

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

*Quarterly figures and
related information*
Third Quarter 2005

Via Torricelli , 44/a
37136 Verona
Tel. 045 8211111
Fax. 045 8211110
www.cadit.it
cadit@cadit.it

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Corporate Bodies

¹ BOARD OF DIRECTORS

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Managing Director

GIAMPIETRO MAGNANI
Managing Director

MAURIZIO RIZZOLI
Director

PAOLO DAL CORTIVO
Managing Director

FRANCESCO ROSSI
Non-Executive Director

LAMBERTO LAMBERTINI
Non-Executive Director

ALBERTO MIAZZI
Non-Executive Director

¹ STATUTORY AUDITORS

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.

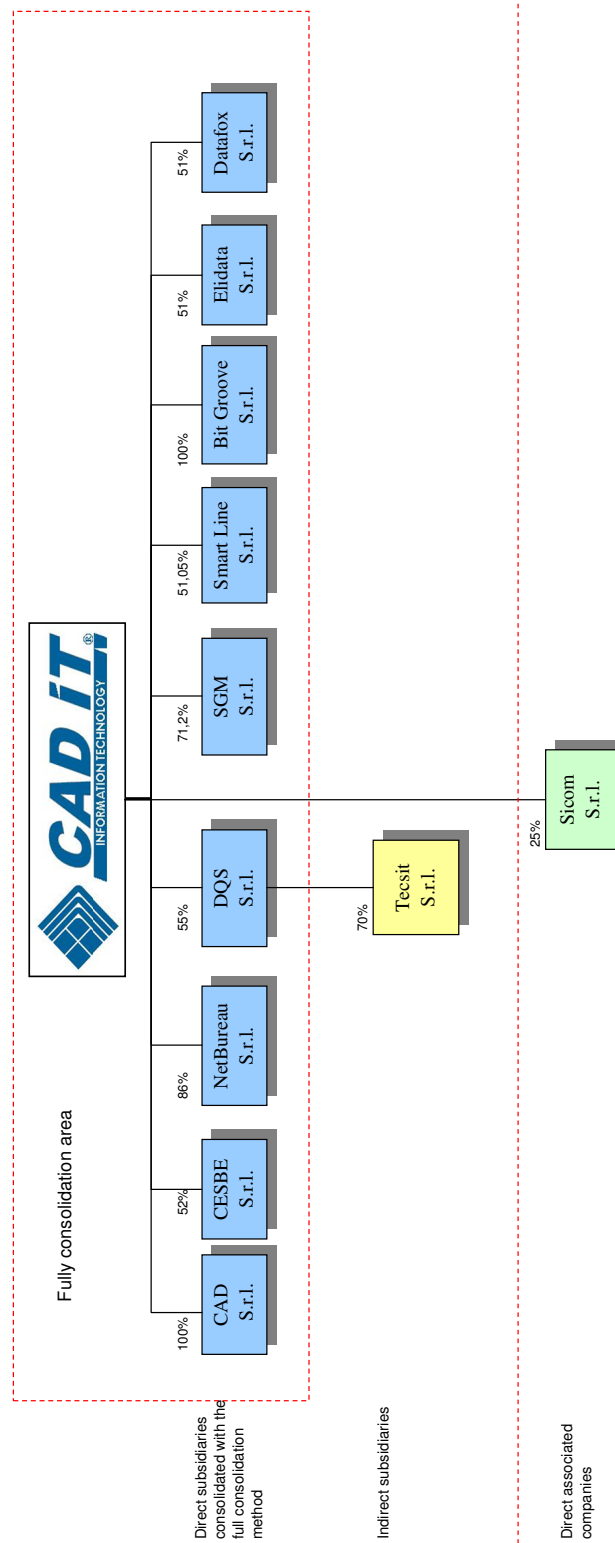
⁽¹⁾ Appointed on 30 April 2003; office expires with the shareholders' meeting for the approval of the 2005 financial statements.

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

Each of the Managing Directors, Giampietro Magnani and Luigi Zanella, is authorised to perform all ordinary administrative duties including the ordering of 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.



