Interim Management Report at 30th September 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.

CAD IT
INFORMATION TECHNOLOGY

CONTENTS

BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS (1)

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 (2)
Director

ENRIQUE SACAU (3)
Director

FRANCESCO ROSSI (2)
Director and lead independent director

LAMBERTO LAMBERTINI (2)
Independent Director

STATUTORY AUDITORS (1)

RICCARDO FERRARI
Chairman

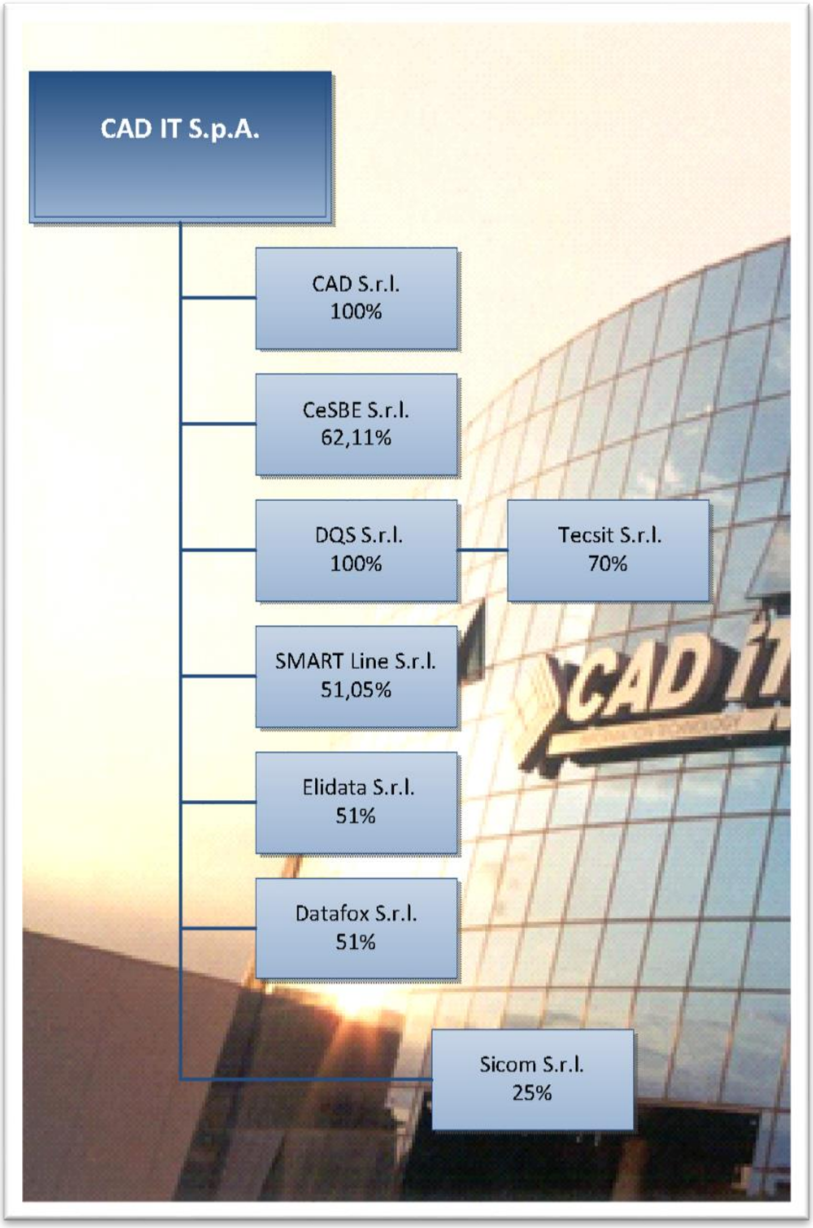
GIAN PAOLO RANOCCHI
Statutory Auditor

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.
(3) Appointed by co-option by the Board of Directors on 21 October 2013 until the next Shareholders' Meeting.

The main powers reserved in the statute to the Board of Directors are the examination and approval of the strategic, industrial and financial plans of the company;the purchase, sale, exchange or transfer of fixed assets and real estate rights; the granting of collateral on fixed assets; the set up of new subsidiaries and the take-over, acquisition or sale of corporate investments; the acquisition, sale, exchange or transfer of the whole company or of business lines; the underwriting of obligations, commitments and responsibilities which, either singularly or jointly with other connected negotiations, come to more than €4,000,000; the nomination of managing directors; the release of warranties and real or personal guarantees of any kind to the sum of more than €2,000,000 for each individual transaction and, if in the interest of subjects other than the Company and its subsidiaries, to any sum whatsoever; the examination and preventive approval of significant transactions including those with company related parties and company subsidiaries; verification of the appropriateness of the administrative and organisational structure and the general accounting, the internal control system and any conflicts of interest.
The Chairman and Managing Director of the parent company CAD IT S.p.A., Giuseppe Dal Cortivo, is authorised to perform all ordinary and extraordinary administrative duties, excluding only those which can not be delegated by law and those assigned to the Board of Directors by article 19 of the company by-laws.
The Vice-Chairmen Giampietro Magnani and Luigi Zanella, pursuant to article 20 of the company by-laws, carry out vicarious functions to those of the President in case of his absence or impediment.The managing directors, Giampietro Magnani and Luigi Zanella, will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness with the power to act alone for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million); furthermore, the aforementioned directors will have the power and faculty, with their single free signature, to purchase and/or sell registered assets, with the exception of boats and airplanes of any kind.
The Managing Director Paolo Dal Cortivo will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness, with the power to act alone for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million). The said Managing Director will have ordinary administrative power to represent the Company in terms of relations with institutional investors and shareholders as well as with Borsa Italiana S.p.A. and Consob, by sending them communications and information, including anything required by the laws in force and/or the international best practice rules in respect of the laws and rules themselves and any internal regulations.



