CAD IT S.p.A.

Half-yearly Financial Report
at 30th June 2014

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 S.p.A.

Registered office in Verona, Via Torricelli N. 44/a
Share capital € 4,669,600 fully paid in
Tax code and Verona Company Register N. 01992770238
Chamber of Commerce REA N. 210441

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Half-Yearly Financial Report at 30/06/2014

Drawn up in accordance with CONSOB resolution no. 11971 of 14 May 1999 and subsequent changes and integrations

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

THOMAS BURKHART (3)
Director

FRANCESCO ROSSI (2)
Director and lead independent director

LAMBERTO LAMBERTINI (2)
Independent Director

STATUTORY AUDITORS (1)

RICCARDO FERRARI
Chairman

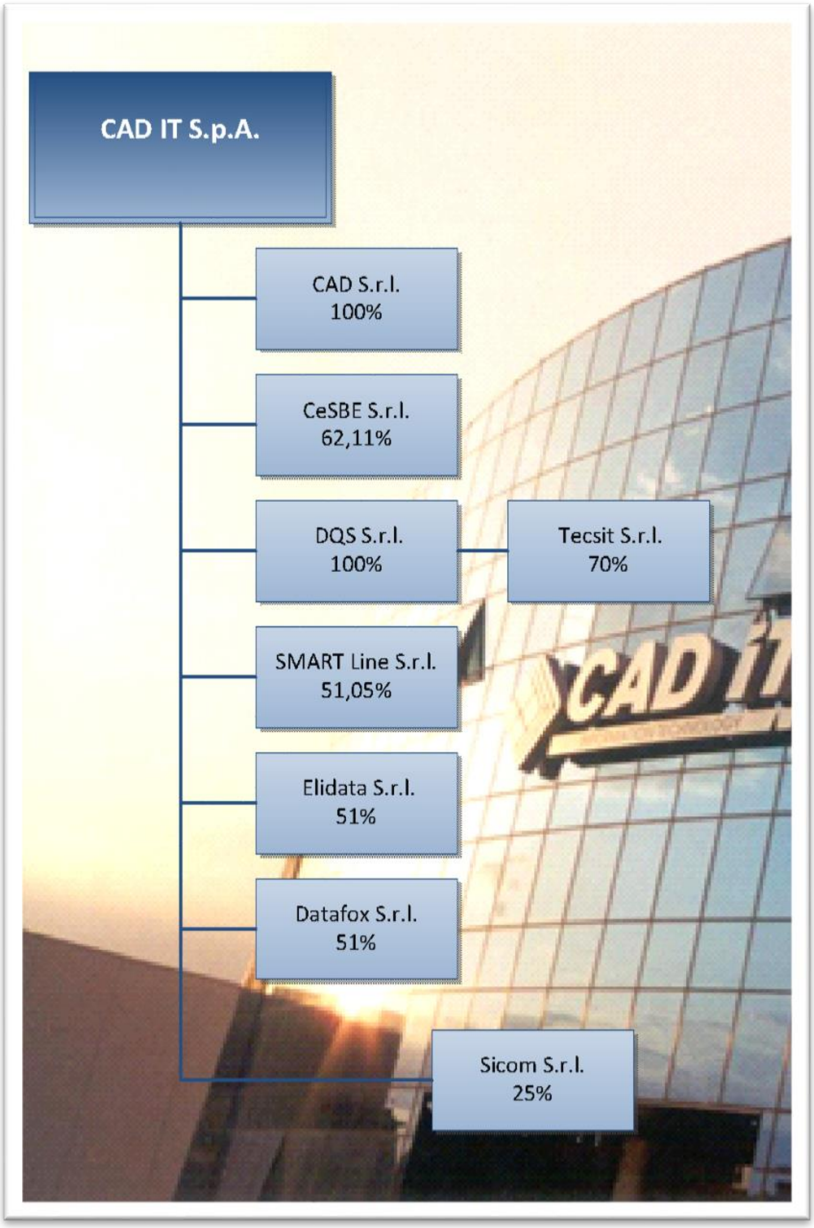
GIAN PAOLO RANOCCHI
Statutory Auditor

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 on 29 April 2014; office expires with the shareholders' meeting for the approval of the 2014 financial statements.

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 at 30/06/2014

PRELIMINARY REMARKS

This six-monthly financial report has been drafted in accordance with Leg. Dec. 58/1998 and subsequent modifications and laid out to conform to the provisions issued in art. 9 of Leg. Dec. no. 38/2005, as well as observing Consob regulation no. 11971 of 14th May 1999 and subsequent modifications and integrations.

The six-monthly financial report laid out to conform with the applicable International accounting standards recognised by the European Community as in accordance with the EC regulation no. 1606/2002 of the European Parliament and Council on 19th July 2002 and in particular with IAS 34 – Interim Financial Reporting. The report was drafted by applying the same accounting standards used for drafting the Consolidated Balance at 31st December 2013, with the exception of the items described in the explanatory notes – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2014.

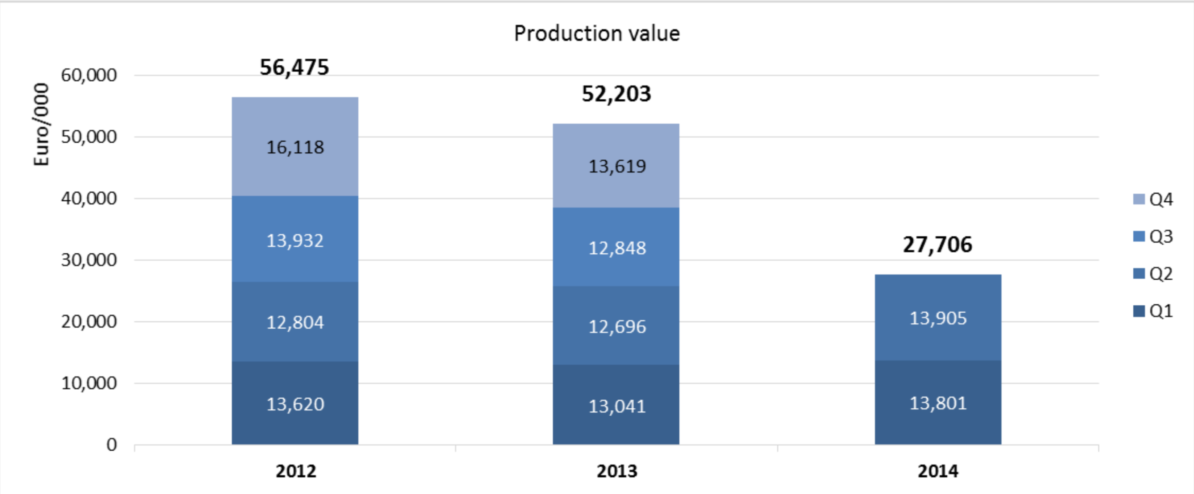
The six-monthly financial report includes the summarised six-monthly balance, an intermediary report on the management, the declarations provided for in article 154-bis, paragraph 5 and the auditing company's report on the aforementioned summarised balance.

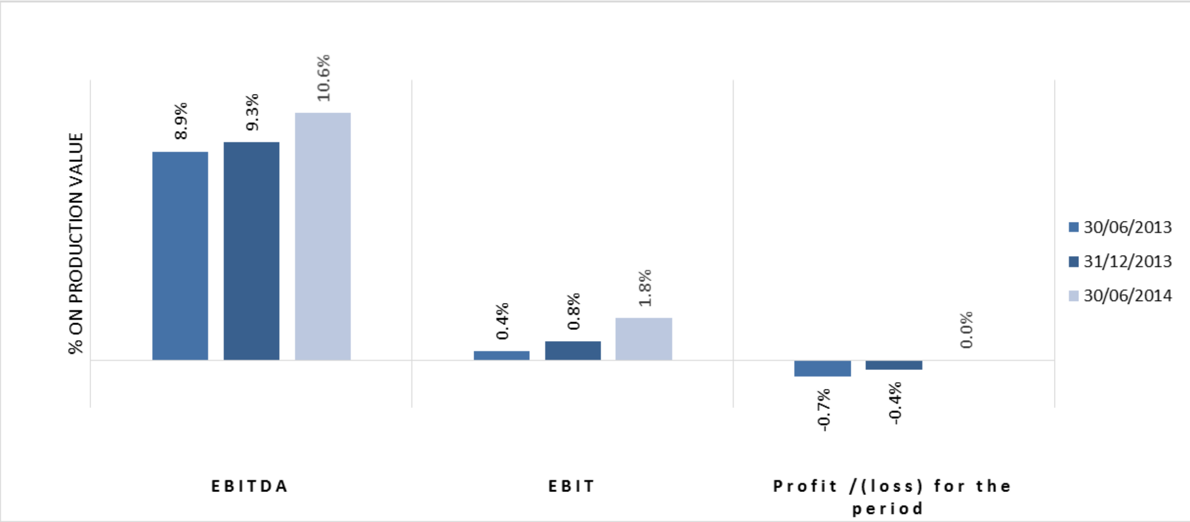
Unless otherwise indicated, the monetary quantities in the accounting tables and those in the notes, are shown rounded off to the nearest thousand euro. The totals and subtotals of the statements presented are determined by rounding the sum of the point data. The percentage figures shown are calculated using the non-rounded off figures.

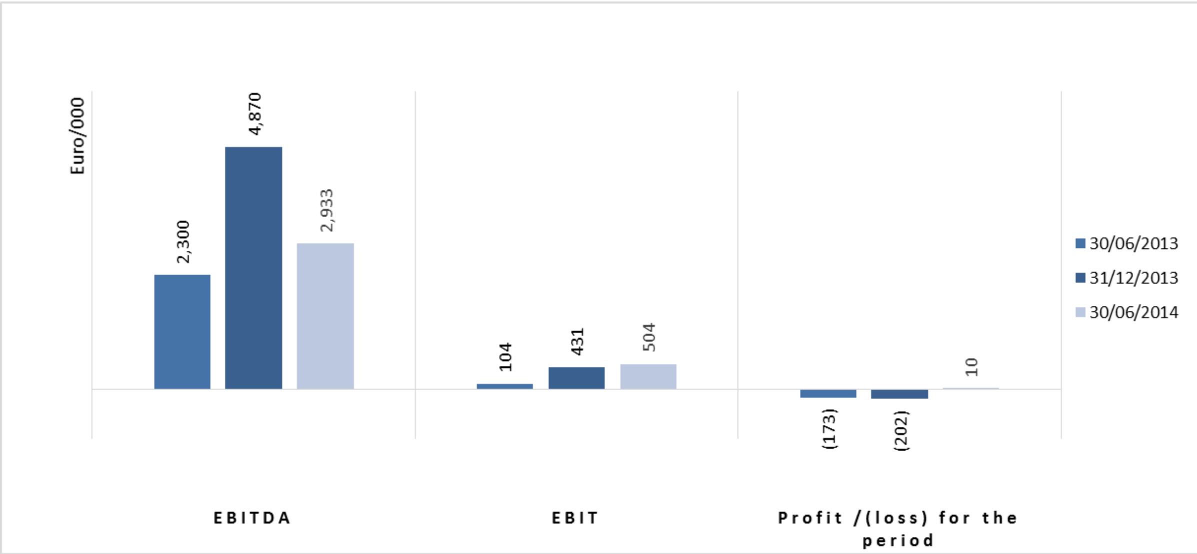
SUMMARY OF THE GROUP'S RESULTS AND DATA

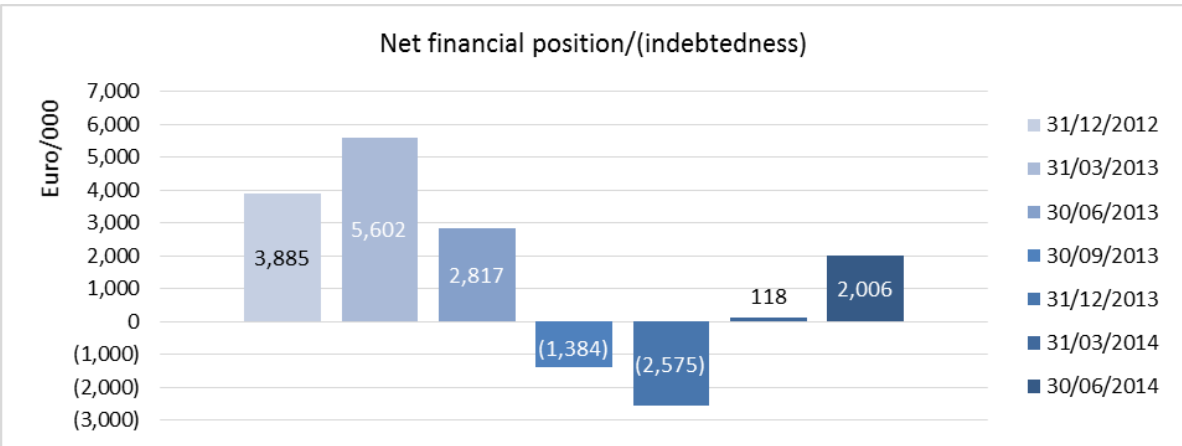
	First Half 2014		First Half 2013		Variations	
	€/000	% PV	€/000	% PV	€/000	%
Production value	27,706	100.0%	25,736	100.0%	1,969	7.7%
Added value	21,677	78.2%	21,001	81.6%	677	3.2%
Gross operational result (EBITDA)	2,933	10.6%	2,300	8.9%	633	27.5%
Operational result (EBIT)	504	1.8%	104	0.4%	400	383.9%
Ordinary result	494	1.8%	120	0.5%	374	310.1%
Pre-tax result	657	2.4%	400	1.6%	257	64.2%
Income taxes	(647)	(2.3%)	(573)	(2.2%)	(74)	12.9%
Profit (loss) for the period	10	0.0%	(173)	(0.7%)	183	(105.6%)
Profit/(loss) for the period attributable to owners of the parent	**(69)**	**(0.2%)**	**(223)**	**(0.9%)**	**154**	**(69.1%)**
Total comprehensive income	(780)		(130)		(650)	499.1%
Total comprehensive income attributable to owners of the parent	**(790)**		**(193)**		**(597)**	**308.3%**

