

Translation from the Italian original which
remains the definitive version)

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

***Directors' report
Consolidated financial statements
Notes to the consolidated financial
statements
Annexes to the notes***

CAD IT S.P.A.

Consolidated 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 fully paid in.
Tax code and Verona Company Register No. 01992770238
Chamber of Commerce REA No. 210441

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Directors' report on the 2004 consolidated financial statements

Dear Shareholders,

the consolidated balance for the financial period ending 31.12.2004 once more highlights the positive results achieved, even if the market in which the Group is mainly involved, namely the banking sector and more generally operators in the financial market, is late in recovering from the effects of a deceleration in investments, thus confirming the validity of the strategic decisions employed by the CAD IT Group and its potentiality for growth. The Group is therefore in very favourable conditions for taking advantage of the expected market revival.

The net consolidated production revenues amount to 54,653 thousand Euro compared to the 54,636 thousand Euro in 2003.

Net consolidated profit, after minority interest of € 442 thousand (previous year 1,404), amounts to € 2,401 thousand compared to € 1,841 thousand in 2003.

The financial statements of the directly and indirectly controlled subsidiaries and associated companies were prepared and approved by the respective boards of directors.

The summary results of fully consolidated subsidiaries, together with those of the parent company, are shown in the following table:

Company	Production revenues	Cash-flows (*)	Net profit at 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 companies:				
Cad S.r.l.	36,005,649	851,912	375,866	190
Cesbe S.r.l.	4,182,586	519,476	497,681	54
Datafox S.r.l.	734,512	(16,561)	(48,359)	9
NetBureau S.r.l.	630,975	(33,166)	(41,735)	9
SGM S.r.l.	1,685,996	(435,008)	(527,075)	34
DQS S.r.l.	5,804,245	523,975	475,730	71
Bit Groove S.r.l.	635,296	(15,496)	(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 + amortisation/depreciation + provisions and write-downs

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

Due to the deceleration in investments caused by the general uncertainty of the economy and by the consequent stand-by position taken on by many economic operators, some of the banking sector requests for software packages, Information Technology services and management training and consultancy planned for 2004 were postponed to the following financial period.

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.

Group financial position and performance

The CAD IT Group 2004 consolidated financial statements show a net profit for the year of € 2,400,877 (2003: € 1,840,539), net of € 442,440 of net profit pertaining to minority interests (2003: 1,404,122) and amortisation and depreciation of € 3,676,821 (2003: € 3,781,534).

The results obtained show the Group's ability to achieve positive outcomes by focusing on production and the offering of new products and services, also by acquiring new users and market segments.

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 recovered through profits that will develop later 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 4,135 million Euro.

Furthermore, during the financial period in question, 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 1,021 million Euro.

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

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

The following data are shown without breaking up the effect of development cost capitalisation entered under the heading "assets under development".

Profit before taxation amounts to € 7,153,924 (2003: € 6,816,659).

Taxation on profit for the year amounts to € 4,310,607 (2003: € 3,571,998).

At 31 December 2004, consolidated shareholders' equity amounted to € 50,935,772 (2003: € 51,228,895).

Production revenues amount to € 54,653,018 (2003: € 54,635,798).

Personnel expenses amount to € 29,491,887 (2003: € 28,167,646).

Service costs amount to € 11,717,074 (2003: € 14,641,221).

Amortisation, depreciation and write-downs amount to € 3,777,406 (2003: € 4,040,237); amortisation includes € 1,244,069 of the amortisation of goodwill arising on the consolidation of subsidiaries (2003: € 1,210,647).

Financial income and charges and adjustments to investment values amount to € 341,446 (2003: € 605,944). Net extraordinary income and expenses contribute to net profit for the year with an expenditure of € 512,463 (2003: income € 227,684).

The Group's subsidiary companies carry out activities aimed at creating new products in the area in which each company specialises and at improving existing products. The relative costs, if recurrent, are expensed during the period in which they are sustained. On the contrary, those projects with the necessary requirements for being included among intangible assets are financed under the appropriate balance heading.

Reference should be made to the notes to the financial statements for a summary of the Group's fixed assets.

Performance of CAD IT S.p.A.

Within a generally stationary economic picture, the company has shown its ability to continue to produce positive results to which development costs for the creation of new products entered under the heading "assets under development" to the amount of 4.943 million Euro have contributed, showing an economic result for 2004 of Euro 3,940,510 compared to the Euro 3,148,277 of the previous year.

Our products and services are highly valued by the banking sector users. This allowed us to maintain significant levels of demand and activity. Production revenues, bearing in mind the investment activities made with internal resources, was Euro 26,580,658 compared to the Euro 22,738,286 of the previous year, showing 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 (previous year: € 21,757,946), with a reduction of 3.5%.

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

Share capital and reserves amount to € 50,258,804 (previous 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 net profit to the available reserve for € 454,277.

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

	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	9,408,885	8,954,608
Rounding	-1	1
Total share capital and reserves	50,258,804	49,804,529
Retained earnings	-	-
Net profit for the year	3,940,510	3,148,277
Total shareholders' equity	54,199,314	52,952,806

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.

Performance of subsidiary and associated companies

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.

Research and development activities of the Group

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;
- 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 or quotas of parent companies, held, acquired or sold

CAD IT S.p.A. does not own its own shares, neither does it own shares of its controlled companies, even through fiduciary companies or third parties.

Important facts occurring after 31 December 2004 and foreseeable development in the management of the current period

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

Related companies

The fees destined to the members of the boards of directors and statutory auditors under any title, either directly by the parent company or subsidiaries or indirectly, are as follows:

(in thousands of Euro)

Name		Description of role	Fees			
Name	Role held or profession	Term of office	Emoluments for the office	Fringe benefits	Indemnity at termination of office	Other fees
Giuseppe Dal Cortivo	Chairman of the Board of Directors and Managing Director of CAD IT S.p.A.	1/1 - 31/12/2004	123,0		17,4	
	Legal representative of CAD S.r.l.	1/1 - 31/12/2004	86,8			
	Director of CESBE S.r.l.	1/1 - 31/12/2004	6,2			
	Director of SICOM S.r.l.	1/1 - 31/12/2004	6,2			
Giampietro Magnani	Managing Director of CAD IT S.p.A.	1/1 - 31/12/2004	123,0		17,4	
	Chairman of the Board of Directors of CAD S.r.l.	1/1 - 31/12/2004	86,8			
	Director of SMART LINE S.r.l.	1/1 - 31/12/2004	6,3			
Maurizio Rizzoli	Director of CAD IT S.p.A. (*)	1/1 - 31/12/2004	89,7		12,2	
	Legal representative of CAD S.r.l.	1/1 - 13/09/2004	19,7			
Luigi Zanella	Managing Director of CAD IT S.p.A.	1/1 - 31/12/2004	123,0		17,3	
	Legal representative of CAD S.r.l.	1/1 - 31/12/2004	86,8			
	Director of CESBE S.r.l.	1/1 - 31/12/2004	6,2			
	Director of SICOM S.r.l.	1/1 - 31/12/2004	6,2			
	Director of DQS S.r.l.	1/1 - 31/12/2004	26,9		7,2	
Paolo Dal Cortivo	Managing Director of CAD IT S.p.A.	1/1 - 31/12/2004	11,0			67,5
	Director of SGM S.r.l.	1/1 - 28/05/2004	2,6			
Lamberto Lambertini	Non-Executive Director of CAD IT S.p.A.	1/1 - 31/12/2004	10,5			
Alberto Miazzi	Non-Executive Director of CAD IT S.p.A.	1/1 - 31/12/2004	11,2			
	Consultant of CAD S.r.l.	1/1 - 31/12/2004				3,1
	Consultant of Cesbe S.r.l.	1/1 - 31/12/2004				0,5
Francesco Rossi	Non-Executive Director of CAD IT S.p.A.	1/1 - 31/12/2004	10,5			
Sonia Mazzi	Chairwoman of the Board of Statutory Auditors CAD IT S.p.A.	1/1 - 31/12/2004	26,2			
	Chairwoman of the Board of Statutory Auditors of CAD S.r.l.	1/1 - 31/12/2004	6,5			
	Chairwoman of the Board of Statutory Auditors of CESBE S.r.l.	1/1 - 31/12/2004	1,7			
	Statutory Auditor of SGM S.r.l.	1/1 - 31/12/2004	3,5			
	Statutory Auditor of CAD IT S.p.A.	1/1 - 31/12/2004	21,2			
	Statutory Auditor of CAD S.r.l.	1/1 - 31/12/2004	4,5			
Giuseppe Cereghini	Statutory Auditor of CESBE S.r.l.	1/1 - 31/12/2004	1,2			
	Chairman of the Board of Statutory Auditors of SGM S.r.l.	1/1 - 31/12/2004	4,9			
	Statutory Auditor of CAD IT S.p.A.	1/1 - 31/12/2004	21,2			
	Statutory Auditor of CAD S.r.l.	1/1 - 31/12/2004	4,5			

(*) Managing Director till 13-09-2004

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

Name	Investment	Number of shares/quota s held at 31 December 2003	Number of shares acquired	Number of shares sold	Number of shares held at 31 December 2003
Dal Cortivo Giuseppe	CAD IT S.p.A.	1,553,734 ⁽¹⁾	0	0	1,553,734 ⁽¹⁾
Magnani Giampietro	CAD IT S.p.A.	1,550,221 ⁽¹⁾	0	0	1,550,221 ⁽¹⁾
Rizzoli Maurizio	CAD IT S.p.A.	1,608,352 ⁽²⁾	22,134 ⁽³⁾	0	1,630,486 ⁽⁴⁾
Zanella Luigi	CAD IT S.p.A.	1,552,680 ⁽⁵⁾	0	0	1,552,680 ⁽⁵⁾
Dal Cortivo Paolo	CAD IT S.p.A.	0	0	0	0
Miazzi Alberto	CAD IT S.p.A.	980 ⁽⁶⁾	0	0	980 ⁽⁶⁾
Lambertini Lamberto	CAD IT S.p.A.	0	0	0	0
Rossi Francesco	CAD IT S.p.A.	0	0	0	0
Mazzi Sonia	CAD IT S.p.A.	2,165	0	0	2,165
Cereghini Giuseppe	CAD IT S.p.A.	838	0	0	838
Cusumano Giannicola	CAD IT S.p.A.	0	0	0	0

(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

Code of ethics and corporate governance regulations

The Board of Directors' meeting of 21 march 2005 approved the annual report of compliance with the Code of Ethics adopted by Borsa Italiana S.p.A..

