

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

At a consolidated level, the Production Revenues are €13.8 million, the Gross Operational Result is €2.8 million (20% of the Production Revenues) and the Profit before taxation and minority interests is €1.8 million (13% of the Production Revenues).

The Net Financial Position, of €14.4 million (cash), is substantially in line with the €14.1 million at 31/12/2003, despite the payment of dividends for €2.7 million.

The Board of Directors of CAD IT S.p.A., leader in the Italian financial software market, has today approved the second quarterly report for 2004. **It shows an increase of Production Revenues** against the previous quarter, despite the 2004 weak IT market, and a **Profit before taxation and minority interests** of €1.8 million (13% of the Production Revenues).

The **quarterly report** at 30th June 2004 shows the following consolidated data:

- **Production Revenues** of €13.8 million against the €15.8 million of the second quarter of 2003 and the €12.8 million of the first quarter of 2004;
- a **Gross Operational Result** of €2.8 million, corresponding to 20% of the Production Revenues. In the second quarter of 2003 and the first of 2004, it was €4.3 million and €1.5 million respectively;
- a **Profit before taxation and minority interests** of €1.8 million (equal to 13% of the Production Revenue) against €0.7 million of the previous quarter (which equalled 6% of the Production Revenues).

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

The CAD IT Group's Net Financial Position at 30th June 2004, equal to €14.4 million, is in line with the €14.1 million at the beginning of the year, despite the payment of €2.7 million in dividends in May.

The CAD IT Group

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

CAD IT is leader in the Italian software market for the banking sector with its main product, Financial Area, a programme which completely manages all functions connected to negotiation, settlement and administration of security transactions, debentures, derivatives (in any currency) and adopted by 50% of Italian banking outlets.

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

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

<i>Consolidated profit and loss account</i>	<i>Second quarter</i>		<i>Second quarter</i>		<i>Period</i>		<i>Period</i>	
	<i>2004</i>		<i>2003</i>		<i>01/01-30/06/2004</i>		<i>01/01-30/06/2003</i>	
Turnover - goods and services	13,171,695		15,618,509	99.16%	25,421,304	95.39%	28,812,072	99.10%
Variation in contract work in progress	50,000	0.36%	86,000	0.55%	50,000	0.19%	169,000	0.58%
Increase in internal work capitalised under fixed assets	600,000	4.33%			1,103,000	4.14%		
Other revenues and income	26,552	0.19%	47,083	0.30%	75,570	0.28%	93,247	0.32%
<i>Production revenues</i>	<i>13,848,247</i>	<i>100.00%</i>	<i>15,751,592</i>	<i>100.00%</i>	<i>26,649,874</i>	<i>100.00%</i>	<i>29,074,319</i>	<i>100.00%</i>
Raw materials, consumables and supplies	(299,092)	(2.16%)	(226,903)	(1.44%)	(1,008,571)	(3.78%)	(566,906)	(1.95%)
Services	(2,336,613)	(16.87%)	(3,055,160)	(19.40%)	(4,639,608)	(17.41%)	(5,763,644)	(19.82%)
Other operating costs	(224,776)	(1.62%)	(197,150)	(1.25%)	(440,057)	(1.65%)	(457,924)	(1.58%)
<i>Added value</i>	<i>10,987,766</i>	<i>79.34%</i>	<i>12,272,379</i>	<i>77.91%</i>	<i>20,561,638</i>	<i>77.15%</i>	<i>22,285,845</i>	<i>76.65%</i>
Personnel expenses	(7,478,333)	(54.00%)	(7,357,934)	(46.71%)	(14,868,831)	(55.79%)	(14,337,921)	(49.31%)
Other administrative expenses	(685,800)	(4.95%)	(660,798)	(4.20%)	(1,356,991)	(5.09%)	(1,349,099)	(4.64%)
<i>Gross operating result (EBITDA)</i>	<i>2,823,633</i>	<i>20.39%</i>	<i>4,253,647</i>	<i>27.00%</i>	<i>4,335,816</i>	<i>16.27%</i>	<i>6,598,825</i>	<i>22.70%</i>
Accrual to provision for bad debts	(1,809)	(0.01%)	(58,660)	(0.37%)	(24,291)	(0.09%)	(90,444)	(0.31%)
Amortisation and depreciation								
- Amortisation of intangible fixed assets	(689,797)	(4.98%)	(736,723)	(4.68%)	(1,374,282)	(5.16%)	(1,370,991)	(4.72%)
- Depreciation of tangible fixed assets	(231,546)	(1.67%)	(251,498)	(1.60%)	(459,371)	(1.72%)	(497,833)	(1.71%)
Other accruals	(1,835)	(0.01%)	(4,005)	(0.03%)	(3,039)	(0.01%)	(29,834)	(0.10%)
<i>Operating profit (EBIT)</i>	<i>1,898,646</i>	<i>13.71%</i>	<i>3,202,761</i>	<i>20.33%</i>	<i>2,474,833</i>	<i>9.29%</i>	<i>4,609,723</i>	<i>15.85%</i>
Financial income and charges, net	85,622	0.62%	135,156	0.86%	149,896	0.56%	342,954	1.18%
<i>Profit from ordinary activities</i>	<i>1,984,268</i>	<i>14.33%</i>	<i>3,337,917</i>	<i>21.19%</i>	<i>2,624,729</i>	<i>9.85%</i>	<i>4,952,677</i>	<i>17.03%</i>
Revaluations and write-downs	21,167	0.15%	118,574	0.75%	89,503	0.34%	151,244	0.52%
Extraordinary income and expenses	(244,432)	(1.77%)	64,646	0.41%	(235,840)	(0.88%)	64,529	0.22%
<i>Profit before taxation and minority interests</i>	<i>1,761,003</i>	<i>12.72%</i>	<i>3,521,137</i>	<i>22.35%</i>	<i>2,478,392</i>	<i>9.30%</i>	<i>5,168,450</i>	<i>17.78%</i>
Profit/(loss) of minority interests before taxation	(218,298)	(1.58%)	(549,168)	(3.49%)	(506,402)	(1.90%)	(1,250,013)	(4.30%)
<i>Profit/(loss) of the Group before taxation</i>	<i>1,542,705</i>	<i>11.14%</i>	<i>2,971,969</i>	<i>18.87%</i>	<i>1,971,990</i>	<i>7.40%</i>	<i>3,918,437</i>	<i>13.48%</i>

