

PRESS RELEASE

Verona, 28<sup>th</sup> April 2006

## **CAD IT : The Shareholder's Meeting approves the 2005 report and distributes an ordinary dividend of €0.18 per share**

The CAD IT Group closes 2005 with **Production Revenues of € 50.1 million** and a net profit of **€1.5 million**.

The **Net Consolidated Financial Position** on the 31.12.05 is in credit by **€8.3 million**.

The payment of an ordinary dividend of **€0.18 per share** by means of a coupon (ex-dividend) and a payment on the 8th and 11th of May 2006 respectively has been approved.

*The Shareholder's meeting, in accordance with deadlines, has nominated the Board of Directors and Auditors.*

*The Shareholder's meeting has also nominated the auditing company BDO Sala Scelsi Farina to deal with the CAD IT Group's accounting audits for the next six financial periods.*

The Shareholder's Meeting of CAD IT S.p.A. ([www.cadit.it](http://www.cadit.it)), leader in the Italian financial software market and quoted on techSTAR, has today approved the Annual Financial Report project and the consolidated Annual Report for 2005.

The **consolidated annual report** at 31<sup>st</sup> December 2005 reports:

- **Production Revenues** of €50.1 million compared to €54.7 million in 2004; in the Production Revenue sector a €5.6 million increase in assets due to internal work was registered;
- a **Gross Operational Result** (EBITDA) of €7 million, corresponding to 14% of Production Revenues compared to €11 million in 2004 (equal to 20% of Production Revenues);
- a **Net Consolidated Profit** of €1.5 million, corresponding to 3.2% of Production Revenues compared to the €4.2 million of the previous financial year, or 7.7% of Production Revenues.

It should be noted that the **Net Consolidated Financial Position** at 31st December 2005 was in credit by €8.3 million. At the end of 2004, the Net Financial Position amounted to €11.1 million. Over the year an increase in investments in intangible assets (about €5.1 million) and the payment of dividends in May 2005 of about €3 million had an effect on the Net Financial Position.

**The Production Revenues of the mother company CAD IT S.p.A.**, are in line with the amount registered in the previous financial year and stand at €26.35 million (€26.58 million in 2004). **The Net Profit made by the mother company CAD IT S.p.A.** amounts to €1.63 million (€4.53 million in 2004).

The Shareholder's Meeting has decided on the **payment of an ordinary dividend of €0.18 per share**. The dates for the issuing of coupons (ex-dividend date) and dividend payments are the 8th and 11th of May 2006 respectively.

The Shareholder's meeting, in accordance with deadlines, has nominated the Board of Directors and the Board of Auditors.

The new CAD IT **Board of Directors**, that has met after the general meeting for positions, is composed of the following members:

Giuseppe Dal Cortivo (Chairman and Managing director),  
Paolo Dal Cortivo (Managing director),  
Lamberto Lambertini (Independent Manager),  
Giampietro Magnani (Vicepresident and Managing director),  
Maurizio Rizzoli (Manager),  
Francesco Rossi (Independent Manager),  
Luigi Zanella (Vicepresident and Managing director).

Michael John Margetts (Corporate Director of Xchanging) has also been nominated to the Board of Directors with the aim of strengthening the strategic collaboration with Xchanging.

The CAD IT **Auditing Board** consists of the following members:

Giannicola Cusumano (Chairman),  
Gian Paolo Ranocchi,  
Renato Tengattini,

and the following standing auditors:

Cesare Brena,  
Luca Signorini.

The Shareholder's meeting has also nominated the auditing company BDO to deal with the CAD IT Group's accounting audits for the next six financial periods.

