

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

*Quarterly figures and
related information*
Fourth Quarter 2004

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

CONTENTS

Corporate Bodies	3
Summary schedules.....	5
<i>Consolidated profit and loss account for the period ended 31 December 2004</i>	<i>5</i>
<i>Consolidated turnover - goods and services at 31 December 2004</i>	<i>6</i>
<i>Net consolidated financial position as at 31 December 2004</i>	<i>6</i>
<i>Investments in intangible fixed assets at 31 December 2004</i>	<i>7</i>
<i>Investments in tangible fixed assets at 31 December 2004</i>	<i>7</i>
<i>Investments in financial fixed assets at 31 December 2004</i>	<i>8</i>
<i>Summary of investments - fourth quarter 2004</i>	<i>8</i>
Information on the financial schedules	9
1 Foreword.....	9
2 Information on CAD IT S.p.A.....	9
3 Activities of the Group	9
4 Consolidation area.....	9
4.1 Companies valued using the equity method	10
4.2 Other investments.....	11
5 Accounting policies	11
5.1 Recognition of revenues and costs	11
5.2 Comparison with previous periods.....	12
5.3 Annexes and notes	12
6 Performance.....	12
6.1 Results and information on the most significant components of operating profit	12
6.2 The market.....	12
6.3 Research and development.....	12
6.4 Turnover - goods and services	13
6.5 Gross operating result (EBITDA)	14
6.6 Operating profit (EBIT)	14
6.7 Financial income and charges	14
7 Net consolidated financial position.....	15
7.1 Cash flow statement	16
7.2 Shareholders' equities of the parent company and the Group.....	17
8 Investments.....	17
9 Personnel	18
10 Significant events at 31 December 2004 and expected future developments	18

Corporate Bodies

¹ BOARD OF DIRECTORS

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Managing Director

GIAMPIETRO MAGNANI
Managing Director

MAURIZIO RIZZOLI
Director

PAOLO DAL CORTIVO
Managing Director

FRANCESCO ROSSI
Non-Executive Director

LAMBERTO LAMBERTINI
Non-Executive Director

ALBERTO MIAZZI
Non-Executive Director

¹ STATUTORY AUDITORS

SONIA MAZZI
Chairwoman

GIUSEPPE CEREGHINI
Statutory Auditor

GIANNICOLA CUSUMANO
Statutory Auditor

GIAN PAOLO RANOCCHI
Substitute Statutory Auditor

CESARE BRENA
Substitute Statutory Auditor

AUDITORS KPMG S.p.A.

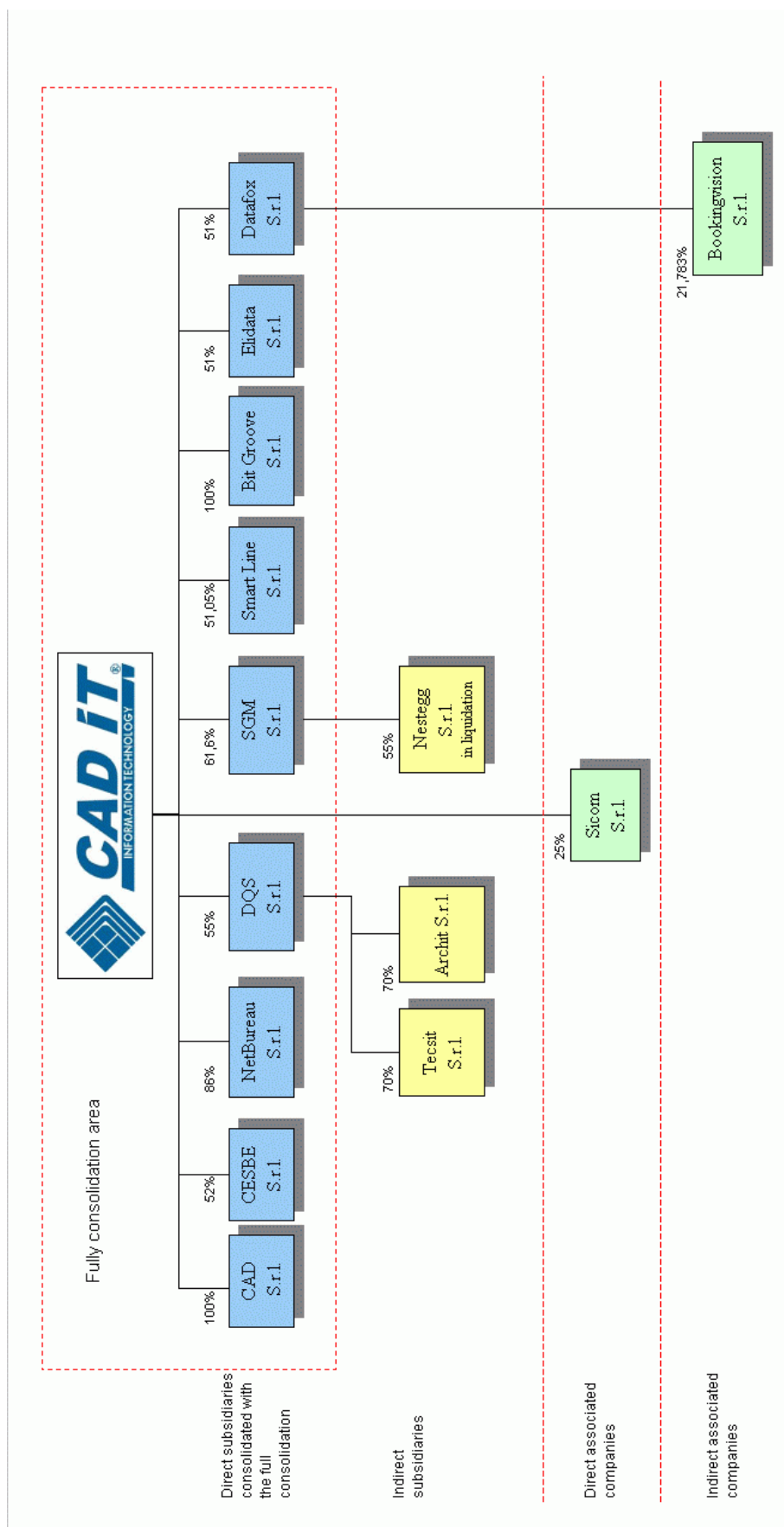
⁽¹⁾ Appointed on 30 April 2003; office expires with the shareholders' meeting for the approval of the 2005 financial statements.

