

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

CAD IT S.P.A.

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2003

CONTENTS

CORPORATE BODIES	2
DIRECTORS' REPORT.....	3
FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2003	36

CORPORATE BODIES

¹ BOARD OF DIRECTORS

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Managing Director

GIAMPIETRO MAGNANI
Managing Director

MAURIZIO RIZZOLI
Managing Director

PAOLO DAL CORTIVO
Managing Director

FRANCESCO ROSSI
Non-Executive Director

LAMBERTO LAMBERTINI
Non-Executive Director

ALBERTO MIAZZI
Non-Executive Director

¹ BOARD of 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 obligations amounting to more than € 4 million, and to stand surety by way of collateral or personal or other guarantees of any amount, if issued on behalf of third parties other than the parent company or its subsidiaries.

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

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

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

CAD IT S.p.A.

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

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

Tax code and Verona Company Register No. 01992770238

. * . * . * . * . * . * . * . * .

2003 DIRECTORS' REPORT

Dear Shareholders

the financial statements as at and for the year ended 31 December 2003 show a profit for the year of € 3,148,277, net of amortisation and depreciation of € 1,687,520 and taxation on profit for the year of € 1,431,712.

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

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

Sector and market performance

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

In 2003, this slowdown in investments due to the uncertainties of the general economic situation and the caution of several economic operators, led certain banks to put off their current demand for software packages, Information Technology services and training and organisation consulting services to the following years.

At present, notwithstanding the presence of certain positive signs and the stated intention to recover, the trend of the sector is unvaried.

Financial position of the company and performance

Despite this generally unfavourable market situation, the company demonstrated its ability to produce positive results, thus improving its results.

Our products and services are highly valued by the banking sector users. This allowed the company to maintain significant levels of demand and activities. Production revenues reached € 22,738,286, against € 22,322,052 in the previous year, an increase of 1.86%.

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 € 21,758,002 (prior year: € 20,717,565), with a growth of 5.02%.

Profit before taxation amounts to € 4,579,989 with a decrease of 5.41% on the previous year (€ 4,841,745).

Share capital and reserves amount to Euro 49,804,526 (prior year: € 75,227,069) at 31 December 2003, while shareholders' equity at year end amounts to € 52,952,803 (prior year: € 78,360,927) after allocation of prior year profit to the available reserve for € 1,517,458. The significant variation is due to the allocation of an extraordinary dividend of € 26,940,000 resolved by the shareholders' meeting of 9 April 2003.

Shareholders' equity at 31 December 2003 and 2002 is made up as follows:

(amounts stated in units of
Euro)

	31.12.2003	31.12.2002
Share capital - fully paid-in	4,669,600	4,669,600
Share premium reserve	35,246,400	62,186,400
Legal reserve	933,920	864,419
Other available reserves	8,954,606	7,506,650
Total share capital and reserves	49.804.526	75.227.069
Net profit for the year	3,148,277	3,133,858
Total	52,952,803	78,360,927

The balance sheet and profit and loss account figures reported in the 2003 financial statement schedules, together with the comparative prior year figures, fairly represent the principal components of the company's financial position and results.

Significant events in 2003

The main events impacting the company's and the Group's performance in 2003 are described below.

On 26 February 2003, the Board of Directors of CAD IT S.p.A. resolved to propose to the shareholders the distribution of an

extraordinary dividend of € 3 per share (totalling € 26.94 million).

This proposal was approved by the shareholders' meeting held at first call on 9 April 2003.

CAD IT management saw the opportunity of this operation principally considering the self-financing capacity of the company, which was confirmed during the year, as shown in the cash flows statement.

The dividend was paid on 17 April 2003.

On 27 March 2003, the Board of Directors of CAD IT S.p.A. approved the 2002 consolidated financial statements and the 2002 statutory financial statements. Based on the results obtained, the board resolved to propose to the shareholders the distribution of an ordinary dividend of € 0.18 per share and the allocation of € 1.5 million to the available reserve.

The shareholders' meeting held at first call on 30 April 2003 approved the 2002 financial statements and, based on the positive results achieved and the proposal of the directors, resolved to distribute a dividend of € 0.18 per share and allocate the residual profit of € 1.5 million to a reserve.

The ordinary dividend was paid on 15 May 2003.

On 19 November 2003, CAD IT and Microsoft announced a partnership aimed at providing banks with advanced Business Intelligence instruments based on the Microsoft.NET technology. The solutions developed can ensure significant advantages in

terms of data management and security, besides a significant reduction in IT investment costs.

The cooperation with Microsoft will allow the integration of CAD IT products with the Microsoft Windows Server System solutions, including Windows Server 2003, SQL Server and SharePoint Portal Server.

Although initially oriented to the Italian market, this partnership is to be seen in the light of a progressive internationalisation of the offering. The two companies will jointly operate so as to share marketing initiatives and foster the exchange of know-how on the respective solutions, with the aim of providing the financial market with strongly integrated solutions at a high added value.

Financial position

The company's financial position at 31 December 2003 is summarised here below in comparison with the corresponding figures at 31 December 2002.

RECLASSIFIED BALANCE SHEET

	(in Euro)	
	31/12/2003	31/12/2002
FIXED ASSETS		
Intangible fixed assets	1,876,190	2,763,536
Tangible fixed assets	11,811,765	12,069,929
Financial fixed assets	20,087,362	19,998,381
TOTAL FIXED ASSETS (A)	33,775,317	34,831,846
CURRENT ASSETS		
Trade receivables, net	4,212,726	2,452,679
Closing inventory	0	0
Other current assets	18,674,368	21,739,803
Accrued income and deferred expenses	120,630	98,160
TOTAL CURRENT ASSETS (B)	23,007,724	24,290,642
CURRENT LIABILITIES		
Payments on account	0	0
Trade accounts payable to creditors	1,191,148	1,259,483
Other current liabilities	7,594,778	5,612,041
Sums payable to taxation authorities	736,223	601,025
Accrued expenses and deferred income	371,878	0
TOTAL CURRENT LIABILITIES (C)	9,894,027	7,472,549
NET OPERATING CAPITAL (D) = (B-C)	13,113,697	16,818,093
Employees' leaving entitlement (E)	2,187,801	1,820,352
NET INVESTED CAPITAL (F) = (A+D-E)	44,701,213	49,829,587
Funded as follows:		
Total shareholders' equity	52,952,803	78,360,927
Medium/long-term payables due to banks	0	0
Debentures due after one year	0	0
Provisions for contingencies and other charges	386	99
Total sources of financing (G)	52,953,189	78,361,026
Net short-term financial position (H)	8,251,976	28,531,439
NET INVESTED CAPITAL (F) = (G-H)	44,701,213	49,829,587

Compared to 31 December 2002, net invested capital amounts to € 44,701 thousand and shows a decrease of € 5,128 thousand as an effect of the variations described here below.

Fixed assets, equal to € 33,775 thousand, decreased by € 1,057 thousand.

Current assets, equal to € 23,008 thousand, decreased by € 1,283 thousand.

Current liabilities, equal to € 9,894 thousand, increased by € 2,421 thousand.

Net operating capital, equal to € 13,114 thousand, decreased by € 3,704 thousand as an effect of the variations in current assets and liabilities.

Employees' leaving entitlement, equal to € 2,188 thousand, increased by € 367 thousand.

Shareholders' equity, equal to € 52,953 thousand, fully covers invested capital of € 44,701 thousand, leaving a residual short-term financial position of € 8,252 thousand.

For further information on the variations above, reference is made to the notes to the financial statements.

Investments

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

a) Investments (€ 261) in intangible fixed assets, of which:

- software licences	261
---------------------	-----

b) Investments in tangible fixed assets (€ 283), of which:

- buildings	137
- plant and machinery	15
- other tangible fixed assets	131

c) Investments in financial fixed assets (€ 155), of which:

- subscriptions in capital account	52
- loans to subsidiary and associated companies	100
- guarantee deposits	3

Financial income and charges

The net financial position at 31 December 2003 presents a positive balance of € 8,252 thousand compared to € 28,531 thousand in the previous year.

The variation of € 20,279 thousand is due to:

	(in Euro)	
CASH FLOWS STATEMENT	31/12/2003	31/12/2002
Cash flows from (for) operating activities	8,907,929	3,623,500
Investing activities	(630,991)	(6,439,464)
Distribution of dividends	(28,556,400)	(5,837,000)
Cash flows for the year	(20,279,462)	(8,652,964)
Net short-term liquid funds at the beginning of the year	28,531,439	37,184,405
Roundings	(1)	(2)
Net liquid funds at the end of the year	8,251,976	28,531,439

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

(in Euro)

NET FINANCIAL POSITION	31/12/2003	31/12/2002
Cash-on-hand and at bank	2,826,677	23,282,060
Financial assets not of a fixed nature	5,425,299	5,249,442
Payables due to banks including current portion of medium to long-term loans	0	-63
Net short-term financial position	8,251,976	28,531,439
Long-term loans net of current portion	0	0
Net long-term financial position	0	0
Net liquid funds at the end of the year	8,251,976	28,531,439

Financing activities, including income from investments, produced a net financial income of € 3,585 thousand (2002: € 2,782 thousand). Interest expenses and other financial charges are immaterial.

The company's financing activities produced the following results:

PERFORMANCE OF FINANCING ACTIVITIES	2003	2002
Income from investments:		
- Dividends from subsidiary companies	1,983,948	830,867
- Dividends from associated companies	115,025	28,522
- Other dividends	37,272	74,544
- Tax credits on dividends	1,080,151	676,401
Total income from investments	3,216,396	1,610,334
Financial income from receivables classified as fixed assets and adjustments	1,512	1,388
Holdings included under assets forming part of working capital	0	0
Bank and other interest	367,796	1,170,772
Total other financial income	369,308	1,172,160
Total interest expense and other financial charges	(647)	(47)

<i>Total financial income and charges, net</i>	3,585,057	2,782,447
---	------------------	------------------

BOZZA

Performance

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

RECLASSIFIED PROFIT AND LOSS ACCOUNT REPORTING ADDED VALUE

	31/12/2003	%	31/12/2002	%
Turnover - goods and services	22,715,841	99.90	22,219,486	99.54
Variation in contract work in progress and finished goods	0	0.00	0	0.00
Other revenues and income	7,571	0.03	83,973	0.38
Grants for operating expenses	14,874	0.07	18,593	0.08
A) PRODUCTION REVENUES	22,738,286	100.00	22,322,052	100.00
Raw materials, consumables and supplies	117,172	0.52	83,337	0.37
Variation in raw materials consumables and supplies	0	0.00	0	0.00
Services	5,443,960	23.94	4,736,192	21.22
Other operating costs	306,963	1.35	495,629	2.22
B) ADDED VALUE	16,870,191	74.19	17,006,894	76.19
Personnel expenses	13,282,396	58.41	13,240,710	59.32
Other administrative expenses	916,823	4.03	781,653	3.50
C) GROSS OPERATING RESULT (EBITDA)	2,670,972	11.75	2,984,531	13.37
Amortisation and depreciation	1,687,520	7.42	1,378,184	6.17
Bad debt provision	3,168	0.01	1,860	0.01
D) NET OPERATING PROFIT (EBIT)	980,284	4.31	1,604,487	7.19
Dividends from subsidiaries, associated companies and tax credits	3,216,396	14.15	1,610,333	7.21
Other financial income and charges	368,661	1.62	1,172,113	5.25
E) PROFIT FROM ORDINARY ACTIVITIES	4,565,341	20.07	4,386,933	19.65
Adjustments to financial asset values	(35,140)	(0.15)	0	0.00
Extraordinary income and expenses	49,788	0.22	454,812	2.04
F) PROFIT BEFORE TAXATION	4,579,989	20.14	4,841,745	21.69
Taxation on profit for the year	1,431,712	6.30	1,707,887	7.65
NET PROFIT FOR THE YEAR	3,148,277	13.85	3,133,858	14.04

Production revenues increased to € 22,738 thousand (2002: € 22,322).