CAD IT Group as at 30/09/2013

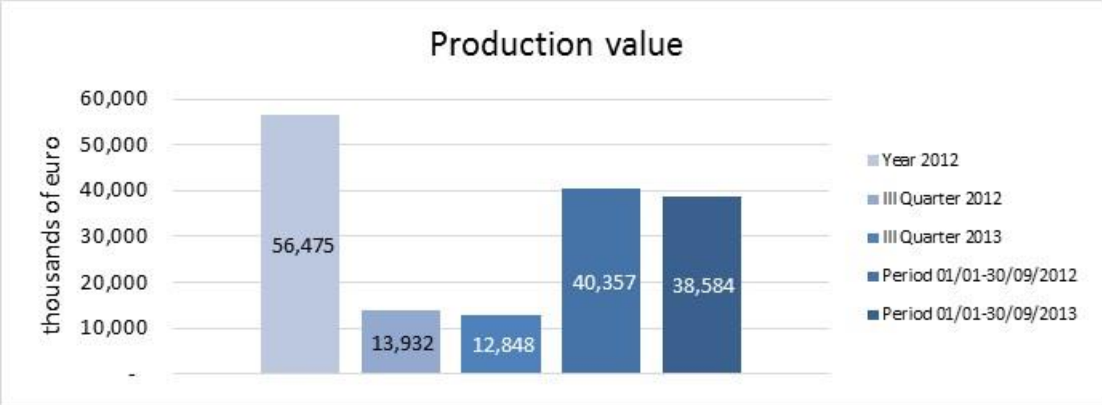
SUMMARY OF THE GROUP'S RESULTS AND DATA

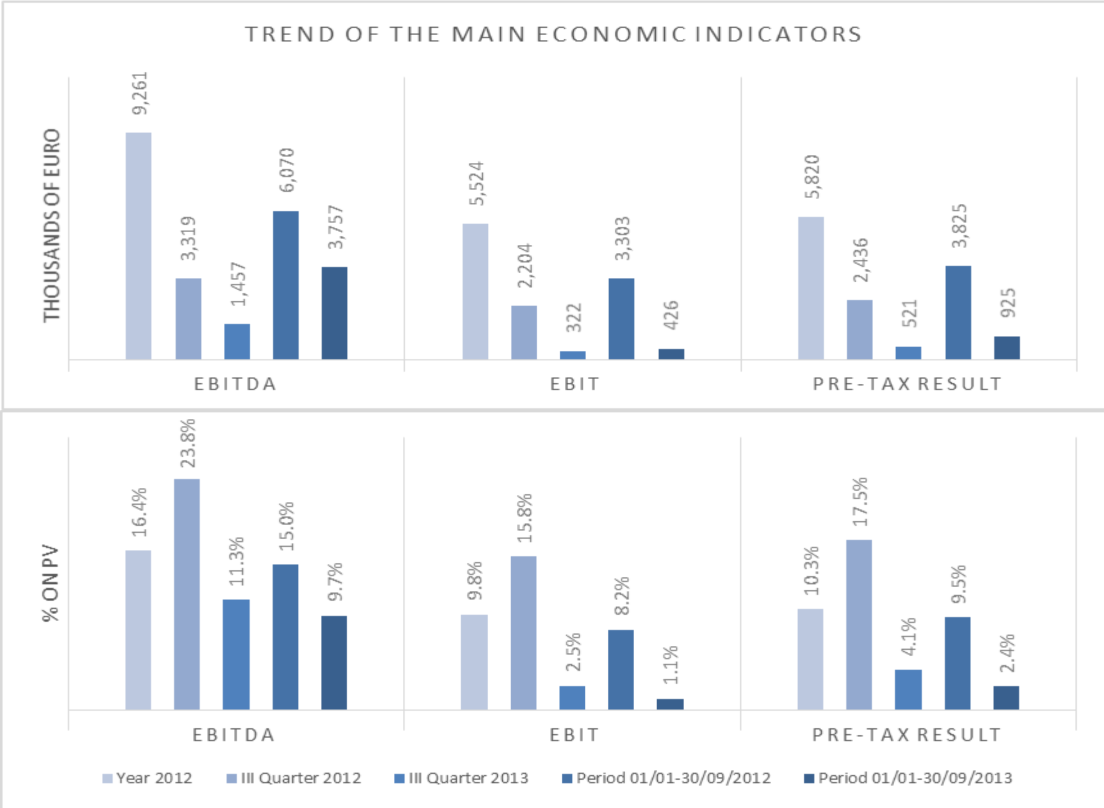
	30/09/2013		30/09/2012 (1)		Variations	
	€/000	% PV	€/000	% PV	€/000	%
Production value	38,584	100.0%	40,357	100.0%	(1,773)	(4.4%)
Added value	30,912	80.1%	32,466	80.4%	(1,554)	(4.8%)
Gross operational result (EBITDA)	3,757	9.7%	6,070	15.0%	(2,313)	(38.1%)
Operational result (EBIT)	426	1.1%	3,303	8.2%	(2,877)	(87.1%)
Ordinary result	439	1.1%	3,378	8.4%	(2,939)	(87.0%)
Pre-tax result	925	2.4%	3,825	9.5%	(2,901)	(75.8%)
Pre-tax profit attributable to owners of the parent	**661**	**1.7%**	**3,551**	**8.8%**	**(2,890)**	**(81.4%)**
Total comprehensive pre-tax income	967		3,915		(2,948)	(75.3%)
Total comprehensive pre-tax income attributable to owners of the parent	**690**		**3,632**		**(2,942)**	**(81.0%)**

