



## Interim Management Report at 30<sup>th</sup> September 2012

*This document has been translated into English for the convenience of readers outside of Italy.  
The original Italian version remains the definitive and authoritative document.*

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## BOARD OF DIRECTOR AND AUDITORS

### BOARD OF DIRECTORS <sup>(1)</sup>

GIUSEPPE DAL CORTIVO  
*Chairman and Managing Director*

LUIGI ZANELLA  
*Vice Chairman and Managing Director*

GIAMPIETRO MAGNANI  
*Vice Chairman and Managing Director*

PAOLO DAL CORTIVO  
*Managing Director*

MAURIZIO RIZZOLI <sup>(2)</sup>  
*Director*

JÖRG KARSTEN BRAND  
*Director*

FRANCESCO ROSSI <sup>(2)</sup>  
*Director and lead independent director*

LAMBERTO LAMBERTINI <sup>(2)</sup>  
*Independent Director*

### STATUTORY AUDITORS <sup>(1)</sup>

RICCARDO FERRARI  
*Chairman*

GIAN PAOLO RANOCCHI  
*Statutory Auditor*

RENATO TENGATTINI  
*Statutory Auditor*

**AUDITORS: BDO S.p.A.**



(1) Appointed on 26 April 2012; office expires with the shareholders' meeting for the approval of the 2014 financial statements.

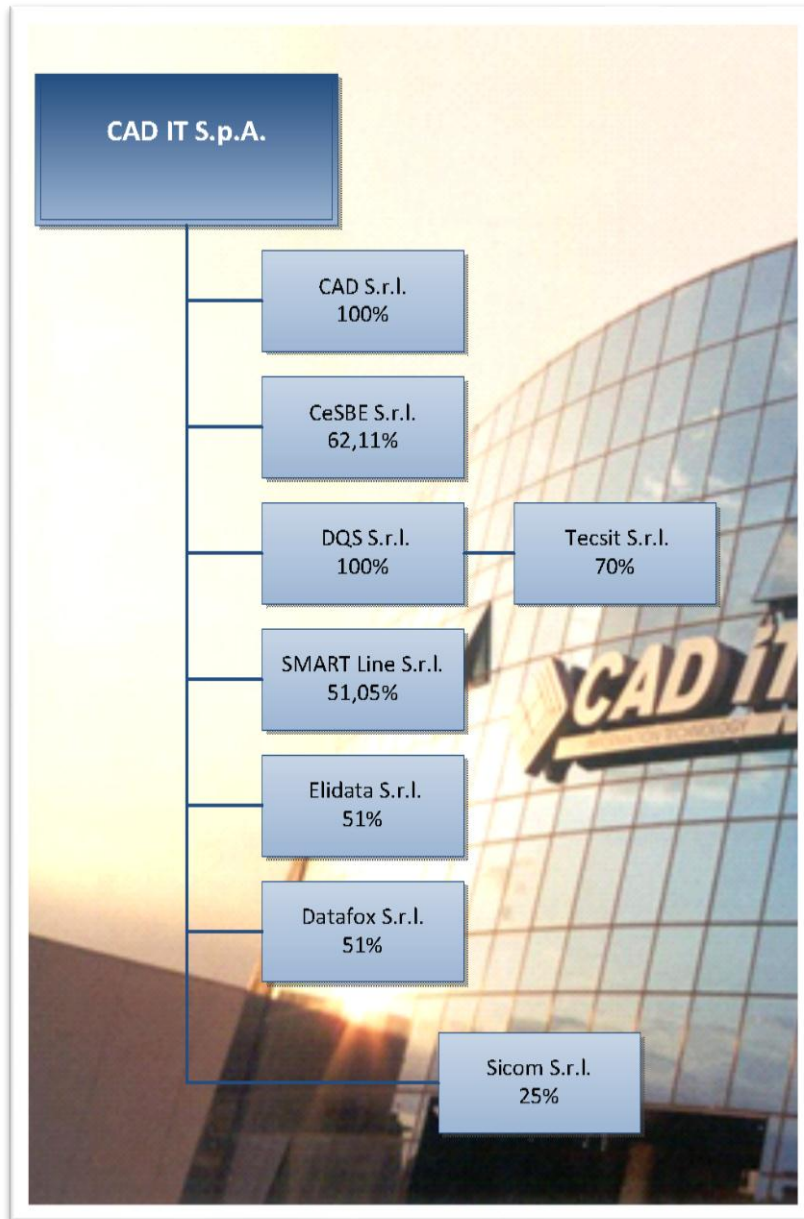
(2) Member of the Control and Risk Committee; member of the Nominating and Compensation Committee.

*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 19 of the company by-laws.*

*The main powers reserved in the statute to the Board of Directors are the examination and approval of the strategic, industrial and financial plans of the company; 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; the underwriting of obligations, commitments and responsibilities which, either singularly or jointly with other connected negotiations, come to more than €4,000,000; the nomination of managing directors; the release of warranties and real or personal guarantees of any kind to the sum of more than €2,000,000 for each individual transaction and, if in the interest of subjects other than the Company and its subsidiaries, to any sum whatsoever; the examination and preventive approval of significant transactions including those with company related parties and company subsidiaries; verification of the appropriateness of the administrative and organisational structure and the general accounting, the internal control system and any conflicts of interest.*

*The Vice-Chairmen Giampietro Magnani and Luigi Zanella, pursuant to article 20 of the company by-laws, carry out vicarious functions to those of the President in case of his absence or impediment. The managing directors, Giampietro Magnani and Luigi Zanella, will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness with the power to act alone for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million); furthermore, the aforementioned directors will have the power and faculty, with their single free signature, to purchase and/or sell registered assets, with the exception of boats and airplanes of any kind.*

*The Managing Director Paolo Dal Cortivo will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness, with the power to act alone for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million). The said Managing Director will have ordinary administrative power to represent the Company in terms of relations with institutional investors and shareholders as well as with Borsa Italiana S.p.A. and Consob, by sending them communications and information, including anything required by the laws in force and/or the international best practice rules in respect of the laws and rules themselves and any internal regulations.*



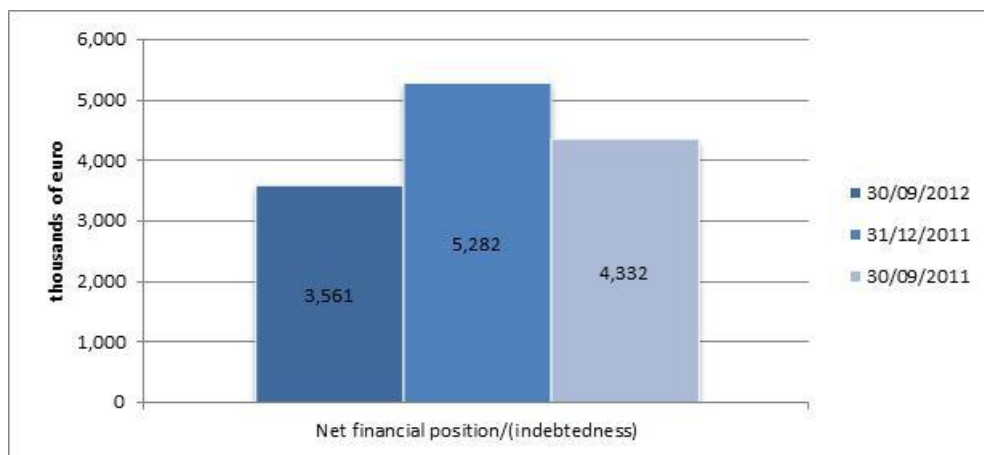
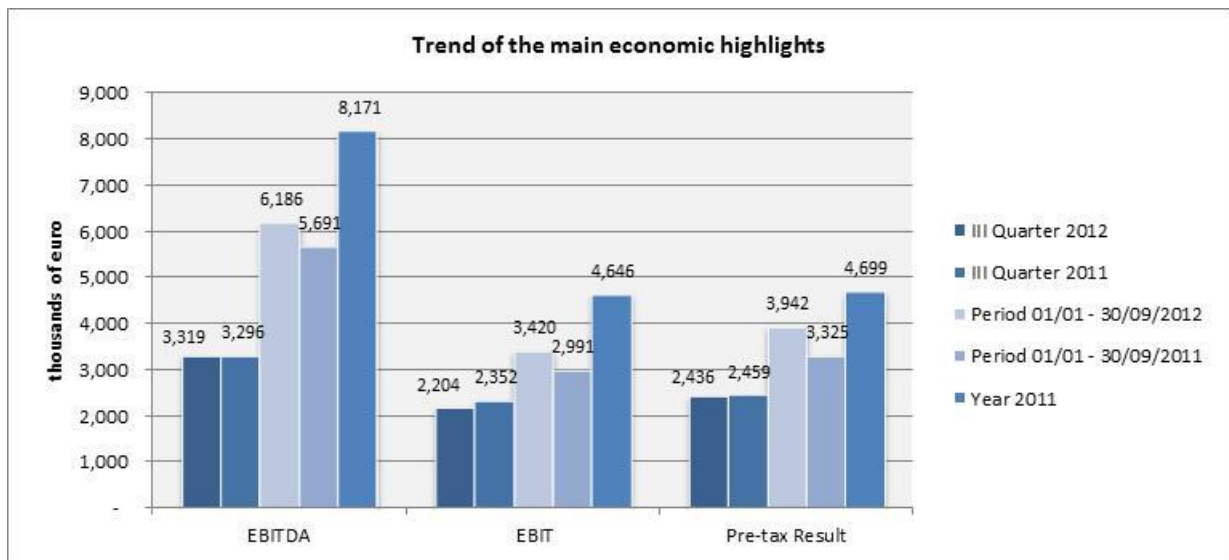
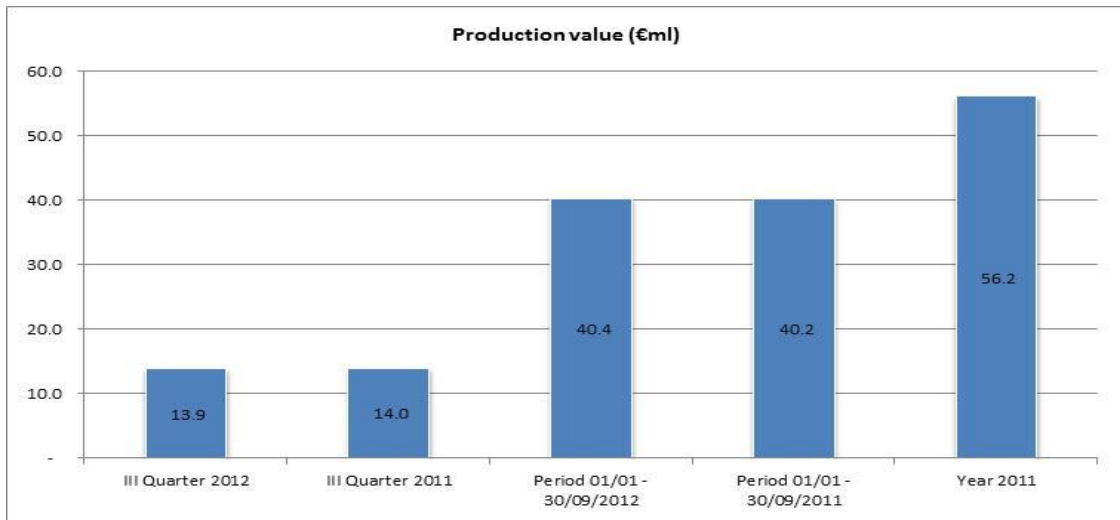
CAD IT Group as at 30/09/2012

