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

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2005

CAD IT S.p.A.

Registered office in Verona, Via Torricelli No. 44/a
Share capital € 4,669,600 fully paid in.
Tax code and Verona Company Register No. 01992770238
Chamber of Commerce REA No. 210441

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Financial statements as at end for the year ended 31 December 2005

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

Corporate Bodies

BOARD OF DIRECTORS [1]

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Managing Director

GIAMPIETRO MAGNANI
Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI
Director

FRANCESCO ROSSI
Director

LAMBERTO LAMBERTINI
Director

ALBERTO MIAZZI
Director

STATUTORY AUDITORS [2]

SONIA MAZZI
Chairwoman

GIUSEPPE CEREGHINI
Statutory Auditor

GIANNICOLA CUSUMANO
Statutory Auditor

GIAN PAOLO RANOCCHI
Substitute Statutory Auditor

CESARE BRENA
Substitute Statutory Auditor

AUDITORS

KPMG S.p.A.

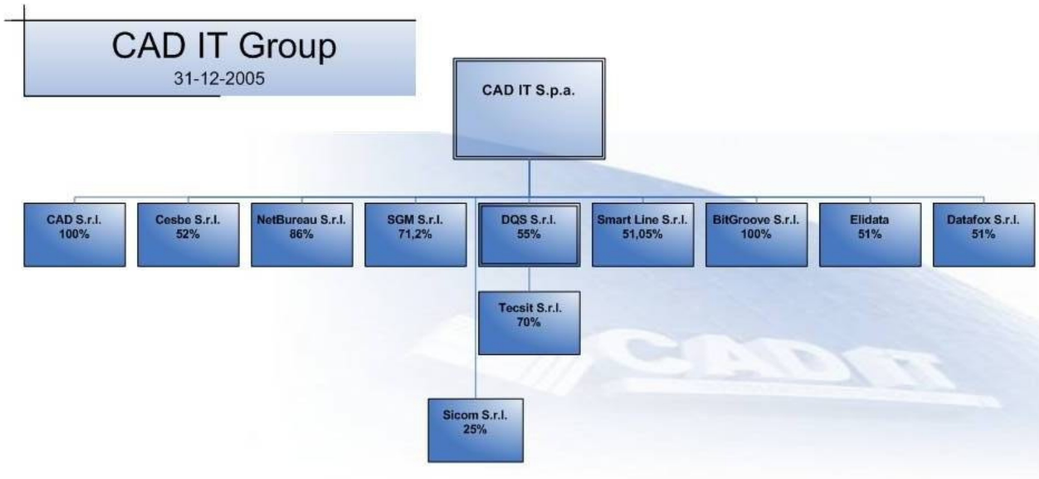
(1) *Appointed on 30 April 2003; office expires with the shareholders' meeting for the approval of the 2005 financial statements.*

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 obligations amounting to more than € 4 million, and to stand surety by way of collateral or personal or other guarantees of any amount, if issued on behalf of third parties other than the parent company or its subsidiaries.

Each of the Managing Directors Giampietro Magnani and Luigi Zanella is authorised to perform all ordinary administrative duties including ordering banking transactions, within the limit of the credit lines granted, not exceeding € 1,000,000 (1 million) each or € 3,000,000 (3 million) each with the joint signature of another Managing Director; each of them is also authorised to acquire or sell registered moveable assets.

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
31-12-2005
CAD IT S.p.a.
CAD S.r.l.
100%
Cesbe S.r.l.
52%
NetBureau S.r.l.
86%
SGM S.r.l.
71,2%
DQS S.r.l.
55%
Smart Line S.r.l.
51,05%
BitGroove S.r.l.
100%
Elidata
51%
Datafox S.r.l.
51%
Tecsit S.r.l.
70%
Sicom S.r.l.
25%

1 DIRECTORS' REPORT ON THE FINANCIAL STATEMENTS

This Directors' report accompanies the CAD IT Group's consolidated balance which has been drafted in accordance with the international accounting standards (IAS/IFRS) and which shows and explains the main aspects of the Group's economic result and patrimonial-financial situation and the main uncertainties that it faces.
The CAD IT S.p.A consolidated balance for 2005 has been drafted in accordance with the international accounting standards (IAS/IFRS) as stated by regulation no. 1606 and adopted by the European Union in 2002. The comparative data for the same period in 2004 have been reprinted and re-calculated according to the new accounting standards applied. The document published on transition to the international accounting standards laid down in articles 39 and 40 of IFRS 1 is attached to the balance. CAD IT S.p.A. is obliged to draft a consolidated balance. For further information on the results of the Group, please refer to this balance.
Monetary items in the accounting schedules are stated in Euro, whereas those in the comments thereto are in thousands of Euro, unless otherwise stated.

1.1 Information on CAD IT S.p.A.

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.
CAD IT was set up as a joint stock company under Italian law.
The registered office and the administrative and operating offices are in Via Torricelli 44/a, Verona.
The company is registered in the Verona Company Register under no. 01992770238.
At 31 December 2005, share capital amounts to € 4,669,600, fully subscribed and paid-in, and comprises 8,980,000 ordinary shares of a nominal value of € 0.52 each, each with equal rights.
These shares are nominal and cannot be divided. Each of them entitles to one vote in the ordinary and extraordinary meetings of the company and to the execution of all other corporate and property rights in accordance with the law and the company's by-laws. They can be freely transferred with no limitation.

1.2 Activities of CAD IT and of the Group

CAD IT today 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.

1.3 Synthesis of the results

	Period 2005 *01/01 - 31/12*		*Period 2004* *01/01 - 31/12*		*Variations*	
Production value	26,348,482	100.00%	26,580,658	100.00%	(232,176)	-0.87%
Added value	20,421,291	77.50%	22,294,218	83.87%	(1,872,927)	-8.40%
Gross operational result (EBITDA)	4,277,158	16.23%	7,288,657	27.42%	(3,011,499)	-41.32%
Operational result (EBIT)	3,425,470	13.00%	6,525,021	24.55%	(3,099,551)	-47.50%
Ordinary result	3,997,779	15.17%	7,834,185	29.47%	(3,836,406)	-48.97%
Pre-tax result	3,746,367	14.22%	7,834,185	29.47%	(4,087,818)	-52.18%
Income taxes	(2,119,653)	-8.04%	(3,308,296)	-12.45%	1,188,643	-35.93%
Profit (loss) for the period	***1,626,714***	***6.17%***	***4,525,889***	***17.03%***	***(2,899,175)***	***-64.06%***
Earnings per share	0.18		0.50			

At 31.12.2005, the CAD IT Group consolidated balance showed a profit of Euro 1,627 thousand (previous period 4,526) after income tax for Euro 2,120 thousand (previous period 3,308).
The results achieved highlight the Group's ability to attain positive outcomes by concentrating on the production and supplying of new products and services, acquiring new users and market segments.
In order to understand the result achieves in 2005 better, some important phenomena of the period need to be highlighted.
The pre-tax result was Euro 3,746 thousand (previous financial period 7,834).
The Stockholders' equity at 31.12.2005 amounted to Euro 55,618 thousand (previous period 59,641).
Production revenues for the 2005 financial period stood at Euro 26,348 thousand (previous period 26,581).
Staff costs were Euro 15,291 thousand (previous period 14,107), while service costs came to Euro 5,502 thousand (previous period 3,853).
Amortization and depreciation costs showed the sum of Euro 852 thousand (previous period 764).
The balance of income and financial expenses showed a positive result of Euro 572 thousand (previous period 1,309); value amendments of the holdings showed a negative balance of Euro 251 thousand.

1.4 The market

There were no events or clear indications in the semester to modify the short-term prospects of the sector which, nevertheless, has shown some positive signs.
Following a period of numerous mergers and takeovers by financial institutions in Italy due to the need to achieve the necessary critical mass to operate on the European market, for the banks 2005 was a year of adjustment and rationalisation which caused a period of recession in the Italian IT service market.
Thus, investment slowed down and a stalemate situation arose which caused some of the software activities and sales forecast for 2005 to be deferred.
In this context, the outcome achieved is the result of the Group's capacity to continue to invest over the years in Research and Development, thus maintaining a strategic and leading position in the Italian financial software market.

1.5 Significant events in 2005

During the first quarter 2005 five banking groups chose to adopt the SIBAC IAC solution developed by CAD IT. SIBAC - IAC (Investor Adequacy Care) is a modular and integrated system designed to

support Banks in adequacy checks as established by the Italian CONSOB regulations (art. 29 Regulation 11522/98), the European CESR Norms and in use in ABI's "Progetto IX iniziativa PattiChiari".
At the 29th April 2005, on the basis of the financial results of 2004, which confirm the Veronese Group's ability to generate positive income margins, the shareholder's meeting approved the distribution of a € 0.33 ordinary dividend per share and the allocation of €0.98 million into reserves, Following this transaction, the available reserve of retained earnings, will exceed € 10 million.
The ex-dividend and the dividend payment dates are the 9th and 12th of May 2005 respectively.
In the second quarter, CAD IT and PROMETEIA signed a strategic agreement on the creation, development and sale of a software called "IAC Modulo VaR" so as to be able to supply financial institutions with an integrated solution for projects on "Client risk investment adequacy". Due to the complementarity of this offer the two companies have established a partnership with the aim of offering the market a complete and integrated solution able to satisfy the many needs of financial intermediaries from the controls required by law to calculating the risk involved for each individual investor portfolio.
On 21st November 2005, CAD IT signed a Letter of Intent to create a strategic alliance with Xchanging, a worldwide multinational leader in the allocation of process management services for the financial and insurance sectors, for industry and the retail sector by giving support to new international markets.
In November, Xchanging purchased a 10% share in CAD IT.
Xchanging holds the leading market position in Germany for process management linked to banking instruments with a more than 15% market share. Currently, some of Xchanging's most prestigious clients in this area are: Deutsche Bank, Citigroup, Sal. Oppenheim and Sparda Banken. Xchanging is also one of the most important suppliers of insurance transaction management services on the London market, providing services to more than 200 clients of Lloyd's of London and the International Underwriting Association.
The Letter of Intent between the two companies was signed with the aim of reaching a strategic alliance based on the following guidelines within six months:
• Xchanging and CAD IT shall analyse together the software platform for the management of financial instrument transactions that Xchanging currently uses through its controlled company Etb for allocating services on the German market. The aim is to identify any possible cost synergies by evaluating the products presently on offer at CAD IT.
• CAD IT software and Xchanging's ability to allocate services shall be integrated in order to create the first real all-European platform for process management linked to securities.
• Xchanging and CAD IT shall evaluate the opportunities of cross-selling for international Banking Groups.
• CAD IT and Xchanging shall analyse together the market potentialities for solutions for Xchanging insurances (e.g. "Genius") with the purpose of launching them onto the Italian market through CAD IT.
• Later, CAD IT and Xchanging intend to expand their service range and product portfolio to other areas of the financial market.

1.6 Analysis of the revenue results

Production revenues were Euro 26,348 thousand inclusive of increases in intangible fixed assets due to internal projects, showing a slight 0.87% reduction compared to the value of the previous corresponding financial period.
The added value of Euro 20,421 thousand was 8.40% less than that of the same period of the previous year (Euro 22,294 thousand) and represents 77.5% of production revenues compared to 83.87% in the corresponding previous period due to an increase in service costs.
The Gross Operating Result (EBITDA) of Euro 4,277 thousand is 16.23% of production revenues, a reduction compared to the previous period, due to an increase in labour costs.
The Operational Result (EBIT) was Euro 3,425 thousand (previous period Euro 6,525 thousand), equal

to 13.00% of production revenues compared to the 24.55% of the same period last year. The total amount for depreciation, credit and funding devaluation was Euro 852 thousand compared to Euro 764 thousand of the previous period.
The ordinary result, due to net financial earnings, was Euro 3,998 thousand, equal to 15.17% of production revenues, while at the same time last period, it was Euro 7,834 thousand, equal to 29.47%.
The pre-tax result, due to the evaluation of connected companies using the equity method, came to Euro 3,746 thousand or 14.22% of production revenues and the result, net of taxes, came to Euro 1,627 thousand.

1.7 Net consolidated financial position

The net consolidated financial availability at the end of the year 2005 is positive, even after shareholder payments to a total of Euro 2,963 thousand in ordinary dividends in accordance with the decision taken at the shareholders' meeting on 29th April 2005.

31/12/2004	*Variation in net financial position/(indebtedness)*	31/12/2005
596,699	Cash-on-hand and at bank	252,977
5,858,618	Capitalization insurance policies	6,017,386
-	Payables due to banks including current portion of medium to long-term loans	-
6,455,317	**Net short-term financial position/(indebtedness)**	**6,270,363**
	Long-term loans net of short-term portion	
	Net long-term financial position/(indebtedness)	
6,455,317	**Net financial position / (indebtedness)**	**6,270,363**

As expected at the beginning of 2005, cash flows from working capital were positive (Euro 7.5 million) and it is thought that the positive trend can be maintained over the next few months. For details on cash flows, refer to Consolidated Cash Flow Statement of CAD IT Group.

1.8 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, research and 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.

1.9 Investments

Investments in tangible and intangible fixed assets made by the consolidated companies in the year amount to Euro 4,659 thousand. 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.
The trend of investments is shown in the following table:

Summary of investments	*year 2005*
Intangible fixed assets	32,150
Assets under development and payments on account	4,812,939
Plant, machinery, equipment and other tangible fixed assets	113,919
Buildings under construction and payments on account	
Total investments in tangible and intangible fixed assets	*4,959,007*
Shareholdings and financial investments	170,379
Shares	
Total shareholdings and financial investments	*170,379*
Total investments	*5,129,386*

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 company for its own activity.