### **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 operates in Italy through its own branches and related companies. The Group's head offices are in Verona, related companies are 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 60% 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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## **Consolidated Profit and Loss Account of CAD IT Group**

<i>Consolidated profit and loss account</i>	<i>Notes</i>	<i>Period 2005</i> <i>01/01 - 31/12</i>		<i>Period 2004</i> <i>01/01 - 31/12</i>		<i>Variations</i> <i>%</i>	
Income from sales and services		44,889,287	89.5%	49,439,600	90.5%	(4,550,313)	(9.2%)
Variations in stock of products being elaborated		32,367	0.1%			32,367	100.0%
Changes in ongoing orders		(468,565)	(0.9%)	(45,000)	(0.1%)	(423,565)	941.3%
Asset increases due to internal work		5,645,447	11.3%	5,155,609	9.4%	489,838	9.5%
Other revenue and receipts		43,143	0.1%	102,809	0.2%	(59,666)	(58.0%)
<i>Production value</i>	<i>2.5.2</i>	<i>50,141,679</i>	<i>100.0%</i>	<i>54,653,018</i>	<i>100.0%</i>	<i>(4,511,339)</i>	<i>(8.3%)</i>
Costs for raw materials, subsidiaries and consumer goods		(984,318)	(2.0%)	(1,512,323)	(2.8%)	528,005	(34.9%)
Service costs		(8,807,173)	(17.6%)	(9,143,637)	(16.7%)	336,464	(3.7%)
Other operational costs		(1,055,238)	(2.1%)	(900,009)	(1.6%)	(155,229)	17.2%
<i>Added value</i>		<i>39,294,950</i>	<i>78.4%</i>	<i>43,097,049</i>	<i>78.9%</i>	<i>(3,802,099)</i>	<i>(8.8%)</i>
Labour costs		(29,998,236)	(59.8%)	(29,559,224)	(54.1%)	(439,012)	1.5%
Other administrative expenses		(2,279,500)	(4.5%)	(2,585,173)	(4.7%)	305,673	(11.8%)
<i>Gross operational result (EBITDA)</i>		<i>7,017,214</i>	<i>14.0%</i>	<i>10,952,652</i>	<i>20.0%</i>	<i>(3,935,438)</i>	<i>(35.9%)</i>
Allocation to Credit Depreciation Fund		(22,708)	(0.0%)	52,683	0.1%	(75,391)	(143.1%)
Amortizations:							
- Intangible fixed asset amortization		(588,078)	(1.2%)	(628,472)	(1.1%)	40,394	(6.4%)
- Tangible fixed asset amortization		(900,637)	(1.8%)	(829,221)	(1.5%)	(71,416)	8.6%
Other allocations				(4,996)	(0.0%)	4,996	(100.0%)
<i>Operational result (EBIT)</i>		<i>5,505,791</i>	<i>11.0%</i>	<i>9,542,646</i>	<i>17.5%</i>	<i>(4,036,855)</i>	<i>(42.3%)</i>
Net financial receipts (charges)	<i>2.5.4</i>	227,024	0.5%	341,446	0.6%	(114,422)	(33.5%)
<i>Ordinary result</i>		<i>5,732,815</i>	<i>11.4%</i>	<i>9,884,092</i>	<i>18.1%</i>	<i>(4,151,277)</i>	<i>(42.0%)</i>
Revaluations and depreciations	<i>2.5.5</i>	(224,294)	(0.4%)	88,900	0.2%	(313,194)	(352.3%)
<i>Pre-tax and pre-third party share result</i>		<i>5,508,521</i>	<i>11.0%</i>	<i>9,972,992</i>	<i>18.2%</i>	<i>(4,464,471)</i>	<i>(44.8%)</i>
Income taxes	<i>2.5.6</i>	(3,795,541)	(7.6%)	(5,333,795)	(9.8%)	1,538,254	(28.8%)
<i>Third party (profit)loss for the period</i>		<i>(196,423)</i>	<i>(0.4%)</i>	<i>(447,323)</i>	<i>(0.8%)</i>	<i>250,900</i>	<i>(56.1%)</i>
<b>Profit (loss) for the period</b>		<b>1,516,557</b>	<b>3.0%</b>	<b>4,191,874</b>	<b>7.7%</b>	<b>(2,675,317)</b>	<b>(63.8%)</b>

