



TAS Annual Report and Consolidated Financial Statements 2003

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

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TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A.

Registered office at Largo dei Caduti di El Alamein, 9 00173 Rome Italy – Share Capital Euro 914.753,84 fully paid up - Co. Reg. no. and fiscal code 05345750581– Rea 732344

DIRECTORS' REPORT TAS ANNUAL REPORT 2003

Shareholders,

The annual report of your Company as at 31.12.2003 shows the following results:

- Total revenues: 7,006 K Euro (+5% compared with the financial year 2002)
- EBITDA: 1,408 k Euro (+65% compared with the financial year 2002)
- Net profit: -91 k Euro (-1,229 in the financial year 2002)

After two consecutive financial periods when revenues were bending, the one just closed witnesses a though limited growth and a return to net profit. It does not follow that the reference market is again full of opportunities. The expectations of world economic growth still present elements of uncertainty while Euro area does not even show signs of the restart that involved other macro-economic areas. The strong offer in the reference market determines us to a defensive policy of the acquired quota through lower margins consequent to lower prices as well as through the proposal of more efficient services and new strategies to attack new segments of the market.

Significant events

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

- TAS' Shareholders General Meeting on 16 April revoked the precedent decision of 19 April 2002 and approved the authorisation to purchase 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 stocks, 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 each operation. The maximum investment amount is Euro 3,500,000.
- The same Shareholders General Meeting also decided:
 - the appointment of the former vice Internal Auditor, Francesca Beatrice Surace, as member of the Board of Internal Auditors and of Federico Alesiani as new vice Internal Auditor, with the same term of the other Internal Auditors and therefore until the General Shareholders' Meeting approving the yearly report as at 31/12/2004;

- the confirmation of the Board of Directors until the approval of the yearly report as at 31/12/2005;
- the renewal of the assignment of the External Auditing Company Mazars & Guèrard for the years 2003-2005.
- On the 3rd of October the purchase of the 75% of the Swiss Company APIA S.A. has been finalised with the option to increase the stake up to 100%. The price of the stocks was 7,500,000 Euro in cash. The operation also provides for a Put and Call system aimed to purchase the remaining 25% in the next four years, at a price bound to future results of the Swiss Company.
- On the 9th of October the Chairman of the Board of Internal Auditors, Edoardo Cintolesi, resigned pursuant to Article 1, paragraph 4 of the Decree no. 162 of 30 March 2000. His office has been temporarily assigned to the vice Internal Auditor Federico Alesiani.
- In the light of the poor results arising from the sale of products of the English Company XcelleNet during the years since the 25th July 2000, date of the signature of the distribution agreement, last November the Board of Directors considered appropriate to terminate the agreement for the next expiring date of 24 January 2004 and therefore to suppress the company area "Technological Products" which exclusively dealt with commercialisation and support of such products.
- On the 8th of December Express II, the new Monte Titoli's clearing platform, became operative;
- On the 16th December Alessandro Giacchino resigned from the Board of Directors. The 12th January 2004 Fabio Massimo Ferri has been temporarily appointed in order to replace him pursuant to Article 2386 of the Italian Civil Code;
- On the 31st December 2003 the Company, on the basis of TAS FRANCE EURL economic situation as at 30 September 2003, the 100% controlled, showing a negative shareholders' equity of Euro 730,427, remitted TAS FRANCE debt amounting to Euro 90,687 as at 31.12.2003, interest included, for the purposes of covering losses and re-establish the former shareholders' equity.

Operative conditions and activity development

TAS, as you already know, operates in the information technology sector with particular reference to development, commercialisation, consulting, assistance and maintenance of software, and it also has an accessory activity of sale of hardware.

The software developed mainly concern the automation of the process of collection, submission and execution of orders to purchase and sell financial products.

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

Besides these historical activities, your Company distributes and supports the following product:

Multimarket Terminal, a front office system intended for trading rooms of Banks, Institutional Investors and other financial intermediaries, enabling operations on the main Italian and foreign financial markets.

The activity of TAS S.p.A. is carried out, in its registered offices in Rome, Largo dei Caduti di El Alamein no. 9, as well as in the following local entities:

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

Development of the demand and trends of the markets on which the Company operates

The main reference market of TAS is that of financial software, particularly the segments of applications for securities management and interbanks payments management.

The value of those segments is affected by the expenditure of banks and financial operators investing in the purchase of new software and in the management costs of the existing structures.

The financial period closed at 31/12/2003 presents Revenues aligned with those of the precedent year, ending a financial period with two main phases: in the first there was great uncertainty and in the second a restart.

During the first quarter the international political situation and in particular the Iraqi war, lengthened the uncertainty of financial markets with the consequence of a further fall of Stock Exchange quotations and volumes. Then there was a restart of the prices over the levels of the beginning of the year and of the global Stock Exchanges volumes, almost reaching last year's levels. As briefly shown here below in the two following charts the value of exchanges has even shown an increase.

Borsa Italiana -Number of contracts						
	2000	2001	2002	2003	var %	var %
					2003/2002	2003/2000
Stocks	58.559.754	44.225.201	40.363.607	38.582.718	-4%	-34%
Covered warrant	8.079.416	6.635.598	5.987.199	4.395.103	-27%	-46%
Bonds	597.011	563.169	540.540	726.473	34%	22%

Source Borsa Italiana Sintesi Mensile

Borsa Italiana – Countervalue (€mln)						
	2000	2001	2002	2003	var %	var %
					2003/2002	2003/2000
Stocks	869,13	658,04	633,65	679,01	7%	-
Covered warrant	31,07	20,80	18,28	10,83	-	-
Bonds	12,33	10,98	10,08	12,54	24%	2%
Total	912,54	689,82	662,03	702,39	6%	-

Source: Borsa Italiana Sintesi

The bending trend seems softening although in the last three years the value of stock exchanges decreased of 34% and the transactions' countervalue of 23% for the aggregate of stocks, covered warrants and bonds. Such contraction affected particularly the retail field which involves the private direct operativity.

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.

During the year 2003, as a consequence of this attitude, the budget for software applications in the field where TAS operates has been focused on:

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

A lot of their resources, therefore, have been addressed to adaptat to the new clearing and settlement system Express II, promoted and managed by Monte titoli SpA.

In short, it seems that the shrinking phase is eventually coming to an end but there is not an opposite trend such as to foresee a market growth particularly in the retail field.

Weak signals of a higher operativity are limited to derivates, securities other than listed ones and foreign stocks.

Behaviour of the competition

The competition in this specific sector is considerably increasing, the expanding market during the nineties attracted many competitors that, after the following contraction, could not realise their development plans.

The first effect of such increase of competition was a strong pressure on prices, especially by small operators and new entries who used prices as their principal competition weapon.

The market situation presses for the consolidation of operators and integration of their offer as competition strategy.

TAS' direct competitors are now producing application software and supplying services with a offer going for the front and the back office of securities.

TAS too 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 the competitors for its trustworthy solutions and high level customer support service.

Consistently with such competition strategy, Your Company continues to invest in order to develop its own products and services and to meet the requirements coming from the market with maximum flexibility, using moreJava, Unix and Internet technologies.

Trends of the management in the sectors in which the company operates

Your Company is still pursuing three main strategic objectives:

- consolidation of revenues coming from existing installations;
- integration of the range of solutions for the reference market;
- diversification in sectors, that may be easily assalted.

About the 70% of TAS revenues are now recurring ones, i.e. arising from existing contracts:

- maintenance and support of existing installation;
- yearly licenses;
- application services.

TAS applications are already available in UNIX, in use on significant installations and this leads us to propose easier solutions to new and different users.

It has also been completed the integration with Multimarket Terminal, a professional trading platform developed by Visual Trader Systems S.L., technological company owned by the Stock Exchanges of Madrid and Valencia. This high quality and competitive product has already been supplied to two operators and interesting commercial negotiations are being conducted.

It has also been developed and is now operative with a broker a new institutional middle office product, called MOSE.

Integration of routing and order management solutions, middle office and professional trading, enable your Company to present also to brokers, small banks and institutional investors a wide, complete and integrated offer, which consent them to save considerable management fees.

During the 2003 new solutions for clearing and settlement have also been completed and proposed to customers for managing Express II, the new clearing and settlement system introduced by Monte Titoli SpA last 8th December 2003.

The commercial success of TAS Teleclearing solution confirmed the validity of those choices and developments. TAS, with more than twenty new installations, owns the leadership in this segment.

Teleclearing success has produced excellent effects in 2003 but may guarantee a good feed back also in next financial periods, both because of yearly licenses and of expected new connections and new developments.

TAS is therefore continuing to improve its customers' services, with a very high level help desk and a wider range of solutions available to the market by way of internal development or in partnership.

Course of the management during the financial period 2003

Referring to what set forth in the Explanatory Notes for more details, both for what concerns Shareholders' equity and Profit and Loss Account, we present and comment some accounting charts.

The reported amounts are in k Euros. Besides each data in figures there is the corresponding data at year-end 2002. In order to compare them, there are also, when possible, the percentage variations between the two periods.

Reclassified Profit and loss account	31.12.03	31.12.02	Var.
Revenues from sales and services	6,874	6,917	-1%
Work in progress on order	111	-277	
Other revenues	20	29	-28%
Total revenues	7,006	6,668	5%
Costs of materials, consumables and goods	-63	-95	-34%
Service costs and other costs	-1,788	-1,994	-10%
Gross profit	5,155	4,580	13%
Personnel cost	-3,747	-3,726	1%
EBITDA	1,408	853	65%
Depreciation	-521	-732	-29%
Accruals and write-downs		-728	-100%
EBIT	887	-607	
Financial income and charges	360	626	-43%
Earning before non recurring items and provision for income taxes	1,246	19	6,431%
Value adjustments	-939	-1,110	-15%
Non recurring income (charges)	-69	-14	384%
EBT	238	-1,105	
Provision taxes on the income	-147	-124	18%
Net profit	91	-1,229	

Total revenues

“Total Revenues” increases of 5% and does not change the composition of the aggregate following the consolidation of what happened in the former financial year:

Total Revenues	31.12.03	31.12.02	Var.
Sale of products	653	727	-10%
Services	6,222	6,190	1%
Total profit	6,875	6,917	-1%
Other profits	20	29	-31%
Variation of work in progress on order	111	-277	
Total revenues	7,006	6,668	5%

The reduction of “*sale of products*” reflects the strategy of the Company to improve high quality support to customers and, on the accounting side, to consolidate revenues. These are now representing less than 10% of Total Revenues.

In order to have a correct data about “*Services*” it must be added “*Variation of Work in Progress on order*”, i.e. installations about to be completed. The aggregate grew of 7%.

In the table below is reported a repartition of profits.

Products	2003	%	2002	%	var
Teletrading	4,741	68%	4,572	69%	4%
Teleclearing/Back-office	1,357	19%	839	13%	62%
ASP	504	7%	844	13%	-40%
Payment systems	178	3%	203	3%	-12%
Other	206	3%	181	3%	14%
Total	6,986	100%	6,639	100%	5%

With the introduction of Express II, the new clearing system of Monte Titoli, last 8th December, the Company integrated its own offer of back office services in one modular product: “*Teleclearing*”. The excellent reception by the market of TAS solution to technical needs of the new Monte Titoli’s clearing platform increased of 62% the revenues of such products.

“*Teletrading*”, the securities order routing system is still the main product, with 68% of revenues.

“*ASP*” (Application Service Provider) is the internal service providing 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*). The service recorded a decrease of 40%. This is partly because some users, when exceeding certain volumes, prefer to switch from ASP to Teletrading and partly because during the first half of the year 2003 the order flow was sensibly lower whilst it increased in the last quarter.

“*Payment systems*” are still bending, now of secondary importance over total revenues, representing the 3% and decreasing of 12%.

EBITDA

The “*EBITDA*” really climbed up to 1,408 k Euro and 20% of total revenues.

Upon the increase of 5% of revenues also costs are reducing of 4% generating a growth of 65% on EBITDA.

	31.12.2003	31.12.2002	var
Goods purchase	63	95	-34%
Software consulting services and software development by third parties	474	404	17%
Law, fiscal and administrative consulting	189	147	29%
Phone, network expenses, etc. (communication expenses)	245	201	22%
Travelling expenses	213	307	-31%
Other services	421	697	-40%
Costs for services	1,605	1,851	-13%
Leashold costs	246	238	3%
Personnel cost	3,747	3,726	1%
Depreciation	521	732	-29%
Accruals and write-downs		728	-100%

“*Goods purchase*” has little influence over the EBITDA as its reduction of 34% is due to a lower volume of re-invoiced goods to third parties. This item however is not meaningful.

“*Costs for services*” are also bending of 13%. This reduction has not been homogeneous: on one side consulting and third parties services increase of 20% as well as communication costs, network connections, lease of routers, telephones etc.; on the other, a relevant decrease is shown by travelling expenses, -31%, and other services, -40%. As a matter of fact fewer travels abroad in the first case and a better management and a more accurate definition of costs, in the second, allowed what just highlighted.

“*Personnel cost*” is practically unchanged. The number of employees slightly reduced but some wages’ adjustments took place.

Depreciation

The decrease of 29% follows the choice to avoid capitalisation of internal software development costs and to write-down the software, reducing therefore the fixed assets.

Financial result

Net financial profit equal to 360 K Euros comes from the yield of the available liquidity, exclusively in very short term investment in the monetary market. The reduction of 43% is due to lower investment rates and money available consequent to the dividend payment in May and APIA purchase in October.

Net Financial Position

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

Description	31/12/03	31/12/02
Cash bank current accounts and stocks	8,970	19,464
Other receivables	56	
Short term payables to banks		-
Short term net financial situation	9,026	19,464
Middle and long term receivables	292	440
Middle and long term payables to banks and other financial institutes		
Middle and long term net financial situation	292	440
Net financial situation	9,318	19,904

During the year two events caused a relevant cash disbursement.

In May payment of 1.75 Euro per stock dividend, for a total of 3,078 k Euro, took place.

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

Moreover TAS FRANCE has been financed with about 670 k Euro so to enable it to carry on its activity.

Nonetheless Net Financial Position remains interesting.

The Company remains highly liquid, with no financial debts.

Investments

Investments during the period were made in the following areas for the relative amounts in k Euros:

Description	31.12.03	31.12.02	var
Start-up and expansion costs		4	-100%
Licenses and software purchased	256	6	4,167%
Office electronic machines and hardware	28	64	-56%
Other intangible fixed assets	18	10	80%
Shareholdings in controlled companies	8,099		
Total investments for the period	8,401	94	8,837%

There were two relevant investments. The purchase of the Swiss Company APIA SA as also detailed in other parts of this Report as well as in the Explanatory Notes, and the purchase of the software "Telefeed", for Euro 250,000 thus integrating and enriching TAS offer of financial solutions.

Telefeed is an application for transmission and management of real time information, such as market prices: therefore it receives this information from

different sources (information provider, markets), then in real time it zips, elaborates and re-distributes them to all visualisation terminals or other applications either through API or through other integration modalities.