Service costs increased to € 5,444 thousand (2002: € 4,736), principally as an effect of the increase of € 1,096 thousand for higher costs of services from third parties, whereas reimbursements of travel expenses decreased by € 388 thousand.

Added value amounted to 16,870 thousand (2002: € 17,007), as an effect of the higher incidence of service costs.

Personnel expenses remained basically stable at € 13,282 thousand (2002: € 13,241).

Gross operating result amounts to € 2,671 thousand (2002: 2,985), as an effect of the higher incidence of other administrative expenses.

Net operating profit amounts to € 980 thousand (2002: 1,604). As often mentioned in the notes and in this report, research and development costs for new IT procedures are not capitalised but expensed in the year in which they are incurred.

Net financial income and charges increased to € 3,585 thousand (2002: 2,782). The total amount comprises income from investments for € 3,216 thousand (2002: 1,610), other financial income for € 369 thousand (2002: 1,172), interest expense and other financial charges of an immaterial amount.

The result from operating activities reached € 4,565 thousand (2002: 4,387), an increase of 4.06%.

Adjustments to financial asset values are negative for € 35 thousand (none in the previous year).

Taxation on profit for the period amounts to € 1,432 thousand (2002: 1,708). The incidence of taxation on profit for the period is affected by the change in the legislation limiting the three yearly benefits granted to recently listed companies in the past.

Performance of subsidiary and associated companies

The financial statements at 31 December 2003 of the subsidiaries and of the main direct and indirect associated companies were prepared and subsequently approved by the respective directors' boards. Their results, together with those of the parent company, are summarised in the following table:

COMPANY	PRODUCTION REVENUES	CASH-FLOWS*	NET PROFIT 31.12.2003	NO. OF EMPLOYEES AT 31.12.2003	
Parent company					
Cad IT S.p.A.		22,738,286	5,206,700	3,148,277	237
Subsidiary companies:					
Cad S.r.l.		35,644,059	1,383,052	349,849	202
Cesbe S.r.l.		5,927,864	1,562,241	1,458,525	55
NetBureau S.r.l.		721,739	(16,433)	(35,848)	9
SGM S.r.l.		2,287,124	42,271	(87,736)	32
S.M.A.R.T. Line S.r.l.		2,479,520	382,328	285,402	24
DQS S.r.l.		6,202,300	884,287	694,056	66
Bit Groove S.r.l.		639,751	67,387	27,859	4
Elidata S.r.l.		1,794,566	567,957	531,650	6
Syrm S.r.l. - in liquidation		48,958	2,353	14,266	0
4 Emme Inf. S.r.l. - in		657,944	(16,169)	26,907	0
*Net profit + Depreciation, amortisation, write-downs and accruals for the year					

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 2003 resulted in a net profit of € 349,849 compared to € 172,782 in the previous year.

Quotaholders' equity at 31 December 2003, including net profit for the year, amounts to € 662,422 compared to € 1,112,571 in the previous year. The decrease in quotaholders' equity is an effect of the distribution of dividends for € 800,000.

Production revenues at 31 December 2003 amount to € 35,644,059 compared to € 39,570,364 in the previous year.

Personnel expenses for 2003 amount to € 7,535,523 compared to € 7,498,771 in the previous year. The average number of employees was 205 units compared to 215 in the previous year.

Investments for the year 2003 registered an amount of € 717,900, of which € 681,600 was paid for the development and operation of software programs and € 36,300 for the renewal and upgrading of hardware and sundry equipment.

Amortisation and depreciation amount to € 593,870 (2002: € 488,015), of which € 301,824 for intangible fixed assets and € 292,046 for tangible fixed assets.

Write-downs amount to Euro 235,836 (2002: Euro 133,054), of which € 80,470 for write-downs of bad debts and € 155,366 for interest in arrears.

The 2003 development strategy of the company had two main objectives:

- the tailored design and production of new software based on the customers' actual needs and the technological and functional upgrade of the existing software;
- the sale of software and services to the large existing customer portfolio ("cross-selling).

In 2003, the activities continued to place the new software developed on the market. Of this software, the most important is SIBAC, modular and integrated software for the complete automation of the IT systems of Italian and foreign banks.

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 2003 resulted in a net profit of € 1,458,525, compared to € 1,364,108 in the previous year. Production revenues reached € 5,927,864, compared to € 6,268,960 in the previous year.

Personnel expenses for the year 2003 grew to € 2,208,723, an increase of 7.71% on the previous year (€ 2,050,692) The average number of employees, 57 units, remained unvaried compared to the previous year.

Investments for the year totalled € 34,861.

Amortisation, depreciation and write-downs amount to € 33,651.

Quotaholders' equity, including net profit for the year, totalled € 3,549,381 at the year end, compared to € 2,590,855 at the previous year end, after the distribution of dividends of € 500,000.

The company's performance was positive and a further increase in demand for the company's services is expected.

NetBureau S.r.l. (60% directly held)

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

The financial statements at 31 December 2003 result in a loss of € 35,848, against a loss of € 47,295 in the previous year.

Production revenues amounted to € 721,739, compared to € 778,521 in the previous year.

Personnel expenses for the year amounted to € 333,312, compared to € 352,955 in the previous year. The average number of employees, 11 units, remained unvaried compared to the previous year.

Investments for the year totalled € 30,988. Amortisation and depreciation amount to € 13,633.

Quotaholders' equity at 31 December 2003, including net profit for the year, amounts to € 37,147, compared to € 72,996 at 31 December 2002.

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

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

The financial statements at 31 December 2002 result in a loss of € 87,736, against a loss of € 771,382 in the previous year.

Even though negative, the result confirms the positive trend of profits, following the strategic decision to allocate more resources to marketing initiatives aimed at speeding up sales of the group's software solutions, which can also be used on the Internet.

Production revenues amounted to € 2,287,124, compared to € 2,121,339 in the previous year.

Personnel expenses for the year amounted to € 1,066,344, compared to € 1,572,232 in the previous year. The average number of employees is 31, compared to 41 in the previous year.

Investments for the year in operating assets amounted to € 45,217, of which € 16,435 for software licences and other intangible assets and € 28,782 for new hardware and equipment.

Amortisation, depreciation and write-downs amount to € 87,484.

Quotaholders' equity, amounting to € 43,524 at the beginning of the year, reached € 55,788 at the year end, as an effect of the loss of € 87,736 and the related quotaholders' capital injections of € 100,000 to cover the loss.

As in 2002, the 2003 performance is still characterised by investments in the production of further utilities for the new software

packages, some of which started to be sold in 2002 and registered a fair increase in turnover in 2003.

For the first quarter of 2004, SGM management expects to obtain an increase in contracts.

During the year 2003, turnover from intercompany services provided for the supply of services to the banking sector reduced to € 808 thousand (2002: € 1150 thousand), whereas turnover from the sale of licences and services to external customers increased to € 1479 thousand, compared to € 971 thousand in the previous year.

DQS S.r.l. (55% directly 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 € 694,056, compared to € 1,196,867 in the previous year.

Production revenues amounted to € 6,202,300, compared to € 6,788,039 in the previous year.

Personnel expenses for the year amounted to € 2,180,280, compared to € 2,004,546 in the previous year. The average number of employees increased to 64 units, compared to 57 in the previous year.

Investments totalled € 21,662, of which € 14,937 in operating tangible fixed assets and € 6,725 in software licences and other intangible fixed assets.

Amortisation and depreciation amounted to € 41,417.

Quotaholders' equity, including net profit for the year, amounted to € 717,326, compared to € 1,213,270 at 31 December 2002, after distribution of dividends of € 1,190,000.

S.m.a.r.t. Line S.r.l. (51% directly 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 € 285,402, against a net profit of € 149,900 in the previous year.

Production revenues amounted to € 2,479,520, compared to € 2,493,164 in the previous year.

Personnel expenses for the year amounted to € 1,282,494, compared to € 1,241,070 in the previous year. The average number of employees was 26 units, compared to 27 in the previous year.

Investments totalled € 64,648, of which € 7,747 in operating tangible fixed assets and € 56,901 in software licences and other intangible fixed assets.

Amortisation and depreciation amount to € 58,553.

Quotaholders' equity at 31 December 2003, including net profit for the year, amounted to € 407,132, compared to € 264,136 at 31 December 2002, after distribution of dividends of € 142,400.

Bit Groove S.r.l. (51% directly held)

- Services: Development of software applications for public administrations and institutions and IT technical assistance.

The financial statements for the year closed with a net profit of € 27,859, against a net profit of € 4,183 in the previous year.

Production revenues for the year amounted to € 639,751, compared to € 479,317 in the previous year.

Personnel expenses for the year amounted to € 85,900, compared to € 60,082 in the previous year. The average number of employees increased to 3 units, compared to 2 in the previous year.

Investments totalled € 24,853, of which € 6,567 in operating tangible fixed assets and € 18,286 in software licences and other intangible fixed assets.

Amortisation, depreciation and write-downs amounted to € 34,971.

Quotaholders' equity at 31 December 2002, including net profit for the year, amounted to € 49,886 with respect to € 22,030 at 31 December 2002.

In 2003, Bit Groove realised new versions of its products, which are still under further development and aroused great interest among both the customers of the group and other potential customers.

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

- Services: development of application software for the finance-banking sector.

The financial statements for the year closed with a net profit of € 531,650, against a net profit of € 253,449 in the previous year.

Production revenues for the year amounted to € 1,794,566, compared to € 923,430 in the previous year.

Personnel expenses for the year amounted to € 192,675, compared to € 69,436 in the previous year. The average number of employees increased to 5 units, compared to 1 in the previous year.

Investments for the year registered an amount of € 41,777, of which € 10,421 in software licences and other intangible fixed assets and € 31,356 in operating tangible assets.

Amortisation, depreciation and write-downs amounted to € 28,901.

Quotaholders' equity at 31 December 2003 including net profit for the year amounted to € 701,253, compared to € 356,643 in the previous year, after distribution of dividends of € 150,000.

In 2003, Elidata achieved the budgeted targets agreed with CAD IT upon acquisition.

4 Emme Informatica S.r.l. (65% directly held) - in liquidation since 12 December 2003 -

- Services: Software installation and maintenance services for banks.

The financial statements at 31 December 2003 resulted in a net profit of € 26,907, compared to € 79,915 in the previous year.

Production revenues for the year amounted to € 657,944, compared to € 1,017,684 in the previous year. Total revenues derived from services provided to CAD S.r.l. clients in the banking sector.

Personnel expenses for the year amounted to € 362,082, compared to € 536,318 in the previous year.

Quotaholders' equity at 31 December 2003, including net profit for the year, amounted to € 146,665, compared to € 169,758 at the previous year end, after distribution of dividends of € 50,000.