1.10 Own shares or quotas or shares of parent companies, held, acquired or sold

Neither CAD IT S.p.A. nor its controlled companies own CAD IT or their own shares, not even through trust companies or third parties.

1.11 Relationships with Group companies

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.
Being the parent company, CAD IT carries out commercial and financial transactions with subsidiary and associated companies on an arm's length basis.
Relations between the Group's companies are governed by the competitive conditions of the market, taking into account the quality of the goods and services supplied.
The summary of profits and costs, as well as the credit and debit position with the Group's controlled companies at 31st December 2005, are shown in the following table:
The principal transactions carried out during the year with subsidiary and associated companies may be summarised as follows:

Company	Revenues	Costs	Receivables	Payables
Cad S.r.l.	2,785,822	13,142,127	13,139,775	6,036,525
Cesbe S.r.l.	995,284	346,339	172,446	1,551,659
NetBureau S.r.l.	621,521	36,459	303,421	425,423
DQS S.r.l.	304,306	991	2,028	263,156
SGM S.r.l	28,782	1,198	44,345	41,042
SmartLine Line S.r.l.	96,297	5,702	173,097	35,390
BitGroove S.r.l.	492,846	57,732	75,650	1,304
Elidata S.r.l.	-	50,479	17,138	28,023
Datafox S.r.l.	120,822	615	1,014	62,437
Tecsit S.r.l.	-	661	1,352	-
Total	**5,445,679**	**13,642,303**	**13,930,267**	**8,444,958**

Services carried out towards the Group's companies generated an income of Euro 13,642 thousand, ascribable to the supply of analysis services, assistance, planning and development software to the amount of Euro 13,634 thousand, Euro 6 thousand for the sale of hardware and software licences to third parties and Euro 2 thousand for interest charged.
The Company acquired services from the Group's companies to the total amount of Euro 2,753 thousand as well as purchases made for services and activities for the development of new software procedures to a total of Euro 2,686,750, of which: Cad S.r.l. Euro 1,175,000 – Cesbe S.r.l. Euro 322,610 – Bit Groove S.r.l. Euro 490,000 – Netbureau S.r.l. Euro 600,000 – Smart Line S.r.l. Euro 75,000 – Datafox S.r.l. Euro 24,140.
Dividends matured in the 2005 period from controlled companies amounted to Euro 329 thousand, of which Euro 208 thousand from Cesbe S.r.l., Euro 19 thousand from Smart Line S.r.l. and Euro 102 thousand from Elidata S.r.l. Moreover, dividends from the connected company Sicom S.r.l. to the value of Euro 59 thousand also matured.

1.12 Related parties

In reference to the financial period at 31.12.2005, the table below shows the remunerations for any security from the issuer or company controlled by it, either directly or indirectly, to the components of the Board of Directors and Board of Auditors.

(in thousands of Euro)

Name	Description of role		Fees			
Name	Role held or profession	Term of office	Emoluments for the office	Fringe benefits	Indemnity at termination of office	Other fees
Dal Cortivo Giuseppe	Chairman of the Board of Directors and					
	Managing Director of CAD IT S.p.A.	1/1 - 31/12/05	122.5		17.4	
	Legal representative of CAD S.r.l.	1/1 - 31/12/05	86.8			
	Director of CESBE S.r.l.	1/1 - 31/12/05	6.2			
	Director of SICOM S.r.l.	1/1 - 31/12/05	6.2			
Magnani Giampietro	Managing Director of CAD IT S.p.A	1/1 - 31/12/05	123.0		17.4	
	Chairman of the Board of Directors of CAD S.r.l.	1/1 - 31/12/05	86.8			
	Director of BITGROOVE	1/1 - 31/12/05	6.0			
	Director of SMART LINE S.r.l	1/1 - 31/12/05	6.3			
Rizzoli Maurizio	Director of CAD IT S.p.A.	1/1 - 31/12/05	11.0			

Zanella Luigi	Managing Director of CAD IT S.p.A	1/1 - 31/12/05	123.0	17.4	
	Legal representative of CAD S.r.l.	1/1 - 31/12/05	86.8		
	Director of CESBE S.r.l.	1/1 - 31/12/05	6.2		
	Director of SICOM S.r.l.	1/1 - 31/12/05	6.2		
	Director of DQS S.r.l.	1/1 - 31/12/05	26.9	7.2	
Dal Cortivo Paolo	Managing Director of CAD IT S.p.A	1/1 - 31/12/05	11.0		83.6
Lambertini Lamberto	Non-Executive Director of CAD IT S.p.A.	1/1 - 31/12/05	10.5		
Miazzi Alberto	Non-Executive Director of CAD IT S.p.A.	1/1 - 31/12/05	11.4		
Rossi Francesco	Non-Executive Director of CAD IT S.p.A.	1/1 - 31/12/05	10.5		
Mazzi Sonia	Chairwoman of the Board of Statutory Auditors CAD IT S.p.A.	1/1 - 31/12/05	26.9		
	Chairwoman of the Board of Statutory Auditors of CAD S.r.l.	1/1 - 31/12/05	6.7		
	Chairwoman of the Board of Statutory Auditors of CESBE S.r.l.	1/1 - 31/12/05	7.4		
	Statutory Auditor of SGM S.r.l.	1/1 - 30/04/05	0.5		
Cereghini Giuseppe	Statutory Auditor of CAD IT S.p.A.	1/1 - 31/12/05	21.8		
	Statutory Auditor of CAD S.r.l.	1/1 - 31/12/05	4.7		
	Statutory Auditor of CESBE S.r.l.	1/1 - 31/12/05	5.1		
	Chairman of the Board of Statutory Auditors of SGM S.r.l.	1/1 - 30/04/05	0.8		
Cusumano Giannicola	Statutory Auditor of CAD IT S.p.A.	1/1 - 31/12/05	21.8		
	Statutory Auditor of CAD S.r.l.	1/1 - 31/12/05	4.7		

Investments of the directors and statutory auditors in the parent and subsidiary companies:

Name	Investment	Number of shares held at 31 December 2004		Number of shares acquired	Number of shares sold	Number of shares held at 31 December 2005	
Dal Cortivo Giuseppe	CAD IT S.p.A.	1,553,734	(1)		224,500	1,329,234	(2)
Magnani Giampietro	CAD IT S.p.A.	1,550,221	(1)		224,500	1,325,721	(2)
Rizzoli Maurizio	CAD IT S.p.A.	1,630,486	(3)		234,550	1,395,936	(4)
Zanella Luigi	CAD IT S.p.A.	1,552,680	(5)		224,500	1,328,180	(6)
Dal Cortivo Paolo	CAD IT S.p.A.			6,481	1,000	5,481	
Miazzi Alberto	CAD IT S.p.A.	980	(7)			980	(7)
Lambertini Lamberto	CAD IT S.p.A.						
Rossi Francesco	CAD IT S.p.A.						
Mazzi Sonia	CAD IT S.p.A.	2,165				2,165	
Cereghini Giuseppe	CAD IT S.p.A.	838				838	
Cusumano Giannicola	CAD IT S.p.A.						

(1) of which owned by his wife:	424,765
(2) of which owned by his wife:	370,885
(3) of which owned by his wife:	473,564
(4) of which owned by his wife:	351,264
(5) of which owned by his wife:	434,865
(6) of which owned by his wife:	380,985
(7) of which owned by his wife:	120

1.13 Corporate Governance

On 28th March 2006, the Board of Directors approved the annual report in order to provide the CAD IT S.p.A. shareholders with adequate information about its own company management system and about how much the company adheres to the auto-disciplinary code for quoted companies laid down by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A..

1.14 Programmatic document on security

In reference to article 26 of attachment B of the Legislative Degree no. 196 of 30th June 2003, the programmatic document on security and personal data protection and the use of the measures stated within has been drafted and updated.

1.15 Foreseeable development in the management

The Board of Directors has placed maximum attention on the needs of the market, on management and development strategy orientation, coordinating the use of the Group's resources to maintain the high level of efficiency and achievement of favourable economic results.
During this financial period, the Group's strategy of enriching the client portfolio, thanks to new products and new versions of the products traditionally on offer (multi-platform, multi-lingual, multi-currency, etc.), of enlarging the geographic market of reference, of widening the size range of clients that can be serviced (e.g. now even small banks) and of taking its offers to new sectors (e.g. insurance companies, trust companies, etc.) will continue.

The development of alliances with national and international partners (like the one drawn up with Xchanging in 2005) will facilitate the allocation of integrated solutions by taking mutual advantage of the commercial network and existing relations.
Moreover, the CAD IT S.p.A. Board of Directors is continually on the look-out for any possible development opportunities, whether direct or external, through the further employment or purchase of shares with the aim of creating activities to compliment or unite with the existing ones.

1.16 Proposals of the Board of Directors

Dear shareholders, the 2005 financial statements of your company closed in a net profit for the year of € 1,626,714.
If you agree with the criteria and accounting policies adopted in the preparation of these financial statements, we suggest that you resolve as follows:
"Having heard the Board of Directors' communications and taken note of the Board of Auditors' report to the shareholders, as per article 153 of Legislative Decree No. 58/1998, and of the auditors' report regarding the balance for the year ending 31st December 2005, the shareholders resolve:
resolve:
1 - to approve the directors' report;
2 - to approve the financial statements as at and for the year ended 31 December 2005 as a whole and in all their parts;
3 - to allocate the net profit for the year of € 1,626,714 as follows:

= to dividends, in the proportion of € 0.18 (zero point eighteen cents), gross of withholding tax, for each of the 8,980,000 ordinary shares	Euro	1,616,400.00
= to the available reserve of undistributed earnings	Euro	10,314.00
equal to a total net profit for the year of	Euro	1,626,714.00

These dividends will be paid starting 11 May 2006 (the dividend coupon will be detached on 8 May 2006)."

On behalf of the Board of Directors
(signed on the original)
The Chairman (Giuseppe Dal Cortivo)

2 Separate financial statements of CAD IT S.p.A.

2.1 Profit and Loss Account

	Notes	Period 2005 01/01 - 31/12		Period 2004 01/01 - 31/12		Variations	%
Income from sales and services		24,267,187	92.10%	24,409,179	91.83%	(141,992)	(0.58%)
Variations in stock of products being elaborated							
Changes in ongoing orders							
Asset increases due to internal work		2,076,188	7.88%	2,153,000	8.10%	(76,812)	(3.57%)
Other revenue and receipts		5,107	0.02%	18,479	0.07%	(13,372)	(72.36%)
Production value	*2.5.2*	*26,348,482*	*100.00%*	*26,580,658*	*100.00%*	*(232,176)*	*(0.87%)*
Costs for raw materials, subsidiaries and consumer goods		(122,637)	(0.47%)	(121,456)	(0.46%)	(1,181)	0.97%
Service costs		(5,502,394)	(20.88%)	(3,853,113)	(14.50%)	(1,649,281)	42.80%
Other operational costs		(302,160)	(1.15%)	(311,871)	(1.17%)	9,711	(3.11%)
Added value		*20,421,291*	*77.50%*	*22,294,218*	*83.87%*	*(1,872,927)*	*(8.40%)*
Labour costs		(15,291,312)	(58.03%)	(14,106,749)	(53.07%)	(1,184,563)	8.40%
Other administrative expenses		(852,821)	(3.24%)	(898,812)	(3.38%)	45,991	(5.12%)
Gross operational result (EBITDA)		*4,277,158*	*16.23%*	*7,288,657*	*27.42%*	*(3,011,499)*	*(41.32%)*
Allocation to Credit Depreciation Fund				(1,310)	(0.00%)	1,310	(100.00%)
Amortizations:							
- Intangible fixed asset amortization		(277,607)	(1.05%)	(199,584)	(0.75%)	(78,023)	39.09%
- Tangible fixed asset amortization		(574,081)	(2.18%)	(562,742)	(2.12%)	(11,339)	2.01%
Other allocations							
Operational result (EBIT)		*3,425,470*	*13.00%*	*6,525,021*	*24.55%*	*(3,099,551)*	*(47.50%)*
Net financial receipts (charges)	2.5.4	572,309	2.17%	1,309,164	4.93%	(736,855)	(56.28%)
Ordinary result		*3,997,779*	*15.17%*	*7,834,185*	*29.47%*	*(3,836,406)*	*(48.97%)*
Revaluations and depreciations	2.5.12	(251,412)	(0.95%)	-		(251,412)	100.00%
Pre-tax result		*3,746,367*	*14.22%*	*7,834,185*	*29.47%*	*(4,087,818)*	*(52.18%)*
Income taxes	2.5.5	*(2,119,653)*	*(8.04%)*	*(3,308,296)*	*(12.45%)*	*1,188,643*	*(35.93%)*
Profit (loss) for the period		*1,626,714*	*6.17%*	*4,525,889*	*17.03%*	*(2,899,175)*	*(64.06%)*
Earnings per share	*2.5.8*	*0.18*		*0.50*			

2.2 Balance sheet

31/12/2004	Balance sheet	*Notes*	31/12/2005
	Assets		
	A) Non-current assets		
20,572,716	I) Property, plant and equipment	*2.5.9*	20,111,551
5,114,661	II) Intangible assets	*2.5.10*	9,682,143
20,295,644	III) Investments	*2.5.11*	14,441,633
-	IV) Other financial assets available for sale	*2.5.12*	3,087,118
124,713	V) Other non-current credits		17,092
27,060	VI) Credits due to deferred taxes	*2.5.13*	26,522
46,134,794	**TOTAL NON-CURRENT ASSETS**		**47,366,059**
	B) Current assets		
-	I) Inventories	*2.5.14*	7,669
-	II) Ongoing orders		-
23,458,411	III) Commercial credits and other credits	*2.5.15*	21,726,011
129	IV) Tax credits	*2.5.16*	1,032,896
0	V) Financial assets available for sale		0
6,455,317	VI) Cash on hand and other equivalent assets	*2.5.17*	6,270,363
29,913,857	**TOTAL CURRENT ASSETS**		**29,036,939**
-	***C) Non-current assets held for sale***		-
76,048,651	**TOTAL ASSETS**		**76,402,998**

