Interim Management Report at 30th September 2011

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
INFORMATION TECHNOLOGY

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BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS (1)

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI (2)
Director

JÖRG KARSTEN BRAND (3)
Director

FRANCESCO ROSSI (2)
Independent Director

LAMBERTO LAMBERTINI (2)
Independent Director

STATUTORY AUDITORS (1)

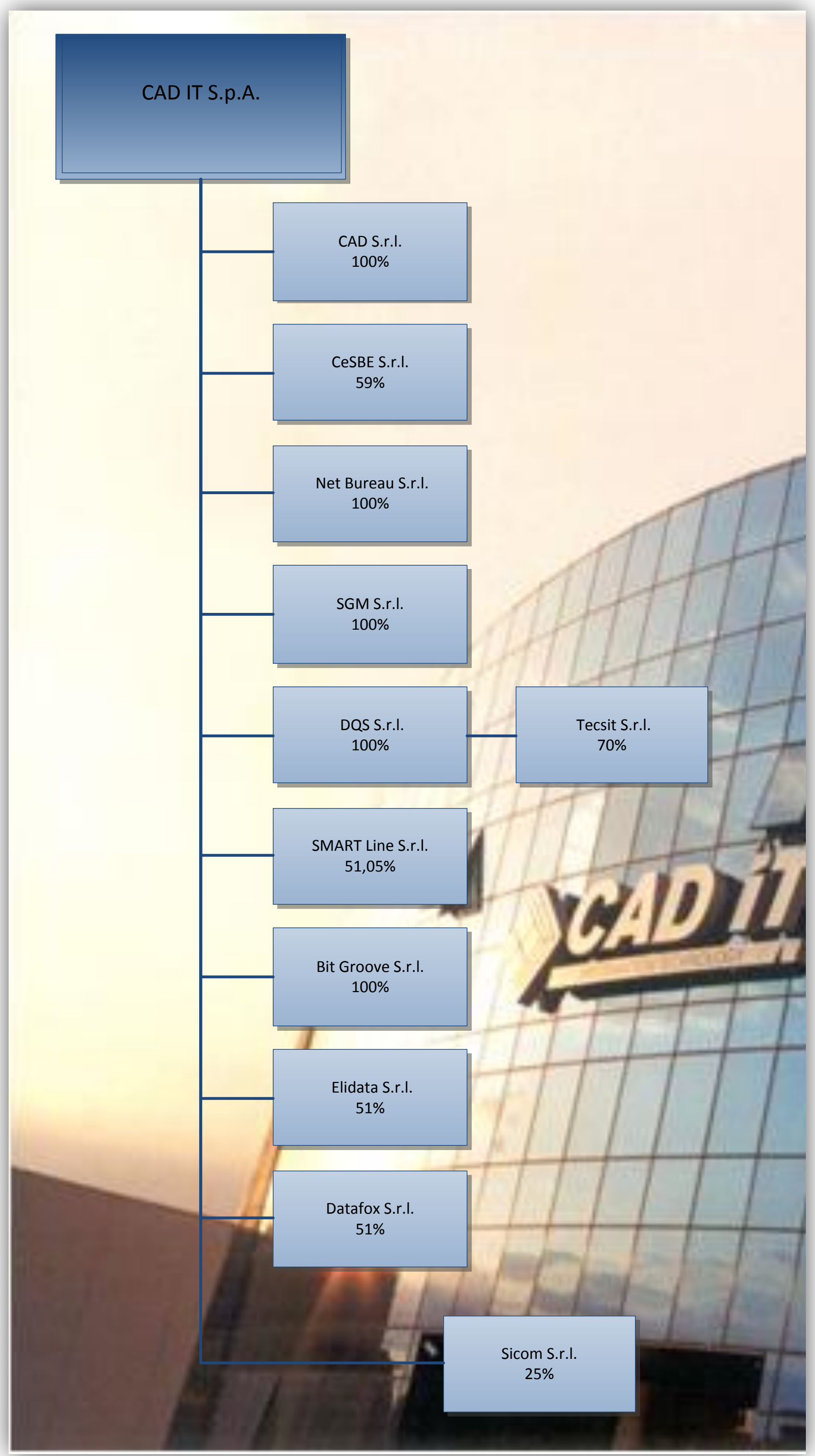
RICCARDO FERRARI
Chairman

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) Appointed on 27 April 2011; office expires with the shareholders' meeting for the approval of the 2011 financial statements.



CAD IT Group as at 30/09/2011

SUMMARY SCHEDULES

Consolidated income statement

(in thousands of Euro)

	III Quarter 2011	*III Quarter 2010*	*Period 2011 01/01 – 30/09*	*Period 2010 01/01 – 30/09*
Income from sales and services	13,232	11,872	37,429	35,857
Changes in ongoing orders	22	28	35	(115)
Asset increases due to internal work	708	1,090	2,645	3,236
Other revenue and receipts	79	8	124	24
Costs for raw	(103)	(243)	(537)	(616)
Service costs	(2,512)	(3,074)	(7,627)	(8,207)
Other operational costs	(166)	(198)	(515)	(559)
Labour costs	(7,449)	(7,435)	(24,249)	(24,199)
Other administrative expenses	(514)	(650)	(1,615)	(1,983)
Allocation to fund and credit depreciation	(2)	(8)	(46)	(71)
Intangible fixed asset amortization	(785)	(738)	(2,175)	(2,238)
Tangible fixed asset amortization	(157)	(199)	(479)	(586)
Financial income	21	17	62	62
Financial expenses	(25)	(24)	(68)	(53)
Revaluations and depreciations	111	139	339	306
Income taxes [1]	0	(4)	0	(4)
Pre-tax result	**2,459**	**582**	**3,325**	**853**
Profit (loss) for the period attributable to:				
Non- controlling interests	117	93	194	34
Owners of the parent	2,342	489	3,130	819
Weighed average number of ordinary shares in circulation: 8,980,000				
Basic earnings per share (in €)			0.349	0.091