In collaboration with CAD S.r.l., the company mainly provides services to customers in northern Italy.

In consideration of the contract work in progress in the area of operation of 4 Emme, on 12 December 2003, it was resolved to transfer its personnel directly to CAD S.r.l. and to put 4 Emme into liquidation.

Syrm S.r.l. (75% directly held)

- in liquidation since 12 December 2003 -

- Services: Development of credit risk management software and related assistance services.

The financial statements at 31 December 2003 closed with a net profit for the year of € 14,266, against the loss of € 1,258 in the previous year.

Production revenues for the year registered an amount of € 48,958, compared to € 174,864 in the previous year.

Personnel expenses for the year amounted to € 5,848, compared to € 56,971 in the previous year. The company had no employees at year end.

Quotaholders' equity at 31 December 2003, including net profit for the year, amounted to € 27,182, compared to € 129,914 at 31 December 2002, after distribution of dividends of € 117,000.

Due to the limited size and activities of the company, its employees were transferred directly to CAD S.r.l. and the company was subsequently put into liquidation, as resolved on 12 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 € 317,090, compared to € 299,895 in the previous year.

Production revenues amounted to € 1,492,584, compared to € 1,419,639 in the previous year.

Personnel expenses for the year amounted to € 197,166, compared to € 189,104 in the previous year. The average number of employees remained stable at 5 units, as in the previous year.

Investments for the year totalled € 4,975, of which € 4,153 in operating tangible fixed assets and € 822 in intangible fixed assets.

Amortisation, depreciation and write-downs amounted to € 33,988.

Quotaholders' equity at 31 December 2003, including net profit for the year, amounted to € 630,900, compared to € 703,813 at 31 December 2002, after distribution of dividends of € 390,000.

Datafox S.r.l. (associated company - 35.05% directly held until 28 January 2004. Since 29 January 2004 it has become a 51% direct subsidiary)

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

The financial statements at 31 December 2003 resulted in a net profit of € 18,489, compared to € 68,004 in the previous year.

Production revenues for the year amounted to € 747,737, compared to € 811,925 in the previous year.

Personnel expenses for the year amounted to € 340,170, compared to € 343,344 in the previous year. The average number of employees was 7.

Amortisation, depreciation and write-downs amounted to € 34,696.

Quotaholders' equity at 31 December 2003, including net profit for the year, amounted to € 340,838, compared to € 372,349 at 31 December 2002, after distribution of dividends of € 50,000.

On 29 January 2004, Cad It acquired the control of Datafox S.r.l..

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

-Sector: production and sale of hardware and software.

The financial statements at 31 December 2003 resulted in a net profit of € 240, compared to € 7,772 in the previous year.

Production revenues amounted to € 270,455, compared to € 262,395 in the previous year.

Personnel expenses for the year amounted to € 94,418, compared to € 38,270 in the previous year. The average number of employees was 1.

Investments for the year totalled € 23,556, of which € 3,425 in intangible operating assets and € 20,131 in tangible fixed assets.

Amortisation, depreciation and write-downs amounted to € 11,723.

Quotaholders' equity at 31 December 2002, including net profit for the year, amounted to € 82,559 with respect to € 82,318 at 31 December 2002.

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

- Services: development of application software for enterprises.

The financial statements at 31 December 2003 resulted in a net profit of € 121,039, compared to € 30,324 in the previous year.

Production revenues amounted to € 551,006, compared to € 362,236 in the previous year.

Personnel expenses for the year amounted to € 131,681, compared to € 93,636 in the previous year. The average number of employees was 4 units, compared to 5 units in the previous year.

In 2003, total investments of € 2,500 were made in operating tangible fixed assets.

Amortisation, depreciation and write-downs amounted to € 5,711.

Quotaholders' equity at 31 December 2002, including net profit for the year, amounted to € 180,285 with respect to € 76,443 at 31 December 2002.

Nestegg S.r.l. (subsidiary company - 55% indirectly held through SGM S.r.l.) - in liquidation since 7 May 2003.

The control over this company, which was dormant and not significant, had been acquired in January 2002. The company was put in liquidation during 2003; the liquidation procedures are currently being completed.

Firstcom S.r.l. (subsidiary company - 52% indirectly held through SGM S.r.l.) – in liquidation since 16 April 2003.

Set up in February 2001, this dormant and non-material company was put in liquidation on 16 April 2003. The liquidation procedures were completed on 3 December 2003 and the company was eliminated.

Relationships with subsidiary, associated and parent companies

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

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

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

	Revenues	Costs	Receivables	Payables
Cad S.r.l.	15,120,410	1,675,498	16,835,337	3,396,682
Cesbe S.r.l.	322,382	565,180	455,502	962,019
NetBureau S.r.l.	62,432	433,375	216,514	152,325
DQS S.r.l.			214,500	
SGM S.r.l.	836		100,836	52,000
Smart Line S.r.l.	46,580	17,440		20,928
Bit Groove S.r.l.	17,810	6,276	21,372	4,651
Elidata S.r.l.				
Syrm S.r.l.	1,000	2,397		
4 Emme Inform. S.r.l.		7,986	13,650	9,573
Sicom S.r.l.				
Datafox S.r.l.				
	15,571,450	2,708,152	17,857,711	4,598,178

Turnover from services to the Group companies amounted to € 15,571 thousand, of which € 15,077 thousand derived from the supply of analysis, assistance, and software design and development services, whereas € 493 thousand derived from the sale of hardware and software licences of third parties.

The company purchased goods and services from the Group companies for a total amount of € 2,708 thousand, of which € 4.24 related to software licences and € 10.45 thousand to hardware.

Dividends accrued in 2003 from subsidiary and associated companies, excluding tax credits, amounted to € 2,098,973, of which € 800,000 from Cad S.r.l., € 260,000 from Cesbe S.r.l., € 87,750 from Syrm S.r.l., € 32,500 from 4 Emme Informatica S.r.l., € 654,500 from DQS S.r.l., € 72,698 from Smart Line S.r.l., € 76,500 from Elidata S.r.l., € 97,500 from Sicom S.r.l. and € 17,525 from Datafox S.r.l..

Research and development activities

R&D investments are fully expensed in the period in which they are incurred and mainly consist of expenses for the personnel

engaged in the design and development of new software.

The boost given to these activities throughout 2002 was further developed in 2003 to produce and complete new products, which will meet the expected future growth in demand.

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 growth.

The Group is also upgrading the private banking platform in the financial instrument Back Office division.

The main projects in which the Group 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 2004. In particular, the IAS module for the customers of the Finance Area and other banks.

The activities to finalise the platform for the management of the Basilea II issue and to produce specialised business intelligence modules 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;

- 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;
- 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 completed the reengineering of the procedure for the management of depository banks;
- Smart Line S.r.l. is currently investing to widen its offer of services and tax collection solutions for the local public administrations and consortia;
- Elidata S.r.l. continued investing to increase further the functions of its platform for linking to the financial markets.

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

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

Significant subsequent events

and expected future development for the current year

On 20 January 2004, CAD IT S.p.A. and Uni IT S.r.l., a company of the Unicredito Italiano Group providing data processing and transmission services and administrative processing services to the public administrations and banks, signed a marketing agreement related to a digital signature solution to allow the management of electronic mandates by the public authorities and eliminate paper and paper handling costs.

Each party can independently carry out sales activities which may lead to either the supply of the service through the Uni IT data centre, or the supply of licences with or without time limit and the consequent installation of the products at the customers' data centres.

On 29 January 2004, CAD IT S.p.A. acquired the control of DataFox S.r.l., a company producing and marketing complex application software based on latest generation programming languages and advanced technological platforms.

DataFox offers web-interface enterprise applications, client/server applications and e-commerce solutions for the financial sector, public administrations and the industrial sector.

In partnership with Microsoft, in the past two years, the company developed a vertical financial marketing solution based on a business intelligence platform provided by CAD IT Group.

DataFox products complete CAD IT range with the Front Office solutions for small and medium stock brokerage companies and savings management companies.

The operation was realised with the acquisition of 16% of the company by CAD IT, against cash payment of € 100 thousand, which, added to the existing 35% investment, brought CAD IT to own 51% of the company.

The residual 49% of the company's quotas remained with Datafox. In 2003, DataFox realised revenues of approximately € 750 thousand, with a profit before taxation equal to € 60 thousand (8% of revenues) and a net financial position of approximately € 27 thousand.

Besides the above-mentioned matters, no other significant subsequent events occurred which sensibly impacted on the financial position and results of the company and the Group. The performance continues with positive results.

The directors pay close attention to the market requirements when tailoring their management and development strategies, and coordinate the use of the Group resources in order to maintain high efficiency and attain positive economic results.

CAD IT S.p.A.'s directors are constantly examining possible development opportunities, both internally and through external channels and expand investments in order to implement activities that are complementary and synergic to those already existing.

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

Name	Investment	Number of shares held at 31 December 2002	Number of shares acquired	Number of shares sold	Number of shares held at 31 December 2003
Giuseppe Dal Cortivo	CAD IT S.p.A.	1,554,832 ⁽¹⁾	0	1,098	1,553,734 ⁽¹⁾
Giampietro Magnani	CAD IT S.p.A.	1,550,221 ⁽¹⁾	0	0	1,550,221 ⁽¹⁾
Maurizio Rizzoli	CAD IT S.p.A.	1,608,352 ⁽²⁾	0	0	1,608,352 ⁽²⁾
Luigi Zanella	CAD IT S.p.A.	1,552,680 ⁽³⁾	0	0	1,552,680 ⁽³⁾
Paolo Dal Cortivo	CAD IT S.p.A.	641	300	941	0
Francesco Rossi	CAD IT S.p.A.	0	0	0	0
Lamberto Lambertini	CAD IT S.p.A.	0	0	0	0
Alberto Miazzi	CAD IT S.p.A.	980 ⁽⁴⁾	0	0	980 ⁽⁴⁾
Sonia Mazzi	CAD IT S.p.A.	2,165	0	0	2,165
Giuseppe Cereghini	CAD IT S.p.A.	838	0	0	838
Giannicola Cusumano	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 434,865 owned by his wife

(4) of which 120 owned by his wife

During the year the offices expired of the Non-Executive Directors Giovanni Costa, on 4 February 2003 and Wolfgang Koenig and Joze Gricar, on 30 April 2003.

At 31 December 2002, Giovanni Costa held 180 shares of Cad It S.p.A., of which 60 through his wife; Joze Gricar held 76 shares.

Proposals of the Board of Directors

Dear shareholders, the 2003 financial statements of your company closed in a net profit for the year of € 3,148,277.

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

“Having heard the communications of the directors and taken note of the report of the statutory auditors to the shareholders, as per article 153 of Legislative Decree No. 58/1998, and of the report of the auditors on the financial statements as at and for the year ended 31 December 2003, the shareholders in a meeting

resolve:

- 1 - to approve the directors' report;
- 2 - to approve the financial statements as at and for the year ended 31 December 2003 as a whole and in all their parts;
- 3 - to allocate the net profit for the year of € 3,148,277 as follows:

= to dividends, in the proportion of € 0.30 (zero point thirty cents), gross of withholding tax, for each of the 8,980,000 ordinary shares	€	2,694,000.00
= to the available reserve of undistributed earnings	€	454,277.00
equal to a total net profit for the year of	€	3,148,277.00

These dividends will be paid starting 13 May 2004 (the dividend coupon will be detached on 10 May 2004).

