

**(Translation from the Italian original which remains the definitive version)**

***CAD iT Group***

***Quarterly figures and related information***

***as at and for the period ended 30 June 2002***

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## CORPORATE BODIES

### BOARD OF DIRECTORS

<sup>1</sup> GIUSEPPE DAL CORTIVO  
*Chairman and managing director*

<sup>1</sup> LUIGI ZANELLA  
*Managing director*

<sup>1</sup> GIAMPIETRO MAGNANI  
*Managing director*

<sup>1</sup> MAURIZIO RIZZOLI  
*Managing director*

<sup>3</sup> PAOLO DAL CORTIVO

<sup>2</sup> GIOVANNI COSTA

<sup>2</sup> WOLFGANG KOENIG

<sup>2</sup> JOZE GRIČAR

### STATUTORY AUDITORS

<sup>1</sup> SONIA MAZZI  
*Chairman*

<sup>1</sup> GIUSEPPE CEREGHINI  
*Statutory auditor*

<sup>1</sup> GIANNICOLA CUSUMANO  
*Statutory auditor*

<sup>1</sup> CESARE BRENA  
*Alternate auditor*

<sup>1</sup> PAOLO DEBORTOLI  
*Alternate auditor*

### AUDITORS KPMG S.p.A.

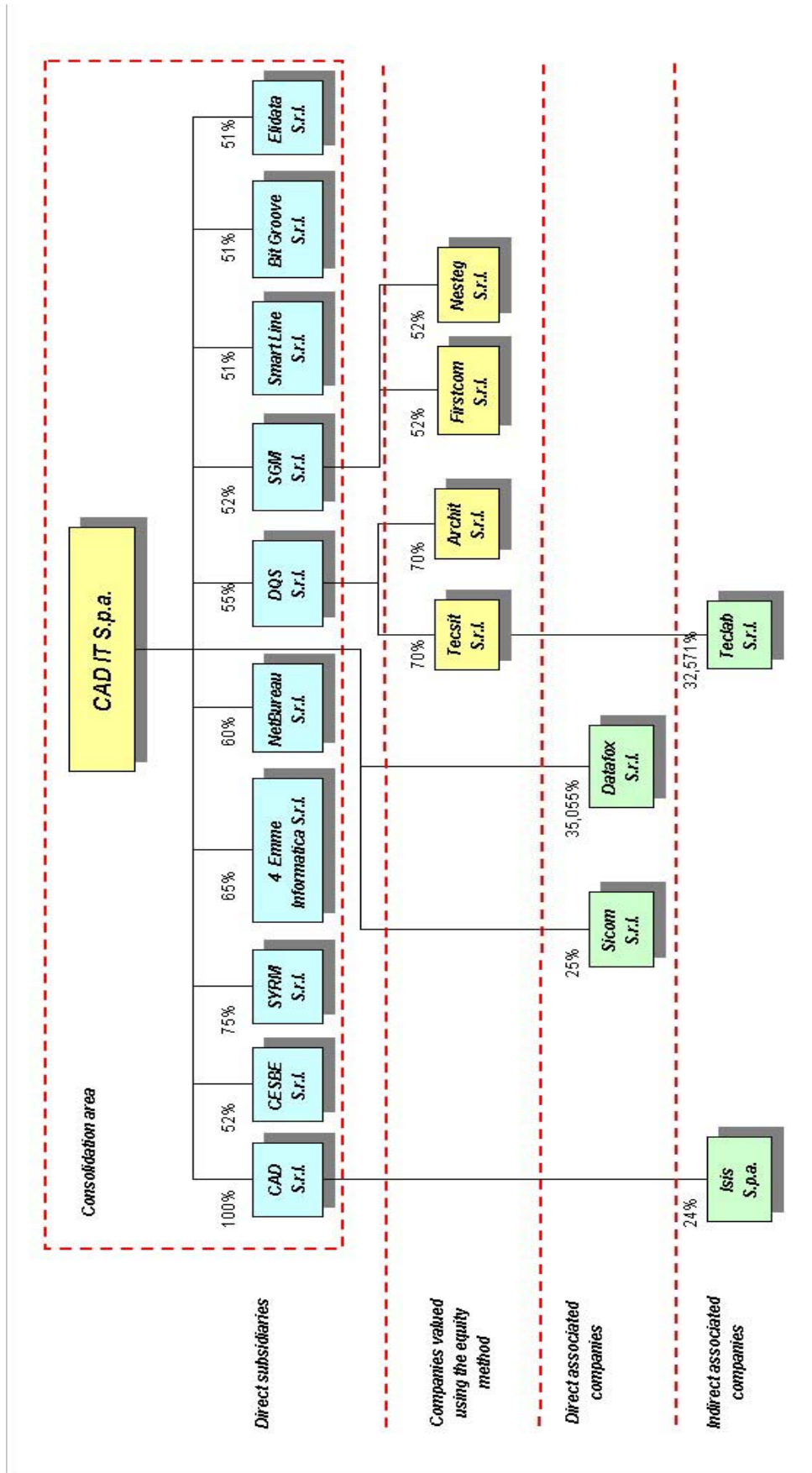
<sup>(2)</sup> Appointed on 23 February 2000; office expires on 22 February 2003.

<sup>(2)</sup> Appointed on 22 August 2000; office expires on 22 February 2003.

<sup>(3)</sup> Appointed on 30 April 2001; office expires on 22 February 2003.

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 14 of the company by-laws. The principal duties assigned to the board of directors by the company by-laws are: the examination and approval of the strategic, industrial and financial plans of the company, the appointment of the general managers, 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, exchange or transfer of the whole company or of business lines. Furthermore, the board of directors is authorised to take on any kind of obligations amounting to more than € 4 million, and to stand surety by way of collateral or personal or other guarantees of any amount, if issued on behalf of third parties other than the parent company or its subsidiaries.

