CAD IT S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2010

This document has been translated into English for the convenience of readers outside of Italy.
The original Italian version remains the definitive and authoritative document.

CAD IT S.p.A.

Registered office in Verona, Via Torricelli No. 44/a
Share capital € 4,669,600 fully paid in.
Tax code and Verona Company Register No. 01992770238
Chamber of Commerce REA No. 210441

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Consolidated financial statements at 31 december 2010

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

BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS (1)

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI (2)
Director

MATTHIAS SOHLER (3)
Director

FRANCESCO ROSSI (2)
Independent Director

LAMBERTO LAMBERTINI (2)
Independent Director

STATUTORY AUDITORS (1)

RICCARDO FERRARI
Chairman

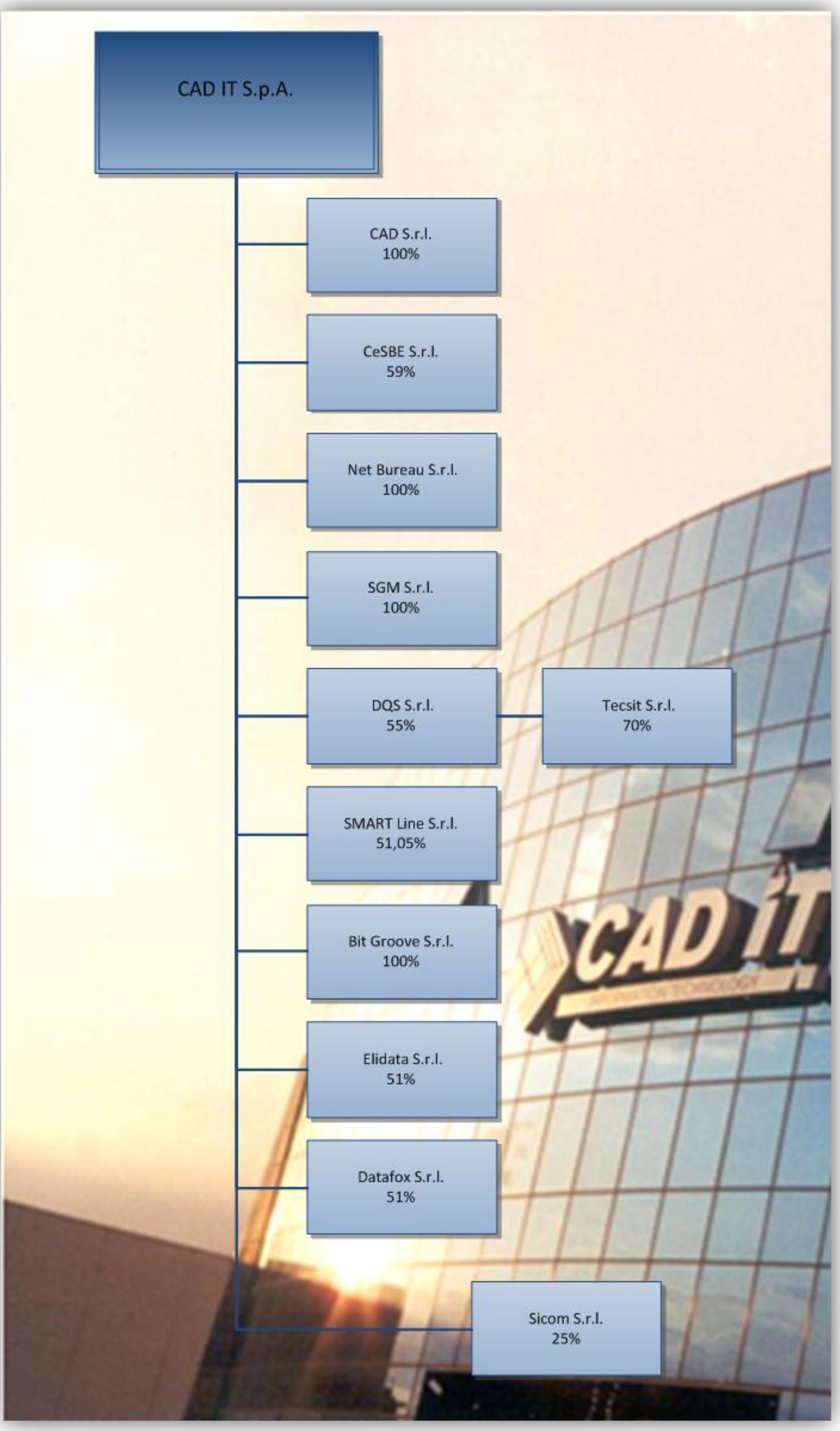
GIAN PAOLO RANOCCHI
Statutory Auditor

RENATO TENGATTINI
Statutory Auditor

AUDITORS: BDO S.p.A.

(1) Appointed on 29 April 2009; office expires with the shareholders' meeting for the approval of the 2011 financial statements.
(2) Member of the Internal Control Committee; member of the Nominating and Compensation Committee.
(3) On 11.03.2011 the Director resigned from his position.

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 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 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 with their single signature to the maximum amount of Euro 2,000,000 (two million) for each individual transaction and up to a maximum of Euro 4,000,000 (four million) for each individual transaction with the joint signature of another managing director; furthermore, the aforementioned directors will have the power and faculty, with their single 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 with their single signature to the maximum amount of Euro 2,000,000 (two million) for each individual transaction and up to a maximum of Euro 4,000,000 (four million) for each individual transaction with the joint signature of another managing director.
The said Managing Director represents the Company in terms of relations with institutional investors and shareholders as well as with Borsa Italiana S.p.A. and Consob, by sending them communications and information, including anything required by the laws in force and/or the international best practice rules in respect of the laws and rules themselves and any internal regulations.



CAD IT Group at 31/12/2010

DIRECTORS' REPORT ON OPERATION

This management report is an integral part of CAD IT S.p.A.'s consolidated financial report at 31/12/2010 and includes references to the important events which occurred during the financial year and their incidence on the balance and consolidated Financial Statement, together with a description of both CAD IT S.p.A.'s and the Group's primary risks and uncertainties.

The consolidated balance at 31st December 2010 was drafted to conform with the applicable international accounting standards recognised in the European Community in accordance with EC regulation no. 1606/2002 issued by the European Parliament and Council on 19th July 2002 and with the provisions laid down in art. 9 of Leg. Dec. no. 38/2005, as well as in observance of Consob regulation no. 11971 of 14th May 1999 and subsequent modifications and integrations.

For further information on the result and CAD IT S.p.A.'s financial-economic situation, please refer to the Financial Statement.

Unless otherwise indicated, the monetary quantities in the accounting tables and those quoted in the notes, are expressed in thousands of Euro.

Information on CAD IT S.p.A.

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

The registered office and the administrative and operating offices are in Via Torricelli 44/a, Verona.

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

Share capital amounts to € 4,669,600, fully subscribed and paid-in, and comprises 8,980,000 ordinary shares. There are no other action categories.

The company is listed in the STAR market of the Italian stock exchange.

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.

CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil Code and it is fully responsible for defining it own general and operational strategic policies. CAD IT S.p.A. manages and coordinates its own subsidiaries.

Activities of the Group

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

For almost 30 years, the Group has been dealing with the banking and insurance market and the world of business and public administration by offering software solutions, maintenance, personalisation, integration and other correlated services from application management to outsourcing, consultancy to training.

The CAD IT Group operates in Italy with its own branches and Group companies. Its Head Office is in Verona but there are other units in Milan, Rome, Prato, Bologna, Padova, Mantua.

CAD IT is leader in the Italian software market for the banking sector with its main product, Financial Area, a programme which completely manages all functions connected to negotiation, settlement and administration of security transactions, debentures, derivates (in any currency) and adopted, according to company estimations, by 80% of Italian banking outlets.

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

Solutions for public administration make up the newest sector but they capitalize the Group's traditional abilities like its 20-year experience in developing computer systems for public body.

Summary of the Group results

	Period 2010		Period 2009		Variations	
						%
Production value	52,510	100.00%	54,321	100.00%	(1,811)	(3.33%)
Added value	39,573	75.36%	41,050	75.57%	(1,477)	(3.60%)
Gross operational result (EBITDA)	4,525	8.62%	7,252	13.35%	(2,727)	(37.60%)
Operational result (EBIT)	713	1.36%	3,531	6.50%	(2,818)	(79.81%)
Ordinary result	724	1.38%	3,671	6.76%	(2,947)	(80.28%)
Pre-tax and pre-third party share result	760	1.45%	3,824	7.04%	(3,065)	(80.13%)
Income taxes	(1,361)	(2.59%)	(1,967)	(3.62%)	607	(30.8%)
Profit (loss) for the period	(601)	(1.14%)	1,857	3.42%	(2,458)	(132.37%)
Profit/(loss) for the period attributable to Owners of the parent	**(623)**	**(1.19%)**	**1,985**	**3.65%**	**(2,608)**	**(131.39%)**
Total profit (loss) for the period	(650)		1,992		(2,642)	(132.64%)
Total Comprehensive income attributable to Owners of the parent	**(672)**		**2,121**		**(2,793)**	**(131.70%)**

	31/12/2010	31/12/2009
Total Assets	80,843	84,081
Total Equity	55,819	58,993
Equity attributable to Owners of the parent	53,593	56,505
Net short-term financial position/(indebtedness)	4,250	5,093
Net financial position / (indebtedness)	4,100	4,914
Employees at the end of the period (number)	609	604

Consolidated income results analysis

	NOTES	Period 2010		Period 2009		Variations	
							%
Income from sales and services	1	48,224	91.8%	48,863	90.0%	(639)	(1.3%)
Changes in ongoing orders	3	(115)	(0.2%)	(41)	(0.1%)	(74)	182.0%
Asset increases due to internal work	4	4,334	8.3%	4,232	7.8%	102	2.4%
Other revenue and receipts	5	67	0.1%	1,267	2.3%	(1,199)	(94.7%)
Production value		52,510	100.0%	54,321	100.0%	(1,811)	(3.3%)
Costs for raw	6	(836)	(1.6%)	(1,086)	(2.0%)	250	(23.0%)
Service costs	7	(11,360)	(21.6%)	(11,238)	(20.7%)	(123)	1.1%
Other operational costs	8	(741)	(1.4%)	(948)	(1.7%)	207	(21.8%)
Added value		39,573	75.4%	41,050	75.6%	(1,477)	(3.6%)
Labour costs	9	(32,455)	(61.8%)	(31,337)	(57.7%)	(1,118)	3.6%
Other administrative expenses	10	(2,592)	(4.9%)	(2,461)	(4.5%)	(131)	5.3%
Gross operational result - EBITDA		4,525	8.6%	7,252	13.4%	(2,727)	(37.6%)
Allocation to Credit Depreciation Fund	11	(75)	(0.1%)	(96)	(0.2%)	21	(21.8%)
Amortizations:							
Intangible fixed asset amortization	12	(2,960)	(5.6%)	(2,761)	(5.1%)	(199)	7.2%
Tangible fixed asset amortization	13	(768)	(1.5%)	(794)	(1.5%)	27	(3.3%)
Other allocation	14	(10)	(0.0%)	(70)	(0.1%)	60	(85.7%)
Operational result – EBIT		713	1.4%	3,531	6.5%	(2,818)	(79.8%)
Net financial income	15	90	0.2%	197	0.4%	(108)	(54.6%)
Net financial expenses	16	(79)	(0.1%)	(57)	(0.1%)	(21)	37.5%
Ordinary result		724	1.4%	3,671	6.8%	(2,947)	(80.3%)
Revaluations and depreciations	16	36	0.1%	153	0.3%	(117)	(76.6%)
Pre-tax result		760	1.4%	3,824	7.0%	(3,065)	(80.1%)
Income taxes		(1,361)	(2.6%)	(1,967)	(3.6%)	607	(30.8%)
Profit (loss) for the period		(601)	(1.1%)	1,857	3.4%	(2,458)	(132.4%)
Profit (loss) for the period attributable to:							
Non- controlling interests		22	0.0%	(128)	(0.2%)	151	(117.2%)
Owners of the parent		(623)	(1.2%)	1,985	3.7%	(2,608)	(131.4%)
Weighed average number of ordinary shares in circulation		8,980,000		8,980,000			
Basic earnings per share (in €)		(0.069)		0.221			

The CAD IT Group's consolidated financial statement for the 2010 financial period closed with a positive pre-tax result of Euro 760 thousand and, due to the effect of taxes for Euro 1,361 thousand, showed a loss of Euro 601 thousand compared to the Euro 1,857 thousand profit of the previous year. The loss is the result of a reduction in the marginality of price-revenues for which the added value of production is Euro 1,477 thousand less than the previous year. The effect of a Euro 1,118 thousand increase in labour costs due to the application of contractual pay increases and administrative costs of Euro 131 thousand can be added to this so that the operational margin dropped to Euro 4,525 thousand (equal to 8.6% of the value of production) compared to Euro 7,252 thousand in the previous financial period (-37.6%).

Labour costs in the 2010 financial period came to Euro 32,455 thousand, showing an increase of Euro 1,118

thousand (3.6%) compared to the previous year (Euro 31,337 thousand) and included the effect deriving from the actuarial calculation, in accordance with IAS 19, of the severance pay debt towards employees: the actuarial loss during the financial period was Euro 16 thousand compared to Euro 72 thousand in 2009.
Due to a Euro 199 thousand increase in intangible asset amortization, the EBIT operational result for 2010 fell to Euro 713 thousand compared to Euro 3,531 thousand in the previous year.
The financial management result fell due to the availability of liquid assets and equivalent means and rates of return on their usage.
Consequently, the ordinary result was in credit by Euro 724 thousand (previous year Euro 3,671 thousand) equal to 1.4% of the value of production.
The revaluation and devaluation result was in credit for Euro 36 thousand. This entry was influenced by the positive result of the subsidiary company Sicom Srl, partially absorbed by the devaluation of the Class holding.
The pre-tax and third party share result came to Euro 760 thousand compared to Euro 3,824 thousand in 2009 and consequently, income taxes came to Euro 1,361 thousand compared to Euro 1,967 thousand in the 2009 financial period.
The negative result ascribable to CAD IT partners was Euro 623 thousand compared to the positive result of Euro 1,985 thousand in 2009, net of the result for third party accruals of Euro 22 thousand in 2010 and in deficit for Euro 128 thousand in 2009.
The total result for the 2010 financial period was in deficit by Euro 650 thousand of which Euro 672 thousand is ascribable to CAD IT partners and Euro 22 thousand is ascribable to third party accruals compared to Euro 1,992 thousand in 2009 of which Euro 2,121 thousand was ascribable to CAD IT partners and a loss of Euro 128 thousand was ascribable to third parties.
The Groups' Net Financial Position at 31/12/2010 was in credit by Euro 4,100 thousand compared to Euro 4,914 thousand at 31st December 2009.

