



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

***Half-Year Report  
as at and for the six months  
ended 30 June 2005***

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# First Half-Year Report 2005

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

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## Corporate Bodies

### BOARD OF DIRECTORS <sup>1</sup>

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 <sup>2</sup>

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.

<sup>(1)</sup> 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.

## **1. Performance of the Group and the company**

### ***1.1 Foreword***

In accordance with regulation no. 1606 adopted by the European Union in 2002, companies listed on the markets governed by one member state are, for every financial period beginning on 1st January 2005 or any later date, required to draft their consolidated balances in accordance with international accounting standards (IAS/IFRS).

Consequently, CAD IT S.p.A.'s 2005 consolidated balance will be drafted on the basis of the IAS/IFRS and compared to the 2004 consolidated balance, which was also drafted in accordance with these same standards.

CAD IT S.p.A. avails itself from publishing the second quarterly report in accordance with the exemption clauses laid down in articles 82 and 82 bis of the no. 14990 CONSOB resolution of 14th April 2005.

For the preparation of the half-year report the company has complied with the criteria and provisions established by CONSOB with resolutions no. 12475 of 6 April 2000 and no. 11971 of 14 May 1999. The balance sheet and profit and loss account are drawn up in accordance with the provisions of Legislative Decree no. 127/1991 and the instructions of the Italian Civil Code (articles 2424, 2424 bis, 2425 and 2425 bis).

The six-monthly report at 30th June 2005 was drafted, as stated in article 81 bis of the no. 14990 CONSOB directive of 14th April 2005 in accordance with the temporary regime. Therefore the 2005 six-monthly report also shows:

- a) the quantitative balance of the net patrimony at both the semester and previous period's closing dates and of the result at the closure of the semester, determined by the drafting standards used for the previous period's balance compared to the assumed value of these amounts when the international accounting standards are applied;
- b) the balances set by paragraphs 39 and 40 of the IFRS 1 in an added appendix.

Monetary items in the accounting schedules are stated in Euro, whereas those in the comments thereto are in thousands of Euro, unless otherwise stated.

### ***1.2 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 44/a, Verona.

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

At 30 June 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.

#### ***1.2.1 Corporate Bodies***

The Board of Directors of the company CAD IT S.p.A. comprises the following eight members, of whom three are independent:

- |                        |                                |
|------------------------|--------------------------------|
| - 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 |

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, sales, 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.

The Board of Statutory Auditors of the company CAD IT S.p.A. comprises the following five members, of whom three Statutory Auditors and two Substitute Statutory Auditors:

- |                       |                              |
|-----------------------|------------------------------|
| - Sonia Mazzi         | Chairwoman                   |
| - Giuseppe Cereghini  | Statutory Auditor            |
| - Giannicola Cusumano | Statutory Auditor            |
| - Gian Paolo Ranocchi | Substitute Statutory Auditor |
| - Cesare Brena        | Substitute Statutory Auditor |

### ***1.3 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. CAD 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 Finance Area 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 the Italian and foreign regulated markets.

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

## ***1.4 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 29<sup>th</sup> 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 31<sup>st</sup> 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.

## ***1.5 The market***

During the first half of the year, no clear symptoms were perceived such as to modify the future prospects of the market of reference, which still remain fluctuating.

## ***1.6 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 insurance sector, for example, has already been targeted for the current financial period.

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.

Moreover, the offer of new modules for the insurance sector is being defined, taking advantage of the experience gained in the banking sector on very current themes like IAS or, more generally, financial back office instruments.

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.

## 1.7 Investments

Investments in tangible and intangible fixed assets made by the consolidated companies in the first half of year amount to Euro 3,029 thousand (Euro 3,272 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:

| Summary of investments   | 1 <sup>st</sup> half year | 1 <sup>st</sup> half year | Year             |
|--|---------------------------|---------------------------|------------------|
|  | 2005                      | 2004                      | 2004             |
| Intangible fixed assets  | 16,846                    | 201,499                   | 262,935          |
| Assets under development and payments on account                 | 2,740,348                 | 2,547,618                 | 5,155,609        |
| Plant, machinery, equipment and other tangible fixed assets      | 89,458                    | 154,487                   | 244,540          |
| Buildings under construction and payments on account             |                           |                           |                  |
| <b>Total investments in tangible and intangible fixed assets</b> | <b>2,846,652</b>          | <b>2,903,604</b>          | <b>5,663,084</b> |
| Shareholdings and financial investments                          | 168,011                   | 359,714                   | 465,317          |
| Financial amounts receivable                                     | 14,137                    | 8,391                     | 22,985           |
| <b>Shares</b>  |                           |                           |                  |
| <b>Total shareholdings and financial investments</b>             | <b>182,147</b>            | <b>368,105</b>            | <b>488,302</b>   |
| <b>Total investments</b>   | <b>3,028,799</b>          | <b>3,271,709</b>          | <b>6,151,386</b> |

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. For further details on these investments, refer to paragraph 3.4.2 – Fixed asset activities.

## 1.8 Financial performance

The financial performance resulted in an income of € 158 thousand in the first half year 2005, is shown in the following table.

| 31/12/2004     | Financial performance and net financial position             | 30/06/2005        | 30/06/2004     |
|----------------|--|-------------------|----------------|
| 37,526         | Financial income from receivables classified as fixed assets | 16,988            | 37,599         |
| 406,438        | Bank interest  | 172,017           | 167,587        |
| <b>443,964</b> | <b>Total other financial income</b>                          | <b>189,005</b>    | <b>205,186</b> |
| (102,518)      | Interest expense and other financial charges                 | (30,678)<br>(544) | (55,290)       |
| <b>341,446</b> | <b>Financial income and charges, net</b>                     | <b>157,783</b>    | <b>149,896</b> |

## 1.9 Net consolidated financial position

The net consolidated financial availability at the end of the first semester of 2005 is positive and shows an increase, 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. Euro 16,506 thousand are available at short notice compared to the Euro 14,441 thousand at 30.06.2004

| 31/12/2004   | Variation in net financial position/(indebtedness)                           | 30/06/2005        | 30/06/2004        |
|--|--|-------------------|-------------------|
| 6,080,666  | Cash-on-hand and at bank   | 10,886,215        | 9,047,373         |
| 5,858,618  | Financial assets not of a fixed nature                                       | 5,940,836         | 5,770,043         |
| (541,471)  | Payables due to banks including current portion of medium to long-term loans | (321,406)         | (376,452)         |
| <b>11,397,813</b>                                      | <b>Net short-term financial position/(indebtedness)</b>                      | <b>16,505,645</b> | <b>14,440,964</b> |
| Long-term loans net of short-term portion              |  |                   |                   |
| <b>Net long-term financial position/(indebtedness)</b> |  |                   |                   |
| <b>11,397,813</b>                                      | <b>Net financial position / (indebtedness)</b>                               | <b>16,505,645</b> | <b>14,440,964</b> |

As expected at the beginning of 2005, cash flows from working capital were positive (Euro 11 million) and this positive trend should continue over the coming months. For details on cash flows, refer to the CAD IT Group consolidated balance at paragraph 3.7.



### ***1.10 Important facts occurring after 30 June 2005 and foreseeable development in the management***

Subsequent to 30 June, no important events affected significantly the Group's financial position and results.

In the current year, signs of recovery in the demand for licences and services are seen to come from banks and industries further to the intense investment policy carried out by the Group in research and development, aimed at the realisation of new products.

### ***1.11 Consolidation area***

#### **Consolidation principles**

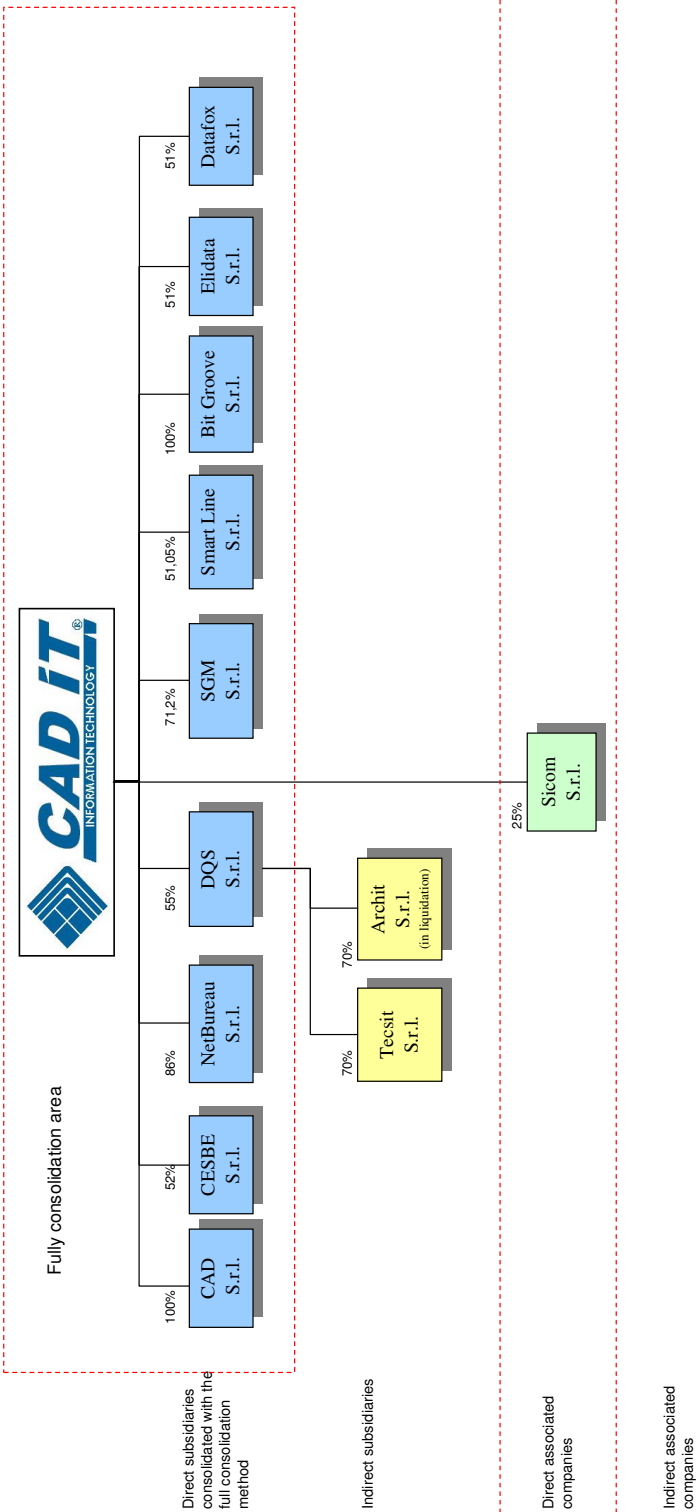
The operating companies that are directly or indirectly controlled by CAD IT, or on which it had a dominating influence are usually consolidated on a line-by-line basis.

Those companies in which CAD IT has either an indirect controlling interest or on which it has a significant influence are valued using the equity method.

For further details reference is made to the following paragraph and to the list of investments in subsidiary and associated companies.

#### **Consolidation area and related variations**

The consolidation area and the subsidiary and associated companies are shown in the graph below:



For the purpose of the preparation of the consolidated financial statements, the companies of the CAD IT Group included in the consolidation area using the full consolidation method and those included using the equity method 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> |
|--|--------------------------|------------------------------|---------------------------------|--|
| <i>Consolidated line-by-line</i>                           |                          |                              |                                 |  |
| CAD IT S.p.A.  | Verona                   | 4,669,600                    | Parent company                  |  |
| Cad S.r.l.   | Verona                   | 130,000                      | 100.00%                         | 100.00%                                      |
| Cesbe S.r.l.   | Verona                   | 10,400                       | 52.00%                          | 52.00%                                       |
| Netbureau S.r.l.   | Milan                    | 50,000                       | 86.00%                          | 86.00%                                       |
| S.G.M. S.r.l.  | Padua                    | 100,000                      | 71.20%                          | 71.20%                                       |
| D.Q.S. S.r.l.  | Rome                     | 11,000                       | 55.00%                          | 55.00%                                       |
| Bit Groove S.r.l.  | Agliana (PT)             | 15,500                       | 100.00%                         | 100.00%                                      |
| Elidata S.r.l.   | Castiglione D'Adda (LO)  | 20,000                       | 51.00%                          | 51.00%                                       |
| Smart Line S.r.l.  | Avellino                 | 102,700                      | 51.05%                          | 51.05%                                       |
| Datafox S.r.l.   | Florence                 | 99,999                       | 51.00%                          | 51.00%                                       |
| <i>Subsidiaries valued using the equity method</i>         |                          |                              |                                 |  |
| (1) Tecsit S.r.l.  | Rome                     | 75,000                       | 70.00%                          | 38.50%                                       |
| (2) Arch it S.r.l.   | Rome                     | 50,000                       | 70.00%                          | 38.50%                                       |
| <i>Associated companies valued using the equity method</i> |                          |                              |                                 |  |
| Sicom S.r.l.   | Viadana (MN)             | 10,400                       | 25.00%                          | 25.00%                                       |

- (1) held through DQS S.r.l.  
 (2) held through DQS S.r.l. - in liquidation

Integral funding, in comparison to the situation at 30th June 2004, has not changed except for an increase in the percentage shares of S.G.M. S.r.l. and Bit Groove, which have risen from 52% to 71.2% and from 51% to 100% respectively. These variations have had no substantial effect on the economic results and patrimony.

The following subsidiaries, valued using the equity method, are excluded from the full consolidation area:

- Tecsit S.r.l., controlled by DQS S.r.l., as it operates in a sector different from the Group;
- Arch It S.r.l., controlled by DQS S.r.l., in liquidation and immaterial.

Total assets and revenues of the non-consolidated subsidiaries represent 0.94% and 0.70% of the Group's assets and revenues, respectively.

The holdings in connected companies are valued at net patrimony which may be reduced if durable

losses are incurred.

Compared to the second quarter of the previous year, the indirectly controlled company Nestegg S.r.l., for liquidation payments, and the indirectly linked firm Bookingvision S.p.A., ceded by Datafox S.r.l. on 22/06/2005, are no longer present.

## 1.12 Accounting policies

The accounting standards adopted for drafting the six-monthly consolidated report, the accounting prospects and the six-monthly data are the same standards as used in drafting the consolidated balance at 31/12/2004, particularly with respect to calculations and keeping to the same standards.

Calculation of the various voices in the balance follows the general criteria of care and skill in perspective of the continuation of the activity.

There were no exceptional cases that required provisions of the laws on balances as in accordance with art. 2433, para. 4 of the Civil Code.

Estimates, where necessary, to express the economic, patrimonial and financial situation correctly, and the economic result regarding the period in question, are of insignificant amounts.

Since CAD IT is required to draft its consolidate accounts, the six-monthly data are shown on a consolidated basis and the six-monthly data of CAD IT S.p.A. are also supplied.

In order to determine the amount for the semester, the income taxes (IRES e IRAP) were taken into consideration, calculated according to the best possible estimation based on the tax laws presently in vigour and the economic result for the financial period in question.

The profit and net patrimony appertaining to third parties are determined on the basis of the results and patrimonies of the companies concerned, net of the estimated tax for the period.

To draft the consolidated patrimonial, economic and financial mid-year situation at 30th June 2005, the consolidated patrimonial, economic and financial mid-year situations of the controlled and held companies drafted by the individual companies of the Group, opportunely reclassified and rectified to reflect the application of the homogeneous standards, have been used.

The quotaholders' equities of the fully consolidated subsidiaries used for the preparation of this consolidated half-year report, are as follows:

| <i>Company name</i> | <i>Date of reference</i> | <i>Quotaholders' equity</i> | <i>Profit for the period</i> | <i>Percentage of investment</i> | <i>Investment value</i> |
|---------------------|--------------------------|-----------------------------|------------------------------|---------------------------------|-------------------------|
| Cad S.r.l.          | 30/06/2005               | 1,038,286                   | 1,426,182                    | 100.00%                         | 2,464,468               |
| Cesbe S.r.l.        | 30/06/2005               | 3,145,061                   | 181,894                      | 52.00%                          | 1,730,017               |
| Netbureau S.r.l.    | 30/06/2005               | 50,000                      | (2,462)                      | 86.00%                          | 40,882                  |
| S.G.M. S.r.l.       | 30/06/2005               | 137,667                     | (211,951)                    | 71.20%                          | (52,890)                |
| D.Q.S. S.r.l.       | 30/06/2005               | 503,056                     | 99,558                       | 55.00%                          | 331,438                 |
| Bit Groove S.r.l.   | 30/06/2005               | 15,500                      | (914)                        | 100.00%                         | 14,586                  |
| Elidata S.r.l.      | 30/06/2005               | 564,464                     | 45,007                       | 51.00%                          | 310,830                 |
| Smart Line S.r.l.   | 30/06/2005               | 138,004                     | 50,737                       | 51.05%                          | 96,353                  |
| Datafox S.r.l.      | 30/06/2005               | 292,480                     | (2,906)                      | 51.00%                          | 147,683                 |

### ***1.12.1 Recognition of revenues and costs***

Revenues and income are prudently accounted for according to the concepts of prudence and accruals basis. Unrealised profits are excluded also taking into consideration the risks and losses accrued in the period, even becoming known at a subsequent date.

Assistance and/or maintenance services provided to customers against payment of annual fees are recorded on an accruals basis.