Consolidated statement of comprehensive income

(in thousands of Euro)

	III Quarter 2011	*III Quarter 2010*	*Period 2011 01/01 – 30/09*	*Period 2010 01/01 – 30/09*
Profit/(loss) for the period	2,459	582	3,325	853
Gains/(Losses) on fair value of available for sale financial assets	(25)	18	(111)	(143)
Total comprehensive income	**2,435**	**600**	**3,214**	**710**
Profit/(loss) for the period attributable to:				
Non-controlling interests	117	93	194	34
Owners of the parent	**2,317**	**507**	**3,020**	**676**

1 The interim management report is presented without calculating the income taxes for the period; the amount shown is related to the tax variations calculated when drafting the annual balance and the punctual determination of said taxes that was calculated later when the income tax return was declared.

Consolidated Statement of financial position

(in thousands of Euro)

31/12/2010	ASSETS	30/09/2011	30/09/2010
	A) Non-Current Assets		
18,651	Property, plant and equipment	18,268	18,784
19,297	Intangible assets	19,784	18,894
8,309	Goodwill	8,309	8,309
329	Investments	506	476
609	Other financial assets available for sale	498	638
95	Other non-current credits	129	91
342	Credits due to deferred taxes	342	244
47,631	**TOTAL NON-CURRENT ASSETS**	**47,837**	**47,436**
	B) Current Assets		
111	Inventories	76	158
197	Ongoing orders	232	197
25,948	Trade receivables and other credits	32,363	32,935
856	Tax credits	898	1,480
6,101	Cash on hand and other equivalent assets	6,194	5,231
33,211	**TOTAL CURRENT ASSETS**	**39,764**	**40,000**
80,843	***TOTAL ASSETS***	**87,600**	**87,436**

31/12/2010	EQUITY AND LIABILITIES	30/09/2011	30/09/2010
	A) Equity		
4,670	Company capital	4,670	4,670
35,432	Reserves	35,321	35,338
13,492	Accumulated profits/losses	16,563	14,928
53,593	**TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT**	**56,554**	**54,936**
2,226	Third party Equity	2,466	2,522
55,819	**TOTAL EQUITY**	**59,021**	**57,458**
	B) Non-current liabilities		
150	Financing	127	157
3,442	Deferred tax liabilities	3,442	3,452
6,379	Employee benefits and quiescence provisions	6,451	6,589
59	Expense and risk provisions	10	75
10,029	**TOTAL NON-CURRENT LIABILITIES**	**10,029**	**10,273**
	C) Current liabilities		
3,869	Trade payables	7,445	6,910
2,457	Current tax payables	2,376	2,013
1,851	Short-term financing	1,735	3,897
6,818	Other liabilities	6,994	6,884
14,994	**TOTAL CURRENT LIABILITIES**	**18,550**	**19,704**
80,843	***TOTAL LIABILITIES AND EQUITY***	**87,600**	**87,436**

Consolidated Cash Flow Statement

(in thousands of Euro)

Cash Flow Statement of CAD IT Group	*Period 2011*	*Period 2010*
	01/01 – 30/09	*01/01 – 30/09*
A) OPERATING ACTIVITIES		
Profit (loss) for the period	3,325	853
Amortisation, revaluation and depreciation:		
- Property, plant and equipment amortisation	479	586
- Intangible fixed asset amortisation	2,175	2,238
- revaluation of investments and financial assets available for sale	(339)	(306)
Allocations (utilization) of provisions:	23	212
Financial performance:		
- Net financial receipts (charges)	6	(9)
- Profit / (losses) on exchanges	(0)	(1)
Working capital variations	(2,787)	(1,562)
Interest paid	(68)	(52)
(A) - Cash flows from (used in) operating activities	**2,814**	**1,959**
B) INVESTMENT ACTIVITIES		
Investments in activities		
- Property, plant and equipment purchases	(99)	(163)
- Intangible assets purchases/development	(2,662)	(3,385)
- increase in other fixed assets	(35)	(22)
Disinvestment activities		
- Property, plant and equipment transfers	2	4
- Decrease in other fixed assets	0	2
Cashed Interest	62	56
Cashed dividends	162	56
(B) - Cash flows from (used in) investment activities	**(2,569)**	**(3,452)**
C) FINANCING ACTIVITIES		
Medium/long term financing repayment	(23)	(22)
Allocation of profits to directors of subsidiary companies	(12)	0
Dividends paid	0	(2,245)
(C) - Cash flows from (used in) financing activities	**(35)**	**(2,267)**
(A+B+C) - Total cash and other equivalent assets flows	**210**	**(3,759)**
Opening cash balances and equivalents	**4,250**	**5,093**
Closing cash balances and equivalents	**4,459**	**1,333**

EXPLANATORY NOTES

1. Foreword

This Interim Management Report has been drafted in accordance with art. 154-ter, paragraph 5, of the Testo Unico della Finanza that was introduced by Leg. Decree 195/2007, put into effect by the 2004/109/CE Directive (the so-called Transparency Directive); this report is not an interim management statement drafted in accordance with IAS 34 “Interim Statements”.
In accordance with this regulation, this interim management report gives:

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

The accounting tables shown are the same as those used for drafting the annual and six-monthly financial reports.
The interim report includes balance charts in reference to the following periods:

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

The figures representing the net financial position, compared with the figures of the previous quarter and the previous year end, and tables showing investments in intangible and tangible assets, installations and machinery relating to the intervening period between the beginning of the financial period and the closing date of the quarter, are also supplied.
This document shows the quarterly figures required on a consolidated basis, since CAD IT S.p.A is obliged to draft a consolidated balance.
Unless otherwise indicated, the monetary sums in the accounting tables and those in the notes are shown in thousands of Euro. Any minor differences deriving from rounding up figures to thousands of Euro are considered irrelevant. Due to this rounding up process, the sum of the individual entries in some of the tables containing exact figures may differ from the total amount.
The Interim Management Report is not subject to auditing by the auditing company.

