

PRESS RELEASE

Verona, 13th September 2004

**CAD IT: THE BOARD OF DIRECTORS APPROVES THE HALF YEAR
REPORT AT 30TH JUNE 2004**

In the first semester of 2004 the CAD IT group showed a Production Revenue of €26.6 million, the Gross Operational Result of €4.3 million (16.27% of the Production Revenues).

The Net Financial Position of €14.4 million, has increased compared to the €10.97 million (+31.6%) at 30/06/2003 and €14.13 million (+2.2%) at 31/12/2003.

The Board of Directors of CAD IT S.p.A., leader in the Italian financial software market, has today approved the 2004 half year report. The report approved by the board, shows, at a consolidated level, **Production Revenues** at €26.6 million in line with the €54.6 million recorded in the 2003 financial year (49% of the 2003 production value), despite the weak IT market.

The half year report at 30th June 2004 shows the following consolidated data:

- **Production Revenues** of €26.6 million against the €29.1 million of the 2003 semester and in line with the €54.6 million recorded in 2003;
- a **Gross Operational Result** of €4.3 million, corresponding to 16.27% of the Production Revenues compared to €6.6 million of the first 2003 semester;
- a **Profit after taxation and minority interests** of €223,000 after €2 million of taxes.

The net semester profit of CAD IT S.p.A is €1.2 million (11% of production value), after €0.76 million of taxes.

In the first semester, work continued intensely into the research and development of new solutions aimed at business expansion and diversification. The most recent result of this work is the new Business Intelligence platform for Basel II, developed in partnership with Microsoft and presented in Milan last June.

The CAD IT Group's Net Financial Position at 30th June 2004, equal to €14.4 million, is superior (+31.6%) to the value of €10.97 million at 30th June 2003 and to the value of 14.1 at December 2003, despite the payment of €2.7 million in dividends in May.



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

31/12/2003	%		30/06/2004	%	30/06/2003	%
53,996,086	98.83%	Turnover - goods and services	23,976,686	89.97%	28,812,072	99.10%
480,000	0	Variations in contract work in progress	50,000	0.19%	169,000	0.58%
		Increase in internal work capitalised under fixed assets	2,547,618	9.56%		
159,712	0.29%	Other revenues and income	75,570	0.28%	93,247	0.32%
54,635,798	100.00%	Production revenues	26,649,874	100.00%	29,074,319	100.00%
		Raw materials, consumables and supplies	(1,008,571)	(3.78%)	(566,906)	(1.95%)
(1,058,836)	(1.94%)	Services	(4,639,608)	(17.41%)	(5,763,644)	(19.82%)
(12,073,570)	(22.10%)	Other operating costs	(440,057)	(1.65%)	(457,924)	(1.58%)
(883,042)	(1.62%)	Added value	20,561,638	77.15%	22,285,845	76.65%
40,620,350	74.35%	Personnel expenses	(14,868,830)	(55.79%)	(14,337,921)	(49.31%)
(28,167,646)	(51.56%)	Other administrative expenses	(1,356,991)	(5.09%)	(1,349,099)	(4.64%)
(2,567,651)	(4.70%)					
9,885,053	18.09%	Gross operating result (EBITDA)	4,335,817	16.27%	6,598,825	22.70%
		Charge to provision for bad debts	(24,292)	(0.09%)	(90,444)	(0.31%)
(258,703)	(0.47%)	Amortisation and depreciation	(1,833,653)	(6.88%)	(1,868,824)	(6.43%)
(3,781,534)	(6.92%)	Other provisions	(3,039)	0.01%	(29,834)	0.10%
(883,042)	(1.62%)					
5,812,887	10.64%	Operating profit (EBIT)	2,474,833	9.29%	4,609,723	15.85%
		Financial income and charges, net	149,896	0.56%	342,954	1.18%
605,944	1.11%					
6,418,831	11.75%	Profit from ordinary activities	2,624,729	9.85%	4,952,677	17.03%
		Revaluations and write-downs	50,849	0.19%	72,095	0.25%
170,144	0.31%	Extraordinary income and expenses	(235,840)	(0.88%)	64,529	0.22%
227,684	0.42%	Profit (loss) before taxation	2,439,738	9.15%	5,089,301	17.50%
6,816,659	12.48%	Taxation on profit for the period	(2,059,551)	(7.73%)	(2,513,136)	(8.64%)
(3,571,998)	(6.54%)					
3,244,661	5.94%	Profit before minority interest	380,187	1.43%	2,576,165	8.86%
		Profit / (loss) for the period of minority interest	(157,163)	(0.59%)	(683,012)	(2.35%)
(1,404,122)	(2.57%)					
1,840,539	3.37%	Net profit / (loss) for the period	223,024	0.84%	1,893,153	6.51%