Costs are recognised on a similar basis to revenues.

### ***1.12.2 Comparison with previous periods***

These figures relate to the half year of reference and are compared to the figures of the same previous year period end at 31 December 2004.

The figures of the net financial position are compared with the corresponding previous period figures and with those at the previous year end.

The financial schedules are comparable with the information provided in the half-year report and the consolidated financial statements of the previous year.

## 2. Consolidated Half-Year Report of the Group

This section provides information and the schedules related to the consolidated figures of the Group, whereas those of the parent company CAD IT S.p.A. are set out, in a following part of the document. As the parent company's core business consists in supplying services to the subsidiary companies and co-ordinating their management, the results of the parent company itself can be better understood in the light of the consolidated figures.

Monetary items in the accounting schedules are stated in Euro, whereas those in the comments thereto are in thousands of Euro, unless otherwise stated.

### 2.1 Consolidated Balance Sheet - Assets

| 31/12/2004        |  | 30/06/2005        | 30/06/2004        |
|-------------------|--|-------------------|-------------------|
|                   | A) SHARE CAPITAL PROCEEDS TO BE RECEIVED               |                   |                   |
|                   | I. Already called up                                   |                   | 71,752            |
| 1                 | II. Not yet called up                                  |                   |                   |
| <b>1</b>          | <b>Total share capital proceeds to be received (A)</b> |                   | <b>71,752</b>     |
|                   | B) FIXED ASSETS  |                   |                   |
|                   | I. Intangible fixed assets                             |                   |                   |
| 7,928             | 1) Start-up and capital costs                          | 5,464             | 450,350           |
|                   | 2) Research, development and advertising costs         |                   |                   |
| 4,917             | 3) Industrial patents and similar rights               | 617,149           | 7,375             |
| 520,240           | 4) Licences, trademarks and similar rights             | 321,274           | 766,013           |
| 13,015            | 5) Goodwill  | 11,388            | 14,642            |
| 7,064,645         | 5 bis) Goodwill arising on consolidation               | 6,442,814         | 7,650,311         |
| 5,155,609         | 6) Assets under development and payments on account    | 7,265,887         | 2,547,618         |
| 685,379           | 7) Other   | 637,554           | 732,346           |
| <b>13,451,733</b> | <b>Total intangible fixed assets</b>                   | <b>15,301,530</b> | <b>12,168,655</b> |
|                   | II. Tangible fixed assets                              |                   |                   |
| 10,765,009        | 1) Land and buildings                                  | 10,590,508        | 11,035,150        |
| 151,986           | 2) Plant and machinery                                 | 134,428           | 169,339           |
| 160               | 3) Industrial and commercial equipment                 | 145               | 351               |
| 1,483,780         | 4) Other assets  | 1,318,778         | 1,671,215         |
|                   | 5) Assets under construction and payments on account   |                   |                   |
| <b>12,400,935</b> | <b>Total tangible fixed assets</b>                     | <b>12,043,859</b> | <b>12,876,055</b> |
|                   | III. Financial fixed assets                            |                   |                   |
|                   | 1) Investments in:                                     |                   |                   |
|                   | a) Subsidiary companies                                |                   |                   |
| 114,551           | a-bis) Subsidiaries valued using the equity method     | 53,556            | 116,410           |
| 168,210           | b) Associated companies                                | 186,033           | 173,200           |
| 6,022,073         | c) Other   | 6,022,073         | 6,022,073         |
|                   | 2) Amounts receivable:                                 |                   |                   |
|                   | a) From subsidiary companies                           |                   |                   |
|                   | b) From associated companies                           |                   |                   |
| 64,848            | d) Other due after one year                            | 68,296            | 77,021            |
|                   | 3) Other securities                                    |                   |                   |
|                   | 4) Own shares  |                   |                   |
| <b>6,369,682</b>  | <b>Total financial fixed assets</b>                    | <b>6,329,958</b>  | <b>6,388,704</b>  |
| <b>32,222,350</b> | <b>Total fixed assets (B)</b>                          | <b>33,675,347</b> | <b>31,433,414</b> |

| C) ASSETS FORMING PART OF WORKING CAPITAL   |   |                   |                   |  |
|---|---|-------------------|-------------------|--|
| I. Inventory                                |   |                   |                   |  |
|   | 1) Raw materials, consumables and supplies          |                   |                   |  |
|   | 2) Work in progress and semi-finished products      |                   |                   |  |
| 435,000                                     | 3) Contract work in progress                        | 435,000           | 530,000           |  |
| 475,134                                     | 4) Finished goods                                   | 435,555           | 394,389           |  |
|   | 5) Payments on account                              |                   |                   |  |
| <b>910,134</b>                              | <b>Total</b>  | <b>870,555</b>    | <b>924,389</b>    |  |
| II. Receivables                             |   |                   |                   |  |
| 28,556,682                                  | 1) Trade receivables                                | 23,944,451        | 24,792,615        |  |
|   | 2) Subsidiary companies                             |                   |                   |  |
| 175,000                                     | 2 bis) Subsidiaries valued using the equity method  | 175,000           | 120,195           |  |
| 25,215                                      | 3) Associated companies                             |                   | 16,708            |  |
|   | 4) Parent companies                                 |                   |                   |  |
| 1,021,882                                   | 4 bis) receivables from taxation authorities        | 146,412           | 432,818           |  |
| 404,722                                     | 4 ter) deferred tax assets                          | 388,862           | 386,239           |  |
| 174,062                                     | 5) Others due within one year                       | 135,751           | 241,082           |  |
| <b>30,357,563</b>                           | <b>Total</b>  | <b>24,790,476</b> | <b>25,989,657</b> |  |
| III. Financial assets not of a fixed nature |   |                   |                   |  |
|   | 1) Investments in subsidiary companies              |                   |                   |  |
|   | 2) Investments in associated companies              |                   |                   |  |
|   | 3) Investments in parent companies                  |                   |                   |  |
|   | 4) Other investments                                |                   |                   |  |
|   | 5) Own shares (total nominal value ....)            |                   |                   |  |
|   | 6) Other securities                                 |                   |                   |  |
| 5,858,618                                   | 7) Insurance policies capitalised                   | 5,940,836         | 5,770,043         |  |
| <b>5,858,618</b>                            | <b>Total</b>  | <b>5,940,836</b>  | <b>5,770,043</b>  |  |
| IV. Liquid funds                            |   |                   |                   |  |
| 6,063,593                                   | 1) Bank and postal accounts                         | 10,869,730        | 9,032,748         |  |
| 4,056                                       | 2) Cheques on hand                                  | 2,310             | 2,883             |  |
| 13,017                                      | 3) Cash-on-hand and cash equivalents                | 14,175            | 11,742            |  |
| <b>6,080,666</b>                            | <b>Total</b>  | <b>10,886,215</b> | <b>9,047,373</b>  |  |
| <b>43,206,981</b>                           | <b>Total assets forming part of working capital</b> | <b>42,488,082</b> | <b>41,731,462</b> |  |
| D) ACCRUED INCOME AND DEFERRED EXPENSES     |   |                   |                   |  |
| 1,033                                       | Accrued income                                      | 1,033             | 1,223             |  |
| 248,579                                     | Deferred expenses                                   | 481,691           | 697,675           |  |
| <b>249,612</b>                              | <b>Total</b>  | <b>482,724</b>    | <b>698,898</b>    |  |
| <b>75,678,944</b>                           | <b>TOTAL ASSETS</b>                                 | <b>76,646,153</b> | <b>73,935,526</b> |  |

## 2.2 Consolidated Balance Sheet - Shareholders' Equity and Liabilities

| 31/12/2004        |  | 30/06/2005        | 30/06/2004        |
|-------------------|--|-------------------|-------------------|
|                   | A) SHAREHOLDERS' EQUITY  |                   |                   |
| 4,669,600         | I. capital   | 4,669,600         | 4,669,600         |
| 35,246,400        | II. Share premium reserve  | 35,246,400        | 35,246,400        |
|                   | III. Revaluation reserves  |                   |                   |
| 933,920           | IV. Legal reserve  | 933,920           | 933,920           |
|                   | V. Reserve for purchase of own shares  |                   |                   |
|                   | VI. Statutory reserves   |                   |                   |
| 9,408,885         | VII. Other reserves  | 10,385,995        | 9,408,885         |
|                   | - capital injections   |                   |                   |
| 9,408,885         | - available reserve  | 10,385,995        | 9,408,885         |
|                   | - extraordinary reserve  |                   |                   |
| (1,723,910)       | Consolidation reserves   | (3,263,544)       | (1,723,910)       |
|                   | VIII Retained earnings or losses carried forward                             |                   |                   |
| 2,400,877         | IX. Profit /(loss) for the period of the Group                               | 1,185,746         | 223,024           |
| <b>50,935,772</b> | <b>Consolidated shareholders' equity of the Group</b>                        | <b>49,158,117</b> | <b>48,757,919</b> |
| 2,098,518         | Share capital and reserves of minority interest                              | 2,289,088         | 2,171,194         |
| 442,440           | Profit (loss) for the period of minority interest                            | 94,387            | 157,163           |
| <b>2,540,958</b>  | <b>Minority interest</b>   | <b>2,383,475</b>  | <b>2,328,357</b>  |
| <b>53,476,730</b> | <b>Total consolidated shareholders' equity (including minority interest)</b> | <b>51,541,592</b> | <b>51,086,276</b> |
|                   | B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES                            |                   |                   |
| 159,350           | 1) Pension and similar provisions  | 166,023           | 126,350           |
| 5,439             | 2) Taxation  | 5,439             | 5,439             |
| 146               | 3) Exchange rate risk  |                   | 146               |
| 25,000            | 4) Other   | 25,000            | 25,000            |
| <b>189,935</b>    | <b>Total</b>   | <b>196,462</b>    | <b>156,935</b>    |
| <b>5,781,159</b>  | <b>C) EMPLOYEES' LEAVING ENTITLEMENT</b>                                     | <b>6,074,240</b>  | <b>5,308,820</b>  |
|                   | D) PAYABLES  |                   |                   |
|                   | 1) Debentures  |                   |                   |
|                   | 2) Convertible debentures  |                   |                   |
| 541,471           | 4) Due to banks  | 321,406           | 376,452           |
|                   | Due after one year   |                   |                   |
| 7,302             | 5) Sums due to other financial institutions                                  | 9,102             | 16,403            |
| 342,587           | Due after one year   | 309,596           | 355,198           |
| 28,002            | 6) Payments on account   | 63,070            | 37,409            |
| 2,833,906         | 7) Accounts payable to creditors   | 2,555,841         | 2,896,524         |
|                   | 8) Accounts payable on bills accepted and drawn                              |                   |                   |
|                   | Due after one year   |                   |                   |
|                   | 9) Amounts payable to subsidiary companies                                   |                   |                   |
| 71,079            | 9 bis) Amounts payable to subsidiaries valued using the equity method        | 22,170            | 72,347            |



|                          |   |                          |                          |
|--------------------------|---|--------------------------|--------------------------|
|                          | 10) Amounts payable to associated companies       |                          |                          |
|                          | 11) Amounts payable to parent companies           |                          |                          |
| 5,617,954                | 12) Sums payable to taxation authorities          | 5,233,008                | 3,543,099                |
| 2,288,223                | 13) Social security charges payable               | 2,360,138                | 2,172,821                |
| <u>4,097,668</u>         | 14) Other sums payable                            | <u>5,066,629</u>         | <u>5,628,479</u>         |
| <b>15,828,192</b>        | <b>Total</b>                                      | <b>15,940,960</b>        | <b>15,098,732</b>        |
|                          |   |                          |                          |
|                          | E) ACCRUED EXPENSES AND DEFERRED INCOME           |                          |                          |
| 16,856                   | Accrued expenses                                  | 4,528                    | 15,295                   |
| <u>386,072</u>           | Deferred income                                   | <u>2,888,371</u>         | <u>2,269,468</u>         |
| <b>402,928</b>           | <b>Total</b>                                      | <b>2,892,899</b>         | <b>2,284,763</b>         |
|                          |   |                          |                          |
| <u><b>75,678,944</b></u> | <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <u><b>76,646,153</b></u> | <u><b>73,935,526</b></u> |

## 2.3 Consolidated Profit and Loss Account

| 31/12/2004          |   | 30/06/2005          | 30/06/2004          |
|---------------------|---|---------------------|---------------------|
|                     | A) PRODUCTION REVENUES  |                     |                     |
| 49,439,600          | 1) Turnover - goods and services  | 23,350,700          | 23,976,686          |
|                     | 2) Variation in inventories and work in progress                                    |                     |                     |
| (45,000)            | 3) Variation in contract work in progress   |                     | 50,000              |
| 5,155,609           | 4) Increase in internal work capitalised under fixed assets                         | 2,690,348           | 2,547,618           |
| 102,809             | 5) Other revenues and income  | 11,658              | 75,570              |
| <b>54,653,018</b>   | <b>Total production revenues</b>  | <b>26,052,706</b>   | <b>26,649,874</b>   |
|                     | B) PRODUCTION COST  |                     |                     |
| (1,517,351)         | 6) Raw materials, consumables and supplies  | (362,256)           | (932,854)           |
| (11,717,074)        | 7) Services   | (5,233,088)         | (5,996,599)         |
| (686,378)           | 8) Use of third party assets  | (361,800)           | (340,522)           |
|                     | 9) Personnel expenses   |                     |                     |
| (21,275,802)        | a) Wages and salaries   | (10,844,177)        | (10,757,430)        |
| (6,623,147)         | b) Social security contributions  | (3,389,433)         | (3,335,456)         |
| (1,501,048)         | c) Employees' leaving entitlement   | (765,856)           | (741,482)           |
|                     | d) Pension and similar costs  |                     |                     |
| (91,890)            | e) Other costs  | (33,083)            | (34,462)            |
| (29,491,887)        | Total personnel expenses  | (15,032,549)        | (14,868,830)        |
|                     | 10) Amortisation, depreciation and write-downs:                                     |                     |                     |
| (2,760,631)         | a) Amortisation of intangible fixed assets  | (907,396)           | (1,374,282)         |
| (916,190)           | b) Depreciation of tangible fixed assets  | (437,488)           | (459,371)           |
|                     | c) Write-downs of fixed assets  |                     |                     |
| (100,585)           | d) Write-downs of receivables included under assets forming part of working capital | (3,422)             | (24,292)            |
| (3,777,406)         | Total amortisation, depreciation and write-downs                                    | (1,348,306)         | (1,857,945)         |
| 5,028               | 11) Variation in raw materials, supplies and consumables                            | (39,579)            | (75,717)            |
|                     | 12) Provisions for contingencies  |                     |                     |
| (4,996)             | 13) Other provisions  |                     | (3,039)             |
| (226,913)           | 14) Other operating costs   | (75,588)            | (99,535)            |
| <b>(47,416,977)</b> | <b>Total production cost</b>  | <b>(22,453,166)</b> | <b>(24,175,041)</b> |
| <b>7,236,041</b>    | <b>Difference between production revenues and cost (A-B)</b>                        | <b>3,599,540</b>    | <b>2,474,833</b>    |
|                     | C) FINANCIAL INCOME AND CHARGES   |                     |                     |
|                     | 15) Income from investments in subsidiary companies                                 |                     |                     |
|                     | Subsidiary companies  |                     |                     |
|                     | Associated companies  |                     |                     |
| 37,272              | Other   | 16,942              | 37,272              |
|                     | Tax credits on dividends  |                     |                     |
|                     | 16) Other financial income  |                     |                     |
| 254                 | a) Receivables classified as fixed assets   | 46                  | 327                 |
|                     | b) From securities included as fixed assets which are not investments               |                     |                     |
|                     | c) From securities included under assets forming part of working capital            |                     |                     |

|                  |   |                  |                  |
|------------------|---|------------------|------------------|
| 406,438          | d) Other income   | 172,017          | 167,587          |
|                  | 17) Interest and other financial charges                |                  |                  |
| (102,518)        | a) Other  | (28,309)         | (55,290)         |
|                  | b) Subsidiaries   | (2,369)          |                  |
|                  | c) Associated companies                                 |                  |                  |
|                  | d) Parent companies                                     |                  |                  |
|                  | 17 bis) Profit or loss from currency exchanging         |                  |                  |
|                  | a) Profit from currency exchanging                      |                  |                  |
|                  | b) Loss from currency exchanging                        | (544)            |                  |
| <b>341,446</b>   | <b>Total (15+16-17)</b>                                 | <b>157,783</b>   | <b>149,896</b>   |
|                  | D) ADJUSTMENTS TO FINANCIAL ASSET VALUES                |                  |                  |
| 102,622          | 18) Revaluation of investments in associated companies  | 37,642           | 64,571           |
| (13,722)         | 19) Write-downs of investments in associated companies  | (77,156)         | (13,722)         |
| <b>88,900</b>    | <b>Total adjustments to financial asset values</b>      | <b>(39,514)</b>  | <b>50,849</b>    |
|                  | E) EXTRAORDINARY INCOME AND EXPENSES                    |                  |                  |
| 288,009          | 20) Income  | 16,712           | 49,524           |
|                  | Profit on sale of assets                                |                  |                  |
| (793,193)        | 21) Expenses  | (76,432)         | (281,328)        |
| (7,279)          | Loss on sale of assets                                  |                  | (4,036)          |
| <b>(512,463)</b> | <b>Total extraordinary items (20-21)</b>                | <b>(59,720)</b>  | <b>(235,840)</b> |
| <b>7,153,924</b> | <b>PROFIT (LOSS) BEFORE TAXATION (A-B+C+-D+-E)</b>      | <b>3,658,089</b> | <b>2,439,738</b> |
| (4,310,607)      | <b>22) Taxation on profit for the period</b>            | (2,377,956)      | (2,059,551)      |
| <b>2,843,317</b> | <b>23) Profit before minority interest</b>              | <b>1,280,133</b> | <b>380,187</b>   |
| (442,440)        | 24) Profit / (loss) for the period of minority interest | (94,387)         | (157,163)        |
| <b>2,400,877</b> | <b>26) Profit / (loss) for the period</b>               | <b>1,185,746</b> | <b>223,024</b>   |

### 3. Information on the consolidated half-year report

#### 3.1 Principal figures

In the first half of 2005, CAD IT Group recorded productions revenues of € 26,053 thousand, against € 26,650 thousand in the corresponding previous year period.

