



## Interim Management Report at 31<sup>st</sup> March 2013

*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*

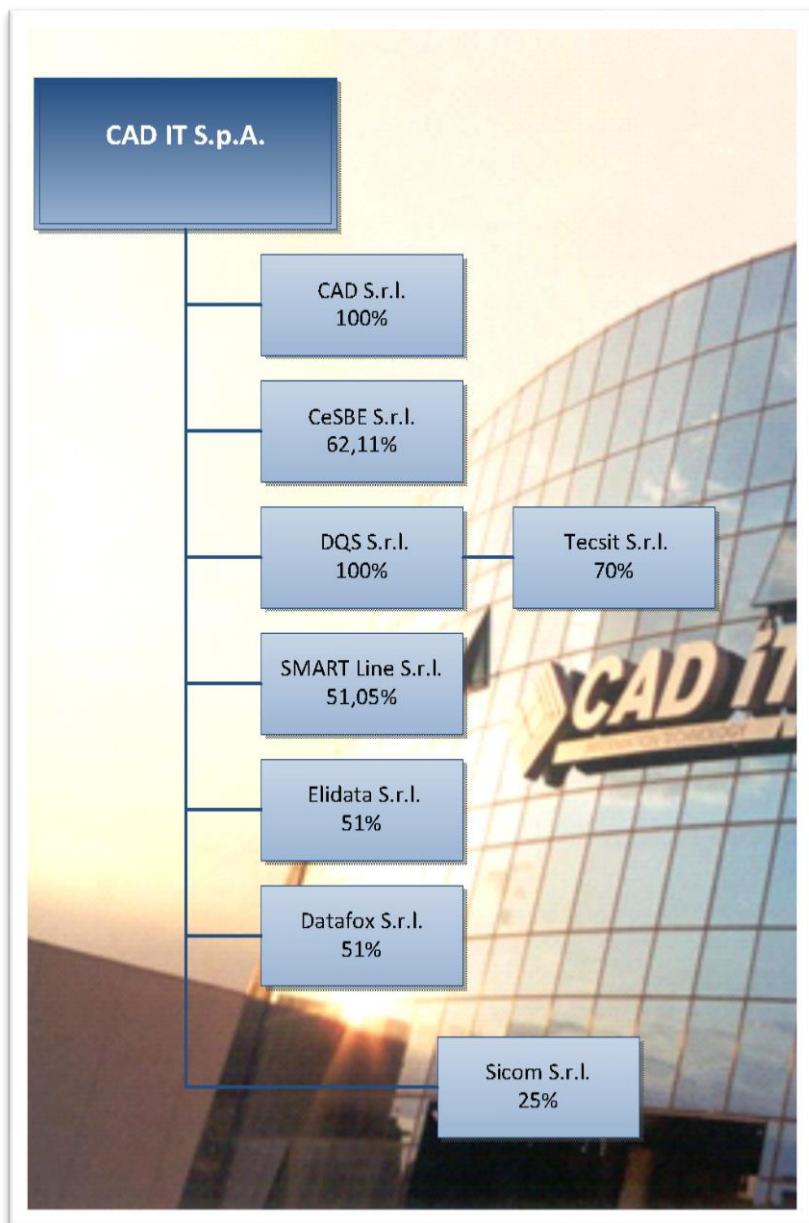
RENATO TENGATTINI  
*Statutory Auditor*

**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.

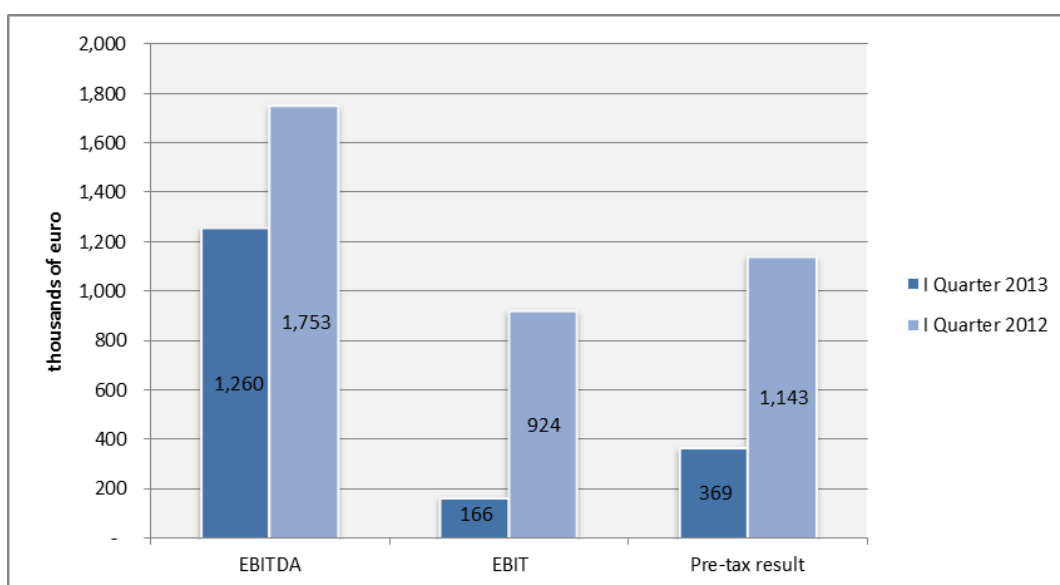
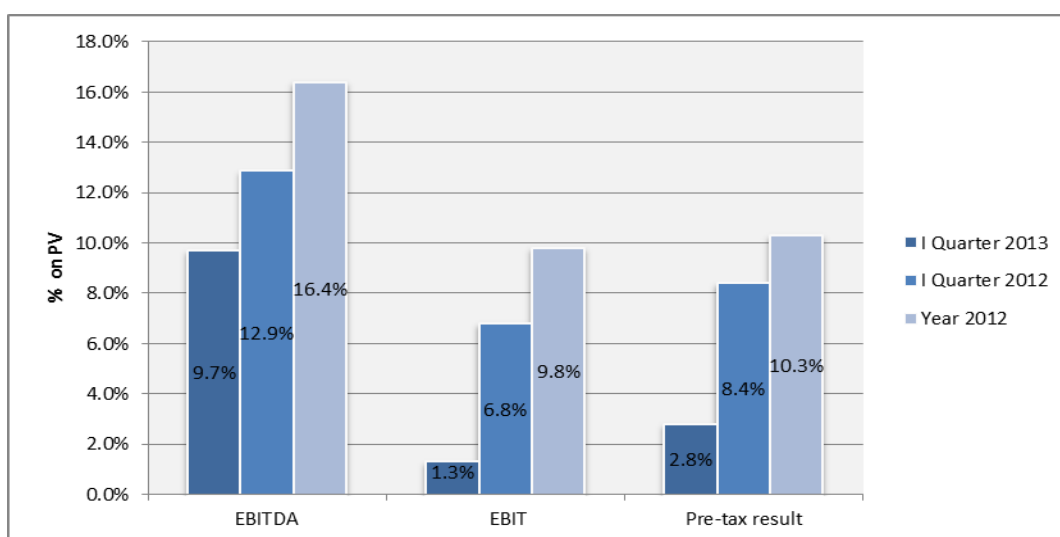
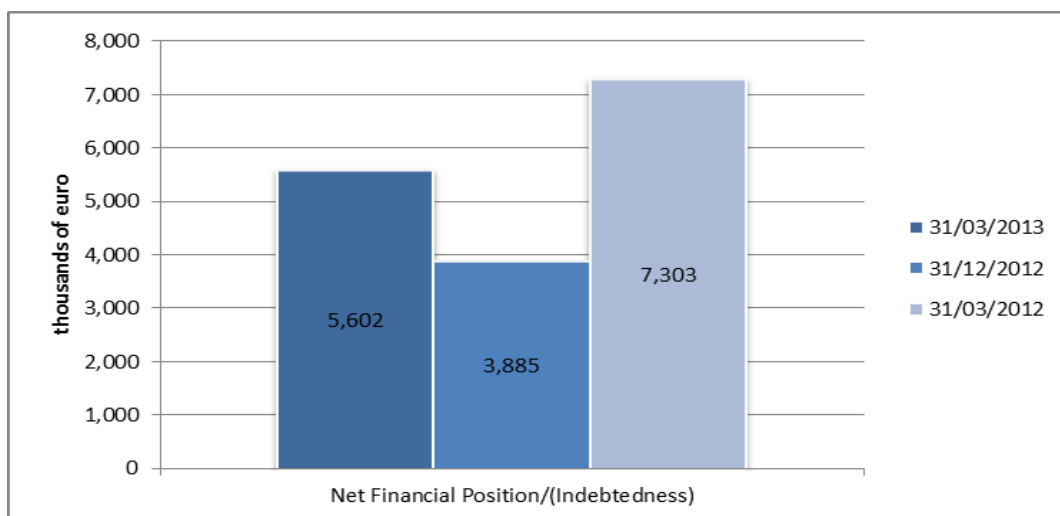


