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

Quarterly reports as at 31-03-2006

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CORPORATE BODIES

BOARD OF DIRECTORS [1]

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI
Director

MICHAEL JOHN MARGETTS
Director

FRANCESCO ROSSI
Independent Director

LAMBERTO LAMBERTINI
Independent Director

STATUTORY AUDITORS [1]

GIANNICOLA CUSUMANO
Chairman

GIAN PAOLO RANOCCHI
Statutory Auditor

RENATO TENGATTINI
Statutory Auditor

CESARE BRENA
Substitute Statutory Auditor

LUCA SIGNORINI
Substitute Statutory Auditor

AUDITORS

BDO SALA SCELSI FARINA
Società di Revisione per Azioni

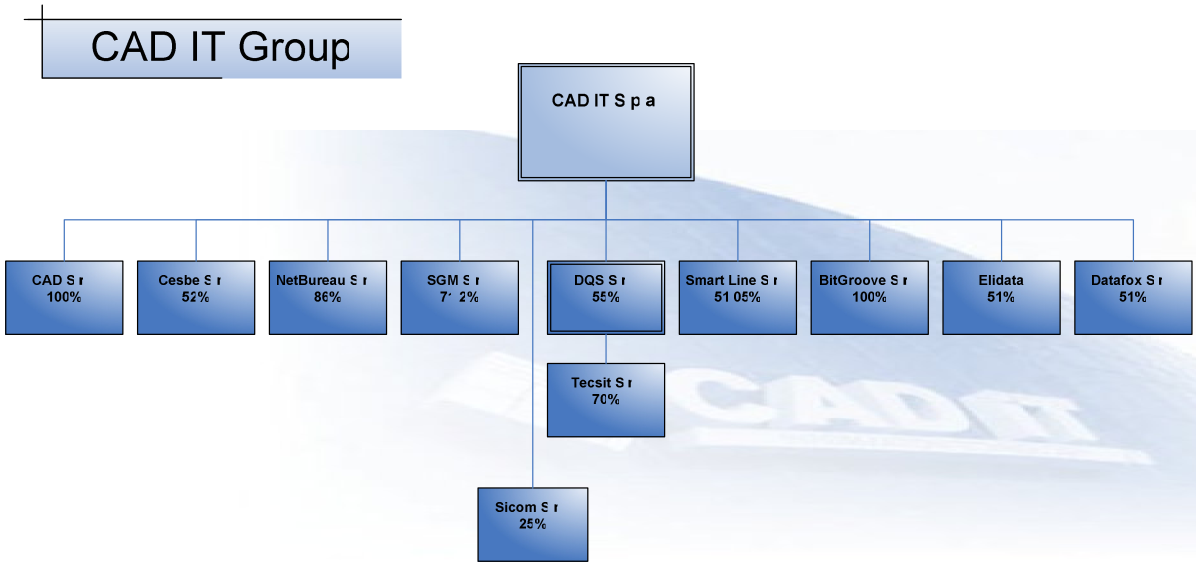
(1) *Appointed on 28 April 2006; office expires with the shareholders' meeting for the approval of the 2008 financial statements.*

The Chairman and Managing Director of the parent company CAD IT S.p.A., Giuseppe Dal Cortivo, is authorised to perform all ordinary and extraordinary administrative duties, excluding only those which can not be delegated by law and those assigned to the Board of Directors by article 14 of the company by-laws. The principal duties assigned to the Board of Directors by the company by-laws are: the examination and approval of the strategic, industrial and financial plans of the company; the appointment of the general managers; the purchase, sale, exchange or transfer of fixed assets and real estate rights; the granting of collateral on fixed assets; the set up of new subsidiaries and the take-over, acquisition or sale of corporate investments; the acquisition, sale, exchange or transfer of the whole company or of business lines. Furthermore, the Board of Directors is authorised to take on any kind of obligation amounting to more than € 4 million, and to stand surety by way of collateral or personal or other guarantees of any amount, if issued on behalf of third parties other than the parent company or its subsidiaries. The Vice Chairmen, Giampietro Magnani and Luigi Zanella, in accordance with art. 15 of the company statute, will substitute for the Chairman whenever the latter is absent or unable to fulfil his duties.

The managing directors, Giampietro Magnani and Luigi Zanella, will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness, with the power to act alone with their single signature to the maximum amount of Euro 1,000,000 (one million) for each individual transaction and with the joint signature of another managing director for amounts exceeding Euro 1,000,000 (one million) up to a maximum of Euro 3,000,000 (three million) for each individual transaction. Moreover, each of them will also be authorised to acquire and/or sell registered moveable assets with their single signature.

