

CAD IT: THE BOARD OF DIRECTORS APPROVES THE SIX-MONTHLY RESULTS AT 30TH JUNE 2014

Production Value stands at Euro 27.7 million compared to Euro 25.7 million in the first six months of 2013.

EBITDA stands at Euro 2.9 million compared to Euro 2.3 million in the first six months of 2013.

EBIT stands at Euro 0.5 million compared to Euro 0.1 million in the first six months of 2013.

The Group's Consolidated Net Financial Position at 30th June 2014 is in credit by Euro 2.0 million compared to Euro 2.6 million in debit registered at 31st December 2013.

The CAD IT Board of Directors reports to have authorised today the launch of a merger project between companies controlled entirely by CAD IT S.p.A., with a view to rationalizing the Group's organisation.

Moreover, the new Manager charged with preparing the company's financial reports and the new Internal Auditor have been appointed.

The Board of Directors of CAD IT S.p.A. (www.caditgroup.com), leader in the Italian financial software market and listed in the STAR segment of Borsa Italiana, met today to approve the Half-Yearly Financial Report at 30th June 2014.

The main Consolidated Profit and Loss Account results relating to the first half of 2014 are as follows:

- **Production Value** of Euro 27.7 million (Euro 25.7 million in the first six months of 2013). During the six months in question the increases for the internal work capitalized for the development of new products (asset increases due to internal work) came to Euro 1.8 million compared to Euro 1.9 million in the same period last year.

- **Gross Operational Result (EBITDA)** of Euro 2.9 million (10.6% of Production Value), compared to Euro 2.3 million in the first six months of 2013, corresponding to 8.9% of Production Value.
- **Operational Result (EBIT)** of Euro 0.5 million (1.8% of Production Value) compared to Euro 0.1 million in the first six months of 2013, corresponding to 0.4% of Production Value. The amortization of intangible assets went from Euro 2.0 million in the first six months of 2013 to Euro 2.2 million in the first six months of 2014. The increase over the previous period was due to the beginning of the amortization schedules of software procedures developed in previous years, which have become available for sale.
- **Result of the period net of third party share** of Euro -0.1 million (-0.2% of Production Value) after the registration of taxes for Euro 0.6 million, compared to Euro -0.2 million (-0.9% of Production Value) in the same period of the previous financial year.

The Consolidated Net Financial Position at 30th June 2014 is in credit by Euro 2.0 million compared to Euro 2.6 million in debit registered at 31st December 2013 and to a position in credit by Euro 2.8 million registered at 30th June 2013.

* * *

The Half-Yearly Financial Report as of June 30th 2014, together with the certification in compliance with art. 154 bis, paragraph 5, of Legislative Decree 58/98 (Consolidated Finance Act) and the report of Auditing Firm, will be published in the Investor Relation section on the Company's internet website (www.caditgroup.com) and made available, to anyone on request, at the Company's registered office of CAD IT S.p.A. and at the authorized storage mechanism for the regulated information called "1INFO" on the website www.1info.it by August 29th 2014. Written notification of such publication will be given.

* * *

The Manager provisionally charged with preparing the company's financial reports, Daniele Mozzo, 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.

* * *

The CAD IT Board of Directors reports to have authorised today the launch of a merger project between companies controlled entirely by CAD IT S.p.A., with a view to rationalizing the activities of the Group's organisation.

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

The CAD S.r.l. Board of Directors (“**Absorbing Company**”), DQS Data Quality Systems S.r.l. (“**Absorbed Company**”), companies entirely controlled by CAD IT S.p.A., will draw up the project to absorb DQS Data Quality Systems S.r.l. into CAD S.r.l..

The merger project will be submitted to the Shareholder Meetings of the respective controlled companies participating in the operation within October 2014.

Since the merger involves the incorporation of companies entirely controlled by exclusive owner CAD IT S.p.A., already within the consolidation perimeter, and no other related parties have any significant interests, the Procedure for operations with related parties adopted by the issuer will not apply to the above-described merger operation, as provided for in art. 6.5, letter g) of that Procedure and by articles 13 and 14 of Consob Regulation no. 17221 of 12th March 2010 and subsequent modifications and integrations.

The simplified procedure as provided for by article 2505 of the Italian Civil Code, can be applied. Therefore, no exchange ratio or adjustment of any sums of money will be necessary, nor any change in holding relations and there will be no particular advantages or benefits for the directors of the companies concerned in the merger.

After merger stipulation and the extinction of the Absorbed Company, the entire increase in CAD S.r.l.’s company capital resulting from the act will be attributed to the exclusive owner CAD IT S.p.A.. In accordance with art. 2504-bis of the Italian Civil Code, the effects of the merger will come into effect as of 31/12/2014.