Financial indicators

In order to better understand the Company's situation, trend and result, below are some synthetic indicators that compare the last three financial periods of reference, referring to conditions of patrimonial, economic and financial balance.
Patrimonial soundness analysis aims at estimating the group's ability to maintain financial equilibrium in the medium-to-long term. This ability depends on two types of factors: the financing structure for medium/long-term uses and the composition of financing sources.
In reference to the first aspect, on the assumption that the recovery time of these uses must logically be correlated to the recovery time of the sources, the chosen indicators to analyze these correlations are the following:

ASSET FINANCING INDICATORS		*2010*	*2009*	*2008*
Primary structure margin	*Shareholders' equity – Non-current assets*	8,188	12,410	16,998
Primary structure quotient	*Shareholders' equity / Non-current assets*	1.17	1.27	1.38
Secondary structure margin	*(Shareholders' equity + Non-current liabilities) – Non-current assets*	18,217	22,428	27,002
Secondary structure quotient	*(Shareholders' equity + Non-current liabilities) / Non-current assets*	1.38	1.48	1.60

In reference to the second aspect, regarding the composition of financing sources, the following indicators are given:

FINANCING STRUCTURE INDEXES		*2010*	*2009*	*2008*
Total debt quotient	*(Non current Liabilities + Current liabilities) / Shareholders' equity*	0.45	0.43	0.44
Financial debt quotient	*Financing liabilities /Shareholders' equity*	0.04	0.02	0.01

In reference to earning capacity analysis, the following indicators, which are frequently used in company practices, are shown below in order to monitor the remuneration of the invested capital over time.

EARNING CAPACITY INDEXES		*2010*	*2009*	*2008*
Net ROE	*Net result/Average Shareholders' equity*	(1.05%)	3.07%	8.66%
Gross ROE	*Gross result/Average Shareholders' equity*	1.32%	6.33%	15.07%
ROI	*Operational result/(Invested operating capital – Average operational liabilities)*	1.26%	5.95%	14.85%
ROS	*Operational result/Sales income*	1.48%	7.23%	16.18%

The following solvency indicators are frequently used to study the company's ability to maintain financial equilibrium in the short term, i.e. to face short-term expenses (current liabilities) with existing liquid assets (immediate liquidity) and expected short-term receipts (deferred liquidity). Consequently, on the assumption that the recovery time for uses must "logically" be correlated to the recovery time for sources, the indicators for studying this correlation are:

SOLVENCY INDICATORS		*2010*	*2009*	*2008*
Availability margin	*Current assets – Current liabilities*	18,217	22,428	27,002
Availability quotient	*Current assets / Current liabilities*	2.21	2.49	2.56
Treasury margin	*(Deferred liquidity + Immediate liquidity) – Current liabilities*	17,472	21,397	25,697
Treasury quotient	*(Deferred liquidity + Immediate liquidity) / Current liabilities*	2.17	2.42	2.49

The short-term situation [1]

2010 saw signs and prospects of growth following the enormous economic crisis of the previous financial periods, even though there were large differences between the main economic areas and countries. In particular, economic growth was strong in the principle emerging economies and more modest in the advanced ones, especially in the Euro monetary area.

This growth in global economy continued in the third quarter of 2010, even though the rate was less evident than in the second quarter and different in the various countries and areas. Growth in the emerging economies has continued to be strong, especially in China and India. It was more modest in the advanced economies, signalling a weakening in the Euro monetary area. Trade flows, after having recovered the pre-crisis volumes in the first half of the year, slowed down again.

In the fourth quarter, economic activity improved in the United States on the basis of the most recent figures on industrial production and family consumption; it was still rather moderate in the Euro monetary areas, with the exception of Germany, where it was stronger, and it receded again in the United Kingdom; in Japan, however, it showed a downturn following the lack of support supplied by the provision cycle and other temporary factors. Expansion maintained the same rhythm as the third quarter in the emerging economies.

According to the OCSE projections, world production in 2010 increased by 4.6%.

In Europe, after the improvement between June and October, further tension on the sovereign debt market of some countries in the area were registered in November. The German economy, however, continued to be the most dynamic compared to the rest of the area with a more decisive increase in GDP than the average for the other countries in the area. The growing capacity of German companies to compete in the most dynamic markets is reflected by an expansion in their foreign sales, which are clearly higher than the other countries in the area.

Recovery in Italy was much slower than in Germany: from the point of cyclical minimum – which Germany arrived at in the first quarter of 2009 and Italy in the second – up until the summer of last year, the cumulative growth of

[1] Data source: Banca D'Italia, Economic Bulletin no. 63, January 2011

the GDP was 1.5% against the 5.2% of the German economy. Italy's delay resulted in a smaller expansion in exports (11.1 % against 18.9%) compared to a growth in imports, which is only slightly lower than in Germany. In October, the industrial production index was more or less the same as the month before, registering an increase of about 1 per cent in November.
As for the Italian banking sector, the worsening of returns seen in 2008 and 2009 continued in 2010. According to the consolidated reports of five major banking groups, returns in the first nine months of 2010 were down compared to the same period in 2009. Capital earnings and reserves, expressed on an annual basis, fell to 3.7 per cent from 4.3 in the previous year. The management result decreased by 13 per cent: the decline in interest margins (-9.0 per cent), induced by the reduction in interest rates and, for some intermediaries, by the drop in loans, was accompanied by a substantial stability in other returns and operational costs. Adjustment in value and devaluations on credits decreased compared to the first nine months of 2009 (-16 per cent) but continued to absorb more than half of the management result. Generally speaking, intermediary profits were down by 8 per cent.

Significant events of the period

On 29th April 2010, the Ordinary Shareholders' Meeting approved the financial statement for the year ending at 31/12/2009 and agreed to distribute a dividend of Euro 0.25 per share. Dividend payment resulted in a cash outlay of Euro 2,245 thousand.
Activities regarding the development and sale of new products for both traditional and new types of clients continued throughout the period, with particular attention to internationalisation opportunities.
Moreover, the intense project activities with Xchanging UK Ltd (a company that supplies security administration services for the German and British market and which holds a 10% share in CAD IT S.p.A.) through which the CAD IT Group aims at increasing its revenues in Italy and also to diversify its business in geographical terms, is continuing during 2010 financial period. In June CAD IT signed a Letter of Intent which foresaw CAD IT software and relative services being supplied to Xchanging for the latter's BPO (Business Process Outsourcing) activities in the fund administration, broker and asset manager segment in Italy and Europe. The Letter of Intent was subsequently finalized by the signing of a contract.
In August CAD IT signed a contract with Xchanging for the supply of software and relative services to support platforms for the management and administration of securities and funds on behalf of Xchanging on European financial markets. The contract follows the agreement signed between Xchanging and SIA-SSB, the European leader for financial system services and payments, in order to form a partnership through which Xchanging has acquired the operational control of Kedrios S.p.A., the Italian subsidiary of the SIA-SSB Group that specialises in the back office management of securities processing and fund administration services.
Xchanging thus enters the Italian market, confirming its objective of becoming an important player in the sector as a top-class software supplier for banks, and being able to rely on an operative base in Italy to serve its own customers and to expand on an international level.
With the signing of this contract, CAD IT and Xchanging have further strengthened their strategic partnership, established in 2006, which principally aimed at developing an integrated pan-European technological platform for the management of financial tools and represents a fundamental step for CAD IT's expansion into Europe because it allows the Group to take advantage of the know-how and international presence of such a reputable partner such as Xchanging.
During the third quarter, CAD IT, together with the Mediobanca team of experts, bought the project for the development and integration of the entirely web 2.0 and open platform new version of Finance Area at Mediobanca to a close. Amongst the most significant innovations of the new version is the Middle Office management module which supports all post-trade activities and dealings with the bank's customers, like production of confirmations and receipt of specific multi-channel instructions. Furthermore, Mediobanca has chosen CAD IT's "Caronte" module for connecting to markets, which has been renewed in the interfaces and, due to its total integration in Finance Area, guarantees high added value performance and automatism. The project is a true success for CAD IT since, in just 12 months, it has been able to start up the new innovative

Finance Area platform at such a prestigious and important bank like Mediobanca. Working in a team with the bank's experts has also led to further know-how for CAD IT software solutions.
In the month of October, CAD IT signed a partnership agreement for expansion on the reconciliation market and the management of exceptions with SWISSRISK Financial SystemsGmbh, a well-established and successful company with head offices in Frankfurt (Germany) with more than 30 years' experience in supplying software products to the financial sector. SWISSRISK currently serves more than 100 financial organisations in the world and is one of the few European software companies that specialises in the management of exceptions and investigations. The main objective of the partnership agreement consists in reciprocal support to improve all the services on offer to the financial market and, in particular, to both CAD IT's and SWISSRISK Financial System's existing customers. The two companies intend to support each other in the sale and integration of their EasyMatch and FinTRACE products. The FinTRACE solution, offered by SWISSRISK, has had SWIFT recognition for several years for SWIFTNetExceptions and Investigations functions and has been used by large-sized financial institutions like, for example, Commerzbank. FinTRACE is the top solution within the market in terms of exception and investigation management, guaranteeing a wide range of operative possibilities and maximum scalability. CAD IT's EasyMatch application, however, is an independent module belonging to the "F.A. - Finance Area" suite and allows the customers to use the most modern platform available on the market in terms of matching and reconciliations. EasyMatch is offered at a competitive price, boasts maximum scalability and performances able to support customers of all sizes. The combination of two solutions allows the customers, whatever their size, to reduce costs by increasing efficiency and the number of services offered to the final users. The reconciliation sector is a logical extension of the product range offered by SWISSRISK, which has decided to integrate CAD IT's EasyMatch solution into its own offer, believing it to be the best application on the market. The market is full of legacy systems for reconciliation processing based on dated and poorly functional technologies that are, however, expensive and therefore result in enormous management costs. After having carried out accurate market analysis, and on the basis of the feedback received from existing customers, like Commerzbank, SWISSRISK maintains that EasyMatch is the most effective, modern and flexible solution available on the market in terms of matching and reconciliation management. The inclusion of FinTRACE into the CAD IT product range can also guarantee an enormous added value for the EasyMatch procedure, which has already met with considerable success on the market with customers of such importance as XchangingTransactionBank, Commerzbank and many other banks and insurance companies throughout Europe.
In October, CAD IT increased their holding share of the subsidiary company CeSBE S.r.l. from 52% to 59% following the purchase of a further holding share of 7% of the company capital.
On 12th November 2010, the CAD IT S.p.A. Board of Directors agreed to adjust the Statute to the obligatory legislative provisions imposed by Leg. Dec. No. 27/2010 (put into effect by directive 2007/36/CE relating to the exercising of some of listed company shareholder rights).
A new contract was signed with Equitalia in December in view of the expiry on 31st December 2010 of the ongoing contract, which guaranteed the continuation of the information technology services provided to the tax collection group for 2010 and 2011. Following the reform in the tax collection system introduced by Article 3, Leg. Dec. no. 203 of 25th September 2005, the system for the national concession for tax collection was suppressed and tax collection services were entrusted to the Tax Office, which now carries it out, under a legal privatization scheme, through Equitalia S.p.A. The new contract regards the supplying of application management services, including corrective and developmental maintenance and the activation of the software procedures for tax collections in use at the Tax Collection Companies. The total value of the contract is Euro 13.3 million.

Human Resources

For the CAD IT Group, taking care of its own human resources, which it has always considered as a precious patrimony, is a central and critical factor for a group that aims at innovation in a rapidly and constantly changing sector.
Continual training leads to the development of know-how and an ability to innovate, as well as a systematic transfer of skills, in a process of constant improvement based on attention to its own human resources, their

motivation and their involvement in company objectives.
Each year, therefore, a great deal of attention is paid to the development and training of staff through an analysis of their needs, the defining of plans and training courses, the carrying out of courses, both internally and on the premises of qualified external organisations, and the evaluation of training activities.
2010 saw 10.1 thousand hours taken up by training (13.6 in 2009) to support operational activities and professional development, with the involvement of 416 resource units (421 in 2009) and an average of 24.4 hours of training per resource unit (32.4 in 2009). The main training areas were: IT and technical updating, health and safety at work, foreign languages, company organisation and managerial training.

CAD IT's and Group research and development

In relation to activities aimed at consolidating traditional business, the production of new modules to increase the functional and technological development of the considerable range of software installed remains constant within the Group.
The creation and use of new computer systems aimed at diversifying the Group's offer towards those sectors bordering on the ones in which it is already present, is still underway.
As regards new projects, development are continuing on the SIBAC GS platform, which is a fundamental element for the Group's strategic growth. Development relating to the New Finance Outlet project, which started in 2007, is continuing and aims to equip the successful Finance Area procedure with Web interfacing.
Activity in the production of specialised modules for the business intelligence (Managerial Information System) area is also continuing.
CAD IT and Smart Line S.r.l. are now investing to enrich theirs own offer range of solutions and services for Public Administration and authorities for the management of local taxes.
The CAD IT Group, in its intent to develop its own products, is also creating solutions linked to the new norms and further procedures aimed at diversification for new business sectors like Insurance (Finance Area for Insurances) and new software modules for international market (EM).

Investments

Summary of investments	*Period 2010*	*Period 2009*	*Variations*
Intangible fixed assets	176	486	(310)
Assets under development and payments on account	4,334	4,232	102
Plant, machinery, equipment and other tangible fixed assets	200	394	(194)
Total investments in tangible and intangible fixed assets	4,710	5,113	(403)

Investments in tangible and intangible fixed assets made by the consolidated companies in the financial period amount to Euro 4,710 thousand compared to Euro 5,113 thousand during 2009 financial period.
The consistent amount of investment derives from strategic decisions taken by the Board of Directors and management, who have approved the development of a large number of products, projects and new technologies in order to be ready for development lines in the sector and to be able to propose an updated range of products that can quickly satisfy market demand.
Investments in intangible fixed assets mainly regard the development and purchasing of software for licensing to the clients or instrumental software to be used by the Group for its own activity

Related parties transactions

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

Relationships with Group companies

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

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

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

Company	*Costs*	*Capitalized costs*	*Turnover*	*Receivables*	*Payables*
		Assets purchase			
CAD IT S.p.A.	18,050		1,686	3,603	16,456
CAD S.r.l.	1,051		8,861	8,043	3,149
CeSBE S.r.l.	510		2,686	3,524	96
NetBureau S.r.l.	38		943	440	67
DQS S.r.l.	42		2,552	1,686	48
SGM S.r.l	46		527	1,291	83
SmartLine Line S.r.l.	38		1,496	1,060	104
BitGroove S.r.l.	189	22	778	946	838
Elidata S.r.l.	105		593	487	30
Datafox S.r.l.	45		213	119	30
Tecsit S.r.l.	197				297
Total	**20,312**	**22**	**20,334**	**21,199**	**21,199**

There have been no abnormal or unusual transactions between the CAD IT Group's companies in this financial period.
Further information on CAD IT S.p.A.'s relations with its subsidiaries is shown in directors report on operation of the parent company at 31st December 2010, to which reference is made.