The profit and loss account of the Group evidences a gross operating result of € 4,948 thousand, equal to 18.99% of production revenues, compared to € 4,336 thousand in the corresponding previous year period, equal to 16.27% of production revenues.

The financial performance resulted in a net financial income of € 158 thousand, whereas net extraordinary expenses amounted to € 60 thousand.

Profit before taxation totalled € 3,658 thousand. Net profit is equal to € 1,280 thousand, of which € 94 thousand pertains to minority interests.

As shown in the table below, net cash flows for the period (profit after taxation, amortisation and depreciation, write-downs and accruals), amount to € 2,928 thousand and the net financial position shows a short-term liquidity of € 16,506 thousand.

| 31/12/2004       | Consolidated net cash flows            | 30/06/2005       | 30/06/2004       |
|------------------|--|------------------|------------------|
| 7,153,924        | Profit before taxation                 | 3,658,089        | 2,439,738        |
| (4,310,607)      | Taxation                               | (2,377,956)      | (2,059,551)      |
| 2,843,317        | <i>Profit before minority interest</i> | 1,280,133        | 380,187          |
| 3,676,821        | Amortisation and depreciation          | 1,344,884        | 1,833,653        |
| 100,585          | Write-downs                            | 3,422            | 24,292           |
| 1,026,971        | Accruals                               | 299,608          | 521,632          |
| <b>7,647,694</b> | <b>Total consolidated cash flows</b>   | <b>2,928,047</b> | <b>2,759,764</b> |

New investments in tangible and intangible fixed assets were made in the period for a total of € 2,847 thousand.

#### 3.2 Consolidated results

The following paragraphs comment on the reclassified profit and loss account (schedule of reclassified consolidated profit and loss account, paragraph 3.3), which best represents the performance of the Group. This profit and loss account is reclassified to comply with the format required by Legislative Decree N° 127/91.

Unless otherwise stated, the variations commented on are compared with the figures of the corresponding previous year period.

Production revenues amount to € 26,053 thousand, gross of the increases in assets due to internal work, with a slight decrease of 2.2% compared to the corresponding prior year period.

The Euro 21,133 thousand added value has increased by 2.78% compared to the same period in the previous year (Euro 20,562 thousand) and represents 81.12% of production value compared to the 77.15% of the corresponding period of the previous year, thanks to a reduction in both service costs and the purchasing of goods.

The Euro 4,948 thousand gross operating result (EBITDA) is 18.99% of production value, an improvement compared to the previous year due to containing “other administrative expenses”.

The operating profit (EBIT) was € 3,600 thousand (previously € 2,475 thousand) equal to 13.82% of the production value compared to the 9.29% of the previous corresponding financial period. The total amount of charge to provision for bad debts, amortisation and other provision is € 1,348 thousand compared to € 1,861 thousand of the previous corresponding period.

The profit from ordinary activities, due to net financial income, is €3,757 thousand, equivalent to 14.42% of the production revenues. In the previous corresponding financial period, this figure was € 2,625 thousand, equalling 9.85%.

The profit before taxation amounts to € 3,658 thousand, equal to 14.04% of the production revenues, due to the effect of evaluating the connected companies using the net patrimony and net extraordinary tax method, and the net profit result which amounts to €1,280 thousand of which €94 thousand is of minority interests.

The effect of taxes on the gross result is 65.00%. This high percentage is mainly due to IRAP, which was particularly high because of the taxability on the cost of employees, and to the higher amount of IRES paid on the pre-tax result due to amortization of the positive consolidation differences which are non deductible for tax purposes and which amounted to about Euro 622 thousand.

The taxes imposed on the financial period fractions were estimated by considering the results of that period and of the laws in force and are the best possible estimations of fiscal contributions that can be attributed to the period in question.

Further details and comments on the development of production costs are supplied in paragraph 3.5.2.

### 3.3 Analysis of consolidated results

The following table shows the reclassified consolidated profit and loss account of the Group for the six-month periods ended 30 June 2005 and 2004 and the full year 2004.

| 31/12/2004        | %              |  | 30/06/2005        | %              | 30/06/2004        | %              |
|-------------------|----------------|--|-------------------|----------------|-------------------|----------------|
| 49,439,600        | 90.46%         | Turnover - goods and services                            | 23,350,700        | 89.63%         | 23,976,686        | 89.97%         |
| (45,000)          | (0.08%)        | Variations in contract work in progress                  | -                 | -              | 50,000            | 0.19%          |
| 5,155,609         | 9.43%          | Increase in internal work capitalised under fixed assets | 2,690,348         | 10.33%         | 2,547,618         | 9.56%          |
| 102,809           | 0.19%          | Other revenues and income                                | 11,658            | 0.04%          | 75,570            | 0.28%          |
| <b>54,653,018</b> | <b>100.00%</b> | <b>Production revenues</b>                               | <b>26,052,706</b> | <b>100.00%</b> | <b>26,649,874</b> | <b>100.00%</b> |
|                   |                | Raw materials,   |                   |                |                   |                |
| (1,512,323)       | (2.77%)        | consumables and supplies                                 | (401,835)         | (1.54%)        | (1,008,571)       | (3.78%)        |
| (9,132,864)       | (16.71%)       | Services   | (4,080,701)       | (15.66%)       | (4,639,608)       | (17.41%)       |
| (913,291)         | (1.67%)        | Other operating costs                                    | (437,388)         | (1.68%)        | (440,057)         | (1.65%)        |
| <b>43,094,540</b> | <b>78.85%</b>  | <b>Added value</b>                                       | <b>21,132,782</b> | <b>81.12%</b>  | <b>20,561,638</b> | <b>77.15%</b>  |
| (29,491,887)      | (53.96%)       | Personnel expenses                                       | (15,032,549)      | (57.70%)       | (14,868,830)      | (55.79%)       |
| (2,584,210)       | (4.73%)        | Other administrative expenses                            | (1,152,387)       | (4.42%)        | (1,356,991)       | (5.09%)        |
| <b>11,018,443</b> | <b>20.16%</b>  | <b>Gross operating result (EBITDA)</b>                   | <b>4,947,846</b>  | <b>18.99%</b>  | <b>4,335,817</b>  | <b>16.27%</b>  |
|                   |                | Charge to provision                                      |                   |                |                   |                |
| (100,585)         | (0.18%)        | for bad debts  | (3,422)           | (0.01%)        | (24,292)          | (0.09%)        |
| (3,676,821)       | (6.73%)        | Amortisation and depreciation                            | (1,344,884)       | (5.16%)        | (1,833,653)       | (6.88%)        |
| (4,996)           | 0.01%          | Other provisions   | -                 | -              | (3,039)           | 0.01%          |
| <b>7,236,041</b>  | <b>13.24%</b>  | <b>Operating profit (EBIT)</b>                           | <b>3,599,540</b>  | <b>13.82%</b>  | <b>2,474,833</b>  | <b>9.29%</b>   |
| 341,446           | 0.62%          | Financial income and charges, net                        | 157,783           | 0.61%          | 149,896           | 0.56%          |
| <b>7,577,487</b>  | <b>13.86%</b>  | <b>Profit from ordinary activities</b>                   | <b>3,757,323</b>  | <b>14.42%</b>  | <b>2,624,729</b>  | <b>9.85%</b>   |
| 88,900            | 0.16%          | Revaluations and write-downs                             | (39,514)          | (0.15%)        | 50,849            | 0.19%          |
| (512,463)         | (0.94%)        | Extraordinary income and expenses                        | (59,720)          | (0.23%)        | (235,840)         | (0.88%)        |
| <b>7,153,924</b>  | <b>13.09%</b>  | <b>Profit (loss) before taxation</b>                     | <b>3,658,089</b>  | <b>14.04%</b>  | <b>2,439,738</b>  | <b>9.15%</b>   |
| (4,310,607)       | (7.89%)        | Taxation on profit for the period                        | (2,377,956)       | (9.13%)        | (2,059,551)       | (7.73%)        |
| <b>2,843,317</b>  | <b>5.20%</b>   | <b>Profit before minority interest</b>                   | <b>1,280,133</b>  | <b>4.91%</b>   | <b>380,187</b>    | <b>1.43%</b>   |
|                   |                | Profit / (loss) for the period                           |                   |                |                   |                |
| (442,440)         | (0.81%)        | of minority interest                                     | (94,387)          | (0.36%)        | (157,163)         | (0.59%)        |
| <b>2,400,877</b>  | <b>4.39%</b>   | <b>Net profit / (loss) for the period</b>                | <b>1,185,746</b>  | <b>4.55%</b>   | <b>223,024</b>    | <b>0.84%</b>   |

### 3.4 Information on the balance sheet

#### 3.4.1 Composition of the principal items of the consolidated balance sheet

The following table shows the reclassified balance sheet of the Group as at 30 June 2005 and 2004 and at 31 December 2004.

| 31/12/2004        | Reclassified consolidated balance sheet of Cad It Group      | 30/06/2005        | 30/06/2004        |
|-------------------|--|-------------------|-------------------|
|                   | <b>Fixed assets</b>  |                   |                   |
| 13,451,733        | Intangible fixed assets                                      | 15,301,530        | 12,168,655        |
| 12,400,935        | Tangible fixed assets  | 12,043,859        | 12,876,055        |
| 6,369,682         | Other fixed assets   | 6,329,958         | 6,388,704         |
| <b>32,222,350</b> | <b>Total fixed assets</b>                                    | <b>33,675,347</b> | <b>31,433,414</b> |
|                   | <b>Current assets</b>  |                   |                   |
| 28,581,898        | Trade receivables, net                                       | 23,944,451        | 25,001,270        |
| 175,000           | Receivables from Subsidiaries valued using the equity method | 175,000           |                   |
| 910,134           | Closing inventory  | 870,555           | 924,389           |
| 1,021,882         | Receivables from taxation authorities                        | 146,412           | 432,818           |
| 404,722           | Deferred tax assets  | 388,862           | 386,239           |
| 174,062           | Other current assets   | 135,751           | 241,082           |
| 249,612           | Accrued income and deferred expenses                         | 482,724           | 698,898           |
| <b>31,517,310</b> | <b>Total current assets</b>                                  | <b>26,143,755</b> | <b>27,684,696</b> |
|                   | <b>Current liabilities</b>                                   |                   |                   |
| 28,002            | Payments on account received                                 | 63,070            | 37,409            |
| 2,904,985         | Accounts payable to creditors                                | 2,578,011         | 2,968,871         |
| 349,889           | Sums due to other financial institutions                     | 318,698           | 371,601           |
| 6,385,891         | Other current liabilities                                    | 7,426,767         | 7,801,300         |
| 5,617,954         | Sums payable to taxation authorities                         | 5,233,008         | 3,543,099         |
| 402,928           | Accrued expenses and deferred income                         | 2,892,899         | 2,284,763         |
| <b>15,689,649</b> | <b>Total current liabilities</b>                             | <b>18,512,453</b> | <b>17,007,043</b> |
| <b>15,827,661</b> | <b>Operating capital, net</b>                                | <b>7,631,302</b>  | <b>10,677,653</b> |
| 5,781,159         | Employees' leaving entitlement                               | 6,074,240         | 5,308,820         |
| <b>42,268,852</b> | <b>Invested capital, net</b>                                 | <b>35,232,409</b> | <b>36,802,247</b> |
|                   | <b>Shareholders' equity and net indebtedness</b>             |                   |                   |
| 50,935,772        | Total shareholders' equity of the Group                      | 49,158,117        | 48,757,919        |
| 2,540,958         | Minority interest  | 2,383,475         | 2,328,357         |
|                   | Medium/long-term payables due to banks                       | -                 | -                 |
| 189,935           | Provisions for contingencies and other charges               | 196,462           | 156,935           |
| (11,397,813)      | Short-term net indebtedness (financial position)             | (16,505,645)      | (14,440,964)      |
| <b>42,268,852</b> | <b>Invested capital, net</b>                                 | <b>35,232,409</b> | <b>36,802,247</b> |

The composition of the most significant items and the variations compared to the figures as at 31 December 2004 are commented on in the following paragraphs:

### 3.4.2 Fixed assets

#### Intangible fixed assets

The composition and the variations of the items at the end of the six-month period are as follows:

| 31/12/2004        | Intangible fixed assets                          | 30/06/2005        | 30/06/2004        |
|-------------------|--|-------------------|-------------------|
| 7,928             | Start-up and capital costs                       | 5,464             | 450,350           |
| 4,917             | Industrial patents and similar rights            | 617,149           | 7,375             |
| 520,240           | Licences, trademarks and similar rights          | 321,274           | 766,013           |
| 13,015            | Goodwill   | 11,388            | 14,642            |
| 7,064,645         | Goodwill arising on consolidation                | 6,442,814         | 7,650,311         |
| 5,155,609         | Assets under development and payments on account | 7,265,887         | 2,547,618         |
| 685,379           | Other intangible fixed assets                    | 637,554           | 732,346           |
| <b>13,451,733</b> | <b>Total intangible fixed assets</b>             | <b>15,301,530</b> | <b>12,168,655</b> |

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 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 €630,069 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 *consolidation differences* is made up of the leftover values from the integral consolidation of shares in the controlled companies CAD S.r.l. for a total of Euro 2,471 thousand, Cesbe S.r.l. for Euro 21 thousand, SGM S.r.l. for Euro 962 thousand, DQS S.r.l. for Euro 1,791 thousand, Smart Line S.r.l. for Euro 354 thousand, Bit Groove S.r.l. for Euro 165 thousand, Elidata S.r.l. for Euro 501 thousand, Datafox S.r.l. for Euro 174 thousand and Netbureau S.r.l. for Euro 5 thousand. These consolidation differences have been amortised in accordance with the national accounting standards. The consolidation differences are amortized on a temporary 10-year indicator that corresponds to a hypothetical useful life cycle.

The Euro 7,266 thousand value in *assets under development* refers to investments in the development of software procedures under construction both for sale (for euro 5,826 thousand) and for in-company use (for euro 1,440 thousand). 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. In the first semester some procedures were completed, released



for use and reclassified as previously stated.

The caption *Other intangible fixed assets* principally comprises leasehold improvements carried out by the subsidiaries.