The added value of Telefeed may be summarised as follows:

- o aptness to manage huge quantity of real time data thanks to a zipping technology of the information in transit;
- o aptness to elaborate and integrate together data coming from different sources for a single and integrated use;
- o economic use thanks to the employment of windows hardware and a specialised proprietary database;
- o flexibility and speedy integration.

Research and development activity

During the elapsed period the development activity was focused on:

- technical integration with the front office system for the trading “Multimarket Terminal” developed by Visual Trader Systems S.L., the technological company subsidiary of Bolsa de Madrid and Bolsa de Valencia;
- it has also been developed and is operative with a broker a new institutional middle office product, called MOSE: powerful middle office instrument able to manage the after-trade operativity, after order negotiation and before clearing settlement and accounting operations typical of institutional business and ownership;
- adjustment of Teleclearing, software product for automation of national and international clearing and settlement processes, to Express II, the new Monte Titoli procedure, with clearing on a net and gross basis.

Relationship with the controlled enterprises

During the period the following relationship was kept with the controlled TAS FRANCE EURL, relations of commercial and financial nature: the same is both a supplier of services and a customer of Your Company. The controlled Company distributes the Teletrading product on the French territory, granting royalties for the sales to the Parent company, and can ask for accessory sale services.

Nature of the relationship	Controlled Undertaking
Royalties	21
Provision of services	3
Received services	(214)
Commercial debt	44

The commercial operations have been made at market prices.

On 31st December the Company, on the basis of TAS FRANCE economic situation at 30 September 2003, the 100% controlled, showing a negative shareholders' equity of Euro 90,687, remitted TAS FRANCE debt amounting to Euro 763,616 as at 31.12.2003, interest included, for the purposes of covering losses and re-establish the former shareholders' equity.

Treasury stocks and stocks/shares of parent companies

The company does not own neither directly nor indirectly treasury stocks or stocks/shares of parent companies.

Significant facts occurred after the closing of the financial period

The 12th January 2004, following resignation of Alessandro Ignazio Giacchino, Fabio Massimo Ferri was appointed to temporarily replace him, pursuant to Article 2386 Italian Civil Code.

The 19 February 2004 the Board of Directors also adopted the following decisions:

- pursuant to Articles 2.6.5 bis and 2.2.1 paragraph 14 letter c) of the Rules of Nuovo Mercato, the Remuneration Committee has been appointed, inside the Board of Directors, formed by the two non-executive directors and one of the managing directors;
- In execution of the proxy given by the Extraordinary General Shareholders Meeting of the Company, stated in Article 6 of the Company's bylaws, it has been decided to increase the share capital up to a maximum of Euro 6,765.20, using the reserve pursuant to Article 2349 of the Italian civil code, offering for free no. 13,010 ordinary stocks of the nominal value of Euro 0.52 each, enjoyment 1/1/2004, to employees of the Company and of the controlled company TAS FRANCE E.U.R.L. The above increase of share capital will remain valid until the expiry of the deadline established for the employees' acceptance, in compliance with the Rules of the Stock grant plan approved by TAS' Board of Directors, in execution of the above referenced proxy. At the expiry of the said term, the share capital will be increased according to the nominal value of the stocks offered to and accepted by the employees.

Presumable management evolution

At the date of this report there are no significant facts that could considerably change the financial, property and economical situation of the Company.

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

Other information

Destination of the result of the financial period

It is proposed to the shareholders' general meeting to retain the earnings of the year, amounting to 91,047 Euro, to the legal reserve formed under Article 2430 Italian Civil Code.

Corporate governance

The Company has adopted, in order to guarantee an appropriate “Corporate Governance” system, the Self-discipline Code of the Listed Companies. Also the By-laws, modified at the time of IPO on the Nuovo Mercato, were adapted to the recommendations contained both in the above mentioned Code and in the Law 58/98 and the relative regulations.

The Company basically adopted what recommended the Self-discipline Code. For further informations and details please refer to the yearly report about Corporate Governance drafted according to Article IA.2.13 of the Instructions to the Rules of the Nuovo mercato.

Constitution of the Board of Directors – Independent directors

In the By-Laws it is stated that the number of members of the Board of Directors ranges from a minimum of five to a maximum of eleven. The Board of Directors appointed during the Shareholders General meeting of 16 April 2003 and expiring with the approval of the Financial Statements as at 31 December 2005, is constituted as follows:

- Pompeo Busnello, Chairman of the Board of Directors
- Lucia Busnello, Managing Director
- Barbara Busnello, Managing Director
- Angelo Bassi, Non executive Director.
- Fabio Massimo Ferri, Non executive Director.

It is to be noted that Fabio Massimo Ferri has been appointed on 12 January 2004, pursuant to Article 2386 of the Italian Civil Code, temporarily replacing Alessandro Ignazio Giacchino who resigned on 16 December 2003.

o Statutory Auditors (Collegio Sindacale)

According to Art. 31 of the By-laws, the current Board of Statutory Auditors is formed as follows:

- Federico Alesiani, Chairman of the Board of Statutory Auditors
- Francesca Beatrice Surace, Statutory Auditor
- Fulvio Tranquilly, Statutory Auditor
- Alba Rita Miglietta, vice- Statutory Auditor

It is worth noting that Federico Alesiani, formerly vice Statutory Auditor, on the 9th of October 2003 replaced Edoardo Cintolesi in his office, in compliance to Article 2401 of the Italian Civil Code and Article 31 of the by-Laws.

Security measures – programmatic document pursuant to Privacy Code

With reference to Law 30/06/2003 no. 196 (hereinafter the “Privacy Code”) the programmatic document on security measures has been adjourned according to the standard set forth in Exhibit B of the Privacy Code and here mentioned in compliance with what stated under no. 26 of the said Exhibit B.

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 Registry with no. CH-514.3.011.403-1 of the main Registry, 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 Apia's future results.

In order to give incentives to the founders of Sase Holding AG, still managing Apia, according to 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 is exercisable starting from 30/05/2004 until 15/06/2004 provided at least an EBIT of € 375,000 for the second semester is reached. Consequently Sase Holding is entitled to sell TAS such 5% shares at a price resulting from the following formula:

- a. if EBIT second semester 2003 is equal or higher than € 375,000 but lower than € 1,500,000: price in €= EBIT second semester divided 1.6;

- b. if EBIT second semester 2003 is equal or higher than € 1,500,000: price in €= 937,000 + (EBIT second semester- 1,500,000)*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 30/06/2004 until 15/07/2004, upon payment of € 1,000;

- 2) 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 1.6;

- b. if EBIT 2004 is equal or higher than € 3,000,000: price in €= 1,875,000 + (EBIT - 3,000,000)*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) 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 1.6;

- b. if EBIT 2005 is equal or higher than € 3,000,000: price in €= 1,875,000 + (EBIT - 3,000,000)*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) 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:
- if EBIT 2006 is equal or higher than € 750,000 but lower than € 3,000,000: price in €= EBIT divided 1.6;
 - if EBIT 2006 is equal or higher than € 3,000,000: price in €= 1,875,000 + (EBIT - 3,000,000)*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) Starting from 30/11/2007 until 15/12/2007 provided at least an EBIT of € 375,000 for the first semester 2007 is reached. Consequently Sase Holding is entitled to sell TAS such 5% shares at a price resulting from the following formula:
- if EBIT first semester 2007 is equal or higher than € 375,000 but lower than € 1,500,000: price in €= EBIT divided 1.6;
 - if EBIT first semester 2007 is equal or higher than € 1,500,000: price in €= 937,000 + (EBIT - 1,500,000)*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.

In the light of Apia's results as at 31/12/2003, the sum payable in case of exercise of the put option, as under the precedent 1) b., amounts to about one million Euro.

Stock Grant and Stock Option Plans

Stock grant

The plan has the objective to incentivate and strengthen tie with the resources of the Company and of the controlled companies, in connection with the achievement company's objectives, which should determine their participation in the of the enterprise risk and contribute to the increase of the value for the shareholders and the consolidation in time of the professional contribution to the management processes of the Company.

Subject of the Plan are the ordinary stocks 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) by 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.

The augmentation will be made in more allotments within five years from the date of the assembly decision of the 13th of January 2000, and each augmentation 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 the 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 in case for each assignee the 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: the same could be in case the stocks are not given to all employees of TAS and its controlled companies.

The table below synthesizes the stocks of the plan, those already assigned and the ones on disposal in the plan after the third allotment.

Total stocks of the plan	assigned stocks			Remaining stocks of the plan
	Transferable	Temporarily engaged	total	
120,000	47,820	11,322	59,142	60,858

Stock option

The Assembly 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 aim of strengthening the tie with and constituting a bonus for the employees.

The stock option instrument, already widely used in Italy and abroad, permits to proportion part of the retribution to the increase of value for shareholders: in fact the subscription rights (options) offered as a result of a specific share capital increase are exercisable when TAS stocks reach satisfying quotations higher than the price of the options.

With the decision on the 11th of April 2001 the Extraordinary Company shareholders' meeting has attributed to the Board of Directors, according to Art. 2443 of the civil code, the faculty to augment, in a five year term counting from the above mentioned deliberation, also in several times, the share capital for a

maximum amount of Euro 92,962.24 issuing maximum 180,000 ordinary stocks with nominal value equal to Euro 0.52 each, excluding the option right according to Art. 2441, last paragraph, of the civil code and according to Art. 134 of the Law 24 February 1998, no. 58, to be assigned in option to TAS employees and/or to those of the controlled companies, according to Art. 2359 of the civil code. It was 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 conferred the faculty to determine the regulation of the stock options plan.

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

- o The Regulation approval;
- o The augmentation of the capital stock for a maximum amount of Euro 92,962.24, by the emission of max. 180,000 ordinary stocks with nominal value equal to Euro 0.52 each, to be offered in subscription, according to Article 2441, last paragraph of the Italian Civil Code and to Art. 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;
- o The plan consists of a maximum of 5 allotments and the individuation of beneficiaries is at discretion of the Board of Directors of the Company. The exercise of the options can be done up to 30%, up to 60%, up to 100% of the options assigned to each one of the beneficiaries, respectively starting from the twelfth, twenty fourth and thirty sixth month after the one of the date of communication.
- o The options assigned to each one of the beneficiaries for every single allotment should be exercised within a maximum period of fourty three months from the date of communication, relative to the same allotment. The plan should last until the 1st of January 2006.

At present there are no option rights.

Summary of operations in the period made by “Relevant persons”

The Company, in its Code of Conduct (“Internal Dealing”), has also stated that, in order to give a strong signal of fairness and transparency to the market, in the half year report and in the yearly report all transactions referred to the Relevant Persons, will be summarised. Relevant Persons are: Directors, Statutory Auditors, General Manager, Chief Financial Officer, Chief Marketing Officer, Chief Commercial Officer, Chief Technical Officer of the Company.

Surname and Name	Position	Total sales	Total purchases	Average Price	Counter value	Source
Busnello Pompeo*	Chairman	42,086	-	22.70	955,179	Mercato
Busnello Barbara	Director	35,000	-	24.96	873,638	Mercato
Busnello Lucia	Director	35,000	-	25.85	904,624	Mercato
Nardo Renato	CFO	709	-	18.73	13,278	Mercato
Zancarli Silvio	CCO	2,250	-	24.14	54,311	Mercato
Mendia Mario	CMO	144	-	17.89	2,576	Mercato
De Marsanich Riccardo	CTO	4,630	-	18.64	86,281	Mercato

* of which 34,000 detained by the husband/wife

Participation of Directors, Statutory Auditors and General Managers

Participations in TAS S.p.A.

Name and Surname	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	n. of stocks owned at 31.12.2002
Busnello Pompeo (A)	(P) (Ac)	624,000 ⁽¹⁾	-	11,914	666,086 ⁽¹⁾
Busnello Barbara (A)	(P) (Ac)	193,000	-	-	228,000
Busnello Lucia (A)	(P) (Ac)	193,000	-	-	228,000
Giacchino Alessandro Ignazio (A)	(P) (Ac)	200 ⁽²⁾	-	-	200
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 husband/wife. (2) until 16 December 2003.

Participations in TASESPAÑA S.A.

Surname and name	Kind of Ownership	no. of stocks owned at 31.12.02	no. of stocks purchased in the period	n.o of stocks sold in the period	No of stocks owned at 31.12.2003
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

TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A.

Registered office at Largo dei Caduti di El Alamein, 9 00173 Rome Italy – Share Capital Euro 914.753,84 fully paid up - Co. Reg. no. and fiscal code 05345750581– Rea 732344

Financial statements at 31/12/2003

The amounts are expressed in Euro

Balance Sheet			
Assets		31/12/2003	31/12/2002
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		305,732	626,063
3) Industrial patent and intellectual property rights		172,486	26,886
Concessions, licenses, trademarks and similar rights		1,942	1,863
7) Other intangible assets		7,188	10,757
		487,348	665,569
<i>II. Tangible assets</i>			
2) Plant and machinery		44,990	43,712
4) Other assets		59,046	100,607
		104,036	144,319
<i>III. Financial assets</i>			
1) Shareholdings in:			
a) controlled undertakings	8,367,970		635,636
d) other companies	66,820		66,820
		8,434,790	702,456
2) Accounts Receivables			
d) Other accounts receivable			
- falling due within one year	56,409		430,659
- falling due after more than one year	291,755		9,710
year		348,164	440,369
		348,164	440,369
		8,782,954	1,142,825
Total fixed assets		9,374,338	1,952,713
C) Current assets			
<i>I. Stock</i>			
3) Work in progress on order		189,980	78,492
		189,980	78,492
<i>II. Accounts receivable</i>			
1) From customers			
- falling due within one year	2,102,544		1,246,043
		2,102,544	1,246,043
2) From controlled undertakings			
- falling due within one year			76,855
			76,855
5) Other accounts receivable			
- falling due within one year	262,885		9,332,496
- falling due after more than one year			
		262,885	9,332,496
		2,365,429	10,655,394

IV. Liquid assets			
1) Bank and postal deposits		8,962,487	10,858,347
2) Cheques		3,825	6,860
3) Cash and cash equivalents		3,925	762
		<u>8,970,237</u>	<u>10,865,969</u>
Total current assets		11,525,646	21,599,855
D) Prepayments and accrued income			
- others	40,001		70,666
		40,001	<u>70,666</u>
Total assets		20,939,985	23,623,234
Liabilities		31/12/2003	31/12/2002
A) Shareholders' equity			
I. Share capital		914,754	914,754
II. Share premium reserve		17,241,655	17,241,655
IV. Legal reserve		180,410	180,410
VII. Other reserves		34,851	4,342,661
Extraordinary	3.506		4.311.316
Euro conversion	1		1
Stock emission	31.344		31.344
IX. Profit (loss) for the year		91,047	(1,229,311)
Total shareholders' equity		18,462,717	21,450,169
B) Provisions for liabilities and charges			
<i>Total provisions for liabilities and charges</i>			
C) Employees' leaving indemnity		694,870	579,760
Accounts Payables			
5) Payments received on account (advances)			
- falling due within one year	364,699		243,174
		364,699	<u>243,174</u>
6) Accounts payable to suppliers			
- falling due within one year	208,672		278,785
		208,672	<u>278,785</u>
8) Accounts payable to controlled undertakings			
- falling due within one year	44,034		54,647
		44,034	<u>54,647</u>
11) Taxes payable			
- falling due within one year	337,802		241,003
		337,802	<u>241,003</u>
12) Accounts payable to social security institutions			
- falling due within one year	219,690		319,744
		219,690	<u>319,744</u>
13) Other accounts payable			
- falling due within one year	253,153		226,225
		253,153	<u>226,225</u>
Total accounts payables		1,428,050	1,363,578
E) Accrued liabilities and deferred income			
- loan interests			
- other accrued liabilities and deferred income	354,348		229,727
		354,348	<u>229,727</u>
Total shareholders' equity and liabilities		20,939,985	23,623,234
Memo accounts		31/12/2003	31/12/2002
3) Risks		7,581,084	81,084