2. 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 no. 44/a, Verona, Italy.
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, each with equal rights.
These shares are nominal and cannot be divided. Each of them entitles the holder 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 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.

3. Corporate Governance

CAD IT adheres and conforms to the Governance Code for listed companies published by Borsa Italiana.
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 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.

4. 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, Padua, Mantua.
CAD IT is leader in the Italian software market for the banking sector with its "Financial Area" products, a programme which completely manages all functions connected to negotiation, settlement and administration of security transactions, debentures, derivates (in any currency) and adopted by about 90% 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 more than 30-years experience in developing computer systems for public body.

5. Accounting standards and consolidation criteria

The economic, patrimonial and financial information has been drafted in accordance with the evaluation and measurement criteria as established by the International Financial Reporting Standard (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure in art. 6 of the European Parliament and Council Regulation (EC) no. 1606/2002 of 19th July 2002.
The accounting standards adopted are the same as those used for drafting the last annual balance and have been applied in the same manner throughout the periods shown and for all the Group's companies; there have been no modifications in the comparative information.
Interim Management Report has been drafted using the evaluation criteria of historical 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..
The balance has been drafted in the assumption that the company will continue.

Use of estimates

In accordance with the IFRS, when drafting the Interim Management Report 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. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case. Since they are estimates, the results obtained are not necessarily the same as the results portrayed.
The estimates and hypotheses are reviewed on a regular

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

Accounting principles, amendments and interpretations applied since 1st January 2011

At the time of drafting this summarised version of the Interim Management Report, there are no other matters or records, or anything of any significant importance within the Group, that may be governed by principles, amendments and interpretations effective since 1st January 2011, and approved by the IASB and IFRIC and published in the European Community's Official Gazette.

Subsidiary companies

The consolidation area includes the Mother 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.

The purchase of subsidiary companies has been accounted for in accordance with the purchase method set by IFRS 3.

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 Interim Management Report all the balances and significant transactions between the Group's companies have been eliminated, as are all unrealised infra-group profit and loss transactions.

Associate companies

The share in associate companies, that is those companies in which the Group has significant influence, is evaluated using the equity method, as defined in IAS 28 – Investments in Associates. The profits or losses relevant to the Group are included in the Interim Management Report from the date in which this significant 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 income statement 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 durable 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 income statement 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 intangible fixed assets generated internally include only those expenses that can be directly attributed to the development of said product. Development costs that do not meet the previous conditions are shown in the profit and loss account when elevated.

Goodwill

Goodwill resulting from the purchase of subsidiaries and associates 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 regarding shares in associates companies is included in the taxation value of said companies.

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.

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 income statement among depreciation and devaluation costs. When subsequently an asset value loss, different from the goodwill, 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 income statement.

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 as fair value, this value is taken as the market value, if active. Any profits or losses found as a result of the effect of evaluating the fair value on these assets at every balance date are shown at net patrimony unless they are sold or they have durable losses in value, that are the moments 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.

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 liability evaluation is calculated by private actuaries.

The profits and losses deriving form these evaluations are ascribed to the income statement.

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 tax 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 according to the same criteria as those for revenue acknowledgment.

Balance sheet layout

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 consolidated patrimonial financial 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. For greater clarity than in previous periods, the financial statement has been drafted starting from the financial period result and not from the group’s financial period therefore the values relating to the previous period have been adapted for easier confrontation.

6. Consolidation area

In the month of October 2010, 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 the company capital.
In February 2011, when the company capital was reduced due to losses and the replenishing of the company capital of the controlled company DQS S.r.l., CAD IT underwrote the entire company capital, thus becoming the sole partner. Consequently, the shares in holdings related to the Tecsit S.r.l. group, a company controlled through DQS S.r.l., also increased.
The consolidation area has not changed. The fully consolidated companies included in the financial schedules of CAD IT Group are the following:

Company name	Registered office	Share/ Quota capital (Euro)	Percentage of investment	Percentage of investment of the Group
Consolidated using the integral method				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
CAD S.r.l.	Verona	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	100.00%	100.00%
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%	70.00%
(1) Partecipata tramite DQS S.r.l.				

