



Interim Management Report
at 31st March 2016

*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.*

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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

GIULIA DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI ⁽²⁾
Director

THOMAS BURKHART
Director

LAMBERTO LAMBERTINI ⁽²⁾
Director and lead independent director

ALESSANDRA PEDROLLO ⁽²⁾
Independent Director

GIAN PAOLO TOSONI
Independent Director

STATUTORY AUDITORS ⁽¹⁾

CHIARA BENCIOLINI
Chairman

GIAN PAOLO RANOCCHI
Statutory Auditor

RENATO TENGATTINI
Statutory Auditor

AUDITORS: PKF ITALIA S.p.A.

- (1) Appointed on 29 April 2015; office expires with the shareholders' meeting for the approval of the 2017 financial statements.
 (2) Member of the Control and Risk Committee; member of the Nominating and Compensation Committee.

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.

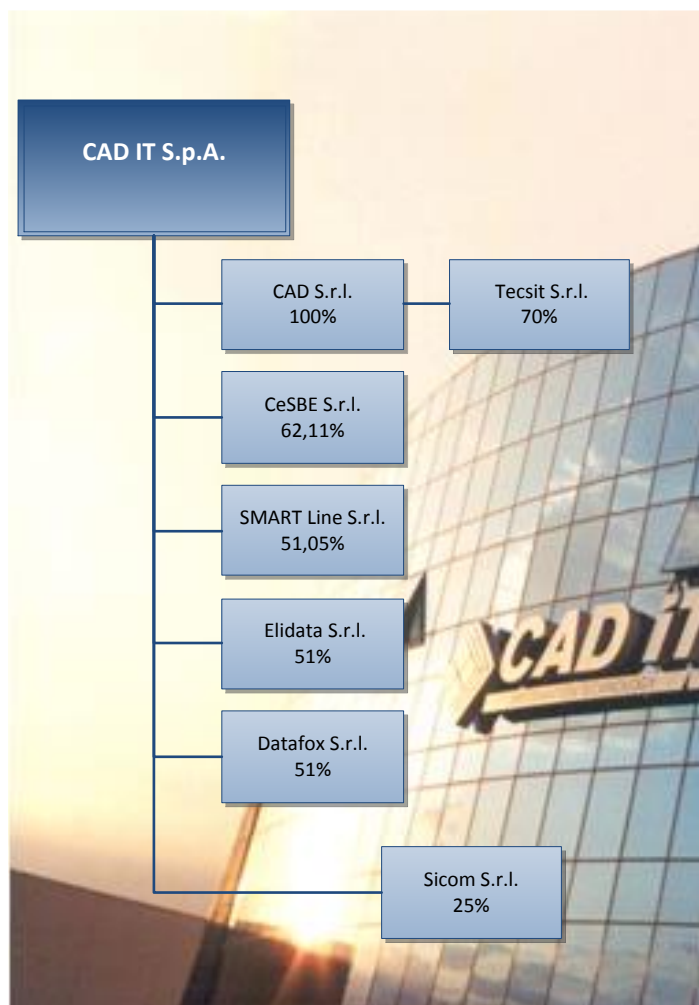
The Chairman and Managing Director of the parent company CAD IT S.p.A., Giuseppe Dal Cortivo, is authorised to perform all ordinary and extraordinary administrative duties, excluding only those which can not be delegated by law and those assigned to the Board of Directors by article 19 of the company 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.

The Managing Director Giulia Dal Cortivo has been delegated to matters concerning the management of the Company's employees as well as the employees of its subsidiaries CAD Srl, Cesbe Srl, Datafox Srl and Smart Line Srl; the Managing Director, Giulia Dal Cortivo, has also been entrusted with the management - as the person in charge - of CAD IT Group's legal and corporate affairs and company secretarial and administrative matters.



