

PRESS RELEASE

Verona, 13th May 2005

CAD IT: THE BOARD OF DIRECTORS HAS APPROVED THE QUARTERLY REPORT AT 31 MARCH 2005

In the first quarter of 2005, with Production Revenues (€12.7 million) substantially in line with those of the first quarter of 2004, the CAD IT Group has recorded a significant increase in profit margins:

Ebitda: €2.1 million (€1.5 million in the first quarter of 2004), an increase of 40%

Ebit: €1.5 million (€576,000 in the first quarter of 2004)

Pre-tax profit: €1.4 million (€429,000 in the first quarter of 2004)

The Net Consolidated Financial Profit was €18.1 million compared to the €11.4 million at 31st December 2004.

The CAD IT Board of Directors has decided to grant the auditing company it presently employs the task of doing a complete audit of the balances included in the IFRS 1 reconciliations in accordance with the CONSOB recommendations concerning the new IAS/IFRS accounting standards.

The Board of Directors of CAD IT S.p.A. (www.cadit.it), leader in the Italian financial software market, has today approved the Quarterly Report at 31st March 2005, which shows a significant increase in profit margins with production revenues substantially in line with those recorded at the same time last year.

The main results on the consolidated profit and loss account at 31st March 2005 show:

- **Production Revenues** of €12.7 million, substantially in line with the €12.8 million of the first quarter of 2004. Increases in intangible assets due to internal work is in line with the previous financial period;
- **Gross Operating Result (Ebitda)** of €2.1 million, showing an increase of 40% compared to the €1.5 million of the first quarter in 2004. The increase is partly due to containing service costs which were reduced from €2.3 million (first quarter 2004) to €2 million. Another positive factor was better management of revenues compared to the first quarter of 2004.
- **Operating Result (Ebit)** of €1.5 million, an increase compared to the €576,000 of the first quarter of 2004. IPO expenses were completely paid off in 2004 and therefore the



EBIT benefits from lower amortizations for intangible assets which fall to €444,000 in the first quarter of 2005 compared to the €684,000 of the first quarter of 2004;

- **Pre-tax profit** of €1.5 million (11.3% of Production Revenues) showing a considerable increase compared to the €429,000 of the same quarter in 2004.

The **Net Consolidated Financial Position** at 31st March 2005 was €18.1 million, an increase compared to the €11.4 million at 31st December 2004. This increase was mainly due to the increase in cash flow from operating activities which was €7.9 million during the first quarter of 2005 compared to the €5.7 million of the first quarter of 2004.

In accordance with the CONSOB recommendations for Italian market-quoted companies on the **transfer to IAS/IFRS standards**, the CAD IT S.p.A. Board of Directors has decided to grant to an auditing company it presently employs the task of checking the balances that will be included in the IFRS 1 reconciliations for subsequent quarters.

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 personalised 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 ending 31 March 2005

	<i>First quarter 2005</i>		<i>First quarter 2004</i>	
Turnover - goods and services	11,609,148	91.67%	11,702,753	91.42%
Variation in contract work in progress				
Increase in internal work capitalised under fixed assets	1,053,981	8.32%	1,049,856	8.20%
Other revenues and income	798	0.01%	49,018	0.38%
<i>Production revenues</i>	<i>12,663,927</i>	<i>100.00%</i>	<i>12,801,627</i>	<i>100.00%</i>
Raw materials, consumables and supplies	(227,089)	(1.79%)	(709,479)	(5.54%)
Services	(2,025,046)	(15.99%)	(2,302,995)	(17.99%)
Other operating costs	(219,659)	(1.73%)	(215,281)	(1.68%)
<i>Added value</i>	<i>10,192,133</i>	<i>80.48%</i>	<i>9,573,872</i>	<i>74.79%</i>
Personnel expenses	(7,485,089)	(59.11%)	(7,390,498)	(57.73%)
Other administrative expenses	(588,077)	(4.64%)	(671,191)	(5.24%)
<i>Gross operating result (EBITDA)</i>	<i>2,118,967</i>	<i>16.73%</i>	<i>1,512,183</i>	<i>11.81%</i>
Accrual to provision for bad debts	(5,651)	(0.04%)	(22,482)	(0.18%)
Amortisation and depreciation				
- Amortisation of intangible fixed assets	(443,531)	(3.50%)	(684,485)	(5.35%)
- Depreciation of tangible fixed assets	(219,369)	(1.73%)	(227,825)	(1.78%)
Other accruals			(1,204)	(0.01%)
<i>Operating profit (EBIT)</i>	<i>1,450,416</i>	<i>11.45%</i>	<i>576,187</i>	<i>4.50%</i>
Financial income and charges, net	56,870	0.45%	64,274	0.50%
<i>Profit from ordinary activities</i>	<i>1,507,286</i>	<i>11.90%</i>	<i>640,461</i>	<i>5.00%</i>
Revaluations and write-downs	(11,409)	(0.09%)	68,336	0.53%
Extraordinary income and expenses	(37,308)	(0.29%)	8,592	0.07%
<i>Profit before taxation and minority interests</i>	<i>1,458,569</i>	<i>11.52%</i>	<i>717,389</i>	<i>5.60%</i>
Profit/(loss) of minority interests before taxation	(32,274)	(0.25%)	(288,104)	(2.25%)
<i>Profit/(loss) of the Group before taxation</i>	<i>1,426,295</i>	<i>11.26%</i>	<i>429,285</i>	<i>3.35%</i>