The managing directors are authorised to perform all ordinary administrative duties and also to acquire or sell registered moveable assets.



## Summary schedules

### Consolidated profit and loss account for the period ended 30 June 2002

Euro

	<i>Second quarter</i> <i>01/04-30/06/2002</i>		<i>Second quarter</i> <i>01/04-30/06/2001</i>		<i>1st half year</i> <i>01/01-30/06/2002</i>		<i>1st half year</i> <i>01/01-30/06/2001</i>	
Turnover - goods and services	15,674,558	99.75%	16,221,501	100.81%	29,944,917	99.65%	29,239,877	100.19%
Variation in contract work in progress	(6,875)	(0.04%)	(169,442)	(1.05%)	10,000	0.03%	(169,442)	(0.58%)
Other revenues and income	45,467	0.29%	39,789	0.25%	94,506	0.31%	113,040	0.39%
<b>Production revenues</b>	<b>15,713,150</b>	<b>100.00%</b>	<b>16,091,848</b>	<b>100.00%</b>	<b>30,049,423</b>	<b>100.00%</b>	<b>29,183,475</b>	<b>100.00%</b>
Raw materials, consumables and supplies	(333,861)	(2.12%)	(468,171)	(2.91%)	(758,179)	(2.52%)	(788,063)	(2.70%)
Services	(3,432,644)	(21.85%)	(3,074,619)	(19.11%)	(6,560,416)	(21.83%)	(6,137,040)	(21.03%)
Other operating costs	(374,871)	(2.39%)	(178,799)	(1.11%)	(708,238)	(2.36%)	(383,831)	(1.32%)
<b>Added value</b>	<b>11,571,774</b>	<b>73.64%</b>	<b>12,370,259</b>	<b>76.87%</b>	<b>22,022,591</b>	<b>73.29%</b>	<b>21,874,541</b>	<b>74.96%</b>
Personnel expenses	(7,326,787)	(46.63%)	(6,581,555)	(40.90%)	(14,363,873)	(47.80%)	(11,706,549)	(40.11%)
Other administrative expenses	(629,260)	(4.00%)	(976,149)	(6.07%)	(1,315,143)	(4.38%)	(1,344,078)	(4.61%)
<b>Gross operating result (EBITDA)</b>	<b>3,615,726</b>	<b>23.01%</b>	<b>4,812,554</b>	<b>29.91%</b>	<b>6,343,575</b>	<b>21.11%</b>	<b>8,823,915</b>	<b>30.24%</b>
Charge to provision for bad debts Amounts receivable	(32,089)	(0.20%)	(33,237)	(0.21%)	(65,300)	(0.22%)	(67,156)	(0.23%)
Amortisation and depreciation								
- Amortisation of intangible fixed assets	(693,680)	(4.41%)	(633,328)	(3.94%)	(1,294,066)	(4.31%)	(1,082,435)	(3.71%)
- Depreciation of tangible fixed assets	(205,732)	(1.31%)	(159,014)	(0.99%)	(408,202)	(1.36%)	(280,839)	(0.96%)
Other provisions	(516)	(0.00%)	0	0.00%	(516)	(0.00%)	0	0.00%
<b>Operating result (EBIT)</b>	<b>2,683,709</b>	<b>17.08%</b>	<b>3,986,977</b>	<b>24.78%</b>	<b>4,575,492</b>	<b>15.23%</b>	<b>7,393,485</b>	<b>25.33%</b>
Financial income and charges, net	440,742	2.80%	732,277	4.55%	786,576	2.62%	1,409,587	4.83%
<b>Result from operating activities</b>	<b>3,124,451</b>	<b>19.88%</b>	<b>4,719,253</b>	<b>29.33%</b>	<b>5,362,068</b>	<b>17.84%</b>	<b>8,803,073</b>	<b>30.16%</b>
Revaluations and write-downs	23,585	0.15%	(111,343)	(0.69%)	61,231	0.20%	26,646	0.09%
Extraordinary income and expense, net	361,041	2.30%	(123,157)	(0.77%)	363,100	1.21%	(138,678)	(0.48%)
<b>Profit before taxation and minority interests</b>	<b>3,509,077</b>	<b>22.33%</b>	<b>4,484,754</b>	<b>27.87%</b>	<b>5,786,399</b>	<b>19.26%</b>	<b>8,691,041</b>	<b>29.78%</b>
<b>Profit/(loss) of minority interests before taxation</b>	<b>(633,581)</b>	<b>(4.03%)</b>	<b>(525,543)</b>	<b>(3.27%)</b>	<b>(1,057,404)</b>	<b>(3.52%)</b>	<b>(830,000)</b>	<b>(2.84%)</b>
<b>Profit/(loss) of the group before taxation</b>	<b>2,875,496</b>	<b>18.30%</b>	<b>3,959,211</b>	<b>24.60%</b>	<b>4,728,995</b>	<b>15.74%</b>	<b>7,861,041</b>	<b>26.94%</b>

