CAD IT S.p.A.

Statutory Financial Statements at 31-12-2011

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

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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Financial statements at 31 December 2011

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

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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.

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 31/12/2011

DIRECTORS' REPORT ON OPERATION

This management report is an integral part of CAD IT S.p.A.'s annual financial report at 31/12/2011 and includes references to the important events which occurred during the financial year and their incidence on the balance sheet, together with a description of both CAD IT S.p.A.'s and the Group's primary risks and uncertainties.
The balance sheet at 31st December 2011 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.
CAD IT S.p.A. is obliged to draft a consolidated balance to which reference may be made for further information on the Group's result and economic-financial situation.
Unless otherwise indicated, the monetary quantities in the accounting tables and those quoted in the notes, are expressed in thousands of Euro. Due to this rounding off, the sum of the details in some charts containing specific figures may differ from the total amount.

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. These shares are nominal and cannot be divided. Each of them entitles to one vote in the ordinary and extraordinary meetings of the company and to the execution of all other corporate and property rights in accordance with the law and the company's by-laws. The company is listed in the STAR market of the Italian stock exchange.
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.

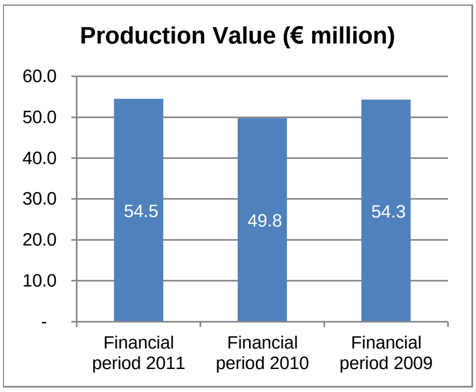
Activities of the Group

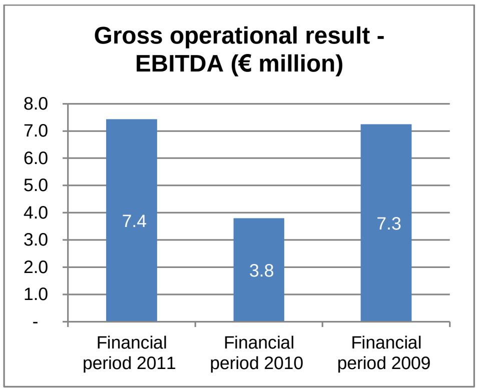
CAD IT is the leader of a group that is one of the most dynamic organisations in the Italian information technology sector.
For almost 30 years, the Group has been dealing with the banking and insurance market and the world of business and public administration by offering software solutions, maintenance, 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 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.

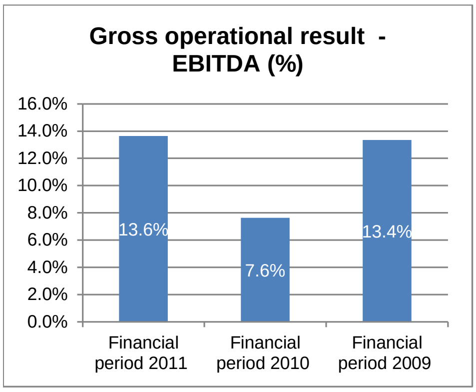
Synthesis of CAD IT's results

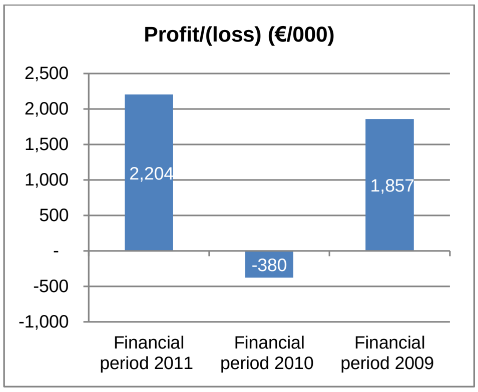
	31/12/2011		31/12/2010		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Production value	54,491	100.0%	49,753	100.0%	4,738	9.5%
Added value	27,646	50.7%	22,976	46.2%	4,670	20.3%
Gross operational result (EBITDA)	7,437	13.6%	3,800	7.6%	3,637	95.7%
Operational result (EBIT)	4,006	7.4%	330	0.7%	3,676	1.113.4%
Ordinary result	4,255	7.8%	503	1.0%	3,751	745.4%
Pre-tax result	4,143	7.6%	380	0.8%	3,763	989.4%
Income taxes	(1,939)	(3.6%)	(760)	(1.5%)	(1,179)	155.0%
Profit (loss) for the period	**2,204**	**4.0%**	**(380)**	**(0.8%)**	**2,584**	
Total Comprehensive income	**2,167**		**(429)**		**2,596**	

	31/12/2011	31/12/2010
Total Assets	94,154	85,595
Total Equity	56,570	54,403
Net short-term financial position/(indebtedness)	6,215	5,033
Net financial position / (indebtedness)	6,215	5,033
Employees at the end of the period (number)	288	289
Employees (average number in the period)	289	286









Analysis of CAD IT S.p.A. income results

	31/12/2011		31/12/2010		Period Variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	49,639	91.1%	44,987	90.4%	4,652	10.3%
Asset increases due to internal work	4,380	8.0%	4,739	9.5%	(359)	(7.6%)
Other revenue and receipts	471	0.9%	27	0.1%	444	1644.5%
Production value	**54,491**	**100.0%**	**49,753**	**100.0%**	**4,738**	**9.5%**
Costs for raw	(295)	(0.5%)	(313)	(0.6%)	18	(5.7%)
Service costs	(26,181)	(48.0%)	(26,034)	(52.3%)	(147)	0.6%
Other operational costs	(369)	(0.7%)	(430)	(0.9%)	61	(14.2%)
Added value	**27,646**	**50.7%**	**22,976**	**46.2%**	**4,670**	**20.3%**
Labour costs	(19,214)	(35.3%)	(18,062)	(36.3%)	(1,151)	6.4%
Other administrative expenses	(995)	(1.8%)	(1,114)	(2.2%)	118	(10.6%)
Gross operational result - EBITDA	**7,437**	**13.6%**	**3,800**	**7.6%**	**3,637**	**95.7%**
Allocation to fund and credit depreciation	0	0.0%	(62)	(0.1%)	62	(100.0%)
Intangible fixed asset amortization	(2,868)	(5.3%)	(2,732)	(5.5%)	(136)	5.0%
Tangible fixed asset amortization	(563)	(1.0%)	(676)	(1.4%)	113	(16.8%)
Operational result - EBIT	**4,006**	**7.4%**	**330**	**0.7%**	**3,676**	**1113.4%**
Financial income	251	0.5%	184	0.4%	67	36.4%
Financial expenses	(3)	(0.0%)	(11)	(0.0%)	9	(77.3%)
Ordinary result	**4,255**	**7.8%**	**503**	**1.0%**	**3,751**	**745.4%**
Revaluations and depreciations	(112)	(0.2%)	(123)	(0.2%)	11	(9.1%)
Pre-tax result	**4,143**	**7.6%**	**380**	**0.8%**	**3,763**	**989.4%**
Income taxes	(1,939)	(3.6%)	(760)	(1.5%)	(1,179)	155.0%
Profit (loss) for the period	**2,204**	**4.0%**	**(380)**	**(0.8%)**	**2,584**	**(679.9%)**

The CAD IT financial statement for the 2011 financial period closed showing a significant increase in results and profitability margins compared to 2010 financial period. The result for the period was in credit by Euro 2,204 thousand, compared to Euro 380 thousand loss of 2010 financial period.

The value of production for the period, showing a 9.5% increase, was mainly due to revenues from sales and services to the amount of Euro 49,639 thousand (+10.3% compared to Euro 44,987 thousand in 2010).

Increases in internal work capitalised under fixed assets, due to the use of resources to develop new procedures and the company's own software bank, came to Euro 4,380 thousand, showing a decrease compared to the Euro 4,739 thousand in 2010 financial period.

The other revenues and equivalent earnings, which came to Euro 27 thousand in 2010, stood at Euro 471 thousand and include contributions allocated by inter-professional funds for financing company training plans (Euro 94 thousand) and income from the sale of software rights.

The Euro 27,646 thousand added value increased by 20.3% compared to Euro 22,976 thousand in 2010 financial period, increasing marginality at 50.7% of the value of production (46.2% in 2010).

Service costs of Euro 26,181 thousand decreased by Euro 147 thousand.

Purchase costs to the value of Euro 295 thousand were substantially in line with previous financial period.

The EBITDA Gross Operational Result stood at Euro 7,437 thousand (equal to 13.6% of the value of production) compared to Euro 3,800 thousand for 2010 (equal to 7.6% of the relative value of production), mainly as a result of the increase in revenues from sales and services and other revenues and receipts, partly compensated by higher labor costs and of the reduction in asset increases due to internal work.

Labour costs of the year came to Euro 19,214 thousand, increase compared to previous year (Euro 18,062 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 of the year was 289 units,

compared to 286 units in 2010.
Other administrative costs came to Euro 995 thousand, decreased compared to Euro 1,114 thousand in 2010 financial period.
Amortization contributions for the period stood at Euro 2,868 thousand in regard to intangible assets and Euro 563 thousand for tangible assets, compared to Euro 2,732 thousand and Euro 676 thousand in the year 2010.
The EBIT Operational Result of the period was therefore in credit by Euro 4,006 thousand compared to Euro 330 thousand in the previous year.
The net financial management result was in credit by Euro 248 thousand and mainly refer to cashed dividends from associate Sicom S.r.l. (Euro 162 thousand) and interest on bank deposits and capitalisation insurance policies (Euro 89 thousand).
The ordinary result was in credit by Euro 4,255 thousand compared to Euro 503 thousand in 2010.
The revaluation and devaluation entry showed a negative result. Devaluations to the amount of Euro 112 thousand registered in the 2011 period relate to the reduction in value of activities available for sale; in the 2010 period, these same activities had undergone a Euro 123 thousand devaluation.
The pre-tax result of 2011 was in credit by Euro 4,143 thousand equal to 7.6% of the value of production (previous year Euro 380 thousand equal to 0.8% of the value of production).
Income taxes amounted to Euro 1,939 thousand compared to Euro 760 thousand in the 2010 financial period.
The 2011 result was therefore in credit by Euro 2,204 thousand, compared to a loss of Euro 380 thousand of previous financial period.
The total result of the 2011 financial period was in credit by Euro 2,167 thousand, due to a reduction in the value of activities available for sale taken at net patrimony, compared to a loss of Euro 429 thousand in 2010.
The Company's Net Financial Position was in credit by Euro 6,215 thousand, an increase compared to Euro 5,033 thousand at the end of 2010.

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 company'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		*2011*	*2010*	*2009*
Primary structure margin	*Shareholders' equity – Non-current assets*	1,758	991	5,365
Primary structure quotient	*Shareholders' equity / Non-current assets*	1.03	1.02	1.10
Secondary structure margin	*(Shareholders' equity + Non-current liabilities) – Non-current assets*	8,346	7,455	11,873
Secondary structure quotient	*(Shareholders' equity + Non-current liabilities) / Non-current assets*	1.15	1.14	1.23

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

FINANCING STRUCTURE INDEXES		2011	2010	2009
Total debt quotient	*(Non current Liabilities + Current liabilities) / Shareholders' equity*	0.66	0.57	0.55
Financial debt quotient	*Financing liabilities /Shareholders' equity*	-	-	-

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		2011	2010	2009
Net ROE	*Net result/Average Shareholders' equity*	3.97%	(0.68%)	4.10%
Gross ROE	*Gross result/Average Shareholders' equity*	7.47%	0.68%	6.37%
ROI	*Operational result/(Invested operating capital – Average operational liabilities)*	9.78%	0.85%	7.15%
ROS	*Operational result/Sales income*	8.07%	0.73%	6.58%

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 the following.