## SUMMARY OF THE GROUP'S RESULTS AND DATA

	30/09/2012		30/09/2011		Variations	
	€/000	% PV	€/000	% PV	€/000	%
Production value	40,357	100.0%	40,234	100.0%	+ 123	+ 0.3%
Added value	32,466	80.4%	31,555	78.4%	+ 911	+ 2.9%
Gross operational result (EBITDA)	6,186	15.3%	5,691	14.1%	+ 495	+ 8.7%
Operational result (EBIT)	3,420	8.5%	2,991	7.4%	+ 429	+ 14.3%
Ordinary result	3,495	8.7%	2,985	7.4%	+ 509	+ 17.1%
Pre-tax result	3,942	9.8%	3,325	8.3%	+ 617	+ 18.6%
<b>Pre-tax profit attributable to owners of the parent</b>	<b>3,659</b>	<b>9.1%</b>	<b>3,130</b>	<b>7.8%</b>	<b>+ 529</b>	<b>+ 16.9%</b>
Total comprehensive pre-tax income	3,915		3,214		+ 701	+ 21.8%
<b>Total comprehensive pre-tax income attributable to owners of the parent</b>	<b>3,632</b>		<b>3,020</b>		<b>+ 613</b>	<b>+ 20.3%</b>

	III Quarter 2012		III Quarter 2011		Variations	
	€/000	% PV	€/000	% PV	€/000	%
Production value	13,932	100.0%	14,040	100.0%	- 108	- 0.8%
Added value	11,424	82.0%	11,258	80.2%	+ 166	+ 1.5%
Gross operational result (EBITDA)	3,319	23.8%	3,296	23.5%	+ 23	+ 0.7%
Operational result (EBIT)	2,204	15.8%	2,352	16.8%	- 148	- 6.3%
Ordinary result	2,229	16.0%	2,347	16.7%	- 118	- 5.0%
Pre-tax result	2,436	17.5%	2,459	17.5%	- 24	- 1.0%
<b>Pre-tax profit attributable to owners of the parent</b>	<b>2,407</b>	<b>17.3%</b>	<b>2,342</b>	<b>16.7%</b>	<b>+ 65</b>	<b>+ 2.8%</b>
Total comprehensive pre-tax income	2,425		2,435		- 10	- 0.4%
<b>Total comprehensive pre-tax income attributable to owners of the parent</b>	<b>2,396</b>		<b>2,317</b>		<b>+ 79</b>	<b>+ 3.4%</b>

	30/09/2012	31/12/2011	30/09/2011
Total Assets	86,878	86,028	87,600
Total Equity	59,403	57,845	59,021
Equity attributable to Owners of the parent	56,863	55,356	56,554
Net short-term financial position/(indebtedness)	3,561	5,401	4,459
Net financial position / (indebtedness)	3,561	5,282	4,332
Employees at the end of the period (number)	605	594	599
Employees (average number in the period)	602	601	603



## SUMMARY SCHEDULES

### Consolidated income statement

(in thousands of Euro)

	III Quarter 2012	III Quarter 2011	Period 2012 01/01 – 30/09	Period 2011 01/01 – 30/09
Income from sales and services	12,772	13,232	37,355	37,429
Changes in ongoing orders	(17)	22	(17)	35
Asset increases due to internal work	1,147	708	2,956	2,645
Other revenue and receipts	30	79	63	124
Purchase costs	(93)	(103)	(341)	(537)
Service costs	(2,258)	(2,512)	(6,997)	(7,627)
Other operational costs	(157)	(166)	(553)	(515)
Labour costs	(7,613)	(7,449)	(24,735)	(24,249)
Other administrative expenses	(493)	(514)	(1,545)	(1,615)
Allocation to fund and credit depreciation	0	(2)	(2)	(46)
Intangible fixed asset amortization	(966)	(785)	(2,316)	(2,175)
Tangible fixed asset amortization	(149)	(157)	(447)	(479)
Financial income	52	21	134	62
Financial expenses	(26)	(25)	(59)	(68)
Revaluations and depreciations	206	111	444	339
Income taxes <sup>1</sup>	0	0	3	0
<b>Pre-tax result</b>	<b>2,436</b>	<b>2,459</b>	<b>3,942</b>	<b>3,325</b>
<b>Pre-tax profit/ (loss) attributable to:</b>				
Non-controlling interests	29	117	283	194
<b>Owners of the parent</b>	<b>2,407</b>	<b>2,342</b>	<b>3,659</b>	<b>3,130</b>
Weighted average number of ordinary shares: 8,980,000				
Basic earnings per share (in €)	0.268	0.261	0.407	0.349

### Consolidated statement of comprehensive income

(in thousands of Euro)

	III Quarter 2012	III Quarter 2011	Period 2012 01/01 – 30/09	Period 2011 01/01 – 30/09
Pre-tax result for the period	2,436	2,459	3,942	3,325
Gains/(Losses) on fair value of available-for-sale financial assets	-	(25)	-	(111)
Reclassification adjustments: gains realized on disposal of available-for-sale	(11)	-	(27)	-
<b>Total Comprehensive income</b>	<b>2,425</b>	<b>2,435</b>	<b>3,915</b>	<b>3,214</b>
<b>Profit/(loss) for the period attributable to:</b>				
Non-controlling interests	29	117	283	194
<b>Owners of the parent</b>	<b>2,396</b>	<b>2,317</b>	<b>3,632</b>	<b>3,020</b>

<sup>1</sup> 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 financial position

(in thousands of Euro)

31/12/2011	ASSETS	30/09/2012	30/09/2011
	A) Non-Current Assets		
18,171	Property, plant and equipment	17,911	18,268
19,981	Intangible assets	20,782	19,784
8,309	Goodwill	8,309	8,309
330	Investments	580	506
460	Other financial assets available for sale	262	498
132	Other non-current credits	158	129
595	Credits due to deferred taxes	595	342
<b>47,976</b>	<b>TOTAL NON-CURRENT ASSETS</b>	<b>48,598</b>	<b>47,837</b>
	B) Current Assets		
70	Inventories	89	76
17	Ongoing orders	-	232
30,600	Trade receivables and other credits	30,645	32,363
257	Tax credits	1,412	898
7,107	Cash on hand and other equivalent assets	6,133	6,194
<b>38,052</b>	<b>TOTAL CURRENT ASSETS</b>	<b>38,280</b>	<b>39,764</b>
<b>86,028</b>	<b>TOTAL ASSETS</b>	<b>86,878</b>	<b>87,600</b>