CAD IT Group at 31/03/2013

## SUMMARY OF RESULTS

	31/03/2013		31/03/2012		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Production value	13,041	100.0%	13,620	100.0%	- 580	- 4.3%
Added value	10,724	82.2%	10,960	80.5%	- 236	- 2.2%
Gross operational result (EBITDA)	1,260	9.7%	1,753	12.9%	- 493	- 28.1%
Operational result (EBIT)	166	1.3%	924	6.8%	- 758	- 82.0%
Ordinary result	175	1.3%	940	6.9%	- 765	- 81.4%
Pre-tax result	369	2.8%	1,143	8.4%	- 774	- 67.7%
<b>Pre-tax result attributable to Owners of the parent</b>	<b>430</b>	<b>3.3%</b>	<b>1,032</b>	<b>7.6%</b>	<b>- 602</b>	<b>- 58.3%</b>
Total comprehensive income	296		1,143		- 846	- 74.1%
<b>Total Comprehensive income attributable to Owners of the parent</b>	<b>357</b>		<b>1,032</b>		<b>- 675</b>	<b>- 65.4%</b>

	31/03/2013	31/12/2012	31/03/2012
Total Assets	85,972	85,043	89,658
Total Equity	59,285	58,989	58,977
Equity attributable to Owners of the parent	56,772	56,414	56,377
Net short-term financial position/(indebtedness)	5,602	3,885	7,414
Net financial position / (indebtedness)	5,602	3,885	7,303
Employees at the end of the period (number)	607	604	600
Employees (average number in the period)	605	603	598



## SUMMARY SCHEDULES

### Consolidated income statement

	(in thousands of Euro)	
	I Quarter 2013	I Quarter 2012
Income from sales and services	12,110	12,744
Asset increases due to internal work	895	875
Other revenue and receipts	36	2
Costs for raw	(90)	(127)
Service costs	(2,080)	(2,328)
Other operational costs	(147)	(205)
Labour costs	(8,929)	(8,683)
Other administrative expenses	(535)	(525)
Allocation to fund and credit depreciation	(2)	(3)
Intangible fixed asset amortization	(972)	(676)
Tangible fixed asset amortization	(120)	(150)
Financial income	20	37
Financial expenses	(11)	(21)
Revaluations and depreciations	194	203
<b>Pre-tax result</b>	<b>369</b>	<b>1,143</b>
Pre-tax result attributable to:		
- Non-controlling interests	(61)	111
- <b>Owners of the parent</b>	<b>430</b>	<b>1,032</b>
Weighed average number of ordinary shares outstanding		
	8,980,000	8,980,000
Pre-tax basic earnings per share (in €)		
	0.048	0.115

### Consolidated statement of comprehensive income

	(in thousands of Euro)	
	I Quarter 2013	I Quarter 2012
<b>Pre-tax result for the period</b>	<b>369</b>	<b>1,143</b>
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss</b>		
Actuarial gains and losses on defined benefit liabilities	-	-
<b>Other comprehensive income that will be reclassified subsequently to profit or loss</b>		
Gains/(Losses) on fair value of available-for-sale financial assets	(4)	-
Reclassification adjustments: gains realized on disposal of available-for-sale	(69)	-
<b>Total Comprehensive income</b>	<b>296</b>	<b>1,143</b>
Comprehensive income attributable to:		
- Non-controlling interests	(61)	111
- <b>Owners of the parent</b>	<b>357</b>	<b>1,032</b>

## Consolidated Statement of financial position

(in thousands of Euro)

ASSETS	31/03/2013	31/12/2012
A) Non-Current Assets		
Property, plant and equipment	17,709	17,783
Intangible assets	20,697	20,750
Goodwill	8,309	8,309
Investments	300	342
Other financial assets available for sale	76	243
Other non-current credits	200	162
Credits due to deferred taxes	746	746
<b>TOTAL NON-CURRENT ASSETS</b>	<b>48,036</b>	<b>48,335</b>
B) Current Assets		
Inventories	128	82
Ongoing orders	-	-
Trade receivables and other credits	29,784	28,687
Tax credits	1,946	1,962
Cash on hand and other equivalent assets	6,077	5,977
<b>TOTAL CURRENT ASSETS</b>	<b>37,936</b>	<b>36,708</b>
<b>TOTAL ASSETS</b>	<b>85,972</b>	<b>85,043</b>

