts receivable	22,159	1,167
<i>Total shareholdings and financial investments</i>	<i>22,159</i>	<i>1,020,878</i>
<i>Total investments</i>	<i>1,209,565</i>	<i>4,245,890</i>

Investments in intangible fixed assets mainly relate to the purchase of specific software necessary for production or the performance of the Group's activities.



## 1.8 Financial performance

The financial performance resulted in an income of € 343 thousand in the first half year 2003:

31/12/2002		30/06/2003	30/06/2002
120,567	Financial income from receivables classified as fixed assets	57,087	117,335
	Financial income from invested liquidity		
1,350,550	Bank interest	342,369	702,264
<b>1,471,117</b>	<b>Total other financial income</b>	<b>399,456</b>	<b>819,599</b>
(91,753)	Interest expense and other financial charges	(56,502)	(33,022)
<b>1,379,364</b>	<b>Financial income and charges, net</b>	<b>342,954</b>	<b>786,576</b>

## 1.9 Net consolidated financial position

The consolidated net financial position is positive at the end of the first half year 2003, notwithstanding the distribution of ordinary and extraordinary dividends totalling € 28,556,400, as resolved in the meetings of 9 and 30 April 2003, and shows a short-term liquidity of € 10,975 thousand, against € 31,476 thousand at 31 December 2002.

31/12/2002	Variation in net financial position/(indebtedness)	30/06/2003	30/06/2002
27,069,127	Cash-on-hand and at bank	6,478,264	31,298,758
5,249,442	Financial assets not of a fixed nature	5,335,346	5,160,795
(842,662)	Payables due to banks including current portion of medium to long-term loans	(838,399)	(1,018,576)
<b>31,475,907</b>	<b>Net short-term financial position/(indebtedness)</b>	<b>10,975,211</b>	<b>35,440,976</b>
	Long-term loans net of short-term portion		(15,494)
	<b>Net long-term financial position/(indebtedness)</b>		<b>(15,494)</b>
<b>31,475,907</b>	<b>Net financial position / (indebtedness)</b>	<b>10,975,211</b>	<b>35,425,482</b>

### ***1.10 Significant subsequent events and expected future developments***

Subsequent to 30 June, no important events affected significantly the Group's financial position and results.

In the current year, signs of recovery in the demand for licences and services are seen to come from banks and industries further to the intense investment policy carried out by the Group in research and development, aimed at the realisation of new products.

As expected, at the beginning of 2003 cash flows from operating activities are much higher than those of the previous year (€ 9.5 million against € 4.4 million in the first half 2002). This gap may be maintained also over the following months to further improve the net financial position, which draws up to € 10.9 million in June.

### ***1.11 Consolidation area***

#### **Consolidation principles**

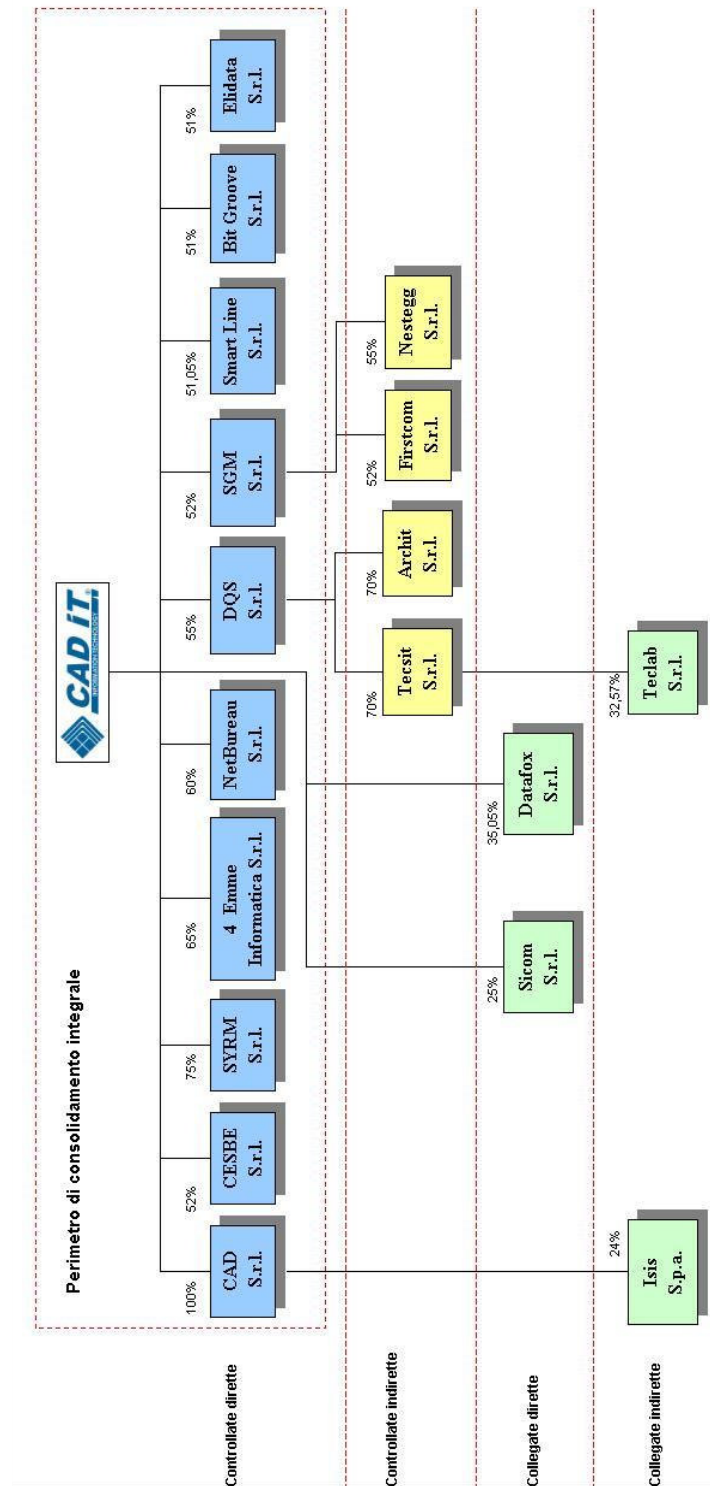
The operating companies that are directly or indirectly controlled by CAD IT, or on which it had a dominating influence are usually consolidated on a line-by-line basis.

Those companies in which CAD IT has either an indirect controlling interest or on which it has a significant influence are valued using the equity method.

For further details reference is made to the following paragraph and to the list of investments in subsidiary and associated companies.

#### **Consolidation area and related variations**

Compared to 30 June 2002 and 31 December 2002, the area of full consolidation remains unchanged. The consolidation area and the subsidiary and associated companies are shown in the graph below:



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

<i>Company name</i>	<i>Registered office</i>	<i>Share / Quota capital</i>	<i>Percentage of investment</i>	<i>Percentage of investment of the Group</i>
<i>Consolidated line-by-line</i>				
Cad IT S.p.A.	Verona	4,669,600	Parent company	
Cad S.r.l.	Verona	130,000	100.00%	100.00%
Cesbe S.r.l.	Verona	10,400	52.00%	52.00%
Syrm S.r.l.	Verona	10,400	75.00%	75.00%
4 Emme Informatica S.r.l.	Lodi	26,000	65.00%	65.00%
NetBureau S.r.l.	Milan	50,000	60.00%	60.00%
S.G.M. S.r.l.	Padua	1,044,650	52.00%	52.00%
D.Q.S. S.r.l.	Rome	11,000	55.00%	55.00%
Bit Groove S.r.l.	Agliana (PT)	15,500	51.00%	51.00%
Elidata S.r.l.	Castiglione d'Adda (LO)	20,000	51.00%	51.00%
Smart Line S.r.l.	Avellino	102,700	51.05%	51.05%
<i>Subsidiaries valued using the equity method</i>				
(**) Tecsit S.r.l.	Rome	75,000	70.00%	38.50%
(**) Arch It S.r.l.	Rome	50,000	70.00%	38.50%
(***) Nestegg S.r.l.	Milan	25,000	55.00%	28.60%
(***) Firstcom S.r.l.	Padua	25,000	52.00%	27.04%
<i>Associated companies valued using the equity method</i>				
Datafox S.r.l.	Florence	99,999	35.05%	35.05%
Sicom S.r.l.	Viadana (MN)	10,400	25.00%	25.00%
(*) Isis S.p.A.	San Marino	284,048	24.00%	24.00%
(****) Teclab S.r.l.	32.571	72,304	32.571%	12.54%

- (\*) held through CAD S.r.l.  
(\*\*) held through DQS S.r.l.  
(\*\*\*) held through SGM S.r.l.  
(\*\*\*\*) held through Tecsit S.r.l.

The following subsidiaries, valued using the equity method, are excluded from the full consolidation area:

- Tecsit S.r.l., controlled by DQS S.r.l., as it operates in a sector different from the Group, and immaterial;
- Arch It S.r.l., controlled by DQS S.r.l. and immaterial;
- Nestegg S.r.l., controlled by SGM S.r.l., immaterial and in liquidation;
- Firstcom S.r.l., controlled by SGM S.r.l., immaterial and in liquidation.

Total assets and revenues of the non-consolidated subsidiaries represent 0.83% and 1.27% of the Group's assets and revenues, respectively.

The associated company Teclab S.r.l., 32.57% held through Tecsit S.r.l., is valued at cost.

### **1.12 Accounting policies**

The consolidation and accounting policies applied here are the same as those applied in the preparation of annual consolidated financial statements.

The calculation of profit for the period is based on the best estimate of the IRPEG and IRAP tax charges for the period, depending on the current tax legislation and the results for the period, and takes into account the tax benefits arising from the listing on a regulated market.

Profit for the period and shareholders' equity pertaining to minority interests are calculated on the basis of the profits and equities of the relevant companies, net of the estimated tax charges for the period.

The consolidated balance sheet and profit and loss account as at and for the six months ended 30 June 2003 are based on the balance sheets and profit and loss accounts included in the half-year reports of the individual subsidiary and associated companies of the Group at the same date, duly reclassified and adjusted to reflect application of consistent accounting policies.

The quotaholders' equities of the fully consolidated subsidiaries used for the preparation of this consolidated half-year report at 30 June 2003, are as follows:

<i>Company name</i>	<i>Date of reference</i>	<i>Quotaholders' equity</i>	<i>Profit for the period</i>	<i>Percentage of investment</i>	<i>Investment value</i>
Cad S.r.l.	30/06/2003	1,112,571	284,120	100.00%	1,396,691
Cesbe S.r.l.	30/06/2003	2,090,855	730,932	52.00%	1,467,329
Syrm S.r.l.	30/06/2003	69,916	7,332	75.00%	57,936
4 Emme Informatica S.r.l.	30/06/2003	119,758	18,250	65.00%	89,705
NetBureau S.r.l.	30/06/2003	72,996	(11,057)	60.00%	37,164
S.G.M. S.r.l.	30/06/2003	43,524	(32,688)	52.00%	5,635
D.Q.S. S.r.l.	30/06/2003	23,270	418,282	55.00%	242,854
Bit Groove S.r.l.	30/06/2003	22,029	(25,047)	51.00%	(1,539)
Elidata S.r.l.	30/06/2003	169,603	165,162	51.00%	170,730
Smart Line S.r.l.	30/06/2003	121,730	161,730	51.05%	144,708

The accounting policies adopted for the preparation of the consolidated half-year report and figures are consistent with those adopted in the preparation of the annual consolidated financial statements.

The items are valued in line with the general principles of prudence and accruals on a going concern basis.

No exceptional cases are identified such as to require waivers to the regulations for financial statements set out in paragraph 4 of article 2423 of the Civil Code.