4)	Link between Civil Code and tax rules	682,810	294,514
Total memo accounts		8,263,894	375,598
Profit and loss account		31/12/2003	31/12/2002
A) Revenues			
1)	From sales and services	6,874,065	6,916,884
2)	Changes in stocks of work in process, semi-finished and finished products		
3)	Work in progress on order	111,488	(277,244)
4)	Capitalised internal work in progress		
5)	Other revenues:		
	- miscellaneous	567	7,029
	- contribution on trading account	19,832	21,485
	- contribution on capital account		
		20,399	28,514
<i>Total revenues</i>		7,005,952	6,668,154
B) Expenses			
6)	Raw materials, subsidiary materials, consumables and goods	62,616	94,807
7)	Services	1,525,101	1,735,032
8)	Rent/lease	245,762	237,803
9)	Personnel costs		
	a) salaries and wages	2,668,584	2,629,281
	b) social contributions	837,050	897,431
	c) employees' leaving indemnity	199,999	193,181
	e) other costs	41,627	6,277
		3,747,260	3,726,170
10)	Depreciation and value adjustments		
	a) depreciation of intangible assets	434,420	627,544
	b) depreciation of tangible assets	86,691	104,676
	c) other value adjustments		728,126
		521,111	1,460,346
11)	Changes in raw materials, subsidiary materials, consumables and goods		
12)	Accruals to provisions for liabilities and charges		
13)	Other accruals		
14)	Miscellaneous running costs	17,509	20,900
<i>Total expenses</i>		6,119,359	7,275,058
Balance between revenues and expenses(A-B)		886,593	(606,904)
C) Financial income and costs			
15) <i>Income from shareholdings:</i>			
	- in controlled undertakings		
	- in affiliated undertakings		
	- other income	1,891	1,891
		1,891	1,891
16) <i>Other financial income:</i>			
	a) from accounts receivable recorded among fixed assets		
	- from controlled undertakings	4,194	23,701
	- from affiliated undertakings		
	- from controlling companies		
	- other financial income	4,147	6,905
fixed assets	b) from securities recorded among		
current	c) from securities recorded among assets	21,887	562,356
	d) other income:		
	- from controlled undertakings		
	- from affiliated undertakings		
	- from controlling companies		
	- other income	336,776	37,088

TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A.

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Notes to financial statements as at 31/12/2003

The amounts are expressed in Euro.

Introduction

These Notes contain all information requested by the law attaining to the annual report. In writing the same it was taken in mind the need to supply additional information, also if not specifically requested by provisions of law, deemed necessary to give a correct and true representation in the clearness context. The variations are referred to the values as at 31/12/2002.

Area of Business

Your company operates in the information technology field, with particular reference to development, marketing, consulting and maintenance of software, as well as the accessory activity of sale of hardware. The software developed mainly concerns automation of the process of collection, submission and execution of orders to purchase and sale financial products.

Significant events in the period

Among worthnoting activities and events of the year just elapsed, we we wish to point out the following:

- TAS' Shareholders General Meeting on 16 April revoked the precedent decision of 19 April 2002 and approved the authorisation to purchase 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 stocks, 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 each operation. The maximum investment amount is Euro 3,500,000.
- The same Shareholders General Meeting also decided:
 - the appointment of Francesca Beatrice Surace as member of the Board of Internal Auditors and of Federico Alesiani as new vice Internal Auditor, with the same term of the others Internal Auditors and therefore until the General Shareholders' Meeting approving the yearly report as at 31/12/2004;
 - the confirmation of the Board of Directors until the approval of the yearly report as at 31/12/2005;
 - the renewal of the assignment of the External Auditing Company Mazars & Guèrard for the years 2003-2005.

- On the 9th of October the Chairman of the Board of Internal Auditors, Edoardo Cintolesi, resigned pursuant to Article 1, paragraph 4 of the Decree no. 162 of 30 March 2000. His office has been temporarily assigned to the vice Internal Auditor Federico Alesiani.
- In the light of the poor results arising from the sale of products of the English Company XcelleNet during the years since the 25th July 2000, date of the signature of the distribution agreement, last November the Board of Directors considered appropriate to terminate the agreement for the next expiring date of 24 January 2004 and therefore to suppress the company area "Technological Products" which exclusively dealt with commercialisation and support of such products.
- On the 8th of December Express II, the new Monte Titoli's clearing platform, became operative;
- On the 16th December Alessandro Giacchino resigned from the Board of Directors. The 12th January 2004 Fabio Massimo Ferri has been temporarily appointed in order to replace him pursuant to Article 2386 of the Italian Civil Code;
- On the 31st December the Company, on the basis of TAS FRANCE EURL economic situation as at 30 September 2003, the 100% controlled, showing a negative shareholders' equity of Euro 730,427, remitted TAS FRANCE debt amounting to Euro 763,616 as at 31.12.2003, interest included, for the purposes of covering losses and re-establish the former shareholders' equity.

Layout criteria

These financial statements have been drawn up in accordance with Articles 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 Italian Civil Code.

Valuation criteria

The criteria followed in the preparation of the Financial Statements as at 31/12/2003 are consistent with those followed in the preparation of the Financial Statements of the previous year, in particular in the evaluation and continuity of the same principles.

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

The prudential basis has resulted in the valuation of the single items of each asset or liability to avoid offsets between losses that should have been reported and profits that should not have been recognised as they have not been realised.

Under the accruals method, the effects of transactions and other events has been accounted for and attributed to the period to which they refer instead than to the period in which the relevant changes to cash in hand and at bank (collections and payments) have taken.

Consistency in the application of accounting principles ensures the comparability of the company's financial statements drawn up in different fiscal years.

Exceptions

No exception has been applied to what exposed above.

In particular, the following accounting policies have been applied:

Fixed assets*Intangible assets*

They have been recorded at the historical purchase value, net of depreciation and attributed to the single entries.

Start-up and expansion costs have been recorded under assets upon approval of the Board of the External Auditing Company and of Statutory Auditors and depreciated over a five years period.

Industrial patent and intellectual property rights are depreciated at an annual rate of 33.33%, trademarks at an annual rate of 10%.

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

Tangible assets

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

The book value includes any ancillary costs and the costs incurred for the use of the asset, less any trade discount and any significant cash discount.

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, and we believe that this is well reflected by the following rates, unchanged compared to the previous fiscal year and halved in the year in which the asset has entered operation:

- plant and machinery:	specific plants	15%
- equipment:		15%
- others:	cellular telephones	20%
	furniture and furnishings	12%
	office electronic machines	20%
	hardware	20%

Anticipated depreciation at a double rate than the standard depreciation ratio has been calculated on the assets which have entered operation in last three-year period, i.e. office electronic machines, hardware and cellular telephones, not solely for tax purposes but also as reflecting their effective tear and wear and future possible use, in consideration of the Company's activity. Assets up to euro 516.46, apt to autonomous use, have been depreciated in full during the year.

No revaluation has been applied.

Accounts receivable

These have been recorded at their estimated realisable value. Their nominal value has been adjusted to the estimated realisable value by means of a specific write-down provision, taking into account their dates and general economic conditions of the company's industry sector.

Accounts payable

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

Accrued liabilities/income – prepayments/deferred income

These have been determined on an accruals basis.

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

Inventory

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

Securities

At year-end the Company owns no securities.

Shareholdings

Shareholdings in subsidiary undertakings, recorded among financial assets, have been valued at the purchase price or subscription cost.

Shareholdings in subsidiary undertakings with long lasting losses of value have been depreciated in order to re-establish the original cost recorded among fixed assets to the quota of the Shareholders' equity attributed to the undertaking.

The other shareholdings are recorded at the purchase or subscription cost.

Treasury stocks

The Company does not own treasury stocks.

Provisions for liabilities and charges

No provision set aside.

Provision for employee leaving indemnity

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

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

Income taxes

The provision for taxes has been set aside on an accrual basis and includes the following:

- accruals in respect of taxes paid or payable in the period, determined at the current rates and in accordance with current rules;
- the amount of deferred taxes or advance taxes in respect of timing differences which arose or were written off in the year and of fiscal losses when it is reasonably certain to foresee that they will be recovered in next financial years.

Recognition of revenues

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

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

Adjustment criteria

No adjustment criteria have been applied.

Criteria for the translation of accounts in foreign currency

Accounts payable and receivable in foreign currency have been recorded at the exchange rates in force on the date when they originated and are aligned to the current exchange rates at year-end.

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

Profits and losses deriving from the conversion of payables and receivables of commercial nature, are respectively recorded in item A-5 (Other profits) and debited in item B-14 (Miscellaneous running costs).

Guarantees, commitments, third parties' assets and risks

They represent:

- Risks: the value of financial guarantees given by banks (instead of a caution deposit) in favour to the owners of Rome and Milan offices where the activity is carried out, as well as the value of the guarantee issued in favour to the Company concerning the purchase of the new shareholding in 2003, better detailed before and afterwards in the item shareholdings.
- Link between civil and fiscal rules: the amount of the costs borne in the period or in the precedent years and fiscally deductible in later periods as well as fiscal losses, within the limit of the amounts and taxes reasonably recoverable.

Employment data

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

Staff	31/12/2003	31/12/2002	Variation
Executives	5	5	
Officers	16	16	
Employees	43	44	-1
	64	65	-1

The average personnel is substantially unchanged compared to the previous year.

The applicable national collective labour agreement is the one for the commercial and services sector for the employees and officers, for the executives the one for the executives of industrial enterprises.

Assets

A) Accounts receivable from shareholders in respect of unpaid share capital

Item not present.

B) Fixed assets

I. Intangible assets

Value at 31/12/2003	Value at 31/12/2002	Changes
487,348	665,569	(178,221)

Total movements of the Intangible Fixed Assets

Cost description	Value 31/12/2002	Additions for the year	Decreases for the year	Depreciation for the year	Value at 31/12/2003
Start-up and expansion costs	626,063			320,331	305,732
Industrial patent and intellectual property rights	26,886	255,836		110,236	172,486
Concession, licenses, trademarks and similar rights	1,863	363		284	1,942
Other intangible assets	10,757			3,569	7,188
	665,569	256,199		434,420	487,348

Previous write-ups, depreciation and write-downs

The historical value at the beginning of the year is broken down as follows:

Cost description	Purchase value	Depreciation provision	Additions	Decreases	Net Value
Start-up and expansion costs	1,601,652	975,589			626,063
Industrial patent and intellectual property rights	454,299	427,413			26,886
Concession, licenses, trademarks and similar right	2,475	612			1,863
Other intangible assets	43,004	32,247			10,757
	2,101,430	1,435,861			665,569

Item “Start-up and expansion costs” is mainly referred to costs borne in the financial period 2000 for IPO on the Nuovo Mercato of the Borsa Italiana S.p.A., in the years 2001 and 2002 for share capital increases, By-laws amendments, Euro conversion of share capital.

“Industrial Patent rights” include costs for purchasing licenses for accessory or complementary software needed for the development of own software. In the financial period the rights on software “Telefeed”, to be integrated in TAS offer of financial products, have been purchased for 250,000 Euro.

“Concession, licenses, trademarks and similar rights” refer to costs borne for the Company’s trademarks.

The item “Other intangible assets” concerns leaseholds costs.

Movements from one item to another

None.

Write-ups and write-downs in the period

None.

Start-up and expansion costs

Cost description	Value 31/12/2002	Additions for the year	Decreases for the year	Depreciation for the year	Value at 31/12/2003
Establishment Transformation	207			207	
Listing	601,677			310,326	291,351
Share capital increase	5,524			2,466	3,058
Other variations of By-laws	18,655			7,332	11,323
	626,063			320,331	305,732

II. Tangible assets

Value at 31/12/2003	Value at 31/12/2002	Changes
104,036	144,319	(40,283)

Plant and machinery

Description	Value
Historical cost	88,063
Accumulated depreciation	(44,351)
Write-downs of prior year	
Value at 31/12/2002	43,712
Purchases	14,339
Write-down of the year	(13,061)
Value at 31/12/2003	44,990

Other assets

Description	Value
Historical cost	910,058
Accumulated depreciation	(809,451)
Write-downs of prior year	
Value at 31/12/2002	100,607
Purchases	32,069
Write-down of the year	(73,630)
Net value at 31/12/2003	59,046

III. Financial assets

Value at 31/12/2003	Value at 31/12/2002	Changes
8,782,954	1,142,825	7,640,129

Shareholdings in:

Description	31/12/2002	Addition	Decreases	31/12/2003
Controlled undertakings	635,636	8,671,538	939,204	8,367,970
Other companies	66,820			66,820
	702,456	8,671,538	939,204	8,434,790

The following information is provided relative to shareholdings directly or indirectly owned for the controlled or affiliated undertakings.

Controlled undertakings

Name	Town or foreign country	Share capital	Shareholders' equity	Profit/loss	%	Value or credit
Tas France Eurl	France	503,082	327,386	129,203	100	327,386
TASESPAÑA SA	Spain	500,000	132,927	(144,650)	99.8	132,661
APIA SA	Switzerland	64,767	1,928,953	1,830,659	75	7,907,923

Other companies

Name	Town or foreign country	Share capital	Shareholder s' equity	Profit/loss	%	Value or credit
Sia Cedborsa Spa	Italy	18,123,684			0,0003	66,820

Changes are consequent to:

Additions	Purchases	Write-ups	Amount
Controlled undertakings	7,907,923	763,615	8,671,538
Affiliated undertakings			
Parent Companies			
Others			
	7,907,923	763,615	8,671,538

Decreases	Transfers	Write-downs	Amount
Controlled undertakings		939,204	939,204
Affiliated undertakings			
Parent Companies			
Others			
		939,204	939,204

Increases in controlled undertakings consequent to purchases:

they are referred to the purchase of the shareholding in the Swiss Company APIA SA, in the month of October. The value recorded has been determined adding to the price of Euro 7,500,000 the directly attributable ancillary costs (intermediators, legal consultants, auditors and so on) totalling Euro 407,923.

Increases in controlled undertakings consequent to write-ups:

they are referred to the amount of financial and commercial credits towards the 100% controlled company TAS FRANCE, waived in the light of its economic losses. The shareholding has been consequently written-down for the amount of 572,865 in order to align the value of the recorded shareholding to the quota of shareholder's equity as at 31/12/2003.

