



2007 1st QUARTER REPORT
March 31, 2007

*The Board of Directors of DeA Capital S.p.A.
Milan, April 24, 2007*

DeA Capital S.p.A.
(formerly Cdb Web Tech S.p.A.)

Company Information

DeA Capital S.p.A. – A company managed and coordinated by De Agostini S.p.A.
Registered Office: Via Borgonuovo, 24
20121 Milan, Italy
Share capital: € 102,158,200 (fully paid in), represented by shares of € 1 each for a total of 102,158,200 shares (of which 1,000 held in portfolio).
Tax code, VAT code and Milan company registry n. 07918170015

Board of Directors (*)

Chairman

Lorenzo Pellicoli

Chief Executive Officer

Paolo Ceretti

Directors

Lino Benassi ^(°)
Rosario Bifulco
Claudio Costamagna ^(° / §)
Alberto Dessy ^(# / §)
Marco Drago
Roberto Drago
Paolo Scaroni ^(§)

Board of Auditors (*)

Chairman

Angelo Gaviani

Principal Auditors

Gian Piero Balducci
Cesare Andrea Grifoni

Alternate Auditors

Andrea Bonafè
Maurizio Ferrero
Giulio Gasloli

Independent auditors

KPMG S.p.A.

(*) Mandated for the three-year period 2007-2009

(°) Member of the Audit Committee

(#) Member and Coordinator of the Audit Committee – Lead Independent Director

(§) Independent Directors

Contents

Introduction

Shareholding Structure and 2007 Q1 Share Performance

Directors' Report

1. DeA Capital Group
2. Key Group financial and economic data
3. Key events of 2007 Q1
4. Analysis of consolidated financial results

Financial Statements at March 31, 2007

Notes to the financial statements

Other Information

Introduction

On December 1, 2006 De Agostini S.p.A. signed two agreements with Romed International S.A. (henceforth "Romed") and Banca Intermobiliare di Investimenti e Gestioni S.p.A. (henceforth "BIM") aimed at the acquisition of Cdb Web Tech S.p.A. (currently DeA Capital S.p.A.) shares, and bought 47,280,000 shares from Romed and 4,950,000 from BIM.

The agreements were finalized on January 11, 2007 following the attainment of the required antitrust authorizations, with the transfer of the shares that represent overall a stake of approximately 51.1% of Company share capital.

The price paid by De Agostini S.p.A. was € 2.86 per share for an overall value of approximately € 149.4 million.

Having bought the controlling share, De Agostini SpA promoted a compulsory take-over bid to purchase the remaining shares in the Company not held by it, pursuant to Articles 102 and 106, Paragraph 1, of Legislative Decree No. 58/1998 and the provisions of the Issuers' Regulations No. 11971/1999, as subsequently modified and integrated.

The price was equivalent to € 2.874 per share, calculated as the rounded average between:

- a) the price per share paid by De Agostini S.p.A. to Romed and BIM;
- b) the weighted average market price of the 12 months before the communication of the agreement between De Agostini S.p.A. and Romed/BIM (December 1st 2005 – November 30th 2006).

The offer was initiated on February 27, 2007 and was concluded on March 19, 2007 with 373,017 shares involved, representing 0.4% of Company share capital. The total amount paid was € 1.1 million, paid by De Agostini on the third working day of the stock market following the date of conclusion of the offer (March 22, 2007).

Following the purchase of the shares involved in this offer, De Agostini SpA holds 51.5% of the share capital of the Company.

* * *

On January 30, 2007 the annual and extraordinary shareholders meeting was held and resolved– in addition to other matters – to carry out the following:

- the adoption of the new Company name, DeA Capital S.p.A.;
- the transfer of the company registered office to Milan;
- the appointment of new company bodies, specifically new Board of Directors and Board of Auditors members, for the three-year period 2007-2009.

The Board of Directors – meeting following their duties at the shareholders' meeting – conferred ordinary and extraordinary administration powers to the Chairman and the Chief Executive Officer, with sole and joint signatory powers within determined limits.

At the same meeting the Board of Directors also noted that the Company, being under the control of De Agostini S.p.A., will be subject to its management and co-ordination.

➤ **Functional currency for the preparation of the annual and quarterly Company financial statements**

When the Company adopted the IAS/IFRS international accounting standards (hereafter "IAS/IFRS"), the provisions of IAS 21 in particular opened a debate relating to the identification of the functional currency for the Company for the preparation of the annual, quarterly and half-yearly financial reports

In particular, paragraph 8 of IAS 21 defines as functional currency "*the currency of the primary economic environment in which the entity operates*". The definition is restated in the paragraph 9 of the same principle, which identifies the primary economic environment in which the entity operates as that in which the majority of Company revenue is generated and employed.

The choice of functional currency, when the primary economic environment is not immediately identifiable, requires a valuation to be made by Company management. Paragraphs 9-11 give guidelines in this regard.

On the basis of valuations made in light of activities carried out, and following a series of questions to CONSOB and the Independent Auditors at that time (PricewaterhouseCoopers SpA, until the financial statements at December 31, 2005), the Company adopted the US dollar as its functional currency from the date of IAS/IFRS adoption, primarily due to the following factors:

- Venture capital comprised the Company's primary activity ;
- This activity had led to the construction of a considerable funds portfolio, mostly denominated in US dollars;
- Investments and revenues relating to assets in the Company portfolio were primarily denominated in US dollars.

Since 2005, (first time adoption January 1, 2004), the Company has therefore prepared consolidated financial statements using the US dollar as the functional currency and the financial statements at December 31, 2006 have also been prepared on this basis.

However, Italian legislation dictates that an Italian company, independent of the functional currency identified for the purposes of IAS/IFRS, must present its end of year and quarterly financial statements in Euro. The Company has therefore, carried out translations of US dollar balances into Euro.

In view of these matters, and the sale during the fourth quarter of 2006 of the entire share held in Cdb Web Tech International LP and Cdb Private Equity LP (companies which held the bulk of Company venture capital fund investments and direct investments), and the change of ownership during January 2007, a series of new valuations have been undertaken by Management in order to identify the functional currency of the Company for the preparation of its consolidated financial statements from 2007 onwards.

Of note:

- With the sale of Cdb Web Tech International LP and Cdb Private Equity LP, the Company sold the majority of its US dollar denominated investments.
- Following the change of ownership, the Company is currently formulating its strategic development guidelines, partly on the basis of direction by the controlling shareholder, De Agostini SpA. As discussed above, the Company activity will no longer focus on venture capital and hedge fund management (denominated mostly in US dollars), rather

on direct investments and fund of funds/co-investments (mostly focusing on the Euro zone).

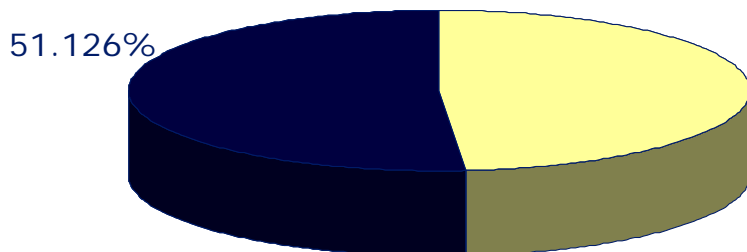
In view of the results of the analysis carried out, from January 2007, being the date of change of ownership of the Company, and on the basis of the strategic development guidelines expressed by the new owner, the primary economic environment of DeA Capital SpA and its subsidiaries will no longer be that of the US dollar, rather it will be the Euro zone.

As a result, the Company has deemed it possible to define the Euro as the new functional currency from January 2007. The consolidated financial statements will, therefore, be calculated and presented in Euro, starting with this quarterly report at March 31, 2007.