## Consolidated balance sheet of CAD IT Group

31/12/2004	Balance sheet	Notes	31/12/2005
<b>Assets</b>			
<b>A) Non-current assets</b>			
21,612,261	I) Assets, equipment and machinery	2.5.10	20,943,387
13,989,480	II) Intangible assets	2.5.11	19,156,205
8,308,714	(1) Goodwill	2.5.12	8,308,714
-	(2) Development costs		-
2,814,325	(3) Industrial patents and similar rights		4,917
142,615	(4) Licences, trademarks and similar rights		520,240
7,890,551	(5) Assets under development		5,155,609
6,249,680	III) Holdings	2.5.13-14	152,626
	IV) Other financial assets available for sale	2.5.15	3,087,170
64,848	V) Other non-current credits		59,417
413,706	VI) Credits due to deferred taxes	2.5.16	282,699
<b>42,329,975</b>	<b>TOTAL NON-CURRENT ASSETS</b>		<b>43,681,504</b>
<b>B) Current assets</b>			
475,134	I) Stock	2.5.17	647,291
435,000	II) Ongoing orders	2.5.18	335,592
29,180,572	III) Commercial credits and other credits	2.5.19	24,864,673
1,021,882	IV) Tax credits	2.5.20	1,252,215
0	V) Financial assets available for sale		0
11,939,284	VI) Cash on hand and other equivalent assets	2.5.21	9,789,276
<b>43,051,872</b>	<b>TOTAL CURRENT ASSETS</b>		<b>36,889,047</b>
55,154	C) Non-current assets for sale	2.5.7	-
<b>85,437,001</b>	<b>TOTAL CREDIT</b>		<b>80,570,551</b>
<b>Liabilities</b>			
<b>A) Net patrimony</b>			
4,669,600	I) Company capital	2.5.22	4,669,600
35,246,400	II) Reserves	2.5.23	35,297,564
17,782,874	III) Accumulated profits/losses	2.5.24	13,575,336
57,698,874	<b>TOTAL NET PATRIMONY OF THE GROUP</b>		53,542,500
2,576,290	IV) Third party net patrimony	2.5.22	2,570,309
<b>60,275,164</b>	<b>TOTAL NET PATRIMONY</b>		<b>56,112,809</b>
<b>B) Non-current liabilities</b>			
342,587	I) Financing	2.5.25	374,004
3,318,107	II) Liabilities due to deferred taxes	2.5.26	3,353,687
5,587,467	III) TFR and quiescence reserves	2.5.27	6,436,553
25,146	IV) Expense and risk reserves		25,000
	V) Other liabilities		
<b>9,273,307</b>	<b>TOTAL non-current liabilities</b>		<b>10,189,244</b>
<b>C) Current liabilities</b>			
3,335,915	I) Commercial debts	2.5.28	4,183,101
5,617,950	II) Tax debts	2.5.29	2,559,293
548,773	III) Short-term financing	2.5.30	1,120,969
6,385,892	IV) Other debts	2.5.31	6,405,134
<b>15,888,530</b>	<b>TOTAL current liabilities</b>		<b>14,268,497</b>
<b>85,437,001</b>	<b>TOTAL LIABILITIES AND NET PATRIMONY</b>		<b>80,570,550</b>

