

CAD IT: THE BOARD OF DIRECTORS APPROVES THE QUARTERLY REPORT AT 30TH SEPTEMBER 2004

CAD IT closes the third quarter of 2004 with a Production Revenues of €12.7 million, in line with the same period of 2003 (€12.8 million).

**Profit margins are growing:
+9.7% Gross Operational Result (€2.8 million);
+13.6% Operational Result (€1.87 million).**

The Net Financial Position at 30th September was €10.6 million.

The Board of Directors of CAD IT S.p.A., leader in the Italian financial software market and quoted in TechStar, today approved the Quarterly Report at 30th September 2004, which showed an increase in profit margins.

The main consolidated results achieved by CAD IT during the third quarter of 2004 are outlined below:

- **Production Revenues** of €12.7 million, in line with the €12.8 million of the same quarter in 2003; in relation to Production Revenues, an increase in internal work capitalised under fixed assets to a value of €1.1 million was recorded;
- a **Gross Operating Result** (EBITDA) of €2.8 million (22.2% of the Production Revenues) showing an increase of 9.7% compared to the €2.6 million (20% of the Production Revenues) related to the third quarter 2003;
- an **Operating Result** (EBIT) of €1.87 million (14.7% of the Production Revenues), an increase of 13.6% compared to the €1.64 million of the third quarter 2003;
- a **Group Pre-tax Profit** of €1.62 million corresponding to 12.8% of the Production Revenues.

Moreover, CAD IT reports that the **Consolidated Net Financial Position** at 30th September 2004 was €10.6 million compared to the €14.1 million at the end of 2003 and the €11.6 million at the third quarter 2003. The Net Financial Position was mainly influenced by the increase in working capital (about €4.1 million), the increase in intangible fixed assets (about €4.2 million) and dividend payments of €2.7 million.

The positive margin results were mainly due to containing external costs, particularly services, which were reduced by 16%, going from €2.5 million at the third quarter of 2003 to a value of €2.1 million at the third quarter of 2004.

The CAD IT Group

The CAD IT Group has developed and distributed information systems for the banking sector and small and medium sized companies for over 20 years. CAD IT's offers include standard and personalized applicative packages, software maintenance, updating, consultancy and training.

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 negotiation, settlement and administration of security transactions, debentures, derivatives (in any currency) and adopted by 50% 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.

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Consolidated profit and loss account for the period ended 30 September 2004

Consolidated profit and loss account	Third quarter		Third quarter		Period		Period	
	2004		2003		01/01-30/09/2004		01/01-30/09/2003	
Turnover - goods and services	11,383,558	89.93%	12,680,160	98.97%	35,360,244	89.96%	41,492,232	99.06%
Variation in contract work in progress	120,000	0.95%	81,000	0.63%	170,000	0.43%	250,000	0.60%
Increase in internal work capitalised under fixed assets	1,146,010	9.05%			3,693,628	9.40%		
Other revenues and income	8,222	0.06%	50,815	0.40%	83,792	0.21%	144,062	0.34%
Production revenues	12,657,790	100.00%	12,811,975	100.00%	39,307,664	100.00%	41,886,294	100.00%
Raw materials, consumables and supplies	(186,343)	(1.47%)	(252,827)	(1.97%)	(1,194,914)	(3.04%)	(819,733)	(1.96%)
Services	(2,064,671)	(16.31%)	(2,460,517)	(19.20%)	(6,704,279)	(17.06%)	(8,224,161)	(19.63%)
Other operating costs	(210,710)	(1.66%)	(211,628)	(1.65%)	(650,767)	(1.66%)	(669,552)	(1.60%)
Added value	10,196,066	80.55%	9,887,003	77.17%	30,757,704	78.25%	32,172,848	76.81%
Personnel expenses	(6,760,903)	(53.41%)	(6,688,286)	(52.20%)	(21,629,734)	(55.03%)	(21,026,207)	(50.20%)
Other administrative expenses	(623,858)	(4.93%)	(636,429)	(4.97%)	(1,980,849)	(5.04%)	(1,985,528)	(4.74%)
Gross operating result (EBITDA)	2,811,305	22.21%	2,562,288	20.00%	7,147,121	18.18%	9,161,113	21.87%
Accrual to provision for bad debts	(15,495)	(0.12%)	13,540	0.11%	(39,786)	(0.10%)	(76,904)	(0.18%)
Amortisation and depreciation								
- Amortisation of intangible fixed assets	(689,955)	(5.45%)	(684,619)	(5.34%)	(2,064,237)	(5.25%)	(2,055,610)	(4.91%)
- Depreciation of tangible fixed assets	(239,056)	(1.89%)	(251,807)	(1.97%)	(698,427)	(1.78%)	(749,640)	(1.79%)
Other accruals	(973)	(0.01%)	3,811	0.03%	(4,012)	(0.01%)	(26,023)	(0.06%)
Operating profit (EBIT)	1,865,826	14.74%	1,643,213	12.83%	4,340,659	11.04%	6,252,936	14.93%
Financial income and charges, net	43,365	0.34%	40,976	0.32%	193,261	0.49%	383,930	0.92%
Profit from ordinary activities	1,909,191	15.08%	1,684,189	13.15%	4,533,920	11.53%	6,636,866	15.84%
Revaluations and write-downs	31,615	0.25%	78,053	0.61%	121,118	0.31%	229,297	0.55%
Extraordinary income and expenses	(241,253)	(1.91%)	(1,472)	(0.01%)	(477,093)	(1.21%)	63,057	0.15%
Profit before taxation and minority interests	1,699,553	13.43%	1,760,770	13.74%	4,177,945	10.63%	6,929,220	16.54%
Profit /(loss) of minority interests before taxation	(80,388)	(0.64%)	(1,092,005)	(8.52%)	(586,790)	(1.49%)	(2,342,018)	(5.59%)
Profit/(loss) of the Group before taxation	1,619,165	12.79%	668,765	5.22%	3,591,155	9.14%	4,587,202	10.95%