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. DME75015175 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 IRFS 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.

Other information

Reference should be made to the notes to the consolidated financial statements and related annexes for further information on the Group performance and the relationships with the Group companies.

On behalf of the Board of Directors

The Chairman

(Signed on the original)

(Giuseppe Dal Cortivo)

Consolidated financial statements as at and for the year ended 31 December 2004
Consolidated Balance Sheet - Assets

	31/12/2004	31/12/2003	Variations
A) SHARE CAPITAL PROCEEDS TO BE RECEIVED			
I. Already called up			
II. Not yet called up	1		1
Total share capital proceeds to be received (A)	1		1
B) FIXED ASSETS			
I. Intangible fixed assets			
1) Start-up and capital costs	7.928	881,488	(873,560)
2) Research, development and advertising costs			
3) Industrial patents and similar rights	4.917		4,917
4) Licences, trademarks and similar rights	520.240	886,032	(365,792)
5) Goodwill	13.015	16,268	(3,253)
5 bis) Goodwill arising on consolidation	7.064.645	8,047,873	(983,228)
6) Assets under development and payments on account	5.155.609		5,155,609
7) Other	685.379	769,597	(84,218)
Total intangible fixed assets	13.451.733	10,601,258	2,850,475
II. Tangible fixed assets			
1) Land and buildings	10.765.009	11,214,433	(449,424)
2) Plant and machinery	151.986	176,843	(24,857)
3) Industrial and commercial equipment	160	191	(31)
4) Other assets	1.483.780	1,749,321	(265,541)
5) Assets under construction and payments on account			
Total tangible fixed assets	12.400.935	13,140,788	(739,853)
III. Financial fixed assets			
1) Investments in:			
a) Subsidiary companies			
a-bis) Subsidiaries valued using the equity method	114,551	299,113	(184,562)
b) Associated companies	168,210	445,236	(277,026)
c) Other	6,022,073	6,022,073	
2) Receivables:			
a) From subsidiary companies			
b) From associated companies			
d) Other due after one year	64,848	72,732	(7,884)
3) Other securities		250,000	(250,000)
4) Own shares (total nominal value)			
Total financial fixed assets	6.369.682	7,089,154	(719,472)
Total fixed assets (B)	32.222.350	30.831.200	1,391,150
C) ASSETS FORMING PART OF WORKING CAPITAL			
I. Inventory			
1) Raw materials, consumables and supplies			
2) Work in progress and semi-finished products			
3) Contract work in progress	435.000	480,000	(45,000)
4) Finished goods	475.134	470,106	5,028
5) Payments on account			
Total	910.134	950,106	(39,972)

II. Receivables			
1) Trade receivables	28.556.682	24,217,947	4,338,735
2) Subsidiary companies			
2 bis) Subsidiaries valued using the equity method	175.000	170,411	4,589
3) Associated companies	25.215		25,215
4) Parent companies			
4 bis) receivables from taxation authorities	1.021.882	266,508	755,374
4 ter) deferred tax assets	404.722	377,445	27,277
5) Others due within one year	174.062	280,680	(106,618)
Total	30.357.563	25,312,991	5,044,572
III. Financial assets not of a fixed nature			
1) Investments in subsidiary companies			
2) Investments in associated companies			
3) Investments in parent companies			
4) Other investments			
5) Own shares (total nominal value)			
6) Other securities			
7) Insurance policies capitalised	5.858.618	5,425,299	433,319
Total	5.858.618	5,425,299	433,319
Liquid funds			
1) Bank and postal accounts	6.063.593	9,406,851	(3,343,258)
2) Cheques on hand	4.056	2,239	1,817
3) Cash-on-hand and cash equivalents	13.017	19,340	(6,323)
Total	6.080.666	9,428,430	(3,347,764)
Total assets forming part of working capital	43.321.981	41.116.826	2,205,155
D) ACCRUED INCOME AND DEFERRED EXPENSES			
Accrued income	1.033	1,075	(42)
Deferred expenses	248.579	205,343	43,236
Total	249.612	206,418	43,194
TOTAL ASSETS	75.678.944	72.154.444	3,524,500

Consolidated financial statements as at and for the year ended 31 December 2004

Consolidated Balance Sheet - Shareholders' Equity and 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	
III. Revaluation reserves			
IV. Legal reserve	933.920	933,920	
V. Statutory reserves			
VI. Reserve for purchase of own shares			
VII. Other reserves	9.408.885	8,954,608	454,277
- capital injections			
- available reserve	9.408.885	8,954,608	454,277
- extraordinary reserve			
Consolidation reserves			
VIII Retained earnings or losses carried forward	(1.723.910)	(416,172)	(1,307,738)
IX. Net profit /(loss) for the year of the Group	2.400.877	1,840,539	560,338
Consolidated shareholders' equity of the Group	50.935.772	51.228.895	(293,123)
Share capital and reserves of minority interest	2.098.518	1.275.520	822,998
Profit (loss) for the year of minority interest	442.440	1.404.122	(961,682)
Minority interest	2.540.958	2.679.642	(138,684)
Total consolidated shareholders' equity (including minority interest)	53.476.730	53.908.537	(431,807)
B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES			
1) Pension and similar provisions	159.350	143,913	15,437
2) Taxation	5.439	5,439	
3) Exchange rate risk			
4) Other	25.146	25,386	(240)
Total	189.935	174.738	15,197
C) EMPLOYEES' LEAVING ENTITLEMENT	5.781.159	4.769.385	1,011,774
D) PAYABLES			
1) Debentures			
2) Convertible debentures			
4) Due to banks	541.471	726,310	(184,839)
after one year			
5) Sums due to other financial institutions	7.302	7,302	
after one year	342.587	331,288	11,299
6) Payments on account	28.002	30,000	(1,998)
7) Accounts payable to creditors	2.833.906	4,115,091	(1,281,185)
8) Accounts payable on bills accepted and drawn			
Due after one year			
9) Amounts payable to subsidiary companies			
9 bis) Amounts payable to subsidiaries valued using the equity method	71.079	108,064	(36,985)

10) Amounts payable to associated companies		31,007	(31,007)
11) Amounts payable to parent companies			
12) Sums payable to taxation authorities	5.617.954	1,328,737	4,289,217
13) Social security charges payable	2.288.223	1,951,993	336,230
14) Other sums payable	4.097.668	4,257,179	(159,511)
Total	15.828.192	12.886.971	2,941,221
E) ACCRUED EXPENSES AND DEFERRED INCOME			
Accrued expenses	16.856	10,355	6,501
Deferred income	386.072	404,458	(18,386)
Total	402.928	414.813	(11,885)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	75.678.944	72.154.444	3,524,500

Consolidated financial statements as at and for the year ended 31 December 2004
Consolidated Profit and Loss Account

	31/12/2004	31/12/2003	Variations
A) PRODUCTION REVENUES			
1) Turnover - goods and services	49.439.600	53.996.086	(4,556,486)
2) Variation in inventories and work in progress			
3) Variation in contract work in progress	(45.000)	480.000	(525,000)
4) Increase in internal work capitalised under fixed assets	5.155.609		5,155,609
5) Other revenues and income	102.809	159.712	(56,903)
Total production revenues	54.653.018	54.635.798	17,220
B) PRODUCTION COST			
6) Raw materials, consumables and supplies	(1.517.351)	(1,205,389)	(311,962)
7) Services	(11.717.074)	(14,641,221)	2,924,147
8) Use of third party assets	(686.378)	(674,168)	(12,210)
9) Personnel expenses			
a) Wages and salaries	(21.275.802)	(20,474,109)	(801,693)
b) Social security contributions	(6.623.147)	(6,247,118)	(376,029)
c) Employees' leaving entitlement	(1.501.048)	(1,380,747)	(120,301)
d) Pension and similar costs			
e) Other costs	(91.890)	(65,672)	(26,218)
Total personnel expenses	(29.491.887)	(28,167,646)	(1,324,241)
10) Amortisation, depreciation and write-downs:			
a) Amortisation of intangible fixed assets	(2.760.631)	(2,768,891)	8,260
b) Depreciation of tangible fixed assets	(916.190)	(1,012,643)	96,453
c) Write-downs of fixed assets			
d) Write-downs of receivables included under assets forming part of working capital	(100.585)	(258,703)	158,118
Total amortisation, depreciation and write-downs	(3.777.406)	(4,040,237)	262,831
11) Variation in raw materials, supplies and consumables	5.028	146,553	(141,525)
12) Provisions for contingencies		(27,290)	27,290
13) Other provisions	(4.996)	(4,639)	(357)
14) Other operating costs	(226.913)	(208,874)	(18,039)
Total production cost	(47.416.977)	(48.822.911)	1,405,934
<i>Difference between production revenues and cost (A-B)</i>	7.236.041	5.812.887	1,423,154
C) FINANCIAL INCOME AND CHARGES			
15) Income from investments:			
Subsidiary companies			
Associated companies			
Other companies	37.272	58,237	(20,965)
Tax credits on dividends			
16) Other financial income			
a) Receivables classified as fixed assets:	254	676	(422)
Subsidiary companies			
b) From securities included as fixed assets which are not investments			
c) From securities included under assets forming part of working capital			