	30/06/2014	31/12/2013	30/06/2013
Total Assets	87,890	86,494	86,232
Total Equity	54,653	55,528	56,055
Equity attributable to owners of the parent	52,560	53,350	53,521
Net short-term financial position/(indebtedness)	2,006	(2,575)	2,817
Net financial position / (indebtedness)	2,006	(2,575)	2,817
Employees at the end of the period (number)	611	613	610
Employees (average number in the period)	612	609	607




% ON PRODUCTION VALUE
8.9%
9.3%
10.6%
0.4%
0.8%
1.8%
-0.7%
-0.4%
0.0%
EBITDA
EBIT
Profit /(loss) for the period
30/06/2013
31/12/2013
30/06/2014


Euro/000
2,300
4,870
2,933
104
431
504
(173)
(202)
10
EBITDA
EBIT
Profit /(loss) for the period
30/06/2013
31/12/2013
30/06/2014


Net financial position/(indebtedness)
Euro/000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
(1,000)
(2,000)
(3,000)
3,885
5,602
2,817
(1,384)
(2,575)
118
2,006
31/12/2012
31/03/2013
30/06/2013
30/09/2013
31/12/2013
31/03/2014
30/06/2014

INTERIM MANAGEMENT REPORT

This intermediary report on management accompanies CAD IT Group’s summarised six-monthly balance at 30th June 2014 and contains references to important events that have occurred during the first six months of the financial period and their incidence on the summarised six-monthly balance, together with a description of the main risks and uncertainties that may occur in the remaining six months to come. The interim management report also contains information on the relevant and correlated party transactions as well as an indication of significant (or relevant) transactions that occurred up to the moment of drafting the report.

Information on CAD IT and Group's activities

CAD IT is the leader of a group that is one of the most dynamic organizations in the Italian information technology sector.

CAD IT was set up as a joint stock company under Italian law. The registered office and the administrative and main 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 STAR segment of MTA market of the Italian stock exchange, segment conceived for mid size companies that voluntarily comply with requirements of excellence in terms of information transparency, communication, liquidity of free float and Corporate Governance, in line with best international standards.

CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil Code 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 companies in Verona, Milan, Rome, Prato, Padova and Mantua.

A dynamic and innovative company …

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.

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

In the period collaboration activities with INFOR were continued.

- In January CAD IT's INDUSTRY division has passed the certification tests on the MINGLE-ION platform which will be useful for implementing the new INFOR technological platforms. Apart from installing and configuring MINGLE-ION for integration and collaboration functionalities, it will also be possible to install and configure useful INFOR suite modules for integrating the most common managerial platforms on the market.
- In February CAD IT has successfully concluded the project to implement the ISA S.p.A. business model in ERP Infor M3 in full respect of the time schedule and budget agreed with the customer. The aim of the project was to adapt existing IT systems to the company's business needs and to reduce software customisation to an absolute minimum.
- In March CADIT, in collaboration with the American registered offices of CIBER, has completed the installation of a few M3 modules for an important customer with premises in the state of WASHINGTON. The installation of these modules marks the beginning of a plan to update the entire M3 installation now operating on the customers' systems.
- In March MABI S.p.A., company operating in the leather industry, has chosen CAD IT to introduce an integrated ERP solution aimed at better supporting its business processes and to provide its customers with top quality service. Taking advantage of the potential of INFOR's M3 for Fashion, the project's purpose is to implement the business model by avoiding having to personalise software. This approach, besides lowering investment and management costs, also contributes to a reduction in start-up times and minimises risks. Moreover, it will allow the company to reap the benefits of an integrated approach in terms of harmonisation, standardisation (adjustment to the rules) and control, ensuring sufficient operative flexibility thanks to a multitude of parameter options.
- In August Industrial Starter, a company operating in the fashion sector and dealing in the sale of protective industrial clothing, has chosen the ERP Infor M3 platform to improve support to company organisation systems at various levels and to adapt to changes in business needs. In particular: the use of an ERP application that is guaranteed to cover all company procedures; assurance of the best possible inter-operability towards customers, suppliers and partners; the decision to adopt a technologically advanced platform that is open to global company concepts; trust in a partner that is able to provide consultancy, training and assistance both during the system start-up phase and for maintenance while still safeguarding the wealth of experience gained over time.

Analysis of the consolidated income results

	First Half 2014		First Half 2013		Variations	
	€/000	% PV	€/000	% PV	€/000	%
Income from sales and services	25,778	93.0%	23,818	92.5%	1,960	8.2%
Asset increases due to internal work	1,794	6.5%	1,881	7.3%	(86)	(4.6%)
Other revenue and receipts	134	0.5%	38	0.1%	96	253.0%
Production value	**27,706**	**100.0%**	**25,736**	**100.0%**	**1,969**	**7.7%**
Purchase costs	(357)	(1.3%)	(249)	(1.0%)	(108)	43.5%
Service costs	(5,059)	(18.3%)	(4,162)	(16.2%)	(897)	21.6%
Other operational costs	(613)	(2.2%)	(325)	(1.3%)	(287)	88.4%
Added value	**21,677**	**78.2%**	**21,001**	**81.6%**	**677**	**3.2%**
Labour costs	(17,751)	(64.1%)	(17,675)	(68.7%)	(76)	0.4%
Other administrative expenses	(994)	(3.6%)	(1,026)	(4.0%)	32	(3.1%)
Gross operational result (EBITDA)	**2,933**	**10.6%**	**2,300**	**8.9%**	**633**	**27.5%**
Allocation to fund and credit depreciation	(3)	(0.0%)	(2)	(0.0%)	(1)	63.4%
Amortizations :						
- Intangible fixed asset amortization	(2,200)	(7.9%)	(1,951)	(7.6%)	(249)	12.7%
- Tangible fixed asset amortization	(226)	(0.8%)	(242)	(0.9%)	16	(6.8%)
Operational result (EBIT)	**504**	**1.8%**	**104**	**0.4%**	**400**	**383.9%**
Financial income	34	0.1%	36	0.1%	(3)	(7.4%)
Financial expenses	(44)	(0.2%)	(20)	(0.1%)	(24)	116.9%
Ordinary result	**494**	**1.8%**	**120**	**0.5%**	**374**	**310.1%**
Revaluations and depreciations	163	0.6%	280	1.1%	(117)	(41.7%)
Pre-tax result	**657**	**2.4%**	**400**	**1.6%**	**257**	**64.2%**
Income taxes	(647)	(2.3%)	(573)	(2.2%)	(74)	12.9%
Profit (loss) for the period	**10**	**0.0%**	**(173)**	**(0.7%)**	**183**	**(105.6%)**
Profit/(loss) for the period attributable to:						
Non-controlling interests	79	0.3%	50	0.2%	29	57.4%
Owners of the parent	**(69)**	**(0.2%)**	**(223)**	**(0.9%)**	**154**	**(69.1%)**
Weighted average number of ordinary shares outstanding	8,980,000		8,980,000			
Basic earnings per share (in €)	(0.008)		(0.025)			

The CAD IT group closed the first half of 2014 with results and profit margins showing an improvement compared to the same six months in 2013. Net profit was Euro 10 thousand despite the continuing unfavorable economic trend.
The value of production for the period, an increase over the previous year, was mainly due to revenues from sales and services of Euro 25,778 thousand (+8.2% compared to Euro 23,818 thousand in the first half of 2013) as well as by increases in fixed assets for internal works of Euro 1,794 thousand (decreasing compared to Euro 1,881 thousand in the first half of 2013) for the use of resources in the development of new procedures and the Group's own software.
The Euro 21,677 thousand added value showed a slight increase compared to the previous period (Euro 21,001 thousand), with a 78.2% marginality on the value of production (81.6% in the first half of 2013).

Purchase costs to the value of Euro 357 thousand showed an increase compared to Euro 249 thousand of first half of 2013.
Service costs of Euro 5,059 thousand increased by 21.6% compared to 2013 (equal to Euro 4,162 thousand) mainly due to the increased use of external collaborations dedicated to the activities on customers.
The personnel costs of Euro 17,751 thousand recorded a slight increase compared to Euro 17,675 thousand in the first half of 2013. The average number of employees during the first half year was 612 employees (compared to 607 employees in the same half of the year 2013).
Other administrative costs, amounted in the first half to Euro 994 thousand, were down, thanks to the Management's constant attention to cost containment contributing to a rise in the EBITDA revenue margin which went from 8.9% of the value of production in 2013 to 10.6% in the first six months of 2014. The gross operational result rose to Euro 2,933 thousand compared to Euro 2,300 thousand in the first half of 2013.
Amortization contributions for the period amounted to Euro 2,200 thousand in regard to intangible assets and Euro 226 thousand for tangible assets, compared to Euro 1,951 thousand and Euro 242 thousand in the same period 2013. 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 EBIT operational result for the six month period was in credit by Euro 504 thousand showing a clear improvement compared to the first half of 2013 (Euro 104 thousand).
The result of the financial management recorded revenue of Euro 34 thousand and financial expense for Euro 44 thousand, compared to 36 and 20 thousand Euro in the first half of last year.
The ordinary result was positive for Euro 494 thousand compared to Euro 120 thousand in the first half of 2013.
The revaluations of the period refer to the share of profit of associate company, calculated with the net patrimony method, which generated a Euro 163 thousand revaluation. In the first half of 2013 the revaluations were related for Euro 181 thousand to the share of profit of associate company, calculated with the net patrimony method, as well as for Euro 99 thousand to the capital gain from the sale of assets available for sale.
Income before taxes and minority interests was positive for Euro 657 thousand (2.4% of the value of production), compared to the same period of the previous year of Euro 400 thousand (1.6% of the value of production).
Income taxes are of Euro 647 thousand, compared to Euro 573 thousand in the first half of 2013, resulting in a profit for the period of Euro 10 thousand compared with a loss of Euro 173 thousand in the first half of 2013.
The result for the period attributable to owners of CAD IT was negative for Euro 69 thousand compared to the negative result of Euro 223 thousand in the first half of 2013; the result attributable to minority interest is positive for Euro 79 thousand, Euro 50 thousand in 2013.

The short-term situation [1]

After a setback in the first quarter of the year, global economic activity appears to have regained strength, in particular in the United States, where growth has resumed, and in China, where the slowdown has come to a halt. However, the risks associated with geopolitical tensions in some of the oil-producing countries have increased; any further intensification would have repercussions for the supply and prices of energy products, economic activity and world trade.
In the first quarter of 2014 euro-area GDP continued to expand, growing by 0.2 per cent with respect to the fourth quarter of 2013 but with large differences from one country to another. Economic activity increased substantially in Germany, benefiting from the sharp rise in consumption and investment, which was favourably affected by good weather. In France GDP stagnated, held back by the falls in net exports and all the components of domestic demand, except for inventories; in Italy GDP declined slightly. According to the latest indicators, in the second quarter euro-area GDP was virtually stable. Consumer price inflation continues to fall more sharply than expected and in June was 0.5 per cent. Even when the most volatile components are excluded, inflation fell to a historically

[1] Source: Banca d'Italia, Economic Bulletin no. 3, July 2014.

low level, influenced by the weakness of the cyclical recovery and the persistence of wide margins of idle capacity. In recent months the professional forecasters have progressively lowered their euro-area inflation expectations, which in June stood at 0.7 per cent for 2014 and 1.2 per cent for 2015.
In the first quarter of 2014 Italian GDP shrank by 0.1 per cent compared with the fourth quarter of 2013. Economic activity was affected by a fall in energy production due in part to relatively mild weather and by persistent weakness in the construction sector. Moreover, changes in stocks shaved 0.2 percentage points off output. At the end of the first quarter GDP was at a level about 9 per cent below that of 2007, owing above all to the fall in consumption and investment. In the first quarter net foreign demand was again the chief source of support for economic activity, contributing 0.2 percentage points to growth. Investment outlays – after increasing in the fourth quarter of 2013, owing partly to tax incentives and to spending in anticipation of new environmental regulations for road transport – fell by 1.1 per cent. However, there were more encouraging signs from some national demand components. Presumably spurred by more favourable expectations for demand, investment in machinery and equipment returned to growth (0.5 per cent) after declining for ten consecutive quarters. Household spending also grew for the first time since the start of 2011, by a very modest 0.1 per cent. GDP was practically flat in the second quarter. Foreign demand apparently increased again, while domestic demand remained slack.
In the second quarter consumer price inflation as measured by the HICP declined gradually, to 0.4 per cent in May and 0.2 per cent in June. The drop in the prices of energy and food products steepened. Net of these components inflation fell to one of the lowest levels on record (0.7 per cent), owing to the protracted weakness of domestic demand.
Banca d'Italia evaluations suggest for 2014-2015 a moderate and hesitant growth of the Italian economy. GDP is forecast to expand by 0.2 per cent this year, with downside risks, rising to 1.3 per cent in 2015. Inflation is expected to be 0.4 per cent this year and to rise to 0.8 per cent next year. The gradual return to growth depends on the good performance of international trade and the revival of domestic demand, in particular of investment, which will benefit from the diminishing restrictive effects of the fiscal adjustment of previous years, the fading of uncertainties regarding demand, and the further easing of financial tensions. Domestic demand should also draw strength from the support measures for lower incomes and the accelerated payment of general government commercial debts.
According to consolidated quarterly financial statements of the five largest Italian banking groups, bank's operating profitability in the first quarter of 2014 was broadly unchanged from a year earlier. Annualized ROE came to 2.9 per cent, compared with 2.7 per cent in the first quarter of 2013. The decline of 0.8 per cent in net interest income, due largely to a contraction in the volume of lending, and a 9.9 per cent fall in fee income pushed gross income down by 5.3 per cent. Despite a further reduction of 2.2 per cent in operating costs, operating profit fell by 9.6 per cent. Loan loss provisioning diminished by 9.1 per cent.