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

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

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

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



Summary schedules

Consolidated profit and loss account for the period ending 31 December 2004

	<i>Fourth quarter 2004</i>		<i>Fourth quarter 2003</i>		<i>Period 01/01-31/12/2004</i>		<i>Period 01/01-31/12/2003</i>	
Turnover - goods and services	14,072,073	91.75%	12,503,854	98.07%	49,432,317	90.46%	53,996,086	98.83%
Variation in contract work in progress	(20,000)	(0.13%)	230,000	1.80%	150,000	0.27%	480,000	0.88%
Increase in internal work capitalised under fixed assets	1,266,981	8.26%			4,960,609	9.08%		
Other revenues and income	19,017	0.12%	15,650	0.12%	102,809	0.19%	159,712	0.29%
<i>Production revenues</i>	<i>15,338,071</i>	<i>100.00%</i>	<i>12,749,504</i>	<i>100.00%</i>	<i>54,645,735</i>	<i>100.00%</i>	<i>54,635,798</i>	<i>100.00%</i>
Raw materials, consumables and supplies	(313,883)	(2.05%)	(239,103)	(1.88%)	(1,508,797)	(2.76%)	(1,058,836)	(1.94%)
Services	(2,423,571)	(15.80%)	(3,849,409)	(30.19%)	(9,127,850)	(16.70%)	(12,073,570)	(22.10%)
Other operating costs	(262,495)	(1.71%)	(213,490)	(1.67%)	(913,262)	(1.67%)	(883,042)	(1.62%)
<i>Added value</i>	<i>12,338,122</i>	<i>80.44%</i>	<i>8,447,502</i>	<i>66.26%</i>	<i>43,095,826</i>	<i>78.86%</i>	<i>40,620,350</i>	<i>74.35%</i>
Personnel expenses	(7,871,741)	(51.32%)	(7,141,441)	(56.01%)	(29,501,475)	(53.99%)	(28,167,648)	(51.56%)
Other administrative expenses	(603,361)	(3.93%)	(582,123)	(4.57%)	(2,584,210)	(4.73%)	(2,567,651)	(4.70%)
<i>Gross operating result (EBITDA)</i>	<i>3,863,020</i>	<i>25.19%</i>	<i>723,938</i>	<i>5.68%</i>	<i>11,010,141</i>	<i>20.15%</i>	<i>9,885,051</i>	<i>18.09%</i>
Accrual to provision for bad debts	(60,799)	(0.40%)	(181,799)	(1.43%)	(100,585)	(0.18%)	(258,703)	(0.47%)
Amortisation and depreciation								
- Amortisation of intangible fixed assets	(695,858)	(4.54%)	(713,281)	(5.59%)	(2,760,095)	(5.05%)	(2,768,891)	(5.07%)
- Depreciation of tangible fixed assets	(217,763)	(1.42%)	(263,003)	(2.06%)	(916,190)	(1.68%)	(1,012,643)	(1.85%)
Other accruals	(984)	(0.01%)	(5,906)	(0.05%)	(4,996)	(0.01%)	(31,929)	(0.06%)
<i>Operating profit (EBIT)</i>	<i>2,887,616</i>	<i>18.83%</i>	<i>(440,051)</i>	<i>(3.45%)</i>	<i>7,228,275</i>	<i>13.23%</i>	<i>5,812,885</i>	<i>10.64%</i>
Financial income and charges, net	148,185	0.97%	222,014	1.74%	341,446	0.62%	605,944	1.11%
<i>Profit from ordinary activities</i>	<i>3,035,801</i>	<i>19.79%</i>	<i>(218,037)</i>	<i>(1.71%)</i>	<i>7,569,721</i>	<i>13.85%</i>	<i>6,418,829</i>	<i>11.75%</i>
Revaluations and write-downs	37,091	0.24%	86,344	0.68%	158,209	0.29%	315,641	0.58%
Extraordinary income and expenses	(40,725)	(0.27%)	164,627	1.29%	(517,818)	(0.95%)	227,684	0.42%
<i>Profit before taxation and minority interests</i>	<i>3,032,167</i>	<i>19.77%</i>	<i>32,934</i>	<i>0.26%</i>	<i>7,210,112</i>	<i>13.19%</i>	<i>6,962,154</i>	<i>12.74%</i>
Profit/(loss) of minority interests before taxation	(415,699)	(2.71%)	(234,467)	(1.84%)	(1,002,489)	(1.83%)	(2,576,485)	(4.72%)
<i>Profit/(loss) of the Group before taxation</i>	<i>2,616,468</i>	<i>17.06%</i>	<i>(201,533)</i>	<i>(1.58%)</i>	<i>6,207,623</i>	<i>11.36%</i>	<i>4,385,669</i>	<i>8.03%</i>