SOLVENCY INDICATORS		2011	2010	2009
Availability margin	*Current assets – Current liabilities*	8,346	7,455	11,873
Availability quotient	*Current assets / Current liabilities*	1.27	1.30	1.48
Treasury margin	*(Deferred liquidity + Immediate liquidity) – Current liabilities*	8,100	7,116	11,357
Treasury quotient	*(Deferred liquidity + Immediate liquidity) / Current liabilities*	1.26	1.29	1.46

The short-term situation [1]

2011 saw a slackening in the international economy despite the fact that 2010 had shown signs of improvement in regard to the enormous international financial economic crisis of the previous financial periods.
The latest data indicate that economic activity picked up in the third quarter in the United States, Japan and the United Kingdom while slowing slightly in the emerging countries, where the rate of growth nonetheless remains high. However, in view of the heightened sovereign debt strains in the euro area and the pronounced uncertainty surrounding the consolidation of the public finances in the United States, expectations that growth in the advanced countries would become progressively more robust faded towards the end of the year.
The economic situation in the euro area has worsened since the summer, reflecting the world economic slowdown and the aggravation of the sovereign debt crisis.
Economic activity in Italy has been affected by the slowdown in world trade, the worsening of the sovereign debt crisis, which has pushed up the cost of raising funds, and the impact on disposable income of the budget consolidation measures, which have nonetheless warded off more serious consequences for the real economy.
In the third quarter of 2011 Italy's GDP contracted by 0.2 per cent on the previous quarter, the first downturn since the beginning of 2010.
The cyclical situation deteriorated further in the autumn. Industrial production appears to have declined by about

[1] Data source: Banca D'Italia, Economic Bulletin no. 67, January 2012

3 per cent in the fourth quarter compared with the third, the largest fall since the spring of 2009.
The cyclical indicators signal that the mild contraction of Italian GDP registered in the third quarter deepened in the fourth. We consider that the recession will continue through 2012.
Regarding italian banking system, according to the latest consolidated quarterly reports, the profitability of the five largest Italian banking groups was basically unchanged in the first nine months of 2011 compared with the same period a year earlier. The annualized rate of return on equity was negative (-5 per cent), reflecting the large loss booked by one of the groups in the third quarter for write-downs of goodwill. In the first three quarters of 2011 the capital base of the five largest banking groups strengthened further as a result of several capital raising initiatives launched in the first half of the year. A further capital strengthening will ensue from the actions agreed at European level for the recapitalization of the largest European banks and well on their way to being completed.

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.
On 23rd February 2011, 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.
On 30th December 2011, the Shareholders' Meetings for SGM S.R.L., BIT GROOVE S.R.L., NETBUREAU S.R.L. and CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI, companies all entirely controlled by CAD IT S.p.A., with a view to simplifying and reorganising the group, decided to reduce administrative costs and generate financial efficiency by drawing up a merger agreement to incorporate the former three companies into the latter. Consequently, "CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI" changed its name to "CAD S.R.L.", increased its company capital from Euro 130,000 to Euro 295,500, attributing the increase to the one partner company, CAD IT S.p.A. The accounting and fiscal effects of the merger will begin as of 1st January 2012.

Human Resources

CAD IT takes maximum care of its own human resources, which it has always considered as a precious patrimony, 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.
2011 saw 4.9 thousand hours taken up by training (6.3 in 2010) to support operational activities and professional development, with the involvement of 286 resource units (264 in 2010) and an average of 17 hours of training per resource unit (compared to 24 hours in 2010). 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 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.
Development and innovation activities for the Finance Area Web Suite is particularly intense with the aim to improve user experience and create new functions or modules required by the national and international markets (like, for example, Easy Match). Investments are still being ploughed into the innovation and extension of

specialised modules for financial insurance management whose area covers all processes relating to company investment management from front to back office.
CAD IT, in activities aimed at developing its own range of products, is also creating solutions linked to the new laws (for example, Solvency II, Target 2 Securities and FATCA).
Activity in the production of specialised modules for the business intelligence (Managerial Information System) area is also continuing, especially in regard to risks, fraud and long-distance control.
CAD IT and Smart Line S.r.l. continue investing to enrich theirs own offer range of solutions and services for Public Administration and authorities for the management of local taxes.

Investments

Investments in tangible and intangible fixed assets came to a total of Euro 4,772 thousand in the 2011 financial period (Euro 5,060 thousand in the previous year).
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.

Summary of investments	*Period 2011*	*Period 2010*	*Variations*
Intangible fixed assets	11	141	(130)
Assets under development and payments on account	4,389	4,739	(350)
Plant, machinery and equipment	121	180	(59)
Total investments in tangible and intangible fixed assets	**4,772**	**5,060**	**(288)**

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 Firm for its own activity.

Related parties transactions

As for transactions carried out with related parties, including transactions between the Group's companies, it is hereby pointed out that these are neither considered abnormal nor unusual and are part of the normal course of activities among the Group's companies. These transactions are governed by market conditions, taking into account the characteristics of the assets and services in question.
Information about the relationships with related parties, including those required by the Consob Communication of 28th July 2006, can be found in the consolidated Balance Notes and financial Period Balance.

Relationships with subsidiaries, associates and parent companies

As the head of a group of companies, it holds relations of a commercial and financial nature with its sister companies and subsidiaries. The relations entertained between the Group's companies are governed by competitive conditions in terms of market, taking into account the quality of the goods and services in question.
A summary of the revenues and costs, as well as the credit and debit position of CAD IT S.p.A. , as of 31st December 2011, are shown in the table below:

Company	CAD IT revenues	Asset acquisitions - Software licences and royalties	CAD IT costs	CAD IT debts	CAD IT credits
CAD S.r.l.	873		9,090	9,752	4,058
CeSBE S.r.l.	485		2,839	3,894	320
NetBureau S.r.l.	48		458	319	109
DQS S.r.l.	64		2,761	1,816	346
SGM S.r.l	66	240	375	1,199	136
SmartLine Line S.r.l.	12		1,354	1,094	138
BitGroove S.r.l.	50	10	690	821	280
Elidata S.r.l.	15		794	346	64
Datafox S.r.l.	14		148	141	28
Tecsit S.r.l.	2				6
Total	**1,629**	**250**	**18,508**	**19,382**	**5,484**

No abnormal or unusual transactions were carried out between the CAD IT Group companies during the financial period.
For further information on relations between the Group's companies, please refer to the management's report in the Consolidated Financial Statement at 31 December 2011.

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

The shares held, both in CAD IT S.p.A. and the other companies it controls, by members of the administrative and controlling bodies, general managers and other managers with strategic responsibilities, as well as not legally separated spouses and children under 18, either directly or through controlled companies, trust companies or third parties, are outlined in the *Remuneration Report* in accordance with art. 84-quater, paragraph 4, of Consob Regulation no. 11971, along with the established criteria in Attachment 3A, Table 7-ter.
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 Remuneration report.

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 (and modified later in 2010) adopted by Borsa Italiana (hereinafter, "Corporate Governance Code"), which is available for consultation on the Borsa Italiana S.p.A. website at www.borsaitaliana.it. In December 2011, Borsa Italiana's Corporate Governance Committee published a new edition of the Corporate Governance Code, adding some significant innovations to the previous version. The issuers were invited to apply these modifications to the Code, which were approved in December 2011, by the end of the financial period starting in 2012, by notifying the market with a report on their Corporate Governance, which they should publish some time during the following financial period. CAD IT has begun to adjust its procedures and behaviour in order to be able to solidly apply the New Code's principles and recommendations, as shown in the *Report on Corporate Governance and ownership structure.*
Companies listed in regulated markets, as a consequence of the regulatory provisions issued by Consob, which came into force on 31st December 2011, are obliged to present a *Remuneration Report,* which should include all the information required under the provisions of the Consob Issuer Regulation, at Shareholders' Meetings summoned for balance approval.

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 our reference 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 2011 period, the orders involving the 3 and 10 customers who generated the largest revenues were 31.4% and 67.1% of revenues of CAD IT's service and sales performances.

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 Company adopts an adequate system to protect information in accordance with Leg. Dec no. 196 of 30th June 2003 "Personal data protection code" to ensure the protection of personal data.
The Company adopts and maintains the following management systems.

- Quality Management System, in conformity with the UNI EN ISO 9001:2008 norm, for the design, production and sale of component-based software and its after-sale assistance and maintenance. In July 2011 CAD IT S.p.A successfully passed the inspection controls required to renew the Quality System Certification.
- Information Security Management System, in conformity with the UNI CEI ISO/IEC 27001:2005 norm, for the management activities of information and data relating to software solution development activities, maintenance, customisation, integration, application management, consultancy and training in the banking, finance, insurance, industry and public administration sectors. In July 2011 the Company successfully passed the inspection controls to renew the Certification System.
- Health and Safety Management System, in conformity with the UNI/INAIL Guidelines (September 2001 edition) implemented according to the "lavorosicuro" Guidelines (Confindustria Veneto/INAIL) and validated in November 2009. In February 2012, CAD IT S.p.A. successfully passed the maintenance inspection for the Health and Safety Management System.

Foreseeable development in the management

The recovery will remain modest and irregular in 2012. According to the latest estimates by the OECD, the world economy expanded on average by 3.8 per cent in 2011 and is expected to slow to growth of 3.4 per cent this year. The recovery will not be uniform: in the advanced countries, GDP is expected to stagnate in Europe, while growth of 2.0 per cent is forecast for the United States and Japan; among the emerging countries, growth is expected to slow slightly in China and India and more sharply in Brazil.
The outlook for the world economy is still subject to considerable uncertainty stemming from the effects of the consolidation of the public finances in the advanced countries. On the one hand, the repercussions of the sovereign debt crisis in Europe are not easy to quantify: the persistent funding difficulties of Europe's banking industry could diminish its ability to lend to the real economy, setting in motion a negative spiral of declining production, weakening financial sector and sovereign debt risks.
On the other hand, if some of the fiscal stimulus measures enacted in the United States in recent years are not carried forward into 2012, GDP growth will be reduced by 2 percentage points this year.
In the euro area and in Italy particularly, the worsening of the sovereign debt crisis and the slowdown in world trade have resulted in a deterioration of growth prospects.
On average, the analysts surveyed by Consensus Economics in January predict a significant contraction of Italian GDP in 2012, whereas last September they had still been oriented towards positive growth. The dispersion of the forecasts has also increased substantially in the past two months. The degree of uncertainty over the course of the sovereign debt crisis is exceptional. [2]
The recent lowering of the spread between BTP returns and the German Bund and a greater faith in the fact that

[2] Data source: Banca D'Italia, Economic Bulletin no. 67, January 2012

the State will be able to honour its debt, do, however, leave room to hope for a more favourable outlook.
Moreover, a boost to growth could derive from the approval of the structural measures for Italian economic growth now being finalized. These measures might be such as to stimulate the growth of potential output and positively affect market expectations and the spending decisions of households and firms, thereby improving the results both this year and next.
In response to the current general situation the Board of Directors has placed maximum attention on market needs in order to lead the Group's management and development strategies in the right direction and to maintain high levels of efficiency so that favourable economic results can be achieved in the future.
The success of the Group's activities will therefore depend on its ability to maintain and increase the shares it has in the markets in which it currently operates and/or to further expand into other markets and segments (like insurance, public administration, foreign financial institutions) through new and high standard, quality products that would guarantee adequate income levels.
The 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.
In the course of the financial period, CAD IT is continuing to pursue its policy to expand abroad and is participating in a "software selection" in Europe for the sale of its own software applications and the relative supply of services for financial institutions.
In the current financial period, activities in the development and sale of new products to existing customers and new types of customers continues. Furthermore, activities with Xchanging (a company listed on the London stock exchange and which holds 10% share of CAD IT) are continuing. With these activities the CAD IT Group aims at increasing its revenues both in Italy and abroad and to geographically diversify its own business.
The increase in the Group's activities resulting from expansion into Europe and the acquisition of a greater market share could counterbalance the weakness of domestic demand.
On the date of approval of this report, no relevant uncertainties are expected to arise in the remaining months of the current financial period. The managerial trend is, nonetheless, still subject to risks connected to factors outside the Group's control.