31/12/2004	Balance sheet	Notes	31/12/2005
	Liabilities		
	A) Stockholders' Equity		
4,669,600	I) Company capital	*2.5.18*	4,669,600
35,246,400	II) Reserves	*2.5.19*	35,297,564
19,724,707	III) Accumulated profits/losses	*2.5.20*	15,650,997
59,640,707	**TOTAL STOCKHOLDERS' EQUITY**		**55,618,161**
	B) Non-current liabilities		
-	I) Financing		-
3,230,149	II) Liabilities due to deferred taxes	*2.5.21*	3,273,546
2,576,697	III) TFR and quiescence reserves	*2.5.22*	3,099,556
146	IV) Expense and risk reserves		-
	V) Other liabilities		
5,806,992	**TOTAL non-current liabilities**		**6,373,102**
	C) Current liabilities		
4,758,183	I) Commercial debts	*2.5.23*	10,004,801
2,846,994	II) Tax debts	*2.5.24*	1,191,229
-	III) Short-term financing	*2.5.25*	-
2,995,776	IV) Other debts		3,215,705
10,600,953	**TOTAL current liabilities**		**14,411,735**
76,048,652	**TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY**		**76,402,998**

2.3 Statement of changes in equity

Statement of changes in equity	Stock capital	Reserves	Accumulated profit (loss) net of period result	Period result	Stockholders' equity
31-Dec-04	4,669,600	35,246,400	15,198,818	4,525,890	59,640,708
Increase/(Decrease) in equity reserves		51,164	(2,737,024)		(2,685,860)
Increase in revaluation reserves					
Allocation of the period to reserves			4,525,890	(4,525,890)	
Dividend distribution			(2,963,400)		(2,963,400)
Effects on consolidation reserves					
Company capital increases					
Period result				1,626,714	1,626,714
Period end total	**4,669,600**	**35,297,564**	**14,024,284**	**1,626,714**	**55,618,162**

2.4 Statement of cash flows of CAD IT

31/12/2004	*Cash flow statement of Cad It*	***31/12/2005***
	OPERATING ACTIVITIES	
4,525,890	**Profit (loss) for the period**	***1,626,714***
	Amortisation and depreciation:	
562,742	- Tangible fixed assets	574,081
199,584	- Intangible fixed assets	277,607
	Accruals:	
746,335	- Employees' leaving entitlement	803,156
11,945	- Other provisions	
	Increase/(Decrease) in provisions for contingencies and other charges	(12,331)
6,046,496	***Sub-total***	3,269,227
(194,105)	Utilisation of employees' leaving entitlement	(268,112)
(147,225)	Increase)/Decrease in receivables included under assets forming part of working capital	710,143
	(Increase)/Decrease in inventory	(7,669)
(4,404)	(Increase)/Decrease in accrued income and deferred expenses	(9,972)
(452,253)	Increase/(Decrease) in accounts due to creditors	367,358
(23,747)	Increase/(Decrease) in accrued expenses and deferred income	105,460
	Increase/(Decrease) in sums due to other financial institutions	
1,204,177	Increase/(Decrease) in other non-financial payables	3,381,362
382,443	***Sub-total***	*4,278,570*
6,428,939	***(A) - Cash flows from (for) operating activities***	*7,547,797*
	INVESTING ACTIVITIES	
	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	
(5,063,105)	(Increase)/Decrease in intangible fixed assets	(4,845,089)
(135,496)	(Increase)/Decrease in tangible fixed assets	(112,916)
7,662	(Increase)/Decrease in other fixed assets	107,621
(807,387)	(Incremento)/Decremento di partecipazioni in società controllate	(168,010)
115,718	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	
351,010	(Increase)/Decrease in investments in associated companies	
	Increase)/Decrease in assets available for sale	2,934,903
(5,531,598)	***(B) - Cash flows from (for) investing activities***	*(2,083,491)*
	FINANCING ACTIVITIES	
	Increase/(Decrease) in financial payables	
	Increase/(Decrease) in IFRS transition reserve	(2,737,024)
	Increase/(Decrease) in reserve for fin. assets avail. for sale	51,164
	Effects on consolidation reserve	
	Stockholders' equity	
(2,694,000)	Distribution of dividends	(2,963,400)
	Capital injections	
(2,694,000)	***(C) - Cash flows from (for) financing activities***	*(5,649,260)*
(1,796,659)	***(A+B+C) - Total cash flows***	*(184,954)*
8,251,976	Opening liquid funds	6,455,317
6,455,317	***Closing liquid funds***	*6,270,363*

2.5 Notes to the financial statements

CAD IT was set up as a joint stock company under Italian law.
The registered office and the administrative and operating offices are in Via Torricelli 44/a, Verona.
The company is registered in the Verona Company Register under no. 01992770238.
Monetary items in the accounting schedules are stated in Euro, whereas those in the comments thereto are in thousands of Euro, unless otherwise stated.
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.

2.5.1 Summary of the more important accounting standards and evaluation criteria

This financial statement has been drafted in accordance with the standards dictated for the annual consolidated accounts of the present period (IAS/IFRS), as laid down in regulation no.1606, adopted by the European Union in 2002.
The comparative data for the corresponding period in 2004 have been reprinted and re-calculated in accordance with the new accounting standards.
The document published on transition to the IAS/IFRS international accounting standards contained in the reconciliations laid down in articles 39 and 40 of IFRS 1 is attached to the balance. Please refer to this balance for:

a) the reconciliations of the equity calculated using the previous accounting standards with the equity calculated in accordance with the IFRS for both the following dates:
   i) the transition date to the IFRS and
   ii) the closing date of the last financial period for which the balance was drafted in accordance with the previous accounting standards
b) a reconciliation of the economic result recorded in the last financial period balance drafted on the basis of the previous accounting standards with the economic result after applying the IFRS for the same period.

This document includes accounting tables, comments on said tables and observations made by the administrative organ about the managerial situation and the most important facts concerning the period.

Balance sheet layout

The company presents its economic account by nature, the format that is considered the most representative in terms of function presentation. In fact, the chosen format conforms to the internal reporting modalities and the business management and is in line with the way the economic account was represented in the past.
As for the patrimonial situation, a distinction has been made between current and non-current assets and liabilities.

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.
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.

Impairment of Assets

The company 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.

Investments

Investments in subsidiary and associated companies, not classified as held for sale as defined by IFRS 5, are shown at cost.

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 evaluation was made on the basis of the IAS 19 in that the end of contract treatment (TFR) is comparable to a "subsequent benefit to working relations" of the "definite benefit plans" type, whose already matured sum should be projected into the future so as to estimate the amount to be paid when the work contract is terminated and payment is to be made. The calculation refers to an already matured TFR and takes into account any future reserves.
The evaluation of liabilities is carried out by external actuaries.
The mathematical evaluation of the end of contract treatment is made with the "unitary projection of credit" method, also known as the matured benefits in proportion to labour activities lent method (art. 64-66 of IAS 19). This method states that "the company attributes the benefit to the current accounting period (for the welfare cost relating to the current labour services) and to the current period and the previous one (to determine the real value of definite benefit obligations). The company should attribute the benefit to the periods in which the obligation to allocate subsequent benefits to the end of contract arises" (art. 68 of IAS 19). For a correct methodological approach to the problem, the mathematical evaluation was supplied with sensitivity tests in respect of the basic technical standards adopted so as to be able to appreciate the effect of any variation, whether due to leaving the group for whatever reason or to financial and economic reasons, to the allocation value in the balance of the TFR according to IAS 19.
The profits and losses deriving from the mathematical calculations are ascribed to the economic account.

Risk and obligation funds

Funds for risk and obligations concern the costs and obligations of a determined, definite or probable nature that, at the closing date of the financial period in question, are indefinite either in their amounts or contingencies. 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.

Dividends

Dividends are accounted for in the financial period in which their distribution has been agreed upon by the issuing company.

Income taxes

Current income taxes for the financial period are calculated on the basis of estimates of taxable income in accordance with the laws in vigour: Moreover, the effects deriving from the activation within the Group of the national tax consolidation are also taken into account. The debt for current taxes is accounted for in the patrimonial status, net of any taxes paid in advance.
Deferred and pre-paid income taxes are calculated on the temporary differences between the patrimonial values registered in accordance with the IFRS international accounting standards and the corresponding values realised for tax purposes.
In particular, assets due to pre-paid taxes are registered when their recovery is probable, that is, when it is expected that sufficient tax profits will be available in the future so that these assets may be used. The degree of recovery of pre-paid tax assets is re-examined at the end of every period. Deferred taxes are always calculated in compliance with the IAS 12.

2.5.2 Revenues

The revenues gained by CAD IT S.p.A. during the financial period can be subdivided in the following manner:

	2005		*2004*	
Income from sales and services	24,267,187	92.10%	24,409,179	91.83%
Variations in stock of products being elaborated				
Changes in ongoing orders				
Asset increases due to internal work	2,076,188	7.88%	2,153,000	8.10%
Other revenue and receipts	5,107	0.02%	18,479	0.07%
Production value	*26,348,482*	*100.00%*	*26,580,658*	*100.00%*

2.5.3 Information by activity sectors and geographical areas

The internal organisational and managerial structure and the internal reporting for the Board of Directors is presently grouped into two operative divisions: Finance and Manufacturing. These divisions are the basis on which the Group reports sector information according to the primary layout.
The main activities of each sector are as follows:

- *Finance*: includes the computer applications aimed specifically at banks and other financial institutions. The main applications provide:

i. management of intermediary activities on securities, funds and derivate instruments;
ii. management of the typical services in the credit sector, such as the collection, treasury and monitoring of credit procedures;
iii. service allocation for trading on line;
iv. management of integrated banking computer systems;
v. consultancy and training.

- *Manufacturing*: includes the development and marketing of instruments and software applications and offers a series of services aimed at allowing the companies to effectively manage numerous company processes, including Outsourcing.

The data not allocated to the sectors mainly refer to income and costs for logistics and administration services given to the group's companies by the controlling party.

Income statement ***Period 2005*** ***01/01 - 31/12***

	Total	*Finance*	*Manufacturing*	*Not allocated/General*	*Elisions*
Income by sector from third parties	26,348,482	25,256,751	115,768	975,963	0
Intra-sectorial income		1,064,946	0	0	(1,064,946)
Production revenues	*26,348,482*	*26,321,697*	*115,768*	*975,963*	*(1,064,946)*
Acquisition, service and operational costs by sector	(5,927,191)	(5,927,192)	0	0	0
Intra-sectorial acquisition, service and operational costs		0	(88,982)	(975,963)	1,064,946
Added value	*20,421,291*	*20,394,505*	*26,786*	*(0)*	*0*
Labour costs and admin. expenses by sector	(16,144,133)	(16,144,133)	2	0	0
Intra-sectorial labour costs and admin. expenses		0	0	0	0
Gross Operating Result (EBITDA)	*4,277,158*	*4,250,372*	*26,788*	*(0)*	*0*
Depreciations and funding by sector	(851,688)	(851,688)	0	0	0
Operating Result (EBIT)	*3,425,470*	*3,398,684*	*26,788*	*(0)*	*0*
Net financial income (expenses)	572,309	59,200	0	513,109	
Ordinary Result	*3,997,779*	*3,457,884*	*26,788*	*513,109*	*0*
Revaluations and devaluations	(251,412)	(251,412)	-	-	
Pre-tax result	*3,746,367*	*3,206,472*	*26,788*	*513,109*	*0*
Income taxes	*(2,119,653)*	*0*	*0*	*(2,119,653)*	*0*
Net result	*1,626,714*	*3,206,472*	*26,788*	*(1,606,544)*	*0*

Income statement | **Period 2004** | **01/01 - 31/12**

	Total	Finance	Manufacturing	Not allocated/General	Elisions
Income by sector from third parties	26,580,658	25,680,772	99,886	800,000	
Intra-sectorial income		877,000	0	0	(877,000)
Production revenues	*26,580,658*	*26,557,772*	*99,886*	*800,000*	*(877,000)*
Acquisition, service and operational costs by sector	(4,286,440)	(4,286,440)	0	0	0
Intra-sectorial acquisition, service and operational costs		0	(77,000)	(800,000)	877,000
Added value	*22,294,218*	*22,271,332*	*22,886*	*0*	*0*
Labour costs and admin. expenses by sector	(15,005,561)	(15,005,561)	0	0	0
Intra-sectorial labour costs and admin. expenses		0	0	0	0
Gross Operating Result (EBITDA)	*7,288,657*	*7,265,771*	*22,886*	*0*	*0*
Depreciations and funding by sector	(763,636)	(763,636)	0	0	0
Operating Result (EBIT)	*6,525,021*	*6,502,135*	*22,886*	*0*	*0*
Net financial income (expenses)	1,309,164	94,900	0	1,214,264	
Ordinary Result	*7,834,185*	*6,597,035*	*22,886*	*1,214,264*	*0*
Revaluations and devaluations	-	-	-	-	
Pre-tax result	*7,834,185*	*6,597,035*	*22,886*	*1,214,264*	*0*
Income taxes	*(3,308,296)*	*0*	*0*	*(3,308,296)*	
Net result	*4,525,889*	*6,597,035*	*22,886*	*(2,094,032)*	*0*