Shares held by managerial and controlling organs and by the managers with strategic responsibilities

Information on shares held by the components of the administrative and control organs, and by the managers with strategic responsibilities within the issuing company and in the companies controlled by it, is given in the following table[2]:

Name and surname	Company	Number of shares held at 31.12.2009		Number of shares bought	Number of shares sold	Number of shares held at 31.12.2010	
Dal Cortivo Giuseppe	CAD IT S.p.A.	1,334,534	(1)	-	-	1,334,534	(1)
Magnani Giampietro	CAD IT S.p.A.	1,331,021	(1)	-	-	1,331,021	(1)
Rizzoli Maurizio	CAD IT S.p.A.	1,439,686	(2)	400,000	400,000	1,439,686	(3)
Zanella Luigi	CAD IT S.p.A.	1,333,480	(4)	-	-	1,333,480	(4)
Dal Cortivo Paolo	CAD IT S.p.A.	5,481		-	-	5,481	
Sohler Matthias	CAD IT S.p.A.	-		-	-	-	
Lambertini Lamberto	CAD IT S.p.A.	-		-	-	-	
Rossi Francesco	CAD IT S.p.A.	-		-	-	-	
Ferrari Riccardo	CAD IT S.p.A.	1,000		-	-	1,000	
Ranocchi Gian Paolo	CAD IT S.p.A.	9,571	(5)	1,153	-	10,724	(6)
Tengattini Renato	CAD IT S.p.A.	60		-	-	60	
Dirigenti con responsabilità strategiche	CAD IT S.p.A.	1,300		-	-	1,300	

(1) of which in spouse's name n.:	370,885
(2) of which in spouse's name n.:	535,014
(3) of which in spouse's name n.:	935,014
(4) of which in spouse's name n.:	380,985
(5) of which in spouse's name n.:	5,281
(6) of which in spouse's name n.:	6,434

Information relative to payments for any security of the main company or its direct or indirect subsidiaries to Board members or auditors and to managers with strategic responsibilities are shown in the balance notes (note 38).

Reconciliation report with the Head Company balance

The following table shows the reconciliation figures of the net patrimony and the consolidated financial result with those of CAD IT S.p.A.[3]

	Net patrimony	Result of period
Net patrimony and result of the controlling company for the period concerned	54,403	(380)
- difference between the entry value of the consolidated holdings and the pro quota value of the net patrimony	(8,813)	-
- effects on reserves	(380)	-
- pro quota results of the subsidiary/associate holdings	(52)	(52)
- consolidation difference	8,309	-
- subsidiary/associate dividend elimination	-	(101)

[2] In accordance with sheet 3, attachment 3c, of Consob Regulation no. 11971
[3] In accordance with Consob communication no. 6064293 of 28 July 2006.

- infra-group margin elimination	(199)	(199)
Assessment of associate holdings with net patrimony method	326	109
Total net patrimony and consolidated result of period	***53,593***	***(623)***

Corporate Governance and Internal Control System

CAD IT adheres and conforms to the Governance Code for listed companies published by Borsa Italiana in March 2006.
CAD IT considers and defines its Internal Control System as "a set of rules, procedures and organisational structures aimed at achieving, by means of a suitable identification, measurement, management and monitoring process of the principle risks, the running of a healthy, correct and coherent business with pre-established objectives". The internal system for managing risk and control in financial information technology is a constitutive part of a broader Internal Control System. This system also aims at guaranteeing trustworthiness, accuracy, reliability and timeliness of the company and the Group's financial information technology.
The Internal Control System is the mainstay on which *Corporate Governance* stands and is the catalyzing element of all subjects and functions that, each in their own way, contribute to the healthy, correct and coherent running of the business in order to give maximum sustainable value to every activity within the organisation.
Essential parts of the Internal Control System are the Code of Ethics and the Management and Control Organisation Model adopted by the Board of Directors in accordance with the norms concerning "Company administrative responsibility rules" in Leg. Dec. no. 231/2001 and subsequent modifications. The Management and Control Organisation Model ex Leg. Dec. No. 231/01 according to intervening developments in the norms and laws includes the Health and Safety at Work System (with relative manual and procedures) in accordance with the UNI/INAIL guidelines which represent a best practice standard of reference for compliance to the provisions in Leg. Dec. 81/08.
In compliance to the legal obligations, the CAD IT S.p.A. 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 CAD IT S.p.A. shareholders with an adequate description of the corporate governance system adopted, information on property assets and adhesion to Corporate Governance regulations. The report is published at the same time as this management report and is available for public viewing in the Investor Relations sector of the company's Internet site: www.cadit.it. Please refer to the complete document for further details on *governance* and the Internal Control System.

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

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

External Risks

Risks connected to the general conditions of the economy and sector

The information technology consultancy market is linked to the economic trend of industrialised countries where the demand for highly technological products is higher. A continuation of the weak economic global situation at both a national and/or international level could reduce demand for the Group's products with a consequent negative effect on the economic, patrimonial and financial situation of the Group itself.
The main market outlet in which currently the Group deals is the banking and finance sector, which historically has never been subject to significant criticality. As of the last quarter of 2008, the banking and financial sector in Italy has undergone considerable crises. A prolonged continuation of this notable weak and uncertain situation, or an even further degeneration, could cause the risk of a significant and widespread worsening of the market conditions with a consequent negative effect on the economic, patrimonial and financial situation of the Group.

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

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

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

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

Risks connected to protecting technological property

The Group's procedures and software programmes are protected by Italian copyright laws. Furthermore, the Group owns the exclusive rights for the economic use of the programmes and procedures which it has registered in the Special Public Register for Processors as the SIAE – Italian Society for Authors and Editors.
The management also maintains that the technological level of the products the Group offers, together with the technical knowhow needed for their constant and progressive use and updating, are in themselves factors able to limit any risks connected to the appropriation of significant competitive advantages on the part of potential and current competitors. Nevertheless, it cannot be said that the protection recognised by Italian copyright laws excludes other operators in the sector from developing, entirely on their own, similar products or duplicating the Group's unregistered products or designing new ones able to copy the performances and functions without violating the Group's rights. Furthermore, the Group's technology could be exposed to acts of piracy by third

parties.

Internal risks

Risks relating to dependence on key personnel

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

Risks connected to sale times and implementation cycles

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

Risks connected to customer dependence

The Group offers its products and services to small, medium and large companies operating in different markets. During the 2010 period, the orders involving the 3 and 10 customers who generated the largest revenues were 34.5% and 63.8% of revenues of the Group's service and sales performances (previous year: 29.6% and 58.7%). A significant part of the Group's revenues is concentrated on a relatively small number of customers, the loss of which could therefore have a negative effect on the Group's future activities and economic, patrimonial and financial situation.
However, the management maintains that the Group's results do not significantly depend on any specific customer in particular because these customers update their information technology systems at different times and this operation takes rather a long time.

Risks connected to internationalisation

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

Risks connected to breaches of contract and potential liabilities towards customers

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

Financial risks

Credit risks

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

Liquidity risks

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

Exchange rate risks and interest rate risks

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

Other Information

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

general and operative strategies in full autonomy.
In accordance with art. 2497 bis of the Civil Code, directly or indirectly affiliated companies, with the exception of particular cases, have identified CAD IT S.p.A. as an organisation that exercises managerial and coordination activities. These activities mainly consist of indicating general and operative Group strategies and focus on defining and adjusting to internal control regulations, the issuing of a Code of Ethics to be adopted at a Group level, the processing of general policies for the management of human and financial resources, the provision of productive factors. Moreover, Group coordination for some companies means a centralisation of administrative, corporate and financial management services. The affiliated companies that remain in full control of their managerial and operative autonomy, can then scale their economies by taking advantage of the professionalism and specialist services and concentrate their own resources in the management of their specific operational skills.
During this financial period, and the previous one, no atypical or unusual operations have been carried out as defined in the Consob communication no. DEM/6064293 of 28 July 2006.
In the Financial Statement report, no alternative performance indicators have been adopted with the exception of the net financial position, shown in the Financial Statement notes, for which no reclassifications have been made in terms of Financial Statement figures and relative explanations are supplied and linked to the patrimonial status entries concerned, as defined in the CESR Recommendations.
The Group adopts an adequate system to protect information in accordance with Leg. Dec no. 196 of 30th June 2003 “Personal data protection code”.
In reference to article 26 of attachment B of the Legislative Degree no. 196 of 30th June 2003, the programmatic document on security and personal data protection and the use of the measures stated within has been drafted and updated.
In 2009, CAD IT S.p.A., Cad Srl and Cesbe positively passed the inspection and obtained certification for their Information Management System in accordance with the UNI ISO CEI/IEC 27001 regulation.
Furthermore, CAD IT S.p.A positively passed the inspection for its Quality Management System in relation to the “Design, production and sale of component-based software. Assistance services and after sales maintenance”, thus obtaining certification under the new UNI EN ISO 9001:2008 norm.

Foreseeable development in the management

The prospects for growth in the world economy seem more solid and widespread that last year. While economic growth in the emerging countries is continuing and, among the advanced countries, in Germany too, evaluations on the dynamics of the American economy are improving. International trade flows – after the considerable increase seen in 2010, which resulted in volumes reaching the same levels as before the crisis - are predicted to grow at a lesser rate this year but will still be high compared to the past.
According to OCSE projections, growth in world production is estimated to be 4.2%; the emerging countries will continue to make the most contribution, which will be more than two thirds. Prospects are, however, still uncertain, especially in the advanced economies, where private consumption is still being affected by a weak employment market and by the need to restore the public balance in some countries, family balance in others, in a context characterised by real estate markets that are still rather vulnerable.
According to the estimations updated by the Banca d’Italia, the GDP in Italy will maintain the same low, 1 % growth rate as last year through 2011 and 2012 as well. Product expansion, held back by weak domestic demand, will remain lower than the Euro area, which most assessments place at round 1.5%.
In this outlook, a good recovery in employment will not be seen. Consumption inflation will stand at 2 per cent in the 2011-12 two-year period. This picture is surrounded by considerable elements of uncertainty. On the one hand, the renewed fears about the sustainability of sovereign debts in some countries of the Euro area could cause an increase in financing costs, even for the private sector. On the other, the growth in world demand could be more vigorous than expected, even though predicted to rise to 7%, an reach a higher point than delineated

last July.[4]
In this context 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 the favourable economic results of the past can also be achieved over the current financial period.
The crisis could also be an opportunity for the Group to supply, for example, Application Management in the restructuring or redesigning of financial institution activities and Risk Management applications for monitoring and assessing risks. The success of the Group's activities will therefore depend on its ability to maintain and increase the shares it has in the markets in which it currently operates and/or to further expand into other markets and segments (like insurance, public administration, foreign financial institutions) through new and high standard, quality products that would guarantee adequate income levels.
Furthermore, during 2011 development and commercialisation activities for new products, aimed at traditional and new clients, will continue.
The intense project activities with Xchanging UK Ltd, company which supplies administration BPO (Business Process Outsourcing) services, through which the CAD IT Group aims to increase its own earnings in Italy and to geographically diversify its business, are also proceeding.
The CAD IT S.p.A. managers are also constantly on the look-out for any development opportunities, whether direct or through external lines, by taking on or acquiring further holdings in order to create activities that are complimentary and synergic to existing ones or through technical or commercial collaboration agreements.

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

[4] Banca D'Italia, Economic Bulletin no. 63, January 2011

CONSOLIDATED FINANCIAL STATEMENTS OF CAD IT GROUP

Consolidated income statement

(in thousands of Euro)

	NOTES	Period 2010	Period 2009
Income from sales and services	3	48,224	48,863
of which related parties	38	*304*	*525*
Changes in ongoing orders		(115)	(41)
Asset increases due to internal work	3-15	4,334	4,232
Other revenue and receipts	3	67	1,267
Costs for raw	5	(836)	(1,086)
Service costs	6	(11,360)	(11,238)
of which related parties	38	*(516)*	*(574)*
Other operational costs	7	(741)	(948)
Labour costs	8	(32,455)	(31,337)
of which related parties	38	*(588)*	*(527)*
Other administrative expenses	9	(2,592)	(2,461)
of which related parties	38	*(1,200)*	*(1,100)*
Allocation to Credit Depreciation Fund		(75)	(96)
Intangible fixed asset amortization	15	(2,960)	(2,761)
Tangible fixed asset amortization	14	(768)	(794)
Other allocation		(10)	(70)
Net financial income	10	90	197
Net financial expenses	10	(79)	(57)
Revaluations and depreciations	11	36	153
Pre-tax result		**760**	**3,824**
Income taxes	12	(1,361)	(1,967)
Profit (loss) for the period		**(601)**	**1,857**

Profit (loss) for the period attributable to:			
Non-controlling interests		22	(128)
Owners of the parent		(623)	1,985

Weighed average number of ordinary shares in circulation		8,980,000	8,980,000
Basic earnings per share (in €)		(0.069)	0.221

Consolidated statement of comprehensive income

(in thousands of Euro)

	Period 2010	Period 2009
Profit/(loss) for the period	(601)	1,857
Gains/(Losses) on fair value of available-for-sale financial assets	(49)	135
Total Comprehensive income	(650)	1,992

Comprehensive income attributable to:		
Non- controlling interests	22	(128)
Owners of the parent	(672)	2,121

Consolidated statement of financial position

(in thousands of Euro)