Significant events of the period

With effect as of 1st January 2014, the non-executive director Enrique Sacau, has resigned as a member of the Company's Board of Directors, following the taking on of new tasks that prevent him from attending the Board's meetings. Enrique Sacau, the non-executive and non-independent director, did not belong to any internal committee.
In February 2014 CAD IT has been granted the contract for the supply of the "MA-Market Abuse" application platform and the relative specialist support services for monitoring of *Market Abuse*, *Personal Transactions and Conflicts of interest* for Poste Italiane S.p.A.. The platform developed by CAD IT is able to identify any market manipulation and insider trading suspicious transactions in accordance with the European and Italian Market Abuse regulations. The procedure also manages the conflicts of interest register.
On 29th April 2014, the Ordinary Shareholders' Meeting approved the Annual Financial Statements at 31st December 2013.
In order to replace the resigning director Enrique Sacau, the Shareholders' Meeting of CAD IT S.p.A. has confirmed the appointment of the co-opted non-executive and non-independent Director Thomas Burkhart, who will be in charge until the expiry date for the entire Board of Directors, i.e. until the date of the Shareholders' Meeting that will be called for the approval of the financial statements for the year ending on 31st December 2014. The

Shareholders' Meeting also approved the first section of the Remuneration Report pursuant to article 123-ter of Leg. Dec no. 58/1998 (available in the Company's website).
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.

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 Action: a new generation, comprehensive platform for the controlled end-to-end management of corporate actions and income).
Investments are still being ploughed into the innovation and extension of specialized 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).
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.

Investments

Summary of investments	*First Half 2014*	*First Half 2013*	*Variations*	*Year 2013*
Intangible fixed assets	47	27	20	134
Intangible assets under development	1,794	1,881	(87)	3,715
Property, Plant and equipment	92	114	(22)	154
Total investments in tangible and intangible fixed assets	***1,933***	**2,022**	***(89)***	**4,002**

Investments in tangible and intangible fixed assets made by the consolidated companies in the first half 2014 amount to Euro 1,933 thousand compared to Euro 2,022 thousand in the first half 2013.
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 be licensed out to clients or used for the Group's activities. The consistent amount of investment derives from strategic decisions taken by the Board of Directors and management, who have approved the development of a large number of products, projects and new technologies in order to be ready for development lines in the sector and to be able to propose an updated range of products that can quickly satisfy market demand.

Related parties transactions

Transactions made with third parties, including infra-group transactions, are neither atypical or unusual since these transactions are a normal procedure within the activities of the Group's companies. The same are governed by market conditions bearing in mind the characteristics of the goods and services concerned.
Information on relations with third parties, including that required by the Consob Communication of 28th July 2006 and subsequent integrations, is shown in the Half year Financial Statement Sheet Notes.

Relationships with Group companies

During the financial period concerned, the Group's companies carried out operations with the controlled companies and businesses subject to CAD IT control. The patrimonial and economic effects of the operations carried out between companies consolidated with the integral method have been omitted in the consolidated financial statement with the exception of:

- services concerning the development of software procedures to be sold or instruments for the traditional activities of the Group's companies that are registered among intangible fixed assets;
- other operations, of insignificant amount, regarding the assignment of instrumental assets for the purchaser.

Relationships between the Group's companies are governed on the basis of contractual relations drawn up by the respective administration organs bearing in mind the quality of the assets and services involved and the competitive conditions of the market and adapting the interests of the Group.
The table below gives a summary of the income and service performances, as well as the credit and debit position of all the Group's consolidated companies, as of 30/06/2014.

Company	Costs	Turnover	Financial expenses	Financial income	Receivable	Payable
CAD IT S.p.a.	9,051	926	2	3	4,137	18,206
CAD S.r.l.	582	5,134	-	-	10,553	2,902
CeSBE S.r.l.	332	1,616	-	2	4,633	708
DQS S.r.l.	15	919	3	-	1,120	245
Smart Line S.r.l.	63	817	-	-	1,683	406
Elidata S.r.l.	39	568	-	-	652	133
Datafox S.r.l.	22	124	-	-	254	30
Tecsit S.r.l.	1	-	-	-	-	394
Total	**10,105**	**10,105**	**6**	**6**	**23,034**	**23,034**

There have been no abnormal or unusual transactions between the CAD IT Group's companies in this financial period. CAD IT S.p.A.'s relations with its subsidiaries are shown in the separate CAD IT S.p.A. Financial Statements attached to this report.

Reconciliation report with the Head Company balance

The following table shows the reconciliation figures of the net patrimony and the consolidated financial result with those of CAD IT S.p.A.[2]

[2] In accordance with Consob communication no. 6064293 of 28 July 2006.

	Net patrimony	Result of period
Net patrimony and result of the controlling company for the period concerned	54,565	318
- difference between the entry value of the consolidated holdings and the pro quota value of the net patrimony	(9,044)	-
- pro quota results of the subsidiary/associate holdings	(74)	(74)
- consolidation difference: Goodwill	8,309	
- subsidiary/associate dividend elimination		(326)
- infra-group margin elimination	(1,539)	20
- assessment of associate holdings with net patrimony method	344	(7)
Total net patrimony and consolidated result of period attributable to owners of the parent	***52,560***	***(69)***

Corporate Governance and Internal Control System

CAD IT considers and defines its Internal Control System as "a set of rules, procedures and organisational structures aimed at achieving, by means of a suitable identification, measurement, management and monitoring process of the principle risks, the running of a healthy, correct and coherent business with pre-established objectives". The internal system for managing risk and control in financial information technology is a constitutive part of a broader Internal Control System. This system also aims at guaranteeing trustworthiness, accuracy, reliability and timeliness of the company and the Group's financial information technology.
The Internal Control System is the mainstay on which *Corporate Governance* stands and is the catalyzing element of all subjects and functions that, each in their own way, contribute to the healthy, correct and coherent running of the business in order to give maximum sustainable value to every activity within the organisation.
Essential parts of the Internal Control System are the Code of Ethics and the Management and Control Organisation Model adopted by the Board of Directors in accordance with the norms concerning "Company administrative responsibility rules" in Leg. Dec. no. 231/2001 and subsequent modifications. The Model adopted also includes the Health and Safety at Work System in accordance with the UNI/INAIL guidelines which represent a best practice standard of reference for compliance to the provisions in Leg. Dec. 81/08.
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.

Main risks and uncertainties to which CAD IT S.p.A and the Group are exposed

The Company has an internal control system made up of a set of rules, procedures and organisational structures aimed at achieving the healthy and correct running of the business also through a suitable process for identifying, managing and monitoring the principle risks that could present a threat to achieving company objectives.
This paragraph describes the risk factors and uncertainties relating to the economic-legal and market context and which can considerably influence the Company's performance; the specific risks that can determine the generation of obligations within the Company and the Group are, however, the object of evaluation when determining the relative earmarking and are mentioned in the balance notes together with the potential liabilities found. Additional risks and uncertain events that cannot be foreseen, or are considered improbable at the moment, could still affect the activities, the economic and financial conditions and the prospects of the company and the Group.
CAD IT adopts specific risk factor management procedures aimed at maximising the value for its shareholders by

activating the necessary measures to prevent any risks inherent to the Group's activities.
CAD IT S.p.A., in its position as Parent Company, is exposed to the same risks and uncertainties described below to which the entire Group is exposed.

External Risks

Risks connected to the general conditions of the economy and sector

The information technology consultancy market is linked to the economic trend of industrialised countries where the demand for highly technological products is higher. A continuation of the weak economic global situation at both a national and/or international level could reduce demand for the Group's products with a consequent negative effect on the economic, patrimonial and financial situation of the Group itself.
The main market outlet in which currently the Group deals is the banking and finance sector, which historically has never been subject to significant criticality. As of 2008, global financial markets were subjected to strong turbulence which led to a marked slowdown of the economy. The global economic recession of 2008 and 2009 which practically affected all geographical areas and all economic sectors of more developed countries, led to a sharp contraction of demand. The latest periods showed weak signs of global recovery, but the economic projections are still uncertain.
A prolonged continuation of this notable weak situation, or an even further degeneration, could cause a negative effect on the economic, patrimonial and financial situation of the Group.

Risks connected to the rapid evolution in technologies, customer needs and reference norms

The sector in which the Group operates is characterized by fast and complicated technological changes and a constant development in skills and professionalism. Furthermore, an increase in customer needs, together with any changes in the laws, means that the software for the banking sector and other financial institutions has to be constantly updated.
The Group makes substantial investments in the development of new projects and new technologies, not only in order to promptly satisfy market demand, but also to anticipate development lines by proposing a range of new products as a factor able to influence, in turn, the type of user demand. Therefore, a reduction in customer tendency towards buying the new technologies offered could expose the Group to the risk of not earning enough to cover the investments sustained.
These investments cannot, however, guarantee that the Group will always be able to recognise and use innovative technological instruments, exclude the risk of the obsolescence of existing products or ensure the Group's ability to develop and introduce new products or renew existing ones in good time for the customer and adequately for the market. The above-described situations are a significant potential risk for the Group's activities and its economic and financial results.

Risks connected to the high competition in the sector in which the Group operates

The Information Technology market is highly competitive. Some competitors could try to expand and damage the Group's market share. Moreover, the intensification of competition levels and the possible entry into the Group's reference sector of new subjects with good human resources, financial and technological backing that can offer more competitive prices, could influence the Group's activities and the possibility to consolidate or widen its own competitive position in the sector with consequent repercussions on the Group's activities and its economic, patrimonial and financial situation.

Risks connected to protecting technological property

The Group's procedures and software programmes are protected by Italian copyright laws. Furthermore, the Group owns the exclusive rights for the economic use of the programmes and procedures which it has registered in the Special Public Register for Processors as the SIAE – Italian Society for Authors and Editors.
The management also maintains that the technological level of the products the Group offers, together with the

technical knowhow needed for their constant and progressive use and updating, are in themselves factors able to limit any risks connected to the appropriation of significant competitive advantages on the part of potential and current competitors. Nevertheless, it cannot be said that the protection recognised by Italian copyright laws excludes other operators in the sector from developing, entirely on their own, similar products or duplicating the Group's unregistered products or designing new ones able to copy the performances and functions without violating the Group's rights. Furthermore, the Group's technology could be exposed to acts of piracy by third parties.

Internal Risks

Risks relating to dependence on key personnel

The success of the Group depends appreciably on the ability of some key figures who have made a significant contribution to its development i.e. its own executive managers and other management components with many years of experience in the sector. The loss of one of the aforementioned key figures' services without an adequate replacement could have negative effects on the Group's prospects, activities and economic and financial results.
Moreover, the Group's business is strongly characterised by the extremely high technical skills of its staff. Therefore, the future success of its activities largely depends on the continuity of the functions carried out by the currently employed specialized technicians and collaborators as well as the ability to attract and maintain highly qualified staff.
In the Information Technology sector, staff costs are a critical development factor. Any difficulties that the Group may face in managing staff could produce a negative effect on its activities, its financial conditions and its operative results.

Risks connected to sale times and implementation cycles

The management of sales activities for the Group's software products is normally rather lengthy, especially considering that the potential advantages of using the Group's products have to be illustrated and training activities at the customer's premises so that the products are used correctly have to be carried out. Negotiations and the consequential execution of product sale activities usually take a period of time that ranges from a few months to a whole year. Moreover, the implementation process for the Group's products often involves the customer's investment in terms of staff and money which can extend over time. Sales activities and adjustment cycles of the product to the customer's information technology system are subject to potential and determining delay such as the completion of the implementation process of the product itself, unexpected events that the Group cannot control, like sudden limitations in the customer's budget or company renovation operations or, more generally, the complexity of the customer's technical requirements. Any delays due to extended sales cycles or referable to the product's use on the part of the customer, could influence the Group's activities, financial situation and operative results.

Risks connected to customer dependence

The Group offers its products and services to small, medium and large companies operating in different markets.
A significant part of the Group's revenues is concentrated on a relatively small number of customers, the loss of which could therefore have a negative effect on the Group's future activities and economic, patrimonial and financial situation.
However, the management maintains that the Group's results do not significantly depend on any specific customer in particular because these customers update their information technology systems at different times and this operation takes rather a long time.

Risks connected to internationalization

The Group has made significant efforts in recent years in terms of its own internationalization strategy and expects that an increasingly large part of its revenues will be generated from foreign customers. The Group could therefore be exposed to the risks related to internationalization as those relating to changes in their economic, political, fiscal and local law conditions, as well as variations in the domestic currency trend, should the country concerned be outside the Euro area. The occurrence of unfavourable development in these areas could have a negative effect on the Group's prospects and activities.