EQUITY AND LIABILITIES	31/03/2013	31/12/2012
A) Equity		
Company capital	4,670	4,670
Reserves	35,276	35,349
Accumulated profits/losses	16,825	16,395
<b>Company capital and reserves attributable to owners of the parent</b>	<b>56,772</b>	<b>56,414</b>
Capital and reserves of third parties	2,574	2,258
Profit (loss) of third parties	(61)	316
<b>Non-controlling interests</b>	<b>2,514</b>	<b>2,574</b>
<b>TOTAL EQUITY</b>	<b>59,285</b>	<b>58,989</b>
B) Non-current liabilities		
Financing	0	0
Deferred tax liabilities	3,374	3,374
Employee benefits and quiescence provisions	6,860	6,784
Expense and risk provisions	147	151
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>10,381</b>	<b>10,309</b>
C) Current liabilities		
Trade payables	6,249	3,803
Current tax payables	1,603	2,543
Short-term financing	475	2,092
Other liabilities	7,979	7,307
<b>TOTAL CURRENT LIABILITIES</b>	<b>16,306</b>	<b>15,745</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>85,972</b>	<b>85,043</b>



## Consolidated Cash Flow Statement

(in thousands of Euro)

	I Quarter 2013	I Quarter 2012
<b>Opening cash balances and equivalents</b>	<b>3,885</b>	<b>5,401</b>
<b>OPERATING ACTIVITIES</b>		
Profit (loss) for the period	369	1,143
Amortisation, revaluation and depreciation:		
- Property, plant and equipment amortisation	120	150
- Intangible fixed asset amortisation	972	676
- revaluation of investments and financial assets available for sale	(194)	(203)
- depreciation of investments and financial assets available for sale	0	0
Allocations (utilization) of provisions	72	17
Financial performance:		
- Net financial receipts (charges)	(9)	(16)
- Profit / (losses) on exchanges	(0)	(0)
Working capital variations	1,050	872
Income taxes paid	0	0
Interest paid	(11)	(21)
<b>(A) Cash flows from (used in) operating activities</b>	<b>2,369</b>	<b>2,618</b>
<b>INVESTMENT ACTIVITIES</b>		
Investments in activities		
- Property, plant and equipment purchases	(47)	(43)
- Intangible assets purchases/development	(919)	(899)
- increase in other fixed assets	(38)	(32)
Disinvestment activities		
- Property, plant and equipment transfers	1	0
- Assets available for sale transfers	169	171
- Decrease in other fixed assets	0	10
Cashed Interest	20	37
Cashed dividends	163	159
<b>B) Cash flows from (used in) investment activities</b>	<b>(652)</b>	<b>(597)</b>
<b>FINANCING ACTIVITIES</b>		
Medium/long term financing repayment	-	(8)
Dividends paid	-	0
<b>(C) Cash flows from (used in) financing activities</b>	<b>-</b>	<b>(8)</b>
<b>(A+B+C) Cash balances and equivalents net changes</b>	<b>1,717</b>	<b>2,013</b>
<b>Closing cash balances and equivalents</b>	<b>5,602</b>	<b>7,414</b>

## 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; 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 quarter;
- b) an outline of the significant events and transactions that occurred in the quarter 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 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;
- patrimonial and financial situation 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 quantities in the accounting tables and those in the notes, are shown rounded off to the nearest thousand euro. For this reason, in some tables it may be that the rounded total of the detailed data differs from the sum of the data of detail rounded. The percentage figures shown are calculated using the non-rounded off data.

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 44/a, Verona. 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. There are no other action categories. These shares are nominal and cannot be divided. Each of them entitles 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. The company is listed in the MTA segment of the Italian stock exchange market with the STAR qualification. CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil Code 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.

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, Padova and Mantua.

### **3. Activities of the Group**

#### ***A dynamic and innovative company***

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

The group philosophy is that every customer situation is unique and for each of them will be sought specific solution. For this reason group's technology solutions are established on component-based architectures that allow for secure, phased and progressive implementation.

With over 600 highly trained professionals employed within the company, the aim of the Group is to harness innovation and technology to help the company run better.

#### ***... with a broad and impressive customer base***

CAD IT serves demanding market-leading organisations across Europe.

Its customer base includes banking groups, national authorities, local authorities, consumer goods companies, insurance companies, outsource service providers and foundations.

Each day, its technology solutions support over 200,000 end-users in over 600 organisations with their essential tasks in Italy, Switzerland, Germany, UK and the Czech Republic.

#### ***...operating through a dedicated company network***

During the years it has widened its product range through the continual increase in new skills, a careful strategy of acquisitions and partnerships, considerable investment in research and development and constant market trend monitoring, that has always favored the issue of products in line with the changing needs and anticipating needs.

The founding of new companies and other strategic purchases have enabled the Group to improve synergies and to enter new markets, e.g. business intelligence and control and management systems for banks, insurance companies, private and public institutions, innovative solutions to interconnect financial markets, SIM (securities brokerage firm) and SGR (company asset management), ERP applications and solutions for local tax collection agencies.

#### ***... with market leading products based on reliable and flexible technology***

CAD IT has proven and functionally-rich technology solutions and offers its customers true expertise in technology.

With the gained experience and consistent R&D in technology design and application development, the group has the expertise to build reliable, user-friendly and highly scalable application architecture.

Based on an independent model platform, service oriented its architectures offer customers the flexibility of phased implementation within a technology framework that is designed for today and can evolve around their changing needs. The "lego" methodology, coupled with a broad range of services, facilitates the tailoring of common technological solutions to the customer's situation.

#### ***... combining with a comprehensive set of services***

The services offered are related to developed solutions in the following areas:

- project management;
- system integration;
- consultancy and training;
- customisation and change management activities;
- application monitoring & support through agreed SLA;
- multi-lingual, 24x7 Help Desk;
- regulatory support;
- application development;
- application maintenance;

- private cloud;
- business processing.

### *... and a laser focus on customer service*

Guidelines, frameworks and specific toolsets are in place to ensure every aspect of work is linked to these needs from requirements and service planning, through solution development to deployment and support. Software Development Centre of CAD IT supports all software releases, documentation and materials that allow to simplify the operation activities of its customers.

The Group developed a special single-point-of-contact (SPOC) Customer Support Framework for the management of support and maintenance activities including Service Desk, Incident and Problem Management, Change and Release Management.