Pursuant to the combined provisions of articles 2504-bis and 2501-ter, paragraph 1, no. 6, the accounting and tax effects of the merger will be retroactive at 01/01/2014.

* * *

The Board of Directors, in consideration of the resignation for health reasons of Maria Rosa Mazzi, which will take effect as of 01/09/2014, confirmed Daniele Mozzo in charge of this activity, as provisionally attributed to him at the Board Meeting of 21/10/2013, until 30/09/2014. Furthermore, the Board of Directors has appointed Michele Miazzi as Manager charged with preparing the company’s financial reports, with effect as of 01/10/2014, following prior approval given by the Remuneration and Nomination Committee and after the necessary opinion of the Board of Auditors.

The Board of Directors has also appointed Mr. Donatello Marcolungo as head of the Company’s Internal Auditing, with immediate effect, upon proposal of the director responsible for Internal Control and Risk Management and prior approval by Internal Control and Risks Committee, after asking the Board of Auditors.

Consolidated Income Statement

(in thousands of Euro)

	First Half 2014		First Half 2013		Variations	
	€/000	% PV	€/000	% PV	€/000	%
Income from sales and services	25,778	93.0%	23,818	92.5%	1,960	8.2%
Asset increases due to internal work	1,794	6.5%	1,881	7.3%	(86)	(4.6%)
Other revenue and receipts	134	0.5%	38	0.1%	96	253.0%
Production value	27,706	100.0%	25,736	100.0%	1,969	7.7%
Purchase costs	(357)	(1.3%)	(249)	(1.0%)	(108)	43.5%
Service costs	(5,059)	(18.3%)	(4,162)	(16.2%)	(897)	21.6%
Other operational costs	(613)	(2.2%)	(325)	(1.3%)	(287)	88.4%
Added value	21,677	78.2%	21,001	81.6%	677	3.2%
Labour costs	(17,751)	(64.1%)	(17,675)	(68.7%)	(76)	0.4%
Other administrative expenses	(994)	(3.6%)	(1,026)	(4.0%)	32	(3.1%)
Gross operational result (EBITDA)	2,933	10.6%	2,300	8.9%	633	27.5%
Allocation to fund and credit depreciation	(3)	(0.0%)	(2)	(0.0%)	(1)	63.4%
Amortizations :						
- Intangible fixed asset amortization	(2,200)	(7.9%)	(1,951)	(7.6%)	(249)	12.7%
- Tangible fixed asset amortization	(226)	(0.8%)	(242)	(0.9%)	16	(6.8%)
Operational result (EBIT)	504	1.8%	104	0.4%	400	383.9%
Financial income	34	0.1%	36	0.1%	(3)	(7.4%)
Financial expenses	(44)	(0.2%)	(20)	(0.1%)	(24)	116.9%
Ordinary result	494	1.8%	120	0.5%	374	310.1%
Revaluations and depreciations	163	0.6%	280	1.1%	(117)	(41.7%)
Pre-tax result	657	2.4%	400	1.6%	257	64.2%
Income taxes	(647)	(2.3%)	(573)	(2.2%)	(74)	12.9%
Profit (loss) for the period	10	0.0%	(173)	(0.7%)	183	
Profit/(loss) for the period attributable to:						
Non-controlling interests	79	0.3%	50	0.2%	29	57.4%
Owners of the parent	(69)	(0.2%)	(223)	(0.9%)	154	
Weighted average number of ordinary shares outstanding	8,980,000		8,980,000			
Basic earnings per share (in €)	(0.008)		(0.025)			

Consolidated Statement of Comprehensive Income

(in thousands of Euro)

	First Half 2014	First Half 2013
Profit (loss) for the period	10	(173)
Other comprehensive income that will not be reclassified subsequently to profit or loss		
Actuarial gains/(losses) on defined benefit liabilities	(789)	146
Other comprehensive income that will be reclassified subsequently to profit or loss		
Gains/(Losses) on fair value of available-for-sale financial assets	-	-
Reclassification adjustments: gains realized on disposal of available-for-sale	-	(103)
Total Comprehensive income (loss)	(780)	(130)
Comprehensive income (loss) attributable to:		
- Non- controlling interests	10	63
- Owners of the parent	(790)	(193)

Consolidated Statement of Financial Position

(in thousands of Euro)