Cash flow statement

Year 2004	Cash flow statement of Cad It Group	1 st quarter 2005	1 st quarter 2004
OPERATING ACTIVITIES			
2,400,877	Profit (loss) for the year	1,426,295	429,285
Amortisation and depreciation:			
916,190	- tangible fixed assets	219,369	227,825
1,516,562	- intangible fixed assets	133,775	374,425
1,244,069	- goodwill arising on consolidation	309,756	310,060
Accruals:			
1,501,048	- employees' leaving entitlement	332,815	321,374
4,996	- other provisions	-	1,204
10,201	Increase/(Utilisation) of provisions for contingencies and other charges	(2,902)	(30,272)
7,593,943	Sub-total	2,419,108	1,633,901
(489,274)	Utilisation of employees' leaving entitlement	(290,141)	(81,365)
(5,044,573)	(Increase)/Decrease in receivables included under assets forming part of working capital	4,389,352	1,119,357
39,972	(Increase)/Decrease in inventory	28,703	60,621
(43,194)	(Increase)/Decrease in deferred expenses and accrued income	(308,011)	(302,125)
(1,283,183)	Increase/(Decrease) in accounts due to creditors	42,861	(119,194)
(11,885)	Increase/(Decrease) in accrued expenses and deferred income	3,102,843	1,941,687
11,299	Increase/(Decrease) in sums due to other financial institutions	(20,426)	48,579
4,397,944	Increase/(Decrease) in other non-financial payables	(1,442,226)	1,403,503
(2,422,894)	Sub-total	5,502,955	4,071,063
5,171,049	(A) - Cash flows from (for) operating activities	7,922,063	5,704,964
INVESTING ACTIVITIES			
184,562	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	53,134	63,946
(5,611,106)	(Increase)/Decrease in intangible fixed assets	(1,158,499)	(1,404,599)
(176,337)	(Increase)/Decrease in tangible fixed assets	(29,002)	(143,364)
7,884	(Increase)/Decrease in other fixed assets	(7,869)	(6,678)
277,026	Acquisition of investments in unconsolidated subsidiaries (Increase)/Decrease in investments in associated companies	(41,724)	216,529
250,000	(Increase)/Decrease in other investments and securities		
(5,067,971)	(B) - Cash flows from (for) investing activities	(1,183,960)	(1,274,166)
FINANCING ACTIVITIES			
	Increase/(Decrease) in financial payables		
	Increase/(Decrease) in reserves	-	
	Effect on consolidation reserves	-	
(138,684)	Minority interest	13,640	2,240
(2,694,000)	Distribution of dividends	-	
	Capital injections		
(2,832,684)	(C) - Cash flows from (for) financing activities	13,640	2,240
(2,729,606)	(A+B+C) - Total cash flows	6,751,743	4,433,038
14,127,419	Opening liquid funds	11,397,813	14,127,419
11,397,813	Closing liquid funds	18,149,555	18,560,457