Decreases in controlled undertakings consequent to write-downs:

as already mentioned above, they are relative to the write-down of the controlled undertaking TAS France for Euro 572,865 and of the controlled TASESPAÑA for Euro 366,339. Also in the latter case the write-down was due to losses borne and enabled us to align the recorded value of the shareholding to the quota of shareholder's equity owned by the controlled company.

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

Shareholdings in controlled undertakings are valued in compliance with the continuity of the valuation criteria.

No fixed asset shareholding has undergone any destination change.

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

None of the controlled undertakings during the financial period has approved share capital increases.

Whilst with TASESPAÑA S.A. and APIA S.A. no relevant operation has been done, with the controlled TAS FRANCE EURL there are commercial relations (both as a supplier and a client of TAS S.p.A) and financial relations, for loans granted and already examined above and in the Directors' Report.

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

Accounts receivables

Description	31/12/2002	Additions	Decreases	31/12/2003
Controlled undertakings		669,194	669,194	
Affiliated undertakings				
Parent companies				
Others	440,369		92,205	348,164
	440,369	669,194	761,339	348,164

Additions concerning controlled undertakings refer to the loans granted to the controlled TAS France during the year 2003. Decreases are consequent to the waiver to such credit.

In the item Receivables from others records amounts referred to caution deposits for Euro 9,710 together with the remaining sum of Euro 338,454 relative to loans granted to employees in the month of December 2000 in order to allow them facing major tax and fiscal charges deriving from the stock grant plan put in practice the same month. The indicated amount is gross of accrued interest.

Treasury stock

The Company does not own treasury stock.

C) Current assets

I. Inventory

Value at 31/12/2003	Value at 31/12/2002	Changes
189,980	78,492	111,488

They are referred to work in progress on order for installations and supply of services about to be completed.

Accounting policies have been applied consistently as explained in the introduction to these Notes.

II. Accounts receivable

Value at 31/12/2003	Value at 31/12/2002	Changes
2,365,429	10,655,394	(8,289,965)

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

Description	Due within one year	Due after more than one year	Due after more than five years	Total	31/12/2002
From customers	2,102,544			2,102,544	1,246,043
From controlled undertakings					76,855
Other accounts receivable	262,885			262,885	9,332,496
	2,365,429			2,365,429	10,655,394

The relevant increase of accounts receivable from customers is due to the starting in production of the software for management of Express II, the new clearing system (see Directors' Report), in December 2003 and therefore to higher invoiced amounts compared to the precedent year.

Accounts receivables from controlled companies has been written off as a consequence of the waiver to the commercial credit towards the controlled TAS France.

Accounts receivable from others are considerably decreasing because short term investments there recorded have been abandoned.

Accounts receivable from others, as at 31/12/2003, equal to Euro 262,885 are so detailed:

Description	Value
From Treasury	155,111
From advanced taxation	104,861
From others	2,913
	262,885

Among accounts receivable from others taxes paid in advance for Euro 104,861 are also recorded, relative to temporary differences deducible in subsequent periods and to fiscal losses better detailed in the appropriate paragraph of the last part of these Notes.

The nominal value of accounts receivable has been adjusted to the estimated realisable value by means of a specific provision for bad debts, which has undergone no changes during the period.

Description	Provision for bad debts pursuant to Art. 2426 of Italian Civil Code	Provision for bad debts pursuant to Art. 71 of Decree 917/1986	Total
Balance at 31/12/2002	110,709		110,709
Use in the period			
Accrual of the period			
Balance at 31/12/2003	110,709		110,709

III. Financial assets

None present.

IV. Liquid assets

Value at 31/12/2003	Value at 31/12/2002	Changes
8,970,237	10,865,969	(1,895,732)

Description	31/12/2003	31/12/2002
Bank and postal deposits	8,962,487	10,858,347
Cheques	3,825	6,860
Cash and cash equivalents	3,925	762
	8,970,237	10,865,969

The balance reflects the liquid assets and the cash-in-hand and cash equivalents at the year-end.

D) Accrued income - prepayments

Value at 31/12/2003	Value at 31/12/2002	Changes
40,001	70,666	(30,665)

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

No accrued income nor prepayment is expressed in foreign currency.

There are no accrued income nor prepayments at 31/12/2003 due over 5 years.

This item can be broken down as follows:

Description	Value
Accrued income: Active interest	10,757
Prepayments: Service fees	29,244
	40,001

Liabilities

A) Shareholder equity

Value at 31/12/2003	Value at 31/12/2002	Changes
18,462,717	21,450,169	(2,987,452)

Description	31/12/2002	Additions	Decreases	31/12/2003
Share capital	914,754			914,754
Share premium reserve	17,241,655			17,241,655
Legal reserve	180,410			180,410
Extraordinary reserve	4,311,316		4,307,810	3,506
Conversion in Euro reserve	1			1
12) Stocks emission reserve	31,344			31,344
Retained earnings (losses carried forward)				
Profit (loss) for the year	(1,229,311)	91,047	(1,229,311)	91,047
	21,450,169	91,047	3,078,499	18,462,717

The share capital is broken down as follows:

Share/Stocks	Number	Nominal Value in Euro
Common shares	1,759,142	0.52
Total	1,759,142	

Therefore, at year-end, the current securities are the following:

n. 1,759,142 common shares with a nominal value of Euro 0.52 each and the share capital is equal to 914,753.84 Euro.

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

a) Classification of the reserves according to the distribution availability

Reserves	Free	Determined by the law	Determined in the By-laws	Assembly will
Legal reserve		180,410		
Stock premium reserve				17,241,655
Extraordinary reserve				3,506
Stocks emission reserve			31,344	
Total		180,410	31,344	17,241,161

b) Formation of the item re-evaluation reserve

None present.

c) Formation of the item By-laws reserve

Reserves	Value
Stocks emission reserve	31,344
Total	31,344

d) Profit per stock

The profit of the year payable to the owner of each stock is equal to Euro 0.05.

Furthermore it is to be noted that in the Shareholders' equity,

- the following items are present:
reserves or other provisions that in case of distribution will not form the taxable shareholders' income, disregarding the period when they were formed:
share premium reserve of Euro 17,241,655
- the following items are absent:
reserves or other provisions that in case of distribution will form the taxable Company's income, disregarding the period when they were formed;

reserves or other provisions that in case of distribution will form the taxable Company's income, disregarding the period when they were formed consequent to the share capital increase for free by use of the reserve.

B) Provision for liabilities and charges

None present.

C) Employees' leaving indemnity

Value at 31/12/2003	Value at 31/12/2002	Changes
694,870	579,760	115,110

The change can be broken down as follows.

Variations	Value
Accrual for the year	199,999
Amounts used in the year	(84,889)
	115,110

The accrued provision represents the real account payable by the company at

31/12/2003 to its employees in force at that date, net of advances paid. As at 31/12/2003 there are no unpaid leaving indemnities concerning terminated employment relationship.

D)Accounts payable

Value at 31/12/2003	Value at 31/12/2002	Changes
1,428,050	1,363,578	64,472

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	Falling due after more than five years	TOTAL
Advanced payments	364,699			364,699
Payables to suppliers	208,672			208,672
Payable to controlled undertakings	44,034			44,034
Payables to tax authorities	337,802			337,802
Payables to social security institutions	219,690			219,690
Other amounts payable	253,153			253,153
	1,428,050			1,428,050

The item “Advanced payments” presents the advances received from customers relative to supplies of goods and services not yet completed.

The “Account payable to suppliers” are put down net of the commercial discounts; the cash discounts are taken in consideration at the time of payment.

The Accounts payable to controlled undertakings show the commercial debt towards the controlled TAS FRANCE for services supplied during the period.

The item “Payables to tax authorities” shows only liabilities for certain and determined taxes, whilst liabilities for probable taxes or taxes uncertain in the amount or date or else for deferred taxes may be put down in item B.2 of the liabilities (provision for taxes).

This item is exclusively referred to liabilities for withholding taxes in favour to employees and consultants during the month of December, equal to 128,880 Euro, VAT due in December for Euro 164,115 and IRAP tax payable for the year, net of advances paid for Euro 44,807.

Accounts payable to social security institutions are exclusively those relative to employees’ wages in the month of December.

The item Other amounts payable is formed mostly of the debts towards employees for supplementary monthly wages, bonuses and accumulated holidays as at 31 December 2003.

No bond has been issued during the year.

E)Accrued liabilities/Deferred income

Value at 31/12/2003	Value at 31/12/2002	Changes
354,348	229,727	124,621

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

None is expressed in foreign currency.

As at 31/12/2003 there are no accrued liabilities nor deferred income due over 5

years.

This item can be broken down as follows.

Description	Value
Deferred income: future profits	354,348
	354,348

Memo accounts

Description	31/12/2003	31/12/2002	Changes
Third parties' assets at the company's premises			
Obligations			
Risks	7,581,084	81,084	7,500,000
Link between Civil Code and tax rules	682,810	294,514	388,296
	8,263,894	375,598	7,888,296

For specifications, see comments on the valuation criteria of guarantees, obligations, third parties' assets and risks.

Among the above memo accounts the change of 7,500,000 in item "Risks" relates to the guarantee of Euro 7,500,000 granted by the sellers of Apia SA for any liability, non-existence or losses on disposal of the purchased company, non resulting from the income statements of reference, automatically reducing until its expiry.

Profit and loss account

A) Revenue

	Value at 31/12/2003	Value at 31/12/2002	Changes
	7,005,952	6,668,154	337,798
Description	31/12/2003	31/12/2002	Changes
Revenues from sales and services	6,874,065	6,916,884	(42,819)
Changes in stocks of goods			
Changes in work in progress on order	111,488	(277,244)	388,732
Capitalised internal work in progress			
Other revenues	20,399	28,514	(8,115)
	7,005,952	6,668,154	337,798

The variation is strictly related to what better detailed in the Directors' report.

Contribution during the year for Euro 19,832, included in the item other revenues, refer to credit for taxes during the 2003 arising from the increase in the number of employees, as provided for in the Law 388/2000.

Revenues from sales and services can be broken down as follows:

Revenues for category of activity

Description	31/12/2003	31/12/2002	Changes
From sales of products	652,566	727,139	(74,573)
From services	6,221,499	6,189,745	31,754
Change in work in progress	111,488	(277,244)	388,732
Other	20,399	28,514	(8,115)
	7,005,952	6,668,154	337,798

Revenues for geographical area

Area	Sales	Services	Other	Total
Italy	652,566	6,083,499	20,399	6,756,464
Abroad		249,488		249,488
	635,566	6,332,987	20,399	7,005,952

B) Costs

Value at 31/12/2003	Value at 31/12/2002	Changes
6,119,359	7,275,058	(1,155,699)

Description	31/12/2003	31/12/2002	Changes
Raw materials, subsidiary materials and goods	62,616	94,807	(32,191)
Services	1,525,101	1,735,032	(209,931)
Rent/lease	245,762	237,803	7,959
Salaries and wages	2,668,584	2,629,281	39,303
Social security contributions	837,050	897,431	(60,381)
Employees' leaving indemnity	199,999	193,181	6,818
Accrual for pension and similar costs			
Other personnel costs	41,627	6,277	35,350
Depreciation of intangible assets	434,420	627,544	(193,124)
Depreciation of tangible assets	86,691	104,676	(17,985)
Write-down of accounts receivable recorded among current assets		728,126	(728,126)
Miscellaneous running costs	17,509	20,900	(3,391)
	6,119,359	7,275,058	(1,155,699)

Costs of raw materials, subsidiary materials, consumables and goods and costs of services

They are closely related to what has been set out in the Directors' report and to point A (Revenue) of the Profit and loss account.

Personnel costs

This item includes all employee costs, including improvements, advancements, promotions, cost-of-living increases, untaken holidays and the provisions made pursuant to the law and the national collective labour agreements.

Depreciation of tangible fixed assets

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

Other write-downs of fixed assets

No other write-down of fixed assets.

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

No further write down has been deemed necessary, in consideration of the ample provision already existing.

Accruals to provisions for liabilities and charges

No accrual has been decided.

Other accruals

No other accrual has been decided.

Miscellaneous running costs

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

C) Financial income and costs

	Value at 31/12/2003	Value at 31/12/2002	Changes
	359,635	625,986	(266,351)
Description	31/12/2003	31/12/2002	Changes
Income from shareholdings	1,891	1,891	
Income from receivables recorded among fixed assets	8,341	30,606	(22,265)
Income from securities recorded among fixed assets			
Income from securities recorded among current assets			
Other income	21,887	562,356	(540,469)
(Interest and other financial costs)	336,776	37,088	299,688
	(9,260)	(5,955)	(3,305)

Income from Shareholdings

Description	Controlled undertakings	Affiliated undertakings	Changes
Dividends			1,891
			1,891

The above dividends are coming from the shareholding in SIA Cedborsa SpA, gross of applicable taxes.

Other financial income

Description	Parent companies	Controlled undertakings	Affiliated undertakings	Other	Total
Bank and postal interest				335,903	335,903
Loan interest		4,194		4,147	8,341
Interest from securities				21,887	21,887
Exchange gain				873	873
		4,194		362,810	367,004

Interest and other financial costs

Description	Parent companies	Controlled undertakings	Affiliated undertakings	Other	Total
Bond interest					
Bank interest				471	471
Suppliers interest				534	534
Discounts and other financial costs				7,479	7,479
Exchange loss				776	776
				9,260	9,260

D) Value adjustments of financial assets

	Value at 31/12/2003	Value at 31/12/2002	Changes
	(939,204)	(1,109,633)	170,429

Write-ups

None present.

Write-downs

Description	31/12/2003	31/12/2002	Changes
Of shareholdings	939,204	1,109,633	(170,429)
Of financial assets			
Of securities recorded among current assets			
	939,204	1,109,633	(170,429)

See comments on the valuation criteria of shareholdings and on the shareholdings recorded among financial assets.

E) Extraordinary income and costs

	Value at 31/12/2003	Value at 31/12/2002	Changes
	(69,068)	(14,274)	(54,794)

Description	31/12/2003	31/12/2002
Capital gain from purchase		
Other extraordinary income	171,485	220,760
Total income	171,485	220,760
Losses on disposal		
Extraordinary costs: tax previous financial years	(1,500)	(64,408)
Other extraordinary costs	(239,053)	(170,626)
Total costs	(240,553)	(235,034)
	(69,068)	(14,274)

Income concerns unexpected revenues and receivables for services and advance taxation under assets. Other costs mainly concern transfer of revenues accrued in previous periods.