Consolidated turnover - goods and services at 31 December 2004

Turnover - goods and services	Fourth quarter 2004		Fourth quarter 2003		Period 01/01-31/12/2004		Period 01/01-31/12/2003	
Financial instruments B.O.	10,916,151	77.57%	8,755,540	70.02%	36,596,383	74.03%	38,865,001	71.98%
Banking services software	1,877,458	13.34%	1,614,176	12.91%	6,385,819	12.92%	7,335,481	13.59%
Integrated IT systems	2,941	0.02%	81,098	0.65%	4,113	0.01%	565,018	1.05%
Training, organisation consulting	122,623	0.87%	312,949	2.50%	1,041,155	2.11%	1,063,888	1.97%
New technologies	247,163	1.76%	550,115	4.40%	1,553,972	3.14%	2,052,153	3.80%
Total banking division	13,166,336	93.56%	11,313,878	90.48%	45,581,442	92.21%	49,881,541	91.92%
Industrial hardware, software	811,705	5.77%	979,450	7.83%	3,552,288	7.19%	3,383,982	6.27%
Consulting, training and industrial services	94,032	0.67%	210,526	1.68%	298,587	0.60%	730,563	1.35%
Total industry division	905,737	6.44%	1,189,976	9.52%	3,850,875	7.79%	4,114,545	8.08%
Total turnover - goods and services	14,072,073	100.0%	12,503,854	100.0%	49,432,317	100.0%	53,996,086	100.0%

Net consolidated financial position as at 31 December 2004

Net financial position	as at 31.12.2004	as at 30.09.2004	as at 30.06.2004	as at 31.03.2004	as at 31.12.2003
Cash, bank current accounts	6,080,666	5,152,488	9,047,373	13,442,722	9,428,430
Financial assets not of a fixed nature	5,858,618	5,806,289	5,770,043	5,767,978	5,425,299
Sums due to banks, net of short-term portion of medium to long-term financing	(541,471)	(363,340)	(376,452)	(650,243)	(726,310)
Net short-term financial position/(indebtedness)	11,397,813	10,595,437	14,440,964	18,560,457	14,127,419
Long-term financing, net of short-term portion					
Net long-term financial position/(indebtedness)					
Net financial position/(indebtedness)	11,397,813	10,595,437	14,440,964	18,560,457	14,127,419