	Notes	31/12/2010	31/12/2009
ASSETS			
A) Non-Current Assets			
Property, plant and equipment	14	18,651	19,212
Intangible fixed assets	15	19,297	17,747
Goodwill	16	8,309	8,309
Investments	17	329	220
Other financial assets available for sale	18	609	781
Other non-current credits		95	72
Credits due to deferred taxes	19	342	244
TOTAL NON-CURRENT ASSETS		**47,631**	**46,583**
B) Current Assets			
Inventories	20	111	112
Ongoing work to order	21	197	312
Trade receivables and other credits	22	25,948	28,905
of which related parties	38	*22*	*282*
Tax credits	23	856	1,791
Cash on hand and other equivalent assets	24	6,101	6,379
TOTAL CURRENT ASSETS		**33,211**	**37,498**
TOTAL ASSETS		**80,843**	**84,081**
EQUITY AND LIABILITIES			
A) Equity			
Company capital and reserves attributable to owners of the parent	25-26-27	53,593	56,505
Non-controlling interests	25	2,226	2,489
TOTAL EQUITY		**55,819**	**58,993**
B) Non-current liabilities			
Financing	29	150	179
Deferred tax liabilities	30	3,442	3,452
Employee benefits and quiescence provisions	31	6,379	6,317
of which related parties	38	*153*	*132*
Expense and risk provisions	32	59	135
TOTAL NON-CURRENT LIABILITIES		**10,029**	**10,083**
C) Current liabilities			
Trade payables	33	3,869	4,393
of which related parties	38	*113*	*102*
Current tax payables	34	2,457	2,644
Short-term financing	35	1,851	1,286
Other liabilities	36	6,818	6,682
of which related parties	38	*110*	*120*
TOTAL CURRENT LIABILITIES		**14,994**	**15,005**
TOTAL LIABILITIES AND EQUITY		**80,843**	**84,081**

Statement of changes in equity

(in thousands of Euro)

	Attribution to the shareholders of the Main Company					Minority Interests	Total
	Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Group's net patrimony		
31/12/2006	**4,670**	**34,997**	**11,957**	**2,961**	**54,585**	**2,708**	**57,293**
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity		203			203		203
Allocation of evaluation reserve for financial assets available for sale to economic account		228			228		228
Allocation of the period result to reserves			2,961	(2,961)			-
Dividend distribution			(2,604)		(2,604)	(243)	(2,847)
Period result				7,968	7,968	576	8,545
Period end total 2007	**4,670**	**35,428**	**12,314**	**7,968**	**60,380**	**3,041**	**63,421**
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity		(117)			(117)		(117)
Allocation of evaluation reserve for financial assets available for sale to economic account		35			35		35
Allocation of the period result to reserves			7,968	(7,968)			-
Dividend distribution			(6,286)		(6,286)	(593)	(6,879)
Effects on consolidation reserves			(5)		(5)	(5)	(10)
Period result				4,867	4,867	561	5,428
Period end total 2008	**4,670**	**35,346**	**13,991**	**4,867**	**58,874**	**3,005**	**61,879**
Allocation of the period result to reserves			4,867	(4,867)			-
Dividend distribution			(4,490)		(4,490)	(388)	(4,878)
Total comprehensive income		135		1,985	2,121	(128)	1,992
Period end total 2009	**4,670**	**35,481**	**14,368**	**1,985**	**56,505**	**2,489**	**58,993**
Allocation of the period result to reserves			1,985	(1,985)			-
Dividend distribution			(2,245)		(2,245)	(49)	(2,294)
Effects on consolidation reserves			6		6		6
Total comprehensive income		(49)		(623)	(672)	22	(650)
Period end total 2010	**4,670**	**35,432**	**14,115**	**(623)**	**53,593**	**2,226**	**56,055**

Consolidated Cash Flow Statement

(in thousands of Euro)

	NOTES	Period 2010	Period 2009
A) OPERATING ACTIVITIES			
Profit (loss) for the period		(623)	1,985
Amortisation, revaluation and depreciation:			
- Property, plant and equipment amortisation	14	768	794
- Intangible fixed asset amortisation	15	2,960	2,761
- revaluation of investments and financial assets available for sale	11-18	(159)	(163)
- depreciation of investments and financial assets available for sale	11-18	123	10
Allocations (utilization) of provisions:		(15)	151
Financial performance:			
- Net financial receipts (charges)	10	(11)	(140)
- Profit / (losses) on exchanges	10	(1)	(1)
Working capital variations		4,115	(2,424)
Income taxes paid		(791)	(1,378)
Interest paid	10	(77)	(56)
(A) - Cash flows from (used in) operating activities		**6,289**	**1,540**
B) INVESTMENT ACTIVITIES			
Investments in activities			
- Property, plant and equipment purchases	14	(200)	(394)
- Intangible assets purchases	15	(4,510)	(4,719)
- Investments in subsidiary companies purchases		(230)	-
- increase in other fixed assets		(26)	(11)
Disinvestment activities			
- Property, plant and equipment transfers	14	(8)	9
- Decrease in other fixed assets	15	3	4
Cashed Interest	10	84	185
Cashed dividends		56	167
(B) - Cash flows from (used in) investment activities		**(4,831)**	**(4,759)**
C) FINANCING ACTIVITIES			
Medium/long term financing repayment		(29)	(27)
Effects on consolidation reserve		6	0
Third party net patrimony		(33)	(516)
Dividends paid	28	(2,245)	(4,490)
(C) - Cash flows from (used in) financing activities		**(2,301)**	**(5,034)**
(A+B+C) - Total cash and other equivalent assets flows		(843)	(8,253)
Opening cash balances and equivalents	37	**5,093**	**13,346**
Closing cash balances and equivalents	37	**4,250**	**5,093**

For the liquid asset and equivalent means reconciliation, refer to note 37

Notes to the financial statements

1. Accounting policies and evaluation criteria more important

This Financial Statement has been drafted in accordance with the applicable IRFS International accounting standards issued by the International Accounting Standard Board (IASB) and recognized by the European Community in conformity with EC regulation no. 1606/2002. IFRS refers to the International Accounting Standards (IAS) presently in force as well as the interpretative documents issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

This Financial Statement has been drafted in the consolidated form since CAD IT is obliged to draft a consolidated Financial Statement.

In the drawing up of this Financial Statement the same accounting standards have been applied as those adopted in the drafting of the consolidated Financial Statement at 31st December 2008, with the exception of the items described in the explanatory notes – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2009.

The accounting standards adopted have been applied in the same manner throughout the periods shown and for all the Group's companies.

The consolidated Financial Statement has been drafted using the evaluation criterion of past cost, except for financial instruments available for sale, which are assessed at fair value, and the holdings in subsidiaries, which are assessed in accordance with the equity method. Moreover, where some land and buildings have been included in First Time Adoption, the fair value has been used instead of the cost.

Use of estimates

In accordance with the IFRS, when drafting the Financial Statement the company management formulates evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found in the Financial Statement. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case concerned. Since they are estimates, the results obtained are not necessarily the same as the results portrayed.

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

Accounting standards, amendments and interpretations applied since 1st January 2010

The following accounting standards, amendments and interpretations were applied for the first time by the Group as of 1st January 2010.

IAS 27 (2008) – Consolidated and separate financial report

Modifications to IAS 27 essentially concern the accounting for transactions or events that modify the profit-sharing rates in subsidiary companies and the attribution of subsidiary company losses to third party shares. In accordance with the regulations for standard transition, the Group adopted the IAS 27 modifications in a perspective manner by analysing the effects on the accounts with the purchase of a minority share in a subsidiary company.

The IAS 27 (2008) states that, once control of a company has been obtained, the transactions by which the controlling company purchases or sells further minority shares without changing the control it has over the subsidiary, are transactions with shareholders and should therefore be directly taken from net patrimony. It therefore follows that the accounting value of the holding and the third party share must be adjusted in order to reflect the variation in shares in the subsidiary and all differences between the adjusted amounts shown as third party share and the fair value of the price paid or received for said transaction should be taken from the net patrimony and is ascribable to the controlling company's shareholders. There are no amendments to the start-up value and profits and losses found in the profit and loss account.

Other accounting standards, amendments and interpretations applied since 1st January 2010

On the day this report was drawn up, there were no, or at least no significant, matters in hand or cases governed by other amendments and interpretations applicable as of 1st January 2010, approved by the IASB and IFRIC and published in the European Community's Official Gazette.

Balance sheet layout

The balance layouts have been drafted according to IAS 1 specifications and opportunely integrated with the information required by the Consob deliberation no. 15519 of 2006.

The Group has decided to present revenue and cost entries referring to the period in question in two statements. One statement shows the profit (loss) components for the period (Consolidated Income statement) and the other, which begins with the profit (loss) of the period and shows the statement entries of the other components of the overall profit and loss account (Statement of comprehensive income).

The Group presents its economic account by nature, the format that is considered the most representative in terms of function presentation. In fact, the chosen format conforms to the internal reporting modalities and the business management and is in line with the way the economic account was represented in the past.

The profit and loss account is drafted in scalar format highlighting the following intermediate results:

- Production revenues: this is the value of services and goods produced and sold by the Group, including internal assets and other income and earnings from the traditional offer.
- Added value: obtained by subtracting the operative costs for service and asset purchases from production revenues, this measures how much of the internal production and distribution of goods and services is due to company productive factors.
- Gross Operational Result (EBITDA): this figure is obtained by subtracting from the added value all of the costs that can be put down to staff and other administrative expenses. It highlights the result based on the traditional offer including depreciations, financial management, revaluations or devaluations and taxes.
- Operational Result (EBIT): this figure is obtained by subtracting the depreciation and funding amounts from the gross operational result.
- Ordinary Result: this includes the financial management result.
- Pre-tax result: obtained by including revaluations and devaluations in the ordinary Result

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

The financial statement has been presented according to the indirect method so that the profit (or loss) for the period has been adjusted of any non-monetary operations and by deferments and the setting aside of future incomes or payments.

Each column in the statement of net patrimony variations reconciles the opening and closing balances for each net patrimony voice.

Each significant entry shown in the above-mentioned statements, is marked with references to notes which provide the relative information and details of the composition.

Subsidiary companies

The consolidation area includes the Parent company and the companies it controls, that is, where it has the power to determine financial and managerial policies of a business in order to reap benefits from said company's activities.

Subsidiary companies are consolidated from the date in which control was effectively transferred to the Group and are no longer consolidated as from the date that control becomes external to the Group.

These companies are consolidated using the integral consolidation method. In order to prepare the consolidated data, the patrimonial, economic and financial situations of the subsidiary and associate companies have been used as prepared by the Group's individual companies at the reference dates, opportunely reclassified and amended to reflect the application of the homogeneous accounting standards.

In drafting the consolidated balance all the balances and significant transactions between the Group's companies have been eliminated, as are all unrealised infra-group profit and loss transactions.

Associated companies

The share in associated companies, that is those companies in which the Group has significant influence, is evaluated using the net patrimony method, as defined in IAS 28 – Investments in Associates. The profits or losses relevant to the Group are included in the consolidated balance from the date in which this considerable influence began up to the moment it ceases.

Property, plant and equipment

Tangible fixed assets are shown at purchase cost, including any costs that may be directly ascribable and necessary for activating the asset and putting it to the use for which it was purchased. In reference to land and buildings listed in First Time Adoption, the fair value was used instead of the cost.
Tangible fixed assets are shown at net value of the relative accumulated depreciations and losses due to the reduction in value determined in accordance with the modalities described below.
Tangible fixed assets are amortised in constant rates during the course of their expected useful life cycle, i.e. the estimated period of time in which the asset will be put to company use. Whenever significant parts of tangible fixed assets have different estimated useful life cycles, said components are amortised separately.
The value to be depreciated is given by the registered value of the asset net of any loss in value and reduced by its assumed value at the end of its useful life cycle, if significant and reasonably calculable. The useful life cycle and the cash value are reassessed annually and any changes, where necessary, are brought in with a perspective application.
The main economic-technical tax rates used are the following:

- industrial buildings: 3%
- electrical equipment: from 5 to 10%
- air conditioning equipment: from 6 to 15%
- telephone systems: 20%
- alarm systems: from 10 to 30%
- furniture and fittings: 12%
- electrical machinery: 15%
- electronic machines and computers: 20%
- vehicles: 25%

Land, both without buildings or next to civil and industrial constructions, is accounted for separately and not amortised as it is considered an element with an indefinite useful life cycle.
In order to calculate any losses due to depreciation, the accounting value of intangible fixed assets is subject to verification.
At the time of elimination or when no future economic benefit can be expected from the use of an asset, it is eliminated from the balance and the eventual loss or profit (calculated as the difference between the assignment value and the taxation value) is shown in the economic account of the year in which the asset is eliminated.

Financial leasing

Assets owned through financial leasing contracts, through which all the risks and benefits tied to the property are transferred to the Group, are registered among the Group assets at their fair value or, if this value is lower, at the present value of the minimum payments due for the leasing and depreciated by applying coherent criteria to the other assets. The corresponding liability towards the lessor is registered in the balance among the financial debts.

Intangible fixed assets

Intangible fixed assets are shown as such when it is likely that they will bring in future economic benefits for the company and when the asset cost can be feasibly determined.

Intangible fixed assets, having a defined useful life cycle, are subsequently registered net of the relative accumulated amortizations and any losses due to a reduction in value.
The useful life cycle is reassessed annually and any changes, where necessary, are brought in with a perspective application.
Profits or losses deriving from the transfer of an intangible fixed asset are determined as the difference between the elimination value and taxation value of said asset and are reported on the economic account at the time of elimination.
Project development costs for the production of instrumental software, or those to be terminated, are registered on the credit side when they satisfy the following conditions: the costs can be feasibly determined, the product is technically feasible, the expected use and/or sale of the product indicate that the sustained costs will generate future economic benefits. In respect of the standard that correlates costs and returns, these costs are amortized as from the moment in which the activity becomes available for use, in permanent amortisation amounts for the entire duration of the product's lifecycle, estimated at five years.
The costs of internally generated intangible assets include any expenses that can be directly attributable to the development of the product and any reasonable part of general production costs attributable to the preparation stages before putting the product to use. All other development costs that cannot be capitalised, when sustained, are reported on the income statement.
The concessions and licences entry mainly includes software under licence purchased by third parties and used for programming activities, depreciated for their useful life-cycle, estimated at 3 years.

