

THE CAD IT BOARD OF DIRECTORS APPROVES THE 2006 SECOND QUARTERLY REPORT

In the second quarter 2006, the CAD IT Group recorded Production Revenues of Euro 13.4 million, in line with the Euro 13.4 million recorded for the same period of the previous year.

The other income margins are as follows:

**EBITDA equal to Euro 2.6 million compared to Euro 2.6 million of the same quarter 2005;
EBIT equal to Euro 2.2 million compared to Euro 2.3 million of the second quarter 2005;
Pre-tax profit after minorities interests results equal to Euro 1.8 million compared to the Euro 2.1 million of the same period in the previous year.**

Half year Production Revenues stand at Euro 26 million compared to Euro 26.1 million of the first six months 2005; EBITDA is also substantially in line.

The Net Consolidated Financial Position is in credit by Euro 9.2 million, showing an increase compared to the Euro 8.3 million of 31st December 2005.

The Board of Directors of CAD IT S.p.A., leader in the Italian financial software market, met today to discuss the figures for the second quarterly report 2006.

The main results in the Consolidated profit and loss account for the **second quarter 2006** are as follows:

- **Production Revenues** of Euro 13.4 million compared to the Euro 13.4 million of the second quarter 2005. Increases in internal assets came to Euro 1.5 million compared to the Euro 1.6 million of the same period of the previous year;
- **Gross Operational Result (EBITDA)** of Euro 2.6 million, (19.5% of Production Revenues), in line with the Euro 2.6 million recorded for the second quarter in 2005 (19.8% of Production Revenues);

- **Operational Result (EBIT)** of Euro 2.2 million, (16.5% of Production Revenues), in line with the Euro 2.3 million recorded in the second quarter of 2005 (17.4% of Production Revenues);
- **Pre-tax profit after minority interests results** is Euro 1.8 million (13.3% of Production Revenues) compared to the Euro 2.1 million registered for the second quarter of 2005 (15.8% of Production Revenues). This income margin was substantially influenced by the devaluation of shareholdings belonging to the Group and classified among the activities available for sale in accordance with the IAS/IFRS international accounting standards.

The **six-monthly report** for the Consolidated Economic Account shows the following results:

- **Production Revenues** of Euro 26 million (Euro 26.1 million in the first six months 2005). Increases in internal assets came to Euro 2.5 million compared to the Euro 2.7 million of the same period in the previous year;
- **Gross Operational Result (EBITDA)** of Euro 4.6 million, in line with the Euro 4.7 million of the first half 2005;
- **Operational Result (EBIT)** of Euro 3.8 million compared to Euro 4 million in the first half 2005;
- **Pre-tax profit after minority interests results** is Euro 3.1 million compared to Euro 3.6 million in the first six months of 2005. This income margin was also substantially influenced by the devaluation of shareholdings belonging to the Group and classified among the activities available for sale in accordance with the IAS/IFRS international accounting standards.

The **Net Consolidated Financial Position** at 30th June 2006 is in credit by Euro 9.2 million showing an increase compared to the Euro 8.3 million at 31st December 2005. This increase is mainly due to cash flows generated by operating activities which stood at Euro 4.5 million despite paying dividends last May to the total of about Euro 1.6 million.