On behalf of the Board of Directors

(signed on the original)

The Chairman (Giuseppe Dal Cortivo)

CAD IT S.p.A.

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

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

Tax code and Verona Company Register no. 01992770238

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2003

BALANCE SHEET

ASSETS	31/12/2003	31/12/2002	VARIATIONS
A) SHARE CAPITAL PROCEEDS TO BE RECEIVED			
Total share capital proceeds to be received (A)	0	0	0
B) FIXED ASSETS			
- Intangible fixed assets			
1) Start-up and capital costs	875,831	1,751,663	-875,832
4) Licences, trademarks and similar rights	251,141	178,010	73,131
7) Other	749,218	833,863	-84,645
Total intangible fixed assets	1,876,190	2,763,536	-887,346
II - Tangible fixed assets			
1) Land and buildings	10,777,022	10,976,083	-199,061
2) Plant and machinery	111,091	129,134	-18,043
4) Other assets	923,652	964,712	-41,060
Total tangible fixed assets	11,811,765	12,069,929	-258,164
III - Financial fixed assets			
1) Investments in:			
a) Subsidiary companies	13,579,355	13,573,466	5,889
b) Associated companies	353,610	353,610	0
d) Other	6,022,021	6,022,021	0
Total investments	19,954,986	19,949,097	5,889
2) Amounts receivable			

- due from subsidiary companies within one year	100,000	0	100,000
Total amounts receivable from subsidiary companies	100,000	0	100,000
d) Other due after one year	32,376	49,284	-16,908
Total other	32,376	49,284	-16,908
Total amounts receivable included under fixed assets	132,376	49,284	83,092
Total financial fixed assets	20,087,362	19,998,381	88,981
Total fixed assets (B)	33,775,317	34,831,846	-1,056,529
C) ASSETS FORMING PART OF WORKING CAPITAL			
I - Inventory			
Total inventory	0	0	0
II - Receivables			
1) Trade receivables due within one year	4,212,726	2,452,679	1,760,047
2) Subsidiary companies due within one year	17,757,710	19,012,539	-1,254,829
5) Others due within one year	916,658	2,727,264	-1,810,606
Total receivables included under assets forming part of working capital	22,887,094	24,192,482	-1,305,388
III - Financial assets not of a fixed nature			
7) Insurance policies capitalised	5,425,299	5,249,442	175,857
Total financial assets not of a fixed nature	5,425,299	5,249,442	175,857
IV - Liquid funds			
1) Bank and postal accounts	2,823,857	23,275,417	-20,451,560
3) Cash-in-hand and cash equivalents	2,820	6,643	-3,823
Total liquid funds	2,826,677	23,282,060	-20,455,383
TOTAL Assets Forming Part of Working Capital (C)	31,139,070	52,723,984	-21,584,914
D) ACCRUED INCOME AND DEFERRED EXPENSES	120,630	98,160	22,470
TOTAL ASSETS	65,035,017	87,653,990	-22,618,973

LIABILITIES	31/12/2003	31/12/2002	VARIATIONS
A) SHAREHOLDERS' EQUITY			
I - Share capital	4,669,600	4,669,600	0
II - Share premium reserve	35,246,400	62,186,400	-26,940,000
IV - Legal reserve	933,920	864,419	69,501
VII - Other reserves	8,954,606	7,506,650	1,447,956
IX - Net profit / (loss) for the year	3,148,277	3,133,858	14,419
Total shareholders' equity (A)	52,952,803	78,360,927	-25,408,124
B) PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES			
3) Other	386	99	287
Total provisions for contingencies and charges (B)	386	99	287
C) EMPLOYEES' LEAVING ENTITLEMENT	2,187,801	1,820,352	367,449
D) PAYABLES			
3) Due to banks within one year	0	63	-63
6) Accounts payable to creditors due within one year	1,191,148	1,259,483	-68,335
8) Amounts payable to subsidiary companies due within one year	4,598,179	1,733,679	2,864,500
9) Amounts payable to associated companies within one year	31,007	0	31,007
11) Sums payable to taxation authorities due within one year	736,223	601,025	135,198
12) Social security charges payable due within one year	952,081	1,002,850	-50,769
13) Other sums payable due within one year	2,013,511	2,875,512	-862,001
Total payables (D)	9,522,149	7,472,612	2,049,537
E) ACCRUED EXPENSES AND DEFERRED INCOME	371,878	0	371,878
TOTAL LIABILITIES	65,035,017	87,653,990	-22,618,973

PROFIT AND LOSS ACCOUNT

31/12/2003 31/12/2002 VARIATIONS

A) PRODUCTION REVENUES

1) Turnover - goods and services	22,715,841	22,219,486	496,355
5) Other revenues and income	7,571	83,973	-76,402
Grants for operating expenses	14,874	18,593	-3,719
Total production revenues (A)	22,738,286	22,322,052	416,234

B) PRODUCTION COST

6) Raw materials, consumables and supplies	117,172	83,337	33,835
7) Services	6,360,783	5,517,845	842,938
8) Use of third party assets	192,964	425,806	-232,842
9) Personnel expenses			
a) Wages and salaries	9,576,982	9,654,036	-77,054
b) Social security contributions	3,039,095	2,972,275	66,820
c) Employees' leaving entitlement	657,069	598,288	58,781
e) Other costs	9,250	16,111	-6,861
Total personnel expenses	13,282,396	13,240,710	41,686
10) Amortisation, depreciation and write-downs:			
a) Intangible fixed assets	1,147,872	1,088,981	58,891
b) Tangible fixed assets	539,648	289,203	250,445
Total amortisation and depreciation	1,687,520	1,378,184	309,336
d) Write-downs of receivables and liquid assets included under assets forming part of working capital	3,168	1,860	1,308
Total write-downs	3,168	1,860	1,308
Total amortisation, depreciation and write-downs	1,690,688	1,380,044	310,644
14) Other operating costs	113,999	69,823	44,176
Total production cost (B)	21,758,002	20,717,565	1,040,437

DIFFERENCE BETWEEN PRODUCTION REVENUES AND COST (A-B)	980,284	1,604,487	-624,203
---	---------	-----------	----------

C) FINANCIAL INCOME AND CHARGES

15) Income from investments

a) Subsidiary companies - dividends	1,983,948	830,867	1,153,081
b) Associated companies - dividends	115,025	28,522	86,503
c) Other - dividends	37,272	74,544	-37,272
d) Tax credits on dividends	1,080,151	676,401	403,750
Total income from investments	3,216,396	1,610,334	1,606,062

16) Other financial income

a) Receivables classified as fixed assets			
- Subsidiary companies	836	0	836
- Others	676	1,388	-712
Total a) Amounts receivable included under fixed assets	1,512	1,388	124
d) Other income			
- Other income	367,796	1,170,772	-802,976
Total d) other income	367,796	1,170,772	-802,976
Total other financial income	369,308	1,172,160	-802,852
Total financial income	3,585,704	2,782,494	803,210

17) Interest and other financial charges

d) Other interest payable	647	47	600
Total interest and other financial charges	647	47	600
Total financial income and charges (C) (15+16-17)	3,585,057	2,782,447	802,610

D) ADJUSTMENTS TO FINANCIAL ASSET VALUES

19) Write-downs

a) Investments	35,140	0	35,140
Total write-downs	35,140	0	35,140
Total revaluations and write-downs (D) (18-19)	-35,140	0	-35,140

E) EXTRAORDINARY INCOME AND EXPENSES

20) Income	59,243	455,391	-396,148
21) Expenses	9,455	580	8,875
Total extraordinary items (E) (20-21)	49,788	454,811	-405,023
PROFIT (LOSS) BEFORE TAXATION (A-B+-C+-D+-E)	4,579,989	4,841,745	-261,756
22) Taxation on profit for the year			
a) Current taxes	1,446,603	1,710,617	-264,014
b) Deferred taxation	-14,891	-2,730	-12,161
Total taxation on profit for the year	1,431,712	1,707,887	-276,175
26) NET PROFIT / (LOSS) FOR THE YEAR	3,148,277	3,133,858	14,419

MEMORANDUM AND CONTINGENCY ACCOUNTS

31/12/2003 31/12/2002 VARIATIONS

Guarantees given:

3) Collateral:			
d) in favour of third parties	12,394,966	12,394,966	0
Total collateral	12,394,966	12,394,966	0
Total guarantees given	12,394,966	12,394,966	0
TOTAL MEMORANDUM AND CONTINGENCY ACCOUNTS	12,394,966	12,394,966	0

Notes to the consolidated financial statements as at and for the year ended 31 December 2003

Foreword

These notes present the consolidated financial position and results as at and for the year ended 31 December 2003 together with the comparative prior year figures.

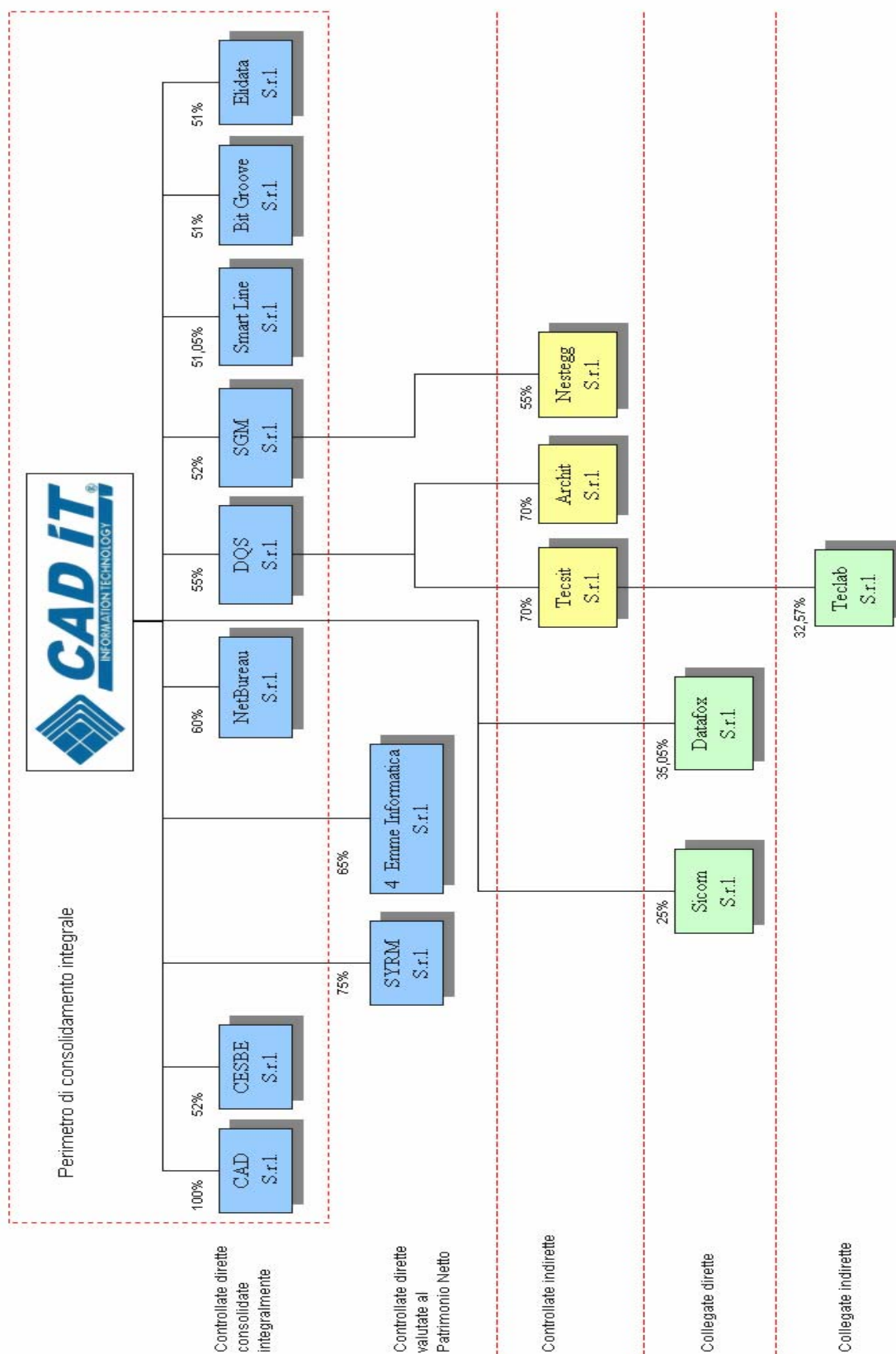
Unless otherwise indicated, amounts in the notes and enclosed schedules are stated in Euro.

