

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

CAD IT S.P.A.

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2004

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CORPORATE BODIES**¹ BOARD
OF DIRECTORS**

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Managing Director

GIAMPIETRO MAGNANI
Managing Director

MAURIZIO RIZZOLI
Director

PAOLO DAL CORTIVO
Managing Director

FRANCESCO ROSSI
Non-Executive Director

LAMBERTO LAMBERTINI
Non-Executive Director

ALBERTO MIAZZI
Non-Executive Director

**¹ STATUTORY
AUDITORS**

SONIA MAZZI
Chairwoman

GIUSEPPE CEREGHINI
Statutory Auditor

GIANNICOLA CUSUMANO
Statutory Auditor

GIAN PAOLO RANOCCHI
Substitute Statutory Auditor

CESARE BRENA
Substitute Statutory Auditor

AUDITORS

KPMG S.p.A.

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

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

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

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

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

CAD IT S.p.A.

Registered office in Verona, Via Torricelli No. 44/a

Share capital € 4,669,600.00 fully paid in.

Tax code and Verona Company Register No. 01992770238

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DIRECTORS' REPORT ON THE 2004 FINANCIAL STATEMENTS

Dear Shareholders

the financial statements as at and for the year ended 31 December 2004 show a profit for the year of € 3,940,510 (previous period € 3,148,277), net of amortisation and depreciation of € 1,719,026 (previous period € 1,690,687) and taxation on profit for the year of € 2,337,144 (previous period € 1,431,712).

The trend of the company's performance is evidenced by the following comparative figures:

	(in thousands of Euro)
1999 profit for the year	3,627
2000 profit for the year	6,533
2001 profit for the year	10,342
2002 profit for the year	3,134
2003 profit for the year	3,148
2004 profit for the year	3,941

Information on CAD IT S.p.A.

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

The registered office, the administration and operating offices are in Verona, Via Torricelli No. 44/a.

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

Share capital amounts to € 4,669,600 at 31 December 2004 and comprises 8,980,000 ordinary shares.

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.

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

Activities of the Group

CAD IT Group has developed and distributed IT solutions for the banking sector and small to medium enterprises 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 50% of Italian bank branches, for the complete management of negotiations and related functions, as well as the regulation and administration of purchases and sales of shares, bonds and derivatives in any currency.

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

Sector and market performance in which the Group operates

The persistent uncertainty and instability of the economical and political situation at an international level led financial and banking operators to postpone their investments.

In 2004, this slowdown in investments due to the uncertainties of the general economic situation and the caution of several economic operators, led certain banks to put off their current demand for software packages, Information Technology services and training and organisation consulting services to the following years.

In the last quarter of 2004, purchase orders displayed a certain revival thus confirming the forecast and long-delayed expectations and the banking sector began to pay greater attention to the CAD IT Group's new products.

Financial position and performance of CAD IT

As previously mentioned, the 2004 financial period ended with a positive net result of € 3,940,510.

In order to better understand the result obtained during 2004 it is necessary to highlight some of the more important events of that period.

During the period in question the application of accounting criteria regarding development costs was modified. While research costs have continued to be taken entirely from the budget, product development costs were financed.

The fundamental condition for their entry into the patrimonial activity is that said costs refer to clearly defined, identifiable and measurable products or processes and are related to projects that can be technically realised and economically redeemed through profits that will develop by applying the project in the future.

The values are entered on the credit side to the directly sustained cost including the cost of using internal company resources as well as any extra fees added to

the original cost. In respect of the principle that correlates costs and profits, such costs are amortised from the date in which sales of any products correlated to said projects begin and in relation to the life cycle of the products themselves, estimated at five years.

The product development costs entered on the credit side during 2004 were about €4.038 million.

Furthermore, during the financial period concerned, internal costs for instrumental software for the production and maintenance of existing products and products undergoing construction began to be financed to the sum of € 905 thousand.

The decisions made, and already employed since the previous period, to speed up programmed investments in order to create new and more sophisticated products, will allow the Group to reap competitive advantages from an increase in orders.

The following data are shown bearing in mind the effect of development cost capitalisation entered under the heading "assets under development".

The outcome achieved is also the result of stronger action towards commercial penetration deriving from collaboration between the Group's companies and important international partners like Microsoft.

The products and services of CAD IT Group are highly valued by the banking sector users. This allowed the company to maintain significant levels of demand and activities. Production revenues reached € 26,580,658, against € 22,738,286 in the previous year, an increase of 16.90%.

As in past years, the directors remained committed to their cost control and reduction policies in view of a rationalisation of the available resources.

Total production cost reached € 20,999,253 (prior year: € 21,757,946), with a reduction of 3.5%.

Profit before taxation amounts to € 6,277,654 with an increase of 37.07% on the previous year (€4,579,989).

Share capital and reserves amount to Euro 50,258,804 (prior year: € 49,804,529) at 31 December 2004, while shareholders' equity at year end amounts to € 54,199,314 (prior year: € 52,952,806) after allocation of prior year profit to the available reserve for € 454,277.

Shareholders' equity at 31 December 2004 and 2003 is made up as follows:

	(amounts stated in units of Euro)	
	31.12.2004	31.12.2003
Share capital - fully paid-in	4,669,600	4,669,600
Share premium reserve	35,246,400	35,246,400
Legal reserve	933,920	933,920
Other available reserves	9,408,884	8,954,609
Total share capital and reserves	50,258,804	49,804,529
Net profit for the year	3,940,510	3,148,277
Total	54,199,314	52,952,806

The balance sheet and profit and loss account figures reported in the 2004 financial statement schedules, together with the comparative prior year figures, fairly represent the principal components of the company's financial position and results.

Significant events in 2004

In April CAD IT S.p.A., announced that, through Elidata, one of its own controlled companies, it has signed a contract with Finanza Attiva S.p.A. of the BPU Group (Banche Popolari Unite) for the supply of software and all the necessary services for integrating the package into the client's information technology system.

The project consists of the supply and start-up of the "Caronte" software product for the interfacing of telematic markets with back-office feeding.

The agreement with Finanza Attiva S.p.A. is of important strategic value as it will allow Elidata to increase its market share within the sector of important Italian

banking and finance groups. In fact, Elidata will be adding yet another client to those it already serves: the Banca di Roma, Abax Bank, Banca Advantage, SEC Servizi, Banca Popolare di Sondrio, to name but a few.

At the 29th April 2004, on the basis of the financial results of 2003, which confirm the Veronese Group's ability to generate positive income margins, the shareholder's meeting approved the distribution of a €0.30 ordinary dividend per share and the allocation of €0.5 million into reserves, Following this transaction, the available reserves for future distribution, will exceed € 9.0 million.

Financial position

The company's financial position at 31 December 2004 is summarised here below in comparison with the corresponding figures at 31 December 2003.

RECLASSIFIED BALANCE SHEET

	(in euro)		
	31/12/2004	31/12/2003	variation
FIXED ASSETS			
Intangible fixed assets	5,780,268	1,876,191	3,904,077
Tangible fixed assets	11,388,572	11,811,765	(423,193)
Financial fixed assets	20,420,357	20,087,362	332,995
TOTAL FIXED ASSETS (A)	37,589,197	33,775,318	3,813,879
CURRENT ASSETS			
Trade receivables, net	4,787,398	4,212,727	574,671
Closing inventory	0	0	0
Other current assets	18,573,169	18,674,369	(101,200)
Accrued income and deferred expenses	125,034	120,630	4,404
TOTAL CURRENT ASSETS (B)	23,485,601	23,007,726	477,875
CURRENT LIABILITIES			
Payments on account	0	0	0
Trade accounts payable to creditors	738,894	1,191,148	(452,254)
Other current liabilities	6,666,934	7,594,778	(927,844)
Sums payable to taxation authorities	2,846,995	736,223	2,110,772
Accrued expenses and deferred income	348,131	371,878	(23,747)
TOTAL CURRENT LIABILITIES (C)	10,600,954	9,894,027	706,927
NET OPERATING CAPITAL (D) = (B-C)	12,884,647	13,113,699	(229,052)
Employees' leaving entitlement (E)	2,717,516	2,187,801	529,715
NET INVESTED CAPITAL (F) = (A+D-E)	47,756,328	44,701,216	3,055,112
Funded as follows:			
Total shareholders' equity	54,199,314	52,952,806	1,246,508
Medium/long-term payables due to banks	0	0	0
Debentures due after one year	0	0	0
Provisions for contingencies and other charges	12,331	386	11,945
Total sources of financing (G)	54,211,645	52,953,192	1,258,453
Net short-term financial position (H)	6,455,317	8,251,976	(1,796,659)
NET INVESTED CAPITAL (F) = (G-H)	47,756,328	44,701,216	3,055,112

Compared to 31 December 2003, net invested capital amounts to € 47,756,328 and shows An increase of € 3,055,112.

Shareholders' equity, equal to € 54,199,314 (previous year 52,952,806) increase

and fully covers invested capital of € 47,756,328, leaving a residual short-term financial position of € 6,455,317.

Investments

As previously mentioned, the financial period was characterised by the decision to try to increase investments in intangible fixed assets consisting of instrumental software for production and new products for clients and for generating future profits both in terms of licensing fees and the extra services for personalisation and maintenance. The decision to invest, which will develop over several financial periods and which is described in the paragraph on research and development, was preceded by an appropriate period of market research and verification of project feasibility taking into account the estimated costs needed to create them and the benefits and profits that can be reasonably expected.

Periodical checks and adjustments are made on the progress of investment projects both for eventual changes in completion times and for technical or commercial needs.

Total investing activities can be summarised as follows (in thousands of Euro):

a) Investments in intangible fixed assets	5,063,104
of which:	
• software licences	119,544
• assets under development software procedure	4,038,336
• assets under development instrumental software	905,224
b) Investments in tangible fixed assets	136,145
of which:	
• plant and machinery	14,377
• other tangible fixed assets	121,768
c) Investments in financial fixed assets	467,093
of which:	
• subscriptions in capital account	456,376
• guarantee deposits	10,717

For further information on investments see the note to the financial statements.

Financial income and charges

The net financial position at 31 December 2004 presents a positive balance of € 6,455,317 compared to € 8,251,976 in the previous year.

The variation of € 1,796,657 is due to:

(in Euro)		
CASH FLOWS STATEMENT	31/12/2004	31/12/2003
Cash flows from (for) operating activities	6,428,938	8,907,925
Investing activities	(5,531,595)	(630,990)
Distribution of dividends	(2,694,000)	(28,556,400)
Cash flows for the year	(1,796,657)	(20,279,465)
Net short-term liquid funds at the beginning of the year	8,251,976	28,531,439
Roundings	(2)	2
Net liquid funds at the end of the year	6,455,317	8,251,976

The net financial position of the company may be broken down as follows:

(in Euro)		
NET FINANCIAL POSITION	31/12/2004	31/12/2003
Cash-on-hand and at bank	596,699	2,826,677
Financial assets not of a fixed nature	5,858,618	5,425,299
Payables due to banks including current portion of medium to long-term loans	0	0
	6,455,317	8,251,976
Net short-term financial position		
Long-term loans net of current portion	0	0
	0	0
Net long-term financial position		
Net liquid funds at the end of the year	6,455,317	8,251,976

Financing activities, including income from investments, produced a net financial income of € 1,309,105 (2003: € 3,549,859). Interest expenses and other financial charges are irrelevant.

The company's financing activities produced the following results:

PERFORMANCE OF FINANCIAL INCOME AND CHARGES	31/12/2004	31/12/2003
Total financial income	1,315,263	3,585,703
Revaluation of investments valued using the equity method	0	0
Write-downs of investments valued using the equity method	0	(35,140)
Financial charges	(6,158)	(704)
Total financial income and charges	1,309,105	3,549,859
Net financial income/(charges)		

Performance

The reclassified profit and loss account figures, which best represent the economic performance of the company, are shown below. This profit and loss account is duly reclassified to comply with the requirements of the Civil Code.

RECLASSIFIED PROFIT AND LOSS ACCOUNT REPORTING ADDED VALUE

	(in euro)				
	31/12/2004	%	31/12/2003	%	VARIATION
Turnover - goods and services	24,409,179	91.83	22,715,841	99.90	1,693,338
Variation in contract work in progress and finished goods					
Variation in contract work in progress					
Increase in internal work capitalised under fixed assets	2,153,000	8.10			2,153,000
Other revenues and income	13,521	0.05	7,571	0.03	5,950
Grants for operating expenses	4,958	0.02	14,874	0.07	(9,916)
A) PRODUCTION REVENUES	26,580,658	100.00	22,738,286	100.00	3,842,372
Raw materials, consumables and supplies	117,113	0.44	117,172	0.52	(59)
Variation in raw materials consumables and supplies					
Services	4,751,902	17.88	6,360,728	27.97	(1,608,826)
Other operating costs	316,426	1.19	306,963	1.35	9,463
B) ADDED VALUE	21,395,217	80.49	15,953,423	70.16	5,441,794
Personnel expenses	14,094,786	53.03	13,282,396	58.41	812,390
C) GROSS OPERATING RESULT (EBITDA)	7,300,431	27.47	2,671,027	11.75	4,629,404
Amortisation and depreciation	1,717,716	6.46	1,687,519	7.42	30,197
Bad debt provision	1,310	0.00	3,168	0.01	(1,858)
Other provisions and write-down					
D) NET OPERATING PROFIT (EBIT)	5,581,405	21.00	980,340	4.31	4,601,065
Dividends from subsidiaries, associated companies and tax credits	1,115,125	4.20	3,216,395	14.15	(2,101,270)
Other financial income and charges	193,980	0.73	368,604	1.62	(174,624)
Adjustments to financial asset values			(35,140)	(0.15)	35,140
E) PROFIT FROM ORDINARY ACTIVITIES	6,890,510	25.92	4,530,199	19.92	2,360,311
Extraordinary income and expenses	(612,856)	(2.31)	49,790	0.22	(662,646)
F) PROFIT BEFORE TAXATION	6,277,654	23.62	4,579,989	20.14	1,697,665
Taxation on profit for the year	2,337,144	8.79	1,431,712	6.30	905,432
NET PROFIT FOR THE YEAR	3,940,510	14.82	3,148,277	13.85	792,233

On-going investments into software products have absorbed internal resources to the amount of more than € 2.15 million.

