

The CAD IT Board of Directors approves the Interim Management Report at 30th September 2011

The CAD IT Group closes the **third quarter 2011** with a **Production Value** of Euro 14 million.

EBITDA stood at Euro 3.3 million.

EBIT and **Result of the period net of pre-third party share** were equal to Euro 2.4 and 2.3 million respectively.

The **Net Consolidated Financial Position** at 30th September 2011 is **in credit** by Euro 4.5 million.

In the **first nine months** of 2011, the **Production Value** was Euro 40.2 million.

EBITDA was Euro 5.7 million.

EBIT and **Result of the period net of pre-third party share** were equal to Euro 3.0 and 3.1 million respectively.

The CAD IT Board of Directors hereby reports that it authorised a **merger project** today between companies controlled entirely by CAD IT S.p.A. in a bid to simplify and reorganise the company, reduce administration costs and generate financial efficiency.

The Board of Directors of CAD IT S.p.A., leader in the Italian financial software market and quoted in the STAR segment of Borsa Italiana, today approved the Interim Management Report at 30th September 2011 which shows a growth in values and margins compared to the same period in the previous year.

The main consolidated results of the **third quarter 2011** are as follows:

- **Production Value** of Euro 14 million compared to Euro 13 million in the third quarter of 2010. This 8% growth in Production Value is due to a 11.5% increase in sales (from Euro 11.9 million to 13.2 million), despite a reduction in internal work capitalised under fixed assets which fell from Euro 1.1 million in the third quarter of 2010 to Euro 0.7 million in the third quarter of the current year;

- **Gross Operational Result (EBITDA)** of Euro 3.3 million, corresponding to 23.5% of the Production Value, showing a growth compared to Euro 1.4 million in the third quarter of 2010 (10.8% of the Production Value);
- **Operational Result (EBIT)** of Euro 2.4 million, corresponding to 16.8% of the Production Value and showing an increase compared to Euro 0.5 million in the third quarter of 2010 (3.5% of the Production Value);
- **Result of the period net of pre-third party share** of Euro 2.3 million, corresponding to 16.7% of the Production Value, showing an increase compared to Euro 0.5 million in the third quarter of 2010 (3.8% of the Production Value).

The **short-term Net Consolidated Financial Position** at 30th September 2011 is **in credit** by Euro 4.5 million, in line with the amount registered at 30th June 2011, and showing an increase compared to the Euro 4.2 million registered at 31st December 2010.

In order to give a complete report, below are the main consolidated results of the **first nine months of 2011**:

- **Production Value** was equal to Euro 40.2 million compared to Euro 39 million in the same period of the previous year. This 3.2% growth in Production Value is due to a 4.4% increase in sales (from Euro 35.9 million to 37.4 million), despite a reduction in internal work capitalised under fixed assets which fell from Euro 3.2 million in the first nine months of 2010 to Euro 2.6 million in the first nine months of the current year;
- **Gross Operational Result (EBITDA)** of Euro 5.7 million, corresponding to 14.1% of the Production Value, showing a growth compared to Euro 3.4 million in the first nine months of 2010 (8.8% of the Production Value);
- **Operational Result (EBIT)** of Euro 3 million, corresponding to 7.4% of the Production Value, showing a growth compared to Euro 0.5 million in the first nine months of 2010 (1.4% of the Production Value);
- **Result of the period net of pre-third party share** of Euro 3.1 million, corresponding to 7.8% of the Production Value, showing a growth compared to Euro 0.8 million in the same period of the previous year (2.1% of the Production Value).

Despite the difficult market situation, a significant increase in revenues deriving from the sale of new software and services has been registered both at a quarterly and a financial period level. This positive outcome is due to research and development activities in which the company has always believed and invested. The operative results have also improved following cost optimisation strategies, particularly in regard to reducing third party service expenditure.

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The manager responsible for preparing the company's financial reports, Maria Rosa Mazzi, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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Furthermore, the CAD IT Board of Directors hereby reports that it authorised a merger project today between companies controlled entirely by CAD IT S.p.A. in a bid to simplify and reorganise the company, reduce administration costs and generate financial efficiency.

Further information on the details of the operation are given below.

The CAD S.r.l. Board of Directors ("**Absorbing Company**"), SGM S.r.l., Bit Groove S.r.l. and NetBureau S.r.l. ("**Absorbed Companies**"), companies entirely controlled by CAD IT S.p.A., have drawn up a project to absorb SGM S.r.l., Bit Groove S.r.l. and NetBureau S.r.l. into CAD S.r.l..