## **Consolidated Cash Flow Statement of CAD IT Group**

<i>Year 2004</i>	<i>Cash flow statement of Cad It Group</i>	<i>Year 2005</i>
	<b><u>OPERATING ACTIVITIES</u></b>	
<b>4,191,874</b>	<b>Profit (loss) for the period</b>	<b>1,516,557</b>
	<b>Amortisation and depreciation:</b>	
829,221	- Tangible fixed assets	900,637
628,472	- Intangible fixed assets	588,078
	<b>Accruals:</b>	
1,586,903	- Employees' leaving entitlement	1,687,055
4,996	- Other provisions	
4,762	Increase/(Decrease) in provisions for contingencies and other charges	15,176
7,246,228	<b>Sub-total</b>	<b>4,707,503</b>
(489,274)	Utilisation of employees' leaving entitlement	(853,291)
(4,719,142)	Increase/(Decrease) in receivables included under assets forming part of working capital	5,267,588
(3,341,209)	Taxes paid in the financial period	(6,027,719)
39,972	(Increase)/Decrease in inventory	(72,749)
(43,194)	(Increase)/Decrease in accrued income and deferred expenses	4,146
(1,283,183)	Increase/(Decrease) in accounts due to creditors	763,569
(11,885)	Increase/(Decrease) in accrued expenses and deferred income	154,696
	Increase/(Decrease) in sums due to other financial institutions	45,784
7,749,830	Increase/(Decrease) in other non-financial payables	1,897,643
(2,098,085)	<b>Sub-total</b>	<b>1,179,668</b>
<b>5,148,143</b>	<b>(A) - Cash flows from (for) operating activities</b>	<b>5,887,171</b>
	<b><u>INVESTING ACTIVITIES</u></b>	
184,562	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	114,551
(5,599,829)	(Increase)/Decrease in intangible fixed assets	(5,069,424)
(176,337)	(Increase)/Decrease in tangible fixed assets	(917,142)
7,884	(Increase)/Decrease in other fixed assets	5,431
277,026	(Increase)/Decrease in investments in associated companies	15,584
250,000	(Increase)/Decrease in other investments and securities	
	IAS 39 application effect	2,934,903
<b>(5,056,694)</b>	<b>(B) - Cash flows from (for) investing activities</b>	<b>(2,916,097)</b>
	<b><u>FINANCING ACTIVITIES</u></b>	
	Increase/(Decrease) in financial payables	
	Increase/(Decrease) in IFRS transition reserve	(2,737,024)
	Increase/(Decrease) in reserve for fin. assets avail. for sale	51,164
(1,301)	Effects on consolidation reserve	(23,670)
(137,053)	Third party net patrimony	(5,981)
(2,694,000)	Distribution of dividends	(2,963,400)
	Capital injections	
<b>(2,832,354)</b>	<b>(C) - Cash flows from (for) financing activities</b>	<b>(5,678,911)</b>
<b>(2,740,905)</b>	<b>( A+B+C) - Total cash flows</b>	<b>(2,707,837)</b>
13,796,131	Opening liquid funds	11,055,226
<b>11,055,226</b>	<b>Closing liquid funds</b>	<b>8,347,389</b>