Summary schedules

Consolidated profit and loss account for the period ending 30 September 2005

	3rd Quarter 2005		3rd Quarter 2004		Period 2005 01/01 - 30/09		Period 2004 01/01 - 30/09	
Turnover - goods and services	11,231,506	90.35%	11,383,558	89.96%	34,582,206	89.86%	35,360,244	89.96%
Product stock variation undergoing calculation	32,367	0.26%			32,367	0.08%		
Variations in contract work in progress	(40,428)	(0.33%)	120,000	0.95%	(40,428)	(0.11%)	170,000	0.43%
Increase in internal work capitalised under fixed assets	1,182,627	9.51%	1,146,010	9.06%	3,872,975	10.06%	3,693,628	9.40%
Other revenues and income	24,686	0.20%	5,085	0.04%	36,344	0.09%	80,655	0.21%
Production revenues	12,430,758	100.00%	12,654,653	100.00%	38,483,464	100.00%	39,304,527	100.00%
Raw materials, consumables and supplies	(334,928)	(2.69%)	(186,343)	(1.47%)	(736,763)	(1.91%)	(1,194,914)	(3.04%)
Services	(2,110,669)	(16.98%)	(2,176,673)	(17.20%)	(6,198,088)	(16.11%)	(6,816,281)	(17.34%)
Other operating costs	(342,042)	(2.75%)	(210,673)	(1.66%)	(785,980)	(2.04%)	(650,730)	(1.66%)
Added value	9,643,119	77.57%	10,080,964	79.66%	30,762,633	79.94%	30,642,602	77.96%
Personnel expenses	(6,889,002)	(55.42%)	(6,821,760)	(53.91%)	(22,182,113)	(57.64%)	(21,690,591)	(55.19%)
Other administrative expenses	(551,754)	(4.44%)	(623,858)	(4.93%)	(1,711,794)	(4.45%)	(1,980,849)	(5.04%)
Gross operating result (EBITDA)	2,202,363	17.72%	2,635,346	20.83%	6,868,726	17.85%	6,971,162	17.74%
Allocation to Credit Depreciation Fund	1,316	0.01%	(15,495)	(0.12%)	(2,106)	(0.01%)	(39,786)	(0.10%)
Amortizations:								
- Intangible fixed asset amortization	(63,107)	(0.51%)	(157,000)	(1.24%)	(344,446)	(0.90%)	(465,124)	(1.18%)
- Tangible fixed asset amortization	(278,328)	(2.24%)	(211,000)	(1.67%)	(671,405)	(1.74%)	(633,200)	(1.61%)
Other allocations			(973)	(0.01%)			(4,012)	(0.01%)
Operational result (EBIT)	1,862,244	14.98%	2,250,878	17.79%	5,850,769	15.20%	5,829,040	14.83%
Net financial receipts (charges)	44,507	0.36%	46,462	0.37%	202,290	0.53%	196,358	0.50%
Profit from ordinary activities	1,906,751	15.34%	2,297,340	18.15%	6,053,059	15.73%	6,025,398	15.33%
Revaluations and depreciations	272,114	2.19%	31,615	0.25%	44,546	0.12%	121,118	0.31%
Pre-tax and pre-third party share result	2,178,865	17.53%	2,328,955	18.40%	6,097,605	15.84%	6,146,516	15.64%
Pre- third party tax (Profit)/loss	(203,314)	(1.64%)	(84,460)	(0.67%)	(284,445)	(0.74%)	(590,862)	(1.50%)
Group pre-tax profit/loss	1,975,551	15.89%	2,244,495	17.74%	5,813,160	15.11%	5,555,654	14.13%

Consolidated turnover - goods and services at 30 September 2005

<i>Turnover - goods and services</i>	<i>3rd Quarter 2005</i>		<i>3rd Quarter 2004</i>		<i>Period 2005 01/01 - 30/09</i>		<i>Period 2004 01/01 - 30/09</i>	
Total banking division	9,967,129	88.74%	10,903,820	95.79%	31,852,025	92.11%	32,415,106	91.67%
Total industry division	1,264,377	11.26%	479,738	4.21%	2,730,181	7.89%	2,945,138	8.33%
Total turnover - goods and services	11,231,506	100.0%	11,383,558	100.0%	34,582,206	100.0%	35,360,244	100.0%