31/12/2011	EQUITY AND LIABILITIES	30/09/2012	30/09/2011
	A) Equity		
4,670	Company capital	4,670	4,670
35,395	Reserves	35,368	35,321
15,291	Accumulated profits/losses	16,824	16,563
<b>55,356</b>	<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>56,863</b>	<b>56,554</b>
2,489	Third party Equity	2,541	2,466
<b>57,845</b>	<b>TOTAL EQUITY</b>	<b>59,403</b>	<b>59,021</b>
	B) Non-current liabilities		
119	Financing	0	127
3,375	Deferred tax liabilities	3,375	3,442
6,724	Employee benefits and quiescence provisions	6,629	6,451
40	Expense and risk provisions	31	10
<b>10,258</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>10,035</b>	<b>10,029</b>
	C) Current liabilities		
4,007	Trade payables	5,889	7,445
4,696	Current tax payables	2,147	2,376
1,705	Short-term financing	2,572	1,735
7,516	Other liabilities	6,831	6,994
<b>17,925</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>17,439</b>	<b>18,550</b>
<b>86,028</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>86,878</b>	<b>87,600</b>





## Consolidated Cash Flow Statement

(in thousands of Euro)

Cash Flow Statement of CAD IT Group	Period 2012	Period 2011
	01/01 – 30/09	01/01 – 30/09
<b>A) OPERATING ACTIVITIES</b>		
Profit (loss) for the period	3,942	3,325
Amortisation, revaluation and depreciation:		
- Property, plant and equipment amortisation	447	479
- Intangible fixed asset amortisation	2,316	2,175
- revaluation of investments and financial assets available for sale	(444)	(339)
Allocations (utilization) of provisions:	(104)	23
Financial performance:		
- Net financial (receipts) charges	(75)	6
- Profit / (losses) on exchanges	(0)	(0)
Working capital variations	(695)	(2,787)
Income taxes paid	(1,859)	-
Interest paid	(59)	(68)
<b>(A) - Cash flows from (used in) operating activities</b>	<b>3,470</b>	<b>2,814</b>
<b>B) INVESTMENT ACTIVITIES</b>		
Investments in activities		
- Property, plant and equipment purchases	(189)	(99)
- Intangible assets purchases/development	(3,118)	(2,662)
- increase in other fixed assets	(40)	(35)
Disinvestment activities		
- Property, plant and equipment transfers	1	2
- Assets available for sale transfers	206	0
- Decrease in other fixed assets	14	0
Cashed Interest	134	62
Cashed dividends	159	162
<b>(B) - Cash flows from (used in) investment activities</b>	<b>(2,834)</b>	<b>(2,569)</b>
<b>C) FINANCING ACTIVITIES</b>		
Medium/long term financing repayment	(119)	(23)
Allocation of profits to directors of subsidiary companies	0	(12)
Distribution of profit reserves for withdrawal of a partner of a subsidiary	(120)	0
Dividends paid	(2,237)	0
<b>(C) - Cash flows from (used in) financing activities</b>	<b>(2,476)</b>	<b>(35)</b>
<b>(A+B+C) - Total cash and other equivalent assets flows</b>	<b>(1,841)</b>	<b>210</b>
Opening cash balances and equivalents	5,401	4,250
Closing cash balances and equivalents	3,561	4,459



## EXPLANATORY NOTES

### 1. Foreword

This Interim Management Report has been drafted in accordance with art. 154-ter, paragraph 5, of the Testo Unico della Finanza that was introduced by Leg. Decree 195/2007, put into effect by the 2004/109/CE Directive (the so-called Transparency Directive); this report is not an interim management statement drafted in accordance with IAS 34 "Interim Statements".

In accordance with this regulation, this interim management report gives:

- a) a general description of the Group's financial standing and financial trend in the reference period;
- b) an outline of the significant events and transactions that occurred in the reference period and their effect on the Group's financial standing.

The accounting tables shown are the same as those used for drafting the annual and six-monthly financial reports.

The interim management report is presented without calculating the income taxes for the period.

The interim report includes balance charts in reference to the following periods:

- profit and loss account for the interim period in question and trend compared to the same interim period (period and trend) of the previous financial year;
- balance sheet at the end of the interim period concerned, also in comparison to the figures for the same period of the previous financial year;
- cash flow statement at the interim period closure date compared to the figures for the same period of the previous financial year.

The figures representing the net financial position, compared with the figures of the previous quarter and the previous year end, and tables showing investments in intangible and tangible assets, installations and machinery relating to the intervening period between the beginning of the financial period and the closing date of the quarter, are also supplied.

This document shows the quarterly figures required on a consolidated basis, since CAD IT S.p.A is obliged to draft a consolidated balance.

Unless otherwise indicated, the monetary sums in the accounting tables and those in the notes are shown in thousands of Euro. Any minor differences deriving from rounding up figures to thousands of Euro are considered irrelevant. Due to this rounding up process, the sum of the individual entries in some of the tables containing exact figures may differ from the total amount.

The Interim Management Report is not subject to auditing by the auditing company.

### 2. Information on CAD IT S.p.A.

CAD IT was set up as a joint stock company under Italian law.

The registered office and the administrative and operating offices are in Via Torricelli no. 44/a, Verona, Italy.

The company is registered in the Verona Company Register under no. 01992770238.

Share capital amounts to € 4,669,600, fully subscribed and paid-in, and comprises 8,980,000 ordinary shares, each with equal rights.

These shares are nominal and cannot be divided. Each of them entitles the holder to one vote in the ordinary and extraordinary meetings of the company and to the execution of all other corporate and property rights in accordance with the law and the company's by-laws.

CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil and it is fully responsible for defining its own general and operational strategic policies. CAD IT S.p.A. manages and coordinates its own subsidiaries.



### 3. Corporate Governance

CAD IT adheres and conforms to the Governance Code for listed companies published by Borsa Italiana. In compliance to the legal obligations, on 13 March 2012 the Board of Directors approved the *Corporate governance and property asset report* for 2011 financial year in accordance with art. 123-bis of Leg. Decree 58/1998 and art. 89-bis of the Issuer Regulations, in order to provide the CAD IT S.p.A. shareholders with adequate information about its own company management system and about how much the company adheres to the new auto-disciplinary code for quoted companies laid down by the Corporate Governance Committee. Moreover the Board of Directors approved the *Remuneration Report*, complying with the provisions of Article 6 of the Code of Conduct, as amended in December 2011, and of Article 123-ter of Legislative Decree 24 February 1998. 58, document that provides an exhaustive information on the general policy of remuneration of Directors, Statutory Auditors and key managers and on the procedures used for the adoption and implementation of this policy. Reports are available for public viewing in the Investor Relations sector of the company's Internet site: [www.cadit.it](http://www.cadit.it)

### 4. Activities of the Group

CAD IT is the leader of a group that is one of the most dynamic organisations in the Italian information technology sector.

For almost 30 years, the Group has been dealing with the banking and insurance market and the world of business and public administration by offering software solutions, maintenance, personalisation, integration and other correlated services from application management to outsourcing, consultancy to training.

The CAD IT Group operates in Italy with its own branches and Group companies. Its Head Office is in Verona but there are other units in Milan, Rome, Prato, Padua, Mantua.

CAD IT is leader in the Italian software market for the banking sector with its "Financial Area" products, a programme which completely manages all functions connected to negotiation, settlement and administration of security transactions, debentures, derivatives (in any currency) and adopted, according to the estimate of Directors, by about 90% of Italian banking outlets.

In addition, the Group boasts 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 make up the newest sector but they capitalize the Group's traditional abilities like its more than 30-years experience in developing computer systems for public body.

### 5. Accounting standards and consolidation criteria

The economic, patrimonial and financial information has been drafted in accordance with the evaluation and measurement criteria as established by the International Financial Reporting Standard (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure in art. 6 of the European Parliament and Council Regulation (EC) no. 1606/2002 of 19th July 2002. The accounting standards adopted are the same as those used for drafting the last annual balance and have been applied in the same manner throughout the periods shown and for all the Group's companies; there have been no modifications in the comparative information.

Interim Management Report has been drafted using the evaluation criteria of historical cost, except for financial instruments available for sale, which are assessed at fair value, and the holdings in subsidiaries, which are assessed in accordance with the equity method. Moreover, where some land and buildings have been included in First Time Adoption, the *fair value* has been used instead of the cost.

The balance has been drafted in the assumption that the company will continue.