Consolidated profit and loss account

| <i>Consolidated profit and loss account</i> | <i>2nd Quarter 2006</i> | | <i>2nd Quarter 2005</i> | | <i>Period 2006 01/01 - 30/06</i> | | <i>Period 2005 01/01 - 30/06</i> | | <i>Variations</i> |
|--|--|---------------|--|---------------|--------------------------------------|---------------|--------------------------------------|---------------|-------------------|
| Turnover - goods and services | 11,817,774 | 88.2% | 11,741,552 | 87.7% | 23,320,968 | 89.9% | 23,350,700 | 89.6% | (29,732) |
| Variations in stock of products being elaborated | (5,664) | (0.0%) | | | | | | | |
| Variations in contract work in progress | 118,171 | 0.9% | | | 118,171 | 0.5% | | | 118,171 |
| Increase in internal work capitalised under fixed assets | 1,460,947 | 10.9% | 1,636,367 | 12.2% | 2,478,453 | 9.5% | 2,690,348 | 10.3% | (211,895) |
| Other revenues and income | 12,118 | 0.1% | 10,860 | 0.1% | 37,569 | 0.1% | 11,658 | 0.0% | 25,911 |
| <i>Production revenues</i> | <i>13,403,346</i> | <i>100.0%</i> | <i>13,388,779</i> | <i>100.0%</i> | <i>25,955,161</i> | <i>100.0%</i> | <i>26,052,706</i> | <i>100.0%</i> | <i>(97,545)</i> |
| Raw materials, consumables and supplies | (300,657) | (2.2%) | (174,746) | (1.3%) | (573,360) | (2.2%) | (401,835) | (1.5%) | (171,525) |
| Services | (2,375,401) | (17.7%) | (2,052,550) | (15.3%) | (4,481,682) | (17.3%) | (4,087,418) | (15.7%) | (394,264) |
| Other operating costs | (165,781) | (1.2%) | (218,417) | (1.6%) | (355,897) | (1.4%) | (443,938) | (1.7%) | 88,041 |
| <i>Added value</i> | <i>10,561,507</i> | <i>78.8%</i> | <i>10,943,066</i> | <i>81.7%</i> | <i>20,544,222</i> | <i>79.2%</i> | <i>21,119,515</i> | <i>81.1%</i> | <i>(575,293)</i> |
| Personnel expenses | (7,399,199) | (55.2%) | (7,724,152) | (57.7%) | (14,804,626) | (57.0%) | (15,293,111) | (58.7%) | 488,485 |
| Other administrative expenses | (551,494) | (4.1%) | (571,250) | (4.3%) | (1,149,319) | (4.4%) | (1,160,040) | (4.5%) | 10,721 |
| <i>Gross operating result (EBITDA)</i> | <i>2,610,814</i> | <i>19.5%</i> | <i>2,647,664</i> | <i>19.8%</i> | <i>4,590,277</i> | <i>17.7%</i> | <i>4,666,364</i> | <i>17.9%</i> | <i>(76,087)</i> |
| Allocation to Credit Depreciation Fund | 1,283 | 0.0% | 2,229 | 0.0% | | | (3,422) | (0.0%) | 3,422 |
| Amortizations: | | | | | | | | | |
| - Intangible fixed asset amortization | (195,097) | (1.5%) | (172,526) | (1.3%) | (381,124) | (1.5%) | (281,339) | (1.1%) | (99,785) |
| - Tangible fixed asset amortization | (199,347) | (1.5%) | (152,961) | (1.1%) | (403,376) | (1.6%) | (393,075) | (1.5%) | (10,301) |
| Other allocations | | | | | | | | | |
| <i>Operational result (EBIT)</i> | <i>2,217,653</i> | <i>16.5%</i> | <i>2,324,406</i> | <i>17.4%</i> | <i>3,805,777</i> | <i>14.7%</i> | <i>3,988,528</i> | <i>15.3%</i> | <i>(182,751)</i> |
| Net financial receipts (charges) | 60,473 | 0.5% | 100,912 | 0.8% | 88,187 | 0.3% | 157,783 | 0.6% | (69,596) |
| <i>Profit from ordinary activities</i> | <i>2,278,126</i> | <i>17.0%</i> | <i>2,425,318</i> | <i>18.1%</i> | <i>3,893,964</i> | <i>15.0%</i> | <i>4,146,311</i> | <i>15.9%</i> | <i>(252,347)</i> |
| Revaluations and depreciations | (364,044) | (2.7%) | (19,808) | (0.1%) | (429,788) | (1.7%) | (227,568) | (0.9%) | (202,220) |
| <i>Pre-tax and pre-third party share result</i> | <i>1,914,082</i> | <i>14.3%</i> | <i>2,405,510</i> | <i>18.0%</i> | <i>3,464,176</i> | <i>13.3%</i> | <i>3,918,743</i> | <i>15.0%</i> | <i>(454,567)</i> |
| Third party pre- tax (Profit)/loss | (132,979) | (1.0%) | (285,290) | (2.1%) | (317,323) | (1.2%) | (312,936) | (1.2%) | (4,387) |
| <i>Group pre-tax profit/loss</i> | <i>1,781,103</i> | <i>13.3%</i> | <i>2,120,220</i> | <i>15.8%</i> | <i>3,146,853</i> | <i>12.1%</i> | <i>3,605,807</i> | <i>13.8%</i> | <i>(458,954)</i> |

Net consolidated financial position

| <i>Net financial position</i> | <i>at 30.06.2006</i> | <i>at 31.12.2005</i> |
|--|----------------------|----------------------|
| Cash on hand and other equivalent assets | 10,160,649 | 9,789,276 |
| Payables due to banks including current portion of medium to long-term loans | (627,650) | (1,067,883) |
| <i>Net short-term financial position/(indebtedness)</i> | <i>9,532,999</i> | <i>8,721,393</i> |
| Long-term loans net of short-term portion | (363,974) | (374,004) |
| <i>Net long-term financial position/(indebtedness)</i> | <i>(363,974)</i> | <i>(374,004)</i> |
| <i>Net financial position / (indebtedness)</i> | <i>9,169,025</i> | <i>8,347,389</i> |

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, Florence, Bologna, Padua, Mantua and Trento.

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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