## **Profit and Loss Account of CAD IT S.p.A.**

	<i>Period 2005</i> <i>01/01 - 31/12</i>		<i>Period 2004</i> <i>01/01 - 31/12</i>		<i>Variations</i> <i>%</i>	
Income from sales and services	24,267,187	92.10%	24,409,179	91.83%	(141,992)	(0.58%)
Variations in stock of products being elaborated						
Changes in ongoing orders						
Asset increases due to internal work	2,076,188	7.88%	2,153,000	8.10%	(76,812)	(3.57%)
Other revenue and receipts	5,107	0.02%	18,479	0.07%	(13,372)	(72.36%)
<i>Production value</i>	<i>26,348,482</i>	<i>100.00%</i>	<i>26,580,658</i>	<i>100.00%</i>	<i>(232,176)</i>	<i>(0.87%)</i>
Costs for raw materials, subsidiaries and consumer goods	(122,637)	(0.47%)	(121,456)	(0.46%)	(1,181)	0.97%
Service costs	(5,502,394)	(20.88%)	(3,853,113)	(14.50%)	(1,649,281)	42.80%
Other operational costs	(302,160)	(1.15%)	(311,871)	(1.17%)	9,711	(3.11%)
<i>Added value</i>	<i>20,421,291</i>	<i>77.50%</i>	<i>22,294,218</i>	<i>83.87%</i>	<i>(1,872,927)</i>	<i>(8.40%)</i>
Labour costs	(15,291,312)	(58.03%)	(14,106,749)	(53.07%)	(1,184,563)	8.40%
Other administrative expenses	(852,821)	(3.24%)	(898,812)	(3.38%)	45,991	(5.12%)
<i>Gross operational result (EBITDA)</i>	<i>4,277,158</i>	<i>16.23%</i>	<i>7,288,657</i>	<i>27.42%</i>	<i>(3,011,499)</i>	<i>(41.32%)</i>
Allocation to Credit Depreciation Fund			(1,310)	(0.00%)	1,310	(100.00%)
Amortizations:						
- Intangible fixed asset amortization	(277,607)	(1.05%)	(199,584)	(0.75%)	(78,023)	39.09%
- Tangible fixed asset amortization	(574,081)	(2.18%)	(562,742)	(2.12%)	(11,339)	2.01%
Other allocations						
<i>Operational result (EBIT)</i>	<i>3,425,470</i>	<i>13.00%</i>	<i>6,525,021</i>	<i>24.55%</i>	<i>(3,099,551)</i>	<i>(47.50%)</i>
Net financial receipts (charges)	572,309	2.17%	1,309,164	4.93%	(736,855)	(56.28%)
<i>Ordinary result</i>	<i>3,997,779</i>	<i>15.17%</i>	<i>7,834,185</i>	<i>29.47%</i>	<i>(3,836,406)</i>	<i>(48.97%)</i>
Revaluations and depreciations	(251,412)	(0.95%)	-		(251,412)	100.00%
<i>Pre-tax result</i>	<i>3,746,367</i>	<i>14.22%</i>	<i>7,834,185</i>	<i>29.47%</i>	<i>(4,087,818)</i>	<i>(52.18%)</i>
Income taxes	(2,119,653)	(8.04%)	(3,308,296)	(12.45%)	1,188,643	(35.93%)
<b>Profit (loss) for the period</b>	<b>1,626,714</b>	<b>6.17%</b>	<b>4,525,889</b>	<b>17.03%</b>	<b>(2,899,175)</b>	<b>(64.06%)</b>
<i>Earnings per share</i>	<i>0.18</i>		<i>0.50</i>			

## **Balance sheet of CAD IT S.p.A.**

31/12/2004	Balance sheet	31/12/2005
<b>Assets</b>		
<b>A) Non-current assets</b>		
20,572,716	I) Property, plant and equipment	20,111,551
5,114,661	II) Intangible assets	9,682,143
20,295,644	III) Investments	14,441,633
-	IV) Other financial assets available for sale	3,087,118
124,713	V) Other non-current credits	17,092
27,060	VI) Credits due to deferred taxes	26,522
<b>46,134,794</b>	<b>TOTAL NON-CURRENT ASSETS</b>	<b>47,366,059</b>
<b>B) Current assets</b>		
-	I) Inventories	7,669
-	II) Ongoing orders	-
23,458,411	III) Commercial credits and other credits	21,726,011
129	IV) Tax credits	1,032,896
0	V) Financial assets available for sale	0
6,455,317	VI) Cash on hand and other equivalent assets	6,270,363
<b>29,913,857</b>	<b>TOTAL CURRENT ASSETS</b>	<b>29,036,939</b>
-	<b>C) Non-current assets held for sale</b>	-
<b>76,048,651</b>	<b>TOTAL ASSETS</b>	<b>76,402,998</b>