Estimates, which have been used where necessary to correctly reflect the Group's financial position and results for the period, are immaterial.

As CAD IT is obliged to prepare consolidated accounts, this half-year report is drawn up on a consolidated basis. The six-monthly figures of CAD IT S.p.A. are also included.

### ***1.12.1 Recognition of revenues and costs***

Revenues and income are prudently accounted for according to the concepts of prudence and accruals basis. Unrealised profits are excluded also taking into consideration the risks and losses accrued in the period, even becoming known at a subsequent date.

Assistance and/or maintenance services provided to customers against payment of annual fees are recorded on an accruals basis.

Costs are recognised on a similar basis to revenues.

### ***1.12.2 Comparison with previous periods***

These figures relate to the half year of reference and are compared to the figures of the same previous year period and at 31 December 2002.

The figures of the net financial position are compared with the corresponding previous period figures and with those at the previous year end.

The financial schedules are comparable with the information provided in the half-year report and the consolidated financial statements of the previous year.

## 2. Consolidated Half-Year Report of the Group

This section provides information and the schedules related to the consolidated figures of the Group, whereas those of the parent company CAD IT S.p.A. are set out at the end of this report.

As the parent company's core business consists in supplying services to the subsidiary companies and co-ordinating their management, the results of the parent company itself can be better understood in the light of the consolidated figures.

Monetary items in the accounting schedules are stated in Euro, whereas those in the comments thereto are in thousands of Euro, unless otherwise stated.

### 2.1 Consolidated Balance Sheet - Assets

31/12/2002		30/06/2003	30/06/2002
	A) SHARE CAPITAL PROCEEDS TO BE RECEIVED		
	I. Already called up		
	II. Not yet called up		
	<b>Total share capital proceeds to be received (A)</b>		
	B) FIXED ASSETS		
	I. Intangible fixed assets		
1,763,690	1) Start-up and capital costs	1,322,596	2,206,756
	2) Research, development and advertising costs		
16,012	3) Industrial patents and similar rights	4,779	26,663
368,117	4) Licences, trademarks and similar rights	1,111,913	353,235
19,522	5) Goodwill	17,895	21,149
9,269,492	5 bis) Goodwill arising on consolidation	8,653,197	9,875,425
116,009	6) Assets under development and payments on account		
880,043	7) Other	828,644	884,661
<b>12,432,885</b>	<b>Total intangible fixed assets</b>	<b>11,939,024</b>	<b>13,367,889</b>
	II. Tangible fixed assets		
11,433,644	1) Land and buildings	11,392,686	114,768
211,256	2) Plant and machinery	202,168	107,929
484	3) Industrial and commercial equipment	374	508
2,090,803	4) Other assets	1,932,087	1,358,255
	5) Assets under construction and payments on account		9,784,052
<b>13,736,187</b>	<b>Total tangible fixed assets</b>	<b>13,527,315</b>	<b>11,365,513</b>
	III. Financial fixed assets		
	1) Investments in:		
	a) Subsidiary companies		
114,778	a-bis) Subsidiaries valued using the equity method	131,409	85,430
568,323	b) Associated companies	559,749	529,405
6,022,073	c) Other	6,022,073	6,022,047
	2) Amounts receivable:		
	a) From subsidiary companies		
	b) From associated companies		
68,451	d) Other due after one year	83,838	71,826
	3) Other securities		
	4) Own shares		
<b>6,773,625</b>	<b>Total financial fixed assets</b>	<b>6,797,069</b>	<b>6,708,707</b>
<b>32,942,697</b>	<b>Total fixed assets (B)</b>	<b>32,263,408</b>	<b>31,442,109</b>

C) ASSETS FORMING PART OF WORKING CAPITAL				
I. Inventory				
	1) Raw materials, consumables and supplies			1,085
	2) Work in progress and semi-finished products			
	3) Contract work in progress	169,000		10,000
323,553	4) Finished goods	304,896		146,804
	5) Payments on account			
<b>323,553</b>	<b>Total</b>	<b>473,896</b>		<b>157,889</b>
II. Receivables				
28,401,499	1) Trade receivables	30,279,883		34,197,133
	2) Subsidiary companies			52
119,392	2 bis) Subsidiaries valued using the equity method	113,781		3,190
	3) Associated companies	59,546		
	4) Parent companies			240
3,822,248	5) Others due within one year	1,256,569		1,577,685
<b>32,343,139</b>	<b>Total</b>	<b>31,709,779</b>		<b>35,778,300</b>
III. Financial assets not of a fixed nature				
	1) Investments in subsidiary companies			
	2) Investments in associated companies			
	3) Investments in parent companies			
	4) Other investments			
	5) Own shares (total nominal value ....)			
	6) Other securities			
5,249,442	7) Insurance policies capitalised	5,335,346		5,160,795
<b>5,249,442</b>	<b>Total</b>	<b>5,335,346</b>		<b>5,160,795</b>
IV. Liquid funds				
27,046,609	1) Bank and postal accounts	6,449,394		31,281,955
643	2) Cheques on hand	2,286		
21,875	3) Cash-on-hand and cash equivalents	26,584		16,803
<b>27,069,127</b>	<b>Total</b>	<b>6,478,264</b>		<b>31,298,758</b>
<b>64,985,261</b>	<b>Total assets forming part of working capital</b>	<b>43,997,285</b>		<b>72,395,742</b>
D) ACCRUED INCOME AND DEFERRED EXPENSES				
4,869	Accrued income	1,412		2,479
179,219	Deferred expenses	387,144		283,642
<b>184,088</b>	<b>Total</b>	<b>388,556</b>		<b>286,121</b>
<b>98,112,046</b>	<b>TOTAL ASSETS</b>	<b>76,649,249</b>		<b>104,123,972</b>



## 2.2 Consolidated Balance Sheet - Shareholders' Equity and Liabilities

31/12/2002		30/06/2003	30/06/2002
	A) SHAREHOLDERS' EQUITY		
4,669,600	I. capital	4,669,600	4,669,600
62,186,400	II. Share premium reserve	35,246,400	62,186,400
	III. Revaluation reserves		
864,419	IV. Legal reserve	933,920	864,419
	V. Reserve for purchase of own shares		
	VI. Statutory reserves		
7,506,650	VII Other reserves	8,954,608	7,506,650
	- capital injections		
7,506,650	- available reserve	8,954,608	7,506,650
	- extraordinary reserve		
150,791	Consolidation reserves	(416,172)	150,791
	VIII Retained earnings or losses carried forward		
2,566,895	IX. Profit /(loss) for the period of the Group	1,893,153	2,597,910
<b>77,944,755</b>	<b>Consolidated shareholders' equity of the Group</b>	<b>51,281,509</b>	<b>77,975,771</b>
1,171,879	Share capital and reserves of minority interest	1,286,914	1,385,578
1,084,391	Profit (loss) for the period of minority interest	683,012	462,455
<b>2,256,270</b>	<b>Minority interest</b>	<b>1,969,926</b>	<b>1,848,034</b>
<b>80,201,025</b>	<b>Total consolidated shareholders' equity (including minority interest)</b>	<b>53,251,435</b>	<b>79,823,804</b>
	B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		
93,682	1) Pension and similar provisions	116,983	42,781
2,719	2) Taxation	5,439	
99	3) Exchange rate risk	330	
	4) Other	25,000	
<b>96,500</b>	<b>Total</b>	<b>147,752</b>	<b>42,781</b>
<b>4,009,989</b>	<b>C) EMPLOYEES' LEAVING ENTITLEMENT</b>	<b>4,427,152</b>	<b>3,526,430</b>
	D) PAYABLES		
	1) Debentures		
	2) Convertible debentures		
842,662	3) Due to banks	838,399	1,018,576
	Due after one year		15,494
7,302	4) Sums due to other financial institutions	17,317	7,017
348,420	Due after one year	331,006	496
133,971	5) Payments on account	45,477	156,510
4,160,723	6) Accounts payable to creditors	3,952,140	4,837,692
	7) Accounts payable on bills accepted and drawn		
	Due after one year		
	8) Amounts payable to subsidiary companies		
16,378	8 bis) Amounts payable to subsidiaries valued using the equity method	35,400	26,250

18,215	9) Amounts payable to associated companies	95,668	27,692
	10) Amounts payable to parent companies		
1,327,936	11) Sums payable to taxation authorities	3,214,925	3,249,756
1,931,916	12) Social security charges payable	1,868,072	1,871,656
4,898,156	13) Other sums payable	5,293,781	6,863,215
<b>13,685,679</b>	<b>Total</b>	<b>15,692,185</b>	<b>18,074,354</b>
E) ACCRUED EXPENSES AND DEFERRED INCOME			
11,125	Accrued expenses	17,754	9,553
107,728	Deferred income	3,112,971	2,647,048
<b>118,853</b>	<b>Total</b>	<b>3,130,725</b>	<b>2,656,602</b>
<b>98,112,046</b>	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>76,649,249</b>	<b>104,123,972</b>
<b>12,394,966</b>	<b>MEMORANDUM AND CONTINGENCY ACCOUNTS</b>	<b>12,394,966</b>	<b>12,394,966</b>

## 2.3 Consolidated Profit and Loss Account

31/12/2002		30/06/2003	30/06/2002
	A) PRODUCTION REVENUES		
56,825,622	1) Turnover - goods and services	28,812,072	29,944,917
	2) Variation in inventories and work in progress		
	3) Variation in contract work in progress	169,000	10,000
	4) Increase in internal work capitalised under fixed assets		
285,423	5) Other revenues and income	93,247	94,506
<b>57,111,045</b>	<b>Total production revenues</b>	<b>29,074,319</b>	<b>30,049,423</b>
	B) PRODUCTION COST		
(1,526,850)	6) Raw materials, consumables and supplies	(548,249)	(759,399)
(16,041,158)	7) Services	(7,112,743)	(7,875,559)
(1,015,903)	8) Use of third party assets	(376,482)	(593,017)
	9) Personnel expenses		
(21,017,003)	a) Wages and salaries	(10,443,620)	(10,492,384)
(6,212,035)	b) Social security contributions	(3,183,225)	(3,139,401)
(1,335,537)	c) Employees' leaving entitlement	(685,608)	(651,940)
	d) Pension and similar costs		
(129,423)	e) Other costs	(25,468)	(80,147)
(28,693,998)	Total personnel expenses	(14,337,921)	(14,363,873)
	10) Amortisation, depreciation and write-downs:		
(2,563,208)	a) Amortisation of intangible fixed assets	(1,370,991)	(1,294,066)
(794,959)	b) Depreciation of tangible fixed assets	(497,833)	(408,202)
	c) Write-downs of fixed assets		
(149,928)	c) Write-downs of receivables included under assets forming part of working capital	(90,444)	(65,300)
(3,508,095)	Total amortisation, depreciation and write-downs	(1,959,268)	(1,767,567)
176,884	11) Variation in raw materials, supplies and consumables	(18,657)	1,220
(1,264)	12) Provisions for contingencies	(25,000)	
	13) Other provisions	(4,834)	(516)
(194,108)	14) Other operating costs	(81,442)	(115,221)
<b>(50,804,492)</b>	<b>Total production cost</b>	<b>(24,464,596)</b>	<b>(25,473,932)</b>
<b>6,306,553</b>	<b>Difference between production revenues and cost (A-B)</b>	<b>4,609,723</b>	<b>4,575,492</b>
	C) FINANCIAL INCOME AND CHARGES		
	15) Income from investments in subsidiary companies		
	Associated companies		
119,179	Other	56,470	116,474
	Tax credits on dividends		
	16) Other financial income		
1,388	a) Receivables classified as fixed assets	617	861
	b) From securities included as fixed assets which are not investments		
	c) From securities included under assets forming part of working capital		
1,350,550	d) Other income	342,369	702,264