Net consolidated financial position as at 30 September 2005

<i>Net financial position</i>	<i>at 30.09.2005</i>	<i>at 30.06.2005</i>	<i>At 31.12.2004</i>
Cash on hand and other equivalent assets	12,541,758	16,827,050	11,939,284
Payables due to banks including current portion of medium to long-term loans	(816,235)	(321,406)	(541,471)
Net short-term financial position/(indebtedness)	11,725,523	16,505,644	11,397,813
Long-term loans net of short-term portion	(303,706)	(309,596)	(342,587)
Net long-term financial position/(indebtedness)	(303,706)	(309,596)	(342,587)
Net financial position / (indebtedness)	11,421,817	16,196,048	11,055,226

Investments in intangible fixed assets at 30 September 2005

<i>Intangible fixed assets</i>	<i>Industrial patents and similar rights</i>	<i>Licences, trademarks and similar rights</i>	<i>Assets under development and payments on account</i>	<i>Goodwill</i>	<i>Other</i>	<i>Total</i>
Purchase or production cost	91,971	2,947,929	5,155,609	12,440,551	23,487	20,659,547
Previous years revaluations						
Previous years amortisation and write-downs	(87,054)	(2,426,142)		(4,131,972)	(21,785)	(6,666,954)
Adjustments to previous years write-downs						
<i>Opening value</i>	<i>4,917</i>	<i>521,787</i>	<i>5,155,609</i>	<i>8,308,579</i>	<i>1,702</i>	<i>13,992,593</i>
Variations in consolidation area						
Purchases		33,705	3,922,975			3,956,680
Transfers	630,069		(630,069)	135		135
Reduction in accumulated amortisation due to disposals						
Disposals						
Revaluations for the period						
Amortisation and write-downs for the period	(19,068)	(324,106)			(1,273)	(344,446)
Adjustments to write-downs for the period						
<i>Total intangible fixed assets</i>	<i>615,919</i>	<i>231,386</i>	<i>8,448,514</i>	<i>8,308,714</i>	<i>429</i>	<i>17,604,963</i>

Investments in tangible fixed assets at 30 September 2005

<i>Assets, equipment and machinery</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Other tangible fixed assets</i>	<i>Assets under construction</i>	<i>Total</i>
Purchase or production cost	9,139,616	4,048,345	19,739	5,146,730		18,354,429
Revaluations first time adoption	8,438,978					8,438,978
Previous years depreciation and write-downs	(482,081)	(1,013,365)	(4,974)	(3,652,471)		(5,152,892)
Adjustments to previous years write-downs				(1,955)		(1,955)
<i>Opening value</i>	<i>17,096,514</i>	<i>3,034,980</i>	<i>14,764</i>	<i>1,492,304</i>		<i>21,638,562</i>
Variations in consolidation area						
Purchases		26,487	1,918	100,701		129,107
Transfers						
Reduction in accumulated depreciation due to disposals		46,877		316,263		363,140
Disposals		(53,041)		(320,149)		(373,190)
Revaluations for the period						
Depreciation and write-downs for the period	(91,947)	(216,319)	(2,381)	(360,758)		(671,405)
Adjustments to write-downs for the period						
<i>Total tangible fixed assets</i>	<i>17,004,567</i>	<i>2,838,984</i>	<i>14,302</i>	<i>1,228,361</i>		<i>21,086,214</i>