The reduction in external service costs is also a direct result of the capitalisation of development costs included in the intangible fixed assets heading.

This result is partly due to internal organisation activities that have led to a considerable improvement in the use of internal resources.

The activity created has led to a clear improvement both in the gross operating result (EBITDA) and the net operating result (EBIT) as well as the ordinary result, which is also effected by the lower dividends of the subsidiary companies.

The pre-tax result is influenced by net extraordinary fees to the amount of € 612,856, € 467,301 of which refer to higher taxes on incomes determined by the disownment of tax benefits due to changes in the law, €165,639 to extraordinary fees due to the reduced definition of fiscal cases (L.289/2002) following a fiscal verification, € 9,750 for various fees, € 9,283 for tax inexistence from previous financial periods and € 20,551 for amendments in cost deductions entered in previous periods.

The net result amounts to € 3,940,510, net of € 2,337,144 income tax for the period.

The amount of tax is affected by the fiscal benefits granted for research and development costs towards creating new products.

Performance of subsidiary and associated companies

The financial statements at 31 December 2004 of the subsidiaries and of the main direct and indirect associated companies were prepared and subsequently approved by the respective directors' boards. Their results, together with those of the parent company, are summarised in the following table:

COMPANY	PRODUCTION REVENUES	CASH-FLOWS*	NET PROFIT 31.12.2004	NO. OF EMPLOYEES AT 31.12.2004
Parent company				
CAD IT S.p.A.	26,580,658	5,659,536	3,940,510	249
Subsidiary				
CAD S.r.l.	36,005,649	851,911	375,866	190
Cesbe S.r.l.	4,182,586	519,476	497,681	54
Datafox S.r.l.	734,511	-16,561	-48,359	9
Netbureau S.r.l.	630,975	-33,482	-42,051	9
SGM S.r.l.	1,685,996	-435,008	-527,076	34
DQS S.r.l.	5,804,245	523,975	475,730	71
Bit Groove S.r.l.	635,296	-15,497	-42,236	8
Elidata S.r.l.	1,627,661	502,152	463,211	6
S.M.A.R.T. Line S.r.l.	1,814,226	99,595	40,071	24

*Net profit + Depreciation, amortisation, write-downs and accruals for the year

The principals information about the performance of subsidiary and associated company are the following.

CAD S.r.l. (100% directly held)

- Services: Production, installation, customisation, maintenance of application software and assistance for the banking and industrial sectors.

The financial statements at 31 December 2004 resulted in a net profit of € 375,866 compared to € 349,849 in the previous year.

Quotaholders' equity at 31 December 2004, including net profit for the year, amounts to € 1,038,286 compared to € 662,422 in the previous year

Production revenues at 31 December 2004 amount to € 36,005,649 compared to € 35,644,059 in the previous year.

Personnel expenses for 2004 amount to € 7,410,724 compared to € 7,535,523 in the previous year. The average number of employees was 192 units compared to 205 in the previous year.

Investments for the year 2004 registered € 10,463, of which € 4,703 was paid for the development and operation of software programs and € 5,760 for the renewal and upgrading of hardware and sundry equipment.

Amortisation and depreciation amount to € 399,085 (previous year: € 593,869), of which € 240,640 for intangible fixed assets and € 158,445 for tangible fixed assets.

Write-downs amount to Euro 76,961 (previous year: Euro 235,836) for interest in arrears.

During 2004 the company continued with its Group development strategy.

Cesbe S.r.l. (52% directly held)

- Services: Consulting and technical-organisational training services for banks, state-owned and private companies; production, installation, customisation, maintenance and assistance services relating to the on-line trading platform.

The financial statements at 31 December 2004 resulted in a net profit of € 497,681, compared to € 1,458,525 in the previous year.

Production revenues reached € 4,182,586, compared to € 5,927,864 in the previous year.

Personnel expenses for the year 2004 amount to € 2,194,821, similar to the previous year (€2,208,723). The average number of employees, 55 units varied compared to the previous year (57 units).

Investments in instrumental assets in 2004 were an insignificant Euro 3,535.

Amortisation, depreciation and write-downs amount to € 21,795.

Quotaholders' equity, including net profit for the year, totalled € 3,545,063 at the

year end, compared to € 3,549,381 at the previous year end.

Netbureau S.r.l. (86% held)

- Services: The company provides consulting and technical-organisational assistance to banks and companies, particularly with respect to internet-related issues; production, installation, customisation, maintenance and assistance relating to web software applications (portals, web sites, etc.) for banks and industrial companies.

The financial statements at 31 December 2004 result in a loss of € 41,735, against a loss of € 35,848 in the previous year.

Production revenues amount to € 630,975, compared to € 721,739 in the previous year.

Personnel expenses for the year amount to € 292,624, compared to € 333,312 in the previous year. The average number of employees, 9 units, varied compared to the previous year (11).

Investments in 2004 to the sum of Euro 6,298, almost entirely due to purchasing software licenses, were irrelevant. Amortisation amount to € 8,569.

The net patrimony at 31.12.2004 was negative to a total of Euro 4,588 due to the financial period outcome (positive to the amount of Euro 37,147 at the previous period).

SGM S.r.l. (61.6% held)

- Services: Software application development, installation, customisation, maintenance and assistance for small and medium enterprises.

The financial statements at 31 December 2004 result in a loss of € 527,075, against a loss of € 87,735 in the previous year.

The negative result of 2004 was due to the delay in activating a programme to

contain costs which exceeded the normal operational level and which had already been forecast in past financial periods, and the postponing to 2005 on the part of some clients to conclude investment plans originally forecast for 2004.

Production revenues amounted to € 1,685,996, compared to € 2,287,125 in the previous year.

Personnel expenses for the year amounted to € 1,161,959, compared to € 1,066,344 in the previous year. The average number of employees is 34, compared to 31 in the previous year.

Investments in 2004 in instrumental assets were registered at Euro 145,806, Euro 5,961 of which were for software licences and other intangible assets, Euro 115,000 for financing internal costs for instrumental software for the production and maintenance of existing products and products undergoing construction, and Euro 21,111 for new hardware and equipment.

Quotaholders' equity, which at the beginning of the period came to Euro 55,788, was negative by Euro 24,671 at period end due to the financial period result, the covering of losses and the reconstitution of capital from the previous period.

Amortisation, depreciation and write-downs amount to € 89,768 (previous year 87,774).

DQS S.r.l. (55% held)

- Services: Development of software applications for the banking sector and IT technical assistance.

The financial statements for the year resulted in a net profit of € 475,730, compared to € 694,056 in the previous year.

Production revenues amounted to € 5,804,245, compared to € 6,202,300 in the previous year.

Personnel expenses for the year amounted to € 2,364,044, compared to € 2,180,280 in the previous year. The average number of employees increased to 70 units, compared to 64 in the previous year.

Investments totalled € 31,114, of which € 23,633 in operating tangible fixed assets and € 7,481 in software licences and other intangible fixed assets.

Amortisation amount to € 48,245 (previous year 41,417).

Quotaholders' equity, including net profit for the year, amounted to € 503,056, compared to € 717,326 at 31 December 2003, after distribution of dividends of € 690,000.

S.m.a.r.t. Line S.r.l. (51% held)

- Services: Development of software applications for tax collection agencies and technical assistance.

The financial statements for the year closed with a net profit of € 40,071, against a net profit of € 285,402 in the previous year.

Production revenues amounted to € 1,814,226, compared to € 2,486,500 in the previous year.

Personnel expenses for the year amounted to € 1,201,927, compared to € 1,282,494 in the previous year. The average number of employees was 24 units, compared to 26 in the previous year.

Investments totalled € 103,703, of which € 6,551 in operating tangible fixed assets and € 97,049 on-going software development intangible assets.

Amortisation and depreciation amount to € 53,524 (previous period € 58,553).

Quotaholders' equity at 31 December 2004, including net profit for the year, amounted to € 176,071, compared to € 407,132 at 31 December 2003, after distribution of dividends of € 271,131.

Bit Groove S.r.l. (100% directly held)

- Services: Development of software applications for the banking sector and IT technical assistance

The financial statements for the year result in a loss of € 42,236, against a net profit of € 27,859 in the previous year.

Production revenues for the year amounted to € 635,296, compared to € 639,751 in the previous year.

Personnel expenses for the year amounted to € 179,120, compared to € 85,900 in the previous year. The average number of employees increased to 6 units, compared to 3 in the previous year.

Investments totalled € 25,545, of which € 17,543 in operating tangible fixed assets and € 7,501 in software licences and other intangible fixed assets.

Amortisation, depreciation and write-downs amounted to € 26,740.

Quotaholders' equity at 31 December 2004, including net profit for the year, amounted to € 7,651 with respect to € 49,887 at 31 December 2003.

Elidata S.r.l. (51% held)

- Services: Development of application software for the finance-banking sector

The financial statements for the year closed with a net profit of € 463,211, against a net profit of € 531,650 in the previous year.

Production revenues for the year amounted to € 1,627,661, compared to € 1,794,566 in the previous year.

Personnel expenses for the year amounted to € 308,584, compared to € 192,675 in the previous year. The average number of employees increased to 6 units, compared to 5 in the previous year.

Investments for the year registered an amount of € 50,299, of which € 18,593 in

software licences and other intangible fixed assets and € 23,816 in operating tangible assets and 7,890 in financial activities.

Amortisation, depreciation and write-downs amount to € 38,941 (previous period € 28,901).

Quotaholders' equity at 31 December 2004 including net profit for the year amounted to € 764,464, compared to € 701,253 in the previous year, after distribution of dividends of € 400,000.

Datafox S.r.l. (51% held)

-IT Services; software development for the banking sector and IT technical assistance.

The financial statements at 31 December 2004 resulted in a loss of € 48,359, compared a net profit of € 18,489 in the previous year.

Production revenues for the year amounted to € 734.512, compared to € 747,737 in the previous year.

Personnel expenses for the year amounted to € 283,299, compared to € 340,170 in the previous year. The average number of employees increased to 9 units, compared to 7 in the previous year.

Investments in tangible and intangible fixed assets for the year registered an amount of € 6,548, almost entirely aimed at buying tangible instrumental assets (Euro 6,188).

Amortisation, depreciation and write-downs amount to € 31,798 (previous period 34,696).

Quotaholders' equity at 31 December 2004, including net profit for the year, amounted to € 292,480, compared to € 340,838 at 31 December 2003.

Sicom Informatica S.r.l. (associated company - 25% directly held)

- Services: Software development for the banking sector and IT technical assistance.

The financial statements at 31 December 2003 resulted in a net profit of € 342,266, compared to € 317,090 in the previous year.

Production revenues amounted to € 1,592,529, compared to € 1,492,584 in the previous year.

Personnel expenses for the year amounted to € 230,932, compared to € 197,166 in the previous year.

Investments for the year totalled € 2,877, of which € 659 in operating tangible fixed assets and € 2,218 in intangible fixed assets (software licences).

Amortisation, depreciation and write-downs amount to € 22,744.

Quotaholders' equity at 31 December 2004, including net profit for the year, amounted to € 593,567, compared to € 630,900 at 31 December 2003, after distribution of dividends of € 379,600.

Tecsit S.r.l. (70% indirectly held through DQS S.r.l.)

-Sector: Production and sale of hardware and software

The financial statements at 31 December 2004 resulted in a net profit of € 2,294, compared to € 240 in the previous year.

2004 production revenues amounted to € 636,141, compared to € 270,455 in the previous year.

Personnel expenses for the year amounted to € 172,693, compared to € 94,418 in the previous year. The average number of employees was 5.

Investments for the year totalled € 24,997, of which € 98 in intangible operating assets and € 24,799 in operating tangible fixed assets.

Amortisation, depreciation and write-downs amount to € 12,710.

Quotaholders' equity at 31 December 2004, including net profit for the year, amounted to € 84,853 with respect to € 82,559 at 31 December 2003.

Arch-it S.r.l. (70% indirectly held through DQS S.r.l.)

Services: Development of application software for enterprises.

On 20.12.2004, Archit S.r.l. a company controlled by DQS S.r.l., decided to make an early dissolution as from 1.01.2005 due to altered market prospects.

The financial statements at 31 December 2004 resulted in a net profit of € 13,325, compared to € 121,039 in the previous year.

