

THE CAD IT BOARD OF DIRECTORS APPROVES THE INTERIM MANAGEMENT REPORT AT 30TH SEPTEMBER 2013

The CAD IT Group closes the third quarter 2013 with a Production Value of Euro 12.8 million.

EBITDA stood at Euro 1.5 million.

EBIT and Result of the period net of third party share were equal to Euro 0.3 and 0.4 million respectively.

The Group's Consolidated Net Financial Position at 30th September 2013 was in debit by Euro 1.4 million.

In the first nine months of 2013, the Production Value was Euro 38.6 million.

EBITDA was Euro 3.8 million.

EBIT and Result of the period net of third party share were equal to Euro 0.4 and 0.7 million respectively.

The Board of Directors of CAD IT S.p.A., leader in the Italian financial software market and listed in the STAR segment of Borsa Italiana, today approved the Interim Management Report at 30th September 2013.

The main consolidated results of the **third quarter 2013** are as follows:

- **Production Value** of Euro 12.8 million compared to Euro 13.9 million in the third quarter of 2012. During the three months in question, increases in internal work capitalized for the development of new products (asset increases due to internal work) came to Euro 0.9 million compared to Euro 1.1 million in the same period of the previous year;
- **Gross Operational Result (EBITDA)** of Euro 1.5 million (11.3% of the Production Value) compared to Euro 3.3 million registered in the third quarter of 2012 (23.8% of the Production Value);
- **Operational Result (EBIT)** of Euro 0.3 million, corresponding to 2.5% of the Production Value compared to Euro 2.2 million in the third quarter of 2012 (15.8% of the Production Value);

- **Result of the period net of third party share** of Euro 0.4 million, corresponding to 3.0% of the Production Value, compared to Euro 2.4 million in the third quarter of 2012 (17.3% of the Production Value).

The **Consolidated Net Financial Position** at 30th September 2013 is in debit by Euro 1.4 million, a decrease compared to the Euro 2.8 million registered at 30th June 2013 and to the Euro 3.9 million registered at 31st December 2012. The decrease in the Net Financial Position was mainly due to a decrease in revenues and to an increase in the average receipt time for credits to clients.

In order to provide a complete report, the main consolidated results of the **first nine months of 2013** are outlined below:

- **Production Value** was equal to Euro 38.6 million compared to Euro 40.4 million in the same period of the previous year. During the nine months in question, investment for internal work capitalized under fixed assets came to Euro 2.8 million compared to Euro 3.0 million in the same period of the previous year. **Net sales** were equal to Euro 35.7 million compared to Euro 37.4 million registered in the first nine months of 2012;
- **Gross Operational Result (EBITDA)** of Euro 3.8 million (9.7% of the Production Value), compared to Euro 6.1 million in the first nine months of 2012 (15.0% of the Production Value). The negative effects in EBITDA were mainly generated by higher labour costs (Euro +0.8 million) and by a decrease in revenues (equal to Euro 1.7 million). Besides the recruitment of new employees (the number of CAD IT Group's staff increased from 604 at 31st December 2012 to 611 at 30th September 2013), the increase in labour costs was mainly due to contractual salary increases following national wage settlement renewals. The decrease in revenues (-4.5%) was primarily due to a temporary postponement of a few planned activities in accordance with customers' needs.
- **Operational Result (EBIT)** of Euro 0.4 million (1.1% of Production Value) compared to Euro 3.3 million in the first nine months of 2012, corresponding to 8.2% of Production Value. The decrease in EBIT was mainly due to an increase (equal to Euro 0.6 million) in amortization of intangible assets which went from Euro 2.3 million in the first nine months of 2012 to Euro 3.0 million in the first nine months of 2013. This increase was due to the onset of software procedure amortization schedules, concluded in previous years, which have become available for use and for sale.
- **Result of the period net of third party share** of Euro 0.7 million, corresponding to 1.7% of the Production Value, compared to Euro 3.6 million in the same period of the previous year (8.8% of the Production Value).

