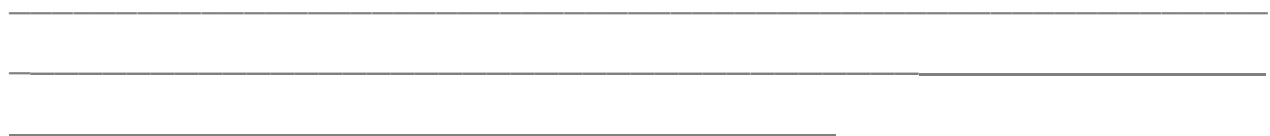




TAS S.p.A.

Half Year Report

as at 30 June 2004



The English version is a free translation of the Italian one, which remains the original and definitive version.

TAS TECNOLOGIA AVANZATA DEI SISTEMI S.P.A.

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TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A.

Registered office in Largo dei Caduti di El Alamein, 9 - 00173 Rome (Italy)
Share Capital Euro 921,519.04 fully paid up
Company Register no. and fiscal code 05345750581- Chamber of Commerce 732344

DIRECTORS' REPORT

HALF YEAR CONSOLIDATED REPORT AS AT 30 JUNE 2004

The first half year 2004 confirms what shown in the last yearly report: revenues almost doubled, interesting margins, a positive Net Profit and cash flow.

In figures:

- Total revenues: 6,383 k€ (+89% compared to half year 2003)
- EBITDA: 1,872 k€ (compared to -88 k€ of half year 2003)
- EBT 1,087 k€ (compared to -113 k€ of half year 2003)
- Net Financial Position: 15,714 k€ (compared to 13,528 k€ as at 31/12/2003)

The results of the period are influenced by the inclusion in the consolidation area of the Swiss Company APIA SA controlled by TAS since the 3rd of October 2003.

The world economy shows signs of slow-down in its growth which was led by United States and Far East. The Euro area after several years of standstill witnesses a restart but the growth is not homogeneous therein nor it is sure if long-lasting also due to the descending world trend. Italy slowly follows the current favourable trend passing from a growth around zero, in the past two years, to one per cent.

The oil price may jeopardise the economic growth accelerating the choices of monetary politics in order to control inflation. In the Euro area there is also the risk of dollar depreciation.

Significant events

Among activities and events of the first six months just elapsed, we wish to point out the following:

- TAS Shareholders' General Meeting on 7 April, after the withdrawal of the former authorisation of 16 April 2003, authorised the purchase of treasury stocks, pursuant to Article 2357 of the Italian Civil Code, for a period of eighteen months from the date of the decision up to a maximum of no. 175,914 ordinary shares, for a unit price, inclusive of additional charges of the purchase, not lower in the minimum than Euro 0.52 - equal to the nominal value of each stock - and in the maximum not higher than 10% over the reference price of the stocks during the market day preceding that of each operation. The maximum investment amount is Euro 3,500,000.

- The same Shareholders' General Meeting also decided:
 - the appointment of Federico Alesiani as member of the Board of Statutory Auditors and of Pietro Petrangeli as vice Statutory Auditor, with the same term of other Statutory Auditors and therefore until the General Shareholders' Meeting approving the yearly report as at 31/12/2004;
 - the appointment of Fabio Massimo Ferri, pursuant to Article 2386 of the Italian Civil Code, as member of the Board of Directors until the approval of the yearly report as at 31/12/2005;
 - the amendments to the Company By-Laws and Assembly Regulation. According to Law 17 January 2003 no. 6, introducing the new Company Law, companies need to update their By-Laws to the new compulsory rules within 30 September 2004.
- In June 2004 TAS purchased a further 5% of stocks of the controlled Swiss Company APIA S.A.. TAS' stake is therefore currently equal to the 80% of APIA's share capital. The price of the 50 stocks was 993,743.60 Euro in cash, determined by the excellent profits of the Swiss Company. This operation is consequent to the Put and Call system agreed upon in the sale and purchase contract of the previous 75% finalised in October 2003, aimed to increase TAS' stake up to 100% in the following four years, at a price bound to future results of the Swiss Company.
- In March 2004 TAS and Sinfo Pragma signed a commercial agreement. According to the Agreement TAS will offer and sell to its current and perspective customers Si-Finanza, Sinfo Pragma's software for securities back office management, contributing to its integration.
- The Board of Directors of 19 February approved the decision to cast the whole TAS shareholding in TASESPAÑA off.

TAS Group

The financial statements of the Companies included in the consolidation area are assumed with the integral method.

Consolidation Area	Name	Nationality	Share Capital	% Ownership	Var. % Ownership	Net Shareholders' Equity
Current	TAS S.p.A.	Italian	921,519			18,500,197
	TAS FRANCE EURL	French	503,082	100		81,331
	APIA SA	Swiss	64,767	80	+5%(1)	3,189,786
To be cast-off	TASESPAÑA SA(2)	Spanish	500,000	99.8		72,455

(1) Share purchased in the month of June.

(2) The Board of Directors approved the decision to cast the Company off.



TAS S.p.A.

Parent Company

- Largo dei Caduti di El Alamein no. 9, Rome - Italy

Local entities:

- Milan, Via Quintino Sella no. 4 - Italy;
- Verona, Via Museo no. 1 - Italy.

APIA S.A.

Controlled 80%

- Prati Botta, 22 Barbengo (Lugano) - Switzerland

Secondary establishment:

- Kloten, Lindenstrasse, 12 (Zurich) - Switzerland

TAS France Eurl

Controlled 100%

- Sophia Antipolis, Batiment B7 1300 Route de Gretes - France

Secondary establishments:

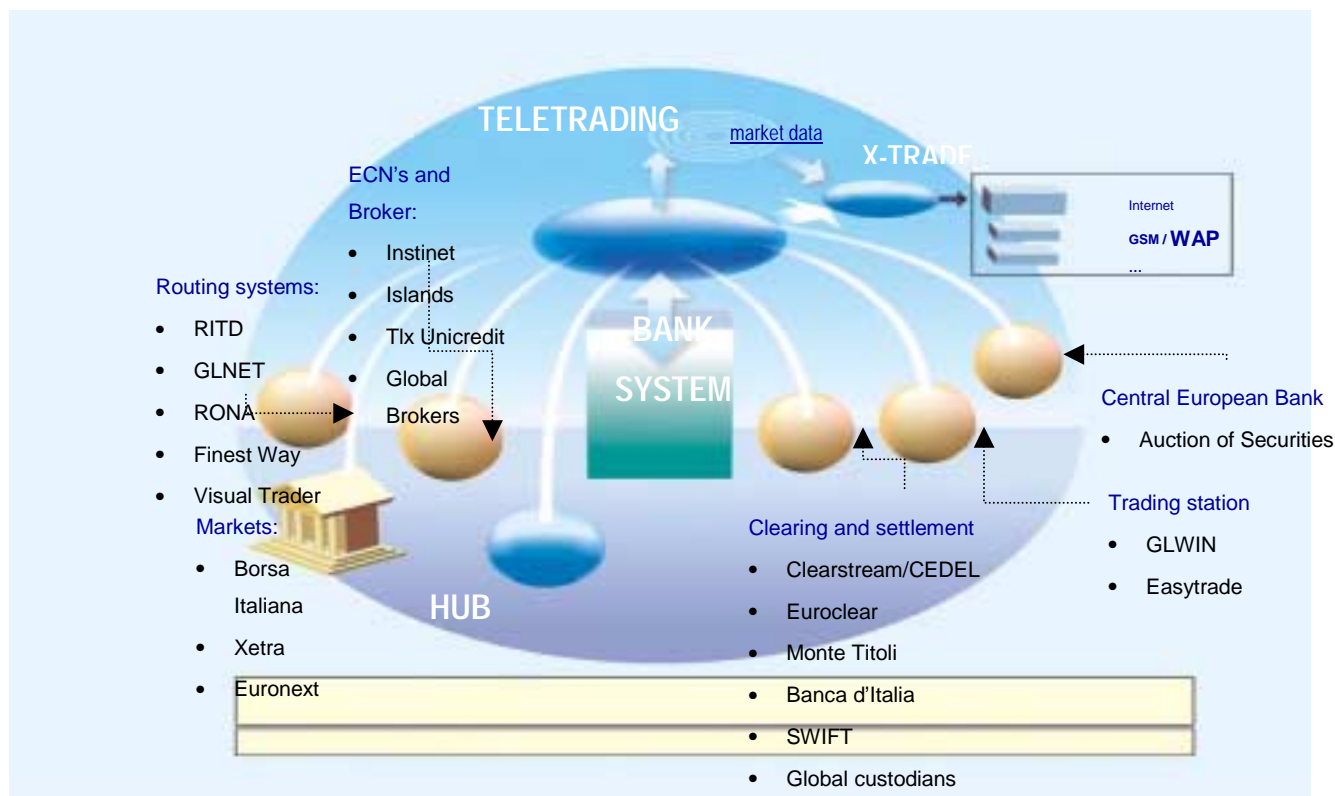
- Paris 54/56 Avenue Hoche - France.

Operational conditions and activity development

TAS S.p.A. operates in the information technology field with particular reference to development, marketing, consulting, assistance and maintenance of software, and it also has an ancillary activity of sale of hardware.

The software developed mainly concern the automation of the process of collection, trade and settlement of orders to buy and sell financial products and the credit provision and control.

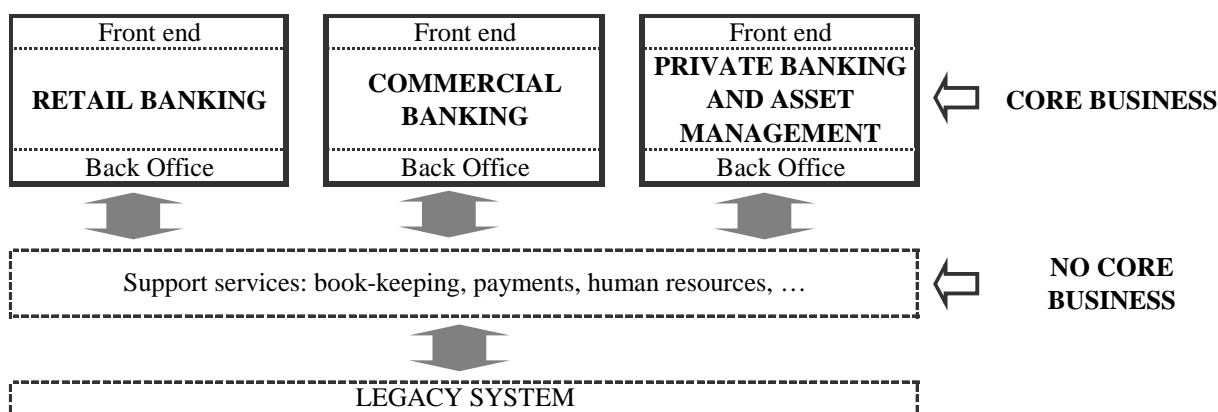
Since 2001, the Company also offers services of *Order Management*, *Order Routing and Trading on Line* as ASP (Application Service Provider).



The Company operates abroad through its controlled undertakings APIA and TAS FRANCE.

TAS France is an Internet Service Provider with a wide experience in e-commerce. Besides this historical activity, it actively co-operates with TAS in developing new financial software products and in commercialising TAS products in France, Principate of Monaco, Belgium and Luxemburg. For this purpose a distribution agreement was stipulated between the two companies.

APIA S.A. was established in 1992 from the idea of two managers entrepreneurs, being already operative in the IT world inside the big Swiss banking groups for 10 years, with the aim of offering technological solutions able to guarantee to banking operators a relevant efficiency in their operations and highest customer satisfaction.