Risks connected to breaches of contract and potential liabilities towards customers

Highly complex software products like those offered by the Group can, even if duly tested, reveal some defects and anomalies during the installation phase and while integrating with the customer's information technology system. These circumstances can cause damage to the Company's image and its products and also expose the Company to claims for damages and the application of contractual penalties due to not respecting deadlines and/or the agreed qualitative standards.
Furthermore, the Group could find itself having to invest considerable resources to carry out corrective interventions and be obliged to interrupt, postpone or cease the supply of its services to the customer.
To date there have not been any significant events of this kind that have determined any remarkable controversy in customer relations.

Financial Risks

Credit risks

The Group mainly operates with banks and service companies controlled by banks, financial institutions and insurance companies, tax collecting agencies and public administration offices, and, generally speaking, customers with proven soundness and solvency, which is the reason why, in past financial periods, the occurrence of losses on credits always has been relevantly insignificant. The Group does not have a significant concentration of customer solvency risk. For commercial reasons, specific policies aimed at monitoring times of collection of credits, also for important amounts, that, following previously revealed operative risks, could undergo delays, are adopted.

Liquidity risks

Liquidity risks are linked to the difficulty of finding funds to finance obligations. The availability of liquid assets and the ability to generate positive cash flows make the risk of not being able to find enough financial funding to satisfy the obligations and needs of Group operations highly unlikely. Cash flows, funding requirements and the liquid assets of the Group's companies are constantly monitored with the aim of guaranteeing an efficient and effective management of financial resources.
It cannot be excluded, however, that, should the considerable weak and uncertain market situation continue or should collection times become longer or significant losses on credits occur, the risk of a reduction in liquidity could arise with the consequent need to resort to external financial sources.

Exchange rate risks and interest rate risks

Exposure to interest rate risks is linked to the need to finance operative or investing activities as well as using available liquid assets. The Group uses available liquid assets in bank accounts and capitalisation insurance policies and mainly uses financial resources in the form of bank deposit loans on commercial credits and bank account credit worthiness. Variations in market interest rates can affect revenues and the cost of financing influences the progress of financial returns and expenses.
At the moment the Group operates almost entirely in the Euro area and is therefore not subject to exchange rate risks.
It is not in the Group's policy to use derivative financial instruments that require cover and/or negotiation.

Other Information

Neither CAD IT S.p.A. nor its controlled companies own, and/or have purchased and/or sold during the financial period CAD IT or their own shares, not even through trust companies or third parties.
CAD IT S.p.A. is not subject to the management and coordination of companies or bodies and defines its own

general and operative strategies in full autonomy.
In accordance with art. 2497 bis of the Civil Code, directly or indirectly affiliated companies, with the exception of particular cases, have identified CAD IT S.p.A. as an organisation that exercises managerial and coordination activities. These activities mainly consist of indicating general and operative Group strategies and focus on defining and adjusting to internal control regulations, the issuing of a Code of Ethics to be adopted at a Group level, the processing of general policies for the management of human and financial resources, the provision of productive factors. Moreover, Group coordination for some companies means a centralisation of administrative, corporate and financial management services. The affiliated companies that remain in full control of their managerial and operative autonomy, can then scale their economies by taking advantage of the professionalism and specialist services and concentrate their own resources in the management of their specific operational skills.
During this financial period, and the previous one, no atypical or unusual operations have been carried out as defined in the Consob communication no. DEM/6064293 of 28 July 2006.
In the Financial Statement report, no alternative performance indicators have been adopted with the exception of the net financial position, shown in the Financial Statement notes, for which no reclassifications have been made in terms of Financial Statement figures and relative explanations are supplied and linked to the patrimonial status entries concerned, as defined in the CESR Recommendations.
CAD IT and some group companies adopt and maintain the following management systems:

- **Quality Management System**, in conformity with the UNI EN ISO 9001:2008 norm, for the design, production and sale of component-based software and its after-sale assistance and maintenance;
- **Information Security Management System**, in conformity with the UNI CEI ISO/IEC 27001:2005 norm, for the management activities of information and data relating to software solution development activities, maintenance, customisation, integration, application management, consultancy and training in the banking, finance, insurance, industry and public administration sectors;
- **Health and Safety Management System**, in conformity with the UNI/INAIL Guidelines (September 2001 edition) implemented according to the "lavorosicuro" Guidelines (Confindustria Veneto/INAIL) and validated in November 2009 and confirmed in April 2014.

The Group adopts an adequate system to protect information in accordance with Leg. Dec no. 196 of 30th June 2003 "Personal data protection code" to ensure the protection of personal data.
CAD IT, in accordance with art. 3 of Consob Deliberation no. 18079 of 20th January 2012, has decided to comply with the simplification regime provided for in articles 70, paragraph 8, and 71, paragraph 1-bis of Consob Regulation no. 11971/1999 and subsequent modifications and integrations, therefore availing itself of the right to waiver the obligation to present the expected information documents on significant operations relating to mergers, splits, increases in capital by means of the transfer of assets, acquisitions and sales.

Foreseeable development in the management

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

HALF-YEAR CONDENSED FINANCIAL STATEMENTS OF THE CAD IT GROUP

Consolidated income statement

	Notes	First Half 2014		First Half 2013	
		Total	of which related parties	Total	of which related parties
Income from sales and services	3	25,778	*3*	23,818	*148*
Asset increases due to internal work	3 - 15	1,794		1,881	
Other revenue and receipts	3	134		38	
Purchase costs	5	(357)		(249)	
Service costs	6	(5,059)	*(505)*	(4,162)	*(197)*
Other operational costs	7	(613)		(325)	
Labour costs	8	(17,751)	*(338)*	(17,675)	*(287)*
Other administrative expenses	9	(994)	*(564)*	(1,026)	*(569)*
Allocation to fund and credit depreciation		(3)		(2)	
Intangible fixed asset amortization	15	(2,200)		(1,951)	
Tangible fixed asset amortization	14	(226)		(242)	
Financial income	10	34		36	
Financial expenses	10	(44)		(20)	
Revaluations and depreciations	11	163		280	
Pre-tax result		**657**		**400**	
Income taxes	12	(647)		(573)	
Profit (loss) for the period		**10**		**(173)**	
Profit (loss) for the period attributable to:					
Non-controlling interests		79		50	
Owners of the parent		**(69)**		**(223)**	
Weighted average number of ordinary shares outstanding		8,980,000		8,980,000	
Basic earnings per share (in €)	13	(0.008)		(0.025)	

Consolidated statement of comprehensive income

	First Half 2014	*First Half 2013*
Profit (loss) for the period	**10**	**(173)**
Other comprehensive income that will not be reclassified subsequently to profit or loss		
Actuarial gains/(losses) on defined benefit liabilities	(789)	146
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	-	(103)
Total Comprehensive income (loss)	**(780)**	**(130)**
Comprehensive income (loss) attributable to:		
- Non- controlling interests	10	63
- **Owners of the parent**	**(790)**	(193)

Consolidated Statement of financial position

ASSETS	Notes	30/06/2014 Total	30/06/2014 of which related parties	31/12/2013 Total	31/12/2013 of which related parties
A) Non-Current Assets					
Property, plant and equipment	14	17,310		17,445	
Intangible assets	15	20,291		20,650	
Goodwill	16	8,309		8,309	
Investments	17	346		353	
Other financial assets available for sale		0		0	
Other non-current credits		235		194	
Credits due to deferred taxes	18	758		776	
TOTAL NON-CURRENT ASSETS		**47,250**		**47,727**	
B) Current Assets					
Inventories	19	54		62	
Trade receivables and other credits	20	32,260	*3*	32,768	*2*
Tax credits	21	2,256		2,128	
Cash on hand and other equivalent assets	22	6,070		3,808	
TOTAL CURRENT ASSETS		**40,640**		**38,767**	
TOTAL ASSETS		**87,890**		**86,494**	

EQUITY AND LIABILITIES	Notes	30/06/2014 Total	30/06/2014 of which related parties	31/12/2013 Total	31/12/2013 of which related parties
A) Equity					
Company capital	23	4,670		4,670	
Reserves	24	35,246		35,246	
Accumulated profits/losses	25	12,644		13,434	
Issued capital and reserves attributable to owners of the parent		**52,560**		**53,350**	
Capital and reserves of third parties	23	2,015		2,079	
Profit (loss) of third parties		79		98	
Non-controlling interests		**2,093**		**2,177**	
TOTAL EQUITY		**54,653**		**55,528**	
B) Non-current liabilities					
Financing		0		0	
Deferred tax liabilities	27	2,914		2,957	
Employee benefits and quiescence provisions	28	7,752	*183*	6,908	*173*
Expense and risk provisions	29	395		120	
TOTAL NON-CURRENT LIABILITIES		**11,062**		**9,985**	
C) Current liabilities					
Trade payables	30	6,904	*151*	4,473	*215*
Current tax payables	31	3,348		3,290	
Short-term financing	32	4,064		6,382	
Other liabilities	33	7,858	*273*	6,835	*221*
TOTAL CURRENT LIABILITIES		**22,175**		**20,981**	
TOTAL LIABILITIES AND EQUITY		**87,890**		**86,494**	

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Statement of changes in equity

	NOTES	Attribution to the shareholders of the Main Company					Minority Interests	Total
		Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Group's net patrimony		
at 31/12/2013		**4,670**	**35,246**	**13,734**	**(300)**	**53,350**	**2,177**	**55,528**
Allocation of the period result to reserves	25			(300)	300			
Dividend distribution	26						(95)	(95)
Allocation of profits to directors of subsidiary companies								
Total comprehensive Profit/(loss)	24			(721)	(69)	(790)	10	(780)
at 30 June 2014		**4,670**	**35,246**	**12,713**	**(69)**	**52,560**	**2,093**	**54,653**

	NOTES	Attribution to the shareholders of the Main Company					Minority Interests	Total
		Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Group's net patrimony		
at 01/01/2013		**4,670**	**35,349**	**13,149**	**3,247**	**56,414**	**2,574**	**58,989**
Allocation of the period result to reserves	25			3,247	(3,247)			
Dividend distribution	26			(2,694)		(2,694)	(99)	(2,793)
Allocation of profits to directors of subsidiary companies				(6)		(6)	(6)	(11)
Total comprehensive Profit/(loss)	24		(103)	132	(223)	(194)	63	(130)
at 30 June 2013		**4,670**	**35,246**	**13,828**	**(223)**	**53,521**	**2,533**	**56,055**

Consolidated Cash Flow Statement

	NOTES	First Half 2014	First Half 2013
A) OPERATING ACTIVITIES			
Profit (loss) for the period		10	(173)
Amortisation, revaluation and depreciation:			
- Property, plant and equipment amortisation	14	226	242
- Intangible fixed asset amortisation	15	2,200	1,951
- revaluation of investments and financial assets available for sale	11	(163)	(280)
- depreciation of investments and financial assets available for sale	11	0	0
Allocations (utilization) of provisions	28-29	330	72
Financial performance:			
- Net financial receipts (charges)	10	10	(16)
- Profit / (loss) on foreign exchange	10	0	(1)
Working capital variations		3,744	2,457
Income taxes paid		131	(874)
Interest paid	10	(44)	(19)
(A) - Cash flows from (used in) operating activities		**6,444**	**3,359**
B) INVESTMENT ACTIVITIES			
Investments in activities			
- purchase of property, plant and equipment	14	(92)	(114)
- purchase of intangible assets	15	(1,841)	(1,908)
- increase in other fixed assets		(41)	(42)
Disinvestment activities			
- transfers of property, plant and equipment	14	-	1
- transfers of assets available for sale		-	239
- decrease in other fixed assets		-	2
Cashed Interest	10	34	36
Cashed dividends		170	163
(B) - Cash flows from (used in) investment activities		**(1,769)**	**(1,623)**
C) FINANCING ACTIVITIES			
Medium/long term financing repayment		-	0
Allocation of profits to directors of subsidiary companies		-	(11)
Dividends paid	26	(95)	(2,793)
(C) - Cash flows from (used in) financing activities		**(95)**	**(2,804)**
(A+B+C) - Total cash and other equivalent assets flows	34	4,580	(1,068)
Opening cash balances and equivalents		**(2,575)**	**3,885**
Closing cash balances and equivalents		**2,006**	**2,817**

For the liquid asset and equivalent means reconciliation, refer to note 34.

Note

CAD IT S.p.A. is a joint stock company and is governed on the basis of Italian law and exercises its management and coordinated activities on its own controlled companies. CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil Code and it is fully responsible for defining it own general and operational strategic policies.
The company is listed in the STAR segment of MTA market of the Italian stock exchange, segment conceived for mid size companies that voluntarily comply with requirements of excellence in terms of information transparency, communication, liquidity of free float and Corporate Governance, in line with best international standards.
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.
Unless otherwise indicated, the monetary quantities in the accounting tables and those in the notes, are shown rounded off to the nearest thousand 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.

1. Accounting policies and evaluation criteria more important

This half-year condensed financial statement has been drafted in accordance with the applicable IRFS International accounting standards issued by the International Accounting Standard Board (IASB) and recognized by the European Community in conformity with EC regulation no. 1606/2002. IFRS refers to the International Accounting Standards (IAS) presently in force as well as the interpretative documents issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
The half-year condensed financial statement has been drafted in the consolidated form since CAD IT is obliged to draft a consolidated balance.
The half-year condensed financial statement has been drafted in accordance with IAS 34 – Interim Financial Reports, bearing in mind the contest of art. 154-ter of legislative decree no. 58 of 24th February 1998 (TUF).
In the drawing up of this summarised six-monthly Balance, the same accounting standards have been applied as those adopted in the drafting of the consolidated Balance at 31st December 2013, with the exception of the items described in the paragraph below – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2014.
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.
The consolidated balance has been drafted using the evaluation criterion of past 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.