The Managing Director Paolo Dal Cortivo is authorised to represent the company before the institutional investors and the shareholders, and before Borsa Italiana S.p.A., the Italian Stock Exchange company, and Consob.

The Managing Directors are authorised to represent the company to the extent, and within the limits, of the proxies received.



CAD IT Group as at 31/03/2006.

SUMMARY SCHEDULES

Consolidated profit and loss account

Consolidated profit and loss account	*Period 2006 01/01 - 31/03*		*Period 2005 01/01 - 31/03*		*Variations*
Turnover - goods and services	11,503,194	91.6%	11,609,148	91.7%	(105,954)
Variations in stock of products being elaborated	5,664	0.0%			5,664
Variations in contract work in progress					
Increase in internal work capitalised under fixed assets	1,017,506	8.1%	1,053,981	8.3%	(36,475)
Other revenues and income	25,451	0.2%	798	0.0%	24,653
Production revenues	*12,551,815*	*100.0%*	*12,663,927*	*100.0%*	(112,112)
Raw materials, consumables and supplies	(272,703)	(2.2%)	(227,089)	(1.8%)	(45,614)
Services	(2,106,281)	(16.8%)	(2,034,868)	(16.1%)	(71,413)
Other operating costs	(190,116)	(1.5%)	(225,521)	(1.8%)	35,405
Added value	*9,982,715*	*79.5%*	*10,176,449*	*80.4%*	(193,734)
Personnel expenses	(7,405,427)	(59.0%)	(7,568,959)	(59.8%)	163,532
Other administrative expenses	(597,825)	(4.8%)	(588,790)	(4.6%)	(9,035)
Gross operating result (EBITDA)	*1,979,463*	*15.8%*	*2,018,700*	*15.9%*	(39,237)
Allocation to Credit Depreciation Fund	(1,283)	(0.0%)	(5,651)	(0.0%)	4,368
Amortizations:					
- Intangible fixed asset amortization	(186,027)	(1.5%)	(108,813)	(0.9%)	(77,214)
- Tangible fixed asset amortization	(204,029)	(1.6%)	(240,114)	(1.9%)	36,085
Other allocations					
Operational result (EBIT)	*1,588,124*	*12.7%*	*1,664,122*	*13.1%*	(75,998)
Net financial receipts (charges)	27,714	0.2%	56,871	0.4%	(29,157)
Profit from ordinary activities	*1,615,838*	*12.9%*	*1,720,993*	*13.6%*	(105,155)
Revaluations and depreciations	(65,744)	(0.5%)	(207,760)	(1.6%)	142,016
Pre-tax and pre-third party share result	***1,550,094***	**12.3%**	***1,513,233***	**11.9%**	**36,861**
Third party pre- tax (Profit)/loss	(184,344)	(1.5%)	(27,646)	(0.2%)	(156,698)
Group pre-tax profit/loss	*1,365,750*	*10.9%*	*1,485,587*	*11.7%*	*(119,837)*

Net consolidated financial position

Net financial position	*at 31.03.2006*	*at 31.03.2005*	*at 31.12.2005*
Cash on hand and other equivalent assets	13,733,228	18,607,723	9,789,276
Payables due to banks including current portion of medium to long-term loans	(1,236,955)	(458,168)	(1,067,883)
Net short-term financial position/(indebtedness)	*12,496,273*	*18,149,555*	*8,721,393*
Long-term loans net of short-term portion	(373,956)	(315,810)	(374,004)
Net long-term financial position/(indebtedness)	(373,956)	(315,810)	(374,004)
Net financial position / (indebtedness)	*12,122,317*	*17,833,745*	*8,347,389*

Investments in intangible fixed assets at 31/03/2006

Intangible fixed assets	*Industrial patents and similar rights*	*Licences, trademarks and similar rights*	*Assets under development and payments on account*	*Goodwill*	*Other*	*Total*
Purchase or production cost	3,052,476	3,004,037	7,890,551	12,440,551	23,487	26,411,102
Previous years revaluations						
Previous years amortisation and write-downs	(238,150)	(2,861,422)		(4,131,837)	(23,487)	(7,254,897)
Adjustments to previous years write-downs						
Opening value	*2,814,325*	*142,615*	*7,890,551*	*8,308,714*	*0*	*19,156,205*
Variations in consolidation area						
Purchases		20,018	1,017,506			1,037,524
Transfers	214,370		(214,370)			
Reduction in accumulated amortisation due to disposals						
Disposals						
Revaluations for the period						
Amortisation and write-downs for the period	(160,834)	(25,192)				(186,027)
Adjustments to write-downs for the period						
Total intangible fixed assets	*2,867,861*	*137,441*	*8,693,687*	*8,308,714*	*0*	*20,007,704*