31/12/2004	Balance sheet	31/12/2005
<b>Liabilities</b>		
<b>A) Stockholders' Equity</b>		
4,669,600	I) Company capital	4,669,600
35,246,400	II) Reserves	35,297,564
19,724,707	III) Accumulated profits/losses	15,650,997
<b>59,640,707</b>	<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>55,618,161</b>
<b>B) Non-current liabilities</b>		
-	I) Financing	-
3,230,149	II) Liabilities due to deferred taxes	3,273,546
2,576,697	III) TFR and quiescence reserves	3,099,556
146	IV) Expense and risk reserves	-
	V) Other liabilities	
<b>5,806,992</b>	<b>TOTAL non-current liabilities</b>	<b>6,373,102</b>
<b>C) Current liabilities</b>		
4,758,183	I) Commercial debts	10,004,801
2,846,994	II) Tax debts	1,191,229
-	III) Short-term financing	-
2,995,776	IV) Other debts	3,215,705
<b>10,600,953</b>	<b>TOTAL current liabilities</b>	<b>14,411,735</b>
<b>76,048,652</b>	<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>76,402,998</b>

## Statement of cash flows of CAD IT

31/12/2004	Cash flow statement of Cad It	31/12/2005
	<b><u>OPERATING ACTIVITIES</u></b>	
4,525,890	<b>Profit (loss) for the period</b>	<b>1,626,714</b>
	<b>Amortisation and depreciation:</b>	
562,742	- Tangible fixed assets	574,081
199,584	- Intangible fixed assets	277,607
	<b>Accruals:</b>	
746,335	- Employees' leaving entitlement	803,156
11,945	- Other provisions	
	Increase/(Decrease) in provisions for contingencies and other charges	(12,331)
6,046,496	<b>Sub-total</b>	<b>3,269,227</b>
(194,105)	Utilisation of employees' leaving entitlement	(268,112)
(483,333)	Taxes paid in the financial period	(4,955,832)
(147,225)	Increase/(Decrease) in receivables included under assets forming part of working capital	1,765,305
	(Increase)/Decrease in inventory	(7,669)
(4,404)	(Increase)/Decrease in accrued income and deferred expenses	(9,972)
(452,253)	Increase/(Decrease) in accounts due to creditors	367,358
(23,747)	Increase/(Decrease) in accrued expenses and deferred income	105,460
	Increase/(Decrease) in sums due to other financial institutions	
1,687,510	Increase/(Decrease) in other non-financial payables	7,282,031
382,443	<b>Sub-total</b>	<b>4,278,570</b>
6,428,939	<b>(A) - Cash flows from (for) operating activities</b>	<b>7,547,797</b>
	<b><u>INVESTING ACTIVITIES</u></b>	
	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	
(5,063,105)	(Increase)/Decrease in intangible fixed assets	(4,845,089)
(135,496)	(Increase)/Decrease in tangible fixed assets	(112,916)
7,662	(Increase)/Decrease in other fixed assets	107,621
(807,387)	(Incremento)/Decremento di partecipazioni in società controllate	(168,010)
	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	
115,718	(Increase)/Decrease in investments in associated companies	
351,010	IAS 39 application effect	2,934,903
(5,531,598)	<b>(B) - Cash flows from (for) investing activities</b>	<b>(2,083,491)</b>
	<b><u>FINANCING ACTIVITIES</u></b>	
	Increase/(Decrease) in financial payables	
	Increase/(Decrease) in IFRS transition reserve	(2,737,024)
	Increase/(Decrease) in reserve for fin. assets avail. for sale	51,164
	Effects on consolidation reserve	
	Stockholders' equity	
(2,694,000)	Distribution of dividends	(2,963,400)
	Capital injections	
(2,694,000)	<b>(C) - Cash flows from (for) financing activities</b>	<b>(5,649,260)</b>
(1,796,659)	<b>(A+B+C) - Total cash flows</b>	<b>(184,954)</b>
8,251,976	Opening liquid funds	6,455,317
6,455,317	<b>Closing liquid funds</b>	<b>6,270,363</b>