The main focus of Apia resides therefore in the technological solutions for core business of financial intermediaries, gradually integrated with the existing accounting or back office “non core” systems, in order to reduce the impact on organisation and management.

Relationship with the controlled undertakings

Between TAS S.p.A. and the controlled company TAS FRANCE EURL the following relationships of commercial and financial nature were kept during the period: the latter is both a supplier of services and a customer of TAS S.p.A.. The Controlled Company is a distributor of the software Teletrading on the French territory, granting royalties to the Parent company for the sales, and can ask for accessory sale services.

Nature of the relationship	Controlled Undertaking
Royalties	19
Provision of services	2
Received services	(277)
Commercial receivables	19
Commercial payables	28
Financial receivables	232

The commercial operations have been made at market prices.

Development of the demand and trend of markets where the Group operates

TAS Group develops technological solutions supporting the operations of several business areas of banks and financial intermediaries in Europe. The following chart shows a brief summary of the segments covered in the various markets.

Market segments	Geographical area	Company
Front-office, Order Management and Order Routing for securities trading	Italy and France	TAS and TAS France
Clearing and settlement of securities	Italy	TAS
Front and middle office for private banking and asset management	Switzerland	APIA
Front and middle office for customers of commercial banks	Switzerland	APIA
Management of retail and other corporate credits	Switzerland	APIA

Furthermore the Groups carries out the activity of Internet Service Provision to the public and with a local target in southern France.

The value of segments where TAS operates is determined by investment disbursements for purchasing new software and by management costs of existing structures.

Financial markets witnessed that the positive trend of the second half of the year 2003 has slowed down. The good status of global economy had unfortunately only a slight influence on European economy and on the Italian one in particular.

The volumes of stock exchange transactions keep decreasing following the trend of the last three years, especially negative for the retail sector.

The securities operators are therefore still very careful: they show a great attention to information technology costs and take a long time to decide new investments.

The budget for software applications in the field where TAS operates is then still focused on:

- ⇒ evolving maintenance of applications, aimed to guarantee their functionality;
- ⇒ efficiency improvement and rationalisation of the existing systems, aimed in particular to reduce operative costs;
- ⇒ compliance with regulations and adjustment to the Stock Exchange - Intermediaries evolution.

Such situation causes a general standstill of the market and so business development is even more difficult especially in France.

There is still no sign of change of the current trend showing the growth of the reference market in general and of business retail in particular.

As for the Swiss market of solutions of credit management and typical banking activities, small and medium commercial banks are attempting to be more competitive in core processes mainly through:

- ⇒ efficiency improvement of core banking processes, by reducing absorbed human resources and technologies;
- ⇒ higher management efficacy for a better integration of product management, marketing and CRM;
- ⇒ correct and efficient risk management, in particular of credit risk and operative risk.

These issues have been pursued mainly through reshaping typical processes and innovating used technologies; with the consequence of investment development and market aptness to bear the requested improvements.

Behaviour of competitors

Competition keeps increasing and the use of prices as main competition weapon, especially by small operators and new entries, determines a strong pressure on margins. The market situation presses for the consolidation of operators and integration of their offer as competition strategy.

TAS' direct competitors in Italy and France are nowadays application software developers and service suppliers with an offer ranging from front to back office of securities.

In the securities field TAS is widening its offer with new internally developed solutions, purchase of new technologies and partnership agreements. It is thus proposing itself as a reference technological partner for financial operators, distinguishing itself from competitors for its trustworthy solutions and high level customer support service.

As for credit management solutions and typical banking activity there are many competitors with different targets:

- ⇒ some big international players, system integrators possessing or integrating applications for major financial operators, requesting expensive investments;
- ⇒ some national players producing several kinds of applications, sometimes not up-to-date nor integrated.

Apia's position is up to now a winning placement against small and medium companies, because it is able to associate quality, completeness and integration together with a competitive pricing.

In the first half year the analysis of opportunities in the field of solutions for credit management and typical banking activity outside Switzerland and in Italy in particular continued. Such opportunity may be pursued starting from the next future.

Trend of management in the sectors where the Group operates

In the first half year 2004 the Group has:

1. continued consolidation of revenues coming from existing installations;
2. further integrated the range of solutions for the market of trading securities:
 - ⇒ realising new platforms of access to telematic markets and, through them, assisting its customers in the change from the disused Borsa Italian's systems to the new and more efficient ones;
 - ⇒ allowing management of new foreign entities through Teleclearing platform;
 - ⇒ signing a partnership with a back office solution provider initially focused on the impact of IAS accounting principles.
3. proceeded the expansion in the field of applications for credit management and typical banking activity, through APIA SA.

Trend of management in the first half year

We show and comment here below some accounting charts. For further details please see the Notes, both for Shareholders' equity and Profit and Loss Account.

The reported amounts are in thousand Euros. Besides each data in figures there are the corresponding data at the first half year 2003 and at year-end. In order to compare them there are also, when possible, changes between the two periods.

Reclassified Consolidated Profit and Loss Account	30/06/04	30/06/03	change	31/12/03
Revenues from sales and services	6,440	3,235	99%	13,818
Variation of work in progress on order	-63	132	-148%	111
Capitalised internal work in progress				8
Other revenues	6	13	-54%	30
Total revenues	6,383	3,380	89%	13,968
Costs of materials and goods	-54	-59	-8%	-359
Service costs and other costs	-1,145	-1,006	14%	-3,987
Gross profit	5,184	2,315	124%	9,622
Personnel cost	-3,312	-2,403	38%	-6,610
EBITDA	1,872	-88		3,012
Depreciation	-674	-260	159%	-831
Accruals and write-downs	-12			-47
Income from operations	1,186	-348	-441%	2,134
Financial income and (charges)	42	235	-82%	358
EBIT	1,228	-113		2,492
Value adjustments of financial activities	-60			
Non recurring income (charges)	-81	-122	-34%	-1,204
EBT	1,087	-235		1,288
Provision taxes on the income	-515	-63	717%	-660
Net profit	572	-298		627

Total revenues

“Total Revenues” increases of 89%, thanks to the contribution of APIA S.A., included for the first time in the Group’s half year report.

	30.06.04	30.06.03	change	31.12.03
Sale of products	1,521	234	550%	4,459
Services	4,919	3,001	64%	9,359
Total profit	6,440	3,235	99%	13,818
Other profits	6	13	-54%	38
Variation of work in progress on order	-63	132	-148%	111
Total revenues	6,383	3,380	89%	13,968

Due to the consolidation of the recently acquired Company revenues distribution varies. The percentage of “*Sale of software*” increases more than that of “*Services*”. As a matter of fact whilst APIA offers sale of software, consultancy and maintenance, the rest of the Group is service oriented proposing a yearly licence.

EBITDA

“EBITDA” totals +1,872 k€ against -88 k€ of the former financial period. This item, passing from a negative to a positive value, is also certainly relevant in relation to Total Revenues, amounting to +29%.

Net Financial Position

In the following chart the evolution of the Net Financial Position in the period is shown:

CONSOLIDATED NET FINANCIAL POSITION				
Description	k Euro	30/06/04	30/06/03	31/12/03
Cash, bank accounts and securities		15,112	17,775	11,229
Financial assets other than fixed assets		72		1,780
Other receivables		130	-	59
Short term payables to banks		-0		-0
Short term net financial position		15,314	17,775	13,068
Medium/long term receivables		400	432	460
Medium/long term payables to banks and other financial institutions		-	-	-
Medium/long term net financial position		400	432	460
Net financial position		15,714	18,207	13,528

Comparison with June 2003 is quite irrelevant also because two events in the period determined significant cash disbursements.

In October 2003 the purchase of APIA has been finalised with a disbursement of almost Euro 8 million, 7,500,000 for the 75% of the shares and 407,923 for direct additional taxes.

In June 2004 TAS purchased a further 5% of the stocks of the controlled Swiss Company APIA S.A.. The price of the 50 stocks was Euro 993,743.60 in cash, determined by the excellent profit of the Swiss Company.

Against TAS FRANCE and TASESPAÑA losses prevail TAS and APIA cash flow, with a positive yearly balance of 2,186 k€. The Group remains highly liquid, with no financial debts.

Investments

During the period, investments were made in the following areas for the relative amounts in thousand Euros:

Description	30.06.04	30.06.03	change	31.12.03
Licenses and software	21	5	320%	828
Office electronic machines and hardware	87	24	263%	110
Other tangible fixed assets	4	7	-43%	45
Total investments for the period	112	36	211%	983

No item is relevant. The main costs concern the unix hardware in order to support the more and more significant activity in the finance area towards this operative system. The greater investment concerns software to be distributed or used to supply services to customers which is almost completely developed internally in the Group and is not capitalised but completely included in the costs of the period. Sometimes the Group purchases license rights on third parties' software.

Research and development activity

Research and development activity inside the Group is lead by TAS, as for financial markets, with the active participation of the French subsidiary TAS FRANCE with its own know-how through supply of services. As for Credit Supply, Management and Control and Asset Management the development activity is carried out by APIA.

During the elapsed period the development activity was focused on:

- Management of GAM, the new technological platform of Borsa Italiana S.p.A.;
- New functionalities of Teleclearing, software for automation of national and international clearing and settlement, for foreign entities.

Trend of management of TAS S.p.A.

We show and comment here below some accounting economic and financial charts concerning TAS S.p.A.. The amounts are expressed in thousand Euros. Changes are given with reference to values of the half year report as at the 30th of June 2003, besides these values and those of the yearly report as at the 31st of December 2003 are also reported.

Reclassified TAS S.p.A. Profit and loss account	30/06/2004	30/06/2003	Changes	31.12.03
Revenues from sales and services	3,433	2,951	16%	6,874
Work in progress on order	-63	132	-148%	111
Other revenues	0	8		20
Total revenues	3,370	3,091	9%	7,006
Costs of materials and goods	-26	-45	-42%	-63
Service costs and other costs	-973	-913	7%	-1,788
Gross profit	2,371	2,133	11%	5,155
Personnel cost	-1,883	-2,017	-7%	-3,747
EBITDA	488	116	321%	1,408
Depreciation	-229	-217	6%	-521
Income from operations	259	-101		887
Financial income and (charges)	79	234	-66%	360
EBIT	338	133	154%	1,246
Value adjustments of financial activities	-60			-939
Non recurring income (charges)	-33	-122	-73%	-69
EBT	245	11	2129%	238
Provision taxes on the income	-208	-63	230%	-147
Net profit	37	-52		91

Total revenues

“Total Revenues” show an increase of 9%.

	30.06.04	30.06.03	changes	31.12.03
Sale of products	114	234	-51%	653
Services	3,244	2,849	14%	6,333
Total profit	3,358	3,083	9%	6,986
Other profits	12	8	50%	20
Total revenues	3,370	3,091	9%	7,006

The strategy of the Company to privilege service supply than sale of licenses of use is strengthened. The former is increasing whilst the other decline though in a lesser way.

Types of profits	I 2004	%	I 2003	%	Var I/I	2003	%
Teletrading	2,321	69%	2,243	68%	3%	4,741	68%
Teleclearing/Back-office	453	13%	363	19%	25%	1,357	19%
ASP	312	9%	221	7%	41%	504	7%
Payment systems	82	2%	66	3%	24%	178	3%
Others	191	6%	190	3%	0%	206	3%
Total profit	3,358	100%	3,083	100%	9%	6,986	100%

The software *Teletrading*, managing orders and connections to securities markets, is still the leader. *Teleclearing*, managing clearing and settlement of stock exchange transactions, loses something although it gains 25% compared to the former half year. At year-end 2003 Teleclearing was weighing 19% due to the launch at year end of Express II, new technological clearing platform of Monte Titoli S.p.A.. The internal “ASP” service (Application Service Provider) granting to financial operators (Banks, SGR and Brokers) total or partial technical management of trading, clearing and settlement operations (*Order Management*), interface, connection and operability with international brokers (*Hub*) and technological management of the order collection through internet (*Trading On Line*) records a +41% due to the increasing number of operators joining the service. The area concerning payment systems is still secondary.