Investments in property, plant and equipment at 31/03/2006

Property, plant and equipment	Land and buildings	Plant and equipment	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction	Total
Purchase or production cost	9,139,616	4,021,923	21,729	4,992,791		18,176,058
Revaluations first time adoption	8,438,978					8,438,978
Previous years depreciation and write-downs	(604,693)	(1,251,937)	(8,231)	(3,805,077)		(5,669,938)
Adjustments to previous years write-downs				(1,711)		(1,711)
Opening value	*16,973,902*	*2,769,986*	*13,497*	*1,186,003*		*20,943,388*
Variations in consolidation area						
Purchases		1,658	201	246,104		247,963
Transfers						
Reduction in accumulated depreciation due to disposals				34,667		34,667
Disposals				(48,126)		(48,126)
Revaluations for the period						
Depreciation and write-downs for the period	(30,653)	(68,548)	(639)	(104,189)		(204,029)
Adjustments to write-downs for the period						
Total tangible fixed assets	*16,943,249*	*2,703,097*	*13,059*	*1,314,458*		*20,973,863*

Investments in financial fixed assets at 31/03/2006

Financial fixed assets	Holdings. And Other financial assets available for sale	Non-current receivebles	Consolidation adjustments	Total
Purchase or production cost	20,802,958	69,720	(14,318,613)	6,554,065
Previous years revaluations	51,164		592,391	643,555
Previous years amortisation and write-downs	(3,272,819)	(10,307)	(615,286)	(3,898,412)
Adjustments to previous years write-downs				
Opening value	*17,581,303*	*59,413*	*(14,341,508)*	*3,299,208*
Purchases		9,155		9,155
Transfers				
Reimbursements		(9,311)		(9,311)
Disposals		(2,121)		(2,121)
Revaluations for the year	14,909		39,295	54,204
Write-downs for the year	(105,039)			(105,039)
Adjustments to write-downs for the year				
Total financial fixed assets	*17,491,173*	*57,136*	*(14,302,213)*	*3,246,097*

EXPLANATORY NOTES TO THE FINANCIAL SCHEDULES

1. Foreword

This quarterly report has been prepared in accordance with the international accounting standards (IAS/IFRS) and drafted as indicated in Attachment 3D of Consob regulation no. 11971 of 14th May 1999, modified with Consob decree no. 14990 of 14th April 2005. This document shows the quarterly figures required on a consolidated basis since CAD IT S.p.A is obliged to draft a consolidated balance.
The document comprises accounting schedules, comments on said schedules and observations made by the management about the company state of affairs and the more significant events of the period.
The following consolidated figures of the CAD IT Group introduce this information on the quarterly figures:
- reclassified profit and loss account;
- net financial position.
Moreover, the statements relating to investments in frozen intangible assets, property, plant and equipment and financial intangible assets are also shown.
Monetary items in the accounting schedules are stated in Euro, whereas those in the comments thereto are in thousands of Euro, unless otherwise stated.
The economic account figures and gross investments in frozen assets are shown with regard to the quarter in question and the intervening period between the beginning of the financial period and the closing date of this quarter and have been compared to the figures of the same period in the previous year.
The figures representing the net financial position are compared with the figures of the previous quarter and the previous year end.
The figures relating to the matching period were drafted in accordance with the same IAS/IFRS international accounting standards used for drafting the accounting statements of the current period.

1.1 Information on CAD IT S.p.A.

CAD IT was set up as a joint stock company under Italian law.
The registered office and the administrative and operating offices are in Via Torricelli no. 44/a, Verona, Italy.
The company is registered in the Verona Company Register under no. 01992770238,
At 31 March 2006, share capital amounted to € 4,669,600, fully subscribed and paid-in, and comprised 8,980,000 ordinary shares, each with equal rights.
These shares are nominal and cannot be divided. Each of them entitles the holder to one vote in the ordinary and extraordinary meetings of the company and to the execution of all other corporate and property rights in accordance with the law and the company's by-laws. They can be freely transferred with no limitation.
CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil Code.

1.2 Activities of the Group

CAD IT is the leader of a group that is one of the most dynamic organisations in the Italian information technology sector.
Over the last 30 years, the Group has been dealing with the banking and insurance market and the world of business and public administration by offering software solutions, maintenance, personalisation, integration and other correlated services from application management to outsourcing, consultancy to training.
The CAD IT Group operates in Italy with its own branches and Group companies. Its Head Office is in Verona but there are other units in Milan, Rome, Florence, Bologna, Mantua and Trento.
CAD IT is leader in the Italian software market for the banking sector with its main product, Financial Area, a programme which completely manages all functions connected to negotiation, settlement and administration of security transactions, debentures, derivates (in any currency) and adopted by 60% of Italian banking outlets.
In addition, the Group boasts long-standing activity in the industrial sector and the capacity to offer solutions for e-business, credit and industrial companies in constant evolution..
Solutions for Public Administration make up the newest sector but they capitalize the Group's traditional abilities like its 20-year experience in developing computer systems for public body computerisation.