Use of estimates

In accordance with the IFRS, when drafting the balance the company management formulates evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found in the balance. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case concerned. 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 2014

Regulation (EU) No 1254/2012 adopted IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, as well the amended IAS 27 Separate Financial Statements and IAS 28 Investment in Associates and Joint Ventures. Each company shall apply IFRS 10, IFRS 11, IFRS 12, the amended IAS 27, the amended IAS 28, at the latest, as from the commencement date of its first financial year starting on or after 1 January 2014.

The objective of IFRS 10 is to provide a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 replaces *IAS 27 Consolidated and Separate Financial Statements* and Interpretation *SIC-12 Consolidation—Special Purpose Entities*.

IFRS 11 establishes principles for the financial reporting by parties to a joint arrangement, and replaces *IAS 31 Interests in Joint Ventures* and *SIC-13 Jointly Controlled Entities–Non-monetary Contributions by Venturers*.

IFRS 12 combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

As a consequence of these new IFRSs, the IASB also issued the amended IAS 27 and IAS 28.

The adoption of the new standards had no impact on the consolidation of investments owned by the Group

There are no, or no significant, other matters and cases governed by standards, amendments and interpretations effective from 1st January 2014 approved by the IASB and IFRIC and published in the European Community's Official Gazette. No standards approved by the European Union, the application of which will be compulsory in the future, have been adopted in advance.

Format of financial statements

The financial statements are prepared in accordance with IAS 1 specifications, properly integrated with the information required by Consob Resolution no. 15519 of 2006.

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.

The Directors' Report on management is included in 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.

Each column in the statement of net patrimony variations reconciles the opening and closing balances for each net patrimony voice.
Each significant entry shown in the above-mentioned statements, is marked with references to notes which provide the relative information.

Subsidiary companies

The consolidation area includes the Parent company and the companies it controls, that is, where it has at the same time: power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns.
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 consolidated balance all the balances and significant transactions between the Group's companies have been eliminated, as are all unrealised infra-group profit and loss transactions.

Associated companies

The share in associated companies, that is those companies in which the Group has significant influence, is evaluated using the net patrimony method, as defined in IAS 28. The profits or losses relevant to the Group are included in the consolidated balance from the date in which this considerable 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 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 loss or profit (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 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 economic account 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 any expenses that can be directly attributable to the development of the product and any reasonable part of general production costs attributable to the preparation stages before putting the product to use. Development costs that cannot be capitalised, when sustained, are reported on the income statement.
The concessions and licences entry mainly includes software under licence purchased by third parties and used for programming activities, depreciated for their useful life-cycle, estimated at 3 years.

Goodwill

Goodwill resulting from the purchase of controlled and incorporate companies 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 no longer amortised and is decremented of any losses in accumulated value, calculated according to the IAS 36 Asset value reduction.
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.
The start-up relating to holdings in associated companies is included in the value of these companies.

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 economic account among depreciation and devaluation costs. When subsequently an asset value loss, different from the beginning, 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 economic account.

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 the fair value is the market value as of the reference date. The profits and losses found due to the effect of evaluation at fair value at every balance date for these activities were determined at net patrimony except for the value losses registered to the economic account, until the financial activity has been eliminated, which is the moment 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. Financial investments are classified as liquid assets only when they have a short expiry.

Non current assets held for sale

The voice includes non-cash assets, the value of which will mostly be recovered by their sale rather than through their continuous use. These assets are valued as the lesser value between the net accounting value and the cash value net of sales costs.

Employee benefits Post-employment

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.
If the effect of updating the assumed cash value is significant, the allocations are calculated by updating the expected future financial flows at a pre-tax discount rate that reflects the current market evaluation of the cash value in relation to time. When updating has been done, the increase in the allocation caused by the passing of time is shown as a financial obligation.

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.

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.

Income taxes

Current income taxes for the financial period are calculated on the basis of estimates of taxable income in accordance with the laws in vigour; moreover, the effects deriving from the activation within the Group of the national tax consolidation are also taken into account. The debt for current taxes is accounted for in the patrimonial status, net of any taxes paid in advance.
Deferred and pre-paid income taxes are calculated on the temporary differences between the patrimonial values registered in accordance with the IFRS international accounting standards and the corresponding values realised for tax purposes. Deferred income tax are calculated applying the tax rate which will be in force at the financial period after the account reference dates.
Assets due to pre-paid taxes are registered when their recovery is probable, that is, when it is expected that sufficient tax profits will be available in the future so that these assets may be used. The degree of recovery of pre-paid tax assets is re-examined at the end of every period. Deferred taxes are always calculated in compliance with the IAS 12.
The controlling company CAD IT S.p.A. and some of the other companies in the Group have exercised the Group taxation option described in art. 117 of the TUIR no. 917/1986, which involves determining a total global revenue that corresponds to the algebraic sum of the total net revenues of the companies adhering to this system. The liquidation of this single tax amount due allows the Group the contextual use of any tax losses in the financial period.

2. Subsidiary companies and Consolidation area

During the first half of 2014 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.				

3. Revenues

Revenues earned by the Group during the period are as follows:

	30/06/2014		30/06/2013		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	25,778	93.0%	23,818	92.5%	1,960	8.2%
Asset increases due to internal work	1,794	6.5%	1,881	7.3%	(86)	(4.6%)
Other revenue and receipts	134	0.5%	38	0.1%	96	253.0%
Production value	**27,706**	**100.0%**	**25,736**	**100.0%**	**1,969**	**7.7%**

The supply of services and sales of goods includes any income from the sale of licensed out software, maintenance services for software updating, the use of personalised applicative packages, the sale of hardware, consultancy services and information technology system design.
In the first half of 2014, revenues from sales and services increased compared to the first half of 2013 by 8.2%, recording the value of Euro 25,778 thousand.
Increases in internal work capitalized under fixed assets came to Euro 1,794 thousand, registering a decrease compared to Euro 1,881 thousand in the first half of 2013, and include the activities carried out by the staff of CAD IT and the Group's companies concerning the development of new procedures aimed at the sale of licensed products or instrumental goods for the company's traditional business.
The Group's activities usually are not affected by significant cyclical or seasonal variations in total sales during the financial period.

4. Segment reporting by sectors

The internal organisational and managerial structure and the internal reporting for the Board of Directors is presently grouped into two operative divisions: Finance and Manufacturing. These divisions are the basis on which the Group reports sector information according to the primary layout.
The main activities of each sector are as follows:
Finance: includes the computer applications aimed specifically at banks, insurances and other financial institutions. The main applications provide:

- management of intermediary activities on securities, funds and derivate instruments;
- management of the typical services in the credit sector, such as the collection, treasury and monitoring of credit procedures;
- service allocation for trading on line;
- management of integrated banking computer systems;
- consultancy and training.

Manufacturing: includes the development and marketing of instruments and software applications and offers a series of services aimed at allowing the companies to effectively manage numerous company processes, including Outsourcing.
The data not allocated to the sectors mainly refer to income and costs for logistics and administration services given to the group's companies by the controlling party.

Disclosures for business segments	30/06/2014				
	Finance	Manufacturing	Not allocated/General	Elisions	Consolidated
External revenues	26,633	921	152		27,706
Intersegment revenues	1,383			(1,383)	
Total revenues	28,017	921	152	(1,383)	27,706
Costs	(26,889)	(912)	(784)	1,383	(27,202)
Gross Operating Result (EBITDA)	3,556	10	(633)		2,933
Operating Result (EBIT)	1,128	9	(633)		504
Net financial income (expenses)			(10)		(10)
Revaluations and devaluations	163		(0)		163
Result	1,291	9	(643)		657
Income taxes			(647)		(647)
Third party share (profit)/loss	(150)	(10)	82		(79)
Profit (loss) attributable to owners of the parent	1,141	(1)	(1,208)		(69)
Assets	84,298	577	3,015		87,890
Liabilities	26,856	118	6,263		33,237

Disclosures for business segments	30/06/2013				
	Finance	Manufacturing	Not allocated/General	Elisions	Consolidated
External revenues	24,665	1,072			25,736
Intersegment revenues	1,639			(1,639)	0
Total revenues	26,304	1,072		(1,639)	25,736
Costs	(25,396)	(1,056)	(819)	1,639	(25,632)
Gross Operating Result (EBITDA)	3,102	17	(819)		2,300
Operating Result (EBIT)	907	16	(819)		104
Net financial income (expenses)			16		16
Revaluations and devaluations	181		99		280
Result	1,088	16	(703)		400
Income taxes			(573)		(573)
Third party share (profit)/loss	(123)	(6)	79		(50)
Profit (loss) attributable to owners of the parent	**965**	**10**	**(1,198)**		**(223)**
Assets	82,229	881	3,123		86,232
Liabilities	23,460	359	6,358		30,177

Information on the sector according to the secondary layout by geographical area is not provided as the Group presently produces and carries out its activities almost totally nationally and homogeneously.

5. Purchase Costs

	30/06/2014	30/06/2013	Variations	%
Hardware-Software purchases for sale	218	89	129	145.7%
Maintenance and consumable hardware purchases	6	9	(3)	(30.0%)
Other purchases	125	135	(10)	(7.5%)
Variations in raw material stock	8	16	(8)	(51.2%)
Total	***357***	***249***	***108***	**43.5%**

Costs for hardware and software purchases for commercialization refer to purchases made for orders that clients

had already confirmed and show an increase compared to the first half of 2013.
Inventories decreased during the period of Euro 8 thousand.

6. Service costs

	30/06/2014	30/06/2013	Variations	%
External collaboration	3,028	1,927	1,101	57.1%
Travelling expenses and fee reimbursement	715	770	(55)	(7.2%)
Other service costs	1,315	1,464	(149)	(10.2%)
Total	***5,059***	***4,162***	***897***	**21.6%**

Service costs during the first half of 2014 came to Euro 5,059 thousand, an increase compared to the same period of previous year (Euro 4,162 thousand). In particular, external collaboration costs increased by 57.1% (+1,101 thousands of euro) against a decrease of 10.2% (-149 thousand euro) of other service costs and travelling expenses and fee reimbursement, correlated to the productive activities in terms of the need to carry out work on customer premises.
Other service costs mainly include assistance fees and hardware and software maintenance, energy costs, administrative, legal and fiscal consultancy, maintenance costs and for office management and installed systems.

7. Other operational costs

The following table shows and compares the other operating costs, which have undergone a significant increase of about 88.4%.

	30/06/2014	30/06/2013	Variations	%
Leases and rentals	264	262	1	0.6%
Misc. operating costs	349	63	286	455.4%
Total	***613***	***325***	***287***	**88.4%**

Leases and rentals in 2014 first half year, came to Euro 264 thousand, compared to Euro 262 thousand in the first six months of 2013 and mainly refer to equipment rental, use of instrumental software and to lease of operational offices.
Other operating costs amounting to Euro 349 thousand, an increase of Euro 286 thousand, include the amount of Euro 275 thousand relating to tax litigation of a Group company. The item also includes municipal tax on real estate and other taxes and fees.

8. Labour costs and Employees

Labour costs in the first half of 2014, of Euro 17,751 thousand, increased slightly (+0.4%) compared to the same six months in 2013 (Euro 17,675 thousand). The increase in labour costs is due to contractual salary increases in addition to the increase in the average number of employees in the group.

	30/06/2014	30/06/2013	Variations	%
Salaries and wages	12,796	12,769	27	0.2%
Social security costs	3,844	3,839	6	0.1%
Severance pay	1,008	989	19	1.9%
Other costs	102	78	24	31.1%
Total	***17,751***	***17,675***	***76***	**0.4%**

The following table shows the data for the precise number of employees at the Group CAD IT:

Category of employees	labour force at 30/06/2014	labour force at 30/06/2013	Variations
Management	18	18	-
White-collars and cadres	577	578	(1)
Blue-collars	1	1	-
Apprentices	15	13	2
Total	**611**	**610**	**1**

The number of CAD IT Group staff, at 30th June 2014 was 611 employees, compared to 610 at 30th June 2013. The average number of employees during half year in question was 612 persons while this figure was 607 in the previous first half year. The following table shows data regarding the CAD IT Group average number of employees:

Category of employees	Average number 1st half 2014	Average number 1st half 2013	Variations
Management	18	18	-
White-collars and cadres	579	577	2
Blue-collars	1	1	-
Apprentices	14	11	3
Total	**612**	**607**	**5**

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

9. Other administrative costs

The table below shows the other administrative costs in detail:

	30/06/2014	30/06/2013	Variations	%
Director and legal representative fees	705	716	(12)	(1.6%)
Director retirement	8	8	0	-
Director and legal representative fee contributions	89	75	14	19.3%
Telephone charges	168	176	(8)	(4.4%)
Commissions	17	0	17	-
Advertising fees	7	51	(44)	(87.2%)
Total	***994***	***1,026***	***(32)***	**(3.1%)**

Other administrative costs include remunerations paid to correlated parties of Euro 564 thousand, previous period Euro 569 thousand (as shown in note 35).

10. Financial performance

The financial management result was a negative Euro 10 thousand, compared to a positive balance of Euro 16 thousand in first half of 2013, as the following detailed table shows.