Its main purpose is:

- to act as a single point of contact for the CAD IT software end-user;
- to manage the life cycle of user generated issues and service requests;
- to guarantee pre-agreed service levels;
- to organise and prioritise requirements;
- to keep end-users updated on progress.

### *... innovating together with a wide network*

CAD IT invests heavily in R&D for its technology solutions.

Its capacity to innovate together with its clients is a compelling advantage. For many years now CAD IT adopted a collaborative research and development approach with customers, universities, regulatory authorities, consultancies, communities and technological and business partners.

With a growing user community of over 200,000 end-users, where customer demands and requirements constantly evolve, Group's strength is the ability to deliver solutions that respond to our client's needs and adapt to the changing market environment.

### *... offering constant improvement*

The CAD IT Group offers solutions based on the know-how of a vast community of users and supports customers in achieving their own specific objectives with a personalised approach based on granular software components and tailor-made modular services.

Due to the inspiration we receive from our customers and believing firmly in creating stable and lengthy relations, we aim to evolve constantly by making every effort to find new methods, innovate our technology and support the professional growth of our own human resources through training and experiential courses.

The Group is convinced that its commitment to understanding the customers' needs and to providing increasingly more efficient solutions is the true reason behind its managing to maintain customer satisfaction rate extremely high.

We believe that innovation does not simply end with the supply of a state-of-the-art technological solution, but is a continual process of customer support to provide solutions that evolve and adapt to changing market conditions. This is why the Group continues to provide support for all the releases and, although invites its customers to evolve, never obliges them to replace their software with updated versions.

By offering holistic services like system integration, training, consultancy, assistance and constant support, the Group is continually enriching its own know-how by increasing the added value of the solutions it offers to the customer's benefit.

### *Finance*

Area Finanza, flagship product, is viewed as the gold standard on the Italian market, with about a 90% share of the Italian securities processing market, according to the estimate of the company.

Since 2006, with continuing product development, Area Finanza has now been implemented successfully internationally, at leading financial institutions in Switzerland, Germany, UK and the Czech Republic.

Area Finanza offers total automation of all processes relating to derivatives and securities in the following macro areas: Position Keeping, Custody and Administration, Corporate Actions, Order Management, Trading Rooms, Securities Master Database, Settlement, Asset Management, Reconciliations, REPOs, Know Your Customer, Financial Advice and Reporting.

Customers are banks, banking groups, insurance companies, global custodians, brokers, asset managers, IT and BPO service providers, finance companies, trust companies and banking foundations.

Within Europe, our application statistics for Area Finanza include:

- 400 financial institutions;
- 25,000 bank branches;
- 14,000 post office branches;
- 150,000 users;
- 25,000,000 security deposit accounts.

### **Public Administration**

The Group holds a leading position in providing software solutions for Tax Collection in Italy.

Our SET suite for tax collection is the National IT solution being used by the Institutions that manage public tax collection.

Activity in this sector began in the 1980s and has been developed by constantly keeping up with the legal and functional evolutions in the management of both "voluntary" and "compulsory" tax collection.

Since 2006, in view of the ongoing decentralisation of local tax collection, CAD IT has made considerable investments in developing its FE suite for managing Taxation for Public Authorities, capitalising on its experience in Tax Collection at a central level.

FE offers avant-garde tools at the service of all types of central and local Authority for managing tax collection, from preparing "loading lists" up to payment collection and settlement. Furthermore, the FE suite includes planning and control solutions that improve the Authority's internal management, so that Public Administration can accompany the citizen through all the most important events of the public service lifecycle: from information services to the various payment means.

Customers are Authorities, Licensed Companies, Tax Collection Agents and Banking Groups that carry out Treasury and Tax collection services.

Taxation for Authorities (FE) and Tax Collection System (SET) are used throughout Italy and exclusively manage tax collection activities for the National Public Administration Service.

### **Industry**

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

CAD IT is a reference point for companies producing the most famous "made in Italy" products: fashion and food. In these sectors, CAD IT aims at providing specific IT and business skills through software packages and services with high added value that ensure immediate benefits for its customers.

Customers are hundreds of companies dotted all over Italy with branches abroad and with a strong potential for internationalization. Companies that have grown with CAD IT in terms of modernising and reviewing their company procedures. With them were created organizational models so that decisions can be taken quickly and within economically sustainable time periods.

CAD IT, with the support of its strategic partners, is able to provide its customers with a complete range of services so that they can make the decisions that lead to creating advanced systems supported by the very best specific skills available on the market.

## 4. Hot topics

### Finance division

#### PRIVACY

The provisions issued by the Guarantor of Privacy foresees the obligation to store information relating to transactions for two years, even if only informative, like, for example, inquiries carried out on customer reports by banking staff, i.e. the users of information systems. With this provision, banks should verify and adjust their 'logs', the archives in which they record the transactions made on their computer systems which, as is well-known, is the most complex of all financial sectors. It is therefore necessary to set up a repository in which to keep all the information and then have a system to identify any improper behaviour by the bank's own employees. This provision, in fact, is the result of situations in which information on customer accounts and transactions have been unduly divulged and used illegally.

In this context CAD IT is one of the main players in the banking sector software vendor community, promoted by Deloitte, that can resolve this requirement by means of a highly innovative project.

#### EMIR: Reporting Compliance for Derivative Trades

According to the EMIR regulation, financial and non-financial counterparties must ensure that the details of any derivative contract they may have concluded as well as any subsequent modification or termination of said contract is reported to a trade repository, no later than one the working day following its the conclusion, modification or termination of the contract.

The reporting obligation will take effect as of July 2013 for derivatives on interest and credit and as of January 2014 for derivatives on all other asset classes.

CAD IT's Trade Repository Reporting allows to introduce new reporting logic into your current applications.

Trade Repository Reporting captures operations in real time from existing Front Office Systems (e.g. MUREX, Kondor+, Bloomberg, direct market connection, etc.) and from the Area Finanza Suite, elaborates the data and sends all necessary messages to the Trade Repository. The monitoring screen shows the status of all messages for all contracts.

Through CAD IT's partnership with REGIS-TR ([www.regis-tr.com](http://www.regis-tr.com)), the European trade repository, launched by Iberclear (BME) and Clearstream (Deutsche Boerse Group), we are able to supply a complete service.

#### FATCA

The new US regulation named FATCA imposes heavy duties on Banks, Insurances Companies, Asset Managers, and Brokers, all over the world:

- identification and classification of clients and financial accounts;
- application of a 30% withholding tax for recalcitrance;
- data reporting to the United States;
- compliance and audit obligations.