Taxes on the income of the period

	Value at 31/12/2003	Value at 31/12/2002	Changes
	146,909	124,486	22,423

Taxes	Value at 31/12/2003	Value at 31/12/2002	Changes
Current taxes:	178,889	135,436	43,453
IRPEG			
IRAP	178,889	135,436	43,453
Deferred (advanced) taxes	(31,980)	(10,950)	(21,030)
IRPEG	(42,746)		(42,746)
IRAP	10,766	(10,950)	21,716
	146,909	124,486	22,423

Herebelow the comparison between the theoretical burden as resulting from the balance sheet and the theoretical tax losses:

Comparison between the theoretical burden as resulting from the balance sheet and the theoretical tax losses

(IRPEG)

Description	Value	Tax
EBT	237,956	
Theoretical tax loss (%)	34	80,905
Temporary differences taxable in next years:		
Total		
Time differences deductible in next years:		
Deductible costs in next years	416,596	
Total	416,596	
Winding of time differences from precedent years		
Undeductible costs in precedent years	(327,740)	
Total	(327,740)	
Differences that will not affect next years		
Non recoverable costs	156,372	
Non taxable revenues	(81,014)	
Total	75,358	
Tax income	402,170	
Fiscal losses from precedent years	(543,062)	
Current taxes on the year's revenues	(140,892)	0

Definition of the taxable IRAP

Description	Value	Taxes
Difference between value and revenue	886,592	
Irrelevant costs for IRAP purposes		
Employees costs	3,747,260	
Disabled employees costs, CFL, premiums INAIL	(115,977)	
Decreasing fiscal variation related to IRAP of previous years	(218,462)	
Irrelevant revenues for IRAP purposes		
Increasing fiscal variation related to IRAP of previous years	48,796	
Total	4,348,209	
Theoretical tax loss (%)	4.25	
Temporary difference deductible in next years	35,006	184,799
Temporary difference undeductible in next years	129,632	
Winding of time differences from precedent years	(303,691)	
Taxable Irap	4.209.156	
Current IRAP for the financial period	(178.889

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

Value adjustments for taxes pursuant to tax laws

None present.

Provisions for taxes pursuant to tax rules

None present.

Deferred taxation

No deferred taxes are present as there are no positive components of the profit whose taxation is to be deferred in subsequent periods.

Assets for advanced taxes have been recorded as there is a reasonable certainty of the existence of a taxable income not lower than the amount of the differences to be written off, during the financial periods when there will be temporarily deductible differences, against which they are recorded as advanced taxes.

The main temporary differences are the following:

Pursuant to IRPEG taxation (replaced by IRES starting from 1/01/2004):

- non achieved losses on disposal on written down shareholdings for Euro 133,925;
- service costs and entertainment expenses for Euro 38,435;

Pursuant to IRAP taxation:

- service costs and entertainment expenses for Euro 35,006.

As for the other temporary differences pursuant to IRPEG (IRES) taxation, amounting to Euro 290,282 apt to affect next years, they have not been recorded as advanced taxes because there is no reasonable certainty of the existence in such financial periods of a taxable income to write them off.

It has also been recorded an asset for advanced taxes equal to Euro 46,495, arising from fiscal losses of Euro 140,893, because there are the conditions under the accounting principles for accounting a future fiscal benefit, in particular that of the reasonable certainty that in the future the Company will be able to produce taxable income enough to absorb those losses.

Directors', Statutory Auditors' and General Managers' fees

Here below is shown a break-down of the 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	Fees		
				Non monetary benefits	Bonus and other incentives	Other fees
Busnello Lucia	Director	Until 30/04/2005	3,615			50,783
Busnello Barbara	Director	Until 30/04/2005	3,615			
Bassi Angelo	Director	Until 30/04/2005	3,615			
Cintolesi Edoardo	Chairman of the Board of Statutory Auditors	Until 9/10/2003	17,504			
Tranquilli Fulvio	Statutory Auditor	Until 30/04/2005	12,453			
Surace Francesca Beatrice	Statutory Auditor	Until 30/04/2005	12,420			
Alesiani Federico	Vice-Statutory Auditor temporarily acting as Chairman of the Board of Statutory Auditors	Until 7/04/2004	1,011			

The "Other fees" concerning the Directors have been granted as a consequence of their employment relationship.

These financial statements, made of Balance Sheet, Profits and Losses Account and the current Explanatory Notes, are a true and fair view of the equity and financial situation and profits of the financial period and they are in accordance with the accounting data.



TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A.

Registered office at Largo dei Caduti di El Alamein, 9 00173 Rome Italy – Share Capital Euro 914.753,84 fully paid up - Co. Reg. no. and fiscal code 05345750581– Rea 732344

DIRECTORS' REPORT - TAS CONSOLIDATED ANNUAL REPORT 2003

Data of the financial year are marked by the inclusion in the consolidation area of Apia SA purchased by TAS S.p.A. on the 3rd October 2003. The results are strongly influenced both on the side of revenues and on margins, a bit less on the side of the Net Profit because only last quarter has been included in the consolidation.

- Total revenues: 13,968 K Euro (+91% compared with the financial year 2002)
- EBITDA: 3,012 k Euro (+1,355% compared with the financial year 2002)
- Net profit: 627 k Euro (-866 in the financial year 2002)

After two consecutive financial periods when profits were bending, the one just closed testifies a though limited growth and a return to net profit. It does not follow that the reference market is again full of opportunities. The expectations of world economic growth still present elements of uncertainty while Euro area does not even show signs of the restart that involved other macro-economic areas.

Significant events

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

- TAS' Shareholders General Meeting on 16 April revoked the precedent decision of 19 April 2002 and approved the authorisation to purchase 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 stocks, 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 the former vice Internal Auditor, Francesca Beatrice Surace, as member of the Board of Internal Auditors and of Federico Alesiani as new vice Internal Auditor, with the same term of the others Internal Auditors and therefore until the General Shareholders' Meeting approving the yearly report as at 31/12/2004;

- the confirmation of the Board of Directors until the approval of the yearly report as at 31/12/2005;
- the renewal of the assignment of the External Auditing Company Mazars & Guèrard for the years 2003-2005.
- On the 3rd of October the purchase of the 75% of the Swiss Company APIA S.A. has been finalised with the option to increase its stake up to 100%. The price of the stocks was 7.500.000 Euro in cash. The operation also provides for a Put and Call system aimed to purchase the remaining 25% in the next four years, at a price bound to future results of the Swiss Company.
- On the 9th of October the Chairman of the Board of Internal Auditors, Edoardo Cintolesi, resigned pursuant to Article 1, paragraph 4 of the Decree no. 162 of 30 March 2000. His office has been temporarily assigned to the vice Internal Auditor Federico Alesiani.
- In the light of the poor results arising from the sale of products of the English Company XcelleNet during the years, starting from the 25th July 2000, date of the signature of the distribution agreement, last November the Board of Directors considered appropriate to terminate the agreement for the next expiring date of 24 January 2004 and therefore to suppress the company area "Technological Products" which exclusively dealt with commercialisation and support of such products.
- On the 8th of December became operative Express II, the new Monte Titoli's clearing platform;
- On the 16th December Alessandro Giacchino resigned from the Board of Directors. The 12th January 2004 Fabio Massimo Ferri has been temporarily appointed in order to replace him pursuant to Article 2386 of the Italian Civil Code;
- On the 31st December 2003 the Company, on the basis of TAS FRANCE EURL economic situation as at 30 September 2003, 100% controlled by TAS, showing a negative shareholders' equity of Euro 90,687, remitted TAS FRANCE debt amounting to Euro 763,616 as at 31.12.2003, interest included, for the purposes of covering losses and re-establish the former shareholders' equity.

Operative conditions and activity development

TAS, as you already know, operates in the information technology sector with particular reference to development, commercialisation, consulting, assistance and maintenance of software, and it also has an accessory activity of sale of hardware.

The software developed mainly concern the automation of the process of collection, submission and execution of orders to purchase and sell financial products.

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

Besides these historical activities, your Company distributes and supports the following product:

- o *Multimarket Terminal*, a front office system intended for trading rooms of Banks, Institutional Investors and other financial intermediaries, enabling operations on the main Italian and foreign financial markets.

The activity of TAS S.p.A. is carried out, in the registered offices in Rome, Largo dei Caduti di El Alamein no. 9, as well as in the following local entities:

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

TAS FRANCE is an Internet Service Provider with a wide experience in the e-commerce. Besides this historical activity, another activity came along expressed in the active co-operation with TAS for the development of new financial software products and for the commercialisation of the TAS products in France, Principate of Monaco and Luxemburg. For this purpose a distribution agreement was stipulated between the two companies.

The activity of TAS FRANCE EURL is carried out in the registered offices at Sophia Antipolis, Athena B 1180 Route de Dolines and in the secondary establishment at Sophia Antipolis, Batiment B7 1300 Route des Gretes e Buropolis 1240 Route de Dolines; in Paris 54/56 Avenue Hoche.

TASESPAÑA currently promotes and sales products and services of the Parent Company in Spain and Portugal.

The registered offices of TASESPAÑA S.A. are in Claudio Coello 124-3°, 28006 Madrid.

APIA's registered office is in Prati Botta, 22 Barbengo (Lugano, Switzerland). The activity is carried out there and in the secondary office at Kloten (Zurig, Switzerland) in Lindenstrasse, 12.

This Company was established in 1992 from the idea of the two managers entrepreneurs, already operative in the IT world inside the big Swiss banking groups since 10 years ago, 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.

Name	Nationality	Share Capital	% Possess	Net Shareholders' equity
TAS S.p.A.	Italian	914,754		18,462,717
TAS FRANCE EURL	French	503,082	100	327,386
TASESPAÑA	Spanish	500,000	99.8	132,927
APIA SA	Swiss	64,767	75	1,928,953

Relationship with the controlled enterprises

During the period the following relationship was kept with the controlled TAS FRANCE EURL, relations of commercial and financial nature: the same is both a supplier of services and a customer of Your Company. The Controlled Company is a distributor of the Teletrading product on the French territory, granting royalties for the sales to the Parent company, and can ask for accessory sale services.

Nature of the relationship	Controlled Undertaking
Royalties	21
Provision of services	3
Received services	(214)
Commercial accounts payable	44

The commercial operations have been made at market prices.

On 31st December the Company, on the basis of TAS FRANCE economic situation at 30 September 2003, 100% controlled by TAS, showing a negative shareholders' equity of Euro 90,687, remitted TAS FRANCE financial debt amounting to Euro 763,616 as at 31.12.2003, interest included, for the purposes of covering losses and re-establish the former shareholders' equity.

Course of the management during the financial period 2003

The purchase of the Swiss company Apia determined a change in the reference markets of TAS Group; though looking at the sector of financial software for financial intermediaries, the specific segments of activity are increasing concerning provision of technological solutions for several sectors in different areas, as summarised in the chart herebelow:

Market segments	Geographical area	Company
Front-office for trading of securities operations	Italy and France	TAS e TAS France
Order Management /Order Routing	Italy, France and Spain	TAS, TAS France and TASESPAÑA
Clearing and settlement of securities operations	Italy and Spain	TAS e TASESPAÑA
Front e middle office for private banking and management of assets	Switzerland	Apia
Front e middle office for customers of commercial banks	Switzerland	Apia
Management retail credits and other corporate	Switzerland	Apia

Also from a geographical point of view there is widening in Switzerland and it is foreseeable a potential projection on the German speaking markets.

The value of segments where your Company operates is affected by the expenditure of banks and financial operators investing in the purchase of new software and in the management costs of the existing structures.

As for securities, the financial period just closed presents two main phases: in the first there was great uncertainty and in the second a restart.

During the first quarter the international political situation, ending with the Iraqi war, lengthened the uncertainty of financial markets with the consequence of a further fall of Stock Exchange quotations and volumes. Then there was a restart of the prices over the levels of the beginning of the year and of the global Stock Exchanges volumes, almost reaching last year's levels.

The bending trend seems softening although in the last three years the value of stock exchanges evidently decreased as well as the transactions' countervalue. Such contraction affected particularly the retail field which involves the private direct operativity.

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.

During the year 2003, as a consequence of this attitude, the budget for software applications in the field where TAS operates has been focused on:

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

Weak signals of a higher operativity are limited to derivatives, securities other than listed ones and foreign stocks.

In short, it seems that the shrinking phase is eventually coming to an end but there is not an opposite trend such as to foresee a market growth particularly in the retail field.

As for the Swiss market of solutions of credit management and typical banking activities, small and medium commercial banks attempt to increase competitiveness in the core processes, mainly through:

- more efficient banking core processes, by reducing human resources and absorbed 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 the design of typical processes and innovation of the used technologies; with the consequence of development of investments and of a market able to bear the requested improvements.

Behaviour of the competition

The competition in this specific sector is considerably increasing, the expanding market during the nineties attracted many competitors that, after the following contraction, could not realise their development plans.

The effect of such increased competition was a strong pressure on prices, especially by small operators and new entries who used prices as their principal competition weapon.

The market situation presses for the consolidation of operators and integration of their offer as competition strategy.

TAS' direct competitors are now producing application software and supplying services with a offer going for the front and the back office of securities.

TAS in the securities field 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 the competitors for its trustworthy solutions and high level customer support service.

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

- some big international players internazionali, system integrators possessing or integratine applications, sometimes valid but quite expensive;
- some national players producone many kinds of applications.

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

It is still under analysis the position of TAS Group in the field of credit management and banking activity outside Switzerland.

Trends of the management in the sectors in which the company operates

In 2003 Your Company has:

- consolidated revenues coming from existing installations, now ranging on about 70% of the total;
- further integrated the range of solutions for the market of trading of securities:
 - ° improving applications on UNIX platoform; solutions for the reference market;
 - ° integrating VT Multimarket Terminal trading stations, due to the partnership with Visual Trader Systems S.L., company owned by Bnolsa de Madreid and Bolsa de Valencia.
 - ° developping new institutional middle office solutions.
- Diversified in the application field for credit management and typical banking activity trough Apia's purchase, though still focusing on financial institutions.

TAS has also put in place collaboration at Group's level:

- ° joint business development opportunities trough reciprocal cross-selling policy, on the basis of global customers.

- ° development of integrated solutions starting from the existing offer systems;
- ° consolidation and evolution of technological platforms and of their development modalities;
- ° inter exchange of managing and technological know-how.

Such cooperation may be gradually developed taking into account difficulties, costs and impacts of the initiatives, according to the approach to be agreed upon with the participation of the whole management involved and to be coordinated at the Group's level.

Course of the management during the financial period 2003

Sending you back to what was said in the Explanatory Notes for more details, both for what concerns Shareholders' equity and Profit and Loss Account, we present and comment some accounting charts.

The reported amounts are in k Euros. Besides each data in figures there is the corresponding data at year-end 2002. In order to compare them, there are also, when possible, the percentage variations between the two periods.

Consolidated Profit and loss account	31.12.03	31.12.02	Var.
Revenues from sales and services	7,549	9,275	-19%
Work in progress on order	-277	-1	35,353%
Capitalised internal work in progress	9	783	-99%
Other revenues	33	107	-69%
Total revenues	7,313	10,164	-28%
Costs of materials and goods	-139	-85	63%
Service costs and other costs	-2,202	-2,223	-1%
Gross Profit	4,972	7,856	-37%
Personnel cost	-4,765	-4,294	11%
EBITDA	207	3,562	-94%
Depreciation	-815	-1,105	-26%
Accruals and write-downs	-728	-13	5,541%
EBIT	-1,337	2,445	
Financial income and charges	611	793	-23%
Income before non recurring items and provision for income taxes	-725	3,238	
Non recurring income (charges)	-15	-51	-70%
EBT	-740	3,187	
Provision taxes on the income	-126	-956	-87%
Net profit	-866	2,231	

Total revenues

The contribution of the new Company in the Group is immediately felt in the "Total Revenues" increased of 91%. However without Apia it would nonetheless be about 4%.