Production revenues amounted to € 285,522, compared to € 551,006 in the previous year.

Personnel expenses for the year amounted to € 126,510, compared to € 131,681 in the previous year. The average number of employees was 5 units, compared to 4 units in the previous year.

Amortisation, depreciation and write-downs amount to € 5,962.

Quotaholders' equity at 31 December 2004, including net profit for the year, amounted to € 70,894 with respect to € 180,285 at 31 December 2003.

Relationships with subsidiary, associated and parent companies

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

Being the parent company, CAD IT carries out commercial and financial transactions with subsidiary and associated companies on an arm's length basis.

The principal transactions carried out during the year with subsidiary and associated companies may be summarised as follows:

	Revenues	Costs	Receivables	Payables
CAD S.r.l.	1,200,120	18,352,659	17,821,274	2,750,443
Cesbe S.r.l.	410,437	350,419	109,699	544,827
Netbureau S.r.l.	13,595	35,614	259,251	278,817
DQS S.r.l.		84	126,500	
SGM S.r.l.		4,227	104,244	
Smart Line S.r.l.	14,121	112	138,413	31,570
Bit Groove S.r.l.	2,433	7,279	28,743	11,251
Elidata S.r.l.		84		
Datafox S.r.l.	29,952	84	101	54,250
Sicom S.r.l.		98	118	
	1,670,658	18,750,660	18,588,343	3,671,158

Turnover from services to the Group companies amounted to € 18,751 thousand, of which € 18,744 thousand derived from the supply of analysis, assistance, and software design and development services, € 3 thousand derived from the sale of hardware and software licences of third parties and € 4 thousands from interest. The company purchased goods and services from the Group companies for a total amount of € 1,671 thousand,

The Company has purchased services from the Group's subsidiaries to an overall total of €1,671 thousand as well as other purchases for services and activities for the development of new software procedures to the sum of € 2,790,560, divided as follows: CAD S.r.l. € 1.550.000 – Cesbe S.r.l. € 167.505 – Bit Groove S.r.l. € 470.000 – Netbureau S.r.l. € 463.125 – Smart Line S.r.l. € 25.000 – Datafox S.r.l. € 114.930.

Dividends accrued in 2004 from subsidiary companies amounted to € 982,953, of which € 261,040 from Cesbe S.r.l., € 379,500 from DQS S.r.l., € 138,413 from Smart Line S.r.l. and € 204,00 from Elidata S.r.l.

In addition dividends accrued from the associated company Sicom S.r.l. for € 94,900 and from others companies for € 32,272.

Research and development activities

In relation to the modification in the accounting criteria applied to the accounting and evaluating of research and development costs, please refer to the previous specifications.

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 2004, activities were concentrated on some of

the SIBAC subsystems, for example:

- general data files;
- general accounting;
- credit and guarantee procedure
- FOREX.

The development of the Basle 2 procedure was a further investment made by the Group in 2004.

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.

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

The company does not hold, nor has it acquired or sold, either directly or indirectly, own shares/quotas or shares/quotas of parent companies.

Significant subsequent events and expected future development for the current year

Since 31 December 2004, no particularly important events have occurred.

The Board of Directors has placed maximum attention on the needs of the market, on management and development strategy orientation, coordinating the use of the Group's resources to maintain the high level of efficiency and achievement of favourable economic results.

The current period will continue to see the Group strategy aimed at:

- enriching the product portfolio;
- obtaining new clients thanks to:
 - new products;
 - new versions of traditional products (multi-platform, multi-lingual, multi-currency, etc.);
 - a broadening of the geographical market;
 - servicing different sized clients (e.g. small banks now too);
 - the new norms or regulations (e.g. Basle II, IAS, Consob Adequacy, food production chain tracing) that induce the clients to conform;
 - offers made to new borderline sectors in respect of the traditional

ones (e.g. Insurance and Trustee Companies);

- expanding the basic application and services for clients thanks to:
 - new products integrated to the ones already installed;
 - new training, consultancy and Application Management services.
- researching into new partnerships on a national and international level to make it easier to find integrated solutions by pooling knowledge of commercial networks and existing relationships.

Moreover, the CAD IT S.p.A. Board of Directors is continually on the look-out for any possible development opportunities, whether direct or external, through the further employment or purchase of shares with the aim of creating activities to compliment or unite with the existing ones.

Following a lengthy analysis of the situation and prospects, SGM S.r.l., a subsidiary company, has updated its plan to restructure its operational activities and has decided to move to the CAD IT registered offices in Verona. The restructure plan is due to begin from March 2005 and the entire staff will subsequently be transferred to the new offices. The company is expected to re-enter into profitability margins in 2005

Transition to international accounting standards

In accordance with art. 14, paragraph 3, of the Leg. Decree no. 58 of 24 February 1998 and the Consob notification no. DME/5015175 of 10-3-2005 on the situation of system start-up and accounting procedures for the application of IAS/IFRS accounting standards, notice is hereby given that, although the procedures for IAS/IFRS transactions have not yet been activated, in 2004 our company already began the programme for adopting the international accounting standards issued by IASB – International Account Standard Board – in order to adjust its own

consolidated balances to the regulations issued by the European Union. The parent company, whose shares are quoted on the regulated market in Italy, will be obliged to supply the standard accounting details for drafting its own consolidated balance as from the closure of the financial period at 31 December 2005 in accordance with the EEC regulation no. 1606/2002.

With the help of expert external consultants, meetings were held to inform the administrative bodies and top management of the new standards. Specific training sessions were held for administration and for the staff involved in drafting the consolidated balance and in management control. This training programme is being completed. By the end of June 2005, data analysis phases are programmed for the specific areas concerned on the basis of adopting the new IFRS accounting standards for processing mid-year and financial period accounting situations.

The gradual transition towards adopting the international accounting standards according to the CESR (Committee of European Securities Regulators) and Consob recommendations will bring about:

- the reconstruction of the Group's net patrimony according to IFRS at 31 December 2003;
- the accounting closure of mid-year and yearly balances for 2004 according to the standards adopted so far;
- the accounting closure of the yearly balance for 2005 according to the standards adopted so far, indicating any eventual effects in a special report;
- the accounting closure of mid-year and yearly balances for 2005 according to the IFRS accounting standards and appropriately compared to the 2004 balance.

General policy document on security

In reference to point 26, attachment B of the Leg. Decree no. 196 of 30 June 2003, notice is hereby given that the company is preparing to update the general policy document on the security and protection of personal data and the use of the measures within said document.

Option for the national consolidated tax statement

CAD IT Spa, the parent company, and some of the companies within the Group have exercised the option for the Group taxation as laid down in art. 117 of the TUIR 917/1986 which states that a global overall revenue shall be determined corresponding to the algebraic sum of net overall revenues of the companies involved. Liquidation of this one tax owed gives the Group contextual use of any eventual tax loss in the period and also the total exclusion of dividends drawn in place of the exclusion for 95% of their sum.

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

Name	Investment	Number of shares held at 31 December 2003	Number of shares acquired	Number of shares sold	Number of shares held at 31 December 2004
Dal Cortivo Giuseppe	CAD IT S.p.A.	1,553,734 (1)			1,553,734 (1)
Magnani Giampietro	CAD IT S.p.A.	1,550,221 (1)			1,550,221 (1)
Rizzoli Maurizio	CAD IT S.p.A.	1,608,352 (2)	22,134 (3)		1,630,486 (4)
Zanella Luigi	CAD IT S.p.A.	1,552,680 (5)			1,552,680 (5)
Dal Cortivo Paolo	CAD IT S.p.A.				
Miazzi Alberto	CAD IT S.p.A.	980 (6)			980 (6)
Lambertini Lamberto	CAD IT S.p.A.				
Rossi Francesco	CAD IT S.p.A.				
Mazzi Sonia	CAD IT S.p.A.	2,165			2,165
Cereghini Giuseppe	CAD IT S.p.A.	838			838
Cusumano Giannicola	CAD IT S.p.A.				

(1) of which 424,765 owned by his wife
 (2) of which 451,430 owned by his wife
 (3) of which 22,134 owned by his wife
 (4) of which 473,564 owned by his wife
 (5) of which 434,865 owned by his wife
 (6) of which 120 owned by his wife

Proposals of the Board of Directors

Dear shareholders, the 2004 financial statements of your company closed in a net profit for the year of € 3,940,510.

If you agree with the criteria and accounting policies adopted in the preparation of these financial statements, we suggest that you resolve as follows:

“Having heard the communications of the directors and taken note of the report of the statutory auditors to the shareholders, as per article 153 of Legislative Decree No. 58/1998, and of the report of the auditors on the financial statements as at and for the year ended 31 December 2004, the shareholders in a meeting

resolve:

- 1 - to approve the directors' report;
- 2 - to approve the financial statements as at and for the year ended 31 December 2004 as a whole and in all their parts;
- 3 - to allocate the net profit for the year of € 3,940,510 as follows:

= to dividends, in the proportion of € 0.33 (zero point thirty cents), gross of withholding tax, for each of the 8,980,000 ordinary shares	€	2,963,400.00
= to the available reserve of undistributed earnings	€	977,110.00
equal to a total net profit for the year of	€	3,940,510.00

These dividends will be paid starting 12 May 2005 (the dividend coupon will be detached on 9 May 2005).”

On behalf of the Board of Directors

(signed on the original)

The Chairman (Giuseppe Dal Cortivo)

CAD IT S.p.A.

Registered office in Verona, Via Torricelli No. 44/a

Share capital € 4,669,600.00 fully paid in.

Tax code and Verona Company Register no. 01992770238

**FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31
DECEMBER 2004**

* * *

BALANCE SHEET

ASSETS	31/12/2004	31/12/2003	VARIATIONS
A) SHARE CAPITAL PROCEEDS TO BE RECEIVED	0	0	0
B) FIXED ASSETS			
- Intangible fixed assets			
1) Start-up and capital costs		875,832	(875,832)
4) Licences, trademarks and similar rights	171,101	251,141	(80,040)
6) Assets under development and payments on account	4,943,560		4,943,560
7) Other	665,607	749,218	(83,611)
Total intangible fixed assets	5,780,268	1,876,191	3,904,077
II - Tangible fixed assets			
1) Land and buildings	10,438,606	10,777,022	(338,416)
2) Plant and machinery	92,741	111,091	(18,350)
4) Other assets	857,225	923,652	(66,427)
Total tangible fixed assets	11,388,572	11,811,765	(423,193)
III - Financial fixed assets			
1) Investments in:			
a) Subsidiary companies	14,271,023	13,579,355	691,668
b) Associated companies	2,600	353,610	(351,010)
d) Other	6,022,021	6,022,021	
Total investments	20,295,644	19,954,986	340,658
2) Amounts receivable			

- due from subsidiary companies			
- within one year	100,000	100,000	
d) Other			
2) after one year	32,376	49,284	-16,908
Total other 2)	32,376	49,284	-16,908
Total financial fixed assets – III)	20,087,362	19,998,381	88,981
Total fixed assets (B)	33,775,317	34,831,846	-1,056,529
C) ASSETS FORMING PART OF WORKING CAPITAL			
I - Inventory			
Total inventory			
II - Receivables			
1) Trade receivables			
a) due within one year	4,787,398	4,212,727	574,671
2) Subsidiary companies			
a) due within one year	18,488,224	17,757,711	730,513
Total subsidiary companies 2)	18,488,224	17,757,711	730,513
3) Associated companies			
a) due within one year	118		118
4 bis) Receivables from tax authorities			
a) due within one year		852,314	(852,314)
b) due longer one year	129	8,922	(8,793)
Total receivables from tax authorities 4bis)	129	861,236	(861,107)
4 ter) Deferred tax assets			
- Deferred tax assets Ires	25,031	18,142	6,889
- Deferred tax assets Irap	2,029	774	1,255
Total deferred tax assets 4ter)	27,060	18,916	8,144
5) Others due within one year			
a) due within one year	57,638	36,506	21,132

Total Others due within one year 5)	57,638	36,506	21,132
Total receivables included under assets forming part of working capital	23,360,567	22,887,096	473,471
III - Financial assets not of a fixed nature			
7) Insurance policies capitalised	5,858,618	5,425,299	433,319
Total financial assets not of a fixed nature	5,858,618	5,425,299	433,319
IV – Liquid funds			
1) Bank and postal accounts	593,867	2,823,857	(2,229,990)
3) Cash-in-hand and cash equivalents	2,832	2,820	12
Total liquid funds	596,699	2,826,677	(2,229,978)
TOTAL Assets Forming Part of Working Capital (C)	29,815,884	31,139,072	(1,323,188)
D) ACCRUED INCOME AND DEFERRED EXPENSES	125,034	120,630	4,404
TOTAL ASSETS	67,530,115	65,035,020	2,495,095