Goodwill

Goodwill resulting from the purchase of controlled and incorporate companies is initially registered at cost and is the overbalance of the purchase cost in respect of the purchaser's share of the fair value of the assets and liabilities and the potential liabilities at the date of purchase.
After the initial registration, goodwill is no longer amortised and is decremented of any losses in accumulated value, calculated according to the IAS 36 Asset value reduction.
Goodwill is subject to an annual analysis of retrievableness or at shorter intervals if something happens or changes in circumstances arise, which could cause losses in value.
Goodwill deriving from purchases made prior to 1st January 2004 is registered at the recorded value ascribed to it in the last balance drafted on the basis of the previous accounting standards (31st December 2003). In fact, during the preparation of the opening balance in accordance with the international accounting standards, none of the purchase transactions made prior to 1st January 2004 have been re-considered.
The start-up relating to holdings in associated companies is included in the value of these companies.

Impairment loss

The Group annually verifies the accountable value of intangible and tangible assets or more often whenever there is an indication that assets may have suffered a value loss.
If the charged value exceeds the recoverable value, the assets are devalued to reflect their recoverable value, represented by the greatest figure between the net price and use value. In defining the use value, expected future financial flows are discounted back using a pre-tax discount rate that reflects the current market estimations in reference to the cost of money at the time and the specific risks of the asset in question. For an asset that does not generate widely independent financial flows, the return value is determined in relation to the unit generating the financial flows of which the asset is a part. The value losses are accounted for in the economic account among depreciation and devaluation costs. When subsequently an asset value loss, different from the beginning, is less or decreases, the accounting value is increased to a new estimate of the recoverable value within the limit of the previous value loss. The recovery of a value loss is registered to the economic account.

Assets available for sale

Share in non-consolidated companies are classified as assets financially available for sale and are valued at fair value. For any shares quoted the fair value is the market value as of the reference date. The profits and losses found due to the effect of evaluation at fair value at every balance date for these activities were determined at net patrimony except for the value losses registered to the economic account, until the financial activity has been eliminated, which is the moment when the total profit or loss found in the net patrimony is registered to the profit and loss account.

Other non-current credits

These are registered at their nominal value, representative of their *fair value*.

Stock

Leftover stock is valued as the lesser value between purchase cost and the net value of the assumed income. The cost is determined in accordance with the average calculated cost method.

On-going orders

On-going construction contracts are valued with reasonable certainty on the basis of the matured contractual fees according to the criterion of percentage completion (so-called cost to cost), so as to attribute the profits and the economic result of the order to each single financial period concerned in proportion to the progress of the work.

Commercial credits and other credits

Commercial credits, whose expiry limits are within normal commercial terms, are not updated and are registered at their nominal value net of any loss of value. Moreover, they are adjusted to their assumed cash value by means of the registration of an appropriate amendment fund.

Liquid asset availability and equivalent means

The availability of liquid assets and equivalent means is registered at nominal value and has the requirements to be immediately available or available at very short notice, without obstacles and with no significant expense for collection. Financial investments are classified as liquid assets only when they have a short expiry.

Non current assets held for sale

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

Employee leaving entitlement

The present value of debts related to employees for benefits allocated in connection with or following the termination of working relationships through defined benefit programmes is calculated on the basis of the method of projecting the credit in accordance with the indications in IAS 19. The liabilities calculation is carried out by independent actuaries.
Profits and losses deriving from carrying out actuarial calculations are registered to the Profit and Loss account.
Due to modifications to the laws concerning the termination of working relations (TFR) enforced by Law no. 296 of 27th December 2006 (Financial Act 2007) and subsequent Decrees and Regulations issued in the early months of 2007, the TFR amounts matured since 1st January 2007 in the Group's companies with more than 50 employees have been accounted for as a Definite Contribution Plan, both in terms of the option of complementary welfare and in terms of allocation to the Treasury Fund at INPS (social security office). The TFR Fund matured at 31st December 2006, however, remains as a Definite Benefit Plan.

Risk and obligation funds

In accordance with the IAS 37, the allocations are shown when there is an ongoing obligation (legal or implicit)

that stems from a past event, whenever an outlay may be necessary to satisfy the obligation and a feasible estimation may be made on the obligation amount.
If the effect of updating the assumed cash value is significant, the allocations are calculated by updating the expected future financial flows at a pre-tax discount rate that reflects the current market evaluation of the cash value in relation to time. When updating has been done, the increase in the allocation caused by the passing of time is shown as a financial obligation.

Commercial debts and other current liabilities

The commercial debts, whose deadlines are within normal commercial terms, are not updated and are registered at cost (identified by their nominal value).
Financial liabilities are initially shown at cost, which corresponds to the fair value of the liability, net of transition costs, which are directly attributable to the issue of the liability itself.
After the initial determination, the financial liabilities are assessed with the criterion of amortized cost using the original effective interest rate method.

Revenues and costs

The revenues and costs are determined in accordance with the qualifying economic principle to the amount to which the *fair value* can be feasibly determined.
Depending on the type of operation, the revenues are determined on the basis of the specific criteria reported below:
- the revenues for services are determined with reference to the point at which they stand on the basis of the same criteria used for determining the position of ongoing orders. If it is not possible to feasibly determine the revenue values, they are then calculated until they concur with the amount of expenses sustained and which are deemed recoverable.
- the profits from the sale of goods are shown when significant risks and benefits of the ownership of the goods are transferred to the purchaser, the sale price is agreed or can be determined and payment is collected.

As for sales concerning assistance and/or maintenance services carried out with the annual subscription formula, the accrual is calculated in proportion with time.
The costs are ascribed in the balance according to the same criteria as those for revenue acknowledgment.

Income taxes

Current income taxes for the financial period are calculated on the basis of estimates of taxable income in accordance with the laws in vigour: Moreover, the effects deriving from the activation within the Group of the national tax consolidation are also taken into account. The debt for current taxes is accounted for in the patrimonial status, net of any taxes paid in advance.
Deferred and pre-paid income taxes are calculated on the temporary differences between the patrimonial values registered in accordance with the IFRS international accounting standards and the corresponding values realised for tax purposes. Deferred income tax are calculated applying the tax rate which will be in force at the year after the account reference dates.
In particular, assets due to pre-paid taxes are registered when their recovery is probable, that is, when it is expected that sufficient tax profits will be available in the future so that these assets may be used. The degree of recovery of pre-paid tax assets is re-examined at the end of every period. Deferred taxes are always calculated in compliance with the IAS 12.
The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised the option of Group taxation as stated in art. 117 of TUIR 917/1986, which concerns the determination of a global income that corresponds to the algebraic sum of all net comprehensive incomes of the companies in the group. The liquidation of this one tax allows the Group the contextual use of any tax losses in the period.

2. Subsidiary companies and Consolidation area

The consolidation area, compared to the situation at 31st December 2009, has not changed.
On 22nd October 2010, CAD IT's share in the company capital of the subsidiary CeSBE S.r.l. was increased from 52% to 59%; this increase required a disbursement of Euro 230 thousand. The variation does not produce any significant effects either on the profit and loss account or on the patrimonial and financial situation.
In order to prepare the consolidated Financial Statement, the companies included in the CAD IT Group consolidation using the integral method are as follows:

Company name	Registered office	Share/ Quota capital Euro	Percentage of investment at 31/12/2010	Percentage of investment of the Group at 31/12/2010
Consolidated using the integral method				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
CAD S.r.l.	Verona	130,000	100.00%	100.00%
Cesbe S.r.l.	Verona	10,400	59.00%	59.00%
Netbureau S.r.l.	Milano	50,000	100.00%	100.00%
S.G.M. S.r.l.	Padova	100,000	100.00%	100.00%
D.Q.S. S.r.l.	Roma	11,000	55.00%	55.00%
Bit Groove S.r.l.	Verona	15,500	100.00%	100.00%
Elidata S.r.l.	Castiglione D'Adda (LO)	20,000	51.00%	51.00%
Smart Line S.r.l.	Verona	102,700	51.05%	51.05%
Datafox	Verona	99,999	51.00%	51.00%
Tecsit S.r.l. (1)	Roma	75,000	70.00%	38.50%
(1) Held through DQS S.r.l. which holds 70%				

3. Revenues

The revenues gained in the period by the Group are subdivided as follows:

	Period 2010		Period 2009		Variations	%
Income from sales and services	48,224	91.84%	48,863	89.95%	(639)	(1.31%)
Changes in ongoing orders	(115)	(0.22%)	(41)	(0.08%)	(74)	181.96%
Asset increases due to internal work	4,334	8.25%	4,232	7.79%	102	2.40%
Other revenue and receipts	67	0.13%	1,267	2.33%	(1,199)	(94.70%)
Production value	**52,510**	**100.00%**	**54,321**	**100.00%**	**(1,811)**	**(3.33%)**

The supply of services and sales of goods included earnings deriving from the sale of software under licence, maintenance and updating services, the use of personalised applicative packages, the sale of hardware goods, application management services, consultancy services and information system design.
During the 2010 financial period, earnings from sales and services fell compared to 2009 by 1.31%, to reach a value of Euro 48,224 thousand.
Increases in internal work capitalised under fixed assets came to Euro 4,334 thousand compared to Euro 4,232 thousand in the 2009 financial period and included activities carried out by CAD IT (Euro 1,906 thousand) and Smart Line (Euro 44 thousand), as well as activities commissioned by CAD IT to the subsidiary company CAD (Euro 1,469 thousand), CeSBE (Euro 363 thousand), BitGroove (Euro 198 thousand), Netbureau (Euro 335

thousand), Datafox (Euro 20 thousand) for the development of new procedures for sale under licence or instruments for characteristics activities.
Other earnings and incomes during 2010 came to Euro 67 thousand compared to Euro 1,267 thousand in 2009, a period in which, in accordance with Article 1, paragraphs 280 to 283 of law no. 296 of 27th December 2006, Euro 830 thousand in tax credits were registered in relation to research and development costs sustained in the financial periods of 2008 and 2009 for projects that had been ongoing since the beginning of 2008 and had continued into 2009, as well as a reimbursement in accordance with article 6 of Leg. Dec. 185/2009 deriving from the deductibility of Irap to 10% of the taxable income for the years 2004-2007.
The Group's activities, generally speaking, suffer no significant effect due to cyclical or seasonal variations during the course of the financial period.

4. Segment reporting by sectors

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

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

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

Disclosures for business segments	*31/12/2010*				
	Finance	*Manufacturing*	*Not allocated/General*	*Elisions*	*Consolidated*
External revenues	49,605	2,905	-		52,510
Intersegment revenues	3,209	-	-	(3,209)	-
Total revenues	52,814	2,905	-	(3,209)	52,510
Costs	(50,780)	(2,866)	(1,361)	3,209	(51,797)
Gross Operating Result (EBITDA)	5,842	44	(1,361)		4,525
Operating Result (EBIT)	2,034	40	(1,361)		713
Net financial income (expenses)	-	-	11		11
Revaluations and devaluations	159	-	(123)		36
Result	2,193	40	(1,473)		760
Income taxes			(1,361)		(1,361)
Third party share (profit)/loss	(204)	(14)	196		(22)
Financial period profit (loss)	1,988	26	(2,637)		(623)
Assets	78,718	926	1,198		80,843
Liabilities	18,589	536	5,899		25,024

Disclosures for business segments	31/12/2009				
	Finance	Manufacturing	Not allocated/General	Elisions	Consolidated
External revenues	50,676	3,645	-		54,321
Intersegment revenues	3,387	1,080	-	(4,467)	-
Total revenues	54,063	4,725	-	(4,467)	54,321
Costs	(49,345)	(4,641)	(1,271)	4,467	(50,791)
Gross Operating Result (EBITDA)	8,222	301	(1,271)		7,252
Operating Result (EBIT)	4,718	84	(1,271)		3,531
Net financial income (expenses)	-	-	140		140
Revaluations and devaluations	163	-	(10)		153
Result	4,881	84	(1,141)		3,824
Income taxes			(1,967)		(1,967)
Third party share (profit)/loss	14	(18)	133		128
Financial period profit (loss)	4,895	66	(2,975)		1,985
Assets	80,407	1,639	2,035		84,081
Liabilities	17,973	1,019	6,096		25,088

Information on the sector according to the secondary layout by geographical area is not provided as the Group presently produces and carries out its activities mainly nationally and homogeneously. In fact, revenues from foreign customers amount to 2.99 % of the total sales and services revenues.

5. Purchase Costs

	31/12/2010	31/12/2009	Variations	%
Hardware-Software purchases for sale	610	530	81	15.2%
Maintenance and consumable hardware purchases	16	13	3	25.3%
Other purchases	208	219	(11)	(5.1%)
Variations in raw material stock	1	323	(322)	(99.7%)
Total	***836***	***1,086***	***(250)***	**(23.0%)**

Costs for hardware and software purchases for commercialisation refer to purchases made for orders that clients had already confirmed and show a 23% decrease compared to 2009.

6. Service costs

	31/12/2010	31/12/2009	Variazione	%
External collaboration	6,770	6,920	(150)	(2.2%)
Travelling expenses and fee reimbursement	1,553	1,533	20	1.3%
Other service costs	3,037	2,784	253	9.1%
Total	***11,360***	***11,238***	***123***	**1.1%**

Service costs in 2010 came to Euro 11,360 thousand, in line with the previous year (Euro 11,238 thousand).
To be more precise, costs for external collaboration decreased by Euro 150 thousand and instead other service costs increased by Euro 253 thousand, which mainly include assistance fees and hardware and software maintenance, energy costs, administrative, legal and fiscal consultancy, maintenance costs for office management and installed systems.

7. Other operational costs

The following chart shows and compared the details of other operational costs.

	31/12/2010	31/12/2009	Variations	%
Third party benefit expenses	600	795	(195)	(24.6%)
Various management charges	141	152	(11)	(7.5%)
Total	***741***	***948***	***(207)***	**(21.8%)**

Third party expenses in 2010 came to Euro 600 thousand, decreasing by Euro 195 thousand compared to the previous year and mainly refer to equipment and software instrument hire and the renting of operational office space.

8. Labour costs and Employees

Labour costs are as follows:

	31/12/2010	31/12/2009	Variations	%
Salaries and wages	23,350	22,531	818	3.6%
Payroll taxes	6,980	6,726	254	3.8%
Severance pay	1,946	1,897	49	2.6%
Other costs	180	183	(2)	(1.2%)
Total	***32,455***	***31,337***	***1,118***	**3.6%**

Labour costs in 2010 financial period increased by Euro 1,118 thousand (+3.6%) compared to previous year, due to the application of increases in contractual remunerations and to the increase of the average number of employees (+4 units).