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

Company name	Registered office	Date of reference	Quotaholders' equity including profit for the period	Profit 01/01-30/09	Percentage of investment	Investment value of the Group
Sicom S.r.l.	Viadana (MN)	30/09/2011	2,024	1,356	25.00%	506
Sicom S.r.l.	Viadana (MN)	30/09/2010	1,904	1,224	25.00%	476

7. *The short-term situation* [2]

The global economic outlook worsened abruptly in the course of the summer. Economic activity in the advanced economies slowed significantly, held back not only by temporary factors - the rise in energy prices and the consequences of the earthquake in Japan - but also by persistent slack in employment, a less expansionary stance of fiscal policies and widespread uncertainty over the successful resolution of the financial imbalances. In the emerging economies activity decelerated slightly but keeps growing at a sustained pace. The international organizations cut their global growth forecasts for this year and next significantly.
The sudden dimming of the prospects for growth resulted in pronounced instability on financial markets. The strains affected the sovereign debt of a growing number of euro-area countries, with repercussions on banks' funding capacity and share prices. Volatility increased.
Against a backdrop of slowing world trade and the spreading sovereign debt crisis, the growth of the euro-area economy slowed during the spring owing to the waning of the temporary factors that had powered growth at the start of the year.
The data available indicate that euro-area growth weakened further in the third quarter.
The professional forecasters surveyed by Consensus Economics in September project areawide GDP growth of 1.7 per cent for this year, slowing to 1.0 per cent in 2012. The highest growth forecast among the main countries is for Germany. The euro-area forecasts for next year made in September by the ECB range from 0.4 to 2.2 per cent. The IMF forecasts GDP growth of 1.1 per cent in 2012.
The EC B Governing Council has taken a series of measures to bolster banks' liquidity and prevent the turmoil from upsetting the smooth functioning of financial markets and hence of the monetary policy transmission mechanism.
The intervention prevented an aggravation of the tensions. At the start of October the Council further

[2] Source: Banca D'Italia, Economic Bulletin no. 66, October 2011.

strengthened its tools to support banks' liquidity and therefore their lending capacity. Slowness in setting up crisis management procedures fuelled doubts in the markets as to the adequacy of the euro-area authorities' toolkit.

The repercussions of the global economic slowdown and market turmoil were particularly severe in Italy.

Despite the fundamental soundness of the banking system, the low level of household debt and the absence of significant property market imbalances, Italy was hit hard by the crisis as a consequence of its large public debt, dependence on world trade, and poor medium-term growth prospects.

Italy's GDP rose by 0.3 per cent in the second quarter after virtually stagnating for six months. Growth continued to be sustained principally by exports, while domestic demand remained feeble. During the third quarter the economic picture worsened. The latest indicators confirm the weakness of domestic demand, which is depressed by the poor employment outlook and mounting uncertainty over the general economic situation. Exports are languishing in a context of less lively world demand.

The fundamental conditions of Italian banks remain sound.

According to the consolidated reports of the five major banking groups, banks' profitability remained basically unchanged in the first half of 2011 compared with the year-earlier period. The annualized rate of return on equity remained equal to 4.5 per cent. The small decrease of 1.8 per cent in net interest income was more than offset by the increase in profit from trading. Gross income grew by 2.5 per cent while operating expenses remained stable, with the result that operating profit grew by 6.3 per cent. Transfers to provisions were down by 13.1 per cent; those against the deterioration in loan quality were down by 15.3 per cent. Net profit rose by 8.5 per cent. In the first half of 2011 the capital ratios of the five largest banking groups benefited from the increases in capital some of them implemented.

In the summer, in response to the strains in the financial markets, the Government passed two public finance adjustment packages for the four years 2011-14. The first package, enacted in early July, was designed to achieve a budgetary position close to balance in 2014, in line with Italy's European commitments. In the face of aggravated market tensions, on 13 August the Government enacted a second decree law to bring forward to 2013 the achievement of a balanced budget. During its parliamentary passage, the decree was reinforced by a series of amendments, focusing chiefly on the revenue side. Together, the two packages provide for reductions of net borrowing officially estimated at € 3 billion in 2011, €28 billion in 2012, €54 billion in 2013 and €60 billion in 2014. About a third of the adjustment in 2014 will come from spending cuts, a third from revenue increases, and a third from the enabling act for tax and welfare reform. In addition, some initial measures to foster economic growth were taken; they include rules liberalizing local public services and access to and exercise of economic activities.

8. Significant events of the period

On 4th February 2011, the shareholder meeting of the DQS S.r.l. subsidiary company decided to reset the company capital 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.

The non-executive director, Mr. Matthias Sohler, following his resignation from the Xchanging Group, handed in his notice from the CAD IT Board of Directors. Matthias Sohler, non-executive and non-independent director, was not a member of any internal committees. On March 11th 2011, the CAD IT Board of Directors, in accordance with art. 18 of the Company Statute and art. 2386 of the Civil Code, nominated in co-optation Mr. Jörg Karsten Brand, already director in the Xchanging Group with experience in the financial sector, to replace the resigning director.

On 27th April 2011, the Shareholders' Meeting of CAD IThas confirmed the appointment of the co-opted non-executive and non-independent Director Jörg Karsten Brand, who will be in charge until the expiry date for the entire Board of Directors, that is the date of the Shareholders' Meeting convocation for approval of the financial statements ending on 31st December 2011.

The Shareholders’ Meeting has furthermore deliberated over

(i) in the ordinary part, the amendment of the Meeting Regulations in order to adapt to the new provisions introduced by D. Lgs. n. 27/2010;

(ii) in the extraordinary part, the amendment and insertion of some articles in the Company’s bylaws concerning:
  - D. Lgs. n. 27/2010, transposing directive 2007/37/CE, regarding the exercising of some shareholders’ rights;
  - D. Lgs. n. 39/2010, transposing directive 2006/43/CE, regarding statutory audit on annual and consolidated accounts;
  - Consob resolution n. 17221/2010, setting rules regarding the operations with related parties, as amended by Consob resolution n. 17389/2010,

and has also proceeded to the re-numbering and titling of all statutory articles of the updated Company’s bylaws.

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

Moreover, the 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.

WEB 2.0, the new platform that CAD IT is offering on the market, is receiving continual success.