### Consolidated turnover - goods and services at 30 June 2002

	Second quarter 01/04 - 30/06/2002		Second quarter 01/04 - 30/06/2001		1st half year 01/01 - 30/06/2002		1st half year 01/01 - 30/06/2001	
		%		%		%	Euro	%
B.O. financial instruments	11,217,874	71.6%	11,300,632	69.7%	21,760,737	72.7%	20,235,298	69.2%
Banking services software	2,084,246	13.3%	1,305,603	8.0%	3,343,535	11.2%	2,687,125	9.2%
Integrated IT systems	497,471	3.2%	412,133	2.5%	830,779	2.8%	505,095	1.7%
Training, consultancy, organisation	307,418	2.0%	866,098	5.3%	499,948	1.7%	1,772,480	6.1%
New technologies	474,666	3.0%	688,954	4.2%	1,215,381	4.1%	1,338,656	4.6%
<b>Total banks division</b>	<b>14,581,675</b>	<b>93.0%</b>	<b>14,573,419</b>	<b>89.8%</b>	<b>27,650,380</b>	<b>92.3%</b>	<b>26,538,654</b>	<b>90.8%</b>
Industrial hardware, software	987,968	6.3%	1,224,070	7.5%	2,001,010	6.7%	2,277,212	7.8%
Consulting, training and industrial services	104,914	0.7%	424,011	2.6%	293,527	1.0%	424,011	1.5%
<b>Total industry division</b>	<b>1,092,882</b>	<b>7.0%</b>	<b>1,648,082</b>	<b>10.2%</b>	<b>2,294,537</b>	<b>7.7%</b>	<b>2,701,224</b>	<b>9.2%</b>
<b>Total turnover - goods and services</b>	<b>15,674,557</b>	<b>100.0%</b>	<b>16,221,501</b>	<b>100.0%</b>	<b>29,944,917</b>	<b>100.0%</b>	<b>29,239,878</b>	<b>100.0%</b>

### Net consolidated financial position at 30 June 2002

	Euro		
	at 30.06.2002	at 31.03.2002	at 31.12.2001
Cash, bank current accounts	31,298,758	39,097,654	38,470,170
Financial assets not of a fixed nature	5,160,795	2,801,643	2,662,226
Sums due to banks net of short term portion of medium to long term financing	(1,018,576)	(490,988)	(46,946)
<b>Net short term financial position (indebtedness)</b>	<b>35,440,976</b>	<b>41,408,310</b>	<b>41,085,449</b>
Medium to long term financing net of short term portion	(15,494)	0	0
<b>Net medium to long term financial position (indebtedness)</b>	<b>(15,494)</b>	<b>0</b>	<b>0</b>
<b>Net financial position / (indebtedness)</b>	<b>35,425,482</b>	<b>41,408,310</b>	<b>41,085,449</b>

### Investments in intangible fixed assets at 30 June 2002

(Euro)

<i>Intangible fixed assets</i>	<i>Start up and capital costs</i>	<i>Industrial patents and similar rights</i>	<i>Licenses, trademarks and similar rights</i>	<i>Goodwill</i>	<i>Goodwill arising on consolidation</i>	<i>Other</i>	<i>Total</i>
Purchase or production cost	4,417,008	0	1,397,087	32,537	11,131,501	681,207	17,659,340
Previous year amortisation and write-downs	(1,777,013)	0	(1,010,147)	(9,761)	(1,637,303)	(258,995)	(4,693,219)
Adjustments to previous years write-downs	0	0	0	0	0	0	0
<b>Opening value</b>	<b>2,639,995</b>	<b>0</b>	<b>386,940</b>	<b>22,776</b>	<b>9,494,198</b>	<b>422,212</b>	<b>12,966,121</b>
Variation in consolidation area	8,355	38,479	2,889	0	0	4,102	53,825
Purchases	0	0	88,344	0	987,161	566,505	1,642,009
Transfers	0	0	1,760	0	0	0	1,760
Reduction in amortisation due to disposals/transfers	0	0	(1,760)	0	0	0	(1,760)
Disposals	0	0	0	0	0	0	0
Revaluations for the year	0	0	0	0	0	0	0
Amortisation and write-downs for the year	(441,594)	(11,816)	(124,937)	(1,627)	(605,933)	(108,158)	(1,294,066)
Adjustments to write-downs for the year	0	0	0	0	0	0	0
<b>Total intangible fixed assets</b>	<b>2,206,756</b>	<b>26,663</b>	<b>353,235</b>	<b>21,149</b>	<b>9,875,425</b>	<b>884,661</b>	<b>13,367,889</b>

### Investments in tangible fixed assets at 30 June 2002

(Euro)

<i>Tangible fixed assets</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Other tangible fixed assets</i>	<i>Assets under construction</i>	<i>Total</i>
Purchase or production cost	318,801	363,779	0	3,671,491	7,608,187	11,962,258
Previous years revaluations	0	0	0	(115,378)	0	(115,378)
Previous year depreciation and write-downs	(199,250)	(244,271)	0	(2,237,266)	0	(2,680,786)
Adjustments to previous years write-downs	0	0	0	(1,711)	0	(1,711)
<b>Opening value</b>	<b>119,550</b>	<b>119,509</b>	<b>0</b>	<b>1,317,136</b>	<b>7,608,187</b>	<b>9,164,382</b>
Variation in consolidation area	0	1,447	0	44,361	0	45,808
Purchases	0	7,024	637	386,636	2,175,866	2,570,163
Transfers	0	18,439	77	(20,277)	0	(1,760)
Reduction in depreciation due to disposals/transfers	0	(10,093)	0	98,545	0	88,453
Disposals	0	0	0	(93,332)	0	(93,332)
Revaluations for the year	0	0	0	0	0	0
Depreciation and write-downs for the year	(4,782)	(28,397)	(206)	(374,815)	0	(408,201)
Adjustments to write-downs for the year	0	0	0	0	0	0
<b>Total tangible fixed assets</b>	<b>114,768</b>	<b>107,929</b>	<b>508</b>	<b>1,358,3255</b>	<b>9,784,052</b>	<b>11,365,513</b>