Shareholding Structure and 2007 Q1 Share Performance

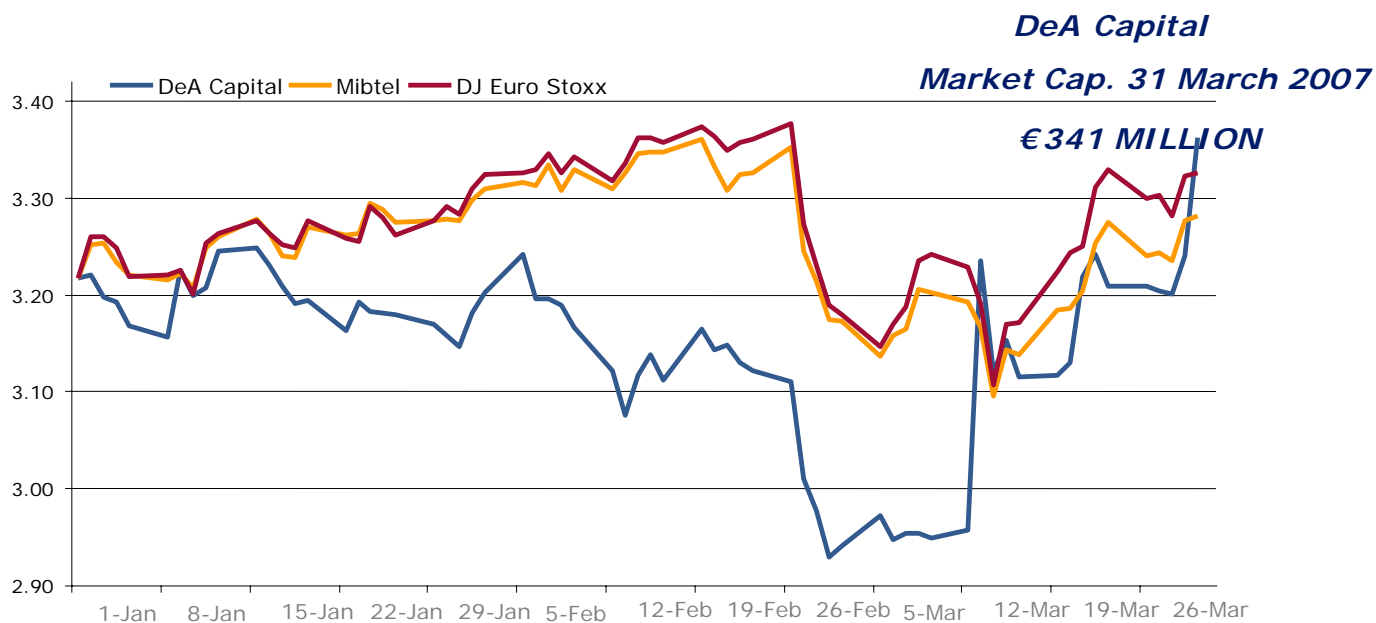
De Agostini S.p.A.

Other investors / Market
48.5%



(*) According to information available at the preparation of this report.

➤ 2007 Q1 Share Performance (°)

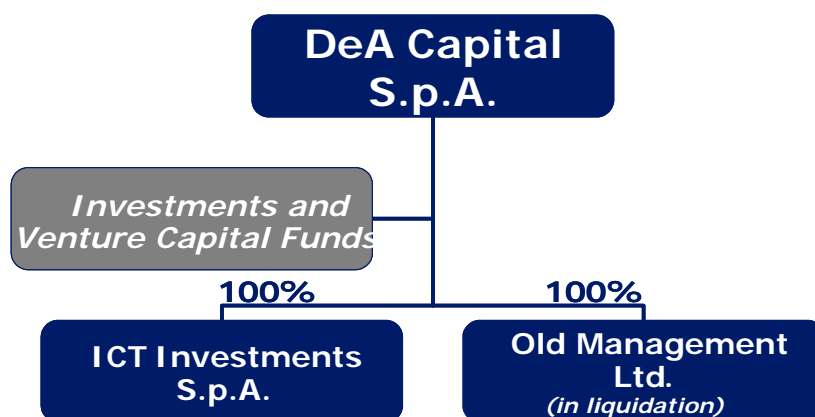


(°) Source: Bloomberg.

Directors' Report

1. DeA Capital Group

At the date of preparation of this Directors' Report, the DeA Capital Group is structured as follows:



Group activities are primarily concentrated in DeA Capital SpA, which holds:

- **The entire share capital of ICT Investments SpA and Old Management Ltd.**, neither of which is in operation;
- **Minority interests in three US companies**, operating in Biotech (Elixir Pharmaceuticals Inc.), ICT (MobileAccess Networks Inc.) and Printed Circuitry (Kovio Inc.);
- **Investments in 8 venture capital funds**;
- **Other investments**, comprising cash and cash equivalents, securities, financial receivables.

This structure was determined by:

- The sale of the entire investment in Cdb Web Tech International LP and Cdb Private Equity LP, companies through which almost all Group venture capital fund investments and direct investments were carried out.
- The sale on March 21, 2007 of the investment in BIM Alternative Investments SGR SpA, equivalent to 50% of the share capital.

Of note, subsequent to the end of the first quarter of 2007, on April 12, 2007, a new company was set up in Luxembourg, controlled entirely by DeA Capital SpA, with the company name of **DeA Capital Investments SA**.

2. Group financial and economic data

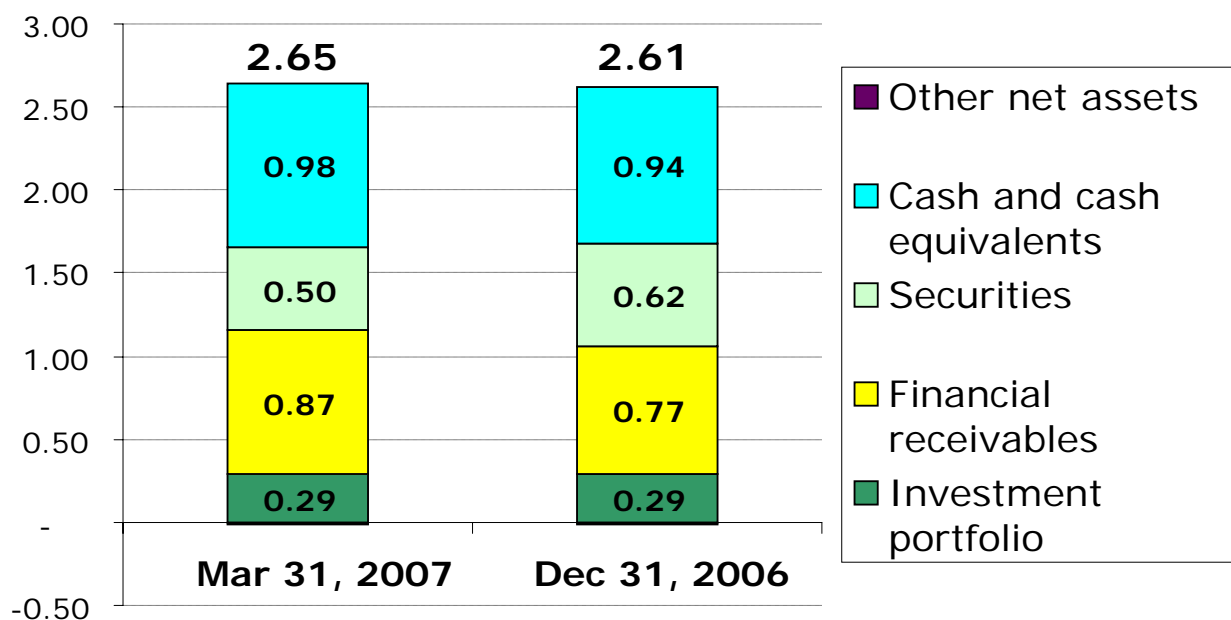
The following table shows the Group's main consolidated assets and income at March 31, 2007, compared with the corresponding data at March 31, 2006 and December 31, 2006.

(€ millions)	March 31 2007	March 31 2006	Dec 31 2006
NAV / Share ^(a)	2.65	2.37 ^(b)	2.61
Group Net Profit	3.7	4.8	86.5
Investments	29.8	203.3	29.3
Net Financial Assets	240.5	38.5	238.2

(a) In Euro.

(b) Adjusted following the distribution of dividends in the form of shares of the subsidiary Management & Capitali S.p.A. that took place on June 19, 2006.

➤ NAV Breakdown / Shares per asset type (in €)



3. Key events of 2007 Q1

Apart from the purchase of the controlling shareholding in the Company by De Agostini Spa, and the related takeover bid, the following are the key events of the 1st quarter of the 2007 financial year:

➤ **Signing of Agreement for the Transfer of the Shareholding (50%) in BIM Alternative Investments SGR**

On November 10, 2006 the Company signed an agreement with BIM to sell its shareholding of 50% held in BIM Alternative Investments SGR SpA's share capital.

The finalization of the agreement took place on March 21, 2007, once the necessary authorization by the Bank of Italy had been obtained (as detailed in the Press Release dated March 7, 2007).