d) Other income	406.438	656,354	(249,916)
17) Interest and other financial charges			
a) Other	(102.518)	(109,323)	6,805
b) Subsidiary companies			
c) Associated companies			
d) Parent companies			
17 bis) Profit or loss from currency exchanging			
a) Profit from currency exchanging			
b) Loss from currency exchanging			
Total (15+16-17)	341.446	605.944	(264,498)
D) ADJUSTMENTS TO FINANCIAL ASSET VALUES			
18) Revaluation of investments in associated companies	102.622	227,496	(124,874)
19) Write-downs of investments in associated companies	(13.722)	(57,352)	43,630
Total adjustments to financial asset values	88.900	170.144	(81,244)
E) EXTRAORDINARY INCOME AND EXPENSES			
20) Income	288.009	340.490	(52,481)
Profit on sale of assets			
21) Expenses	(793.193)	(112.230)	(680,963)
Loss on sale of assets	(7,279)	(576)	(6,703)
Total extraordinary items (20-21)	(512.463)	227.684	(740,147)
PROFIT (LOSS) BEFORE TAXATION (A-B+C+-D+-E)	7.153.924	6.816.659	337,265
22) Taxation on profit for the year	(4.310.607)	(3.571.998)	(738,609)
23) Net profit (loss) before minority interest	2.843.317	3.244.661	(401,344)
24) (Net profit) / loss for the year of minority interest	(442.440)	(1.404.122)	961,682
26) Net profit / (loss) for the year	2.400.877	1.840.539	560,338

Notes to the consolidated financial statements as at and for the year ended 31 December 2004

Foreword

These notes present the consolidated financial position and results as at and for the year ended 31 December 2004 together with the comparative prior year figures.

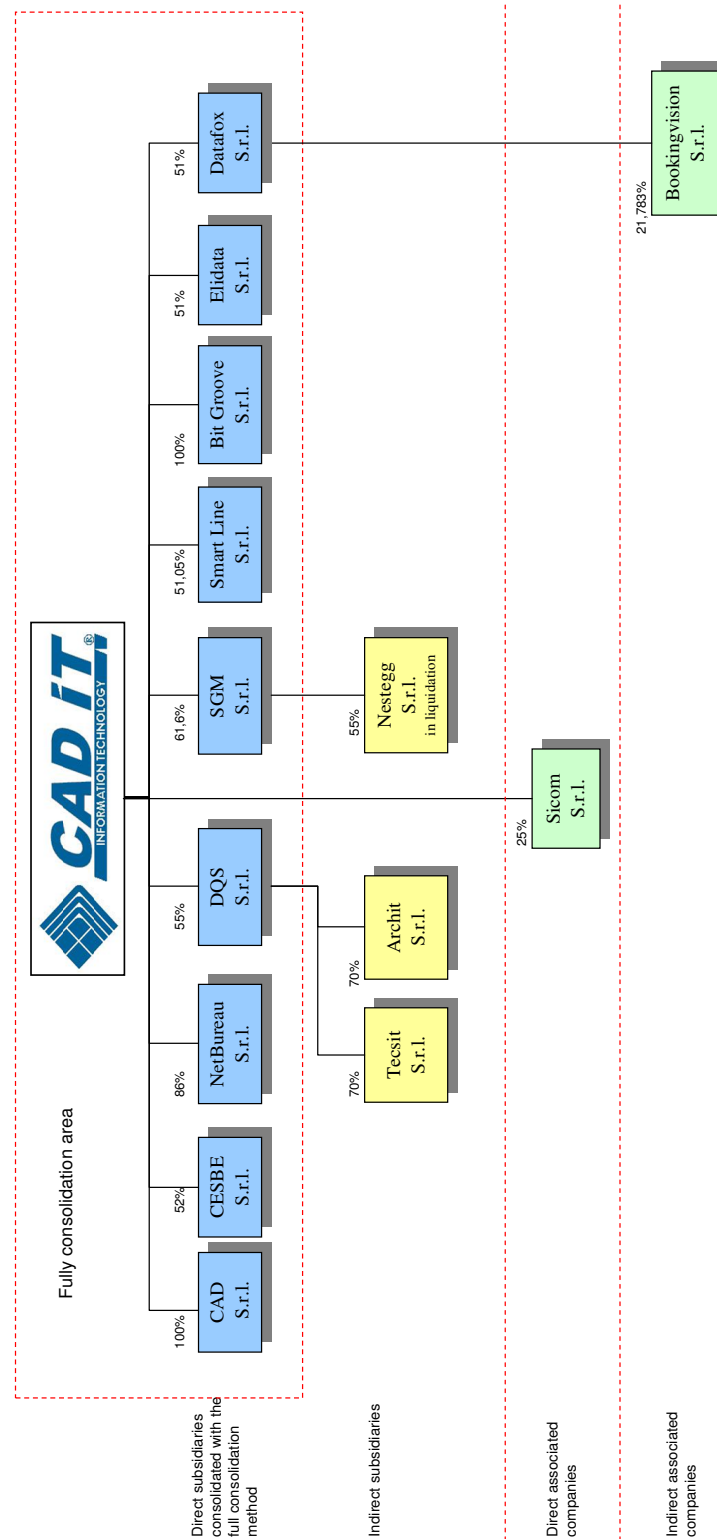
Unless otherwise indicated, amounts in the notes and enclosed schedules are stated in Euro.

The purpose of these notes is to present and comment on the consolidated financial statement figures duly analysed and integrated. They include the information required by article 38 and following of Legislative Decree No. 127/1991, together with the disclosures considered necessary to provide a complete, true and fair view of the Group.

1 Consolidation area and policies

1.1 Consolidation area

At the reference date of the consolidated financial statements, the Group structure is shown in the following chart:



For the purpose of the preparation of the consolidated financial statements, the companies of the CAD IT Group included in the consolidation area using the full consolidation method and those included using the equity method are the following:

<i>Company name</i>	<i>Registered office</i>	<i>Share / Quota capital</i>	<i>Percentage of investment</i>	<i>Percentage of investment of the Group</i>
<i>Consolidated on a line-by-line basis</i>				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
Cad S.r.l.	Verona	130,000	100.00%	100.00%
Cesbe S.r.l.	Verona	10,400	52.00%	52.00%
Netbureau S.r.l.	Milano	50,000	86.00%	86.00%
S.G.M. S.r.l.	Padova	223,308	61.60%	61.60%
D.Q.S. S.r.l.	Roma	11,000	55.00%	55.00%
Bit Groove S.r.l.	Agliana (PT)	15,500	100.00%	100.00%
Elidata S.r.l.	Castiglione D'Adda (LO)	20,000	51.00%	51.00%
Smart Line S.r.l.	Avellino	102,700	51.05%	51.05%
Datafox S.r.l.	Firenze	99,999	51.00%	51.00%
<i>Subsidiaries valued using the equity method</i>				
(1) Tecsit S.r.l.	Roma	75,000	70.00%	38.50%
(1) Arch it S.r.l. (in liquidation)	Roma	50,000	70.00%	38.50%
(2) Nestegg S.r.l. (in liquidation)	Milano	25,000	55.00%	33.88%
<i>Associated companies valued using the equity method</i>				
(3) Bookingvision S.r.l.	Firenze	111,235	21.78%	11.11%
Sicom S.r.l.	Viadana (MN)	10,400	25.00%	25.00%

- (1) held through DQS S.r.l.
- (2) held through SGM S.r.l.
- (3) held through Datafox S.r.l.

Compared to 31 December 2003, the fully consolidated area has changed: Datafox S.r.l. has, for the first time, fully entered into the consolidated area (the controlling percentage was already 35%) with a new controlling percentage of 51.0%, with a cost of € 103 thousand.

The consolidation area variation has little effect on the profit/loss account and balance sheet which contained the dimensions of the new entrance.

In August 2004, due to S.G.M.'s partial renunciation to exercise the right to the capital option to increase its capital, CAD IT investment increased from 52% to 61.60%. The share capital transaction required CAD IT to pay € 138 thousand for the increase in the capital and for the covering loss.

On 3rd December 2004, executing the previous agreements, CAD IT bought 49% of Bit Groove S.r.l. share capital for € 60 thousand. Now Bit Groove S.r.l. capital is entirely owned by CAD IT.

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.

Total assets and revenues of the non-consolidated subsidiaries represent 1.27% and 1.19% of the Group's assets and revenues, respectively.

1.2 Consolidation policies

The consolidated financial statements as at and for the year ended 31 December 2004 are prepared on the basis of the financial statements of the individual Group companies, approved by the respective directors' boards and duly reclassified and adjusted for consistency of application.