#### **Use of estimates**

In accordance with the IFRS, when drafting the Interim

Management Report the company management formulates evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case. Since they are estimates, the results obtained are not necessarily the same as the results portrayed.

The estimates and hypotheses are reviewed on a regular basis. Any variations deriving from an accounting estimate review are shown in the period in which the review was made if such review only affects that period. If the review affects the current and future periods, the variation is recorded in the period in which the review is made and in the relative subsequent periods.

**Accounting principles, amendments and interpretations applied since 1st January 2012**

At the time of drafting this summarised version of the Interim Management Report, there are no other matters or records, or anything of any significant importance within the Group, that may be governed by principles, amendments and interpretations effective since 1st January 2012, and approved by the IASB and IFRIC and published in the European Community's Official Gazette.

**Subsidiary companies**

The consolidation area includes the Mother Company and the companies it controls, that is, where it has the power to determine financial and managerial policies of a business in order to reap benefits from said company's activities.

Subsidiary companies are consolidated from the date in which control was effectively transferred to the Group and are no longer consolidated as from the date that control becomes external to the Group.

The purchase of subsidiary companies has been accounted for in accordance with the purchase method set by IFRS 3.

These companies are consolidated using the integral consolidation method. In order to prepare the consolidated data, the patrimonial, economic and financial situations of the subsidiary and associate companies have been used as prepared by the Group's individual companies at the reference dates, opportunely reclassified and amended to reflect the application of the homogeneous accounting standards.

In drafting the Interim Management Report all the balances and significant transactions between the

Group's companies have been eliminated, as are all unrealised infra-group profit and loss transactions.

**Associate companies**

The share in associate companies, that is those companies in which the Group has significant influence, is evaluated using the equity method, as defined in IAS 28 – Investments in Associates. The profits or losses relevant to the Group are included in the Interim Management Report from the date in which this significant influence began up to the moment it ceases.

**Property, plant and equipment**

Tangible fixed assets are shown at purchase cost, including any costs that may be directly ascribable and necessary for activating the asset and putting it to the use for which it was purchased. In reference to land and buildings listed in First Time Adoption, the fair value was used instead of the cost.

Tangible fixed assets are shown at net value of the relative accumulated depreciations and losses due to the reduction in value determined in accordance with the modalities described below.

Tangible fixed assets are amortised in constant rates during the course of their expected useful life cycle, i.e. the estimated period of time in which the asset will be put to company use. Whenever significant parts of tangible fixed assets have different estimated useful life cycles, said components are amortised separately.

The value to be depreciated is given by the registered value of the asset net of any loss in value and reduced by its assumed value at the end of its useful life cycle, if significant and reasonably calculable. The useful life cycle and the cash value are reassessed annually and any changes, where necessary, are brought in with a perspective application.

The main economic-technical tax rates used are the following:

- industrial buildings: 3%
- electrical equipment: from 5 to 10%
- air conditioning equipment: from 6 to 15%
- telephone systems: 20%
- alarm systems: from 10 to 30%
- furniture and fittings: 12%
- electrical machinery: 15%
- electronic machines and computers: 20%
- vehicles: 25%

Land, both without buildings or next to civil and industrial constructions, is accounted for separately and not amortised as it is considered an element with an

indefinite useful life cycle.

In order to calculate any losses due to depreciation, the accounting value of intangible fixed assets is subject to verification.

At the time of elimination or when no future economic benefit can be expected from the use of an asset, it is eliminated from the balance and the eventual loss or profit (calculated as the difference between the assignment value and the taxation value) is shown in the income statement of the year in which the asset is eliminated.

#### **Financial leasing**

Assets owned through financial leasing contracts, through which all the risks and benefits tied to the property are transferred to the Group, are registered among the Group assets at their fair value or, if this value is lower, at the present value of the minimum payments due for the leasing and depreciated by applying coherent criteria to the other assets. The corresponding liability towards the lessor is registered in the balance among the financial debts.

#### **Intangible fixed assets**

Intangible fixed assets are shown as such when it is likely that they will bring in future economic benefits for the company and when the asset cost can be feasibly determined.

Intangible fixed assets, having a defined useful life cycle, are subsequently registered net of the relative accumulated amortizations and any losses due to a durable reduction in value.

The useful life cycle is reassessed annually and any changes, where necessary, are brought in with a perspective application.

Profits or losses deriving from the transfer of an intangible fixed asset are determined as the difference between the elimination value and taxation value of said asset and are reported on the income statement at the time of elimination.

Project development costs for the production of instrumental software, or those to be terminated, are registered on the credit side when they satisfy the following conditions: the costs can be feasibly determined, the product is technically feasible, the expected use and/or sale of the product indicate that the sustained costs will generate future economic benefits. In respect of the standard that correlates costs and returns, these costs are amortized as from the moment in which the activity becomes available for use,

in permanent amortisation amounts for the entire duration of the product's lifecycle, estimated at five years. The costs of intangible fixed assets generated internally include only those expenses that can be directly attributed to the development of said product and any reasonable part of general production costs attributable to the preparation stages before putting the product to use. Development costs that do not meet the previous conditions are shown in the profit and loss account when elevated.

#### **Goodwill**

Goodwill resulting from the purchase of subsidiaries and associates is initially registered at cost and is the overbalance of the purchase cost in respect of the purchaser's share of the fair value of the assets and liabilities and the potential liabilities at the date of purchase.

After the initial registration, goodwill is no longer amortised and is decremented of any losses in accumulated value, calculated according to the IAS 36 Asset value reduction. Goodwill regarding shares in associates companies is included in the taxation value of said companies.

Goodwill is subject to an annual analysis of retrievableness or at shorter intervals if something happens or changes in circumstances arise, which could cause losses in value.

Goodwill deriving from purchases made prior to 1st January 2004 is registered at the recorded value ascribed to it in the last balance drafted on the basis of the previous accounting standards (31st December 2003). In fact, during the preparation of the opening balance in accordance with the international accounting standards, none of the purchase transactions made prior to 1st January 2004 have been re-considered.

#### **Impairment loss**

The Group annually verifies the accountable value of intangible and tangible assets or more often whenever there is an indication that assets may have suffered a value loss.

If the charged value exceeds the recoverable value, the assets are devalued to reflect their recoverable value, represented by the greatest figure between the net price and use value. In defining the use value, expected future financial flows are discounted back using a pre-tax discount rate that reflects the current market estimations in reference to the cost of money at the time and the specific risks of the asset in question. For



an asset that does not generate widely independent financial flows, the return value is determined in relation to the unit generating the financial flows of which the asset is a part. The value losses are accounted for in the income statement among depreciation and devaluation costs. When subsequently an asset value loss, different from the goodwill, is less or decreases, the accounting value is increased to a new estimate of the recoverable value within the limit of the previous value loss. The recovery of a value loss is registered to the income statement.

#### **Assets available for sale**

Share in non-consolidated companies are classified as assets financially available for sale and are valued at fair value. For any shares quoted as fair value, this value is taken as the market value, if active. Any profits or losses found as a result of the effect of evaluating the fair value on these assets at every balance date are shown at net patrimony unless they are sold or they have durable losses in value, that are the moments when the total profit or loss found in the net patrimony is registered to the profit and loss account.

#### **Other non-current credits**

These are registered at their nominal value, representative of their fair value.

#### **Stock**

Leftover stock is valued as the lesser value between purchase cost and the net value of the assumed income. The cost is determined in accordance with the average calculated cost method.

#### **On-going orders**

On-going construction contracts are valued with reasonable certainty on the basis of the matured contractual fees according to the criterion of percentage completion (so-called cost to cost), so as to attribute the profits and the economic result of the order to each single financial period concerned in proportion to the progress of the work.

#### **Commercial credits and other credits**

Commercial credits, whose expiry limits are within normal commercial terms, are not updated and are registered at their nominal value net of any loss of value. Moreover, they are adjusted to their assumed cash value by means of the registration of an appropriate amendment fund.

#### **Liquid asset availability and equivalent means**

The availability of liquid assets and equivalent means is registered at nominal value and has the requirements to be immediately available or available at very short notice, without obstacles and with no significant expense for collection.

#### **Employee leaving entitlement**

The present value of debts related to employees for benefits allocated in connection with or following the termination of working relationships through defined benefit programmes is calculated on the basis of the method of projecting the credit in accordance with the indications in IAS 19. The liabilities calculation is carried out by independent actuaries.

Profits and losses deriving from carrying out actuarial calculations are registered to the Profit and Loss account.

Due to modifications to the laws concerning the termination of working relations (TFR) enforced by Law no. 296 of 27th December 2006 (Financial Act 2007) and subsequent Decrees and Regulations issued in the early months of 2007, the TFR amounts matured since 1st January 2007 in the Group's companies with more than 50 employees have been accounted for as a Definite Contribution Plan, both in terms of the option of complementary welfare and in terms of allocation to the Treasury Fund at INPS (social security office). The TFR Fund matured at 31st December 2006, however, remains as a Definite Benefit Plan.