The merger project will be presented to the Shareholder Meetings of the respective controlled companies participating in the operation within November 2011.

Since the merger project concerns companies entirely owned by the sole partner, CAD IT S.p.A., it foresees the application of the simplified procedure, as provided for by article 2505 of the Italian Civil Code.

Considering that the company capital of all the companies taking part in the merger is completely owned by one mutual parent company, CAD IT S.p.A., there will be no change in holding relations and the entire increase in company capital of the Absorbing Company, CAD S.r.l., which will result from the merger, will be attributed to the sole partner CAD IT S.p.A. to the amount of the nominal sum of company capital underwritten and paid up for each Absorbed Company.

The merger will consequently lead to an increase in the Absorbing Company, CAD S.r.l.'s company capital, which will rise from Euro 130,000.00 to Euro 295,500.00. It will not be necessary to determine an exchange ratio or adjust any sums of money.

With merger stipulation and the extinction of the Absorbed Companies, the entire increase in CAD S.r.l.'s company capital resulting from the act will be attributed to the sole partner, CAD IT S.p.A.

The effective date for profit-sharing of the Absorbing Company, CAD S.r.l., will coincide with the date from which the accounting and tax effects of the merger are modified, which will be on 01.01.2012.

If all the registrations prescribed for in art. 2504 of the Italian Civil Code are carried out before 01.01.2012, the effects of the merger will start as of that date.

The tax effects of the merger and those referred to at number 6, art. 2501-ter of the Italian Civil Code will begin as of 01.01.2012 in accordance with art. 2504-bis of the Italian Civil Code.

No shareholder categories will be subject to any particular treatment or privileges and there will be no particular advantages or benefits for the directors of the companies concerned in the merger.

Lastly, since the merger involves the incorporation of companies entirely controlled by CAD IT S.p.A. (therefore already within the consolidation perimeter) and no other related parties have any significant interest, the above-described merger operation is excluded from applying the Procedure for operations with related parties adopted by the Issuer, as provided for in art. 8, letter g) of the Procedure itself and by articles 13 and 14 of Consob Regulation no. 17221 of 12th March 2010 and subsequent modifications and integrations.

Consolidated Income Statement Third Quarter 2011

(in thousands of Euro)

	III Quarter 2011		III Quarter 2010		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	13,232	94.2%	11,872	91.3%	1,360	11.5%
Changes in ongoing orders	22	0.2%	28	0.2%	(6)	(21.7%)
Asset increases due to internal work	708	5.0%	1,090	8.4%	(383)	(35.1%)
Other revenue and receipts	79	0.6%	8	0.1%	71	871.4%
Production value	14,040	100.0%	12,998	100.0%	1,042	8.0%
Costs for raw	(103)	(0.7%)	(243)	(1.9%)	140	(57.6%)
Service costs	(2,512)	(17.9%)	(3,074)	(23.6%)	561	(18.3%)
Other operational costs	(166)	(1.2%)	(198)	(1.5%)	31	(15.9%)
Added value	11,258	80.2%	9,484	73.0%	1,775	18.7%
Labour costs	(7,449)	(53.1%)	(7,435)	(57.2%)	(14)	0.2%
Other administrative expenses	(514)	(3.7%)	(650)	(5.0%)	136	(21.0%)
Gross operational result - EBITDA	3,296	23.5%	1,399	10.8%	1,897	135.7%
Allocation to fund and credit depreciation	(2)	(0.0%)	(8)	(0.1%)	6	(78.6%)
Intangible fixed asset amortization	(785)	(5.6%)	(738)	(5.7%)	(48)	6.4%
Tangible fixed asset amortization	(157)	(1.1%)	(199)	(1.5%)	41	(20.8%)
Operational result - EBIT	2,352	16.8%	455	3.5%	1,897	417.1%
Financial income	21	0.2%	17	0.1%	4	25.2%
Financial expenses	(25)	(0.2%)	(24)	(0.2%)	(2)	7.6%
Ordinary result	2,347	16.7%	448	3.4%	1,899	424.0%
Revaluations and depreciations	111	0.8%	139	1.1%	(27)	(19.6%)
Income taxes ¹	0	0.0%	(4)	(0.0%)	5	(107.6%)
Pre-tax result	2,459	17.5%	582	4.5%	1,877	322.3%
Profit (loss) for the period attributable to:						
Non- controlling interests	117	0.8%	93	0.7%	24	25.8%
Owners of the parent	2,342	16.7%	489	3.8%	1,853	378.9%

¹ The interim management report is presented without calculating the income taxes for the period; the amount shown is related to the tax variations calculated when drafting the annual balance and the punctual determination of said taxes that was calculated later when the income tax return was declared.