In the first half of 2005, "Intangible fixed assets" varied as follows:

| <i>Intangible fixed assets</i>                         | <i>Start-up and capital costs</i> | <i>Development</i> | <i>Industrial patents and similar rights</i> | <i>Licences, trademarks and similar rights</i> | <i>Goodwill</i> | <i>Assets under development and payments on consolidation account</i> | <i>Goodwill arising on consolidation</i> | <i>Other</i>   | <i>Total</i>      |
|--|-----------------------------------|--------------------|--|--|-----------------|---|--|----------------|-------------------|
| Purchase or production cost                            | 4,454,101                         |                    | 91,971                                       | 2,937,463                                      | 32,537          | 5,155,609   | 12,440,551                               | 1,272,428      | 26,384,659        |
| Previous years revaluations                            |                                   |                    |  |  |                 |   |  |                |                   |
| Previous years amortisation and write-downs            | (4,445,382)                       |                    | (87,054)                                     | (2,417,223)                                    | (19,522)        |   | (5,375,905)                              | (587,049)      | (12,932,136)      |
| Adjustments to previous years write-downs              | (791)                             |                    |  |  |                 |   |  |                | (791)             |
| <i>Opening value</i>                                   | <i>7,928</i>                      |                    | <i>4,917</i>                                 | <i>520,240</i>                                 | <i>13,015</i>   | <i>5,155,609</i>  | <i>7,064,646</i>                         | <i>685,379</i> | <i>13,451,733</i> |
| Variations in consolidation area                       |                                   |                    |  |  |                 |   |  |                |                   |
| Purchases  |                                   |                    |  | 15,616   |                 | 2,740,348   |  | 1,094          | 2,757,059         |
| 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            | (2,464)                           |                    | (17,837)                                     | (214,582)                                      | (1,627)         |   | (621,967)                                | (48,920)       | (907,396)         |
| Adjustments to write-downs for the period              |                                   |                    |  |  |                 |   |  |                |                   |
| <i>Total intangible fixed assets</i>                   | <i>5,464</i>                      |                    | <i>617,149</i>                               | <i>321,274</i>                                 | <i>11,388</i>   | <i>7,265,887</i>  | <i>6,442,814</i>                         | <i>637,554</i> | <i>15,301,531</i> |
| <i>( of which revaluations )</i>                       |                                   |                    |  |  |                 |   |  |                |                   |

### *Tangible fixed assets*

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

| <b>31/12/2004</b> | <b>Tangible fixed assets</b>                      | <b>30/06/2005</b> | <b>30/06/2004</b> |
|-------------------|---|-------------------|-------------------|
| 10,765,009        | Land and buildings                                | 10,590,508        | 11,035,150        |
| 151,986           | Plant and machinery                               | 134,428           | 169,339           |
| 160               | Industrial and commercial equipment               | 145               | 351               |
| 1,483,780         | Other assets                                      | 1,318,778         | 1,671,215         |
|                   | Assets under construction and payments on account |                   | 0                 |
| <b>12,400,935</b> | <b>Total tangible fixed assets</b>                | <b>12,043,859</b> | <b>12,876,055</b> |

In the first half of 2005, the item *Tangible fixed assets* varied as follows:

| <i>Tangible fixed assets</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                            | 11,633,394                | 490,516                    | 1,186                                      | 5,136,900                          |                                  | 17,261,996        |
| Previous years revaluations                            |                           |                            |  |                                    |                                  |                   |
| Previous years depreciation and write-downs            | (868,386)                 | (338,529)                  | (1,026)                                    | (3,651,165)                        |                                  | (4,859,106)       |
| Adjustments to previous years write-downs              |                           |                            |  | (1,955)                            |                                  | (1,955)           |
| <i>Opening value</i>                                   | <i>10,765,009</i>         | <i>151,986</i>             | <i>160</i>                                 | <i>1,483,780</i>                   |                                  | <i>12,400,936</i> |
| Variations in consolidation area                       |                           |                            |  |                                    |                                  |                   |
| Purchases  |                           | 13,645                     |  | 75,813                             |                                  | 89,458            |
| Transfers  |                           |                            |  |                                    |                                  |                   |
| Reduction in accumulated depreciation due to disposals |                           | 46,877                     |  | 309,336                            |                                  | 356,213           |
| Disposals  |                           | (53,041)                   |  | (312,219)                          |                                  | (365,260)         |
| Revaluations for the period                            |                           |                            |  |                                    |                                  |                   |
| Depreciation and write-downs for the period            | (174,501)                 | (25,040)                   | (15)                                       | (237,932)                          |                                  | (437,488)         |
| Adjustments to write-downs for the period              |                           |                            |  |                                    |                                  |                   |
| <i>Total tangible fixed assets</i>                     | <i>10,590,508</i>         | <i>134,428</i>             | <i>145</i>                                 | <i>1,318,778</i>                   |                                  | <i>12,043,859</i> |
| <i>( of which revaluations )</i>                       |                           |                            |  |                                    |                                  |                   |

***Tangible fixed assets as at 30 June 2005***

| <i>Immobilizzazioni Materiali</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>      |
|-----------------------------------|---------------------------|----------------------------|--|------------------------------------|----------------------------------|-------------------|
| Gross value                       | 11,633,394                | 490,516                    | 1,186                                      | 5,136,900                          |                                  | 17,261,996        |
| Accumulated depreciation          | (868,386)                 | (338,529)                  | (1,026)                                    | (3,653,120)                        |                                  | (4,861,060)       |
| <i>Net value at 31/12/2003</i>    | <i>10,765,009</i>         | <i>151,986</i>             | <i>160</i>                                 | <i>1,483,780</i>                   |                                  | <i>12,400,936</i> |
| Gross value                       | 11,633,394                | 451,120                    | 1,186                                      | 4,900,493                          |                                  | 16,986,193        |
| Accumulated depreciation          | (1,042,887)               | (316,692)                  | (1,041)                                    | (3,581,716)                        |                                  | (4,942,336)       |
| <i>Net value at 30/06/2004</i>    | <i>10,590,508</i>         | <i>134,428</i>             | <i>145</i>                                 | <i>1,318,778</i>                   |                                  | <i>12,043,859</i> |

The acquisitions of new tangible fixed assets in the first half year amount overall to € 89 thousand, of which € 76 thousand is for "Other tangible fixed assets" which includes electronic equipment and computers, which are instrumental in the management of the Group's core business.

### Other fixed assets

Financial fixed assets are represented by investments in non-consolidated subsidiaries, in associated companies valued under the equity method or at cost, receivables for advances to employees on leaving entitlements and other receivables due after one year.

| 31/12/2004       | Financial fixed assets  | 30/06/2005       | 30/06/2004       |
|------------------|---|------------------|------------------|
|                  | Investments in subsidiary companies valued using the equity method:               |                  |                  |
| 5,528            | Nestegg S.r.l.  |                  | 5,528            |
| 49,626           | Archit S.r.l.   | 45,437           | 52,479           |
| 59,397           | Tecsit S.r.l.   | 8,119            | 58,403           |
| <b>114,550</b>   | <b>Total investments in subsidiaries not consolidated on a line-by-line basis</b> | <b>53,555</b>    | <b>116,410</b>   |
|                  | Investments in associated companies:  |                  |                  |
| 19,818           | Bookvision S.r.l.   |                  | 19,818           |
| 148,392          | Sicom S.r.l.  | 186,033          | 153,382          |
| <b>168,210</b>   | <b>Total investments in associated companies</b>                                  | <b>186,033</b>   | <b>173,200</b>   |
|                  | Other investments:  |                  |                  |
| 26               | DQS' investment in Finiter (Finance for enterprises)                              | 26               | 26               |
| 26               | Cad's investment in the Consortium CF-PRO   | 26               | 26               |
| 5,977,068        | Class Editori S.p.a.  | 5,977,068        | 5,977,068        |
| 44,953           | CIA S.p.a.  | 44,953           | 44,953           |
| <b>6,022,073</b> | <b>Total other investments</b>  | <b>6,022,073</b> | <b>6,022,073</b> |
| 9,356            | Tax credits for payments on account on employees' leaving entitlement             | 2,894            | 19,932           |
| 55,492           | Other receivables due after one year  | 65,402           | 57,089           |
| <b>64,848</b>    | <b>Total receivables due after one year</b>                                       | <b>68,296</b>    | <b>77,021</b>    |
| <b>6,369,681</b> | <b>Total financial fixed assets</b>   | <b>6,329,957</b> | <b>6,388,704</b> |

The values used as a basis for the valuation of investments in subsidiary and associated companies using the equity method and the respective dates of reference are as follows:

#### A. Investments in subsidiary companies valued using the equity method:

| Company name   | Date of reference | Quotaholders' equity including profit for the period | Profit for the period | Percentage of investment | Investment value | Percentage of investment of the Group | Investment value of the Group | Carrying value in the consolidated half-year report |
|----------------|-------------------|--|-----------------------|--------------------------|------------------|---------------------------------------|-------------------------------|---|
| Tecsit S.r.l.  | 30/06/2005        | 11,598   | (73,255)              | 70.00%                   | 8,119            | 38.50%                                | 4,465                         | 8,119   |
| Arch it S.r.l. | 30/06/2005        | 64,910   | (5,984)               | 70.00%                   | 45,437           | 38.50%                                | 24,990                        | 45,437  |

**B. Investments in subsidiary companies valued using the equity method:**

| <i>Company name</i> | <i>Date of reference</i> | <i>Share/Quotaholders' equity including profit for the period</i> | <i>Profit for the period</i> | <i>Percentage of investment</i> | <i>Investment value</i> | <i>Percentage of investment of the Group</i> | <i>Investment value of the Group</i> | <i>Carrying value in the consolidated half-year report</i> |
|---------------------|--------------------------|---|------------------------------|---------------------------------|-------------------------|--|--------------------------------------|--|
| Sicom S.r.l.        | 30/06/2005               | 744,133   | 150,566                      | 25.00%                          | 186,033                 | 25.00%                                       | 186,033                              | 186.033  |

*Other investments*

This voice is made up of Class Editori S.p.A. and CIA S.p.A. shares respectively quoted on the “Mercato Ordinario” and “Mercato Ristretto”. These two holdings should become stable investments as they are strategic in terms of the existing collaboration agreements between the former and Group and are therefore listed in the balance under financial assets at the higher cost value than the value price.

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Investment Class Editori S.p.A. – Milan</b>  | <b>31/12/2004</b> | <b>30/06/2005</b> |
| Investment %:                                   | 1.8356%           | 1.8356%           |
| Number of own shares                            | 1,694,171         | 1,694,171         |
| Value in the balance €:                         | 5,977,068         | 5,977,068         |
| Value price (average price of last semester) €: | 2,900,241         | 2,995,948         |
| <b>Investment CIA S.p.A. - Milano</b>           | <b>31/12/2004</b> | <b>30/06/2005</b> |
| Investment %:                                   | 1.8356%           | 1.8356%           |
| Number of own shares:                           | 1,694,171         | 1,694,171         |
| Value in the balance €:                         | 44,953            | 44,953            |
| Value price (average price of last semester) €: | 232,949           | 276,722           |

**3.4.3 Current assets**

*Trade receivables, net*

Trade receivables are composed as follows:

| <b>31/12/2004</b> | <b>Trade receivables, net</b>               | <b>30/06/2005</b> | <b>30/06/2004</b> |
|-------------------|---|-------------------|-------------------|
| 25,215            | Associated companies                        |                   | 16,708            |
|                   | Subsidiaries valued using the equity method |                   | 120,195           |
| 29,046,931        | Trade receivables                           | 24,430,482        | 25,605,158        |
| (490,249)         | Bad debt provision                          | (486,031)         | (812,543)         |
| <b>28,581,897</b> | <b>Total trade receivables</b>              | <b>23,944,451</b> | <b>24,929,518</b> |

|       |                                |       |       |
|-------|--------------------------------|-------|-------|
| 169   | Average debtor days            | 180   | 165   |
| 1.69% | Coverage of bad debt provision | 1.99% | 3.16% |

Trade receivables principally comprise receivables from customers of the banking division.

The materiality of trade receivables depends on the extent of the contract values and on the agreed payment terms: settlement is usually provided upon testing (or ascertainment of the efficient operation) of the software supplied.

The peculiar type of customers (principally banks and bank-related companies) reduced significantly the materiality of credit losses over time, principally affecting average debtor days.

The Group accounts for receivables at their estimated realisable value. Overdue and to be due receivables with ageing exceeding average collection days are analytically valued, whereas the other receivables are subject to an overall valuation on the basis of the historic incidence of the Group's losses on sales by year of invoicing.

The bad debt provision covers 1.99% of total trade receivables. The devaluation amount is considered congruent on the basis of credit analysis and past experience.

### *Closing inventory*

The caption "Inventory", which is not material, includes consumables and supplies, contract work in progress and finished goods.

It may be broken down for the periods of reference as follows:

| 31/12/2004     | Closing inventory                       | 30/06/2005     | 30/06/2004     |
|----------------|---|----------------|----------------|
| 435,000        | Raw materials, consumables and supplies | 435,000        | 530,000        |
| 475,134        | Contract work in progress               | 435,555        | 394,389        |
|                | Finished goods                          |                |                |
| <b>910,134</b> | <b>Total final inventory</b>            | <b>870,555</b> | <b>924,389</b> |

### *Receivables from taxation authorities*

Tax credits are mainly made up of direct tax advance payments (IRES and IRAP) for 2005.

### *Deferred tax assets*

Credits for pre-paid taxes are made up of active deferred taxes in the financial period and by previous reasonably recoverable sums in future periods.

### *Other current assets*

This item may be broken down as follows:

| 31/12/2004     | Others current assets                         | 30/06/2005     | 30/06/2004     |
|----------------|---|----------------|----------------|
| 15,469         | Receivables from social security institutions | 10,823         | 6,388          |
| 10,297         | Receivables for advances on travel expenses   | 3,455          | 16,578         |
| 74,731         | Payments on account to suppliers              | 15,499         | 17,870         |
| 65,171         | Other   | 97,733         | 195,226        |
| 8,394          | Guarantee deposits                            | 8,241          | 5,020          |
| <b>174,062</b> | <b>Total</b>                                  | <b>135,751</b> | <b>241,082</b> |

### *Accrued income and deferred expenses*

The caption "Accrued income" includes accrued rental instalments of € 1,033, while the caption "Deferred expenses" is made up as follows:

| Description                    | 30/06/2005     | 30/06/2004     |
|--------------------------------|----------------|----------------|
| Software assistance            | 179,608        | 181,725        |
| Office management expenses     | 2,445          | 21,852         |
| Advertising costs              | 38,770         | 23,784         |
| Telephone charges              | 76,578         | 65,361         |
| Administrative services        | 21,438         | 21,498         |
| Use of third party assets      | 50,586         | 55,526         |
| Insurances                     | 56,130         | 42,518         |
| Hardware assistance            | 7,793          | 14,598         |
| Plants maintenance             | 15,661         | 6,689          |
| Membership fees                | 8,127          | 14,999         |
| Other                          | 24,556         | 249,124        |
| <b>Total deferred expenses</b> | <b>481,691</b> | <b>697,675</b> |

### **3.4.4 Current liabilities**

#### *Payments on account*

The voice "Payments on account" is made up of down payments from clients for orders that have not yet been fulfilled.

| 31/12/2004 | 30/06/2005                   | 30/06/2004 |
|------------|------------------------------|------------|
| 28,002     | Payments on account received | 63,070     |
|            |                              | 37,409     |

*Trade accounts payable to creditors*

The item varied as follows:

| <b>31/12/2004</b> | <b>Trade accounts payable to creditors</b>                     | <b>30/06/2005</b> | <b>30/06/2004</b> |
|-------------------|--|-------------------|-------------------|
| 2,833,906         | Accounts payable to creditors                                  | 2,555,841         | 2,896,524         |
| 71,079            | Amounts payable to subsidiaries valued using the equity method | 22,170            | 72,347            |
|                   | Amounts payable to associated companies                        |                   |                   |
| <b>2,904,985</b>  | <b>Total accounts payable to creditors</b>                     | <b>2,578,011</b>  | <b>2,968,871</b>  |
| 76                | Average creditor days  | 71                | 74                |

Accounts payable to creditors relate to current accounts payable for goods and services received, including those for investments in fixed assets.

*Sums due to other financial institutions*

This item is entirely made up by the amount payable for the financial lease contract for acquisition of the operating building of the company, in accordance with the International Accounting Standards.

*Other current liabilities*

The item "Other current liabilities" is composed as follows:

| <b>31/12/2004</b> | <b>Other current liabilities and Sums payable to taxation authorities</b>       | <b>30/06/2005</b> | <b>30/06/2004</b> |
|-------------------|---|-------------------|-------------------|
| 2,288,223         | Social security charges payable   | 2,360,138         | 2,172,821         |
| 4,097,668         | Other sums payable  | 5,066,629         | 5,628,479         |
| <b>6,385,891</b>  | <b>Total other current liabilities</b>  | <b>7,426,767</b>  | <b>7,801,300</b>  |
| 5,617,954         | Sums payable to taxation authorities  | 5,233,008         | 3,543,099         |
| <b>12,003,845</b> | <b>Total other current liabilities and Sums payable to taxation authorities</b> | <b>12,659,775</b> | <b>11,344,399</b> |

Social security charges payable include the payables due to employees matured on the basis of the current wages and salary and deferred payroll.

The caption "Other sums payable" may be broken down as follows:

| <b>31/12/2004</b> | <b>Other sums payable</b>                                   | <b>30/06/2005</b> | <b>30/06/2004</b> |
|-------------------|---|-------------------|-------------------|
| 55,756            | Directors' emoluments                                       | 91,815            | 99,739            |
| 242,025           | Dividends to be distributed to shareholders (third parties) | 151,704           | 541,543           |
| 1,090,603         | Wages and salaries  | 1,881,410         | 1,821,905         |
| 326,319           | Production bonuses due to employees                         | 183,458           | 125,197           |
| 1,669,798         | Accrued holidays due to employees                           | 1,969,276         | 1,849,060         |
|                   | Thirteenth month salary                                     | 726,043           | 706,471           |
| 653,710           | Fourteenth month salary                                     |                   |                   |
|                   | Purchase of investments                                     |                   | 387,343           |
| 59,457            | Other   | 62,923            | 97,223            |
| <b>4,097,668</b>  | <b>Total other sums payable</b>                             | <b>5,066,629</b>  | <b>5,628,480</b>  |

The caption "Sums payable to taxation authorities" represents the aggregate tax payables of the individual consolidated companies of the Group. They comprise income taxes, VAT tax and withholding agent activities carried out by the individual companies on behalf of their employees and consultants. It also includes the estimated tax charges for the period on a pro-quota basis.

There are no pending litigations with or assessments by the tax authorities at the date of preparation of this report.

#### *Accrued expenses and deferred income*

Accrued expenses amount to € 5 thousand.

Deferred income, equal to € 2,888 thousand, principally relates to deferred income from annual maintenance contracts on licences, already invoiced, which generally expire on 1<sup>st</sup> January or on 31<sup>st</sup> December of every year from contractual effects.