Balance approval proposal and distribution of the 2011 financial period result

Dear Shareholders,
in subjecting the balance at its closure date of 31st December 2011 for your approval, in its entirety and with all its items, together with the directors' management report, we propose to allocate the year's profit of Euro 2,204,037 as follows:

- a shareholder dividend of Euro 0.24 gross of legal deductions for each of the 8,980,000 ordinary shares, to the total amount of euro 2,155,200.00
- undivided profits to available reserves euro 48,837.00.

The dividend will be paid as of 10th May 2012 with coupon release on 07th May 2012.

Verona, 13th March 2012

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

FINANCIAL STATEMENTS AT 31 DECEMBER 2011

Income statement

(in thousands of Euro)

	Notes	31/12/2011		31/12/2010	
		Total	of which related parties (note 32)	Total	of which related parties (note 32)
Income from sales and services	2	49,639	*1,996*	44,987	*1,980*
Asset increases due to internal work	2 – 14	4,380		4,739	
Other revenue and receipts	2	471		27	
Costs for raw	4	(295)		(313)	
Service costs	5	(26,181)	*(18,752)*	(26,034)	*(18,527)*
Other operational costs	6	(369)		(430)	
Labour costs	7	(19,214)	*(454)*	(18,062)	*(478)*
Other administrative expenses	8	(995)	*(649)*	(1,114)	*(673)*
Allocation to fund and credit depreciation		0		(62)	
Intangible fixed asset amortization	14	(2,868)		(2,732)	
Tangible fixed asset amortization	13	(563)		(676)	
Financial income	9	251		184	
Financial expenses	9	(3)		(11)	
Revaluations and depreciations	10	(112)		(123)	
Pre-tax result		**4,143**		**380**	
Income taxes	11	(1,939)		(760)	
Profit (loss) for the period		**2,204**		**(380)**	
Weighed average number of ordinary shares outstanding		8,980,000		8,980,000	
Basic earnings per share (in €)	12	0.245		(0.042)	

Statement of comprehensive income

(in thousands of Euro)

	Period 2011	Period 2010
Profit/(loss) for the period	2,204	(380)
Gains/(Losses) on fair value of available-for-sale financial assets	(37)	(49)
Total comprehensive income (loss)	**2,167**	**(429)**

(in euro)

Income statement	*2011*	*2010*
Income from sales and services	49,639,357	44,987,237
Asset increases due to internal work	4,380,300	4,739,000
Other revenue and receipts	471,393	27,021
Production value	54,491,050	49,753,258
Costs for raw	(295,279)	(313,013)
Service costs	(26,181,180)	(26,033,942)
Other operational costs	(368,883)	(430,112)
Added value	27,645,709	22,976,191
Labour costs	(19,213,617)	(18,062,334)
Other administrative expenses	(995,381)	(1,113,686)
Gross operational result (EBITDA)	7,436,711	3,800,172
Allocation to fund and credit depreciation		(62,000)
Amortizations:		
- Intangible fixed asset amortization	(2,868,057)	(2,731,895)
- Tangible fixed asset amortization	(562,673)	(676,126)
Operational result (EBIT)	4,005,981	330,150
Financial receipts	251,354	184,324
Financial charges	(2,531)	(11,169)
Ordinary result	4,254,804	503,305
Revaluations and depreciations	(111,822)	(123,005)
Pre-tax result	4,142,981	380,301
Income taxes	(1,938,944)	(760,389)
Profit (loss) for the period	***2,204,037***	***(380,089)***

Statement of financial position

(in thousands of Euro)

	Notes	2011 Total	2011 of which related parties (note 32)	2010 Total	2010 of which related parties (note 32)
ASSETS					
A) Non-Current Assets					
Property, plant and equipment	13	17,703		18,146	
Intangible assets	14	21,506		19,724	
Investments	15	15,127		14,914	
Other financial assets available for sale	16	460		608	
Other non-current credits		17		17	
Credits due to deferred taxes	17	-		3	
TOTAL NON-CURRENT ASSETS		**54,812**		**53,412**	
B) Current Assets					
Inventories	18	5		5	
Trade receivables and other credits	19	32,929	*5,639*	26,402	*3,623*
Tax credits	20	193		744	
Cash on hand and other equivalent assets	21-31	6,215		5,033	
TOTAL CURRENT ASSETS		**39,342**		**32,184**	
TOTAL ASSETS		**94,154**		**85,595**	
EQUITY AND LIABILITIES					
A) Equity					
Issued capital and reserves	22-23-24	56,570		54,403	
TOTAL EQUITY		**56,570**		**54,403**	
B) Non-current liabilities					
Financing		-		-	
Deferred tax liabilities	26	3,227		3,259	
Employee benefits and quiescence provisions	27	3,362	*110*	3,205	*142*
TOTAL NON-CURRENT LIABILITIES		**6,588**		**6,464**	
C) Current liabilities					
Trade payables	28	22,456	*19,455*	19,056	*16,558*
Current tax payables	29	4,026		1,757	
Short-term financing		-		-	
Other liabilities	30	4,514	*161*	3,915	*84*
TOTAL CURRENT LIABILITIES		**30,996**		**24,728**	
TOTAL LIABILITIES AND EQUITY		**94,154**		**85,595**	

(in euro)

ASSETS	*31/12/2011*	*31/12/2010*
A) Non-Current Assets		
Property, plant and equipment	17,702,679	18,145,667
Intangible assets	21,506,491	19,724,315
Investments	15,126,642	14,914,012
Other financial assets available for sale	459,710	608,448
Other non-current credits	16,720	16,682
Credits due to deferred taxes	0	2,569
TOTAL NON-CURRENT ASSETS	**54,812,242**	**53,411,693**
B) Current Assets		
Inventories	4,601	4,601
Trade receivables and other credits	32,929,201	26,402,083
Tax credits	193,047	743,656
Cash on hand and other equivalent assets	6,215,329	5,033,466
TOTAL CURRENT ASSETS	**39,342,178**	**32,183,806**
C) Non-current assets for sale	0	0
TOTAL ASSETS	**94,154,420**	**85,595,499**

EQUITY AND LIABILITIES	*31/12/2011*	*31/12/2010*
A) Equity		
Company capital	4,669,600	4,669,600
Reserves	35,395,292	35,432,207
Accumulated profits/losses	16,504,973	14,300,937
TOTAL EQUITY	**56,569,865**	**54,402,744**
B) Non-current liabilities		
Financing	0	0
Deferred tax liabilities	3,226,563	3,259,444
Employee benefits and quiescence provisions	3,361,537	3,204,868
TOTAL NON-CURRENT LIABILITIES	**6,588,099**	**6,464,312**
C) Current liabilities		
Trade payables	22,456,273	19,055,958
Current tax payables	4,025,984	1,757,048
Short-term financing	0	0
Other liabilities	4,514,199	3,915,438
TOTAL CURRENT LIABILITIES	**30,996,456**	**24,728,444**
TOTAL LIABILITIES AND EQUITY	**94,154,420**	**85,595,500**

Statement of changes in equity

(in thousands of Euro)

Statement of changes in equity	*Company capital*	*Reserves*	*Accumulated profit (loss)*	*Period result*	*Equity*
31/12/2007	**4,670**	**35,428**	**14,120**	**6,567**	**60,785**
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity		(117)			(117)
Allocation of evaluation reserve for financial assets available for sale to economic account		35			35
Allocation of the previous period result to reserves			6,567	(6,567)	
Dividend distribution			(6,286)		(6,286)
Period result				4,635	4,635
Period end total 2008	**4,670**	**35,346**	**14,401**	**4,635**	**59,052**
Allocation of the previous period result to reserves			4,635	(4,635)	-
Dividend distribution			(4,490)		(4,490)
Total comprehensive income		135		2,380	2,515
Period end total 2009	**4,670**	**35,481**	**14,546**	**2,380**	**57,077**
Allocation of the previous period result to reserves			2,380	(2,380)	-
Dividend distribution			(2,245)		(2,245)
Total comprehensive income		(49)		(380)	(429)
Period end total 2010	**4,670**	**35,432**	**14,681**	**(380)**	**54,403**
Allocation of the period result			(380)	380	-
Total comprehensive income		(37)		2,204	2,167
Period end total 2011	**4,670**	**35,395**	**14,301**	**2,204**	**56,570**

Cash Flow Statement

(in thousands of Euro)

	NOTES	31/12/2011	31/12/2010
A) OPERATING ACTIVITIES			
Profit (loss) for the period		2,204	(380)
Amortisation, revaluation and depreciation:			
- Property, plant and equipment amortisation	13	563	676
- Intangible fixed asset amortisation	14	2,868	2,732
- depreciation of investments and financial assets available for sale	16	112	123
Allocations (utilization) of provisions		157	(38)
Financial performance:			
- Net financial receipts (charges)	9	(249)	(173)
- Profit / (losses) on exchanges	9	(0)	(1)
Other working capital variations		776	4,383
Income taxes paid		(515)	(436)
Interest paid	9	(2)	(10)
(A) - Cash flows from (used in) operating activities		**5,913**	**6,876**
B) INVESTMENT ACTIVITIES			
Investments in activities			
- Property, plant and equipment purchases	14	(121)	(180)
- Intangible assets purchases	15	(4,650)	(4,880)
- increase in other fixed assets		(213)	(230)
Disinvestment activities			
- Property, plant and equipment transfers	14	2	4
- Decrease in other fixed assets		0	2
Cashed Interest	9	89	78
Cashed dividends	9	162	107
(B) - Cash flows from (used in) investment activities		**(4,731)**	**(5,100)**
C) FINANCING ACTIVITIES			
Dividends paid	25	0	(2,245)
(C) - Cash flows from (used in) financing activities		**0**	**(2,245)**
(A+B+C) - Total cash and other equivalent assets flows		1,182	(469)
Opening cash balances and equivalents	31	**5,033**	**5,502**
Closing cash balances and equivalents	31	**6,215**	**5,033**

For the liquid asset and equivalent means reconciliation, refer to note 31

Notes to the financial statements

CAD IT S.p.A. is a joint stock company and is governed on the basis of Italian law and exercises its management and coordinated activities on its own controlled companies. CAD IT S.p.a. is not subject to other company control in accordance with art. 2359 of the civil code. The company is listed in the STAR market of the Italian stock exchange.
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.
For information and comments on the results and the economic-financial situation of the CAD IT Group, please refer to the consolidated financial statement and the relative directors' report on operations.

1 Accounting policies and evaluation criteria more important

This report has been drafted in accordance with the international IAS/IFRS accounting standards issued by the International Accounting Standard Board (IASB) and approved by the European Union.
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; there have been no modifications in the comparative information.
This document comprises financial statements, notes to the said financial statements, management observations.
The 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* Moreover, where some land and buildings have been included in *First Time Adoption*, the *fair value* has been used instead of the cost.
This financial statement has been prepared in accordance with Consob regulation no. 11971 of 14th May 1999, and subsequent modification and integration.
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.

Use of estimates

In accordance with the IFRS, when drafting the balance the company management formulates evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found in the balance. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case concerned.
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 2011

On the day this report was drawn up, 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.

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 Company 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 Company 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.

Into the Directors' Report on management is included in the profit and loss account drafted in scalar form, highlighting the intermediary results as follows:

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

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

The 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.

Subsidiaries and Associated companies

Shares in subsidiaries and associated companies, not classified as owned for sale in accordance with IFRS 5 or available for sale, have been accounted for at cost.

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.

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.

Impairment loss

The company 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 as fair value, this value has been taken as the market value. 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.

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.

Dividends

Dividends are accounted for in the financial period in which the distributing company decides to distribute them.