	30/06/2014	30/06/2013	Variations

Interest on bank deposits and equivalent	34	36	(3)
Total financial income	**34**	**36**	***(3)***
Interest on bank overdrafts and loans	(44)	(19)	(25)
Interest on debts for financial leasing	0	0	0
Foreign exchange losses	(0)	(1)	1
Total financial charges	***(44)***	***(20)***	***(24)***
Net financial income and (charges)	***(10)***	***16***	***(26)***

Financial earnings are made up of interest received from liquid assets in current bank accounts and capitalization insurance policies classified as liquid assets.
Financial expenses entirely refer to current account overdrafts.

11. Revaluations and depreciations

The revaluation of holdings valued with the net patrimony method only concern the associate company Sicom S.r.l. both in the first six months of 2014 (Euro 163 thousand) than in the first six months of 2013 (Euro 181 thousand). In the first half of 2013, between revaluations were also recorded Euro 99 thousand from the alienation of assets available for sale.

12. Income taxes

The taxes ascribable to first half of 2014 were estimated taking the results of the period and the norms in force into account and they represent the best possible estimate of the tax expenses ascribable to the period in question.

	30/06/2014	30/06/2013	Variations	%
Tax pre-payments	19	73	(54)	(74.4%)
Deferred taxes	(42)	(93)	51	(54.4%)
Current taxes	671	594	78	13.1%
Total income taxes	***647***	***573***	***74***	**12.9%**
Tax incidence on the gross pre-tax result	98.5%	143.2%		

The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised, for the three years 2013-2015, the option of Group taxation as stated in art. 117 of TUIR 917/1986, which concerns the determination of a global IRES income that corresponds to the algebraic sum of all net incomes of the companies in the group. The liquidation of the IRES tax due allows the Group the contextual use of any tax losses in the period and determines, at a group level, the amount of interests allowed that can be deducted fiscally in accordance with the reform that began during the 2008 financial period.
The tax incidence for the period on the gross pre-tax result amounted to 98%, while in the first six months of 2013, it was 143%. The impact of taxes on the result is connected to the tax undeductibility of costs, especially personnel costs for the regional tax on productive activities (IRAP) purposes, determining, for this tax, a tax base much higher than the result for the year, especially for companies to labor-intensive.

13. Earnings per share

The basic result per share is calculated by dividing the profit/loss of the period ascribable to the ordinary shareholders of the Head Company by the weighted average number of ordinary shares in circulation during the year. The number of ordinary shares in circulation does not change during the year of the period and no other types of share are admitted. There are no options, contracts or convertible financial instruments or equivalent that give their owners the right to acquire ordinary shares, therefore, the basic profit per share and the dissolved profit per share agree.

Earnings per share	*30/06/2014*	*30/06/2013*
Net profit (loss) from continuative activities attributable to ordinary shares (thousand of €)	(69)	(223)
Weighted average number of ordinary shares outstanding	8,980,000	8,980,000
Basic earnings per share (in €)	**(0.008)**	**(0.025)**

14. Property, plant and equipment

The caption "property, plant and equipment" is composed as follows:

	30/06/2014	*31/12/2013*	*Variations*	*%*
Land	1,527	1,527	0	-
Buildings	14,406	14,466	(61)	(0.4%)
Plant and equipment	956	1,032	(76)	(7.4%)
Other assets	422	420	2	0.5%
Total property, plant and equipment	***17,310***	***17,445***	***(134)***	**(0.8%)**

During the first half of 2014, the item "property, plant and equipment" varied as follows:

	Land and buildings	*Plant and machinery*	*Industrial and commercial equipment*	*Other tangible fixed assets*	*Total*
Purchase or production cost	9,140	4,187	33	5,060	18,420
First time adoption revaluation	8,439	-	-	-	8,439
Previous years depreciation and write-downs	(1,585)	(3,155)	(29)	(4,644)	(9,414)
Adjustments to previous years write-downs	-	-	-	-	-
Opening value	***15,993***	***1,032***	***4***	***416***	***17,445***
Variations in consolidation area	-	-	-	-	-
Purchases	-	2	-	90	92
Transfers	-	-	-	-	-
Reduction in accumulated depreciation due to disposals	-	-	-	20	20
Disposals	-	-	-	(20)	(20)
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(61)	(78)	(1)	(86)	(226)
Adjustments to write-downs for the period	-	-	-	-	-
Total tangible fixed assets	***15,932***	***956***	***3***	***419***	***17,310***

Land and buildings include property and land, accounted for separately, belonging to the Group.
There are no restrictions on the legal ownership and possession of assets, systems and machinery to guarantee liabilities. There are no contractual restrictions for buying assets, systems or machinery.
Some land and buildings have been revaluated at FTA at fair value as a substitute of cost and is calculated by an external expert, as indicated in the attached document on transition to the international accounting standards to the financial statement at 31st December 2005.
The purchasing of new tangible assets during the year half came to a total of Euro 92 thousand of which Euro 90

thousand were for “other tangible assets” and mainly included the purchasing of electronic machinery, managerial instruments characteristic of the Group’s activities. During the first half of 2014 property, installations and machinery were not subject to any value reductions that required registration in the balance.

15. Intangible fixed assets

The caption "intangible fixed assets" is composed as follows:

	30/06/2014	31/12/2013	Variations	%
Industrial patents and similar rights	12,421	12,227	194	1.6%
Licences, trademarks and similar rights	211	232	(20)	(8.8%)
Assets under development	7,659	8,192	(533)	(6.5%)
Total Intangible fixed assets	***20,291***	***20,650***	***(359)***	**(1.7%)**

In the half period, "Intangible fixed assets" varied as follows:

	Industrial patents and similar rights	Licences. trademarks and similar rights	Assets under development and payments on account	Other	Total
Purchase or production cost	31,568	3,959	8,192	27	43,746
Previous years revaluations	-	-	-	-	-
Previous years depreciation and write-downs	(19,341)	(3,728)	-	(27)	(23,096)
Adjustments to previous years write-downs	-	-	-	-	-
Opening value	***12,227***	***232***	***8,192***	***0***	***20,650***
Variations in consolidation area	-	-	-	-	-
Purchases	-	47	1,794	-	1,841
Transfers	2,327	-	(2,327)	-	-
Reduction in accumulated depreciation due to disposals	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(2,132)	(67)	-	-	(2,200)
Adjustments to write-downs for the period	-	-	-	-	-
Total intangible fixed assets	***12,421***	***211***	***7,659***	***0***	***20,291***

The voice “industrial patent rights and works of ingenuity” is almost entirely made up of software procedures developed by the CAD IT Group. The values are registered in credit to the directly sustained cost. mainly due to the use of internal resources as well as any possible additional accessory fees that may occur. In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product’s lifecycle, estimated at five years.
During the period, following the completion and start of projects, were enrolled Euro 2,327 thousand, previously recorded as intangible assets in progress. The amortizations of this voice in the first half of 2014 financial period came to Euro 2,132 thousand.
The caption “Licences, trademarks and similar rights” principally includes the licensed out software bought by third parties used by the Group for production activities.

The voice “assets under development” relates to investments in development of software procedures under construction both for sale and for in-company use. Most of these investments are aimed at new, advanced products, for which is expected the need of use, in many cases by law, by credit and financial institutions as well as in the field of public and industrial administration. These assets are recognized as assets based on the cost directly incurred, mainly relating to the use of internal resources.
The fundamental condition for their registration in patrimonial credit is that these costs concern clearly defined, distinguishable and measurable products or processes and that they relate to projects that are both technically feasible and economically recoverable through revenues that will result in the future by application of the project itself. During 2014 first half period, ongoing intangible assets increased by Euro 1,794 thousand due to costs capitalized by the parent company CAD IT and fell of 2,327 thousand euro due to the reclassification of part of ongoing assets under Industrial patents and similar rights.
These assets have undergone no reduction in value during the 2014 first half financial year that need to be registered in the balance.

16. Goodwill

The Group verifies the recovery of goodwill at least once a year or more often if there are indications of a value loss.
The goodwill acquired in an aggregation of companies is allocated, at the time of purchase, to the Cash Generating Unit (CGU) from which benefits connected to the aggregation are expected. In particular, with regard to the CGU of the Group, these are the controlled companies that represent the smallest identifiable group of activities that generate in-coming financial flows and which are largely independent of the in-coming financial flows from other activities or groups of activities. The accounting value of goodwill has been allocated to the CGU as follows at the date of First Time Adoption:

Company	*Accounting value of goodwill*
CAD S.r.l.	4,725
D.Q.S. S.r.l.	2,279
Elidata S.r.l.	617
Smart Line S.r.l.	443
Datafox	217
CeSBE S.r.l.	28
Total	**8,309**

The recoverable value of the CGU is verified by determining the value in use.
The evaluation of the CAD IT Group companies was made through a *Discounted Cash Flow* (DCF), the most common calculation method in financial markets. Operational cash flow forecasts are based on the most recent budget plans approved by the Board of Directors and relate to the period 2014-2016 which take into account the concrete company possibilities based on past data and on management forecasts. The financial flows that go over this period have been calculated with great care using a growth rate of nil. The putting into effect rate used is the weighted average of capital.
The main assumptions used by the Directors for discounting back prospective financial flows in order to make an analysis of the holding value are reported below:
the equation used for estimating the weighted average cost of capital is the following

$$k = k_b(1 - TC)\left(\frac{B}{V}\right) + k_p\left(\frac{P}{V}\right) + k_s\left(\frac{S}{V}\right)$$

where:
k_b = interest rate in case of debt
TC = marginal tax rate of the economic bodies being evaluated
B = market value of the debt of a company
V = total market value of a company
k_p = advisability cost of risk capital
P = market value of the privileged shares
k_s = advisability cost of own capital determined by the market
S = market value of the net capital.
The cost of capital was identified as k_s = 10.14%.
The permanent growth rate of the company being evaluated was chosen by taking it as 0% a year despite the CAGR of the income and profits of each being greater.
The value of the companies was determined as a summation of discounted back cash flows (Free Cash Flow), of the remaining value and the net financial position. In brief we can say:

Company value = ± net financial position + discounted cash flows + remaining value

Into mathematical terms, the value corresponds to the following formula:

$$NPV = \pm PFN + \sum_i^N FCF\,(1+k)^{-N} + \left(\frac{FCF_{N+1}}{k-g}\right)\left\{\frac{1}{[1+(k-g)]^N}\right\}$$

where:
NPV = company value (Net Present Value)
PFN = Net Financial Position
FCF = cash flow
k = cost of capital
N = explicit period
g = growth rate of the implicit period

17. Investments in associates

The only holding in Sicom S.r.l. was evaluated with the equity method. The reference values used for evaluating this holding with the equity method and the relative reference data on the patrimonial situation are shown in the following table.

Company name	Date of reference	Quotaholders' equity including profit for the period	Profit for the period	Percentage of investment	Investment value of the Group
Sicom S.r.l.	30/06/2014	1,384	653	25.00%	346
	31/12/2013	1,413	693	25.00%	353

18. Credits due to prepaid taxes

Credits due to prepaid taxes of Euro 758 thousand have been recorded as assets in the current and previous periods, as will be probably the realization of a taxable income for which they can be used. Credits for pre-paid IRES and IRAP taxes are mainly in reference to time differences (deductible over the next few financial periods) and past losses, tax-relevant, that the Group's companies made.

19. Inventories

Leftover stock entirely includes finished products and goods for Euro 54 thousand compared to Euro 62 thousand at 31/12/2013.

20. Trade receivables and other credits

Commercial credits and other credits are made up as follows:

	30/06/2014	31/12/2013	Variations	%
Credits to clients	31,128	32,375	(1,247)	(3.9%)
Credit depreciation fund	(170)	(167)	(3)	2.0%
Credits to associated companies	2	2	0	-
Accrued income and deferred expenses	1,148	235	913	388.7%
Other credits	152	323	(171)	(52.9%)
Total trade receivables and other credits	***32,260***	***32,768***	***(509)***	**(1.6%)**
% coverage credit depreciation fund	0.55%	0.51%		

Credits to clients are mainly in favour of banking, financial and insurance institutions and other group customers institutions; the accounting value of commercial credits and other credits is approximate to their *fair value*.
The high sum of credits towards clients is conditioned by the size of the value of the contracts, which is often considerable, as well as the contractual terms of payment which usually state that the Financial Statement of the amounts due are to be paid after the procedures supplied have been tested and the services have been completed. The Group evaluated the credits to the probable break-up value.
Regarding credits that are considered uncollectable, an allocation fund has been set up to the amount of Euro 170 thousand (Euro 167 thousand at 31 December 2013) which ensures a cover of 0.55% of the total amount of credits towards clients. This fund was determined on the basis of past data regarding losses on credits and is considered proportionate.
The item Accruals and deferred charges entirely refers to deferred charges made up of the following:

Nature	30/06/2014	31/12/2013
Software assistance	817	100
Expenses for leases and rentals	21	24
Telephone charges	48	27
Logistical and administrative services	46	5
Various insurances	79	13
Hardware assistance	55	20
Other various	82	45
Total prepaid expenses	***1,148***	***234***

The total sum of the voice on other credits is detailed in the table below:

Credits towards other	30/06/2014	31/12/2013	Variations	%
Receivables from social security institutions	0	21	(20)	(98.2%)
Receivables for advances on travel expenses	2	0	2	-
Payments on account to suppliers	137	290	(153)	(52.8%)
Other	12	12	(0)	(2.5%)
Guarantee deposits	1	1	0	-
Total credits towards other	***152***	***323***	***(171)***	**(52.9%)**

21. Tax credits

The entry of Euro 2,256 thousand (Euro 2,128 thousand at 31/12/2013) was made up of:

- down payments in direct taxes (IRES and IRAP) of the period;
- credit relating to the IRES reimbursement, according to Decree-Law 201/2011, deriving from not inferred IRAP relating staff costs and assimilated for periods 2007-2011 (Euro 1,092 thousand);
- credit relating to the reimbursement, according to Article 6 of Decree-Law 185/2009, deriving from IRAP deductibility at 10% for periods 2004-2007 (Euro 192 thousand)

22. Cash and other equivalent assets

	30/06/2014	31/12/2013	Variations	%
Bank and postal accounts	3,478	1,246	2,232	179.1%
Cash-on-hand and cheques	6	7	(1)	(18.2%)
Insurance policies capitalized	2,586	2,555	32	1.2%
Total Cash and other equivalent assets	***6,070***	***3,808***	***2,262***	**59.4%**

The bank and postal account deposits are made up of cash-on-hand in current bank accounts.
It is possible to redeem the capitalization insurance policy at any time with reimbursement made within 20 days with no particular significant expense. The returns are variable in relation to the annually calculated revaluation rate. The guaranteed minimum annual rate is 2.50%.