EBITDA

Costs rationalisation together with profit improvement determines a growth of 321% in the “EBITDA”. All items of costs show a decline except for “*Software consulting services and software development by third parties*”, connected to inter-company services, as well as for “*Leasehold costs*” adjusted to the inflation. The more significant reductions concern “*Personnel costs*”, -7%, and “*Travel expenses*”, -48%. The reason is as for the former ones the cut in personnel, as for the others a better work organisation in the territory and less travels abroad by the management.

	30.06.2004	30.06.2003	var	31.12.2003
Goods purchase	26	45	-42%	63
Software consulting services and software development by third parties	407	253	61%	474
Law, fiscal and administrative advices	86	95	-9%	189
Telephone expenses, etc. (telecommunication expenses)	118	125	-6%	245
Travel expenses	53	101	-48%	213
Other services	186	218	-15%	421
Costs for services	850	792	7%	1,542
Leashold costs	123	121	2%	246
Personnel costs	1,883	2,017	-7%	3,747
Accruals and Write-down	229	217	6%	521

Depreciation

Depreciation does not show significant variations, +6%, totalling a small amount, 12 k€ only.

Income from operations

Income from operations equal to 79 k€ comes from the yield of available liquidity. The decrease of 66% is due to lower investment rates and to less cash available in the half year because of investments in shareholdings as detailed beforehand.

Net Financial Position

In the table here below the evolution of Net Financial Position is shown:

Description	30/06/04	30/06/03	31/12/03
Cash bank accounts and securities	8,589	17,518	8,970
Short term receivables from controlled undertakings	232	35	
Other receivables	125		56
Short term payables to banks			-
Short term net financial position	8,946	17,553	9,026
Medium/long term receivables	236	400	292
Medium/long term payables to banks and other financial institutions			-
Medium/long term net financial position	236	400	292
Net financial position	9,182	17,953	9,318

Variation of the last twelve months is mainly due to the purchase of 80% of APIA, causing a cash disbursement of about Euro 9 million and to the loan to the controlled undertaking of about 670 k€ order to allow its operations.

The Company remains highly liquid, with no financial debts.

Management trend of TAS FRANCE eurl

The transalpine Company operates in the service field. Besides the historical activity of Internet Service Provider, since 2001 it distributes TAS financial products.

Herebelow its Reclassified Profit and Loss Account:

Re-classified TAS France Profit and Loss Account	30.06.04	30.06.03	Change	31.12.03
Revenues from sales and services	639	419	53%	855
Work in progress on order				8
Other revenues	6	5	20%	9
Total revenues	645	424	52%	873
Costs of materials and goods	-10	-17	-41%	-31
Service costs and other costs	-329	-203	62%	-499
Gross profit	306	204	50%	343
Personnel cost	-509	-343	48%	-874
EBITDA	-203	-139	46%	-531
Depreciation	-32	-31	3%	-51
Income from operations	-235	-170	38%	-594
Financial income and (charges)	-2			-4
EBIT	-237	-170	39%	-598
Non recurring income (charges)	-9	1		729
EBT	-246	-169	46%	131
Provision taxes on the income				-2
Net profit	-246	-169	46%	129

“Total revenues” grow of 52%, firstly because of sales to the Parent Company. Net of inter-company the growth amounts to 21%, detailed as shown in the following chart.

TAS FRANCE Revenues net of inter-company	30.06.04	30.06.03	change	31.12.03
ISP activity	279	232	20%	505
Financial activity	83	62	34%	111
Other revenues	6	10	-40%	33
Total revenues	368	304	21%	649

“ISP activity” has a continuous growth, +20% over the first half year 2003. The increase of item “Financial activity” is a good sign because besides its growth of 34% it shows a widened number of customer.

On the other hand “Personnel costs” grow of 48% and “Service costs and other costs” grow of 62%, aimed to improve the offer of financial services. Cuts in both items are however in course.

“EBITDA” is negative of 203 k€ worse of 46% because of higher costs than profits, as shown here above.

Management trend of APIA S.A.

The chart here below shows data of the half year 2004 and those of the whole financial year 2003. Data of the first half year 2003 are not shown as the Company was purchased afterwards in October 2003.

Reclassified Apia Profit and Loss account	30.06.2004	31.12.03
Revenues from sale and services	2,655	6,327
Total revenues	2,655	6,327
Costs of materials and goods	-17	-265
Services costs and other costs	-130	-1,899
Gross Profit	2,508	4,164
Personnel costs	-921	-1,902
EBITDA	1,587	2,262
Depreciation	-58	-63
Accruals and write-downs	-12	-35
Income from operations	1,517	2,164
Financial income and (charges)	-35	-1
EBIT	1,482	2,163
Non recurring income (charges)	21	180
EBT	1,503	2,342
Provision taxes on the income	-307	-512
Net profit	1,196	1,831

A comparison with the previous financial period is impossible whilst it may be made with the whole financial year 2003. The risk is to disregard possible seasonal effects.

Notwithstanding comparison with homogeneous periods, the period under exam shows significant margins with reference to total revenues: *EBITDA* at 60%, *Income from operations* at 57% and *Net Profit* at 45%.

The customer portfolio is made most of all of Swiss cantonal banks. Thanks to the modularity of products, APIA succeeds in increasing software already installed on existing customers.

	30/06/2004
Sale of products	1,407
Services	1,247
Total profit	2,654
Other profits	1
Totale Revenues	2,655

The company structure is very slim, with low costs of operations. Furthermore, thanks to the purchase by APIA of the rights on software commercialised by the same, royalties paid until the previous financial period are not present any more and “Costs for services and other costs” are therefore strongly decreasing compared to the whole financial period 2003. Item “Depreciation” is mainly due to such intangible fixed asset.

Treasury stocks and stocks/shares of parent companies

None of the Companies of the Group own neither directly nor indirectly treasury stocks or stocks/shares of the parent company.

Significant events occurred after the closing of the financial period

In July the office in Paris has been closed. Customers whose operational offices are located in Paris are under the care of Sophia Antipolis (Niece) and Rome.

Foreseeable management evolution

At the date of this report there are no significant events such as to considerably influence the financial, property and economical situation of the Group.

The financial structure should not shift considerably from the actual one.

Other information

Modalities, terms and conditions of the purchase of APIA and respective timing and forms of payment - Sellers

On the 3rd of October 2003 TAS purchased the 75% of the Swiss Company APIA S.A. from Sase Holding AG, with registered offices in ZUG (Switzerland), Via Chamerstrasse no. 3, share capital Swiss Francs 100,000, recorded at Zug Company Registrar with no. CH-514.3.011.403-1 of the Main Registrar, VAT no. 189280, upon payment of Euro 7,500,000 in cash.

The Agreement also provides for a Put and Call system aimed to purchase the remaining 25%, still owned by Sase Holding S.A., in the next four years, at a price bound to future results of the Swiss Company.

In order to give incentives to the founders of Sase Holding AG, still managing Apia, on future results there are five sets of Put, each on 5% of the remaining shares, with a corresponding Call in the event the put is not exercised, aimed to transfer all shares within January 2008:

- 1) the first Put has been exercised in June 2004;
- 2) the second Put may be exercised starting from 30/05/2005 until 15/06/2005 provided at least an EBIT of € 750,000 for the year 2004 is reached. Consequently Sase Holding is entitled to sell TAS such 5% shares at a price resulting from the following formula:
 - a. if EBIT 2004 is equal or higher than € 750,000 but lower than € 3,000,000: price in €= EBIT divided for 1.6;

- b. if EBIT 2004 is equal or higher than € 3,000,000: price in €=
 $1,875,000 + (\text{EBIT} - 3,000,000) \cdot 0.2$.

TAS is entitled to exercise its Call option on the same 5% of the share capital still owned by Sase, should Sase not exercise the above Put option, starting from 30/06/2005 until 15/07/2005, upon payment of € 1,000.

- 3) the third Put may be exercised starting from 30/05/2006 until 15/06/2006 provided at least an EBIT of € 750,000 for the year 2005 is reached. Consequently Sase Holding is entitled to sell TAS such 5% shares at a price resulting from the following formula:

- a. if EBIT 2005 is equal or higher than € 750,000 but lower than € 3,000,000: price in €= EBIT divided for 1.6;
b. if EBIT 2005 is equal or higher than € 3,000,000: price in €=
 $1,875,000 + (\text{EBIT} - 3,000,000) \cdot 0.2$.

TAS is entitled to exercise its Call option on the same 5% of the share capital still owned by Sase, should Sase not exercise the above Put option, starting from 30/06/2006 until 15/07/2006, upon payment of € 1,000.

- 4) the fourth Put may be exercised starting from 30/05/2007 until 15/06/2007 provided at least an EBIT of € 750,000 for the year 2006 is reached. Consequently Sase Holding is entitled to sell TAS such 5% shares at a price resulting from the following formula:

- a. if EBIT 2006 is equal or higher than € 750,000 but lower than € 3,000,000: price in €= EBIT divided for 1.6;
b. if EBIT 2006 is equal or higher than € 3,000,000: price in €=
 $1,875,000 + (\text{EBIT} - 3,000,000) \cdot 0.2$.

TAS is entitled to exercise its Call option on the same 5% of the share capital still owned by Sase, should Sase not exercise the above put option, starting from 30/06/2007 until 15/07/2007, upon payment of € 1,000.

- 5) the fifth Put may be exercised starting from 30/11/2007 until 15/12/2007 provided at least an EBIT of € 375,000 for the first half year 2007 is reached. Consequently Sase Holding is entitled to sell TAS such 5% shares at a price resulting from the following formula:

- a. if EBIT first half year 2007 is equal or higher than € 375,000 but lower than € 1,500,000: price in €= EBIT divided for 1.6;
b. if EBIT first half year 2007 is equal or higher than € 1,500,000: price in €=
 $937,000 + (\text{EBIT} - 1,500,000) \cdot 0.2$.

TAS is entitled to exercise its Call option on the same 5% of the share capital still owned by Sase, should Sase not exercise the above Put option, starting from 30/12/2007 until 15/01/2008, upon payment of € 1,000.

Stock Option Plans

Stock grant

The plan has the aim of incentivating and strengthening the tie with the resources of the Company and of the controlled companies, in connection with the achievement of the company's objectives, determining their participation in the enterprise risk and in the value increase for the shareholders and the consolidation in time of the professional contribution to the management processes of the Company.

Subject of the Plan are common shares of the Company with a nominal value of Euro 0.52 that the Board of Directors was delegated to issue at a nominal value up to a maximum of 120,000 (one hundred and twenty thousand) in execution of the share capital increase reserved to the Company's employees, up to a maximum of Euro 61,974.83 (sixty one thousand nine hundred and seventy four point eighty three) through the allocation to the share capital of the "Stock emission reserve according to Art. 2349 of the civil code", established at the shareholders' meeting of the 28th of July 2000 when deciding of the destination of 1999 revenues.

The increase will be made in more allotments within five years from the date of the shareholders' meeting decision of 13th of January 2000, and each increase will be submitted to the discretionary appreciation by the Board of Directors of the results achieved by the enterprise. The assignees are employees of the company or of other controlled companies.

The Board of Directors, after an appreciation related to specific company performances, approves the list of assignees proposed by the Chairman and the number of stocks to be assigned to each of them and also establishes, according to the conditions, the number of stocks, equal for all the assignees, that should be non-transferable for a period of at least three years from the date of assignation and for each assignee the possible additional number of stocks that should be submitted to non-transferability and their non-transferability period.