Cash flow statement

<i>Year 2003</i>	<i>Cash flow statement of Cad It Group</i>	<i>2nd quarter 2004</i>	<i>2nd quarter 2003</i>
<u>OPERATING ACTIVITIES</u>			
1,840,539	Profit (loss) for the year	1,971,990	3,918,437
Amortisation and depreciation:			
1,012,643	- tangible fixed assets	459,371	497,833
1,558,244	- intangible fixed assets	754,161	765,667
1,210,647	- goodwill arising on consolidation	620,121	605,324
Accruals:			
1,380,747	- employees' leaving entitlement	741,482	685,608
31,929	- other provisions	3,039	29,834
46,309	Increase/(Utilisation) of provisions for contingencies and other charges	(20,842)	18,698
7,081,058	Sub-total	4,529,322	6,521,401
(621,351)	Utilisation of employees' leaving entitlement	(202,047)	(268,445)
7,030,149	(Increase)/Decrease in receivables included under assets forming part of working capital	(858,691)	(1,274,390)
(626,553)	(Increase)/Decrease in inventory	25,717	(150,343)
(22,330)	(Increase)/Decrease in deferred expenses and accrued income	(492,480)	(204,468)
(149,603)	Increase/(Decrease) in accounts due to creditors	(1,211,158)	(297,077)
295,960	Increase/(Decrease) in accrued expenses and deferred income	1,869,950	3,011,871
(17,132)	Increase/(Decrease) in sums due to other financial institutions	33,011	(7,399)
(515,621)	Increase/(Decrease) in other non-financial payables	1,790,488	1,712,580
5,373,519	Sub-total	954,790	2,522,329
12,454,577	(A) - Cash flows from (for) operating activities	5,484,112	9,043,730
<u>INVESTING ACTIVITIES</u>			
(184,335)	(Increase)/ Decrease in investments in subsidiary companies valued using the equity method	173,734	(56,013)
(937,264)	(Increase)/Decrease in intangible fixed assets	(2,941,679)	(877,130)
(417,244)	(Increase)/Decrease in tangible fixed assets	(194,638)	(288,961)
(4,281)	(Increase)/Decrease in other fixed assets	(4,289)	(15,387)
Acquisition of investments in unconsolidated subsidiaries			
123,087	(Increase)/Decrease in investments in associated companies	242,351	(31,193)
(250,000)	(Increase)/Decrease in other investments and securities	250,000	-
(1,670,037)	(B) - Cash flows from (for) investing activities	(2,474,521)	(1,268,684)
<u>FINANCING ACTIVITIES</u>			
(26,940,000)	Increase/(Decrease) in financial payables		(26,940,000)
423,372	Increase/(Decrease) in reserves		
	Effect on consolidation reserves		
423,372	Minority interest	(2,046)	280,658
(1,616,400)	Distribution of dividends	(2,694,000)	(1,616,400)
-	Capital injections	-	-
(28,133,028)	(C) - Cash flows from (for) financing activities	(2,696,046)	(28,275,742)
(17,348,488)	(A+B+C) - Total cash flows	313,545	(20,500,696)
31,475,907	Opening liquid funds	14,127,419	31,475,907
14,127,419	Closing liquid funds	14,440,964	10,975,211