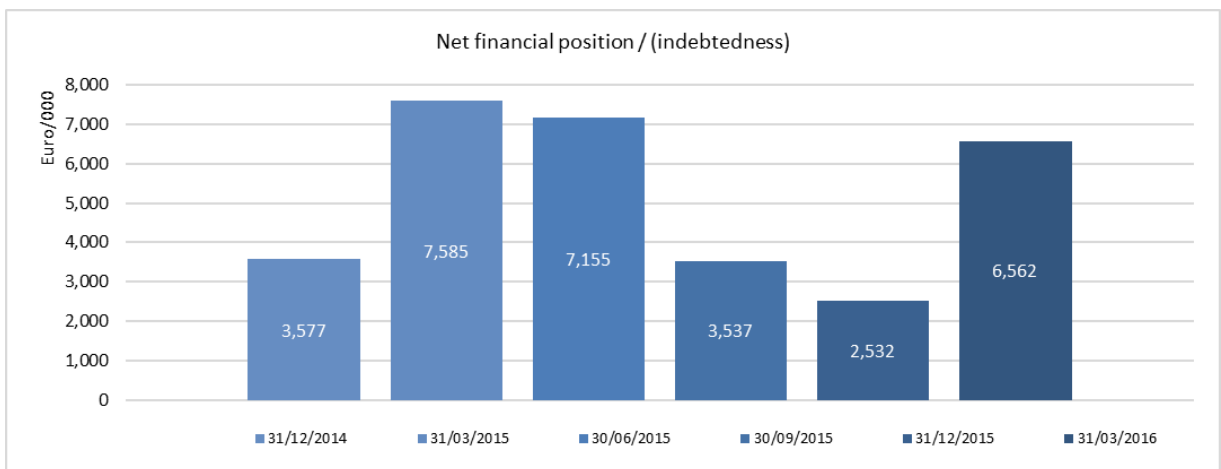
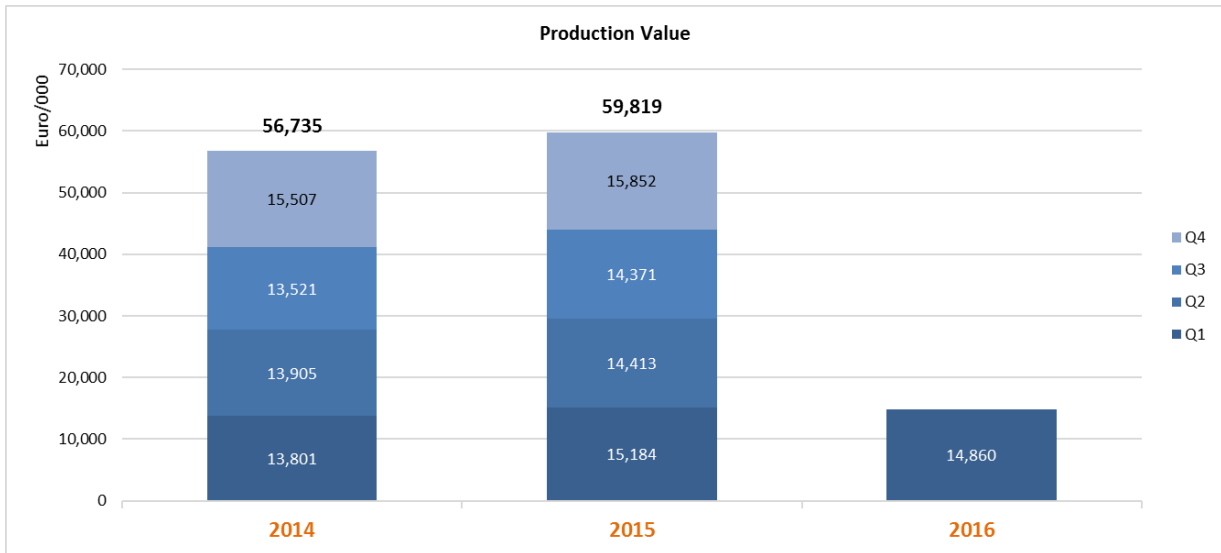
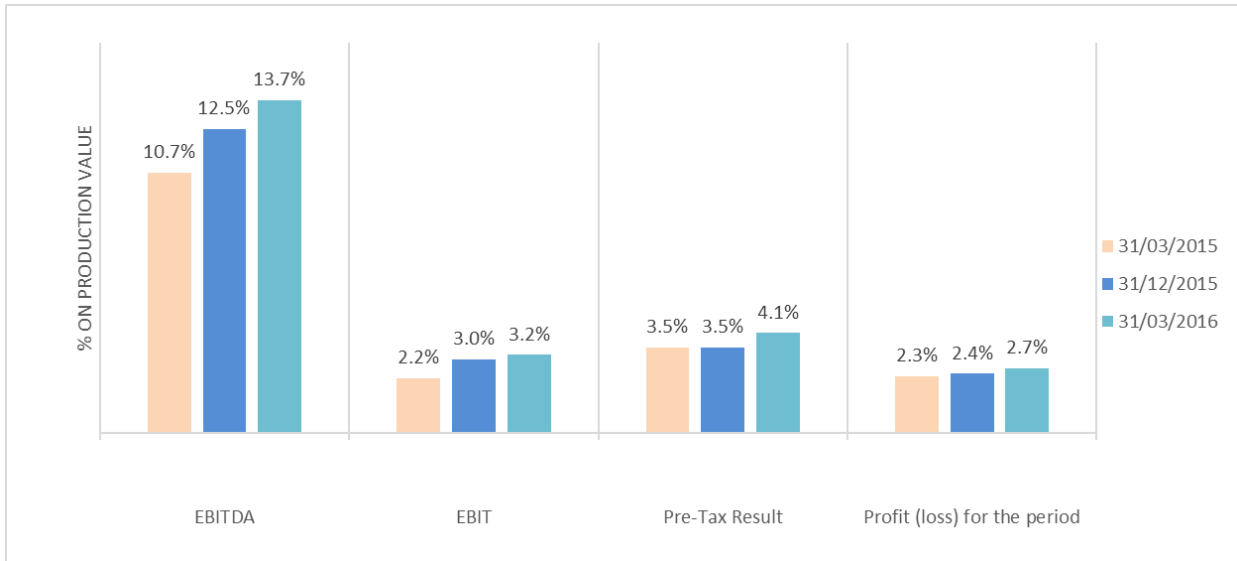


CAD IT Group at 31/03/2016

SUMMARY OF THE GROUP'S RESULTS AND DATA

	31/03/2016		31/03/2015		Variations	
	€/000	% PV	€/000	% PV	€/000	%
Production value	14,860	100.0%	15,184	100.0%	(324)	- 2.1%
Added value	12,204	82.1%	11,483	75.6%	721	+ 6.3%
Gross operational result (EBITDA)	2,030	13.7%	1,619	10.7%	411	+ 25.4%
Operational result (EBIT)	475	3.2%	339	2.2%	137	+ 40.3%
Pre-tax result	609	4.1%	534	3.5%	75	+ 14.0%
Income taxes	(215)	(1.4%)	(183)	(1.2%)	(32)	- 17.5%
Profit for the period	395	2.7%	352	2.3%	43	+ 12.2%
Profit for the period attributable to owners of the parent	425	2.9%	303	2.0%	122	+ 40.3%
Total comprehensive income	395		352		43	+ 12.2%
Total comprehensive income attributable to owners of the parent	425		303		122	+ 40.3%

	31/03/2016	31/12/2015	31/03/2015
Total Assets	86,398	83,849	86,891
Total Equity	56,418	56,023	55,393
Equity attributable to owners of the parent	53,916	53,491	53,134
Net short-term financial position/(indebtedness)	8,558	4,792	9,585
Net financial position / (indebtedness)	6,562	2,532	7,585
Employees at the end of the period (number)	647	644	629
Employees (average number in the period)	646	630	622



SUMMARY SCHEDULES

Consolidated income statement ¹

(in thousands of Euro)

	I Quarter 2016	I Quarter 2015
Income from sales and services	13,584	14,147
Asset increases due to internal work	1,252	965
Other revenue and receipts	24	72
Purchase costs	(72)	(101)
Service costs	(2,380)	(3,393)
Other operational costs	(204)	(208)
Labour costs	(9,619)	(9,376)
Other administrative expenses	(555)	(488)
Allocation to fund and credit depreciation	(34)	(6)
Intangible fixed asset amortization	(1,390)	(1,165)
Tangible fixed asset amortization	(130)	(108)
Financial income	17	62
Financial expenses	(12)	(9)
Revaluations and depreciations	128	142
Pre-tax result	609	534
Income taxes	(215)	(183)
Profit/(loss) for the period	395	352
Profit/(loss) for the period attributable to:		
Non-controlling interests	(30)	49
Owners of the parent	425	303
Weighted average number of ordinary shares: 8,980,000		
Basic earnings per share (in €)	0.047	0.034

¹ The interim management report is presented for the first time with the income taxes for the period. To allow comparability of data were also determined taxes relating to the first quarter 2015 and reports published in the Interim Report at 31 March 2015 were appropriately integrated.