The price, fully paid at the closing date, was € 3.5 million, realizing capital gains of € 1.5 million to be taken to the Income Statement for the 1st quarter of 2007 (classified as "Profit/Loss from operations sold/held for sale")

➤ **Hedge Fund Redemptions**

During the 1st quarter of 2007, the Company began the procedure for the reimbursement of the investment held in eight of the eleven hedge funds in the Company portfolio.

The reimbursements requested have a total value of € 13.1 million, on the basis of their valuation at March 31, 2007. This amount, net of € 2.1 million already paid, is classified in the financial statements for the 1st quarter of 2007 as "Receivables", among current assets and in the statement of the net financial position. On the basis of the regulations of the various hedge funds, this receivable is expected to be paid before the end of the current year.

4. Analysis of consolidated financial results

➤ Assets in portfolio

Movements in DeA Capital Group portfolio direct investments, being minority shareholdings in companies, and venture capital funds, all held by the Parent Company, are shown in the table below. Also shown are the residual commitments relating to the venture capital funds in the Group portfolio.

Investments and commitments						
	March 31, 2007		December 31, 2006		March 31, 2006	
	No.	€ million	No.	€ million	No.	€ million
Direct investments	3	2.8	3	2.8	11	16.9
Venture capital funds	8	27.0	8	26.5	91	188.1
Total investments		29.8		29.3		205.0
<i>Venture Capital: residual commitments</i>	<i>5</i>	<i>2.9</i>	<i>5</i>	<i>3.8</i>	<i>81</i>	<i>138.4</i>

At March 31, 2007, compared to the end of 2006, Company investment levels are unchanged, as no new acquisitions were made and no new subscriptions were made in relation to any funds. In terms of value, included in the current financial statements, an increase in investment activity has been recorded, particularly in relation to hedge fund investments, mostly due to the capital paid out carried out during the 1st quarter, partly offset by distributions received.

Capital paid out during this quarter totaled € 0.9 million, and paid against residual commitments.

Direct investments

At March 31, 2007 the Company was a shareholder through minority holdings of three companies, operating in the sectors of Information & Communication Technology, Biotech and Nanotechnology. The total value of these shareholdings was, at March 31, 2007, approximately € 2.8 million (\$US 3.7 million in the subsidiaries' presentation currency).

The following table shows the book value and shareholding percentage for each of these three companies, at March 31, 2007:

Company	HQ	Sector – Business activity	Book Value March 31, 2007 (\$US million)	% owned
Elixir Pharmaceuticals	US	Biotech	1.3	1.23
Mobile Access	US	ICT	1.0	2.43
Kovio	US	Nanotechnology – printed circuits	1.4	3.04

During the 1st quarter of 2007 no changes were made to the fair value of the shareholdings shown above.

- ***Elixir Pharmaceuticals Inc.***

Founded in 1999, based in Cambridge, Massachusetts, USA, this bio-pharmaceutical company focuses on the development and commercialization of medicines for the cure and prevention of metabolic disorders (obesity and diabetes) and illnesses related to the aging process.

- ***MobileAccess Networks Inc.***

MobileAccess Networks Inc., based in Virginia, USA, develops, produces and commercializes solutions relating to the extension of wireless coverage (mobile phones, PCs, WiFi and other systems) to remote areas and places where coverage is difficult.

- ***Kovio Inc.***

Kovio Inc., based in Silicon Valley, USA, is developing a new type of semiconductor, using so-called printed circuitry. This new development combines the low costs and high productivity of printing as the printed circuitry allows for the large scale manufacture of semiconductors at costs significantly lower than current standards.

Venture capital funds

At March 31, 2007 the Company was invested in 8 venture capital funds for a total value of € 27.0 million, corresponding to the estimated fair value calculated on the basis of information available at the date of preparation of the consolidated financial statements at March 31, 2007.

Residual commitments associated to these funds (i.e. the subsequent commitment to provide capital) were approximately € 2.9 million (US\$ 3.9 million at March 31, 2007 exchange rates).

The table below shows a breakdown of the venture capital funds held in portfolio at March 31, 2007:

Venture Capital Funds	Registered Office	Year of commitment	Fund Size	Commitment subscribed	Dea Capital % of Fund
\$US					
Doughty Hanson & Co Technology	England EU	2004	236,700,000	1,925,000	.8
GIZA GE Venture Fund III	Delaware U.S.A.	2003	211,680,000	10,000,000	4.7
Israel Seed III	Cayman Islands	2003	40,000,000	4,000,000	10.0
Israel Seed IV	Cayman Islands	2003	200,000,000	5,000,000	2.5
Pitango Venture Capital II	Delaware U.S.A.	2003	125,000,000	5,000,000	4.0
Pitango Venture Capital III	Delaware U.S.A.	2003	387,172,000	5,000,000	1.3
\$US Total				30,925,000	
€					
Nexit Infocom 2000	Guernsey	2000	66,325,790	3,819,167	5.8
Sterling					
Amadeus Capital II	England EU	2000	235,000,000	13,500,000	5.7
Residual Commitment					
Totale outstanding com mitment expressed in:		€		2,906,830	
Totale outstanding com mitment expressed in:		\$US		3,878,537	

During this quarter, the Company received capital distributions from the venture capital funds held in portfolio at March 31, 2007 worth a total of € 0.5 million, with a positive income statement impact of € 0.3 million, equivalent to three times the capital invested.

Assets held for sale – BIM Alternative Investments SGR S.p.A.

As reported above in the “Key Events” section in the Directors’ Report, on March 21, 2007 the Company completed an agreement signed at the end of 2006 with BIM to sell BIM its 50% shareholding in BIM Alternative Investments SGR SpA.

The price, fully paid at the closing date, was € 3.5 million, realizing capital gains of € 1.5 million to be taken to the Income Statement for the 1st quarter of 2007 (classified as “Profit/Loss from operations sold/held for sale”)

At March 31, 2007, no assets in the Group portfolio were for sale.

Management performance analyzed by investment type

The following table shows a breakdown of the net financial income and expenses at March 31, 2007, as well as financial investments per geographic area:

(€ millions)	Total	USA	Israel	Europe
Net Financial Income / Expenses	0.3	0.0	0.0	0.3
Investment Portfolio	29.8	2.8	9.0	18.0

The effect on the Income Statement for the 1st quarter of 2007 of financial income and expenses relating to the various investment types contained in the Company portfolio can be analyzed as follows:

(€ millions)	Income / Expense	Value restatements	Total
- Direct Investments	0.0	-	0.0
- Venture Capital funds	0.3	-	0.3
- Hedge Funds	0.6	0.2	0.8
Total	0.9	0.2	1.1
- Operations sold / held for sale	1.5	-	1.5
Total	2.4	0.2	2.6

➤ Summary of consolidated results – INCOME STATEMENT

The consolidated net profit recorded in the 1st quarter of 2007 was approximately € 3.7 million, against € 4.8 million in the same period 2006 (when the consolidation scope included the two companies which held the bulk of the Group’s investments, Cdb Web Tech International LP and Cdb Private Equity LP, sold in October 2006).

When comparing the Income Statements for the two periods, the following is evident:

-
- A decrease in income relating to non-current assets and current financial assets, resulting from the sale of Cdb Web Tech International LP and Cdb Private Equity LP
 - An increase in income relating to current assets, reflecting the earnings of the increased financial liquidity following the sale of the aforementioned two companies.

As discussed above, capital gains of € 1.5 million were realized during the 1st quarter of 2007 with the sale of the investment in BIM Alternative Investments SGR SpA.

Further details relating to the Income Statement can be found in the notes to the financial statements at March 31, 2007, included below.