During the period, two leading Italian Banking Groups, Carige and Unicredit, decided to opt for the new release of “Area Finanza Web 2.0”. Area Finanza WEB 2.0 already boasted an important reference in July 2010 when it was adopted by Mediobanca. The new release optimises bank outlet processes by integrating sale functions for financial tools: derivates, funds, securities. Furthermore, the level of automation for *corporate actions*, *middle office* and *back office* has been considerable increased. The new reporting functions allow for a multi-dimensional analysis of data with both summarised and detailed displays which can be enabled according to the users’ profile.

The design of the WEB 2.0 user interface reflects the considerable investments that CAD IT has sustained in studying and designing ergonomics by simplifying operability and system management. The Area Finance WEB 2.0 release reflects CAD IT’s philosophy to guarantee compatibility between the data structures of pre-existing releases and ensure that large volumes of data relating to millions of security positions can be managed, thus minimising the risks involved in changing to newer processes.

Not being dependent on the hardware infrastructure, basic software and databases means that CAD IT clients can be free and flexible in their immediate and future decisions. Unicredit, for example, have chosen to install the new release on the Linux operative system. Furthermore, the fact that it can manage several languages and currencies fully meets leading banks’ internationalisation expectations.

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

	III Quarter 2011		III Quarter 2010		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	13,232	94.2%	11,872	91.3%	1,360	11.5%
Changes in ongoing orders	22	0.2%	28	0.2%	(6)	(21.7%)
Asset increases due to internal work	708	5.0%	1,090	8.4%	(383)	(35.1%)
Other revenue and receipts	79	0.6%	8	0.1%	71	871.4%
Production value	**14,040**	**100.0%**	**12,998**	**100.0%**	**1,042**	**8.0%**
Costs for raw	(103)	(0.7%)	(243)	(1.9%)	140	(57.6%)
Service costs	(2,512)	(17.9%)	(3,074)	(23.6%)	561	(18.3%)
Other operational costs	(166)	(1.2%)	(198)	(1.5%)	31	(15.9%)
Added value	**11,258**	**80.2%**	**9,484**	**73.0%**	**1,775**	**18.7%**
Labour costs	(7,449)	(53.1%)	(7,435)	(57.2%)	(14)	0.2%
Other administrative expenses	(514)	(3.7%)	(650)	(5.0%)	136	(21.0%)
Gross operational result - EBITDA	**3,296**	**23.5%**	**1,399**	**10.8%**	**1,897**	**135.7%**
Allocation to fund and credit depreciation	(2)	(0.0%)	(8)	(0.1%)	6	(78.6%)
Intangible fixed asset amortization	(785)	(5.6%)	(738)	(5.7%)	(48)	6.4%
Tangible fixed asset amortization	(157)	(1.1%)	(199)	(1.5%)	41	(20.8%)
Operational result - EBIT	**2,352**	**16.8%**	**455**	**3.5%**	**1,897**	**417.1%**
Financial income	21	0.2%	17	0.1%	4	25.2%
Financial expenses	(25)	(0.2%)	(24)	(0.2%)	(2)	7.6%
Ordinary result	**2,347**	**16.7%**	**448**	**3.4%**	**1,899**	**424.0%**
Revaluations and depreciations	111	0.8%	139	1.1%	(27)	(19.6%)
Income taxes [3]	0	0.0%	(4)	(0.0%)	5	(107.6%)
Pre-tax result	**2,459**	**17.5%**	**582**	**4.5%**	**1,877**	**322.3%**
					0	
Pre-tax result attributable to:						
Non- controlling interests	117	0.8%	93	0.7%	24	25.8%
Owners of the parent	**2,342**	**16.7%**	**489**	**3.8%**	**1,853**	**378.9%**

Despite the difficult macroeconomic and market situation, the CAD IT Group shown a significant increase in revenues deriving from the sale of new software and services, both at a quarterly and a financial period level. This positive outcome is due to research and development activities in which the company has always believed and invested. The operative results have also improved following income from sales and services increase, as well as cost optimisation strategies, particularly in regard to reducing third party service expenditure.

The CAD IT Group closed the third quarter of the 2011 financial period showing a significant increase in results and profitability margins compared to the same quarter in 2010 and to the first half 2011.

The pre-tax result of the period was in credit by Euro 2,459 thousand, compared to Euro 582 thousand in the third quarter of 2010.

The value of production for the quarter was mainly due to revenues from sales and services to the amount of Euro 13,232 thousand, showing an increase of 11.5% compared to Euro 11,872 thousand in the third quarter of the 2010 financial period.

Increases in internal work capitalised under fixed assets during the quarter came to Euro 708 thousand, due to the use of resources to develop new procedures and the Group's own software bank, showing a decrease

[3] The interim management report is presented without calculating the income taxes for the period; the amount shown is related to the tax variations calculated when drafting the annual balance and the punctual determination of said taxes that was calculated later when the income tax return was declared.