Consolidated statement of comprehensive income ²

(in thousands of Euro)

	<i>I Quarter 2016</i>	<i>I Quarter 2015</i>
Profit (loss) for the period	395	352
Other comprehensive income that will not be reclassified subsequently to profit or loss		
Actuarial gains/(losses) on defined benefit liabilities	-	-
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	-	-
Total Comprehensive income/(loss)	395	352
Comprehensive income/(loss) attributable to:		
- Non-controlling interests	(30)	49
- Owners of the parent	425	303

² The interim management report is presented for the first time with the income taxes for the period. To allow comparability of data were also determined taxes relating to the first quarter 2015 and reports published in the Interim Report at 31 March 2015 were appropriately integrated.

Consolidated Statement of financial position ³

(in thousands of Euro)

31/12/2015	ASSETS	31/03/2016	31/03/2015
	A) Non-Current Assets		
18,426	Property, plant and equipment	18,364	17,172
18,723	Intangible assets	18,616	19,583
8,309	Goodwill	8,309	8,309
371	Investments	499	334
-	Assets available-for-sale	50	-
291	Other non-current credits	278	254
804	Credits due to deferred taxes	793	765
46,923	TOTAL NON-CURRENT ASSETS	46,909	46,417
	B) Current Assets		
16	Inventories	14	46
28,859	Trade receivables and other credits	27,506	28,972
1,440	Tax credits	1,400	1,835
6,610	Cash on hand and other equivalent assets	10,569	9,620
36,925	TOTAL CURRENT ASSETS	39,488	40,474
83,849	TOTAL ASSETS	86,398	86,891

31/12/2015	EQUITY AND LIABILITIES	31/03/2016	31/03/2015
	A) Equity		
4,670	Company capital	4,670	4,670
35,246	Reserves	35,246	35,246
13,575	Accumulated profits/losses	14,000	13,218
53,491	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	53,916	53,134
2,532	Third party Equity	2,502	2,258
56,023	TOTAL EQUITY	56,418	55,393
	B) Non-current liabilities		
2,261	Financing	1,996	2,000
2,520	Deferred tax liabilities	2,519	2,932
7,444	Employee benefits and quiescence provisions	7,534	8,223
-	Expense and risk provisions	-	-
12,225	TOTAL NON-CURRENT LIABILITIES	12,050	13,155
	C) Current liabilities		
4,474	Trade payables	7,184	8,670
3,319	Current tax payables	2,017	2,797
1,818	Short-term financing	2,010	36
5,991	Other liabilities	6,718	6,840
15,601	TOTAL CURRENT LIABILITIES	17,930	18,343
83,849	TOTAL LIABILITIES AND EQUITY	86,398	86,891

³ The interim management report is presented for the first time with the income taxes for the period. To allow comparability of data were also determined taxes relating to the first quarter 2015 and reports published in the Interim Report at 31 March 2015 were appropriately integrated.

Consolidated Cash Flow Statement ⁴

(in thousands of Euro)

<i>Cash Flow Statement of CAD IT Group</i>	1° Quarter 2016	1° Quarter 2015
A) OPERATING ACTIVITIES		
Profit (loss) for the period	395	352
Amortisation, revaluation and depreciation:		
- Property, plant and equipment depreciation	130	108
- Intangible fixed asset amortisation	1,390	1,165
- Revaluation of investments and financial assets available for sale	(128)	(142)
Allocations (utilization) of provisions	90	(1)
Financial performance:		
- Net financial receipts (charges)	(6)	(53)
- Profit/(loss) on foreign exchange	-	3
Other working capital variations	3,543	3,490
Income taxes paid	-	-
Interest paid	(12)	(9)
A) - Cash flows from (used in) operating activities	5,402	4,913
B) INVESTMENT ACTIVITIES		
Investments in activities		
- purchase of property, plant and equipment	(69)	(68)
- purchase/production of intangible assets	(1,283)	(1,066)
- purchase of assets available for sale	(50)	-
- increase in other fixed assets	(7)	(6)
Disinvestment activities		
- transfers of property, plant and equipment	-	1
- decrease in other fixed assets	19	3
Cashed Interest	17	60
Cashed dividends	-	172
(B) - Cash flows from (used in) investment activities	(1,372)	(905)
C) FINANCING ACTIVITIES		
Medium/long term financing repayment	(264)	-
Medium/long term financing opening	-	2,000
Allocation of profits to directors of subsidiary companies	-	-
Dividends paid	-	-
(C) - Cash flows from (used in) financing activities	(264)	2,000
(A+B+C) - Total cash and other equivalent assets flows	3,766	6,008
Opening cash balances and equivalents	4,792	3,577
Closing cash balances and equivalents	8,558	9,585

⁴ The interim management report is presented for the first time with the income taxes for the period. To allow comparability of data were also determined taxes relating to the first quarter 2015 and reports published in the Interim Report at 31 March 2015 were appropriately integrated.

EXPLANATORY NOTES

1. Foreword

This Interim Management Report has been drafted, in accordance with article 2.2.3, paragraph 3, letter a) of the Borsa Italiana Rules and, in line with the clarification from Borsa Italiana Notice n. 7587 of April 21, 2016, according to the provisions of the paragraph 5 of Article 154-ter of Italian Legislative Decree no. 58 of 24 February 1998, in the pre-existing wording of the coming into force of Legislative Decree no. 25 of 15 February 2016, that amended the previous Directive 2004/109/EC (the so-called Transparency Directive); this report is not an interim management statement drafted in accordance with IAS 34 "Interim Statements".

In accordance with this regulation, this interim management report gives:

- a) a general description of the Group's financial standing and financial trend in the reference period;
- b) an outline of the significant events and transactions that occurred in the reference period and their effect on the Group's financial standing.

The accounting tables shown are the same as those used for drafting the annual and six-monthly financial reports.

The interim management report is presented for the first time with calculating of income taxes for the period; to allow comparability of data were determined taxes relating to the first quarter of last year and therefore data and reports published in the Interim Report at 31 March, 2015 were appropriately integrated.