Investments in intangible fixed assets at 31 December 2004

<i>Intangible fixed assets</i>	<i>Start-up and capital costs</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 intangible fixed assets</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 year's revaluations								
Previous year's 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 year's 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>
Variation in consolidation area	8,045	9,834	1,314			168,049	6,107	193,349
Purchases	4,021		162,528		5,040,609	87,436	3,595	5,298,188
Transfers								
Reduction in amortisation due to disposals								
Disposals								
Revaluations for the year								
Amortisation and write-downs for the year	(884,836)	(4,917)	(529,635)	(3,254)		(1,243,533)	(93,921)	(2,760,095)
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>5,040,609</i>	<i>7,059,825</i>	<i>685,379</i>	<i>13,331,912</i>

(of which revaluations)

Investments in tangible fixed assets at 31 December 2004

<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 year's revaluations	120,837					120,837
Previous year's depreciation and write-downs	(580,813)	(274,465)	(471)	(3,129,823)		(3,985,573)
Adjustments to previous year's 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>
Variation in consolidation area		9,448		35,964		45,412
Purchases		21,364	524	222,652		244,540
Transfers						
Reduction in 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)	(510,964)		(916,190)
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>12,400,936</i>

(of which revaluations)

Investments in financial fixed assets at 31 December 2004

<i>Financial fixed assets</i>	<i>Investments</i>	<i>Amounts receivable</i>	<i>Securities</i>	<i>Own shares</i>	<i>Consolidation adjustments</i>	<i>Total</i>
Purchase cost	20,115,916	173,458	250,000		(13,506,715)	7,032,659
Previous year's revaluations		676			424,929	425,605
Previous year's write-downs	(66,731)	(1,402)			(300,977)	(369,110)
Adjustments to previous year's write-downs						
<i>Opening value</i>	<i>20,049,185</i>	<i>172,732</i>	<i>250,000</i>		<i>(13,382,762)</i>	<i>7,089,155</i>
Variation in consolidation area	24,599	539			(287,511)	(262,372)
Purchases - subscriptions	465,317	22,985			(456,376)	31,926
Transfers		(38)				(38)
Reimbursements		(28,375)				(28,375)
Disposals	(115,718)	(3,249)	(250,000)			(368,967)
Revaluations for the year		254			171,931	172,185
Write-downs for the year	(13,439)				(181,083)	(194,522)
Adjustments to write-downs for the year						
<i>Total financial fixed assets</i>	<i>20,409,944</i>	<i>164,848</i>			<i>(14,135,802)</i>	<i>6,438,991</i>

Summary of investments - fourth quarter 2004

<i>Summary of investments</i>	<i>4th quarter 2004</i>	<i>4th quarter 2003</i>	<i>Period 01/01 – 31/12/2004</i>	<i>Period 01/01 – 31/12/2003</i>
Intangible fixed assets	22,301	53,149	257,579	949,145
Assets under development and payments on account	1,266,981		5,040,609	
Plant, machinery, equipment and other tangible fixed assets	43,884	111,837	244,540	460,232
Buildings under construction and payments on account				
<i>Total investments in tangible and intangible fixed assets</i>	<i>1,333,167</i>	<i>164,986</i>	<i>5,542,728</i>	<i>1,409,377</i>
Shareholdings and financial investments		52,000	465,317	52,000
Financial amounts receivable	5,072	103,568	22,985	130,167
<i>Shares</i>		<i>250,000</i>		<i>250,000</i>
<i>Total shareholdings and financial investments</i>	<i>5,072</i>	<i>405,568</i>	<i>488,302</i>	<i>432,167</i>
<i>Total investments</i>	<i>1,338,239</i>	<i>570,554</i>	<i>6,031,031</i>	<i>1,841,544</i>

Information on the financial schedules

1 Foreword

In accordance with the new regulations governing the terms and requirements for the disclosure of quarterly schedules by the companies listed on the "New Market", the required data is presented here on a consolidated basis, as CAD IT S.p.A. is required to prepare consolidated financial statements.

This document comprises the required financial schedules and related information of the directors and has been prepared in accordance with the accounting principles established for the preparation of annual consolidated financial statements.

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

2 Information on CAD IT S.p.A.

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

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

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

At 31 December 2004, share capital amounted to € 4,669,600, fully subscribed and paid-in, and comprised 8,980,000 ordinary shares, each with equal rights.

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

3 Activities of the Group

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

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

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

Over the past few years, the company has made significant investments in new products that allow the users to take advantage of the latest and most sophisticated technologies.