Investments in financial fixed assets at 30 September 2005

<i>Financial fixed assets</i>	<i>Holdings. And Other financial assets available for sale</i>	<i>Non-current receivables</i>	<i>Consolidation adjustments</i>	<i>Total</i>
Purchase or production cost	20,612,862	165,320	(14,250,602)	6,527,580
Previous years revaluations		930	527,551	528,482
Previous years amortisation and write-downs	(202,918)	(1,402)	(482,060)	(686,380)
Adjustments to previous years write-downs			(59,397)	(59,397)
<i>Opening value</i>	<i>20,409,944</i>	<i>164,848</i>	<i>(14,264,508)</i>	<i>6,310,285</i>
IAS 39 at 01/01/2005 effect	(2,737,024)			(2,737,024)
Purchases	170,379	15,687	(168,011)	18,055
Transfers			100,000	100,000
Reimbursements		(110,570)		(110,570)
Disposals	(61,748)	(3,058)		(64,807)
Revaluations for the year	360,858		84,633	445,491
Write-downs for the year	(2,369)		(73,828)	(76,196)
Adjustments to write-downs for the year				
<i>Total financial fixed assets</i>	<i>18,140,040</i>	<i>66,907</i>	<i>(14,321,713)</i>	<i>3,885,235</i>

Summary of investments - Third quarter 2005

<i>Summary of investments</i>	<i>3rd quarter 2005</i>	<i>3rd quarter 2004</i>	<i>Period 2005 1/1-30/09</i>	<i>Period 2004 1/1-30/09</i>
Intangible fixed assets	35,338	33,779	33,840	235,278
Assets under development and payments on account	1,182,626	1,226,009	3,722,975	3,773,628
Plant, machinery and equipment	39,649	46,170	129,107	200,656
<i>Total investments in tangible and intangible fixed assets</i>	<i>1,257,614</i>	<i>1,305,958</i>	<i>3,885,921</i>	<i>4,209,562</i>
Shareholdings and financial investments	2,369	105,603	170,379	465,317
Non-current credits	1,550	9,522	15,687	17,913
<i>Total shareholdings and financial investments</i>	<i>3,919</i>	<i>115,125</i>	<i>186,066</i>	<i>483,230</i>
<i>Total investments</i>	<i>1,261,532</i>	<i>1,421,083</i>	<i>4,071,987</i>	<i>4,692,792</i>

Information on the financial schedules

1 Foreword

This quarterly report has been drafted in accordance with the standards set for the annual consolidated accounts of the current financial period (IAS/IFRS) and prepared according to the indications in Attachment 3D of the issuing regulation as laid down in art. 82 of CONSOB deliberation no. 14990 of 14th April 2005.

In accordance with the provisions set for the modalities and notification conditions of quarterly data for companies quoted on the “New Market”, this document shows the quarterly figures required on a consolidated basis since CAD IT S.p.A. is obliged to draft a consolidated balance.

The report includes accounting statements, comments on said statements and observations from components of the administrative body on the managerial state of affairs and the more significant events of the period.

Unless otherwise indicated, the monetary items of the financial schedules are stated in Euros, those reported in the related information are stated in thousands of Euros.

1.1 Comparison with previous periods

The economic account figures and gross investments in frozen assets are shown with regard to the quarter in question and the intervening period between the beginning of the financial period and the closing date of this quarter and have been compared to the figures of the same period in the previous year.

The figures representing the net financial position are compared with the figures of the previous quarter and the previous year end.

The figures relating to the matching period were drafted in accordance with the same IAS/IFRS international accounting standards used for drafting the accounting statements of the current period.

1.2 Annexes and notes

The following consolidated figures of the CAD IT Group introduce this information on the quarterly figures:

- reclassified profit and loss account;
- turnover - goods and services;
- net financial position.

Moreover, the statements relating to investments in frozen intangible assets, property, equipment and machinery and financial intangible assets are also shown.

2 Information on CAD IT S.p.A.

CAD IT was set up as a joint stock company under Italian law.

The registered office and the administrative and operating offices are in Via Torricelli no. 44/a, Verona, Italy.

The company is registered in the Verona Company Register under no. 01992770238.

At 30 September 2005, share capital amounted to € 4,669,600, fully subscribed and paid-in, and comprised 8,980,000 ordinary shares, each with equal rights.

These shares are nominal and cannot be divided. Each of them entitles the holder to one vote in the ordinary and extraordinary meetings of the company and to the execution of all other corporate and property rights in accordance with the law and the company's by-laws. They can be freely transferred with no limitation.

CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil Code.