The interim report includes balance charts in reference to the following periods:

- profit and loss account for the interim period in question and trend compared to the same interim period (period and trend) of the previous financial year;
- statement of financial position at the end of the interim period concerned, in comparison to the statement of financial position of the last annual financial statement;
- cash flow statement at the interim period closure date compared to the figures for the same period of the previous financial year.

The figures representing the net financial position, compared with the figures of the previous quarter and the previous year end, and tables showing investments in intangible and tangible assets, installations and machinery relating to the intervening period between the beginning of the financial period and the closing date of the quarter, are also supplied.

This document shows the quarterly figures required on a consolidated basis, since CAD IT S.p.A is obliged to draft a consolidated balance.

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

The Interim Management Report is not subject to auditing by the auditing company.

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

CAD IT 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 its 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 and Padova.

3. Activities of the Group

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 1,000 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 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



customers.

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:

- 1,000 financial institutions;
- 25,000 bank branches;
- 14,000 post office branches;
- 200,000 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 the collaboration of CAD IT in terms of modernising and reviewing their company procedures. With them were created organizational models so that decisions can be taken quickly and within economically sustainable time periods.

CAD IT, with the support of its strategic partners, is able to provide its customers with a complete range of

services so that they can make the decisions that lead to creating advanced systems supported by the very best specific skills available on the market.

4. Hot topics

FINANCE DIVISION

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.

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.

SOS

Banca d'Italia has reviewed the entire collection and management system for suspicious transaction alerting. This new system aims at improving the quality of the alerts by ensuring greater uniformity and completeness as well as shortening the analysis and investigation procedures. An important new factor in the way that information flows with alerting parties are exchanged is the introduction of the standard XBRL format and the use of the Banca d'Italia portal.

The SOS system is natively integrated within CAD IT's "Anti money laundering" module but can also be independently interfaced with the bank's internal systems.

CAD IT's SOS system aims at making it easier to collect and integrate the data required for executing an alert by providing access to external files such as General Data, the Single Computerised File and the "unexpected" lists in the "Gianos" procedure.

An alert follows a route that generally starts from the branch in which the minimal data is collected, then goes to the central offices responsible for inserting other additional elements and ends with the production of files in the XBRL format, ready to be sent to the UIF.

The SOS software is able to memorise each individual stage, thus ensuring that the entire operation is archived.

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.

BitFinder

Bitfinder is a full text search engine that searches contents that may be present in any application, system, network or platform. BitFinder replaces the various tools that provide vertical search services on single applications with one single system able to carry out searches and group information and content from the most varied internal and external sources.

A powerful syntax allows specialised and personalised searches to be carried out for different contexts through the use of words, phrases, proximity operators, logic operators, regular weights and expressions.

Third party applications therefore have the chance to enrich their own functions by integrating BitFinder search services through the use of the API web service.

A security system based on Roles, ensures that only those effectively authorised will be able to see the information returned by the search.

The web administration module provides simple and complete management and parameterisation of all the functionalities.

Intelligo

Intelligo is a massively multi-lingual CMS (Content Management System), designed to provide total separation between the contents and their typographic or multi-media presentation. In order to manage structural and graphic aspects, it can operate in combination with the most common open source CMSs (WordPress, Drupal, Joomla). Moreover, it allows the contents themselves to be further enriched with semantic tags and micro-data according to Schema.org and RDF standards.

The content in Intelligo is pure in that it is free of font, colour or capital letters, as is its translation in one or more languages, and is a value since it can be re-used and given significance. This characteristic will provide the basis for publishing and websites in the future (multi-media publishing and semantic web), but it is now already possible to take advantage of the potential in SEO terms with Google, thus obtaining better search positioning and more effective snippets for our own web pages. Furthermore, being able to re-use "meaningful sentences" can lead to significant savings in translation costs.

Viewing the contents in Intelligo is controlled by rules that allow articles to be personalised according to user profiles, business policy management, regulations and laws, by means of an interpretation engine applied to user questionnaires.

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.

This year once again will see CAD IT alongside VENISTAR in sponsoring the "FashionAble World 2016" event to be held in Verona on 19th May 2016: the theme of the event will be "Innovation for Fashion: digital customer experience in an omni-channel world".

A day devoted to Fashion & Luxury Brands to analyse and further investigate the best Digital Customer Experience strategies to put into action in order to involve the omni-channel Customer, by creating exclusive and personalised content throughout the entire purchase procedure and increasing Brand Awareness.

5. Corporate Governance

The system of corporate governance adopted by CAD IT SpA is the traditional one.

CAD IT adheres to the Code of Conduct for listed companies issued by the Italian Stock Exchange (the "Codice di Autodisciplina"), available on the website of the Italian Stock Exchange.

In compliance to the legal obligations, the Board of Directors annually approves the Corporate governance and property asset report, in accordance with articles 123 bis and 124 ter TUF and 89 bis Consob Issuer Regulations, in order to provide an adequate description of the corporate governance system adopted, information on property assets and adhesion to Corporate Governance regulations. The report is published and is available for public viewing in the Investor Relations sector of the company's Internet site: www.caditgroup.com. Please refer to this document for further details on governance and the Internal Control System of CAD IT and of the Group.

6. Accounting standards and consolidation criteria

The economic, patrimonial and financial information has been drafted in accordance with the evaluation and measurement criteria as established by the International Financial Reporting Standard (IFRS), issued by the International Accounting Standards Board (IASB) and approved by the European Commission according to the procedure in art. 6 of the European Parliament and Council Regulation (EC) no. 1606/2002 of 19th July 2002.

The accounting standards adopted are the same as those used for drafting the last annual balance with the exception of the items described in the paragraph below – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2016.

The accounting standards adopted have been applied in the same manner throughout the periods shown and for all the Group's companies, amending the respective Financial Statement drafted in accordance with Italian accounting standards to consolidate.

Interim Management Report has been drafted in the assumption that the company will continue.

The interim management report is presented for the first time with calculating of income taxes for the period; to allow comparability of data were also determined taxes relating to the first quarter of last year and therefore data and reports published in the Interim Report at 31 March, 2015 were appropriately integrated.

Use of estimates

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

The estimates and hypotheses are reviewed on a regular basis. Any variations deriving from an accounting estimate review are shown in the period in which the review was made if such review only affects that period. If the review affects the current and future periods, the variation is recorded in the period in which the review is made and in the relative subsequent periods.