The quotaholders' equities of the fully consolidated subsidiaries used for the preparation of these consolidated financial statements at 31 December 2004, are as follows:

<i>Company name</i>	<i>Date of reference</i>	<i>Quotaholders' equity</i>	<i>Profit for the year</i>	<i>Percentage of investment</i>
Cad S.r.l.	31/12/2004	1,038,286	375,866	100.00%
Cesbe S.r.l.	31/12/2004	3,545,063	497,681	52.00%
Netbureau S.r.l.	31/12/2004	(4,588)	(41,735)	86.00%
S.G.M. S.r.l.	31/12/2004	(24,670)	(527,075)	61.60%
D.Q.S. S.r.l.	31/12/2004	503,056	475,730	55.00%
Bit Groove S.r.l.	31/12/2004	7,651	(42,236)	100.00%
Elidata S.r.l.	31/12/2004	764,464	463,211	51.00%
Smart Line S.r.l.	31/12/2004	176,071	40,071	51.05%
Datafox S.r.l.	31/12/2004	292,480	(48,359)	51.00%

The valuation of subsidiaries not consolidated on a line-by-line basis and associated companies valued using the equity method is based on the quotaholders' equities resulting from the financial statements as at and for the year ended 31 December 2004 prepared to be approved by the respective directors' or shareholders' meetings and duly adjusted to reflect application of consistent accounting policies within the Group.

Strategically relevant investments in listed companies, which are not subsidiaries or associated companies, are valued at cost.

In the preparation of consolidated financial statements the following items were eliminated:

- intercompany costs and revenues;
- intercompany receivables and payables;
- profits arising from transactions between companies included in the consolidation area and profits not yet realised in transactions with third parties.

The carrying amounts of the parent company's investments in each subsidiary are eliminated against the related quotaholders' equities as a consequence of the recognition of the subsidiaries' assets and liabilities, revenues and costs and of the related minority interest.

The difference between the subsidiaries' acquisition cost and their quotaholders' equity at the date of acquisition is allocated to the subsidiaries' asset and liability items for the portion attributable thereto. Any positive difference is included in the asset item "Goodwill arising on consolidation"; any negative difference is included under the caption "Consolidated provision for contingencies and other charges", if due to an expected negative result, or otherwise under the shareholders' equity caption "Consolidation reserve".

The mentioned consolidation difference is amortised over a period of ten years, representing its income generating potential.

Possible unrealised profit and losses arising from intercompany transactions are eliminated. Intercompany receivables, payables, revenues, costs and distributed dividends are also eliminated.

The item "Variations in consolidation area" included in the related table comprises the companies that have been consolidated for the first year or have been excluded from the full consolidation area.

2 Accounting policies

The valuation criteria adopted for drafting the consolidated 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"), whereas these costs totally effected the result of the previous year.

2.1 Fixed assets

Intangible fixed assets

They are stated at acquisition cost and amortised over their residual income generating potential, based on the provisions of point 5, article 2426 of the Italian Civil Code.

- Start up and capital costs are amortised over five years on a straight-line basis.
- Industrial patents and similar rights: They are amortised on a straight-line basis over a variable period of 3 to 5 years.
- Software licences are amortised on a straight-line basis over a variable period of 3 to 5 years.
- Trademarks and similar rights: They are amortised on a straight-line basis over 5 years.
- Goodwill: Goodwill is amortised on a straight-line basis over five years.
- Goodwill arising on consolidation is amortised on a straight-line basis over ten years, representing its estimated income-generating potential.
- Leasehold improvements are amortised over the length of the related lease contracts. Intangible assets under development consisting of software procedures under construction and meant to be used as instrumental assets for production or to produce profits by out-licensing, are accounted for in direct costs sustained due to their development.

The 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 recovered through profits that will develop later 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 to be generally useful to the business. The sums invested and the costs sustained for assets or rights that have not yet been put to use, are recorded under the heading "Assets under development and payments on account".

Tangible fixed assets

These are stated at acquisition cost including any related costs less accumulated depreciation.

This heading includes the values relating to assets purchased through a financial leasing contract. The corresponding debt is entered by the purchase from among debts towards other financiers and the appropriate amendments are carried out in accordance with IAS 17.

Depreciation rates are calculated on a straight-line basis over the expected useful economic lives of the assets. The depreciation rates applied, which are also in accordance with current tax legislation, are the following:

- industrial buildings: 3%
- electric plants: 10%
- air conditioning systems: 15%
- telephones: 20%
- alarm systems: 30%
- furniture and fittings: 12%
- electric equipment: 15%
- electronic equipment: 20%
- vehicles: 25%

Ordinary maintenance costs are fully charged to the profit and loss account in the year in which they are incurred, whereas maintenance costs of an incremental nature are attributed to the assets to which they relate and depreciated over the residual useful life of the asset.

Financial fixed assets

Investments in subsidiaries not consolidated on a line-by-line basis and associated companies not consolidated are valued using the equity method.

Significant equities in other companies are valued at cost and net of permanent value loss.

2.2 Inventory

Raw materials and supplies are valued at the lower of purchase cost, calculated on a LIFO basis, and market value.

Contract work in progress is stated at cost reasonably calculated using the contract completion method, gross of any payments on accounts and progress bills; future expenses, if any, are included in the specific provision for contingencies and other charges.

Inventories of goods and consumables are stated at the lower of purchase cost, calculated on a LIFO basis, and market value.

2.3 Receivables

Receivables are stated at their estimated realisable value represented by their nominal value less the related bad debt provision. This value is the result of an analysis of the recoverability of receivables, considering the existence of any legal or bankruptcy proceedings.

Receivables for interest in arrears are written down by an amount that is accounted for in a corresponding "Bad debt provision for interest in arrears".

2.4 Financial assets not of a fixed nature

They are stated at the lower of cost or market value at year end.

2.5 Liquid funds

Liquid funds are stated at their nominal value. Bank balances include cheques issued, bank transfers ordered and collections received and credited prior to the year end. They also include bank interest expenses and charges, even if not yet accounted for by the banks.

2.6 Accruals and deferrals

They are calculated on an accruals basis of accounting.

2.7 Payables

Payables are stated at their nominal value. Foreign currency transactions are accounted for at the spot exchange rates. Any debts in foreign currencies at the closure of the financial period are entered at the exchange rate at the time of closure and any relative profits or losses are attributed to the economic account.

Any eventual net profits from currency exchanges are set aside in special reserves and cannot be distributed until cashed.

Sums payable to taxation authorities include current taxation on the profit for the year recorded in the profit and loss account.

2.8 Provisions for contingencies and other charges

These provisions are made for losses or payables of a certain or probable existence, of which the amount or date of occurrence are uncertain at year end.

2.9 Employees' leaving entitlement

This represents the accrued payables due to employees in accordance with current Italian legislation and labour contracts relating to any types of on-going working relationship, as per article 2120 of the Civil Code.

The balance represents total entitlements due to employees at the year end, net of payments on account.

2.10 Taxation on profit for the year

Current taxes are calculated based on the taxable income of each company in accordance with current legislation.

Deferred tax assets and liabilities are also calculated on consolidation and temporary differences between the consolidated assets and liabilities and the corresponding tax-driven amounts resulting from the individual financial statements of the Group companies.

In particular, deferred tax assets are recognised only if their recoverability is reasonably certain, whereas deferred tax liabilities are not accounted for, if the related payable is not likely to arise.

Moreover, the fiscal effect concerning previous losses is entered whenever they are deemed recoverable in subsequent financial periods, corresponding to the reduction of future taxes due to the effect of lower taxation.

2.11 Recognition of revenues

Revenues are recognised on the basis of the following criteria:

- Revenues from the sale of licences are accounted for upon delivery of the product;
- Revenues from consulting and extraordinary maintenance services (for those activities which are not included in ordinary maintenance service contracts and, in any case, which absorb resources

exceeding 20 man/days) are recognised on the basis of the actual days of consulting work spent at the client's at the year end;

- Revenues arising from ordinary maintenance services related to products sold are based on the duration of the related maintenance contracts, which usually expire on 31 December each year;
- Financial income is recognised on an accruals basis;
- Dividends are accounted for in the year in which the shareholders' meetings of the respective companies approve their distribution.

2.12 Account taxes

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

3 Composition of the principal items of the consolidated balance sheet

The following table presents the reclassified consolidated balance sheet of the Group as at 31 December 2004.