### **3.4.5 Variations in net assets forming part of working capital**

The following table shows the performance and composition of net assets forming part of working capital, specifically evidencing assets of a trading nature:

| <b>31/12/2004</b> | <b>Variations in net assets forming part of working capital</b> | <b>30/06/2005</b> | <b>30/06/2004</b> |
|-------------------|---|-------------------|-------------------|
| 28,581,898        | Trade receivables, net  | 23,944,451        | 25,001,270        |
| 175,000           | Receivables from Subsidiaries valued using the equity method    | 175,000           | -                 |
| (2,904,985)       | Trade accounts payable to creditors                             | (2,578,011)       | (2,968,871)       |
| (28,002)          | Payments on account received                                    | (63,070)          | (37,409)          |
| <b>25,823,911</b> | <b>Total net assets forming part of working capital</b>         | <b>21,478,370</b> | <b>21,994,990</b> |
| 910,134           | Closing inventory   | 870,555           | 924,389           |
| 1,021,882         | Receivables from taxation authorities                           | 146,412           | 432,818           |
| 404,722           | Deferred tax assets   | 388,862           | 386,239           |
| 174,062           | Other current assets  | 135,751           | 241,082           |
| 249,612           | Accrued income and deferred expenses                            | 482,724           | 698,898           |
| (5,617,954)       | Sums payable to taxation authorities                            | (5,233,008)       | (3,543,099)       |
| (349,889)         | Sums due to other financial institutions                        | (318,698)         | (371,601)         |
| (6,385,891)       | Other current liabilities                                       | (7,426,767)       | (7,801,300)       |
| (402,928)         | Accrued expenses and deferred income                            | (2,892,899)       | (2,284,763)       |
| <b>15,827,661</b> | <b>Total working capital, net</b>                               | <b>7,631,302</b>  | <b>10,677,653</b> |

### **3.4.6 Employees' leaving entitlement**

The voice shows the movement due to annual funding for the salaries of the Group's employees and the transactions made to terminate working relations or to allocate advance payments.



| 31/12/2004       | Employees' leaving entitlement   | 30/06/2005       | 30/06/2004       |
|------------------|----------------------------------|------------------|------------------|
| <b>4,769,385</b> | <b>Balance at 1 January</b>      | <b>5,781,159</b> | <b>4,769,385</b> |
| 28,251           | Variations in consolidation area |                  | 28,251           |
| 1,501,048        | Accruals                         | 765,856          | 741,482          |
| (517,525)        | Utilisation                      | (472,775)        | (230,298)        |
| <b>5,781,159</b> | <b>Closing balance</b>           | <b>6,074,240</b> | <b>5,308,820</b> |

### 3.4.7 Shareholders' equity and liabilities

#### Shareholders' equity of the Group

The Group's shareholders' equity at 30 June 2005 amounts to € 49,158 thousand, compared to € 48,758 thousand at 30 June 2004, after the distribution of ordinary dividends of over € 2,963 thousand. For comments on the composition and variation in consolidated shareholders' equity, reference is made to the following chapter 3.6.3.

#### Minority interest

The item includes the portions of the subsidiaries' quotaholders' equities that, based on equity ratios, are accounted for as pertaining to minority interest. It is composed as follows:

| 31/12/2004       |  | 30/06/2005       | 30/06/2004       |
|------------------|--|------------------|------------------|
| 1,701,629        | Minority quotaholders of Cesbe S.r.l.      | 1,596,939        | 1,641,931        |
| 143,315          | Minority quotaholders of Datafox S.r.l.    | 141,891          | 142,506          |
| (642)            | Minority quotaholders of NetBureau S.r.l.  | 6,655            | 4,389            |
| (10,011)         | Minority quotaholders of SGM S.r.l.        | (21,394)         | 58,343           |
| 236,061          | Minority quotaholders of DQS S.r.l.        | 255,902          | 144,663          |
|                  | Minority quotaholders of Bit Groove S.r.l. |                  | 8,028            |
| 384,420          | Minority quotaholders of Elidata S.r.l.    | 311,095          | 232,010          |
| 86,186           | Minority quotaholders of Smart Line S.r.l. | 92,387           | 96,486           |
| <b>2,540,958</b> | <b>Total minority interests</b>            | <b>2,383,475</b> | <b>2,328,357</b> |

#### Medium to long-term payables due to banks and other financial institutions

None of the Group's subsidiaries uses medium- or long-term bank overdrafts

#### Provisions for contingencies and other charges

The voice, for a total of Euro 196 thousand, includes the setting aside of funds to the value of Euro 166 thousand for director duty termination deals, and other funds for elements of risk, various fees and taxes covered by the remaining Euro 30 thousand.

#### Liquid funds and net financial position

The short-term net financial position reflects a balance of € 16.506 thousand, net of the short-term portion of medium to long-term loans. In particular, the liquid funds on hand and at bank amount to € 10,886 thousand. The other liquid funds (€ 5,941 thousand) are contractually available on 30 days' notice.

For further information reference is made to the section 1.8 "Financial performance" and 1.9 "Net consolidated financial position".

### 3.4.8 Guarantees given

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

## 3.5 Information on the profit and loss account

### 3.5.1 Turnover - goods and services

The trend of revenues by geographic area is not significant, as they are almost entirely achieved on the domestic market. The following table breaks down production revenues by such business areas.

| <i>Year</i><br><i>01/01 - 31/12/2004</i> |              | <i>Turnover - goods and services</i>         | <i>Half year</i><br><i>01/01 - 30/06/2005</i> |               | <i>Half year</i><br><i>01/01 - 30/06/2004</i> |               |
|--|--------------|--|---|---------------|---|---------------|
|  |              |  |   |               |   |               |
| 36,596,383                               | 74.0%        | B.O. financial instruments                   | 16,659,754                                    | 71.35%        | 16,888,840                                    | 70.44%        |
| 6,388,503                                | 12.9%        | Banking services software                    | 3,572,150                                     | 15.30%        | 2,981,281                                     | 12.43%        |
| 4,113                                    | 0.0%         | Integrated IT systems                        | 224,070                                       | 0.96%         | 1,172   | 0.00%         |
| 1,041,155                                | 2.1%         | Training and organisation consultancy        | 539,046                                       | 2.31%         | 675,129                                       | 2.82%         |
| 1,553,972                                | 3.1%         | New technologies                             | 889,876                                       | 3.81%         | 964,864                                       | 4.02%         |
| <b>45,584,126</b>                        | <b>91.9%</b> | <b>Total banking division</b>                | <b>21,884,896</b>                             | <b>93.72%</b> | <b>21,511,286</b>                             | <b>89.72%</b> |
| 3,556,264                                | 7.2%         | Industrial hardware and software             | 1,326,483                                     | 5.68%         | 2,312,837                                     | 9.65%         |
| 299,210                                  | 0.6%         | Consulting, training and industrial services | 139,321                                       | 0.60%         | 152,563                                       | 0.64%         |
| <b>3,855,474</b>                         | <b>8.1%</b>  | <b>Total industry division</b>               | <b>1,465,804</b>                              | <b>6.28%</b>  | <b>2,465,400</b>                              | <b>10.28%</b> |
|  |              | <b>Total turnover - goods and services</b>   | <b>23,350,700</b>                             | <b>100.0%</b> | <b>23,976,686</b>                             | <b>100.0%</b> |

The income from sales and services in the first semester of 2005 is in line with the same period of the previous year.

However, as already noted in paragraphs 3.1 and 3.2, the contribution margin improved both in absolute terms and in percentage, as an effect of the reduction in external service costs for the realisation of new software products; reference is also made to the following paragraph 3.5.2 "Variation in production cost".

### 3.5.2 Variation in production costs

The trend of production cost grouped by nature is as follows:

| 31/12/2004        | %             | Cost components                                     | 30/06/2005        | %             | 30/06/2004        | %             |
|-------------------|---------------|---|-------------------|---------------|-------------------|---------------|
| 904,080           | 1.91%         | Hardware  | 106,665           | 0.48%         | 618,590           | 2.56%         |
| 420,000           | 0.89%         | Software  | 173,718           | 0.77%         | 214,374           | 0.89%         |
| 193,271           | 0.41%         | Other additions                                     | 81,873            | 0.36%         | 99,890            | 0.41%         |
| (5,028)           | (0.01%)       | Variations in raw materials                         | 39,579            | 0.18%         | 75,717            | 0.31%         |
| <b>1,512,323</b>  | <b>3.19%</b>  | <b>Total raw materials</b>                          | <b>401,835</b>    | <b>1.79%</b>  | <b>1,008,571</b>  | <b>4.17%</b>  |
| 5,391,889         | 11.37%        | External consultants                                | 2,374,388         | 10.57%        | 2,687,996         | 11.12%        |
| 1,465,080         | 3.09%         | Reimbursements of out-of-pocket and travel expenses | 680,670           | 3.03%         | 768,936           | 3.18%         |
| 2,275,895         | 4.80%         | Other   | 1,025,643         | 4.57%         | 1,182,676         | 4.89%         |
| <b>9,132,864</b>  | <b>19.26%</b> | <b>Total service costs</b>                          | <b>4,080,701</b>  | <b>18.17%</b> | <b>4,639,608</b>  | <b>19.18%</b> |
| 21,275,802        | 44.87%        | Wages and salaries                                  | 10,844,177        | 48.30%        | 10,757,430        | 44.50%        |
| 6,623,147         | 13.97%        | Social security contributions                       | 3,389,433         | 15.10%        | 3,335,456         | 13.80%        |
| 1,501,048         | 3.17%         | Employees' leaving entitlement                      | 765,856           | 3.41%         | 741,482           | 3.07%         |
| 91,890            | 0.19%         | Other   | 33,083            | 0.15%         | 34,462            | 0.14%         |
| <b>29,491,887</b> | <b>62.20%</b> | <b>Total personnel expenses</b>                     | <b>15,032,549</b> | <b>66.95%</b> | <b>14,868,830</b> | <b>61.50%</b> |
| 1,759,722         | 3.71%         | Emoluments to directors and attorneys               | 783,001           | 3.49%         | 928,501           | 3.84%         |
| 463,536           | 0.98%         | Telephone charges                                   | 182,328           | 0.81%         | 232,768           | 0.96%         |
| 360,952           | 0.76%         | Commissions and advertising                         | 187,058           | 0.83%         | 195,722           | 0.81%         |
| <b>2,584,210</b>  | <b>5.45%</b>  | <b>Total other administrative expenses</b>          | <b>1,152,387</b>  | <b>5.13%</b>  | <b>1,356,991</b>  | <b>5.61%</b>  |
| 3,676,821         | 7.75%         | Amortisation and depreciation                       | 1,344,884         | 5.99%         | 1,833,653         | 7.58%         |
| 105,581           | 0.22%         | Accruals  | 3,422             | 0.02%         | 27,331            | 0.11%         |
| 686,378           | 1.45%         | Use of third party assets                           | 361,800           | 1.61%         | 340,522           | 1.41%         |
| 226,913           | 0.48%         | Other operating costs                               | 75,588            | 0.34%         | 99,535            | 0.41%         |
| <b>4,695,693</b>  | <b>9.90%</b>  | <b>Total other costs</b>                            | <b>1,785,694</b>  | <b>7.95%</b>  | <b>2,301,041</b>  | <b>9.52%</b>  |
| <b>47,416,977</b> | <b>100.0%</b> | <b>Total production cost</b>                        | <b>22,453,166</b> | <b>100.0%</b> | <b>24,175,041</b> | <b>100.0%</b> |

This table evidences the following matters:

- The cost of raw materials and consumables is not significant due to the type of activity of the Group and the limited impact of hardware sales.
- Service costs were reduced to Euro 4,081 thousand due to a reduction in the use of external resources for production needs. This figure shows a reduction of Euro 560 thousand compared to the previous 2004 period. The voices relating to service costs in the first semester 2005 are 18.17% of total production costs (19.18% in the previous period) and 15.66% of production value (17.41% in the

previous period) respectively. This amount is mainly made up of the Group's expenditure for technical consultants who either collaborate occasionally or for longer periods (Euro 2,374 thousand compared to Euro 2,688 thousand in the same period in 2004). The employment of external consultants allows the Group to maintain a high flexibility in cost structure. Moreover, the reimbursement of expenses and transfer costs is considerably less (€681 thousand compared to €769 thousand of the corresponding 2004 period). Other service costs amount to €1,026 thousand compared to €1,183 thousand of the same period in 2004.

■ Staff costs make up 66.95% of production costs and 57.7% of production value; the increase in the effect resulting from the total staff costs is mainly due to a Euro 164 thousand rise in absolute value deriving from wage increases.

■ The voice that includes "other administrative costs" has decreased to Euro 1,152 thousand showing a reduction of Euro 205 thousand and represents 4.42% of production value.

■ The caption "Other costs" reduced from € 2,301 thousand to € 1,755 thousand. However, the incidence on production costs decreased from 9.52% to 7.95% and on production revenues from 8.63% in the corresponding prior year period to 6.85%.

## Financial income and charges, net

Reference is made to the section on financial performance and net financial position (paragraphs 1.8 and 1.9).

## Extraordinary income

The net balance between extraordinary income and expense in the first half of 2005 is negative for € 60 thousand compared to € 236 thousand of the same period of previous year.

The negative balance of the first semester 2005 is mainly made up of adjustments in the costs of previous periods and tax sanctions.

## 3.6 Other information

### 3.6.1 Personnel

The number of staff employed by the CAD IT Group at the end of the first 2005 semester is 19 persons less than at 31st December 2004 following a reorganisation plan carried out on the activity of the SGM S.r.l. holding.

Data relating to the average number of CAD IT Group employees are shown below:

| <i>Average number in<br/>2004</i> | <i>Category of<br/>employees</i> | <i>Average number in<br/>1st half year 2005</i> | <i>Average number in<br/>1st half year 2004</i> | <i>Variations</i> |
|-----------------------------------|----------------------------------|---|---|-------------------|
| 16                                | Management                       | 17  | 15  | 2                 |
| 630                               | White-collars and cadres         | 626   | 629   | -3                |
| 1                                 | Blue-collars                     | 1   | 1   | 0                 |
| 5                                 | Apprentices                      | 5   | 5   | 0                 |
| <b>652</b>                        | <b>Total</b>                     | <b>649</b>                                      | <b>650</b>                                      | <b>-1</b>         |

The average number of employees during the first six months of 2005 was 649 while the average number in the first semester of 2004 was 650.

The Group continues to dedicate particular attention to the professional training and updating of its staff during special training and updating periods.

### 3.6.2 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. For further details on relations within the Group during the semester, refer to paragraph 5.4.1 – Relations with holding companies.

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.

### 3.6.3 Reconciliation between the statutory half-year report of CAD IT and the consolidated half-year report

#### Shareholders' equity of the Group

The following table shows the adjustments made to the shareholders' equity and profit for the period of the parent company as an effect of the application of consolidation policies in the preparation of the consolidated half-year report as at and for the six months ended 30 June 2005.

| <i>Reconciliation schedule</i>  | <i>at 30 June 2005</i>      |                              | <i>at 31 December 2004</i>  |                              |
|---|-----------------------------|------------------------------|-----------------------------|------------------------------|
|   | <i>Shareholders' equity</i> | <i>Profit for the period</i> | <i>Shareholders' equity</i> | <i>Profit for the period</i> |
| <i>Shareholders' equity and profit for the year of the parent company</i>       | <b>51,893,242</b>           | <b>657,327</b>               | <b>54,199,315</b>           | <b>3,940,510</b>             |
| Elimination of the carrying value of consolidated investments                   |                             |                              |                             |                              |
| - Difference between carrying value and pro-quota value of shareholders' equity | (10,823,670)                |                              | (11,440,750)                |                              |
| - Effects on reserves   |                             |                              |                             |                              |
| - Profit of subsidiary/associated companies on a pro-quota basis                | 1,496,107                   | 1,496,107                    | 941,294                     | 941,294                      |
| - Goodwill arising on consolidation   | 6,442,814                   | (621,967)                    | 7,064,645                   | (1,244,069)                  |
| - Consolidation reserves  |                             |                              |                             |                              |
| - Elimination of intercompany dividends   |                             | (329,433)                    |                             | (1,163,753)                  |
| - Other effects on the profit and loss account                                  | 134                         | 134                          | 5,355                       | 5,355                        |
| Valuation of investments in associated companies using the equity method        | 149,489                     | (16,423)                     | 165,913                     | (78,461)                     |
| <b>Total consolidated shareholders' equity</b>                                  | <b>49,158,117</b>           | <b>1,185,745</b>             | <b>50,935,772</b>           | <b>2,400,877</b>             |

The current share capital of the parent company comprises 8,980,000 ordinary shares with the nominal value of € 0.52 each.

Neither the company nor its subsidiaries, even through trust companies or third persons, have purchased or sold own shares.