3 *Activities of the Group*

CAD IT Group has developed and distributed IT solutions for the banking sector and the small to medium size industry for over 20 years. It provides standard and customised application software, maintenance and upgrading services as well as consulting and training services.

CAD IT has become the Italian market leader in the supply of IT solutions in the financial sector with its "Area Finanza" software, adopted by over 50% of the Italian bank branches, for the complete management of negotiations and related functions, as well as the regulation and administration of purchases and sales of shares, bonds and derivatives in any currency.

In addition, in synergy with its activities in the financial sector, the Group has long operated in the industry sector, providing and continuing to develop e-business solutions for banks and industrial companies.

4 *Consolidation criteria and procedures*

4.1 *Controlled companies*

The consolidation area includes the Mother Company and the companies it directly or indirectly controls, that is, where it has the power to determine financial and managerial policies of a business in order to reap benefits from said company's activities.

Controlled companies are consolidated from the date in which control was effectively transferred to the Group and are no longer consolidated as from the date that control becomes external to the Group. The purchase of controlled companies has been accounted for in accordance with the purchase method set by IFRS 3.

These companies are consolidated using the integral consolidation method. In drafting the consolidated balance all the balances and significant transactions between the Group's companies are eliminated, as are all unrealised infra-group profit and loss transactions.

Inactive controlled companies or those that generated an insignificant volume of business are consolidated using the net patrimony method. Their effect on the total activity, on liabilities, on the financial position and result of the Group is insignificant.

4.2 *Incorporate companies*

The share in incorporate companies, that is those companies in which the Group has considerable influence, is evaluated using the net patrimony method. The profits or losses relevant to the Group are included in the consolidated balance from the date in which this considerable influence began up to the moment it ceases.

5 *Accounting standards and evaluation criteria*

The accounting standards adopted for drafting the accounting statements and the consolidated quarterly figures are the same as used for drafting the consolidated balance for the current financial period.

5.1 *Tangible fixed assets, equipment and machinery*

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. If the taxation value exceeds the assumed cash value, the assets are devaluated until they reflect the cash value, represented by the highest amount between the net sale price and the wear and tear value. In calculating the wear and tear value, the expected future financial flows are updated using a pre-tax discount rate that reflects the current market value in reference to the cost of non-invested cash at the time and at the specific risks for that particular asset. For an asset that does not generate significant individual financial flows, the cash value is determined in relation to the unit that generates financial flows and of which the asset is a part. Losses in value are accounted for in the economic account between amortisation and depreciation costs. Such losses in value are reassessed if the reasons that generated them no longer exist.

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.

5.2 *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.

To show any losses due to reductions in value, the accounting value for intangible assets has undergone an *impairment test* verification as already described for tangible assets in the previous paragraph.

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.

5.3 *Goodwill*

The Goodwill resulting from the purchase of controlled and incorporate companies is initially registered at cost and is the overbalance of the purchase cost in respect of the purchaser's share of the *fair value* of the assets and liabilities and the potential liabilities at the date of purchase.

After the initial registration, the goodwill is no longer amortised and is decremented of any losses in accumulated value, calculated according to the *IAS 36 Asset value reduction*. Goodwill regarding shares in incorporate companies is included in the taxation value of said companies.

Goodwill is subject to an annual analysis of retrievableness or at shorter intervals if something happens or changes in circumstances arise, which could cause losses in value.

Goodwill deriving from purchases made prior to 1st January 2004 is registered at the recorded value ascribed to it in the last balance drafted on the basis of the previous accounting standards (31st December 2003). In fact, during the preparation of the opening balance in accordance with the international accounting standards, none of the purchase transactions made prior to 1st January 2004 have been re-considered.

5.4 *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.

5.5 *Other non-current credits*

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

5.6 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.

5.7 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.

5.8 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.

5.9 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.

5.10 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.

5.11 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 from these evaluations are ascribed to the Economic Account.

5.12 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

5.13 *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.

5.14 *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.

As for sales concerning assistance and/or maintenance services carried out with the annual subscription formula, the accrual is calculated in proportion with time.