The figures relating to the precise number of employees currently working in the CAD IT Group are shown below:

Category of employees	labour force at 31/12/2010	labour force at 31/12/2009
Management	19	17
White-collars and cadres	588	584
Blue-collars	1	1
Apprentices	1	2
Total	**609**	**604**

At the end of 2010, the number of CAD IT Group staff increased by 5 units with a total of 609 employees; to be precise, 28 people were employed during the financial period and 23 were dismissed, thus determining the following turnover rate:

Employees turnover	2010	2009
Negative turnover (Dismissed/employees at beginning of period)	3.81%	4.43%
Positive turnover (Employed/employees at beginning of period)	4.64%	3.44%
Total turnover (∑ turnover)	8.44%	7.87%
Turnover compensation rate (Employed/Dismissed)	121.74%	77.78%

The average number of employees increased by 4 units compared to 2009 financial period.

The following table shows data regarding the CAD IT Group average number of employees:

Category of employees	Average number 2010	Average number 2009
Management	19	17
White-collars and cadres	585	583
Blue-collars	1	1
Apprentices	2	2
Total	**607**	**603**

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

9. Other administrative costs

The table below shows the other administrative costs in detail:

	31/12/2010	31/12/2009	Variations	%
Director and legal representative fees	1,668	1,564	104	6.7%
Director retirement	26	25	0	1.6%
Director and legal representative fee contributions	156	152	3	2.2%
Telephones	482	443	38	8.6%
Commissions	79	71	8	11.8%
Advertising fees	182	206	(24)	(11.5%)
Total	***2,592***	***2,461***	***131***	**5.3%**

The entry 'other administrative expenses' of Euro 2,592 thousand, showing an increase of 5.3% compared to the 2009 financial period, included costs relating to director and manager fees and their relative contributory costs. Highlighted among the rest are telephone expenses of Euro 482 thousand, commissions amounting to Euro 79 thousand and advertising expenses to the amount of Euro 182 thousand.
The entry 'other administrative expenses' include correlated party compensations (see note 38).

10. Financial performance

The financial management result is in credit by Euro 11 thousand, in decrease compared to 2009 financial period (Euro 140 thousand), as the following detailed statement shows:

	31/12/2010	31/12/2009	Variations	%
Financial income from assets available for sale	6	12	(7)	(54.6%)
Interest on bank deposits and equivalent	84	185	(101)	(54.6%)
Total financial income	**90**	**197**	***(108)***	**(54.6%)**
Interest on bank overdrafts and loans	(68)	(45)	(23)	51.2%
Interest on debts for financial leasing	(10)	(11)	2	(14.7%)
Losses on exchanges	(1)	(1)	(0)	-
Total financial charges	***(79)***	***(57)***	***(21)***	**37.5%**
Net financial income and (charges)	***11***	***140***	***(129)***	**(92.1%)**

Financial earnings are made up of dividends and interest received from liquid assets in current bank accounts and capitalisation insurance policies classified as liquid assets. The decrease in earnings is generated by liquid assets and equivalent reduction compared to previous year.
Financial expenses amounting to Euro 79 thousand (+37.5 % compared to 2009) mainly refer to current account overdrafts.

11. Revaluations and depreciations

	31/12/2010	31/12/2009	Variations	%
Holding revaluation relating to associate companies	159	163	(4)	(2.6%)
Assets available for sale devaluation	(123)	(10)	(113)	1157.1%
Total revaluations and depreciations	***36***	***153***	***(117)***	**(76.6%)**

The revaluation of holdings calculated with the net patrimony method concern the subsidiary Sicom S.r.l., which was revaluated at Euro 159 thousand in 2010 and Euro 163 thousand the year before.
The Euro 123 thousand devaluation registered at 31/12/2010 refers to the reduction in value of activities available for sale, which during 2009 financial period instead generated a Euro 10 thousand devaluation.

12. Income taxes

	31/12/2010	31/12/2009	Variations	%
Tax pre-payments	43	73	(30)	(41.3%)
Deferred taxes	(146)	(106)	(40)	37.5%
Current taxes	1,464	2,001	(537)	(26.8%)
Total income taxes	***1,361***	***1,967***	***(607)***	**(30.8%)**

The taxes ascribable to 2010 financial period were estimated taking the results of the period and the norms in force into account and they represent the best possible estimate of the tax expenses ascribable to the period in question.
The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised the option of Group taxation as stated in art. 117 of TUIR 917/1986, for the three years 2010-2012, which concerns the determination of a global income in terms of IRES that corresponds to the algebraic sum of all net incomes of the companies in the group. The liquidation of the only tax due allows the Group to contextually use any tax losses during the year.

SUMMARY OF THEORETICAL TAX EXPENSES AND TOTAL EFFECT				
	period 2010		period 2009	
Current IRES tax	406	53.47%	908	23.74%
Current IRAP tax	1,031	135.75%	1,019	26.63%
Total current taxes and effective rates	**1,438**	**189.22%**	**1,926**	**50.37%**
Greater (Lesser) taxes previous financial period	26		75	
Total current taxes	**1,464**		**2,001**	

RECONCILIATION BETWEEN TAX EXPENSES IN THE FINANCIAL STATEMENT AND THEORETICAL TAX EXPENSES				
Theoretical rates	IRES	27.50%	IRAP	3.90%
	Taxable	Tax	Taxable	Tax
Pre-tax result	760		760	
Theoretical tax		**209**		**30**
Turnaround of the temporary differences from previous periods				
Representation expenses	(17)		(17)	
Director remuneration	0			
Total temporary variations from previous periods	**(17)**	**(5)**	**(17)**	**(1)**
Permanent differences				
To IRES / IRAP income increases	1,095		36,793	
To IRES / IRAP income decreases	(255)		(11,092)	
Total permanent differences	**839**	**231**	**25,701**	**1,002**
Taxable fiscal income	**1,582**		**26,444**	
Previous years' use of tax losses	105			
Taxable income / current tax on the period's income	**1,477**	**406**	**26,444**	**1,031**
Effective rate on the pre-tax result	**IRES**	**53.47%**	**IRAP**	**135.75%**

13. Earnings per share

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

Earnings per share	*period 2010*	*period 2009*
Net profit (loss) ascribable to ordinary shares in thousands of euro	(623)	1,985
Weighed average number of ordinary shares in circulation	8,980,000	8,980,000
Basic earnings per share (in Euro)	**(0.069)**	**0.221**

14. Property, plant and equipment

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

	31/12/2010	*31/12/2009*	*Variations*	*%*
Land	1,527	1,527	0	-
Buildings	14,834	14,957	(123)	(0.8%)
Plant and equipment	1,676	1,901	(225)	(11.8%)
Other assets	614	827	(213)	(25.8%)
Total property, plant and equipment	***18,651***	***19,212***	***(560)***	**(2.9%)**

In the period, the item "property, plant and equipment" varied as follows:

	Land and buildings	*Plant and machinery*	*Industrial and commercial equipment*	*Other tangible fixed assets*	*Total*
Purchase or production cost	9,140	4,141	29	5,403	18,712
First time adoption revaluations	8,439				8,439
Previous years depreciation and write-downs	(1,095)	(2,240)	(21)	(4,582)	(7,938)
Adjustments to previous years write-downs				(2)	(2)
Opening value	***16,484***	***1,901***	***8***	***819***	***19,212***
Variations in consolidation area					
Purchases		40	1	158	200
Transfers					
Reduction in accumulated depreciation due to disposals		1		39	39
Disposals		(4)		(28)	(32)
Revaluations for the period					
Depreciation and write-downs for the period	(123)	(262)	(4)	(379)	(768)
Adjustments to write-downs for the period					
Total tangible fixed assets	***16,361***	***1,676***	***5***	***609***	***18,651***

Land and buildings include property and land, accounted for separately, belonging to the Group or conducted in leasing. The accounting value of the buildings calculated on the basis of leasing contracts is equal to Euro 321 thousand.

There are no restrictions on the legal ownership and possession of assets, systems and machinery to guarantee liabilities with the exception of property held in leasing. There are no contractual restrictions for buying assets, systems or machinery.

Purchases of new tangible assets during the year came to a total of Euro 200 thousand of which Euro 158 thousand were for “other tangible assets” which mainly include information technology equipment, necessary for managing the Group’s traditional activities.

In 2010, real estate, running systems and machinery were not subject to any decrease in value that needed to be recorded in the balance.

15. Intangible fixed assets

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

	31/12/2010	*31/12/2009*	*Variations*	*%*
Industrial patents and similar rights	4,124	6,808	(2,684)	(39.4%)
Licences, trademarks and similar rights	395	495	(99)	(20.1%)
Assets under development	14,778	10,444	4,334	41.5%
Total Intangible fixed assets	***19,297***	***17,747***	***1,550***	**8.7%**

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

	Industrial patents and similar rights	Licences, trademarks and similar rights	Assets under development and payments on account	Other	Total
Purchase or production cost	14,333	3,397	10,444	35	28,209
Previous years revaluations					
Previous years depreciation and write-downs	(7,524)	(2,902)		(35)	(10,462)
Adjustments to previous years write-downs		(1)			(1)
Opening value	***6,808***	***495***	***10,444***	***0***	***17,747***
Variations in consolidation area					
Purchases		176	4,334		4,510
Transfers					
Reduction in accumulated depreciation due to disposals					
Disposals					
Revaluations for the period					
Depreciation and write-downs for the period	(2,684)	(276)			(2,960)
Adjustments to write-downs for the period					
Total intangible fixed assets	***4,124***	***395***	***14,778***	***0***	***19,297***

The voice "industrial patent rights and works of ingenuity" is almost entirely made up of software procedures developed by the CAD IT Group. The values are registered to credit to the directly sustained cost, mainly inherent to the use of internal resources used, as well as the extra expenses that may have been added to the original cost. In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product's lifecycle, estimated at five years. The amortizations of this voice in the 2010 financial period came to Euro 2,684 thousand.
The caption "Licences, trademarks and similar rights" principally includes the licensed out software bought by third parties used by the Group for programming activities. During the period purchases were made for Euro 176 thousand.
The voice assets under development refers to investments in the development of software procedures under construction both for sale and for in-company use. Most of these investments are aimed at new, advanced products, which need to use is expected in credit and financial institutions as well as in the field of public and industrial administration.
These assets are registered to credit on the basis of the directly sustained cost, mainly relating to the use of internal resources used.
In 2010, on-going assets increased due to costs directly incurred and capitalized by CAD IT (Euro 1,906 thousand) and Smart Line (Euro 44 thousand) and to costs incurred by CAD IT related to activities commissioned to the subsidiaries CAD (Euro 1,469 thousand), CeSBE (Euro 363 thousand), Bit Groove (Euro 198 thousand), Netbureau (Euro 335 thousand) and Datafox (Euro 20 thousand) to a total of Euro 4,334 thousand.
These assets have undergone no reduction in value during the year that need to be registered in the Financial Statement.

16. Goodwil

The Group verifies the recovery of goodwill at least once a year or more often if there are indications of a value loss. During the six month period, situations indicating that assets may be impaired and may need a formal estimation of their recoverable value have not been found.
The goodwill acquired in an aggregation of companies is allocated, at the time of purchase, to the Cash Generating Unit (CGU) from which benefits connected to the aggregation are expected.
In particular, with regard to the CGU of the Group, these concern the controlled companies that represent the smallest identifiable group of activities that generate in-coming financial flows and which are largely independent

of the in-coming financial flows from other activities or groups of activities.
The accounting value of goodwill has been allocated to the CGU as follows at the date of First Time Adoption:

Company	*Accounting value of goodwill*
CAD S.r.l.	3,295
D.Q.S. S.r.l.	2,279
S.G.M. S.r.l.	1,224
Elidata S.r.l.	617
Smart Line S.r.l.	443
Datafox	217
Bit Groove S.r.l.	202
Cesbe S.r.l.	28
Netbureau S.r.l.	5
Total	***8,309***

The recoverable value of the CGU is verified by determining the value in use.
The evaluation of the CAD IT Group companies was made through a *Discounted Cash Flow* (DCF), the most common calculation method in financial markets. Operational cash flow forecasts are based on the most recent budget plans approved by the Board of Directors and relate to the period 2011-2013 which take into account the concrete company growth possibilities based on past data and on management forecasts. The financial flows that go over this period have been calculated with great care using a growth rate of nil. The putting into effect rate used is the weighed average of capital estimated at 9.7%.
The main assumptions used by the Directors for discounting back prospective financial flows in order to make an analysis of the holding value are reported below:
the equation used for estimating the weighed average cost of capital is the following:

$k = k_b (1\text{-}TC) (B/V) + k_p (P/V) + k_s (S/V)$

where:
k_b = interest rate in case of debt
TC = marginal tax rate of the economic bodies being evaluated
B = market value of the debt of a company
V = total market value of a company.
k_p = advisability cost of risk capital
P = market value of the privileged shares
k_s = advisability cost of own capital determined by the market
S = market value of the net capital.
The cost of capital was identified as kS = 9.7%.
The permanent growth rate of the company being evaluated was chosen by taking it as 0% a year despite the CAGR of the income and profits of each being greater.
The value of the companies was determined as a summation of discounted back cash flows (Free Cash Flow), of the remaining value and the net financial position. In brief we can say:
COMPANY VALUE = ± NET FINANCIAL POSITION + DISCOUNTED BACK CASH FLOWS + REMAINING VALUE
If we want to translate this equation into mathematical terms, we could show it in the following way:
N.P.V.= company value (Net Present Value)
P.F.N. = Net Financial Position
FCF = cash flow

k = cost of capital
N = explicit period
g = growth rate of the implicit period
$N.P.V. = \pm P.F.N. + \sum^{N}_{i} FCF\ (1+k)^{-N} + (FCF_{N+1} / k\text{-}g)\ \{[1/[1+(k-g)]^{N}\}$

17. Investments in associates

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

Company name	Date of reference	Quotaholders' equity including profit for the period	Profit for the period	Percentage of investment	Investment value of the Group
Sicom S.r.l.	31/12/2010	1,315	636	25.00%	329
Sicom S.r.l.	31/12/2009	880	653	25.00%	220

18. Financial assets available for sale

This point involves Class Editori S.p.A. and CIA S.p.A. shares, companies listed on Borsa Italiana SpA.
The two holdings are registered in the Financial Statement at stock exchange value at the Financial Statement date.The profits and losses registered after a fair value evaluation at each Financial Statement date for this asset are registered to net patrimony with the exception of those value losses that must be registered in the profit and loss account.
The table below illustrates the value variations of these holdings during the year 2010:

Holding	31/12/2010		31/12/2009	
	No, of shares held	Fair value €/000	No, of shares held	Fair value €/000
Class Editori S.p.A. (CLE)	559,112	252	559,112	375
Cia S.p.A. (CIA)	1,230,509	357	1,230,509	406
Total		**608**		**781**

19. Credits due to prepaid taxes

Credits due to prepaid taxes, of Euro 342 thousand, are made up of assets in this period or previous periods and will probably create a taxable income. Credits for pre-paid IRES and IRAP taxes are mainly in reference to time differences (deductible over the next few financial periods) and past losses that the Group's companies made.