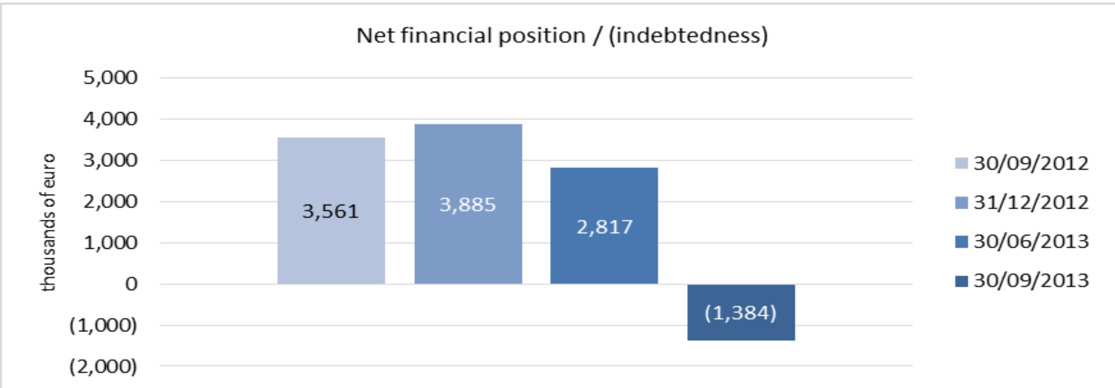
	III Quarter 2013		III Quarter 2012		Variations	
	€/000	% PV	€/000	% PV	€/000	%
Production value	12,848	100.0%	13,932	100.0%	(1,085)	(7.8%)
Added value	9,911	77.1%	11,424	82.0%	(1,513)	(13.2%)
Gross operational result (EBITDA)	1,457	11.3%	3,319	23.8%	(1,862)	(56.1%)
Operational result (EBIT)	322	2.5%	2,204	15.8%	(1,882)	(85.4%)
Ordinary result	318	2.5%	2,229	16.0%	(1,911)	(85.7%)
Pre-tax result	521	4.1%	2,436	17.5%	(1,914)	(78.6%)
Pre-tax profit attributable to owners of the parent	**386**	**3.0%**	**2,407**	**17.3%**	**(2,020)**	**(83.9%)**
Total comprehensive pre-tax income	521		2,425		(1,903)	(78.5%)
Total comprehensive pre-tax income attributable to owners of the parent	**386**		**2,396**		**(2,009)**	**(83.9%)**

	30/09/2013	31/12/2012	30/09/2012
Total Assets	86,586	85,043	86,878
Total Equity	57,152	58,989	59,403
Equity attributable to Owners of the parent	54,405	56,414	56,863
Net short-term financial position/(indebtedness)	(1,384)	3,885	3,561
Net financial position / (indebtedness)	(1,384)	3,885	3,561
Employees at the end of the period (number)	611	604	605
Employees (average number in the period)	608	603	602

[1] Following application of the amendment to IAS 19 (retrospectively) from 1 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, due to the reclassification of actuarial gain on liabilities for defined benefit in the consolidated statement of comprehensive income, labour costs increased by Euro 117 thousand, resulting in decreased profit for the period by the same amount.