The stocks assigned in each allotment, other than those given equally to all assignees, can be submitted to non-transferability in a quantity and for a period determined by the Board of Directors for each employee: it could be as well established that the assigned stocks are not given to all employees of TAS and its controlled companies.

The chart here below summarises the stocks of the plan, those already assigned and those on disposal under the plan after the fourth allotment.

Total stocks of the plan	assigned stocks			Remaining stocks of the plan
	Transferable	Temporarily bound	total	
120,000	65,552	6,600	75,152	47,848

Stock option

The Shareholders' Meeting of the 11th of April 2001 has considered suitable to adopt a management incentive instrument, mainly used for the stimulation of value creation, in addition to the stock grant, with the main objective of strengthening the tie with and constituting a bonus for the employees.

Stock options, already widely used in Italy and abroad, enable to proportion part of the wages to the value increase for shareholders: in fact the subscription rights (options) offered upon a specific share capital increase are exercisable when TAS stocks reach satisfying prices higher than the exercise price of the options.

With the decision of the 11th of April 2001 the Extraordinary Shareholders' Meeting of the Company granted to the Board of Directors, according to Art. 2443 of the civil code, the faculty to increase in a five year term from the above mentioned decision, also in several times, the share capital of a maximum amount of Euro 92,962.24 issuing maximum 180,000 common shares with nominal value of Euro 0.52 each, excluding the option right according to Art. 2441 last paragraph of the civil code and according to Art. 134 of Law 24 February 1998 no. 58, to be assigned in option to TAS employees and/or to those of the controlled companies, pursuant to Art. 2359 of the civil code. It was also established that the subscription price of the stocks will be equal to the regular value as per Art. 9 paragraph 4, lett.a) of the D.P.R. 917/86. Besides, the Board of Directors was given the faculty to determine the regulation of the stock option plan.

In execution of the above mentioned proxy, the Board of Directors, at the meeting of the 9th of May 2001, has also decided:

- the Regulation approval;
- the increase of the share capital of a maximum amount of Euro 92,962.24, by issuing maximum 180,000 common shares with nominal value of Euro 0.52 each, to be offered in subscription, according to Article 2441 last paragraph of the Italian civil code and to Article 134 of Law 24 February 1998 no. 58, to beneficiaries chosen among the employees of TAS and/or the controlled companies according to Art. 2359 of the Italian civil code, pursuant to modalities terms and conditions of the Regulation;
- the plan consists of a maximum of 5 allotments and the choice of beneficiaries is at the Company Board of Directors' discretion.
The exercise of the options can be done: up to 30%, up to 60%, up to 100% of the options assigned to each beneficiary, respectively starting from the twelfth, twenty fourth and thirty sixth month after the one of the date of communication;
- the options assigned to each beneficiary for every single allotment should be exercised within a maximum period of forty three months from the date of communication of the same allotment. The plan should last until the 1st of January 2006.

At present there are no option rights.

Summary of transactions of “Key persons” in the period

The Company in its own Code of Conduct (“Internal Dealing”) also decided, in order to give a strong signal of fairness and transparency to the market, to summarise in each half year report and yearly report all transactions involving financial instruments of the Company made by Key Persons. Key Persons are: Directors, Statutory Auditors, General Director, Chief Financial Officer, Chief Marketing Officer, Chief Commercial Officer, Chief Technical Officer of the Company.

Summary of transactions of the Key Persons

Surname and name	Position	Total sales	Total purchases	Average Price	Counter value	Source
Nardo Renato	Finance		1,020	16.41	16,737	Market
Mendia Mario	Marketing	420		18.59	7,807	Market
De Marsanich Riccardo	Technical	856	-	19.65	16,824	Market

Shareholdings of Directors, Statutory Auditors and General Managers*TAS S.p.A. Shareholders*

Surname and Name	Kind of ownership	no. of stocks owned at 31.12.03	No. of stocks purchased in the period	no. of stocks sold in the period	no. of stocks owned at 30.06.2004
Busnello Pompeo (A)	(P) (Ac)	624,000 ⁽¹⁾	-		624,000 ⁽¹⁾
Busnello Barbara (A)	(P) (Ac)	193,000	-		193,000
Busnello Lucia (A)	(P) (Ac)	193,000	300 ^(As)		193,300
Bassi Angelo (A)	(P) (Ac)	50	-	-	50

(A) director TAS S.p.A., (P) Ownership, (Ac) Purchase, (As) Free of charge assignment ex art. 2349 c.c., (1) of which 14,000 detained by the wife.

TASESPAÑA S.A. Shareholders

Surname and name	Kind of Ownership	no. of stocks owned at 31.12.03	no. of stocks purchased in the period	no. of stocks sold in the period	No of stocks owned at 30.06.2004
Busnello Pompeo (A)	(P) (S)		1		1

Director of TAS S.p.A., (S) Subscription, (P) Ownership.

For the Board of Directors

The Chairman
Pompeo BUSNELLO

Company Register no. 05345750581
Chamber of Commerce no. 732344

TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A.

Registered offices in LARGO CADUTI DI EL ALAMEIN, 9 - 00173 ROME (Italy)
Share Capital Euro 921,519.04 fully paid up

Half Year Consolidated Financial Statements as at 30/06/2004

Amounts expressed in thousand Euros.

Asset	30/06/2004	30/06/2003	31/12/2003
A) Accounts receivable from shareholders in respect of unpaid share capital (called up)			
B) Fixed assets			
<i>I. Intangible assets</i>			
1) Start-up and expansion costs	155	469	308
3) Industrial patent and intellectual property rights	618	37	696
4) Concessions, licenses, trademarks and similar right	2	2	2
5) Goodwill	7,326	148	6,833
7) Other intangible assets	5	9	7
	<u>8,106</u>	<u>665</u>	<u>7,846</u>
<i>II. Tangible assets</i>			
2) Plant and machinery	38	61	71
4) Other assets	299	177	235
	<u>337</u>	<u>238</u>	<u>306</u>
<i>III. Financial assets</i>			
1) Shareholdings in:			
d) other companies	<u>67</u>	<u>67</u>	<u>67</u>
	67	67	67
2) Accounts Receivable			
d) Other accounts receivable			
- falling due within one year	130	400	59
- falling due after more than one year	400	32	460
	<u>530</u>	<u>432</u>	<u>519</u>
	<u>530</u>	<u>432</u>	<u>519</u>
	<u>597</u>	<u>499</u>	<u>586</u>
Total fixed assets	9,040	1,402	8,738
C) Current assets			
<i>I. Stock</i>			
3) Work in progress on order	127	210	190
4) Finished products and goods	5	6	6
5) Advances	1		
	<u>133</u>	<u>216</u>	<u>196</u>
<i>II. Accounts receivable</i>			
1) From customers			
- falling due within one year	<u>3,362</u>	<u>2,421</u>	<u>2,618</u>
	3,362	2,421	2,618

5) Other accounts receivable			
- falling due within one year	130	170	338
- falling due after more than one year	26		17
		156	355
		3,518	2,973
III. Financial assets other than fixed assets			
1) Shareholdings in controlled companies		72	
6) Other securities			139
7) Accounts receivable from affiliated companies			1,641
- falling due within one year			
		72	1,780
IV. Liquid assets			
1) Bank and postal deposits	15,107	17,774	11,221
2) Cheques		1	4
3) Cash and cash equivalents	5		4
	15,112	17,775	11,229
Total current assets	18,835	20,582	16,178
D) Prepayments and accrued income			
- discounts on loans			
- others	138	139	65
	138	139	65
Total assets	28,013	22,123	24,981
Liabilities	30/06/2004	30/06/2003	31/12/2003
A) Shareholders' equity			
<i>I. Share capital</i>	922	915	915
<i>II. Share premium reserve</i>	17,242	17,242	17,242
<i>III. Revaluation reserve</i>			
<i>IV. Legal reserve</i>	271	180	180
<i>V. Reserve for treasury stocks</i>			
<i>VI. Statutory Reserve</i>			
<i>VII. Other reserves</i>			
Extraordinary reserve	3	3	3
EURO conversion reserve			
Stock emission	25	31	31
Foreign currency reserve for consolidation of foreign companies	48		(22)
	76	34	12
<i>VIII. Retained earnings (loss) carried forward</i>	371		
<i>IX. Profit (loss) for the period</i>	333	(298)	485
Total Group shareholders' equity	19,215	18,073	18,834
-) Minority interest—shareholders' capital and reserves	399	1	340
-) Profit (loss) of the period attributable to the minority interest	239		142
Total Total minority shareholders' equity	638		482
Total consolidated shareholders' equity	19,853	18,073	19,316
B) Provisions for liabilities and charges			
2) Tax provision	847		2,022
-) Provision for future liabilities and charges			
3) Other provisions	12		12

Total provisions for liabilities and charges	859		2,034
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C) Employees' leaving indemnity	768	622	695
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D) Accounts Payables

3)	Accounts payable to banks - falling due within one year	_____	_____	_____
5)	Payments received on account (advances) - falling due within one year	2,109	1,232	368
		2,109	1,232	368
6)	Accounts payable to suppliers - falling due within one year	282	409	362
		282	409	362
11)	Taxes payable - falling due within one year	2,310	268	893
		2,310	268	893
12)	Accounts payable to social security institutions - falling due within one year	329	292	332
		329	292	332
13)	Other accounts payable - falling due within one year	423	359	547
	- falling due after more than one year	7	7	7
		430	359	554

Total accounts payables	5,460	2,560	2,509
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E) Accrued liabilities and deferred income

- loan interest				
- other accrued liabilities and deferred income	1,073		868	427
		1,073	868	427

Total liabilities	28,013	22,123	24,981
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Memo accounts

	30/06/2004	30/06/2003	31/12/2003
3) Risks	2,941	81	7,581
4) Link between Civil Code and tax rules	41	9	683

Total memo accounts	2,982	90	8,264
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Profit and loss account

	30/06/2004	30/06/2003	31/12/2003
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A) Revenues

1)	From sales and services	6,440	3,235	13,818
2)	Changes in stock of work in process, semi-finished and finished products			
3)	Work in progress on order	(63)	132	111
4)	Capitalised internal work in progress			8
5)	Other revenues			
	- miscellaneous	4	2	2
	- contribution on trading account	2	11	27
	- contribution on capital account	_____	_____	_____

		6	13	29
Total revenues		6,383	3,380	13,966
B) Costs				
6)	Raw materials, subsidiary materials, consumables and goods	53	61	360
7)	Services	823	810	3,454
8)	Leasehold	293	179	476
9)	Personnel costs			
	a) salaries and wages	2,515	1,704	4,955
	b) social contributions	700	553	1,351
	c) employees' leaving indemnity	97	100	200
	d) retirement indemnity and similar costs			
	e) other costs		46	105
		3,312	2,403	6,611
10)	Depreciation and write-downs			
	a) depreciation of intangible assets	615	198	700
	b) depreciation of tangible assets	59	62	131
	c) other write-downs of fixed assets			
	d) write down of accounts receivable recorded among current assets and liquid assets	12		35
		686	260	866
11)	Changes in raw materials, subsidiary materials, consumables and goods	1	(2)	(2)
12)	Risk accruals			12
13)	Other accruals			
14)	Miscellaneous running costs	29	17	56
Total costs		5,197	3,728	11,833
Difference between revenues and costs (A-B)		1,186	(348)	2,133
C) Financial income and costs				
15)	Income from shareholdings:			
	- in controlled undertakings			
	- in affiliated undertakings			
	- other income	1	1	2
		1	1	2
16)	Other financial income:			
	a) from accounts receivable recorded among fixed assets			
	- from controlled undertakings			
	- from affiliated undertakings			
	- from parent companies			
	- other financial income	2	3	4
		2	3	4
	b) from securities recorded among fixed assets			
	c) from securities recorded among current assets		24	25
	d) other income:			
	- from controlled undertakings			
	- from affiliated undertakings			
	- from parent companies			
	- other income	83	211	343