The costs are ascribed in the balance according to the same criteria as those for revenue acknowledgment.

5.15 *The use of estimates*

When applying the IFRS standards, drafting the balance and the quarterly balances, as well as the relative notes, involves calculating estimates and assumptions that affect the credit and debit values of the balance and the relative potential credit and debit report at the balance date. The final results may differ from these estimates. The estimates are used to evaluate the tangible and intangible activities subject to *impairment test*, to show funding for credit risks, the amount of costs sustained for development activities, staff benefits, other funding and work on ongoing orders.

The estimates and assumptions are periodically revised and the effects of each variation are immediately shown in the economic account.

6 Consolidation area

The fully consolidated companies included in the financial schedules of CAD IT Group at 30 September 2005 are the following:

<i>Company name</i>	<i>Registered office</i>		<i>Share / Quota capital</i>	<i>Percentage of investment</i>	<i>Percentage of investment of the Group</i>
CAD IT S.p.A.	Verona	Via Torricelli 44/A	4,669,600	Parent company	
CAD S.r.l.	Verona	Via Torricelli 37	130,000	100.00%	100.00%
Cesbe S.r.l.	Verona	Via Torricelli 37	10,400	52.00%	52.00%
Netbureau S.r.l.	Milan	Via Morigi 13	50,000	86.00%	86.00%
S.G.M. S.r.l.	Padua	Galleria Spagna 28	100,000	71.20%	71.20%
D.Q.S. S.r.l.	Rome	Via Silvio D'Amico 40	11,000	55.00%	55.00%
(1) Tecsit S.r.l.	Rome	Via Silvio D'Amico 40	75,000	70.00%	38.50%
Bit Groove S.r.l.	Agliana (PT)	Piazza IV Novembre 8	15,500	100.00%	100.00%
Elidata S.r.l.	Castiglione D'Adda (LO)	Via Sanadolo 19	20,000	51.00%	51.00%
Smart Line S.r.l.	Avellino	Via Tagliamento 165	102,700	51.05%	51.05%
Datafox S.r.l.	Florence	Via Circondaria, 56/3	99,999	51.00%	51.00%

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

The consolidation area as a whole, compared to the situation at 30th September 2004, differs in the following manner:

- the indirectly controlled company Tecsit S.r.l. has been included in accordance with the IAS/IFRS international accounting standards. In the past, this company share was consolidated with the net patrimony method since the business volume it generated was not significant.
- there is an increase in the participating share in S.G.M. S.r.l. from 61.6 to 71.2%;

Furthermore, with respect to 30/09/2004, the indirectly controlled companies Archit S.r.l. and Nestegg S.r.l., are no longer consolidated subsequent to their liquidation.

The variations in the consolidation area cause very little effect on both the economic account and the patrimonial situation.

7 Holdings

Shares in associated businesses on which the Group has considerable influence have been evaluated in accordance with the net patrimony method and reduced if any lasting losses have occurred.

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

The company Bookingvision S.r.l. was transferred to the participating company Datafox S.r.l. on 22/06/2005, and therefore no longer appears in the balance, as it did on 30/09/2004.

8 *Performance*

The Group recorded a positive consolidated profit of Euro 1,975.6 thousand in the third quarter 2005, compared to Euro 2,224.5 thousand for the same period in 2004, before taxation and after minority interest before taxation of Euro 203.3 thousand (Euro 84.5 thousand in the same previous year period).

8.1 *Results and information on the most significant components of operating profit*

Production revenues of the Group amount to Euro 12,430.8 thousand in the third quarter 2005, against Euro 12,654.7 thousand in the corresponding previous year period.

Added value of the quarter confirms a margin of 77.57% compared to 79.66% for the same period of the previous year.

Gross operating result (EBITDA) registers Euro 2,202.4 thousand compared to Euro 2,635.3 thousand for the previous year quarter.

Operating profit (EBIT) in the third quarter 2005 amounts to Euro 1,862.2 thousand, compared to Euro 2,250.9 thousand in the corresponding period in 2004.