	17) Interest and other financial charges		
(91,753)	a) Other	(56,502)	(33,022)
	b) Subsidiaries		
	c) Associated companies		
	d) Parent companies		
<b>1,379,364</b>	<b>Total (15+16-17)</b>	<b>342,954</b>	<b>786,576</b>
	D) ADJUSTMENTS TO FINANCIAL ASSET VALUES		
103,124	18) Revaluation of investments in associated companies	111,120	44,295
(14,223)	19) Write-downs of investments in associated companies	(39,025)	(23,662)
<b>88,901</b>	<b>Total adjustments to financial asset values</b>	<b>72,095</b>	<b>20,633</b>
	E) EXTRAORDINARY INCOME AND EXPENSES		
552,932	20) Income	134,046	506,450
5,695	Profit on sale of assets	6,500	5,139
(235,418)	21) Expenses	(75,441)	(148,289)
(123)	Loss on sale of assets	(576)	(200)
<b>323,086</b>	<b>Total extraordinary items (20-21)</b>	<b>64,529</b>	<b>363,100</b>
<b>8,097,904</b>	<b>PROFIT (LOSS) BEFORE TAXATION (A-B+C+-D+-E)</b>	<b>5,089,301</b>	<b>5,745,801</b>
(4,446,618)	22) Taxation on profit for the period	(2,513,136)	(2,685,436)
<b>3,651,286</b>	<b>23) Profit before minority interest</b>	<b>2,576,165</b>	<b>3,060,365</b>
(1,084,391)	24) Profit / (loss) for the period of minority interest	(683,012)	(462,455)
<b>2,566,895</b>	<b>26) Profit / (loss) for the period</b>	<b>1,893,153</b>	<b>2,597,910</b>

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### 3. Information on the consolidated half-year report

#### 3.1 Principal figures

In the first half of 2003, CAD IT Group recorded productions revenues of € 29,074 thousand, against € 30,049 thousand in the corresponding previous year period.

The profit and loss account of the Group evidences a gross operating result of € 6,599 thousand, equal to 22.70% of production revenues, compared to € 6,344 thousand in the corresponding previous year period, equal to 21.11% of production revenues.

The financial performance resulted in a net financial income of € 343 thousand, whereas net extraordinary income amounted to € 65 thousand.

Profit before taxation totalled € 5,089 thousand. Net profit is equal to € 2,576 thousand, of which € 683 thousand pertains to minority interests.

As shown in the table below, net cash flows for the period (profit after taxation, amortisation and depreciation, write-downs and accruals), amount to € 5,004 thousand and the net financial position shows a short-term liquidity of € 10,975 thousand.

31/12/2002	Consolidated net cash flows	30/06/2003	30/06/2002
8,097,904	Profit before taxation	5,089,301	5,745,801
(4,446,618)	Taxation	(2,513,136)	(2,685,436)
3,651,286	<i>Profit before minority interest</i>	2,576,165	3,060,365
3,358,167	Amortisation and depreciation	1,868,824	1,702,267
149,928	Write-downs	90,444	65,300
937,615	Accruals	468,415	400,338
<b>8,096,996</b>	<b>Total consolidated cash flows</b>	<b>5,003,848</b>	<b>5,228,271</b>

New investments in tangible and intangible fixed assets were made in the period for a total of € 1.187 thousand.

#### 3.2 Consolidated results

The following paragraphs comment on the reclassified profit and loss account (schedule of reclassified consolidated profit and loss account), which best represents the performance of the Group. This profit and loss account is reclassified to comply with the format required by Legislative Decree no. 127/91.

Unless otherwise stated, the variations commented on are compared with the figures of the corresponding previous year period.

Production revenues amount to € 29,074 thousand, a slight decrease of 3.2% compared to the corresponding prior year period.

However, added value, equal to € 22,286 thousand, exceeds by 1.0% that of the same prior year period (€ 22,023 thousand), due to a significant reduction in service costs and other operating costs of € 1,046 thousand. This decrease is principally related to a reduction of € 571 thousand in costs for external consultants, to whom the Group has made less recourse, also in consideration of the general market conditions. The material decrease in other operating costs relates for € 456 thousand to the reduction

in travel expenses of the Group personnel, due to the fact that development activities are now principally carried out at the company rather than at the clients'.

Personnel expenses are equal to € 14,338 thousand and are fairly in line with the same prior year period (€ 14,364 thousand). The slight increase in personnel expenses is principally an effect of the decrease in production revenues.

Other administrative expenses remain fairly stable at € 1,349 thousand compared to € 1,315 thousand in the same prior year period.

Gross operating result, equal to € 6,599 thousand, represents 22.70% of production revenues, an increase of 21.11% on the same prior year period.

Amortisation and depreciation included in profit for the period amount to € 1,869 thousand, with an increase of € 167 thousand on the comparative prior year period.

Operating profit amounts to € 4,610 thousand (€ 4,575 thousand in the same previous year period), equal to 15.85% of production revenues (15.23% at 30 June 2002).

Net financial income amounts to € 343 thousand as a combined effect of the decrease in the return of liquidity and in liquidity itself, due to the mentioned distribution of ordinary and extraordinary dividends.

As an effect of net financial income, profit from ordinary activities amounts to € 4,953 thousand, equal to 17.03% of production revenues (€ 5,363 thousand in the same previous year period, equal to 17.84%).

As an effect of the valuation of associated companies using the equity method and of net extraordinary income totalling € 137 thousand, profit before taxation amounts to € 5,089 thousand, equal to 17.50% of production revenues. Profit after taxation amounts to € 2,576 thousand, of which € 683 thousand pertains to minority interests.

The impact of taxation on gross profit is equal to 49.38% compared to 46.74% in the first half year 2002. This increase is principally due to the higher incidence on profit before taxation of the amortisation of goodwill arising on consolidation, equal to approximately € 605 thousand and non-deductible for tax purposes, and to the recent changes in tax legislation, which minimized the existing benefits of recently listed companies.

The tax charge for the period is estimated on the basis of result for the period and current regulations and represents the best possible estimate for the period of reference.

### 3.3 Analysis of consolidated results

The following table shows the reclassified consolidated profit and loss account of the Group for the six-month periods ended 30 June 2003 and 2002 and the full year 2002.

31/12/2002	%		30/06/2003	%	30/06/2002	%
56,825,622	99.50%	Turnover - goods and services	28,812,072	99.10%	29,944,917	99.65%
		Variations in contract work in progress	169,000	0.58%	10,000	0.03%
285,423	0.50%	Other revenues and income	93,247	0.32%	94,506	0.31%
<b>57,111,045</b>	<b>100.00%</b>	<b>Production revenues</b>	<b>29,074,319</b>	<b>100.00%</b>	<b>30,049,423</b>	<b>100.00%</b>
		Raw materials,				
(1,349,966)	(2.36%)	consumables and supplies	(566,906)	(1.95%)	(758,179)	(2.52%)
(13,212,072)	(23.13%)	Services	(5,763,644)	(19.82%)	(6,560,416)	(21.83%)
(1,210,011)	(2.12%)	Other operating costs	(457,924)	(1.58%)	(708,238)	(2.36%)
<b>41,338,996</b>	<b>72.38%</b>	<b>Added value</b>	<b>22,285,845</b>	<b>76.65%</b>	<b>22,022,591</b>	<b>73.29%</b>
(28,693,998)	(50.24%)	Personnel expenses	(14,337,921)	(49.31%)	(14,363,873)	(47.80%)
(2,829,086)	(4.95%)	Other administrative expenses	(1,349,099)	(4.64%)	(1,315,143)	(4.38%)
<b>9,815,912</b>	<b>17.19%</b>	<b>Gross operating result (EBITDA)</b>	<b>6,598,825</b>	<b>22.70%</b>	<b>6,343,575</b>	<b>21.11%</b>
		Charge to provision				
(149,928)	(0.26%)	for bad debts	(90,444)	(0.31%)	(65,300)	(0.22%)
(3,358,167)	(5.88%)	Amortisation and depreciation	(1,868,824)	(6.43%)	(1,702,267)	(5.66%)
(1,264)	0.00%	Other provisions	(29,834)	0.10%	(516)	0.00%
<b>6,306,553</b>	<b>11.04%</b>	<b>Operating profit (EBIT)</b>	<b>4,609,723</b>	<b>15.85%</b>	<b>4,575,492</b>	<b>15.23%</b>
1,379,364	2.42%	Financial income and charges, net	342,954	1.18%	786,576	2.62%
<b>7,685,917</b>	<b>13.46%</b>	<b>Profit from ordinary activities</b>	<b>4,952,677</b>	<b>17.03%</b>	<b>5,362,068</b>	<b>17.84%</b>
88,901	0.16%	Revaluations and write-downs	72,095	0.25%	20,633	0.07%
323,086	0.57%	Extraordinary income and expenses	64,529	0.22%	363,100	1.21%
<b>8,097,904</b>	<b>14.18%</b>	<b>Profit (loss) before taxation</b>	<b>5,089,301</b>	<b>17.50%</b>	<b>5,745,801</b>	<b>19.12%</b>
(4,446,618)	(7.79%)	Taxation on profit for the period	(2,513,136)	(8.64%)	(2,685,436)	(8.94%)
<b>3,651,286</b>	<b>6.39%</b>	<b>Profit before minority interest</b>	<b>2,576,165</b>	<b>8.86%</b>	<b>3,060,365</b>	<b>10.18%</b>
		Profit / (loss) for the period				
(1,084,391)	(1.90%)	of minority interest	(683,012)	(2.35%)	(462,455)	(1.54%)
<b>2,566,895</b>	<b>4.49%</b>	<b>Net profit / (loss) for the period</b>	<b>1,893,153</b>	<b>6.51%</b>	<b>2,597,910</b>	<b>8.65%</b>

### 3.4 Information on the balance sheet

#### 3.4.1 Composition of the principal items of the consolidated balance sheet

The following table shows the reclassified balance sheet of the Group as at 30 June 2003 and 2002 and at 31 December 2002.