LIABILITIES	31/12/2004	31/12/2003	VARIATIONS
A) SHAREHOLDERS' EQUITY			
I - Share capital	4,669,600	4,669,600	
II - Share premium reserve	35,246,400	35,246,400	
IV - Legal reserve	933,920	933,920	
VII - Other reserves			
- Available reserve of retained earnings	9,408,884	8,954,609	454,275
IX - Net profit / (loss) for the year	3,940,510	3,148,277	792,233
Total shareholders' equity (A)	54,199,314	52,952,806	1,246,508
B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES			
1) Pensions and similar provisions	12,185		12,185
3) Other	146	386	(240)
Total provisions for contingencies and charges (B)	12,331	386	11,945
C) EMPLOYEES' LEAVING ENTITLEMENT	2,717,516	2,187,801	529,715
D) PAYABLES			
7) Accounts payable to creditors due within one year			
a) due within one year	738,894	1,191,148	(452,254)
Total accounts payable to creditors (7)	738,894	1,191,148	(452,254)
9) Amounts payable to subsidiary companies			
a) due within one year	3,671,158	4,598,179	(927,021)
Total amounts payable to subsidiary companies (9)	3,671,158	4,598,179	(927,021)
10) Amounts payable to associated companies			
a) due within one year		31,007	(31,007)
Total amounts payable to associated companies (10)		31,007	(31,007)
12) Sums payable to taxation authorities			
a) due within one year	2,846,995	736,223	2,110,772
- IRPEG / IRES	1,274,578		1,274,578

- IRAP	246,186		246,186
- VAT tax	745,149	196,569	548,580
- Payables vs Inland Revenue tax deductions for employees	545,157	501,787	43,370
- Payables vs Inland Revenue tax deductions for self-employed workers	35,925	37,867	(1,942)
Total sums payable to taxation authorities (12)	2,846,995	736,223	2,110,772
13) Social security charges payable			
a) due within one year	1,087,079	952,081	134,998
Total social security charges payable (13)	1,087,079	952,081	134,998
14) Other sums payable			
a) due within one year	1,908,697	2,013,511	(104,814)
Total other sums payable (14)	1,908,697	2,013,511	(104,814)
Total payables (D)	10,252,823	9,522,149	730,674
E) ACCRUED EXPENSES AND DEFERRED INCOME	348,131	371,878	(23,747)
TOTAL LIABILITIES	67,530,115	65,035,020	2,495,095

PROFIT AND LOSS ACCOUNT

	31/12/2004	31/12/2003	VARIATIONS
A) PRODUCTION REVENUES			
1) Turnover - goods and services	24,409,179	22,715,841	1,693,338
4) Increase in internal work capitalised under fixed assets	2,153,000		2,153,000
5) Other revenues and income			
a) various	13,521	7,571	5,950
c) Grants for operating expenses	4,958	14,874	(9,916)
Total other revenues and income 5)	18,479	22,445	(3,966)
Total production revenues (A)	26,580,658	22,738,286	3,842,372
B) PRODUCTION COST			
6) Raw materials, consumables and supplies	117,113	117,172	(59)
7) Services	4,751,902	6,360,728	(1,608,826)
8) Use of third party assets	215,487	192,964	22,523
9) Personnel expenses			
a) Wages and salaries	10,155,516	9,576,982	578,534
b) Social security contributions	3,202,625	3,039,095	163,530
c) Employees' leaving entitlement	723,820	657,069	66,751
e) Other costs	12,825	9,250	3,575
Total personnel expenses 9)	14,094,786	13,282,396	812,390
10) Amortisation, depreciation and write-downs:			
a) Intangible fixed assets	1,159,027	1,147,872	11,155
b) Tangible fixed assets	558,689	539,647	19,042
d) Write-downs of receivables and liquid assets included under assets forming part of working capital	1,310	3,168	(1,858)
Total amortisation, depreciation and write-downs 10)	1,719,026	1,690,687	28,339
14) Other operating costs	100,939	113,999	(13,060)
Total production cost (B)	20,999,253	21,757,946	(758,693)

DIFFERENCE BETWEEN PRODUCTION REVENUES AND COST (A-B)	5,581,405	980,340	4,601,065
C) FINANCIAL INCOME AND CHARGES			
15) Income from investments			
- Subsidiary companies	982,953	1,983,948	(1,000,995)
- Associated companies	94,900	115,025	(20,125)
- Other	37,272	1,117,422	(1,080,150)
Total income from investments 15)	1,115,125	3,216,395	(2,101,270)
16) Other financial income			
a) Receivables classified as fixed assets			
- Subsidiary companies	4,143	836	3,307
- Others	254	676	(422)
Total a) Amounts receivable included under fixed assets	4,397	1,512	2,885
d) Other income			
- Other income	195,741	367,796	(172,055)
Total d) other income	195,741	367,796	(172,055)
Total other financial income 16)	200,138	369,308	(169,170)
17) Interest and other financial charges			
a) Subsidiary companies	5,854		5,854
d) Other interest payable	304	704	(400)
Total interest and other financial charges	6,158	704	5,454
Total financial income and charges (C) (15+16-17+- 17bis)	1,309,105	3,584,999	(2,275,894)
D) ADJUSTMENTS TO FINANCIAL ASSET VALUES			
19) Write-downs			
a) Investments		35,140	(35,140)
Total write-downs 19)		35,140	(35,140)
Total revaluations and write-downs (D) (18-19)		(35,140)	35,140
E) EXTRAORDINARY INCOME AND EXPENSES			
20) Income			

b) other extraordinary income	29,834	59,245	(29,411)
Total income 20)	29,834	59,245	(29,411)
21) Expenses			
- debit overbalances: taxes from previous periods	477,051	5,620	471,431
- other extraordinary expenses	165,639	3,835	161,804
Total Expenses 21)	642,690	9,455	633,235
Total extraordinary items (E) (20-21)	(612,856)	49,790	(662,646)
PROFIT (LOSS) BEFORE TAXATION (A-B+-C+-D+-E)	6,277,654	4,579,989	1,697,665
22) Taxation on profit for the year			
a) Current taxes	2,336,495	1,446,603	889,892
b) Deferred taxation	649	(14,891)	15,540
Total taxation on profit for the year	2,337,144	1,431,712	905,432
26) NET PROFIT / (LOSS) FOR THE YEAR	3,940,510	3,148,277	792,233

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2004**Foreword**

The financial statements are drawn up in accordance with the provisions of the Italian Civil Code and comprise balance sheet, prepared in the format required by articles 2424 and 2424 bis of the Civil Code, profit and loss account, prepared in the format required by articles 2425 and 2425 bis of the Civil Code and these notes.

Disclosures in these notes are those required by article 2427 of the Civil Code and comply with the provisions of Legislative Decree No. 127/1991 and previous legislation, as amended. As they are also intended to comply with the provisions of Legislative Decree No. 58/1998, and CONSOB's relevant recommendations, these notes also disclose any complementary information considered necessary to give a clear view of the financial statements.

Except for the specific cases disclosed in the notes to the financial statements, it should be noted that:

- no exceptional events occurred requiring waivers of the principles, as provided by paragraph 4 of article 2423 and paragraph 2 of article 2423 bis of the Civil Code; the valuations adopted are made in accordance with article 2426 of the Civil Code, on the basis of the principles of prudence and going concern, as provided by article 2423 bis of the Civil Code, and considering the economic function of each item;
- only realised profits at the balance sheet date are represented in these notes;
- income and expenses are accounted for on an accruals basis, independently of the date of collection or payment;
- any contingencies and losses, including those realised after the year end, are

accounted for on an accruals basis;

- specific elements included in the individual captions are separately stated;
- comparative prior year figures are given, in accordance with paragraph 5 of article 2423 ter of the Civil Code.

Any non-comparability of the items, any adjustments or the impossibility to adjust, are disclosed in the notes;

- the balance sheet and the profit and loss account items are not aggregated, not even as allowed by paragraph 2, article 2423 ter of the Civil Code;
- when necessary for a better understanding of the financial statements, specific reference is made to the asset and liability items pertaining to more than one balance sheet caption, as provided by article 2424 of the Civil Code;
- revenues and income, costs and expenses are stated net of returns, discounts, bonuses and premiums and any directly related taxes;
- the valuation criteria adopted for drafting the balance at 31 December 2004 conform to those of the previous financial period with the exception of the costs sustained for product development, entered into the 2004 financial period at patrimonial assets, as shown in more detail in the comment under the heading "Intangible assets", while these costs totally effected the result of the previous year.

Fiscal interferences

In previous financial periods no entry was made in the balance for value amendments and reserves exclusively in terms of tax laws. It was therefore unnecessary to proceed to the elimination of "previous pollution" of balance values at 1st January 2004, transferring the value amendments and reserves of this nature carried out in previous periods as shown in the integrative report for the

2003 balance.

Obligation to prepare the consolidated financial statements

CAD IT S.p.A. is required by law to present its consolidated financial statements, to which reference is made for further information on the results of the Group.

1 - CRITERIA APPLIED IN THE VALUATION OF THE FINANCIAL STATEMENT CAPTIONS, THE RELATED ADJUSTMENTS AND CONVERSION

The most significant accounting policies adopted in the preparation of the financial statements as at and for the year ended 31 December 2004 in accordance with article 2426 of the Civil Code are as follows:

Intangible fixed assets - Deferred costs capitalised are stated at cost, including related expenses, net of amortisation calculated over a period not exceeding five years on the basis of their residual income-generating potential.

Licences, trademarks and similar rights are stated at cost and amortised over a period comprised between three years and the useful life of the asset.

Product development costs, included under the heading "Assets under development and payments on account", that involve specific projects concerning clearly defined, identifiable and measurable products or processes, related to projects that can be technically realised and economically redeemed through profits that will develop by applying the project in the future, are entered on the credit side to the directly sustained cost, including the cost of using internal company resources as well as any extra fees added to the original cost. In respect of the principle that correlates costs and profits, such costs are amortised from the date in which sales of any products correlated to said projects begin and in relation to the life cycle of the products themselves, estimated at five years.

Costs sustained for research, however, are entirely attributed to the financial

period costs. These costs can be identified as a series of research studies, experiments, investigations and surveys that have no precisely defined aim but which are considered useful for business.

The sums invested and the costs sustained for assets or rights that have not yet been put to use, are registered under the heading "Assets under development and payments on account".

Other intangible fixed assets comprise deferred costs which cannot be included in the above classifications and leasehold improvements. These costs are amortised according to their nature and their income-generating potential.

Tangible fixed assets - They are stated at purchase cost, including related charges. The financial statement values are net of depreciation applied in the current and previous years.

The asset values are annually depreciated on the basis of the residual useful life of each asset at the maximum rates allowed by tax legislation for the individual categories of items.

The costs incurred to increase the functionalities of the company's plants are capitalised and recognised under tangible fixed assets.

Maintenance and repair costs not of an incremental nature are expensed in the year in which they are incurred.

Depreciation is not applied to fixed assets under construction.

Should the residual useful life of an asset result significantly shorter than expected at year end, the residual value is adjusted accordingly.

The original value is reinstated in subsequent years if the reasons for the write-down no longer exist.

Financial fixed assets They are valued at acquisition or subscription cost, possibly

adjusted in value to reflect permanent impairment losses due to current and prospected negative economic trends.

Should the reasons for the impairment in value no longer exist, the original value is re-instated.

The cost of investments in listed companies other than subsidiary or associated companies is reduced for Stock Exchange values lower than the accounting values in case of permanent impairment in value.

Receivables - Receivables are stated at their estimated realisable value represented by their nominal value.

Financial assets not of a fixed nature - They are valued at the lower of cost and market value; the cost is calculated using the LIFO method.

Accruals and deferrals - They are stated on an accruals basis. Their amount varies depending on the period of accrual or deferral.

Provisions for contingencies and charges - If existing, they serve the purpose of covering specific losses or liabilities of a certain or probable existence, the exact amount of which or date of occurrence cannot be determined at year end. The accruals represent the best estimate based on the information available at the date of preparation of the financial statements.

Employees' leaving entitlement - The provision is calculated in accordance with article 2120 of the Civil Code and integrated by provisions of the relevant labour contract. It covers the entitlements matured by employees on the basis of their current wages and salaries. The current portion is expensed.

Payables - They are stated at nominal value, which is expected to represent the actual amount to be paid.

Adjustments and conversion of foreign currency items - If present, foreign

currency transactions are accounted for at the spot exchange rates. Any eventual profits and losses from currency exchanges at the closure of the financial period are entered at the exchange rate at the time of closure and are attributed to the economic account. Any net profit is set aside in special reserves and cannot be distributed until cashed.

Costs and revenues - Costs and revenues are defined on the basis of the principles of prudence and accruals, regardless of the date of payment or collection.

Recognition of revenues - Sales turnover is credited to the profit and loss account as follows:

- for services, upon actual execution;
- for goods, upon transfer of ownership, i.e. delivery or consignment.

Account taxes – Account taxes concerning research projects and professional training are attributed to the economic account of the financial period in which they are performed.

Dividends - They are accounted for in the year in which the shareholders' meetings of the respective companies approve their distribution.

Taxation on profit for the year - The financial period taxes are determined and entered on the economic account on the basis of a realistic forecast of the tax fees to be paid, in accordance with the tax laws in force and shown in the patrimonial status. The entry is net of accounts paid and deductions made and under the heading tax debits in the case of a net debit and tax credits if there is a net credit. If there are temporary differences between the civil and fiscal valuations, the relative deferred taxation is entered. Deferred tax assets, adopting the principle of carefulness, are only entered if there is the reasonable certainty that they can be

redeemed in the future. Moreover, the fiscal effect relating to previous losses, whenever their recovery in subsequent financial periods is deemed possible, is entered and corresponds to the reduction of future taxes due to minor fiscal taxations.