### Investments in financial fixed assets at 30 June 2002

(Euro)						
<i>Financial fixed assets</i>	<i>Investments</i>	<i>Amounts receivable</i>	<i>Securities</i>	<i>Own shares</i>	<i>Consolidation adjustments</i>	<i>Total</i>
Purchase cost	19,074,652	67,251	0	0	(12,528,116)	6,613,787
Previous years revaluations	0	0	0	0	126,901	126,901
Previous year depreciation and write-downs	(7,344)	(356)	0	0	(34,572)	(42,273)
Adjustments to previous years write-downs	0	0	0	0		0
<b>Opening value</b>	<b>19,067,308</b>	<b>66,894</b>	<b>0</b>	<b>0</b>	<b>(12,435,787)</b>	<b>6,698,415</b>
Variation in consolidation area	0	2,644	0	0		2,644
Purchases - subscriptions	1,019,711	1,167	0	0	(1,006,461)	14,417
Transfers	0	5,221	0	0		5,221
Reimbursements	0	(3,916)	0	0		(3,916)
Disposals	0	(1,046)	0	0		(1,046)
Revaluations for the year	0	861	0	0	76,806	77,667
Depreciation and write-downs for the year	0	0	0	0	(44,097)	(44,097)
Adjustments to write-downs for the year	0	0	0	0		0
<b>Total financial fixed assets</b>	<b>20,087,019</b>	<b>71,826</b>	<b>0</b>	<b>0</b>	<b>(13,409,539)</b>	<b>6,749,305</b>

<i>Investments for the second quarter of 2002</i>	<i>2nd quarter 2002</i>	<i>2nd quarter 2001</i>	<i>1st half year 2002</i>	<i>1st half year 2001</i>
Intangible fixed assets	255,614	149,773	654,849	189,023
Plant, machinery, equipment and other tangible fixed assets	151,314	370,816	394,298	598,574
Buildings under construction and related payments on account	1,828,307	1,033,430	2.175.866	1,953,756
<b>Total investments in tangible and intangible fixed assets</b>	<b>2.235.235</b>	<b>1.554.019</b>	<b>3.225.013</b>	<b>2.741.353</b>
<b>Shareholdings and other financial investments</b>	<b>780,784</b>	<b>3,147,288</b>	<b>1,019,711</b>	<b>3,160,200</b>
<b>Financial amounts receivable</b>	<b>627</b>	<b>-</b>	<b>1,167</b>	<b>-</b>
<b>Total shareholdings and other financial investments</b>	<b>781.411</b>	<b>3.147.288</b>	<b>1.020.878</b>	<b>3.160.200</b>
<b>Total investments</b>	<b>3.016.646</b>	<b>4.701.307</b>	<b>4.245.891</b>	<b>5.901.553</b>

## Information on the financial schedules

### **1 Foreword**

In accordance with the new regulations governing the terms and requirements for the disclosure of quarterly schedules by the companies listed on the "New Market", the requested data is presented here on a consolidated basis.

This document comprises the required financial schedules and related information of the directors and has been prepared in accordance with the accounting principles established for the preparation of annual consolidated financial statements.

Except otherwise indicated, monetary items are stated in thousands of Euro.

### **2 Information on CAD IT S.p.A.**

CAD IT was set up as a joint stock company under Italian law.

Registered offices are in Via Torricelli, 37, Verona.

The company is registered in the Verona Company Register under no. 01992770238.

Share capital amounts to € 4,669,600 at 30 June 2002 and comprises 8,980,000 ordinary shares.

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. They can be freely transferred with no limitation.

### **3 Activities of the group**

CAD IT Group has developed and distributed IT solutions for the banks sector and the small to medium size industry for over 20 years. It provides standard and customised application software, maintenance and upgrading services as well as consulting and training services.

CAD IT has become the Italian market leader in the supply of IT solutions in the financial sector with its Finance Area software, adopted by 57% of Italian bank branches, for the complete management of negotiations and related functions, as well as the regulation and administration of purchases and sales of shares, bonds and derivatives in any currency.

In addition, in synergy with its activities in the financial sector, the group has long operated in the industry sector, providing and continuing to develop e-business solutions for banks and industrial companies.

### **4 Consolidation area**

The fully consolidated companies included in the financial schedules of CAD IT Group at 30 June 2002 are the following:

<b>Fully consolidated companies</b>	<b>Registered offices</b>	<b>% of control</b>	<b>% held by the group</b>
CAD IT S.p.A. - Parent company	Verona	-	-
<b>Direct subsidiaries:</b>			
CAD S.r.l.	Verona	100%	100%
Cesbe S.r.l.	Verona	52%	52%
Syrm S.r.l.	Verona	75%	75%
4 Emme Informatica S.r.l.	Lodi	65%	65%
NetBureau S.r.l.	Milan	60%	60%
SGM S.r.l.	Padua	52%	52%
DQS S.r.l.	Rome	55%	55%
Smart Line S.r.l.	Avellino	51%	51%
Bit Groove S.r.l.	Agliana (PT)	51%	51%
Elidata S.r.l.	Castiglione d'Adda (LO)	51%	51%

Compared to 30 June 2001, fully consolidated companies include Bit Groove S.r.l. and Elidata S.r.l. with effect from 1 January 2002.

#### 4.1 Companies valued using the equity method

The following companies, which are valued using the equity method, are excluded from the full consolidation area:

- Tecsit S.r.l., controlled by DQS S.r.l., as it operates in a sector different to that of the group;
- Arch It S.r.l., controlled by DQS S.r.l., incorporated on 23 July 2001 and immaterial;
- Firstcom S.r.l., controlled by SGM S.r.l., incorporated on 27 February 2001 and immaterial;
- Nestegg S.r.l., acquired on 12 December 2001 and controlled by SGM S.r.l. It is immaterial;

Total assets and revenues of the non-consolidated indirect subsidiaries represent 0.3% and 0.5% of the group assets and revenues, respectively.

#### 4.2 Other investments

The following investments are valued at cost or at net equity value, possibly reduced in case of permanent impairment in value.