<i>(€ millions)</i>	March 31, 2007 (Q1)	March 31, 2006 (Q1)
Net income / (expenses) relating to non-current assets	0.3	4.2
Net income / (expenses) relating to current assets	2.6	0.9
Fair value adjustment of current financial assets	0.3	0.7
Other income / (expenses)	(1.0)	(0.8)
Results of operations sold/ held for sale	1.5	(0.2)
Group net profit	3.7	4.8

Consolidated Income Statement

	First Qtr 2007	First Qtr 2006	Full Year 2006
	Euro / 000		
<i>FINANCIAL INCOME AND EXPENSES</i>			
NET FINANCIAL INCOME/(EXPENSES) ON NON-CURRENT ACTIVITIES	337,0	4.240,5	1.714,0
<i>NET FINANCIAL INCOME /(EXPENSES) ON CURRENT ACTIVITIES</i>			
- FINANCIAL INCOME	3.766,6	1.504,7	16.482,6
- FINANCIAL EXPENSES	(1.164,5)	(613,4)	(3.512,9)
TOTAL FINANCIAL INCOME/(EXPENSES) ON ORDINARY ACTIVITIES	2.602,1	891,3	12.969,7
<i>TOTAL INCOME/(EXPENSES) FROM INVESTMENT ACTIVITY</i>	2.939,1	5.131,8	14.683,7
REVALUATIONS AND WRITEDOWNS OF CURRENT FINANCIAL ACTIVITIES	269,3	666,3	1.174,4
<i>TOTAL INCOME, EXPENSE AND WRITEDOWNS</i>	3.208,4	5.798,1	15.858,1
Operating revenues			
<i>Total operating revenues</i>	22,4	496,5	1.422,0
Operating expenses			
<i>Operating expenses</i>	(1.087,0)	(1.259,5)	(6.302,3)
<i>OPERATING LOSS</i>	(1.064,6)	(763,0)	(4.880,3)
PROFIT/(LOSS) BEFORE TAX	2.143,8	5.035,1	10.977,8
Income tax	-	-	(135,9)
PROFIT/(LOSS) FOR THE PERIOD	2.143,8	5.035,1	10.841,9
Loss for operations to be disposed - Group	1.536,2	(239,3)	75.656,1
PROFIT/(LOSS) FOR THE PERIOD	3.680,0	4.795,8	86.498,0
Loss for operations to be disposed - Minority interests	-	(495,7)	-
NET PROFIT/(LOSS) FOR THE PERIOD	3.680,0	4.300,1	86.498,0

➤ **Summary of consolidated results – STATEMENT OF PERFORMANCE – IAS 1**

The Statement of performance – IAS 1, which discloses the results of the financial year including the profits taken directly to net shareholders' equity in the three months of 2007, shows a positive net balance of € 3.4 million, as detailed below.

Statement of performance (IAS 1)

DeA Consolidated Capital

(€ millions)

	Mar 31, 2007	Dec. 31, 2006
Gains/(losses) from revaluations taken to net shareholders' equity	(0.3)	1.6
Exchange difference for translation of balances	0.0	(3.2)
Net profit/loss taken directly to net shareholders' equity	(0.3)	(1.6)
Profit (loss) for the Period	3.7	4.8
Total (costs) revenues for the period	3.4	3.2

➤ **Summary of consolidated results – BALANCE SHEET**

The table below summarizes the consolidated balance sheet at March 31, 2007, compared to December 31, 2006 and March 31, 2006.

Consolidated Balance Sheet		31-mar-07	31-dic-06	31-mar-06
		Euro / 000		
ASSETS				
Non-current assets				
Intangible assets		14,8	17,9	56,0
Property, plant and equipment		40,0	63,7	71,1
	<i>Total</i>	54,8	81,6	127,1
Investments				
Subsidiary companies		-	-	-
Other companies		2.759,0	2.795,8	16.859,7
Venture capital funds		27.000,4	26.463,1	188.139,8
Credits		-	-	-
	<i>Total investments</i>	29.759,4	29.258,9	204.999,5
Deferred income tax		15,0	15,1	14,6
	<i>Total other Assets</i>	15,0	15,1	14,6
Deferred tax benefits				
	<i>Total non-current assets</i>	29.829,2	29.355,6	205.141,2
Current assets				
Cash and bank		100.575,1	95.914,7	30.304,1
Current financial activities		51.243,5	63.671,7	22.329,6
Receivables		89.740,7	79.193,5	7.584,8
	<i>Total current activities</i>	241.559,3	238.779,9	60.218,5
	<i>Total current assets</i>	241.559,3	238.779,9	60.218,5
TOTAL ASSETS net of assets to be disposed		271.388,5	268.135,5	265.359,7
Assets to be disposed		-	2.969,3	79.276,3
TOTAL ASSETS		271.388,5	271.104,8	344.636,0
Equity and liabilities				
EQUITY				
Share capital		102.157,2	102.157,2	101.318,8
Total Other reserve		164.413,1	78.212,9	184.276,2
Gain for operations		2.143,8	10.841,9	5.035,1
Gain for operations to be disposed		1.536,2	75.656,1	(239,3)
Profit/(loss) for the period		3.680,0	86.498,0	4.795,8
Total equity		270.250,3	266.868,1	290.390,8
Minority interests		-	-	29.504,3
Total group and minority interests		270.250,3	266.868,1	319.895,1
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		-	-	54,7
Provisions for employee termination benefits		80,3	75,1	92,1
	<i>Total non-current liabilities</i>	80,3	75,1	146,8
Current liabilities				
Short term financial payables		-	-	20.000,0
Trade payables		644,0	2.530,6	654,2
Tax liabilities		194,6	412,1	214,6
Other payables		219,3	213,4	621,0
	<i>Total current liabilities</i>	1.057,9	3.156,1	21.489,8
Total liabilities		1.138,2	3.231,2	21.636,6
Liabilities to be disposed		-	1.005,5	3.104,3
TOTAL EQUITY AND LIABILITIES		271.388,5	271.104,8	344.636,0

The changes in consolidated net shareholders' equity during the first quarter 2007 compared to this end of 2006 have been largely determined by the profits for the period, and the capital gain on the disposal of the shareholding of BIM Alternative Investments SGR S.p.A.

A detailed breakdown of the changes in consolidated net shareholders' equity is contained in the notes to the financial statements below.

➤ Summary of consolidated results – NET FINANCIAL POSITION

The consolidated Net Financial Position at March 31, 2007 was positive for approximately € 240.5 million, as shown in the following table, with a breakdown according to type of asset, and a comparison with the results at December 31, 2005 and March 31, 2006:

Net Financial Position (€ millions)	March 31, 2007	Dec. 31, 2006	Change	March 31, 2006
Cash and bank deposits	100.6	95.9	4.7	30.3
Financial credits	51.2	63.7	(12.5)	22.3
Securities	88.7	78.6	10.1	5.9
Financial debt	-	-	-	(20.0)
TOTAL	240.5	238.2	2.3	38.5

Movements in the Group Net Financial Position during the 1st quarter of 2007 reflected the following factors:

- the deposit made following the sale of the 50% shareholding in BIM Alternative Investments SGR SpA (+ € 3.5 million);
- the deposit of the price adjustment linked to the sale to Pantheon Ventures Ltd of the investment in Cdb Web Tech International LP and Cdb Private Equity Lp (+ € 1.4 million);
- payments made in relation to private equity fund commitments (- € 0.9 million)
- the net of financial entrances and exits linked to operational management (an expense of - € 1.7 million). Of note, financial exits reflected the payment of costs relating to the sale of the controlling shareholding in the Company by its previous controlling shareholder, against which a provision was established during the 2006 financial year (- € 1.8 million), and the payment of tax deductions (- € 0.5 million).

Within the Net Financial Position, the value of hedge fund shares for which repayment was requested in the 1st quarter of 2007, (€ 11 million) has been reclassified from Securities to Financial Receivables.

Cash and cash equivalents comprise liquidity and bank deposits held by Group companies. At March 31, 2007 the total exceeds the residual venture capital fund commitments in the Group portfolio (€ 2.9 million at end of period exchange rates).

Securities, totaling € 51.2 million at March 31, 2007, are represented by:

- CCTs (for € 30.1 million), maturing in April 2009;
- Listed corporate bonds (€ 16.0 million), issued by large Italian companies.
- Hedge funds (€ 5.1 million);

Financial receivables, totaling € 88.7 million at March 31, 2007, include the receivable from Pantheon Ventures Ltd (US\$ 104 million), relating to the extension of part of the price paid for the investment in Cdb Web Tech International LP and Cdb Private Equity LP. This sale took place at the end of 2006. Of note, this receivable is backed by a guarantee from a leading international bank, enforceable upon first demand, and is completely covered against any

negative change in the Euro / US\$ exchange rate prior to expiry of the agreement (December 2007).