Any eventual assessment changes, including tax rate variations, are placed among the taxes of the period.

Other information - In the financial statements and the notes thereto, and in the directors' report, amounts are stated in units of Euro, unless otherwise stated.

For further information on the company's activities in the different sectors, significant subsequent events and the relationships with subsidiary, associated and other companies of the CAD IT Group, reference should expressly be made to the directors' report.

The composition of the financial statement captions and the related variations compared to the previous year are described here below.

2 - VARIATIONS IN FIXED ASSETS

The following tables summarise the variations in fixed assets compared to the situation at the previous year end.

INTANGIBLE FIXED ASSETS

(amounts stated in Euro)

INTANGIBLE FIXED ASSETS	START-UP AND CAPITAL COSTS	RESEARCH, DEVELOPMENT AND ADVERTISING COSTS	PATENTS AND SIMILAR RIGHTS	LICENCES, TRADEMARKS AND SIMILAR RIGHTS	GOODWILL	ASSETS UNDER DEVELOPMENT AND PAYMENTS ON ACCOUNT	OTHER
Purchase or acquisition cost	4,379,157			678,369			991,199
Previous year amortisation and write-downs -	(3,503,325)			(427,228)			(241,981)
Adjustments to previous year write-downs							
Opening balance	875,831			251,141			749,218
Purchases				119,544		4,943,560	
Transfers							
Disposals -							
Revaluations for the year (b)							
Amortisation and write-downs for the year -	(875,831)			(199,584)			(83,611)
Adjustments to write-downs for the year							
Closing balance =				171,101		4,943,560	665,607
(of which revalued)							

The amortisation process for costs sustained for installation and expansion in order to carry out the necessary activities for the entry of the company's ordinary shares onto the New Market, is complete.

Software licences used for production were purchased for € 119 thousand and recorded under "Licences, trademarks and similar rights".

In the balance ended 31 December 2004, the Company changed its criteria in terms of development costs. Such costs, which were previously attributed to the economic account of the period in which they were sustained, were entirely capitalised as from 1st January 2004 and will be amortised in 5 years from the moment in which the asset or software procedure becomes available for economic use. This change was motivated by a more correct correlation between costs and profits, particularly during the present period where development costs are quite considerable in relation to the initial requests from software product clients due to

the recent introductions and/or modifications of legal specifications and rules.

These costs are entered on the credit side on the basis of the directly sustained cost of €4.038 million including those costs relating to the use of internal company resources to the value of € 1.659 million. During the financial period in question, these costs are all included under the heading “assets under development” because they are still incomplete.

If the Company had not changed its criterion, the financial period result and net patrimony at 31 December 2004 would have been less than € 4.038 million before the theoretical fiscal effect, the same as the development costs capitalised over the year.

In the same financial period the company developed software for internal use to an overall value of € 905 thousand including € 494 thousand relating to the use of internal resources. These software costs, on going as of now, are entered in the balance ended 31 December 2004 under the assets under development.

Investments in third party property assets for an original € 991 thousand to create and equip classrooms and spaces for staff and client training are entered under the heading “other intangible assets”. Amortisation is carried out in relation to the remaining duration of the property leasing contract (9 years).

TANGIBLE FIXED ASSETS

(amounts stated in Euro)

TANGIBLE FIXED ASSETS	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER	ASSETS UNDER CONSTRUCTION - PAYMENTS ON ACCOUNT
Purchase or acquisition cost	11,280,527	180,195		1,707,455	
Previous year revaluations (a) +					
Previous year depreciation and write-downs	(503,505)	(69,104)		(783,803)	
Adjustments to previous year write-downs (b)					
Opening balance	10,777,022	111,091		923,652	
Purchases		14,377		121,768	
Utilisation of accumulated depreciation				19,927	
Disposals				(20,575)	
Transfers					
Revaluation of accumulated depreciation (b)					
Revaluations for the year (b)					
Depreciation and write-downs for the year	(338,416)	(32,727)		(187,546)	
Adjustments to write-downs for the year					
Closing balance	10,438,606	92,741		857,225	
(of which revalued = a + b)					

The caption “Land and buildings” fully relates to the Verona registered office, owned by the company.

The item “Plant and machinery”, relating to plants operating for the Verona site, was increased for minor purchases.

The item “Other tangible fixed assets”, which principally includes all the company's hardware, furniture and fittings, was increased by € 122 thousand, of which € 93 thousand for processors and electronic equipment.

The rates applied for the various asset categories are as follows:

Buildings	3%
Electrical system	10%
Air-conditioning system	15%
Telephone system	20%

Furniture and fittings	12%
Office machinery	15%
Electronic machinery	20%
Illuminated sign	20%
Vehicles	25%
Canteen furniture and fittings	12%
Various equipment	15%
Curtaining	12%

FINANCIAL FIXED ASSETS

(amounts stated in Euro)

FINANCIAL FIXED ASSETS	INVESTMENTS	AMOUNTS RECEIVABLE	SECURITIES	OWN SHARES	GUARANTEE DEPOSITS
Purchase cost	20,001,098	131,700			
Previous year revaluations (a) +		676			
Depreciation and previous year write-downs -	(46,112)				
Adjustments to previous year write-downs					
Opening balance	19,954,986	132,376	0	0	0
Purchases / subscriptions	456,376	10,717			
Transfers					
Opening of credit lines					
Reimbursements and utilisation		(18,634)			
Disposals	(115,718)				
Revaluations for the year (b)		254			
Write-downs for the year					
Adjustments to write-downs for the year					
Closing balance	20,295,644	124,713	0	0	0

Investments

The item "Investments" increased by € 456,376 due to:

- €15,105 to purchase Netbureau Srl shares;
- €275,115 to increase the share in SGM Srl (€137,557 increase in company capital, €137,557 to cover losses);
- €62,728 to purchase Bit groove Srl shares;
- €103,428 to purchase Datafox Srl shares.

The €115,718 reduction, however, refers to company liquidation

- €95,332 for 4 Emme Informatica Srl and
- €20,386 for Syrm Srl

which caused a negative effect of € 5,854 on the economic account.

The schedules presented in the following paragraphs 5.1 and 5.2 of these notes indicate the financial statement items and the percentage of investment in the subsidiary and associated companies. For comments and details on the caption "Other investments", in stead, reference is made to the following paragraph 5.3.

Amounts receivable

The caption "Amounts receivable" is mainly due to an interest-bearing loan of € 100,000 granted to the subsidiary SGM S.r.l. with expiry date 31 December 2004.

Therefore, total amounts receivable at year end comprised the following items:

- interest-bearing loan to SGM S.r.l. € 100,000
- payment on account of taxation on employees' leaving entitlement (ex Law No. 123/1996) € 9,356
- guarantee deposits € 15,357.

3 - COMPOSITION OF THE CAPTION "START-UP AND CAPITAL COSTS" AND "RESEARCH, DEVELOPMENT AND ADVERTISING COSTS"

Installation and expansion costs have been completely amortised as the "intangible fixed assets" report shows in paragraph 2.

Advertising fees were expensed in the financial period in which they were sustained.

For research and development fees, please refer to their previous mention.

4 - VARIATIONS IN THE OTHER ASSET AND LIABILITY ITEMS

With respect to the variations in the other asset and liability items, the most significant figures are as follows:

ASSETS

(amounts stated in Euro)

ITEM	DESCRIPTION	BALANCE AT 31/12/2004	BALANCE AT 31/12/2003	VARIATIONS ±
C II 1	TRADE RECEIVABLES	4,787,398	4,212,726	574,672
C II 2	RECEIVABLES FROM SUBSIDIARY COMPANIES	18,488,224	17,757,710	730,514
C II 4 bis)	RECEIVABLES FROM TAX AUTHORITIES	129	861,236	-861,107
C II 4 ter)	DEFERRED TAX ASSETS	27,060	18,916	8,144
C II 5	OTHERS	57,638	36,506	21,132
C III 7	CAPITALISED INSURANCE POLICIES	5,858,618	5,425,299	433,319
C IV 1	BANK DEPOSITS	593,867	2,823,857	-2,229,990
C IV 3	CASH-IN-HAND AND CASH EQUIVALENTS	2,832	2,820	12
D	ACCRUED INCOME AND DEFERRED EXPENSES	125,034	120,630	4,404

Trade receivables: They principally comprise receivables due from banks or other financial institutions. A limited portion is due from other companies.

Receivables from subsidiary companies: the item comprises receivables of € 18,488,224 due from the following subsidiaries:

- CAD S.r.l. for € 17,688,000 related to trade receivables;
- Netbureau S.r.l. for € 259,251 related to trade receivables;
- Cesbe S.r.l. for € 109,699 related to trade receivables;
- SGM S.r.l. for € 4,244 related to trade receivables;
- Bit Groove S.r.l. for € 28,743 related to trade receivables;
- Datafox S.r.l. for € 101 related to trade receivables;

- Smart Line S.r.l. for € 138,413 related to dividends;
- DQS S.r.l. for € 126,500 related to dividends;
- CAD S.r.l. for € 133,273 related to different receivables;

Receivables from tax authorities: minor credits towards inland revenue. The credit from the 2003 balance refers to an excess in the tax accounts in respect of the taxes determined for that same period.

Deferred tax assets: credits entered on the balance for the deferred tax assets of the period concerned and of previous periods and reasonably redeemable in future periods, amounting to € 27,060 (€ 18,916 in the previous year).

Other receivables: this heading includes credits towards inland revenue deriving from credit allocation following the liquidation of 4 Emme Informatica Srl and Syrm Srl for an overall total of € 34,280 and various other credits;

Insurance policies capitalised : a capitalisable insurance policy was signed with a leading insurance company aimed at ensuring higher interest income than that arising from bank accounts. This policy is redeemable at 20 days' notice with no commission, starting from the fourth month after subscription. The annual expected yield is 2.83% net. The amount at 31.12.2004 was € 5,858,618 with an increase over the year of € 433,319, € 155,947 of which due to matured interest and € 277,372 to further payment.

Bank and postal accounts: they are represented by liquid funds available on the bank current accounts and usable at sight.

Accrued income and deferred expenses: the caption exclusively comprises prepayments for € 124,651, software assistance for € 44,143, insurance policies for € 24,142, administrative services for € 16,862, use of third party assets for € 14,321, advertising for 12,157 and other minor expenses.

LIABILITIES AND SHAREHOLDERS' EQUITY (amounts stated in Euro)

ITEM	DESCRIPTION	BALANCE AT 31/12/2004	BALANCE AT 31/12/2003	VARIATIONS ±
B 1	PENSION AND SIMILAR PROVISIONS	12,185	0	12,185
B 3	PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	146	386	-240
C	EMPLOYEES' LEAVING ENTITLEMENT	2,717,516	2,187,801	529,715
D 3	PAYABLES DUE TO BANKS	0	0	-
D 7	ACCOUNTS PAYABLE TO CREDITORS	738,894	1,191,148	-452,254
D 9	AMOUNTS PAYABLE TO SUBSIDIARIES	3,671,158	4,598,179	-927,021
D 10	AMOUNTS PAYABLE TO ASSOCIATED COMPANIES	-	31,007	-31,007
D 12	SUMS PAYABLE TO TAXATION AUTHORITIES	2,846,995	736,223	2,110,772
D 13	SOCIAL SECURITY CHARGES PAYABLE	1,087,079	952,081	134,998
D 14	OTHER SUMS PAYABLE	1,908,697	2,013,511	-104,814
E	ACCRUED EXPENSES AND DEFERRED INCOME	348,131	371,878	-23,747

The following comments are disclosed concerning liability items:

Retirement pensions and similar obligations: the amount relates to the retirement fund for directors that has so far not been paid.

Employees' leaving entitlement: The employees' leaving entitlements are calculated in accordance with article 2120 of the Civil Code and the current labour contract and represent the entitlements accrued on the basis of current wages and salaries. The current portion is expensed. The balance amounts to € 2,717,516, net of payments on account.

The variations in the provision can be summarised as follows:

(amounts stated in Euro)	
Balance at 31.12.2003	2,187,801
- revaluation	3,573
- portion of employees' leaving entitlement accrued in the year net of taxation on revaluation	563,659
- utilisation for termination of services	-12,092
- utilisation for payments on account	-46,800
- increase from CAD Srl TFR fund due to employee transfer	21,375
Provision accrued at 31.12.2004	2,717,516

Payables due to banks: no payables due to banks exist under any title at year end.

The company has fully usable credit lines (not used) with banks for € 7,747 thousand. These banks were guaranteed with a mortgage on the building owned by the company for a total amount of € 12,395 thousand.

Accounts payable to creditors: they represent ordinary accounts payable for services or goods received.

Amounts payable to subsidiaries: the item relates to services received from the subsidiaries CAD S.r.l. (€ 2,750,443), Cesbe S.r.l. (€ 544,827), Netbureau S.r.l. (€ 278,817), Smart Line S.r.l. (€ 31,570), and Bit Groove S.r.l. (€ 11,251) and Datafox S.r.l. (€ 54,250).

Sums payable to taxation authorities: they are represented by advance withholding tax for corporate income tax, subsequently paid within the terms, on behalf of employees (€ 545,157) and third parties (€ 35,925), VAT tax of € 745,149 sums payable to taxation authorities for IRES for 1,274,578 and for IRAP for 246,186.