31/12/2002	Reclassified consolidated balance sheet of Cad It Group	30/06/2003	30/06/2002
	<b>Fixed assets</b>		
12,432,885	Intangible fixed assets	11,939,024	13,367,889
13,736,187	Tangible fixed assets	13,527,315	11,365,513
6,773,625	Other fixed assets	6,797,069	6,708,707
<b>32,942,697</b>	<b>Total fixed assets</b>	<b>32,263,408</b>	<b>31,442,109</b>
	<b>Current assets</b>		
28,520,891	Trade receivables, net	30,453,210	34,200,615
323,553	Closing inventory	473,896	157,889
3,822,248	Other current assets	1,256,569	1,577,685
184,088	Accrued income and deferred expenses	388,556	286,121
<b>32,850,780</b>	<b>Total current assets</b>	<b>32,572,231</b>	<b>36,222,311</b>
	<b>Current liabilities</b>		
133,971	Payments on account received	45,477	156,510
4,195,316	Accounts payable to creditors	4,083,208	4,891,634
355,722	Sums due to other financial institutions	348,323	7,512
6,830,072	Other current liabilities	7,161,853	8,734,871
1,327,936	Sums payable to taxation authorities	3,214,925	3,249,756
118,853	Accrued expenses and deferred income	3,130,725	2,656,602
<b>12,961,870</b>	<b>Total current liabilities</b>	<b>17,984,511</b>	<b>19,696,886</b>
<b>19,888,910</b>	<b>Operating capital, net</b>	<b>14,587,720</b>	<b>16,525,425</b>
4,009,989	Employees' leaving entitlement	4,427,152	3,526,430
<b>48,821,618</b>	<b>Invested capital, net</b>	<b>42,423,976</b>	<b>44,441,103</b>
	<b>Shareholders' equity and liabilities</b>		
77,944,755	Total shareholders' equity of the Group	51,281,509	77,975,771
2,256,270	Minority interest	1,969,926	1,848,034
	Medium/long-term payables due to banks		15,494
96,500	Provisions for contingencies and other charges	147,752	42,781
(31,475,907)	Short-term net indebtedness/(financial position)	(10,975,211)	(35,440,976)
<b>48,821,618</b>	<b>Total shareholders' equity and liabilities</b>	<b>42,423,976</b>	<b>44,441,103</b>



31/12/2002	Memorandum and contingency accounts	30/06/2003	30/06/2002
12,394,966	Guarantees given	12,394,966	12,394,966

The composition of the most significant items and the variations compared to the figures as at 31 December 2002 are commented on in the following paragraphs:

### 3.4.2 Fixed assets

#### *Intangible fixed assets*

The composition and the variations of the items at the end of the six-month period are as follows:

31/12/2002	Intangible fixed assets	30/06/2003	30/06/2002
1,763,690	Start-up and capital costs	1,322,596	2,206,756
16,012	Industrial patents and similar rights	4,779	26,663
368,117	Licences, trademarks and similar rights	1,111,913	353,235
19,522	Goodwill	17,895	21,149
9,269,492	Goodwill arising on consolidation	8,653,197	9,875,425
116,009	Assets under development and payments on account		
880,043	Other intangible fixed assets	828,644	884,661
<b>12,432,885</b>	<b>Total intangible fixed assets</b>	<b>11,939,024</b>	<b>13,367,889</b>

Start-up and capital costs principally relate to costs incurred in 2000 by the parent company for the listing of the ordinary shares of CAD IT S.p.A. on the New Market organised and managed by Borsa Italiana S.p.A.. These costs are amortised over five years.

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

The item of major significance is represented by "Goodwill arising on consolidation" relating to investments in the subsidiaries Cad S.r.l. (€ 3,569 thousand), Cesbe S.r.l. (€ 30 thousand), SGM S.r.l. (€ 1,311 thousand), DQS S.r.l. (€ 2,441 thousand), Smart Line S.r.l. (€ 473 thousand), Bit Groove S.r.l. (€ 174 thousand) and Elidata S.r.l. (€ 655 thousand). Goodwill arising on consolidation is amortised over ten years, representing its estimated income-generating potential.

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

In the first half of 2003, "Intangible fixed assets" varied as follows:

<i>Intangible fixed assets</i>	<i>Start-up and capital costs</i>	<i>Industrial patents and similar rights</i>	<i>Licences, trademarks and similar rights</i>	<i>Goodwill</i>	<i>Assets under development and payments on account</i>	<i>Goodwill arising on consolidation</i>	<i>Other</i>	<i>Total</i>
Purchase or production cost	4,425,218	38,479	1,706,321	32,537	116,009	12,118,661	1,255,414	19,692,639
Previous years revaluations								
Previous years amortisation and write-downs	(2,661,528)	(22,467)	(1,338,204)	(13,015)		(2,849,169)	(375,371)	(7,259,754)
Adjustments to previous years write-downs								
<i>Opening value</i>	<i>1,763,690</i>	<i>16,012</i>	<i>368,117</i>	<i>19,522</i>	<i>116,009</i>	<i>9,269,492</i>	<i>880,043</i>	<i>12,432,886</i>
Variations in consolidation area								
Purchases			758,145		129,236			887,381
Transfers			245,966		(245,245)			721
Reduction in accumulated amortisation due to disposals								
Disposals								
Revaluations for the period								
Amortisation and write-downs for the period	(441,094)	(11,233)	(260,315)	(1,627)		(605,324)	(51,399)	(1,370,991)
Adjustments to write-downs for the period						(10,972)		(10,972)
<i>Total intangible fixed assets</i>	<i>1,322,596</i>	<i>4,779</i>	<i>1,111,913</i>	<i>17,895</i>		<i>8,653,197</i>	<i>828,644</i>	<i>11,939,024</i>
<i>( of which revaluations )</i>								

Investments in intangible fixed assets mainly relate to the purchase of specific software necessary for production or the performance of the Group's activities.

### *Tangible fixed assets*

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

<b>31/12/2002</b>	<b>Tangible fixed assets</b>	<b>30/06/2003</b>	<b>30/06/2002</b>
11,433,644	Land and buildings	11,392,686	114,768
211,256	Plant and machinery	202,168	107,929
484	Industrial and commercial equipment	374	508
2,090,803	Other assets	1,932,087	1,358,255
	Assets under construction and payments on account		9,784,053
<b>13,736,187</b>	<b>Total tangible fixed assets</b>	<b>13,527,315</b>	<b>11,365,513</b>

In the first half of 2003, the item varied as follows:

<i>Tangible fixed assets</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Other tangible fixed assets</i>	<i>Assets under construction</i>	<i>Total</i>
Purchase or production cost	11,537,114	460,509	609	4,816,960		16,815,193
Previous years revaluations	120,837					120,837
Previous years depreciation and write-downs	(224,307)	(249,253)	(126)	(2,724,446)		(3,198,132)
Adjustments to previous years write-downs				(1,711)		(1,711)
<i>Opening value</i>	<i>11,433,644</i>	<i>211,256</i>	<i>484</i>	<i>2,090,803</i>		<i>13,736,187</i>
Variations in consolidation area						
Purchases	137,295	24,322	553	137,855		300,025
Transfers		704	(555)	(870)		(721)
Reduction in accumulated depreciation due to disposals		15,709	72	55,903		71,683
Disposals		(20,450)		(61,577)		(82,027)
Revaluations for the period						
Depreciation and write-downs for the period	(178,253)	(29,373)	(180)	(290,027)		(497,833)
Adjustments to write-downs for the period						
<i>Total tangible fixed assets</i>	<i>11,392,686</i>	<i>202,168</i>	<i>374</i>	<i>1,932,087</i>		<i>13,527,315</i>
<i>( of which revaluations )</i>	<i>120,837</i>					<i>120,837</i>

***Tangible fixed assets as at 30 June 2003***

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Other tangible fixed assets</i>	<i>Assets under construction</i>	<i>Total</i>
Gross value	11,657,951	460,509	609	4,816,960		16,936,030
Accumulated depreciation	(224,307)	(249,253)	(126)	(2,726,157)		(3,199,843)
<i>Net value at 31/12/2002</i>	<i>11,433,644</i>	<i>211,256</i>	<i>484</i>	<i>2,090,803</i>		<i>13,736,187</i>
Gross value	11,795,246	465,085	608	4,892,369		17,153,308
Accumulated depreciation	(402,560)	(262,918)	(234)	(2,960,281)		(3,625,993)
<i>Net value at 30/06/2003</i>	<i>11,392,686</i>	<i>202,168</i>	<i>374</i>	<i>1,932,087</i>		<i>13,527,315</i>

The acquisitions of new tangible fixed assets in the first half year amount overall to € 300 thousand, of which € 138 thousand is for "Other tangible fixed assets" and € 137 thousand is added to "Land and buildings".

The caption "Other tangible fixed assets" includes electronic equipment and computers, which are instrumental in the management of the Group's core business.

### Other fixed assets

Financial fixed assets are represented by investments in non-consolidated subsidiaries, in associated companies valued under the equity method or at cost, receivables for advances to employees on leaving entitlements and other receivables due after one year.

31/12/2002	Financial fixed assets	30/06/2003	30/06/2002
	Investments in subsidiary companies valued using the equity method:		
1,996	Firstcom S.r.l.	1,996	4,007
5,528	Nestegg S.r.l.	5,528	14,266
53,510	Archit S.r.l.	92,310	30,285
53,744	Tecsit S.r.l.	31,575	36,872
<b>114,778</b>	<b>Total investments in subsidiaries not consolidated on a line-by-line basis</b>	<b>131,409</b>	<b>85,430</b>
	Investments in associated companies:		
322,562	Datafox S.r.l.	316,802	315,805
175,953	Sicom S.r.l.	164,857	144,456
69,809	Isis S.p.A.	78,091	69,144
<b>568,323</b>	<b>Total investments in associated companies</b>	<b>559,749</b>	<b>529,405</b>
	Other investments:		
26	DQS' investment in Finiter (Finance for enterprises)	26	26
26	Cad's investment in the Consortium CF-PRO	26	
5,977,068	Class Editori S.p.A.	5,977,068	6,022,021
44,953	CIA S.p.A.	44,953	
<b>6,022,073</b>	<b>Total other investments</b>	<b>6,022,073</b>	<b>6,022,047</b>
40,993	Tax credits for payments on account on employees' leaving entitlement	37,010	44,368
27,458	Other receivables due after one year	46,828	27,458
<b>68,451</b>	<b>Total receivables due after one year</b>	<b>83,838</b>	<b>71,826</b>
<b>6,773,625</b>	<b>Total financial fixed assets</b>	<b>6,797,069</b>	<b>6,708,707</b>

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

**A. Investments in subsidiary companies valued using the equity method:**

<i>Company name</i>	<i>Date of reference</i>	<i>Quotaholders' equity including profit for the period</i>	<i>Profit for the period</i>	<i>Percentage of investment</i>	<i>Investment value</i>	<i>Percentage of investment of the Group</i>	<i>Investment value of the Group</i>	<i>Carrying value in the consolidated half-year report</i>
Tecsit S.r.l.	30/06/2003	82,319	(30,067)	70.00%	36,576	38.50%	31,693	31,575
Arch It S.r.l.	30/06/2003	59,245	72,626	70.00%	92,310	38.50%	22,809	92,310
Nestegg S.r.l.	30/06/2003	12,086		55.00%	6,647	28.60%	3,457	5,528
Firstcom S.r.l.	30/06/2003	3,839		52.00%	1,996	27.04%	1,038	1,996

**B. Investments in subsidiary companies valued using the equity method:**

<i>Company name</i>	<i>Date of reference</i>	<i>Share/Quotaholders' equity including profit for the period</i>	<i>Profit for the period</i>	<i>Percentage of investment</i>	<i>Investment value</i>	<i>Percentage of investment of the Group</i>	<i>Investment value of the Group</i>	<i>Carrying value in the consolidated half-year report</i>
Datafox S.r.l.	30/06/2003	390,163	17,814	35.05%	136,750	35.05%	136,750	316,802
Sicom S.r.l.	30/06/2003	659,426	163,616	25.00%	164,857	25.00%	164,857	164,857
Isis S.p.A.	30/06/2003	325,379	41,035	24.00%	78,091	24.00%	78,091	78,091

*Other investments*

This item is essentially made up by Class Editori's and CIA S.p.A.'s shares, investments that are considered strategically important in relation to the existing co-operation agreements with the Group. The two investments, listed on the Ordinary Market and the Third Market, respectively, are stated at acquisition cost.

**3.4.3 Current assets***Trade receivables, net*

Trade receivables are composed as follows:

<b>31/12/2002</b>	<b>Trade receivables, net</b>	<b>30/06/2003</b>	<b>30/06/2002</b>
	Associated companies	59,546	240
119,392	Subsidiaries valued using the equity method	113,781	3,190
28,972,273	Trade receivables	30,934,908	34,684,214
(570,774)	Bad debt provision	(655,025)	(487,030)
<b>28,520,891</b>	<b>Total trade receivables</b>	<b>30,453,210</b>	<b>34,200,615</b>

161.61	Average debtor days	161.85	167.80
1.97%	Coverage of bad debt provision	2.11%	1.40%

Trade receivables principally comprise receivables from customers of the banking division. The increase in the first half of 2003, compared to the previous year end, is mainly due to certain clients entering into highly valuable contracts, according to which payment will take place upon completion of the whole supply.