		83	211	343
		85	239	372
17) Interest and other financial costs:				
- from controlled undertakings				
- from affiliated undertakings				
- from parent companies				
- others financial costs	44		4	16
		44	4	16
Total financial income and costs		42	235	358

D) Value adjustments of financial assets

18) Write-ups:

- a) of shareholdings
-) with the shareholders' equity method
- b) of financial fixed assets
- c) of securities recorded among current assets

19) Write downs:

- a) of shareholdings
-) with the shareholders' equity method
- b) of financial fixed assets
- c) of securities recorded among current assets

		60		
			60	
Total value adjustments to financial assets			(60)	

E) Extraordinary income and costs

20) Income:

- capital gains on disposals
- other extraordinary income

21) Expenses:

- losses on disposals
- taxes of previous years
- other extraordinary costs

	24		63	2,036
		24	63	2,036
	11			1
			2	1,682
	94		183	1,557
		105	185	3,240
Total extraordinary income and costs		(81)	(122)	(1,204)

Result before taxes (A-B±C±D±E)

22) Taxes on the income of the period

- a) Current taxes
- b) Deferred taxes (advanced)

23) Profit (loss) of the year

-) Profit (loss) of the period attributable to minority interest
-) Profit (loss) of the period attributable to the Group

Company Register no. and Fiscal Code 05345750581
Chamber of Commerce no. 732344

TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A.

Registered office in LARGO CADUTI DI EL ALAMEIN, 9 - 00173 ROME (Italy)
Share Capital Euro 921,519.04 fully paid up

Notes to the consolidated Financial Statements as at 30/06/2004

Amounts expressed in thousand Euros.

Introduction

These Notes contain all information requested by the law for financial statements and consolidated financial statements.

Additional information has also been supplied, even though not specifically requested by rules of law, when needed to give a correct and true representation in the clearness context.

This document has also been integrated with notes concerning accounting charts of the parent Company when useful for a correct information.

Variations have been recorded with reference to the values of the Financial Statements as at 30/06/2003, whilst increase and decrease refer to the current half year.

Activities

Please refer to Directors' Report (under "Operational conditions and activity development").

Significant events in the period

Please refer to the Directors' Report (under "Significant events").

Layout criteria

Financial Statements of the Parent Company have been drawn up in compliance with Article 2423 and following Articles of the Italian Civil Code, as appearing from these notes, which have been prepared pursuant to Article 2427 of the Italian Civil Code. These notes are an integral part of the Financial Statements in accordance with Article 2423 of the Italian Civil Code.

Consolidated Financial Statements, containing Balance Sheet, Profit and Loss Account and Notes, have been written in compliance with Article 29 of the Legislative Decree 127/91, as shown in these Notes, drafted according to Article 38 of the same Decree.

In addition to attachments provided for in the law, comparison charts between Net profit/loss and Net Shareholders' equity of the Parent Company and the same values resulting from the consolidated Financial Statements have been included.

In these Notes data and information indicated in Article 38 of the Decree are also shown.

When necessary, accounting principles of the national Council of the business consultants and account consultants have been applied and, where missing, the accounting principles recommended by Iasc and referred to by Consob. In the accounting data values of the same period of the former financial period and values at year end are compared. Data are expressed in thousand Euros.

Consolidation area and methods

Consolidated Financial Statements originate from Financial Statements of TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A. (Parent Company) and of the Companies in which the Parent Company owns directly or indirectly the control quota of the share capital or otherwise control them. Financial Statements of the Companies included in the consolidation area are drawn up with the integral method. The list of these Companies is attached hereto.

There are no exceptions for heterogeneity.

There are no companies excluded from consolidation on which, for legal reasons or other, it is not possible to exercise control.

No company has been consolidated with the proportional method.

There are no affiliated companies on which the Parent Company exercises directly or indirectly a significant influence.

The Companies where the owned participation is lower than 20% and constituting fixed assets are evaluated using the cost method.

The controlled Company excluded from consolidation and recorded among current assets has been valued according to Article 2426 paragraph 9 of the Italian Civil Code. The reasons of such exclusion are detailed hereinafter.

None of the Companies end the financial year on a date other than the reference date of consolidated financial statements.

Consolidation criteria

The book value of shareholdings in consolidated Companies has been written off against the corresponding portion of shareholders' equity. Differences resulting from such elimination are attributed to single items justifying them. The surplus, if positive, is recorded under item "Consolidation difference" among Fixed assets and depreciated in compliance with Article 2426 no. 6 of the Italian Civil Code. If negative, the remaining difference is recorded under item "Consolidation reserve" of the Shareholders' equity or under the specific "Consolidation provision for liabilities and charges" according to the criterion of Article 33, paragraph 3, of the legislative decree 127/91.

The "Consolidation difference" and the "Provision for liabilities and charges" so determined are recorded in the profit and loss account in relation to the economical trend of the controlled companies or depreciated, applying the criterion indicated in the following "Evaluation criteria".

The minority Shareholders' equity quotas are put down in the specific item of the Shareholders' equity. In the profit and loss account is separately indicated the resulting minority interest quota.

The equity and economic relations among the Companies included in the consolidation area are completely written-off. Profit and losses deriving from operations among consolidated Companies carried out other than through operations with third parties are written-off.

The criterion of current exchange at the end of financial period has been applied for the euro conversion of foreign controlled companies' financial statements expressed in foreign currency. It consists of conversion of assets and liabilities at the exchange rate of the consolidation date (30/06/2004). Otherwise items of net shareholders' equity, except the result of the period, have been converted at the historical exchange rate when they took place. Items of profit and loss account, including the result of the period, have been converted, at the average exchange rate of the period. The exchange difference arising from such conversion is recorded in the net shareholders' equity under assets or liabilities and called "conversion reserve".

The following rates have been applied to the conversion of financial statements expressed in foreign currency, in this case concerning only the controlled Swiss company APIA S.A.:

Currency	change	
	As at 30/06/2004	Yearly average
Swiss Francs	1.5242	1.5531

With reference to the consolidation of the controlled company APIA S.A., it is worth noting that, as at year end 2003 immediately afterward the purchase of the shareholding, the result of the period 1/01/2004-30/06/2004 concerning 5% shareholding in the controlled company, purchased on 9 June 2004, has been put down as retained earning and therefore it contributed to the controlled company's Shareholders' Equity, then it was written-off when consolidated against the cost of shareholding. The consolidation difference so determined has been recorded as goodwill.

As for profit and loss account, the consolidated financial statements include all costs and revenues of the controlled company. The result of the period referred to 5% shareholding, has been put down as Extraordinary income E-21-miscellaneous and therefore written off from the total result.

Evaluation criteria

Criteria followed in preparing Financial Statements as at 30/06/2004 are consistent with those followed in Financial Statements compared to the same, in particular in the evaluation and continuity of the same principles.

The evaluation of entries has been prepared on a prudential, accruals and going-concern basis.

Prudentially each item of assets and liabilities has been individually evaluated, in order to avoid offsets between losses that should have been acknowledged and profit that should have not as not yet realised.

Pursuant to the accruals principle, effects of transactions and other events have been accounted for and attributed to the period when they refer instead when the corresponding monetary movements took place.

Consistency in application of accounting principles ensures comparability of financial statements drawn up in different financial periods.

Criteria followed in preparing consolidated Financial Statements as at 30/06/2004 are consistent with those followed in Financial Statements of the Parent Company.

Exceptions

No exception has been applied.

In particular, the adopted evaluation criteria are the following.

Fixed assets*Intangible fixed assets*

They are recorded at their purchase cost, net of depreciation and attributed to the single entries.

Depreciation is calculated on the basis of civil criteria and within the limits of tax laws.

Start-up and expansion costs are recorded among assets upon approval of the Board of the External Auditors and of Statutory Auditors and are depreciated over a five years period.

Goodwill, deriving from the "Consolidation difference" has been recorded among assets of the consolidated Financial Statements upon the approval of the External Auditors and of the Board of Statutory Auditors and is depreciated over a period of ten years. The choice of a depreciation period exceeding five years is due to economical needs. The yield foreseeable from this investment is to be expected on a long-term basis. Such depreciation period does not however exceed the term of use of this asset.

Industrial patent and intellectual property rights are depreciated at a yearly rate of 33.33%, trade marks at a yearly rate of 10%.

Leasehold improvements are depreciated at rates depending on the duration of the underlying agreements.

There are no internally developed intangible fixed assets in the period.

Tangible assets

These have been recorded at their purchase cost and adjusted by the relevant accumulated depreciation.

The book value includes ancillary costs and costs of use of the asset, minus trade discounts and significant cash discounts.

The depreciation quota charged to profit and loss account has been calculated on the basis of the remaining useful life of the assets, taking into account their use, destination and economic-technical life.

No write-up nor write-down is present.

Accounts receivable

These have been recorded at their estimated realisable value. The nominal value of accounts receivable has been adjusted to the estimated realisable value by means of a specific write-down provision, taking into account their dates.

Accounts payable

Payables have been recorded at their nominal value, adjusted by return of goods or credit notes.

Prepayments and accruals

These have been determined on an accrual basis.

As for the pluriennial ones, conditions determining their original recording have been verified and adjusted, when necessary.

Work in progress

Work-in-progress has been recorded on the basis of the *criterion of the completion percentage or the status of the work*: costs, profit and the order margin are acknowledged depending on the status of the work. The method of the physical measurement is adopted for the application of this criterion.

Securities

There are no securities.

Shareholdings

Shareholdings in subsidiary undertakings, recorded among financial assets of the Parent Company's Financial Statements, have been valued at their purchase or subscription cost and, when needed, depreciated in presence of long lasting losses of value.

Remaining shareholdings are recorded at their purchase or subscription cost.

Shareholdings recorded among fixed assets represent a long term and strategic investment by the Company.

Shareholdings recorded among current assets, better detailed hereinafter, are to be cast-off in the short term.

Treasury stock

Neither the Parent Company nor its undertakings own treasury stock.

Provisions for liabilities and charges

They are aimed to cover losses or debts whose existence is certain or possible but whose amount or date was not yet ascertained at half year end.

The evaluation of this provision has been made on a prudential and accruals basis and no provision for generic risks without an economic reason has been created.

Potential liabilities are recorded in the financial statements under provisions because deemed possible and whose relative amount being reasonably estimable.

Provision for employees' leaving indemnity

This provision consists of amounts actually accrued in favour to employees, pursuant to the law and current labour agreements, including any element of remuneration paid on a continuous basis.

This provision includes total indemnities accrued in favour to employees at half-year end, net of advances paid, and assuming termination of their employment relationship at such date.

Income taxes

Income taxes have been set aside on an accrual basis and includes the following:

- accruals for taxes paid or payable in the period, determined at current rates and in accordance with current rules;
- the amount of deferred taxes or advance taxes with reference to timing differences which arose or were written off in the period;
- adjustments to the balance of advance or deferred taxes, in order to take into account changes of tax rates during the period.

Recognition of income

Sales revenue is determined at the time of the transfer of ownership which usually coincides with delivery or forwarding the goods.

Financial income and income from provision of services is recorded on an accrual basis.

Adjustment criteria

No adjustment criteria adopted.

Criteria for conversion of accounts in foreign currency

Accounts payable and receivable in foreign currency are recorded at the exchange rates in force when they originated and aligned to the current exchange rates at half year end.