Production value
thousands of euro
60,000
50,000
40,000
30,000
20,000
10,000
-
56,475
13,932
12,848
40,357
38,584
Year 2012
III Quarter 2012
III Quarter 2013
Period 01/01-30/09/2012
Period 01/01-30/09/2013


TREND OF THE MAIN ECONOMIC INDICATORS
THOUSANDS OF EURO
9,261
3,319
1,457
6,070
3,757
5,524
2,204
322
3,303
426
5,820
2,436
521
3,825
925
EBITDA
EBIT
PRE-TAX RESULT
% ON PV
16.4%
23.8%
11.3%
15.0%
9.7%
9.8%
15.8%
2.5%
8.2%
1.1%
10.3%
17.5%
4.1%
9.5%
2.4%
EBITDA
EBIT
PRE-TAX RESULT
Year 2012
III Quarter 2012
III Quarter 2013
Period 01/01-30/09/2012
Period 01/01-30/09/2013


Net financial position / (indebtedness)
thousands of euro
5,000
4,000
3,000
2,000
1,000
0
(1,000)
(2,000)
3,561
3,885
2,817
(1,384)
30/09/2012
31/12/2012
30/06/2013
30/09/2013

SUMMARY SCHEDULES

Consolidated income statement

(in thousands of Euro)

	III Quarter 2013	*III Quarter 2012*	*Period 2013 01/01 – 30/09*	*Period 2012 01/01 – 30/09 (²)*
Income from sales and services	11,857	12,772	35,675	37,355
Changes in ongoing orders	0	(17)	0	(17)
Asset increases due to internal work	920	1,147	2,801	2,956
Other revenue and receipts	70	30	107	63
Purchase costs	(178)	(93)	(426)	(341)
Service costs	(2,619)	(2,258)	(6,781)	(6,997)
Other operational costs	(140)	(157)	(465)	(553)
Labour costs	(7,980)	(7,613)	(25,655)	(24,852)
Other administrative expenses	(474)	(493)	(1,500)	(1,545)
Allocation to fund and credit depreciation	0	0	(2)	(2)
Intangible fixed asset amortization	(1,011)	(966)	(2,963)	(2,316)
Tangible fixed asset depreciation	(124)	(149)	(366)	(447)
Financial income	17	52	53	134
Financial expenses	(21)	(26)	(41)	(59)
Revaluations and depreciations	203	206	482	444
Income taxes [3]	0	0	3	3
Pre-tax result	**521**	**2,436**	**925**	**3,825**
Pre-tax profit/ (loss) attributable to:				
Non-controlling interests	135	29	264	275
Owners of the parent	**386**	**2,407**	**661**	**3,551**
Weighed average number of ordinary shares: 8,980,000				
Basic earnings per share (in €)	0.043	0.268	0.074	0.395

2 Following application of the amendment to IAS 19 (retrospectively) from 1 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, due to the reclassification of actuarial gain on liabilities for defined benefit in the consolidated statement of comprehensive income, labour costs increased by Euro 117 thousand, resulting in decreased profit for the period by the same amount.

3 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 (4)*
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**

4 Following application of the amendment to IAS 19 (retrospectively) from 1 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)

Cash Flow Statement of CAD IT Group	*Period 2013 01/01-30/09*	*Period 2012 01/01-30/09 (5)*
A) OPERATING ACTIVITIES		
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**
B) INVESTMENT ACTIVITIES		
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)**
C) FINANCING ACTIVITIES		
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**

5 Following the application from 1 January 2013 (retrospectively) of the amendment to IAS 19, the data on 30 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".

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 that was introduced by Leg. Decree 195/2007, put into effect by the 2004/109/CE Directive (the so-called Transparency Directive); 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 reference period;
b) an outline of the significant events and transactions that occurred in the reference period 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 management report is presented without calculating the income taxes for the period.
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;
- balance sheet 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 sums in the accounting tables and those in the notes are shown in thousands of Euro. The totals and subtotals of the statements presented are determined by rounding the sum of the point data. The percentage figures shown are calculated using the non-rounded off figures.
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 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 and it is fully responsible for defining it 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, 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 organisations 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), 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 recalcitration;
- 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.

Market Abuse Sensing

Market Surveillance Authority regulations are becoming increasingly more severe and extensive. Applying them effectively while limiting the impact in terms of cost and application complexity, is a challenge that can be faced with automation.
CAD IT has developed a tool for Market Abuse Sensing (compliant with Italian and European laws) that is able to identify suspect transactions of market manipulation and information abuse (insider trading). The application also manages a register of interest conflicts.
The platform totally automates the processes for acquiring data for processing and has automatic search functions with a high number of variables to find potentially suspect transactions. The effectiveness of investigation into automatically identified transactions, in order to establish the soundness of the suspicion and to notify any transactions to the market surveillance authorities, is supported by a vast information workflow that allows the user easy and fast management of investigation activities.

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

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.
CAD IT adheres to the Code of Conduct for listed companies issued by the Italian Stock Exchange (the " Codice di Autodisciplina "), available on the website of the Italian Stock Exchange.
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. 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 paragraph below – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2013.
The accounting standards adopted have been applied in the same manner throughout the periods shown and for all the Group's companies, amending the respective Financial Statement drafted in accordance with Italian accounting standards to consolidate
Interim Management Report has been drafted using the evaluation criteria of historical 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.
Interim Management Report is presented without calculating the income taxes for the period.

Format of financial statements

The financial statements are prepared in accordance with 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.
In the Report is presented on 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.

As for the patrimonial situation, a distinction has been made between current and non-current assets and liabilities.

The Cash Flow 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 Parent 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 well as all unrealised profit and loss on infra-group transactions.