Social security charges payable: they comprise Euro 1,087,079 due to social security authorities and integrative pension funds for contributions to the charge of both the company and the employees. They are partly matured and partly provided for and are to be settled upon payment of deferred payroll items.

Other sums payable: comprises € 1,908,697 due to employees for current wages and salaries, holidays, production bonuses and reimbursements.

Accrued expenses and deferred income: the caption is entirely composed of deferred income of € 348,131, principally comprising already invoiced maintenance instalments relating to the following year.

Share capital and reserves:

Share capital and shareholders' equity varied in the last three years as follows:

VARIATIONS IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2002

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	AVAILABLE RESERVE OF RETAINED EARNINGS	NET PROFIT FOR THE YEAR	TOTAL
Share capital and reserves at 31.12.2001	4,669,600	62,186,400	347,328	3,518,921		70,722,249
Net profit for the year at 31.12.2001					10,341,820	10,341,820
Shareholders' equity at 31.12.2001						81,064,069
Allocation of profit - meeting of 30.4.2002:						
- to legal reserve			517,091		-517,091	0
- to available reserve				3,987,729	-3,987,729	0
- to shareholders as dividends					-5,837,000	-5,837,000
Shareholders' equity at 31.12.2002						75,227,069
Net profit for the year at 31.12.2002					3,133,858	3,133,858
Total at 31.12.2002	4,669,600	62,186,400	864,419	7,506,650	3,133,858	78,360,927

VARIATIONS IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2003

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	AVAILABLE RESERVE OF RETAINED EARNINGS	NET PROFIT FOR THE YEAR	TOTAL
Share capital and reserves at 31.12.2002	4,669,600	62,186,400	864,419	7,506,650		75,227,069
Net profit for the year at 31.12.2002					3,133,858	3,133,858
Shareholders' equity at 31.12.2002						78,360,927
Allocation of profit - meeting of 9.4.2003:						
- to legal reserve			69,501	-69,501		
- to shareholders as dividends		-26,940,000				-26,940,000
Allocation of profit - meeting of 30.4.2003:						
- to available reserve				1,517,458	-1,517,458	0
- to shareholders as dividends					-1,616,400	-1,616,400
- rounding				1		1
Shareholders' equity at 31.12.2003						49,804,526
Net profit 'for the year at 31.12.2003					3,148,277	3,148,277
Total at 31.12.2003	4,669,600	35,246,400	933,920	8,954,608	3,148,277	52,952,805

VARIATIONS IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2004

	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	AVAILABLE RESERVE OF RETAINED EARNINGS	NET PROFIT FOR THE YEAR	TOTAL
Share capital and reserves at 31.12.2003	4,669,600	35,246,400	933,920	8,954,608		49,804,528
Net profit for the year at 31.12.2003					3,148,277	3,148,277
Shareholders' equity at 31.12.2003						52,952,805
Allocation of profit - meeting of 29.4.2004						
- to available reserve				454,277	(454,277)	0
- to shareholders as dividends					(2,694,000)	(2,694,000)
- rounding					(1)	(1)
Shareholders' equity at 31.12.2004						50,258,804
Net profit for the year at 31.12.2004					3,940,510	3,940,510
Total at 31.12.2004	4,669,600	35,246,400	933,920	9,408,885	3,940,510	54,199,314

At 31.12.2004 share capital is fully subscribed and comprises 8,980,000 ordinary shares with the nominal value of € 0.52 each. It did not vary during the year, like the share premium reserve and the legal reserve.

The available reserve, which is composed of retained earnings, increased by € 454,277 from € 8,954,608 as an effect of the allocation of 2003 retained earnings.

The principal variations in reserves can be summarised as follows:

(amounts stated in Euro)

Description	31.12.2003	Increase	Decrease	31.12.2004
Legal reserve	933,920	0	0	933,920
Available reserve	8,954,608	454,277	0	9,408,885

5 - INVESTMENTS**5.1 - INVESTMENTS IN SUBSIDIARY COMPANIES**

The management trend of the subsidiary SGM S.r.l. was influenced by the delay in activating a programme to contain costs that exceeded the normal operational level, already forecast in past financial periods, and the postponing to 2005 of

some clients to conclude investment plans originally forecast for 2004.

SGM S.r.l. management has updated its long-term plan for company restructuring, which forecasts a return to profitability and the recovery of losses in the near future. Subsidiary company plans and programmes have been examined and authorised by the CAD IT Board of Directors both in relation to the forecasts for immediate cost cutting and for the viability of an increase in profits during the financial periods from 2005 to 2008. They indicate the possibility of maintaining the value attributed to the CAD IT share with a sufficient profit return within a short period of time.

For the above reasons, the Board of Directors has decided not to reduce the share value.

The concrete activation of the programme set for 2005 is as follows and is ongoing as of March.

5.1.1 – INDEX OF INVESTMENTS IN SUBSIDIARY COMPANIES

(amounts stated in Euro)

COMPANY NAME	QUOTA CAPITAL €	QUOTAHOLDERS' EQUITY AT 31/12/2004 including NET PROFIT OR LOSS	NET PROFIT or LOSS AT 31.12.2004	PERCENTAGE OF INVESTMENT AT 31/12/2004	CARRYING VALUE AT 31/12/2004	QUOTAHOLDERS' EQUITY HELD
CAD S.R.L. - registered office: Verona ⁽¹⁾	130,000	1,038,286	375,866	100.00%	5,823,653	1,038,286
CESBE S.R.L. - registered office: Verona	10,400	3,545,061	497,681	52.00%	56,818	1,843,432
NETBUREAU S.R.L. – registered office: Milan ⁽²⁾	50,000	-4,588	(41,735)	86.00%	83,994	-3,946
SGM Srl - registered office: Padua ⁽³⁾	223,308	-24,671	(527,076)	61.60%	2,866,362	-15,197
S.M.A.R.T. LINE S.R.L. – registered office: Avellino ⁽¹⁾	102,700	176,071	40,071	51.05%	664,065	89,885
DQS S.R.L. - registered office: Roma ⁽¹⁾	11,000	503,056	475,730	55.00%	3,263,475	276,681
BITGROOVE S.R.L. – registered office: Agliana (PT) ⁽¹⁾	15,500	7,652	(42,236)	100.00%	277,313	7,652
ELIDATA S.R.L. – registered office: Castiglione d'Adda (LO) ⁽¹⁾	20,000	764,464	463,211	51.00%	780,904	389,877
DATAFOX S.R.L. - registered office: Florence ⁽¹⁾	99,999	292,480	(48,359)	51.00%	454,438	149,165
TOTALI					14,271,023	3,775,834

(1) The higher carrying values compared to the portions of quotaholders' equities held are due to goodwill paid upon acquisition of these investments. The recognition of these investments at cost, which is higher than the respective portion of quotaholders' equity, is justified by their positive actual and/or expected results.

(2) The higher carrying value compared to the portion of quotaholders' equity held is due to non-permanent losses arising from the intense investing activities for the creation of new products in the previous and current years and to the positive expected results.

(3) The higher carrying value compared to the portion of quotaholders' equity of SGM S.r.l. held is due to goodwill paid upon acquisition of this investment. The recognition of this investment at cost, which is higher than the portion of quotaholders' equity held, is justified by the intense investing activities for the creation of new procedures in the previous and current years and to the positive expected results, also in the light of the information provided in the directors' report.

5.2 – INDEX OF INVESTMENTS IN INDIRECT SUBSIDIARY COMPANIES

COMPANY NAME	QUOTA CAPITAL €	QUOTAHOLDERS' EQUITY AT 31/12/2004 including NET PROFIT OR LOSS	NET PROFIT or LOSS AT 31.12.2004	PERCENTAGE OF INVESTMENT AT 31/12/2004	PERCENTAGE OF INVESTMENT AT 31/12/2004
TECSIT S.R.L. – Registered office: Roma	75,000	84,853	2,294	70.00%	Through: DQS S.r.l.
ARCH-IT S.R.L. – Registered office: Roma (in liquidation)	50,000	70,894	13,325	70.00%	Through: DQS S.r.l.
NESTEGG S.R.L. – Registered office: Milan (in liquidazione)	25,000	7,404	(6,588)	55.00%	Through: SGM S.r.l.

5.3 – INDEX OF INVESTMENTS IN ASSOCIATED COMPANIES

(amounts stated in Euro)

COMPANY NAME	QUOTA CAPITAL €	QUOTAHOLDERS' EQUITY AT 31/12/2004 including NET PROFIT OR LOSS	NET PROFIT or LOSS AT 31.12.2004	PERCENTAGE OF INVESTMENT AT 31/12/2004	CARRYING VALUE AT 31/12/2004	QUOTAHOLDERS' EQUITY HELD
SICOM INFORMATICA S.R.L. – Registered office: Viadana (MN)	10,400	593,566	342,266	25.00%	2,600	148,392

5.4 – INDEX OF INVESTMENTS IN ASSOCIATED COMPANIES

(amounts stated in Euro)

COMPANY NAME	QUOTA CAPITAL €	QUOTAHOLDERS' EQUITY AT 31/12/2004 including NET PROFIT OR LOSS	NET PROFIT or LOSS AT 31.12.2004	PERCENTAGE OF INVESTMENT AT 31/12/2004	PERCENTAGE OF INVESTMENT AT 31/12/2004
BOOKINGVISION S.R.L. – Registered office: Florence	25,000	90,982	0	21.78%	Through: Datafox S.r.l.

(1) The higher carrying values compared to the portions of quotaholders' equities held are due to goodwill paid upon acquisition of these investments. The recognition of these investments at cost, which is higher than the respective portion of quotaholders' equity, is justified by their positive actual and/or expected results.

5.4 – OTHER INVESTMENTS

CAD IT also has a 1.84% investment in the Milan-based listed company Class Editori S.p.A.. The stake consists of 1,694,171 ordinary shares each of the nominal value of € 0.10.

With the hive-off of 23 December 2002, Class Editori S.p.A. transferred to the beneficiary "Compagnia Immobiliare Azionaria S.p.A.", (in short "CIA S.p.A.") part of the equity held. As a consequence of the hive-off, CAD IT received 1,694,171 shares of CIA S.p.A., each of the nominal value of Euro 0.01, in proportion to its investment in Class Editori S.p.A., corresponding to a total value of the hived-off shares of € 44,953.42, which was accounted for as a deduction from the investment in Class Editori S.p.A. and corresponded to the portion of equity transferred to the beneficiary as an effect of the hive-off.

Both the investments in Class Editori S.p.A. and CIA S.p.A. are of strategic importance for the Group commercial relationships and therefore are accounted for at cost under financial fixed assets, even though their values exceed the proportional value of shareholders' equity held.

Investment in Class Editori S.p.A. - Milan	2004	2003
Percentage of investment	1.8356%	1.8356%
Number of shares held	1,694,171	1,694,171
Carrying value €:	5,977,068	5,977,068
Stock Exchange value (average of the latest half year) €:	2,900,241	2,859,559
 Investment in CIA S.p.A. - Milan	 2004	 2003
Percentage of investment	1.8356%	1.8356%
Number of shares held	1,694,171	1,694,171
Carrying value €:	44,953	44,953
Stock Exchange value (average of the latest half year) €:	232,949	200.078

For further information on investments in subsidiary and associated companies

reference is made to the directors' report attached to these notes and to the consolidated financial statements of CAD IT Group.

6 - RECEIVABLES AND PAYABLES DUE AFTER FIVE YEARS AND PAYABLES GUARANTEED BY WAY OF COLLATERAL ON THE COMPANY'S ASSETS, WITH SPECIFIC INDICATION OF THEIR NATURE AND RELATED GUARANTEES

The financial statements do not include any other receivables or payables due after five years. No payable included under liabilities is guaranteed by way of collateral on the company's assets.

7 - COMPOSITION OF "DEFERRED EXPENSES AND ACCRUED INCOME", "ACCRUED EXPENSES AND DEFERRED INCOME", "OTHER PROVISIONS" AND "OTHER RESERVES"

As already indicated in paragraph 4 of these notes:

the caption "Accrued income and deferred expenses" comprises € 124,651 of prepaid costs relating to the following year;

"Accrued expenses and deferred income" comprises € 348,131 of deferred income arising from already invoiced maintenance instalments relating to the following year.

The item "Other provisions" is not material.

The liability item "Other reserves" is entirely composed of the reserve of retained earnings for € 9,408,885, which is available, provided that compliance is maintained with the binding provision of point 5, paragraph 1, article 2426 of the Civil Code related to non-amortised start-up and capital costs and research, development and advertising costs.

ART 7 – NET PATRIMONY

Below is a brief analysis of the availability and distribution capacity of the amounts in the heading that makes up net patrimony at 31.12.2004.