Reclassified consolidated balance sheet of Cad It Group	31/12/2004	31/12/2003
Fixed assets		
Intangible fixed assets	13,451,733	10,601,258
Tangible fixed assets	12,400,935	13,140,788
Other fixed assets	6,369,682	7,089,154
Total fixed assets	32,222,350	30,831,200
Current assets		
Trade receivables, net	28,756,898	24,388,358
Closing inventory	910,134	950,106
Receivables from taxation authorities	1,021,882	266,508
Deferred tax assets	404,722	377,445
Other current assets	174,062	280,680
Accrued income and deferred expenses	249,612	206,418
Total current assets	31,517,310	26,469,515
Current liabilities		
Payments on account received	28,002	30,000
Accounts payable to creditors	2,904,985	4,254,162
Sums due to other financial institutions	349,889	338,590
Other current liabilities	6,385,891	6,209,172
Sums payable to taxation authorities	5,617,954	1,328,737
Accrued expenses and deferred income	402,928	414,813
Total current liabilities	15,689,649	12,575,474
Operating capital, net	15,942,661	13,894,041
Employees' leaving entitlement	5,781,159	4,769,385
Invested capital, net	42,268,852	39,955,856
Shareholders' equity and liabilities		
Total shareholders' equity of the Group	50,935,772	51,228,895
Minority interest	2,540,958	2,679,642
Medium/long-term payables due to banks		
Provisions for contingencies and other charges	189,935	174,738
Short-term net indebtedness/(financial position)	(11,397,813)	(14,127,419)
Invested capital, net	42,268,852	39,955,856

3.1 Fixed assets

Intangible fixed assets

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

Intangible fixed assets	31/12/2004	31/12/2003
Start-up and capital costs	7,928	881,488
Industrial patents and similar rights	4,917	
Licences, trademarks and similar rights	520,240	886,032
Goodwill	13,015	16,268
Goodwill arising on consolidation	7,064,645	8,047,873
Assets under development and payments on account	5,155,609	
Other intangible fixed assets	685,379	769,597
Total intangible fixed assets	13,451,733	10,601,258

At 31.12.2004, installation and expansion costs, mainly deriving from costs sustained in the 2000 financial period by the Parent company to create activities forecast for the entry of CAD IT S.p.A. ordinary shares onto the New Market, were more or less paid off. In accordance with the national accounting standard no. 24, the installation and expansion costs were capitalised since they were considered productive for future profit generated by an improvement in the company's financial situation and the chance to benefit, from the financial period at 31.12.2001, from lower income tax for the legally nominated persons of newly market-quoted companies and by development opportunities linked to becoming more known due to being part of a stock market.

The caption "Licences, trademarks and similar rights" principally includes the Dynasty software used by the Group for "object-oriented programming activities".

"Goodwill arising on consolidation" is amortised on a straight-line basis over ten years, representing its estimated income-generating potential. This item was generated with the acquisitions made by the company.

In the balance closed at 31.12.2004, 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 on said products.

These costs are entered on the credit side on the basis of the directly sustained cost of €4.135 million. During the financial period, 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 would have been less than Euro 4.135 million before the theoretical fiscal effect, the same as the development costs capitalised over the year.

As regards the capitalisation, the company has financed costs for instrumental software to the amount of Euro 1.021 million.

The caption "Other intangible fixed assets" principally comprises leasehold improvements carried out by the subsidiaries and the parent company.

Amortisation for the period of "Intangible fixed assets" is equal to € 2,760,631 (2003: € 2,768,891), of which € 1,244,069 relates to goodwill arising on consolidation (2003: € 1,210,647), € 884,836 to start-up and capital costs (2003: € 882,201), € 4,917 to industrial patents and similar rights (2003: € 16,012), € 529,635 to licences (2003: 546,331), € 3,254 to goodwill (2003: € 3,254), and € 93,921 to other intangible fixed assets (2003: € 110,446).

In 2004, "Intangible fixed assets" varied as follows:

<i>Intangible fixed assets</i>	<i>Start-up and capital costs</i>	<i>Research and Development</i>	<i>Industrial patents and similar rights</i>	<i>Licences, trademarks and similar rights</i>	<i>Goodwill</i>	<i>Assets under development and payments on account</i>	<i>Goodwill arising on consolidation</i>	<i>Other</i>	<i>Total</i>
Purchase or production cost	4,419,669		38,479	2,768,224	32,537		12,107,689	1,254,788	20,621,386
Previous years revaluations									
Previous years amortisation and write-downs	(3,538,180)		(38,479)	(1,882,191)	(16,268)		(4,059,816)	(485,191)	(10,020,126)
Adjustments to previous years write-downs									
<i>Opening value</i>	<i>881,488</i>			<i>886,032</i>	<i>16,268</i>		<i>8,047,873</i>	<i>769,597</i>	<i>10,601,260</i>
Variations in consolidation area	8,045		9,834	1,314			168,049	6,107	193,349
Purchases	4,021			162,528		5,155,609	92,791	3,595	5,418,544
Transfers									
Reduction in accumulated amortisation due to disposals									
Disposals									
Revaluations for the year									
Amortisation and write-downs for the year	(884,836)		(4,917)	(529,635)	(3,254)		(1,244,069)	(93,921)	(2,760,631)
Adjustments to write-downs for the year	(791)								(791)
<i>Total intangible fixed assets</i>	<i>7,928</i>		<i>4,917</i>	<i>520,240</i>	<i>13,015</i>	<i>5,155,609</i>	<i>7,064,645</i>	<i>685,379</i>	<i>13,451,733</i>

Tangible fixed assets

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

Tangible fixed assets	31/12/2004	31/12/2003
Land and buildings	10,765,009	11,214,433
Plant and machinery	151,986	176,843
Industrial and commercial equipment	160	191
Other assets	1,483,780	1,749,321
Assets under construction and payments on account		0
Total tangible fixed assets	12,400,935	13,140,788

In the 2004 financial period, a building that was already undergoing re-evaluation in accordance with Law 342/2000, was estranged.

The heading "land and buildings" includes the value of Euro 353 thousand relating to a building used for offices and purchased through a financial leasing contract drawn up in 2002. The corresponding

debt for this purchase is entered under the heading “debts towards other financiers” and the appropriate amendments are carried out in accordance with IAS 17

In 2004, the item *Tangible fixed assets* varied as follows:

<i>Tangible fixed assets</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Other tangible fixed assets</i>	<i>Assets under construction</i>	<i>Total</i>
Purchase or production cost	11,674,409	451,309	662	4,880,855		17,007,235
Previous years revaluations	120,837					120,837
Previous years depreciation and write-downs	(580,813)	(274,465)	(471)	(3,129,823)		(3,985,573)
Adjustments to previous years write-downs				(1,711)		(1,711)
<i>Opening value</i>	<i>11,214,433</i>	<i>176,843</i>	<i>191</i>	<i>1,749,321</i>		<i>13,140,788</i>
Variations in consolidation area		9,448		35,964		45,412
Purchases		21,364	524	222,652		244,540
Transfers						
Reduction in accumulated depreciation due to disposals	218,378			105,612		323,991
Disposals	(318,801)			(118,562)		(437,362)
Revaluations for the year						
Depreciation and write-downs for the year	(349,002)	(55,669)	(555)	(510,965)		(916,191)
Adjustments to write-downs for the year				(243)		(243)
<i>Total tangible fixed assets</i>	<i>10,765,009</i>	<i>151,986</i>	<i>160</i>	<i>1,483,780</i>		<i>12,400,935</i>
<i>(of which revaluations)</i>						

Gross values including related depreciation can be broken down as follows:

<i>Tangible fixed assets</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Other tangible fixed assets</i>	<i>Assets under construction</i>	<i>Total</i>
Gross value	11,795,246	451,309	662	4,880,855		17,128,072
Accumulated depreciation	(580,813)	(274,465)	(471)	(3,131,534)		(3,987,284)
<i>Net value at 31/12/2003</i>	<i>11,214,433</i>	<i>176,843</i>	<i>191</i>	<i>1,749,321</i>		<i>13,140,788</i>
Gross value	11,476,446	482,121	1,186	5,020,910		16,980,662
Accumulated depreciation	(711,437)	(330,134)	(1,026)	(3,537,130)		(4,579,727)
<i>Net value at 31/12/2004</i>	<i>10,765,009</i>	<i>151,986</i>	<i>160</i>	<i>1,483,779</i>		<i>12,400,935</i>

Other fixed assets

Financial fixed assets are represented by investments in subsidiaries companies not consolidated on a line-by-line basis and associated companies valued using the equity method, other investments valued

at cost net of permanent losses, receivables for leaving entitlements paid on account to employees (ex Law No. 123/96) and other receivables due after one year.

Financial fixed assets	31/12/2004	31/12/2003
Investments in subsidiary companies valued using the equity method.		
Syrm S.r.l.		20,386
4 Emme Informatica S.r.l.		95,332
Nestegg S.r.l.	5,528	5,528
Archit S.r.l.	49,626	126,199
Tecsit S.r.l.	59,397	51,669
Total investments in subsidiaries not consolidated on a line-by-line basis	114,551	299,113
Investments in associated companies:		
Datafox S.r.l. (now subsidiary)		287,511
Bookingvision S.r.l.	19,818	
Sicom S.r.l.	148,392	157,725
Total investments in associated companies	168,210	445,236
Other investments:		
DQS' investment in Finiter (Finance for enterprises)	26	26
CAD's investment in the Consortium CF-PRO	26	26
Class Editori S.p.A.	5,977,068	5,977,068
CIA S.p.A.	44,953	44,953
Total other investments	6,022,073	6,022,073
Tax credits for payments on account on employees' leaving entitlement	9,356	21,808
Other receivables due after one year	55,492	50,924
Total receivables due after one year	64,848	72,732
Other securities		250,000
		250,000
Total financial fixed assets	6,369,682	7,089,154

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

<i>Company name</i>	<i>Date of reference</i>	<i>Quotaholders' equity including profit for the year</i>	<i>Profit for the year</i>	<i>Percentage of investment</i>	<i>Investment value</i>	<i>Percentage of investment of the Group</i>	<i>Investment value of the Group</i>
Tecsit S.r.l.	31/12/2004	84,853	2,294	70.00%	59,397	38.50%	32,669
Arch It S.r.l.	31/12/2004	70,894	13,325	70.00%	49,626	38.50%	27,294
Nestegg S.r.l.	31/12/2004	12,086		55.00%	6,647	33.88%	4,095

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

<i>Company name</i>	<i>Date of reference</i>	<i>Quotaholders' equity including profit for the year</i>	<i>Profit for the year</i>	<i>Percentage of investment</i>	<i>Investment value</i>	<i>Percentage of investment of the Group</i>	<i>Investment value of the Group</i>
Bookingvision S.r.l.	31/12/2003	51,829	0	21.78%	11,288	11.11%	5,758
Sicom S.r.l.	31/12/2004	593,566	342,266	25.00%	148,392	25.00%	148,392

3.2 Current assets

Trade receivables, net

Trade receivables are composed as follows:

Trade receivables, net	31/12/2004	31/12/2003
Associated companies	25,215	
Subsidiaries valued using the equity method	175,000	170,411
Trade receivables	29,046,931	25,005,046
Bad debt provision	(490,249)	(787,099)
Total trade receivables	28,756,897	24,388,358
Average debtor days	169	154
Coverage of bad debt provision	1.69%	3.14%

Trade receivables principally comprise receivables from customers of the banking division. The increase shown at the closure of the 2004 financial period in respect of 31.12.2003, can be mainly attributed to an extension in income conditions together with a greater volume of profits made in the last quarter of the year compared to the previous quarters.