Associate 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 depreciation 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 indefinite 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 profit or loss (calculated as the difference between the assignment value and the taxation value) is shown in the economic account 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 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 to the income statement in the period in which they are incurred.
The development costs of projects for the production of instrumental software, or those to be sold, are registered on the assets when they satisfy the following conditions: the costs can be reliably 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 internally generated intangible assets include only expenses that can be directly attributable to the development of the product. Development costs that cannot be capitalised, when sustained, are reported on the income statement.

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 subject to amortisation 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 retrievableness 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 orders

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 effective original interest 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 in the balance according to the same criteria as those for revenue acknowledgment.

Use of estimates

The drafting of the Interim Management Report requires the company management to the formulation of evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case. Since they are estimates, the results obtained are not necessarily the same as the results portrayed.
The estimates and hypotheses are reviewed on a regular basis. Any variations deriving from an

accounting estimate review are shown in the period in which the review was made if such review only affects that period. If the review affects the current and future periods, the variation is recorded in the period in which the review is made and in the relative subsequent periods.

Accounting standards, amendments and interpretations applied since 1st January 2013

On 16th 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 1st July 2012. The Group adopted this amendment as of 1st January 2013. The adoption of this amendment involves a new exhibition mode of the data.

On 16th June 2011, the IASB issued an amendment to *IAS 19 – Employee benefits* applicable retrospectively to the financial period that began on 1st January 2013. The main new item that regards the Group is the recognition of actuarial profits and losses in the *Other comprehensive income (losses)* with the elimination of the possibility to show them immediately in the Profit and Loss Account (recording method which was used in the past). The Group applied the amendment to IAS 19 retrospectively as of 1st January 2013, rectifying the opening values of the patrimonial and financial situation at 1st January 2012 and at 31st December 2012 as well as the economic data for 2012.

In detail, the Group has determined the following retrospective effects resulting from the application of the amendment to IAS 19:

Impact on the income statement as at 30/09/2012	Previously reported data	Effect of the adoption of the amendment to IAS 19	Restated amounts
Labour costs	(24,735)	(117)	(24,852)
Profit before tax	3,942	(117)	3,825
Profit (loss) before tax for the period attributable to:			
Non- controlling interests	283	(8)	275
Owners of the parent	3,659	(109)	3,551
Basic earnings per share (in €)	0.407	(0.012)	0.395

Effect on other comprehensive income to 30/09/2012	Previously reported data	Effect of the adoption of the amendment to IAS 19	Restated amounts
Profit (loss) before tax for the period	3,942	(117)	3,825
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on defined benefit liabilities	-	117	117

Effects on statement of financial position as at 31/12/2012	Previously reported data	Effect of the adoption of the amendment to IAS 19	Restated amounts
Equity attributable to owners of the parent			
Revaluation reserve liabilities for defined benefit	-	82	82
Consolidation reserve	21	(11)	10
Available reserve of undistributed earnings	10,711	(88)	10,623
Profit / loss for the year	3,230	17	3,247
Minority interests			
Capital and reserves of minority	2,258	(5)	2,253
Net income (loss) attributable to minority	316	5	322

Effects on Cash Flow statement as at 30/09/2012	Previously reported data	Effect of the adoption of the amendment to IAS 19	Restated amounts
Profit (loss) for the period	3,942	(117)	3,825
Provisions (utilization) of funds	(104)	117	13

There are no, or no significant, other matters and cases governed by standards, amendments and interpretations effective from 1st January 2013 approved by the IASB and IFRIC and published in the European Community's Official Gazette. Have not been early adopted other principles endorsed by the European Union the application of which will be required in future.

7. Consolidation area

During the period 2013 there were no changes in the consolidation area. 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
Consolidated using the integral method				
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	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 including profit for the period	Profit 01/01-30/09	Percentage of investment	Investment value of the Group
Sicom S.r.l.	Viadana (MN)	30/09/2012	2,321	1,637	25.00%	580
Sicom S.r.l.	Viadana (MN)	30/09/2013	2,254	1,534	25.00%	563

8. The short-term situation [6]

World economic activity continues to expand but is showing the effects of the loss of momentum in the emerging economies. The various international organizations have trimmed their growth forecasts, even though the economic slowdown in China appears to have halted in recent months. Uncertainty over impending public finance decisions in the United States, following the failure to approve the federal budget and the consequent partial government shutdown, remains a risk factor for the global economy.
Economic activity in the euro area returned to growth in the second quarter, after declining for six successive quarters.
The latest cyclical indicators suggest that the recovery will continue at a moderate pace in the second half of the year. The signals remain mixed, however.
In recent months, thanks in part to the improvement in the economic cycle in Europe, some positive qualitative signals have emerged for the Italian economy. Firms' assessments of the investment outlook, both in industry

[6] Source: Banca D'Italia, Economic Bulletin no. 70, October 2013.

and services, have improved to levels close to those recorded before the crisis of summer 2011. Industrial production continued to fall in July and, more modestly, in August, but the rate of decrease in real GDP is estimated to have been virtually nil in the third quarter. It is possible that economic activity will return to growth before the end of the year, aided significantly by a recovery in investment.