CAD IT's Tax and Compliance Area (TCA) solution for FATCA is the result of a shared analysis with a dedicated User Community involving banks, financial institutions and their consulting companies.

TCA has been designed to be easily adaptable to the identification of customer and account, new types of taxation and reporting, thus enabling a strategic approach to new future requirements.

#### T2S

Target 2 Securities (T2S) is the new centralised platform for the settlement of Euro securities, which will be available as of June 2015 and which will have a great impact on all market subjects, such as Banks, Custodians and CSDs.

T2S will eliminate the differences between domestic and cross-border settlements and will lead to a gradual removal of national specifications. In this way settlement activities will be limited to pure utility and will force a clean-cut separation from custody services.

CAD IT proposes its own Settlement EasySet solution, which has been designed to help banks deal with the changes that T2S will bring, both in terms of direct and indirect adhesions.

### **Flow Management**

TDOC@Web: is CAD IT's tool which, hosted in a web-site, allows Bank, Public Body and Company users to rapidly and safely exchange a large volume data flow, archive and printout.

### **Local Authority Treasuries**

Local Authority Treasuries: software procedure for the total automated management of Local Authority Treasury and Funds for which the law imposes the figure of Treasurer or Receiver (Local Authority, Balances, documental and non-documental cash collection and payment management). The application can be integrated with Teso@Web, a product that, through Internet and by using special consultation functions, allows Local Authorities to swiftly access their own data. The SIOPE and UNIFIED TELEMATIC PUBLIC TREASURY procedures are available for Banca d'Italia reporting.

### **Public Administration division**

Italian Public Administration is experiencing considerable change as a result of a similar radical transformation of the country's social network.

Immigration, globalization, computerization and integration are just some of the important topics that Public Administration is having to deal with. While these themes may represent problems, they can also provide the chance to improve the services offered to the citizens.

One of the key factors is the use of new technologies, which are the first steps towards a new millennium. Not just tablet PCs and smartphones, but also self-service terminals and call centres. Not just social networks and peer to peer, but also, and above all, company clouds and public service networks.

For this reason, CAD IT has created an integrated and multi-lingual solution to automate information services, procedures, policies, regulations and laws within large organizations and government bodies.

The CAD IT solution is based on a repository where all the information is organized in such a way that the engine interpreting the operation can recognize the citizen, carry out information filtering, even translate from and to the desired language and then provide the requested service.

With the CAD IT solution, the Public Administration office is guaranteed fewer costs and less conflict and stress for its front desk operators as well as the possibility to monitor the level of services carried out. For the citizens, the solution means a much faster, more personalized, timely and modern service.

### **Industry division**

An important meeting organized in collaboration with Infor and aimed at ceramic tile producers took place in Bologna last December.

This market symbolizes the excellence of world-famous Italian design with a total turnover of Euro 4.71 billion made up of exports to the value of Euro 3.57 billion and Euro 1,146 million of sales on the home ground.

The progressive internationalization of this market has given the opportunity to present Infor M3 adapted to this type of production. The entrepreneurs attending the meeting were more than satisfied to be presented with a software that perfectly reflects their business needs.

### **Fashion Event**

The fashion world met in March for a big event in Venice organized by Venistar in collaboration with CAD IT. It was a splendid occasion for exchanging ideas and developments in a market that represents the very best of Italy throughout the world.



## 5. Corporate Governance

The system of corporate governance adopted by CAD IT SpA is the traditional one.

In compliance to the legal obligations, the Board of Directors annually approves the Corporate governance and property asset report, in accordance with articles 123 bis and 124 ter TUF and 89 bis Consob Issuer Regulations, in order to provide an adequate description of the corporate governance system adopted, information on property assets and adhesion to Corporate Governance regulations. The report is published and is available for public viewing in the Investor Relations sector of the company's Internet site: [www.caditgroup.com](http://www.caditgroup.com). Please refer to this document for further details on governance and the Internal Control System of CAD IT and of the Group.

## 6. 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 approved 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 with the exception of the items described in the explanatory notes – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2013.

The accounting standards have been applied in the same manner throughout the periods shown and for all the Group's companies, by adjusting their financial statements prepared in accordance with Italian GAAP for consolidation purposes; there have been no modifications in the comparative information.

Interim Management Report has been drafted using the evaluation criterion of past 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.

Interim Management Report has been drafted in the assumption that the company will continue.

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

### 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.

Inside the Directors' Report on management is included the profit and loss account drafted in scalar form, highlighting the intermediary results as follows:

- 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.

The balance sheet layout of Patrimonial-Financial situation, shows the distinction 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.

### ***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.

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.

### ***Associated 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 unlimited 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 registered at cost of acquisition or production and 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.

Research costs are charged in the profit and loss account in the period in which they are incurred. 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. 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 not amortised but 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 retrievability 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 works to order***

When the result of an order can be reliably estimated, the relative revenues and costs are shown in relation to the situation of the activity's progress at the time of financial period closure, on the basis of the ratio between sustained costs for the activity carried out to date and the total estimated cost of the order, unless this calculation is not deemed representative of the order's progress.

Any variations to the contract, price or incentive reviews, are included to the amount that were agreed with the customer.

When the result of an order cannot be estimated

reliably, the relative revenues are shown only within the limits of the order's sustained costs, which will probably be retrieved. Order costs are shown as expenses in the financial period in which they were sustained.

Should it appear likely that the total costs of a work to order will exceed the revenues, the expected loss is immediately shown as a cost.

#### ***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 benefits***

Severance pay (TFR), governed by Civil Code article 2120, foresees that, when the work contract ends and working relations close, an employee shall be paid a sum calculated on the basis of the length of time he/she was employed and the amount of remuneration received.

Following the reform on additional welfare benefits, amounts matured up to 31/12/2006 remain in the company and the old governance system will be applied on these. Instead, for amounts matured since 01/01/2007, the employees can decide whether to allocate them as an additional welfare payment or to keep them in the company (if the company employs at least 50 people) or even have them put into a treasury fund (if the company employs at least 50 people) set up at INPS (State Welfare Offices).

Therefore:

- Severance Pay amounts matured up until 31/12/2006 and amounts matured since 01/01/2007 and kept in the company, are shown as definite benefit plans, while
- Severance Pay amounts matured since 01/01/2007 and transferred into additional welfare funds or treasury funds at INPS, are

shown as definite contribution plans.