Consolidated Income Statement First 9 Months 2011

(in thousands of Euro)

	Period 01/01 - 30/09/2011		Period 01/01 - 30/09/2010		Variations	
	€/000	% Vdp	€/000	% Vdp	absolute	%
Income from sales and services	37,429	93.0%	35,857	91.9%	1,573	4.4%
Changes in ongoing orders	35	0.1%	(115)	(0.3%)	150	(130.7%)
Asset increases due to internal work	2,645	6.6%	3,236	8.3%	(591)	(18.3%)
Other revenue and receipts	124	0.3%	24	0.1%	100	408.7%
Production value	40,234	100.0%	39,002	100.0%	1,232	3.2%
Costs for raw	(537)	(1.3%)	(616)	(1.6%)	80	(12.9%)
Service costs	(7,627)	(19.0%)	(8,207)	(21.0%)	580	(7.1%)
Other operational costs	(515)	(1.3%)	(559)	(1.4%)	44	(7.9%)
Added value	31,555	78.4%	29,619	75.9%	1,936	6.5%
Labour costs	(24,249)	(60.3%)	(24,199)	(62.0%)	(50)	0.2%
Other administrative expenses	(1,615)	(4.0%)	(1,983)	(5.1%)	368	(18.6%)
Gross operational result - EBITDA	5,691	14.1%	3,437	8.8%	2,254	65.6%
Allocation to fund and credit depreciation	(46)	(0.1%)	(71)	(0.2%)	25	(35.5%)
Intangible fixed asset amortization	(2,175)	(5.4%)	(2,238)	(5.7%)	63	(2.8%)
Tangible fixed asset amortization	(479)	(1.2%)	(586)	(1.5%)	107	(18.3%)
Operational result - EBIT	2,991	7.4%	542	1.4%	2,449	451.4%
Financial income	62	0.2%	62	0.2%	0	0.5%
Financial expenses	(68)	(0.2%)	(53)	(0.1%)	(15)	29.0%
Ordinary result	2,985	7.4%	552	1.4%	2,434	441.3%
Revaluations and depreciations	339	0.8%	306	0.8%	33	10.8%
Income taxes ²	0	0.0%	(4)	(0.0%)	5	(107.6%)
Pre-tax result	3,325	8.3%	853	2.2%	2,471	289.6%
Profit (loss) for the period attributable to:						
Non- controlling interests	194	0.5%	34	0.1%	160	475.0%
Owners of the parent	3,130	7.8%	819	2.1%	2,311	282.0%

² The interim management report is presented without calculating the income taxes for the period; the amount shown is related to the tax variations calculated when drafting the annual balance and the punctual determination of said taxes that was calculated later when the income tax return was declared.

Consolidated Statement of Comprehensive Income

(in thousands of Euro)

	<i>III Quarter 2011</i>	<i>III Quarter 2010</i>	<i>Period 2011 01/01 – 30/09</i>	<i>Period 2010 01/01 – 30/09</i>
Profit/(loss) for the period	2,459	582	3,325	853
Gains/(Losses) on fair value of available for sale financial assets	(25)	18	(111)	(143)
Total comprehensive income	2,435	600	3,214	710
Profit/(loss) for the period attributable to:				
Non-controlling interests	117	93	194	34
Owners of the parent	2,317	507	3,020	676

Consolidated Statement of Financial Position

(in thousands of Euro)

31/12/2010	ASSETS	30/09/2011	30/09/2010
	A) Non-Current Assets		
18,651	Property, plant and equipment	18,268	18,784
19,297	Intangible assets	19,784	18,894
8,309	Goodwill	8,309	8,309
329	Investments	506	476
609	Other financial assets available for sale	498	638
95	Other non-current credits	129	91
342	Credits due to deferred taxes	342	244
47,631	TOTAL NON-CURRENT ASSETS	47,837	47,436
	B) Current Assets		
111	Inventories	76	158
197	Ongoing orders	232	197
25,948	Trade receivables and other credits	32,363	32,935
856	Tax credits	898	1,480
6,101	Cash on hand and other equivalent assets	6,194	5,231
33,211	TOTAL CURRENT ASSETS	39,764	40,000
80,843	TOTAL ASSETS	87,600	87,436