The principal direct and indirect associated companies are as follows:

<b>Directly associated companies</b>	<b>Registered offices</b>	<b>% of control</b>	<b>% held by the group</b>
Datafox S.r.l.	Florence	35.055	35.055
Sicom S.r.l.	Viadana (MN)	25.000	25.000
<b>Indirectly associated companies</b>	<b>Registered offices</b>	<b>% of control</b>	<b>% held by the group</b>
Isis S.p.A.	Republic of San Marino	24.000	24.000
Teclab S.r.l.	La Spezia	32.570	12.539

## 5 Accounting policies

The accounting policies applied in the preparation of the quarterly financial schedules are consistent

with those adopted for the annual consolidated financial statements, especially with respect to the valuation of the captions and continuity of the accounting policies.

The captions are valued in line with the general principles of prudence and accruals on a going concern basis.

No exceptional cases were identified such to require waivers from the regulations for financial statements set out in paragraph 4 of article 2423 of the Civil Code.

Estimates, which have been used where necessary to correctly reflect the group's financial position and results for the period, are immaterial.

As CAD IT S.p.A. is obliged to prepare consolidated financial statements, this quarterly report has been drawn up on a consolidated basis.

### **5.1 Recognition of revenues and costs**

Revenues and income are prudently accounted for on an accruals basis. Unrealised profits are not recorded and provision is made for contingencies and losses matured during the period even when they only came to light after period end.

Assistance and/or maintenance services provided to customers against payment of an annual fee are recorded on an accruals basis.

Costs are recognised on a similar basis to revenues.

### **5.2 Comparison with previous periods**

The profit and loss account figures and gross investments in fixed assets relate to the quarter of reference and to the period 1 January 2002 to 30 June 2002. They are compared to the same previous year periods.

The figures representing the net financial position are compared with the figures at 31 March 2002 and 31 December 2001.

The financial schedules are comparable with the information provided in the half year report and the consolidated financial statements.

### **5.3 Annexes and notes**

The following consolidated figures of the group introduce this information on the quarterly figures:

- reclassified profit and loss account
- turnover - goods and services
- net financial position
- investments in intangible, tangible and financial operating fixed assets.

## **6 Performance**

Profit before taxation for the first half of 2002 amounts to € 4,729.00 thousand, a decrease of € 3,132.00 on the first half of 2001.

The group recorded a positive consolidated operating result of € 2,875.5 thousand in the first half of the year compared to € 3,959.2 for the same period in 2001, before taxation and after minority interest of € 633.6 thousand (€ 525.5 thousand in the same previous year period).

This reduction is an effect of the company's strategic decision to strongly intensify investments in new products.

## **6.1 Results and information on the most significant components of the operating result**

Operating profit for the first half of 2002 amounts to € 4,575.5 thousand, with a decrease of € 2.818,0 thousand compared to the first half year 2001, mainly as an effect of an increase in the workforce dedicated to new product research and development activities and an increase of € 2.657,3 thousand in the related personnel expenses.

Operating profit for the second quarter of 2002 amounts to € 2.683,7 thousand, down € 1.303,3 thousand compared to the second quarter of 2001 as an effect of the increase in personnel expenses (up € 745.2 thousand) compared to 2001, in amortisation and depreciation, (up € 107.1 thousand) and in service and other operating costs (up approximately € 554.1 thousand).

This result is consistent with the company's strategic decision to speed up research and development activities for new products in order to acquire a greater share in the group's reference market.

Turnover in the first half year 2002 remained basically stable compared to the corresponding previous year period.

The results are impacted by:

- the considerable resources currently dedicated to the training of new employees;
- the intense research and development activities for the development of new products, which normally involve the most highly skilled and costly employees and consultants.

First quarter production revenues of the group amount to € 15.713.1 thousand compared to € 16,091.8 thousand for the same period in 2001, while production revenues for the first half year exceed € 30,049.4 compared to € 29,183.5 in the first half year 2001.

## **6.2 The market**

In February 2002, Sirmi S.p.A. forecasted a growth of 7.8% in the Italian IT sector in 2002, achieving a total value of € 24.8 billion. The IT market comprises hardware, with an expected growth of 6%, software, with an expected growth of 8.2%, and IT services, with an expected growth of 10.4%.

More specifically, Sirmi S.p.A. estimates an increase of 8.3% in investments in IT solutions for the financial sector, which represents CAD IT reference market, and an expected total turnover of € 5.6 billion. The growth of the IT market in the industrial sector, instead, is estimated at 6.2%, with an expected total turnover of € 6.4 billion.

In recent years, an average 90% of CAD IT Group turnover derived from the sale of software and services to the Italian financial sector. The products and services offered are specifically addressed to support the stock brokerage activities of banks, financial institutions and stock brokerage companies. The dynamism of this sector allowed the group to achieve an increase in CAGR of 30% from 1997 to 2001.

The reasons underlying this excellent performance are related to the ongoing consolidation and reorganisation of Italian banks, the group's key customers, and to the strategic importance of its IT solutions.

## **6.3 Research and development**

The boost given to these activities throughout 2001 continued in the first half year 2002, funded by the cash flows generated by the group's core business and the share capital increase paid in when the parent company's shares were listed on the New Market.

R&D investments are fully expensed in the period in which they are incurred and mainly consist of expenses for the personnel engaged in the design and development of new software.

The group continues to design new modules to upgrade the technological and functional content of its broad range of software products in order to strengthen its core business.

It continued to intensify R&D activities for the SIBAC platform, which was launched during April thanks to the significant investments made therein. This software, created for the management of the entire IT system of Italian and foreign banks and financial institutions, is currently being used by the Central Bank of San Marino (Istituto di Credito Sammarinese) as a pilot bank and is being installed at Gestnord Intermediazione, a financial institution of the Banca Sella Group.

The group is also upgrading the private banking platform in the Back Office financial instrument division.

The group is still allocating great resources for researching and developing the ERP Web Based SIGMAWEB launched in the previous year to adapt it to the requirements of manufacturing industry sectors requiring tailored innovative products.