compared to Euro 1,090 thousand in the third quarter of the 2010 financial period.
The other revenues and equivalent earnings came to Euro 79 thousand in the third quarter of 2011 compared to Euro 8 thousand in the same quarter of 2010.
Service costs of Euro 2,512 thousand decreased by 18.3% compared to the third quarter in 2010 (equal to Euro 3,074 thousand), also due to less use of external collaboration.
Purchase costs to the value of Euro 103 thousand showed a decrease compared to Euro 243 thousand in the third quarter of 2010 financial period.
The Euro 11,258 thousand added value, accordingly, increased by 19.0% compared to Euro 9,484 thousand in the third quarter of 2010, increasing marginality at 80.2% of the value of production (73.0% in the third quarter of 2010).
Labour costs in the quarter came to Euro 7,449 thousand, in line with the same period of previous year (Euro 7,435 thousand).
The average number of employees during the quarter was 600 units, compared to 607 units in the same quarter of 2010.
Other administrative costs came to Euro 514 thousand compared to Euro 650 thousand in the third quarter of 2010 financial period.
The EBITDA Gross Operational Result stood at Euro 3,296 thousand (equal to 23.5% of the value of production) compared to Euro 1,399 thousand in the third quarter of 2010 (equal to 10.8% of the value of production), showing a significant growth mainly as a result of the increase in revenues from sales and services and of the reduction in service costs.
Amortization contributions for the quarter stood at Euro 785 thousand in regard to intangible assets and Euro 157 thousand for tangible assets, compared to Euro 738 thousand and Euro 199 thousand in 2010 third quarter.
The EBIT Operational Result in the quarter was also significantly improved: Euro 2,352 thousand (equal to 16.8% of the value of production) compared to Euro 455 thousand in the third quarter of 2010 financial year (equal to 3.5% of the value of production).
The net financial management result is substantially in equilibrium, with financial earnings and expenses at Euro 21 thousand and Euro 25 thousand respectively, compared to Euro 17 thousand and Euro 24 thousand in the same quarter of the previous financial period.
The Ordinary Result was in credit by Euro 2,347 thousand compared to Euro 448 thousand in the same quarter of 2010.
The positive result of the associate company Sicom S.r.l., calculated with the net patrimony method, generated a Euro 111 thousand revaluation, while in the comparison quarter of 2010, this revaluation was calculated at Euro 139 thousand.
The pre-tax result of the quarter was in credit and amount to Euro 2,459 thousand equal to 17.5% of the value of production (Euro 582 thousand in the third quarter of 2010 equal to 4.5% of the value of production) of which Euro 2,342 thousand ascribable to CAD IT partners (third quarter of previous year Euro 489 thousand) and Euro 117 thousand related to third party share (third quarter of previous year Euro 93 thousand).
The interim management report is presented without calculating the income taxes for the quarter.
The figures summarizing earnings from sales and services, subdivided according to the business line and compared to the corresponding amounts of the previous year, are shown below.

Income from sales and services	*3° Quarter 2011*		*3° Quarter 2010*		*Period 2011 01/01 – 30/09*		*Period 2010 01/01 – 30/09*	
Finance	12,704	96.0%	11,167	94.1%	35,337	94.4%	33,692	94.0%
Manufacturing	528	4.0%	706	5.9%	2,092	5.6%	2,164	6.0%
Total	**13,232**	**100.0%**	**11,872**	**100.0%**	**37,429**	**100.0%**	**35,857**	**100.0%**

10. Management results and comments on the most significant components – first 9 months

	Period 01/01 - 30/09/2011		Period 01/01 - 30/09/2010		Variations	
	€/000	% Vdp	€/000	% Vdp	absolute	%
Income from sales and services	37,429	93.0%	35,857	91.9%	1,573	4.4%
Changes in ongoing orders	35	0.1%	(115)	(0.3%)	150	(130.7%)
Asset increases due to internal work	2,645	6.6%	3,236	8.3%	(591)	(18.3%)
Other revenue and receipts	124	0.3%	24	0.1%	100	408.7%
Production value	**40,234**	**100.0%**	**39,002**	**100.0%**	**1,232**	**3.2%**
Costs for raw	(537)	(1.3%)	(616)	(1.6%)	80	(12.9%)
Service costs	(7,627)	(19.0%)	(8,207)	(21.0%)	580	(7.1%)
Other operational costs	(515)	(1.3%)	(559)	(1.4%)	44	(7.9%)
Added value	**31,555**	**78.4%**	**29,619**	**75.9%**	**1,936**	**6.5%**
Labour costs	(24,249)	(60.3%)	(24,199)	(62.0%)	(50)	0.2%
Other administrative expenses	(1,615)	(4.0%)	(1,983)	(5.1%)	368	(18.6%)
Gross operational result - EBITDA	**5,691**	**14.1%**	**3,437**	**8.8%**	**2,254**	**65.6%**
Allocation to fund and credit depreciation	(46)	(0.1%)	(71)	(0.2%)	25	(35.5%)
Intangible fixed asset amortization	(2,175)	(5.4%)	(2,238)	(5.7%)	63	(2.8%)
Tangible fixed asset amortization	(479)	(1.2%)	(586)	(1.5%)	107	(18.3%)
Operational result - EBIT	**2,991**	**7.4%**	**542**	**1.4%**	**2,449**	**451.4%**
Financial income	62	0.2%	62	0.2%	0	0.5%
Financial expenses	(68)	(0.2%)	(53)	(0.1%)	(15)	29.0%
Ordinary result	**2,985**	**7.4%**	**552**	**1.4%**	**2,434**	**441.3%**
Revaluations and depreciations	339	0.8%	306	0.8%	33	10.8%
Income taxes [4]	0	0.0%	(4)	(0.0%)	5	(107.6%)
Pre-tax result	**3,325**	**8.3%**	**853**	**2.2%**	**2,471**	**289.6%**

Pre-tax result attributable to:						
Non- controlling interests	194	0.5%	34	0.1%	160	475.0%
Owners of the parent	**3,130**	**7.8%**	**819**	**2.1%**	**2,311**	**282.0%**

The CAD IT Group closed at 30th September 2011 showing a significant increase in results and profitability margins compared to the same quarter in 2010. The pre-tax result of the period was therefore in credit by Euro 3,325 thousand, compared to Euro 853 thousand of the first nine months of 2010.