4 Consolidation area

The fully consolidated companies included in the financial schedules of CAD IT Group at 31 December 2004 are the following:

Fully consolidated companies	Registered office	Percentage of control	Percentage of interest of the Group
CAD IT S.p.A. - Parent company	Verona	-	-
CAD S.r.l.	Verona	100.00%	100.00%
Cesbe S.r.l.	Verona	52.00%	52.00%
NetBureau S.r.l.	Milan	86.00%	86.00%
SGM S.r.l.	Padua	61.60%	61.60%
DQS S.r.l.	Rome	55.00%	55.00%
Smart Line S.r.l.	Avellino	51.05%	51.05%
Bit Groove S.r.l.	Agliana (PT)	100.00%	100.00%
Elidata S.r.l.	Castiglione d'Adda (LO)	51.00%	51.00%
Datafox S.r.l.	Florence	51.00%	51.00%

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%.

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.

4.1 Companies valued using the equity method

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

Indirect subsidiaries valued using the equity method	Registered office	Percentage of investment	Percentage of interest of the Group
Tecsit S.r.l.	Roma	70.00%	38.50%
Arch it S.r.l.	Roma	70.00%	38.50%
Nestegg S.r.l.	Milano	55.00%	33.88%

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

Total assets and revenues of the non-consolidated indirect subsidiaries represent 1.26% and 1.69% of the Group's assets and revenues, respectively.

On the other hand, since 31-12-2003 Syrm S.r.l. and 4Emme Informatica S.r.l. are no longer consolidated. Syrm's liquidation ended on 28th April 2004, with the approval of the final balance sheet, while 4Emme Informatica S.r.l. ended with the approval of the final balance sheet on 28th June

2004.

4.2 Other investments

The following investments are valued at cost or equity value, possibly reduced in case of permanent impairment in value.

<i>Directly associated companies</i>	<i>Registered office</i>	<i>Percentage of investment</i>	<i>Percentage of interest of the Group</i>
Sicom S.r.l.	Viadana (MN)	25.000	25.000

Indirectly associated companies

Compared to the fourth quarter of 2003, the indirectly associated company Teclab S.r.l has not been included.

Teclab S.r.l was sold by Tecsit S.r.l (controlled by DQS S.r.l) on 20.04.2004, on the basis of agreements reached in the first quarter 2004, realizing a capital gain of €42 thousand.

In addition to the controlling of Datafox S.r.l., a new indirectly controlled company was also added called Bookingvision S.r.l., of which Datafox held 21.783 percent of its investment on 31 December 2004.

5 Accounting policies

The accounting policies adopted to present the consolidated quarterly schedules and figures are consistent with those adopted in the preparation of the consolidated financial statements.

In the current year, the company has adopted a cost capitalization method to create intangible fixed assets constituted by software procedures. Such costs were previously expended during the year in which they were incurred. Since 2004 they have been capitalized among the “*Intangible fixed Assets under development and payments on account*”. The new method will give a more appropriate view of the company’s events, and the economic and financial statement. In consideration of the present situation of market decline, the company has made the strategic choice to concentrate on the internal resources to be invested into for the new production of application software which could then be licenced out. Positive cash flow means that planned financial investments and the interest shown by potential users gives reasonable revenue previsions so that investment costs can be retrieved.

The captions are valued in line with the general principles of prudence and accruals on a going concern basis.

No exceptional cases were identified such as requirement of waivers for the regulations for financial statements set out in paragraph 4 of article 2423 of the Italian Civil Code.

Estimates, which have been used where necessary to correctly reflect the Group's financial position and results for the period, are immaterial.

As CAD IT S.p.A. is obliged to prepare consolidated financial statements, this quarterly report has been drawn up on a consolidated basis.

5.1 Recognition of revenues and costs

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

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

Costs are recognised on a similar basis to revenues.

5.2 Comparison with previous periods

The profit and loss account figures and gross investments in fixed assets relate to the quarter of reference and to the period from 1 January 2004 to 31 December 2004. They are compared to the same previous year periods.

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

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

5.3 Annexes and notes

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

- reclassified profit and loss account;
- turnover - goods and services;
- net financial position;
- investments in intangible, tangible and financial operating fixed assets.

6 Performance

The Group recorded a positive consolidated profit of Euro 2,616.4 thousand in the fourth quarter 2004, compared to Euro -201.5 thousand for the same period in 2003, before taxation and after minority interest before taxation of Euro 415.7 thousand (Euro 234.5 thousand in the same previous year period).

6.1 Results and information on the most significant components of operating profit

Production revenues of the Group amount to Euro 15,338.1 thousand in the fourth quarter 2004, against Euro 12,749.5 thousand in the corresponding previous year period.

Added value of the quarter confirms a margin of 80.44% compared to 66.26% for the same period of the previous year.

Gross operating result (EBITDA) registers Euro 3,863.0 thousand compared to Euro 723.9 thousand for the previous year quarter.