	30/06/2014	31/12/2013
ASSETS		
A) Non-Current Assets		
Property, plant and equipment	17,310	17,445
Intangible assets	20,291	20,650
Goodwill	8,309	8,309
Investments	346	353
Other financial assets available for sale	0	0
Other non-current credits	235	194
Credits due to deferred taxes	758	776
TOTAL NON-CURRENT ASSETS	47,250	47,727
B) Current Assets		
Inventories	54	62
Trade receivables and other credits	32,260	32,768
Tax credits	2,256	2,128
Cash on hand and other equivalent assets	6,070	3,808
TOTAL CURRENT ASSETS	40,640	38,767
TOTAL ASSETS	87,890	86,494
EQUITY AND LIABILITIES		
A) Equity		
Company capital	4,670	4,670
Reserves	35,246	35,246
Accumulated profits/losses	12,644	13,434
Issued capital and reserves attributable to owners of the parent	52,560	53,350
Capital and reserves of third parties	2,015	2,079
Profit (loss) of third parties	79	98
Non-controlling interests	2,093	2,177
TOTAL EQUITY	54,653	55,528
B) Non-current liabilities		
Financing	0	0
Deferred tax liabilities	2,914	2,957
Employee benefits and quiescence provisions	7,752	6,908
Expense and risk provisions	395	120
TOTAL NON-CURRENT LIABILITIES	11,062	9,985
C) Current liabilities		
Trade payables	6,904	4,473
Current tax payables	3,348	3,290
Short-term financing	4,064	6,382
Other liabilities	7,858	6,835
TOTAL CURRENT LIABILITIES	22,175	20,981
TOTAL LIABILITIES AND EQUITY	87,890	86,494

Consolidated Cash Flow Statement

(in thousands of Euro)

	First Half 2014	First Half 2013
<u>A) OPERATING ACTIVITIES</u>		
Profit (loss) for the period	10	(173)
Amortisation, revaluation and depreciation:		
- Property, plant and equipment amortisation	226	242
- Intangible fixed asset amortisation	2,200	1,951
- revaluation of investments and financial assets available for sale	(163)	(280)
- depreciation of investments and financial assets available for sale	0	0
Allocations (utilization) of provisions	330	72
Financial performance:		
- Net financial receipts (charges)	10	(16)
- Profit / (loss) on foreign exchange	0	(1)
Working capital variations	3,744	2,457
Income taxes paid	131	(874)
Interest paid	(44)	(19)
(A) - Cash flows from (used in) operating activities	6,444	3,359
<u>B) INVESTMENT ACTIVITIES</u>		
Investments in activities		
- purchase of property, plant and equipment	(92)	(114)
- purchase of intangible assets	(1,841)	(1,908)
- increase in other fixed assets	(41)	(42)
Disinvestment activities		
- transfers of property, plant and equipment	-	1
- transfers of assets available for sale	-	239
- decrease in other fixed assets	-	2
Cashed Interest	34	36
Cashed dividends	170	163
(B) - Cash flows from (used in) investment activities	(1,769)	(1,623)
<u>C) FINANCING ACTIVITIES</u>		
Medium/long term financing repayment	-	0
Allocation of profits to directors of subsidiary companies	-	(11)
Dividends paid	(95)	(2,793)
(C) - Cash flows from (used in) financing activities	(95)	(2,804)
(A+B+C) - Total cash and other equivalent assets flows	4,580	(1,068)
Opening cash balances and equivalents	(2,575)	3,885
Closing cash balances and equivalents	2,006	2,817

Consolidated net financial position

(in thousands of Euro)

<i>Net consolidated financial position</i>	30/06/2014	31/12/2013	Variations	%
Cash-on-hand and at bank	3,484	1,253	2,230	178.0%
Capitalization insurance policies	2,586	2,555	32	1.2%
Payables due to banks current portion	(4,064)	(6,382)	2,318	(36.3%)
Net short-term financial position/(indebtedness)	2,006	(2,575)	4,580	(177.9%)
Long-term loans	(0)	(0)	0	-
Net long-term financial position/(indebtedness)	(0)	(0)	0	-
Net financial position/(indebtedness)	2,006	(2,575)	4,580	(177.9%)

THE CAD IT GROUP

CAD IT is at the head of a group that represents one of the most dynamic organizations 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 35 years.

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

CAD IT is leader in the Italian software market for the banking sector with its main product, Financial Area, a software 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 capitalizes the Group's traditional skills, such as its twenty-year experience in the development of systems for the computerization of public bodies.

Contacts: CAD IT S.p.A.
Investor Relations Office
 Michele Zanella
 Daniela Corona
 Tel. +39 045 8211 236
 investor@cadit.it
 www.caditgroup.com