2. Accounting standards and consolidation criteria

This consolidated balance is drafted using the criterion of evaluating the cost with the exception of those financial instruments available for sale which are evaluated at fair value.
This consolidated balance has been drafted using the evaluation criteria of historic cost with the exception of financial instruments available for sale which have been evaluated at fair value.

Use of estimates

In accordance with the IFRS, when drafting the balance the company management formulates evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found in the balance. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case concerned and not easily deducible from other sources. Since they are estimates, the results obtained are not necessarily the same as the results portrayed.
The estimates and hypotheses are reviewed on a regular basis. Any variations deriving from an accounting estimate review are shown in the period in which the review was made if such review only affects that period. If the review affects the current and future periods, the variation is recorded in the period in which the review is made and in the relative subsequent periods.

Subsidiaries companies

The consolidation area includes the Mother Company and the companies it directly or indirectly controls, that is, where it has the power to determine financial and managerial policies of a business in order to reap benefits from said company's activities.
Controlled companies are consolidated from the date in which control was effectively transferred to the Group and are no longer consolidated as from the date that control becomes external to the Group.
The purchase of controlled companies has been accounted for in accordance with the purchase method set by IFRS 3.
These companies are consolidated using the integral consolidation method. In order to prepare the consolidated data, the patrimonial, economic and financial situations of the controlled and participating companies have been used as prepared by the Group's individual companies at the reference dates, opportunely reclassified and amended to reflect the application of the homogeneous accounting standards.
In drafting the consolidated balance all the balances and significant transactions between the Group's companies are eliminated, as are all unrealised infra-group profit and loss transactions.
Inactive controlled companies are consolidated using the net patrimony method. Their effect on the total activity, on liabilities, on the financial position and result of the Group is insignificant.

Associated companies

The share in associated companies, that is those companies in which the Group has significant influence, is evaluated using the net patrimony method, as defined in IAS 28 – *Investments in Associates*. The profits or losses relevant to the Group are included in the consolidated balance from the date in which this considerable influence began up to the moment it ceases.

Property, plant and equipment

Tangible fixed assets are shown at purchase cost, including any costs that may be directly ascribable and necessary for activating the asset and putting it to the use for which it was purchased. . In reference to land and buildings listed in First Time Adoption, the fair value was used instead of the cost.
Tangible fixed assets are shown at net value of the relative accumulated depreciations and losses due to the reduction in value determined in accordance with the modalities described below.
Tangible fixed assets are amortised in constant rates during the course of their expected useful life cycle, i.e. the estimated period of time in which the asset will be put to company use. Whenever significant parts of tangible fixed assets have different estimated useful life cycles, said components are amortised separately.
The value to be depreciated is given by the registered value of the asset net of any loss in value and reduced by its assumed value at the end of its useful life cycle, if significant and reasonably calculable.
The useful life cycle and the cash value are reassessed annually and any changes, where necessary, are brought in with a perspective application.
The main economic-technical tax rates used are the following:

- industrial buildings: 3%
- electrical equipment: from 5 to 10%
- air conditioning equipment: from 6 to 15%
- telephone systems: 20%
- alarm systems: from 10 to 30%

- furniture and fittings: 12%
- electrical machinery: 15%
- electronic machines and computers: 20%
- vehicles: 25%

Land, both without buildings or next to civil and industrial constructions, is accounted for separately and not amortised as it is considered an element with an unlimited useful life cycle.
In order to calculate any losses due to depreciation, the accounting value of intangible fixed assets is subject to verification.
At the time of elimination or when no future economic benefit can be expected from the use of an asset, it is eliminated from the balance and the eventual loss or profit (calculated as the difference between the assignment value and the taxation value) is shown in the economic account of the year in which the asset is eliminated.

Financial leasing

Assets owned through financial leasing contracts, through which all the risks and benefits tied to the property are transferred to the Group, are registered among the Group assets at their fair value or, if this value is lower, at the present value of the minimum payments due for the leasing and depreciated by applying coherent criteria to the other assets. The corresponding liability towards the lessor is registered in the balance among the financial debts.