The poor economic outlook continues to weigh on the quality of banks' assets and their profitability. However, retail funding is still growing, and the banks' capital base improved in the course of the first half of the year. The resilience of the Italian banking system and its ability to cope with adverse macroeconomic scenarios has been confirmed by the IMF's latest Financial Sector Assessment. The ECB will shortly make a comprehensive assessment of the banks that will be subject to centralized supervision when the single supervisory mechanism comes into force.

On the basis of their consolidated quarterly reports, in the first six months of this year the profitability of the five largest Italian banking groups was virtually unchanged from a year earlier. Their annualized ROE remained low (1.8 per cent). Gross income contracted by 7.2 per cent, mainly as a result of the sharp fall in net interest income, which was only partly offset by increased fee income. The 4.5 per cent reduction in operating costs, notably for personnel, helped to limit the fall in operating profit to 11.4 per cent. Loan loss provisions rose again, by 4.5 per cent, absorbing around two thirds of operating income.

In September the IMF published the results of its periodic Financial Sector Assessment Program. The report acknowledges that Italy's banking system has managed, overall, to withstand the double-dip recession and sovereign debt tensions, while increasing its solid deposit base and raising additional capital almost entirely on the market. The exercises carried out indicate that the system is capable of weathering the unfavourable macroeconomic situation projected for the years to come and even coping, as a whole, with a more adverse scenario in which output growth in the three years 2013-15 is cumulatively 4 percentage points lower than in the base scenario.

9. Significant events of the period

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.

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

Moreover, the 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.

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

	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%)**

The CAD IT Group closed the third quarter of 2013 with results and profit margins decreasing compared to the same period of previous year. The decrease in service revenues was primarily due to the temporary postponement, due to customer needs, of some planned activities. The pre-tax result was in credit by Euro 521 thousand.

The value of production of the third quarter, decreasing compared to the previous year was mainly due to revenues from sales and services to the amount of Euro 11,857 thousand (-7.2% compared to Euro 12,772 thousand of the third quarter of 2012) as well as by increases in fixed assets for internal works to Euro 920 thousand (compared to Euro 1,147 thousand in the same period of 2012) for the use of resources in the development of new procedures and the Group's own software

The added value of Euro 9,911 thousand, decreasing by 13.2% compared to the same quarter of previous year (Euro 11,424 thousand) reaches a margin of 77.1% on the value of production (82% in the third quarter of 2012).

The cost of services, of Euro 2,619 thousand, increased by 16% compared to the third quarter of 2012 (equal to Euro 2,258 thousand).

Labour costs of Euro 7,980 thousand recorded an increase, compared to Euro 7,613 thousand in the third quarter of 2012. The average number of employees during the quarter was 610 employees (compared to 605 employees in the same quarter of 2012).

The other administrative expenses are down slightly in the third quarter and amounted to Euro 474 thousand.

The gross operating margin (EBITDA) was positive for Euro 1,457 thousand (Euro 3,319 thousand in the third quarter of 2012), with a margin of 11.3% on Production Value (23.8% in the same quarter of 2012).

The depreciation for the third quarter amounted to Euro 1,011 thousand for intangible assets and Euro 124

thousand for tangible assets, compared to Euro 966 thousand and Euro 149 thousand of the same quarter of 2012.
The operating result EBIT for the period was positive for Euro 322 thousand, with a decrease compared to the third quarter of 2012 (Euro 2,204 thousand).
The result of the financial management recorded revenue of Euro 17 thousand and financial expense for Euro 21 thousand, compared to Euro 52 and 26 thousand in the third quarter of last year.
The ordinary result was positive for Euro 318 thousand compared to Euro 2,229 thousand in the third quarter of 2012.
Revaluations for the period include the portion of the associated company accounted for under the equity method as well as the capital gain from the disposal of assets available for sale.
Income before taxes of third quarter was positive for 521 thousand euro (equal to 4.1% of the value of production), compared to the same period of the previous year of 2,436 thousand euro (17.5% of the value of production).
The pre-tax result of the quarter attributable to owners of CAD IT was of Euro 386 thousand compared to 2,407 thousand euro of the third quarter of 2012; the result attributable to minority interest is positive of Euro 135 thousand, Euro 29 thousand in 2012.

The figures summarizing earnings from sales and services, subdivided according to the business line and compared to the corresponding amounts of the same periods of previous year, are shown below.

Income from sales and services	*3° Quarter 2013*		*3° Quarter 2012*		*Period 2013 01/01 – 30/09*		*Period 2012 01/01 – 30/09*	
	€/000	***%***	***€/000***	***%***	***€/000***	***%***	***€/000***	***%***
Finance	11,290	95.2%	12,193	95.5%	34,036	95.4%	35,430	94.8%
Manufacturing	568	4.8%	579	4.5%	1,639	4.6%	1,925	5.2%
Total	**11,857**		**12,772**		**35,675**		**37,355**	

11. Management results and comments on the most significant components – first 9 months

	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 [7]	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%)**

The CAD IT Group closed the first nine months of 2013 with results and profit margins decreasing compared to the same period of previous year. The decrease in service revenues was primarily due to the temporary postponement, due to customer needs, of some planned activities. The pre-tax result was in credit by Euro 925 thousand.