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The Manager charged with preparing the company's financial reports, Daniele Mozzo, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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Consolidated Income Statement Third Quarter 2013

(in thousands of Euro)

	III Quarter 2013		III Quarter 2012		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	11,857	92.3%	12,772	91.7%	(915)	(7.2%)
Changes in ongoing orders	0	0.0%	(17)	(0.1%)	17	(100.0%)
Asset increases due to internal work	920	7.2%	1,147	8.2%	(227)	(19.8%)
Other revenue and receipts	70	0.5%	30	0.2%	40	133.4%
Production value	12,848	100.0%	13,932	100.0%	(1,085)	(7.8%)
Costs for purchases	(178)	(1.4%)	(93)	(0.7%)	(85)	92.0%
Costs for service	(2,619)	(20.4%)	(2,258)	(16.2%)	(361)	16.0%
Other operational costs	(140)	(1.1%)	(157)	(1.1%)	17	(11.1%)
Added value	9,911	77.1%	11,424	82.0%	(1,513)	(13.2%)
Labour costs	(7,980)	(62.1%)	(7,613)	(54.6%)	(367)	4.8%
Other administrative expenses	(474)	(3.7%)	(493)	(3.5%)	18	(3.7%)
Gross operational result - EBITDA	1,457	11.3%	3,319	23.8%	(1,862)	(56.1%)
Intangible fixed asset amortization	(1,011)	(7.9%)	(966)	(6.9%)	(46)	4.7%
Tangible fixed asset amortization	(124)	(1.0%)	(149)	(1.1%)	25	(17.0%)
Operational result - EBIT	322	2.5%	2,204	15.8%	(1,882)	(85.4%)
Financial income	17	0.1%	52	0.4%	(35)	(67.2%)
Financial expenses	(21)	(0.2%)	(26)	(0.2%)	6	(21.9%)
Ordinary result	318	2.5%	2,229	16.0%	(1,911)	(85.7%)
Revaluations and depreciations	203	1.6%	206	1.5%	(4)	(1.8%)
Pre-tax result	521	4.1%	2,436	17.5%	(1,914)	(78.6%)
Pre-tax result attributable to:						
Non- controlling interests	135	1.1%	29	0.2%	106	364.1%
Owners of the parent	386	3.0%	2,407	17.3%	(2,020)	(83.9%)

Consolidated Income Statement First 9 Months 2013

(in thousands of Euro)

	Period 01/01 - 30/09/2013		Period 01/01 - 30/09/2012		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	35,675	92.5%	37,355	92.6%	(1,679)	(4.5%)
Changes in ongoing orders	0	0.0%	(17)	(0.0%)	17	(100.0%)
Asset increases due to internal work	2,801	7.3%	2,956	7.3%	(155)	(5.2%)
Other revenue and receipts	107	0.3%	63	0.2%	45	71.3%
Production value	38,584	100.0%	40,357	100.0%	(1,773)	(4.4%)
Costs for purchases	(426)	(1.1%)	(341)	(0.8%)	(85)	25.0%
Costs for service	(6,781)	(17.6%)	(6,997)	(17.3%)	215	(3.1%)
Other operational costs	(465)	(1.2%)	(553)	(1.4%)	88	(15.9%)
Added value	30,912	80.1%	32,466	80.4%	(1,554)	(4.8%)
Labour costs	(25,655)	(66.5%)	(24,852)	(61.6%)	(803)	3.2%
Other administrative expenses	(1,500)	(3.9%)	(1,545)	(3.8%)	45	(2.9%)
Gross operational result - EBITDA	3,757	9.7%	6,070	15.0%	(2,313)	(38.1%)
Allocation to fund and credit depreciation	(2)	(0.0%)	(2)	(0.0%)	1	(32.6%)
Intangible fixed asset amortization	(2,963)	(7.7%)	(2,316)	(5.7%)	(646)	27.9%
Tangible fixed asset amortization	(366)	(0.9%)	(447)	(1.1%)	81	(18.1%)
Operational result - EBIT	426	1.1%	3,303	8.2%	(2,877)	(87.1%)
Financial income	53	0.1%	134	0.3%	(80)	(60.0%)
Financial expenses	(41)	(0.1%)	(59)	(0.1%)	18	(30.9%)
Ordinary result	439	1.1%	3,378	8.4%	(2,939)	(87.0%)
Revaluations and depreciations	482	1.3%	444	1.1%	38	8.6%
Income taxes ¹	3	0.0%	3	0.0%	(0)	(0.9%)
Pre-tax result	925	2.4%	3,825	9.5%	(2,901)	(75.8%)
Pre-tax result attributable to:						
Non- controlling interests	264	0.7%	275	0.7%	(11)	(4.0%)
Owners of the parent	661	1.7%	3,551	8.8%	(2,890)	(81.4%)