The following table presents the variations in the Group shareholders' equity from 31 December 2004 to 30 June 2005:

| <i>Variations<br/>in shareholders' equity of the Group</i> | <i>Share<br/>capital</i> | <i>Reserves</i>   | <i>Profit<br/>for the period</i> | <i>Shareholders'<br/>equity of the<br/>Group</i> |
|--|--------------------------|-------------------|----------------------------------|--|
| <i>31 December 2004</i>                                    | <i>4,669,600</i>         | <i>43,865,295</i> | <i>2,400,877</i>                 | <i>50,935,772</i>                                |
| Increase/(Decrease) in reserves                            |                          |                   |                                  |  |
| Increase in revaluation reserves                           |                          |                   |                                  |  |
| Allocation of profit for the period to reserves            |                          | 2,400,877         | (2,400,877)                      |  |
| Distribution of dividends - parent company                 |                          | (2,963,400)       |                                  | (2,963,400)                                      |
| Effects on consolidation reserves                          |                          |                   |                                  |  |
| Capital injections   |                          |                   |                                  |  |
| Profit for the period                                      |                          |                   | 1,185,746                        | 1,185,746  |
| <i>Total at 30 June 2005</i>                               | <i>4,669,600</i>         | <i>43,302,772</i> | <i>1,185,746</i>                 | <i>49,158,118</i>                                |

### 3.7 Consolidated Cash Flow Statement of Cad It Group for the first half year 2003

The following table shows the consolidated cash flows of the Group at 30 June 2004. They evidence the assets and liabilities acquired by the parent company following the investments in subsidiaries in accordance with the Accounting Principle no. 17 on consolidated financial statements.

| <i>Year 2004</i>   | <i>Cash flow statement of Cad It Group</i>   | <i>1<sup>st</sup> half year 2005</i> | <i>1<sup>st</sup> half year 2004</i> |
|--------------------|--|--------------------------------------|--------------------------------------|
|                    | <b><u>OPERATING ACTIVITIES</u></b>   |                                      |                                      |
| <b>2,400,877</b>   | <b>Profit (loss) for the period</b>  | <b>1,185,746</b>                     | <b>223,024</b>                       |
|                    | <b>Amortisation and depreciation:</b>  |                                      |                                      |
| 916,190            | - Tangible fixed assets  | 437,488                              | 459,371                              |
| 1,516,562          | - Intangible fixed assets  | 285,430                              | 754,161                              |
| 1,244,069          | - Goodwill arising on consolidation  | 621,966                              | 620,121                              |
|                    | <b>Accruals:</b>   |                                      |                                      |
| 1,501,048          | - Employees' leaving entitlement   | 765,856                              | 741,482                              |
| 4,996              | - Other provisions   | -                                    | 3,039                                |
| 10,201             | Increase/(Decrease) in provisions for contingencies and other charges                      | 6,527                                | (20,842)                             |
| <b>7,593,943</b>   | <b>Sub-total</b>   | <b>3,303,013</b>                     | <b>2,780,356</b>                     |
| (489,274)          | Utilisation of employees' leaving entitlement  | (472,775)                            | (202,047)                            |
| (5,044,573)        | (Increase)/Decrease in receivables included under assets forming part of working capital   | 5,567,088                            | (748,418)                            |
| 39,972             | (Increase)/Decrease in inventory   | 39,579                               | 25,717                               |
| (43,194)           | (Increase)/Decrease in accrued income and deferred expenses                                | (233,112)                            | (492,480)                            |
| (1,283,183)        | Increase/(Decrease) in accounts due to creditors   | (242,997)                            | (1,211,158)                          |
| (11,885)           | Increase/(Decrease) in accrued expenses and deferred income                                | 2,489,971                            | 1,869,950                            |
| 11,299             | Increase/(Decrease) in sums due to other financial institutions                            | (31,191)                             | 33,011                               |
| 4,397,944          | Increase/(Decrease) in other non-financial payables  | 607,021                              | 3,739,766                            |
| <b>(2,422,894)</b> | <b>Sub-total</b>   | <b>7,723,584</b>                     | <b>3,014,341</b>                     |
| <b>5,171,049</b>   | <b>(A) - Cash flows from (for) operating activities</b>                                    | <b>11,026,597</b>                    | <b>5,794,697</b>                     |
|                    | <b><u>INVESTING ACTIVITIES</u></b>   |                                      |                                      |
| 184,562            | (Increase)/ Decrease in investments in subsidiary companies valued using the equity method | 60,995                               | 182,703                              |
| (5,611,106)        | (Increase)/Decrease in intangible fixed assets   | (2,757,193)                          | (2,941,679)                          |
| (176,337)          | (Increase)/Decrease in tangible fixed assets   | (80,412)                             | (194,638)                            |
| 7,884              | (Increase)/Decrease in other fixed assets  | (3,448)                              | (4,289)                              |
| 277,026            | Acquisition of investments in unconsolidated subsidiaries                                  |                                      |                                      |
|                    | (Increase)/Decrease in investments in associated companies                                 | (17,823)                             | 272,036                              |
| 250,000            | (Increase)/Decrease in other investments and securities                                    |                                      | 250,000                              |
| <b>(5,067,971)</b> | <b>(B) - Cash flows from (for) investing activities</b>                                    | <b>(2,797,881)</b>                   | <b>(2,435,867)</b>                   |
|                    | <b><u>FINANCING ACTIVITIES</u></b>   |                                      |                                      |
|                    | Increase/(Decrease) in financial payables  |                                      |                                      |
|                    | Increase/(Decrease) in reserves  |                                      |                                      |
| (138,684)          | Minority interest  | (157,483)                            | (351,285)                            |
| (2,694,000)        | Distribution of dividends  | (2,963,400)                          | (2,694,000)                          |
|                    | Capital injections   |                                      |                                      |
| <b>(2,832,684)</b> | <b>(C) - Cash flows from (for) financing activities</b>                                    | <b>(3,120,883)</b>                   | <b>(3,045,285)</b>                   |
| <b>(2,729,606)</b> | <b>(A+B+C) - Total cash flows</b>  | <b>5,107,833</b>                     | <b>313,545</b>                       |
| 14,127,419         | Opening liquid funds   | 11,397,813                           | 14,127,419                           |
| <b>11,397,813</b>  | <b>Closing liquid funds</b>  | <b>16,505,645</b>                    | <b>14,440,964</b>                    |

## 4. Reconciliations to the IFRS international accounting standards at 30/06/05 and comments

| Consolidated patrimonial status of the CAD IT Group | Italian accounting standards | Re-classifications | Rectifications   | IFRS standards    | Notes      |
|---|------------------------------|--------------------|------------------|-------------------|------------|
| <b>CREDIT</b>                                       |                              |                    |                  |                   | -          |
| <b>A) Non-current assets</b>                        |                              |                    |                  |                   |            |
| I) Assets, equipment and machinery                  |                              |                    |                  |                   |            |
| (1) Land  | -                            | 1,085,316          | 441,484          | 1,526,800         | 4.1        |
| (2) Buildings                                       | 10,590,508                   | (3,309,390)        | 8,226,978        | 15,508,096        | 4.1        |
| (3) Equipment and machinery                         | 134,428                      | 2,861,628          | (97,966)         | 2,898,090         | 4.1        |
| (4) Other assets                                    | 1,318,923                    |                    | -                | 1,318,923         |            |
| (5) Ongoing amortizations and advances              | -                            |                    | -                | -                 |            |
| <b>TOTAL Assets, equipment and machinery</b>        | <b>12,043,859</b>            | <b>637,554</b>     | <b>8,570,496</b> | <b>21,251,909</b> |            |
| II) Intangible assets                               |                              |                    |                  |                   |            |
| (1) Start-up  | 6,454,202                    |                    | 1,854,512        | 8,308,714         | 4.2        |
| (2) Development costs                               | -                            |                    | -                | -                 |            |
| (3) Patent rights                                   | 617,149                      |                    | -                | 617,149           |            |
| (4) Concessions, licences and brands                | 5,464                        |                    | (5,464)          | -                 |            |
| (5) Ongoing intangible assets                       | 7,265,887                    |                    | -                | 7,265,887         |            |
| (6) Others  | 958,828                      | 637,554            | -                | 321,274           |            |
| <b>TOTAL Intangible assets</b>                      | <b>15,301,530</b>            | <b>(637,554)</b>   | <b>1,849,048</b> | <b>16,513,024</b> |            |
| III) Holdings                                       | 6,261,662                    | (6,067,510)        | -                | 194,152           | 4.3        |
| IV) Other financial assets available for sale       | -                            | 6,022,073          | (2,830,203)      | 3,191,870         | 4.4        |
| V) Other non-current credits                        | 68,296                       |                    | -                | 68,296            |            |
| VI) Credits due to deferred taxes                   | 388,862                      |                    | 8,055            | 396,917           |            |
| <b>TOTAL NON-CURRENT ASSETS</b>                     | <b>34,064,209</b>            | <b>(45,437)</b>    | <b>7,597,396</b> | <b>41,616,168</b> |            |
| <b>B) Current assets</b>                            |                              |                    |                  |                   |            |
| I) Stock  | 435,555                      |                    | -                | 435,555           |            |
| II) Ongoing orders                                  | 435,000                      |                    | -                | 435,000           |            |
| III) Commercial credits and other credits           |                              |                    |                  |                   |            |
| (1) Commercial credits                              | 23,944,451                   |                    | -                | 23,944,451        |            |
| (2) Accruals and discounts                          | 482,724                      |                    | -                | 482,724           |            |
| (3) Other credits                                   | 310,751                      |                    | -                | 310,751           |            |
| <b>TOTAL Commercial credits and other credits</b>   | <b>24,737,926</b>            | <b>-</b>           | <b>-</b>         | <b>24,737,926</b> |            |
| IV) Tax credits                                     | 146,412                      |                    | -                | 146,412           |            |
| V) Financial assets available for sale              | -                            |                    | -                | -                 |            |
| VI) Cash on hand and other equivalent assets        | 16,827,051                   |                    | -                | 16,827,051        |            |
| <b>TOTAL CURRENT ASSETS</b>                         | <b>42,581,944</b>            | <b>-</b>           | <b>-</b>         | <b>42,581,944</b> |            |
| <b>C) Non-current assets for sale</b>               | <b>-</b>                     | <b>45,437</b>      | <b>-</b>         | <b>45,437</b>     | <b>4.5</b> |
| <b>TOTAL CREDIT</b>                                 | <b>76,646,153</b>            | <b>-</b>           | <b>7,597,396</b> | <b>84,243,549</b> |            |



| DEBIT   | Italian<br>accounting<br>standards | Re-<br>classifications | Rectifications   | IFRS<br>standards | Notes |
|---|------------------------------------|------------------------|------------------|-------------------|-------|
| <b>A) Net patrimony</b>                           |                                    |                        |                  |                   |       |
| 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) Consolidation reserve                         | (3,263,544)                        |                        | 1,321,492        | (1,942,052)       |       |
| (5) Re-eval. res. for fin. assets avail. for sale | -                                  |                        | 94,874           | 94,874            | 4.6   |
| TOTAL Reserves                                    | 31,982,856                         | -                      | 1,416,366        | 33,399,222        |       |
| III) Accumulated profits/losses                   |                                    |                        |                  |                   |       |
| (1) Previous profits/losses                       | -                                  |                        | 585,379          | 585,379           |       |
| (2) Legal reserve                                 | 933,920                            |                        | -                | 933,920           |       |
| (3) Statutory reserve                             | -                                  |                        | -                | -                 |       |
| (4) IFRS transition reserve                       | -                                  |                        | 2,118,989        | 2,118,989         | 4.7   |
| (5) Available joint profit reserve                | 10,385,995                         |                        | -                | 10,385,995        |       |
| (6) Period profits/losses                         | 1,185,746                          |                        | 310,530          | 1,496,276         |       |
| Total accumulated profits/losses                  | 12,505,661                         | -                      | 3,014,898        | 15,520,559        |       |
| <b>TOTAL NET PATRIMONY OF THE GROUP</b>           | <b>49,158,117</b>                  | <b>-</b>               | <b>4,431,264</b> | <b>53,589,381</b> |       |
| IV) Third party net patrimony                     |                                    |                        |                  |                   |       |
| (1) Third party capital and reserves              | 2,289,088                          |                        | 35,550           | 2,324,638         |       |
| (2) Third party profit (loss)                     | 94,387                             |                        | (13,256)         | 81,131            |       |
| Total Third party net patrimony                   | 2,383,475                          | -                      | 22,294           | 2,405,769         |       |
| <b>TOTAL NET PATRIMONY</b>                        | <b>51,541,592</b>                  | <b>-</b>               | <b>4,453,558</b> | <b>55,995,150</b> |       |
| <b>B) Non-current liabilities</b>                 |                                    |                        |                  |                   |       |
| I) Financing                                      | 309,596                            |                        | -                | 309,596           |       |
| II) Liabilities due to deferred taxes             | -                                  |                        | 3,239,319        | 3,239,319         | 4.8   |
| III) TFR and quiescence reserves                  | 6,240,263                          |                        | (90,042)         | 6,150,221         | 4.9   |
| IV) Expense and risk reserves                     | 30,439                             |                        | (5,439)          | 25,000            |       |
| V) Other liabilities                              | -                                  |                        | -                | -                 |       |
| <b>TOTAL non-current liabilities</b>              | <b>6,580,298</b>                   | <b>-</b>               | <b>3,143,838</b> | <b>9,724,136</b>  |       |
| <b>C) Current liabilities</b>                     |                                    |                        |                  |                   |       |
| I) Commercial debts                               |                                    |                        |                  |                   |       |
| (1) Debts to suppliers                            | 2,578,011                          |                        | -                | 2,578,011         |       |
| (2) Advances from clients                         | 63,070                             |                        | -                | 63,070            |       |
| (3) Accruals and discounts                        | 2,892,899                          |                        | -                | 2,892,899         |       |
| TOTAL Commercial debts                            | 5,533,980                          | -                      | -                | 5,533,980         |       |
| II) Tax debts                                     | 5,233,008                          |                        | -                | 5,233,008         |       |
| III) Short-term financing                         | 330,508                            |                        | -                | 330,508           |       |
| IV) Other debts                                   | 7,426,767                          |                        | -                | 7,426,767         |       |
| <b>TOTAL current liabilities</b>                  | <b>18,524,263</b>                  | <b>-</b>               | <b>-</b>         | <b>18,524,263</b> |       |
| <b>TOTAL DEBIT AND NET PATRIMONY</b>              | <b>76,646,153</b>                  | <b>-</b>               | <b>7,597,396</b> | <b>84,243,549</b> |       |

#### 4.1 Assets, equipment and machinery

The amendments and re-classifications at 30/05/2005 take into account all the amendments and re-classifications shown during the transition to the IFRS standards (see appendix) as well as those made due to the differences in amortizations carried out during the 2005 financial period.

#### 4.2 Start-up

The IFRS do not foresee start-up amortisation; the rectification of €1,854 thousand refers to the transfer of the amortisation registered in the drafted consolidation according to the national accounting standards in the 2004 financial period and the first semester of 2005.

#### 4.3 Holdings

The re-classification of €6,067 thousand refers to the transferred shareholdings to the value of €6,022 thousand in the financial assets available for sale voice, and to €45 thousand in the non-current assets for sale voice

#### 4.4 Financial assets available for sale

The holdings in CLASS Editori Spa and CIA Spa, not being control or connection holdings, have been re-classified, as required by the IAS 39, among the *financial assets available for sale* and valued at *fair value*.

The fair value is lower than the cost and this difference has been considered as an impairment in IAS terms; according to the Italian standards this loss was not considered as durable since it was connected to a holding that was deemed strategic and significant in terms of commercial contracts which involved considerable income and was strictly connected to keeping the holding itself.

The difference was shown at net patrimony and classified in the IFRS Transition Reserve.

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 net patrimony 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.

The following table summarises the effects at 01/01/2005:

| Holding              | Value at 01/01/05<br>Italian accounting<br>standards<br><i>old cost</i> | IFRS value at<br>01/01/2005<br><i>fair value</i> | Differences        |
|----------------------|---|--|--------------------|
| Class Editori S.p.a. | 5,977,068   | 3,049,507.80                                     | (2,927,560)        |
| Cia S.p.a.           | 44,953  | 235,490  | 190,537            |
| <b>TOTAL</b>         | <b>6,022,021</b>  | <b>3,284,998</b>                                 | <b>(2,737,023)</b> |

The profits and losses shown later due to the effect of evaluating the fair value at every balance date on this asset are shown at net patrimony except for durable losses in value.

The following table summarises the effects found in the first semester of 2005:

| <b>Holding</b>       | <b>Value at 01/01/05<br/>fair value</b> | <b>Value at 30/06/05<br/>fair value</b> | <b>Differences</b> |
|----------------------|---|---|--------------------|
| Class Editori S.p.a. | 3,049,507,80                            | 2,861,455                               | (188,053)          |
| Cia S.p.a.           | 235,490                                 | 330,363                                 | 94,873             |
| <b>TOTAL</b>         | <b>3,284,998</b>                        | <b>3,191,818</b>                        |                    |

#### ***4.5 Non-current assets for sale***

The accounting values of the net patrimony shares of controlled companies in liquidation or to be dismissed have been reclassified to the non-current assets for sale voice in accordance with IFRS 5 to the value of €45 thousand.

#### ***4.6 Evaluation reserve for assets available for sale***

This reserve consists of the differences in value found during the 2004 financial period and the first semester of 2005 involving the Class Editori and Cia quoted shareholdings classified as assets available for sale.

#### ***4.7 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, for the share appertaining to the Group. The relative differences to the patrimony share of third parties are shown separately.

#### ***Effects of applying the IAS 39 on the net patrimony at 01/01/2005***

The CAD IT Group opted for the faculty to declare data and information about financial instruments and holdings included in the application area of the IAS 32 and 39, as of the consolidated patrimonial situation at 1<sup>st</sup> January 2005.