Accounting standards, amendments and interpretations applied since 1st January 2016

There are no, or no significant, other matters and cases governed by standards, amendments and interpretations effective from 1st January 2016 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.

7. Consolidation area

During the first quarter 2016 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
<i>Consolidated using the integral method</i>				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
CAD S.r.l.	Verona	350,000	100.00%	100.00%
CeSBE S.r.l.	Verona	10,400	62.11%	62.11%
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 CAD S.r.l.				

Shares in associates, in which the Group has significant influence, have been evaluated using the equity method and reduced accordingly where the asset value has decreased.

Company name	Registered office	Date of reference	Quotaholders' equity	Period profit	Percentage of investment	Investment value of the Group
Sicom S.r.l.	Viadana (MN)	31/03/2015	1,334	568	25.00%	334
		31/12/2015	1,483	717	25.00%	371
		31/03/2016	1,996	513	25.00%	499

8. The short-term situation

The global economy and world trade show increasing weakness, although with significant differences from area

to area: in the United States the expansion continues, albeit with some uncertainty, while in the emerging economies the prospects remain fragile and represent the main risk factor for growth and world financial markets.

Growth continues in the euro area, although the risks associated with foreign demand and the uncertain geopolitical situation have increased; the inflation rate stands at zero, reflecting among other things the ample slack in the labour market.

The recovery of the Italian economy is continuing at a modest pace. In the final part of last year, GDP growth was sustained by consumption and investment, but was held back by the stalling of inventory replenishment. Looking ahead, the expansion of the manufacturing cycle could be affected by uncertainty in foreign demand, while there are prospects of a gradual firming of the recovery in the service sector and especially in construction. At the start of the year, the Italian financial markets were affected by the turbulence caused by the worsening of the global macroeconomic outlook and the emergence of new fears concerning European banks' profitability and the quality of their assets. Share prices fell markedly. Market conditions calmed again, owing in part to the expansionary stance of the single monetary policy, but remained volatile.

The gradual recovery in lending is proceeding, aided by the expansionary spur of monetary policy measures.

For the banking system as a whole, funding has not been affected by the recent financial tensions: the increase in deposits and the expansion of international interbank borrowing have more than offset the reduction in bonds. In 2015 the profitability of the five largest banking groups, while still below the levels recorded before the global financial crisis, increased: ROE increased to 4.6 per cent (compared with -1.8 per cent in 2014). The improvement stemmed mainly from the 7.2 per cent growth in fee income, mostly in connection with asset management, and from the 48.1 per cent decrease in loan loss provisions consequent to the decline in loan impairment rates.⁵

The Italian digital market (data processing, telecommunications and digital content) has emerged from the crisis tunnel closing the 2015 annual period with a 1% increase at Euro 64,908 million. This return to a positive sign has broken the negative trend that had been ongoing for several years and is accompanied by an estimated Euro 65,882 million (+1.5%) for 2016, which will cancel the downturns of the previous two years. The "Digital Market", which, in the last year or two, has added content and digital advertising to the more traditional hardware, software and service components, has finally become positive and is beginning to innovate. In 2015, besides returning to a growth situation, the sector also benefitted from a boost in all the most innovative components linked to digital transformation, which, up until a short time earlier, had only managed to mitigate the symptoms of a suffering market. The quality of demand has changed and is now placing much more focus on the potentiality of innovating services, products and processes through the web with the use of clouds (+28.7%), IoT (+13.9%) and new applications both within the network and on mobile devices as well as the use of Big Data.

An analysis of the various departments shows a deceleration in traditional components compared to an acceleration in those linked to the digital transformation of production companies.

The device and system department grew despite a drop in PC and Tablet sales. Smartphones, with a 9.9% increase at 15.5 million phones, kept the department in tow in terms of devices due to the use of new applications and new mobile services. In fact, the number of broadband users on the mobile network increased even further by 8.8% to 34.5 million.

As regards the ICT software and solutions department, all types of solutions installed at users (not in clouds) experienced an enormous boost and grew by +4.7%. There is evidence of transformation here too. Not only did application software increase well (4,218 million, +6%), it did so due to the modernisation of matter and the most innovative components: from evolved data management platforms to web management platforms (+14.1%).

ICT services increased by 1.5% reaching 10,368 million, thus achieving second place in terms of the Italian digital market share. Cloud and data centre services compensated the slight fall of all the other segments (outsourcing -2.4%, training -4.9%, consultancy -0.8%, technical assistance -1%, application development and systems integration -1.6%), which were to be involved later in the ongoing transformation. Many of these services are essential in accompanying suppliers and users towards taking advantage of the latest ICT paradigms, clouds and IoT.

⁵ Source: Banca D'Italia, Economic Bulletin no. 2, April 2016.

IoT, i.e. the Internet of Things, provides the basis of every company's digital development, not only manufacturing, logistics and distribution companies, but also all those linked to insurance and the development of smart cities and utilities.

A similar growth rate is also expected for the current year: in 2016, the ICT market will grow by 1.5% (Euro 65,882 million), amply cancelling the downturns of the previous two years, as long as the expected increase in the national GDP does not fall.

There have been interesting developments on a state-vision level. The strategies launched by the Government, from the ultra-broadband plan to Public Administration digitalisation, have made progress: PA electronic invoicing and payments are now a matter of fact; Spid (service profile identifier system) has now made its debut with its horizon aimed at 2017; the work towards one Single General Data system is proceeding; the Digital School is making its move and the Health Service is aiming towards e-health. And, within three months, the three-year Digital Strategy activation plan is scheduled to begin which will create the conditions to coordinate, on a national level, all those initiatives that have so far been fragmented and dispersed around the country.

Despite these optimistic forecasts, a great deal still remains to be done. Policies able to stimulate company transformation are required, especially for small companies, by launching industrial policy programmes that will narrow the gap between different sized companies and combat the territorial imbalance that is also appearing on the digital front and that needs to be resolved by leveraging on entrepreneurship.⁶

9. Significant events of the period

In February 2016, CAD IT signed a strategic agreement with Spafid Connect, a company within the Mediobanca Group which provides application development activities and solutions with high technological content in the shareholder and corporate service sector on behalf of listed Issuers. With this ten-year agreement, Spafid Connect and CAD IT intend to promote their respective commercial relations with bank and insurance company clients, in order to offer a unique and innovative service also by integrating CAD IT's Finance Area product with Spafid Connect's Issuers platform. The agreement is of strategic importance to CAD IT since, besides strengthening its own positioning on the banking and insurance market, it also creates synergies in research and development costs.