Consolidated balance sheet

31/12/2003	Reclassified consolidated balance sheet of Cad It Group	30/06/2004	30/06/2003
	Fixed assets		
10,601,258	Intangible fixed assets	12,168,655	11,939,024
13,140,788	Tangible fixed assets	12,876,055	13,527,315
7,089,154	Other fixed assets	6,388,704	6,797,069
30,831,200	Total fixed assets	31,433,414	32,263,408
	Current assets		
24,388,358	Trade receivables, net	25,001,270	30,453,210
950,106	Closing inventory	924,389	473,896
924,633	Other current assets	1,060,139	1,256,569
206,418	Accrued income and deferred expenses	698,898	388,556
26,469,515	Total current assets	27,684,696	32,572,231
	Current liabilities		
30,000	Payments on account received	37,409	45,477
4,254,162	Accounts payable to creditors	2,968,871	4,083,208
338,590	Sums due to other financial institutions	371,601	348,323
6,209,172	Other current liabilities	7,801,300	7,161,853
1,328,737	Sums payable to taxation authorities	3,543,099	3,214,925
414,813	Accrued expenses and deferred income	2,284,763	3,130,725
12,575,474	Total current liabilities	17,007,043	17,984,511
13,894,041	Operating capital, net	10,677,653	14,587,720
4,769,385	Employees' leaving entitlement	5,308,820	4,427,152
39,955,856	Invested capital, net	36,802,247	42,423,976
	Shareholders' equity and net indebtedness		
51,228,895	Total shareholders' equity of the Group	48,757,919	51,281,509
2,679,642	Minority interest	2,328,357	1,969,926
	Medium/long-term payables due to banks		-
174,738	Provisions for contingencies and other charges	156,935	147,752
(14,127,419)	Short-term net indebtedness (financial position)	(14,440,964)	(10,975,211)
39,955,856	Invested capital net	36,802,247	42,423,976

Consolidated Cash Flow Statement

Year 2003	Cash flow statement of Cad It Group	1 st half year 2004	1 st half year 2003
OPERATING ACTIVITIES			
1,840,539	Profit (loss) for the period	223,024	1,893,153
Amortisation and depreciation:			
1,012,643	- Tangible fixed assets	459,371	497,833
1,558,244	- Intangible fixed assets	754,161	765,668
1,210,647	- Goodwill arising on consolidation	620,121	605,323
Accruals:			
1,380,747	- Employees' leaving entitlement	741,482	685,608
31,929	- Other provisions	3,039	29,834
46,309	Increase/(Decrease) in provisions for contingencies and other charges	(20,842)	21,418
7,081,058	Sub-total	2,780,356	4,498,837
(621,351)	Utilisation of employees' leaving entitlement	(202,047)	(268,445)
7,030,149	(Increase)/Decrease in receivables included under assets forming part of working capital	(748,418)	633,360
(626,553)	(Increase)/Decrease in inventory	25,717	(150,343)
(22,330)	(Increase)/Decrease in accrued income and deferred expenses	(492,480)	(204,468)
(149,603)	Increase/(Decrease) in accounts due to creditors	(1,211,158)	(297,077)
295,960	Increase/(Decrease) in accrued expenses and deferred income	1,869,950	3,011,872
(17,132)	Increase/(Decrease) in sums due to other financial institutions	33,011	(7,399)
(515,621)	Increase/(Decrease) in other non-financial payables	3,739,766	2,315,246
5,373,519	Sub-total	3,014,341	5,032,746
12,454,577	(A) - Cash flows from (for) operating activities	5,794,697	9,531,583
INVESTING ACTIVITIES			
(184,335)	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	182,703	(16,631)
(937,264)	(Increase)/Decrease in intangible fixed assets	(2,941,679)	(877,130)
(417,244)	(Increase)/Decrease in tangible fixed assets	(194,638)	(288,961)
(4,281)	(Increase)/Decrease in other fixed assets	(4,289)	(15,387)
123,087	Acquisition of investments in unconsolidated subsidiaries		
	(Increase)/Decrease in investments in associated companies	272,036	8,574
(250,000)	(Increase)/Decrease in other investments and securities	250,000	-
(1,670,037)	(B) - Cash flows from (for) investing activities	(2,435,867)	(1,189,535)
FINANCING ACTIVITIES			
(26,940,000)	Increase/(Decrease) in financial payables		(26,940,000)
423,372	Increase/(Decrease) in reserves		(26,940,000)
(1,616,400)	Minority interest	(351,285)	
	Distribution of dividends	(2,694,000)	(286,344)
	Capital injections		(1,616,400)
(28,133,028)	(C) - Cash flows from (for) financing activities	(3,045,285)	(28,842,744)
(17,348,488)	(A+B+C) - Total cash flows	313,545	(20,500,696)
31,475,907	Opening liquid funds	14,127,419	31,475,907
14,127,419	Closing liquid funds	14,440,964	10,975,211