	31.12.03	31.12.02	Var.
Sale of products	4,459	693	543%
Services	9,359	6,856	37%
Total profit	13,818	7,549	83%
Other profits	38	42	-10%
Variation of work in progress on order	111	-277	
Total revenues	13,968	7,313	91%

EBITDA

The "EBITDA" totals 3.012 million Euros, against 0.207 of the previous financial period. a part from the increase of four figures between the two periods +1,355%, it is interesting the weight on the total revenues, +22%.

Net Financial Position

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

CONSOLIDATED NET FINANCIAL POSITION		
Cash bank current accounts and securities	11,229	19,598
Securities other than fixed assests	1,780	228
Other securities	59	
Short term accounts payable to banks	-0	0
Short term net financial situation	13,068	19,826
Middle ad long term accounts receivable	519	474
Middle and long term accounts payable to banks and other financial institutes	-0	
Middle and long term net financial situation	519	474
Net financial situation	13,587	20,300

During the year two events caused a relevant cash disbursement.

In May payment of 1.75 Euro per stock dividend, for a total of 3,078 k Euro, took place.

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

Against TAS FRANCE and TASESPAÑA losses are and prevail cahs generations by TAS and Apia, with a yearly positive balance.

The Company remains highly liquid, with no financial debts.

Investments

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

Description	31.12.03	31.12.02	var
Start-up and expansion costs		4	-100%
Licenses and software	828	7	11,729%
Intangible fixed assets in progress	9	9	0%
Office electronic machines and hardware	110	84	-31%
Other tangible fixed assets	45	11	309%
Total investments for the period	992	115	763%

Among the above investments the worth noting are those concerning “Licenses of use and software”. Software to be distributed or used to supply services to customers is mainly developed internally in the Group and is not capitalised but completely inserted in the costs of the year. Sometimes, though, the Group may purchase rights on third parties’ software. In 2003 TAS purchased “Telefeed” that integrates and enriches TAS offer of financial solutions with an investment of 250,000 Euro. In Apia’s sale and purchase agreement, the selling company sold to Apia also the rights on the software used by the same for its own activity upon payment of 494,512 Euro.

Research and development activity

Research and development activity inside the Group is lead by TAS, but the French subsidiary TAS FRANCE actively takes part in this activity with its own know-how through supply of services, as for problems concerning financial markets, Apia as for basic banking processes (e.g. bank accounts) for Credit Supply, Management and Control and Asset Management.

During the elapsed period the development activity was focused on:

- technical integration with the front office system for the trading “Multimarket Terminal” developed by Visual Trader Systems S.L., the technological company subsidiary of Bolsa de Madrid and Bolsa de Valencia;
- it has also been developed and is operative with a broker a new institutional middle office product, called MOSE: powerful middle office instrument able to manage the after-trade operativity, after order negotiation and before clearing settlement and accounting typical operations of institutional business and ownership;
- adjustment of Teleclearing, software product for automation of national and international clearing and settlement processes, to Express II, the new Monte Titoli procedure, with clearing both on a net and gross basis.

Management trend of TAS FRANCE eurl

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

Here below there is TAS FRANCE Profit and Loss Account:

Profit and loss account	31.12.03	31.12.02	Var
Revenues from sales and services	855	987	-13%
Increase of capitalised internal work in progress	9	9	
Other revenues	9	5	99%
Total revenues	873	1,000	-13%
Costs of materials and goods	-31	-44	-29%
Service costs and other costs	-499	-501	0%
Gross Profit	343	455	-25%
Personnel cost	-874	-953	-8%
EBITDA	-531	-498	7%
Depreciation	-51	-58	-13%
Accruals and write-downs	-12	0	
EBIT	-594	-556	
Financial income and charges	-4	-23	-83%
Income before non recurring items and provision for income taxes	-598	-580	3%
Non recurring income (charges)	729	1,109	-34%
Income before provision for income taxes	131	529	
Provision taxes on the income	-2	-2	0%
Net profit	129	527	-76%

Management trends of TASESPAÑA S.A.

TASESPAÑA was established on the 4th of June 2001 and still has not produced operative revenues.

Here below is reported, however, the profit and loss account:

Profit and Loss account	31.12.03	31.12.02	Var.
Revenues from sale and services			
Other revenues			
Total revenues			
Costs for raw materials and goods			
Costs for services and other costs	-39	-63	-39%
Gross Profit	-39	-63	-39%
Personnel costs	-87	-86	2%
EBITDA	-126	-149	-15%
Depreciation	-2	-2	%
EBIT	-128	-151	-15%
Financial profits and losses	3	9	-65%
Income before non recurring items and provision for income taxes	-125	-142	-12%
Non recurring profits and losses	-20		
Income before taxes	-145	-142	2%
Provision taxes on the income	0	0	
Net profit	-145	-142	2%

Costs are arising from the rent of the office, the commercial responsible employee and the necessary services for the ordinary management.

Management trends of APIA S.A.

Here below is reported the profit and loss account with 2003 data only, when the company entered in the Group:

Reclassified Apia Profit and Loss account	31.12.03
Revenues from sale and services	6.327
Total revenues	6.327
Costs for raw materials and goods	-265
Costs for services and other costs	-1.899
Gross Profit	4.164
Personnel costs	-1.902
EBITDA	2.262
Depreciation	-63
Accruals and write-downs	-35
EBIT	2.164
Financial profits and losses	-1
Income before non recurring items and provision for income taxes	2.163
Non recurring profits and losses	180
Income before taxes	2.342
Provision taxes on the income	-512
Net profit	1.831

Treasury stocks and stocks/shares of parent companies

The company does not own neither directly nor indirectly treasury stocks or stocks/shares of parent companies.

Significant events occurred after the closing of the financial period

There are no facts worth to be mentioned.

Presumable management evolution

At the date of this report there are no significant facts that could considerably change the financial, property and economical situation of the Company.

The financial structure, if no external growth operations are to be witnessed, 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 capitale Swiss Francs 100,000, recorded at Zug Company Registrar with no. CH-514.3.011.403-1 of the Main Registrar, VAT n. 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 fours 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 the 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 is exercisable starting from 30/05/2004 until 15/06/2004 provided at least an EBIT of € 375,000 for the second semester is reached. Consequently Sase Holding is entitled to sell TAS such 5% shares at a price resulting from the following formula:

a. if EBIT second semester 2003 is equal or higher than € 375,000 but lower than € 1,500,000: price in € = EBIT second semester divided 1.6;

b. if EBIT second semester 2003 is equal or higher than € 1,500,000: price in € = 937,000 + (EBIT second semester - 1,500,000)*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 30/06/2004 until 15/07/2004, upon payment of € 1,000.

2) 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 1.6;

b. if EBIT 2004 is equal or higher than € 3,000,000: price in € = 1,875,000 + (EBIT - 3,000,000)*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) 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 1.6;

b. if EBIT 2005 is equal or higher than € 3,000,000: price in € = 1,875,000 + (EBIT - 3,000,000)*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) 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 1.6;
- b. if EBIT 2006 is equal or higher than € 3,000,000: price in €= 1,875,000 + (EBIT – 3,000,000)*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) Starting from 30/11/2007 until 15/12/2007 provided at least an EBIT of € 375,000 for the first semester 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 semester 2007 is equal or higher than € 375,000 but lower than € 1,500,000: price in €= EBIT divided 1.6;
- b. if EBIT first semester 2007 is equal or higher than € 1,500,000: price in €= 937,000 + (EBIT – 1,500,000)*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.

In the light of Apia's results as at 31/12/2003, the sum payable in case of exercise of the put option, as under the precedent 1) b., would amount to about one million Euro.

Stock Grant and Stock Option Plans

Stock grant

The plan has the objective to incentivate and strengthen tie with the resources of the Company and of the controlled companies, in connection with the achievement of the company's objectives, which should determine their participation in the enterprise risk and contribute to the increase of the value for the shareholders and the consolidation in time of the professional contribution to the management processes of the Company.

Subject of the Plan are the ordinary stocks 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) by 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.

The augmentation will be made in more allotments within five years from the date of the assembly decision of the 13th of January 2000, and each augmentation 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 the 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 eventually for each assignee the additional number of stocks that should be submitted to non-transferability and their non-transferability period.

The stocks assigned in each allotment, other than the ones 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: the same could be the stocks are not given to all employees of TAS and its controlled companies.

The table below synthesizes the stocks of the plan, those already assigned and the ones on disposal in the plan after the third allotment.

Total stocks of the plan	assigned stocks			Remaining stocks of the plan
	Transferable	Temporarily engaged	total	
120,000	47,820	11,322	59,142	60,858

Stock option

The Shareholders' General 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.

The stock option instrument, already widely used in Italy and abroad, permits to proportion part of the retribution to the increase of value for shareholders: in fact the subscription rights (options) offered as a result of a specific share capital increase are exercisable when TAS stocks reach satisfying quotations higher than the price of the options.

With the decision of the 11th of April 2001 the Extraordinary shareholders' meeting has attributed to the Board of Directors, according to Art. 2443 of the civil code, the faculty to augment, in a five year term counting from the above mentioned deliberation, also in several times, the share capital for a maximum amount of Euro 92,962.24 issuing maximum 180,000 ordinary stocks with nominal value equal to Euro 0.52 each, excluding the option right according to Art. 2441, last paragraph, of the civil code and according to Art. 134 of the Law 24 February 1998, no. 58, to be assigned in option to TAS employees and/or to those of the controlled companies, according to Art. 2359 of the civil code. It was 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 conferred the faculty to determine the regulation of the stock options plan.

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

- The Regulation approval;
- The augmentation of the capital stock for a maximum amount of Euro 92,962.24, by the emission of max. 180,000 ordinary stocks with nominal value equal to Euro 0.52 each, to be offered in subscription, according to Article 2441, last paragraph of the Italian Civil Code and to Art. 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 individuation of the beneficiaries is at discretion of the Board of Directors of the Company. The exercise of the options can be done up to 30%, up to 60%, up to 100% of the options assigned to each one of the beneficiaries, respectively starting from the twelfth, twenty fourth and thirty sixth month after the one of the date of communication.
- The options assigned to each one of the beneficiaries for every single allotment should be exercised within a maximum period of fourty three months from the date of communication, relative to the same allotment. The plan should last until the 1st of January 2006.

At present there are no option rights.

Summary of operations in the period made by “Relevant persons”

The Company, in its Code of Conduct (“Internal Dealing”), has also stated that, in order to give a strong signal of fairness and transparency to the market, in the half year report and in the yearly report all transactions referred to the Relevant Persons, will be summarised. Relevant Persons are: Directors, Statutory Auditors, General Director, Chief Financial Officer, Chief Marketing Officer, Chief Commercial Officer, Chief Technical Officer of the Company.

Surname and Name	Position	Total sales	Total purchases	Average Price	Counter value	Source
Busnello Pompeo*	Chairman	42,086	-	22.70	955,179	Mercato
Busnello Barbara	Director	35,000	-	24.96	873,638	Mercato
Busnello Lucia	Director	35,000	-	25.85	904,624	Mercato
Nardo Renato	CFO	709	-	18.73	13,278	Mercato
Zancarli Silvio	CCO	2,250	-	24.14	54,311	Mercato
Mendia Mario	CMO	144	-	17.89	2,576	Mercato
De Marsanich Riccardo	CTO	4,630	-	18.64	86,281	Mercato

* of which 34,000 detained by the husband/wife

Participation of Directors, Statutory Auditors and General Managers

Participations in TAS S.p.A.

Name and Surname	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	n. of stocks owned at 31.12.2002
Busnello Pompeo (A)	(P) (Ac)	624,000 ⁽¹⁾	-	11,914	666,086 ⁽¹⁾
Busnello Barbara (A)	(P) (Ac)	193,000	-	-	228,000
Busnello Lucia (A)	(P) (Ac)	193,000	-	-	228,000
Bassi Angelo (A)	(P) (Ac)	50	-	-	50
Giacchino Alessandro Ignazio (A)	(P) (Ac)	200 ⁽²⁾	-	-	200

(B) 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 husband/wife. (2) until 16 December 2003

Participations in TASESPAÑA S.A.

Surname and name	Kind of Ownership	no. of stocks owned at 31.12.02	no. of stocks purchased in the period	n.o of stocks sold in the period	No of stocks owned at 31.12.2003
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

TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A.

Registered office at Largo dei Caduti di El Alamein, 9 00173 Rome Italy – Share Capital Euro 914.753,84
co. Reg. and fiscal code 05345750581– Rea 732344

Consolidated Financial Statements as at 31/12/2003

Assets	31/12/2003	31/12/2002
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	308,149	629,480
3) Industrial patent and intellectual property rights	695,941	55,996
4) Concessions, licenses, trademarks and similar right	1,942	1,862
5) Goodwill	6,832,718	159,499
7) Other intangible assets	7,188	10,757
	<u>7,845,938</u>	<u>857,594</u>
<i>II. Tangible assets</i>		
2) Plant and machinery	71,473	64,129
4) Other assets	234,548	204,615
	<u>306,021</u>	<u>268,744</u>
<i>III. Financial assets</i>		
1) Shareholdings in:		
d) other companies	<u>66,820</u>	<u>66,820</u>
	66,820	66,820
2) Accounts Receivables		
d) Other accounts receivable		
- falling due within one year	59,498	447,440
- falling due after more than one year	459,608	26,682
year	<u>519,106</u>	<u>474,122</u>
	<u>519,106</u>	<u>474,122</u>
	<u>585,926</u>	<u>540,942</u>
Total fixed assets	8,737,885	1,667,280
C) Current assets		
<i>I. Stock</i>		
3) Work in progress on order	189,980	78,492
4) Finished products and goods	5,945	4,087
	<u>195,925</u>	<u>82,579</u>
<i>II. Accounts receivable</i>		
1) From customers		
- falling due within one year	<u>2,618,240</u>	<u>1,428,755</u>
	2,618,240	1,428,755
5) Other accounts receivable		
- falling due within one year	338,261	9,364,698
- falling due after more than one year	16,645	
	<u>354,906</u>	<u>9,364,698</u>
	<u>2,973,146</u>	<u>10,793,453</u>
<i>III. Financial assets other than fixed assets</i>		
6) Other securities	139,345	228,468
7) Accounts receivable from affiliated undertakings		
- falling due within one year	<u>1,641,080</u>	
	<u>1,780,425</u>	
	<u>1,780,425</u>	<u>228,468</u>