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

⁶ Source: Assinform: 15/3/2016 Assinform Report Preview 2016.

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

(in thousands of Euro)

	I Quarter 2016		I Quarter 2015		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	13,584	91.4%	14,147	93.2%	(563)	(4.0%)
Asset increases due to internal work	1,252	8.4%	965	6.4%	287	29.7%
Other revenue and receipts	24	0.2%	72	0.5%	(48)	(66.8%)
Production value	14,860	100.0%	15,184	100.0%	(324)	(2.1%)
Purchase costs	(72)	(0.5%)	(101)	(0.7%)	29	28.4%
Service costs	(2,380)	(16.0%)	(3,393)	(22.3%)	1,013	29.8%
Other operational costs	(204)	(1.4%)	(208)	(1.4%)	4	1.9%
Added value	12,204	82.1%	11,483	75.6%	721	6.3%
Labour costs	(9,619)	(64.7%)	(9,376)	(61.7%)	(243)	(2.6%)
Other administrative expenses	(555)	(3.7%)	(488)	(3.2%)	(67)	(13.8%)
Gross operational result - EBITDA	2,030	13.7%	1,619	10.7%	411	25.4%
Allocation to fund and credit depreciation	(34)	(0.2%)	(6)	(0.0%)	(28)	(451.4%)
Intangible fixed asset amortization	(1,390)	(9.4%)	(1,165)	(7.7%)	(224)	(19.2%)
Tangible fixed asset amortization	(130)	(0.9%)	(108)	(0.7%)	(22)	(20.2%)
Operational result - EBIT	475	3.2%	339	2.2%	137	40.3%
Financial income	17	0.1%	62	0.4%	(45)	(72.3%)
Financial expenses	(12)	(0.1%)	(9)	(0.1%)	(3)	(34.1%)
Ordinary result	481	3.2%	392	2.6%	89	22.6%
Revaluations and depreciations	128	0.9%	142	0.9%	(14)	(9.6%)
Pre-tax result	609	4.1%	534	3.5%	75	14.0%
Income taxes	(215)	(1.4%)	(183)	(1.2%)	(32)	(17.5%)
Profit/(loss) for the period	395	2.7%	352	2.3%	43	12.2%

Profit/(loss) for the period attributable to:						
Non-controlling interests	(30)	(0.2%)	49	0.3%	(79)	(161.9%)
Owners of the parent	425	2.9%	303	2.0%	122	40.3%

The CAD IT Group closed the first quarter of 2016 with results and profit margins showing an improvement compared to the same period of previous year. Net profit of the quarter was Euro 395 thousand compared to Euro 352 thousand of the same quarter of previous year.

The value of production in the first quarter amounting to Euro 14,860 thousand, a slight decrease (-2.1%) compared to the same quarter of previous year (Euro 15,184 thousand), mainly includes revenues from sales and services of Euro 13,584 thousand (-4.0% compared to Euro 14,147 thousand of the first quarter of 2015) as well as the increase in fixed assets for internal works of Euro 1,252 thousand (compared to Euro 965 thousand in the same period of 2015) for the use of resources in the development of new procedures and the Group's own software.

Service costs of Euro 2,380 thousand (equal to 16.0% of the value of production) decreased (-1,013 thousand of Euro) compared to Euro 3,393 thousand (equal to 22.3% of the value of production) in the first quarter of 2015, mainly due to the lower use of external collaborations dedicated to the activities on customers.

The added value, of Euro 12,204 thousand, an increase by 6.3% compared to the same quarter of previous year (Euro 11,483 thousand) reaches a margin of 82.1% on the value of production (75.6% in the first quarter of 2015).

Labour costs during the quarter came to Euro 9,619 thousand, an increase (+243 thousand of Euro) compared to Euro 9,376 thousand in the same period of 2015. The average number of employees during the quarter was 646 units, increasing compared to the same quarter of 2015 (622 units). The increase in labour costs compared to the previous year, is mainly due to the increase in the average number of employees.

Other administrative costs came to Euro 555 thousand, increasing compared to Euro 488 thousand of previous year, mainly due to the increase of the remuneration of directors.

The EBITDA revenue margin stood at Euro 2,030 thousand, showing an increase compared to Euro 1,619 thousand in the first quarter of 2015 (+25.4%).

Amortization quotas during the quarter were Euro 1,390 thousand for intangible assets and Euro 130 thousand for tangible assets, compared to Euro 1,165 thousand and 108 thousand of the same quarter of 2015. Depreciation and 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 quarter was in credit by Euro 475 thousand, increased (+40.3%) compared to Euro 339 thousand in the same period of previous year.

The result of the financial management was positive and recorded revenue of Euro 17 thousand and financial expense for Euro 12 thousand, compared to Euro 62 and 9 thousand in the first quarter of last year.

The ordinary result was in credit by Euro 481 thousand compared to Euro 392 thousand in the first quarter of 2015.

The revaluations of the period refer to the share of profit of associate company, calculated with the net patrimony method, which generated a Euro 128 thousand revaluation (Euro 142 thousand in the first quarter of 2015).

The pre-tax result was in credit by Euro 609 thousand (equal to 4.1% of the value of production), improving (+14.0%) compared to the same quarter in the previous financial year when the figure registered was Euro 534 thousand (equal to 3.5% of the value of production).

Taxes impact on income for Euro 215 thousand, compared to Euro 183 thousand in the first quarter of 2015, resulting in a profit for the period of Euro 395 thousand, an improvement compared to Euro 352 thousand in the first quarter of 2015.

The result of the quarter attributable to owners of CAD IT was positive for Euro 425 thousand compared to Euro 303 thousand in the first quarter of 2015; the result attributable to minority interest was negative for Euro 30 thousand, compared to a positive result of Euro 49 thousand in the first quarter 2015.

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

<i>Income from sales and services</i>	<i>1° Quarter 2016</i>		<i>1° Quarter 2015</i>	
	<i>€/000</i>	<i>%</i>	<i>€/000</i>	<i>%</i>
Finance	13,243	97.5%	13,817	97.7%
Manufacturing	341	2.5%	330	2.3%
Total	13,584	100.0%	14,147	100.0%

11. Net financial position

The net financial position of the Group as at 31st March 2016 was in credit by Euro 6,562 thousand, compared to Euro 7,585 thousand at 31st March 2015.