The value of production for the period, showing a 3.2% increase, was mainly due to revenues from sales and services to the amount of Euro 37,429 thousand (+4.4% compared to Euro 35,857 thousand in the first nine months of 2010).

Increases in internal work capitalised under fixed assets, due to the use of resources to develop new procedures and the Group’s own software bank, came to Euro 2,645 thousand, showing a decrease compared to the Euro 3,236 thousand in the same period of 2010.

The other revenues and equivalent earnings, which came to Euro 24 thousand in the first nine months of 2010, stood at Euro 124 thousand and include contributions allocated by inter-professional funds for financing company training plans.

The Euro 31,555 thousand added value increased by 6.5% compared to Euro 29,619 thousand in the previous period, increasing marginality at 78.4% of the value of production (75.9% in the first nine months of 2010).

[4] The interim management report is presented without calculating the income taxes for the period; the amount shown is related to the tax variations calculated when drafting the annual balance and the punctual determination of said taxes that was calculated later when the income tax return was declared.

Service costs of Euro 7,627 thousand decreased by 7.1% compared to the first nine months of 2010 (equal to Euro 8,207 thousand), also due to less use of external collaboration.
Purchase costs to the value of Euro 537 thousand showed a decrease compared to Euro 616 thousand in the first nine months of 2010.
The EBITDA Gross Operational Result stood at Euro 5,691 thousand (equal to 14.1% of the value of production) compared to Euro 3,437 thousand in the first nine months of 2010 (equal to 8.8% of the relative value of production).
Labour costs in the first nine months of the year came to Euro 24,249 thousand, substantially in line with the same period of previous year (Euro 24,199 thousand). Labour costs included the effect deriving from the actuarial calculation, in accordance with IAS 19, of the Severance Pay debt towards employees. The average number of employees during the first nine months of the year was 603 units, compared to 607 units in the same period of 2010.
Other administrative costs came to Euro 1,615 thousand, decreased compared to Euro 1,983 thousand in the first nine months of 2010, mainly due to the reduction in director remunerations and telephone and communication expenses.
The EBITDA Gross Operational Result therefore shows a 65.6% increase and stood at Euro 5,691 thousand compared to Euro 3,347 thousand of the same period of 2010 financial period, mainly as a result of the increase in revenues from sales and services and of the reduction in service costs and other administrative expenses.
Amortization contributions for the period stood at Euro 2,175 thousand in regard to intangible assets and Euro 479 thousand for tangible assets, compared to Euro 2,238 thousand and Euro 586 thousand in the same period in 2010.
The EBIT Operational Result was therefore in credit by Euro 2,991 thousand compared to Euro 542 thousand in the same period of the previous year.
The net financial management result was substantially in equilibrium, with financial earnings and expenses at Euro 62 thousand and Euro 68 thousand respectively, compared to Euro 62 thousand and Euro 53 thousand in the period of the previous financial year.
The Ordinary Result was in credit by Euro 2,985 thousand compared to Euro 552 thousand in the same period of 2010.
The positive result of the associate company Sicom S.r.l., calculated with the net patrimony method, generated a Euro 339 thousand revaluation, while in the comparison period of 2010 this revaluation was calculated at Euro 306 thousand.
The consolidated pre-tax result of the first nine months of 2011 was in credit by Euro 3,325 thousand equal to 8.3% of the value of production (previous period Euro 853 thousand equal to 2.2% of the value of production) of which Euro 3,130 thousand ascribable to CAD IT partners (previous financial period Euro 819 thousand) and Euro 194 thousand related to third party share (previous financial period Euro 34 thousand).
The interim management report is presented without calculating the income taxes for the period.

11. Net financial position

The consolidated net financial position at 30th September 2011 was positive for Euro 4,332 thousand, in line with the amount to 30th June 2011 (Euro 4,413 thousand). Net financial position has improved in the last 12 months, in fact at 30/09/2011 was positive for Euro 1,176 thousand.
In particular, cash-on-hand and in bank accounts came to Euro 3,780 thousand and capitalisation insurance policies (contractually available on 20-day prior request without any significant tax expenses) came to Euro 2,414 thousand.
Short-term debts towards banks of Euro 1,735 thousand regard overdrawn accounts and advances subject to final payment.

(in thousands of Euro)

Net consolidated financial position	*30/09/2011*	*30/06/2011*	*31/12/2010*	*30/09/2010*
Cash-on-hand and at bank	3,780	4,007	3,731	2,882
Capitalisation insurance policies	2,414	2,399	2,370	2,349
Payables due to banks current portion	(1,735)	(1,858)	(1,851)	(3,897)
Net short-term financial position/(indebtedness)	**4,459**	**4,548**	**4,250**	**1,333**
Long-term loans	(127)	(135)	(150)	(157)
Net long-term financial position/(indebtedness)	**(127)**	**(135)**	**(150)**	**(157)**
Net financial position/(indebtedness)	***4,332***	***4,413***	***4,100***	**1,176**

As shown in the financial report, operating activities, in the first nine months of 2011, generated a positive cash flow of Euro 2,814 thousand (growing compared to Euro 1,925 thousand in the first 9 months of 2010).
Investment activity management came to Euro 2,569 thousand, decreasing compared to Euro 3,452 thousand in the same period of previous year. Specifically Euro 2,662 thousand were invested in intangible assets and Euro 99 thousand in tangible assets, while Euro 162 thousand were collected as dividends. Lastly, Euro 35 thousand were used for financing purposes, sharp decline compared to previous financial period, when Euro 2,245 thousand were paid as dividends to CAD IT Shareholders. Please refer to CAD IT Group's financial report for more cash flow details.