The value of production for the period, decreasing compared to the previous year was mainly due to revenues from sales and services to the amount of Euro 35,675 thousand (-4.5% compared to Euro 37,355 thousand in the first nine months of 2012) as well as by increases in fixed assets for internal works to Euro 2,801 thousand (compared to Euro 2,956 thousand in the same period of 2012) for the use of resources in the development of new procedures and the Group's own software.

The added value of Euro 30,912 thousand, decreasing by 4.8% compared to previous period (Euro 32,466 thousand) reaches a margin of 80.1% on the value of production (80.4% in the first nine months of 2012).

Purchase costs of Euro 426 thousand showed an increase compared to Euro 341 thousand in the same period of 2012.

The cost of services, of Euro 6,781 thousand, decreased by 3.1% compared to the first nine months of 2012 (equal

[7] 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.

to Euro 6,997 thousand), mainly due to the drop in costs for external collaborations.
Labour costs of Euro 25,655 thousand recorded an increase compared to Euro 24,852 thousand in the first nine months of 2012 (restated following the adoption of the amendment to IAS 19). The average number of employees during the period was 609 employees (compared to 602 employees in the same period of 2012).
The Other administrative expenses are down slightly in the first nine months and amounted to Euro 1,500 thousand.
The gross operating margin (EBITDA) was positive for Euro 3,757 thousand (Euro 6,070 thousand in the same period of 2012, restated following the adoption of the amendment to IAS 19), with a margin of 9.7% on Production Value (15% in the same period of 2012).
The depreciation for the period amounted to Euro 2,963 thousand for intangible assets and Euro 366 thousand for tangible assets, compared to Euro 2,316 thousand and Euro 447 thousand in the same period 2012. The 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 operating result EBIT for the period was positive for Euro 426 thousand, with a decrease compared to the first nine months of 2012 (Euro 3,303 thousand, restated following the adoption of the amendment to IAS 19).
The result of the financial management recorded revenue of Euro 53 thousand and financial expense for Euro 41 thousand, compared to 134 and 59 thousand euro in the first nine months of last year.
The ordinary result was positive for Euro 439 thousand compared to Euro 3,378 thousand in the first nine months of 2012 (restated following the adoption of the amendment to IAS 19).
Revaluations for the period include the portion of the associated company accounted for under the equity method of Euro 384 thousand (while in the first nine months of 2012 had created a revaluation of Euro 409 thousand) as well as a capital gain of Euro 99 thousand from the disposal of assets available for sale (35 thousand euro in the previous period).
Income before taxes and minority interests was positive for 925 thousand euro (equal to 2.4% of the value of production), compared to the same period of the previous year of 3,825 thousand euro (restated as a result of adoption of the amendment to IAS 19) (9.5% of the value of production).
The pre-tax result for the period attributable to owners of CAD IT was of Euro 661 thousand compared to 3,551 thousand euro in the first nine months of 2012 (restated following the adoption of the amendment to IAS 19); the result attributable to minority interest is positive of Euro 264 thousand, Euro 275 thousand in 2012 (restated following the adoption of the amendment to IAS 19).

12. Net financial position

The net financial position of the Group at 30th September 2013 was negative by Euro 1,384 thousand, a decrease compared to the end of the previous quarter. The reduction in financial assets was mainly determined from the decline in revenues and from the increase in the average collection days of receivables from customers.
In particular, cash-on-hand and in bank accounts came to Euro 1,018 thousand and capitalization insurance policies (contractually available on 20-day prior request without any significant tax expenses) came to Euro 2,539 thousand.
Short-term debts towards banks of Euro 4,941 thousand regard overdrawn accounts and advances subject to final payment.

(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***

As shown in the financial report, operating activities, in the first nine months of 2013, generated a positive cash flow of Euro 92 thousand (down compared to Euro 3,470 thousand in the first 9 months of 2012).
Investment activity management took Euro 2,557 thousand, decreasing compared to Euro 2,834 thousand used in the same period of previous year. Specifically Euro 2,837 thousand were invested in intangible assets and Euro 138 thousand in tangible assets, while Euro 163 thousand were collected as dividends, Euro 53 thousand as interest income and Euro 239 thousand for the sale of assets available for sale.
Lastly, Euro 2,804 thousand were used for financing purposes, compared to Euro 2,476 thousand in the previous period. Please refer to Consolidated Cash Flow Statement for more cash flow details.

13. 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.

14. Investments

The figures accumulated in investments in intangible and tangible assets, made during the third quarter by companies of the Group included in the consolidation area amount to Euro 953 thousand, compared to Euro 1,214 thousand in the same period of 2012. Investments made in the first nine months conversely amount to Euro 2,975 thousand, compared to Euro 3,307 thousand in the same period of previous year.