IV. Liquid assets			
1) Bank and postal deposits		11,220,395	10,991,751
2) Cheques		3,825	6,860
3) Cash and cash equivalents		4,284	810
		<u>11,228,504</u>	<u>10,999,421</u>
Total current assets		16,178,000	22,103,921
D) Prepayments and accrued income			
- discounts on loans			
- others		<u>65,285</u>	<u>94,446</u>
		65,285	94,446
Total assets		24,981,170	23,865,647
Liabilities		31/12/2003	31/12/2002
Shareholders' equity			
I. Share capital		914,754	914,754
II. Share premium reserve		17,241,655	17,241,655
III. Revaluation reserve			
IV. Legal reserve		180,410	180,410
V. Reserve for Treasury shares			
VI. Reserves provided for by the articles of association			
VII. Other reserves			
Extraordinary reserve	2,574		
Euro conversion reserve	1		
Stock emission reserve	31,344		
Conversion reserve for foreign consolidation	(21,520)		
		<u>12,399</u>	<u>3,978,649</u>
VIII. Retained earnings (loss) carry forwards			
IX. Profit (loss) for the year		485,010	(866,233)
Total group shareholders' equity		18,834,228	21,449,235
-) Minority interest - shareholder's capital and reserves		340,124	838
-) Profit (loss) for the period attributable to the minority interest		142,381	(283)
Total minority shareholders' equity		482,505	555
Total consolidated shareholders' equity		19,316,733	21,449,790
B) Provisions for liabilities and charges			
2) Provision for deferred income taxes		2,022,216	
-) Consolidation reserve for contingent and future liabilities			
3) Other provisions		11,688	
Total provisions for liabilities and charges		2,033,904	
Employees' leaving indemnity		694,870	579,760
D) Accounts Payables			
3) Accounts payable to banks			
- falling due within one year		<u>51</u>	<u>51</u>
5) Payments received on account (advances)			
- falling due within one year		<u>367,865</u>	<u>243,174</u>
		367,865	243,174
6) Accounts payable to suppliers			
- falling due within one year		<u>362,395</u>	<u>346,220</u>
		362,395	346,220
11) Taxes payable			
- falling due within one year		893,113	286,113
		893,113	286,113
12) Accounts payable to social security institutions			
- falling due within one year		331,956	403,817

		331,956	403,817
13) Other accounts payable			
- falling due within one year	547,299		253,173
- falling due after more than one year	6,419		
		553,718	253,173
<i>Total accounts payables</i>		2,509,098	1,532,497
E) Accrued liabilities and deferred income			
- loan interests			
- other accrued liabilities and deferred income	426,565		303,600
		426,565	303,600
Total shareholders' equity and liabilities		24,981,170	23,865,647
Memo accounts		31/12/2003	31/12/2002
3) Risks		7,581,084	81,084
4) Link between Civil Code and tax rules		682,810	294,514
Total memo accounts		8,263,894	375,598
Profit and loss account		31/12/2003	31/12/2002
A) Revenues			
1) From sales and services		13,817,955	7,548,542
2) Changes in stocks of work in process, semi-finished and finished products			
3) Work in progress on order		111,488	(277,244)
4) Capitalised internal work in progress		8,479	8,508
5) Other revenues:			
- miscellaneous	2,201		10,159
- contribution on trading account	27,457		23,010
- contribution on capital account			
		29,658	33,169
<i>Total revenues</i>		13,967,580	7,312,975
B) Expenses			
6) Raw materials, subsidiary materials, consumables and goods		360,367	141,379
7) Services		3,454,314	1,783,222
8) Rent/lease		476,439	366,215
9) Personnel costs			
a) salaries and wages	4,954,586		3,281,854
b) social contributions	1,350,709		1,168,750
c) employees' leaving indemnity	199,999		193,181
d) accruals for pension and similar costs			
e) other costs	104,709		121,322
		6,610,003	4,765,107
10) Depreciation and value adjustments			
a) depreciation of intangible assets	699,965		670,582
b) depreciation of tangible assets	131,028		144,439
c) other value adjustments			728,126
d) write down of accounts receivable recorded among current assets and liquid assets	35,498		165
		866,491	1,543,312
11) Changes in raw materials, subsidiary materials, consumables and goods		(1,857)	(2,247)
12) Accruals to provisions for liabilities and charges		11,688	
13) Other accruals			
14) Miscellaneous running costs		55,877	52,756
<i>Total expenses</i>		11,833,322	8,649,744
Difference between revenues and expenses(A-B)		2,134,258	(1,336,769)

C) Financial income and costs			
15) <i>Income from shareholdings:</i>			
	- in controlled undertakings		
	- in affiliated undertakings		
	- other income	1,891	1,891
		1,891	1,891
16) <i>Other financial income:</i>			
	a) from accounts receivable recorded among fixed assets		
	- from controlled undertakings		
	- from affiliated undertakings		
	- from controlling companies		
	- other financial income	4,369	7,281
		4,369	7,281
assets	b) from securities recorded among fixed		
	c) from securities recorded among current assets	25,064	571,264
	d) other income:		
	- from controlled undertakings		
	- from affiliated undertakings		
	- from controlling companies		
	- other income	342,265	37,088
		342,265	37,088
		371,698	615,633
17) <i>Interest and other financial costs:</i>			
	- from controlled undertakings		
	- from affiliated undertakings		
	- from controlling companies		
	- others financial costs	15,690	6,087
		15,690	6,087
	<i>Total financial income and costs</i>	357,899	611,437
D) Value adjustments of financial assets			
18) <i>Write-ups:</i>			
net equity method	a) of shareholdings		
	- participations valued under the		
current assets	b) of financial fixed assets		
	c) of securities recorded among		
19) <i>Write downs:</i>			
net equity	a) of shareholdings		
	- participations valued under the		
	method		
current assets	b) of financial fixed assets		
	c) of securities recorded among		
Total value adjustments to financial assets			
E) Extraordinary income and costs			
20) <i>Income:</i>			
	- capital gains on disposals	250	
	- other extraordinary income	2,035,297	223,320
		2,035,547	223,320
21) <i>Expenses:</i>			
	- losses on disposals	1,091	
	- taxes of previous years	1,682,173	64,408
	- other extraordinary costs	1,556,729	174,010
		3,239,993	238,418
	<i>Total extraordinary income and costs</i>	(1,204,446)	(15,098)

Result before taxes (A-B±C±D±E)	1,287,711	(740,430)
22) Taxes on the income for the year		
a) Current taxes	692,300	137,036
b) Deferred taxes	<u>(31,980)</u>	<u>(10,950)</u>
	660,320	126,086
23) Profit (loss) of the year	627,391	(866,516)
-) Profit (loss) for the period attributable to minority interest	142,381	(283)
-) Profit (loss) for the period attributable to the group	485,010	(866,233)

TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A.

Registered office at Largo dei Caduti di El Alamein, 9 00173 Rome Italy – Share Capital Euro 914.753,84 fully paid up - Co. Reg. no. and fiscal code 05345750581– Rea 732344.

Notes to the consolidated financial statements as at 31/12/2003

The amounts are expressed in Euro.

Introduction

These Notes contain all information requested by the law attaining to the consolidated annual report. In writing the same it was taken in mind the need to supply additional information, also if not specifically requested by provisions of law, deemed necessary to give a correct and true representation in the clearness context.

Significant events concerning the Group

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

The Agreement also provides for a put and call system aimed to the purchase of the remaining 25% still owned by Sase Holding A.G., during the next four years at a price bound to Apia's future results.

APIA S.A. is a software company offering to financial intermediaries of the Swiss market "mission critical" solutions for basic banking processes (e.g. bank accounts), for Credit Supply, Management and Control and Asset Management processes, both for the Front and for the Back-Office.

Layout criteria

The consolidated financial statements containing balance sheet, profit and loss account and explanatory notes have been written in compliance to Art. 29 of law 127/91, as can be seen from these notes, drafted according to Art. 38 of the same law. When necessary, the accounting principles drafted by 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.

Besides the attachments provided for in the law, there are comparison charts between the net profit and the shareholders' equity of the Parent company and the relative values resulting from the consolidated financial statements.

The consolidated financial statements present for comparison purposes the relative values at the end of the previous financial period.

The amounts are expressed in Euros.

In these notes data and information are shown as indicated in Art. 38 of the said law.

According to Art. 29, paragraph 4 of law 127/91 it has been notified that it has not

been necessary to derogate the dispositions of the same law.

Consolidation area and methods

The consolidated financial statements originate from the annual report of TAS TECNOLOGIA AVANZATA DEI SISTEMI S.p.A. (Parent Company) and of the Companies in which the Parent Company detains directly or indirectly the control quota of the capital or exercises the control. The financial statements of the Companies included in the consolidation area are assumed with the integral method. The list of these companies is attached hereto.

There are no exceptions for heterogeneity.

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

There are no companies consolidated with the proportional method.

For the consolidation the annual reports of the single Companies, drafted by the relative administrative organs for approval, reclassified and rectified in order to conform them to the accounting principles and to the presentation criteria adopted by the Group have been used.

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

Consolidation criteria

The accounting value of the shareholdings in consolidated Companies is eliminated with the corresponding portion of shareholders' equity. The differences resulting from the elimination are attributed to the single items of the balance sheet that justify them and, for the surplus, if positive, to the item of the Fixed assets "Differences from consolidation". If negative, the residual difference is recorded in the item of the Shareholders' equity "Consolidation reserve" or in the appropriate "Consolidation fund for risks and future taxes" according to the criterion of Art. 33, paragraph 3, of Law 127/91.

The "Difference from consolidation" and the "Provision for future risks and taxes" so determined are recorded in the profit and loss account in relation to the economical trend of the controlled companies or depreciated with the criterion indicated in the following "Valuation criteria".

The quotas of the Shareholders' equity of competence of third shareholders are recorded in the corresponding item of the Shareholders' equity. In the profit and loss account is separately indicated the resulting quota of third shareholders'.

The property and economical relations between the Companies included in the consolidation area are completely written-off. Profits and losses emerging from the operations between the consolidated Companies that are not carried out through operations with third parties, are written-off.

The criterion of current exchange has been applied for the euro conversion of the controlled companies' financial statements if expressed in foreign currency. It consists of the conversion of assets and liabilities at the exchange rate at the consolidation date (31/12/2003). Items of net shareholders' equity, less the results of the period, have been converted at the historical exchange rate when they took place. Items of net shareholders' equity at the shareholding's purchase date have been converted at such date exchange rate. Item of profit and loss account, including the result of the period, have been converted, at the average exchange rate of the financial year. The exchange difference arising from such conversion is

recorded in the net shareholders' equity under assets or liabilities and called "conversion reserve".

This criterion is to be preferred to the so called "temporary principle" advisable in case of conversion of financial statements of companies' located in countries with a high inflation.

For the conversion of financial statements expressed in foreign currency, in this case concern only the controlled swiss company APIA S.A., whose shareholding has been purchased on 03/10/2003, the following rates have been applied:

Currency	Cambio		
	Assets and liabilities	Profit and loss account	Net shareholders' equity
	As at 31/12/2003	Yearly average	As at 03/10/2003
Swiss Franc	1.5579	1.5212	1.5440

With reference to the consolidation of the controlled company Apia's financial statements we wish to point out the following:

Article 33, paragraph 1 Law 127/1991, simply states that the write-off of shareholdings included in the consolidation area and of their corresponding portions of net shareholders' equity "is made on the basis of the accounting values referred to the data when the company was for the first time included in the consolidation", but it does specify modalities to exactly determine such date. Accounting principle no. 17 gives a useful clarification to this purpose, stating that such date is when "for the the first time the controlling situation as under the law is determined" and also that, since then, the shareholding's financial statement must be consolidated in full.

As regards the above mentioned shareholding, the purchase date was 03/10/2003. the result of the period 01/01/2003 – 30/09/2003 has been put down as retained earning (losses carried forward) and it therefore participated in formation of the controlled net shareholdings equity, then it was written off for the corresponding portion when consolidated, upon the cost of shareholding, determining a consolidation difference recorded under start up.

As for profit and loss account, the consolidated financial statements include all costs and revenues of the controlled company of the whole year 2003. The group profit in the period October - December 2003 has been determined puttind down in the profit adn loss account, item E-21-miscellaneous, of an amount equal to the profit of the period January-September 2003 and therefore to retained earning recorded under net sharehoders' equity. In short, these consolidated financial statements shows, with reference to the said controlled company, only the profit of the fourth quarter 2003.

On the basis of this criterion, the consolidation difference has been put down under depreciation, taking into account the three months when the control in the shareholding has been detained.

Valuation criteria

The consolidated financial statements as at 31/12/2003 have been prepared using criteria consistent with those of the Parent Company's financial statements and with those of the annual report of the previous financial periods, therefore on a prudential, accruals and going-concern basis.

In particular, the following accounting policies have been applied:

Fixed assets

Intangible fixed assets

These have been recorded at their historical purchase or production cost net of depreciation and write-downs and when applicable also re-evaluated.

Depreciations are calculated on the basis of civilistic criteria and within the limits of the fiscal laws.

Start-up and expansion costs have been recorded under assets upon approval of the the External Auditing Company and of the Board of Statutory Auditors and depreciated over a five years period.

Industrial patent and intellectual property rights, consisting in software, are depreciated at annual rates of 20% and 33.33%.

Trademarks are depreciated at an annual rate of 10%.

Leasehold improvements have been depreciated at rates depending on the duration of the underlying agreement.

Start-up, deriving from the “Difference from consolidation” has been recorded as assets with the approval of the External Auditing Company and the Board of Statutory Auditors and is depreciated at an average annual rate of 10%. Such depreciation period does not however exceed that of use of this asset.

On the industrial point of view, Apia purchase allows TAS Group to extend the offer to new segments of the reference market, that of software solutions for banking and financial intermediaries, increasing its European geographical presence. Benefits reachable by exploitation of such opportunities may be gradually obtained and in the medium- long term because nowadays the companies operate in different Countries and in different specialised fields. The choice of a depreciation period over five years is due to economic reasons. La scelta di un periodo di ammortamento superiore a cinque esercizi deriva dunque da esigenze di carattere economico. Their foreseeable profitability is expected on a long term basis.

The internally developed intangible fixed assets, have been recorded at the production cost which includes only costs directly imputable to the assets.

Tangible assets

These have been recorded at their purchase or production cost and if re-evaluated according to the rules of law, net of the depreciation and write-downs.

The depreciation 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.

Financial fixed assets

The other shareholdings have been recorded at the purchase or subscription cost.

Inventory

The work-in-progress have been recorded on the basis of the percentage of completion of or the status of the work. Goods have been recorded at the purchase cost.

Accounts receivable

These have been recorded at their estimated realisable value. The nominal value has been adjusted to the estimated realisable value by means of a specific write-

down provision.

Securities

The securities included among current assets have been valued at the lower of purchase price and realisable value as inferred from market trend.

Prepayments and accrued income

These have been determined on an accruals basis.

Provision for liabilities and charges

This is aimed to cover losses or debts whose existence is certain or possible but whose amount or date was not ascertained at the year-end.

In the evaluation of this provision the general prudence and competence criteria have been respected nor provisions for generic risks without an economic reason have been created.

The potential liabilities were recorded as assets in the financial statements and under provisions because deemed possible and whose relative amount being reasonably estimable.

Provision for employee leaving indemnity

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

The provision includes the total indemnities accrued in favour of employees at the year-end net of any advance paid, and assuming termination of their employment relationship at such date.