23. Company capital

The company capital, entirely registered, deposited and unchanged over the period, amounted to Euro 4,669,600. It was subdivided into 8,980,000 ordinary shares with a nominal value of Euro 0.52 each and all with equal rights.
The ordinary shares are registered and indivisible and each one gives the right to a vote at the ordinary and extraordinary shareholders' meetings, as well as to the faculty of carrying out other company and patrimonial rights in accordance with the law and the statute.
CAD IT S.p.A. or its controlled companies do not own CAD IT or their own shares, not even through trustee companies or third parties.

Group net patrimony

The Group net patrimony came to Euro 52,560 thousand compared to Euro 53,350 thousand at 31st December 2013.

Third party net patrimony

The item refers to the equity of the controlled companies that, on the basis of the 'Equity ratios', belongs to third parties. It was made up of:

Third party net patrimony	*30/06/2014*	*31/12/2013*
Minority quotaholders of Cesbe S.r.l.	1,165	1,281
Minority quotaholders of Datafox S.r.l.	80	80
Minority quotaholders of Tecsit S.r.l.	22	16
Minority quotaholders of Elidata S.r.l.	468	441
Minority quotaholders of Smart Line S.r.l.	359	360
Total third party net patrimony	**2,093**	**2,177**

24. Reserves

	30/06/2014	31/12/2013	Variations
Share premium reserve	35,246	35,246	0
Valuation reserve for fin. assets available for sale	0	0	0
Total Reserves	***35,246***	***35,246***	***0***

The item Reserves refers entirely to the share premium reserve.

25. Accumulated profit/losses

	30/06/2014	31/12/2013	Variations
Previous profits/(losses)	(974)	(892)	(82)
Legal reserve	934	934	0
First Time Adoption transition reserve	2,119	2,119	0
Consolidation reserve	(59)	641	(699)
Available reserve of undivided profits	10,925	10,828	97
Revaluation liabilities reserve for defined benefit	(232)	105	(338)
Period profits/(losses)	(69)	(300)	231
Total accumulated profits/(losses)	***12,644***	***13,434***	***(790)***

The FTA transition fund covers any differences that may have occurred when the international accounting standards were first adopted.
The available reserve of undivided profits increased due to the effect of allocation to reserve the profit for the year 2013.
Following the application of the amendment to IAS 19, has recorded the revaluation reserve liabilities for defined benefit plan which includes the actuarial differences recognized in the other comprehensive income.

26. Dividends paid

During the period no dividends were paid; on 29th April 2014 the CAD IT S.p.A. ordinary shareholders' meeting decided to allocate the entire profit for the year 2013, total amounting to Euro 97,488, to available reserve of undivided profits.

27. Liabilities due to deferred taxes

Deferred taxes amounted to Euro 2,914 thousand (Euro 2,957 thousand at 31st December 2013) and took into account the taxable time differences resulting from time differences of the accounting value of an asset or liability compared to its recognized value for tax purposes. In particular they mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods after verifying the taxability conditions of the major values registered for the activities or the reduction of the liability value.

28. Employees' leaving entitlement and quiescence reserves

	30/06/2014	31/12/2013	Variations	%
Employees' leaving entitlement (TFR)	7,690	6,853	837	12.2%
Fund for indemnity of end of term	63	55	8	13.7%
Total	***7,752***	***6,908***	***844***	**12.2%**

The point concerning the TFR Fund shows the movements resulting from annual allocations made on the basis of the evaluations of external actuaries and the uses carried out concerning end of working contract resolutions or advance payments.

Employees' leaving entitlement	30/06/2014	31/12/2013	30/06/2013
Opening balance	6,853	6,744	6,744
Service cost	68	131	65
Interest cost	107	217	107
Benefits paid	(128)	(200)	(103)
Actuarial (gains)/losses	789	(39)	(146)
Closing balance	***7,690***	***6,853***	***6,667***

In order to carry out the mathematical evaluation the database of each employee (salary, matured TFR net of any advance payments, age, sex, qualification, etc.) was given to the external actuaries by the companies' qualified offices. The hypothetical specifications on the employees in service regarding both their demographic evolution and their future economic characteristics were calculated on the basis of some past company series, on similar experience and on market figures as well as on the basis of some indications supplied by the companies themselves in terms of their experience and sensitivity to company events.
The following table shows the actuarial assumptions used to determine the present value of the obligation.

	30/06/2014	31/12/2013
ECONOMIC ASSUMPTIONS		
Annual discount rate	2.29%	3.17%
Annual inflation rate	2.00%	2.00%
Annual rate of increase in severance pay	3.00%	3.00%
Annual rate of salary increase	0.50%	0.50%
DEMOGRAPHIC DATA		
death	Mortality tables RG48 General Accounting Office	
disability	Tables INPS	
retirement	100% to the wagering requirements AGO	
TECHNICAL BASES TURNOVER AND ADVANCES		
Frequency Advances	1.00%	1.00%
Turnover frequency	2.50%	2.50%

The annual discount rate used to determine the obligation was determined by reference to the average yield curve of that comes from the index *iBOXX Eurozone Corporates AA* with a duration of 10+ years in the month of evaluation.
The average maturity (*duration*) of debt is 16.5 years.
The expected *service cost* for the period 01/07/2014-30/06/2015 is Euro 144 thousand.
The following table shows the sensitivity analysis for the main evaluation parameters and the estimated future disbursements.

Change in actuarial assumptions	Value of severance pay
Turnover rate +1%	7,591
Inflation rate +0.25%	7,806
Inflation rate -0.25%	7,454
Discount rate +0.25%	7,380
Discount rate -0.25%	7,888

Year	Estimated disbursement
2014	303
2015	284
2016	326
2017	299
2018	392

29. Expense funds and risks

The voice, of a total of Euro 395 thousand, refers to provisions registered in a special risk provision tax litigation, relative to an investigation based on the results of field studies, for the year 2006, of a subsidiary. The investigation was challenged because it was considered illegal and unfounded by directors and professionals in charge of the defense and is still in dispute. The appellate ruling unfavorable to the applicant's claims, was filed in June 2014 and will be subject to an appeal to the Supreme Court. In the course of the proceedings, the Revenue Agency proceeded to entry in the tax rolls of additional taxes and penalties, which the company has prudently paid in the month of July 2014.

The directors of the subsidiary, taking into account the views expressed by the professionals in charge of the defense, despite the uncertainties related to any litigation, are confident on the acceptance of the company's reasons by the Supreme Court.

30. Commercial debts

The entire point amount to Euro 6,904 thousand and is as follows:

Commercial debts	30/06/2014	31/12/2013	Variations	%
Debts towards associated companies	388	105	282	267.7%
Debts towards suppliers	3,936	3,781	155	4.1%
Payments on account received	1	1	0	-
Accrued expenses and deferred income	2,579	586	1,993	340.2%
Total Commercial debts	**6,904**	**4,473**	**2,431**	**54.3%**

Debts towards suppliers are referred to as current debts for supplies of goods and services received, including those regarding investments in fixed assets.

The entry “Accrued expenses and deferred income” refers almost entirely to deferred income that was already invoiced regarding annual ordinary maintenance contracts on user licences and mainly pertaining to 2014 second half period.

31. Tax debts

The taxation debt point amounts to Euro 3,348 thousand regards debts that the companies of the Group included in the consolidation area have incurred with the inland revenue. This registration is made up of income tax debts. value added tax and to activities of tax substitution made by the various companies regarding their respective employees and collaborators.

32. Short-term financing

The voice on 30th June 2014 of Euro 4,064 thousand is made up of short-term financing provided by banks and bank overdrafts.

33. Other debts

Details of other debts are as shown:

	30/06/2014	31/12/2013	Variations	%
Social security charges payable	2,604	2,666	(62)	(2.3%)
Towards directors	122	103	19	18.7%
Dividends to be distributed to shareholders (third parties)	118	196	(78)	(39.9%)
Towards staff for deferred salaries and pay	4,963	3,816	1,147	30.1%
Other	51	54	(3)	(5.1%)
Total	***7,858***	***6,835***	***1,023***	**15.0%**

Debts towards welfare institutions included matured contributory debts on current monthly salaries as well as the quota for deferred salaries and for holidays to enjoy.
Staff debts refer to the current salaries for June 2014 and to accruals for deferred salaries that matured at the same date.

Debt towards staff for wages and deferred pay	30/06/2014	31/12/2013	Variations	%
For wages and expense accounts	2,212	1,196	1,016	85.0%
For production incentives	20	20	0	-
For holidays	1,865	1,766	99	5.6%
For thirteenth month (year-end bonus)	866	0	866	-
For fourteenth month (summer bonus)	0	834	(834)	(100.0%)
Total	***4,963***	***3,816***	***1,147***	***30.1%***

34. Consolidated net financial position

Is positive the consolidated net financial position as at 30 June 2014. In particular, the net short-term financial position, an increase of Euro 4,580 thousand compared to December 31, 2013 (indebtedness for Euro 2,575 thousand), coincides with the net financial position by the absence of long-term loans and is positive for Euro 2,006 thousand.
Immediate availability on current accounts and in hand came to Euro 3,484 thousand. Capitalization insurance policies of Euro 2,586 thousand were contractually available within 20 days of request with no significant collection costs.
Short-term debts towards banks were made up of current account overdrafts and advances subject to final payment.

Net consolidated financial position	30/06/2014	31/12/2013	Variations	%
Cash-on-hand and at bank	3,484	1,253	2,230	178.0%
Capitalization insurance policies	2,586	2,555	32	1.2%
Payables due to banks current portion	(4,064)	(6,382)	2,318	(36.3%)
Net short-term financial position/(indebtedness)	**2,006**	**(2,575)**	***4,580***	***(177.9%)***
Long-term loans	(0)	(0)	0	-
Net long-term financial position/(indebtedness)	**(0)**	**(0)**	***0***	**-**
Net financial position/(indebtedness)	***2,006***	***(2,575)***	***4,580***	***(177.9%)***

The net financial position balance sheet agrees with the balance sheets; it is hereby reported that: cash in bank accounts and capitalisation insurance policies are registered in the patrimonial status as "Cash and other equivalent assets"; short-term financial debts are registered as "Payables due to banks current portion"; long-term financing is registered in the patrimonial status as "Long-term loans".
As shown in the financial report, increasing in financial assets was determined by the following management:

- the operational management activities generated a positive cash flow of Euro 6,444 thousand (compared to Euro 3,359 thousand in the first half of 2013) due to self-financing (net profit plus depreciation and amortization), net of non-cash items;
- investing activities absorbed Euro 1,769 thousand (compared to Euro 1,623 thousand in the first half of 2013) for investments in intangible assets (Euro 1,841 thousand), tangible assets (Euro 92 thousand) and holding companies (Euro 41 thousand), partly offset by interests and dividends received (Euro 34 and 170 thousand respectively);
- financing activities absorbed Euro 95 thousand (compared to Euro 2,804 thousand in the first half of 2013), due to the payment of dividends.

Net short-term financial availability	*30/06/2014*	*31/12/2013*	*Variations*	*%*
Bank and postal accounts	3,478	1,246	2,232	179.1%
Cheques and Cash on hand	6	7	(1)	(18.2%)
Insurance policies capitalised	2,586	2,555	32	1.2%
Debts towards banks (overdrawn accounts, advances subject to collection etc.)	(4,064)	(6,382)	2,318	(36.3%)
Net short-term financial availability	**2,006**	**(2,575)**	***4,580***	***-177.9%***

35. Related parties transactions

Relations between the Group's companies are administered on the basis of contractual relations drawn up by the respective administrative organs bearing in mind the quality of the assets and services involved and the competitive conditions of the market, adapting the interests of the Group.
The summary of income and costs despite the credit and debit position at 30th June 2014 between the Group's subsidiaries is shown in the specific paragraph on management intermediary report.
The following table shows the incidence of transactions with related parties on the respective balance entry:

Transaction incidence with related parties at 30/06/2014	Total	Related Parties	
		Absolute value	% onTot.
A) Entries in the Profit and Loss account			
Income from sales and services	25,778	3	0.0%
Service costs	(5,059)	(505)	10.0%
Labour costs	(17,751)	(338)	1.9%
Other administrative expenses	(994)	(564)	56.8%
B) Entries in the Patrimonial situation			
Commercial credits and other credits	32,260	3	0.0%
TFR and pension funds	7,752	183	2.4%
Commercial debts	6,904	151	2.2%
Other debts	7,858	273	3.5%
C) Financial flows			
Cashed dividends	170	170	100.0%

Returns with related parties regarded the supply of services carried out for the subsidiary Sicom S.r.l. (Euro 1.5 thousand) and for other related parties for the residual.