Balance sheet	31/12/2005			
Assets	*Consolidated*	*Finance*	*Manufacturing*	*Not allocated/General*
A) Non-current assets				
I) Assets, equipment and machinery	20,111,551	20,111,551	-	-
II) Intangible assets	9,682,143	9,682,143	-	-
III) Holdings	14,441,633	10,722,455	3,719,178	-
IV) Other financial assets available for sale	3,087,118	3,087,118	-	-
V) Other non-current credits	17,092	17,092	-	-
VI) Credits due to deferred taxes	26,522	-	-	26,522
TOTAL NON-CURRENT ASSETS	**47,366,059**	**43,620,359**	**3,719,178**	**26,522**
B) Current assets				
I) Stock	7,669	7,669	-	-
II) Ongoing orders	-	-	-	-
III) Commercial credits and other credits	21,726,011	21,726,011	-	-
IV) Tax credits	1,032,896	-	-	1,032,896
V) Financial assets available for sale	0	0	0	0
VI) Cash on hand and other equivalent assets	6,270,363	6,270,363	-	-
TOTAL CURRENT ASSETS	**29,036,939**	**28,004,043**	**-**	**1,032,896**
C) Non-current assets for sale	-	-	-	-
TOTAL ASSETS	**76,402,998**	**71,624,402**	**3,719,178**	**1,059,418**

Balance sheet	31/12/2005			
LIABILITIES				
A) Stockholders' equity				
I) Company capital	4,669,600	-	-	4,669,600
II) Reserves	35,297,564	-	-	35,297,564
III) Accumulated profits/losses	15,650,997	-	-	15,650,997
TOTAL STOCKHOLDERS' EQUITY	**55,618,161**	**-**	**-**	**55,618,161**
B) Non-current liabilities				
I) Financing	-	-	-	-
II) Liabilities due to deferred taxes	3,273,546	-	-	3,273,546
III) TFR and quiescence reserves	3,099,556	3,099,556	-	-
IV) Expense and risk reserves	-	-	-	-
V) Other liabilities				
TOTAL non-current liabilities	**6,373,102**	**3,099,556**	**-**	**3,273,546**
C) Current liabilities				
I) Commercial debts	10,004,801	10,004,801	-	-
II) Tax debts	1,191,229	-	-	1,191,229
III) Short-term financing	-	-	-	-
IV) Other debts	3,215,705	3,215,705	-	-
TOTAL current liabilities	14,411,735	13,220,506	-	1,191,229
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**76,402,998**	**16,320,062**	**-**	**60,082,936**

Balance sheet	**31/12/2004**			
Assets	*Consolidated*	*Finance*	*Manufacturing*	*Not allocated/General*
A) Non-current assets				
I) Assets, equipment and machinery	20,572,716	20,572,716	-	-
II) Intangible assets	5,114,661	5,114,661	-	-
III) Holdings	20,295,644	16,697,531	3,598,113	-
IV) Other financial assets available for sale	-		-	-
V) Other non-current credits	124,713	124,713	-	-
VI) Credits due to deferred taxes	27,060	-	-	27,060
TOTAL NON-CURRENT ASSETS	**46,134,794**	**42,509,621**	**3,598,113**	**27,060**
B) Current assets				
I) Stock	-	-	-	-
II) Ongoing orders	-	-	-	-
III) Commercial credits and other credits	23,458,411	23,458,414	-	-
IV) Tax credits	129	-	-	129
V) Financial assets available for sale	0	0	0	0
VI) Cash on hand and other equivalent assets	6,455,317	6,432,431	22,886	-
TOTAL CURRENT ASSETS	**29,913,857**	**29,890,845**	**22,886**	**129**
C) Non-current assets for sale			-	-
TOTAL ASSETS	**76,048,651**	**72,400,466**	**3,620,999**	**27,189**

Balance sheet	**31/12/2004**			
LIABILITIES				
A) Stockholders' equity				
I) Company capital	4,669,600	-	-	4,669,600
II) Reserves	35,246,400	-	-	35,246,400
III) Accumulated profits/losses	19,724,707	-	-	19,724,707
TOTAL STOCKHOLDERS' EQUITY	**59,640,707**	**-**	**-**	**59,640,707**
B) Non-current liabilities				
I) Financing	-	-	-	-
II) Liabilities due to deferred taxes	3,230,149	-	-	-
III) TFR and quiescence reserves	2,576,697	2,576,697	-	-
IV) Expense and risk reserves	146	146	-	-
V) Other liabilities				
TOTAL non-current liabilities	**5,806,992**	**2,576,843**	**-**	**-**
C) Current liabilities				
I) Commercial debts	4,758,183	4,758,183	-	-
II) Tax debts	2,846,994	-	-	6,077,142
III) Short-term financing	-	-	-	-
IV) Other debts	2,995,776	2,995,776	-	-
TOTAL current liabilities	**10,600,953**	**7,753,959**	**-**	**6,077,142**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**76,048,652**	**10,330,802**	**-**	**65,717,849**

Information on the sector according to the secondary layout by geographical area is not provided as CAD IT presently produces and carries out its activities nationally and homogeneously.

2.5.4 Financial performance

The net financial income is Euro 572 thousand as the following table clearly shows.

31/12/2004		31/12/2005
1,119,522	Financial income from assets available for sale	406,608
195,741	Interest on bank deposits and equivalent	192,371
443,964	**Total other financial income**	**598,979**
(6,099)	Interest on bank overdrafts and loans	(26,276)
	Profits and losses on exchanges	(394)
1,309,164	**Financial income and charges, net**	**572,309**

2.5.5 Income taxes

Tax incidence on the gross result was 55.41%. Such high incidence was mainly due to the effect of IRAP, the burden of which on the results is particularly high because of the taxability of staff and collaborator costs.
The taxes ascribable to this portion of the period were estimated taking the results of the period and the norms in force into account and they represent the best possible estimate of the tax expenses ascribable to the period in question.
The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised the option of Group taxation as stated in art. 117 of TUIR 917/1986, which concerns the determination of a global income that corresponds to the algebraic sum of all net incomes of the companies in the group. The liquidation of this one tax allows the Group the contextual use of any tax losses in the period and also allows for dividends to be totally excluded.

RECONCILIATION BETWEEN TAX EXPENSES IN THE BALANCE AND THEORETICAL TAX EXPENSES

	IRES		**IRAP**	
Theoretical rates		33.00%		4.25%
	Taxable	**Tax**	**Taxable**	**Tax**
Pre-tax result	**3,746,367**		**3,746,367**	
Theoretical tax		**1,236,301**		**159,221**
Temporary differences deductible in later periods				
Representation expenses	23,046		23,046	
Total temporary tax variations on the increase	**23,046**	**7,605**	**23,046**	**979**

Temporary taxable differences in later periods				
Higher depreciations on land and buildings	145,233		145,233	
Total temporary tax variation on the decrease	**145,233**	**47,927**	**145,233**	**6,172**
Turnaround of the temporary differences from previous periods				
Representation expenses	18,264		18,264	
Holding share devaluation	7,028			
Total temporary variations from previous periods	**25,292**	**8,346**	**18,264**	**776**
Permanent differences				
To IRES / IRAP income increases	603,163		16,739,019	
To IRES / IRAP income decreases	418,818		880,197	
Total permanent differences	**184,345**	**60,834**	**15,858,822**	**674,000**
Taxable fiscal income	**3,783,233**		**19,464,738**	
Continual loss	0			
Taxable income / current tax on the period's income	**3,783,233**	**1,248,467**	**19,464,738**	**827,251**

SITUATION OF THE TEMPORARY DIFFERENCES AND EFFECTS ON THE ECONOMIC ACCOUNT

Description of the temporary differences	**Pre-paid tax at 31.12.2004**			**Pre-paid tax at 31.12.2005**			**Economic account**
Deductible differences	Taxable	Rate	Tax (a)	Taxable	Rate	Tax (b)	(a - b)
Representation expenses	47,740	*37.25%*	17,783	52,522	*37.25%*	19,564	-1,781
Holding devaluation quota	28,112	*33.00%*	9,277	21,084	*33.00%*	6,958	2,319
Total			***27,060***			***26,522***	***538***

Description of the temporary differences	**Deferred taxes at 31.12.2004**			**Deferred taxes at 31.12.2005**			**Economic account**
Taxable differences	Taxable	Rate	Tax (a)	Taxable	Rate	Tax (b)	(a - b)
TFR discounting back	153,004	*33.00%*	50,491	140,279	*33.00%*	46,292	-4,199
Land revaluation	387,816	*37.25%*	144,461	387,816	*37.25%*	144,461	0
Land depreciation	35,780	*37.25%*	13,328	71,559	*37.25%*	26,656	13,328
Building revaluation	8,051,164	*37.25%*	2,999,059	8,051,164	*37.25%*	2,999,059	0
Building depreciation	109,469	*37.25%*	40,777	218,923	*37.25%*	81,549	40,772

System depreciation	-65,690	*37.25%*	-24,470	-65,690	*37.25%*	-24,470	-6,503
Total			***3,223,647***			***3,273,547***	***43,397***

THEORETICAL TAX BURDEN RECONCILIATION AND EFFECTIVE IRES

	Current period 2005	***Previous period 2004***
Ordinary applicable rate	33%	33%
Effect of the increasing (decreasing) variations in respect of the ordinary rate:		
Already taxed costs	-1.70%	-0.28%
Dividends	-3.54%	-5.73%
Non-deductible costs	5.57%	4.92%
Other permanent differences		-8.52%
Effective rate	33.33%	23.39%

THEORETICAL TAX BURDEN RECONCILIATION AND EFFECTIVE IRAP

	Current period 2005	***Previous period 2004***
Ordinary applicable rate	4.25%	4.25%
Effect of the increasing (decreasing) variations in respect of the ordinary rate:		
Already taxed costs	-0.25%	-0.16%
Dividends	-0.46%	-0.76%
Staff costs	16.86%	9.29%
Non-deductible costs	1.68%	1.21%
Effective rate	22.08%	13.83%

THEORETICAL TAX BURDEN RECONCILIATION AND EFFECTIVE TOTAL

	Current period 2005	***Previous period 2004***
Effective IRES rate	33.33%	23.39%
Effective IRAP rate	22.08%	13.83%
Total effective rate	**55.41%**	**37.22%**

2.5.6 Non current assets held for sale

At 31/12/2005, the company had no non-current assets that could be classified as held for sale.

2.5.7 Dividends paid and proposed

On 12th May 2005, CAD IT S.p.A. distributed an ordinary dividend of Euro 0.33 per share to a total of €2,963,400 as agreed at the Shareholders' Meeting held on 29th April 2005.
In relation to the present period, the Directors have proposed the payment of a dividend of €0.18 per share to a total of €1,616,400, confirming the Group's ability to generate positive income margins. This dividend is subject to shareholder approval at the annual meeting and has therefore not been included in the liabilities of this balance.

2.5.8 Earnings per share

The basic earnings per share is calculated by dividing the year's net profit ascribable to the ordinary shareholders of the Head Company by the weighed average number of ordinary shares in circulation during the year. The number of ordinary shares in circulation does not change during the year of the period and no other types of share are admitted.
There are no options, contracts or convertible financial instruments or equivalent that give their owners the right to acquire ordinary shares. Therefore, the basic profit per share and the dissolved profit per share agree.

	2005	*2004*
Net profit ascribable to ordinary shareholders in Euro	1,626,714	4,525,889
Weighed average number of ordinary shares in circulation	8,980,000	8,980,000
Net profit ascribable to ordinary shareholders for basic profit per share in Euro	0.18	0.50

2.5.9 Property, plant and equipment

The caption "property, plant and equipment" is composed as follows:

Property, plant and equipment	**31/12/2005**	**31/12/2004**
Land	1,526,800	1,526,800
buildings	15,115,378	15,235,358
Plant and equipment	2,714,052	2,953,333
Other assets	755,321	857,225
Assets under construction and payments on account	-	-
Total property, plant and equipment	20,111,551	20,572,716

In the year 2005, the item "property, plant and equipment" varied as follows:

Property, plant and equipment	*Land and buildings*	*Plant and machinery*	*Industrial and commercial equipment*	*Other tangible fixed assets*	*Assets under construction*	*Total*
Purchase or production cost	8,786,748	3,625,880		1,808,648		14,221,277
FTA revaluations	8,438,978					8,438,978
Previous years depreciation and write-downs	(463,569)	(672,547)		(951,423)		(2,087,539)
Adjustments to previous years write-downs						
Opening value	*16,762,158*	*2,953,333*		*857,225*		*20,572,716*
Variations in consolidation area						
Purchases		17,212		96,707		113,919
Transfers						
Reduction in accumulated depreciation due to disposals				222,672		222,672
Disposals				(223,674)		(223,674)
Revaluations for the period						
Depreciation and write-downs for the period	(119,979)	(256,493)		(197,609)		(574,081)
Adjustments to write-downs for the period						
Total tangible fixed assets	*16,642,178*	*2,714,052*		*755,321*		*20,111,552*

The purchasing of new tangible assets during the financial period came to a total of Euro 114 thousand of which Euro 97 thousand were for “ other tangible assets” which particularly include the purchasing of electronic machinery and computers, instruments for the management of the company’s traditional activity.
There are no restrictions on the legal ownership and possession of assets, systems and machinery to guarantee liabilities.
There are no contractual restrictions for buying assets, systems or machinery.