The materiality of trade receivables depends on the extent of the contract values and on the agreed payment terms: settlement is usually provided upon testing (or ascertainment of the efficient operation) of the software supplied.

The peculiar type of customers (principally banks and bank-related companies) reduced significantly the materiality of credit losses over time, principally affecting average debtor days.

The Group accounts for receivables at their estimated realisable value. Overdue and to be due receivables with ageing exceeding average collection days are analytically valued, whereas the other receivables are subject to an overall valuation on the basis of the historic incidence of the Group's losses on sales by year of invoicing.

The bad debt provision covers 2.11% of total trade receivables.

### *Closing inventory*

The caption "Inventory", which is not material, includes consumables and supplies, contract work in progress and finished goods.

It may be broken down for the periods of reference as follows:

31/12/2002	Closing inventory	30/06/2003	30/06/2002
	Raw materials, consumables and supplies		1,085
	Contract work in progress	169,000	10,000
323,553	Finished goods	304,896	146,804
<b>323,553</b>	<b>Total final inventory</b>	<b>473,896</b>	<b>157,889</b>

### *Other current assets*

This item may be broken down as follows:

31/12/2002	Others	30/06/2003	30/06/2002
3,689,373	Tax credits for advance payments and VAT	1,167,479	1,501,035
12,230	Receivables from social security institutions	10,233	15,673
21,726	Receivables for advances on travel expenses	22,214	36,205
54,406	Payments on account to suppliers	14,299	13,180
34,128	Other	36,992	10,818
	Insurances	488	
10,385	Guarantee deposits	4,864	775
<b>3,822,248</b>	<b>Total</b>	<b>1,256,569</b>	<b>1,577,685</b>

Tax credits almost fully represent direct tax advance payments (IRPEG and IRAP) for 2003.

*Accrued income and deferred expenses*

The caption "Accrued income" includes accrued rental instalments of € 1,412, while the caption "Deferred expenses" is made up as follows:

Description	30/06/2003	30/06/2002
Software assistance	97,058	66,137
Office management expenses	54,366	56,129
Advertising costs	53,342	45,005
Telephone charges	50,364	21,645
Administrative services	18,585	21,236
Use of third party assets	44,115	17,855
Insurances	43,096	
Hardware assistance	6,988	12,631
Membership fees	9,903	12,558
Insurances - third party liability	2,882	14,427
Other	6,445	16,019
<b>Total deferred expenses</b>	<b>387,144</b>	<b>283,642</b>

**3.4.4 Current liabilities***Payments on account*

The item varied as follows:

31/12/2002	30/06/2003	30/06/2002
133,971 Payments on account received	45,477	156,510

The item "Payments on account" is made up of down payments from clients and is to be seen in the light of the organisational system, partly based on orders, used by the companies of the Group, which sometimes require the payment of a deposit upon the order.

*Trade accounts payable to creditors*

The item varied as follows:

31/12/2002	Trade accounts payable to creditors	30/06/2003	30/06/2002
4,160,723	Accounts payable to creditors	3,952,140	4,837,692
16,378	Amounts payable to subsidiaries valued using the equity method	35,400	26,250
18,215	Amounts payable to associated companies	95,668	27,692
<b>4,195,316</b>	<b>Total accounts payable to creditors</b>	<b>4,083,208</b>	<b>4,891,634</b>
89	Average creditor days	81	92

Accounts payable to creditors relate to current accounts payable for goods and services received, including those for investments in fixed assets.

### *Sums due to other financial institutions*

This item is entirely made up by the amount payable to the subsidiary Elidata S.r.l. for the financial lease contract for acquisition of the operating building of the company, in accordance with the International Accounting Standards.

### *Other current liabilities and Sums payable to taxation authorities*

The item "Other current liabilities and Sums payable to taxation authorities" is composed as follows:

31/12/2002	Other current liabilities and Sums payable to taxation authorities	30/06/2003	30/06/2002
1,931,916	Social security charges payable	1,868,072	1,871,656
4,898,156	Other sums payable	5,293,781	6,863,215
6,830,072	Other current liabilities	7,161,853	8,734,871
1,327,936	Sums payable to taxation authorities	3,214,925	3,249,756
<b>8,158,008</b>	<b>Total other current liabilities and Sums payable to taxation authorities</b>	<b>10,376,778</b>	<b>11,984,627</b>

Social security charges payable include the payables due to employees matured on the basis of the current wages and salary and deferred payroll.

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

31/12/2002	Other sums payable	30/06/2003	30/06/2002
57,902	Directors' emoluments	108,287	112,668
351	Dividends to be distributed to shareholders (third parties)	361,306	456,890
952,314	Wages and salaries	1,862,857	1,735,083
591,865	Production bonuses due to employees	193,704	901,488
1,350,233	Accrued holidays due to employees	1,643,456	1,617,431
536	Thirteenth month salary	672,444	656,654
605,222	Fourteenth month salary		
1,177,524	Purchase of investments	387,343	1,177,524
162,209	Other	64,384	205,477
<b>4,898,156</b>	<b>Total other sums payable</b>	<b>5,293,781</b>	<b>6,863,215</b>

Total "Other sums payable" at 30 June 2003 include € 387 thousand as the additional maximum amount due to the selling quotaholders for the acquisition of the investment in Elidata S.r.l.. Said amounts will be paid by the parent company upon occurrence of the conditions provided by the contract.

The caption "Sums payable to taxation authorities" represents the aggregate tax payables of the individual consolidated companies of the Group. They comprise income taxes, VAT tax and withholding agent activities carried out by the individual companies on behalf of their employees and consultants. It also includes the estimated tax charges for the period on a pro-quota basis.



There are no pending litigations with or assessments by the tax authorities at the date of preparation of this report. With respect to the parent company the last year closed to inspection for direct tax purposes is 1996, whereas 1997 is the last year for VAT purposes.

#### *Accrued expenses and deferred income*

Accrued expenses amount to € 18 thousand.

Deferred income, equal to € 3,113 thousand, principally relates to deferred income from annual maintenance contracts on licences, already invoiced, which generally expire on 31 December.

#### **Employees' leaving entitlement**

The item varied depending on the annual accruals made on the basis of the wages and salaries of the employees of the Cad IT Group and the utilisation for resignations and advances.

It varied as follows:

31/12/2002	Employees' leaving entitlement	30/06/2003	30/06/2002
<b>3,145,511</b>	<b>Balance at 1 January</b>	<b>4,009,989</b>	<b>3,145,511</b>
2,348	Variations in consolidation area		2,348
1,335,537	Accruals	685,608	651,940
(473,407)	Utilisation	(268,445)	(273,368)
<b>4,009,989</b>	<b>Closing balance</b>	<b>4,427,152</b>	<b>3,526,430</b>

### 3.4.5 Variations in net assets forming part of working capital

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

31/12/2002	Variations in net assets forming part of working capital	30/06/2003	30/06/2002
28,520,891	Trade receivables, net	30,453,210	34,200,615
(4,195,316)	Trade accounts payable to creditors	(4,083,208)	(4,891,634)
(133,971)	Payments on account received	(45,477)	(156,510)
<b>24,191,604</b>	<b>Total net assets forming part of working capital</b>	<b>26,324,525</b>	<b>29,152,470</b>
323,553	Closing inventory	473,896	157,889
3,822,248	Other current assets	1,256,569	1,577,685
184,088	Accrued income and deferred expenses	388,556	286,121
(1,327,936)	Sums payable to taxation authorities	(3,214,925)	(3,249,756)
(355,722)	Sums due to other financial institutions	(348,323)	(7,512)
(6,830,072)	Other current liabilities	(7,161,853)	(8,734,871)
(118,853)	Accrued expenses and deferred income	(3,130,725)	(2,656,602)
<b>19,888,910</b>	<b>Total working capital, net</b>	<b>14,587,720</b>	<b>16,525,425</b>

### 3.4.6 Shareholders' equity and liabilities

#### Shareholders' equity of the Group

The Group's shareholders' equity at 30 June 2003 amounts to € 51,282 thousand, compared to € 77,976 thousand at 30 June 2002, after the distribution of ordinary and extraordinary dividends of over € 28.5 million. For comments on the composition and variation in consolidated shareholders' equity, reference is made to the following chapter 3.5 "Other information".

#### Minority interest

The item includes the portions of the subsidiaries' quotaholders' equities that, based on equity ratios, are accounted for as pertaining to minority interest. It is composed as follows:

31/12/2002		30/06/2003	30/06/2002
1,243,610	Minority quotaholders of Cesbe S.r.l.	1,354,457	1,169,730
32,479	Minority quotaholders of Syrm S.r.l.	19,312	35,006
59,415	Minority quotaholders of 4 Emme Informatica S.r.l.	48,303	44,791
29,198	Minority quotaholders of NetBureau S.r.l.	24,776	18,805
20,354	Minority quotaholders of SGM S.r.l.	4,664	164,148
554,221	Minority quotaholders of DQS S.r.l.	214,246	270,173
10,794	Minority quotaholders of Bit Groove S.r.l.	-	18,132
176,906	Minority quotaholders of Elidata S.r.l.	166,895	43,230
129,293	Minority quotaholders of Smart Line S.r.l.	138,752	84,017
<b>2,256,270</b>	<b>Total minority interests</b>	<b>1,969,926</b>	<b>1,848,034</b>

#### Provisions for contingencies and other charges

The item, equal to € 148 thousand, principally comprises directors' indemnities for termination of office (€ 117 thousand), deferred taxation (€ 5 thousand) and other provisions for contingencies.

### *Liquid funds and net financial position*

The short-term net financial position reflects a balance of € 10,975 thousand, net of the short-term portion of medium to long-term loans. In particular, the liquid funds on hand and at bank amount to € 6,478 thousand and the other liquid funds are contractually available on 30 days' notice.

For further information reference is made to the section "Financial performance and net financial position".

### **3.4.7 Memorandum and contingency accounts and guarantees**

#### *Guarantees given*

The credit lines granted by banks but currently not utilised are guaranteed by mortgages of € 12,395 thousand on buildings.

### **3.5 Information on the profit and loss account**

#### **3.5.1 Turnover - goods and services**

The trend of revenues by geographic area is not significant, as they are almost entirely achieved on the domestic market.

<i>01/01 - 31/12/2002</i>			<i>Turnover - goods and services</i>		<i>Half year 01/01 - 30/06/2003</i>		<i>Half year 01/01 - 30/06/2002</i>	
40,785,801	71.9%	B.O. financial instruments	21,434,576	74.4%	21,760,737	72.7%		
6,939,967	12.2%	Banking services software	3,402,884	11.8%	3,343,535	11.2%		
1,130,488	2.0%	Integrated IT systems	392,225	1.4%	830,779	2.8%		
957,255	1.6%	Training and organisation consultancy	582,493	2.0%	499,948	1.7%		
2,426,835	4.2%	New technologies	991,544	3.4%	1,215,381	4.1%		
<b>52,240,347</b>	<b>91.9%</b>	<b>Total banking division</b>	<b>26,803,722</b>	<b>93.0%</b>	<b>27,650,380</b>	<b>92.3%</b>		
3,918,680	6.9%	Industrial hardware and software	1,660,819	5.8%	2,001,010	6.7%		
666,596	1.2%	Consulting, training and industrial services	347,531	1.2%	293,527	1.0%		
<b>4,585,275</b>	<b>8.1%</b>	<b>Total industry division</b>	<b>2,008,350</b>	<b>7.0%</b>	<b>2,294,537</b>	<b>7.7%</b>		
<b>56,825,622</b>	<b>100.0%</b>	<b>Total turnover - goods and services</b>	<b>28,812,072</b>	<b>100.0%</b>	<b>29,944,917</b>	<b>100.0%</b>		

Compared to the corresponding six-month period 2002, turnover from goods and services for the first six months of 2003 reveals a decrease of 3.8% due to the general slowdown in investments by operators of the financial sector.