12. 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 is still underway within the Group.
The creation and use of new computer systems aimed at diversifying the Group's offer towards those sectors bordering on the ones in which it is already present, 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 Web project is continuing.
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 (for example: Target 2 Securities e Tax USA) and further procedures aimed at diversification for business sectors like Insurance (Finance Area for Insurances) and software modules for international market (EM).

13. Investments

The figures accumulated in investments in intangible and tangible assets, made during the third quarter by companies of the Group included in the consolidation area amount to Euro 746 thousand, compared to Euro 1,169 thousand in the same period in 2010.

(in thousands of Euro)

Summary of investments	3° Quarter 2011	3° Quarter 2010	Period 2011 01/01 - 30/09	Period 2010 01/01 - 30/09	Year 2010
Intangible fixed assets	2	30	9	149	176
Assets under development and payments on account	717	1,090	2,653	3,236	4,334
Property, Plant and equipment	27	49	99	163	200
Total investments in tangible and intangible fixed assets	***746***	***1,169***	***2,761***	***3,548***	***4,710***

The voice assets under development relates to investments in development of software procedures under construction both for sale and for in-company use. Particularly ongoing intangible asset costs mainly refer to the use of the Group's internal resources for the development of its own software which will either be licensed out to clients or used for the Group's activities.
During the first nine months of the financial period, the item "Intangible fixed assets" and "Property, Plant and equipment" varied as follows:

(in thousands of Euro)

Intangible fixed assets	Industrial patents and similar rights.	Licences, trademarks and similar rights	Assets under development and payments on account	Other	Total	Goodwill
Purchase or production cost	14,333	3,574	14,778	35	32,719	8,309
Previous years revaluations						
Previous years depreciation and write-downs	(10,208)	(3,178)		(35)	(13,422)	
Adjustments to previous years write-downs		(1)			(1)	
Opening value	***4,124***	***395***	***14,778***	***0***	***19,297***	***8,309***
Variations in consolidation area						
Purchases/increases		9	2,653		2,662	
Transfers	4,061		(4,061)			
Reduction in accumulated depreciation due to disposals						
Disposals						
Revaluations for the period						
Depreciation and write-downs for the period	(1,997)	(178)			(2,175)	
Adjustments to write-downs for the period						
Total intangible fixed assets	***6,188***	***226***	***13,370***	***0***	***19,784***	***8,309***

(in thousands of Euro)

Property, plant and equipment	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total
Purchase or production cost	9,140	4,177	30	5,533	18,880
First time adoption revaluation	8,439				8,439
Previous years depreciation and write-downs	(1,218)	(2,501)	(25)	(4,922)	(8,666)
Adjustments to previous years write-downs				(2)	(2)
Opening value	***16,361***	***1,676***	***5***	***609***	***18,651***

Variations in consolidation area					
Purchases		4		95	99
Transfers					
Reduction in accumulated depreciation due to disposals		4		403	406
Disposals		(4)		(404)	(408)
Revaluations for the period					
Depreciation and write-downs for the period	(92)	(195)	(1)	(191)	(479)
Adjustments to write-downs for the period					
Total tangible fixed assets	***16,269***	***1,485***	***4***	***511***	***18,268***

14. Personnel

The number of CAD IT Group staff, at the end of the quarter decreased by 10 units compared to the end of 2010 financial period. Information on the actual number employees is reported below:

Category of Employees	*Labour force at 30/09/2011*	*Labour force at 30/09/2010*	*Labour force at 31/12/2010*
Management	19	19	19
White-collars and cadres	578	585	588
Blue-collars	1	1	1
Apprentices	1	2	1
Total	**599**	**607**	**609**

The average number of employees in the third quarter was 600 units, decreasing compared to the same reference quarter of the 2010 financial period (607 units).

Category of Employees	*Average number III Quarter 2011*	*Average number III Quarter 2010*	*Average number period 01/01-30/09/2011*	*Average number Period 01/01-30/09/2010*	*Average number year 2010*
Management	19	19	19	19	19
White-collars and cadres	579	585	582	585	585
Blue-collars	1	1	1	1	1
Apprentices	1	2	1	2	2
Total	**600**	**607**	**603**	**607**	**607**

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

15. Significant events since 30th September 2011

CAD IT has continued its policy of foreign market expansion throughout the financial period and is presently taking part in a software selection to sell its software applications for banking institutions and the relative services in Europe.

16. Foreseeable management developments

In reply to the current short-term outlook, the Board of Directors has placed maximum attention on market needs in order to direct the Group’s management and development strategies and to keep efficiency levels high to achieve positive economic results in the future. The success of the Group’s activities will therefore depend on its ability to maintain and increase the shares it has in the markets in which it currently operates and/or to further expand into other markets and segments (like insurance, public administration, foreign financial institutions) through new and high standard, quality products that would guarantee adequate income levels.

The CAD IT S.p.A. managers are constantly on the look-out for possible development opportunities, both directly and through external lines, by the taking on or purchase of further holdings that can create activities complimentary and synergetic to existing business or through technical or commercial agreements.

During the current financial period, development and trade activities for new products to traditional customers and new types of customer are constantly under way. Moreover, activity is still continuing with Xchanging (a company listed on the British stock market which holds a 10% share in CAD IT), through which the CAD IT Group aims to increase its revenues in Italy and abroad and to geographically diversify its own business.

The increase in the Group’s activities, with its expansion at a European level and a greater market share, could counterbalance any weaknesses in domestic demand.

When this report was approved, no significant uncertainties were foreseen for the remaining months of the current financial period. However, the managerial trend could be influenced by a number of risk factors that are not within the Group’s control.

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

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

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

Verona, 11 November 2011

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

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