¹ 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 Comprehensive Income

(in thousands of Euro)

	III Quarter 2013	III Quarter 2012	Period 2013 01/01-30/09	Period 2012 01/01-30/09 (²)
Pre-tax profit (loss) for the period	521	2,436	925	3,825
Other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/(losses) on defined benefit liabilities	-	-	146	117
Other comprehensive income that will be reclassified subsequently to profit or loss				
Gains/(Losses) on fair value of available-for-sale financial assets	-	-	-	-
Reclassification adjustments: gains realized on disposal of available-for-sale	-	(11)	(103)	(27)
Total Pre-tax comprehensive income (loss)	521	2,425	967	3,915
Comprehensive income (loss) attributable to:				
- Non- controlling interests	135	29	277	283
- Owners of the parent	386	2,396	690	3,632

² Following application of the amendment to IAS 19 (retrospectively) from 1st January 2013, figures of the first nine months of 2012, reported for comparison, have been restated in accordance with the requirements of IAS 1. In particular the actuarial gain on liabilities for defined benefit was registered in the consolidated statement of comprehensive income for the amount of Euro 117 thousand.

Consolidated Statement of Financial Position

(in thousands of Euro)

31/12/2012	ASSETS	30/09/2013	30/09/2012
	A) Non-Current Assets		
17,783	Property, plant and equipment	17,553	17,911
20,750	Intangible assets	20,624	20,782
8,309	Goodwill	8,309	8,309
342	Investments	563	580
243	Other financial assets available for sale	0	262
162	Other non-current credits	200	158
746	Credits due to deferred taxes	746	595
48,335	TOTAL NON-CURRENT ASSETS	47,995	48,598
	B) Current Assets		
82	Inventories	73	89
-	Ongoing orders	-	-
28,687	Trade receivables and other credits	32,937	30,645
1,962	Tax credits	2,024	1,412
5,977	Cash on hand and other equivalent assets	3,557	6,133
36,708	TOTAL CURRENT ASSETS	38,591	38,280
85,043	TOTAL ASSETS	86,586	86,878

31/12/2012	EQUITY AND LIABILITIES	30/09/2013	30/09/2012
	A) Equity		
4,670	Company capital	4,670	4,670
35,349	Reserves	35,246	35,368
16,395	Accumulated profits/losses	14,489	16,824
56,414	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	54,405	56,863
2,574	Third party Equity	2,747	2,541
58,989	TOTAL EQUITY	57,152	59,403
	B) Non-current liabilities		
0	Financing	0	0
3,374	Deferred tax liabilities	3,045	3,375
6,784	Employee benefits and quiescence provisions	6,811	6,629
151	Expense and risk provisions	137	31
10,309	TOTAL NON-CURRENT LIABILITIES	9,993	10,035
	C) Current liabilities		
3,803	Trade payables	5,830	5,889
2,543	Current tax payables	1,572	2,147
2,092	Short-term financing	4,941	2,572
7,307	Other liabilities	7,097	6,831
15,745	TOTAL CURRENT LIABILITIES	19,441	17,439
85,043	TOTAL LIABILITIES AND EQUITY	86,586	86,878