8.2 *Research and development*

In regard to activities aimed at consolidating traditional business, the production of new modules to improve organisation and the technical development of the vast amount of software installed, is constantly underway within the Group.

New information systems aimed at diversifying the Group's offer towards those sectors that border on the ones already presided over, are also being integrated and implemented. The main projects in which the Group companies are involved are:

- CAD IT S.p.A. and CAD S.r.l. have been working on new and important modules that can be integrated to existing procedures. For example:
 - a new Area Finance module to manage security loans and debenture loans;
 - a new module for the allocation of patrimonial management;
 - security data service management proposed in partnership with Class Editori and Borsa Italiana;
 - the procedure for local tax management and other modules for the preparation of extracting taxes;
 - the procedure for digital signature management and electronic mandate.

As regards new projects, research and development activities are continuing into the SIBAC platform, which is a leading element in the Group's growth strategy. In 2005, activities were concentrated on some of the SIBAC subsystems, for example:

- general data files;
- general accounting;
- FOREX.

The development of the Basle 2 procedure was a further investment made by the Group.

In collaboration with Bit Groove and DataFox, activities for the production of specialised modules for business intelligence are intense.

- Cesbe S.r.l. continued to invest in the technological and functional upgrading of its on-line trading and training solutions and in a new platform aimed at automating the study of processes;
- The CAD IT Group, in collaboration with NetBureau, is working intensely on creating procedures for fiduciaries, Shareholders' Meeting management and for keeping the books of multi-shareholder companies;
- SGM S.r.l. developed vertical solutions of the (ERP) SIGMAWEB management software for companies of any size. Among these it is to note the rising verticalisation of solutions for the

- fashion industry and the food sector (managing the threader marking);
- DQS S.r.l. completed the reengineering of the procedure for the management of "depository banks";
- Smart Line S.r.l. is currently investing to widen its offer of services and tax collection solutions for the local public administrations and consortia;
- Elidata S.r.l. continued investing to increase further the functions of its platform for linking to the financial markets.

8.3 Turnover - goods and services

Turnover is summarised below by business line, with comparative figures of the previous year period.

A breakdown by geographical area is not significant as all the Group's turnover is evenly achieved throughout Italy. Therefore it is not provided here.

Turnover of goods and services amount to Euro 11,231.5 thousand in the third quarter 2005 compared to Euro 11,383.6 thousand in the same previous year period.

<i>Turnover - goods and services</i>	<i>3rd Quarter 2005</i>		<i>3rd Quarter 2004</i>		<i>Period 2005 01/01 - 30/09</i>		<i>Period 2004 01/01 - 30/09</i>	
Total banking division	9,967,129	88.74%	10,903,820	95.79%	31,852,025	92.11%	32,415,106	91.67%
Total industry division	1,264,377	11.26%	479,738	4.21%	2,730,181	7.89%	2,945,138	8.33%
Total turnover - goods and services	11,231,506	100.0%	11,383,558	100.0%	34,582,206	100.0%	35,360,244	100.0%

8.4 Gross operating result (EBITDA)

The gross operating result for the third quarter 2005 amount to Euro 2,202.4 thousand and is equal to 17.72%, of production revenues, while the gross operating result for the third quarter 2004 amounted to Euro 2,635.3 thousand, equal to 20.83% of production revenues.

The results in operating profit for the quarter is already mentioned in paragraph 8.1.

8.5 Operating profit (EBIT)

Operating profit for third quarter 2005 is positive for Euro 1,862.2 thousand compared to Euro 2,250.9 thousand in the corresponding previous year period.

Amortisation, depreciation and accruals for the third quarter 2005 total Euro 340.1 thousand compared to Euro 384.5 thousand in the same previous year period.

8.6 Financial income and charges

Net financing activities resulted in an income of Euro 44.5 thousand in the third quarter 2005 (Euro 46.5 thousand in the same previous year period).