As indicated above, the Group accounts for receivables at their estimated realisable value. This valuation is performed analytically for overdue and to be due receivables with ageing exceeding average debtor days and on a lump sum basis for the other receivables considering the historically limited incidence of the Group's losses on sales by year of invoicing.

The peculiar type of customers (principally banks and bank-related companies) reduced significantly the materiality of credit losses over time. The decrease in the fund derives from the Euro 100,585 increase into reserves, from the reduction due to the creation of contingent assets on depreciated credits for Euro 197,148, the use of the fund for credit depreciation deriving from interest on non-collectable arrears for Euro 164,040 and expenses to the amount of Euro 36,247.

Closing inventory

The caption "Inventory" includes contract work in progress, consumables and supplies, and finished goods.

It may be broken down as follows:

Closing inventory	31/12/2004	31/12/2003
Raw materials, consumables and supplies		
Contract work in progress	435,000	480,000
Finished goods	475,134	470,106
Payments on account		
Total closing inventory	910,134	950,106

Receivables from taxation authorities

Tax credits are mainly made up of overbalances in the tax accounts compared to the taxes determined by business.

Deferred tax assets

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

Other current assets

The heading "other current activities" is made up of the following credits:

Other current assets	31/12/2004	31/12/2003
Credits towards suppliers due to pre-payments	74,731	143,688
Credits towards welfare institutions	15,469	14,459
Credits due to pre-paid transfer fees	10,297	12,811
Credits for short-term deposits	8,394	4,606
Various credits	65,171	105,116
Total other current assets	174,062	280,680

Accrued income and deferred expenses

The caption principally relates to prepaid software assistance services, advertising and insurance costs, administrative services, use of third party assets and other minor costs related to the subsequent period.

Description	31/12/2004	31/12/2003
Software assistance	51,000	48,028
Office management expenses	709	0
Advertising costs	50,241	43,152
Telephone charges	34,581	8,061
Administrative services	30,499	24,974
Use of third party assets	37,223	34,490
Insurances	26,481	29,633
Hardware assistance	5,902	4,083
Maintenance of plants	2,929	5,798
Membership fees	1,944	1,850
Other	7,071	5,274
Total deferred expenses	248,579	205,343
Accrued income	1,033	1,075
Total	249,612	206,418

3.3 Current liabilities

Payments on account received

The balance of € 28,002 (2003: € 30,000) comprises payments on account received upon stipulation of service or goods supply contracts not yet executed.

Trade accounts payable to creditors

The item varied as follows:

Trade accounts payable to creditors	31/12/2004	31/12/2003
Accounts payable to creditors	2,833,906	4,115,091
Amounts payable to subsidiaries valued using the equity method	71,079	108,064
Amounts payable to associated companies		31,007
Total accounts payable to creditors	2,904,985	4,254,162
Average creditor days	76	100

The residual amount relates to accounts payable for the ordinary supply of services and goods.

3.3.1 Other current liabilities

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

	31/12/2004	31/12/2003
Other current liabilities		
Social security charges payable	2.288.223	1.951.993
Other sums payable	4.097.668	4.257.179
Other current liabilities	6.385.891	6.209.172

Social security charges payable comprise current payables 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.

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

	31/12/2004	31/12/2003
Other sums payable		
Directors' emoluments	55,756	65,292
Dividends to be distributed to shareholders (third parties)	242,025	181,306
Wages and salaries	1,090,603	996,874
Production bonuses due to employees	326,319	339,130
Accrued holidays due to employees	1,669,798	1,512,232
Thirteenth month salary		
Fourteenth month salary	653,710	628,005
Purchase of investments		387,343
Other	59,457	146,999
Total other sums payable	4,097,668	4,257,180

Sums payable to taxation authorities

The caption "Sums payable to taxation authorities" represents the aggregate tax. They comprise income taxes, VAT tax and withholding agent activities carried out by the individual companies on behalf of their employees and consultants.

At the date of preparation of these financial statements at 31 December 2004, the company does not have any assessments by or litigations with the Tax Authorities.

With respect to the parent company and the principal fully consolidated companies, the last year closed to inspection for direct and VAT tax purposes is 1999.

Accrued expenses and deferred income

The item principally relates to deferred income from annual ordinary maintenance contracts on licences that do not expire at 31 December as the financial year.

3.4 *Employees' leaving entitlement*

The item varied depending on the annual accruals made on the basis of the wages and salaries of the Cad Group's employees and the utilisation for resignations and advances.

It varied as follows:

Employees' leaving entitlement	31/12/2004	31/12/2003
Balance at 1 January	4,769,385	4,009,989
Variations in consolidation area	28,251	
Accruals	1,501,048	1,380,747
Utilisation	(517,525)	(621,351)
Closing balance	5,781,159	4,769,385

The average workforce of the Group in the year of reference is as follows:

<i>Category of Employees</i>	<i>Average number in 2004</i>	<i>Average number in 2003</i>	<i>Variations</i>
Management	16	15	1
White-collars and cadres	630	609	21
Blue-collars	1	1	
Apprentices	5	3	2
Total	652	628	24

At 31 December 2004, the number of employees of the fully consolidated companies was as follows:

<i>Category of Employees</i>	<i>31/12/2004</i>	<i>31/12/2003</i>	<i>Variations</i>	<i>of which due to variations in the consolidation area</i>
Management	16	15	1	
White-collars and cadres	631	614	17	9
Blue-collars	1	1		
Apprentices	6	5	1	
Total	654	635	19	9

3.5 Shareholders' equity and liabilities

Shareholders' equity of the Group

The following table shows the adjustments made to the parent company's shareholders' equity and net profit for the year as an effect of the consolidation policies applied for the preparation of the 2004 consolidated financial statements.

<i>Consolidation reconciliation schedule at 31 December 2004</i>	<i>2004</i>		<i>2003</i>	
	<i>Shareholders' equity</i>	<i>Net profit for the year</i>	<i>Shareholders' equity</i>	<i>Net profit for the year</i>
<i>Shareholders' equity and net profit for the year of the parent company</i>	54,199,315	3,940,510	52,952,805	3,148,277
Elimination of the carrying values of consolidated investments				
- Difference between carrying value and pro-quota value of shareholders' equity	(11,440,750)		(11,778,189)	
- Effects on reserves				
- Profit of subsidiary/associated companies on a pro-quota basis	941,294	941,294	1,825,531	1,825,531
- Goodwill arising on consolidation	7,064,645	(1,244,069)	8,047,873	(1,210,647)
- Consolidation reserves				
- Elimination of intercompany dividends		(1,163,753)		(2,111,012)
- Other effects on the profit and loss account	5,355	5,355		(18,891)
Valuation of investments in associated companies using the equity method	165,913	(78,460)	180,873	207,280
<i>Total consolidated shareholders' equity</i>	50,935,772	2,400,877	51,228,895	1,840,539

The current share capital of the parent company, equal to € 4,669,600, comprises 8,980,000 ordinary shares with the nominal value of € 0.52 each.

The following table presents the variations in the Group's shareholders' equity.

<i>Variations in shareholders' equity of the Group</i>	<i>Share capital</i>	<i>Reserves</i>	<i>Net profit for the year</i>	<i>Shareholders' equity of the Group</i>
<i>31 December 2002</i>	4,669,600	70,708,261	2,566,895	77,944,756
Increase/(Decrease) in reserves		(26,940,000)		(26,940,000)
Increase in revaluation reserves				
Allocation of net profit for the year to reserves		2,566,895	(2,566,895)	
Distribution of dividends - parent company		(1,616,400)		(1,616,400)
Effects on consolidation reserves				
Capital injections				
Profit for the year			1,840,539	1,840,539
<i>Total at year end</i>	4,669,600	44,718,756	1,840,539	51,228,895

<i>Variations in shareholders' equity of the Group</i>	<i>Share capital</i>	<i>Reserves</i>	<i>Net profit for the year</i>	<i>Shareholders' equity of the Group</i>
<i>31 December 2003</i>	4,669,600	44,718,756	1,840,539	51,228,895
Increase/(Decrease) in reserves				
Increase in revaluation reserves				
Allocation of net profit for the year to reserves		1,840,539	(1,840,539)	
Distribution of dividends - parent company		(2,694,000)		(2,694,000)
Effects on consolidation reserves				
Capital injections				
Profit for the year			2,400,877	2,400,877
Total at year end	4,669,600	43,865,295	2,400,877	50,935,772

Minority interest

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

Minority interest	31/12/2004	31/12/2003
Minority quotaholders of Cesbe S.r.l.	1,701,629	1,703,703
Minority quotaholders of Datafox S.r.l.	143,315	
Minority quotaholders of NetBureau S.r.l.	(642)	14,859
Minority quotaholders of SGM S.r.l.	(10,011)	26,241
Minority quotaholders of DQS S.r.l.	236,061	362,452
Minority quotaholders of Bit Groove S.r.l.		24,445
Minority quotaholders of Elidata S.r.l.	384,420	348,654
Minority quotaholders of Smart Line S.r.l.	86,186	199,289
Total minority interests	2,540,958	2,679,642

Medium to long-term payables due to banks

There are no medium to long-term payables due to banks, long-term payables due to banks, except for the debt entered in relation to the on-going financial leasing transaction by Elidata S.r.l. for the purchase of a building.