2.5.10 Intangible fixed assets

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

Intangible fixed assets	**31/12/2005**	**31/12/2004**
(1) Goodwill	-	-
(2) Development costs	-	-
(3) Industrial patents and similar rights	1,929,842	-
(4) Licences, trademarks and similar rights	71,707	171,101
(5) Assets under development	7,680,594	4,943,560
(6) Others	-	
Total Intangible fixed assets	9,682,143	5,114,661

In the year 2005, "Intangible fixed assets" varied as follows:

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		797,913	4,943,560			5,741,473
Previous years revaluations						
Previous years amortisation and write-downs		(626,812)				(626,812)
Adjustments to previous years write-downs						
Opening value		*171,101*	*4,943,560*			*5,114,661*
Purchases		32,150	4,812,939			4,845,089
Transfers	2,075,904		(2,075,904)			
Reduction in accumulated amortisation due to disposals						
Disposals						
Revaluations for the period						
Amortisation and write-downs for the period	(146,063)	(131,544)				(277,607)
Adjustments to write-downs for the period						
Total intangible fixed assets	*1,929,842*	*71,707*	*7,680,594*			*9,682,144*

The voice *industrial patent rights and works of ingenuity* is almost entirely made up of software procedures developed by the CAD IT Group and which were previously listed under the voice *ongoing assets* and have been reclassified for € 2,075,904 as they are now ready for use.
The caption *Licences, trademarks and similar rights* principally includes the Dynasty software used by the Group for object-oriented programming activities.
The voice *assets under development* of 7,681 thousands of Euro refers to investments in the development of software procedures under construction both for sale and for in-company use. Most of these investments are aimed at new, advanced products, the use of which will be needed very shortly, even by law, in credit and financial institutions as well as in the field of public and industrial administration. These assets are listed as receivable on the basis of the directly sustained cost.
The most important projects included in the assets are the following:

- SIBAC GS – an integrated banking system for large systems designed for the whole banking and financial sector;
- Basilea 2 – a project that involves the *business intelligence* area which aims at evaluating the operational risks of credit for the banking and insurance market;
- SID – a managerial information technology system developed for the business intelligence area of the banking system;
- Libro Soci – a procedure for the management of quoted company books designed for the whole banking system;
- Fiscalità locale (Local taxation)– a procedure for the management of local taxes designed for the public administration and public body sector;
- GPM4 – this is a procedure aimed mainly at banks and financial companies who deal with savings as it manages property patrimony by simulating investment portfolios.

The fundamental condition for their registration in patrimonial credit is that said costs concern clearly defined, distinguishable and measurable products or processes and that they relate to projects that are both technically feasible and economically recoverable through revenues that will develop in the future by application of the project itself.
The values are registered at credit to the directly sustained cost including the cost concerning the use of internal company resources as well as any extra expenses that may be added to the original cost. In respect of the principle that correlates cost and gain, these costs are depreciated as from the date of the sale of products correlated to these projects and in terms of the life-cycle of the products themselves, which is estimated at five years.

2.5.11 Investments

III) Investments	31/12/2005	31/12/2004	Variazioni
In subsidiary companies	14,439,033	14,271,023	168,010
in associated companies	2,600	2,600	-
in other companies	-	6,022,021	(6,022,021)
Total Investments	**14,441,633**	**20,295,644**	**(5,854,011)**

The figure of €14,442 thousand (14,274 in the previous period) has undergone an increase of Euro 168 thousand due to:

- € 113 thousand for loss coverage and reconstruction of SGM S.r.l. company capital;
- € 47 thousand for loss coverage and reconstruction of Netbureau S.r.l. company capital;
- € 8 thousand for loss coverage and reconstruction of Bitgroove S.r.l. company capital.

The reduction in holdings in other companies is due to the reclassification on 01/01/2005 of uncontrolled holdings or connections in appliance of IAS 32 and 39. For further details, please refer to the next paragraph.

The control holding in the controlled company S.G.M. S.r.l. has increased from 61.6% to 71.2%.

The management trend of the controlled company SGM S.r.l. was influenced by the late activation of the cost containment programme aimed at containing the costs that exceeded the normal operational level and which had already been provided for in past financial periods, and by the decision of clients to defer the conclusion of some investment projects that had been programmed for the 2005 financial period to the 2006 financial period.

SGM S.r.l.'s administrative body has updated the long-term company reorganisation plan which foresees, over a comparatively short time, a return to profitability and the recovery of losses.

This controlled company's plans and programmes have been examined and judged reliable by the CAD IT Board of Directors both in regard to the forecast of an immediate reduction in costs and the feasibility of an increase in profitability for the financial periods from 2006 to 2009, and indicate the possibility of conserving the value given to this holding with the return to an adequate profitability within a short period of time.

For the reasons mentioned earlier, the Board of Directors has decided to proceed to a reduction in the holding value.

The balance values and equity fractions pertaining to the holdings in controlled and connected companies are shown below. The figures were taken from civil law balances drafted in accordance with the national accounting standards and approved by the Board of Directors of the respective companies.

Investments in subsidiary companies

COMPANY NAME	QUOTA CAPITAL €	QUOTAHOLDERS' EQUITY AT 31/12/2005 including NET PROFIT OR LOSS	NET PROFIT or LOSS AT 31.12.2005	PERCENTAGE OF INVESTMENT AT 31/12/2005	CARRYING VALUE AT 31/12/2005	QUOTAHOLDERS' EQUITY HELD
CAD S.R.L. - registered office: Verona (1)	130,000	1,246,367	208,082	100.00%	5,823,653	1,246,367
CESBE S.R.L. - registered office: Verona	10,400	3,466,717	321,657	52.00%	56,818	1,802,693
NETBUREAU S.R.L. – registered office: Milan (2)	50,000	16,213	(33,786)	86.00%	130,940	13,943
SGM Srl - registered office: Padua (3)	100,000	(87,441)	(225,111)	71.20%	2,979,578	-62,258
S.M.A.R.T. LINE S.R.L. – registered office: Avellino (1)	102,700	145,120	7,116	51.05%	664,065	74,084
DQS S.R.L. - registered office: Roma (1)	11,000	564,937	61,880	55.00%	3,263,475	310,715
BITGROOVE S.R.L. – registered office: Agliana (PT) (1)	15,500	21,809	6,311	100.00%	285,162	21,809
ELIDATA S.R.L. – registered office: Castiglione d'Adda (LO) (1)	20,000	798,002	233,538	51.00%	780,904	406,981
DATAFOX S.R.L. - registered office: Florence (1)	99,999	273,022	(19,460)	51.00%	454,438	139,241
TOTAL					**14,439,033**	**3,953,575**

Investments in associated companies

COMPANY NAME	QUOTA CAPITAL €	QUOTAHOLDERS' EQUITY AT 31/12/2005 including NET PROFIT OR LOSS	NET PROFIT or LOSS AT 31.12.2005	PERCENTAGE OF INVESTMENT AT 31/12/2005	CARRYING VALUE AT 31/12/2005	QUOTAHOLDERS' EQUITY HELD
SICOM INFORMATICA S.R.L. – sede: Viadana (MN)	10,400	610,502	253,737	25.00%	2,600	152,626

Investments in indirect subsidiary companies

COMPANY NAME	QUOTA CAPITAL €	QUOTAHOLDERS' EQUITY AT 31/12/2005 including NET PROFIT OR LOSS	NET PROFIT or LOSS AT 31.12.2005	PERCENTAGE OF INVESTMENT AT 31/12/2005	PERCENTAGE OF INVESTMENT AT 31/12/2005
TECSIT S.R.L. – sede: Roma	75,000	85,319	466	70.00%	Through: DQS S.r.l.

Compared to 31/12/2004, the indirectly controlled companies Nestegg S.r.l. and Arch It S.r.l. are no longer present due to their liquidation and neither is the indirectly connected company Bookingvision S.p.A., which was sold to the held company, Datafox S.r.l. on 22/06/2005.
The company annually verifies the holding values at least once a year or more often if there are indications of value losses.
The evaluation of the investments was made through a *Discounted Cash Flow* (DCF), the most common calculation method in financial markets. The results obtained by applying this method were compared to those obtained with the Market Multiple method and in all cases the results proved

coherent. Operational cash flow forecasts are based on the most recent budget plans approved by the Board of Directors for the next 5 years.
The main assumptions used by the Directors for discounting back prospective financial flows in order to make an analysis of the holding value are reported below:
the equation used for estimating the weighed average cost of capital is the following:

$$k = kb\ (1\text{-}TC)\ (B/V) + kp\ (P/V) + ks\ (S/V)$$

where:
kb = interest rate in case of debt
TC = marginal tax rate of the economic bodies being evaluated
B = market value of the debt of a company
V = total market value of a company.
kp = advisability cost of risk capital
P = market value of the privileged shares
ks = advisability cost of own capital determined by the market
S = market value of the net capital.

The cost of capital was identified as $k_S = 8.47\%$.
The permanent growth rate of the company being evaluated was chosen by taking it as 0% a year despite the CAGR of the income and profits of each being greater.
The value of the companies was determined as a summation of discounted back cash flows (Free Cash Flow), of the remaining value and the net financial position. In brief we can say:
COMPANY VALUE = ± NET FINANCIAL POSITION + DISCOUNTED BACK CASH FLOWS + REMAINING VALUE
If we want to translate this equation into mathematical terms, we could show it in the following way:
N.P.V.= company value (Net Present Value)
P.F.N. = Net Financial Position
FCF = cash flow
k = cost of capital
N = explicit period
g = growth rate of the implicit period
$N.P.V. = \pm P.F.N. + \sum^{N}_{i} FCF\ (1+k)^{-N} + (FCF_{N+1} / k\text{-}g)\ \{[1/[1+(k\text{-}g)]^{N}\}$

2.5.12 Other financial assets available for sale

This point involves Class Editori S.p.A. and CIA S.p.A. shares respectively quoted in the Standards and Expands segment, managed by Borsa Italiana S.pA. The two holdings are stable investments due to their strategic function in existing collaboration agreements with the Group and are registered in the balance at market value at the balance date.
The profits and losses found due to the effect of evaluation at fair value at every balance date for these activities were determined at net patrimony except for the value losses registered to the economic account.
As previously indicated, the Group exercised the right to defer the application of IAS 32 and 39 to 01/01/2005.
The table below illustrates the value variations of these holdings.

Holding	**No. of shares held**	**% holding**	**Value at 31/12/04**	**Value at 01/01/05** ***fair value***	**Value at 31/12/05** ***fair value***	**Differences during the period**
Class Editori S.p.a. (CLE)	1,694,171	1.8356%	5,977,068	3,049,508	2,800,465	(249,043)
Cia S.p.a. (CIA)	1,694,171	1.8356%	44,953	235,490	286,654	51,164
TOTALE			**6,022,021**	**3,284,998**	**3,087,118**	

2.5.13 Credits due to deferred taxes

Credits due to deferred taxes are made up of prepaid taxes of the period or previous periods, regarding which it is likely that a taxable income may be created for which they can be used. The prepaid tax credits IRES and IRAP mainly refer to time differences (deductible over the next few periods).

2.5.14 Inventories

Leftover stock, modestly insignificant, includes finished products and goods to the value of € 8 thousand.

2.5.15 Other financial assets

Commercial credits and other credits are made up as follows:

Trade receivables and other credits	31/12/2005	31/12/2004	Differences
Trade receivables	21,501,004	23,275,742	(1,774,738)
Accrued income and deferred expenses	135,006	125,034	9,972
Other credits	90,001	57,636	32,366
Total trade receivables and other credits	21,726,011	23,458,412	(1,732,400)

Credits to clients are entirely due within 12 months. The accounting value of commercial credits and other credits is approximate to their fair value.
Commercial credits are mainly towards Banking Institutions that are CAD IT clients and the controlled companies.
The high sum of credits towards clients is conditioned by the size of the value of the contracts, which is often considerable, as well as the contractual terms of payment which usually state that the balance of the amounts due are to be paid after the procedures supplied have been approved.
The particular type of client (mainly banks and companies connected to banks) means that, over time, the phenomenon of losses on credits becomes more or less irrelevant.
The company evaluated the credits to the probable break-up value. This evaluation is made analytically for expired credits and on expiry of a greater length of time than the average receipt time and on a lump-sum basis for the other credits, depending on the past incidence of losses that the Group finds for sales during the invoicing year.

31/12/2004	Trade receivables, net	31/12/2005
118	Associated companies	1,690
	Associated companies valued using the equity method	
18,488,225	Subsidiary companies	13,930,267
4,788,709	Trade receivables	7,569,047
(1,310)	Bad debt provision	
23,275,742	**Total tade receivables, net**	**21,501,004**

The point *Accrued accruals and payables* refers to accrued income to the sum of Euro 1,205 and the remaining amount to accrued income made up as follows:

Accrued costs	31/12/2005
Software assistance	50,142
Advertising expenses	19,708
Telephone charges	10,284
Administrative services	17,625
Third party benefits	1,372
Various insurances	29,320
Hardware assistance	1,248
System maintenance	2,455
Associative fees	87
Various	1,562
Total accrued costs	**133,804**

The total sum of the point on other credits showed the following results:

31/12/2004	Credits towards other	31/12/2005
3,416	Receivables from social security institutions	
677	Receivables for advances on travel expenses	5,211
1,828	Payments on account to suppliers	8,462
51,714	Other	76,328
57,635	**Total credits towards others**	**90,001**

2.5.16 Tax credits

This point is almost completely made up of advance payments for direct taxes (IRES and IRAP) in the 2005 period.

2.5.17 Cash and other equivalent assets

31/12/2004	Cash and other equivalent assets	31/12/2005
593,867	Bank and postal accounts	251,326
	Cheques on hand	100
2,832	Cash-on-hand and cash equivalents	1,551
5,858,618	Insurance policies capitalised	6,017,386
6,455,317	**Total**	**6,270,363**

2.5.18 Stock capital

The company capital, entirely registered, deposited and unchanged over the period, amounted to €4,669,600. It was subdivided into 8,980,000 ordinary shares with a nominal value of €0.52 each and all with equal rights.
The ordinary shares are registered and indivisible and each one gives the right to a vote at the ordinary

and extraordinary shareholders' meetings, as well as to the faculty of carrying out other company and patrimonial rights in accordance with the law and the statute. There are no restrictions on the free transfer of shares.

CAD IT S.p.A. equity

CAD IT equity at 31.12.2005 amounted to Euro 55,618 thousand compared to the Euro 59,641 thousand at 31.12.2004, the company having paid shareholder dividends to the sum of Euro 2,963 thousand.