Profits and losses deriving from the conversion of payables and receivables are credited or debited in the profit and loss account as components of financial nature.

Guarantees, commitments, third parties' assets and risks

Commitments and guarantees are recorded at their contractual value.

They are put down in the memo accounts and represent:

Risks: the value of financial guarantees given by banks in favour to the owners of the premises where the activity is carried out (instead of a caution deposit); the guarantee in the event of liabilities, non-existence or losses by APIA S.A., not resulting from the reference financial statements, granted by the sellers of the shares to TAS.

Link between civil and fiscal rules: the amount of temporarily differences fiscally deductible in following periods.

Employment data

The average staff, broken down by categories, has undergone the following changes:

Staff	30/06/2003	31/12/2003	30/06/2004	Changes
Executives	5	6	6	1
Officers	28	32	38	10
Employees	44	70	61	17
Others				
	77	108	105	28

Changes in the last twelve months are almost entirely due to the consolidation of the recently acquired APIA S.A.

Parent Company

Staff	30/06/2003	31/12/2003	30/06/2004	Changes
Executives	5	5	4	(1)
Officers	16	16	16	
Employees	43	43	42	(1)
Others				
	64	64	62	(2)

The national labour agreement applicable to employees and officers is that for commerce and services, to executives the one for executives of industrial enterprises.

Assets

A) Accounts receivable from shareholders for unpaid share capital

Item not present.

B) Fixed assets

I. Intangible fixed assets

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
665	7,846	8,106	7,441

Total movements of Intangible Fixed Assets

Cost description	Value at 30/06/2003	Value at 31/12/2003	Additions for the period	Decreases for the period	Depreciation for the period	Value at 30/06/2004
Start-up and expansion costs	469	308		3	150	155
Industrial patent and intellectual property rights	37	696	30		108	618
Concession, licenses, trademarks and similar rights	2	2				2
Goodwill	148	6,833	848		355	7,326
Work-in-progress and advances						
Others	9	7			2	5
	665	7,846	878	3	615	8,106

Item “Start-up and expansion costs” refers to costs borne for share capital increases, By-laws amendments, Euro conversion of share capital. The most relevant costs are those borne on 2000 for IPO on Nuovo Mercato of Borsa Italiana S.p.A. whose depreciation shall expire in the current financial year. “Industrial patent and intellectual property rights” concern costs of purchasing licences for accessory or complementary software needed for the development of own software.

Previous write-ups, depreciation and write-downs

Purchase value at the beginning of the period is broken own as follows:

Cost description	Purchase value	Depreciation provision	Net value
Start-up and expansion costs	1,607	1,299	308
Industrial patent and intellectual property rights	1,334	638	696
Concession, licenses, trademarks and similar right	4	2	2
Goodwill	7,096	263	6,833
Work-in-progress and advances			
Others	43	36	7
	10,084	2,238	7,846

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
496	487	303	(193)

Total movements of Intangible Fixed Assets

Cost description	Value at 30/06/2003	Value at 31/12/2003	Additions for the period	Decreases for the period	Depreciation for the period	Value at 30/06/2004
Start-up and expansion costs	466	306			151	155
Industrial patent and intellectual property rights	19	172	14		46	140
Concession, licenses, trademarks	2	2				2
Work-in-progress and advances						
Others	9	7			1	6
	496	487	14		198	303

Previous write-ups, depreciation and write-downs

The purchase value at the beginning of the period is broken down as follows:

Cost description	Purchase Value	Depreciation provision	Net value
Start-up and expansion costs	1,602	1,296	306
Industrial patent and intellectual property rights	710	538	172
Concession, licenses, trademarks	4	2	2
Work-in-progress and advances			
Others	43	36	7
	2,359	1,872	487

Movements from one item to another

None.

Write-ups and write-downs during the period

None.

Start-up and expansion costs

Costs Description	Value at 30/06/2003	Value at 31/12/2003	Depreciation for the period	Value at 30/06/2004
Establishment Transformation Listing	3	2	2	
Share capital increase	447	292	148	144
Other By-laws amendments	4	3	1	2
	15	11	2	9
	469	308	153	155

Parent Company

Costs Description	Value at 30/06/2003	Value at 31/12/2003	Depreciation for the period	Value at 30/06/2004
Establishment Transformation Listing				
Share capital increase	447	292	148	144
Other By-laws amendments	4	3	1	2
	15	11	2	9
	466	306	151	155

II. Tangible fixed assets

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
238	306	337	99

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
129	104	105	(24)

Plants and machinery

Description	Parent Company	Consolidated
Purchase value	102	128
Depreciation of former financial periods	(57)	(57)
Balance at 31/12/2003	45	71
Cash transfer in the financial period		(26)
Depreciation for the financial period	(7)	(7)
Balance at 30/06/2004	38	38

Commercial and industrial equipment

Description	Parent Company	Consolidated
Purchase value	36	36
Depreciation of former financial periods	(36)	(36)
Balance as at 31/12/2003		
Balance as at 30/06/2004		

Other assets

Description	Parent Company	Consolidated
Purchase value	942	1,196
Depreciation of former financial periods	(883)	(961)
Balance at 31/12/2003	59	235
Purchase in the financial period	32	90
Cash transfer in the financial period		26
Depreciation of the financial period	(24)	(52)
Balance at 30/06/2004	67	299

III. Financial assets

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
499	586	597	98

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
1,138	8,783	9,904	8,766

ShareholdingsParent Company

Description	30/06/2003	31/12/2003	Addition	Decrease	30/06/2004
Controlled undertakings	636	8,368	1,009	133	9,244
Affiliated undertakings					
Parent companies					
Other companies	67	67			67
	703	8,435	1,009	133	9,311

Addition refers to the purchase on 9 June 2004 of a further 5% shares of the Swiss controlled Company APIA S.A.. TAS' stake is therefore currently equal to 80% of APIA's share capital.

Decrease follows the write-down of TASESPAÑA S.A. shareholding amounting to 60 k€, in order to take into account repeated losses. Negotiations for selling the said shareholding are in course, therefore the book value remaining after the write-down and amounting to 73 k€ has been reclassified among current assets.

For the above mentioned reasons such shareholding has been retrospectively excluded from consolidation since the beginning of the period.

The following information is provided relative to directly or indirectly owned shareholdings of controlled undertakings and other companies.

Controlled undertakings

Name	Foreign town or Country	Share capital	Shareholders' equity	Profit/loss	%	Value or credit
Tas France Eurl	France	503	81	(246)	100	327
APIA SA	Switzerland	65	3,190	1,196	80	8,917

Other enterprises

Name	Foreign town or Country	Share capital	Shareholders' equity	Profit / Loss	%	Value or credit
SIA CEDBORSA SPA	Italy	18,124	79,797		0.0003	67

Shareholdings written down in the fixed assets represent a long term and strategic investment of the Company.

Shareholdings in controlled undertakings are valued, in compliance with consistency of evaluation criteria, at purchase or subscription cost and, when needed, depreciated in presence of long lasting losses of value.

Other shareholdings are recorded at purchase or subscription cost.

No limitations to the availability by the parent company nor option rights or other privileges exist on the written down participations.

No controlled undertaking during the financial period has approved share capital increases.

While with TASESPAÑA S.A. and APIA S.A. no significant operation has been done yet, with the controlled TAS FRANCE EURL there are commercial relations (both as a supplier and as a client of TAS S.p.A), and financial relations, for loans granted, as shown in the item “financial assets – receivables from controlled companies within 12 months” in the parent Company’s Financial Statements.

No write-up has been done according to Article 11 of law 342/2000.

Accounts receivable

Description	30/06/2003	31/12/2003	Addition	Decrease	30/06/2004
Others	432	519	11		530
	432	519	11		530

Parent Company

Description	30/06/2003	31/12/2003	Addition	Decrease	30/06/2004
Controlled undertakings	35		232		232
Other companies	400	348	13		361
	435	348	245		593

As shown above item Receivables from controlled undertakings represents the financial credit referred to the loan granted to TAS FRANCE EURL.

In item Receivables from Others amounts recorded are referred to caution deposits for Euro 10 k€ and the remaining amounts relative to loans granted to employees in the years 2000 and 2004, in order to allow them facing major tax and fiscal charges deriving from the stock grant plan. Such amount is gross of accrued interest and net of what already returned by the employees.

Treasury stock

Neither the Parent Company nor the controlled undertakings own treasury stock.

C) Current assets

I. Inventory

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
216	196	133	(83)

In addition to installation activities of the Parent Company detailed here below, in this item inventory of materials of the French subsidiary are also included.

Evaluation criteria have been applied consistently with those of former financial periods and explained in the first part of these Notes.

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
210	190	127	(83)

This item refers to work in progress for installations and supply of services about to be completed.

II. Accounts receivable

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
2,591	2,973	3,518	927

The balance can be broken down by due date as follows:

Description	Due within one year	Due after more than one year	Total
From customers	3,362		3,362
Other accounts receivable	130	26	156
	3,492	26	3,518

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
2,537	2,366	2,982	445

The balance can be broken down by due date as follows:

Description	Due within one year	Due after more than one year	Total
From customers	2,882		2,882
Form controlled undertakings	19		19
Other accounts receivable	81		81
	2,982		2,982

The nominal value of accounts receivable has been adjusted to the estimated realisable value by means of a specific provision for bad debts, according to modalities detailed in the first part of these Notes, which has undergone no changes during the first half year:

Description	Provision for bad debts pursuant to Art. 2426 of Italian Civil Code	Provision for bad debts pursuant to Art. 71 of Italian income taxes consolidated text	Total
Balance at 31/12/2003	111		111
Balance at 30/06/2004	111		111

Accounts receivable from others at 30/06/2004, equal to 81 k€, are detailed as follows:

Description	Amount
Advance payments and receivables IRPEG and IRAP	63
Receivables for advanced taxation IRPEG and IRAP	12
Receivables from social welfare institutions	5
Others accounts receivable	1
	81

Accounts receivable for advanced taxation concern temporary differences deductible in subsequent periods.

III. Financial assets other than fixed assets

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
	1,780	72	72

Description	30/06/2003	31/12/2003	Addition	Decrease	30/06/2004
Shareholdings			72		72
Other securities		139		139	
Accounts receivable from affiliated companies		1,641		1,641	
		1,780	72	1,780	

As for increase in shareholdings please refer to what explained above with reference to the controlled company TASESPAÑA S.A..

IV. Liquidity

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
17,775	11,229	15,112	(2,663)

Description	30/06/2003	31/12/2003	30/06/2004
Bank and postal deposits	17,774	11,221	15,107
Cheques	1	4	
Cash and cash equivalents		4	5
	17,775	11,229	15,112

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
17,518	8,970	8,589	(8,929)

Description	30/06/2003	31/12/2003	30/06/2004
Bank and postal deposits	17,517	8,962	8,585
Cheques	1	4	
Cash and cash equivalents		4	4
	17,518	8,970	8,589

The balance represents liquidity, cash and values at half-year end.

The relevant decrease is consequent to purchase of shareholding in the controlled company APIA S.A..

D) Prepayments and accrued income

This item expresses profit and losses whose competence is advanced or postponed with respect to cash-in-hand and cash equivalents display, regardless their payment or receiving date, common to two or more financial periods and at different time.

Also for these items, the adopted evaluation and conversion criteria of values expressed in foreign currency are reported in the first part of these Notes. At 30/06/2004 there are no prepayments nor accrued income due over 5 years.