20. Inventories

The unsold stock entry includes finished products and goods to a total of Euro 111 thousand, a value that has remained substantially unaltered since the last financial period.

21. Ongoing work to order

Ongoing work to order was registered at a total Euro 197 thousand, compared to Euro 312 thousand of previous year, made up of ongoing orders evaluated on the basis of the principle of the completion percentage *(cost-to-cost);* this entry suffered a decrease of Euro 115 thousand during the financial period.

22. Trade receivables and other credits

Commercial credits and other credits are made up as follows:

	31/12/2010	*31/12/2009*	*Variations*	*%*
Credits to clients	25,546	28,372	(2,826)	(10.0%)
Credit depreciation fund	(353)	(307)	(47)	15.2%
Accrued income and deferred expenses	438	608	(170)	(27.9%)
Other credits	317	231	85	36.8%
Total trade receivables and other credits	***25,948***	***28,905***	***(2,957)***	**(10.2%)**

% coverage credit depreciation fund	1.38%	1.08%

Credits to clients are entirely due within 12 months; the accounting value of commercial credits and other credits is approximate to their *fair value* and are mainly in favour of government, banking institutions, financial and insurance institutions.

The high sum of credits towards clients is conditioned by the size of the value of the contracts, which is often considerable, as well as the contractual terms of payment which usually state that the Financial Statement of the amounts due are to be paid after the procedures supplied have been approved.

The Group evaluated the credits to the probable break-up value. This evaluation is made analytically for expired credits and on expiry of a greater length of time than the average receipt time and on a lump-sum basis for the other credits, depending on the past incidence of losses that the Group finds for sales during the invoicing year.

Regarding credits that are considered uncollectable, an allocation fund has been set up to the amount of Euro 353 thousand (Euro 307 thousand at 31 December 2009) which ensures a cover of 1.38% of the total amount of credits towards clients. This fund was determined on the basis of past data regarding losses on credits and is considered proportionate.

The increase of credits to clients, compared to the previous financial period, was mainly due to the same credit collection trend.

The entry Accruals and deferrals refers to the whole sum of deferrals made up as follows:

Nature	*31/12/2010*	*31/12/2009*
Software assistance	186	94
Advertising expenses	27	37
Third party benefit expenses	54	98
Telephone charges	25	28
Administrative services	2	3
Various insurances	18	22
Hardware assistance	29	33
Various	97	293
Total Accrued costs	***438***	***608***

The total sum of the point on other credits showed the following results:

Credits towards other	*31/12/2010*	*31/12/2009*	*Variations*	*%*
Receivables from social security institutions	*1*	*2*	*(0)*	(17.8%)
Receivables for advances on travel expenses	*1*	*5*	*(5)*	(86.5%)
Payments on account to suppliers	*273*	*172*	*102*	59.3%
Other	*39*	*50*	*(11)*	(22.9%)
Guarantee deposits	3	3	(0)	(7.0%)
Total credits towards other	***317***	***231***	***85***	**36.8%**

23. Tax credits

The entry of Euro 856 thousand (Euro 1,791 thousand in the previous year) is mainly made up of excess advance payments for direct taxes (IRES and IRAP) during the period, of credit relating to a reimbursement, in accordance with article 6 of Leg. Dec. 185/2009, deriving from a 10% deductability in Irap from the taxable income for 2004 to 2007.

24. Cash and other equivalent assets

	31/12/2010	31/12/2009	Variations	%
Bank and postal accounts	3,710	3,854	(144)	(3.7%)
Cash-on-hand and cheques	20	19	1	5.5%
Insurance policies capitalised	2,370	2,505	(135)	(5.4%)
Total Cash and other equivalent assets	***6,101***	***6,379***	***(278)***	**(4.4%)**

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

25. Company capital

The company capital, entirely registered, deposited and unchanged over the period, amounted to € 4,669,600. It was subdivided into 8,980,000 ordinary shares with a nominal value of € 0.52 each and all with equal rights.
The ordinary shares are registered and indivisible and each one gives the right to a vote at the ordinary and extraordinary shareholders' meetings, as well as to the faculty of carrying out other company and patrimonial rights in accordance with the law and the statute.
Neither CAD IT S.p.A. nor its controlled companies own CAD IT or their own shares, not even through trustee companies or third parties.

Net patrimony attributable to owners of the parent

Net patrimony attributable to owners of the parent came to Euro 53,593 thousand compared to Euro 56,505 thousand at 31 December 2009. The reduction in consolidated net patrimony derives form the distribution of parent company dividends relating to the 2009 financial period, as agreed at the Shareholders' Meeting, as well as the total loss of the 2010 financial year (see statement of changes in equity).

Third party net patrimony

This point refers to the patrimony quota of the controlled companies that, on the basis of the 'Equity ratios', belongs to third parties. It was made up of:

Minority interests	31/12/2010	31/12/2009
Minority quotaholders of Cesbe S.r.l.	1,370	1,619
Minority quotaholders of Datafox S.r.l.	88	56
Minority quotaholders of Tecsit S.r.l.	33	32
Minority quotaholders of DQS S.r.l.	(69)	24
Minority quotaholders of Elidata srl	419	415
Minority quotaholders of Smart Line S.r.l.	385	343
Total third party net patrimony	***2,226***	***2,489***

During the financial period, CAD IT increased its holding share in the subsidiary company, CeSBE S.r.l., from 52% to 59%.

26. Reserves

	31/12/2010	*31/12/2009*	*Variations*	*%*
Share surcharge reserve	35,246	35,246	0	-
Re-evaluation reserve for fin. assets available for sale	186	235	(49)	(20.9%)
Total Reserves	***35,432***	***35,481***	***(49)***	**(0.1%)**

The variation of the evaluation reserve for assets available for sale comes from the variation in *fair value* at 31 December 2010 of the holding in the quoted companies, directly registered in the net patrimony reserve (refer to note 18).

27. Accumulated profit/losses

	31/12/2010	*31/12/2009*	*Variations*	*%*
Previous profits/losses	205	232	(27)	(11.7%)
Legal reserve	934	934	0	-
FTA transition reserve	2,119	2,119	0	-
Consolidation reserve	(186)	176	(361)	(205.8%)
Available joint profit reserve	11,043	10,908	135	1.2%
Period profits/losses	(623)	1,985	(2,608)	(131.4%)
Total accumulated profits/losses	***13,492***	***16,354***	***(2,862)***	**(17.5%)**

The FTA transition fund covers any differences that may have occurred when the international accounting standards were first adopted.
The available reserve of undivided profits increased due to the effect of undistributed profits in the previous period.

28. Dividends paid

On 29th April 2010, the Ordinary Shareholders' Meeting approved the financial statement for the year ending at 31/12/2009 and agreed to distribute a dividend of Euro 0.25 per share. The dates for coupon release and dividend payment were 10th and 13th May 2010 respectively. Dividend payment resulted in a cash outlay of Euro 2,245 thousand.

29. Financing

The total amount of Euro 150 thousand entirely refers to the registration of the amount of debt funding determined by property leasing in accordance with the financial method.

	31/12/2010	*31/12/2009*	*Variations*	*%*
Due to banks after 12 months	0	0	0	-
Sums due to other financing institutions after 12 months	150	179	(29)	(16.2%)
Total financing	***150***	***179***	***(29)***	**(16.2%)**

30. Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,442 thousand (compared to Euro 3,452 thousand at 31 December 2009) and took into account the taxable time differences resulting from time differences of the accounting value of an asset or liability compared to its recognised value for tax purposes. They mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods.

31. Employees' leaving entitlement and quiescence reserves

	31/12/2010	*31/12/2009*	*Variations*	*%*
Employees' leaving entitlement (TFR)	6,379	6,301	78	1.2%
Fund due to director end of term of office treatment	0	17	(17)	(100.0%)
Total	***6,379***	***6,317***	***62***	**1.0%**

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

Employees' leaving entitlement	*31/12/2010*	*31/12/2009*
at 1 January	6,301	6,206
Actuarial (gain)/loss	16	72
Allocation of period	381	356
Utilisation	(318)	(333)
Closing balance	***6,379***	***6,301***

In order to carry out the mathematical evaluation, the database of each employee (salary, matured TFR net of any advance payments, age, sex, qualification, etc.) was given to the external actuaries by the companies' qualified offices. The hypothetical specifications on the employees in service regarding both their demographic evolution and their future economic characteristics, were calculated on the basis of some past company series, on similar experience and on market figures as well as on the basis of some indications supplied by the companies themselves in terms of their experience and sensitivity to company events.
In particular, in determining the present value of future services that are expected to be necessary in order to settle obligations deriving from working activities carried out in the current period and previous periods, the following were calculated:

- the present value regarding future forecasted services relating to working activities carried out in previous periods;
- the welfare cost regarding present work services, i.e. the increase in the present value of obligations resulting from work being carried out in the current period;
- the interest allowed given by the increase that the present value of the obligations is subject to during a period because of the fact that the date of payment of a benefit becomes one period closer.

The results of the mathematical evaluations on the basis of the IAS for TFR at 31 December 2010 are shown below:

Previous years' cost	*Current year's cost*	*Current year's interests allowed*	*Actuarial gain (loss)*
5,980	127	221	(16)

32. Expense funds and risks

The entry showing a total Euro 59 thousand includes earmarking for ongoing legal disputes, the total costs for which are estimated at Euro 40 thousand, and a further Euro 19 thousand for other risks.

33. Commercial debts

The entire point amount to Euro 3,869 thousand and shows the following trend:

	31/12/2010	*31/12/2009*	*Variations*	*%*
Debts towards associeted companies	16	78	(63)	(79.8%)
Debts towards suppliers	3,418	3,808	(390)	(10.2%)
Payments on account received	182	277	(95)	(34.3%)
Accrued expenses and deferred income	253	230	23	10.1%
Total Commercial debts	***3,869***	***4,393***	***(524)***	**(11.9%)**

Debts towards suppliers are referred to as current debts for supplies of goods and services received.
The deferred income refers almost entirely to income that was already invoiced regarding annual ordinary maintenance contracts on user licences and mainly pertaining to 2011 financial period.

34. Tax debts

The entry for fiscal debts is made up of debts that the various companies within the Group, and included in the consolidation area, have accumulated towards the inland revenue. The entry consists of debts for added value tax and for withholding agent activities carried out by the different companies in respect of employees and collaborators. Income tax debts in the financial period are compensated by tax credits for down payments paid during the year.
At the time of drafting this balance, there were no on-going controversies with Financial Administration.

35. Short-term financing

At 31 December 2010 this point amount to Euro 1,851 thousand and is made up of Euro 1,841 thousand from short-term financing carried out by banking institutes and overdrawn and increased by Euro 565 thousand compared to previous year.

36. Other debts

Details of other debts are as shown:

	31/12/2010	*31/12/2009*	*Variations*	*%*
Social security charges payable	2,561	2,504	57	2.3%
Towards directors	21	40	(19)	(47.1%)
Dividends to be distributed to shareholders (third parties)	54	54	0	-
Towards staff for deferred salaries and pay	4,167	4,048	119	2.9%
Other	14	35	(21)	(60.9%)
Total	***6,818***	***6,682***	***136***	**2.0%**

Debts towards welfare institutions included matured contributory debts on current monthly salaries as well as the quota for deferred salaries.
Staff debts refer to the current salaries for December and to accruals for deferred salaries that matured at 31 December. Details of debts towards staff are shown in the following table:

Debt towards staff for wages and deferred pay	*31/12/2010*	*31/12/2009*	*Variations*	*%*
For wages and expense accounts	1,141	1,070	71	6.6%
For production incentives	4	4	0	-
For holidays	2,239	2,210	29	1.3%
For year-end bonus	0	9	(9)	(100.0%)
For summer bonus	784	755	29	3.8%
Total	***4,167***	***4,048***	***119***	***2.9%***

37. Consolidated net financial position

The net consolidated financial availability at 31st December 2010 was in credit by Euro 4,100 thousand.
In particular, the short-notice availability was Euro 4,250 thousand, compared to Euro 5,093 thousand at 31st December 2009 (a decrease of Euro 843 thousand), while the net financial availability was Euro 4,100 thousand compared to Euro 4,914 thousand at 31st December 2009.
Immediate availability on current accounts and in hand came to Euro 3,731 thousand. Capitalisation insurance policies amounting to Euro 2,370 thousand were contractually available within 20 days of request with no significant collection costs.
Short-term debts towards banks were mainly made up of current account overdrafts and subject to final advances.

Net consolidated financial position	*31/12/2010*	*31/12/2009*	*Variations*	*%*
Cash-on-hand and at bank	3,731	3,873	(143)	(3.7%)
Capitalisation insurance policies	2,370	2,505	(135)	(5.4%)
Payables due to banks current portion	(1,851)	(1,286)	(565)	43.9%
Net short-term financial position/(indebtedness)	**4,250**	**5,093**	***(843)***	***-16.6%***
Long-term loans	(150)	(179)	29	(16.2%)
Net long-term financial position/(indebtedness)	**(150)**	**(179)**	***29***	***-16.2%***
Net financial position/(indebtedness)	***4,100***	***4,914***	***(814)***	***-16.6%***

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

- operational management activities generated a positive flow of Euro 6,289 thousand (compared to Euro1,540 thousand in the previous year) due to self-financing (net result plus depreciations) net of non-monetary taxes;
- investment activities absorbed Euro 4,831 thousand (compared to Euro 4,759 thousand in 2009) for investments in intangible assets (Euro 4,510 thousand), tangible assets (Euro 200 thousand) and holding companies (Euro 256 thousand), partly compensated by cashed-in interests and dividends;
- financing activities absorbed Euro 2,301 thousand (compared to Euro 5,034thousand in 2009), mainly due to the dividend payments to CAD IT shareholders (Euro 2,245 thousand).