Thanks to its many Italian and international contacts, the group has several expert teams involved in researching the most innovative technologies for Customer Relationship Management (CRM), Internet Banking, multi-channel services and technologies to manage the proposed solutions using ASP.

The main projects in which the group companies are involved are:

- CAD IT S.p.A. and CAD S.r.l. are developing new important modules of the Finance Area software, which will be launched into the market in 2002 and 2003. They are also focused on the integration of the "Babele" software, produced by the newly-acquired company Bit Groove, with several products of the CAD IT Group offered to clients of both the industry and banks sectors.
- An innovative project called EasySET was completed in the first half of 2002. This software procedure allows Italian and foreign banks to comply with the new ISO15022 SWIFT standard for the management of securities and entails significant benefits in terms of organisation, security and complexity of manageable transactions. A first return should be already visible in the second half of the current year.
- Cesbe S.r.l. has continued to invest in the technological and functional upgrading of its solutions for on-line trading and training solutions;
- NetBureau S.r.l. is developing vertical portals (mainly for tax and financial purposes), Internet sites and e-commerce solutions using the technology of Macromedia-Allaire (international market leader for this technology), for which it is "Premier Partner" in Italy;
- SGM S.r.l. is developing vertical IT solutions of the SIGMAWEB project for various sectors;
- DQS S.r.l. is investing resources to re-engineer the procedure for the management of "depository banks";
- SMART LINE S.r.l. is investing resources to upgrade the functionalities of the web-based tax collection procedure.

#### 6.4 Turnover - goods and services

Turnover is summarised below by business line, with comparative prior year figures.

A breakdown by geographical area is not significant as almost all the group's turnover is achieved in Italy.

Turnover arising from the company's core business in the first half year 2002 amounts to € 29,944.9 thousand, with an increase of € 705,0 thousand on the first half year 2001.

#### **Consolidated turnover - goods and services at 30 June 2002**

	Second quarter		Second quarter		1st half year		Euro	
	01/04 - 30/06/2002		01/04 - 30/06/2001		01/01 - 30/06/2002		1st half year	
		%		%		%		%
B.O. financial instruments	11,217,874	71.6%	11,300,632	69.7%	21,760,737	72.7%	20,235,298	69.2%
Banking services software	2,084,246	13.3%	1,305,603	8.0%	3,343,535	11.2%	2,687,125	9.2%

Integrated IT systems	497,471	3.2%	412,133	2.5%	830,779	2.8%	505,095	1.7%
Training, consultancy, organisation	307,418	2.0%	866,098	5.3%	499,948	1.7%	1,772,480	6.1%
New technologies	474,666	3.0%	688,954	4.2%	1,215,381	4.1%	1,338,656	4.6%
<b>Total banks division</b>	<b>14,581,675</b>	<b>93.0%</b>	<b>14,573,419</b>	<b>89.8%</b>	<b>27,650,380</b>	<b>92.3%</b>	<b>26,538,654</b>	<b>90.8%</b>
Industrial hardware, software	987,968	6.3%	1,224,070	7.5%	2,001,010	6.7%	2,277,212	7.8%
Consulting, training and industrial services	104,914	0.7%	424,011	2.6%	293,527	1.0%	424,011	1.5%
<b>Total industry division</b>	<b>1,092,882</b>	<b>7.0%</b>	<b>1,648,082</b>	<b>10.2%</b>	<b>2,294,537</b>	<b>7.7%</b>	<b>2,701,224</b>	<b>9.2%</b>
<b>Total turnover - goods and services</b>	<b>15,674,557</b>	<b>100.0%</b>	<b>16,221,501</b>	<b>100.0%</b>	<b>29,944,917</b>	<b>100.0%</b>	<b>29,239,878</b>	<b>100.0%</b>

## 6.5 Gross operating result (EBITDA)

Gross operating result for the second quarter of 2002 (€ 3.615,7 thousand) is equal to 23.01%, compared to 29,61% in the corresponding previous year period (€ 4.812,6 thousand).

This contraction is principally due to an increase in personnel expenses to € 7,326.8 thousand (€ 6,581.6 in 2001) and their growing impact from 40.90% in 2001 to 46.63%.

As noted, the higher personnel expenses are due to the recruitment of new employees under training agreements and the greater use of personnel to speed up finalisation of new products.

Gross operating result for the second quarter of 2002, equal to 23,01% of production revenues, shows an improvement compared to the first quarter 2002, which was equal to 19.03% of production revenues. With the same investments in research and development activities, this increase is due to greater efficiency in the company's operations.

## 6.6 Operating result (EBIT)

The second quarter operating result of € 2,683.7 thousand, compared to € 3,987.0 thousand in the same period in 2001, is affected not only by personnel expenses, but also by the greater amortisation of intangible fixed assets, mainly related to the stock market listing costs, and by goodwill arising on consolidation of the investments acquired.

Amortisation and depreciation for the second quarter of 2002 total € 899.4 thousand compared to € 792.3 thousand in the previous year period.

## 6.7 Financial income and charges

Net financing activities resulted in an income of € 440.7 thousand in the second quarter of 2002 (€ 732.3 thousand in the same previous year period):

Description	2nd quarter 2002	2nd quarter 2001	1st half year 2002	1st half year 2001
Financial income from receivables classified as fixed assets	116	3	116	3
Financial income from invested liquidity	1	213	1	422
Bank interest and other	347	519	703	989

<b>Total other financial income</b>	<b>464</b>	<b>735</b>	<b>820</b>	<b>1,414</b>
Interest expense and other financial charges	(23)	(3)	(33)	(5)
<b>Financial income and charges, net</b>	<b>441</b>	<b>732</b>	<b>787</b>	<b>1,409</b>

## 7 *Net consolidated financial position*

Despite the significant investments made in the period and the payment of 2001 dividends of € 5,837.0 thousand, the net consolidated financial position amounts to a positive € 35,425.5 thousand at the end of the second quarter 2002, with a decrease of € 5,659.9 thousand on 31 December 2001.