#### **Risk and obligation funds**

In accordance with the IAS 37, the allocations are shown when there is an ongoing obligation (legal or implicit) that stems from a past event, whenever an outlay may be necessary to satisfy the obligation and a feasible estimation may be made on the obligation amount.

If the effect of updating the assumed cash value is significant, the allocations are calculated by updating the expected future financial flows at a pre-tax discount rate that reflects the current market evaluation of the cash value in relation to time. When updating has been done, the increase in the allocation caused by the passing of time is shown as a financial obligation.

#### **Commercial debts and other current liabilities**

The commercial debts, whose deadlines are within normal commercial terms, are not updated and are registered at cost (identified by their nominal value). Financial liabilities are initially shown at cost, which



corresponds to the fair value of the liability, net of transition costs, which are directly attributable to the issue of the liability itself.

After the initial determination, the financial liabilities are assessed with the criterion of amortized cost using the original effective tax rate method.

#### **Revenues and costs**

The revenues and costs are determined in accordance with the qualifying economic principle to the amount to which the fair value can be feasibly determined.

Depending on the type of operation, the revenues are determined on the basis of the specific criteria reported below:

- the revenues for services are determined with reference to the point at which they stand on the basis of the same criteria used for determining the position of ongoing orders. If it is not possible to feasibly determine the revenue values, they are then calculated until they concur with the amount of expenses sustained and which are deemed recoverable.

- the profits from the sale of goods are shown when significant risks and benefits of the ownership of the goods are transferred to the purchaser, the sale price is agreed or can be determined and payment is collected.

As for sales concerning assistance and/or maintenance services carried out with the annual subscription formula, the accrual is calculated in proportion with time.

The costs are ascribed according to the same criteria as those for revenue acknowledgment.

#### **Balance sheet layout**

The balance layouts have been drafted according to IAS 1 specifications.

The Group has decided to present revenue and cost entries referring to the period in question in two statements. One statement shows the profit (loss) components for the period (Consolidated Income statement) and the other, which begins with the profit (loss) of the period and shows the statement entries of the other components of the overall profit and loss

account (Statement of comprehensive income).

The Group presents its economic account by nature, the format that is considered the most representative in terms of function presentation. In fact, the chosen format conforms to the internal reporting modalities and the business management and is in line with the way the economic account was represented in the past.

The profit and loss account is drafted in scalar format highlighting the following intermediate results:

- Production revenues: this is the value of services and goods produced and sold by the Group, including internal assets and other income and earnings from the traditional offer.

- Added value: obtained by subtracting the operative costs for service and asset purchases from production revenues, this measures how much of the internal production and distribution of goods and services is due to company productive factors.

- Gross Operational Result (EBITDA): this figure is obtained by subtracting from the added value all of the costs that can be put down to staff and other administrative expenses. It highlights the result based on the traditional offer including depreciations, financial management, revaluations or devaluations and taxes.

- Operational Result (EBIT): this figure is obtained by subtracting the depreciation and funding amounts from the gross operational result.

- Ordinary Result: this includes the financial management result.

- Pre-tax result: obtained by including revaluations and devaluations in the ordinary Result.

As for the consolidated patrimonial financial situation, a distinction has been made between current and non-current assets and liabilities.

The financial statement has been presented according to the indirect method so that the profit (or loss) for the period has been adjusted of any non-monetary operations and by deferments and the setting aside of future incomes or payments.

## **6. Consolidation area**

On 30th December 2011, the Shareholders' Meetings for SGM S.R.L., BIT GROOVE S.R.L., NETBUREAU S.R.L. and CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI, companies all entirely controlled by CAD IT S.p.A., with a view to simplifying and reorganising the group, decided to reduce administrative costs and generate operational, economic and financial efficiency by drawing up a merger agreement to incorporate the former



three companies into the latter. Consequently, "CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI" changed its name to "CAD S.R.L.", increased its company capital from Euro 130,000 to Euro 295,500, attributing the increase to the one partner company, CAD IT S.p.A. The accounting and fiscal effects of the merger will begin as of 1st January 2012.

In July 2012, share in the company Cesbe Srl increased from 59.00% to 62.11% following withdrawal of a shareholder.

The integral consolidation area therefore changes but this has no substantial effect on the statement. The fully consolidated companies included in the financial schedules of CAD IT Group are the following:

Company name	Registered office	Share/ Quota capital (Euro)	Percentage of investment	Percentage of investment of the Group
<i>Consolidated using the integral method</i>				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
CAD S.r.l.	Verona	295,500	100.00%	100.00%
CeSBE S.r.l.	Verona	10,400	62.11%	62.11%
D.Q.S. S.r.l.	Roma	11,000	100.00%	100.00%
Elidata S.r.l.	Castiglione D'Adda (LO)	20,000	51.00%	51.00%
Smart Line S.r.l.	Verona	102,700	51.05%	51.05%
Datafox	Verona	99,999	51.00%	51.00%
Tecsit S.r.l. <sup>(1)</sup>	Roma	75,000	70.00%	70.00%
<sup>(1)</sup> Held through DQS S.r.l.				

Shares in associates, in which the Group has significant influence, have been evaluated using the equity method and reduced accordingly where the asset value has decreased.

Company name	Registered office	Date of reference	Quotaholders' equity including profit for the period	Profit 01/01-30/09	Percentage of investment	Investment value of the Group
Sicom S.r.l.	Viadana (MN)	30/09/2012	2,321	1,637	25.00%	580
Sicom S.r.l.	Viadana (MN)	30/09/2011	2,024	1,356	25.00%	506

## 7. The short-term situation <sup>2</sup>

World economic growth slowed in the second and third quarters, with a slackening of activity in the advanced and the emerging countries alike; world trade lost vigour. Growth expectations are weighed down by uncertainty over US budgetary policy, the performance of demand in the emerging countries and the sovereign debt crisis in the euro area. The disparities in growth rates between different euro-area countries persist, but the slowdown has now spread even to the most robust economies: economic activity contracted in the second quarter of 2012 and according to the available indicators remained weak in the third quarter; it continues to depend on the positive impetus of external trade.

The euro-area GDP growth forecasts of the professional forecasters surveyed in October by Consensus Economics confirmed a decline of 0.5 per cent on average in 2012; the projections for 2013 stabilized at 0.2 per cent, compared with 0.7 per cent in June. The Eurosystem experts' macroeconomic projections released in September put GDP growth in a range between -0.6 and -0.2 per cent this year and between -0.4 and 1.4 per cent in 2013.

Economic activity in Italy declined by 0.8 per cent in the second quarter, as in the first, and continued to contract in the summer months, though less sharply. The weakness of consumption and investment demand

<sup>2</sup> Source: Banca D'Italia, Economic Bulletin no. 70, October 2012.



reflects still tense financial conditions, the effects of budget measures on disposable income, and the weak confidence of households and firms. Business surveys in September showed signs of a slight lifting of pessimism over the short-term outlook, but not enough to presage an immediate return to growth. The performance of exports has been relatively good and made a positive, albeit limited, contribution to economic activity.

According to their consolidated quarterly reports, in the first half of 2012 the profitability of the five largest banking groups, excluding extraordinary items connected with writedowns of goodwill, decreased slightly. Their ROE, calculated on an annual basis, declined by about 1 percentage point compared with a year earlier, to 3.7 per cent. The decrease in net interest income (-1.3 per cent) and net fee income was offset by the increase in revenue from trading, earned mainly in the first quarter. With gross income stable and a contraction of 2.4 per cent in operating costs, operating profit grew by 2.7 per cent. Net of taxes and the extraordinary items connected with goodwill, net profit contracted by about one third.

Although the Government and the leading analysts expect Italian GDP to contract on average in 2013, their forecasts are consistent with the economy pulling out of recession during the year. As part of the broad reform process under way to set Italy back on a high growth path, additional measures have been adopted in the last few weeks to improve the efficiency of the public administration and foster the development of innovative companies.

## **8. Significant events of the period**

On 30<sup>th</sup> December 2011, the Shareholders' Meetings for SGM S.R.L., BIT GROOVE S.R.L., NETBUREAU S.R.L. and CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI, companies all entirely controlled by CAD IT S.p.A., with a view to simplifying and reorganising the group, decided to reduce administrative costs and generate financial efficiency by drawing up a merger agreement to incorporate the former three companies into the latter. Consequently, "CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI" changed its name to "CAD S.R.L.", increased its company capital from Euro 130,000 to Euro 295,500, attributing the increase to the one partner company, CAD IT S.p.A. The accounting and fiscal effects of the merger will begin as of 1<sup>st</sup> January 2012.