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.	Milan	50,000	60.00%	60.00%
S.G.M. S.r.l.	Padua	1,044,650	52.00%	52.00%
D.Q.S. S.r.l.	Rome	11,000	55.00%	55.00%
Bit Groove S.r.l.	Agliana (PT)	15,500	51.00%	51.00%
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%
<i>Subsidiaries valued using the equity method</i>				
(1) Tecsit S.r.l.	Rome	75,000	70.00%	38.50%
(1) Arch It S.r.l.	Rome	50,000	70.00%	38.50%
(2) Nestegg S.r.l.	Milan	25,000	55.00%	28.60%
(3) Syrm S.r.l.	Verona	10,400	75.00%	75.00%
(3) 4 Emme Informatica S.r.l.	Lodi	26,000	65.00%	65.00%
<i>Associated companies valued using the equity method</i>				
Datafox S.r.l.	Florence	99,999	35.05%	35.05%
Sicom S.r.l.	Viadana (MN)	10,400	25.00%	25.00%
(4) Teclab S.r.l.	32.571	72,304	32.571%	12.54%

- (1) held through DQS S.r.l.
- (2) held through SGM S.r.l. - in liquidation since 7 May 2003
- (3) held through CAD IT S.p.A. - in liquidation since 12 December 2003
- (4) held through Tecsit S.r.l.

Compared to 2002, the companies Syrm S.r.l. and 4 Emme S.r.l. are excluded from the consolidation area.

In consideration of their limited size and the types of activity, the two companies were put into liquidation, as resolved on 12 December 2003.

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

- 4 Emme Informatica S.r.l., controlled by CAD IT S.p.A., in liquidation since 12 December 2003;
- Syrm S.r.l., controlled by CAD IT S.p.A., in liquidation since 12 December 2003;
- Tecsit S.r.l., controlled by DQS S.r.l., as it operates in a sector different from that of the Group and is immaterial;
- Arch It S.r.l., controlled by DQS S.r.l., incorporated on 23 July 2001 and immaterial;
- Nestegg S.r.l., controlled by SGM S.r.l., in liquidation since 7 May 2003, dormant and therefore not material;
- Firstcome S.r.l., controlled by SGM S.r.l., incorporated on 27 February 2001 and immaterial, put into liquidation on 17 April 2003 and cancelled on 22 December 2003 upon completion of the liquidation proceeding.

Total assets and revenues of the non-consolidated subsidiaries represent 1.12% and 1.50% 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 2002 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 2003, 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>	<i>Investment value</i>
Cad S.r.l.	31/12/2003	312,571	349,849	100.00%	662,420
Cesbe S.r.l.	31/12/2003	2,090,855	1,458,525	52.00%	1,845,678
NetBureau S.r.l.	31/12/2003	72,996	(35,848)	60.00%	22,288
S.G.M. S.r.l.	31/12/2003	143,524	(87,736)	52.00%	29,010
D.Q.S. S.r.l.	31/12/2003	23,270	694,056	55.00%	394,529
Bit Groove S.r.l.	31/12/2003	22,029	27,859	51.00%	25,443
Elidata S.r.l.	31/12/2003	169,603	531,650	51.00%	357,639
Smart Line S.r.l.	31/12/2003	121,730	285,402	51.05%	207,843

(*) excluding net profit for the year

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 2003 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.

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

2.1 Fixed assets

2.1.1 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.

2.1.2 Tangible fixed assets

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

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%

These rates are halved in the first year of utilisation of the assets.

The depreciation rates applied by the Group usually include also the portion of accelerated depreciation, as provided by current tax legislation.

No revaluations of fixed assets were made except for the building owned by Cad S.r.l., as better specified in paragraph 3.1.2 below.

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.

2.1.3 Financial fixed assets

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

Other significant investments are valued at cost.

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.

Should a loss derive from the adjustment to the year end exchange rate of receivable and payable items, an exchange rate difference provision is made for the same amount and recorded under liabilities among the provisions for contingencies and other charges.

Sums payable to taxation authorities include current taxation on the nprofit 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.

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. The related tax credit is accounted for upon collection.

2.12 *Research and development*

Research and development costs are charged to the profit and loss account in the year in which they are incurred.

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 2003.

Reclassified consolidated balance sheet of Cad It Group	31/12/2003	31/12/2002
Fixed assets		
Intangible fixed assets	10,601,258	12,432,885
Tangible fixed assets	13,140,788	13,736,187
Other fixed assets	7,089,154	6,773,625
Total fixed assets	30,831,200	32,942,697
Current assets		
Trade receivables, net	24,388,358	28,520,891
Closing inventory	950,106	323,553
Other current assets	924,633	3,822,248
Accrued income and deferred expenses	206,418	184,088
Total current assets	26,469,515	32,850,780
Current liabilities		
Payments on account received	30,000	133,971
Accounts payable to creditors	4,254,162	4,195,316
Sums due to other financial institutions	338,590	355,722
Other current liabilities	6,209,172	6,830,072
Sums payable to taxation authorities	1,328,737	1,327,936
Accrued expenses and deferred income	414,813	118,853
Total current liabilities	12,575,474	12,961,870
Operating capital, net	13,894,041	19,888,910
Employees' leaving entitlement	4,769,385	4,009,989
Invested capital, net	39,955,856	48,821,618
Shareholders' equity and liabilities		
Total shareholders' equity of the Group	51,228,895	77,944,755
Minority interest	2,679,642	2,256,270
Medium/long-term payables due to banks	-	-
Provisions for contingencies and other charges	174,738	96,500
Short-term net indebtedness/(financial position)	(14,127,419)	(31,475,907)
Total shareholders' equity and liabilities	39,955,856	48,821,618

3.1 Fixed assets

3.1.1 Intangible fixed assets

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

Intangible fixed assets	31/12/2003	31/12/2002
Start-up and capital costs	881,488	1,763,690
Industrial patents and similar rights		16,012
Licences, trademarks and similar rights	886,032	368,117
Goodwill	16,268	19,522
Goodwill arising on consolidation	8,047,873	9,269,492
Assets under development and payments on account		116,009
Other intangible fixed assets	769,597	880,043
Total intangible fixed assets	10,601,258	12,432,885

In 2003, the residual amount of start-up and capital costs principally relates to the costs incurred by the parent company for the listing of the ordinary shares of CAD IT S.p.A. on the New Market organised and managed by Borsa Italiana S.p.A.. These costs have been capitalised in accordance with the Accounting Principle No. 24 established by the Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri, as they are considered to generate income as an effect of: the improved financial position of the company; the opportunity to avail of the IRPEG tax benefits granted to newly listed companies starting from the year ended 31 December 2001; and the development opportunities connected to the greater visibility deriving from the presence on the 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 at the 1999 year end, in 2000 (CAD S.r.l. and SGM S.r.l.), in 2001 (SMART LINE S.r.l. and DQS S.r.l.) and in 2002 (BIT GROOVE S.r.l. and ELIDATA S.r.l.).

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 € 2,768,208 (2002: € 2,563,208), of which € 1,210,647 relates to goodwill arising on consolidation (2002: € 1,211,866), € 882,201 to start-up and capital costs (2002: € 883,895), € 16,012 to industrial patents and similar rights (€ 22,647), € 546,331 to licences (2002: 325,350), € 3,254 to goodwill (2002: € 3,254), and € 110,446 to other intangible fixed assets (2002: € 116,376).

In 2003, "Intangible fixed assets" varied as follows:

<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</i>	<i>Total</i>
Purchase or production cost	4,425,218	38,479	1,706,321	32,537	116,009	12,118,661	1,255,414	19,692,639
Previous years revaluations								
Previous years amortisation and write-downs	(2,661,528)	(22,467)	(1,338,204)	(13,015)		(2,849,169)	(375,371)	(7,259,754)
Adjustments to previous years write-downs								
<i>Opening value</i>	<i>1,763,690</i>	<i>16,012</i>	<i>368,117</i>	<i>19,522</i>	<i>116,009</i>	<i>9,269,492</i>	<i>880,043</i>	<i>12,432,885</i>
Variations in consolidation area			(908)					(908)
Purchases			819,189		129,236			948,425
Transfers			245,966		(245,245)			721
Reduction in accumulated amortisation due to disposals								
Disposals								
Revaluations for the year								
Amortisation and write-downs for the year	(882,201)	(16,012)	(546,331)	(3,254)		(1,210,647)	(110,446)	(2,768,891)
Adjustments to write-downs for the year						(10,972)		(10,972)
<i>Total intangible fixed assets</i>	<i>881,488</i>	<i>0</i>	<i>886,032</i>	<i>16,268</i>		<i>8,047,873</i>	<i>769,597</i>	<i>10,601,260</i>
<i>(of which revaluations)</i>								

3.1.2 Tangible fixed assets

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

Tangible fixed assets	31/12/2003	31/12/2002
Land and buildings	11,214,433	11,433,644
Plant and machinery	176,843	211,256
Industrial and commercial equipment	191	484
Other assets	1,749,321	2,090,803
Assets under construction and payments on account		0
Total tangible fixed assets	13,140,788	13,736,187

In the 2000 financial statements, the subsidiary CAD IT S.r.l. had revalued a building adjusting the original acquisition cost of € 41,015 (equal to Lit 79,416,103) to € 318,800 (Lit 617,283,964), as provided by Law No. 342/2000. Accordingly, the related accumulated depreciation was revalued from € 23,173 (Lit 44,870,099) to € 189,686 (Lit 367,283,964).

Consolidated financial statements as at and for the year ended 31 December 2003 - Notes

As a consequence, the value of the building, net of depreciation, rose to € 129,114 (Lit 250,000,000) at 31 December 2000. The substitute tax on revaluation, totalling € 22,959 (Lit 44,455,000) was deducted from the revaluation reserve ex Law No. 342/2000.

The year 2002 saw the completion of the construction of an industrial building of € 11,281 thousand; the realisation costs were sustained for € 137 thousand in 2003, for € 4,825 thousand in 2002, for € 5,138 thousand in 2001 and for € 1,180 thousand in previous years.