Operating profit (EBIT) at 31 December 2004 amounts to Euro 2,887.6 thousand, compared to Euro -440.0 thousand in the corresponding period in 2003.

6.2 The market

During the fourth quarter, no clear symptoms were perceived such as to modify the future prospects of the market of reference, which are still fluctuating.

6.3 Research and development

The Group continued to design new modules to upgrade the technological and functional content of its broad range of software products installed in order to strengthen its core business.

With respect to its new projects, it continued to intensify R&D activities for the SIBAC platform, which represents a strategically leading product for the Group's growth.

Thanks to the broad range of developed software, which is now being integrated and implemented, new integrated IT systems aim to diversify the group offer in the adjacent sectors. The insurance sector is an example of an adjacent sector that has already been targeted during 2004.

The main projects in which the Group's companies are involved are:

- CAD IT S.p.A. and CAD S.r.l. are developing new important modules of the Finance Area software, which will be launched onto the market in 2005.
Currently undergoing definition is the offer for the new insurance sector solution, taking know-how from the banking division on present topics such as IAS or financial instrument back office in general.
The activities, carried out with Bit Groove and Datafox to produce specialised business intelligence modules, are intense.
Investment is on-going to widen the offer of software and tax collection solutions for local administrations.
- 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.
- NetBureau S.r.l. is developing vertical portals (mainly for financial purposes), web sites and e-commerce solutions using the technology of Macromedia-Allaire (international market leader for this technology), of which it is the "Premier partner" in Italy. In collaboration with CADIT Group, it has developed a procedure for the administration of meetings and shareholders' bookkeeping.
- SGM S.r.l. developed vertical solutions of the (ERP) SIGMAWEB management software for companies of any size. Among these should be noted the rising verticalisation of solutions for the fashion industry and the food sector (managing the threader marking).
- Smart Line S.r.l. is currently investing to widen its offer for services and tax collection solutions for the local public administrations and consortia.
- Elidata S.r.l. continued investing to further increase the functions of its platform for linking to the financial markets.

6.4 Turnover - goods and services

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

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

Production revenues amount to Euro 14,072.1 thousand in the fourth quarter 2004 compared to Euro 12,503.8 thousand in the same previous year period.

<i>Turnover - goods and services</i>	<i>Fourth quarter 2004</i>		<i>Fourth quarter 2003</i>		<i>Period 01/01-31/12/2004</i>		<i>Period 01/01-31/12/2003</i>	
Financial instruments B.O.	10,916,151	77.57%	8,755,540	70.02%	36,596,383	74.03%	38,865,001	71.98%
Banking services software	1,877,458	13.34%	1,614,176	12.91%	6,385,819	12.92%	7,335,481	13.59%
Integrated IT systems	2,941	0.02%	81,098	0.65%	4,113	0.01%	565,018	1.05%
Training, organisation consulting	122,623	0.87%	312,949	2.50%	1,041,155	2.11%	1,063,888	1.97%
New technologies	247,163	1.76%	550,115	4.40%	1,553,972	3.14%	2,052,153	3.80%
Total banking division	13,166,336	93.56%	11,313,878	90.48%	45,581,442	92.21%	49,881,541	91.92%
Industrial hardware, software	811,705	5.77%	979,450	7.83%	3,552,288	7.19%	3,383,982	6.27%
Consulting, training and industrial services	94,032	0.67%	210,526	1.68%	298,587	0.60%	730,563	1.35%
Total industry division	905,737	6.44%	1,189,976	9.52%	3,850,875	7.79%	4,114,545	8.08%
Total turnover - goods and services	14,072,073	100.0%	12,503,854	100.0%	49,432,317	100.0%	53,996,086	100.0%

6.5 Gross operating result (EBITDA)

The gross operating result for the fourth quarter of 2004 (Euro 3,863.0 thousand) is equal to 25.19%, of production revenues, while the gross operating result for the fourth quarter 2003 amounted to Euro 723.9 thousand, equal to 5.68% of production revenues.

The results in operating profit for the quarter is already mentioned in paragraph 6.1.

6.6 Operating profit (EBIT)

Operating profit for fourth quarter 2004 is positive for Euro 2,887.6 thousand compared to Euro -440.0 thousand in the corresponding previous year period.

Amortisation, depreciation and accruals for the fourth quarter of 2004 total Euro 975.4 thousand compared to Euro 1,163.9 thousand in the same previous year period.

With the fourth quarter 2004 amortization of the costs for the quotation ran out, which amounts to 873.8 thousands of euro in the financial period.