On 26th April 2012, the Ordinary Shareholders' Meeting approved the Annual Financial Statements at 31st December 2011 and decided the distribution of an ordinary dividend of Euro 0.24 per share. The dividend will be paid from 10th May 2012. Dividend payment resulted in a cash outlay of Euro 2,155 thousand. The Shareholders' Meeting also approved the first section of the Remuneration Report ex article 123-ter of Leg. Dec. 58/1998 (available in the Company's website) and has nominated the Board of Directors and the Board of Auditors, whose office expires with the shareholders' meeting for the approval of the 2014 financial statements, and determine their remuneration.

Activities regarding the development and sale of new products for both traditional and new types of clients continued throughout the period.

In January, CAD IT, in collaboration with Micro Focus, organized an event where the company presented its own innovation ideas and software platform for insurance finance.

In March was held a meeting for CAD IT'S Finance Area customers. This event has provided an opportunity to meeting for professionals working in the IT field for finance of banking institutions, with the direct testimony of a leading Italian Banking Group that explained about "user experience" relative Finance Area WEB 2.0, arousing a good deal of curiosity and considerable interest among the other participants.

Moreover, there was the intervention by a leading German financial institution, which outlined the success it is having by implementing the EasyMatch reconciliation module, part of the Finance Area suite, in Germany.

A number of technological innovations, such as multi-channelling and the system's availability in multiplatform, were also presented. The meeting included a discussion on the mutual actions to adopt in order to face challenging developments in the law, such as FATCA and Target 2 Securities (TS2). In additional explicitly dedicated sessions, the customers were able to preview the new 2012 models and Finance Area's developmental roadmap where CAD IT presented the following solutions:

- New Fund Allocation;

- Reconciliations;
- Branch (Front end) consultancy;
- Reporting and multi-channelling;
- Corporate Actions Suite;
- New financial products: deposit certificates, gold bars and coins, liquid accounts,
- Accumulation plans and mixed packages;
- Property portfolio analysis.

In April CAD IT attended the SMAU in Padua, at the Fujitsu Village. During the 2-day event, were presented services and software solutions Infor Lawson M3, international ERP for large industrial companies, and Sigmaweb, enterprise ERP for small and medium-sized companies.

- Infor Lawson M3 Enterprise is the international ERP designed to manage all large industrial company processes. With more than 4,500 customers in 40 countries, M3 Enterprise provides integrated instruments for managing a company's "core" processes: from finance to relations with the clientele, from production to the supply chain. M3 Enterprise is up and running in Italy in national and international large-sized companies and is being used by some leading companies in the food, chemical and pharmaceutical, fashion, plastic, packaging and machinery maintenance and rental sectors.
- Sigmaweb is a modular and flexible ERP solution designed to manage all the organisational and productive aspects of small to medium-sized companies. It targets production, commercial and service companies with hundreds of customers throughout Italy. Accessible by means of browsers, even on demand, Sigmaweb supports the following activities: finance, assets and liabilities, production, scheduling, logistics and commercial management.

In September CAD IT participated to the "Tablet & Cloud Computing: Opportunities and Challenges" event organized by Centrobanca, during which was discussed the impact of new developments in ICT.

Moreover, in October CAD IT participated to the "Smarter Computing in the new IT age" event organized by IBM, during which was discussed the evolution of IT infrastructure Smarter Computing model emphasizing the organizational and economic benefits that IT can bring to the company from business results point of view.

Moreover, the activities with Xchanging UK Ltd (a company that supplies security administration services for the German and British market and which holds a 10% share in CAD IT S.p.A.) through which the CAD IT Group aims at increasing its revenues in Italy and also to diversify its business in geographical terms, is continuing.



## 9. Management results and comments on the most significant components in the quarter

	III Quarter 2012		III Quarter 2011		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	12,772	91.7%	13,232	94.2%	(459)	(3.5%)
Changes in ongoing orders	(17)	(0.1%)	22	0.2%	(39)	(179.3%)
Asset increases due to internal work	1,147	8.2%	708	5.0%	439	62.1%
Other revenue and receipts	30	0.2%	79	0.6%	(49)	(62.2%)
<b>Production value</b>	<b>13,932</b>	<b>100.0%</b>	<b>14,040</b>	<b>100.0%</b>	<b>(108)</b>	<b>(0.8%)</b>
Purchase costs	(93)	(0.7%)	(103)	(0.7%)	11	(10.3%)
Service costs	(2,258)	(16.2%)	(2,512)	(17.9%)	254	(10.1%)
Other operational costs	(157)	(1.1%)	(166)	(1.2%)	9	(5.5%)
<b>Added value</b>	<b>11,424</b>	<b>82.0%</b>	<b>11,258</b>	<b>80.2%</b>	<b>166</b>	<b>1.5%</b>
Labour costs	(7,613)	(54.6%)	(7,449)	(53.1%)	(164)	2.2%
Other administrative expenses	(493)	(3.5%)	(514)	(3.7%)	21	(4.1%)
<b>Gross operational result - EBITDA</b>	<b>3,319</b>	<b>23.8%</b>	<b>3,296</b>	<b>23.5%</b>	<b>23</b>	<b>0.7%</b>
Allocation to fund and credit depreciation	0	0.0%	(2)	(0.0%)	2	(106.3%)
Intangible fixed asset amortization	(966)	(6.9%)	(785)	(5.6%)	(181)	23.0%
Tangible fixed asset amortization	(149)	(1.1%)	(157)	(1.1%)	8	(5.1%)
<b>Operational result - EBIT</b>	<b>2,204</b>	<b>15.8%</b>	<b>2,352</b>	<b>16.8%</b>	<b>(148)</b>	<b>(6.3%)</b>
Financial income	52	0.4%	21	0.2%	31	145.1%
Financial expenses	(26)	(0.2%)	(25)	(0.2%)	(1)	3.4%
<b>Ordinary result</b>	<b>2,229</b>	<b>16.0%</b>	<b>2,347</b>	<b>16.7%</b>	<b>(118)</b>	<b>(5.0%)</b>
Revaluations and depreciations	206	1.5%	111	0.8%	95	85.1%
<b>Pre-tax result</b>	<b>2,436</b>	<b>17.5%</b>	<b>2,459</b>	<b>17.5%</b>	<b>(24)</b>	<b>(1.0%)</b>
<b>Pre-tax result attributable to:</b>						
Non- controlling interests	29	0.2%	117	0.8%	(89)	(75.5%)
<b>Owners of the parent</b>	<b>2,407</b>	<b>17.3%</b>	<b>2,342</b>	<b>16.7%</b>	<b>65</b>	<b>2.8%</b>

The CAD IT Group closed the third quarter of the 2012 with positive results and profitability margins, in line with the same period of last year.

The pre-tax result of the period was in credit by Euro 2,436 thousand, compared to Euro 2,459 thousand in the third quarter of 2011.

The value of production for the quarter was mainly due to revenues from sales and services to the amount of Euro 12,772 thousand, showing a decrease of 3.5% compared to Euro 13,232 thousand in the third quarter of the 2011 financial period.

Increases in internal work capitalised under fixed assets during the quarter came to Euro 1,147 thousand, due to the use of resources to develop new procedures and the Group's own software park, showing an increase compared to Euro 708 thousand in the third quarter of 2011.

The other revenues and equivalent earnings came to Euro 30 thousand in the third quarter of 2012 compared to Euro 79 thousand in the same quarter of 2011.

Service costs of Euro 2,258 thousand decreased by 10.1% compared to the third quarter in 2011 (equal to Euro 2,512 thousand), also due to less use of external collaboration.

Purchase costs to the value of Euro 93 thousand showed a decrease compared to Euro 103 thousand in the third quarter of 2011 financial period.

The Euro 11,424 thousand added value, substantially in line with the third quarter of 2011, increasing however marginality at 82.0% on the value of production (80.2% in the third quarter of 2011).

Labour costs in the quarter came to Euro 7,613 thousand, a slight increase (+2.2%) compared to the same

period of previous year (Euro 7,449 thousand).

The average number of employees during the quarter was 605 units, compared to 600 units in the same quarter of 2011.

Other administrative costs came to Euro 493 thousand compared to Euro 514 thousand in the third quarter of 2011 financial period.

The EBITDA Gross Operational Result stood at Euro 3,319 thousand (equal to 23.8% of the value of production) very close to Euro 3,296 thousand of the third quarter of 2011 (equal to 23.5% of the value of production).

Amortization contributions for the quarter stood at Euro 966 thousand in regard to intangible assets and Euro 149 thousand for tangible assets, compared to Euro 785 thousand and Euro 157 thousand in 2011 third quarter.

The EBIT Operational Result for the quarter was Euro 2,204 thousand (equal to 15.8% of the value of production) compared to Euro 2,352 thousand of the third quarter of 2011 (equal to 16.8% of relative value of production).

The net financial management result was also positive, with financial earnings and expenses at Euro 52 thousand and Euro 26 thousand respectively, compared to Euro 21 thousand and Euro 25 thousand in the same quarter of the previous financial period.