2.5.19 Reserves

		31/12/2005	31/12/2004	Differences
(1)	Own shares			
(2)	Share surcharge riserve	35,246,400	35,246,400	-
(3)	Re-evaluation reserve	-		-
(4)	Re-eval. res for fin. assets available for sale	51,164	-	51,164
Total		35,297,564	35,246,400	51,164

The variation of the evaluation reserve for assets available for sale comes from the variation in fair value at 31/12/05 of the holding in the quoted company CIA S.p.A., directly registered in the equity reserve.

ANALYSIS OF THE AVAILABILITY AND DISTRIBUTION POSSIBILITY OF STOCKHOLDERS' EQUITY
(art. 2427 no. 6bis civil code)

There are no restrictions to the possibility of using derivates in the statutory arrangements	
In the three previous financial periods Stockholders' equity was used to a total of	€ 7,273,800
– The legal reserve has already reached a fifth of the company capital (art. 2430 c.c.).	
The Stockholders' equity quotas that cannot be distributed are:	
–cover reserves for long-term costs that have not yet been amortized (art. 2426, no. 5 c.c.):	€ 7,680,594
Total Stockholders' equity quota that cannot be distributed:	€ 7,680,594

Nature/description	Amount at 31.12.2005	Use possibility (*)	Available quota	Quota that can be distributed	Summary of the uses made in the three previous financial periods:	
					for loss coverage	for other reasons
Capital	4,669,600	b	4,669,600			
Capital reserves:						
Reserve from share overpayment	35,246,400	a - b - c	35,246,400	27,565,806		26,940,000
Profit reserves:						
Legal reserve	933,920	a - b	933,920			
Available undivided profits reserve	10,385,995	a - b - c	10,385,995	10,385,995		
Assets available for sale reserve evaluation	51,164	d				
IAS transition reserve	2,118,989	d				
Profits brought forward	585,379	d				
Total	53,991,447		51,235,915	37,951,801	0	26,940,000

(*) legend: a = company capital increase b = loss coverage c = shareholder distribution d = available

2.5.20 Accumulated profits/losses

Accumulated profits/losses	31/12/2005	31/12/2004	Differenza
Previous profits/losses	585,379	-	585,379
Legal reserve	933,920	933,920	-
Statutory reserve	-	-	-
IFRS transition reserve	2,118,989	4,856,013	(2,737,024)
Consolidation reserve	0	0	-
Available joint profit reserve	10,385,995	9,408,885	977,110
Period profits/losses	1,626,714	4,525,889	(2,899,175)
Total	15,650,997	19,724,707	(4,073,710)

Previous period profit refers to the difference between the profits for the 2004 period calculated with the IAS/IFRS accounting standards compared to calculation with the national accounting standards.
The IFRS transition fund changed during the course of the period by €2,737 thousand due to the application of the IAS 32 and 39 for the evaluation of financial assets available for sale being deferred to 01/01/05.
The available reserve of undivided profits increased by Euro 977 thousand due to the effect of undistributed profits in the previous period.

2.5.21 Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,27 thousand and took into account the taxable time differences resulting from time differences of the accounting value of an asset or liability compared to its recognised value for tax purposes. In particular they mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods.

2.5.22 Employees' leaving entitlement and quiescence reserves

Employees' leaving entitlement and quiescence reserves	31/12/2005	31/12/2004	Differences
Employees' leaving entitlement	3,099,556	2,564,512	535,044
Fund due to director end of term of office treatment			
Other quiescence reserves		12,185	(12,185)
Total	**3,099,556**	**2,576,697**	**522,859**

The point concerning the TFR Fund shows the movements resulting from annual allocations made on the basis of the evaluations of external actuaries based on the IAS 19 and the uses carried out concerning end of working contract resolutions or advance payments.

Balance at 31/12/2004	2,564,512
increase for employee passage	80,356
Accruals	620,844
Utilisation	(166,156)
Closing balance 31/12/2005	**3,099,556**

In order to carry out the mathematical evaluation, the database of each employee (salary, matured TFR net of any advance payments, age, sex, qualification, etc.) was given to the external actuaries by the companies' qualified offices. The hypothetical specifications on the employees in service regarding both their demographic evolution and their future economic characteristics, were calculated on the basis of some past company series, on similar experience and on market figures as well as on the basis of some indications supplied by the companies themselves in terms of their experience and sensitivity to company events.
In particular, in determining the present value of future services that are expected to be necessary in

order to settle obligations deriving from working activities carried out in the current period and previous periods, the following were calculated:

a) the present value regarding future forecasted services relating to working activities carried out in previous periods;
b) the welfare cost regarding present work services, i.e. the increase in the present value of obligations resulting from work being carried out in the current period;
c) the interest allowed given by the increase that the present value of the obligations is subject to during a period because of the fact that the date of payment of a benefit becomes one period closer.

The results of the mathematical evaluations on the basis of the IAS for TFR at 31st December 2005 are shown below:

TFR ***on the basis of IAS at 31/12/2005***	***Previous years' costs***	***Current year's costs***	***Current year's interest allowed***
3,099,566	2,542,867	462,604	94,086

2.5.23 Commercial debts

The entire point shows the following trend:

Trade accounts payable to creditors and other payable	**31/12/2005**	**31/12/2004**	**Differences**
Accounts payable to creditors	9,551,210	4,410,052	5,141,158
Payments on account received	-	-	-
Accrued expenses and deferred income	453,591	348,131	105,460
Total	10,004,801	4,758,183	5,246,618

Debts towards suppliers are referred to as current debts for supplies of goods and services received, including those regarding investments in intangible assets.

31/12/2004	**Trade accounts payable to creditors**	**31/12/2005**
738,894	payable to creditors	1,106,252
3,671,158	payable to subsidiaries	8,444,958
	payable to associates	
4,410,052	**Total**	**9,551,210**

The accrued income of Euro 454 thousand refers almost entirely to income that was already invoiced regarding annual ordinary maintenance contracts on user licences and pertaining to the next period.

Deferred income	31/12/2005
Software sales	244,981
Software assistance	203,599
Revenues vs Group companies	5,011
Total	453,591

2.5.24 Tax debts

The taxation debt point regards debts that the company have incurred with the inland revenue. They are debts due to income taxes, value added tax and to activities of tax substitution made by the various companies regarding their respective employees and collaborators and also includes estimated taxes chargeable in the period.
At the time of drafting this balance there were no legal cases pending with the Financial Authorities.

2.5.25 Other debts

Debts towards welfare institutions included matured contributory debts on current monthly salaries as well as the quota for deferred maturing salaries.
Details of other debts are as shown:

Other debts	**31/12/2005**	**31/12/2004**
Social security charges payable	1,174,558	1,087,079
Towards staff for deferred salaries and pay	1,908,697	2,041,008
Other		139
Total other sums payable	**3,215,705**	**2,995,776**

Debts towards welfare institutions included matured contributory debts on current monthly salaries as well as the quota for deferred maturing salaries.

2.5.26 Facts occurring after 31/12/2005

Since 31st December 2005 no particularly significant events have arisen that could significantly influence the patrimony or the economic results of the Group.

2.5.27 Relationships with related parties

In reference to Consob notifications no. 97001574 of 20th February 1997 and no. 98015375 of 27th February 1998, it is confirmed that the commercial nature of the relations between the Group's subsidiaries are governed by regular market conditions. Operations between CAD IT S.p.A. and its controlled companies, which are correlated organs of the company itself, have been eliminated in the consolidated balance and are not shown in these notes.
Except for pre-existing and previously notified relations, no further relations of an economic-patrimonial nature of any particular importance with correlated parties have been undertaken.
As regard remunerations paid to Directors and company auditors, please refer to the report on director management.

2.5.28 Balance approval

The balance was approved by the CAD IT S.p.A. Board of Directors on 28/03/2006.

2.5.29 Employees

Compared to 31st December 2004, the staff of CAD IT at the end of the current period increased by 24 persons due to the passage of workers before employed in subsidiary companies.
The following table shows data regarding the CAD IT employees:

Category of employees	***31/12/2005***	***31/12/2004***	***Variations***
Management	14	13	1
White-collars and cadres	258	236	22
Blue-collars	1	0	1
Apprentices	0	0	
Total	***273***	***249***	24

Category of employees	***Average number in 2005***	***Average number in 2004***	***Variations***
Management	14	13	1
White-collars and cadres	255	233	22
Blue-collars	1	0	1
Apprentices	0	0	0
Total	***270***	***246***	24

The average number of employees in the 2005 period was 270 people, while, in the 2004 period, the average number was 246.
CAD IT continues to dedicate particular attention to the training and professional updating of its staff during certain periods.

2.5.30 Warranties

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

On behalf of the Board of Directors

The Chairman

(Giuseppe Dal Cortivo)

ANNEXES

3 Transition to the IFRS international accounting standards

In accordance with the IFRS 1, this appendix to the financial statements at 31/12/2005 of CAD IT supplies:

1. the reconciliations of the equity calculated using the previous accounting standards with the equity calculated in accordance with the IFRS for both the following dates:
   - i) the transition date to the IFRS and
   - ii) the closing date of the last financial period for which the balance was drafted in accordance with the previous accounting standards
2. a reconciliation of the economic result recorded in the last financial period balance drafted on the basis of the previous accounting standards with the economic result after applying the IFRS for the same period.

The reconciliation tables were drafted only in preparation of the CAD IT first complete consolidated balance to be calculated in accordance with the IFRS approved by the European Commission (consolidated balance at 31/12/2005) and therefore do not include comparative data and explanatory notes which otherwise would be necessary for a complete representation of the patrimonial-financial situation and of the consolidated economic result at 31/12/2004, as in accordance with the IFRS.
The tables have been prepared in accordance with the IAS/IFRS in vigour to date
The effects of the transition to the IFRS, as required by the IFRS 1, were transferred onto the initial equity at the transition date.
Transition to the IFRS has meant that estimates calculated according to the national accounting standards have been maintained unless otherwise required by the adoption of the IFRS.
The accounting standards and most significant evaluation criteria applied in drafting the reconciliation tables are shown below.

1 Options taken by the Group relating to the first adoption

The exemptions taken by the Group in accordance with the IFRS 1 are shown below.

- Assessment of the fixed assets, equipment and machinery and intangible assets at the *fair value* as a substitutive of the cost value: the Group has applied a *fair value* for each category of income source as a substitutive of the cost value;
- Business aggregation: the Group has not applied the IFRS 3 retrospectively to company aggregations made before the 1st January 2004. This has interrupted the process of amortization and of the consolidation differences registered on 1st January 2004.
- Designation date of the financial instruments as fair value instruments through the economic account or as available for sale: the Group has decided to designate these financial instruments as of 01/01/2005. In fact, the Group opted for the faculty of postponing the IAS 32 and 39 transition date to 1st January 2005 and has therefore applied the IAS 39 in evaluating the financial instruments as from the drafting of the consolidated balance for 2005.
- Employee benefits: the actuarial profits or losses accumulated since the beginning of the plans up to the date of transition to the IFRS have been entirely included in the equity.

2 Accounting standards and evaluation criteria

2.1 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.

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.

2.2 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, when sustained, are reported on the economic account.

2.3 Investments

Investments in subsidiary and associated companies, not classified as held for sale as defined by IFRS 5, are shown at cost.

2.4 Impairment of Assets

The company 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.

2.5 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.

2.6 Other non-current credits

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

2.7 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.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 Risk and obligation funds

Funds for risk and obligations concern the costs and obligations of a determined, definite or probable nature that, at the closing date of the financial period in question, are indefinite either in their amounts or contingencies. 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

2.14 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.

2.15 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.
- Revenues from the sale of assets are determined when the significant risks and benefits of said assets are transferred to the purchaser.

2.16 Income taxes

Current income taxes for the financial period are calculated on the basis of estimates of taxable income in accordance with the laws in vigour: Moreover, the effects deriving from the activation within the Group of the national tax consolidation are also taken into account. The debt for current taxes is accounted for in the patrimonial status, net of any taxes paid in advance.
Deferred and pre-paid income taxes are calculated on the temporary differences between the patrimonial values registered in accordance with the IFRS international accounting standards and the corresponding values realised for tax purposes.
In particular, assets due to pre-paid taxes are registered when their recovery is probable, that is, when it is expected that sufficient tax profits will be available in the future so that these assets may be used. The degree of recovery of pre-paid tax assets is re-examined at the end of every period. Deferred taxes are always calculated in compliance with the IAS 12.

3 Reconciliation prospects

In accordance with paragraphs 39 and 40 of the IFRS 1 and the Consob resolution no. 14990 of 14th April 2005, the reconciliation prospects between the previously used accounting standards and the IFRS ones are given below, together with the relative explanatory notes. Particularly supplied are:

- the reconciliation of the equity determined according to the previous accounting standards with the equity calculated by applying the IFRS in reference to the date at which transition to IFRS was made, i.e. 1st January 2004, and at the closing date of the last financial period drafted in accordance with the previous accounting standards, i.e. 31st December 2004;
- the reconciliation of the economic result of 2004, the last balance drafted using the previous standards, with the economic result determined by applying the IFRS to the same period.

The reconciliation prospects have been drafted in accordance with the IFRS 1 international standard and by applying the assessment and measuring criteria established by the IFRS, as previously mentioned.
The data of the reclassified consolidated patrimonial status at 1st January 2004 and at 31st December 2004 and the data of the reclassified consolidated economic account for the 2004 period were taken as the reference basis for the reconciliation prospects.
To present the patrimonial status reconciliation tables the "current/non-current" standard was used whereas, for the economic account reconciliation table, the costs have been classified according to their nature. This brought about a reclassification of old balances that were set out according to the tables required by the Leg. Decree no. 127/1991.
The patrimonial status at 1st January 2004 shows the following differences compared to the consolidated balance at 31/12/2003, which was drafted in accordance with the national accounting standards:

- the assets and liabilities, the registration of which is required by the IFRS standards, have been determined and assessed in accordance with said standards;

- the assets and liabilities that, in conformity with the IFRS, do not require registration, have been eliminated;
- the assets, liabilities or components of the equity that have a different type of asset, liability or component of the equity on the basis of the IFRS, have been reclassified.