6.7 Financial income and charges

Net financing activities resulted in an income of Euro 148.2 thousand in the fourth quarter of 2004 (Euro 222.0 thousand in the same previous year period).

<i>Financial income and charges</i>	<i>4th quarter</i>	<i>4th quarter</i>	<i>Period</i>	<i>Period</i>
	<i>2004</i>	<i>2003</i>	<i>1/1-31/12/2004</i>	<i>1/1-31/12/2003</i>
Financial income from investments in other companies			37,272	58,237
Financial income from receivables classified as fixed assets	(95)	(86)	254	676
Financial income from invested liquidity				
Bank interest	172,372	246,875	406,438	656,354
<i>Total other financial income</i>	<i>172,277</i>	<i>246,789</i>	<i>443,964</i>	<i>715,267</i>
Interest expense and other financial charges	(24,092)	(24,775)	(102,518)	(109,323)
<i>Financial income and charges, net</i>	<i>148,185</i>	<i>222,014</i>	<i>341,446</i>	<i>605,944</i>

7 *Net consolidated financial position*

The net short-term consolidated financial position amounts to Euro 11,397.8 thousand at the end of the fourth quarter 2004, compared to Euro 14,127.4 thousand at 31.12.2003.

<i>Net financial position</i>	<i>as at 31.12.2004</i>	<i>as at 30.09.2004</i>	<i>at 30.06.2004</i>	<i>at 31.03.2004</i>	<i>at 31.12.2003</i>
Cash, bank current accounts	6,080,666	5,152,488	9,047,373	13,442,722	9,428,430
Financial assets not of a fixed nature	5,858,618	5,806,289	5,770,043	5,767,978	5,425,299
Sums due to banks, net of short-term portion of medium to long-term financing	(541,471)	(363,340)	(376,452)	(650,243)	(726,310)
<i>Net short-term financial position/(indebtedness)</i>	<i>11,397,813</i>	<i>10,595,437</i>	<i>14,440,964</i>	<i>18,560,457</i>	<i>14,127,419</i>
Long-term financing, net of short-term portion					
Net long-term financial position/(indebtedness)					
<i>Net financial position/(indebtedness)</i>	<i>11,397,813</i>	<i>10,595,437</i>	<i>14,440,964</i>	<i>18,560,457</i>	<i>14,127,419</i>

7.1 Cash flow statement

Year 2003	Cash flow statement of Cad It Group	Period 1/1-31/12/2004	Period 1/1-31/12/2003
	OPERATING ACTIVITIES		
1,840,539	Profit (loss) for the year	6,207,623	4,385,669
	Amortisation and depreciation:		
1,012,643	- tangible fixed assets	916,190	1,012,643
1,558,244	- intangible fixed assets	1,516,562	1,558,244
1,210,647	- goodwill arising on consolidation	1,243,533	1,210,647
	Accruals:		
1,380,747	- employees' leaving entitlement	1,501,048	1,380,747
31,929	- other provisions	4,996	31,929
46,309	Increase/(Utilisation) of provisions for contingencies and other charges	10,201	43,589
7,081,058	Sub-total	11,400,153	9,623,468
(621,351)	Utilisation of employees' leaving entitlement	(489,274)	(621,351)
7,030,149	(Increase)/Decrease in receivables included under assets forming part of working capital	(7,117,284)	3,169,075
(626,553)	(Increase)/Decrease in inventory	(75,028)	(626,553)
(22,330)	(Increase)/Decrease in deferred expenses and accrued income	(43,194)	(22,329)
(149,603)	Increase/(Decrease) in accounts due to creditors	(1,291,802)	(149,603)
295,960	Increase/(Decrease) in accrued expenses and deferred income	(9,201)	295,961
(17,132)	Increase/(Decrease) in sums due to other financial institutions	11,299	(17,132)
(515,621)	Increase/(Decrease) in other non-financial payables	2,174,284	(223,826)
5,373,519	Sub-total	(6,840,200)	1,804,242
12,454,577	(A) - Cash flows from (for) operating activities	4,559,953	11,427,710
	INVESTING ACTIVITIES		
(184,335)	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	172,300	(259,080)
(937,264)	(Increase)/Decrease in intangible fixed assets	(5,490,750)	(937,264)
(417,244)	(Increase)/Decrease in tangible fixed assets	(176,336)	(417,243)
(4,281)	(Increase)/Decrease in other fixed assets	7,883	(4,282)
123,087	Acquisition of investments in unconsolidated subsidiaries		
(250,000)	(Increase)/Decrease in investments in associated companies	219,979	52,335
	(Increase)/Decrease in other investments and securities	250,000	(250,000)
(1,670,037)	(B) - Cash flows from (for) investing activities	(5,016,924)	(1,815,534)
	FINANCING ACTIVITIES		
(26,940,000)	Increase/(Decrease) in financial payables		
	Increase/(Decrease) in reserves	-	(26,940,000)
	Effect on consolidation reserves	-	
423,372	Minority interest	421,365	1,595,735
(1,616,400)	Distribution of dividends	(2,694,000)	(1,616,400)
	Capital injections		
(28,133,028)	(C) - Cash flows from (for) financing activities	(2,272,635)	(26,960,665)
(17,348,488)	(A+B+C) - Total cash flows	(2,729,606)	(17,348,489)
31,475,907	Opening liquid funds	14,127,419	31,475,907