The cost of services in respect of related parties include the services provided by the company Sicom to the parent (350 thousand euro), the fees paid to the Statutory Auditors of CAD IT (34 thousand euro), the rents property owned by a partner (14 thousand euro) and those related to translation services and language training services supplied by a company in which a director of CAD IT is a shareholder (107 thousand euro).

Labour costs for related parties include the remunerations (including contributions to be paid by the company and matured accruals for deferred pay) of CAD IT or its subsidiaries employees who are related to, or have an affinity with, CAD IT directors and those managers with strategic responsibilities.

Other administrative expenses relating to related parties regard directorship fees received by CAD IT directors for the position of director in Group companies (Euro 483 thousand) as well as to the directors of other companies in the Group who are related to, or have an affinity with them (Euro 81 thousand).

Debts to related parties were mainly made up of commercial debts, for services (Euro 151 thousand), debts towards employees and directors for remunerations and remuneration accruals (Euro 273 thousand) and severance pay (Euro 183 thousand).

No other relations of an economic-patrimonial nature of any significant substance with related parties have been undertaken.

The tables below show the incidence of relations with related parties at 30/06/2013 and at 31/12/2013.

Transaction incidence with related parties at 30/06/2013	Total	Related Parties	
		Absolute value	% onTot.
A) Entries in the Profit and Loss account			
Income from sales and services	23,818	148	0.6%
Service costs	(4,162)	(197)	4.7%
Labour costs	(17,675)	(287)	1.6%
Other administrative expenses	(1,026)	(569)	55.5%
B) Entries in the Patrimonial situation			
Commercial credits and other credits	30,993	47	0.2%
TFR and pension funds	6,714	150	2.2%
Commercial debts	6,267	148	2.4%
Other debts	8,689	228	2.6%
C) Financial flows			
Cashed dividends	163	163	100.0%

Transaction incidence with related parties at 31/12/2013	Total	Related Parties	
		Absolute value	% onTot.
A) Entries in the Profit and Loss account			
Income from sales and services	48,286	277	0.6%
Service costs	(9,559)	(365)	3.8%
Labour costs	(34,502)	(701)	2.0%
Other administrative expenses	(2,022)	(1,122)	55.5%
B) Entries in the Patrimonial situation			
Commercial credits and other credits	32,768	2	0.0%
TFR and pension funds	6,720	173	2.6%
Commercial debts	4,473	215	4.8%

Other debts	6,835	221	3.2%
C) Financial flows			
Cashed dividends	163	163	100.0%

36. Significant events since 30th June 2014

No events have occurred that could noticeably effect the economic, patrimonial and financial situation of the company.

37. Other information

There have been no transactions or any non recurrent significant events, as defined in the Consob DEM/6064293 communication, in the present financial period or the previous one.

CAD IT and the Group's companies have not drawn up any contracts containing clauses that depend on continual financial funding (covenant) nor any agreements where a subject – to whom a loan has been granted – must behave accordingly (negative pledge).

In accordance with Consob Notification no. DEM/11070007 of 5th August 2011 (which in turn refers to document ESMA no. 2011/266 of 28th July 2011) on the information to be supplied in financial reports concerning sovereign debt statements kept by listed companies, it is hereby declared that the Group does not hold any bonds or loans issued by central or local governments or governmental bodies.

The present half yearly financial report was approved by the CAD IT S.p.A. Board of Directors on 27/08/2014.

ATTESTATION IN RESPECT OF THE HALF YEAR CONDENSED FINANCIAL STATEMENTS UNDER ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14TH MAY 1999 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS

1. The undersigned, Giuseppe Dal Cortivo, Chairman of the CAD IT S.p.A. Board of Directors, and Daniele Mozzo, the executive officer responsible for drafting the CAD IT S.p.A. company accounting documents, hereby declare, bearing in mind the content of art. 154-bis, paragraphs 3 and 4 of legislative decree no. 58 of 24th February 1998 in terms of:

- the adequacy in relation to the characteristics of the company and
- the effective application,

of the administrative and accounting procedures for drafting the half year condensed statements during the first six months of 2014.

2. Furthermore, it is hereby declared that the CAD IT S.p.A half year condensed statements:

- has been drafted in accordance with the International accounting standards (IFRS) – adopted by the European Union - in conformity with EC regulation no. 1606/2002 of the European Parliament and Council of 19th July 2002, and in particular with IAS 34 – *Intermediary Period Balances;*
- corresponds to the results in the company books and accounting documents;
- gives a true and correct representation of the patrimonial, economic and financial situation of the company and the group of companies included in the consolidation.

3. The interim management report includes reliable analysis of the reference to the important events affecting the Company during the first six month of the current fiscal year, including the impact of such events on the Company's condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year. The interim management report also contains a reliable analysis of information on any significant operations with correlated parties.

Verona, 27 August 2014

/s/ Giuseppe Dal Cortivo
Chairman
of the Board of Directors

/s/ Daniele Mozzo
Executive officer responsible
for drafting the company's
financial statements

FINANCIAL STATEMENTS OF CAD IT S.P.A.

Income Statement

	First Half 2014		*First Half 2013*	
	Total	of which related parties	***Total***	of which related parties
Income from sales and services	25,295	*903*	23,159	*975*
Asset increases due to internal work	1,960		2,167	
Other revenue and receipts	152	*26*	20	
Purchase costs	(173)		(178)	
Service costs	(13,446)	*(9,556)*	(12,483)	*(9,303)*
Other operational costs	(175)		(175)	
Labour costs	(10,259)	*(338)*	(9,949)	*(221)*
Other administrative expenses	(441)	*(564)*	(455)	*(326)*
Allocation to fund and credit depreciation	0		0	
Intangible fixed asset amortization	(2,381)		(2,110)	
Tangible fixed asset amortization	(202)		(217)	
Financial income	362		365	
Financial expenses	(37)		(12)	
Revaluations and depreciations	0		99	
Pre-tax result	**655**		**230**	
Income taxes	(337)		(279)	
Profit (loss) for the period	**318**		**(50)**	
Weighted average number of ordinary shares outstanding	8,980,000		8,980,000	
Basic earnings per share (in €)	0.035		(0.006)	

Statement of comprehensive income

	First Half 2014	*First Half 2013*
Profit (loss) for the period	**318**	**(50)**
Other comprehensive income that will not be reclassified subsequently to profit or loss		
Actuarial gains/(losses) on defined benefit liabilities	(338)	63
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	-	(103)
Total Comprehensive income (loss)	**(20)**	**(90)**

Statement of financial position

ASSETS	30/06/2014 Total	30/06/2014 of which related parties	31/12/2013 Total	31/12/2013 of which related parties
A) Non-Current Assets				
Property, plant and equipment	16,874		17,017	
Intangible assets	22,373		22,770	
Goodwill	-		-	
Investments	15,127		15,127	
Other financial assets available for sale	-		-	
Other non-current credits	14		14	
Credits due to deferred taxes	26		26	
TOTAL NON-CURRENT ASSETS	**54,414**		**54,954**	
B) Current Assets				
Inventories	8		10	
Trade receivables and other credits	34,300	*4,140*	33,499	*3,265*
Tax credits	1,930		1,887	
Cash on hand and other equivalent assets	5,382		3,622	
TOTAL CURRENT ASSETS	**41,621**		**39,018**	
TOTAL ASSETS	**96,035**		**93,972**	
EQUITY AND LIABILITIES				
A) Equity				
Company capital	4,670		4,670	
Reserves	35,246		35,246	
Accumulated profits/losses	14,649		14,669	
TOTAL EQUITY	**54,565**		**54,585**	
B) Non-current liabilities				
Financing	-		-	
Deferred tax liabilities	2,778		2,816	
Employee benefits and quiescence provisions	3,653	*172*	3,239	*162*
Expense and risk provisions	-		-	
TOTAL NON-CURRENT LIABILITIES	**6,431**		**6,054**	
C) Current liabilities				
Trade payables	24,041	*18,346*	21,202	*17,412*
Current tax payables	2,433		2,501	
Short-term financing	3,940		5,751	
Other liabilities	4,624	*247*	3,880	*198*
TOTAL CURRENT LIABILITIES	**35,039**		**33,333**	
TOTAL LIABILITIES AND EQUITY	**96,035**		**93,972**	

Statement of changes in equity

	Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Total Equity
at 31/12/2013	**4,670**	**35,246**	**14,571**	**97**	**54,585**
Allocation of the period result to reserves	-	-	97	(97)	-
Dividend distribution	-	-	-	-	-
Total comprehensive Profit/(loss)	-	-	(338)	318	(20)
at 30 June 2014	**4,670**	**35,246**	**14,331**	**318**	**54,565**

	Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Total Equity
at 01/01/2013	**4,670**	**35,349**	**14,344**	**2,898**	**57,262**
Allocation of the period result to reserves			2,898	(2,898)	
Dividend distribution			(2,694)		(2,694)
Total comprehensive Profit/(loss)		(103)	63	(50)	(90)
at 30 June 2013	**4,670**	**35,246**	**14,611**	**(50)**	**54,478**

Cash Flow Statement

	First Half 2014	First Half 2013
A) OPERATING ACTIVITIES		
Profit (loss) for the period	318	(50)
Amortisation, revaluation and depreciation:		
- Property, plant and equipment amortisation	202	217
- Intangible fixed asset amortisation	2,381	2,110
- revaluation of investments and financial assets available for sale	0	(99)
Allocations (utilization) of provisions	76	(5)
Financial performance:		
- Net financial receipts (charges)	(325)	(353)
- Profit / (loss) on foreign exchange	0	(1)
Working capital variations	2,593	1,402
Income taxes paid	44	(774)
Interest paid	(37)	(11)
(A) - Cash flows from (used in) operating activities	**5,252**	**2,437**
B) INVESTMENT ACTIVITIES		
Investments in activities		
- purchase of property, plant and equipment	(60)	(92)
- purchase of intangible assets	(1,984)	(2,172)
- increase in other fixed assets		(4)
Disinvestment activities		
- transfers of property, plant and equipment	0	0
- transfers of assets available for sale	0	239
- decrease in other fixed assets	0	1
Cashed Interest	37	41
Cashed dividends	326	324
(B) - Cash flows from (used in) investment activities	**(1,681)**	**(1,662)**
C) FINANCING ACTIVITIES		
Medium/long term financing repayment	0	0
Dividends paid	0	(2,694)
(C) - Cash flows from (used in) financing activities	**0**	**(2,694)**
(A+B+C) - Total cash and other equivalent assets flows	3,571	(1,920)
Opening cash balances and equivalents	**(2,129)**	**4,079**
Closing cash balances and equivalents	**1,442**	**2,159**

Net financial position

Net financial position	30/06/2014	31/12/2013
Cash-on-hand and at bank	2,796	1,067
Capitalization insurance policies	2,586	2,555
Payables due to banks current portion	(3,940)	(5,751)
Net short-term financial position/(indebtedness)	**1,442**	**(2,129)**
Long-term loans	-	-
Net long-term financial position/(indebtedness)	**-**	**-**
Net financial position/(indebtedness)	***1,442***	**(2,129)**

Relationships with subsidiaries

Being the parent company, CAD IT carries out commercial and financial transactions with subsidiaries at normal conditions of market.
The table below gives a summary of the transactions with subsidiaries carried out in the period:

Company	Costs	Turnover	Financial expenses	Financial income	Receivable	Payable
CAD S.r.l.	5,133	549	-	-	2,810	10,554
CeSBE S.r.l.	1,610	254	2	-	532	4,623
DQS S.r.l.	913	15	-	3	245	728
Smart Line S.r.l.	776	63	-	-	406	1,572
Elidata S.r.l.	568	39	-	-	133	652
Datafox S.r.l.	50	6	-	-	11	78
Tecsit S.r.l.	-	1	-	-	2	-
Total	**9,051**	**926**	**2**	**3**	**4,137**	**18,206**

***

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 Consolidated Law on Finance (Leg. Dec. 58/1998), that the accounting information in “Financial Statements of CAD IT SpA” at 30th June 2014 corresponds to the documentary results, books and accounting registers.

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Auditors' review report on the half-year condensed consolidated financial statements for the six month period ended June 30, 2014

(This report has been translated into the English language solely for the convenience of international readers)

To the Stockholders of
CAD IT S.p.A.

1. We have reviewed the half-year condensed consolidated financial statements, consisting of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows and related explanatory notes as of June 30, 2014 of CAD IT S.p.A. and its subsidiaries (the "CAD IT Group"). These half-year condensed consolidated financial statements, prepared in conformity with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union, are the responsibility of CAD IT S.p.A.'s Directors. Our responsibility is to issue a report on these half-year condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the auditing standards recommended by the Italian Regulatory for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the half-year condensed consolidated financial statements, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive verification procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-year condensed consolidated financial statements.

   With regard to the comparative figures related to the year ended December 31, 2013 and to the six-month period ended June 30, 2013, presented in the half-year condensed consolidated financial statements as of June 30, 2014, reference should be made to our auditors' report dated March 21, 2014 and our auditors' review report dated August 28, 2013.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of CAD IT Group as of June 30, 2014 are not presented fairly, in all material respects, in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union.

Verona, August 28, 2014

BDO S.p.A.

Signed by: Alfonso Iorio

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