The rectifications found following the date of transition to the IFRS are directly ascribed to the IFRS transition reserve as rectification of the profits carried over as new.

4 Reconciliation of the opening patrimonial status at 1st January 2004 and comments

CAD IT S.p.A. balance sheet	Italian accounting standards	Re-classifications	Rectifications	IFRS standards	Notes
	01/01/2004			01/01/2004	
ASSETS					
A) Non-current assets					
I) Property, plant and equipment					
(1) Land		1,138,985	387,815	1,526,800	4.1
(2) Buildings	10,777,022	-3,472,864	8,051,164	15,355,322	4.1
(3) Equipment and machinery	111,091	3,083,098		3,194,189	4.1
(4) Other assets	923,652			923,652	
(5) Ongoing amortizations and advances					
TOTAL Assets, equipment and machinery	11,811,765	749,219	8,438,979	20,999,963	
II) Intangible assets					
(1) Start-up					
(2) Development costs					
(3) Patent rights					
(4) Concessions, licences and brands	251,141			251,141	
(5) Ongoing intangible assets					
(6) Others	1,625,050	-749,218	-875,832	0	4.2
TOTAL Intangible assets	1,876,191	-749,218	-875,832	251,141	
III) Holdings	19,954,986	-115,718		19,839,268	4.3
IV) Other financial assets available for sale					
V) Other non-current credits	132,376			132,376	
VI) Credits due to deferred taxes			326,247	326,247	4.4
TOTAL NON-CURRENT ASSETS	**33,775,317**	**-115,717**	**7,889,394**	**41,548,994**	
B) Current assets					
I) Stock					
II) Ongoing orders					
III) Commercial credits and other credits					
(1) Commercial credits	21,970,437			21,970,437	
(2) Accruals and rediscounts	120,630			120,630	
(3) Other credits	36,506			36,506	
TOTAL Commercial credits and other credits	22,127,573			22,127,573	
IV) Tax credits	880,152			880,152	
V) Financial assets available for sale					
VI) Cash on hand and other equivalent assets	8,251,976			8,251,976	
TOTAL CURRENT ASSETS	**31,259,701**			**31,259,701**	
C) Non-current assets held for sale		115,718		115,718	4.3
TOTAL ASSETS	**65,035,018**	**-**	**7,889,394**	**72,924,413**	

LIABILITIES	Italian accounting standards 01/01/2004	Re-classifications	Rectifications	IFRS standards 01/01/2004	Notes
A) Stockholders' Equity					
I) Company capital	4,669,600			4,669,600	
II) Reserves					
(1) Own shares					
(2) Share surcharge reserve	35,246,400			35,246,400	
(3) Re-evaluation reserve					
(4) Re-eval. res. for fin. assets avail. for sale					
TOTAL Reserves	35,246,400			35,246,400	
III) Accumulated profits/losses					
(1) Previous profits/losses					
(2) Legal reserve	933,920			933,920	
(3) Statutory reserve					
(4) IFRS transition reserve			4,856,013	4,856,013	4.5
(5) Consolidation reserve					
(6) Available joint profit reserve	8,954,608			8,954,608	
(7) Period profits/losses	3,148,277			3,148,277	
Total accumulated profits/losses	13,036,805		4,856,013	17,892,818	
TOTAL Stockholders' equity	**52,952,805**		**4,856,013**	**57,808,818**	
B) Non-current liabilities					
I) Financing					
II) Liabilities due to deferred taxes			3,208,900	3,208,900	4.6
III) TFR and quiescence reserves	2,187,801		-175,519	2,012,282	4.7
IV) Expense and risk reserves	386			386	
V) Other liabilities					
TOTAL non-current liabilities	**2,188,187**		**3,033,381**	**5,221,568**	
C) Current liabilities					
I) Commercial debts					
(1) Debts to suppliers	5,820,333			5,820,333	
(2) Advances from clients					
(3) Accruals and rediscounts	371,878			371,878	
TOTAL Commercial debts	6,192,211			6,192,211	
II) Tax debts	736,223			736,223	
III) Short-term financing					
IV) Other debts	2,965,592			2,965,592	
TOTAL current liabilities	**9,894,026**			**9,894,026**	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**65,035,018**		**7,889,394**	**72,924,412**	

The following notes illustrate the nature and the movements of the rectifications shown on each old poste of the balance at 1st January 2004.

4.1 Property, plant and equipment

In application of the optional exemption of IFRS 1, in the opening patrimonial status (01/01/2004) some assets were valued at *fair value* as "cost replacement". The market value was calculated with the expertise of private and qualified professionals.
Amortizations were calculated on the re-determined value during the opening by taking into account the useful life cycle and the remaining time. Rectification of the value in this initial adoption of IFRS had the equity reserve at the transition date as a counter party, net of the tax effect, which was taken into account as deferred tax.
In particular, the estimating technical report of the market value of the assets and the CAD IT S.p.A. landed property reported the following values:

	Net value at 01/01/04 with Italian accounting standards	**Revaluations**	**Net value at 01/01/04 with IFRS**
land	1,138,985	387,815	1,526,800
buildings	7,304,157	8,051,164	15,355,321
TOTAL	**8,443,143**	**8,438,978**	**16,882,121**

IAS 16 foresees a separate indication of land which, since it is an asset with an indefinite life cycle, is not subject to amortization. Therefore, at the opening of the initial patrimonial status, the land has been separated from the buildings at the old cost value or rather replacement value (fair value).
In accordance with the Component Approach laid down in IAS 16, which requires that each component with a significant cost or different life cycle than the source of income of which is part, should be accounted for as a separate asset, as should its amortization, any identifiable equipment with a life cycle that is different to the building has been separated from the building value and reclassified to a value of €2,334 thousand.
Furthermore, the improvements on third party assets relating to buildings maintained by companies within the Group have been reclassified in the equipment voice on the basis of the IAS 16 indications to a value of €749 thousand.

4.2 Intangible fixed assets

Assets registered as such in accordance with the Italian accounting standards that are not considered ascribable in the patrimonial status according to the IFRS, have been eliminated. In particular, cost for equipment and enlargement capitalized among the assets of some of the Group's companies, have been eliminated to the sum of €876 thousand with a reduction in equity taking into account the deferred tax effects.

4.3 Non-current assets held for sale

The accounting values of the shares in the equity of controlled companies in liquidation or to be dismissed have been reclassified into the non-current assets for sale voice, in accordance with the IFRS 5, to the value of €116 thousand.

4.4 Deferred tax assets

The €326 thousand rectification refers to the tax effects deriving form the variations in assets and liabilities registered during the first application of the IFRS, calculated at a tax rate of 37.25% (33% IRES +4.25% IRAP).

4.5 IFRS transition reserve

In accordance with IFRS 1, this reserve consists of the algebraic sum of all the effects, net of the relative deferred taxes, deriving from transition rectifications following the application of the international accounting standards.

4.6 Liabilities due to deferred taxes

The €3,209 thousand rectification refers to the tax effects deriving from variations in assets and liabilities registered during the first application of the IFRS, calculated at a tax rate of 37.25% (33% IRES +4.25% IRAP).

4.7 TFR and quiescence funds

On the basis of the IAS 19, the debt for dealing with employee leaving entitlement has been updated to the IFRS transition date to conform to the calculations carried out by private actuaries, the updated value being less than €176 thousand compared to the debt found in accordance with art. 2120 of the civil code.

5 Patrimonial status reconciliation at 31st December 2004 and comments

CAD IT S.p.A. balance sheet	Italian accounting standards	Re-classifications	Rectifications	IFRS standards	Notes
	31/12/2004			31/12/2004	
ASSETS					
A) Non-current assets					
I) Property, plant and equipment					
(1) Land		1,103,205	423,595	1,526,800	5.1
(2) Buildings	10,438,606	(3,363,881)	8,160,633	15,235,358	5.1
(3) Equipment and machinery	92,741	2,926,283	(65,691)	2,953,333	5.1
(4) Other assets	857,225			857,225	
(5) Ongoing amortizations and advances					
TOTAL Assets, equipment and machinery	11,388,572	665,607	8,518,537	20,572,716	
II) Intangible assets					
(1) Start-up					
(2) Development costs					
(3) Patent rights	171,101				
(4) Concessions, licences and brands				171,101	
(5) Ongoing intangible assets	4,943,560			4,943,560	
(6) Others	665,607	(665,607)			5.1
TOTAL Intangible assets	5,780,268	(665,607)		5,114,661	
III) Holdings	20,295,644			20,295,644	
IV) Other financial assets available for sale					
V) Other non-current credits	124,713			124,713	
VI) Credits due to deferred taxes	27,060			27,060	
TOTAL NON-CURRENT ASSETS	**37,616,257**		**8,518,537**	**46,134,794**	
B) Current assets					
I) Stock					
II) Ongoing orders					
III) Commercial credits and other credits					
(1) Commercial credits	23,275,742			23,275,742	
(2) Accruals and rediscounts	125,034			125,034	
(3) Other credits	57,635			57,635	
TOTAL Commercial credits and other credits	23,458,411			23,458,411	
IV) Tax credits	129			129	
V) Financial assets available for sale					
VI) Cash on hand and other equivalent assets	6,455,317			6,455,317	
TOTAL CURRENT ASSETS	**29,913,857**			**29,913,857**	
C) Non-current assets for held sale					
TOTAL ASSETS	**67,530,116**		**8,518,537**	**76,048,653**	

LIABILITIES	Italian accounting standards	Re-classifications	Rectifications	IFRS standards	Notes
A) Stockholders' equity	**31/12/2004**			**31/12/2004**	
I) Stock capital	4,669,600			4,669,600	
II) Reserves					
(1) Own shares					
(2) Share surcharge reserve	35,246,400			35,246,400	
(3) Re-evaluation reserve					
(4) Re-eval. res. for fin. assets avail. for sale					
TOTAL Reserves	35,246,400			35,246,400	
III) Accumulated profits/losses					
(1) Previous profits/losses					
(2) Legal reserve	933,920			933,920	
(3) Statutory reserve					
(4) IFRS transition reserve			4,856,013	4,856,013	5.2
(5) Consolidation reserve					
(6) Available joint profit reserve	9,408,885			9,408,885	
(7) Period profits/losses	3,940,510		585,379	4,525,889	
Total accumulated profits/losses	14,283,315		5,441,392	19,724,707	
TOTAL Stockholders' equity	54,199,315		5,441,392	59,640,707	
B) Non-current liabilities					
I) Financing					
II) Liabilities due to deferred taxes			3,230,149	3,230,149	5.3
III) TFR and quiescence reserves	2,729,701		-153,004	2,576,697	5.4
IV) Expense and risk reserves	146			146	
V) Other liabilities					
TOTAL non-current liabilities	**2,729,847**		3,077,145	**5,806,992**	
C) Current liabilities					
I) Commercial debts					
(1) Debts to suppliers	4,410,052			4,410,052	
(2) Advances from clients					
(3) Accruals and rediscounts	348,131			348,131	
TOTAL Commercial debts	4,758,183			4,758,183	
II) Tax debts	2,846,994			2,846,994	
III) Short-term financing					
IV) Other debts	2,995,776			2,995,776	
TOTAL current liabilities	**10,600,953**			**10,600,953**	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**67,530,116**		**8,518,537**	**76,048,653**	

Below are the details of the notes on the link-up at 31/12/2004.

5.1 Property, plant and equipment

The rectifications and reclassifications at 31/12/2004 take into account all the rectifications and reclassifications determined during the transition to the IFRS standards (paragraph 4.1) as well as those resulting from the difference in amortizations carried out during the 2004 financial period.

5.2 IFRS transition reserve

In accordance with IFRS 1, this reserve consists of the algebraic sum of all the effects, net of the relative deferred taxes, deriving from transition rectifications following the application of the international accounting standards.

5.3 Liabilities due to deferred taxes

The €3,230 thousand rectification refers to the tax effects deriving from variations in assets and liabilities registered during the first application of the IFRS, calculated at a tax rate of 37.25% (33% IRES +4.25% IRAP).

5.4 TFR and quiescence funds

On the basis of the IAS 19, the debt for dealing with employee leaving entitlement has been updated to conform to the calculations carried out by private actuaries, the updated value being less than €153 thousand compared to the debt found in accordance with art. 2120 of the civil code.

6 Reconciliation of the incombe statement for 2004

	Italian accounting standards	Re-classifications	Rectifications	IFRS standards	Notes
Income from sales and services	24,409,179			24,409,179	
Changes in ongoing orders					
Asset increases due to internal work	2,153,000			2,153,000	
Other revenue and receipts	18,479			18,479	
Production value	*26,580,658*	*0*	*0*	*26,580,658*	
Costs for raw materials, subsidiaries and consumer goods	(121,456)			(121,456)	
Service costs	(3,848,807)	(4,307)		(3,853,113)	
Other operational costs	(316,426)	4,556		(311,871)	
Added value	*22,293,969*	*249*	*0*	*22,294,218*	
Labour costs	(14,094,786)	10,552	(22,515)	(14,106,749)	6.1
Other administrative expenses	(898,812)			(898,812)	
Gross operational result (EBITDA)	7,300,371	10,801	(22,515)	7,288,657	
Allocation to Credit Depreciation Fund	(1,310)			(1,310)	
Amortizations:					
- Intangible fixed asset amortization	(1,159,027)		959,442	(199,584)	6.2
- Tangible fixed asset amortization	(558,689)		(4,053)	(562,742)	6.3
Other allocations					
Operational result (EBIT)	5,581,345	10,801	932,874	6,525,021	
Net financial receipts (charges)	1,309,164		0	1,309,164	
			0		
Ordinary result	6,890,509	10,801	932,874	7,834,185	
			0		
Revaluations and depreciations			-		
Extraordinary receipts (charges)	(612,856)	612,855	0	0	6.4
Pre-tax result	6,277,654	623,656	932,874	7,834,185	
Income taxes	(2,337,144)	(623,656)	(347,496)	(3,308,296)	6.4
Profit (loss) for the period	3,940,510	0	585,378	4,525,889	

Below are the detailed notes on the economic account for the 2004 financial period.