Severance Pay is calculated by independent actuaries using the "matured benefit" method by means of the "Projected Unit Credit" criterion as provided for in IAS 19. The calculation method can be outlined by the following phases:

- projection for each employee according to the assessment date of any Severance Pay already set aside and any future Severance Pay amounts that will mature up to the unforeseeable end of relations and by projecting the worker's remunerations;
- determination for each employee of probable Severance Pay payments that the company may have to make should the employee decide to resign, be dismissed, be incapacitated, die or take early retirement as well as any request for advance payments;
- the discounting back, at assessment date, of each probable payment;
- and (for companies with at least 50 employees) the re-proportioning, for each employee, of the probable and discounted back services based on the length of service at assessment date compared to the entire unpredictable amount at liquidation date.

#### ***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.

#### ***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.

#### ***Use of estimates***

To draft the intermediate management statement, the company management is required to provide assessment, estimate and hypothesis formulas in order to apply the accounting standards that influence the asset and liability, cost and revenue figures shown. The estimates and the relative hypotheses are based on the experience and factors considered reasonable to the case. Since they are estimates, the results obtained will not necessarily be the same as the final results.

The estimates and hypotheses are reviewed regularly. Any variations deriving from a review of accounting estimates are shown in the period in which the review was made whenever they affect that period alone. Should the review affect the current and future periods, the variation will be registered in the period in which the review was done and the relative subsequent periods.

***Accounting standards, amendments and interpretations applied since January 1<sup>st</sup> 2013***

On 16<sup>th</sup> June 2011, the IASB issued an amendment to *IAS 1 – Balance presentation*, which requires companies to group together all the components presented between Other profits/(losses) depending on whether they can or cannot be reclassified later to the profit and loss account. The amendment must be applied from financial periods that began after or from 1<sup>st</sup> July 2012. The Group adopted this amendment as of 1<sup>st</sup> January 2013. From the point of view of balance sheet entry assessments, the adoption of this amendment has no effect and has limited effects on the information in this report.

On 16<sup>th</sup> June 2011, the IASB issued an amendment to *IAS 19 – Employee benefits* applicable retrospectively to the financial period that began on 1<sup>st</sup> January 2013. The main new item that regards the Group is the recognition of actuarial profits and losses between Other Profits (losses)

with the elimination of the possibility to show them immediately in the Profit and Loss Account as in the past. The Group applied the amendment to IAS 19 retrospectively as of 1<sup>st</sup> January 2013, rectifying the opening values of the patrimonial and financial situation at 1<sup>st</sup> January 2012 and at 31<sup>st</sup> December 2012 as well as the economic data for 2012.

There are no, or no significant, other matters and cases governed by standards, amendments and interpretations effective from 1<sup>st</sup> January 2013 approved by the IASB and IFRIC and published in the European Community's Official Gazette. No standards approved by the European Union, the application of which will be compulsory as of 1<sup>st</sup> January 2014, have been adopted in advance.

## 7. Consolidation area

The consolidation area has not changed during first quarter 2013. 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 S.r.l.	Verona	99,999	51.00%	51.00%
Tecsit S.r.l. (1)	Roma	75,000	70.00%	70.00%
(1) 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	Pre-tax result	Percentage of investment	Investment value of the Group
Sicom S.r.l.	Viadana (MN)	31/03/2012	1,420	735	25.00%	355
		31/03/2013	1,201	481	25.00%	300

## 8. The short-term situation<sup>1</sup>

The world economy shows signs of strengthening: signs of a cyclical improvement in the United States and some emerging economies appeared in the first quarter. Overall, world output growth is expected to remain modest this year and then to gather strength in 2014. Uncertainty persists about US fiscal policy and the sovereign debt crisis in Europe.

In the euro area, economic activity remains weak: After the contraction of euro-area GDP in the fourth quarter of 2012, economic activity appears to have practically stabilized in the first three months of 2013. Domestic demand is still slack, however, even in countries not affected by the sovereign debt crisis. Inflation continues to decline; it has fallen below 2 per cent for the first time since 2010 and is expected to abate still further in the coming months.

The economic contraction in Italy eases but financial conditions and business confidence remain uncertain.

In Italy, after the further steep fall in GDP in the fourth quarter of 2012, the indicators for the first quarter suggest that output has continued to decrease, but less sharply. For the quarter as a whole the decline in industrial production appears to have virtually ceased, thanks to the good performance of exports.

In 2012 the increase in loan losses dents banks' profitability, but cost cutting continues and the capital position improves.

Italian banking groups' profitability worsened as value adjustments increased to reflect the deterioration in

<sup>1</sup> Data source: Banca D'Italia, Economic Bulletin no. 68, April 2013

loan quality. Net of extraordinary items connected with goodwill impairments, ROE came down by about two percentage points to 0.6 per cent.

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

	31/03/2013		31/03/2012		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	12,110	92.9%	12,744	93.6%	(634)	(5.0%)
Asset increases due to internal work	895	6.9%	875	6.4%	21	2.3%
Other revenue and receipts	36	0.3%	2	0.0%	34	n.s.
<b>Production value – PV</b>	<b>13,041</b>	<b>100.0%</b>	<b>13,620</b>	<b>100.0%</b>	<b>(580)</b>	<b>(4.3%)</b>
Purchase costs	(90)	(0.7%)	(127)	(0.9%)	37	(29.1%)
Service costs	(2,080)	(15.9%)	(2,328)	(17.1%)	249	(10.7%)
Other operational costs	(147)	(1.1%)	(205)	(1.5%)	58	(28.3%)
<b>Added value</b>	<b>10,724</b>	<b>82.2%</b>	<b>10,960</b>	<b>80.5%</b>	<b>(236)</b>	<b>(2.2%)</b>
Labour costs	(8,929)	(68.5%)	(8,683)	(63.7%)	(246)	2.8%
Other administrative expenses	(535)	(4.1%)	(525)	(3.9%)	(10)	1.9%
<b>Gross operational result – EBITDA</b>	<b>1,260</b>	<b>9.7%</b>	<b>1,753</b>	<b>12.9%</b>	<b>(493)</b>	<b>(28.1%)</b>
Allocation to fund and credit depreciation	(2)	(0.0%)	(3)	(0.0%)	0	(10.7%)
Intangible fixed asset amortization	(972)	(7.5%)	(676)	(5.0%)	(296)	43.8%
Tangible fixed asset amortization	(120)	(0.9%)	(150)	(1.1%)	31	(20.3%)
<b>Operational result - EBIT</b>	<b>166</b>	<b>1.3%</b>	<b>924</b>	<b>6.8%</b>	<b>(758)</b>	<b>(82.0%)</b>
Financial income	20	0.2%	37	0.3%	(17)	(46.5%)
Financial expenses	(11)	(0.1%)	(21)	(0.2%)	10	(47.1%)
<b>Ordinary result</b>	<b>175</b>	<b>1.3%</b>	<b>940</b>	<b>6.9%</b>	<b>(765)</b>	<b>(81.4%)</b>
Revaluations and depreciations	194	1.5%	203	1.5%	(8)	(4.2%)
<b>Pre-tax result</b>	<b>369</b>	<b>2.8%</b>	<b>1,143</b>	<b>8.4%</b>	<b>(774)</b>	<b>(67.7%)</b>