Accounts payable

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

Criteria for the translation of accounts in foreign currency

Accounts payable and receivable originally in foreign currency have been aligned at the current exchange rates in force at the year-end.

Guarantees, commitments, third parties' assets and risks

Commitments and guarantees have been included among memo accounts at their contractual value.

Income Taxes and deferred taxes

The current taxes have been set aside at the current rates and in accordance with current rules, on the basis of a realistic prevision of taxable income.

There are no profits for which it has been necessary to apply deferred taxation.

The amount of advance taxes has been recorded as current assets in the item "Accounts receivable from others" in consideration of the uncertainty of recovery.

Derogations

No derogation has been applied to the above.

Modifications of the evaluation criteria

No modification has been made to the valuation criteria with respect to the previous financial periods.

Employment data

The personnel of the companies included in the consolidation area is broken down by category as follows:

Staff	31/12/2003	31/12/2002	Variations
Executives	6	5	1
Officers	32	29	3
Employees	70	44	26
Workers			
Others			
Total	108	78	30

Variations almost exclusively concern the newly consolidated Apia.

Start-up and expansion costs

The composition of the entry is the following:

Description of costs	31/12/2003	31/12/2002	Variations
Establishment	2,417	3,417	(1,000)
Transformation		207	(207)
Listing	291,351	601,677	(310,326)
Share capital increase	3,058	5,524	(2,466)
Other variations	11,323	18,655	(7,332)
Total	308,149	629,480	(321,331)

Capitalised financial losses

No financial loss has been capitalised in the financial year.

Accounts receivable

The balance of the consolidated accounts receivable, after elimination of intercompany's values, can be broken down by due date as follows:

Description	Due within one year	Due after more than one year	Due after more than five years	Total
From customers	2,618,240			2,618,240
Other accounts receivable	338,261	16,645		354,906
	2,956,501	16,645		2,973,146

Prepayments and accrued income

La composizione della voce è così dettagliata They constitute the adjustment to costs and income and calculated on an accrual basis. This item can be broken down as follows:

Description	Value
Accrued income: Active interest on bank accounts	10,757
Prepayments: Telematic services	29,244
Accrued income and prepayments: others	25,284
Total	65,285

Provision for liabilities and charges

Item provision for taxes amounting to euro 2,022,216 is made mainly of accrual of former years' taxes of the controlled APIA S.A.

Against such liability it has been recorded under asset, item C-3-7, an account receivable from affiliated companies, concerning the obligation of the majority shareholder on this purpose.

In this item is also included an accrual made by the controlled TASESPAÑA.

Composition of item provision for liabilities and charges – others may be broken down as follows:

Description	Value
Rent lease	11,688
Total	11,688

Accounts payable

Accounts payable, after elimination of intercompany's values, have been calculated on 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	Falling due after more than five years	Total
Accounts payable to banks	51			51
Advanced payments	367,865			367,865
Accounts payable to suppliers	362,395			362,395
Taxes Payable	893,113			893,113
Accounts payable social security institutions	331,956			331,956
Other accounts payable	547,299	6,419		553,718
Total	2,502,679	6,419		2,509,098

Accrued liabilities/Deferred income

They constitute the adjustment to costs and income calculated on an accrual basis. This item can be broken down as follows:

Description	Value
Deferred income: Future profit	354,348
Accrued liabilities and deferred income: others	72,217
Total	426,565

Commitments not indicated on foot of the shareholders' equity

No other commitment exists, besides the ones indicated on foot of the shareholders' equity.

Revenues for category of activity

Category	31/12/2003	31/12/2002	Variations
Sales of products	4,458,952	692,409	3,766,543
Services	9,359,003	6,856,133	2,502,870
Variation on work in progress	111,488	(277,244)	388,732
Other	38,137	41,677	(3,540)
Total	13,967,580	7,312,975	6,654,605

Revenues for geographical area

Area	Sales	Variation work in progress	Services	other	Total
Italy	652,566	5,972,011	111,488	20,399	6,756,464
Abroad	3,806,386	3,386,992		17,738	7,211,116
Total	4,458,952	9,359,003	111,488	38,137	13,967,580

Financial profits and losses

Profits

Description	Value
Income from shareholdings: others	1,891
Income from accounts receivables recorded among fixed assets: others	4,369
Income from securities recorded among current assets	25,064
Other income	342,265
Total	371,698

Losses

Description	Value
Bank interest	6,506
Other financial costs	8,408
Exchange rates' losses	776
Total	15,690

Extraordinary income and costs

This item can be broken down as follows:

Description	Value
Plus value from sales	250
Miscellaneous	2,035,297
Total income	2,035,547
Minus value	(1,091)
Taxes of former Financial Years	(1,682,173)
Miscellaneous	(1,556,729)
Total costs	(3,239,993)
Total extraordinary income and costs	(1,204,446)

With reference to taxes of former financial years please see what detailed in item "provision for liabilities and losses".

As for the composition of extraordinary income – miscellaneous, please see what specified for consolidation criteria used for the controlled company APIA S.A.

Accruals exclusively for taxes purposes

None present.

Other information

As required by the law, we set out below the Directors', General Managers' and Statutory Auditors' fees:

Surname and Name	Position	Term of the position	Fees for the position	Fees Non monetary benefits	Bonus and other incentives	Other fees
Busnello Lucia	Director	Until 30/04/2005	3,615			50,783
Busnello Barbara	Director	Until 30/04/2005	3,615			
Bassi Angelo	Director	Until 30/04/2005	3,615			
Cintolesi Edoardo	Chairman of the Board of Statutory Auditors	Until 9/10/2003	17,504			
Tranquilli Fulvio	Statutory Auditor	Until 30/04/2004	12,453			
Surace Francesca Beatrice	Statutory Auditor	Until 16/04/2004	12,420			
Federico Alesiani	Vice-Statutory Auditor acting as Chairman of the Board of Statutory Auditors	Until 7/04/2004	1,011			

The other fees concerning the Directors have been granted as a consequence of their employment relationship.

These financial statements, made of balance sheet, profit and loss account and notes, are a true and fair view of the company's state of affairs and economic result for the year and are in accordance with the underlying accounting records of the Parent Company and with the information communicated by the controlled Companies included in the consolidation area.

Attachments:

- 1) List of the enterprises included in the consolidation with the integral method according to Art. 26 of Law 127/91;
- 2) List of other shareholdings;
- 3) Chart of comparison between the net profit/loss and the shareholders' equity of the consolidating company and the relative values resulting from the consolidated financial statements;
- 4) Chart of variations in the consolidated shareholders' equity;
- 5) Summarised relevant data of the latest annual report of APIA S.A.;
- 6) Summarised relevant data of the latest annual report of TAS FRANCE EURL;
- 7) Summarised relevant data of the latest annual report of TASESPAÑA SA.

Attachment no. 1 to the consolidated financial statements as at 31/12/2003

List of the enterprises included in the consolidation with the integral method according to Art. 26 of Law 127/91

Name	Country	Share Capital Currency	Capital Amount	Partners	Percentage of shareholdings %	Percentage of consolidation %
TAS FRANCE EURL	France	Euro	503,082	TAS S.P.A.	100.00	100.00
TASESPAÑA S.A.	Spain	Euro	500,000	TAS S.P.A.	99.80	99.80
APIA SA	Switzerland	Swiss Francs	100,000.00	TAS S.P.A.	75.00	75.00
		Euro	64,766.84			

Attachment no. 2 to the consolidated financial statements as at 31/12/2003

List of other shareholdings

Name	Country	Capitale sociale Currency	Value	Partners	Percentage of shareholdings. %
SIA CEDBORSA SpA	Italy	EURO	18,123,684	TAS SPA	0,004

Attachment no. 3 to the consolidated financial statements as at 31/12/2003

Chart of comparison between the net profit/loss and the shareholders' equity of the consolidating company and the relative values resulting from the consolidated financial statements

The consolidated shareholders' equity of the group and the consolidated economic profit/loss of the group as at 31/12/2003 are compared with the ones of the Parent company as follows:

Amounts are expressed in Euro

	Shareholders' equity	Profit (Loss)
Shareholders' equity and net profit/loss as resulting from the annual report of the controlling company	18,462,718	91,048
Adjustments pursuant to accounting principles		
Deleting of the recorded value of the consolidated shareholdings:		
a) difference between the recorded value and the pro-quota value of shareholders' equity	(7,813,264)	(763,616)
b) pro-quota revenues achieved by the controlled undertakings	412,851	412,851
c) higher/lower values as of the date of purchase of the controlled undertaking	6,832,718	(194,478)
Write off of effects of operations carried out among consolidated companies		
Shareholders' equity and Profit (Loss) of the Group	939,205	939,205
Shareholders' equity and Profit (Loss) of the third parties	18,834,228	485,010
Consolidated Company equity and net profit (loss)	482,505	142,381

Attached no. 4 to the consolidated financial statements as at 31/12/2003

Chart of variations in the consolidated shareholders' equity

The amounts are expressed in Euros

Capita l	Reserves	Consoli dation reserve	Conversi on reserve	Retained earning/l oss carried forward	Profit/Los s of the year	Total Of the Group
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Initial balance at 01/01/03	914,754	21,400,714		(866,233)	21,449,235
Variations in the year:					
Covering losses of former financial year		(866,233)		866,233	
Dividends		(3,078,497)			(3,078,497)
Profit (Loss) of the year				485,010	485,010
Exchange rate differences from conversion of financial statements in foreign currency			(21,520)		(21,520)
Final balance at 31/12/03	914,754	17,455,984	(21,520)	485,010	18,834,228

Attachment no. 5 to the consolidated financial statements as at 31/12/2003

Summarised relevant data of the latest annual report of APIA S.A.

Data are referred only to 2003, year of purchase and consolidation of the company by TAS S.p.A..

APIA S.A. BALANCE SHEET		31/12/2003
Asset		
Cash and bank accounts		2,093,851
Receivable from customers		439,629
Other receivable		27,864
Other current assets		1,641,080
Prepayments and accrued income		943
Total current assets		4,203,367
Tangible assets		494,512
Intangible assets		35,625
Total fixed assets		530,137
	Total assets	4,733,504
Liabilities and Shareholders' equity		
Trade payables		9,399
Taxes payable		528,015
Accrued liabilities and deferred income		28,260
Other payables		236,544
Total current liabilities		802,218
Provisions for liabilities and charges		2,002,333
Total Provisions for liabilities and charges		2,002,333
	Total liabilities	2,804,551
Share capital		64,767
Legal reserve		77,817
Other reserves	-	28,693
Retained earnings (loss) carry forwards		1,244,384
Profit (less) for the year		570,678
Total shareholders' equity		1,928,953
	Total liabilities and shareholders' equity	4,733,504

Reclassified Apia Profit and Loss account	31.12.03
Revenues from sale and services	6.327
Total revenues	6.327
Costs for raw materials and goods	-265
Costs for services and other costs	-1.899
Gross Profit	4.164
Personnel costs	-1.902
EBITDA	2.262
Depreciation	-63
Accruals and write-downs	-35
EBIT	2.164
Financial profits and losses	-1
Income before non recurring items and provision for income taxes	2.163
Non recurring profits and losses	180
Income before taxes	2.342
Provision taxes on the income	-512
Net profit	1.831

Attachment no. 6 to the consolidated financial statements as at 31/12/2003
Summarised relevant data of the latest annual report of TAS FRANCE EURL

TAS FRANCE EURL BALANCE SHEET	31/12/2003	31/12/2002
Asset		
Cash and bank accounts	162,289	96,744
Receivable from customers	76,065	182,711
Other receivable	88,600	71,871
Other current assets		
Stock	5,945	4,087
Prepayments and accrued income	24,341	22,430
Total current assets	357,240	377,843
Tangible assets	28,943	29,110
Intangible assets	165,553	123,047
Investments	170,070	28,117
Total fixed assets	364,566	180,274
Total assets	721,806	558,117
Liabilities and Shareholders' equity		
Trade payables	141,957	138,379
Taxes payable	132,746	120,737
Accrued liabilities and deferred income	43,957	73,872
Other payables	64,072	26,946
Total current liabilities	382,732	359,934
Provisions for liabilities and charges	11,688	

Total Provisions for liabilities and charges	11,688	-
Total liabilities	394,420	359,934
Share capital	503,082	503,082
Legal reserve	4,573	4,573
Retained earnings (loss) carry forwards	- 309,472	- 836,587
Profit (less) for the year	129,203	527,115
Total shareholders' equity	327,386	198,183
Total liabilities and shareholders' equity	721,806	558,117

Profit and loss account	31.12.03	31.12.02	Var
Revenues from sales and services	855	987	-13%
Increase of capitalised internal work in progress	9	9	
Other revenues	9	5	99%
Total revenues	873	1,000	-13%
Costs of materials and goods	-31	-44	-29%
Service costs and other costs	-499	-501	0%
Gross Profit	343	455	-25%
Personnel cost	-874	-953	-8%
EBITDA	-531	-498	7%
Depreciation	-51	-58	-13%
Accruals and write-downs	-12	0	
EBIT	-594	-556	
Financial income and charges	-4	-23	-83%
Income before non recurring items and provision for income taxes	-598	-580	3%
Non recurring income (charges)	729	1,109	-34%
Income before provision for income taxes	131	529	
Provision taxes on the income	-2	-2	0%
Net profit	129	527	-76%

Attachment no. 7 to the consolidated financial statements as at 31/12/2003
Summarised relevant data of the latest annual report of TASESPAÑA SA

TASESPAÑA S.A. BALANCE SHEET	31/12/2003	31/12/2002
Asset		
Cash and bank accounts	2,127	36,708
Other receivable	19,591	14,976
Other current assets	139,345	228,468
Prepayments and accrued income		1,350
Total current assets	161,063	281,502
Tangible assets	2,417	3,417
Intangible assets	807	1,377
Investments	872	5,636

Total fixed assets	4,096	10,430
Total assets	165,159	291,932
Liabilities and Shareholders' equity		
Trade payables	5,533	5,911
Taxes payable	6,816	8,445
Total current liabilities	12,349	14,356
Provisions for liabilities and charges	19,883	
Total Provisions for liabilities and charges	19,883	-
Total liabilities	32,232	14,356
Share capital	500,000	500,000
Other reserves	1	1
Retained earnings (loss) carry forwards	- 222,424	- 80,892
Profit (less) for the year	- 144,650	- 141,533
Total shareholders' equity	132,927	277,576
Total liabilities and shareholders' equity	165,159	291,932

Profit and Loss account	31.12.03	31.12.02	Var.
Revenues from sale and services			
Other revenues			
Total revenues			
Costs for raw materials and goods			
Costs for services and other costs	-39	-63	-39%
Gross Profit	-39	-63	-39%
Personnel costs	-87	-86	2%
EBITDA	-126	-149	-15%
Depreciation	-2	-2	%
EBIT	-128	-151	-15%
Financial profits and losses	3	9	-65%
Income before non recurring items and provision for income taxes	-125	-142	-12%
Non recurring profits and losses	-20		
Income before taxes	-145	-142	2%
Provision taxes on the income	0	0	
Net profit	-145	-142	2%