NET PATRIMONY AVAILABILITY AND DISTRIBUTION CAPACITY ANALYSIS
(art. 2427 para. 6 civil code)

There are no statutory restrictions on the possibilities of using the amount	
In the two previous periods net patrimony was used to an overall total of	€ 26,940,000
The legal reserve has already reached a fifth of the social capital (art. 2430 c.c.).	
Non-distributable net patrimony shares are as follows:	
– <i>reserve cover for long-term costs not yet amortised (ex art. 2426, n. 5):</i>	€ 4,943,560
Total non-distributable net patrimony share:	€ 4,943,560

Nature/description	Amount (€)	Can be used to	Available share	Summary of usage over the last two financial periods:	
				to cover losses	other reasons
Share capital:	4,669,600				
Capital reserves:					
Share premium reserve:	align="right">35,246,400	• increase capital			
		• cover losses			
		• shareholder distribution			26,940,000
Reserve of retained earnings:					
Legal reserve	933,920	• cover losses			
Available reserve of retained earnings	align="right">9,408,885	• increase capital			
		• cover losses			
		• shareholder distribution	5,370,549		
Retained earnings carried forward		• increase capital			
		• cover losses			
		• shareholder distribution			
Total	50,258,805		5,370,549	0	26,940,000
Non-distributable share	4,038,336				
Remainder for distribution	5,370,549		5,370,549		

8 - BREAKDOWN OF FINANCIAL CHARGES FOR THE YEAR CAPITALISED UNDER FIXED ASSETS BY CATEGORY

No financial charges were capitalised.

9 - COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET

The company has not given any endorsement liabilities or personal guarantees in favour of third parties, subsidiaries or associated companies, which are not

included in the balance sheet.

At the year end there was a bank guarantee of € 10,329 in favour of third parties as a guarantee deposit for a leased building.

10 - ALLOCATION OF TURNOVER FROM GOODS AND SERVICES BY CUSTOMERS' BUSINESS AND GEOGRAPHIC AREA

Turnover can be broken down as follows:

(amounts stated in Euro)

Turnover by categories of activity	31.12.2004	31.12.2003
= Software sales and services	23,509,490	21,795,922
= Sales of processors and equipment	11,891	7,239
= Software and hardware assistance services	801,742	801,958
= Other revenues	86,056	110,722
Total turnover	24,409,179	22,715,841

(amounts stated in Euro)

Turnover by categories of customer	31.12.2004	31.12.2003
= Banking sector	5,562,874	7,521,505
= Other companies	99,787	117,198
= Group companies	18,746,518	15,077,138
Total turnover	24,409,179	22,715,841

A breakdown by geographical area is not significant, as almost all the Group's turnover is achieved with Italian national banks and Group companies.

The transactions with CAD S.r.l. and the other Group companies take place at arm's length conditions.

11 - INCOME FROM INVESTMENTS (OTHER THAN DIVIDENDS)

There were no provisions other than dividends.

12 - INTEREST EXPENSE AND OTHER FINANCIAL CHARGES DUE TO BANKS AND OTHER

The profit and loss account line related to interest and financial charges due to banks is irrelevant.

13 - COMPOSITION OF THE ITEMS "EXTRAORDINARY INCOME" AND "EXTRAORDINARY EXPENSES"

The heading "Extraordinary income", equal to €29,834, comprises non-existing previous year tax charges of € 9,283 and adjustments reducing previous year costs by € 20,551.

The heading "Extraordinary expenses", equal to €642,690, comprises € 467,301 for passive overbalances due to taxes in previous periods relating to the disownment of fiscal benefits following changes in the law, €165,639 for the reduced definition of fiscal cases following a fiscal verification (L. 289/2002) and various other expenses for € 9,750.

14 - DEFERRED TAX ASSETS AND LIABILITIES

The item "Taxation on profit for the year", equal to € ,2337,144, comprises the IRES and IRAP tax charges for the year - respectively of € 1,469,368 and € 867,776 - considering the recognition of the following deferred tax assets and liabilities in the profit and loss account :

Description:	(amounts stated in Euro)	
	IRES	IRAP
Current taxes	1,468,441	868,054
Deferred tax assets for the year	-6,808	-877
Utilisation of prior year deferred tax assets	7,735	599
Taxation on profit for the year	1,469,368	867,776

At the date of preparation of these notes the company did not have any pending assessments by, or litigations with, the Tax Authorities. = The last year closed to inspection for direct and VAT tax purposes is 1999.

No tax-driven value adjustments or provisions were made.

DESCRIPTION OF THE TEMPORARY DIFFERENCES THAT CAUSED THE REGISTERING OF DEFERRED CREDIT AND DEBIT TAXATION (ex art. 2427 civil code)

Description of temporary differences	Deferred tax assets at 31.12.2003			Reabsorption 2004			Increases 2004			Deferred tax assets at 31.12.2004		
Deductible differences	Taxable	Tax rate	Tax (a)	Taxable	Tax rate	Tax (b)	Taxable	Tax rate	Tax (c)	Taxable	Tax rate	Tax (a-b+c)
Representation fees	41,208.18	37.25%	15,350.05	14,099.61	37.25%	5,252.10	20,631.52	37.25%	7,685.24	47,740.09	37.25%	17,783.18
Investments depreciation	35,140.00	33.00%	11,596.20	7,028.00	33.00%	2,319.24	0.00	33.00%	0.00	28,112.00	33.00%	9,276.96
<i>Total</i>	<i>76,348.18</i>	<i>35.29%</i>	<i>26,946.25</i>	<i>21,127.61</i>	<i>35.84%</i>	<i>7,571.34</i>	<i>20,631.52</i>	<i>37.25%</i>	<i>7,685.24</i>	<i>75,852.09</i>	<i>35.67%</i>	<i>27,060.14</i>

	Deferred tax assets at 31.12.2003			Reabsorption 2004			Increases 2004			Deferred tax assets at 31.12.2004		
Taxable differences	Taxable	Tax rate	Tax (a)	Taxable	Tax rate	Tax (b)	Taxable	Tax rate	Tax (c)	Taxable	Tax rate	Tax (a-b+c)
Capital gains payable over 5 periods			0.00			0.00			0.00			0.00
Amortisations ex art. 109 TUIR			0.00			0.00			0.00			0.00
.....			0.00			0.00			0.00			0.00
<i>Total</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

FISCAL LOSS REPORT

<i>Losses that can be carried over to the following financial periods</i>	<i>Loss amount</i>	<i>Deferred tax asset amount</i>
Non-registered deferred tax losses	0	0
Registered deferred tax losses	0	0
<i>Total</i>	<i>0</i>	<i>0</i>

IRES THEORETICAL AND ACTUAL TAX EXPENSE RECONCILIATION

	<i>Previous period 2003</i>	<i>Current period 2004</i>
Applicable ordinary tax rates	34%	33%
Effect of the increasing (decreasing) variations on the ordinary tax rates:		
Non-taxable returns	-0.73%	-0.28%
Dividends	0.00%	-5.73%
Non-deductible costs	2.27%	4.93%
Other permanent differences	-7.61%	-8.53%
Actual tax rate	27.93%	23.39%

IRAP THEORETICAL AND ACTUAL TAX EXPENSE RECONCILIATION

	<i>Previous period 2003</i>	<i>Current period 2004</i>
Applicable ordinary tax rates	4.25%	4.25%
Effect of the increasing (decreasing) variations on the ordinary tax rates:		
Non-taxable returns	-0.42%	-0.16%
Dividends	-2.98%	-0.75%
Staff costs	11.74%	9.28%
Non-deductible costs	1.13%	1.21%
Actual tax rate	13.72%	13.83%

TOTAL THEORETICAL AND ACTUAL TAX EXPENSE RECONCILIATION

	<i>Previous period 2003</i>	<i>Current period 2004</i>
Actual IRES tax rate	27.93%	23.39%
Actual IRAP tax rate	13.72%	13.83%
Total actual tax rate	41.65%	37.22%

15 - AVERAGE NUMBER OF EMPLOYEES

The average number of employees was as follows:

<i>Average number of employees</i>	<i>2004</i>	<i>2003</i>	<i>Variation</i>
- Management	13	12	1
- White-collars and cadres	233	213	20
- Apprentices	0	1	- 1
Total	246	226	20

The average number of the company's employees at the two year ends was as follows:

<i>Number of employees at</i>	<i>31/12/2003</i>	<i>31/12/2002</i>	<i>Variation</i>
- Management	13	12	1
- White collars	236	224	12
- Apprentices	0	1	- 1
Total	249	237	12

16 - EMOLUMENTS OF THE DIRECTORS AND STATUTORY AUDITORS

Total emoluments of directors for the year amount to € 501,931, while those of the statutory auditors amount to € 68,153.

The emoluments of the directors and statutory auditors of the parent company and subsidiaries are shown in the following table:

(amounts stated in Euro)

Directors:	Role	CAD IT S.p.A. *	Subsidiaries
Giuseppe Dal Cortivo ⁽¹⁾	Chairman and Managing Director	123,000	92,962
Giampietro Magnani ⁽²⁾	Managing Director	123,000	93,015
Luigi Zanella ⁽³⁾	Managing Director	123,000	119,818
Maurizio Rizzoli ⁽⁴⁾	Director	89,711	19,660
Paolo Dal Cortivo ⁽⁵⁾	Managing Director	11,000	2,593
Francesco Rossi	Non-Executive Director	10,500	0
Lamberto Lambertini	Non-Executive Director	10,500	0
Alberto Miazzi	Non-Executive Director	11,220	0
Total		501,931	328,048

* as directors, Giuseppe Dal Cortivo, Giampietro Magnani, Maurizio Rizzoli and Luigi Zanella also receive an indemnity equal to 1/5 of their annual emoluments upon conclusion of their terms of office. This indemnity is subject to annual revaluation on the basis of the cost-of-living index.

(1) the emoluments received from subsidiaries comprise € 6,197 as director of Cesbe S.r.l. and € 86,765 as legal representative of CAD S.r.l.

(2) the emoluments received from subsidiaries comprise € 86,765 as chairman and managing director of CAD S.r.l. and € 6,197 as director of Smart Line S.r.l.

(3) the emoluments received from subsidiaries comprise € 6,197 as director of Cesbe S.r.l., € 86,765 as legal representative of CAD S.r.l. and € 26,856 as director of DQS S.r.l.

(4) managing director of CAD IT S.p.A. till 13- September -2004. The emoluments received from subsidiaries comprise € 19,660 as legal representative of CAD S.r.l. till 13- September -2004.

(5) the emoluments received from subsidiaries comprise € 2,593 as director of SGM S.r.l..

Statutory Auditors:	Role	CAD IT S.p.A.	Subsidiaries
Sonia Mazzi ⁽¹⁾	Chairwoman	25,948	11,769
Giuseppe Cereghini ⁽²⁾	Statutory Auditor	21,002	10,566
Giannicola Cusumano ⁽³⁾	Statutory Auditor	21,002	4,495
Gian Paolo Ranocchi	Substitute Auditor		
Cesare Brena	Substitute Auditor		
Total		68,153	26,830

(1) the emoluments received from subsidiaries comprise € 6,528 as chairwoman of CAD S.r.l., € 1,693 as chairwoman of Cesbe S.r.l. and € 3,548 as statutory auditor of SGM S.r.l..

(2) the emoluments received from subsidiaries comprise € 4,495 as statutory auditor of CAD S.r.l. € 1,171 as statutory auditor of Cesbe S.r.l. and € 4,900 as chairman of SGM S.r.l..

(3) the emoluments received from subsidiaries comprise € 4,495 as statutory auditor of CAD S.r.l..

17 - SHARE CAPITAL

The company's share capital, which amounts to € 4,669,600 and is composed of 8.980,000 shares each of a nominal value of € 0.52, did not vary during the year.

The share premium reserve amounts to 35,246,400.

18 - SECURITIES OR SIMILAR PRODUCTS ISSUED BY THE COMPANY

The company has no new or circulating securities, bonds or similar products different from shares of the company's share capital.

19 – FINANCIAL INSTRUMENTS

The company has not issued financial instruments of any kind other than those previously reported.

19 – SHAREHOLDER FINANCING

The company has not received shareholder financing.

20 – ALLOCATED PATRIMONY

The company has not allocated any patrimony.

21 – SPECIFIC FINANCING

There are no expected specific financing contracts.

22 – LEASING CONTRACT TRANSACTIONS

There are no expected leasing contract transactions.

OTHER INFORMATION

Net financial position: The company's cash flows statement for 2003 is presented here below with comparative prior year figures.

Cash flows statements
(Italian accounting standard N°17 C.N.D.O.C. e C.N.R.)

	31/12/2004	31/12/2003
OPERATING ACTIVITIES		
Net profit / (loss) for the year	3,940,510	3,148,277
Amortisation and depreciation:		
- tangible fixed assets	558,689	539,647
- intangible fixed assets	1,159,027	1,147,872
Accruals:		
to the provisions for contingencies and other charges		
for other write-downs of fixed assets		
to the bad debt provision	1,310	3,168
for employees' leaving entitlement	723,820	657,069
for deferred taxation		
Utilisation of provisions for contingencies and other charges	11,945	287
(Gains) on sales of fixed assets		
Losses on sales of fixed assets		
Sub-total a)	6,395,301	5,496,320
Utilisation of employees' leaving entitlement	(194,105)	(289,620)
(Increase)/Decrease in receivables included under assets forming part of working capital	(474,781)	1,302,218
(Increase)/Decrease in inventory		
(Increase)/Decrease in accrued income and deferred expenses	(4,404)	(22,470)
Increase/(Decrease) in accounts payable to creditors	(452,254)	(68,336)
Increase/(Decrease) in accrued expenses and deferred income	(23,747)	371,878
Increase/(Decrease) in other non-financial payables	1,182,928	2,117,935
Sub-total b)	33,637	3,411,605
Cash flows from (for) operating activities	6,428,938	8,907,925
INVESTING ACTIVITIES		
(Purchase)/Sale of tangible and intangible fixed assets	(5,198,600)	(542,009)
(Purchase)/Sale of investments	(340,658)	(5,889)
(Increase)/Decrease in other financial fixed assets	7,663	(83,092)
Cash flows from (for) investing activities	(5,531,595)	(630,990)
FINANCING ACTIVITIES		
Increase/(decrease) in medium/long-term financial payables		
Increase/(decrease) in reserves		
Dividends/emoluments for the directors	(2,694,000)	(28,556,400)
Capital injections		
Cash flows from (for) financing activities	(2,694,000)	(28,556,400)
Total cash flows	(1,796,657)	(20,279,465)
Opening liquid funds	8,251,976	28,531,439
Rounding	(2)	2
Closing liquid funds	6,455,317	8,251,976
Total as the financial statements	6,455,317	8,251,976

For further information on the company's management, the significant subsequent events and the relationships with subsidiary and associated companies, reference is expressly made to the directors' report.