<i>Financial income and charges</i>	<i>3° Quarter 2005</i>	<i>3° Quarter 2004</i>	<i>Period 2005 1/1-30/09</i>	<i>Period 2004 1/1-30/09</i>
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Financial income from investments in other companies	10,369		27,311	37,272
Financial income from non-current receivables classified as fixed assets	(46)	22		349
Financial income from receivables classified as fixed assets				
Bank interest	81,259	69,576	253,276	234,066
Profits and losses on exchanges	(2,784)		(3,328)	3,098
Total other financial income	88,798	69,598	277,259	274,785
Interest expense and other financial charges	(44,291)	(23,136)	(74,969)	(78,427)
Financial income and charges, net	44,507	46,462	202,290	196,358

9 Net consolidated financial position

The net short-term consolidated financial position amounts to Euro 11,421.8 thousand at the end of the third quarter 2005, compared to Euro 11,055.2 thousand at 31.12.2004.

<i>Net financial position</i>	<i>at 30.09.2005</i>	<i>at 30.06.2005</i>	<i>At 31.12.2004</i>
Cash on hand and other equivalent assets	12,541,758	16,827,050	11,939,284
Payables due to banks including current portion of medium to long-term loans	(816,235)	(321,406)	(541,471)
Net short-term financial position/(indebtedness)	11,725,523	16,505,644	11,397,813
Long-term loans net of short-term portion	(303,706)	(309,596)	(342,587)
Net long-term financial position/(indebtedness)	(303,706)	(309,596)	(342,587)
Net financial position / (indebtedness)	11,421,817	16,196,048	11,055,226

10 Investments

Investments in tangible and intangible fixed assets made by the consolidated companies in the third quarter 2005 amount to Euro 1,257.6. thousand (Euro 1,306.0 thousand in the same previous year period).

The consisting amount of investments is a consequence of strategic decisions taken by the directors' meeting and management that approved investments to develop new products legally needed by credit institutions, as Basilea 2 and Fiscalità Locale.

The trend of investments is shown in the following table:

<i>Summary of investments</i>	<i>3° quarter 2005</i>	<i>3° quarter 2004</i>	<i>Period 2005 1/1-30/09</i>	<i>Period 2004 1/1-30/09</i>
Intangible fixed assets	35,338	33,779	33,840	235,278
Assets under development and payments on account	1,182,626	1,226,009	3,722,975	3,773,628
Plant, machinery and equipment	39,649	46,170	129,107	200,656
<i>Total investments in tangible and intangible fixed assets</i>	<i>1,257,614</i>	<i>1,305,958</i>	<i>3,885,921</i>	<i>4,209,562</i>
Shareholdings and financial investments	2,369	105,603	170,379	465,317
Non-current credits	1,550	9,522	15,687	17,913
<i>Total shareholdings and financial investments</i>	<i>3,919</i>	<i>115,125</i>	<i>186,066</i>	<i>483,230</i>
<i>Total investments</i>	<i>1,261,532</i>	<i>1,421,083</i>	<i>4,071,987</i>	<i>4,692,792</i>

Investments in intangible fixed assets mainly regard the development and purchasing of software for licensing to the clients or instrumental software to be used by the Group for its own activity.

11 Personnel

The Group's workforce decreased by 14 units at the end of the third quarter 2005 compared to 31-12-2004 in execution of the reorganization plan for the activities of the subsidiary SGM S.r.l.

Personnel training is of particular importance to the Group, which specifically schedules refresher and training periods.

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

<i>Category of Employees</i>	<i>at 30/09/2005</i>	<i>at 30/06/2005</i>	<i>at 31/03/2005</i>	<i>at 31/12/2004</i>	<i>at 30/09/2004</i>
Management	17	17	16	16	16
White collars	619	622	632	631	628
Blue collars	1	1	1	1	1
Apprentices	3	2	5	6	6
<i>Total</i>	<i>640</i>	<i>642</i>	<i>654</i>	<i>654</i>	<i>651</i>

The average number of employees in 2004 was 652 units, while the average number of employees in the third quarter 2005 is 646 units.

12 Significant events at 30 September 2005 and expected future developments

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

Subsequent to 31st March, there have been no events of particular importance to significantly influence the shareholders' equities or economic results of the group.

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 behalf of the Board of Directors
The Chairman

(Signed on the original)

Giuseppe Dal Cortivo