### Pre-tax result attributable to:

Non-controlling interests	(61)	(0.5%)	111	0.8%	171	(154.8%)
<b>Owners of the parent</b>	<b>430</b>	<b>3.3%</b>	<b>1,032</b>	<b>7.6%</b>	<b>(602)</b>	<b>(58.3%)</b>

The CAD IT Group closed the first quarter of 2013 with a value of production of Euro 13,041 thousand, showing a 4.3% decrease compared to the same quarter in the previous financial period (Euro 13,620 thousand), thus achieving positive returns.

The value of production was mainly made up of revenues from services and sales amounting to Euro 12,110 thousand, showing a decrease compared to the same quarter in the previous year (Euro 12,744 thousand). The increase in internal work capitalized under fixed assets came to Euro 895 thousand, substantially in line with the first quarter of the previous year (Euro 875 thousand).

Service costs of Euro 2,080 thousand (equal to 15.9% of the value of production) decreased (Euro -249 thousand) compared to Euro 2,328 thousand (equal to 17.1% of the value of production) in the first quarter of 2012, due to reduced reliance on external collaborations.



The Euro 10,724 thousand of added value was equal to 82.2% of the value of production, compared to Euro 10,960 thousand in the first quarter of previous year (80.5% of the value of production).

Labour costs during the quarter came to Euro 8,929 thousand, showing a Euro 246 thousand increase compared to Euro 8,683 thousand in the same period in 2012, consequently the application of contractual increases in salary. The average number of employees during the quarter was 605 units, a slight increase compared to the same quarter in 2012 (598 units).

Other administrative costs came to Euro 535 thousand, in line with previous year (Euro 525 thousand).

The EBITDA revenue margin stood at Euro 1,260 thousand, showing a decrease compared to Euro 1,753 thousand in the first quarter of 2012 (-28.1%).

Amortisation quotas during the quarter were Euro 972 thousand for intangible assets and Euro 120 thousand for tangible assets. In the same quarter in 2012, these figures stood at Euro 676 thousand and 150 thousand respectively. Depreciation and amortization of intangible assets increased compared to the previous period due to the beginning of the amortization schedules of software procedures, concluded in previous years, which have become available for use and for sale.

The EBIT operational result for the quarter was in credit by Euro 166 thousand compared to Euro 924 thousand in the same period of previous year, showing a decrease of Euro 758 thousand.

The net result of the financial management was in credit with earnings and expenses at Euro 20 thousand and Euro 11 thousand respectively, compared to Euro 37 thousand and Euro 21 thousand in the first quarter of the previous year.

The ordinary result was therefore in credit by Euro 175 thousand compared to Euro 940 thousand in the first quarter of 2012.

The revaluations of the period include the share of profit of associate company, calculated with the net patrimony method, which generated a Euro 120 thousand revaluation (while in the first quarter of 2012 generated a Euro 184 thousand revaluation) as well as the capital gain from the sale of assets available for sale of Euro 74 thousand (Euro 19 thousand in the comparative quarter).

The pre-tax result was in credit by Euro 369 thousand (equal to 2.8% of the value of production), decreasing compared to the same quarter in the previous financial year when the figure registered was Euro 1,143 thousand (8.4% of the value of production).

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

The profit for the period ascribed to CAD IT shareholders was Euro 430 thousand compared to Euro 1,032 thousand in the first quarter of the previous financial year; the third party share was a loss of Euro 61 thousand, compared with a profit of Euro 111 thousand in the first quarter of 2012.

A brief summary of the earnings from sales and services, subdivided in accordance with the line of business, and compared to the corresponding figures of the previous financial year, is shown below.

<i>Income from sales and services</i>	<i>1° Quarter 2013</i>		<i>1° Quarter 2012</i>	
Finance	11,647	96.18%	12,037	94.50%
Manufacturing	462	3.82%	707	5.50%
<b>Total</b>	<b>12,110</b>	<b>100%</b>	<b>12,744</b>	<b>100%</b>

## 10. Significant events of the period

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

Moreover, the intense planning 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.

## 11. Net financial position

The consolidated net financial position at 31st March 2013 was positive for Euro 5,602 thousand, increased compared to the end of previous year when was Euro 3,885 thousand.

In particular, cash-on-hand bank accounts and cash amounted to Euro 3,570 thousand and capitalization insurance policies (contractually available on 20-day prior request without any significant tax expenses) to Euro 2,508 thousand. Short-term debts towards banks of Euro 475 thousand regard overdrawn accounts and advances subject to final payment and decreased compared to Euro 2,092 thousand at 31/12/2012.

(in thousands of Euro)

Net consolidated financial position	31/03/2013	31/12/2012	31/03/2012
Cash-on-hand and at bank	3,570	3,487	5,863
Capitalization insurance policies	2,508	2,490	2,444
Payables due to banks current portion	(475)	(2,092)	(893)
<b>Net short-term financial position/(indebtedness)</b>	<b>5,602</b>	<b>3,885</b>	<b>7,414</b>
Long-term loans	-	-	(111)
<b>Net long-term financial position/(indebtedness)</b>	<b>-</b>	<b>-</b>	<b>(111)</b>
<b>Net financial position/(indebtedness)</b>	<b>5,602</b>	<b>3,885</b>	<b>7,303</b>

As shown in the consolidated financial report, the increase in financial assets in the quarter was determined by the following management.

- Operational management activities generated positive flows amounting to Euro 2,369 thousand (compared to Euro 2,618 thousand in the same period in the previous year) due to the effect of self-financing (period result net of non-monetary items).
- Investment activities absorbed Euro 652 thousand (compared to Euro 597 thousand in the same period of previous year). In particular, Euro 919 thousand were invested in intangible assets, partly compensated by interests and dividends cashed, and by the sale of assets available for sale of Euro 169 thousand.

## 12. Research and development

In relation to activities aimed at consolidating traditional business, the realization of new modules to increase the functional and/or 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 and to new markets abroad, 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, Privacy ed EMIR).