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.
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 Revenues

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

	31/12/2011		31/12/2010		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	49,639	91.1%	44,987	90.4%	4,652	10.3%
Asset increases due to internal work	4,380	8.0%	4,739	9.5%	(359)	(7.6%)
Other revenue and receipts	471	0.9%	27	0.1%	444	1,644.5%
Production value	**54,491**	**100.0%**	**49,753**	**100.0%**	**4,738**	**9.5%**

Services and the sale of goods includes revenues deriving from the sale of software for licence, software maintenance and updating, the implementation of personalised applicative packages, the sale of hardware, consultancy services and information technology system design.
The 2011 financial period showed a Euro 4,652 thousand increase (+10.3%) in revenues, to reach a value of Euro 49,639 thousand (compared to Euro 44,987 thousand in 2010 financial period).
Sales and services revenues included Euro 1,629 thousand for CAD IT subsidiaries (see particulars in the Directors' management report and transaction notes with related parties).
Increases in internal work capitalised under fixed assets came to Euro 4,380 thousand, compared to Euro 4,739 thousand in the 2010 financial period and included activities carried out by CAD IT (Euro 1,786 thousand), as well as those commissioned by CAD IT to its subsidiaries CAD (Euro 1,770 thousand), CeSBE (Euro 393 thousand), BitGroove (Euro 149 thousand), Netbureau (Euro 203 thousand), DQS (Euro 79 thousand) for the development of new procedures for sale on licence or instruments for traditional activities.
Other revenues and earnings amounted to Euro 471 thousand, showing an increase compared to 2010 and include contributions allocated by inter-professional funds for financing company training plans (Euro 94 thousand) and income from the sale of software rights.
CAD IT's activities are not on the whole, affected by significant cyclical or seasonal variations in total sales during the financial period.

3 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	31/12/2011				
	Finance	Manufacturing	Not allocated/General	Elisions	Total
External revenues	51,566	1,296	1,628		54,491
Intersegment revenues	2,798	-	-	(2,798)	-
Total revenues	54,365	1,296	1,628	(2,798)	54,491
Costs	(50,386)	(1,269)	(1,628)	2,798	(50,485)
Gross Operating Result (EBITDA)	7,410	27	-		7,437
Operating Result (EBIT)	3,979	27	-		4,006
Net financial income (expenses)	-	-	249		249
Revaluations and devaluations	-	-	(112)		(112)
Result	3,979	27	137		4,143
Income taxes			(1,939)		(1,939)
Financial period profit (loss)	3,979	27	(1,802)		2,204
Assets	93,961		193		94,154
Liabilities	30,332		7,253		37,585

Disclosures for business segments	31/12/2010				
	Finance	Manufacturing	Not allocated/General	Elisions	Total
External revenues	47,471	921	1,361		49,753
Intersegment revenues	2,136	-	-	(2,136)	-
Total revenues	49,607	921	1,361	(2,136)	49,753
Costs	(49,284)	(914)	(1,361)	2,136	(49,423)
Gross Operating Result (EBITDA)	3,793	7	-		3,800
Operating Result (EBIT)	323	7	-		330
Net financial income (expenses)	-	-	173		173
Revaluations and devaluations	-	-	(123)		(123)
Result	323	7	50		380
Income taxes			(760)		(760)
Financial period profit (loss)	323	7	(710)		(380)
Assets	66,335		746		67,082
Liabilities	9,720		5,016		14,736

Information on the sector according to the secondary layout by geographical area is not provided as CAD IT presently produces and carries out its activities almost totally nationally and homogeneously. In fact, revenues from foreign customers amount to 2.44% of the total sales and services revenues.

4 Purchase Costs

The table below shows the details of CAD IT' purchase costs:

	31/12/2011	31/12/2010	Variations	%
Hardware-Software purchases for sale	99	116	(16)	(14.1%)
Maintenance and consumable hardware purchases	7	14	(7)	(48.7%)
Other purchases	189	160	28	17.7%
Variations in raw material stock	0	23	(23)	(100.0%)
Total	***295***	***313***	***(18)***	***(5.7%)***

5 Service costs

	31/12/2011	31/12/2010	Variations	%
External collaboration	23,006	22,682	324	1.4%
Travelling expenses and fee reimbursement	1,232	983	249	25.3%
Other service costs	1,943	2,369	(426)	(18.0%)
Total	***26,181***	***26,034***	***147***	**0.6%**

Service costs in the 2011 financial period came to Euro 26,181 thousand, showing a slight increase of 0.6% compared to the previous year (Euro 26,034 thousand). Costs for external collaboration include Euro 18,508 thousand (previous period Euro 18,050) for costs towards subsidiaries.

Expenses and transfer fees suffered an increase compared to 2010 settling at Euro 1,232 thousand compared to Euro 983 thousand in the previous year.

Other service expenses to the amount of Euro 1,943 thousand registered a 18.0% decrease compared to the previous year (Euro 2,369 thousand). This item mainly included hardware and software assistance and maintenance charges, energy costs, administrative, legal and fiscal consultancy, maintenance and management costs for the offices and facilities.

6 Other operational costs

The table below shows the details of other operational costs:

	31/12/2011	31/12/2010	Variations	%
Third party benefit expenses	283	320	(37)	(11.4%)
Various management charges	85	110	(25)	(22.4%)
Total	***369***	***430***	***(61)***	**(14.2%)**

Third party benefit expenses mainly refer to equipment and software rental and to office lease.

7 Labour costs and Employees

Labour costs are as follows:

	31/12/2011	31/12/2010	Variations	%
Salaries and wages	13,722	12,974	749	5.8%
Payroll taxes	4,180	3,913	267	6.8%
Severance pay	1,204	1,060	144	13.6%
Other costs	107	116	(9)	(7.5%)
Total	***19,214***	***18,062***	***1,151***	**6.4%**

Labour costs in 2011 financial period increased by Euro 1,151 thousand (+6.4%) compared to previous year, due to the application of increases in contractual remunerations, to the assigning of employee bonuses (Euro 389 thousand) and to the increase of the average number of employees (+3 units). Furthermore, labour costs include the actuarial loss deriving from carrying out calculations according to the IAS 19 accounting standard (Euro 124 thousand, compared to an actuarial profit of Euro 12 thousand in 2010).

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

Category of employees	*labour force at 31/12/2011*	*labour force at 31/12/2010*	*labour force at 31/12/2009*
Management	17	17	14
White-collars and cadres	271	272	268
Total	***288***	***289***	***282***

At the end of 2011, the number of CAD IT staff decreased by 1 units, compared to the previous financial period, with a total number of 288 employees; to be precise, 4 people were employed during the period and 5 people were dismissed, thus determining the following turnover rates:

Employee turnover	*2011*	*2010*	*2009*
Negative turnover (Dismissed/employees at beginning of period)	1.7%	2.1%	2.6%
Positive turnover (Employed/employees at beginning of period)	1.4%	4.5%	3.4%
Total turnover (∑ turnover)	3.1%	6.6%	6.0%
Turnover compensation rate (Employed/Dismissed)	80.0%	216.7%	128.6%

The details relating to the average number of CAD IT employees are shown below; the average number of employees increased by 3 units during the financial period.

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Category of employees	*Average number 2011*	*Average number 2010*
Management	17	17
White-collars and cadres	272	269
Total	***289***	***286***

Personnel training is of particular importance to the Group, which specifically schedules refresher and training periods.

8 Other administrative costs

The table below shows the other administrative costs in detail.

	31/12/2011	*31/12/2010*	*Variations*	*%*
Director and legal representative fees	613	630	(17)	(2.7%)
Director and legal representative fee contributions	36	42	(6)	(15.3%)
Telephones charges	221	246	(25)	(10.2%)
Commissions	0	73	(73)	(100.0%)
Advertising fees	125	122	3	2.5%
Total	***995***	***1,114***	***(118)***	**(10.6%)**

The other administrative expenses of Euro 995 thousand (-10.6% compared to the 2010 financial period) were mainly made up of director and manager remunerations for Euro 613 thousand (-2.7% compared to 2010) and the relative contributions of Euro 36 thousand, telephone charges of Euro 221 thousand (-10.2% compared to the 2010 financial period) and advertising costs to the amount of Euro 125 thousand (+2.5% compared to 2010).
The other administrative costs included remunerations to related parties (see note 32).

9 Financial performance

The table below shows the details of financial performance.

	31/12/2011	31/12/2010	Variations	%
Associated companies share-holdings dividends	162	50	112	224.0%
Subsidiaries share-holdings dividends	0	51	(51)	(100.0%)
Interest on bank deposits and equivalent	89	78	11	14.7%
Other receipts and interest income	0	6	(5)	(96.3%)
Total financial income	**251**	**184**	***67***	**36.4%**
Interest on bank overdrafts and loans	(2)	(10)	8	(79.3%)
Losses on exchanges	(0)	(1)	1	(56.3%)
Total financial charges	***(3)***	***(11)***	***9***	**(77.3%)**
Net financial income (charges)	***249***	***173***	***76***	**43.7%**

Returns are made up of dividends from holdings to the amount of Euro 162 thousand, showing an increase compared to Euro 111 thousand in the previous financial period and interest received on liquid assets and equivalent means (current account deposits and capitalisation insurance policies) to the sum of Euro 89 thousand compared to Euro 78 thousand in the previous year, increased due to the effect of creditor tax increases and a greater financial availability during the financial period.
Financial expenses, decreasing compared to previous year, mainly refer to temporary overdrafts on current accounts and interests on payment deferments.

10 Revaluations and depreciations

The Euro 112 thousand devaluation amount registered in the 2011 period refers to a reduction in value of activities available for sale (holding in the listed company Class Editori S.p.A.); in 2010 the same activities suffered a devaluation of Euro 123 thousand.

11 Income taxes

	31/12/2011	31/12/2010	Variations	%
Tax pre-payments	3	5	(2)	(43.6%)
Deferred taxes	(33)	(6)	(27)	444.3%
Current taxes	1,969	762	1,207	158.5%
Total income taxes	***1,939***	***760***	***1,179***	**155.0%**

The taxes ascribable to 2011 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.

RECONCILIATION BETWEEN TAX EXPENSES IN THE BALANCE AND THEORETICAL TAX EXPENSES				
	TAXABLE	**TAX**	**TAXABLE**	**TAX**
Theoretical rates	**IRES**	27.5%	**IRAP**	3.93% [1]
Pre-tax result / theoretical tax	**4,143**	**1,140**	**4,143**	**163**
Temporary differences taxable in later financial periods				
TFR discounting back	120			
Total temporary fiscal reduction variations	*120*	*33*	*0*	*0*
Temporary differences deductible in later periods				
Representation expenses	(8)			
Total temporary variations from previous periods	*(8)*	*(2)*	*0*	*0*
Permanent differences				
To IRES / IRAP income increases	482		20,946	
To IRES / IRAP income decreases	(258)		(6,286)	
Total permanent differences	*224*	*62*	*14,660*	*576*
Taxable income / current tax on the period's income	**4,480**	**1,232**	**18,804**	**739**
Effective rate on the pre-tax result	IRES	29.73%	IRAP	17.82%

[1] *The theoretical IRAP rate has been calculated as the average rate in consideration of the expected increases in some regions*

SUMMARY OF THEORETICAL TAX EXPENSES AND TOTAL EFFECT	Period 2011		Period 2010	
Current IRES tax	1,232	29.73%	188	49.46%
Current IRAP tax	739	17.82%	548	144.12%
Total current taxes and effective rates	**1,970**	**47.55%**	**736**	**193.58%**
Greater (Lesser) taxes previous financial period	(1)		26	
Total current taxes	**1,969**		**762**	

SUMMARY OF THE TEMPORARY DIFFERENCES AND EFFECTS ON THE ECONOMIC ACCOUNT

Description of the temporary differences	*Pre-paid tax at 31.12.2010*			*Pre-paid tax at 31.12.2011*			*Income statement*
Deductible differences	Taxable	Rate	Tax (a)	Taxable	Rate	Tax (b)	*(a - b)*
Representation expenses	8	*31.40%*	3	0	*31.40%*	0	3
Total			***3***			***0***	***3***