Intangible fixed assets

Intangible fixed assets are shown as such when it is likely that they will bring in future economic benefits for the company and when the asset cost can be feasibly determined.
Intangible fixed assets, having a defined useful life cycle, are subsequently registered net of the relative accumulated amortizations and any losses due to a durable reduction in value, determined in the same way as previously described for tangible fixed assets.
The useful life cycle is reassessed annually and any changes, where necessary, are brought in with a perspective application.
Profits or losses deriving from the transfer of an intangible fixed asset are determined as the difference between the elimination value and taxation value of said asset and are reported on the economic account at the time of elimination.
Project development costs for the production of instrumental software, or those to be terminated, are registered on the credit side when they satisfy the following conditions: the costs can be feasibly determined, the product is technically feasible, the expected use and/or sale of the product indicate that the sustained costs will generate future economic benefits. In respect of the standard that correlates costs and returns, such costs are amortized as from the date shown for the sales of the products in relation to the project concerned and according to the life cycle calculated for the products themselves, estimated over about five years, which is taken as not less than the period of effective use. The costs of intangible fixed assets generated internally include only those expenses that can be directly attributed to the development of said product. All other development costs that cannot be capitalised, when sustained, are reported on the economic account.

Goodwill

Goodwill resulting from the purchase of controlled and incorporate companies is initially registered at cost and is the overbalance of the purchase cost in respect of the purchaser's share of the *fair value* of the assets and liabilities and the potential liabilities at the date of purchase.
After the initial registration, goodwill is no longer amortised and is decremented of any losses in accumulated value, calculated according to the *IAS 36 Asset value reduction.* Starting-up regarding shares in incorporate companies is included in the taxation value of said companies.
Goodwill is subject to an annual analysis of retrievableness or at shorter intervals if something happens or changes in circumstances arise, which could cause losses in value.
Goodwill deriving from purchases made prior to 1st January 2004 is registered at the recorded value ascribed to it in the last balance drafted on the basis of the previous accounting standards (31st December 2003). In fact, during the preparation of the opening balance in accordance with the international accounting standards, none of the purchase transactions made prior to 1st January 2004 have been re-considered.

Impairment loss

The Group annually verifies the accountable value of intangible and tangible assets or more often whenever there is an indication that assets may have suffered a value loss.
If the charged value exceeds the recoverable value, the assets are devalued to reflect their recoverable value, represented by the greatest figure between the net price and use value. In defining the use value, expected future financial flows are discounted back using a pre-tax discount rate that reflects the current market estimations in reference to the cost of money at the time and the specific risks of the asset in question. For an asset that does

not generate widely independent financial flows, the return value is determined in relation to the unit generating the financial flows of which the asset is a part. The value losses are accounted for in the economic account among depreciation and devaluation costs. When subsequently an asset value loss, different from the beginning, is less or decreases, the accounting value is increased to a new estimate of the recoverable value within the limit of the previous value loss. The recovery of a value loss is registered to the economic account.

Assets available for sale

Share in non-consolidated companies are classified as assets financially available for sale and are valued at *fair value.* For any shares quoted as *fair value*, this value has been taken as the market value. When the fair value cannot be feasibly determined, the shares are valued at rectified cost due to durable losses in value, the effect of which is included in the economic account.
Any profits or losses found as a result of the effect of evaluating the fair value on these assets at every balance date are shown at net patrimony unless these concern durable losses in value.
As previously stated, the Group opted for the faculty of postponing the IAS 32 and 39 application to 01/01/2005.

Other non-current credits

These are registered at their nominal value, representative of their fair value.

Stock

Leftover stock is valued as the lesser value between purchase cost and the net value of the assumed income. The cost is determined in accordance with the average calculated cost method.

On-going orders

On-going construction contracts are valued with reasonable certainty on the basis of the matured contractual fees according to the criterion of percentage completion (so-called *cost to cost*), so as to attribute the profits and the economic result of the order to each single financial period concerned in proportion to the progress of the work.

Commercial credits and other credits

Commercial credits, whose expiry limits are within normal commercial terms, are not updated and are registered at their nominal value net of any loss of value. Moreover, they are adjusted to their assumed cash value by means of the registration of an appropriate amendment fund.

Liquid asset availability and equivalent means

The availability of liquid assets and equivalent means is registered at nominal value and has the requirements to be immediately available or available at very short notice, without obstacles and with no significant expense for collection.

Non current assets held for sale

The voice includes non-cash assets, the value of which will mostly be recovered by their sale rather than through their continuous use. These assets are valued as the lesser value between the net accounting value and the cash value net of sales costs.