Activity in the production of specialized 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 quarter by companies of the Group included in the consolidation area amount to Euro 965 thousand, compared to Euro 943 thousand in the same period in 2012.

(in thousands of Euro)

Summary of investments	1° Quarter	1° Quarter	Year
	2013	2012	2012
Intangible fixed assets	24	22	223
Assets under development and payments on account	895	877	3,553
Property, Plant and equipment	47	43	208
<b>Total investments in tangible and intangible fixed assets</b>	<b>965</b>	<b>943</b>	<b>3,984</b>

The voice assets under development relates to investments in development of software procedures under construction both for sale and for in-company use. Most of these investments are aimed at new, advanced products, the use of which will be needed, in credit and financial institutions as well as in the field of public administration and in industrial companies.

During the 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	Assets under development and payments on account	Other	Total
Purchase or production cost	24,170	3,825	12,034	27	40,056
Previous years revaluations	-	-	-	-	-
Previous years depreciation and write-downs	(15,679)	(3,600)	-	(27)	(19,306)
Adjustments to previous years write-downs	-	-	-	-	-
<b>Opening value</b>	<b>8,491</b>	<b>225</b>	<b>12,034</b>	<b>0</b>	<b>20,750</b>
Variations in consolidation area	-	-	-	-	-
Purchases/increases	-	24	895	-	919
Transfers	7,371	-	(7,371)	-	-
Reduction in accumulated depreciation due to disposals	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(936)	(35)	-	-	(972)
Adjustments to write-downs for the period	-	-	-	-	-
<b>Total intangible fixed assets</b>	<b>14,925</b>	<b>213</b>	<b>5,558</b>	<b>-</b>	<b>20,697</b>

(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	4,185	33	5,028	18,385
First time adoption revaluation	8,439	-	-	-	8,439
Previous years depreciation and write-downs	(1,463)	(2,988)	(28)	(4,563)	(9,041)
Adjustments to previous years write-downs	-	-	-	-	-
<b>Opening value</b>	<b>16,116</b>	<b>1,197</b>	<b>5</b>	<b>465</b>	<b>17,783</b>
Variations in consolidation area	-	-	-	-	-
Purchases	-	-	-	47	47
Transfers	-	-	-	-	-
Reduction in accumulated depreciation due to disposals	-	-	-	7	7
Disposals	-	-	-	(8)	(8)
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(30)	(42)	(0)	(47)	(120)
Adjustments to write-downs for the period	-	-	-	-	-
<b>Total tangible fixed assets</b>	<b>16,085</b>	<b>1,155</b>	<b>5</b>	<b>464</b>	<b>17,709</b>

#### 14. Personnel

The number of CAD IT Group staff, at the end of the quarter increased by 3 units compared to the end of 2012 financial period. Information on the actual number employees at the end of each period is reported below:

<i>Category of Employees</i>	<i>Labour force at 31/03/2013</i>	<i>Labour force at 31/12/2012</i>	<i>Labour force at 31/03/2012</i>
Management	18	18	18
White-collars and cadres	575	578	576
Blue-collars	1	2	2
Apprentices	13	6	4
<b>Total</b>	<b>607</b>	<b>604</b>	<b>600</b>

The average number of employees in the quarter was 605 units, increasing compared to the same reference quarter of the 2012 financial period (598 units).

<i>Category of Employees</i>	<i>Average number I Quarter 2013</i>	<i>Average number year 2012</i>	<i>Average number I Quarter 2012</i>
Management	18	18	18
White-collars and cadres	576	578	576
Blue-collars	1	2	1
Apprentices	10	5	3
<b>Total</b>	<b>605</b>	<b>603</b>	<b>598</b>

The Group continues to pay particular attention to the growth and training of its staff by analysing their needs,

defining plans and training schemes, holding courses both internally and at qualified external organisations and evaluating training activities.

### **15. Significant events since 31st March 2013**

On 29th April 2013, the Ordinary Shareholders' Meeting approved the Annual Financial Statements at 31st December 2012 and decided the distribution of an ordinary dividend of Euro 0.30 per share. The dividend will be paid from 9th May 2013. Dividend payment resulted in a cash outlay of Euro 2,694 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).

In April CAD IT won the tender for the supply of an application platform and the relative expert assistance for Poste Italiane S.p.A.'s remote control systems. CAD IT's "Remote Control" application is a dynamic system for monitoring the various risk categories originating in both peripheral and central company structures.

The tool implements a constant analysis and assessment model at a process and business unit level, quickly identifying any sign of anomaly. The system centralises the controls of hundreds of procedures on 14,000 Post Offices, deals with audit interventions, allows the planning of activities, prevents particular risk conditions from becoming more serious and guides actions for improvement. The project foresees the supply of the license to use the platform and the relative expert services required for its integration and start-up as well as the relative ordinary and perfective maintenance. The total value of the contract is Euro 1.1 million and the service will have a 32-month validity.

No events have occurred that could noticeably effect the economic, patrimonial and financial situation of the company.

### **16. Other Information**

CAD IT, in accordance with art. 3 of Consob Deliberation no. 18079 of 20th January 2012, has decided to comply with the simplification regime provided for in articles 70, paragraph 8, and 71, paragraph 1-bis of Consob Regulation no. 11971/1999 and subsequent modifications and integrations, therefore availing itself of the right to waiver the obligation to present the expected information documents on significant operations relating to mergers, splits, increases in capital by means of the transfer of assets, acquisitions and sales.

### **17. Foreseeable management developments**

In response to the current general situation the Board of Directors has placed maximum attention on market needs 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, through new and high standard, quality products that would guarantee adequate income levels.

The main strategic objectives of the company and the Group are to maintain and further develop its leadership position in the Italian banking sector, increase its customer portfolio in the insurance and local tax collection sectors, further distribute new products relating to business intelligence, promote its software for the industrial sector at medium/large-sized companies. The Group is also continuing to pursue its efforts to expand towards the European and international markets, which could be favoured by the optimal references it has obtained from its existing foreign customers and by the internationalisation procedures for which the large Italian banking groups are advocating.

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

The increase in the Group's activities resulting from expansion in to Europe and the acquisition of a greater market share could counterbalance the weakness of domestic demand.

On the date of drafting of this report, no relevant uncertainties are expected to arise in the current financial period.

The short-term economic situation remains difficult and uncertain, therefore, still a national and international level, and the managerial trend would be subject to risks connected to factors outside the Group's control.

Despite this, the Board of Directors is confident that positive results can still be achieved, considering activities and actions already developed in the previous year and those planned.

Verona, 14 May 2013

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, 14 May 2013

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

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