Consolidated Cash Flow Statement

(in thousands of Euro)

<i>Cash Flow Statement of CAD IT Group</i>	<i>Period 2013 01/01-30/09</i>	<i>Period 2012 01/01-30/09 (³)</i>
<u>A) OPERATING ACTIVITIES</u>		
Profit (loss) for the period	925	3,825
Amortisation, revaluation and depreciation:		
- Property, plant and equipment depreciation	366	447
- Intangible fixed asset amortisation	2,963	2,316
- Revaluation of investments and financial assets available for sale	(482)	(444)
Allocations (utilization) of provisions	159	13
Financial performance:		
- Net financial receipts (charges)	(13)	(75)
- Profit / (loss) on foreign exchange	(0)	(0)
Other working capital variations	(3,258)	(695)
Income taxes paid	(527)	(1,859)
Interest paid	(40)	(59)
(A) - Cash flows from (used in) operating activities	92	3,470
<u>B) INVESTMENT ACTIVITIES</u>		
Investments in activities		
- purchase of property, plant and equipment	(138)	(189)
- purchase/production of intangible assets	(2,837)	(3,118)
- increase in other fixed assets	(45)	(40)
Disinvestment activities		
- transfers of property, plant and equipment	1	1
- transfers of assets available for sale	239	206
- decrease in other fixed assets	7	14
Cashed Interest	53	134
Cashed dividends	163	159
(B) - Cash flows from (used in) investment activities	(2,557)	(2,834)
<u>C) FINANCING ACTIVITIES</u>		
Medium/long term financing repayment	0	(119)
Allocation of profits to directors of subsidiary companies	(11)	0
Distribution of earnings reserve for withdrawal of shareholder of a subsidiary	0	(120)
Dividends paid	(2,793)	(2,237)
(C) - Cash flows from (used in) financing activities	(2,804)	(2,476)
(A+B+C) - Total cash and other equivalent assets flows	(5,269)	(1,841)
Opening cash balances and equivalents	3,885	5,401
Closing cash balances and equivalents	(1,384)	3,561

³ Following the application from 1st January 2013 (retrospectively) of the amendment to IAS 19, the data on 30th September 2012 reported for comparative purposes, have been restated as required by IAS 1. In particular, the profit for the period is lower by Euro 117 thousand, corresponding to the actuarial gain on liabilities for defined benefit, and corresponding amount is reduced to the "Allocations (utilization) of provisions".

Consolidated Net Financial Position

(in thousands of Euro)

Net consolidated financial position	30/09/2013	30/06/2013	31/12/2012	30/09/2012
Cash-on-hand and at bank	1,018	2,297	3,487	3,658
Capitalization insurance policies	2,539	2,523	2,490	2,475
Payables due to banks current portion	(4,941)	(2,002)	(2,092)	(2,572)
Net short-term financial position/(indebtedness)	(1,384)	2,817	3,885	3,561
Long-term loans	(0)	(0)	(0)	(0)
Net long-term financial position/(indebtedness)	(0)	(0)	(0)	(0)
Net financial position/(indebtedness)	(1,384)	2,817	3,885	3,561

THE CAD IT GROUP

CAD IT is at the head of a group that represents one of the most dynamic organisations in the Italian Information Technology sector.

The group aims its operations at the banking-insurance sector, the business world and public administration, and has been offering software solutions, maintenance, customizing, integration and other correlated services, from application management to outsourcing and consulting to training for over 35 years.

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

CAD IT is leader in the Italian software market for the banking sector with its main product, Financial Area, a programme which completely manages all functions connected to the negotiation, settlement and administration of security transactions, debentures, derivatives (in any currency) and adopted by the majority of Italian banking outlets.

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

Solutions for Public Administration is the most recent sector but one which capitalises the Group's traditional skills, such as its twenty-year experience in the development of systems for the computerisation of public bodies.

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