Employee leaving entitlement

The present value of debts related to employees for benefits allocated in connection with or following the termination of working relationships through defined benefit programmes is calculated on the basis of the method of projecting the credit in accordance with the indications in IAS 19.
Therefore, the amount reflects eventual future wage increases and the correlated statistic dynamics.
The liability evaluation is calculated by private actuaries.
The profits and losses deriving form these evaluations are ascribed to the Economic Account.

Risk and obligation funds

In accordance with the IAS 37, the allocations are shown when there is an ongoing obligation (legal or implicit) that stems from a past event, whenever an outlay may be necessary to satisfy the obligation and a feasible estimation may be made on the obligation amount.
If the effect of updating the assumed cash value is significant, the allocations are calculated by updating the expected future financial flows at a pre-tax discount rate that reflects the current market evaluation of the cash value in relation to time. When updating has been done, the increase in the allocation caused by the passing of time is shown as a financial obligation

Commercial debts and other current liabilities

The commercial debts, whose deadlines are within normal commercial terms, are not updated and are registered at cost (identified by their nominal value).
Financial liabilities are initially shown at cost, which corresponds to the fair value of the liability, net of transition costs, which are directly attributable to the issue of the liability itself.
After the initial determination, the financial liabilities are assessed with the criterion of amortized cost using the original effective tax rate method.

Revenues and costs

The revenues and costs are determined in accordance with the qualifying economic principle to the amount to which the fair value can be feasibly determined.
Depending on the type of operation, the revenues are determined on the basis of the specific criteria reported below:

- the revenues for services are determined with reference to the point at which they stand on the basis of the same criteria used for determining the position of ongoing orders. If it is not possible to feasibly determine the revenue values, they are then calculated until they concur with the amount of expenses sustained and which are deemed recoverable.
- the profits from the sale of goods are shown when significant risks and benefits of the ownership of the goods are transferred to the purchaser, the sale price is agreed or can be determined and payment is collected.

As for sales concerning assistance and/or maintenance services carried out with the annual subscription formula, the accrual is calculated in proportion with time.
The costs are ascribed in the balance according to the same criteria as those for revenue acknowledgment.

3. Consolidation area

The fully consolidated companies included in the financial schedules of CAD IT Group at 31 march are the following:

	Company name	***Registered office***		***Share / Quota capital***	***Percentage of investment***	***Percentage of investment of the Group***
	CAD IT S.p.A.	Verona	Via Torricelli 44/A	4,669,600	Parent company	
	CAD S.r.l.	Verona	Via Torricelli 37	130,000	100.00%	100.00%
	Cesbe S.r.l.	Verona	Via Torricelli 37	10,400	52.00%	52.00%
	Netbureau S.r.l.	Milan	Via Morigi 13	50,000	86.00%	86.00%
	S.G.M. S.r.l.	Padua	Galleria Spagna 28	100,000	71.20%	71.20%
	D.Q.S. S.r.l.	Rome	Via Silvio D'Amico 40	11,000	55.00%	55.00%
(1)	Tecsit S.r.l.	Rome	Via Silvio D'Amico 40	75,000	70.00%	38.50%
	Bit Groove S.r.l.	Verona	Via Torricelli 44/A	15,500	100.00%	100.00%
	Elidata S.r.l.	Castiglione D'Adda (LO)	Via Sanadolo 19	20,000	51.00%	51.00%
	Smart Line S.r.l.	Avellino	Via Tagliamento 165	102,700	51.05%	51.05%
	Datafox S.r.l.	Florence	Via Circondaria, 56/3	99,999	51.00%	51.00%

(1) held through DQS S.r.l.

The consolidation area, compared to the situation at 31st March 2005, differs as follows:
- the indirectly controlled company, Tecsit S.r.l., has been included in the application of the IAS/IFRS international accounting standards. In the past, in view of the insignificant volume of business that this company generated, this share was consolidated using the net patrimony method;
- the participating share in the company S.G.M. S.r.l. increased from 61.6% to 71.2%;

Furthermore, compared to 31/03/2005, the indirectly controlled companies Archit S.r.l. and Nestegg S.r.l., due to their liquidation, are no longer consolidated.
The differences in these consolidation areas have very little effect on both the economic account and the patrimonial situation.
Shares in connected companies, in which the Group has considerable influence, have been evaluated using the

net patrimony method and reduced accordingly where the asset value has decreased.

Direct associates companies	***Registered office***	***Percentage of investment***	***Percentage of investment of the Group***
Sicom S.r.l.	Viadana (MN)	25.00%	25.00%

The company Bookingvision S.r.l., part of the controlled company Datafox S.r.l., was sold on 22/06/2005 and therefore no longer appears in the balance as it did at 31/03/2005. This variation has had no significant effect.