6.1 Labour costs

The €23 thousand rectification refers to an adjustment of the debt for dealing with employee leaving entitlement determined in accordance with the calculations of private actuaries and in relation to the 2004 period.

6.2 Intangible fixed asset amortizations

The € 959 thousand difference refers to the cancellation of the amortisation of the pluriannual capitalised expenses in accordance with the national accounting standards and eliminated when the IFRS were first applied.

6.3 Tangible fixed asset amortizations

The sum of € 4 thousand refer to the lesser sum of amortizations concerning buildings , due to the recalculation of the depreciation value, bearing in mind the leftover value estimated during the assessment appraisement of € 84 thousand and to the division of some equipment, due to the depreciation of improvement on third party assets reclassified among tangible assets of € 80 thousands.

6.4 Extraordinary returns and obligations

The extraordinary returns and obligations have been reclassified into the relevant voices, the main one being the rectification of income taxes to the value of €624 thousand.

7 Comparative data presentation exemption in accordance with the IAS 32 and 39

As previously stated, the CAD IT Group opted for the faculty to declare data and information regarding the financial instruments and holdings that came under the application rules of the IAS 32 and 39 standards as from the patrimonial situation at 1st January 2005.
Therefore, the comparative data and information regarding the financial instruments shown in the consolidated patrimonial status at 1st January 2004 and at 31st December 2004 and in the consolidated economic balance for the 2004 financial period have been drafted in accordance with the Italian accounting standards.
In the case in point, the adoption of the IAS 32 and 39 as from the IFRS transition date, would have caused a different classification and evaluation of the holdings in other companies in the same "available for sale" category with negative effects on the equity at 1st January 2004 and on the economic account of the 2004 financial period to the values of €1,952 thousand and €785 thousand respectively.

4 Summary financial statements of CAD IT Group companies

SUMMARY FINANCIAL STATEMENTS OF THE CONSOLIDATED SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATION AREA

(article 2429 of the Italian Civil Code)

CAD SRL
REGISTERED OFFICE: Via Torricelli, 37 - 37100 VERONA
QUOTA CAPITAL: € 130,000.00
% OF INVESTMENT OF CAD IT S.p.A.:100%

	31/12/2005	***31/12/2004***
TURNOVER	27,664,444	35,967,724
GROSS OPERATING RESULT	1,096,048	1,461,062
NET OPERATING PROFIT	710,939	985,016
FINANCIAL INCOME AND CHARGES, NET	103,874	173,832
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	814,813	1,158,848
NET PROFIT / (LOSS) FOR THE YEAR	208,082	375,866
TANGIBLE FIXED ASSETS, NET	128,323	504,467
WORKING CAPITAL, NET	68,419	(1,752,810)
INVESTED CAPITAL, NET	(1,666,463)	(3,099,277)
EMPLOYEES' LEAVING ENTITLEMENT	1,863,205	1,850,934
QUOTAHOLDERS' EQUITY	1,246,367	1,038,286
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	2,912,830	4,137,563

CESBE SRL
REGISTERED OFFICE: Via Torricelli, 37 - 37100 VERONA
QUOTA CAPITAL: € 10,400.00
% OF INVESTMENT OF CAD IT S.p.A.:52%

	31/12/2005	***31/12/2004***
TURNOVER	3,835,748	4,157,629
GROSS OPERATING RESULT	697,384	928,079
NET OPERATING PROFIT	681,368	906,284
FINANCIAL INCOME AND CHARGES, NET	7,627	7,042
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	688,995	913,326
NET PROFIT / (LOSS) FOR THE YEAR	321,657	497,681
TANGIBLE FIXED ASSETS, NET	20,370	32,300
WORKING CAPITAL, NET	3,728,408	3,211,917
INVESTED CAPITAL, NET	3,365,964	2,929,918
EMPLOYEES' LEAVING ENTITLEMENT	382,814	314,299
QUOTAHOLDERS' EQUITY	3,466,717	3,545,063
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	100,753	615,145

NETBUREAU SRL
REGISTERED OFFICE: Via Morigi, 13 - MILAN
QUOTA CAPITAL: € 50,000.00
% OF INVESTMENT OF CAD IT S.p.A.:86%

	31/12/2005	***31/12/2004***
TURNOVER	720,884	630,975
GROSS OPERATING RESULT	5,547	(25,109)
NET OPERATING PROFIT	(21,332)	(33,678)
FINANCIAL INCOME AND CHARGES, NET	(3,799)	(2,855)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(25,131)	(36,533)
NET PROFIT / (LOSS) FOR THE YEAR	(33,786)	(41,734)
TANGIBLE FIXED ASSETS, NET	37,802	40,639
WORKING CAPITAL, NET	46,909	49,671
INVESTED CAPITAL, NET	35,573	42,805
EMPLOYEES' LEAVING ENTITLEMENT	49,138	47,503
QUOTAHOLDERS' EQUITY	16,213	(4,588)
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(19,360)	(47,393)

DQS SRL
REGISTERED OFFICE: Via Silvio d'Amico, 10 - 00145 ROMA
QUOTA CAPITAL: € 11,000.00
% OF INVESTMENT OF CAD IT S.p.A.: 55%

	31/12/2005	***31/12/2004***
TURNOVER	4,844,534	5,804,238
GROSS OPERATING RESULT	322,014	846,396
NET OPERATING PROFIT	281,550	798,151
FINANCIAL INCOME AND CHARGES, NET	9,003	88,617
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	290,553	886,768
NET PROFIT / (LOSS) FOR THE YEAR	61,880	475,730
TANGIBLE FIXED ASSETS, NET	124,559	186,286
WORKING CAPITAL, NET	1,403,055	724,516
INVESTED CAPITAL, NET	1,046,809	530,804
EMPLOYEES' LEAVING ENTITLEMENT	480,805	379,998
QUOTAHOLDERS' EQUITY	564,937	503,056
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(283,867)	132,541

SGM SRL
REGISTERED OFFICE: Galleria Spagna, 28 - 35100 PADOVA
QUOTA CAPITAL: € 100,000
% OF INVESTMENT OF CAD IT S.p.A.: 71.2%

	31/12/2005	***31/12/2004***
TURNOVER	1,432,842	1,515,944
GROSS OPERATING RESULT	(68,795)	(519,337)
NET OPERATING PROFIT	(142,191)	(616,401)
FINANCIAL INCOME AND CHARGES, NET	(49,702)	(60,969)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(191,893)	(677,370)
NET PROFIT / (LOSS) FOR THE YEAR	(334,449)	(527,075)
TANGIBLE FIXED ASSETS, NET	863,212	309,900
WORKING CAPITAL, NET	(203,055)	371,931
INVESTED CAPITAL, NET	530,608	466,830
EMPLOYEES' LEAVING ENTITLEMENT	129,549	215,001
QUOTAHOLDERS' EQUITY	(196,779)	(24,670)
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(725,720)	(479,624)

SMART LINE SRL
REGISTERED OFFICE: Via Tagliamento, 165 - 83100 AVELLINO
QUOTA CAPITAL: € 102,700.00
% OF INVESTMENT OF CAD IT S.p.A.: 51.05%

	31/12/2005	***31/12/2004***
TURNOVER	1,458,974	1,700,857
GROSS OPERATING RESULT	142,127	187,778
NET OPERATING PROFIT	96,977	128,254
FINANCIAL INCOME AND CHARGES, NET	1,959	3,851
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	98,936	132,105
NET PROFIT / (LOSS) FOR THE YEAR	7,116	40,071
TANGIBLE FIXED ASSETS, NET	254,697	179,643
WORKING CAPITAL, NET	(40,731)	(84,354)
INVESTED CAPITAL, NET	(13,619)	(93,934)
EMPLOYEES' LEAVING ENTITLEMENT	227,585	189,223
QUOTAHOLDERS' EQUITY	145,120	176,071
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	158,739	270,005

BIT GROOVE SRL

REGISTERED OFFICE: Piazza IV Novembre, 8 - 51031 AGLIANA (PT)

QUOTA CAPITAL: € 15,500.00

% OF INVESTMENT OF CAD IT S.p.A.:100 %

	31/12/2005	***31/12/2004***
TURNOVER	892,539	635,287
GROSS OPERATING RESULT	80,347	(1,715)
NET OPERATING PROFIT	50,833	(28,455)
FINANCIAL INCOME AND CHARGES, NET	1,895	(5,117)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	52,728	(33,572)
NET PROFIT / (LOSS) FOR THE YEAR	6,311	(42,236)
TANGIBLE FIXED ASSETS, NET	63,224	50,884
WORKING CAPITAL, NET	(44,261)	(38,460)
INVESTED CAPITAL, NET	(12,473)	(6,520)
EMPLOYEES' LEAVING ENTITLEMENT	31,436	18,944
QUOTAHOLDERS' EQUITY	21,809	7,651
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	34,282	14,171

ELIDATA SRL

REGISTERED OFFICE: Via Sanadolo, 19 - Caglione d'Adda - LO

QUOTA CAPITAL: € 20,000.00

% OF INVESTMENT OF CAD IT S.p.A.:51%

	31/12/2005	***31/12/2004***
TURNOVER	1,246,418	1,626,380
GROSS OPERATING RESULT	433,644	815,873
NET OPERATING PROFIT	407,349	776,932
FINANCIAL INCOME AND CHARGES, NET	1,942	7,155
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	409,291	784,087
NET PROFIT / (LOSS) FOR THE YEAR	233,538	463,211
TANGIBLE FIXED ASSETS, NET	97,531	75,820
WORKING CAPITAL, NET	427,341	465,470
INVESTED CAPITAL, NET	503,627	524,821
EMPLOYEES' LEAVING ENTITLEMENT	21,245	16,469
QUOTAHOLDERS' EQUITY	798,002	764,464
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	249,375	239,643

DATAFOX SRL
REGISTERED OFFICE: Via Circondaria, 56/3 – FLORENCE
QUOTA CAPITAL: € 99,999
% OF INVESTMENT OF CAD IT S.p.A.:51%

	31/12/2005	***31/12/2004***
TURNOVER	637,247	734,503
GROSS OPERATING RESULT	105,202	(13,411)
NET OPERATING PROFIT	37,419	(45,209)
FINANCIAL INCOME AND CHARGES, NET	(20,191)	(10,869)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	17,228	(56,078)
NET PROFIT / (LOSS) FOR THE YEAR	(19,460)	(48,359)
TANGIBLE FIXED ASSETS, NET	109,295	67,274
WORKING CAPITAL, NET	188,640	196,033
INVESTED CAPITAL, NET	265,904	232,035
EMPLOYEES' LEAVING ENTITLEMENT	32,031	31,272
QUOTAHOLDERS' EQUITY	273,022	292,480
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	7,118	60,445

SUMMARY FINANCIAL STATEMENTS OF THE ASSOCIATED COMPANIES
(article 2429 of the Italian Civil Code)

SICOM SRL
REGISTERED OFFICE: Via Verdi, 15/a - 46019 Viadana (MN)
QUOTA CAPITAL: € 10,400.00
% OF INVESTMENT OF CAD IT S.p.A.: 25.00%

	31/12/2005	***31/12/2004***
TURNOVER	1,626,878	1,592,517
GROSS OPERATING RESULT	455,802	591,369
NET OPERATING PROFIT	434,635	568,625
FINANCIAL INCOME AND CHARGES, NET	952	1,829
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	435,587	570,454
NET PROFIT / (LOSS) FOR THE YEAR	253,737	342,266
TANGIBLE FIXED ASSETS, NET	324,601	336,249
WORKING CAPITAL, NET	175,696	48,524
INVESTED CAPITAL, NET	448,089	346,594
EMPLOYEES' LEAVING ENTITLEMENT	52,208	38,179
QUOTAHOLDERS' EQUITY	610,502	593,567
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	162,413	246,973

SUMMARY FINANCIAL STATEMENTS OF THE INDIRECT SUBSIDIARY COMPANIES NOT INCLUDED IN THE CONSOLIDATION AREA

(article 2429 of the Italian Civil Code)

TECSIT SRL

REGISTERED OFFICE: Via Silvio D'Amico, 40 - 00145 ROMA

QUOTA CAPITAL: € 75,000.00

% OF INVESTMENT OF CAD IT S.p.A.:70%

	31/12/2005	***31/12/2004***
TURNOVER	598,665	331,335
GROSS OPERATING RESULT	27,800	(9,894)
NET OPERATING PROFIT	19,249	(22,605)
FINANCIAL INCOME AND CHARGES, NET	(13,287)	(9,351)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	5,962	(31,956)
NET PROFIT / (LOSS) FOR THE YEAR	466	2,294
TANGIBLE FIXED ASSETS, NET	23,445	30,557
WORKING CAPITAL, NET	224,417	179,024
INVESTED CAPITAL, NET	232,615	195,565
EMPLOYEES' LEAVING ENTITLEMENT	15,247	14,016
QUOTAHOLDERS' EQUITY	85,319	84,853
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(147,296)	(110,712)