Provisions for contingencies and other charges

The item comprises pension and similar costs for € 159,350 (2003: € 143,913), deferred taxation for € 5,439 (2003: € 143,913) and other non-material items for € 25,146 (2003: € 25,386).

Short-term net indebtedness/(financial position)

Reference should be made to paragraph 5.4 for an analysis of the net short-term financial position.

4 Consolidated profit and loss account for the year ended 31 December 2004

The following table shows the reclassified consolidated profit and loss account of the Group for the year ended 31 December 2004.

	31/12/2004	%	31/12/2003	%
Turnover - goods and services	49,439,600	90.46%	53,996,086	98.83%
Variations in contract work in progress	(45,000)	(0.08%)	480,000	0.88%
Increase in internal work capitalised under fixed assets	5,155,609	9.43%	-	
Other revenues and income	102,809	0.19%	159,712	0.29%
Production revenues	54,653,018	100.00%	54,635,798	100.00%
Raw materials, consumables and supplies	(1,512,323)	(2.77%)	(1,058,836)	(1.94%)
Services	(9,132,864)	(16.71%)	(11,812,135)	(21.62%)
Other operating costs	(913,291)	(1.67%)	(883,042)	(1.62%)
Added value	43,094,540	78.85%	40,881,785	74.83%
Personnel expenses	(29,491,887)	(53.96%)	(28,167,646)	(51.56%)
Other administrative expenses	(2,584,210)	(4.73%)	(2,829,086)	(5.18%)
Gross operating result (EBITDA)	11,018,443	20.16%	9,885,053	18.09%
Charge to the provision for bad debts	(100,585)	(0.18%)	(258,703)	(0.47%)
Amortisation and depreciation	(3,676,821)	(6.73%)	(3,781,534)	(6.92%)
Other provisions	(4,996)	0.01%	(31,929)	0.06%
Operating profit (EBIT)	7,236,041	13.24%	5,812,887	10.64%
Financial income and charges, net	341,446	0.62%	605,944	1.11%
Profit from ordinary activities	7,577,487	13.86%	6,418,831	11.75%
Revaluations and write-downs	88,900	0.16%	170,144	0.31%
Extraordinary income and expenses	(512,463)	(0.94%)	227,684	0.42%
Profit (loss) before taxation	7,153,924	13.09%	6,816,659	12.48%
Taxation on profit for the year	(4,310,607)	(7.89%)	(3,571,998)	(6.54%)
Profit before minority interest	2,843,317	5.20%	3,244,661	5.94%
(Net profit) / loss for the year pertaining to minority interest	(442,440)	(0.81%)	(1,404,122)	(2.57%)
Net profit / (loss) for the year	2,400,877	4.39%	1,840,539	3.37%

4.1 *Variations in production revenues*

The Group's activities and results may be classified in two principal areas:

- the banking division
- the industrial division

The banking division comprises the following five main sectors:

- (I) "Financial instruments back office";
- (II) "Software for banking services";
- (III) "SIBAC - integrated banking information systems";
- (IV) "Training and organisation";
- (V) "New technologies".

The following table breaks down production revenues by such business areas:

<i>Turnover - goods and services</i>	2004		2003	
Financial instruments B.O.	36.596.383	74,02%	38.865.001	74,39%
Banking services software	6.388.503	12,92%	7.335.481	11,81%
Integrated IT systems	4.113	0,01%	565.018	1,36%
Training and organisation consultancy	1.041.155	2,11%	1.063.888	2,02%
New technologies	1.553.972	3,14%	2.052.153	3,44%
Total banking division	45.584.126	92,20%	49.881.541	91,92%
Hardware and software for industrial companies	3.556.264	7,19%	3.383.982	5,76%
Consulting, training and industrial services	299.210	0,61%	730.563	1,21%
Total industrial division	3.855.474	7,80%	4.114.545	8,08%
Total turnover - goods and services	49.439.600	100,0%	53.996.086	100,0%

This table evidences the following matters:

- total 2003 turnover of Cad It Group declined due to an overall slowdown in investments of the banking sector, which affected both the Italian and the international markets.

- The banking division represents 92.20% of total turnover. The Group activities in fact, are mainly focused on the production of the "Finance Area" banking software, which allows the management of back office activities related to the brokerage of Italian and foreign financial instruments for the own and third party portfolios of the banks.

A breakdown by geographic area is not significant, as the company principally operates in the Italian market, particularly the North-East, where the major banking customers of the Group are located.

4.2 Variation in production costs

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

Cost components	31/12/2004	%	31/12/2003	%
Hardware	904,080	1.91%	576,511	1.18%
Software	420,000	0.89%	427,120	0.87%
Other additions	193,271	0.41%	201,758	0.41%
Variations in raw materials	(5,028)	(0.01%)	(146,553)	(0.30%)
Total raw materials	1,512,323	3.19%	1,058,836	2.17%
External consultants	5,391,889	11.37%	7,770,094	15.91%
Reimbursements of out-of-pocket and travel expenses	1,465,080	3.09%	1,831,326	3.75%
Other	2,275,895	4.80%	2,472,150	5.06%
Total service costs	9,132,864	19.26%	12,073,570	24.72%
Wages and salaries	21,275,802	44.87%	20,474,109	41.94%
Social security contributions	6,623,147	13.97%	6,247,118	12.80%
Employees' leaving entitlement	1,501,048	3.17%	1,380,747	2.83%
Other	91,890	0.19%	65,672	0.13%
Total personnel expenses	29,491,887	62.20%	28,167,646	57.69%
Emoluments to directors and legal representatives	1,759,722	3.71%	1,705,015	3.49%
Telephone charges	463,536	0.98%	541,516	1.11%
Commissions and advertising costs	360,952	0.76%	321,120	0.66%
Total other administrative expenses	2,584,210	5.45%	2,567,651	5.26%
Amortisation and depreciation	3,676,821	7.75%	3,781,534	7.75%
Accruals	105,581	0.22%	290,632	0.60%
Use of third party assets	686,378	1.45%	674,168	1.38%
Other operating costs	226,913	0.48%	208,874	0.43%
Total other costs	4,695,693	9.90%	4,955,208	10.15%
Total production cost	47,416,977	100.0%	48,822,911	100.0%

In respect to the figures above, the following considerations are made:

- The cost of raw materials and consumables is not significant due to the type of activity of the Group and the limited impact of sales of hardware and finished software.
- Service cost items represent 19.26% of total production cost and 16.71% of production revenues. They principally comprise the costs incurred by the Group for occasional or on-going technical consultancy services. The use of external consultants is principally due to the Group policy of maintaining a structural flexibility of costs. The item "Services" principally comprises expert consultancy costs, which represent 11.37% of production cost. Such experts are frequently involved for the development and implementation of the Group's products.
- The most significant resource of the Group is represented by its personnel (managers, programmers, system administrators, application developers, administrative clerks and other), who represent 62.20% of total production cost and 53.96% of production revenues. Total personnel expenses increased by 4.7% on the previous year, both for the increase in average number of employees of 24 units, both for contractual increases and incentive awards.
- The item "Emoluments to directors and legal representatives" includes the 2004 emoluments pertaining to the parent company's directors, which remained unchanged compared to the previous year and may be broken down as follows:

Directors	Role	Cad IT S.p.A.	Subsidiaries
Dal Cortivo Giuseppe	Chairman and Managing Director	123,000	92,962
Zanella Luigi	Managing Director	123,000	119,818
Magnani Giampietro	Managing Director	123,000	93,015
Rizzoli Maurizio	Director (*)	89,711	19,660
Dal Cortivo Paolo	Managing Director	11,000	2,593
Rossi Francesco	Non-Executive Director	10,500	
Lambertini Lamberto	Non-Executive Director	10,500	
Miazzi Alberto	Non-Executive Director	11,220	
<i>(*) Managing Director till 13-09-2004</i>		501,931	328,048

Total emoluments paid to the directors and legal representatives of the consolidated companies amount to € 1,653,970 (2003: € 1628,325).

4.3 *Financial income and charges*

The Group's financial income and charges, including adjustments to financial asset values, varied as follows:

	31/12/2004	31/12/2003
Total financial income	443,964	715,267
Revaluation of investments valued using the equity method	102,622	227,496
Write-downs of investments valued using the equity method	(13,722)	(57,352)
Financial charges	(102,518)	(109,323)
Total financial income and charges	430,346	776,088

The result of the financial management, although less than the previous year due to the fall-off in remuneration taxes and the net financial availability, is still positive in 2004.

4.4 *Extraordinary income*

The balance of extraordinary income amounted to € 512,463 in 2004 (2003: € 227,684).