Group Net Financial Position, detailed by company:

Net Financial Position (€ millions)	31 March 2007	31 Dec. 2006	<i>Change</i>
DeA Capital S.p.A. (formerly Cdb Web Tech S.p.A.)	240.1	237.8	2.3
ICT Investments S.p.A.	0.1	0.1	-
Old Management Ltd.	0.3	0.3	-
TOTALE	240.5	238.2	2.3

Financial Statements

1. Balance Sheet

(€ / 000)

Consolidated Balance Sheet

	31-mar-07	31-dic-06	31-mar-06
	Euro / 000		
ASSETS			
Non-current assets			
Intangible assets	14,8	17,9	56,0
Property, plant and equipment	40,0	63,7	71,1
<i>Total</i>	<u>54,8</u>	<u>81,6</u>	<u>127,1</u>
Investments			
Subsidiary companies	-	-	-
Other companies	2.759,0	2.795,8	16.859,7
Venture capital funds	27.000,4	26.463,1	188.139,8
Credits	-	-	-
<i>Total investments</i>	<u>29.759,4</u>	<u>29.258,9</u>	<u>204.999,5</u>
Deferred income tax	15,0	15,1	14,6
<i>Total other Assets</i>	<u>15,0</u>	<u>15,1</u>	<u>14,6</u>
Deferred tax benefits			
<i>Total non-current assets</i>	<u>29.829,2</u>	<u>29.355,6</u>	<u>205.141,2</u>
Current assets			
Cash and bank	100.575,1	95.914,7	30.304,1
Current financial activities	51.243,5	63.671,7	22.329,6
Receivables	89.740,7	79.193,5	7.584,8
<i>Total current activities</i>	<u>241.559,3</u>	<u>238.779,9</u>	<u>60.218,5</u>
<i>Total current assets</i>	<u>241.559,3</u>	<u>238.779,9</u>	<u>60.218,5</u>
TOTAL ASSETS net of assets to be disposed	<u>271.388,5</u>	<u>268.135,5</u>	<u>265.359,7</u>
Assets to be disposed	-	2.969,3	79.276,3
TOTAL ASSETS	<u>271.388,5</u>	<u>271.104,8</u>	<u>344.636,0</u>
Equity and liabilities			
EQUITY			
Share capital	102.157,2	102.157,2	101.318,8
Total Other reserve	164.413,1	78.212,9	184.276,2
Gain for operations	2.143,8	10.841,9	5.035,1
Gain for operations to be disposed	1.536,2	75.656,1	(239,3)
Profit/(loss) for the period	3.680,0	86.498,0	4.795,8
Total equity	<u>270.250,3</u>	<u>266.868,1</u>	<u>290.390,8</u>
Minority interests	-	-	29.504,3
Total group and minority interests	<u>270.250,3</u>	<u>266.868,1</u>	<u>319.895,1</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	-	-	54,7
Provisions for employee termination benefits	80,3	75,1	92,1
<i>Total non-current liabilities</i>	<u>80,3</u>	<u>75,1</u>	<u>146,8</u>
Current liabilities			
Short term financial payables	-	-	20.000,0
Trade payables	644,0	2.530,6	654,2
Tax liabilities	194,6	412,1	214,6
Other payables	219,3	213,4	621,0
<i>Total current liabilities</i>	<u>1.057,9</u>	<u>3.156,1</u>	<u>21.489,8</u>
Total liabilities	<u>1.138,2</u>	<u>3.231,2</u>	<u>21.636,6</u>
Liabilities to be disposed	-	1.005,5	3.104,3
TOTAL EQUITY AND LIABILITIES	<u>271.388,5</u>	<u>271.104,8</u>	<u>344.636,0</u>

2. Income Statement

(€/000)

Consolidated Income Statement

	First Qtr 2007	First Qtr 2006	Full Year 2006
	Euro / 000		
FINANCIAL INCOME AND EXPENSES			
CAPITAL GAINS ON INVESTMENTS	337,0	4.288,4	1.714,0
Subsidiaries	-	-	-
Direct investment in tech companies	-	133,4	68,7
Venture capital funds	337,0	4.155,0	1.645,3
Shares	-	-	-
CAPITAL LOSSES ON INVESTMENTS	-	-	-
Subsidiaries	-	-	-
Direct investment in tech companies	-	-	-
Venture capital funds	-	-	-
Shares	-	-	-
VALUE IMPAIRMENT (permanent loss in value)	-	(47,9)	-
NET FINANCIAL INCOME/(EXPENSES) ON NON-CURRENT ACTIVITIES	337,0	4.240,5	1.714,0
NET FINANCIAL INCOME/(EXPENSES) ON CURRENT ACTIVITIES			
Dividend and income from investments	-	3,2	-
Interest income	2.235,2	189,5	867,8
Income from shares held for resale	571,2	87,6	144,5
Income from derivative contracts	909,1	1.012,6	10.132,2
Other income	-	-	-
Exchange gains	-	-	-
- realized	51,1	133,6	3.821,4
- conversion	-	78,2	1.516,7
- FINANCIAL INCOME	3.766,6	1.504,7	16.482,6
Interest expense	(2,0)	(219,4)	(1.023,1)
Loss on ordinary activities	-	(3,9)	-
Loss on shares held for resale	(8,1)	-	(6,8)
Derivative contracts expense	-	-	(1.016,5)
Other financial expenses	-	-	-
Exchange losses	-	-	-
- realized	(127,8)	(122,0)	(1.424,1)
- conversion	(1.026,6)	(268,1)	(42,4)
- FINANCIAL EXPENSES	(1.164,5)	(613,4)	(3.512,9)
TOTAL FINANCIAL INCOME/(EXPENSES) ON ORDINARY ACTIVITIES	2.602,1	891,3	12.969,7
TOTAL INCOME/(EXPENSES) FROM INVESTMENT ACTIVITY	2.939,1	5.131,8	14.683,7
a Share writedowns			
Current financial activity	-	(96,4)	(30,0)
Share writedowns	(51,2)	(179,3)	(47,7)
Total share writedowns	(51,2)	(275,7)	(77,7)
b Share revaluations			
Other current financial activity	145,3	-	-
Shares- Other current activity	175,2	942,0	1.252,1
Total share revaluations	320,5	942,0	1.252,1
REVALUATIONS AND WRITEDOWNS OF CURRENT FINANCIAL ACTIVITIES	269,3	666,3	1.174,4
TOTAL INCOME, EXPENSE AND WRITEDOWNS	3.208,4	5.798,1	15.858,1
Operating revenues			
Services	-	466,2	1.332,0
Other	22,4	30,3	90,0
Total operating revenues	22,4	496,5	1.422,0
Operating expenses			
Services	(896,3)	(769,1)	(4.499,9)
Personnel	(133,5)	(322,5)	(1.117,8)
Third party services	(51,0)	(86,4)	(605,8)
Depreciation, amortization and writedowns	(6,2)	(61,1)	(48,0)
Other operating expenses	-	(20,4)	(30,8)
Operating expenses	(1.087,0)	(1.259,5)	(6.302,3)
OPERATING LOSS	(1.064,6)	(763,0)	(4.880,3)
PROFIT/(LOSS) BEFORE TAX	2.143,8	5.035,1	10.977,8
Income tax	-	-	(135,9)
PROFIT/(LOSS) FOR THE PERIOD	2.143,8	5.035,1	10.841,9
Loss for operations to be disposed - Group	1.536,2	(239,3)	75.656,1
PROFIT/(LOSS) FOR THE PERIOD	3.680,0	4.795,8	86.498,0
Loss for operations to be disposed - Minority interests	-	(495,7)	-
NET PROFIT/(LOSS) FOR THE PERIOD	3.680,0	4.300,1	86.498,0

3. Cash Flow Statement

(in €)

STATEMENT OF CASH FLOW (Direct method)

(amounts in euro/000)

CASH FLOW FROM OPERATING ACTIVITIES

Purchase of Investments	
Proceeds from return of invested capital in Operating Activities	
Proceeds from sales of investments short-terms, net	
Interest received	
Interest paid	
Proceed from Distributions of realized gains on investments	
Proceed from realized gains (losses) on foreign exchange	
Proceed from other realized income	
Taxes paid	
Taxes refunded	
Management fees received	
Operating expenses paid from petty cash	
Operating expenses paid	

NET CASH FROM OPERATING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES

Purchase of Financial Assets	
Proceeds from sales of Financial Assets	
Share Capital Issued	
Share Capital Issued (Stock Option plan)	
Cdb Share purchase	
Cdb Share sold	
Third Parties Capital	
Interest received from Financial Activities	
Purchase of Non-current Assets	
Repayments of bank loan	
Proceed from Bank Loan	
Intercompany loan	

NET CASH FLOWS FROM FINANCING ACTIVITIES

NET INCREASE IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR

Cash and cash equivalents from Assets to be sold in 2006

CASH AND CASH EQUIVALENTS AS AT 31 DEC 2006

EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING AS AT END OF THE PERIOD (including Third Parties and subs to be sold)