Cash flow statement for the period ended 30 September 2004

<i>Year 2003</i>	<i>Cash flow statement of Cad It Group</i>	<i>Period 1/1-30/9/2004</i>	<i>Period 1/1-30/9/2003</i>
	<u>OPERATING ACTIVITIES</u>		
1,840,539	Profit (loss) for the year	3,591,155	4,587,202
	Amortisation and depreciation:		
1,012,643	- tangible fixed assets	698,427	749,640
1,558,244	- intangible fixed assets	1,131,587	1,147,625
1,210,647	- goodwill arising on consolidation	932,650	907,985
	Accruals:		
1,380,747	- employees' leaving entitlement	1,063,743	995,379
31,929	- other provisions	4,012	26,023
46,309	Increase/(Utilisation) of provisions for contingencies and other charges	(11,414)	34,340
7,081,058	Sub-total	7,410,160	8,448,194
(621,351)	Utilisation of employees' leaving entitlement	(323,131)	(449,731)
7,030,149	(Increase)/Decrease in receivables included under assets forming part of working capital	(4,097,483)	522,135
(626,553)	(Increase)/Decrease in inventory	(6,126)	(266,539)
(22,330)	(Increase)/Decrease in deferred expenses and accrued income	(381,621)	(179,682)
(149,603)	Increase/(Decrease) in accounts due to creditors	(1,492,754)	(889,654)
295,960	Increase/(Decrease) in accrued expenses and deferred income	1,349,385	1,747,938
(17,132)	Increase/(Decrease) in sums due to other financial institutions	22,233	(13,249)
(515,621)	Increase/(Decrease) in other non-financial payables	481,896	(216,012)
5,373,519	Sub-total	(4,447,601)	255,206
12,454,577	(A) - Cash flows from (for) operating activities	2,962,559	8,703,400
	<u>INVESTING ACTIVITIES</u>		
(184,335)	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	183,353	(107,707)
(937,264)	(Increase)/Decrease in intangible fixed assets	(4,201,466)	(885,027)
(417,244)	(Increase)/Decrease in tangible fixed assets	(239,010)	(331,155)
(4,281)	(Increase)/Decrease in other fixed assets	(202)	(11,162)
123,087	Acquisition of investments in unconsolidated subsidiaries		
(250,000)	(Increase)/Decrease in investments in associated companies	201,118	(12,051)
	(Increase)/Decrease in other investments and securities	250,000	-
(1,670,037)	(B) - Cash flows from (for) investing activities	(3,806,207)	(1,347,102)
	<u>FINANCING ACTIVITIES</u>		
(26,940,000)	Increase/(Decrease) in financial payables		
	Increase/(Decrease) in reserves	-	(26,940,000)
	Effect on consolidation reserves	-	
423,372	Minority interest	5,666	1,358,413
(1,616,400)	Distribution of dividends	(2,694,000)	(1,616,400)
	Capital injections		
(28,133,028)	(C) - Cash flows from (for) financing activities	(2,688,334)	(27,197,987)
(17,348,488)	(A+B+C) - Total cash flows	(3,531,982)	(19,841,689)
31,475,907	Opening liquid funds	14,127,419	31,475,907
14,127,419	Closing liquid funds	10,595,437	11,634,218