The caption "Land and buildings" includes € 353 thousand for the acquisition of a building leased by the subsidiary Elidata S.r.l. in 2003.

In 2003, the item 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	11,537,114	460,509	609	4,816,960		16,815,193
Previous years revaluations	120,837					120,837
Previous years depreciation and write-downs	(224,307)	(249,253)	(126)	(2,724,446)		(3,198,132)
Adjustments to previous years write-downs				(1,711)		(1,711)
<i>Opening value</i>	<i>11,433,644</i>	<i>211,256</i>	<i>484</i>	<i>2,090,803</i>		<i>13,736,187</i>
Variations in consolidation area				(18,780)		(18,780)
Purchases	137,295	39,736	608	283,314		460,952
Transfers		704	(555)	(870)		(721)
Reduction in accumulated depreciation due to disposals		37,066	72	128,181		165,318
Disposals		(49,641)		(139,885)		(189,526)
Revaluations for the year						
Depreciation and write-downs for the year	(356,506)	(62,278)	(417)	(593,442)		(1,012,643)
Adjustments to write-downs for the year						
<i>Total tangible fixed assets</i>	<i>11,214,433</i>	<i>176,843</i>	<i>191</i>	<i>1,749,321</i>		<i>13,140,788</i>
<i>(of which revaluations)</i>	<i>120,837</i>					<i>120,837</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	11,657,951	460,509	609	4,816,960		16,936,030
Accumulated depreciation	(224,307)	(249,253)	(126)	(2,726,157)		(3,199,843)
<i>Net value at 31/12/2002</i>	<i>11,433,644</i>	<i>211,256</i>	<i>484</i>	<i>2,090,803</i>		<i>13,736,187</i>

Consolidated financial statements as at and for the year ended 31 December 2003 - Notes

Gross value	11,795,246	451,309	662	4,940,739	17,187,956
Accumulated depreciation	(580,813)	(274,465)	(471)	(3,191,418)	(4,047,168)
<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>

3.1.3 Other fixed assets

Financial fixed assets are represented by investments in associated companies valued using the equity method, other investments valued at cost, receivables for leaving entitlements paid on account to employees (ex Law No. 123/96) and other receivables due after one year.

Financial fixed assets	31/12/2003	31/12/2002
Investments in subsidiary companies valued using the equity method.		
Syrm S.r.l.	20,386	
4 Emme Informatica S.r.l.	95,332	
Firstcom S.r.l.		1,996
Nestegg S.r.l.	5,528	5,528
Archit S.r.l.	126,199	53,510
Tecsit S.r.l.	51,669	53,744
Total investments in subsidiaries not consolidated on a line-by-line basis	299,114	114,778
Investments in associated companies:		
Datafox S.r.l.	287,511	322,562
Sicom S.r.l.	157,725	175,953
Isis S.p.A.		69,808
Total investments in associated companies	445,236	568,323
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	21,808	40,993
Other receivables due after one year	50,924	27,458
Total receivables due after one year	72,732	68,451
Other securities	250,000	
	250,000	
Total financial fixed assets	7,089,154	6,773,625

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.	31/12/2003	82,319	240	70.00%	57,791	38.50%	31,693

Consolidated financial statements as at and for the year ended 31 December 2003 - Notes

Arch It S.r.l.	31/12/2003	59,245	121,039	70.00%	126,199	38.50%	22,809
Syrm S.r.l.	31/12/2003	12,916	14,266	75.00%	20,386	38.25%	4,940
4 Emme Informatica S.r.l.	31/12/2003	119,758	26,907	65.00%	95,332	33.15%	39,700
Nestegg S.r.l.	31/12/2003	12,086		55.00%	6,647	28.60%	3,457

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>
Datafox S.r.l.	31/12/2003	340,838	18,489	35.05%	119,462	35.05%	119,462
Sicom S.r.l.	31/12/2003	630,900	317,090	25.00%	157,725	25.00%	157,725

3.2 Current assets

3.2.1 Trade receivables, net

Trade receivables are composed as follows:

Trade receivables, net	31/12/2003	31/12/2002
Associated companies		
Subsidiaries valued using the equity method	170,411	119,392
Trade receivables	25,005,046	28,972,274
Bad debt provision	(787,099)	(570,775)
Total trade receivables	24,388,358	28,520,891
Average debtor days	154	162
Coverage of bad debt provision	3.15%	1.96%

Trade receivables principally comprise receivables from customers of the banking division. The decrease in the item at the 2003 year end, compared to the previous year end, is principally due to the greater attention given to the terms of collection and to the progress of contract work to completion.

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. Receivables for interest in arrears are written down by an amount that is included in the related provision.

The bad debt provision covers 3.15% of the total nominal value of trade receivables.

The peculiar type of customers (principally banks and bank-related companies) reduced significantly the materiality of credit losses over time. Closing inventory

3.2.2 *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	31/12/2003	31/12/2002
Raw materials, consumables and supplies		
Contract work in progress	480,000	
Finished goods	470,106	323,553
Payments on account		
Total closing inventory	950,106	323,553

3.2.3 *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	31/12/2003	31/12/2002
Software assistance	48,028	8,773
Office management expenses	-	4,753
Advertising costs	43,152	37,381
Telephone charges	8,061	7,328
Administrative services	24,974	30,472
Use of third party assets	34,490	23,961
Insurances	29,633	33,492
Hardware assistance	4,083	7,092
Maintenance of plants	5,798	18,715
Membership fees	1,850	
Other	5,274	7,254
Total deferred expenses	205,343	179,219

3.3 Current liabilities

3.3.1 Payments on account received

The balance of € 30,000 (2002: € 133,971) comprises payments on account received upon stipulation of service or goods supply contracts not yet executed.

3.3.2 Trade accounts payable to creditors

The item varied as follows:

Trade accounts payable to creditors	31/12/2003	31/12/2002
Accounts payable to creditors	4,115,091	4,160,723
Amounts payable to subsidiaries valued using the equity method	108,064	16,378
Amounts payable to associated companies	31,007	18,215
Total accounts payable to creditors	4,254,162	4,195,316

Average creditor days	80	88
-----------------------	----	----

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

3.3.3 Other current liabilities

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

Other current liabilities	31/12/2003	31/12/2002
Social security charges payable	1,951,993	1,931,916

Consolidated financial statements as at and for the year ended 31 December 2003 - Notes

Other sums payable	4,257,179	4,898,156
Other current liabilities	6,209,172	6,830,072

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:

Other sums payable	31/12/2003	31/12/2002
Directors' emoluments	65,292	57,902
Dividends to be distributed to shareholders (third parties)	181,306	351
Wages and salaries	996,874	952,314
Production bonuses due to employees	339,130	591,865
Accrued holidays due to employees	1,512,232	1,350,233
Thirteenth month salary		536
Fourteenth month salary	628,005	605,222
Purchase of investments	387,343	1,177,524
Other	146,997	162,209
Total other sums payable	4,257,179	4,898,156

3.3.4 Sums payable to taxation authorities

The caption "Sums payable to taxation authorities" represents the aggregate tax payables of the individual consolidated companies of the Group for each period. 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 2003, 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 1998.

3.3.5 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	2,003	2,002
Balance at 1 January	4,009,989	3,145,511
Variations in consolidation area		2,348
Accruals	1,380,747	1,335,537
Utilisation	(621,351)	(473,407)
Closing balance	4,769,385	4,009,989

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

<i>Category of Employees</i>	<i>Average number in 2003</i>	<i>Average number in 2002</i>	<i>Variations</i>
Management	15	5	10
White-collars and cadres	609	622	(13)
Blue-collars	1	2	(1)
Apprentices	3	3	
Total	628	632	(4)

At 31 December 2003, the number of employees of the fully consolidated companies was as follows:

<i>Category of Employees</i>	<i>31/12/2003</i>	<i>31/12/2002</i>	<i>Variations</i>	<i>of which due to variations in the consolidation area</i>
Management	15	15		
White-collars and cadres	614	611	3	
Blue-collars	1	2	(1)	
Apprentices	5	4	1	
Total	635	632	3	

The associated companies SICOM S.r.l. and Datafox S.r.l. had an average workforce of 5 and 7 units, respectively, in 2003.

3.5 Shareholders' equity and liabilities

3.5.1 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 2003 consolidated financial statements.

	2003		2002
<i>Consolidation reconciliation schedule at 31 December 2003</i>	<i>Shareholders' equity</i>	<i>Net profit for the year</i>	<i>Shareholders' equity</i>
<i>Shareholders' equity and net profit for the year of the parent company</i>	<i>52,952,805</i>	<i>3,148,277</i>	<i>78,360,927</i>
Elimination of the carrying values of consolidated investments			
- Difference between carrying value and pro-quota value of shareholders' equity	(11,778,189)		(11,259,638)
- Effects on reserves			
- Profit of subsidiary/associated companies on a pro-quota basis	1,825,531	1,825,531	1,403,579
- Goodwill arising on consolidation	8,047,873	(1,210,647)	9,269,492
- Consolidation reserves			6,409
- Elimination of intercompany dividends		(2,111,012)	
- Other effects on the profit and loss account		(18,891)	
Valuation of investments in associated companies using the equity method	180,873	207,280	163,986
<i>Total consolidated shareholders' equity</i>	<i>51,228,895</i>	<i>1,840,539</i>	<i>77,944,755</i>

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</i>
<i>31 December 2002</i>	<i>4,669,600</i>	<i>70,708,261</i>	<i>2,566,895</i>	<i>77,944,755</i>
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
Total at year end	4,669,600	44,718,756
	1,840,539	51,559,295

3.5.2 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	31/12/2003	31/12/2002
Minority quotaholders of Cesbe S.r.l.	1,703,703	1,243,610
Minority quotaholders of Syrm S.r.l.		32,479
Minority quotaholders of 4 Emme Informatica S.r.l.		59,415
Minority quotaholders of NetBureau S.r.l.	14,859	29,198
Minority quotaholders of SGM S.r.l.	26,241	20,354
Minority quotaholders of DQS S.r.l.	362,452	554,221
Minority quotaholders of Bit Groove S.r.l.	24,445	10,794
Minority quotaholders of Elidata S.r.l.	348,654	176,906
Minority quotaholders of Smart Line S.r.l.	199,289	129,293
Total minority interests	2,679,642	2,256,270

3.5.3 Medium to long-term payables due to banks

There are no medium to long-term payables due to banks.

3.5.4 Provisions for contingencies and other charges

The item comprises pension and similar costs for € 143,913 (2002: € 93,681), deferred taxation for € 5,439 (2002: € 2,719) and other non-material items for € 25,000 (2002: € 25,000).

3.5.5 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 2003

The following table shows the reclassified consolidated profit and loss account of the Group for the year ended 31 December 2003.