Description of the temporary differences	Deferred tax at 31.12.2010			Deferred tax at 31.12.2011			Income statement
Taxable differences	Taxable	Rate	Tax (a)	Taxable	Rate	Tax (b)	(a - b)
TFR discounting back	345	27.50%	95	225	27.50%	62	(33)
Land revaluation	388	31.40%	122	388	31.40%	122	0
Land depreciation	72	31.40%	22	72	31.40%	22	0
Building revaluation	8,051	31.40%	2,528	8,051	31.40%	2,528	0
Building depreciation	438	31.40%	137	438	31.40%	137	0
Electronic machinery depreciation	24	31.40%	7	24	31.40%	7	0
Software depreciation	1,150	31.40%	361	1,150	31.40%	361	0
Licensing depreciation	21	31.40%	7	21	31.40%	7	0
Phone system depreciation	0	31.40%	0	0	31.40%	0	0
Assets and furniture depreciation	0	31.40%	0	0	31.40%	0	0
System depreciation	(66)	31.40%	(21)	(66)	31.40%	(21)	0
Total			***3,259***			***3,227***	***(33)***

12 Earnings per share

The basic earnings per share is calculated by dividing the year's net profit ascribable to the ordinary shareholders of the Company by the weighed average number of ordinary shares outstanding during the year. The number of ordinary shares outstanding 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	*2011*	*2010*	*2009*
Net profit (loss) ascribable to ordinary shares (in thousands of euro)	2,204	(380)	2,380
Weighed average number of ordinary shares outstanding	8,980,000	8,980,000	8,980,000
Net profit (loss) ascribable to ordinary shares for basic profit per share (Euro)	**0.245**	**(0.042)**	**0.265**

13 Property, plant and equipment

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

	31/12/2011	*31/12/2010*	*Variations*	*%*
Land	1,527	1,527	0	-
Buildings	14,396	14,516	(120)	(0.8%)
Plant and equipment	1,363	1,601	(238)	(14.8%)
Other assets	417	502	(85)	(17.0%)
Total property, plant and equipment	***17,703***	***18,146***	***(443)***	**(2.4%)**

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

	Land and buildings	Plant and machinery	Other tangible fixed assets	Total
Purchase or production cost	8,787	3,744	2,712	15,243
Previous years revaluations	8,439			8,439
Previous years depreciation and write-downs	(1,183)	(2,143)	(2,210)	(5,536)
Adjustments to previous years write-downs				
Opening value	***16,042***	***1,601***	***502***	***18,146***
Purchases		4	117	121
Transfers				
Reduction in accumulated depreciation due to disposals			173	173
Disposals			(175)	(175)
Revaluations for the period				
Depreciation and write-downs for the period	(120)	(242)	(201)	(563)
Adjustments to write-downs for the period				
Total tangible fixed assets	***15,922***	***1,363***	***417***	***17,703***

Land and buildings include property and land, accounted for separately, belonging to CAD IT S.p.A.. There are no restrictions on the legal ownership and possession of assets, systems and machinery to guarantee liabilities. There are no contractual restrictions for buying assets, systems or machinery.
The purchasing of new tangible assets during the year came to a total of Euro 121 thousand, of which the greater part (Euro 117 thousand) were for “other tangible assets”, voice that included the purchasing of electronic machinery, managerial instruments characteristic of the Company’s activities.
During the year property, installations and machinery were not subject to any value reductions that required registration in the balance.

14 Intangible fixed assets

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

	31/12/2011	31/12/2010	Variations	%
Industrial patents	5,747	4,103	1,644	40.1%
Licences, trademarks and similar rights	151	341	(190)	(55.7%)
Intangible fixed assets under development	15,608	15,281	328	2.1%
Total Intangible fixed assets	***21,506***	***19,724***	***1,782***	**9.0%**

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	Total
Purchase or production cost	13,070	1,643	15,281	29,995
Previous years revaluations				
Previous years depreciation and write-downs	(8,968)	(1,303)		(10,270)
Adjustments to previous years write-downs				
Opening value	***4,103***	***341***	***15,281***	***19,724***
Purchases	250	11	4,389	4,650
Transfers	4,061		(4,061)	
Reduction in accumulated depreciation due to disposals				
Disposals				
Revaluations for the period				
Depreciation and write-downs for the period	(2,667)	(201)		(2,868)
Adjustments to write-downs for the period				
Total intangible fixed assets	***5,747***	***151***	***15,608***	***21,506***

The voice “industrial patent rights and works of ingenuity” is almost entirely made up of software procedures developed by the CAD IT. The values are registered in credit to the directly sustained cost, including costs relating to the use of internal resources as well as any possible additional accessory fees that may occur. In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product’s lifecycle, estimated at five years. The amortizations of this voice in the 2011 financial period came to Euro 2,667 thousand, increasing compared to Euro 2,503 thousand of 2010 financial period.

The caption “Licences, trademarks and similar rights” principally includes the licensed out software bought by third parties used for programming activities.

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, the use of which will be needed very shortly, even by law, in credit and financial institutions as well as in the field of public and industrial administration. These assets are listed as receivable on the basis of the directly sustained cost.

The fundamental condition for their registration in patrimonial credit is that said costs concern clearly defined, distinguishable and measurable products or processes and that they relate to projects that are both technically feasible and economically recoverable through revenues that will develop in the future by application of the project itself.

These assets have undergone no reduction in value during the year.

15 Investments

	31/12/2011	31/12/2010
in subsidiary companies	15,124	14,911
in associated companies	3	3
Total Investments	***15,127***	***14,914***

Investments are shown at purchase cost. The value of holdings in subsidiary companies stands at Euro 15,124 thousand, while the value of holdings in associated companies is Euro 3 thousand.

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 balance values and the fraction of net patrimony concerning controlled and affiliated companies are shown below. The figures are taken from civil law balances drafted in accordance with the national accounting standards and approved by the administrative organs of the respective companies.

Investments in subsidiary companies

COMPANY NAME	COMPANY CAPITAL (euro/000)	PERCENTAGE OF INVESTMENT	NET PROFIT or LOSS (euro/000)	SHAREHOLDERS' EQUITY (euro/000)	QUOTAHOLDERS' EQUITY HELD (euro/000)	CARRYING VALUE (euro/000)
CAD S.r.l. (*)	130	100.00%	101	1,952	1,952	5,824
CeSBE S.r.l.	10	59.00%	209	3,540	2,089	287
Datafox S.r.l.	100	51.00%	4	177	91	454
Netbureau S.r.l. (*)	50	100.00%	10	98	98	133
S.G.M. S.r.l. (*)	100	100.00%	(8)	1,071	1,071	3,220
D.Q.S. S.r.l.	11	100.00%	3	25	25	3,476
Bit Groove S.r.l. (*)	16	100.00%	10	51	51	285
Elidata S.r.l.	20	51.00%	224	962	491	781
Smart Line S.r.l.	103	51.05%	38	808	413	664
Total direct subsidiaries	**540**		**590**	**8,685**	**6,279**	**15,124**
Indirect subsidiaries:						
Tecsit S.r.l.	75	70.00%	0	51	36	-
(*) see note 35						

Investments in associated companies

COMPANY NAME	COMPANY CAPITAL (euro/000)	PERCENTAGE OF INVESTMENT	NET PROFIT or LOSS (euro/000)	SHAREHOLDERS' EQUITY (euro/000)	QUOTAHOLDERS' EQUITY HELD (euro/000)	CARRYING VALUE (euro/000)
Sicom S.r.l.	10	25.00%	651	1,319	330	3

The company annually verifies the holding values at least once a year or more often if there are indications of value losses.
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 2012-2014 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 10.25%.
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

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

where:
k_b = interest rate in case of debt
TC = marginal tax rate of the economic bodies being evaluated
B = market value of the debt of a company
V = total market value of a company
k_p = advisability cost of risk capital
P = market value of the privileged shares
k_s = advisability cost of own capital determined by the market
S = market value of the net capital.
The cost of capital was identified as k_s = 10.25%.
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:

$$\text{Company value} = \pm\,\text{net financial position} + \text{discounted back cash flows} + \text{remaining value}$$

If we want to translate this equation into mathematical terms, we could show it in the following way:
NPV = company value (Net Present Value)
PFN = Net Financial Position
FCF = cash flow
k = cost of capital
N = explicit period
g = growth rate of the implicit period

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

16 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 of these holdings at the end of 2011 and 2010 financial periods:

Holding	31/12/2011		31/12/2010	
	No, of shares held	Fair value €/000	No, of shares held	Fair value €/000
Class Editori S.p.A. (CLE)	559,112	140	559,112	252
Cia S.p.A. (CIA)	1,230,509	320	1,230,509	357
Total		**460**		**608**

17 Credits due to prepaid taxes

Credits due to prepaid taxes 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).

18 Inventories

Leftover stock includes finished products and goods for a total amount of Euro 5 thousand, unaltered compared to previous year.

19 Commercial credits and other credits

Commercial credits and other credits are made up as follows:

	31/12/2011	31/12/2010	Variations	%
Credits to clients	27,062	22,497	4,565	20.3%
Credit depreciation fund	(144)	(291)	147	(50.5%)
Credit towards subsidiaries	5,484	3,603	1,882	52.2%
Accrued income and deferred expenses	241	335	(94)	(28.0%)
Other credits	286	259	27	10.5%
Total trade receivables and other credits	***32,929***	***26,402***	***6,527***	***24.7%***

% coverage credit depreciation fund	0.53%	1.29%

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 mainly made up of credits to public administration, banking institutions and insurance companies.
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 balance of the amounts due are to be paid after the procedures supplied have been approved.
The company 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 company 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 144 thousand which ensures a cover of 0.53% 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.
Among the commercial credits and other credits, Euro 5,639 thousand (of which Euro 5,484 thousand towards the Group’s companies) were towards related parties, as explained in note 32.
The item Accruals and deferred charges entirely refers to deferred charges made up of the following:

Nature	*31/12/2011*	*31/12/2010*
Software assistance	146	161
Advertising expenses	35	-
Third party benefit expenses	-	37
Telephone charges	8	10
Administrative services	4	1
Various insurances	10	13
Hardware assistance	20	26
Others various	18	87
Total Accrued costs	***241***	***335***

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

Credits towards other	31/12/2011	31/12/2010	Variations	%
Payments on account to suppliers	280	231	50	21.5%
Other	5	28	(23)	(82.5%)
Total credits towards other	***286***	***259***	***27***	**10.5%**

20 Tax credits

The entry of Euro 193 thousand, showing a decrease compared to the previous period (Euro 744 thousand), was made up of credit towards Inland Revenue relating to the IRES reimbursement deriving from a 10% deductibility in IRAP paid in 2004-2007.

21 Cash and other equivalent assets

	31/12/2011	31/12/2010	Variations	%
Bank and postal accounts	3,784	2,657	1,127	42.4%
Cash-on-hand and cheques	2	7	(4)	(66.4%)
Insurance policies capitalised	2,429	2,370	59	2.5%
Total Cash and other equivalent assets	***6,215***	***5,033***	***1,182***	**23.5%**

The bank and postal account deposits are made up of cash-on-hand in current bank accounts for Euro 3,784 thousand, increase by Euro 1,127 thousand compared to 31st December of previous financial period.
It is possible to redeem the capitalisation insurance policy at any time and 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%.

22 Capitale sociale

The company capital, entirely registered, deposited and unchanged over the period, amounted to euro 4,669,600. It was subdivided into 8,980,000 ordinary shares with a nominal value of euro 0.52 each and all with equal rights.
The ordinary shares are registered and indivisible and each one gives the right to a vote at the ordinary and extraordinary shareholders' meetings, as well as to the faculty of carrying out other company and patrimonial rights in accordance with the law and the statute.
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.
CAD IT's net patrimony at 31.12.2011, including the financial period result, came to Euro 56,570 thousand compared to Euro 54,403 thousand at 31.12.2010. Increase in equity is due to the profit of 2011 financial period.