14,127,419	Closing liquid funds	11,397,813	14,127,418
-------------------	-----------------------------	-------------------	-------------------

7.2 Shareholders' equities of the parent company and the Group

The shareholders' equities of CAD IT S.p.A. and the Group at 31.12.2004, excluding current profit before taxation, are shown below:

Shareholders' equity excluding current profit	CAD IT S.p.A	CAD IT GROUP
Share capital - Euro 4,669,600 (8,980,000 shares of Euro 0.52 each)	4,669,600	4,669,600
Share premium reserve	35,246,400	35,246,400
Other reserves	10,342,805	10,342,805
Retained earnings		(1,723,910)
Variation in retained earnings		
<i>Total shareholders' equity excluding current profit</i>	<i>50,258,805</i>	<i>48,534,895</i>

8 Investments

Investments in tangible and intangible fixed assets made by the consolidated companies in the fourth quarter of 2004 amount to Euro 1,338.2. thousand (Euro 570.5 thousand in the same previous year period). Investment improvement is a consequence of strategic decisions taken by the directors' meeting and management that approved investments to develop new products legally needed by credit institutions.

The trend of investments is shown in the following table:

Summary of investments – Fourth quarter 2004

Summary of investments	4 th quarter 2004	4 th quarter 2003	Period 01/01 – 31/12/2004	Period 01/01 – 31/12/2003
Intangible fixed assets	22,301	53,149	257,579	949,145
Assets under development and payments on account	1,266,981		5,040,609	
Plant, machinery, equipment and other tangible fixed assets	43,884	111,837	244,540	460,232
Buildings under construction and payments on account				
<i>Total investments in tangible and intangible fixed assets</i>	<i>1,333,167</i>	<i>164,986</i>	<i>5,542,728</i>	<i>1,409,377</i>
Shareholdings and financial investments		52,000	465,317	52,000
Financial amounts receivable	5,072	103,568	22,985	130,167
<i>Shares</i>		<i>250,000</i>		<i>250,000</i>
<i>Total shareholdings and financial investments</i>	<i>5,072</i>	<i>405,568</i>	<i>488,302</i>	<i>432,167</i>
<i>Total investments</i>	<i>1,338,239</i>	<i>570,554</i>	<i>6,031,031</i>	<i>1,841,544</i>

As already mentioned, investments in intangible fixed assets mainly relate to costs, accounts and increase in internal work, to the purchase and the development of specific software necessary for production or for the performance of the Group's activities.

9 Personnel

The Group's workforce increased by 19 units at the end of the fourth quarter 2004 compared to 31-12-2003 and is in line with its strategic human resources management plan, which even if privileging flexibility of structure, considers human resources as a guarantee for continued future development.

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

Information on the Group's employees at the end of each quarter in 2003 and 2004 is reported below:

<i>Category of Employees</i>	<i>at</i> <i>31/12/2004</i>	<i>at</i> <i>30/09/2004</i>	<i>at</i> <i>30/06/2004</i>	<i>at</i> <i>31/03/2004</i>	<i>at</i> <i>31/12/2003</i>
Management	16	16	16	15	15
White collars	631	628	630	630	614
Blue collars	1	1	1	1	1
Apprentices	6	6	5	5	5
<i>Total</i>	<i>654</i>	<i>651</i>	<i>652</i>	<i>651</i>	<i>635</i>

The average number of employees in 2003 was 628 units, while the average number of employees in the second quarter of 2004 was 655 units.

The increase in employees is due to the entry of Datafox (bringing 7 units) into the fully consolidated area and 12 more units from other companies in the group.

10 Significant events at 31 December 2004 and expected future developments

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.

Net financial position revealed €11.4 million at 31 December 2004.

Subsequent to 30th December, there have been no events of particular importance to significantly influence the shareholders' equities or economic results of the group.

On behalf of the Board of Directors
The Chairman

(Signed on the original)

Giuseppe Dal Cortivo