### *Net consolidated financial position at 30 June 2002*

	<i>Euro</i>		
	<b>at 30.06.2002</b>	<b>at 31.03.2002</b>	<b>at 31.12.2001</b>
Cash, bank current accounts	31,298,758	39,097,654	38,470,170
Financial assets not of a fixed nature	5,160,795	2,801,643	2,662,226
Sums due to banks net of short term portion of medium to long term financing	(1,018,576)	(490,988)	(46,946)
	<b>35,440,976</b>	<b>41,408,310</b>	<b>41,085,449</b>
<i>Net short term financial position (indebtedness)</i>			
Medium to long term financing net of short term portion	(15,494)	0	0
	<b>(15,494)</b>	<b>0</b>	<b>0</b>
<i>Net medium to long term financial position (indebtedness)</i>			
<i>Net financial position / (indebtedness)</i>	<b>35,425,482</b>	<b>41,408,310</b>	<b>41,085,449</b>



## 7.1 Cash flows

### Cash flows of Cad It Group for the period 1 January 2002- 30 June 2002

#### OPERATING ACTIVITIES

<b>Profit (loss) for the year</b>	<b>4,728,995</b>
<b>Amortisation and depreciation:</b>	
- tangible fixed assets	408,202
- intangible fixed assets	688,133
- goodwill arising on consolidation	605,933
<b>Accruals:</b>	
employees' leaving entitlement	651,940
other provisions	516
Utilisation of provisions for contingencies and other charges	18,902
(Gains)/losses on sale of fixed assets	
<b>Sub-total</b>	<b>7,102,621</b>
Utilisation of employees' leaving entitlement	(271,020)
(Increase)/Decrease in receivables included under assets forming part of working capital	(5,167,434)
(Increase)/Decrease in inventory	(11,220)
(Increase)/Decrease in deferred expenses and accrued income	(89,982)
(Increase)/Decrease in other financial assets not of a fixed nature	-
Increase/(Decrease) in amounts due to creditors	(1,893,646)
Increase/(Decrease) in accrued expenses and deferred income	2,595,430
Increase/(Decrease) in sums due to other financial institutions	7,512
Increase/(Decrease) in other non-financial payables	1,377,324
<b>Sub-total</b>	<b>(3,191,598)</b>
<b>(A) - Cash flows from (for) operating activities</b>	<b>3,911,023</b>

#### INVESTING ACTIVITIES

(Purchase)/Sale of tangible and intangible fixed assets	
(Purchase)/Sale of investments in subsidiary companies consolidated with the full consolidation method	122
(Purchase)/Sale of intangible fixed assets	(1,695,834)
(Purchase)/Sale of tangible fixed assets	(2,609,333)
(Increase)/Decrease in other fixed assets	(4,931)
Realised gain from the sale of tangible and intangible fixed assets	
Valuation of associated companies using the equity method	
Purchase of investments in non-consolidated subsidiaries	
Increase in investments in associated companies	(47,098)
(Purchases)/sales of other investments and securities	1,016
<b>(B) - Cash flows from (for) investing activities</b>	<b>(4,356,057)</b>

#### FINANCING ACTIVITIES

Increase/(Decrease) in financial payables	
Increase/(Decrease) in reserves	-
Minority interest	622,068
Distribution of dividends	(5,837,000)
Capital injections	-
<b>(C) - Cash flows from (for) financing activities</b>	<b>(5,214,932)</b>
<b>(A+B+C) - Total cash flows</b>	<b>(5,659,967)</b>
<b>Opening liquid funds</b>	<b>41,085,449</b>
<b>Closing liquid funds</b>	<b>35,425,482</b>

## 7.2 Shareholders' equities of the parent company and the group

As an effect of the capital injections made for the listing on the New Market, realised on 26 October 2000, the parent company avails of adequate resources to pursue its planned development.

The shareholders' equities of CAD IT S.p.A. and the group at 30 June 2002, excluding current profit, are shown below:

	CAD IT S.p.A.	GROUP
Share capital - € 4,669,600	4,669,600	4,669,600
Share premium reserve	62,186,400	62,186,400
Other reserves	8,371,070	8,371,070
Previous year reserves		150,791
<b>Total net shareholders' equity less profit for the period</b>	<b>75.227.070</b>	<b>75,377,861</b>

## 8 Investments

As described in the 2001 annual report, the group made considerable investments for the construction of the new Verona head offices owned by CAD IT S.p.A. as part of its programmed expansion. The building will become operative by the end of August.

With a site of more than 7,000 square metres, this structure is one of the most modern centres for the production of IT software and the supply of services and organisation consulting for the financial and industrial sectors, with extremely high quality levels.

Total investments in tangible and intangible fixed assets made during the second quarter in 2002 by the consolidated companies may be analysed as follows:

<i>Investments for the second quarter of 2002</i>	<i>2nd quarter 2002</i>	<i>2nd quarter</i>	<i>1st half year 2002</i>	<i>1st half year 2001</i>
Intangible fixed assets	255,614	149,773	654,849	189,023
Plant, machinery, equipment and other tangible fixed assets	151,314	370,816	394,298	598,574
Buildings under construction and related payments on account	1,828,307	1,033,430	2.175.866	1,953,756
<b>Total investments in tangible and intangible fixed assets</b>	<b>2.235.235</b>	<b>1.554.019</b>	<b>3.225.013</b>	<b>2.741.353</b>
<b>Shareholdings and other financial investments</b>	<b>780,784</b>	<b>3,147,288</b>	<b>1,019,711</b>	<b>3,160,200</b>
<b>Financial amounts receivable</b>	<b>627</b>	<b>-</b>	<b>1,167</b>	<b>-</b>
<b>Total shareholdings and other financial investments</b>	<b>781.411</b>	<b>3.147.288</b>	<b>1.020.878</b>	<b>3.160.200</b>
<b>Total investments</b>	<b>3.016.646</b>	<b>4.701.307</b>	<b>4.245.891</b>	<b>5.901.553</b>

Investments in intangible fixed assets mainly relate to the purchase costs of specific software necessary for production or the performance of the group activities.