DeA Capital Group	DeA Capital Group
1st quarter 2007	Full year 2006
(933)	(2.998)
4.921	130.593
0	0
1.090	307
(1)	(525)
76	1.611
331	(13.663)
3	46
(549)	(551)
0	19
0	1.397
0	(31)
(2.496)	(1.558)
<u>2.443</u>	<u>141.973</u>
0	(87.491)
2.218	57.172
0	0
0	10.814
0	(1.580)
0	3.839
0	0
0	(450)
0	0
0	(75.000)
0	55.000
0	(15.156)
<u>2.218</u>	<u>(52.852)</u>
<u>4.660</u>	<u>89.121</u>
95.915	26.632
0	(19.819)
95.915	6.813
0	(19)
<u>100.575</u>	<u>95.915</u>

4. Summary of Change in Consolidated Net Shareholders' Equity

€ thousands

	Share Capital	Other Reserves	Group net profit (loss)	Profit (loss) from disposed or held for disposal operations	Total
Total at Dec. 31, 2006	102,157.2	78,212.9	10,841.9	75,656.1	266,868.1
Allocation of the loss of the parent company – Meeting decision	0.0	86,498.0	(10,841.9)	(75,656.1)	0.0
Investment fair value adjustment	0.0	(297.8)	0.0	0.0	(297.8)
Profit for the period	0.0	0.0	2,143.8	1,536.2	3,680.0
Total at Mar. 31, 2007	102,157.2	164,413.1	2,143.8	1,536.2	270,250.3

Notes to The Financial Statements

1. Introduction

The Consolidated Quarterly Report at March 31, 2007 (henceforth the "Report") was drafted according to International Accounting Standards (henceforth "IAS") and International Financial Reporting Standards (henceforth "IFRS"), adopted by the European Union and approved at the date of this Report. The relevant standards used in the Report do not differ from those used at December 31, 2006 and in the previous Consolidated Quarterly Report at March 31, 2006.

The Report did not adopt the regulations in "IAS 34 – Interim Reports", according to the provision set by the Italian Issuers' Regulation. The Report is prepared in accordance with Art. 82 and Appendix 3D of the Issuers' Regulation of Consob Regulation 11971 dated May 14, 1999 and subsequent modifications and amendments.

The Report includes the consolidated financial statements (Income Statement, Balance Sheet, Cash Flow Statements and Changes in Net Shareholders' Equity), and the Notes to the Statements; it also includes the Management Report which is shown above. All consolidated financial statements and the figures included in the notes are shown in thousands of Euros, unless otherwise specified. The consolidated financial statements are compared with the figures from the previous annual financial statements, at December 31, 2006, and those from the same period in the previous financial year.

The consolidated financial statements of this Report are not subject to an audit by the Independent Auditors.

The preparation of the Report required, as permitted by IFRS, the use of significant estimates by Company management, particularly with reference to the fair value valuation of non-current assets (venture capital funds and direct investments).

In accordance with the regulations set by IAS/IFRS and prevailing legislation, the Company has authorized the publication of this Report according to the terms of law.

➤ Consolidation scope

The consolidation scope has changed since December 31, 2006 with the sale to BIM on March 21, 2007, of the 50% shareholding in BIM Alternative Investments SGR SpA. Since March 31, 2006 the following companies have also left the consolidation scope:

- Management & Capitali SpA, the shares in which were distributed as a dividend in kind (June 19, 2006);
- Cdb Web Tech International LP and Cdb Private Equity LP, sold to Pantheon Ventures Ltd (October 31, 2006).

At March 31, 2007, the following DeA Capital Group companies are included in the consolidation scope:

Name	Registered office	Currency	Share capital	% holding	Consolidation method
Cdb Web Tech S.p.A.	Milan, Italy	€	102,158,200	Parent company	Full consolidation(IAS27)
Old Management LTD	London, UK	£	150,000	100%	
ICT Investments S.p.A.	Turin, Italy	€	120,000	100%	Full consolidation(IAS27)

➤ Functional currency and translation of foreign currency balances

In the light of considerations discussed above in the Introduction to this document, the Company decided that from January 2007, with the change of controlling shareholder and in accordance with the strategic development guidelines set out, the primary economic environment of DeA Capital SpA and its subsidiaries is the Euro zone.

In light of this, from January 2007 the Company adopted the Euro as its new reference currency. Therefore, the quarterly balance sheet and income statement at March 31, 2007 have been prepared and presented in Euro, as will subsequent financial statements.

The preparation of the consolidated financial statements in Euro required the conversion into Euro of company balances prepared using other functional/reporting currencies. This involved the following:

- ❖ the translation of all assets and liabilities at the exchange rate prevailing at the end of the period;
- ❖ the translation of all the income statement items at the average exchange rate of each quarter;
- ❖ the creation of a separate item in the consolidated net balance sheet of the differences generated by this translation procedure, called "translation reserves".

The exchange rates used for the conversion/translation of the balances were the following:

Exchange rates at end of year		
Date	\$/€	\$/£
Dec. 31, 2006	1.13196	1.4840
Mar. 31, 2007	1.3372	1.4735
Average rate for the period		
2006 Q1	1.2029	1.4567
2007 Q1	1.3107	1.4912

2. Notes to the Balance Sheet

Non-current assets

Non-current assets at March 31, 2007 were € 29.8 million, compared to € 29.3 million at December 31, 2006, comprising € 2.8 million in direct investments, being minority shareholdings in 3 companies, and investments in 8 venture capital funds totaling € 27.0 million, as well as property, fixtures and equipment and intangible assets totaling approximately € 0.1 million.

The change in these items – compared to December 31, 2006– was primarily due to the payment in the 1st quarter of 2007 of residual commitments (€ 0.9 million), net of distributions received.

The valuation at fair value of direct investments included a reduction in the net shareholders' equity reserve for a total € 0.04 million at March 31, 2007.

The valuation of investments in venture capital funds, made on the basis of their fair value at March 31, 2007, was adjusted based on the new investments made and distributions received in the 1st quarter, which caused a negative change in the fair value reserve of approximately € 0.3 million at March 31, 2007.

Negative changes in the fair value of direct investments and venture capital reflect unfavorable €/US\$ exchange rate movements. These losses were offset in the income statement by gains on hedging contracts covering this risk.

The scale of tax losses generated by the parent company was such that these were not recognized as deferred tax assets, due to the lack of prospect that there will be sufficient taxable profit from future fiscal years against which the deferred tax assets could be recovered.

Current assets

Current assets at March 31, 2007 were approximately € 241.6 million, compared to € 238.8 million at December 31, 2006, and comprised the following:

- ❖ € 100.6 million in respect of cash and cash equivalents (€ 95.9 million at December 31, 2006);
- ❖ € 46.1 million in respect of state bonds and corporate bonds issued by major Italian companies (€ 46.0 million at December 31, 2006);
- ❖ € 5.1 million in respect of hedge funds and other securities (€ 17.7 million at December 31, 2006); the decrease was primarily due to the reclassification of hedge fund shares for which repayment was requested in the 1st quarter of 2007, on the basis of their NAV at March 31, 2007 (this item will be recognized under financial receivables until the various hedge funds are redeemed).
- ❖ € 89.7 million in respect of other receivables, of which € 88.7 million are financial receivables, including the receivable from Pantheon Ventures Ltd. in relation to the sale in 2006 of the English subsidiaries Cdb Web Tech International LP and CDB Private Equity LP (€ 79.2 million at December 31, 2006).

Current liabilities

Debts, which are nearly entirely short-term, were approximately € 1.1 million at March 31, 2007 (€ 3.2 million at December 31, 2006), and were primarily due to suppliers in respect of the provision of services.

Assets and liabilities held for sale

As reported in the "Key Events" section in the Directors' Report, the agreement signed by the Company with BIM during the 4th quarter 2006 regarding the sale to BIM of the 50% shareholding held in BIM Alternative Investments SGR SpA's share capital was finalized on March 21, 2007.

The agreed price of € 3.5 million was fully paid at the closing date, generating a capital gain of about € 1.5 million, recognized in the consolidated income statement for 1st quarter 2007 (classified as "Profit from operations held for sale/sold").

As at March 31, 2007, no operations in the Group's portfolio were classified as held for sale.

Net shareholders' equity

Consolidated Group net shareholders' equity at March 31, 2007 was approximately € 270.3 million, compared to € 266.9 million at December 31, 2006.

This change of about € 3.4 million was mainly due to the profit for the period (+ € 3.7 million); net of the negative movement in the fair value of investments during the 1st quarter of 2007 (- € 0.3 million), reflected in net shareholders' equity.