The effect of this assessment of the holdings deriving from the application of such standards means that the holdings in Class Editori Spa and CIA Spa are now classified among the assets available for sale with their consequent fair value assessment. The effects of these assessments on the net patrimony of the Group are shown below:

|   | €/thousand    |
|---|---------------|
| Net patrimony Italian accounting standards 31.12.2004 | 50,936        |
| IAS rectifications at 31.12.2004                      | 6,763         |
| IAS total net patrimony at 31.12.2004                 | 57,699        |
| IAS 32 and 30 rectification application at 1.1.2005   | (2,737)       |
| IAS net patrimony at 1.1.2005                         | 54,962        |
| <i>Effects 2005s</i>                                  |               |
| Dividends   | (2,964)       |
| Other effects of IAS net patrimony application        | 94            |
| IAS Economic account 30.06.2005                       | 1,497         |
| <b>IAS Net Patrimony at 30th June 2005</b>            | <b>53,589</b> |

#### ***4.8 Liabilities due to deferred taxes***

The €3,239 thousand rectification refers to the tax effects deriving from the variations in assets and liabilities during the first application of the IFRS, calculated with the tax rate of 37.25% (33% IRES +4.25% IRAP).

#### ***4.9 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 €90 thousand compared to the debt found in accordance with art. 2210 of the Italian civil code.

|  | Italian<br>accounting<br>standards | Re-<br>classifications | Rectifications | IFRS<br>standards | Notes |
|--|------------------------------------|------------------------|----------------|-------------------|-------|
| Income from sales and services                           | 23,350,700                         |                        |                | 23,350,700        |       |
| Changes in ongoing orders                                | 0                                  |                        |                | 0                 |       |
| Asset increases due to internal work                     | 2,690,348                          |                        |                | 2,690,348         |       |
| Other revenue and receipts                               | 11,658                             |                        |                | 11,658            |       |
| <i>Production value</i>                                  | 26,052,706                         | 0                      | 0              | 26,052,706        |       |
| Costs for raw materials, subsidiaries and consumer goods | (401,835)                          |                        |                | (401,835)         |       |
| Service costs  | (4,080,701)                        | (6,718)                |                | (4,087,419)       |       |
| Other operational costs                                  | (437,388)                          | (6,550)                |                | (443,938)         |       |
| <i>Added value</i>                                       | 21,132,782                         | (13,268)               | 0              | 21,119,514        |       |
| Labour costs   | (15,032,549)                       | 2,439                  | (263,001)      | (15,293,111)      | 4.10  |
| Other administrative expenses                            | (1,152,387)                        | (7,653)                |                | (1,160,040)       |       |
| <i>Gross operational result (EBITDA)</i>                 | 4,947,846                          | (18,482)               | (263,001)      | 4,666,363         |       |
| Allocation to Credit Depreciation Fund                   | (3,422)                            |                        |                | (3,422)           |       |
| Amortizations:   |                                    |                        |                | 0                 |       |
| - Intangible fixed asset amortization                    | (907,396)                          |                        | 626,057        | (281,339)         | 4.11  |
| - Tangible fixed asset amortization                      | (437,488)                          |                        | 44,411         | (393,077)         | 4.12  |
| Other allocations  | 0                                  |                        |                | 0                 |       |
| <i>Operational result (EBIT)</i>                         | 3,599,540                          | (18,482)               | 407,467        | 3,988,525         |       |
| Net financial receipts (charges)                         | 157,783                            |                        |                | 157,783           |       |
| <i>Ordinary result</i>                                   | 3,757,323                          | (18,482)               | 407,467        | 4,146,308         |       |
| Revaluations and depreciations                           | (39,514)                           |                        | (188,054)      | (227,568)         | 4.4   |
| Extraordinary receipts (charges)                         | (59,720)                           | 59,720                 |                | 0                 | 4.13  |
| <i>Pre-tax and pre-third party share result</i>          | 3,658,089                          | 41,238                 | 219,413        | 3,918,740         |       |
| Pre- third party tax (Profit)/loss                       | (94,387)                           |                        | 13,256         | (81,131)          |       |
| <i>Group pre-tax profit/loss</i>                         | 3,563,702                          | 41,238                 | 232,669        | 3,837,609         |       |
| Income taxes   | (2,377,956)                        | (41,238)               | 77,861         | (2,341,333)       |       |
| <b>Profit (loss) for the period</b>                      | <b>1,185,746</b>                   | <b>0</b>               | <b>310,530</b> | <b>1,496,276</b>  |       |

#### **4.10 Labour costs**

The €263 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 2005 period.

#### **4.11 Intangible fixed asset amortizations**

The €626 thousand difference refers to the cancellation of amortisation for the updating of consolidated shares to the value of €622 thousand and €4 thousand for 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.

#### **4.12 Tangible fixed asset amortizations**

The sum of €44 thousand for minor amortizations refers 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 appraisal.

#### **4.13 Extraordinary returns and obligations**

The extraordinary returns and obligations have been reclassified into the relevant voices, the main ones being income taxes to the value of €41 thousand.

## 5. First Half-Year Report 2005 CAD IT S.p.A.

### 5.1 Balance Sheet CAD IT S.p.A. - Assets

| 31/12/2004        |  | 30/06/2005        | 30/06/2004        |
|-------------------|--|-------------------|-------------------|
|                   | A) SHARE CAPITAL PROCEEDS TO BE RECEIVED               |                   |                   |
|                   | I. Already called up                                   |                   |                   |
|                   | II. Not yet called up                                  |                   |                   |
|                   | <b>Total share capital proceeds to be received (A)</b> |                   |                   |
|                   | B) FIXED ASSETS  |                   |                   |
|                   | I. Intangible fixed assets                             |                   |                   |
|                   | 1) Start-up and capital costs                          |                   | 437,916           |
|                   | 2) Research, development and advertising costs         |                   |                   |
|                   | 3) Industrial patents and similar rights               | 614,691           |                   |
| 171,101           | 4) Licences, trademarks and similar rights             | 118,831           | 304,369           |
|                   | 5) Goodwill  |                   |                   |
| 4,943,560         | 6) Assets under development and payments on account    | 7,025,844         | 2,547,618         |
| 665,607           | 7) Other   | 623,801           | 707,413           |
| <b>5,780,268</b>  | <b>Total intangible fixed assets</b>                   | <b>8,383,167</b>  | <b>2,410,001</b>  |
|                   | II. Tangible fixed assets                              |                   |                   |
| 10,438,606        | 1) Land and buildings                                  | 10,269,398        | 10,607,814        |
| 92,741            | 2) Plant and machinery                                 | 77,759            | 99,368            |
|                   | 3) Industrial and commercial equipment                 |                   |                   |
| 857,225           | 4) Other assets  | 808,954           | 925,743           |
|                   | 5) Assets under construction and payments on account   |                   |                   |
| <b>11,388,572</b> | <b>Total tangible fixed assets</b>                     | <b>11,156,111</b> | <b>11,632,925</b> |
|                   | III. Financial fixed assets                            |                   |                   |
|                   | 1) Investments in:                                     |                   |                   |
| 14,271,023        | a) Subsidiary companies                                | 14,439,033        | 14,165,420        |
|                   | a-bis) Subsidiaries valued using the equity method     |                   |                   |
| 2,600             | b) Associated companies                                | 2,600             | 2,600             |
| 6,022,021         | c) Other   | 6,022,021         | 6,022,021         |
|                   | 2) Amounts receivable:                                 |                   |                   |
| 100,000           | a) From subsidiary companies                           |                   | 100,000           |
|                   | b) From associated companies                           |                   |                   |
| 24,714            | d) Other due after one year                            | 19,986            | 30,460            |
|                   | 3) Other securities                                    |                   |                   |
|                   | 4) Own shares  |                   |                   |
| <b>20,420,358</b> | <b>Total financial fixed assets</b>                    | <b>20,483,640</b> | <b>20,320,501</b> |
| <b>37,589,198</b> | <b>Total fixed assets (B)</b>                          | <b>40,022,918</b> | <b>35,902,876</b> |
|                   | C) ASSETS FORMING PART OF WORKING CAPITAL              |                   |                   |
|                   | I. Inventory   |                   |                   |
|                   | 1) Raw materials, consumables and supplies             |                   |                   |
|                   | 2) Work in progress and semi-finished products         |                   |                   |
|                   | 3) Contract work in progress                           |                   |                   |
|                   | 4) Finished goods                                      |                   |                   |
|                   | 5) Payments on account                                 |                   |                   |

|                   |   |                   |                   |
|-------------------|---|-------------------|-------------------|
|                   | <b>Total</b>  |                   |                   |
|                   | II. Receivables                                     |                   |                   |
| 4,787,399         | 1) Trade receivables                                | 3,906,222         | 3,223,132         |
| 18,488,225        | 2) Subsidiary companies                             | 14,843,421        | 18,074,508        |
|                   | 2 bis) Subsidiaries valued using the equity method  |                   |                   |
| 118               | 3) Associated companies                             |                   |                   |
|                   | 4) Parent companies                                 |                   |                   |
| 129               | 4 bis) receivables from taxation authorities        |                   | 8,103             |
| 27,060            | 4 ter) deferred tax assets                          | 27,060            | 27,710            |
| 57,636            | 5) Others due within one year                       | 90,427            | 142,133           |
| <b>23,360,567</b> | <b>Total</b>  | <b>18,867,130</b> | <b>21,475,586</b> |
|                   | III. Financial assets not of a fixed nature         |                   |                   |
|                   | 1) Investments in subsidiary companies              |                   |                   |
|                   | 2) Investments in associated companies              |                   |                   |
|                   | 3) Investments in parent companies                  |                   |                   |
|                   | 4) Other investments                                |                   |                   |
|                   | 5) Own shares (total nominal value ....)            |                   |                   |
|                   | 6) Other securities                                 |                   |                   |
| 5,858,618         | 7) Insurance policies capitalised                   | 5,940,836         | 5,770,043         |
| <b>5,858,618</b>  | <b>Total</b>  | <b>5,940,836</b>  | <b>5,770,043</b>  |
|                   | IV. Liquid funds                                    |                   |                   |
| 593,867           | 1) Bank and postal accounts                         | 1,537,769         | 2,802,251         |
|                   | 2) Cheques on hand                                  |                   |                   |
| 2,832             | 3) Cash-on-hand and cash equivalents                | 3,847             | 2,230             |
| <b>596,699</b>    | <b>Total</b>  | <b>1,541,616</b>  | <b>2,804,481</b>  |
| <b>29,815,884</b> | <b>Total assets forming part of working capital</b> | <b>26,349,582</b> | <b>30,050,110</b> |
|                   | D) ACCRUED INCOME AND DEFERRED EXPENSES             |                   |                   |
| 383               | Accrued income                                      | 383               |                   |
| 124,651           | Deferred expenses                                   | 186,379           | 453,012           |
| <b>125,034</b>    | <b>Total</b>  | <b>186,762</b>    | <b>453,012</b>    |
| <b>67,530,116</b> | <b>TOTAL ASSETS</b>                                 | <b>66,559,262</b> | <b>66,405,998</b> |



## 5.2 Balance Sheet CAD IT S.p.A. - Shareholders' Equity and Liabilities

| 31/12/2004   |  | 30/06/2005        | 30/06/2004        |
|--|--|-------------------|-------------------|
| <b>A) SHAREHOLDERS' EQUITY</b>                           |  |                   |                   |
| 4,669,600  | I capital  | 4,669,600         | 4,669,600         |
| 35,246,400   | II Share premium reserve                                   | 35,246,400        | 35,246,400        |
|  | III Revaluation reserves                                   |                   |                   |
| 933,920  | IV Legal reserve   | 933,920           | 933,920           |
|  | V Statutory reserves                                       |                   |                   |
|  | VI Reserve for purchase of own shares                      |                   |                   |
| 9,408,885  | VII Other reserves   | 10,385,995        | 9,408,885         |
|  | - capital injections                                       |                   |                   |
| 9,408,885  | - available reserve  | 10,385,995        | 9,408,885         |
|  | - extraordinary reserve                                    |                   |                   |
|  | VIII Retained earnings or losses carried forward           |                   |                   |
| 3,940,510  | IX Profit /(loss) for the period of the Group              | 657,329           | 1,203,961         |
| <b>54,199,315</b>  | <b>Shareholders' equity</b>                                | <b>51,893,244</b> | <b>51,462,766</b> |
| <b>B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES</b> |  |                   |                   |
| 12,185   | 1) Pension and similar provisions                          |                   |                   |
|  | 2) Taxation  |                   |                   |
| 146  | 3) Exchange rate risk                                      |                   | 146               |
|  | 4) Other provisions for contingencies and other charges    |                   |                   |
| <b>12,331</b>  | <b>Total</b>   |                   | <b>146</b>        |
| <b>2,717,516</b>   | <b>C) EMPLOYEES' LEAVING ENTITLEMENT</b>                   | <b>3,010,138</b>  | <b>2,489,927</b>  |
| <b>D) PAYABLES</b>                                       |  |                   |                   |
|  | 1) Debentures  |                   |                   |
|  | 2) Convertible debentures                                  |                   |                   |
|  | 4) Due to banks  |                   |                   |
|  | Due after one year   |                   |                   |
|  | 5) Sums due to other financial institutions                |                   |                   |
|  | Due after one year   |                   |                   |
|  | 6) Payments on account                                     |                   |                   |
| 738,894  | 7) Accounts payable to creditors                           | 613,686           | 728,472           |
|  | 8) Accounts payable on bills accepted and drawn            |                   |                   |
|  | Due after one year   |                   |                   |
| 3,671,158  | 9) Amounts payable to subsidiary companies                 | 4,768,015         | 6,735,215         |
|  | 9 bis) Amounts payable to subs. valued using equity method |                   |                   |
|  | 10) Amounts payable to associated companies                |                   |                   |
|  | 11) Amounts payable to parent companies                    |                   |                   |
| 2,846,994  | 12) Sums payable to taxation authorities                   | 2,309,959         | 1,053,748         |
| 1,087,079  | 13) Social security charges payable                        | 1,117,617         | 1,008,843         |
| 1,908,698  | 14) Other sums payable                                     | 2,593,378         | 2,671,958         |
| <b>10,252,823</b>  | <b>Total</b>   | <b>11,402,655</b> | <b>12,198,236</b> |
| <b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>           |  |                   |                   |

|                   |   |                   |                   |
|-------------------|---|-------------------|-------------------|
|                   | Accrued expenses                                  |                   |                   |
| 348,131           | Deferred income                                   | 253,225           | 254,923           |
| <b>348,131</b>    | <b>Total</b>                                      | <b>253,225</b>    | <b>254,923</b>    |
|                   |   |                   |                   |
| <u>67,530,116</u> | <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <u>66,559,262</u> | <u>66,405,998</u> |

### 5.3 Profit and Loss Account CAD IT S.p.A.

| 31/12/2004          |   | 30/06/2005          | 30/06/2004          |
|---------------------|---|---------------------|---------------------|
|                     | <b>A) PRODUCTION REVENUES</b>   |                     |                     |
| 24,409,179          | 1) Turnover - goods and services  | 10,444,373          | 10,272,890          |
|                     | 2) Variation in inventories and work in progress                                    |                     |                     |
|                     | 3) Variation in contract work in progress   |                     |                     |
| 2,153,000           | 4) Increase in internal work capitalised under fixed assets                         | 1,100,000           | 1,103,000           |
| 18,479              | 5) Other revenues and income  | 3,254               | 17,223              |
| <b>26,580,658</b>   | <b>Total production revenues</b>  | <b>11,547,627</b>   | <b>11,393,113</b>   |
|                     | <b>B) PRODUCTION COST</b>   |                     |                     |
| (121,456)           | 6) Raw materials, consumables and supplies  | (55,077)            | (63,525)            |
| (4,747,619)         | 7) Services   | (2,260,504)         | (2,208,090)         |
| (215,487)           | 8) Use of third party assets  | (125,545)           | (107,739)           |
|                     | 9) Personnel expenses   |                     |                     |
| (10,155,516)        | a) Wages and salaries   | (5,507,636)         | (5,100,997)         |
| (3,202,626)         | b) Social security contributions  | (1,734,901)         | (1,606,288)         |
| (723,820)           | c) Employees' leaving entitlement   | (394,483)           | (362,365)           |
|                     | d) Pension and similar costs  |                     |                     |
| (12,824)            | e) Other costs  | (6,185)             | (4,516)             |
| (14,094,786)        | Total personnel expenses  | (7,643,205)         | (7,074,166)         |
|                     | 10) Amortisation, depreciation and write-downs:                                     |                     |                     |
| (1,159,027)         | a) Amortisation of intangible fixed assets  | (121,519)           | (576,629)           |
| (558,689)           | b) Depreciation of tangible fixed assets  | (282,158)           | (276,397)           |
|                     | c) Write-downs of fixed assets  |                     |                     |
| (1,310)             | d) Write-downs of receivables included under assets forming part of working capital |                     |                     |
| (1,719,026)         | Total amortisation, depreciation and write-downs                                    | (403,677)           | (853,026)           |
|                     | 11) Variation in raw materials, supplies and consumables                            |                     |                     |
|                     | 12) Provisions for contingencies  |                     |                     |
|                     | 13) Other provisions  |                     |                     |
| (100,939)           | 14) Other operating costs   | (33,184)            | (45,031)            |
| <b>(20,999,313)</b> | <b>Total production cost</b>  | <b>(10,521,192)</b> | <b>(10,351,577)</b> |
| <b>5,581,345</b>    | <b>Difference between production revenues and cost (A-B)</b>                        | <b>1,026,435</b>    | <b>1,041,536</b>    |
|                     | <b>C) FINANCIAL INCOME AND CHARGES</b>  |                     |                     |
|                     | 15) Income from investments in subsidiary companies                                 |                     |                     |
| 982,953             | Associated companies  | 329,433             | 982,953             |
| 94,900              | Other   |                     | 50,000              |
| 37,273              | Tax credits on dividends  | 16,942              | 37,272              |
|                     | 16) Other financial income  |                     |                     |
| 254                 | a) Receivables classified as fixed assets   | 46                  | 327                 |
| 4,143               | From subsidiaries   | 1,033               | 2,056               |
|                     | b) From securities included as fixed assets which are not investments               |                     |                     |
|                     | c) From securities included under assets forming part of working capital            |                     |                     |