4. Management results and the more significant comments

The CAD IT Group shows a consolidated profit of Euro 1,366 thousand at the first quarter 2006 (Euro 1,486 thousand in the comparative period), prior to taxation and with third party pre-tax profit of Euro 184 thousand already deducted (Euro 28 thousand in the comparative period).
The Group's Production Revenues in the first quarter came to Euro 12,552 thousand compared to the Euro 12,664 thousand of the corresponding quarter in 2005.
There now follows a brief summary of the revenues from sales and services subdivided by business line and compared to the figures of the corresponding quarter of the previous financial period.
Revenues are not subdivided into geographical area since all the revenues concern national territory and the characteristics are the same.

Turnover - goods and services	*1st Quarter 2006*		*1st Quarter 2005*	
Finance	*10,585,666*	*92.02%*	*10,840,065*	*93.38%*
Manufacturing	*917,528*	*7.98%*	*769,083*	*6.62%*
Total Turnover - goods and services	*11,503,194*	*100.00%*	*11,609,148*	*100.00%*

The value added of the quarter confirms a margin of 79.5% compared to the 80.4% of the comparative quarter.
The gross operational result of the first quarter of 2006 comes to Euro 1,979 thousand, representing 15.8% of production revenues, while the gross operational result of the first quarter in 2005 was Euro 2,019 thousand or 15.9% of production revenues.
The operational result (EBIT) of the first quarter 2006 was in credit by Euro 1,588 thousand compared to Euro 1,664 thousand for the same quarter in the 2005 financial period.
Amortization and funding in the first quarter of 2006 came to Euro 391 thousand compared to Euro 355 thousand in the first quarter of 2005.

5. Significant events of the period

During the first quarter of 2006, CAD IT released software for the evasion of Inland Revenue tax assessment requests. In fact, the actuarial measure issued by the Inland Revenue on 28/12/2005 relating to Banking Assessments obliges Financial Institutions to use a communication system in technical format (XML) based on certified electronic mail with strict time restrictions. The solution proposed by CAD IT for the evasion of Inland Revenue tax assessment requests foresees the use of integrated and flexible procedures that guarantee reliability and full respect of the new norm.
In March 2006, CAD IT launched a new integrated solution which allows financial institutions to use the new messages with XML standard for the SWIFTNet platform in the investment fund sector. The solution was developed in close collaboration with the MPS Group and is absolutely new to the Italian financial sector. On a European level, it is one of the first solutions developed for exchanging messages of orders, status and execution by means of the SWIFTNet platform in InterAct modality using the new ISO20022 standard and taking advantage of the XML protocol. The procedure satisfies the need to automate by adopting the mutual standards of information exchange supplied by SWIFT, the present communication channels – fax, telephone, e-mail, file transfer – used for distributing national and international investment funds. As a partner of SWIFT, CAD IT takes part in the international work group set up to analyse and define pilot projects that will guide financial institutions in the use of SWIFTNet, the "IP based" platform that will replace the traditional way of transferring standardised

messages (FIN Messages) in the near future. The procedure developed by CAD IT allows for the contemporary management of ISO15022 and ISO20022 standard messaging according to the SWIFTNet Funds project. In accordance with ISO (International Organization for Standardization), the ISO20022 standard will lead to a shift to the standardised use of the XML protocol, guaranteeing inter-operability between financial institutions.

6. Financial income and charges and net consolidated financial position

Net financing activities resulted in an income of Euro 28 thousand in the first quarter 2006 (Euro 57 thousand in the same previous year period).

Financial income and charges	*1st Quarter 2006*	*1st Quarter 2005*
Others financial income		778
Bank interest	62,382	71,959
Profits and losses on exchanges	(357)	(544)
Total financial income	*62,025*	*72,193*
Interest expense and other financial charges	(34,311)	(15,322)
Financial income and charges, net	*27,714*	*56,871*

The net consolidated financial position amounts to Euro 12,122 thousand at the end of the first quarter 2006, compared to Euro 8,347 thousand at 31.12.2005.