	31/12/2003	%	31/12/2002	%
Turnover - goods and services	53,996,086	98.83%	56,825,622	99.50%
Variations in contract work in progress	480,000	0.88%	-	-
Increase in internal work capitalised under fixed assets	-	-	-	-
Other revenues and income	159,712	0.29%	285,423	0.50%
Production revenues	54,635,798	100.00%	57,111,045	100.00%
Raw materials, consumables and supplies	(1,058,836)	(1.94%)	(1,349,966)	(2.36%)
Services	(12,073,570)	(22.10%)	(13,212,072)	(23.13%)
Other operating costs	(883,042)	(1.62%)	(1,210,011)	(2.12%)
Added value	40,620,350	74.35%	41,338,996	72.38%
Personnel expenses	(28,167,646)	(51.56%)	(28,693,998)	(50.24%)
Other administrative expenses	(2,567,651)	(4.70%)	(2,829,086)	(4.95%)
Gross operating result (EBITDA)	9,885,053	18.09%	9,815,912	17.19%
Charge to the provision for bad debts	(258,703)	(0.47%)	(149,928)	(0.26%)
Amortisation and depreciation	(3,781,534)	(6.92%)	(3,358,167)	(5.88%)
Other provisions	(31,929)	(0.06%)	(1,264)	(0.00%)
Operating profit (EBIT)	5,812,887	10.64%	6,306,553	11.04%
Financial income and charges, net	605,944	1.11%	1,379,364	2.42%
Profit from ordinary activities	6,418,831	11.75%	7,685,917	13.46%
Revaluations and write-downs	170,144	0.31%	88,901	0.16%
Extraordinary income and expenses	227,684	0.42%	323,086	0.57%
Profit (loss) before taxation	6,816,659	12.48%	8,097,904	14.18%
Taxation on profit for the year	(3,571,998)	(6.54%)	(4,446,618)	(7.79%)
Profit before minority interest	3,244,661	5.94%	3,651,286	6.39%
(Net profit) / loss for the year pertaining to minority interest	(1,404,122)	(2.57%)	(1,084,391)	(1.90%)
Net profit / (loss) for the year	1,840,539	3.37%	2,566,895	4.49%

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>	<i>2003</i>		<i>2002</i>	
Financial instruments B.O.	38,865,001	71.98%	40,785,801	71.77%
Banking services software	7,335,481	13.59%	6,939,967	12.21%
Integrated IT systems	565,018	1.05%	1,130,488	1.99%
Training and organisation consultancy	1,063,888	1.97%	957,255	1.68%
New technologies	2,052,153	3.80%	2,426,835	4.27%
Total banking division	49,881,541	92.38%	52,240,346	91.93%
Hardware and software for industrial companies	3,383,982	6.27%	3,918,680	6.90%
Consulting, training and industrial services	730,563	1.35%	666,596	1.17%
Total industrial division	4,114,545	7.62%	4,585,276	8.07%
Total turnover - goods and services	53,996,086	100.0%	56,825,622	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 92.38% 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	31/12/2003	%	31/12/2002	%
Hardware	576,511	1.18%	574,161	1.13%
Software	427,120	0.87%	587,610	1.16%
Other additions	201,758	0.41%	365,079	0.72%
Variations in raw materials	(146,553)	(0.30%)	(176,884)	(0.35%)
Total raw materials	1,058,836	2.17%	1,349,966	2.66%
External consultants	7,770,094	15.91%	7,895,297	15.54%
Reimbursements of out-of-pocket and travel expenses	1,831,326	3.75%	2,811,683	5.53%
Other	2,472,150	5.06%	2,505,092	4.93%
Total service costs	12,073,570	24.73%	13,212,072	26.00%
Wages and salaries	20,474,109	41.94%	21,017,003	41.37%
Social security contributions	6,247,118	12.80%	6,212,035	12.23%
Employees' leaving entitlement	1,380,747	2.83%	1,335,537	2.63%
Other	65,672	0.13%	129,423	0.25%
Total personnel expenses	28,167,646	57.69%	28,693,998	56.48%
Emoluments to directors and legal representatives	1,705,015	3.49%	2,000,211	3.94%
Telephone charges	541,516	1.11%	495,258	0.97%
Commissions and advertising costs	321,120	0.66%	333,617	0.66%
Total other administrative expenses	2,567,651	5.26%	2,829,086	5.57%
Amortisation and depreciation	3,781,534	7.75%	3,358,167	6.61%
Accruals	290,632	0.60%	151,192	0.30%
Use of third party assets	674,168	1.38%	1,015,903	2.00%
Other operating costs	208,874	0.43%	194,108	0.38%
Total other costs	4,955,208	10.15%	4,719,370	9.29%
Total production cost	48,822,911	100.0%	50,804,492	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 24.73% of total production cost and 22.10% 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 15.91% 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 57.69% of total production cost and 51.56% of production revenues. Total personnel expenses reduced by 1.83% on the previous year, principally due to the reduction of 4 units in the average number of employees.
- The item "Emoluments to directors and legal representatives" includes the 2003 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
Giuseppe Dal Cortivo	Chairman and Managing Director	121,751	93,995
Luigi Zanella	Managing Director	121,751	127,049
Giampietro Magnani	Managing Director	121,751	93,015
Maurizio Rizzoli	Managing Director	121,751	24,790
Paolo Dal Cortivo	Managing Director	12,482	12,395
Francesco Rossi	Non-Executive Director	7,833	0
Lamberto Lambertini	Non-Executive Director	7,833	0
Alberto Miazzi	Non-Executive Director	7,883	0
Giovanni Costa	Non-Executive Director	646	0
Wolfkang Koenig	Non-Executive Director	1,125	0
Joze Gricar	Non-Executive Director	1,125	0
		526,037	351,244

Total emoluments paid to the directors and legal representatives of the consolidated companies amount to € 1,705,015 (2002: € 2,000,211).

4.3 *Financial income and charges*

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

	31/12/2003	31/12/2002
Total financial income	715,267	1,471,117
Revaluation of investments valued using the equity method	227,496	103,124
Write-downs of investments valued using the equity method	(57,352)	(14,223)
Financial charges	(109,323)	(91,753)
Total financial income and charges	776,088	1,468,265

This table shows the impact of financing activities on net profit for the year, equal to 1.42% of production revenues.

Although the positive balance remained substantial in 2003 compared to the previous year, it shows a decrease on the previous year, principally due to the contraction in the rates of return of liquidity and the reduction in the net financial position following the payment of the extraordinary dividend of € 26,940,000.

4.4 *Extraordinary income*

The balance of extraordinary income amounted to € 227,684 in 2003 (2002: € 323,086).

The principal components of extraordinary income are represented by lower tax charges of € 53 thousand, lower estimated costs of € 107 thousand actually incurred for 2002 and gains of € 180 thousand on the sale of the investment in Isis S.p.A.. Total extraordinary expenses of € 93 thousand comprise € 69 thousand of adjustments to 2002 estimated costs and € 24 thousand of adjustments to previous year's revenues.

4.5 *Ratio of taxation to gross profit*

The consolidated financial statements at 31 December 2003 record an average tax charge of 52.40% compared to 54.91% in the previous year.

The significant tax burden is principally due to the amortisation of goodwill arising on consolidation of € 1,210,647, which determines higher taxable bases compared to the profit before taxation. Net of these charges, taxation would represent 44.50% of profit before taxation.

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 18.09% (prior year: 17.19%).

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 € 5,812,887 and represents 10.64% of production revenues (prior year: 11.04%). The slight decrease in this ratio is due to the increase in amortisation and depreciation for the year. Amortisation and depreciation comprise positive consolidation differences of € 1,210,647; excluding these costs, operating profit would represent 12.86% 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 € 6,418,831, equal to 11.75% of production revenues.

5 Performance of the Group

5.1 The Group's financial balance

At 31 December 2003, the Group recorded a significant contribution margin from shareholders' equity of € 39,955,856, compared to fixed assets.

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	31/12/2003	31/12/2002
Trade receivables, net	24,388,358	28,520,891
Trade accounts payable to creditors	(4,254,162)	(4,195,316)
Payments on account received	(30,000)	(133,971)
Total net assets forming part of working capital	20,104,196	24,191,604
Closing inventory	950,106	323,553
Other current assets	924,633	3,822,248
Accrued income and deferred expenses	206,418	184,088
Sums payable to taxation authorities	(1,328,737)	(1,327,936)
Sums due to other financial institutions	(338,590)	(355,722)
Other current liabilities	(6,209,172)	(6,830,072)
Accrued expenses and deferred income	(414,813)	(118,853)
Total working capital, net	13,894,041	19,888,910

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:

	31/12/2003	31/12/2002
Cash flows from/for operating activities (A)	12,454,577	3,264,048
Cash flows for investing activities (B)	(1,670,037)	(7,471,946)
Cash flows from/for financing activities (C)	(28,133,028)	(5,401,644)
Variation in liquid funds (A+B+C)	(17,348,488)	(9,609,542)

The reduction in liquid funds of € 17,348,488 was principally affected by the payment of dividends of € 28,556,400.

5.4 *Net financial position*

The following table shows the variations in net financial position.

Variation in net financial position/(indebtedness)	31/12/2003	31/12/2002
Cash-on-hand and at bank	9,428,430	27,069,127
Financial assets not of a fixed nature	5,425,299	5,249,442
Payables due to banks including current portion of medium to long-term loans	(726,310)	(842,662)
Net short-term financial position/(indebtedness)	14,127,419	31,475,907
Long-term loans net of short-term portion	-	-
Net long-term financial position/(indebtedness)	-	-
Net financial position / (indebtedness)	14,127,419	31,475,907

This table shows a positive financial position of € 14,127,419 at 31 December 2003, 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 2003**

The following table shows the consolidated cash flows of the Group at 31 December 2003

<i>Cash flows statement of Cad It Group</i>	<i>at 31/12/2003</i>	<i>at 31/12/2002</i>
<u>OPERATING ACTIVITIES</u>		
Net profit (loss) for the year	1,840,539	2,566,895
Amortisation and depreciation:		
- tangible fixed assets	1,012,643	794,959
- intangible fixed assets	1,558,244	1,351,342
- goodwill arising on consolidation	1,210,647	1,211,866
Accruals:		
- for employees' leaving entitlement	1,380,747	1,335,537
- other provisions	31,929	1,264
Increase/(Decrease) in provisions for contingencies and other charges	46,309	71,873
Sub-total	7,081,058	7,333,736
Utilisation of employees' leaving entitlement	(621,351)	(471,059)
(Increase)/Decrease in receivables included under assets forming part of working capital	7,030,149	(302,241)
(Increase)/Decrease in inventory	(626,553)	(176,884)
(Increase)/Decrease in accrued income and deferred expenses	(22,330)	12,051
Increase/(Decrease) in accounts due to creditors	(149,603)	(2,593,154)
Increase/(Decrease) in accrued expenses and deferred income	295,960	57,681
Increase/(Decrease) in sums due to other financial institutions	(17,132)	355,722
Increase/(Decrease) in other non-financial payables	(515,621)	(951,804)
Sub-total	5,373,519	(4,069,688)
(A) - Cash flows from (for) operating activities	12,454,577	3,264,048
<u>INVESTING ACTIVITIES</u>		
(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	(184,335)	(26,900)
(Increase)/Decrease in intangible fixed assets	(937,264)	(2,029,972)
(Increase)/Decrease in tangible fixed assets	(417,244)	(5,366,764)
(Increase)/Decrease in other fixed assets	(4,281)	(1,556)
Acquisition of investments in non-consolidated subsidiaries		
(Increase)/Decrease in investments in associated companies	123,087	(47,745)
(Increase)/Decrease in other investments and securities	(250,000)	991
(B) - Cash flows from (for) investing activities	(1,670,037)	(7,471,946)
<u>FINANCING ACTIVITIES</u>		
Increase/(Decrease) in financial payables		
Increase/(Decrease) in reserves	(26,940,000)	
Effects on consolidation reserves	-	
Minority interest	423,372	435,356
Distribution of dividends	(1,616,400)	(5,837,000)
Capital injections		
(C) - Cash flows from (for) financing activities	(28,133,028)	(5,401,644)
(A+B+C) - Total cash flows	(17,348,488)	(9,609,542)
Opening liquid funds	31,475,907	41,085,449
Closing liquid funds	14,127,419	31,475,908

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

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 2003.