The Ordinary Result was in credit by Euro 2,229 thousand compared to Euro 2,347 thousand in the same quarter of 2011.

The revaluations of the period include the positive result of the associate company Sicom S.r.l., calculated with the net patrimony method, as well as the revaluation resulting from the sale of assets available for sale.

The pre-tax result of the quarter was in credit and amount to Euro 2,436 thousand equal to 17.5% of the value of production (Euro 2,459 thousand in the third quarter of 2011 equal to 17.5% of the value of production) of which Euro 2,407 thousand ascribable to CAD IT partners (third quarter of previous year Euro 2,342 thousand) and Euro 29 thousand related to third party share (third quarter of previous year Euro 117 thousand).

The figures summarizing earnings from sales and services, subdivided according to the business line and compared to the corresponding amounts of the same periods of previous year, are shown below.

Income from sales and services	3° Quarter 2012		3° Quarter 2011		Period 2012 01/01 – 30/09		Period 2011 01/01 – 30/09	
	€/000	%	€/000	%	€/000	%	€/000	%
Finance	12,193	95.47%	12,704	96.00%	35,430	94.85%	35,337	94.40%
Manufacturing	579	4.53%	528	4.00%	1,925	5.15%	2,092	5.60%
<b>Total</b>	<b>12,772</b>		<b>13,232</b>		<b>37,355</b>		<b>37,429</b>	

## 10. Management results and comments on the most significant components – first 9 months

	Period 01/01 - 30/09/2012		Period 01/01 - 30/09/2011		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	37,355	92.6%	37,429	93.0%	(74)	(0.2%)
Changes in ongoing orders	(17)	(0.0%)	35	0.1%	(52)	(148.6%)
Asset increases due to internal work	2,956	7.3%	2,645	6.6%	312	11.8%
Other revenue and receipts	63	0.2%	124	0.3%	(62)	(49.5%)
<b>Production value</b>	<b>40,357</b>	<b>100.0%</b>	<b>40,234</b>	<b>100.0%</b>	<b>123</b>	<b>0.3%</b>
Purchase costs	(341)	(0.8%)	(537)	(1.3%)	196	(36.4%)
Service costs	(6,997)	(17.3%)	(7,627)	(19.0%)	631	(8.3%)
Other operational costs	(553)	(1.4%)	(515)	(1.3%)	(38)	7.3%
<b>Added value</b>	<b>32,466</b>	<b>80.4%</b>	<b>31,555</b>	<b>78.4%</b>	<b>911</b>	<b>2.9%</b>
Labour costs	(24,735)	(61.3%)	(24,249)	(60.3%)	(486)	2.0%
Other administrative expenses	(1,545)	(3.8%)	(1,615)	(4.0%)	70	(4.3%)
<b>Gross operational result - EBITDA</b>	<b>6,186</b>	<b>15.3%</b>	<b>5,691</b>	<b>14.1%</b>	<b>495</b>	<b>8.7%</b>
Allocation to fund and credit depreciation	(2)	(0.0%)	(46)	(0.1%)	43	(94.5%)
Intangible fixed asset amortization	(2,316)	(5.7%)	(2,175)	(5.4%)	(142)	6.5%
Tangible fixed asset amortization	(447)	(1.1%)	(479)	(1.2%)	32	(6.7%)
<b>Operational result - EBIT</b>	<b>3,420</b>	<b>8.5%</b>	<b>2,991</b>	<b>7.4%</b>	<b>429</b>	<b>14.3%</b>
Financial income	134	0.3%	62	0.2%	71	114.2%
Financial expenses	(59)	(0.1%)	(68)	(0.2%)	9	(13.7%)
<b>Ordinary result</b>	<b>3,495</b>	<b>8.7%</b>	<b>2,985</b>	<b>7.4%</b>	<b>509</b>	<b>17.1%</b>
Revaluations and depreciations	444	1.1%	339	0.8%	105	31.0%
Income taxes <sup>3</sup>	3	0.0%	0	0.0%	3	-
<b>Pre-tax result</b>	<b>3,942</b>	<b>9.8%</b>	<b>3,325</b>	<b>8.3%</b>	<b>617</b>	<b>18.6%</b>

### Pre-tax result attributable to:

Non- controlling interests	283	0.7%	194	0.5%	89	45.7%
<b>Owners of the parent</b>	<b>3,659</b>	<b>9.1%</b>	<b>3,130</b>	<b>7.8%</b>	<b>529</b>	<b>16.9%</b>

The CAD IT Group closed at 30th September 2012 showing an increase in results and profitability margins compared to the same quarter in 2011. The pre-tax result of the period was in credit by Euro 3,942 thousand, compared to Euro 3,325 thousand of the first nine months of 2011.

The value of production for the period, in line with previous financial period, was mainly due to revenues from sales and services to the amount of Euro 37,355 thousand (Euro 37,429 thousand in the first nine months of 2011).

Increases in internal work capitalised under fixed assets, to the use of resources to develop new procedures and the Group's own software park, came to Euro 2,956 thousand, showing an increase compared to the Euro 2,645 thousand in the same period of 2011.

The other revenues and equivalent earnings, which came to Euro 124 thousand in the first nine months of 2011, stood at Euro 63 thousand and include contributions allocated by inter-professional funds for financing company training plans.

The added value of euro 32,466 thousand increased by 2.9% compared to Euro 31,555 thousand in the previous period, increasing marginality at 80.4% on the value of production (78.4% in the first nine months of

<sup>3</sup> 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.



2011).

Service costs of Euro 6,997 thousand decreased by 8.3% compared to the first nine months of 2011 (equal to Euro 7,627 thousand), due to less use of external collaboration.

Purchase costs to the value of Euro 341 thousand showed a decrease compared to Euro 537 thousand in the first nine months of 2011.

The EBITDA Gross Operational Result stood at Euro 6,186 thousand (equal to 15.3% of the value of production) compared to Euro 5,691 thousand in the first nine months of 2011 (equal to 14.1% of the relative value of production).

Labour costs in the first nine months of the year came to Euro 24,735 thousand, increasing by 2.0% compared to the same period of previous year (Euro 24,249 thousand). Labour costs included the effect deriving from the actuarial calculation, in accordance with IAS 19, of the Severance Pay debt towards employees. The average number of employees during the first nine months of the year was 602 units, compared to 603 units in the same period of 2011.

Other administrative costs came to Euro 1,545 thousand, decreased compared to Euro 1,615 thousand in the first nine months of 2011.

The EBITDA Gross Operational Result therefore shows a 8.7% increase and stood at Euro 6,186 thousand compared to Euro 5,691 thousand of the same period of 2011 financial period, mainly as a result of the increase in the value of production and of the reduction in purchase costs and in service costs and in other administrative expenses, that compensate for the increase in the labour costs.

Amortization contributions for the period stood at Euro 2,316 thousand in regard to intangible assets and Euro 447 thousand for tangible assets, compared to Euro 2,175 thousand and Euro 479 thousand in the same period in 2011.

The EBIT Operational Result for the period was therefore in credit by Euro 3,420 thousand, improving compared to Euro 2,991 thousand in the same period of the previous year.

The net financial management result was also positive, with financial earnings and expenses at Euro 134 thousand and Euro 59 thousand respectively, compared to Euro 62 thousand and Euro 68 thousand in the same period of the previous financial year.

The Ordinary Result was in credit by Euro 3,495 thousand compared to Euro 2,985 thousand in the same period of 2011.

The positive result of the associate company Sicom S.r.l., calculated with the net patrimony method, generated a Euro 409 thousand revaluation, while in the comparison period of 2011 this revaluation was calculated at Euro 339 thousand. During the period were also sold assets available for sale which generated a revaluation of Euro 35 thousand.

The consolidated pre-tax result of the first nine months of 2012 was in credit by Euro 3,942 thousand equal to 9.8% of the value of production, improving compared to previous period (Euro 3,325 thousand equal to 8.3% of the value of production), of which Euro 3,659 thousand ascribable to CAD IT partners (previous financial period Euro 3,130 thousand) and Euro 283 thousand related to third party share (previous financial period Euro 194 thousand).

## **11. Net financial position**

The consolidated net financial position at 30th September 2012 was positive by Euro 3,561 thousand, a decrease compared to the end of the previous quarter as a result of tax payments, summer bonus and production incentives paid to the employees and also due to the delay in receiving of some significant receipts, cashed at the beginning of October.

In particular, cash-on-hand and in bank accounts came to Euro 3,658 thousand and capitalisation insurance policies (contractually available on 20-day prior request without any significant tax expenses) came to Euro 2,475 thousand.

Short-term debts towards banks of Euro 2,572 thousand regard overdrawn accounts and advances subject to final payment.