However, as already noted in paragraphs 3.1 and 3.2, the contribution margin improved both in absolute terms and in percentage, as an effect of the reduction in external service costs for the realisation of new software products. Reference is also made to the following paragraph “*Variation in production cost*”.

Even though the particularly intense investing activities in research and development have now been completed, the overall results are still affected by the costs for the maintenance and development of existing and new products, which represent a basis for the future development of the company's business and results and have attracted the attention and interest of several banking groups.

### 3.5.2 Variation in production costs

The trend of production cost grouped by nature is as follows:

31/12/2002	%	Cost components	30/06/2003	%	30/06/2002	%
574,161	1.1%	Hardware	294,894	1.2%	263,617	1.0%
587,610	1.2%	Software	144,946	0.6%	328,885	1.3%
365,079	0.7%	Other additions	108,409	0.4%	166,897	0.7%
(176,884)	-0.3%	Variations in raw materials	18,657	0.1%	(1,220)	0.0%
<b>1,349,966</b>	<b>2.7%</b>	<b>Total raw materials</b>	<b>566,906</b>	<b>2.3%</b>	<b>758,179</b>	<b>3.0%</b>
7,895,297	15.5%	External consultants	3,318,699	13.6%	3,890,301	15.3%
2,811,683	5.5%	Reimbursements of out-of-pocket and travel expenses	1,018,499	4.2%	1,474,273	5.8%
2,505,092	4.9%	Other	1,426,446	5.8%	1,195,841	4.7%
<b>13,212,072</b>	<b>26.0%</b>	<b>Total service costs</b>	<b>5,763,644</b>	<b>23.6%</b>	<b>6,560,416</b>	<b>25.8%</b>
21,017,003	41.4%	Wages and salaries	10,443,620	42.7%	10,492,384	41.2%
6,212,035	12.2%	Social security contributions	3,183,225	13.0%	3,139,401	12.3%
1,335,537	2.6%	Employees' leaving entitlement	685,608	2.8%	651,940	2.6%
129,423	0.3%	Other	25,468	0.1%	80,147	0.3%
<b>28,693,998</b>	<b>56.5%</b>	<b>Total personnel expenses</b>	<b>14,337,921</b>	<b>58.6%</b>	<b>14,363,873</b>	<b>56.4%</b>
2,000,210	3.9%	Emoluments to directors and attorneys	912,020	3.7%	961,586	3.8%
495,258	1.0%	Telephone charges	284,609	1.2%	173,524	0.7%
333,618	0.7%	Commissions and advertising	152,470	0.6%	180,033	0.7%
<b>2,829,086</b>	<b>5.6%</b>	<b>Total other administrative expenses</b>	<b>1,349,099</b>	<b>5.5%</b>	<b>1,315,143</b>	<b>5.2%</b>
3,358,167	6.6%	Amortisation and depreciation	1,868,824	7.6%	1,702,267	6.7%
151,192	0.3%	Accruals	120,278	0.5%	65,816	0.3%
1,015,903	2.0%	Use of third party assets	376,482	1.5%	593,017	2.3%
194,108	0.4%	Other operating costs	81,442	0.3%	115,221	0.5%
<b>4,719,370</b>	<b>9.3%</b>	<b>Total other costs</b>	<b>2,447,026</b>	<b>10.0%</b>	<b>2,476,321</b>	<b>9.7%</b>
<b>50,804,492</b>	<b>100.0%</b>	<b>Total production cost</b>	<b>24,464,596</b>	<b>100.0%</b>	<b>25,473,932</b>	<b>100.0%</b>

This table evidences the following matters:

- The cost of raw materials and consumables is not significant due to the type of activity of the Group and the limited impact of hardware sales.

■ Service cost items for the first half year 2003 represent 23.6% of total production cost (25.8% in the previous period) and 19.8% of production revenues (21.8% in the previous period), respectively. They principally comprise the costs incurred by the Group for occasional or on-going technical consultancy services (€ 3,319 thousand compared to € 3,890 thousand in the corresponding half year 2002). The use of external consultants is principally due to the Group policy of structural flexibility of costs. A consistent decrease in reimbursements of out-of-pocket and travel expenses was also recorded (€ 1,018 thousand compared to € 1,474 thousand in the corresponding half year 2002), whereas the costs for other services registered an increase (€ 1,426 thousand compared to € 1,196 thousand in the corresponding half year 2002).

■ Personnel expenses represent 58.6% of production costs and 49.3% of production revenues in the first half of 2003. The increase in the impact of total personnel expenses is due to the reduction in production revenues. In absolute value, they recorded a decrease from € 14,364 thousand in the first half year 2002 to € 14,338 thousand in the first half year 2003, with an average workforce of 637 units compared to 622 in the corresponding prior year period.

■ Total administrative expenses are almost the same as those in the first half year 2002, with the impact on total production costs increasing to 5.5%, compared to 5.2% in the corresponding prior year period, and on production revenues increasing to 4.6%, compared to 4.4%.

■ The caption "Other" reduced from € 2,476 thousand to € 2,447 thousand. However, the incidence on production costs increased from 9.7% to 10.0% and on production revenues from 8.2% in the corresponding prior year period to 8.4%. The increase in amortisation, depreciation and accruals is fully compensated by the reduction in the other production cost items.

## **Financial income and charges, net**

Reference is made to the section on financial performance and net financial position.

## **Extraordinary income**

The financial position and results of Cad Group evidence the following significant extraordinary income items for the periods of reference.

The net balance between extraordinary income and expense in the first half of 2003 and 2002 is equal to € 65 thousand and € 363 thousand.

The positive balance of the first half year 2003 is principally made up by the lower tax charges due for the year 2002 with respect to the amount stated in the financial statements, as an effect of tax benefits the utilisation of which was ascertainable only after the 2002 financial statements had been drawn up.

## **Variation in the ratio of taxation to gross profit**

The consolidated half-year reports at 30 June 2003 and 2002 record average income taxes of 49.4% (€ 2,513 thousand) in 2003 and 46.7% (€ 2,685 thousand) in 2002.

### 3.6 Other information

#### 3.6.1 Personnel

The average number of employees of the Group at the date of reference of these consolidated accounts is of 637 units, as follows:

<i>Average number in 2002</i>	<i>Category of employees</i>	<i>Average number in 1st half year 2003</i>	<i>Average number in 1st half year 2002</i>
5	Management	15	3
623	White-collars and cadres	618	614
2	Blue-collars	1	2
3	Apprentices	3	3
<b>632</b>	<b>Total</b>	<b>637</b>	<b>622</b>

The Group's workforce increased rapidly in number in 2000 and 2001 in line with its strategic development plan and utilisation of resources. From the second half year 2002, this growth rate was reduced to maintain flexibility of the structure, in which the importance of employees is a guarantee for continued future development and which attracts the utmost attention of the directors.

The personnel employed by CAD IT Group at 30 June 2003 was of 639 units, with a decrease of one unit compared to 30 June 2002.

Training is of particular importance to the Group, which holds special refresher and training courses.

#### 3.6.2 Relationships with related parties

In accordance with Consob communications nos. 97001574 of 20 February 1997 and 98015375 of 27 February 1998, intercompany trading relationships are carried out under arm's length conditions.

Moreover, no financial/economic relationships were entered into with related parties except for the relationships already in existence and indicated in the past as being of no significance.

#### 3.6.3 Reconciliation between the statutory half-year report of CAD IT and the consolidated half-year report

##### *Shareholders' equity of the Group*

The following table shows the adjustments made to the shareholders' equity and profit for the period of the parent company as an effect of the application of consolidation policies in the preparation of the consolidated half-year report as at and for the six months ended 30 June 2003.

<i>Reconciliation schedule at 30 June 2003</i>	<i>Shareholders' equity</i>	<i>Profit for the period</i>
<i>Shareholders' equity and profit for the year of the parent company</i>	<b>52,419,585</b>	<b>2,615,057</b>
Elimination of the carrying value of consolidated investments		
- Difference between carrying value and pro-quota value of shareholders' equity	(11,005,176)	
- Effects on reserves		
- Profit of subsidiary/associated companies on a pro-quota basis	1,035,452	1,035,452
- Goodwill arising on consolidation	8,653,197	(605,324)
- Consolidation reserves	6,409	
- Elimination of intercompany dividends		(1,193,198)
- Other effects on the profit and loss account		(18,891)
Valuation of investments in associated companies using the equity method	172,042	60,057
<b>Total consolidated shareholders' equity</b>	<b>51,281,509</b>	<b>1,893,153</b>

The current share capital of the parent company comprises 8,980,000 ordinary shares with the nominal value of € 0.52 each.

Neither the company nor its subsidiaries, even through trust companies or third persons, have purchased or sold own shares.

The following table presents the variations in the Group shareholders' equity from 31 December 2002 to 30 June 2003:

<i>Variations in shareholders' equity of the Group</i>	<i>Share capital</i>	<i>Reserves</i>	<i>Profit for the period</i>	<i>Shareholders' equity of the Group</i>
<i>31 December 2002</i>	4,669,600	70,708,261	2,566,895	77,944,756
Increase/(Decrease) in reserves		(26,940,000)		(26,940,000)
Increase in revaluation reserves				
Allocation of profit for the period to reserves		2,566,895	(2,566,895)	
Distribution of dividends - parent company		(1,616,400)		(1,616,400)
Effects on consolidation reserves				
Capital injections				
Profit for the period			1,893,153	1,893,153
<b>Total at 30 June 2003</b>	<b>4,669,600</b>	<b>44,718,756</b>	<b>1,893,153</b>	<b>51,281,509</b>



### 3.7 Consolidated Cash Flow Statement of Cad It Group for the first half year 2003

The following table shows the consolidated cash flows of the Group at 30 June 2003. They evidence the assets and liabilities acquired by the parent company following the investments in subsidiaries in accordance with the Accounting Principle no. 17 on consolidated financial statements.