On behalf of the Board of Directors

(signed on the original)

the Chairman
(Giuseppe Dal Cortivo)

ANNEXES TO THE NOTES

**SUMMARY FINANCIAL STATEMENTS OF THE CONSOLIDATED
SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATION AREA**
(article 2429 of the Italian Civil Code)

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

	31/12/2004	31/12/2003
TURNOVER	35,967,724	35,619,164
GROSS OPERATING RESULT	1,461,062	1,540,933
NET OPERATING PROFIT	985,016	711,228
FINANCIAL INCOME AND CHARGES, NET	173,832	253,684
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	1,158,848	964,912
NET PROFIT / (LOSS) FOR THE YEAR	375,866	349,849
TANGIBLE FIXED ASSETS, NET	504,467	1,005,809
WORKING CAPITAL, NET	(1,752,810)	(3,842,703)
INVESTED CAPITAL, NET	(3,099,277)	(4,497,743)
EMPLOYEES' LEAVING ENTITLEMENT	1,850,934	1,660,849
QUOTAHOLDERS' EQUITY	1,038,286	662,421
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	4,137,563	5,160,164

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

	31/12/2004	31/12/2003
TURNOVER	4,157,629	5,853,295
GROSS OPERATING RESULT	928,079	2,493,887
NET OPERATING PROFIT	906,284	2,460,237
FINANCIAL INCOME AND CHARGES, NET	7,042	17,206
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	913,326	2,477,443
NET PROFIT / (LOSS) FOR THE YEAR	497,681	1,458,525
TANGIBLE FIXED ASSETS, NET	32,300	46,528
WORKING CAPITAL, NET	3,211,917	3,698,057
INVESTED CAPITAL, NET	2,929,918	3,491,049
EMPLOYEES' LEAVING ENTITLEMENT	314,299	253,536
QUOTAHOLDERS' EQUITY	3,545,063	3,549,381
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	615,145	58,332

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

	31/12/2004	31/12/2003
TURNOVER	630,975	721,739
GROSS OPERATING RESULT	(25,109)	(2,386)
NET OPERATING PROFIT	(33,678)	(16,019)
FINANCIAL INCOME AND CHARGES, NET	(2,855)	(4,087)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(36,533)	(20,106)
NET PROFIT / (LOSS) FOR THE YEAR	(41,734)	(35,848)
TANGIBLE FIXED ASSETS, NET	40,639	42,910
WORKING CAPITAL, NET	49,671	21,112
INVESTED CAPITAL, NET	42,805	26,027
EMPLOYEES' LEAVING ENTITLEMENT	47,503	37,995
QUOTAHOLDERS' EQUITY	(4,588)	37,147
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(47,393)	11,120

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

	31/12/2004	31/12/2003
TURNOVER	5,804,238	6,202,293
GROSS OPERATING RESULT	846,396	1,292,772
NET OPERATING PROFIT	798,151	1,226,355
FINANCIAL INCOME AND CHARGES, NET	88,617	17,786
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	886,768	1,244,141
NET PROFIT / (LOSS) FOR THE YEAR	475,730	694,056
TANGIBLE FIXED ASSETS, NET	186,286	207,066
WORKING CAPITAL, NET	724,516	310,618
INVESTED CAPITAL, NET	530,804	239,430
EMPLOYEES' LEAVING ENTITLEMENT	379,998	278,254
QUOTAHOLDERS' EQUITY	503,056	717,326
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	132,541	(600,469)

SGM SRL**REGISTERED OFFICE:** Galleria Spagna, 28 - 35100 PADOVA**QUOTA CAPITAL:** € 223,308**% OF INVESTMENT OF CAD IT S.p.A.:** 61.6%

	31/12/2004	31/12/2003
TURNOVER	1,515,944	1,867,255
GROSS OPERATING RESULT	(519,337)	183,038
NET OPERATING PROFIT	(616,401)	88,624
FINANCIAL INCOME AND CHARGES, NET	(60,969)	(77,865)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(677,370)	10,759
NET PROFIT / (LOSS) FOR THE YEAR	(527,075)	(87,735)
TANGIBLE FIXED ASSETS, NET	309,900	254,416
WORKING CAPITAL, NET	371,931	619,846
INVESTED CAPITAL, NET	466,830	697,060
EMPLOYEES' LEAVING ENTITLEMENT	215,001	177,202
QUOTAHOLDERS' EQUITY	(24,670)	55,788
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(479,624)	624,367

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

	31/12/2004	31/12/2003
TURNOVER	1,700,857	2,465,654
GROSS OPERATING RESULT	187,778	618,097
NET OPERATING PROFIT	128,254	559,544
FINANCIAL INCOME AND CHARGES, NET	3,851	7,233
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	132,105	566,777
NET PROFIT / (LOSS) FOR THE YEAR	40,071	285,402
TANGIBLE FIXED ASSETS, NET	179,643	130,597
WORKING CAPITAL, NET	(84,354)	(35,032)
INVESTED CAPITAL, NET	(93,934)	(59,923)
EMPLOYEES' LEAVING ENTITLEMENT	189,223	155,488
QUOTAHOLDERS' EQUITY	176,071	407,132
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	270,005	(506,515)

BIT GROOVE SRL**REGISTERED OFFICE:** Piazza IV Novembre, 8 - 51031 AGLIANA (PT)**QUOTA CAPITAL:** € 15,500.00**% OF INVESTMENT OF CAD IT S.p.A.:** 100 %

	31/12/2004	31/12/2003
TURNOVER	635,287	555,696
GROSS OPERATING RESULT	(1,715)	131,993
NET OPERATING PROFIT	(28,455)	97,022
FINANCIAL INCOME AND CHARGES, NET	(5,117)	(8,498)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(33,572)	88,524
NET PROFIT / (LOSS) FOR THE YEAR	(42,236)	27,859
TANGIBLE FIXED ASSETS, NET	50,884	48,147
WORKING CAPITAL, NET	(38,460)	84,663
INVESTED CAPITAL, NET	(6,520)	122,444
EMPLOYEES' LEAVING ENTITLEMENT	18,944	10,366
QUOTAHOLDERS' EQUITY	7,651	49,887
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	14,171	(72,557)

ELIDATA SRL**REGISTERED OFFICE:** Via Sanadolo, 19 - Caglione d'Adda - LO**QUOTA CAPITAL:** € 20,000.00**% OF INVESTMENT OF CAD IT S.p.A.:**51%

	31/12/2004	31/12/2003
TURNOVER	1,626,380	1,780,710
GROSS OPERATING RESULT	815,873	917,184
NET OPERATING PROFIT	776,932	888,282
FINANCIAL INCOME AND CHARGES, NET	7,155	2,990
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	784,087	891,272
NET PROFIT / (LOSS) FOR THE YEAR	463,211	531,650
TANGIBLE FIXED ASSETS, NET	75,820	318,209
WORKING CAPITAL, NET	465,470	155,172
INVESTED CAPITAL, NET	524,821	465,487
EMPLOYEES' LEAVING ENTITLEMENT	16,469	7,894
QUOTAHOLDERS' EQUITY	764,464	701,253
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	239,643	(235,766)

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

	31/12/2004	31/12/2003
TURNOVER	734,503	727,709
GROSS OPERATING RESULT	(13,411)	100,420
NET OPERATING PROFIT	(45,209)	65,724
FINANCIAL INCOME AND CHARGES, NET	(10,869)	(7,327)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(56,078)	58,397
NET PROFIT / (LOSS) FOR THE YEAR	(48,359)	18,489
TANGIBLE FIXED ASSETS, NET	67,274	95,850
WORKING CAPITAL, NET	196,033	246,045
INVESTED CAPITAL, NET	232,035	314,038
EMPLOYEES' LEAVING ENTITLEMENT	31,272	28,251
QUOTAHOLDERS' EQUITY	292,480	340,838
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	60,445	26,800

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

(article 2429 of the Italian Civil Code)

TECSIT SRL

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

QUOTA CAPITAL: € 75,000.00

	31/12/2004	31/12/2003
TURNOVER	331,335	315,591
GROSS OPERATING RESULT	(9,894)	23,640
NET OPERATING PROFIT	(22,605)	11,917
FINANCIAL INCOME AND CHARGES, NET	(9,351)	(6,059)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(31,956)	5,858
NET PROFIT / (LOSS) FOR THE YEAR	2,294	240
TANGIBLE FIXED ASSETS, NET	30,557	131,654
WORKING CAPITAL, NET	179,024	16,936
INVESTED CAPITAL, NET	195,565	142,663
EMPLOYEES' LEAVING ENTITLEMENT	14,016	5,927
QUOTAHOLDERS' EQUITY	84,853	82,559
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(110,712)	(60,104)

ARCHIT SRL - in liquidation

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

QUOTA CAPITAL: € 50,000.00

	31/12/2004	31/12/2003
TURNOVER	283,923	549,403
GROSS OPERATING RESULT	19,454	218,695
NET OPERATING PROFIT	13,492	212,924
FINANCIAL INCOME AND CHARGES, NET	732	768
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	14,224	213,692
NET PROFIT / (LOSS) FOR THE YEAR	13,325	121,039
TANGIBLE FIXED ASSETS, NET	1,775	7,736
WORKING CAPITAL, NET	77,664	142,439
INVESTED CAPITAL, NET	79,439	144,438
EMPLOYEES' LEAVING ENTITLEMENT	0	5,737
QUOTAHOLDERS' EQUITY	70,894	180,285
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(8,544)	35,846

NESTEGG SRL - in liquidation**REGISTERED OFFICE:** Via Fontana, 25 – MILAN**QUOTA CAPITAL:** € 25,000

	31/12/2003	31/12/2002
TURNOVER	0	0
GROSS OPERATING RESULT	(5,530)	(10,113)
NET OPERATING PROFIT	(6,868)	(10,980)
FINANCIAL INCOME AND CHARGES, NET	1	319
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(6,867)	(10,661)
NET PROFIT / (LOSS) FOR THE YEAR	(6,588)	(10,455)
TANGIBLE FIXED ASSETS, NET	0	1,337
WORKING CAPITAL, NET	6,521	4,316
INVESTED CAPITAL, NET	6,521	5,653
EMPLOYEES' LEAVING ENTITLEMENT	0	0
QUOTAHOLDERS' EQUITY	7,404	13,992
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	883	8,339

SUMMARY FINANCIAL STATEMENTS OF THE ASSOCIATED COMPANIES

(article 2429 of the Italian Civil Code)

SICOM SRL

REGISTERED OFFICE: Via Verdi, 15/a - 46019 Viadana (MN)

QUOTA CAPITAL: € 10,400.00

% OF INVESTMENT OF CAD IT S.p.A.: 25.00%

	31/12/2004	31/12/2003
TURNOVER	1,592,517	1,492,506
GROSS OPERATING RESULT	591,369	574,826
NET OPERATING PROFIT	568,625	540,838
FINANCIAL INCOME AND CHARGES, NET	1,829	673
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	570,454	541,511
NET PROFIT / (LOSS) FOR THE YEAR	342,266	317,090
TANGIBLE FIXED ASSETS, NET	336,249	356,116
WORKING CAPITAL, NET	48,524	131,582
INVESTED CAPITAL, NET	346,594	459,563
EMPLOYEES' LEAVING ENTITLEMENT	38,179	28,135
QUOTAHOLDERS' EQUITY	593,567	630,900
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	246,973	(171,337)

SUMMARY FINANCIAL STATEMENTS OF THE INDIRECT ASSOCIATED COMPANIES

(article 2429 of the Italian Civil Code)

BOOKINGVISION SRL

REGISTERED OFFICE: Via Circondaria, 56/3 - 50100 FLORENCE

QUOTA CAPITAL: € 111,235.00

	31/12/2003
TURNOVER	10,509
GROSS OPERATING RESULT	(45,819)
NET OPERATING PROFIT	(69,775)
FINANCIAL INCOME AND CHARGES, NET	(268)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(70,043)
NET PROFIT / (LOSS) FOR THE YEAR	(69,766)
TANGIBLE FIXED ASSETS, NET	85,476
WORKING CAPITAL, NET	(35,072)
INVESTED CAPITAL, NET	50,404
EMPLOYEES' LEAVING ENTITLEMENT	0
QUOTAHOLDERS' EQUITY	51,846
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	1,442