23 Reserves

	31/12/2011	31/12/2010	Variations	%
Share surcharge reserve	35,246	35,246	0	-
Valuation reserve for fin. assets available for sale	149	186	(37)	(19.9%)
Total Reserves	***35,395***	***35,432***	***(37)***	**(0.1%)**

The variation of the evaluation reserve for assets available for sale comes from the variation in fair value at 31 December 2011 of the holding in the quoted company CIA S.p.A. registered in the net patrimony reserve.

24 Accumulated profit/(losses)

	31/12/2011	31/12/2010	Variations	%
Previous profits/losses	585	585	-	-
Legal reserve	934	934	-	-
IFRS transition reserve	2,119	2,119	-	-
Available joint profit reserve	10,663	11,043	(380)	(3.4%)
Profit/loss for the period	2,204	(380)	2,584	(679.9%)
Total accumulated profits/losses	***16,505***	***14,301***	***2,204***	**15.4%**

Previous period profit refers to the difference between the profits for the 2004 period calculated with the IAS/IFRS accounting standards compared to calculation with the national accounting standards.
The IFRS transition reserve covers any differences that may have occurred when the international accounting standards were first adopted on 1st January 2004 and was changed for the actual application of the IAS 32 and 39 standards on 01/01/05 when assessing financial assets available for sale, in accordance with the IFRS 1 accounting standard.
The available joint profit reserve decreased by Euro 380 thousand due to the effect of use to cover the suffered loss in previous financial year.
The legal reserve has already reached a fifth of the company capital (art. 2430 c.c.).
There are no restrictions to the possibility of using derivates in the statutory arrangements.
The Stockholders' equity quotas that cannot be distributed amounted to Euro 21,355 thousand to cover for long-term costs that have not yet been amortized (art. 2426, no. 5 c.c.).

Nature/description	Amount at 31.12.2011	Use possibility (*)	Available Amount	Summary of the uses made in the three previous financial periods:	
				for loss coverage	for other reasons
Capital	4,670				
Capital reserves:					
Reserve from share overpayment	35,246	a - b - c	35,246	-	-
Profit reserves:					
Legal reserve	934	b	-	-	-
Available joint profit reserve	10,663	a - b - c	10,663	380	-
Valuation reserve for financial assets available for sale	149	-	-	-	-
IAS transition reserve	2,119	-	-	-	-
Previous profits	585	-	-	-	-
Profit for the period	2,204	a - b - c	2,204		
Total	56,570		48,113	380	-
Amount that can not be distributed			21,355		
Amount that can be distributed			26,758		

(*) legend: a = company capital increase b = loss coverage c = shareholder distribution

25 Dividends paid and decided

During 2011 no dividends were decided and paid to CAD IT Shareholders. The Euro 380 thousand loss suffered in previous financial year was fully covered using an equivalent sum from the available undivided profit reserves.

26 Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,227 thousand (3,259 previous period) 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. In particular they mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods. For the particulars of this entry, please refer to the table "Situation of temporary differences and effects on the profit and loss account" in note 11.

27 Employees' leaving entitlement and quiescence reserves

The point concerning the severance pay (TFR) fund shows the movements resulting from annual allocations made on the basis of the evaluations of external actuaries based on the IAS 19 and the uses carried out concerning end of working contract resolutions or advance payments.

Employees' leaving entitlement	*31/12/2011*	*31/12/2010*
at 1 January	3,205	3,178
Interest cost	117	126
Benefits paid	(84)	(87)
Actuarial (gains)/losses	124	(12)
Closing balance	***3,362***	***3,205***

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.

28 Commercial debts

The entire point shows the following trend:

	31/12/2011	31/12/2010	Variations	%
Debts towards subsidiaries	19,382	16,456	2,925	17.8%
Debts towards associeted companies	32	16	17	104.5%
Debts towards suppliers	2,718	2,358	360	15.3%
Payments on account received from customers	38	25	13	53.7%
Accrued expenses and deferred income	286	201	85	42.1%
Total Commercial debts	***22,456***	***19,056***	***3,400***	**17.8%**

Debts towards suppliers are referred to as current debts for supplies of goods and services received, including those regarding investments in intangible assets.
Among the sales debits, Euro 19,455 thousand are towards related parties almost entirely towards the Group's companies as indicated in note 32.
The deferred income refers entirely to income that was already invoiced regarding annual ordinary maintenance contracts on user licences and mainly pertaining to next financial period.

29 Tax debts

The entry of Euro 4,026 thousand (Euro 1,757 thousand in the previous period) includes the debt for value added tax (Euro 1,733 thousand), the income tax debt of CAD IT and the other companies in the Group due to opting for consolidate national taxation (Euro 1,259 thousand) and the withholding taxes applied by the company for tax substitution activities towards employees and collaborators (Euro 844 thousand).

30 Other debts

Details of other debts are as shown:

	31/12/2011	31/12/2010	Variations	%
Social security charges payable	1,694	1,509	185	12.3%
Towards directors	80	0	80	-
Towards staff for deferred salaries and pay	2,740	2,407	334	13.9%
Total other debts	***4,514***	***3,915***	***599***	**15.3%**

Debts towards welfare institutions included matured contributory debts on current monthly salaries as well as the quota for deferred maturing salaries.

Debt towards staff for wages and deferred pay	*31/12/2011*	*31/12/2010*	*Variations*	*%*
For wages and expense accounts	654	628	26	4.1%
For production incentives	351	4	347	8.332.2%
For holidays	1,294	1,339	(45)	(3.3%)
For thirteenth month (year-end bonus)	0	0	0	-
For fourteenth month (summer bonus)	441	435	5	1.2%
Total	***2,740***	***2,407***	***334***	***13.9%***

31 Net financial position

The net financial availability at the end of the 2011 period was in credit by Euro 6,215 thousand, an improvement of Euro 1,182 thousand (23.5%) compared to the previous year.
Since there is no long-term financing, the net financial position will shortly coincide with the total position.

	31/12/2011	31/12/2010	Variations	%
Cash-on-hand and at bank	3,786	2,663	1,123	42.1%
Capitalisation insurance policies	2,429	2,370	59	2.5%
Net short-term financial position/(indebtedness)	**6,215**	**5,033**	***1,182***	***23.5%***
Long-term loans	-	-	-	-
Net long-term financial position/(indebtedness)	**-**	**-**	**-**	**-**
Net financial position/(indebtedness)	***6,215***	***5,033***	***1,182***	***23.5%***

In particular, cash-on-hand and in bank accounts came to Euro 3,786 thousand. Capitalisation insurance policies of Euro 2,429 thousand were contractually available on 20-day prior request without any significant tax expenses.
As a link between the data of the net financial position statement and the balance statement, it is hereby reported that: cash in bank accounts and capitalisation insurance policies are registered in the patrimonial status as “Cash and other equivalent assets”; short-term financial debts are registered as “Payables due to banks current portion”; long-term financing is registered in the patrimonial status as “Long-term loans”.
As shown in the financial report, the increase in financial assets (Euro +1,182 thousand) was determined by the following:

- operational management activities generated a positive flow of Euro 5,913 thousand (compared to Euro 6,876 thousand in the previous year) due to self-financing (net result plus depreciations) net of non-monetary items;
- investment activities absorbed Euro 4,731 thousand (compared to Euro 5,100 thousand in 2010) for investments in intangible assets (Euro 4,650 thousand), tangible assets (Euro 121 thousand) and holding companies (Euro 213 thousand), partly compensated by cashed-in interests and dividends (Euro 89 thousand and Euro 162 thousand respectively);
- financing activities, during the period, neither generated nor absorbed financial resources, compared to Euro 2,245 thousand absorbed in 2010 financial period, due to the dividend payments to CAD IT shareholders.

32 Related parties transactions

Any commercial relations between the Group’s companies are governed by normal market conditions.
The summary of income and costs, despite the credit and debit position at 31st December 2011 between the Group’s subsidiaries, is shown in the specific note on management relations.

The following table shows the incidence of transactions with related parties on the respective balance entry:

Transaction incidence with related parties - Period 2011	Total	Related Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with related parties on entries in the Profit and Loss account			
Income from sales and services	49,639	1,996	4.0%
Service costs	(26,181)	(18,752)	71.6%
Labour costs	(19,214)	(454)	2.4%
Other administrative expenses	(995)	(649)	65.2%
B) Transaction or position incidence with related parties on entries in the Patrimonial situation			
Commercial credits and other credits	32,929	5,639	17.1%
TFR and pension funds	3,362	110	3.3%
Commercial debts	22,456	19,455	86.6%
Other debts	4,514	161	3.6%
C) Transaction or position incidence with related parties on financial flows			
Cashed dividends	162	162	100.0%

Revenues with related parties mainly concern services carried out towards subsidiaries companies (Euro 1,628 thousand), Xchanging company (Euro 265 thousand) which holds a 10% share in CAD IT and associated company Sicom (Euro 101 thousand).

Service costs towards related parties include services carried out by subsidiaries companies (Euro 18,508 thousand) and the associated company Sicom S.r.l. (Euro 95 thousand), Board of Auditors fees (Euro 58 thousand) and those relating to translation and language training services supplied by a company partly owned by one of the CAD IT directors (Euro 90 thousand).

Labour costs to related parties regard remuneration to directors and managers with strategic responsibilities who are employees and remunerations to employees who have a family relationship or affinity with the CAD IT directors.

The other administrative expenses relating to related parties concern remunerations for their position paid to CAD IT directors.

Credits towards related parties are mainly made up of the parent company's credits towards subsidiaries (Euro 5,484 thousand).

Debts to correlated parties were mainly made up of commercial debts, for services (Euro 19,455 thousand), debts towards employees for pay and pay accruals (Euro 81 thousand) and severance pay (Euro 110 thousand) and debts towards Board Members (Euro 80 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 following table shows the incidence of transactions with related parties for the 2010 financial period.

Transaction incidence with related parties - Period 2010	Total	Related Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with related parties on entries in the Profit and Loss account			
Income from sales and services	44,987	1,980	4.4%
Service costs	(26,034)	(18,527)	71.2%
Labour costs	(18,062)	(478)	2.6%
Other administrative expenses	(1,114)	(673)	60.4%
B) Transaction or position incidence with related parties on entries in the Patrimonial situation			
Commercial credits and other credits	26,402	3,623	13.7%
TFR and pension funds	3,205	142	4.4%
Commercial debts	19,056	16,558	86.9%
Other debts	3,915	84	2.2%
C) Transaction or position incidence with related parties on financial flows			
Cashed dividends	106,591	101,000	94.7%

33 Fees paid to members of the Board of Directors, Statutory Auditors and executives with strategic responsibilities

All remunerations during the financial period, under any title and in any form, paid by the company and by its controlled and associated companies, to members of the administration and controlling bodies, and to those managers with strategic responsibilities, are outlined in the *Remuneration Report*.

34 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 has not drawn up any contracts containing clauses that depend on continual financial funding (*covenant*) nor any agreements where a subject – to whom a loan has been granted – must behave accordingly (*negative pledge*).
In accordance with Consob Notification no. DEM/11070007 of 5th August 2011 (which in turn refers to document ESMA no. 2011/266 of 28th July 2011) on the information to be supplied in financial reports concerning sovereign debt statements kept by listed companies, it is hereby declared that the Group does not hold any bonds or loans issued by central or local governments or governmental bodies.
The present statutory financial statement was approved by the CAD IT S.p.A. Board of Directors on 13th March 2012 and will be an item for approval at the shareholders' meeting to be held on 26th April 2012.

35 Important events since 31st December 2011

On 30th December 2011, the Shareholders' Meetings for SGM S.R.L., BIT GROOVE S.R.L., NETBUREAU S.R.L. and CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI, companies all entirely controlled by CAD IT S.p.A., with a view to simplifying and reorganising the group, decided to reduce administrative costs and generate financial efficiency by drawing up a merger agreement to incorporate the former three companies into the latter. Consequently, "CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI" changed its name to "CAD S.R.L.", increased its company capital from Euro 130,000 to Euro 295,500, attributing the increase to the one partner company, CAD IT S.p.A. The accounting and fiscal effects of the merger will begin as of 1st January 2012.