31/12/2010	EQUITY AND LIABILITIES	30/09/2011	30/09/2010
	A) Equity		
4,670	Company capital	4,670	4,670
35,432	Reserves	35,321	35,338
13,492	Accumulated profits/losses	16,563	14,928
53,593	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	56,554	54,936
2,226	Third party Equity	2,466	2,522
55,819	TOTAL EQUITY	59,021	57,458
	B) Non-current liabilities		
150	Financing	127	157
3,442	Deferred tax liabilities	3,442	3,452
6,379	Employee benefits and quiescence provisions	6,451	6,589
59	Expense and risk provisions	10	75
10,029	TOTAL NON-CURRENT LIABILITIES	10,029	10,273
	C) Current liabilities		
3,869	Trade payables	7,445	6,910
2,457	Current tax payables	2,376	2,013
1,851	Short-term financing	1,735	3,897
6,818	Other liabilities	6,994	6,884
14,994	TOTAL CURRENT LIABILITIES	18,550	19,704
80,843	TOTAL LIABILITIES AND EQUITY	87,600	87,436

Consolidated Cash Flow Statement

(in thousands of Euro)

Cash Flow Statement of CAD IT Group	Period 2011	Period 2010
	01/01 – 30/09	01/01 – 30/09
A) OPERATING ACTIVITIES		
Profit (loss) for the period	3,325	853
Amortisation, revaluation and depreciation:		
- Property, plant and equipment amortisation	479	586
- Intangible fixed asset amortisation	2,175	2,238
- revaluation of investments and financial assets available for sale	(339)	(306)
Allocations (utilization) of provisions:	23	212
Financial performance:		
- Net financial receipts (charges)	6	(9)
- Profit / (losses) on exchanges	(0)	(1)
Working capital variations	(2,787)	(1,562)
Interest paid	(68)	(52)
(A) - Cash flows from (used in) operating activities	2,814	1,959
B) INVESTMENT ACTIVITIES		
Investments in activities		
- Property, plant and equipment purchases	(99)	(163)
- Intangible assets purchases/development	(2,662)	(3,385)
- increase in other fixed assets	(35)	(22)
Disinvestment activities		
- Property, plant and equipment transfers	2	4
- Decrease in other fixed assets	0	2
Cashed Interest	62	56
Cashed dividends	162	56
(B) - Cash flows from (used in) investment activities	(2,569)	(3,452)
C) FINANCING ACTIVITIES		
Medium/long term financing repayment	(23)	(22)
Allocation of profits to directors of subsidiary companies	(12)	0
Dividends paid	0	(2,245)
(C) - Cash flows from (used in) financing activities	(35)	(2,267)
(A+B+C) - Total cash and other equivalent assets flows	210	(3,759)
Opening cash balances and equivalents	4,250	5,093
Closing cash balances and equivalents	4,459	1,333

Consolidated net financial position

(in thousands of Euro)

<i>Net consolidated financial position</i>	<i>30/09/2011</i>	<i>30/06/2011</i>	<i>31/12/2010</i>	<i>30/09/2010</i>
Cash-on-hand and at bank	3,780	4,007	3,731	2,882
Capitalisation insurance policies	2,414	2,399	2,370	2,349
Payables due to banks current portion	(1,735)	(1,858)	(1,851)	(3,897)
Net short-term financial position/(indebtedness)	4,459	4,548	4,250	1,333
Long-term loans	(127)	(135)	(150)	(157)
Net long-term financial position/(indebtedness)	(127)	(135)	(150)	(157)
Net financial position/(indebtedness)	4,332	4,413	4,100	1,176

THE CAD IT GROUP

CAD IT is at the head of a group that represents one of the most dynamic organisations in the Italian Information Technology sector.

The group aims its operations at the banking-insurance sector, the business world and public administration, and has been offering software solutions, maintenance, customizing, integration and other correlated services, from application management to outsourcing and consulting to training for over 30 years.

The CAD IT Group, with head offices in Verona, operates in Italy through its own branches and associated companies in Milan, Rome, Prato, Bologna, Padua and Mantua.

CAD IT is leader in the Italian software market for the banking sector with its main product, Financial Area, a programme which completely manages all functions connected to the negotiation, settlement and administration of security transactions, debentures, derivatives (in any currency) and adopted by the majority of Italian banking outlets.

In addition, the Group boasts a long-standing activity in the industrial sector and the capacity to offer solutions for e-business, credit and industrial companies in constant evolution.

Solutions for Public Administration is the most recent sector but one which capitalises the Group's traditional skills, such as its twenty-year experience in the development of systems for the computerisation of public bodies.

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