3. Notes to the Income Statement

In the 1st quarter of 2007, net income on non-current assets, i.e. on direct investments and venture capital funds, was about € 0.3 million, compared to € 4.2 million from the same period in 2006 (which included income relative to the assets sold to Pantheon Ventures Ltd.).

Net income on current assets was € 2.6 million for the 1st quarter of 2007, compared to net income of € 0.9 million in the same period of 2006 (primarily due to the increase in cash and other financial assets resulting from the sale to Pantheon Ventures Ltd discussed above).

Net adjustments to the value of Current Financial Assets were positive by € 0.3 million in the 1st quarter of 2007, compared to € 0.7 million in the same period of 2006.

Net operating costs in the 1st quarter of 2007 were approximately € 1.0 million, an increase compared to the same period for 2006 (€ 0.8 million), primarily due to the disposal of BIM Alternative Investments SGR SpA, finalized in March of the current fiscal year, which reduced the positive management margins recorded previously.

Group net profit for the 1st quarter of 2007 totaled approximately € 3.7 million, compared to a net profit of € 4.8 million for the same period of 2006 (when the consolidation scope included Cdb Web Tech International LP and Cdb Private Equity LP, sold in October 2006, which held the major part of the Group's investment portfolio).

4. Other

The Company systematically hedges against exchange rate risks connected to investments expressed in currencies other than the Euro through currency futures and options. During the 1st quarter of 2007, contracts for these purposes were executed, as in previous periods.

At the presentation date of this Report, the following currency hedging transactions were in place:

- ❖ Notionals for \$US 104 million, expiring in December 2007, to hedge against receivables from Pantheon Ventures Ltd. (the payment of which is expected on December 14, 2007);
- ❖ Notionals for \$US 36.7 million, of which € 14.4 million expires in April 2007, € 2.6 million in May 2007 and € 19.7 million in June 2007, to hedge against an asset portfolio held in \$US;
- ❖ Notionals for GBP £10.1 million, expiring in June 2007, to hedge against an asset held in the Group portfolio denominated in that currency.

The Group had a total workforce of 4 at March 31, 2007: 2 managers and 2 employees, unchanged from December 31, 2006.

Other information

➤ Treasury shares

During the 1st quarter of 2007 no treasury shares were bought or sold, and there were no transactions made in treasury shares after the closing of the financial statements, as detailed in the table below.

At March 31, 2007, the Company had 1,000 treasury shares in its portfolio with a book value of € 2.524 per share (recognized as a reduction of net shareholders' equity, in accordance with IAS/IFRS).

	Shares	% total shares	Price in €	Counter value (€)
Treasury shares in portfolio at Dec. 31, 2006	1,000	0.001%	2.524	2,524
Purchase / Sale in 1st quarter of 2007	-		-	-
Treasury shares in portfolio at March 31, 2007	1,000	0.001%	2.524	2,524
Purchase / Sale post- March 31, 2007	-		-	-

In relation to plans for the purchase and sale of treasury shares, please note the following:

The Ordinary General Meeting of March 31, 2006 decided to cancel the non-exercised portion of the authorization to purchase treasury shares granted by the Ordinary General Meeting of April 27, 2005, and to authorize, pursuant to Art. 2357 of the Italian Civil Code, for eighteen months from the date of the General Meeting, the purchase of a maximum 9,000,000 shares, not exceeding the maximum number of shares which can be bought from the related reserve entitled "Reserve for treasury shares", at a minimum price per share of € 1 (one Euro) and a maximum of € 5.70 (five Euro and seventy cents).

At the same General Meeting, it was also decided:

(i) to authorize, pursuant to Article 2357-3 of the Italian Civil Code, the Board of Directors, represented by its Chairman and the Deputy CEO, acting individually, to sell treasury shares acquired for this purpose, even before the authorized purchases are carried out – in one or several batches, using authorized intermediaries. They may be sold at a price that does not fall below the difference between the last purchase price and the average price paid.

(ii) to authorize the Board of Directors, pursuant to Article 2357-3 of the Italian Civil Code, to sell purchased treasury shares, in one or several batches, in share swaps, or for the sale to the general public and/or other shareholders, including through the issue of subscription warrants and depositary receipts giving right to shares (American Depositary Receipt and similar securities), and the allocation to employees and Directors of the Company, its subsidiaries and parent company, as part of stock option plans approved by the same Board of Directors, at a price not lower than the nominal value.

➤ Stock option plans

In relation to stock option plans, the Extraordinary General Meeting of May 7, 2001 delegated to the Board of Directors the right to increase the share capital in order to serve the 2001 stock option plan; in the subsequent meeting of April 30, 2003, the AGM reversed the decision of May 7, 2001 and renewed the delegation to the Board of Directors to increase the share capital to serve the 2003, 2004 and 2005 stock option plans.

Of note, the Extraordinary General Meeting of April 30, 2003 gave the Board of Directors, for five years from the date of that meeting:

- The power to carry out a divisible increase in share capital, pursuant to Art. 2439 of the Italian Civil Code, by a maximum of € 1,500,000, with € 940,000 currently remaining, through the issue of a maximum of 1,500,000 ordinary shares in the Company (940,000 currently remain), with a nominal value of € 1.00 each, with the exclusion of pre-emption rights under Art. 2441, section 8, of the Italian Civil Code, to be reserved for the realization of one or more stock option plans, at conditions to be defined by the Board of Directors.
- The power to carry out a divisible increase in share capital, pursuant to Art. 2439 of the Italian Civil Code, by a maximum of € 1,000,000, with € 110,000 currently remaining, through the issue of a maximum of 1,000,000 ordinary shares in the Company (110,000 currently remain), with a nominal value of € 1.00 each, with the exclusion of pre-emption rights under Art. 2441, section 5, of the Italian Civil Code, to be reserved for the realization of one or more stock option plans, at conditions to be defined by the Board of Directors.
- The power to carry out a divisible increase in share capital, pursuant to Art. 2439 of the Italian Civil Code, by a maximum of € 630,000, with € 390,000 currently remaining, through the issue of a maximum of 630,000 ordinary shares in the Company (390,000 currently remain), with a nominal value of € 2.48 each (of which € 1.48 to the share premium), with the exclusion of pre-emption rights under Art. 2441, section 5, of the Italian Civil Code, to be reserved for subscription by each of the Directors who are or will be the holders of 30,000 shares.

As part of these plans, the Board of Directors of the Company has decided on four share capital increases, with the exclusion of pre-emption rights. Of note,

- (i) on May 7, 2001 the Board of Directors authorized an increase in share capital, with the exclusion of pre-emption rights, of € 2,391,333 to be reserved for subscription by directors, employees, managers and associates of the Company and its subsidiary companies.
- (ii) on April 30, 2003 the Board of Directors authorized an increase in share capital, with the exclusion of pre-emption rights, of € 590,000 to be reserved for subscription by directors, employees, managers and associates of the Company and its subsidiary companies.
- (iii) on August 30, 2004 the Board of Directors authorized an increase in share capital, with the exclusion of pre-emption rights, of € 720,000 to be reserved for subscription by directors, employees, managers and associates of the Company and its subsidiary companies.
- (iv) on April 27, 2005 the Board of Directors authorized an increase in share capital, with the exclusion of pre-emption rights, of € 380,000 to be reserved for subscription by directors, employees, managers and associates of the Company and its subsidiary companies.

At December 31, 2006 therefore, the total number of exercisable stock options is 376,050, of which 327,300 to fulfill authorized share capital increases (further to 48,750 to which the Company committed, to purchase treasury shares on the market).

Net of the total number of unexercised and expired stock options during the 1st quarter of 2007, 373,300 stock options were outstanding, including 324,550 relating to the decisions to increase the share capital (further to 48,750 to which the Company committed, to purchase treasury shares on the market).

Note that as a consequence of the sale to Pantheon Ventures Ltd. of the two English subsidiaries, Cdb Web Tech International LP and Cdb Private Equity LP, finalized in 2006, through which the Group held most of its financial investment activities, all current stock option plans have become exercisable. The economic effect of the early exercise of these stock option plans was taken to the Income Statement for 2006.