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 financial statements during the 2011 financial period.

2. Moreover, it is hereby declared that the financial statements:

a) has been drafted in accordance with the international accounting standards (IFRS) – adopted by the European Union – in compliance with regulation (EC) no. 1606/2002 of the European Parliament and Council on 19^{th} July 2002;

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

c) appropriately gives a true and correct representation of the Company's patrimonial, economic and financial situation.

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

Verona, 13 March 2012

/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 1 - 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 2011 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*	*Subject that carried out the service*	*2011 financial period audit fees (in euro)*
Accounting audit	CAD IT S.p.A.	BDO S.p.A.	€ 12,368
Accounting audit	Subsidiaries	BDO S.p.A.	€ 48,212
Other activities (1)	CAD IT S.p.A.	BDO S.p.A.	€ 2,000
Total			**€ 62,580**

(1) – Fees for data verification for updating the Supplier Register.

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.

ATTACHMENT 2 - SUMMARY FINANCIAL STATEMENTS OF CAD IT GROUP COMPANIES

SUMMARY FINANCIAL STATEMENTS OF THE CONSOLIDATED

SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATION AREA

(article 2429 of the Italian Civil Code)

CAD SRL [3]

REGISTERED OFFICE: Via Torricelli, 44/A - 37136 VERONA

QUOTA CAPITAL: € 130,000.00 fully paid in

% OF INVESTMENT OF CAD IT S.p.A: 100%

	31/12/2011	*31/12/2010*
TURNOVER	9,991,336	9,835,601
GROSS OPERATING RESULT	484,756	295,539
NET OPERATING PROFIT	472,754	282,842
NET FINANCIAL INCOME AND CHARGES	480	(3,875)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	473,234	278,967
NET PROFIT / (LOSS) FOR THE YEAR	100,890	(20,090)
NET TANGIBLE FIXED ASSETS	1,473	13,162
NET WORKING CAPITAL	3,818,903	3,451,177
NET INVESTED CAPITAL	1,884,638	1,515,890
EMPLOYEES' LEAVING ENTITLEMENT	1,935,738	1,948,449
EQUITY	1,951,892	1,851,001
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	67,254	335,111

[3] On 30th December 2011, the Shareholders' Meetings for SGM S.R.L., BIT GROOVE S.R.L., NETBUREAU S.R.L. and CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI, companies all entirely controlled by CAD IT S.p.A., with a view to simplifying and reorganising the group, decided to reduce administrative costs and generate financial efficiency by drawing up a merger agreement to incorporate the former three companies into the latter. Consequently, "CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI" changed its name to "CAD S.R.L.", increased its company capital from Euro 130,000 to Euro 295,500, attributing the increase to the one partner company, CAD IT S.p.A. The accounting and fiscal effects of the merger will begin as of 1st January 2012

CESBE SRL

REGISTERED OFFICE: Via Torricelli, 37 - 37136 VERONA

QUOTA CAPITAL: € 10,400 fully paid in

% OF INVESTMENT OF CAD IT S.p.A.: 59%

	31/12/2011	31/12/2010
TURNOVER	3,991,857	3,707,792
GROSS OPERATING RESULT	422,931	94,665
NET OPERATING PROFIT	421,030	92,511
NET FINANCIAL INCOME AND CHARGES	1,338	298
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	422,368	92,809
NET PROFIT / (LOSS) FOR THE YEAR	208,933	(19,287)
NET TANGIBLE FIXED ASSETS	5,894	6,987
NET WORKING CAPITAL	4,027,928	3,760,431
NET INVESTED CAPITAL	3,469,102	3,237,393
EMPLOYEES' LEAVING ENTITLEMENT	564,720	530,025
EQUITY	3,540,266	3,331,332
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	71,164	133,939

NETBUREAU SRL[4]

REGISTERED OFFICE: Via Morigi, 13 – 20123 MILANO

QUOTA CAPITAL: € 50,000 fully paid in

% OF INVESTMENT OF CAD IT S.p.A.: 100%

	31/12/2011	31/12/2010
TURNOVER	461,849	944,915
GROSS OPERATING RESULT	27,686	58,638
NET OPERATING PROFIT	27,686	58,363
NET FINANCIAL INCOME AND CHARGES	118	64
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	27,804	58,427
NET PROFIT / (LOSS) FOR THE YEAR	10,037	20,707
NET TANGIBLE FIXED ASSETS	0	0
NET WORKING CAPITAL	145,973	185,962
NET INVESTED CAPITAL	92,505	62,181
EMPLOYEES' LEAVING ENTITLEMENT	53,468	123,781
EQUITY	98,305	88,267
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	5,800	26,086

[4] see note 3 to footer

DQS SRL

REGISTERED OFFICE: Largo Duranti Lido, 1 - 00128 ROMA

QUOTA CAPITAL: € 11,000.00 fully paid in

% OF INVESTMENT OF CAD IT S.p.A.: 100%

	31/12/2011	*31/12/2010*
TURNOVER	3,457,436	3,364,916
GROSS OPERATING RESULT	263,248	(65,214)
NET OPERATING PROFIT	199,356	(142,286)
NET FINANCIAL INCOME AND CHARGES	(61,323)	(35,713)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	138,033	(177,999)
NET PROFIT / (LOSS) FOR THE YEAR	2,883	(203,670)
NET TANGIBLE FIXED ASSETS	99,356	159,288
NET WORKING CAPITAL	1,798,330	1,643,047
NET INVESTED CAPITAL	1,533,878	1,436,524
EMPLOYEES' LEAVING ENTITLEMENT	363,808	365,811
EQUITY	24,885	(190,630)
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(1,468,993)	(1,617,154)

SGM SRL [5]

REGISTERED OFFICE: Galleria Spagna, 28 - 35127 PADOVA

QUOTA CAPITAL: € 100,000 fully paid in

% OF INVESTMENT OF CAD IT S.p.A.: 100%

	31/12/2011	*31/12/2010*
TURNOVER	817,467	570,872
GROSS OPERATING RESULT	23,076	43,610
NET OPERATING PROFIT	22,448	(115,749)
NET FINANCIAL INCOME AND CHARGES	147	2,257
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	22,595	(113,492)
NET PROFIT / (LOSS) FOR THE YEAR	(8,226)	(95,067)
NET TANGIBLE FIXED ASSETS	561	1,189
NET WORKING CAPITAL	1,198,587	1,180,537
NET INVESTED CAPITAL	1,060,649	1,061,585
EMPLOYEES' LEAVING ENTITLEMENT	138,499	120,141
EQUITY	1,070,808	1,079,035
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	10,159	17,450

[5] see note 3 to footer

SMART LINE SRL

REGISTERED OFFICE: Via Torricelli 44/A – 37136 VERONA

QUOTA CAPITAL: € 102,700.00 fully paid in

% OF INVESTMENT OF CAD IT S.p.A.: 51.05%

	31/12/2011	31/12/2010
TURNOVER	1,502,034	1,540,428
GROSS OPERATING RESULT	239,254	317,842
NET OPERATING PROFIT	100,574	177,987
NET FINANCIAL INCOME AND CHARGES	37	68
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	100,611	178,054
NET PROFIT / (LOSS) FOR THE YEAR	38,239	91,651
NET TANGIBLE FIXED ASSETS	237,351	358,650
NET WORKING CAPITAL	852,724	653,461
NET INVESTED CAPITAL	793,148	744,200
EMPLOYEES' LEAVING ENTITLEMENT	296,927	267,911
EQUITY	808,437	770,198
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	15,289	25,998

BIT GROOVE SRL[6]

REGISTERED OFFICE: Via Torricelli, 44/A - 37136 VERONA

QUOTA CAPITAL: € 15,500 fully paid in

% OF INVESTMENT OF CAD IT S.p.A.: 100 %

	31/12/2011	31/12/2010
TURNOVER	1,199,165	1,234,158
GROSS OPERATING RESULT	62,245	80,456
NET OPERATING PROFIT	40,910	40,955
NET FINANCIAL INCOME AND CHARGES	340	148
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	41,250	41,103
NET PROFIT / (LOSS) FOR THE YEAR	9,756	7,311
NET TANGIBLE FIXED ASSETS	30,986	44,974
NET WORKING CAPITAL	81,145	23,844
NET INVESTED CAPITAL	39,885	2,515
EMPLOYEES' LEAVING ENTITLEMENT	72,246	66,303
EQUITY	50,594	40,837
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	10,709	38,322

[6] see note 3 to footer

ELIDATA SRL

REGISTERED OFFICE: Via Sanadolo, 19 - Caglione d'Adda - LO

QUOTA CAPITAL: € 20,000 fully paid in

% OF INVESTMENT OF CAD IT S.p.A.: 51%

	31/12/2011	*31/12/2010*
TURNOVER	1,387,858	1,146,653
GROSS OPERATING RESULT	403,917	205,408
NET OPERATING PROFIT	374,251	174,054
NET FINANCIAL INCOME AND CHARGES	1,486	585
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	375,737	174,639
NET PROFIT / (LOSS) FOR THE YEAR	223,626	89,119
NET TANGIBLE FIXED ASSETS	155,080	121,499
NET WORKING CAPITAL	236,217	329,845
NET INVESTED CAPITAL	297,983	372,595
EMPLOYEES' LEAVING ENTITLEMENT	93,314	78,749
EQUITY	962,311	738,686
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	688,773	374,841

DATAFOX SRL

REGISTERED OFFICE: Via Torricelli 44/A – 37136 VERONA

QUOTA CAPITAL: € 99,999 fully paid in

% OF INVESTMENT OF CAD IT S.p.A.: 51%

	31/12/2011	*31/12/2010*
TURNOVER	464,832	548,366
GROSS OPERATING RESULT	18,548	122,803
NET OPERATING PROFIT	15,931	119,783
NET FINANCIAL INCOME AND CHARGES	247	1,517
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	16,178	121,300
NET PROFIT / (LOSS) FOR THE YEAR	4,072	84,040
NET TANGIBLE FIXED ASSETS	7,270	7,054
NET WORKING CAPITAL	182,852	175,320
NET INVESTED CAPITAL	168,892	165,987
EMPLOYEES' LEAVING ENTITLEMENT	21,230	16,387
EQUITY	177,461	185,546
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	8,569	19,559

SUMMARY FINANCIAL STATEMENTS OF THE CONSOLIDATED INDIRECT SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATION AREA

(article 2429 of the Italian Civil Code)

TECSIT SRL

REGISTERED OFFICE: Via Silvio D'Amico, 40 - 00145 ROMA

QUOTA CAPITAL: € 75,000.00 fully paid in

% OF INVESTMENT OF CAD IT S.p.A.: 70%

	31/12/2011	31/12/2010
TURNOVER	575,825	667,294
GROSS OPERATING RESULT	30,369	31,594
NET OPERATING PROFIT	27,837	27,037
NET FINANCIAL INCOME AND CHARGES	(20,291)	(16,868)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	7,546	10,169
NET PROFIT / (LOSS) FOR THE YEAR	185	264
NET TANGIBLE FIXED ASSETS	4,538	6,019
NET WORKING CAPITAL	270,967	194,198
NET INVESTED CAPITAL	263,933	179,088
EMPLOYEES' LEAVING ENTITLEMENT	11,572	21,129
EQUITY	51,370	51,185
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(212,563)	(127,903)

SUMMARY FINANCIAL STATEMENTS OF THE ASSOCIATED COMPANIES

(article 2429 of the Italian Civil Code)

SICOM SRL

REGISTERED OFFICE: Via Verdi, 15/a - 46019 Viadana (MN)

QUOTA CAPITAL: € 10,400.00 fully paid in

% OF INVESTMENT OF CAD IT S.p.A.: 25%

	31/12/2011	*31/12/2010*
TURNOVER	3,025,108	2,895,250
GROSS OPERATING RESULT	997,430	971,950
NET OPERATING PROFIT	983,650	958,145
NET FINANCIAL INCOME AND CHARGES	3,471	1,317
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	987,121	959,462
NET PROFIT / (LOSS) FOR THE YEAR	651,336	635,746
NET TANGIBLE FIXED ASSETS	456,312	462,237
NET WORKING CAPITAL	(384,001)	(391,284)
NET INVESTED CAPITAL	(80,363)	(47,220)
EMPLOYEES' LEAVING ENTITLEMENT	152,674	118,173
EQUITY	1,318,802	1,315,464
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	1,399,165	1,362,684

BDO

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Auditor's report on the 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 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. as of and for the year ended December 31, 2011. These 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 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 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the 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 24, 2011.