38. Related parties transactions

Relations between the Group’s companies are administered on the basis of contractual relations drawn up by the respective administrative organs bearing in mind the quality of the assets and services involved and the competitive conditions of the market, adapting the interests of the Group.
The following table shows the incidence of transactions with correlated parties on the respective balance entry at

31/12/2010:

Transaction incidence with correlated parties - Period 2010	Total	Correlated Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	48,224	304	0.6%
Service costs	(11,360)	(516)	4.5%
Labour costs	(32,455)	(588)	1.8%
Other administrative expenses	(2,592)	(1,200)	46.3%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	25,948	22	0.1%
TFR and pension funds	6,379	153	2.4%
Commercial debts	3,869	113	2.9%
Other debts	6,818	110	1.6%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	56	50	89.9%

Apart from the above relations, no other relations of an economic-patrimonial nature of any significant substance with correlated parties were undertaken.
Returns with correlated parties mainly regarded the supply of services carried out for the company Xchanging (Euro 288 thousand) which holds a 10% stake in CAD IT.
Service costs to correlated partied included the supply of services carried out by the subsidiary Sicom to the controlling company (Euro 310 thousand), remunerations to the members of the CAD IT Board of Auditors (Euro 46 thousand) and those relating to translation and language training services supplied by a company partly owned by a CAD IT manager (Euro 127 thousand).
Labour costs to correlated parties included the remunerations (including contributions that are the responsibility of the company and accruals matured for deferred retributions) of company employees who are related or linked to CAD IT Board Members and the remunerations of managers with strategic responsibilities.
Other administrative expenses relating to correlated parties regarded remunerations for the position of Board Member that the CAD IT Board Members receive as do the Board Members of the other companies within the Group who are related or linked to them.
Credits to correlated parties were mainly made up of the controlling company’s credits to Xchanging (Euro 13 thousand).
Debts to correlated parties were mainly made up of commercial debts, for services as described above, that have not yet expired (Euro 113 thousand), debts towards employees for pay and pay accruals (Euro 105 thousand) and severance pay (Euro 153 thousand).
Apart from the above relations, no other relations of an economic-patrimonial nature of any significant substance with correlated parties have been undertaken.
The table below shows the incidence of relations with correlated parties in 2009.

Transaction incidence with correlated parties - Period 2009	Total	Correlated Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	48,863	525	1.1%
Service costs	(11,238)	(574)	5.1%
Labour costs	(31,337)	(527)	1.7%
Other administrative expenses	(2,461)	(1,100)	44.7%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	28,905	282	1.0%
TFR and pension funds	6,317	132	2.1%
Commercial debts	4,393	102	2.3%
Other debts	6,682	120	1.8%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	167	155	92.7%

39. Relations with administrative and managerial organs

The salaries for any main company or direct or in direct subsidiary company title given to the members of the Board of Directors and auditing board and to the managers with strategic responsibilites are shown in the following table[5], in accordance with art. no. 78 of Consob regulation no. 11971 of 14th May 1999, and subsequent modification and integration.

Other remuneration to components of administration and control and to managers with strategic responsibilities other than those shown in the table were paid during the financial period. All of the remunerations shown were paid in their entirety within the financial period.

Remunerations for specific position included the qualification payments deliberated by the Shareholder Meeting and attendance tokens for participating at company organ meetings. The directors do not receive any remuneration for taking part in committees.

Other remunerations included those for specific positions in subsidiary companies, employee salaries (gross of welfare and tax payments that are the responsibility of the employee and excluding the obligatory collective welfare fees that are the responsibility of the company and severance pay earmarking).

No stock option plans are ongoing at the moment.

The shares held by the administrative and controlling organs are shown in the specific paragraph in the management report.

[5] in accordance with sheet 1, attachment 3c, of Consob Regulation no. 11971)

					Remunerations for the position in the company that draws up the balance			Other remunerations			
Name and Surname	Role	Company name	Term of office	End of Office term	Remunerations deliberated by the Shareholder Meeting	Attendance tokens	Total	Remunerations for positions in subsidiary companies	Compensation at end of position term	Employee remuneration	Total
Dal Cortivo Giuseppe	Chairman and Managing Director	CAD IT Spa	01/01-31/12	Balance approval 2011	170	5	175	-	-	-	-
	Legal representative	CAD Srl	01/01-31/12	indefinite	-		-	87	-	-	87
	Director	CeSBE Srl	01/01-31/12	indefinite	-		-	9	-	-	9
	Director	Bitgroove Srl	01/01-31/12	Balance approval 2011	-		-	9	-	-	9
	Director	DQS Srl	01/01-31/12	Balance approval 2011	-		-	6	1	-	7
	Director	Sicom Srl	01/01-31/12	indefinite	-		-	6	-	-	6
Magnani Giampietro	Managing Director	CAD IT Spa	01/01-31/12	Balance approval 2011	170	5	175	-	-	-	-
	Chairman and Managing Director	CAD Srl	01/01-31/12	Balance approval 2012	-		-	87	-	-	87
	Director	Bitgroove Srl	01/01-31/12	indefinite	-		-	15	-	-	15
	Director	Netbureau Srl	01/01-31/12	Balance approval 2011	-		-	6	-	-	6
	Director	Smart Line Srl	01/01-31/12	Balance approval 2010	-		-	12	-	-	12
Rizzoli Maurizio	Director	CAD IT Spa	01/01-31/12	Balance approval 2011	14	4	18	-	-	-	-
Zanella Luigi	Managing Director	CAD IT Spa	01/01-31/12	Balance approval 2011	170	5	175	-	-	-	-
	Legal representative	CAD Srl	01/01-31/12	indefinite	-		-	87	-	-	87
	Director	CeSBE Srl	01/01-31/12	indefinite	-		-	9	-	-	9
	Director	Bitgroove Srl	01/01-31/12	Balance approval 2011	-		-	9	-	-	9
	Director	DQS Srl	01/01-31/12	Balance approval 2011	-		-	6	1	-	7
	Director	Sicom Srl	01/01-31/12	indefinite	-		-	6	-	-	6
Dal Cortivo Paolo	Managing Director	CAD IT Spa	01/01-31/12	Balance approval 2011	36	5	41		-	138	138
Lambertini Lamberto	Director	CAD IT Spa	01/01-31/12	Balance approval 2011	14	4	18	-	-	-	-
Rossi Francesco	Director	CAD IT Spa	01/01-31/12	Balance approval 2011	14	5	18	-	-	-	-
Sohler Matthias Wolfgang	Director	CAD IT Spa	01/01-31/12	Balance approval 2011	11	2	13	-	-	-	-
Ranocchi Gianpaolo	Statutory Auditors	CAD IT Spa	01/01-31/12	Balance approval 2011	17		17	-	-	-	-
	Chairman Statutory Auditor	CAD Srl	01/01-31/12	Balance approval 2012	-		-	6	-	-	6
Tengattini Renato	Statutory Auditors	CAD IT Spa	01/01-31/12	Balance approval 2011	17		17	-	-	-	-
Riccardo Ferrari	Chairman Statutory Auditor	CAD IT Spa	01/01-31/12	Balance approval 2011	25		25	-	-	-	-
Managers with strategic responsibilities		CAD IT Spa	01/01-31/12		-		-	-	-	107	107
TOTAL					**656**	**33**	**689**	**360**	**3**	**245**	**608**

40. Warranties

During 2010, property mortgage guarantees to the amount of Euro 12,395 were cancelled against credit lines granted by banking institutions and not used.

41. Other information

There have been no transactions or any non recurrent significant events, as defined in the Consob DEM/6064293 communication, in the present financial period or the previous one.
CAD IT and the Group's companies have not drawn up any contracts containing clauses that depend on continual financial funding (covenant) nor any agreements where a subject – to whom a loan has been granted – must behave accordingly (negative pledge).
The present annual report was approved by the CAD IT S.p.A. Board of Directors on 11th March 2011.

42. Important events since 31st December 2010

On 4th February 2011, the shareholder meeting of the DQS S.r.l. subsidiary company decided to reduce the company capital of Euro 11,000 due to losses and, at the same time, to reconstitute the company capital to Euro 11,000 with a price above par of Euro 201,603 of which Euro 190,630 is to be used to cover the residual loss and Euro 11,000 to constitute the share overcharge fund. Due to agreements between partners, CAD IT, previously holding a 55% share, sustained the entire company capital and relative price above par, thus becoming the sole partner.
On 11th March 2011, the non-executive adviser, Matthias Sohler, gave in his resignation with immediate effect. Matthias Sohler, non-executive and non-independent advisor, was not a member of any internal committee.
For further information on the foreseeable development of company management, please refer to the specific paragraph in the management report.

ATTESTATION OF CONSOLIDATED FINANCIAL STATEMENT IN ACCORDANCE WITH ART. 154 BIS OF LEGISLATIVE DECREE NO. 58/98

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

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

of the administrative and accounting procedures for drafting the consolidated Financial Statement during the 2010 financial period.

2. Moreover, it is hereby declared that the Consolidated Financial Statement sheet:

a) has been drafted in accordance with the International accounting standards (IFRS) adopted and recognized by the European Union in conformity with EC regulation no. 1606/2002 of the European Parliament and Council of 19th July 2002;

b) corresponds to the results in the company books and accounting documents;

c) appropriately gives a true and correct representation of the patrimonial, economic and financial situation of the Company and the companies included in the consolidation.

3. The management report includes a reliable analysis of the management trend and result as well as the situation of the Company and of the companies included in the consolidation, together with a description of the main risks and uncertainties to which the company is exposed.

Verona, 11 March 2011

/f/ Giuseppe Dal Cortivo
On behalf of the Board of Director
The Chairman

/f/ Maria Rosa Mazzi
Manager in charge of drafting
the CAD IT S.p.A. accounting documents

ATTACHMENT – INFORMATION IN ACCORDANCE WITH ART. 149-DUODECIES OF CONSOB ISSUER REGULATION

The following table, drafted in accordance with art. 149-duodecies of the Consob Issuer Regulation, shows the compensations regarding the 2010 financial period for auditing services and other services carried out by BDO S.p.A.; no services were carried out by entities belonging to its network.

Type of service	*Receiver*	*Compensations*
Accounting audit	CAD IT S.p.A.	€ 12,024
Accounting audit	Subsidiaries	€ 47,206
Total		**€ 59,230**

The above compensations are adjusted annually in accordance with the Istat index, as provided for in the contract and in compliance with decisions made at the Shareholders' Meeting on 28.4.2006, which charged the audit company with the work.

BDO

Tel: +39 0459690472
Fax: +39 0459690474
www.bdo.it

Via Dietro Listone, 16
37121 Verona
e-mail: verona@bdo.it

Auditor's report on the consolidated financial statements
in accordance with articles 14 and 16 of legislative decree n. 39 of 27 January 2010
(This report has been translated from the original Italian text
which was issued in accordance with the Italian legislation)

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

1. We have audited the consolidated financial statements including the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes, of CAD IT S.p.A. and its subsidiaries (the "CAD IT Group") as of and for the year ended December 31, 2010. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005, are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of prior year, the data of which are presented for comparative purposes, reference should be made to our auditor's report issued on March 16, 2010.

3. In our opinion, the consolidated financial statements of CAD IT Group as of December 31, 2010 comply with International Financial Reporting Standards as adopted by European Union and the requirements of national regulations issued pursuant to art. 9 of legislative decree n. 38/2005; therefore, they are clearly stated and give a true and fair view of the financial position, the results of the operations and the cash flows of the CAD IT Group for the year then ended.

4. The Directors of CAD IT S.p.A. are responsible for the preparation of the report on operations and the annual report on corporate governance and ownership structures, published in the investor relations section of CAD IT S.p.A. web site, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information provided by paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of art. 123-bis of legislative decree n. 58/1998 included in the annual report on corporate governance and ownership structures, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information provided by paragraph 1, letters c), d), f),

l), m) and paragraph 2, letter b) of art. 123-bis of legislative decree n. 58/1998, included in the annual report on corporate governance and ownership structures, are consistent with the consolidated financial statements of CAD IT Group as of December 31, 2010.

Verona, March 24, 2011

BDO S.p.A.

Signed by:
Alessandro Gigliarano
(Director)

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

CAD IT S.p.A.

Sede in Verona (VR) Via Torricelli. 44/a

Capitale sociale Euro 4.669.600,00 i.v.

Codice fiscale e numero iscrizione Registro Imprese di Verona 01992770238

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Relazione del Collegio Sindacale sul bilancio consolidato

Signori Azionisti,

il bilancio consolidato di CAD IT S.p.A. dell'esercizio 2010, costituito dalla situazione patrimoniale-finanziaria, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario e dalle relative note esplicative, che viene messo a Vostra disposizione, presenta una perdita di competenza di euro 601 migliaia. Esso ci è stato comunicato nei termini di legge, unitamente alla relazione sulla gestione, e risulta redatto secondo gli International Financial Reporting Standard (IFRS) e i provvedimenti emanati in attuazione dell'art. 9 D.Lgs. n. 38/2005.

Sulla base dei controlli effettuati BDO S.p.A., incaricata della revisione, ha affermato che:

"Il bilancio consolidato del Gruppo CAD IT al 31 dicembre 2010 è conforme agli International Financial Reporting Stardard adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 D.Lgs. n. 38/2005; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico ed i flussi di cassa del Gruppo CAD IT per l'esercizio chiuso a tale data".

Nella succitata relazione viene anche precisato che:

"A nostro giudizio la relazione sulla gestione e le informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b) dell'art. 123-bis del D .Lgs. 58/98 presentate nella relazione sul governo societario e gli assetti proprietari sono coerenti con il bilancio consolidato della CAD IT S.p.A. al 31 dicembre 2010".

A tali risultanze ed informazioni e così al bilancio consolidato, salvo quanto più avanti specificato, non si è esteso il controllo del Collegio Sindacale, in conformità con quanto disposto dall'art. 41 n. 3 D. Lgs. 9.4.1991, n. 127.

La determinazione dell'area di consolidamento, la scelta dei principi di consolidamento delle partecipazioni e le procedure a tale fine adottate rispondono alle prescrizioni degli IFRS.

La struttura del bilancio consolidato è quindi da ritenersi tecnicamente corretta e, nell'insieme, conforme alla specifica normativa.

La relazione sulla gestione illustra in modo adeguato la situazione economica, patrimoniale e finanziaria, l'andamento della gestione nel corso del 2010 e l'evoluzione dopo la chiusura dell'esercizio dell'insieme delle imprese oggetto di consolidamento.

Verona, 24 marzo 2011

I Sindaci

Riccardo Ferrari

Gian Paolo Ranocchi

Renato Tengattini

Via Torricelli , 44/a
37136 Verona - Italy
Tel. +39 045 8211111
Fax. +39 045 8211110
www.cadit.it
cadit@cadit.it

CAD IT
INFORMATION TECHNOLOGY