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
139	65	138	(1)

The item can be broken down as follows:

Description	Amount
Prepayments and Accrued income Parent Company	97
Prepayments and Accrued income: TAS France EURL	1
Prepayments and Accrued income: APIA SA	40
	138

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
123	40	97	(26)

The item can be broken down as follows:

Description	Amount
Prepayments: Telematic services	44
Prepayments: Insurances	17
Prepayments: Telephone fees	2
Prepayments: Financial services fees	22
Prepayments: others	12
	97

Liabilities

A) Shareholders' equity

With reference to the composition of Shareholders' Equity of the Consolidated Financial Statements and relative changes, please refer to the specific chart attached hereto.

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at the 30/06/2004	Changes
18,320	18,463	18,500	180

Description	30/06/2003	31/12/2003	Addition	Decrease	30/06/2004
Share capital	915	915	7		922
Share premium reserve	17,242	17,242			17,242
Legal reserve	180	180	91		271
Extraordinary reserve	4	4			4
13) Share emission reserve	31	31		7	24
Profit (loss) of the period	(52)	91	37	91	37
	18,320	18,463	135	98	18,500

The share capital can be broken down as follows:

Stocks/Shares	Number	Nominal value in Euro
Common shares	1,772,152	0,52
Total	1,772,152	

During the period, a share capital has been decided and stocks for about 7 k€ have been issued by using the share emission reserve for the stock grant plan in favour to employees.

As at 30/06/2004, therefore, the current shares are the following:

n. 1,772,152 common shares with a nominal value of Euro 0.52 each. The share capital is equal to Euro 921,519.04.

In compliance with the accounting principle no. 28 about Shareholders' equity the following additional information is also provided:

a) Classification of reserves according to the distribution availability:

Reserves	Free	Determined by the law	Determined in the By-laws	Assembly will
Legal reserve		271		
Share premium reserve				17,242
Extraordinary reserve				4
Share emission reserve			24	
Total		271	24	17,246

b) Composition of item re-evaluation reserve:

None present.

c) Composition of item By-laws reserve:

Reserves	Value
Share emission reserve	24
Total	24

B) Provisions for liabilities and charges

Item “Tax provision” of 847 k€ refers exclusively to the accrual of taxes of former financial periods owned by the controlled Company APIA S.A.

Item “Other provisions for liabilities and charges” concern the risk accrual made by the controlled company TAS FRANCE EURL.

C) Employees’ leaving indemnity

The Consolidated Financial Statements exclusively record the data of the employees’ leaving indemnity concerning the Parent Company.

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
622	695	768	146

Changes can be broken down as follows:

Changes	Amount
Accrual for the period	96
Amounts used in the period	23
	73

The amount accrued represents the actual account payable due by the Company at 30/06/2004 towards its employees in force at that date, net of advanced payments.

D) Accounts payable

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
2,560	2,509	5,460	2,900

The significant increase of accounts payable is mainly arising from taxes due by the controlled company APIA SA concerning years 2003 and 2004 as well as to the amount of taxes settled with the Swiss tax authorities for former financial years.

Accounts payable have been valued at their nominal value and can be broken down by due date as follows:

Description	Falling due within one year	Falling due after more than one year	Total
Advance payments	2,109		2,109
Payables to suppliers	282		282
Payables to tax authorities	2,310		2,310
Payables to social security institutions	329		329
Other payables	423	7	430
	5,453	7	5,460

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
2,443	1,428	2,022	(421)

Accounts payable have been valued at their nominal value and can be broken down by due date as follows:

Description	Falling due within one year	Total
Advanced payments	1,230	1,230
Payables to suppliers	159	159
Payables to controlled undertakings	28	28
Payables to tax authorities	152	152
Payables to social security institutions	193	193
Other payables	260	260
	2,022	2,022

Item "Advanced payments" represents advances received from customers relative to supplies of services not yet completed.

"Payables to suppliers" are put down net of commercial discounts: cash discounts are taken into account at the time of payment. The nominal value of those accounts payable has been adjusted by way of credit notes, as agreed with the counterpart.

Payables to controlled undertakings concern services supplied by the controlled company TAS FRANCE.

Item "Payables to tax authorities" shows only liabilities towards tax authorities for withholding taxes and VTA as at June 2004 together with accruals for taxes due in the first half year net of advances paid, withholding taxes and credits.

Payables to social security institutions refer to social security charges as at June 2004 of employees (wages, untaken holidays, bonuses, supplementary monthly wages and similar) and Directors.

Item "Other payables" includes the remaining dividends still unpaid to shareholders, amounting to 2 k€, employees supplementary monthly wages, untaken holidays and bonuses amounting to 240 k€, Directors' fees amounting to 10 k€ and others amounting to 8 k€.

E) Accrued liabilities/Deferred income

This item represents the adjustment to costs and income calculated on an annual basis.

As at 30/06/2004, there are no accrued liabilities nor deferred income due over 5 years.

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
868	427	1,073	205

This item may be broken-down as follows:

Description	Amount
Accrued liabilities and deferred income of the Parent Company	889
Accrued liabilities and deferred income of TAS France EURL	86
Accrued liabilities and deferred income of APIA S.A.	98
	1,073

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
766	354	889	123

This item may be broken-down as follows:

Description	Amount
Deferred income: Future profit	889
	889

Memo accounts

Description	30/06/2003	31/12/2003	30/06/2004	Changes
Risks	81	7,581	2,941	2,860
Link between Civil code and tax rules	9	683	41	32
	90	8,264	2,982	2,892

The above memo accounts are exclusively referred to the Parent Company.

None of them nor of those not resulting at the end of the Shareholders' Equity is referred to controlled undertakings.

Please refer to the first part of these Notes.

Profit and loss account

A) Total Revenues

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
3,380	13,966	6,383	3,003

The break down by kind of product is better detailed in the Directors' report.

Revenues for geographical area

Area	Sales	Services	Others	Total
Italy	114	3,088		3,370
Abroad	1,407	1,768	6	3,013
	1,521	4,856	6	6,383

B) Costs

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
3,728	11,833	5,197	1,469

Description	30/06/2003	31/12/2003	30/06/2004	Changes
Raw materials, subsidiary materials and goods	61	360	53	(8)
Services	810	3,454	823	13
Leasehold	179	476	293	114
Salaries and wages	1,704	4,955	2,515	811
Social security contributions	553	1,351	700	147
Employees' leaving indemnity	100	200	97	(3)
Other personnel costs	46	105		(46)
Depreciation of intangible fixed assets	198	700	615	417
Depreciation of tangible fixed assets	62	131	59	3)
Other write-downs				
Write-down of accounts receivable recorded among current assets		35	12	12
Changes of materials inventory	(2)	(2)	1	3
Risk accrual		12		
Miscellaneous running costs	17	56	29	12
	3,728	11,833	5,197	1,469

Parent Company

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
3,192	6,119	3,111	(81)

The major categories of costs are better detailed in the Directors' Report.

Costs for Raw materials, subsidiary materials, consumables and goods and Costs for services

These items are strictly related to what detailed in the Directors' report about Total Revenues.

Personnel costs

This item includes all employees costs, including bonuses, advancements,

promotions, cost-of living increases, supplementary monthly wages, untaken holiday and provisions set aside pursuant to laws and national collective labour agreements.

Depreciation of tangible fixed assets

Depreciation has been calculated on the basis of the useful life of assets and their exploitability in the production process.

Other write-downs of fixed assets

No other write-down of fixed assets other than that concerning shareholding of TASESPAÑA S.A..

Write-downs of accounts receivable included among current assets and of liquid assets

Write-down refers to receivables of the controlled Company APIA S.A..

Risks accrual

None present.

Other accruals

None present.

Miscellaneous running costs

They are of irrelevant amount, more or less equal to those of previous periods. Here are included all remaining costs not recorded in other items of the profit and loss account.

C) Financial income and costs

	Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
	235	358	42	(193)
Description	30/06/2003	31/12/2003	30/06/2004	Changes
Income from shareholdings	1	2	1	
Income from accounts receivable recorded among fixed assets	3	4	2	(1)
Income from securities recorded among current assets	24	25		(24)
Other income	211	343	83	(128)
(interest and other financial costs)	(4)	(16)	(44)	(40)
	235	358	42	(193)

Other financial income

Description	Others	Total
Dividends	1	1
Security interest		
Bank and postal interest	83	83
Loans interests	2	2
	86	86

Parent Company

	Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
	234	360	79	(155)

Description	30/06/2003	31/12/2003	30/06/2004	Changes
Income from shareholdings	1	2	1	
Income from accounts receivable recorded among fixed assets	3	8	4	1
Income from securities recorded among fixed assets				
Income from securities recorded among current assets	22	22		(22)
Other income	212	337	79	(133)
(interest and other financial losses)	(4)	(9)	(5)	(1)
	234	360	79	(155)

Other financial income

Description	Controlled Companies	Others	Total
Security interest			
Bank and postal interest		79	79
Loans interest	2	2	4
Dividends		1	1
Profit on changes			
	2	82	84

Interest and other financial costs

Description	Controlled Companies	Others	Total
Discounts and other financial costs		5	5
		5	5

D) Value adjustment of financial assets

Adjustments concern only the Parent Company and are referred to its shareholding in TASESPANNA S.A. excluded from consolidation.

Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
		(60)	(60)

Write-ups

None present.

Write-downs

Description	30/06/2003	31/12/2003	30/06/2004	Changes
Of shareholdings			(60)	(60)

Parent Company

Balance at 30/06/2003	Balance at 31/12/2004	Balance at 30/06/2004	Changes
	(939)	(60)	(60)

Write-ups

Non present

Write-downs

Description	30/06/2003	31/12/2003	30/06/2004	Changes
Of shareholdings		(939)	(60)	(60)
		(939)	(60)	(60)

E) Extraordinary income and costs

	Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
	(122)	(1,204)	(81)	41
Description	30/06/2003	31/12/2003	30/06/2004	Changes
Income of the Parent Company	62	171	1	(61)
Income of TAS France	1	5		(1)
Income of APIA		1,860	23	23
Total income	63	2,036	24	(39)
Costs of Parent Company	(184)	(241)	(34)	150
Costs of TAS France	(1)	(39)	(9)	(8)
Costs of APIA		(2,941)	(62)	(62)
Costs of TASESPAÑA		(19)		
Total costs	(185)	(3,240)	(105)	80
	(122)	(1,204)	(81)	80

Parent Company

	Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
	(122)	(70)	(33)	89
Description	30/06/2003	31/12/2003	30/06/2004	Change
Income of former financial periods	9	9		(9)
Reimbursement from social securities institutions	3	3		(3)
Income from unperformed services	50	59	1	(49)
Higher accrual costs of former financial period		40		
Compensation from clients				
Others		6		
Total income	62	171	1	(61)
Taxes of former financial periods	(1)	(2)		1
Utilised revenues of former financial periods	(165)	(218)	(31)	134
Costs referred to former financial periods	(17)	(20)	(1)	16
Sundry	(1)	(1)	(2)	(1)
Total costs	(184)	(241)	(34)	150
	(122)	(70)	(33)	89

Taxes on the income of the period

	Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes
	63	660	515	452
Taxes	30/06/2003	31/12/2003	30/06/2004	Changes
Taxes of the Parent Company	63	147	208	145
Taxes of TAS France		1		
Taxes of APIA		512	307	307
	63	660	515	452

Parent Company

	Balance at 30/06/2003	Balance at 31/12/2003	Balance at 30/06/2004	Changes	
	63	147	208	145	
Taxes	30/06/2003	31/12/2003	30/06/2004	Changes	
Current taxes:		63	179	115	52
IRES				24	24
IRAP		63	179	91	28
Substitutive tax					
Deferred (advanced) taxes			(32)	93	93
IRES				93	93
IRAP			(32)		
	63	147	208	145	

In compliance to no. 14) of Article 2427 of Italian civil code the following is shown herebelow:

Value adjustment for taxes pursuant to tax rules

None present.