Net financial position	*at 31.03.2006*	*at 31.03.2005*	*at 31.12.2005*
Cash on hand and other equivalent assets	13,733,228	18,607,723	9,789,276
Payables due to banks not including current portion of medium to long-term loans	(1,236,955)	(458,168)	(1,067,883)
Net short-term financial position/(indebtedness)	*12,496,273*	*18,149,555*	*8,721,393*
Long-term loans net of short-term portion	(373,956)	(315,810)	(374,004)
Net long-term financial position/(indebtedness)	(373,956)	(315,810)	(374,004)
Net financial position / (indebtedness)	*12,122,317*	*17,833,745*	*8,347,389*

7. Research and development

In relation to activities aimed at consolidating traditional business, the production of new modules to increase the functional and technological development of the considerable range of software installed remains constant within the Group.
The creation and use of new computer systems aimed at diversifying the Group's offer towards those sectors bordering on the ones in which it is already present, is still underway.
As regards new projects, development are continuing on the SIBAC platform, which is a fundamental element for the Group's strategic growth.
Activity is also intense, in collaboration with Bit Groove and DataFox, in the production of specialised modules for the business intelligence area.
CeSBE S.r.l. continues to work towards the technological and functional sophistication of solutions for Trading On

Line and the offer of a new platform aimed at automating process research.
The CAD IT Group, taking advantage of the collaboration of NetBureau, is working intensely to create a procedure for keeping company shareholder registers at companies with a large body of shareholders.
SGM S.r.l., has developed vertical solutions of the new (ERP) SIGMAWEB management system for companies of all sizes. Of these, vertical solutions are being developed for the fashion world and the food industry (managing production line marking).
Smart Line S.r.l. is now investing to enrich its own offer range of solutions and services for Public Administration and authorities for the management of local taxes.
Elidata S.r.l. continues to invest in furthering the functions of its own platform for linking up to financial markets and for the operational stock market room.

8. Investments

Investments in tangible and intangible fixed assets made by the consolidated companies in the first quarter 2006 amount to Euro 1,285 thousand (Euro 1,188 thousand in the same previous year period).
The consisting amount of investments is a consequence of strategic decisions taken by the directors' meeting and management that approved investments to develop new products needed by credit institutions.
Investments in intangible fixed assets mainly regard the development and purchasing of software for licensing to the clients or instrumental software to be used by the Group for its own activity.

Summary of investments	*1st Quarter 2006*	*1st Quarter 2005*	*Year 2005*
Intangible fixed assets	20,018	4,519	825,708
Assets under development and payments on account	1,017,506	1,153,981	5,053,447
Property, Plant and equipment	247,963	29,977	215,291
Total investments in tangible and intangible fixed assets	*1,285,487*	*1,188,477*	*6,094,446*
Shareholdings and financial investments			170,379
Total shareholdings and financial investments			*170,379*
Total investments	*1,285,487*	*1,188,477*	*6,264,825*

9. Personnel

Information on the CAD IT Group's employees at the end of each quarter is reported below:

Category of Employees	*at 31/03/2006*	*at 31/12/2005*	*at 30/09/2005*	*at 30/06/2005*	*at 31/03/2005*
Management	19	18	17	17	16
Withe collars	611	621	619	622	632
Blue collars	1	1	1	1	1
Apprentices	3	4	3	2	5
Total	*634*	*644*	*640*	*642*	*654*

At the end of the first quarter of 2006, the number of CAD IT Group staff had fallen by 10 persons compared to 31st December 2005. The average number of employees in 2005 was 650 persons while the average number during the first quarter 2006 was 638 persons.
Personnel training is of particular importance to the Group, which specifically schedules refresher and training periods.

10. Important events since 31st March 2006 and foreseeable development

On 28th April 2006, on the basis of the 2005 financial results, which confirm the Veronese Group's ability to generate positive income margins, the Shareholders' Meeting approved the distribution of an ordinary dividend of Euro 0.18 per share, with coupon detachment and payment on 8th May 2006 and 11th May 2006 respectively.
At the same Shareholders' Meeting on 28th April 2006, it was also decided:

- to appoint the share auditing company BDO Sala Scelsi Farina to carry out the audits for the next 6 financial periods in appliance of the new regulations issued with L. no. 262 on 28/12/2005;
- to nominate a Board of Directors of 8 members who will remain in office until the Shareholders approve the balance at 31/12/2008. The members were confirmed as Giuseppe Dal Cortivo, Giampietro Magnani, Luigi Zanella, Paolo Dal Cortivo, all previously managing directors; Maurizio Rizzoli, non-executive director; Prof. Francesco Rossi and Lamberto Lambertini, independent directors. Michael John Margetts was also appointed as non-executive director;
- to nominate the Auditing Board which comprises: Dr. Giannicola Cusumano, Chairman; Gian Paolo Ranocchi and Renato Tengattini, standing auditors; Cesare Brena and Luca Signorini, substitute auditors.

On 19th April 2006, CAD IT acquired the entire company capital of SGM S.r.l. of which it previously owned a 71.2% share. Said purchase involved a cash outlay for CAD of Euro 297 thousand to SGM S.r.l.

On behalf of the Board of Directors

The Chairman

Giuseppe Dal Cortivo