(in thousands of Euro)

Summary of investments	3° Quarter 2013	3° Quarter 2012	Period 2013 01/01 - 30/09	Period 2012 01/01 - 30/09	Year 2012
Intangible fixed assets	9	13	36	159	223
Assets under development and payments on account	920	1,147	2,801	2,959	3,553
Property, Plant and equipment	24	53	138	189	208
Total investments in tangible and intangible fixed assets	**953**	**1,214**	**2,975**	**3,307**	**3,984**

The voice assets under development relates to investments in development of software procedures under construction both for sale and for in-company use. Particularly ongoing intangible asset costs mainly refer to the use of the Group's internal resources for the development of its own software which will either be licensed out to clients or used for the Group's activities.
During the first nine months of the financial 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 intangible fixed assets	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	-	-	-	-	-
Opening value	***8,491***	***225***	***12,034***	***0***	***20,750***
Variations in consolidation area	-	-	-	-	-
Purchases/increases	-	36	2,801	-	2,837
Transfers	7,557	-	(7,557)	-	-
Reduction in accumulated depreciation due to disposals	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(2,868)	(95)	-	-	(2,963)
Adjustments to write-downs for the period	-	-	-	-	-
Total intangible fixed assets	***13,180***	***166***	***7,278***	***0***	***20,624***

During the quarter, significant software development projects for which there was ongoing investment were ended and therefore the incurred costs were reclassified from the voice "assets under development" , to the voice "patent rights and intellectual property", for a value of Euro 7,557 thousand.

(in thousands of Euro)

Property, plant and equipment	*Land and buildings*	*Plant and machinery*	*Industrial and commercial equipment*	*Other tangible fixed assets*	*Total*
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	-	-	-	-	-
Opening value	***16,116***	***1,197***	***5***	***465***	***17,783***
Variations in consolidation area	-	-	-	-	-
Purchases	-	2	-	136	138
Transfers	-	-	-	-	-
Reduction in accumulated depreciation due to disposals	-	2	-	17	19
Disposals	-	(2)	-	(18)	(20)
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(92)	(127)	(1)	(147)	(366)
Adjustments to write-downs for the period	-	-	-	-	-
Total tangible fixed assets	***16,024***	***1,071***	***4***	***454***	***17,553***

15. Personnel

The number of CAD IT Group staff, at the end of the quarter increased by 7 units compared to the end of 2012 financial period. Information on the actual number employees is reported below:

Category of Employees	*Labour force at 30/09/2013*	*Labour force at 30/09/2012*	*Labour force at 31/12/2012*
Management	18	18	18
White-collars and cadres	579	579	578
Blue-collars	1	2	2
Apprentices	13	6	6
Total	**611**	**605**	**604**

The average number of employees in the third quarter was 610 units, increasing compared to the same reference quarter of the year 2012 (605 units).

Category of Employees	*Average number III Quarter 2013*	*Average number III Quarter 2012*	*Average number period 01/01-30/09/13*	*Average number period 01/01-30/09/12*	*Average number year 2012*
Management	18	17	18	18	18
White-collars and cadres	578	579	577	577	578
Blue-collars	1	2	1	2	2
Apprentices	13	7	12	5	5
Total	**610**	**605**	**609**	**602**	**603**

The Group dedicates particular attention to professional staff training at certain periods by means of internal training programmes and updating courses.

16. Significant events since 30th September 2013

With effect as of 1st October 2013, the non-executive director Jörg Karsten Brand, has resigned as a member of the Company's Board of Directors, following his earlier resignation from the Xchanging Group. Jörg Karsten Brand, the non-executive and non-independent director, did not belong to any internal committee.
On October 21, 2013 in replacement of the resigned director, the Board of Directors of CAD IT S.p.A., appointed, by co-option, in accordance with art. 18 of the Company's by-laws and with art. 2386 of the Civil Code, Enrique Sacau from the Xchanging Group as non-executive director with experience in the financial business sector. The newly appointed director will hold the position until the next Shareholders' Meeting.
Moreover, the Board of Directors, on the favorable opinion of the Board of Auditors and of the Nominating and Remuneration Committee, has also provisionally appointed Daniele Mozzo as Manager charged with preparing the Company's financial reports, to cover the entire period of temporary absence, due to health reasons, of Maria Rosa Mazzi, the officially appointed Manager charged with preparing the Company's financial reports, in consideration of the closely connected role and activities that the former has constantly performed within the Company's administrative area for many years.
In November CAD IT as won the tender for the supply of specialist support services for IT Service Improvement at Poste Italiane S.p.A. Financial Services - Investment Product area. The contract involves the supply of software development services, ad hoc extraordinary perfective maintenance, ordinary maintenance and support services for CAD IT S.p.A.'s application platforms relating to financial services and ensures that said supply provided to Poste Italiane S.p.A. since 2008 will be continued. The overall value of the contract is Euro 7 million and the service will be provided for 24 months. Although this new contract will not generate significant increases in CAD IT revenues, it will renew visibility for a further two years.

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 (like insurance, public administration, foreign financial institutions) 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.

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 and those planned.

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, Daniele Mozzo, 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, 12 November 2013

Manager in charge of drafting
the CAD IT S.p.A. accounting documents
//s// Daniele Mozzo

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