In particular, the net short-term financial position amounted to Euro 8,558 thousand, while the net financial position is positive for Euro 6,562 thousand, due to the presence of long-term loans for Euro 1,996 thousand.

(in thousands of Euro)

<i>Net consolidated financial position</i>	<i>31/03/2016</i>	<i>31/12/2015</i>	<i>31/03/2015</i>
Cash-on-hand and at bank	7,868	3,926	6,986
Capitalization insurance policies	2,701	2,684	2,635
Payables due to banks current portion	(2,010)	(1,818)	(36)
Net short-term financial position/(indebtedness)	8,558	4,792	9,585
Long-term loans	(1,996)	(2,261)	(2,000)
Net long-term financial position/(indebtedness)	(1,996)	(2,261)	(2,000)
Net financial position/(indebtedness)	6,562	2,532	7,585

Cash-on-hand bank accounts and cash amounted to Euro 7,868 thousand and capitalization insurance policies (contractually available on 20-day prior request without any significant tax expenses) came to Euro 2,701 thousand.

Short-term debts towards banks of Euro 2,010 thousand were made up of overdrawn accounts and advances subject to final payment and of current portion of medium/long term loans.

As shown in the Consolidated Cash Flow Statement, operational management activities, in the first quarter of 2016, generated a positive cash flow of Euro 5,402 thousand (increasing compared to Euro 4,913 thousand in the first quarter of 2015).

Investment activity management took Euro 1,372 thousand, an increase compared to Euro 905 thousand used in the same period of previous year. Specifically Euro 1,283 thousand were invested in intangible assets, Euro 69 thousand in tangible assets and Euro 50 thousand in assets available for sale, while Euro 17 thousand were collected as interest income.

Lastly, financing activities absorbed Euro 264 thousand for the repayment of portions of financing, compared to a positive cash flow of Euro 2,000 thousand during the first quarter of 2015, due to the opening of a medium/long term financing. Please refer to Consolidated Cash Flow Statement for more cash flow details.

12. Research and development

CAD IT Group dedicates a significant part of its activities and resources to conceive, create and develop their own software, which will either be licensed out to clients or directly used for product development and the provision of service to its customers.

In particular, activities for the realization of new modules to increase the functional and/or technological development of the considerable range of software installed, with the purpose of consolidating traditional business, diversifying the Group's offer with new products and towards those sectors bordering on the ones in which it is already present and to new markets abroad, are still underway.

An important development project concerns the evolution of the *Suite Area Finanza*, made up of independent and integrated modules that can each carry out their own specific activities and interface with others to ensure high standards of efficiency in the management of data, avoiding duplication, in perspective of simplifying the product and the method of release. The evolutions allow to make the Suite even more attractive for the international market.

Development and innovation activities for the 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).

Also the following modules are evolving:

- Position Keeping: module dedicated to recording the events/movements and able to update the positions in real time, manage the process of completing tasks for each event (taking care to enable the

modules of competence for settlement, taxation, corporate actions), make accounting records and prepare reports of supervision.

- Placing Funds: module dedicated to the integrated management of funds placement for which they are developing new features related to the standardization of management of flows and movements.

CAD IT, in activities aimed at developing its own range of products, is also creating solutions linked to the new laws (for example further wave provided by Target 2 Securities).

Another important ongoing development project regards the new General Data (Anagrafe Generale) product, a modern, technologically avant-garde, flexible and versatile solution, which will make it easy to adjust to constant variations in regulations and in the commercial or operative needs of banking institutions. Considering the centrality and criticality of the process, which is one of the primary data sources for the entire banking information system, thanks to the tools being developed, CAD IT will be able to offer gradual data migration within its implementation projects, which will include a period of co-existence and synchronisation between the old and new data system, in order to allow integration and interfacing with the system's other processes as well as standardisation of the data to be transferred into the new data file.

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.

The product has been developed and enhanced with a new Dashboard, acquiring a new highly end-user connotation, characterized by a very timely look & feel, flexible and easy to use, while the editors dedicated to administrators and technicians are separated and specialized.

13. Investments and assets

The figures accumulated in investments in intangible and tangible assets, made during the first quarter by companies of the Group included in the consolidation area amount to Euro 1,352 thousand, compared to Euro 1,134 thousand in the same period in 2015.

(in thousands of Euro)

Summary of investments	1° Quarter	1° Quarter	Year
	2016	2015	2015
Intangible fixed assets	31	100	165
Assets under development and payments on account	1,252	965	3,856
Property, Plant and equipment	69	68	1,708
Total investments in tangible and intangible fixed assets	1,352	1,134	5,729

The voice assets under development relates to investments in development of software procedures under construction both for sale and for in-company use. Particularly ongoing intangible asset costs refer to the use of the Group's internal resources for the development of its own software which will either be licensed out to clients or used for the Group's activities.

The 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.

During the period, the item "Intangible fixed assets" and "Property, Plant and equipment" varied as follows:

(in thousands of Euro)

<i>Intangible fixed assets</i>	<i>Industrial patents and similar rights</i>	<i>Licences, trademarks</i>	<i>Assets under development and payments on account</i>	<i>Other intangible fixed assets</i>	<i>Total</i>
Purchase or production cost	39,362	4,017	7,679	15	51,073
Previous years revaluations	-	-	-	-	-
Previous years depreciation and write-downs	(28,496)	(3,839)	-	(15)	(32,350)
Adjustments to previous years write-downs	-	-	-	-	-
Opening value	10,866	178	7,679	0	18,723
Variations in consolidation area	-	-	-	-	-
Purchases/increases	-	31	1,252	-	1,283
Transfers	2,492	-	(2,492)	-	-
Reduction in accumulated depreciation due to disposals	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(1,362)	(28)	-	-	(1,390)
Adjustments to write-downs for the period	-	-	-	-	-
Total intangible fixed assets	11,995	181	6,440	0	18,616

During the quarter, software development projects for which there was ongoing investment were ended and therefore the incurred costs were reclassified from the voice "assets under development", to the voice "patent rights and intellectual property", for a value of Euro 2,492 thousand. The reclassification generated the depreciation in the quarter of 124 thousand euro.