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.

CONSOLIDATED COMPANIES

Companies consolidated using the full consolidation method

Company name	Registered office		Quota capital	Percentage of investment	Percentage held by the Group
Cad S.r.l.	Verona Via Torricelli 37	€	130,000	100%	100%
Cesbe S.r.l.	Verona Via Torricelli 37	€	10,400	52%	52%
NetBureau S.r.l.	Milan Via Morigi 13	€	50,000	60%	60%
SGM S.r.l.	Padua Galleria Spagna 28	€	1,044,650	52%	52%
D.Q.S. S.r.l. – Data Quality System	Rome Via Silvio D'Amico 40	€	11,000	55%	55%
Smart Line S.r.l.	Avellino Via Tagliamento 165	€	102,700	51.05%	51.05%
Bit Groove S.r.l.	Agliana (PT) Piazza IV Novembre 8	€	15,500	51%	51%
Elidata S.r.l.	Castiglione d'Adda (LO) Via Sanadolo 19	€	20,000	51%	51%

COMPANIES VALUED USING THE EQUITY METHOD

Company name	Registered office		Quota capital	Percentage of investment	Percentage held by the Group
Syrm S.r.l.	Verona Via Torricelli 37	€	10,400	(*) 75%	75%
4 Emme Informatica S.r.l.	Lodi Corso Archinti 25	€	26,000	(*) 65%	65%
Sicom Informatica S.r.l.	Viadana (MN) Via Verdi 15/a	€	10,400	(*) 25%	25.000%
Datafox S.r.l.	Florence Via Circondaria 56/3	€	99,999	(*) 35.055%	35.055%
Tecsit S.r.l.	Rome Via Silvio D'Amico 40	€	75,000	(**) 70%	38.500%
Arch It S.r.l.	Rome Via Silvio D'Amico 40	€	50,000	(**) 70%	38.500%
Nestegg S.r.l.	Milan Piazza Borromeo 10	€	25,000	(***) 55%	28.60%

(*) held by CAD IT S.p.A.

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

(***) held through SGM S.r.l.

COMPANIES VALUED AT COST

Company name	Registered office		Quota capital	Percentage of investment	Percentage held by the Group
Teclab S.r.l.	32.571 Via delle Pianazze 74	€	72,303	(*) 32.57%	12.539%

(*) held through Tecsit S.r.l.

CAD IT S.p.A.**Financial statements as at and for the year ended 31 December 2003****SUMMARY FINANCIAL STATEMENTS OF THE CONSOLIDATED
SUBSIDIARY COMPANIES***(ex point 4, article 2429 of the Italian Civil Code)***CAD S.r.l.**

REGISTERED OFFICE: Verona
QUOTA CAPITAL: € 130,000.00
% OF INVESTMENT OF CAD IT S.p.A.: 100%

	2003	2002
TURNOVER	35,619,164	39,518,333
GROSS OPERATING RESULT	1,540,933	1,597,766
NET OPERATING PROFIT	711,227	976,698
FINANCIAL INCOME AND CHARGES, NET	253,684	148,694
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	964,911	976,698
NET PROFIT / (LOSS) FOR THE YEAR	349,849	172,782
TANGIBLE FIXED ASSETS, NET	1,005,808	1,087,013
WORKING CAPITAL, NET	(3,842,703)	(1,092,189)
INVESTED CAPITAL, NET	(4,497,744)	(1,461,806)
EMPLOYEES' LEAVING ENTITLEMENT	1,660,849	1,456,630
QUOTAHOLDERS' EQUITY	662,420	1,112,571
NET SHORT-TERM INDEBTEDNESS / (FINANCIAL POSITION)	(5,160,164)	(2,574,377)

CESBE S.r.l.

REGISTERED OFFICE: Verona
QUOTA CAPITAL: € 10,400.00
% OF INVESTMENT OF CAD IT S.p.A.: 52%

	2003	2002
TURNOVER	5,853,295	6,179,651
GROSS OPERATING RESULT	2,493,889	2,418,594
NET OPERATING PROFIT	2,460,238	2,392,850
FINANCIAL INCOME AND CHARGES, NET	17,206	1,569
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	2,477,444	2,394,419
NET PROFIT / (LOSS) FOR THE YEAR	1,458,525	1,364,108
TANGIBLE FIXED ASSETS, NET	46,528	33,796
WORKING CAPITAL, NET	3,698,056	2,351,049
INVESTED CAPITAL, NET	3,491,048	2,201,374
EMPLOYEES' LEAVING ENTITLEMENT	253,536	183,471
QUOTAHOLDERS' EQUITY	3,549,381	2,590,855
NET SHORT-TERM INDEBTEDNESS / (FINANCIAL POSITION)	(58,332)	(389,481)

NETBUREAU S.r.l.

REGISTERED OFFICE: Milan
QUOTA CAPITAL: € 50,000.00
% OF INVESTMENT OF CAD IT S.p.A.: 60%

	2003	2002
TURNOVER	721,739	777,655
GROSS OPERATING RESULT	(2,386)	(13,422)
NET OPERATING PROFIT	(16,019)	(22,780)
FINANCIAL INCOME AND CHARGES, NET	(4,087)	(2,456)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(20,106)	(25,236)
NET PROFIT / (LOSS) FOR THE YEAR	(35,848)	(47,295)
TANGIBLE FIXED ASSETS, NET	42,910	25,555
WORKING CAPITAL, NET	21,113	116,454
INVESTED CAPITAL, NET	26,028	109,796
EMPLOYEES' LEAVING ENTITLEMENT	37,996	32,213
QUOTAHOLDERS' EQUITY	37,147	72,996
NET SHORT-TERM INDEBTEDNESS / (FINANCIAL POSITION)	(11,120)	36,800

DQS S.r.l.

REGISTERED OFFICE: Rome
QUOTA CAPITAL: € 11,000.00
% OF INVESTMENT OF CAD IT S.p.A.: 55%

	2003	2002
TURNOVER	6,202,293	6,788,026
GROSS OPERATING RESULT	1,267,772	2,109,291
NET OPERATING PROFIT	1,226,356	2,073,750
FINANCIAL INCOME AND CHARGES, NET	17,786	9,387
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	1,244,141	2,083,137
NET PROFIT / (LOSS) FOR THE YEAR	694,056	1,196,867
TANGIBLE FIXED ASSETS, NET	207,066	226,820
WORKING CAPITAL, NET	310,618	852,473
INVESTED CAPITAL, NET	239,430	887,138
EMPLOYEES' LEAVING ENTITLEMENT	278,254	192,155
QUOTAHOLDERS' EQUITY	717,326	1,213,270
NET SHORT-TERM INDEBTEDNESS / (FINANCIAL POSITION)	(600,469)	(385,990)

SGM S.r.l.

REGISTERED OFFICE: Galleria Spagna, 28 - 35100 PADUA
QUOTA CAPITAL: € 1,044,650.00
% OF INVESTMENT OF CAD IT S.p.A.: 52%

	2003	2002
TURNOVER	1,867,255	2,085,442
GROSS OPERATING RESULT	176,107	(567,470)
NET OPERATING PROFIT	88,623	(657,551)
FINANCIAL INCOME AND CHARGES, NET	(75,869)	(37,742)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	10,758	(695,293)
NET PROFIT / (LOSS) FOR THE YEAR	(87,736)	(771,382)
TANGIBLE FIXED ASSETS, NET	254,416	276,001
WORKING CAPITAL, NET	609,821	542,697
INVESTED CAPITAL, NET	687,035	679,713
EMPLOYEES' LEAVING ENTITLEMENT	177,202	138,985
QUOTAHOLDERS' EQUITY	55,788	43,524
NET SHORT-TERM INDEBTEDNESS / (FINANCIAL POSITION)	624,367	633,615

SMART LINE S.r.l.

REGISTERED OFFICE: Avellino
QUOTA CAPITAL: € 102,700.00
% OF INVESTMENT OF CAD IT S.p.A.: 51%

	2003	2002
TURNOVER	2,465,654	2,475,149
GROSS OPERATING RESULT	618,097	453,681
NET OPERATING PROFIT	559,544	397,457
FINANCIAL INCOME AND CHARGES, NET	7,233	6,520
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	566,777	403,976
NET PROFIT / (LOSS) FOR THE YEAR	285,402	149,900
TANGIBLE FIXED ASSETS, NET	130,701	119,695
WORKING CAPITAL, NET	(35,136)	179,268
INVESTED CAPITAL, NET	(59,923)	173,638
EMPLOYEES' LEAVING ENTITLEMENT	155,488	125,325
QUOTAHOLDERS' EQUITY	407,132	264,136
NET SHORT-TERM INDEBTEDNESS / (FINANCIAL POSITION)	(506,515)	(121,748)

BIT GROOVE S.r.l.

REGISTERED OFFICE: Piazza IV Novembre, 8 - 51031 AGLIANA (PT)
QUOTA CAPITAL: € 15,500.00
% OF INVESTMENT OF CAD IT S.p.A.: 20%

	2003	2002
TURNOVER	555,696	479,317
GROSS OPERATING RESULT	131,965	63,316
NET OPERATING PROFIT	96,994	26,827
FINANCIAL INCOME AND CHARGES, NET	(8,469)	(12,429)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	88,525	14,398
NET PROFIT / (LOSS) FOR THE YEAR	27,859	4,183
TANGIBLE FIXED ASSETS, NET	48,147	61,300
WORKING CAPITAL, NET	84,664	60,017
INVESTED CAPITAL, NET	122,445	115,508
EMPLOYEES' LEAVING ENTITLEMENT	10,366	5,809
QUOTAHOLDERS' EQUITY	49,888	22,029
NET SHORT-TERM INDEBTEDNESS / (FINANCIAL POSITION)	72,557	93,478

ELIDATA

REGISTERED OFFICE: Via Sanadolo, 19 - Castiglione d'Adda (Lodi)
QUOTA CAPITAL: € 20,000.00
% OF INVESTMENT OF CAD IT S.p.A.: 51%

	2003	2002
TURNOVER	1,780,710	1,079,885
GROSS OPERATING RESULT	917,183	544,307
NET OPERATING PROFIT	888,282	517,846
FINANCIAL INCOME AND CHARGES, NET	2,990	(9,190)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	891,272	508,656
NET PROFIT / (LOSS) FOR THE YEAR	531,650	335,759
TANGIBLE FIXED ASSETS, NET	318,210	51,498
WORKING CAPITAL, NET	155,171	107,709
INVESTED CAPITAL, NET	465,487	158,719
EMPLOYEES' LEAVING ENTITLEMENT	7,894	488
QUOTAHOLDERS' EQUITY	701,253	356,643
NET SHORT-TERM INDEBTEDNESS / (FINANCIAL POSITION)	(235,766)	(197,923)