<i>at 31/12/2002</i>	<i>Cash flow statement of Cad It Group</i>	<i>at 30/06/2003</i>	<i>at 30/06/2002</i>
	<b><u>OPERATING ACTIVITIES</u></b>		
<b>2,566,895</b>	<b>Profit (loss) for the period</b>	<b>1,893,153</b>	<b>2,597,910</b>
	<b>Amortisation and depreciation:</b>		
794,959	- Tangible fixed assets	497,833	408,202
1,351,342	- Intangible fixed assets	765,668	688,133
1,211,866	- Goodwill arising on consolidation	605,323	605,933
	<b>Accruals:</b>		
1,335,537	- Employees' leaving entitlement	685,608	651,940
1,264	- Other provisions	29,834	516
71,873	Increase/(Decrease) in provisions for contingencies and other charges	21,418	18,902
<b>7,333,736</b>	<b>Sub-total</b>	<b>4,498,837</b>	<b>4,971,536</b>
(471,059)	Utilisation of employees' leaving entitlement	(268,445)	(271,020)
(302,241)	(Increase)/Decrease in receivables included under assets forming part of working capital	633,360	(3,737,402)
(176,884)	(Increase)/Decrease in inventory	(150,343)	(11,220)
12,051	(Increase)/Decrease in accrued income and deferred expenses	(204,468)	(89,982)
(2,593,154)	Increase/(Decrease) in accounts due to creditors	(297,077)	(1,893,646)
57,681	Increase/(Decrease) in accrued expenses and deferred income	3,011,872	2,595,430
355,722	Increase/(Decrease) in sums due to other financial institutions	(7,399)	7,512
(951,804)	Increase/(Decrease) in other non-financial payables	2,315,246	2,894,166
<b>(4,069,687)</b>	<b>Sub-total</b>	<b>5,032,746</b>	<b>(506,162)</b>
<b>3,264,049</b>	<b>(A) - Cash flows from (for) operating activities</b>	<b>9,531,583</b>	<b>4,465,373</b>
	<b><u>INVESTING ACTIVITIES</u></b>		
(26,900)	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	(16,631)	2,448
(2,029,973)	(Increase)/Decrease in intangible fixed assets	(877,130)	(1,695,834)
(5,366,765)	(Increase)/Decrease in tangible fixed assets	(288,961)	(2,609,333)
(1,556)	(Increase)/Decrease in other fixed assets	(15,387)	(4,931)
	Acquisition of investments in unconsolidated subsidiaries		
(47,745)	(Increase)/Decrease in investments in associated companies	8,574	(8,826)
991	(Increase)/Decrease in other investments and securities		1,016
<b>(7,471,948)</b>	<b>(B) - Cash flows from (for) investing activities</b>	<b>(1,189,535)</b>	<b>(4,315,459)</b>
	<b><u>FINANCING ACTIVITIES</u></b>		
	Increase/(Decrease) in financial payables		
	Increase/(Decrease) in reserves	(26,940,000)	
435,356	Minority interest	(286,344)	27,119
(5,837,000)	Distribution of dividends	(1,616,400)	(5,837,000)
	Capital injections		
<b>(5,401,644)</b>	<b>(C) - Cash flows from (for) financing activities</b>	<b>(28,842,744)</b>	<b>(5,809,881)</b>
<b>(9,609,543)</b>	<b>(A+B+C) - Total cash flows</b>	<b>(20,500,696)</b>	<b>(5,659,967)</b>

41,085,449	Opening liquid funds	31,475,907	41,085,449
<b>31,475,907</b>	<b>Closing liquid funds</b>	<b>10,975,211</b>	<b>35,425,482</b>

## 4. First Half-Year Report 2003 CAD IT S.p.A.

### 4.1 Balance Sheet CAD IT S.p.A. - Assets

31/12/2002		30/06/2003	30/06/2002
	A) SHARE CAPITAL PROCEEDS TO BE RECEIVED		
	I. Already called up		
	II. Not yet called up		
	<b>Total share capital proceeds to be received (A)</b>		
	B) FIXED ASSETS		
	I. Intangible fixed assets		
1,751,663	1) Start-up and capital costs	1,313,747	2,189,578
	2) Research, development and advertising costs		
	3) Industrial patents and similar rights		
178,010	4) Licences, trademarks and similar rights	304,369	95,770
	5) Goodwill		
	5 bis) Goodwill arising on consolidation		
	6) Assets under development and payments on account		
833,863	7) Other	791,885	822,204
<b>2,763,536</b>	<b>Total intangible fixed assets</b>	<b>2,410,001</b>	<b>3,107,552</b>
	II. Tangible fixed assets		
10,976,083	1) Land and buildings	10,945,200	
129,134	2) Plant and machinery	118,630	28,343
	3) Industrial and commercial equipment		
964,712	4) Other assets	944,739	177,222
	5) Assets under construction and payments on account		9,784,052
<b>12,069,930</b>	<b>Total tangible fixed assets</b>	<b>12,008,569</b>	<b>9,989,617</b>
	III. Financial fixed assets		
	1) Investments in:		
13,573,466	a) Subsidiary companies	13,562,495	13,534,577
	a-bis) Subsidiaries valued using the equity method		
353,610	b) Associated companies	353,610	353,610
6,022,021	c) Other	6,022,021	6,022,021
	2) Amounts receivable:		
	a) From subsidiary companies		
	b) From associated companies		
49,284	d) Other due after one year	45,301	52,659
	3) Other securities		
	4) Own shares		
<b>19,998,382</b>	<b>Total financial fixed assets</b>	<b>19,983,427</b>	<b>19,962,868</b>
<b>34,831,847</b>	<b>Total fixed assets (B)</b>	<b>34,401,997</b>	<b>33,060,037</b>
	C) ASSETS FORMING PART OF WORKING CAPITAL		
	I. Inventory		
	1) Raw materials, consumables and supplies		
	2) Work in progress and semi-finished products		
	3) Contract work in progress		
	4) Finished goods		

	5) Payments on account		
	<b>Total</b>		
	II. Receivables		
2,452,679	1) Trade receivables	4,793,237	5,164,083
19,012,539	2) Subsidiary companies	17,909,221	14,976,949
	2 bis) Subsidiaries valued using the equity method		
	3) Associated companies		
	4) Parent companies		
2,727,264	5) Others due within one year	431,461	1,213,790
<b>24,192,482</b>	<b>Total</b>	<b>23,133,919</b>	<b>21,354,822</b>
	III. Financial assets not of a fixed nature		
	1) Investments in subsidiary companies		
	2) Investments in associated companies		
	3) Investments in parent companies		
	4) Other investments		
	5) Own shares (total nominal value ....)		
	6) Other securities		
5,249,442	7) Insurance policies capitalised	5,335,346	5,160,795
<b>5,249,442</b>	<b>Total</b>	<b>5,335,346</b>	<b>5,160,795</b>
	IV. Liquid funds		
23,275,417	1) Bank and postal accounts	969,514	28,230,894
	2) Cheques on hand		
6,643	3) Cash-on-hand and cash equivalents	3,983	2,505
<b>23,282,059</b>	<b>Total</b>	<b>973,497</b>	<b>28,233,399</b>
<b>52,723,984</b>	<b>Total assets forming part of working capital</b>	<b>29,442,762</b>	<b>54,749,016</b>
	D) ACCRUED INCOME AND DEFERRED EXPENSES		
	Accrued income		
98,160	Deferred expenses	190,704	51,346
<b>98,160</b>	<b>Total</b>	<b>190,704</b>	<b>51,346</b>
<b>87,653,991</b>	<b>TOTAL ASSETS</b>	<b>64,035,463</b>	<b>87,860,399</b>

## 4.2 Balance Sheet CAD IT S.p.A. - Shareholders' Equity and Liabilities

31/12/2002		30/06/2003	30/06/2002
	A) SHAREHOLDERS' EQUITY		
4,669,600	I capital	4,669,600	4,669,600
62,186,400	II Share premium reserve	35,246,400	62,186,400
	III Revaluation reserves		
864,419	IV Legal reserve	933,920	864,419
	V Reserve for purchase of own shares		
	VI Statutory reserves		
7,506,650	VII Other reserves	8,954,608	7,506,650
	Consolidation reserves		
	VIII Retained earnings or losses carried forward		
3,133,858	IX Profit /(loss) for the period of the Group	2,615,057	2,592,746
<b>78,360,928</b>	<b>Shareholders' equity</b>	<b>52,419,585</b>	<b>77,819,815</b>
	B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		
	1) Pension and similar provisions		
	2) Taxation		
99	3) Exchange rate risk	330	
<b>99</b>	<b>Total</b>	<b>330</b>	
<b>1,820,352</b>	<b>C) EMPLOYEES' LEAVING ENTITLEMENT</b>	<b>2,043,346</b>	<b>1,578,138</b>
	D) PAYABLES		
	1) Debentures		
	2) Convertible debentures		
63	3) Due to banks		
	Due after one year		
	4) Sums due to other financial institutions		
	Due after one year		
	5) Payments on account		
1,259,483	6) Accounts payable to creditors	1,352,029	1,991,075
	7) Accounts payable on bills accepted and drawn		
	Due after one year		
1,733,679	8) Amounts payable to subsidiary companies	3,154,636	1,275,930
	8 bis) Amounts payable to subsidiaries valued using the equity method		
	9) Amounts payable to associated companies	77,453	15,494
	10) Amounts payable to parent companies		
601,025	11) Sums payable to taxation authorities	1,265,565	672,924
1,002,850	12) Social security charges payable	955,819	987,835
2,875,512	13) Other sums payable	2,548,810	3,519,189
<b>7,472,612</b>	<b>Total</b>	<b>9,354,312</b>	<b>8,462,446</b>
	E) ACCRUED EXPENSES AND DEFERRED INCOME		
	Accrued expenses		
	Deferred income	217,890	
	<b>Total</b>	<b>217,890</b>	

<u>87,653,991</u>	<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<u>64,035,463</u>	<u>87,860,399</u>
<u>12,394,966</u>	<b>MEMORANDUM AND CONTINGENCY ACCOUNTS</b>	<u>12,394,966</u>	<u>12,394,966</u>

### 4.3 Profit and Loss Account CAD IT S.p.A.

31/12/2002		30/06/2003	30/06/2002
	<b>A) PRODUCTION REVENUES</b>		
22,219,486	1) Turnover - goods and services	12,635,127	10,812,336
	2) Variation in inventories and work in progress		
	3) Variation in contract work in progress		
	4) Increase in internal work capitalised under fixed assets		
102,566	5) Other revenues and income	11,715	10,286
<b>22,322,052</b>	<b>Total production revenues</b>	<b>12,646,842</b>	<b>10,822,622</b>
	<b>B) PRODUCTION COST</b>		
(83,337)	6) Raw materials, consumables and supplies	(56,209)	(19,430)
(5,517,845)	7) Services	(3,012,251)	(2,346,679)
(425,806)	8) Use of third party assets	(93,062)	(117,431)
	9) Personnel expenses		
(9,654,036)	a) Wages and salaries	(4,830,391)	(4,584,800)
(2,972,275)	b) Social security contributions	(1,547,079)	(1,432,925)
(598,288)	c) Employees' leaving entitlement	(324,873)	(288,619)
	d) Pension and similar costs		
(16,111)	e) Other costs	(2,555)	(2,291)
(13,240,710)	Total personnel expenses	(6,704,898)	(6,308,635)
	10) Amortisation, depreciation and write-downs:		
(1,088,981)	a) Amortisation of intangible fixed assets	(565,515)	(565,157)
(289,203)	b) Depreciation of tangible fixed assets	(263,678)	(39,059)
	c) Write-downs of fixed assets		
(1,860)	c) Write-downs of receivables included under assets forming part of working capital		
(1,380,045)	Total amortisation, depreciation and write-downs	(829,193)	(604,216)
	11) Variation in raw materials, supplies and consumables		
	12) Provisions for contingencies		
	13) Other provisions		
(69,823)	14) Other operating costs	(44,968)	(15,592)
<b>(20,717,567)</b>	<b>Total production cost</b>	<b>(10,740,581)</b>	<b>(9,411,983)</b>
<b>1,604,485</b>	<b>Difference between production revenues and cost (A-B)</b>	<b>1,906,261</b>	<b>1,410,639</b>
	<b>C) FINANCIAL INCOME AND CHARGES</b>		
830,867	15) Income from investments in subsidiary companies	1,141,198	570,867
28,522	Associated companies	52,000	28,522
116,474	Other	56,470	116,474
634,470	Tax credits on dividends	390,805	261,439
	16) Other financial income		
1,388	a) Receivables classified as fixed assets	617	861
	b) From securities included as fixed assets which are not investments		
	c) From securities included under assets forming part of working capital		
1,170,772	d) Other income	267,632	631,797

	17) Interest and other financial charges		
(47)	a) Other	(542)	(47)
	b) Subsidiaries		
	c) Associated companies		
	d) Parent companies		
<b>2,782,446</b>	<b>Total (15+16-17)</b>	<b>1,908,180</b>	<b>1,609,912</b>
	D) ADJUSTMENTS TO FINANCIAL ASSET VALUES		
	18) Revaluation of investments in associated companies		
	19) Write-downs of investments in associated companies		
	<b>Total adjustments to financial asset values</b>		
	E) EXTRAORDINARY INCOME AND EXPENSES		
455,391	20) Income	49,939	426,650
	Profit on sale of assets		
(577)	21) Expenses	(4,035)	(234)
	Loss on sale of assets		
<b>454,814</b>	<b>Total extraordinary items (20-21)</b>	<b>45,904</b>	<b>426,416</b>
<b>4,841,745</b>	<b>PROFIT (LOSS) BEFORE TAXATION (A-B+C+-D+-E)</b>	<b>3,860,345</b>	<b>3,446,968</b>
(1,707,887)	22) Taxation on profit for the period	(1,245,288)	(854,222)



#### 4.4 Information on the half-year report - CAD IT S.p.A.

##### 4.4.1 Relationships with subsidiary companies

During the half year the Group companies carried out transactions with subsidiary and associated companies and with subsidiaries of the parent company CAD IT. The effects of transactions with fully consolidated companies on the financial position and results are eliminated, except for certain sales of instrumental goods of a not significant amount carried out, anyway, under arm's length conditions.