Reference should be made to the section "Significant events" for information on the acquisition of investments.

## 9 Employees

The group's workforce increased in number in line with its strategic development program although it maintained its flexible structure, in which the importance of employees is a guarantee for continued future development.

Training is of particular importance to the group, which holds special refresher and training courses.

Information on the group's employees at the end of each quarter in 2001, at 31 March 2002 and 30 June 2002 is given below:

Category	at 30.06.2002	at 31.03.2002	at 31.12.2001	at 30.06.2001	at 31.12.2000
Management	3	3	3	3	2
White collars	632	620	593	565	432
Blue collars	2	2	2	2	2
Apprentices	3	3	2		
<b>Total</b>	<b>640</b>	<b>628</b>	<b>600</b>	<b>570</b>	<b>436</b>

The average number of employees in 2001 is 545; the average number of employees in the second quarter of 2002 is 631.

## 10. Significant events in 2002

The main events impacting the group's performance in the first quarter of 2002 are described below.

In March, the group signed a contract with Monte Paschi Asset Management S.p.A. for the supply of the new RG software and related services for the automation of the asset management operating room.

Recently launched into the market, this software has been designed for the automation of the front office asset management of banks and other financial institutions.

The fact that this new product has been sold to a banking group already included in the customer portfolio confirms the success of CAD IT's cross-selling policies aimed at offering an increasingly wide range of effective and innovative solutions to its numerous existing customers.

In March, CAD IT S.p.A. also acquired 51% of the stock capital of Bit Groove S.r.l., a Prato-based company specialised in the production of software for business intelligence.

This acquisition allows an extension of the technical and functional know-how of CAD IT in the field of management control, in which Bit Groove operates, and increases its offering with an innovative business intelligence product called "Babele". The group will be able to provide its customer banks with an innovative automated system for the management control of financial instruments. In addition, the group will be able to integrate the software already installed at tax collection agencies and complete its offering to the industrial sector by adding "Babele" to the "SIGMAWEB" ERP system.

This investment of approximately € 180 thousand corresponds to an overall estimated value of the acquired company of approximately € 354 thousand. Based on the agreement with Bit Groove' shareholders, who will maintain an operating role in the company, CAD IT may pay a maximum of another € 40 thousand after the approval of the 2002 financial statements, provided that Bit Groove achieves a 40% increase in turnover and a pre-tax profit of at least 15% of 2002 turnover. Based on the results of these objectives, the maximum total investment would amount to € 220 thousand.

Bit Groove already counts a banking group, four government agencies and twenty municipalities among its customers and shows a 2001 turnover of approximately € 370 thousand, up 200% on 2000. With a balanced operating profit in 2001, Bit Groove is expected to highly increase its operating profit

in the current and future years.

In March, CAD IT signed a contract with Gestnord Intermediazione, a stock brokerage company of the Banca Sella Group, for the supply of the newly implemented SIBAC software of the IT group to all banks, stock brokerage companies and other financial institutions. Based on this contract, Verona-based CAD IT will give license to Gestnord Intermediazione to use this software and the related installation services.

SIBAC is an innovative integrated modular software for the complete automation of a bank. As such it allows CAD IT to extend its offering to such other clients as virtual banks, the foreign branches of Italian banks, stock brokerage companies and other financial institutions. This new system is multi-lingual and will be launched into the export market from 2003.

With its leading edge technology, this web-based software can be used through the most well-known internet browsers and is independent from its hardware platform. This ensures high flexibility and therefore adaptability of the structure to the hardware architecture of potentially every Italian or foreign bank.

The agreement with Gestnord Intermediazione for the supply of the SIBAC software and related services will contribute with approximately 0.7% to the consolidated revenues of the group in 2002.

The ordinary shareholders' meeting held at first call on 30 April 2002 approved the 2001 financial statements and resolved on the distribution of a dividend of € 0.65 per share, with an increase of 80% on the previous year.

In June, CAD IT purchased 51% of the quota capital of Elidata S.r.l., a Milan-based company specialised in the production of software for financial institutions.

With this operation CAD IT takes over the great technical and operating know-how developed by ELIDATA and widens its offering with Caronte, an innovative software for the connection of banks, brokers, stock brokerage companies and other financial institutions to the Italian and foreign stock markets.

Caronte is complementary to the Finance Area software developed by CAD IT for the complete automation of the financial instruments back office currently used by 57% of the Italian bank branches.

The cost of the investment is approximately € 184 thousand, corresponding to a total estimated value of the acquired company of approximately € 361 thousand. Based on the agreement with Elidata shareholders, who will maintain an operating role in the company, CAD IT may pay other € 591 thousand in two batches after the approval of the 2002 and 2003 financial statements, respectively, provided that Elidata achieves a 100% increase in turnover each year and an increase of at least 40% in pre-tax profit. Depending on the achievement of these objectives, the total investment would amount to a maximum of € 775 thousand.

With the product Caronte already operating at several Italian banking groups, Elidata achieved a 2001 turnover of approximately € 302 thousand (up 116% on 2000) and a pre-tax profit equal to 66% of turnover.

## ***11 Significant subsequent events and expected future developments***

No significant events occurred after the end of the second quarter.

Based on the results of the second quarter, the group remains with the same expectations of growth in revenues and profitability for the year. The expected launch of certain products and the related increase in demand by the customer banks led to estimate a higher increase in revenues for the second half year.

On behalf of the board of directors  
The chairman  
(signed on the original)

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Giuseppe Dal Cortivo