Taxes accruals pursuant to tax rules

None present.

Other information

Here below is shown a break-down of total fees payable to Directors, members of the Statutory Auditors Board and General Managers.

Surname and Name	Position	Term of the position	Fees for the position	Non monetary benefits	Bonus and other incentives	Other fees
Busnello Lucia	Director	Until 30/04/2006	3			
Busnello Barbara	Director	Until 30/04/2006	3			
Bassi Angelo	Director	Until 30/04/2006	3			
Ferri Fabio Massimo	Director	Until 30/04/2006	2			
Tranquilli Fulvio	Chairman of the Board of Statutory Auditors	Until 30/04/2005	10			
Alesiani Federico	Statutory Auditor	Until 30/04/2005	15			
Surace Francesca Beatrice	Statutory Auditor	Until 30/04/2005	10			

The “Other fees” concerning Directors have been granted as a consequence of employment relationship.

These consolidated Financial Statements, made of Balance Sheet, Profit and Loss Account and these Notes, are a true and fair view of the equity and financial situation and profit of the financial period and they are in accordance with the accounting data and information given by the Companies included in the consolidation.

Attachments:

- List of companies included in the consolidation with the integral method according to Art. 26 of Law 127/91;
- List of other shareholdings excluded from consolidation;
- List of other shareholdings;
- Chart of comparison between the net profit/loss and the shareholders' equity of the parent company and relative values resulting from the consolidated financial statements;
- Chart of changes in the consolidated shareholders' equity;
- TAS' Shareholders' Equity and Profit and Loss Account.

Attachment no. 1: List of the companies included in the consolidation with the integral method according to Art. 26 of Law 127/91 as at 30/06/2004

Name	Registered Offices	Share Capital		Partners	Percentage of shareholdings	Percentage of consolidation
		Currency	Amount		%	%
TAS FRANCE EURL	France	Euro	503	TAS Tecnologia Avanzata dei Sistemi S.P.A.	100.000	100.000
APIA SA	Switzerland	Swiss Francs	100	TAS Tecnologia Avanzata dei Sistemi S.P.A.	80.00	80.00
		Euro	65			

Attachment no. 2: List of other shareholdings excluded from consolidation

Name	Registered Offices	Share Capital		Partners	Percentage of shareholdings
		Currency	Amount		%
TASESPAÑA S.A.	Spain	Euro	500	TAS SpA	99.80

Attachment no. 3: List of other shareholdings

Name	Registered Offices	Share Capital		Partners	Percentage of shareholdings.
		Currency	Amount		%
SIA CEDBORSA SpA	Italy	EURO	18,124	TAS SPA	0.0003

Attachment no. 4: Chart of comparison between the net profit/loss and the shareholders' equity of the parent company and relative values resulting from the consolidated financial statements

Shareholders' Equity and consolidated Profit and Loss Account of the Group as at 30/06/2004 are reconciled with the respective values of the consolidated Balance Sheet as follows:

	Shareholders' equity	Profit (Loss)
Shareholders' equity and net profit/loss as resulting from the Financial Statements of the parent company	18,500	37
Adjustments pursuant to accounting principles		
Write-off of the recorded value of consolidated shareholdings:		
a) difference between the recorded value and the pro-quota value of shareholders' equity	(7,321)	
b) pro-quota revenues achieved by the controlled undertakings	710	710
c) capital gains/losses as of the date of purchase of the controlled undertaking	7,326	(355)
d) consolidation difference		
Write off of effects of operations carried out among consolidated companies		(59)
Shareholders' equity and Profit (Loss) of the Group	19,215	333
Shareholders' equity and Profit (Loss) of the third parties	638	239
Consolidated Company equity and net profit (loss)	19,853	572

Attached no. 5: Chart of changes in the consolidated shareholders' equity

	Capital	Reserves	Consolidat ion reserve	Conversi on differenc e	Profit/loss carried forward	Profit/Loss of the period	Total of the Group
Initial balance as at 01/01/04	915	17,456		(22)		485	18,834
Changes in the period:							
Share capital increase (employees' stock grant)	7	(7)					
2003 Profit/Loss		92		22	371	(485)	
Profit of the period						333	333
Exchange rate differences from conversion of financial statements in foreign currency				48			48
Final balance as at 30/06/04	922	17,541		48	371	333	19,215

Attachment no. 6: TAS' Shareholders' Equity and Profit and Loss Account

Balance Sheet			
Assets	30/06/2004	30/06/2003	31/12/2003
A)Accounts receivable from shareholders in respect of unpaid share capital			
(called up)			
B) Fixed assets			
<i>I. Intangible assets</i>			
1) Start-up and expansion costs	155	466	306
3) Industrial patent and intellectual property rights	140	19	172
4) Concessions, licenses, trademarks and similar right	2	2	2
7) Other intangible assets	6	9	7
	<u>303</u>	<u>496</u>	<u>487</u>
<i>II. Tangible assets</i>			
2) Plant and machinery	38	42	45
4) Other assets	67	87	59
	<u>105</u>	<u>129</u>	<u>104</u>
<i>III. Financial assets</i>			
1) Shareholdings in:			
a) controlled undertakings	9,244	636	8,368
d) other companies	<u>67</u>	<u>67</u>	<u>67</u>
	9,311	703	8,435
2) Accounts Receivables			
a) from controlled undertakings			
- falling due within one year	<u>232</u>	<u>35</u>	
	232	35	
d) Other accounts receivable			
- falling due within one year	125	390	56
- falling due after more than one year	<u>236</u>	<u>10</u>	<u>292</u>
	361	400	348
	<u>593</u>	<u>435</u>	<u>348</u>
	9,904	1,138	8,783
Total fixed assets	10,312	1,763	9,374
C) Current assets			
<i>I. Stock</i>			
3) Work in progress on order	<u>127</u>	<u>210</u>	<u>190</u>
	127	210	190
<i>II. Accounts receivable</i>			
1) From customers			
- falling due within one year	<u>2,882</u>	<u>2,302</u>	<u>2,103</u>
	2,882	2,302	2,103
2) From controlled undertakings			
- falling due within one year	<u>19</u>	<u>94</u>	
	19	94	
5) Other accounts receivable			
- falling due within one year	<u>81</u>	<u>141</u>	<u>263</u>
	81	141	263
	2,982	2,537	2,366
<i>III. Financial assets other than fixed assets</i>			
1) shareholdings in controlled undertakings			
	<u>72</u>		
	72		
<i>IV. Liquid assets</i>			
1) Bank and postal deposits	8,585	17,517	8,962
2) Cheques		1	4

3) Cash and cash equivalents		4		4
		8,589	17,518	8,970
Total current assets		11,770	20,265	11,526
D) Prepayments and accrued income				
- Loan interest				
- sundry	97		123	40
		97	123	40
Total assets		22,179	22,151	20,940
Liabilities				
		30/06/2004	30/06/2003	31/12/2003
A) Shareholders' equity				
I. Share capital		922	915	915
II. Share premium reserve		17,242	17,242	17,242
IV. Legal reserve		271	180	180
VII. Other reserves				
Extraordinary	4		4	4
Euro conversion				
13) Stock emission	24		31	31
		28	35	35
IX. Profit of the year		37		91
IX. Loss of the year			(52)	
Total shareholders' equity		18,500	18,320	18,463
B) Provisions for liabilities and charges				
Total provisions for liabilities and charges				
C) Employees' leaving indemnity		768	622	695
D) Accounts Payables				
3) Accounts payable to banks				
- falling due within one year				
5) Payments received on account (advances)				
- falling due within one year	1,230		1,232	365
		1,230	1,232	365
6) Accounts payable to suppliers				
- falling due within one year	159		372	208
		159	372	208
8) Accounts payable to controlled undertakings				
- falling due within one year	28		54	44
		28	54	44
11) Taxes payable				
- falling due within one year	152		225	338
		152	225	338
12) Accounts payable to social security institutions				
- falling due within one year	193		237	220
		193	237	220
13) Other accounts payable				
- falling due within one year	260		323	253
		260	323	253
Total accounts payables		2,022	2,443	1,428
E) Accrued liabilities and deferred income				
- loan interests				
- other accrued liabilities and deferred	889		766	354

income		889	766	354
Total liabilities		22,179	22,151	20,940
Memo accounts		30/06/2004	30/06/2003	31/12/2003
3) Risks		2,941	81	7,581
4) Link between Civil Code and tax rules		41	9	683
Total memo accounts		2,982	90	8,264
Profit and loss account		30/06/2004	30/06/2003	31/12/2003
A) Revenues				
1) From sales and services		3,433	2,951	6,874
2) Changes in stocks of work in process, semi-finished and finished products				
3) Work in progress on order		(63)	132	111
4) Capitalised internal work in progress				
5) Other revenues:				
- miscellaneous				1
- contribution on trading account			8	20
- contribution on capital account				
Total revenues		3,370	3,091	7,006
B) Costs				
5) Raw materials, subsidiary materials, consumables and goods		26	45	63
7) Services		843	786	1,525
8) Leasehold		123	121	246
9) Personnel costs				
a) salaries and wages	1,357		1,425	2,669
b) social contributions	429		447	837
c) employees' leaving indemnity	97		100	200
d) employees' other indemnities				
e) other costs			45	41
10) Depreciation and write-downs		1,883	2,017	3,747
a) depreciation of intangible fixed assets	198		175	434
b) depreciation of tangible fixed assets	31		42	87
c) other write-downs of fixed assets				
d) write-downs of receivables among current assets and liquid assets				
11) Changes in raw materials, subsidiary materials, consumables and goods		229	217	521
12) Risk accruals				
13) Other accruals				
14) Miscellaneous running costs		7	6	17
Total costs		3,111	3,192	6,119

Differences between revenues and costs (A-B) 259 (101) 887

C) Financial income and costs

15)	<i>Income from shareholdings:</i>			
	- in controlled undertakings			
	- in affiliated undertakings			
	- other income	1	1	2
		1	1	2
16)	<i>Other financial income:</i>			
	a) from accounts receivable recorded among fixed assets			
	- from controlled undertakings	2		4
	- from affiliated undertakings			
	- from parent companies			
	- other financial income	2	3	4
	b) from securities recorded among fixed assets			
	c) from securities recorded among current assets		22	22
	d) other income:			
	- from controlled undertakings			
	- from affiliated undertakings			
	- from parent companies			
	- other income	79	212	337
		83	237	367
		84	238	369
17)	<i>Interest and other financial costs:</i>			
	- from controlled undertakings			
	- from affiliated undertakings			
	- from parent companies			
	- others financial costs	5	4	9
		5	4	9
	Total financial income and costs	79	234	360

D) Value adjustments of financial assets

18)	<i>Write-ups:</i>			
	a) of shareholdings			
	b) of financial fixed assets			
	c) of securities recorded among current assets			
19)	<i>Write downs:</i>			
	a) of shareholdings	60		939
	b) of financial fixed assets			
	c) of securities recorded among current assets			
		60	939	939
	Total value adjustments to financial assets	(60)		(939)

E) Extraordinary income and costs

20)	<i>Income:</i>			
	- capital gains on disposals			
	- other extraordinary income	1	62	171
		1	62	171
21)	<i>Costs:</i>			
	- losses on disposals			
	- taxes of previous years		1	2
	- other extraordinary costs	34	183	239
		34	184	241

Total extraordinary income and costs		(33)	(122)	(70)
Result before taxes (A-B±C±D±E)		245	11	238
22) Taxes on the income of the period				
a) Current taxes	115		63	179
b) Deferred taxes	93			(32)
		<u>208</u>	<u>63</u>	<u>147</u>
23) Profit (loss) of the year		37	(52)	91