(in thousands of Euro)

<i>Property, plant and equipment</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Other tangible fixed assets</i>	<i>Total</i>
Purchase or production cost	10,406	4,238	34	4,921	19,599
First time adoption revaluation	8,439	-	-	-	8,439
Previous years depreciation and write-downs	(1,865)	(3,356)	(31)	(4,360)	(9,612)
Adjustments to previous years write-downs	-	-	-	-	-
Opening value	16,979	883	3	561	18,426
Variations in consolidation area	-	-	-	-	-
Purchases	-	15	-	53	69
Transfers	-	-	-	-	-
Reduction in accumulated depreciation due to disposals	-	-	-	6	6
Disposals	-	-	-	(6)	(6)
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(43)	(41)	(0)	(47)	(130)
Adjustments to write-downs for the period	-	-	-	-	-
Total tangible fixed assets	16,936	857	3	568	18,364

14. Personnel

The number of CAD IT Group staff, at the end of the quarter increased by 3 units compared to the end of 2015

financial period. Information on the actual number employees at the end of each period is reported below:

<i>Category of Employees</i>	<i>Labour force at 31/03/2016</i>	<i>Labour force at 31/03/2015</i>	<i>Labour force at 31/12/2015</i>
Management	20	20	19
White-collars and cadres	582	579	584
Blue-collars	1	1	1
Apprentices	44	29	40
Total	647	629	644

The average number of employees in the quarter was 646 units, an increase of 24 units (+4%) compared to the same reference quarter of the year 2015 (622 units).

<i>Category of Employees</i>	<i>Average number I Quarter 2016</i>	<i>Average number I Quarter 2015</i>	<i>Average number year 2015</i>
Management	20	20	19
White-collars and cadres	583	573	580
Blue-collars	1	1	1
Apprentices	42	28	30
Total	646	622	630

15. Significant events since 31st March 2016

In April CAD IT acquired 30% of the capital of the Spanish company Software Financiero Bolsa and signed an agreement to increase to a majority share in 2019.

Founded in 1994 and with registered offices in Madrid, SFB is the leader in Spain in the supply of front, middle and back office software solutions with which settlement instructions amounting to over 50% of trading volumes negotiated on the Madrid Stock Exchange are processed daily.

SFB closed its 2015 financial period with revenues of Euro 4.8 million, a net profit equal to Euro 1.1 million and with a Net Financial position in credit by Euro 2.4 million.

The value of the 30% cash settlement acquisition of SFB's capital came to Euro 250 thousand at the first closing. Payment of the definitive price will take place after the closure of the 2018 balance (second closing) and will be calculated on the basis of the results that SFB achieves over the 2016-2018 financial periods.

On that date, CAD IT will have the option to acquire further shareholdings to a controlling share of 51%, or up to 100% of the capital depending on the right of SFB's current shareholders to exercise a PUT on the remaining 49%. With this deal, CAD IT further strengthens its presence on the financial software market in Europe and confirms its active interest in expanding onto the Spanish market, offering with SFB highly innovative products already in use at 90% of Italian banks and at Swiss, German, British and Czech Republic customers.

This agreement provides CAD IT with important opportunities to increase revenues due to:

- SFB's considerable commercial and technical presence in Spain and Portugal;
- SFB's existing customer portfolio consisting of about 40 financial institutions to whom CAD IT's products, complementary to those of SFB, could be offered;
- cross selling opportunities with SFB products to CAD IT customers;
- the credibility of both brands on the market.

On 28th April 2016, the Ordinary Shareholders' Meeting approved the Annual Financial Statements at 31st December 2015 and decided the distribution of an ordinary dividend of Euro 0.15 per share. The dividend will be paid from 11th May 2016. Dividend payment resulted in a cash outlay of Euro 1,347 thousand. The Shareholders' Meeting also approved the first section of the Remuneration Report ex article 123-ter of Leg. Dec. 58/1998 (available in the Company's website).

16. Foreseeable development in the management

The development strategies adopted for the current year aim at meeting the priorities that the Italian and European banks are now being obliged to face. In fact, financial institutions are now finding themselves having to deal with the constant need to adjust their procedures and structures in order to quickly acknowledge new norms and regulations introduced at an international, European and national level as well as to try and improve results and margins in order to manage the current market context that is now beginning to show signs of recovery.

On the Risk & Compliance front, the most important regulations that the banks will have to face in the immediate future are: modifications to the IFRS 9 accounting standards, Market Abuse, Data Quality, Notifications (Puma 2), Basel III, MiFID II, T2S.

For the purposes of an efficient, timely and coordinated development in the procedures in order to adjust to the new regulations, CAD IT has set up a series of "work groups" in collaboration with its customers to further study the new specifications.

As regards pursuing improved margins, the financial institutions are constantly trying to contain costs and extend their business areas. CAD IT also puts itself forward as a strategic partner for its customers on these fronts with innovative software like the new Oder Hub and General Data systems which are able to take advantage of new technologies that lead to achieving high standards of efficiency in terms of data and process management, with significant reductions in processing times and costs.

Lastly, in order to provide financial institutions with support in their business area and business volume expansion strategies, CAD IT offers a Framework for the new generation Digital Bank and, thanks to significant experience and references matured in the field of solutions for financial promoters, also places its skills at the disposal of those financial institutions that want to innovate and promote their own offers and networks.

In addition to the mentioned opportunities 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 also be supported and accelerated by the recent acquisition of the shareholding in the Spanish company Software Financiero Bolsa S.A., as well as by the optimal references it has obtained from its existing foreign customers and by the internationalization procedures for which the large Italian and European 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.

Considering current strategies and 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 through new and high standard quality products that would guarantee adequate income levels.

On behalf of the Board of Directors
The Chairman
//s// Giuseppe Dal Cortivo

**DECLARATION IN ACCORDANCE WITH ARTICLE 154-BIS, SECOND PARAGRAPH, OF LEGISLATIVE
DECREE NO. 58 OF 24 FEBRUARY 1998**

The undersigned, Michele Miazzi, manager in charge of drafting CAD IT S.p.A. accounting documents, hereby declares, in accordance with article 154-bis, second paragraph, of the Revenue Office “Testo Unico” (Leg. Dec. 58/1998), that the accounting information in this Interim Management Report corresponds to the documentary results, books and accounting registers.

Verona, 12 May 2016

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



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