(in thousands of Euro)

<i>Net consolidated financial position</i>	<i>30/09/2012</i>	<i>30/06/2012</i>	<i>31/12/2011</i>	<i>30/09/2011</i>
Cash-on-hand and at bank	3,658	8,132	4,678	3,780
Capitalisation insurance policies	2,475	2,460	2,429	2,414
Payables due to banks current portion	(2,572)	(772)	(1,705)	(1,735)
<b>Net short-term financial position/(indebtedness)</b>	<b>3,561</b>	<b>9,819</b>	<b>5,401</b>	<b>4,459</b>
Long-term loans	(0)	(0)	(119)	(127)
<b>Net long-term financial position/(indebtedness)</b>	<b>(0)</b>	<b>(0)</b>	<b>(119)</b>	<b>(127)</b>
<b>Net financial position/(indebtedness)</b>	<b>3,561</b>	<b>9,819</b>	<b>5,282</b>	<b>4,332</b>

As shown in the financial report, operating activities, in the first nine months of 2012, generated a positive cash flow of Euro 3,470 thousand (growing compared to Euro 2,814 thousand in the first 9 months of 2011).

Investment activity management took Euro 2,834 thousand, increasing compared to Euro 2,569 thousand used in the same period of previous year. Specifically Euro 3,118 thousand were invested in intangible assets and Euro 189 thousand in tangible assets, while Euro 159 thousand were collected as dividends, Euro 134 thousand as interest income and Euro 206 thousand for the sale of assets available for sale.

Lastly, Euro 2,476 thousand were used for financing purposes, while in the previous financial period were used only Euro 35 thousand also due to the lack of payment of dividends to CAD IT Shareholders.

Please refer to CAD IT Group's Cash Flow Statement for more cash flow details.

## **12. Research and development**

In relation to activities aimed at consolidating traditional business, the production of new modules to increase the functional and technological development of the considerable range of software installed is still underway within the Group.

The creation and use of new computer systems aimed at diversifying the Group's offer towards those sectors bordering on the ones in which it is already present, is still underway.

As regards new projects, development are continuing on the SIBAC GS platform. Development and innovation activities for the Finance Area Web Suite is particularly intense with the aim to improve user experience and create new functions or modules required by the national and international markets (like, for example, Easy Match). Investments are still being ploughed into the innovation and extension of specialised modules for financial insurance management whose area covers all processes relating to company investment management from front to back office.

CAD IT, in activities aimed at developing its own range of products, is also creating solutions linked to the new laws (for example, Solvency II, Target 2 Securities and FATCA).

Activity in the production of specialised modules for the business intelligence (Managerial Information System) area is also continuing, especially in regard to risks, fraud and long-distance control.

Investment to enrich the offer range of solutions and services for Public Administration and authorities for the management of local taxes is also continuing.

## **13. Investments**

The figures accumulated in investments in intangible and tangible assets, made during the third quarter by companies of the Group included in the consolidation area amount to Euro 1,214 thousand, compared to Euro



746 thousand in the same period in 2011. Investments made in the first nine months conversely amount to Euro 3,307 thousand, compared to Euro 2,761 thousand in the previous financial period.

(in thousands of Euro)

Summary of investments	3° Quarter	3° Quarter	Period 2012	Period 2011	Year
	2012	2011	01/01 - 30/09	01/01 - 30/09	2011
Intangible fixed assets	13	2	159	9	18
Assets under development and payments on account	1,147	717	2,959	2,653	3,552
Property, Plant and equipment	53	27	189	99	159
<b>Total investments in tangible and intangible fixed assets</b>	<b>1,214</b>	<b>746</b>	<b>3,307</b>	<b>2,761</b>	<b>3,729</b>

The voice assets under development relates to investments in development of software procedures under construction both for sale and for in-company use. Particularly ongoing intangible asset costs mainly refer to the use of the Group's internal resources for the development of its own software which will either be licensed out to clients or used for the Group's activities.

During the first nine months of the financial period, the item "Intangible fixed assets" and "Property, Plant and equipment" varied as follows:

(in thousands of Euro)

Intangible fixed assets	Industrial patents and similar rights	Licences, trademarks and similar rights	Assets under development and payments on account	Other intangible fixed assets	Total	Goodwill
Purchase or production cost	18,111	3,592	14,551	35	36,289	8,309
Previous years revaluations						
Previous years depreciation and write-downs	(12,859)	(3,414)		(35)	(16,308)	
Adjustments to previous years write-downs						
<b>Opening value</b>	<b>5,252</b>	<b>178</b>	<b>14,551</b>	<b>0</b>	<b>19,981</b>	<b>8,309</b>
Variations in consolidation area						
Purchases/increases		159	2,959		3,118	
Transfers	6,059	7	(6,066)			
Reduction in accumulated depreciation due to disposals						
Disposals						
Revaluations for the period						
Depreciation and write-downs for the period	(2,168)	(149)			(2,316)	
Adjustments to write-downs for the period						
<b>Total intangible fixed assets</b>	<b>9,143</b>	<b>195</b>	<b>11,444</b>	<b>0</b>	<b>20,782</b>	<b>8,309</b>

During the quarter, significant software development projects for which there was ongoing investment were ended and therefore the incurred costs were reclassified from the voice "assets under development", to the voice "patent rights and intellectual property", for a value of Euro 6,059 thousand.



(in thousands of Euro)

<i>Property, plant and equipment</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Other tangible fixed assets</i>	<i>Total</i>
Purchase or production cost	9,140	4,178	30	5,251	18,598
First time adoption revaluation	8,439				8,439
Previous years depreciation and write-downs	(1,340)	(2,757)	(26)	(4,743)	(8,867)
Adjustments to previous years write-downs					
<b>Opening value</b>	<b>16,238</b>	<b>1,420</b>	<b>4</b>	<b>508</b>	<b>18,171</b>
Variations in consolidation area					
Purchases		29	3	157	189
Transfers					
Reduction in accumulated depreciation due to disposals		14		221	235
Disposals		(14)		(223)	(236)
Revaluations for the period					
Depreciation and write-downs for the period	(92)	(192)	(1)	(162)	(447)
Adjustments to write-downs for the period					
<b>Total tangible fixed assets</b>	<b>16,147</b>	<b>1,258</b>	<b>5</b>	<b>501</b>	<b>17,911</b>

## 14. Personnel

The number of CAD IT Group staff, at the end of the quarter increased by 11 units compared to the end of 2011 financial period. Information on the actual number employees is reported below:

<i>Category of Employees</i>	<i>Labour force at 30/09/2012</i>	<i>Labour force at 30/09/2011</i>	<i>Labour force at 31/12/2011</i>
Management	18	19	19
White-collars and cadres	579	578	573
Blue-collars	2	1	1
Apprentices	6	1	1
<b>Total</b>	<b>605</b>	<b>599</b>	<b>594</b>

The average number of employees in the third quarter was 605 units, increasing compared to the same reference quarter of the 2011 financial period (600 units).

<i>Category of Employees</i>	<i>Average number III Quarter 2012</i>	<i>Average number III Quarter 2011</i>	<i>Average number period 01/01-30/09/12</i>	<i>Average number period 01/01-30/09/11</i>	<i>Average number year 2011</i>
Management	17	19	18	19	19
White-collars and cadres	579	579	577	582	580
Blue-collars	2	1	2	1	1
Apprentices	7	1	5	1	2
<b>Total</b>	<b>605</b>	<b>600</b>	<b>602</b>	<b>603</b>	<b>601</b>

The Group continues to dedicate particular attention to professional staff training at certain periods by means

of internal training programmes and updating courses.

### **15. Significant events since 30<sup>th</sup> September 2012**

There were no significant events subsequent to the date of this interim report.

### **16. Foreseeable management developments**

In response to the current general situation the Board of Directors has placed maximum attention on market needs and opportunity in order to lead the Group's management and development strategies in the right direction and to maintain high levels of efficiency so that favourable economic results can be achieved in the future. The success of the Group's activities will therefore depend on its ability to maintain and increase the shares it has in the markets in which it currently operates and/or to further expand into other markets and segments (like insurance, public administration, foreign financial institutions) with new and high standard, quality products that would guarantee adequate income levels.

The CAD IT S.p.A. managers are also constantly on the look-out for any development opportunities, whether direct or through external lines, by taking on or acquiring further holdings in order to create activities that are complimentary and synergic to existing ones or through technical or commercial collaboration agreements.

On behalf of the Board of Directors  
The Chairman  
//s// Giuseppe Dal Cortivo



**DECLARATION IN ACCORDANCE WITH ARTICLE 154-BIS, SECOND PARAGRAPH, OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998**

The undersigned, Maria Rosa Mazzi, manager in charge of drafting CAD IT S.p.A. accounting documents, hereby declares, in accordance with article 154-bis, second paragraph, of the Revenue Office "Testo Unico" (Leg. Dec. 58/1998), that the accounting information in this Interim Management Report corresponds to the documentary results, books and accounting registers.

Verona, 13 November 2012

Manager in charge of drafting  
the CAD IT S.p.A. accounting documents  
//s// Maria Rosa Mazzi

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