➤ **Authorization to increase the share capital / Issue of bonds**

The Extraordinary General Meeting of April 30, 2004 granted the following rights to the Board of Directors, for a period of five years from the date of the General Meeting:

- The power to increase the share capital, pursuant to Art. 2443 of the Italian Civil Code, on one or more occasions to a maximum of € 500,000,000, for free and/or by payment, with or without premium, allowing the Directors to set the issue price periodically, and to govern the use and eventual allocation of the share capital increase to facilitate the conversion of debt issued, including those issued by third parties, in Italy and abroad, and for warrants. Powers were also granted to calculate the reserves and funds available to be ascribed to capital and their total, and to define the methods, terms and conditions of the debt issue and related regulations.
- The power, pursuant to Art. 2420 subsection 3 of the Italian civil code, to issue bonds in one or more occasions, convertible or with a warrant, even in a foreign currency, if allowed by law, with a related increase in share capital, up to a total which, in view of the number of shares in circulation at the date of the issue decision, does not exceed the limit set by the regulations current at that date. Powers were also granted to define the methods, terms and conditions of the debt issue and related regulations.

➤ **Transactions with Parent Company, Group Companies and Related Parties**

During quarter 1 2007, the Company signed a "Service provision contract" with its controlling shareholder, De Agostini SpA, for the provision of operating services in administrative, finance, audit, legal, corporate and tax areas by the Parent Company.

The contract, valid until December 31, 2007, renewable on an annual basis, was made in keeping with normal market conditions, allows the Company to maintain an effective organizational structure, consistent with its development strategy, while obtaining appropriate support for its operational management.

Furthermore, the Company has completed transactions with its subsidiaries, relating in to the provision of management support services. These transactions were carried out under normal market conditions.

During the 1st quarter of 2007, the Company did not hold, purchase or sell any shares in related companies.

➤ **Significant non-recurring events and transactions**

As reported above, on March 21, 2007 the agreement for the sale to BIM of the 50% shareholding held by the Company in BIM Alternative Investments SGR SpA, concluded in 2006, was finalized.

The price, € 3.5 million, was collected on March 31, 2007. It generated a capital gain of about € 1.5 million, recognized in the income statement at March 31, 2007 (classified as "Profit from operations held for sale/sold").

➤ **Unusual or exceptional transactions**

No unusual or exceptional transactions were carried out during the 1st quarter of 2007.

➤ Shareholdings held by Directors, Board of Auditors and Managing Directors

On the basis of disclosures carried out pursuant to current legislation, at the date of this Directors' Report, the members of the current Board of Directors and Board of Auditors do not hold any shares in DeA Capital SpA or its subsidiaries. Furthermore, no shares were held by them at March 31, 2007. No shares are listed in relation to General Managers as at today's date this position is not filled.

Of note, Directors Renzo Pellicoli, Marco Drago, Roberto Drago and Lino Benassi hold shares in B&D Holding di Marco Drago e C. SAPA, a subsidiary of De Agostini SpA (a Company subsidiary) and are party to a shareholders' agreement relating to these shares.

At the date of preparation of this Directors' Report, no stock option plans are in place for members of the Board of Directors or the Board of Auditors in relation to Company shares.

➤ Corporate Governance

In relation to the Corporate Governance structure adopted by DeA Capital SpA in keeping with the provisions of the Corporate Governance Code developed by the Committee for Corporate Governance for Listed Companies, further details can be found in the "Report of the Board of Directors on the adherence to the Code of Corporate Governance for Listed Companies for 2006".

➤ Significant events and outlook subsequent to March 31, 2007

❖ Significant post-balance sheet events

- [Agreement for the acquisition of an investment of 43.01% of Santé S.a.r.l., controlling shareholder of Générale de Santé S.A.](#)

On April 16, 2007, DeA Capital SpA announced the signing of a contract with Santé Holdings Srl ("Santé Holdings"), Santé S.a.r.l. ("Santé"), Santé Développement Europe S.A.S. ("SDE") and Mediobanca - Banca di Credito Finanziario SpA ("Mediobanca"), for the acquisition of 43.01% of the share capital of Santé, controlling shareholder of Générale de Santé S.A. ("GDS"), the leading private sector health care group in France, listed on the Eurolist segment of the Euronext Paris S.A. stock exchange.

Santé, a fully-owned subsidiary of Santé Holdings, currently holds directly 13,416,373 shares of GDS, corresponding to 24.51% of the share capital of the latter, as well as 100% of the share capital of SDE, which itself holds 18,975,798 shares or 34.67% of GDS; therefore, Santé holds 59.18% of the share capital of GDS, directly and indirectly.

Of note, SDE acquired the shareholding in GDS from several financial investors on March 8, 2007, at a price of € 32.50 per share, for a total consideration of € 617 million.

Following this acquisition, SDE submitted a "simplified" public purchase offering to the French financial markets authority, the Autorité des Marchés Financiers ("AMF") on March 15, 2007, in accordance with current French legislation, publicized only in France, in relation to the GDS shares not held by Santé and SDE, at a price per share of € 32.50.

Following the signing of the contract, DeA Capital SpA, acting in concert with Mediobanca and Santé Holdings, committed to subscribe to an SDE share capital increase for a number of SDE shares at a price to be established on the basis of the results of the "simplified" public purchase offering, at a subscription price valuing GDS at € 32.50 per share.

The total maximum investment by DeA Capital in SDE is about € 404 million. The subscription to the SDE share capital increase will take place on the eighth day following the date of the decision granting the authorization from the relevant authorities, or, if later, at the date of payment of the offering.

Following the subscription, DeA Capital SpA, acting in concert with Mediobanca and Santé Holdings, will transfer to Santé the SDE shares resulting from the SDE share capital increase; and as a result the share capital of Santé will be held by Santé Holdings (47%), DeA Capital SpA (43.01%) and Mediobanca (9.99%).

In the light of a possible increase of the number of shares, DeA Capital SpA, Mediobanca and Santé Holdings have also provided for the possibility to transfer a number of shares in Santé to one or more investors so that following potential transfers, Santé Holdings, DeA Capital SpA and Mediobanca shareholdings in Santé could be reduced to no less than 40%, 35% and 8%, respectively. These sales could be carried out on one or more occasions, within 12 months as provided by the contract.

The Contract also regulates the governance of Santé, SDE and GDS.

Santé shares held by the parties will be subject to a shareholders' agreement preventing their sale until December 31, 2011, excluding intra-group transfers.

From January 1, 2012, Santé and DeA Capital SpA will be able to liquidate all or part of their investment by requesting, in a way as yet undecided, that Santé, SDE or GDS to be listed on the stock exchange (in the event the latter is no longer listed on a regulated market) or through the placement of GDS shares (in the event it is still listed).

From January 1, 2014, each party will be able to transfer its shareholding in Santé in accordance with a pre-emption and tag along right.

The Contract will remain in force until December 31, 2025 or until the shareholding of Santé Holdings or DeA Capital SpA in Santé falls below 10%, if earlier.

The transaction comes within the framework of DeA Capital SpA's portfolio strategy, announced to the market upon the occasion of the acquisition of the controlling shareholding of De Agostini SpA, bringing the Company focus to direct or indirect investments with a private equity outlook.

GDS is a very attractive investment target, both in terms of general healthcare sector prospects and the specific positioning of GDS as a leader in France in the private hospital sector and one of the major European operators.

- [DeA Capital SpA share capital increase](#)

The Board of Directors of DeA Capital SpA has decided, within the framework of the authority granted by the Extraordinary General Meeting of April 30, 2004, to proceed with a share capital increase to a maximum of € 260,869,565, with the issue of a maximum of 260,869,565 shares with a par value of € 1 each, at a minimum subscription price of a € 2.30 and a maximum of € 2.90 per share. The total amount raised by this DeA Capital SpA share capital increase will be a maximum of € 600 million.

The subscription period for this share capital increase expires on December 31, 2007.

De Agostini SpA, as the controlling shareholder with about 51.5% ownership, confirmed its

intention to fully exercise its option rights. Mediobanca will exercise the remaining subscription rights issued in relation to this share capital increase.

The capital increase, as discussed above, was authorized primarily in order to provide DeA Capital SpA with the necessary financial resources to acquire a shareholding in Santé (for a maximum total consideration of about € 404 million).

The financial resources of DeA Capital SpA remaining after the share capital increase will be allocated to direct and indirect investment initiatives in the private equity sector (funds of funds and joint stock company funds) carried out by DeA Capital SpA in accordance with its portfolio strategy.

❖ Outlook

For 2007, business development will follow the strategic development guidelines of the new controlling shareholder of the Company, De Agostini SpA, in keeping with the DeA Capital SpA company objectives.

In that respect, the Company's operations should no longer focus solely on venture capital funds and hedge fund management, but rather on investments with a private equity outlook, either direct (which would include the recently announced investment in Générale de Santé S.A.), or indirect (private equity funds of funds / co-investment funds).