3. In our opinion, the statutory financial statements of CAD IT S.p.A. as of December 31, 2011 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 CAD IT S.p.A. 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 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 financial statements of CAD IT S.p.A. as of December 31, 2011.

Verona, March 23, 2012

BDO S.p.A.

Signed by:
Alessandro Gigliarano
(Director)

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 all'assemblea degli azionisti (ai sensi dell'articolo 153 D. Lgs. 58/1998 e dell'articolo 2429 del c.c.)

All'Assemblea degli Azionisti della Società CAD IT S.p.A.

L'art. 153 del D.Lgs. 24.2.1998 n. 58 prevede l'obbligo per il Collegio Sindacale di riferire all'assemblea, convocata per l'approvazione del bilancio di esercizio, sull'attività di vigilanza svolta, sulle omissioni e sui fatti censurabili rilevati, nonché la facoltà di fare proposte in ordine al bilancio, alla sua approvazione ed alle materie di propria competenza.

A tale disposizione normativa adempiamo con la presente relazione, anche nel rispetto dell'art. 2429, comma 2, Codice Civile.

Nel corso dell'esercizio chiuso al 31/12/2011 abbiamo svolto l'attività di vigilanza prevista dalla legge, tenuto conto dei principi di comportamento del Collegio Sindacale raccomandati dai Consigli Nazionali dei Dottori Commercialisti ed Esperti Contabili, riscontrando l'osservanza delle norme di legge e dello statuto in ordine alla gestione nonché alla formazione e all'impostazione del bilancio d'esercizio, di quello consolidato e delle relative relazioni.

La società è capogruppo e sottopone quindi al controllo e coordinamento (art. 2497-bis del Codice Civile) altre società individuate nel bilancio d'esercizio chiuso al 31/12/2011.

Abbiamo avuto contatti con il collegio sindacale delle controllate, ove nominato, o con i rappresentanti nei vari consigli di amministrazione delle controllate ove presenti e non sono emersi dati ed informazioni rilevanti che debbano essere evidenziati nella presente relazione.

In particolare, anche in osservanza alle indicazioni fornite dalla Consob, con comunicazioni n. 1025564 del 6 aprile 2001; n. 3021582 del 4 aprile 2003 e n. 6031329 del 7 aprile 2006, riferiamo quanto segue:

- abbiamo vigilato sull'osservanza della legge e dello statuto sociale;
- abbiamo partecipato alle riunioni dell'assemblea e del Consiglio di Amministrazione e ottenuto dagli amministratori, con periodicità almeno trimestrale, informazioni sull'attività svolta, sull'andamento della gestione e sulla prevedibile evoluzione, sulle operazioni di maggior rilievo economico, finanziario e patrimoniale deliberate e poste in essere nell'esercizio dalla Società e dalle sue controllate e possiamo ragionevolmente affermare che le azioni deliberate e poste in essere sono conformi alla legge ed allo statuto sociale e non appaiono manifestatamene imprudenti, azzardate, in potenziale conflitto di interesse o in contrasto con le delibere assunte dall'assemblea o tali da compromettere l'integrità del patrimonio sociale;

- abbiamo acquisito conoscenza e vigilato, per quanto di nostra competenza, sull'adeguatezza della struttura organizzativa della società e sul rispetto dei principi di corretta amministrazione, tramite raccolta di informazioni dai responsabili della funzione organizzativa, dal dirigente preposto alla redazione dei documenti contabili societari e incontri con responsabili della società di revisore ai fini del reciproco scambio di dati ed informazioni rilevanti e a tale riguardo non abbiamo osservazioni da riferire;
- abbiamo espresso il nostro parere con riferimento alle proposte di remunerazione in particolare degli Amministratori Esecutivi e di quelli investiti di particolari cariche;
- abbiamo vigilato sull'adeguatezza delle disposizioni impartite dalla società alle società controllate, ai sensi dell'articolo 114, comma 2, del D. Lgs. 58/1998, affinché le stesse forniscano tutte le notizie necessarie per adempiere agli obblighi di comunicazioni previsti dalla legge. La società ha altresì impartito adeguate disposizioni ai fini della tempestività delle informazioni necessarie agli obblighi di comunicazione previsti dalla Legge ai sensi degli artt. 184 – 187 quinquies del D. Lgs. 58/1998 in tema di market abuse;
- abbiamo constatato che nel corso del 2011 non vi sono state significative variazioni organizzative aziendali nel Gruppo;
- diamo atto che i criteri di valutazione illustrati nelle Note al bilancio sono sostanzialmente omogenei con quelli utilizzati per la redazione del bilancio dell'esercizio precedente;
- abbiamo valutato e vigilato sull'adeguatezza della struttura amministrativa del sistema di controllo interno che riteniamo adeguato alle esigenze societarie. Nel corso dell'esercizio abbiamo avuto periodici incontri con i responsabili del controllo interno e con l'internal auditor indipendent che ci hanno informato sugli esiti degli accertamenti compiuti presso la capogruppo ed alcune controllate;
- abbiamo valutato e vigilato sull'adeguatezza del sistema amministrativo – contabile, nonché sulla sua affidabilità a rappresentare correttamente i fatti di gestione, sia mediante l'ottenimento di informazioni dal dirigente preposto alla redazione dei documenti contabili societari e dai responsabili delle rispettive funzioni, sia mediante l'esame dei documenti aziendali che mediante l'analisi dei risultati del lavoro svolto dalla società di revisione, vigilando altresì sull'attività del preposto al controllo interno, e a tale riguardo non abbiamo informazioni particolari da riferire;
- non abbiamo rilevato l'esistenza di operazioni atipiche e/o inusuali anche infragruppo o con parti correlate;
- diamo atto che la società aderisce al sistema di tassazione del consolidato fiscale nazionale;
- in ordine alle operazioni di natura infragruppo o con parti correlate, le stesse sono state adeguatamente descritte sia nelle note di bilancio, nell'apposito prospetto, che nelle

relazioni sulla gestione e ad esse Vi rimandiamo in ordine alle caratteristiche e alla rilevanza economica. Le suddette operazioni risultano eseguite a condizioni di mercato, condotte in termini di coerenza strategica, di affidabilità economica e di atteso ritorno per la Società. Gli effetti economici, patrimoniali e finanziari derivanti dai rapporti con parti correlate sono debitamente illustrati al punto 32 delle note di bilancio. Le stesse informazioni sono altresì contenute al punto 38 delle note di bilancio consolidato al netto delle elisioni effettuate dei rapporti infragruppo;

- in data 23 marzo 2012 la società di revisione ha inviato le relazioni al Bilancio d'esercizio ed al Bilancio consolidato, esprimendo un giudizio senza rilievi sui documenti di bilancio;
- l'adesione della Società al Codice di Autodisciplina, predisposto dal Comitato per la Corporate Governance e promosso da Borsa Italiana S.p.A., e le modalità di attuazione delle regole di governo societario, sono illustrate nell'apposita relazione annuale del consiglio di amministrazione.
  In particolare abbiamo verificato i requisiti di indipendenza previsti dall'articolo 148, terzo comma, lettera c) del TUF e la corretta applicazione dei criteri e delle procedure di accertamento adottati dal consiglio per valutare l'indipendenza dei propri membri;
- diamo atto che la società, come indicato nella relazione sulla gestione, ha ottemperato agli obblighi relativi alla privacy secondo le disposizioni del D. Lgs. 196/2003 relativamente al trattamento dei dati personali ed ha provveduto alla revisione annuale del documento Programmatico sulla Sicurezza;
- diamo atto che la società ha adottato il modello di organizzazione e gestione per la prevenzione dei reati previsti dal D. Lgs. 8.6.2001, n. 231 concernente la responsabilità amministrativa della società per reati commessi dai propri dipendenti e collaboratori e ha perseguito, attraverso l'Organo di Vigilanza appositamente costituito, azioni ispettive sui processi e procedure per valutare le persistenza dei requisiti di prevenzione dei reati rilevanti ai fini del citato Decreto;
- alla società di revisione risultano conferiti i seguenti incarichi:
  - per la controllante CAD IT S.p.A.: revisione del bilancio d'esercizio, di quello consolidato, revisione contabile limitata relativa al bilancio consolidato semestrale e controllo contabile ex artt. 155 e 156 D. Lgs. 58/1998;
  - per due controllate: revisione contabile del bilancio di esercizio anche ai fini del consolidamento, ex artt. 155 e 156 D. Lgs. 58/1998;
  - sottoscrizione delle dichiarazioni fiscali per l'attività di propria competenza, per la capogruppo e le quattro controllate.

La remunerazione per tutti gli incarichi sopracitati è ricompresa nell'importo complessivo approvato in sede di delibera assembleare;

- l'attività di vigilanza sopra descritta è stata svolta in n. 4 (quattro) riunioni del Collegio nonché assistendo alle riunioni del Consiglio di Amministrazione a norma dell'articolo 149, comma 2, del D. Lgs. 58/1998, che sono state tenute in numero di 4 (quattro), ad un'assemblea dei soci, a 4 (quattro) riunioni del comitato di controllo interno.
- nel corso del 2011 non sono pervenute denunzie di cui all'articolo 2408 codice civile o esposti da parte di azionisti;
- il collegio sindacale e la società di revisione in applicazione di quanto previsto dall'articolo 150 del D.Lgs 58/2008, hanno provveduto a scambiarsi dati ed informazioni rilevanti per l'espletamento dei rispettivi compiti;
- nel corso dell'attività di vigilanza svolta e sulla base delle informazioni ottenute dalla società di revisione, non sono state rilevate omissioni, fatti censurabili, irregolarità o comunque fatti significativi tali da richiederne la segnalazione agli organi di controllo e vigilanza o la menzione nella presente relazione.

Alla data di redazione della presente relazione non risultano comunicati dalla società di revisione rilievi in ordine:

- o all'adeguatezza dell'organizzazione presso la Capogruppo per quanto riguarda l'afflusso delle informazioni e le procedure di consolidamento;
- o alla corretta applicazione dei principi contabili adottati.

Per quanto concerne il bilancio d'esercizio, che presenta un utile di Euro 2.204 migliaia, abbiamo verificato l'osservanza delle norme di legge regolanti la sua impostazione e formazione, mediante i controlli da noi esercitati, nei limiti della nostra competenza, di cui all'art. 149 D.Lgs 24.02.1998 n. 58 e le informazioni forniteci dalla società di revisione.

In particolare abbiamo accertato che non sono state esercitate deroghe di cui all'art. 2423 comma 4 Codice Civile.

La relazione sulla gestione al bilancio, illustra adeguatamente la situazione economica, patrimoniale, finanziaria, nonché l'andamento della gestione anche dopo la chiusura dell'esercizio della società. Nella relazione sono, inoltre, debitamente contenute le ulteriori informazioni richieste dall'articolo 1 del D. Lgs. 32/2007, in relazione alle quali il collegio sindacale ritiene che siano stati rispettati i presupposti di legge.

Tenuto conto di quanto evidenziato e per quanto di nostra competenza riteniamo il bilancio suscettibile della Vostra approvazione, unitamente alla proposta del consiglio di amministrazione sulla destinazione dell'utile.

Vi ricordiamo infine che con l'approvazione del bilancio al 31 dicembre 2011 termina il nostro incarico; Vi invitiamo pertanto a procedere alla nomina del nuovo collegio sindacale.

Verona, lì 26 marzo 2012

Il Collegio Sindacale

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