Sales of goods and services to the Group companies consolidated on a line-by-line basis resulted in revenues of € 11,511.4 thousand, arising from licences and analysis, assistance, design and development services.

All transactions with related parties are carried out on an arm's length basis.

Intercompany turnover from goods and services and intercompany receivables and payables at 30 June 2003 may be broken down as follows:

<i>Name of the company</i>	<i>Costs</i>	<i>Turnover</i>	<i>Receivables</i>	<i>Payables</i>
Cad IT S.p.A.	1,171,325	8,817,254	17,909,221	3,154,636
Cad S.r.l.	11,903,493	633,848	2,530,685	19,519,517
Cesbe S.r.l.	129,846	1,333,110	2,896,375	1,370,931
Syrm S.r.l.		17,766	48,354	9,206
4 Emme In. S.r.l.		327,971	189,048	
NetBureau S.r.l.	17,254	289,534	332,285	216,725
DQS S.r.l.	3,099	1,157,924	602,217	435,740
SGM S.r.l.		421,000	244,951	9,945
Smart Line S.r.l.	5,035	121,368	95,642	106,448
Bit Groove S.r.l.	7,819	118,923	6,972	21,575
Elidata S.r.l.	827			11,028
<b>Total</b>	<b>13,238,697</b>	<b>13,238,697</b>	<b>24,855,751</b>	<b>24,855,751</b>

As for the annual financial statements, the following paragraphs comment on the reclassified profit and loss account of CAD IT S.p.A., which best represents the performance of the company.

This reclassified profit and loss account complies with the format required by law.

In order to read the economic data correctly, it is pointed out that the results take into account the total of the dividends resolved in the corresponding period and the tax credits exclusively for the dividends already distributed at the closing date of the period.

#### 4.4.2 Reclassified Profit and Loss Account of CAD IT S.p.A.

31/12/2002	%	Reclassified Profit and Loss Account	30/06/2003	%	30/06/2002	%
22,219,486	99.54%	Turnover - goods and services	12,635,127	99.91%	10,812,336	99.90%
		Variations in contract work in progress				
102,566	0.46%	Other revenues and income	11,715	0.09%	10,286	0.10%
<b>22,322,052</b>	<b>100.00%</b>	<b>Production revenues</b>	<b>12,646,842</b>	<b>100.00%</b>	<b>10,822,622</b>	<b>100.00%</b>
		Raw materials, consumables and supplies	(56,209)	(0.44%)	(19,430)	(0.18%)
(83,337)	(0.37%)	Services	(2,539,192)	(20.08%)	(1,958,303)	(18.09%)
(4,736,192)	(21.22%)	Other operating costs	(138,030)	(1.09%)	(133,023)	(1.23%)
(495,629)	(2.22%)					
<b>17,006,894</b>	<b>76.19%</b>	<b>Added value</b>	<b>9,913,411</b>	<b>78.39%</b>	<b>8,711,866</b>	<b>80.50%</b>
		Personnel expenses	(6,704,898)	(53.02%)	(6,308,635)	(58.29%)
(13,240,710)	(59.32%)	Other administrative expenses	(473,059)	(3.74%)	(388,376)	(3.59%)
(781,653)	(3.50%)					
<b>2,984,530</b>	<b>13.37%</b>	<b>Gross operating result (EBITDA)</b>	<b>2,735,454</b>	<b>21.63%</b>	<b>2,014,855</b>	<b>18.62%</b>
		Charge to provision for bad debts				
(1,860)	(0.01%)	Amortisation and depreciation	(829,193)	(6.56%)	(604,216)	(5.58%)
(1,378,185)	(6.17%)	Other provisions				
<b>1,604,485</b>	<b>7.19%</b>	<b>Operating profit (EBIT)</b>	<b>1,906,261</b>	<b>15.07%</b>	<b>1,410,639</b>	<b>13.03%</b>
		Financial income and charges, net	1,908,180	15.09%	1,609,912	14.88%
2,782,446	12.47%					
<b>4,386,931</b>	<b>19.65%</b>	<b>Profit/(loss) from ordinary activities</b>	<b>3,814,441</b>	<b>30.16%</b>	<b>3,020,552</b>	<b>27.91%</b>
		Revaluations and write-downs				
454,814	2.04%	Extraordinary income and expenses	45,904	0.36%	426,416	3.94%
<b>4,841,745</b>	<b>21.69%</b>	<b>Profit (loss) before taxation</b>	<b>3,860,345</b>	<b>30.52%</b>	<b>3,446,968</b>	<b>31.85%</b>
		Taxation on profit for the period	(1,245,288)	(9.85%)	(854,222)	(7.89%)
(1,707,887)	(7.65%)					
<b>3,133,858</b>	<b>14.04%</b>	<b>Net profit / (loss) for the period</b>	<b>2,615,057</b>	<b>20.68%</b>	<b>2,592,746</b>	<b>23.96%</b>

#### 4.4.3 Reclassified Balance Sheet CAD IT S.p.A.

31/12/2002	Reclassified Balance Sheet	30/06/2003	30/06/2002
	<b>Fixed assets</b>		
2,763,536	Intangible fixed assets	2,410,001	3,107,552
12,069,930	Tangible fixed assets	12,008,569	9,989,617
19,998,382	Other fixed assets	19,983,427	19,962,868
<b>34,831,847</b>	<b>Total fixed assets</b>	<b>34,401,997</b>	<b>33,060,037</b>
	<b>Current assets</b>		
2,452,679	Trade receivables, net	4,793,237	5,164,083
	Closing inventory		
21,739,804	Other current assets	18,340,682	16,190,739
98,160	Accrued income and deferred expenses	190,704	51,346
<b>24,290,642</b>	<b>Total current assets</b>	<b>23,324,623</b>	<b>21,406,168</b>
	<b>Current liabilities</b>		
	Payments on account received		
1,259,483	Accounts payable to creditors	1,352,029	1,991,075
	Sums due to other financial institutions		
	Payables due to former shareholders		
5,612,040	Other current liabilities	6,736,718	5,798,447
601,025	Sums payable to taxation authorities	1,265,565	672,924
	Accrued expenses and deferred income	217,890	
<b>7,472,549</b>	<b>Total current liabilities</b>	<b>9,572,202</b>	<b>8,462,446</b>
<b>16,818,093</b>	<b>Operating capital, net</b>	<b>13,752,421</b>	<b>12,943,722</b>
1,820,352	Employees' leaving entitlement	2,043,346	1,578,138
<b>49,829,588</b>	<b>Invested capital, net</b>	<b>46,111,072</b>	<b>44,425,622</b>
	<b>Shareholders' equity and liabilities</b>		
78,360,928	Total shareholders' equity	52,419,585	77,819,815
	Minority interest		
	Medium/long-term payables due to banks		
99	Provisions for contingencies and other charges	330	
(28,531,439)	Short-term net indebtedness/(financial position)	(6,308,843)	(33,394,194)
<b>49,829,588</b>	<b>Total shareholders' equity and liabilities</b>	<b>46,111,072</b>	<b>44,425,622</b>

#### 4.4.4 Cash Flow Statement of CAD IT S.p.A.

at 31/12/2002	Cash Flow Statement of CAD IT S.p.A.	at 30/06/2003	at 30/06/2002
	<b><u>OPERATING ACTIVITIES</u></b>		
<b>3,133,858</b>	<b>Profit (loss) for the period</b>	<b>2,615,057</b>	<b>2,592,746</b>
	<b>Amortisation and depreciation:</b>		
289,203	- Tangible fixed assets	263,678	39,059
1,088,981	- Intangible fixed assets	565,515	565,157
	<b>Accruals:</b>		
598,288	- Employees' leaving entitlement	324,873	288,619
	- Other provisions		
99	Increase/(Decrease) in provisions for contingencies and other charges	231	
	(Gains)/losses on sale of fixed assets		
<b>5,110,429</b>	<b>Sub-total</b>	<b>3,769,354</b>	<b>3,485,581</b>
(160,666)	Utilisation of employees' leaving entitlement	(101,879)	(93,212)
(731,027)	(Increase)/Decrease in receivables included under assets forming part of working capital	1,058,563	2,106,634
	(Increase)/Decrease in inventory		
(48,283)	(Increase)/Decrease in accrued income and deferred expenses	(92,544)	(1,470)
(1,986,535)	Increase/(Decrease) in accounts due to creditors	92,546	(1,254,943)
(27,975)	Increase/(Decrease) in accrued expenses and deferred income	217,890	(27,975)
	Increase/(Decrease) in sums due to other financial institutions		
1,467,554	Increase/(Decrease) in other non-financial payables	1,789,218	1,725,860
<b>(1,486,931)</b>	<b>Sub-total</b>	<b>2,963,793</b>	<b>2,454,894</b>
<b>3,623,499</b>	<b>(A) - Cash flows from (for) operating activities</b>	<b>6,733,147</b>	<b>5,940,475</b>
	<b><u>INVESTING ACTIVITIES</u></b>		
(773,709)	(Increase)/Decrease in intangible fixed assets	(211,980)	(593,902)
(4,621,615)	(Increase)/Decrease in tangible fixed assets	(202,317)	(2,291,159)
1,209	(Increase)/Decrease in other fixed assets	3,983	(2,166)
(1,045,350)	(Increase)/Decrease in investments in subsidiary companies	10,971	(1,006,461)
	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method		
	(Increase)/Decrease in investments in associated companies		
	(Increase)/Decrease in other investments and securities		
<b>(6,439,466)</b>	<b>(B) - Cash flows from (for) investing activities</b>	<b>(399,343)</b>	<b>(3,893,687)</b>
	<b><u>FINANCING ACTIVITIES</u></b>		
	Increase/(Decrease) in financial payables		
	Increase/(Decrease) in reserves	(26,940,000)	
	Minority interest		
(5,837,000)	Distribution of dividends	(1,616,400)	(5,837,000)
	Capital injections		
<b>(5,837,000)</b>	<b>(C) - Cash flows from (for) financing activities</b>	<b>(28,556,400)</b>	<b>(5,837,000)</b>
<b>(8,652,967)</b>	<b>(A+B+C) - Total cash flows</b>	<b>(22,222,596)</b>	<b>(3,790,212)</b>
<b>37,184,406</b>	<b>Opening liquid funds</b>	<b>28,531,439</b>	<b>37,184,406</b>
<b>28,531,439</b>	<b>Closing liquid funds</b>	<b>6,308,843</b>	<b>33,394,194</b>

**On behalf of the Board of Directors**

The Chairman

(Signed on the original)

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Giuseppe Dal Cortivo