|                  |  |                  |                  |
|------------------|--|------------------|------------------|
| 195,740          | d) Other income  | 100,621          | 93,172           |
|                  | 17) Interest and other financial charges               |                  |                  |
| (6,099)          | a) Other   | (55)             | (5,900)          |
|                  | b) Subsidiaries  | (2,369)          |                  |
|                  | c) Associated companies                                |                  |                  |
|                  | d) Parent companies                                    |                  |                  |
|                  | 17 bis) Profit or loss from currency exchanging        |                  |                  |
|                  | a) Profit from currency exchanging                     |                  |                  |
|                  | b) Loss from currency exchanging                       |                  |                  |
| <b>1,309,164</b> | <b>Total (15+16-17)</b>                                | <b>445,651</b>   | <b>1,159,880</b> |
|                  | D) ADJUSTMENTS TO FINANCIAL ASSET VALUES               |                  |                  |
|                  | 18) Revaluation of investments in associated companies |                  |                  |
|                  | 19) Write-downs of investments in associated companies |                  |                  |
|                  | <b>Total adjustments to financial asset values</b>     |                  |                  |
|                  | E) EXTRAORDINARY INCOME AND EXPENSES                   |                  |                  |
| 29,834           | 20) Income   | 318              | 12,133           |
|                  | Profit on sale of assets                               |                  |                  |
| (642,689)        | 21) Expenses   | (10,294)         | (245,842)        |
|                  | Loss on sale of assets                                 |                  |                  |
| <b>(612,855)</b> | <b>Total extraordinary items (20-21)</b>               | <b>(9,976)</b>   | <b>(233,709)</b> |
| <b>6,277,654</b> | <b>PROFIT (LOSS) BEFORE TAXATION (A-B+C+-D+-E)</b>     | <b>1,462,110</b> | <b>1,967,707</b> |
| (2,337,144)      | 22) Taxation on profit for the period                  | (804,781)        | (763,746)        |
| <b>3,940,510</b> | <b>26) Profit/ (loss) for the period</b>               | <b>657,329</b>   | <b>1,203,961</b> |

## 5.4 Information on the half-year report - CAD IT S.p.A.

### 5.4.1 Relationships with subsidiary companies

During the semester, the Group's companies have carried out operations with companies that are held and linked by CAD IT as well as other companies that are subject to CAD IT control. The patrimonial and economic effects of operations carried out between consolidated companies with the integral method have been removed from the consolidated balance with the exception of a few insignificant operations regarding the transfer of instrumental assets to the purchasing party, carried out, in any case, under regular market conditions, and services relating to the development of software for sale or in-company use, which are registered among intangible assets.

Sales of goods and services to the Group companies consolidated on a line-by-line basis resulted in revenues of € 9,186 thousand, arising from licences and analysis, assistance, design and development services.

All transactions with related parties are carried out on an arm's length basis.

Intercompany turnover from goods and services and intercompany receivables and payables at 30 June 2005 may be broken down as follows:

|                            | <i>Costs</i>     | <i>Turnover</i>  | <i>Receivables</i> | <i>Payables</i>   |
|----------------------------|------------------|------------------|--------------------|-------------------|
| <i>Name of the company</i> |                  |                  |                    |                   |
| Cad It S.p.a.              | 656,040          | 6,559,843        | 14,843,421         | 4,768,015         |
| Cad S.r.l.                 | 8,094,712        | 415,385          | 3,402,337          | 17,353,832        |
| Cesbe S.r.l.               | 264,865          | 849,386          | 3,143,925          | 123,238           |
| NetBureau S.r.l.           | 17,765           | 12,012           | 368,297            | 302,237           |
| DQS S.r.l.                 | 3,099            | 662,525          | 348,513            | 620               |
| SGM S.r.l.                 | 1,033            | 305,430          | 305,609            | 7,701             |
| SmartLine Line S.r.l.      | 9,212            | 119,009          | 181,432            | 163,846           |
| BitGroove S.r.l.           | 71,689           | 5,708            | 21,066             | 59,305            |
| Elidata S.r.l.             | 54,892           |                  | 18,138             | 1,191             |
| Datafox S.r.l.             | 12,659           | 256,667          | 153,213            | 5,966             |
| <b>Total</b>               | <b>9,185,966</b> | <b>9,185,966</b> | <b>22,785,950</b>  | <b>22,785,950</b> |

As for the annual financial statements, the following paragraphs comment on the reclassified profit and loss account of CAD IT S.p.A., which best represents the performance of the company.

This reclassified profit and loss account complies with the format required by law.

It should be pointed out that the results take into consideration the total dividend payments made in the corresponding period whatever the collection date.

**5.4.2 Reclassified Profit and Loss Account of CAD IT S.p.A.**

| <b>31/12/2004</b> | <b>%</b>       | <b>Reclassified Profit and Loss Account</b>                        | <b>30/06/2005</b> | <b>%</b>       | <b>30/06/2004</b> | <b>%</b>       |
|-------------------|----------------|--|-------------------|----------------|-------------------|----------------|
| 24,409,179        | 91.83%         | Turnover - goods and services                                      | 10,444,373        | 90.45%         | 10,272,890        | 90.17%         |
| -                 | -              | Variations in contract work in progress                            | -                 | -              | -                 | -              |
| 2,153,000         | 8.10%          | Increase in internal work capitalised under fixed assets           | 1,100,000         | 9.53%          | 1,103,000         | 9.68%          |
| 18,479            | 0.07%          | Other revenues and income  | 3,254             | 0.03%          | 17,223            | 0.15%          |
| <b>26,580,658</b> | <b>100.00%</b> | <b>Production revenues</b>   | <b>11,547,627</b> | <b>100.00%</b> | <b>11,393,113</b> | <b>100.00%</b> |
|                   |                | Raw materials, consumables   |                   |                |                   |                |
| (121,456)         | (0.46%)        | and supplies   | (55,077)          | (0.48%)        | (63,525)          | (0.56%)        |
| (3,848,807)       | (14.48%)       | Services   | (1,812,403)       | (15.70%)       | (1,742,596)       | (15.30%)       |
| (316,426)         | (1.19%)        | Other operating costs  | (158,729)         | (1.37%)        | (152,770)         | (1.34%)        |
| <b>22,293,969</b> | <b>83.87%</b>  | <b>Added value</b>   | <b>9,521,418</b>  | <b>82.45%</b>  | <b>9,434,222</b>  | <b>82.81%</b>  |
| (14,094,786)      | (53.03%)       | Personnel expenses   | (7,643,205)       | (66.19%)       | (7,074,166)       | (62.09%)       |
| (898,812)         | (3.38%)        | Other administrative expenses                                      | (448,101)         | (3.88%)        | (465,494)         | (4.09%)        |
| <b>7,300,371</b>  | <b>27.46%</b>  | <b>Gross operating result (EBITDA)</b>                             | <b>1,430,112</b>  | <b>12.38%</b>  | <b>1,894,562</b>  | <b>16.63%</b>  |
|                   |                | Charge to provision  |                   |                |                   |                |
| (1,310)           | (0.00%)        | for bad debts  | -                 | -              | -                 | -              |
| (1,717,716)       | (6.46%)        | Amortisation and depreciation                                      | (403,677)         | (3.50%)        | (853,026)         | (7.49%)        |
| -                 | -              | Other provisions   | -                 | -              | -                 | -              |
| <b>5,581,345</b>  | <b>21.00%</b>  | <b>Operating profit (EBIT)</b>                                     | <b>1,026,435</b>  | <b>8.89%</b>   | <b>1,041,536</b>  | <b>9.14%</b>   |
| 1,309,164         | 4.93%          | Financial income and charges, net                                  | 445,651           | 3.86%          | 1,159,880         | 10.18%         |
| <b>6,890,509</b>  | <b>25.92%</b>  | <b>Profit/(loss) from ordinary activities</b>                      | <b>1,472,086</b>  | <b>12.75%</b>  | <b>2,201,416</b>  | <b>19.32%</b>  |
| -                 | -              | Revaluations and write-downs                                       | -                 | -              | -                 | -              |
| (612,855)         | (2.31%)        | Extraordinary income and expenses                                  | (9,976)           | (0.09%)        | (233,709)         | (2.05%)        |
| <b>6,277,654</b>  | <b>23.62%</b>  | <b>Profit (loss) before taxation</b>                               | <b>1,462,110</b>  | <b>12.66%</b>  | <b>1,967,707</b>  | <b>17.27%</b>  |
| (2,337,144)       | (8.79%)        | Taxation on profit for the period                                  | (804,781)         | (6.97%)        | (763,746)         | (6.70%)        |
| <b>3,940,510</b>  | <b>14.82%</b>  | <b>Net profit / (loss) for the period before minority interest</b> | <b>657,329</b>    | <b>5.69%</b>   | <b>1,203,961</b>  | <b>10.57%</b>  |
| -                 | -              | Profit / (loss) for the period of minority interest                | -                 | -              | -                 | -              |
| <b>3,940,510</b>  | <b>14.82%</b>  | <b>Net profit / (loss) for the period</b>                          | <b>657,329</b>    | <b>5.69%</b>   | <b>1,203,961</b>  | <b>10.57%</b>  |

### 5.4.3 Reclassified Balance Sheet CAD IT S.p.A.

| 31/12/2004        | Reclassified Balance Sheet                       | 30/06/2005        | 30/06/2004        |
|-------------------|--|-------------------|-------------------|
|                   | <b>Fixed assets</b>                              |                   |                   |
| 5,780,268         | Intangible fixed assets                          | 8,383,167         | 3,949,450         |
| 11,388,572        | Tangible fixed assets                            | 11,156,111        | 11,632,925        |
| 20,420,358        | Other fixed assets                               | 20,483,640        | 20,320,501        |
| <b>37,589,198</b> | <b>Total fixed assets</b>                        | <b>40,022,918</b> | <b>35,902,876</b> |
|                   | <b>Current assets</b>                            |                   |                   |
| 23,275,742        | Trade receivables, net                           | 18,749,643        | 21,297,640        |
| 129               | Receivables from taxation authorities            | -                 | 8,103             |
| 27,060            | Deferred tax assets                              | 27,060            | 27,710            |
| 57,636            | Other current assets                             | 90,427            | 142,133           |
| 125,034           | Accrued income and deferred expenses             | 186,762           | 453,012           |
| <b>23,485,601</b> | <b>Total current assets</b>                      | <b>19,053,892</b> | <b>21,928,598</b> |
|                   | <b>Current liabilities</b>                       |                   |                   |
| 4,410,052         | Accounts payable to creditors                    | 5,381,701         | 7,463,687         |
| 2,995,777         | Other current liabilities                        | 3,710,995         | 3,680,801         |
| 2,846,994         | Sums payable to taxation authorities             | 2,309,959         | 1,053,748         |
| 348,131           | Accrued expenses and deferred income             | 253,225           | 254,923           |
| <b>10,600,954</b> | <b>Total current liabilities</b>                 | <b>11,655,880</b> | <b>12,453,159</b> |
| <b>12,884,647</b> | <b>Operating capital, net</b>                    | <b>7,398,012</b>  | <b>9,475,439</b>  |
| 2,717,516         | Employees' leaving entitlement                   | 3,010,138         | 2,489,927         |
| <b>47,756,329</b> | <b>Invested capital, net</b>                     | <b>44,410,792</b> | <b>42,888,388</b> |
|                   | <b>Shareholders' equity and net indebtedness</b> |                   |                   |
| 54,199,315        | Total shareholders' equity                       | 51,893,244        | 51,462,766        |
|                   | Medium/long-term payables due to banks           |                   | -                 |
| 12,331            | Provisions for contingencies and other charges   | -                 | 146               |
| (6,455,317)       | Short-term net indebtedness (financial position) | (7,482,452)       | (8,574,524)       |
| <b>47,756,329</b> | <b>Invested capital, net</b>                     | <b>44,410,792</b> | <b>42,888,388</b> |

#### 5.4.4 Cash Flow Statement of CAD IT S.p.A.

| Year 2004          | Cash Flow Statement of CAD IT S.p.A.   | 1 <sup>st</sup> half year<br>2005 | 1 <sup>st</sup> half year<br>2004 |
|--------------------|--|-----------------------------------|-----------------------------------|
|                    | <b><u>OPERATING ACTIVITIES</u></b>   |                                   |                                   |
| <b>3,940,510</b>   | <b>Profit (loss) for the period</b>  | <b>657,329</b>                    | <b>1,203,961</b>                  |
|                    | <b>Amortisation and depreciation:</b>  |                                   |                                   |
| 558,689            | - Tangible fixed assets  | 282,158                           | 276,397                           |
| 1,159,027          | - Intangible fixed assets  | 121,519                           | 576,629                           |
|                    | <b>Accruals:</b>   |                                   |                                   |
| 723,820            | - Employees' leaving entitlement   | 394,483                           | 362,365                           |
| -                  | - Other provisions   | -                                 | -                                 |
| 11,945             | Increase/(Decrease) in provisions for contingencies and other charges                      | (12,331)                          | (240)                             |
| <b>6,393,991</b>   | (Gains)/losses on sale of fixed assets   | <b>1,443,158</b>                  | <b>2,419,112</b>                  |
| (194,105)          | <b>Sub-total</b>   | (101,861)                         | (60,239)                          |
| (473,472)          | Utilisation of employees' leaving entitlement  | 4,493,437                         | 1,411,509                         |
| -                  | (Increase)/Decrease in receivables included under assets forming part of working capital   | -                                 | -                                 |
| (4,404)            | (Increase)/Decrease in inventory   | (61,728)                          | (332,382)                         |
| (452,253)          | (Increase)/Decrease in accrued income and deferred expenses                                | (125,208)                         | (462,675)                         |
| (917,447)          | Increase/(Decrease) in accounts due to creditors   | 1,096,857                         | 2,146,610                         |
| (23,747)           | Increase/(Decrease) in accrued expenses and deferred income                                | (94,906)                          | (116,955)                         |
| -                  | - Increase/(Decrease) in sums due to other financial institutions                          | -                                 | -                                 |
| 2,100,376          | Increase/(Decrease) in other non-financial payables  | 178,183                           | 992,154                           |
| <b>34,948</b>      | <b>Sub-total</b>   | <b>5,384,774</b>                  | <b>3,578,022</b>                  |
| <b>6,428,939</b>   | <b>(A) - Cash flows from (for) operating activities</b>                                    | <b>6,827,932</b>                  | <b>5,997,134</b>                  |
|                    | <b><u>INVESTING ACTIVITIES</u></b>   |                                   |                                   |
| 115,718            | (Increase)/Decrease in intangible fixed assets   | -                                 | 115,718                           |
| (5,063,105)        | (Increase)/Decrease in tangible fixed assets   | (2,724,418)                       | (2,649,889)                       |
| (135,496)          | (Increase)/Decrease in other fixed assets  | (49,697)                          | (97,557)                          |
| 7,662              | (Increase)/Decrease in investments in subsidiary companies                                 | 104,728                           | 1,916                             |
| (807,387)          | (Increase)/ Decrease in investments in subsidiary companies valued using the equity method | (168,010)                         | (701,784)                         |
| 351,010            | (Increase)/Decrease in investments in associated companies                                 | -                                 | 351,010                           |
|                    | (Increase)/Decrease in other investments and securities                                    |                                   |                                   |
| <b>(5,531,598)</b> | <b>(B) - Cash flows from (for) investing activities</b>                                    | <b>(2,837,397)</b>                | <b>(2,980,586)</b>                |
|                    | <b><u>FINANCING ACTIVITIES</u></b>   |                                   |                                   |
|                    | Increase/(Decrease) in financial payables  |                                   |                                   |
|                    | Increase/(Decrease) in reserves  |                                   |                                   |
| (2,694,000)        | Distribution of dividends  | (2,963,400)                       | (2,694,000)                       |
|                    | Capital injections   |                                   |                                   |
| <b>(2,694,000)</b> | <b>(C) - Cash flows from (for) financing activities</b>                                    | <b>(2,963,400)</b>                | <b>(2,694,000)</b>                |
| <b>(1,796,659)</b> | <b>(A+B+C) - Total cash flows</b>  | <b>1,027,135</b>                  | <b>322,548</b>                    |
| 8,251,976          | <b>Opening liquid funds</b>  | 6,455,317                         | 8,251,976                         |
| <b>6,455,317</b>   | <b>Closing liquid funds</b>  | <b>7,482,452</b>                  | <b>8,574,524</b>                  |



**Appendix: Transition to the IFRS international accounting standards**  
(following enclosed)

**On behalf of the Board of Directors**  
The Chairman

(Signed on the original)  
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Giuseppe Dal Cortivo