The most important components of the extraordinary income for an overall Euro 288,009, consist of overbalances, due to credit depreciation in the previous financial periods to the sum of Euro 194,471 and the remainder for minor costs and taxes in the previous financial periods. The extraordinary fees for a total of Euro 800,472 refer to disownment of fiscal benefits to the amount of Euro 467,301 following changes in the law, reduced definition of incomes in previous periods to the amount of Euro 242,258 (L. 289/2002) and the difference in profit amendments for the previous periods and other less important reasons.

4.5 *Ratio of taxation to gross profit*

The consolidated financial statements at 31 December 2004 record an average tax charge of 60.26% compared to 52.40% in the previous year.

The significant tax burden is principally due to the amortisation of goodwill arising on consolidation of € 1,244,069, which determines higher taxable bases compared to the profit before taxation. Net of these charges, taxation would represent 51.33 % of profit before taxation (2003: 44.50%).

4.6 *Ratio of gross operating result, operating profit and profit from ordinary activities to production revenues*

The ratio of gross operating result (EBITDA) to production revenues is equal to 20.16 % (prior year: 18.09 %).

This result reflects the prudent approach of customers, who preferred to further delay their necessary investments to upgrade their software programs.

Operating profit (EBIT) amounts to € 7,236,041 and represents 13.24% of production revenues (prior year: 10.64%). The increase in this result is determined by the reduction in service costs and amortization.

As already stated, the accounting for amortization includes the positive consolidation differences of Euro 1,224,069. Excluding these costs, the operational result would be 15.52% of production revenues.

Even though it is affected by the reduction in the net financial position and the yield of liquidity, ordinary operating profit still remains very positive at € 7,557,487, equal to 13.86% of production revenues.

5 Performance of the Group

5.1 The Group's financial balance

At 31 December 2004, the Group recorded a significant contribution margin from shareholders' equity of € 50,935,772, compared to CAPITALE INVESTITO NETTO of € 42,268,852.

5.2 Net assets forming part of working capital

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

Variations in net assets forming part of working capital	31/12/2004	31/12/2003
Trade receivables, net	28,756,897	24,388,358
Trade accounts payable to creditors	(2,904,985)	(4,254,162)
Payments on account received	(28,002)	(30,000)
Total net assets forming part of working capital	25,823,910	20,104,196
Closing inventory	910,134	950,106
Receivables from taxation authorities	1,021,882	-
Deferred tax assets	404,722	-
Other current assets	174,062	924,633
Accrued income and deferred expenses	249,612	206,418
Sums payable to taxation authorities	(5,617,954)	(1,328,737)
Sums due to other financial institutions	(349,889)	(338,590)
Other current liabilities	(6,385,891)	(6,209,172)
Accrued expenses and deferred income	(402,928)	(414,813)
Total working capital, net	15,827,661	13,894,041

Given the labour intensive nature of the Group's activities, the netting of trade receivables and payables of the same nature is negative compared to other companies where raw material costs, payable in more extendable terms, have a more significant impact on production revenues than personnel expenses.

5.3 *Variations in cash flows*

The following table shows the principal components of CAD IT cash flows for the year of reference:

	2004	2003
Cash flows from/for operating activities (A)	5,171,049	12,454,577
Cash flows for investing activities (B)	(5,067,971)	(1,670,037)
Cash flows from/for financing activities (C)	(2,832,684)	(28,133,028)
Variation in liquid funds (A+B+C)	(2,729,606)	(17,348,488)

The reduction in liquid funds of € 2,729,606 was principally affected by the payment of dividends of € 2,694,000.

5.4 *Net financial position*

The following table shows the variations in net financial position.

Variation in net financial position/(indebtedness)	2004	2003
Cash-on-hand and at bank	6,080,666	9,428,430
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	(541,471)	(726,310)
Net short-term financial position/(indebtedness)	11,397,813	14,127,419
Long-term loans net of short-term portion	-	-
Net long-term financial position/(indebtedness)	-	-
Net financial position / (indebtedness)	11,397,813	14,127,419

This table shows a positive financial position of € 11,397,813 at 31 December 2004, principally comprising liquid funds, bank balances and lending available at a notice not exceeding 30 days.

Yields are generally in line with the net yields of government securities.

6 Consolidated cash flows statement of Cad It Group at 31 December 2004

The following table shows the consolidated cash flows of the Group at 31 December 2004

<i>Cash flows statement of Cad It Group</i>	<i>2004</i>	<i>2003</i>
<u>OPERATING ACTIVITIES</u>		
Net profit (loss) for the year	2,400,877	1,840,539
Amortisation and depreciation:		
- tangible fixed assets	916,190	1,012,643
- intangible fixed assets	1,516,562	1,558,244
- goodwill arising on consolidation	1,244,069	1,210,647
Accruals:		
- for employees' leaving entitlement	1,501,048	1,380,747
- other provisions	4,996	31,929
Increase/(Decrease) in provisions for contingencies and other charges	10,201	46,309
Sub-total	7,593,943	7,081,058
Utilisation of employees' leaving entitlement	(489,274)	(621,351)
(Increase)/Decrease in receivables included under assets forming part of working capital	(5,044,573)	7,030,148
(Increase)/Decrease in inventory	39,972	(626,553)
(Increase)/Decrease in accrued income and deferred expenses	(43,194)	(22,330)
Increase/(Decrease) in accounts due to creditors	(1,283,183)	(149,603)
Increase/(Decrease) in accrued expenses and deferred income	(11,885)	295,960
Increase/(Decrease) in sums due to other financial institutions	11,299	(17,132)
Increase/(Decrease) in other non-financial payables	4,397,944	(515,620)
Sub-total	(2,422,894)	5,373,519
(A) - Cash flows from (for) operating activities	5,171,049	12,454,577
<u>INVESTING ACTIVITIES</u>		
(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	184,562	(184,335)
(Increase)/Decrease in intangible fixed assets	(5,611,106)	(937,264)
(Increase)/Decrease in tangible fixed assets	(176,337)	(417,244)
(Increase)/Decrease in other fixed assets	7,884	(4,281)
Acquisition of investments in non-consolidated subsidiaries		
(Increase)/Decrease in investments in associated companies	277,026	123,087
(Increase)/Decrease in other investments and securities	250,000	(250,000)
(B) - Cash flows from (for) investing activities	(5,067,971)	(1,670,037)
<u>FINANCING ACTIVITIES</u>		
Increase/(Decrease) in financial payables		
Increase/(Decrease) in reserves	-	(26,940,000)
Effects on consolidation reserves	-	
Minority interest	(138,684)	423,372
Distribution of dividends	(2,694,000)	(1,616,400)
Capital injections		
(C) - Cash flows from (for) financing activities	(2,832,684)	(28,133,028)
(A+B+C) - Total cash flows	(2,729,606)	(17,348,488)
Opening liquid funds	14,127,419	31,475,907
Closing liquid funds	11,397,813	14,127,419

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 on the consolidated financial statements.

On behalf of the Board of Directors

The Chairman

(Signed on the original)

(Giuseppe Dal Cortivo)

Annexes to the notes

List of subsidiary companies

The following table shows CAD IT S.p.A.' direct and indirect investments in non-listed joint stock companies and limited liability companies exceeding 10% of the respective shares/quotas with voting rights at 31 December 2004.

All the investments below are owned by the company, and the percentage of shares or quotas held corresponds exactly to the percentage of voting rights.

Companies consolidated using the full consolidation method

<i>Company name</i>	<i>Registered office</i>		<i>Quota capital</i>	<i>Percentage of investment</i>	<i>Percentage held by the Group</i>
Cad S.r.l.	Verona	Via Torricelli 37	130,000	100.00%	100.00%
Cesbe S.r.l.	Verona	Via Torricelli 37	10,400	52.00%	52.00%
Netbureau S.r.l.	Milano	Via Morigi 13	50,000	86.00%	86.00%
S.G.M. S.r.l.	Padova	Galleria Spagna 28	223,309	61.60%	61.60%
D.Q.S. S.r.l.	Roma	Via Silvio D'Amico 40	11,000	55.00%	55.00%
Bit Groove S.r.l.	Agliana (PT)	Piazza IV Novembre 8	15,500	100.00%	100.00%
Elidata S.r.l.	Castiglione D'Adda (LO)	Via Sanadolo 19	20,000	51.00%	51.00%
Smart Line S.r.l.	Avellino	Via Tagliamento 165	102,700	51.05%	51.05%
Datafox S.r.l.	Firenze	Via Circondaria, 56/3	99,999	51.00%	51.00%

COMPANIES VALUED USING THE EQUITY METHOD

<i>Company name</i>	<i>Registered office</i>		<i>Quota capital</i>	<i>Percentage of investment</i>	<i>Percentage held by the Group</i>
(1) Tecsit S.r.l.	Roma	Via Silvio D'Amico 40	75,000	70.00%	38.50%
(2) Arch it S.r.l.	Roma	Via Silvio D'Amico 40	50,000	70.00%	38.50%
(3) Nestegg S.r.l.	Milano	Piazza Borromeo 10	25,000	55.00%	33.88%
(4) Bookingvision S.r.l.	Firenze	Via Circondaria, 56/3	111,235	21.78%	11.11%
Sicom S.r.l.	Viadana (MN)	Via Verdi 15/a	10,400	25.00%	25.00%

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

(2) held through DQS S.r.l. in liquidation from 20.12.2004

(3) held through SGM S.r.l. in liquidation from 07/05/2003

(4) held through Datafox S.r.l.

CAD IT S.p.A.

Financial statements as at and for the year ended 31 December 2004

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