CAD IT S.p.A.

Consolidated Financial Statements at 31 December 2012

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

CAD IT S.p.A.

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

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Consolidated financial statements at 31/12/2012

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

BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS (1)

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI (2)
Director

JÖRG KARSTEN BRAND
Director

FRANCESCO ROSSI (2)
Director and lead independent director

LAMBERTO LAMBERTINI (2)
Independent Director

STATUTORY AUDITORS (1)

RICCARDO FERRARI
Chairman

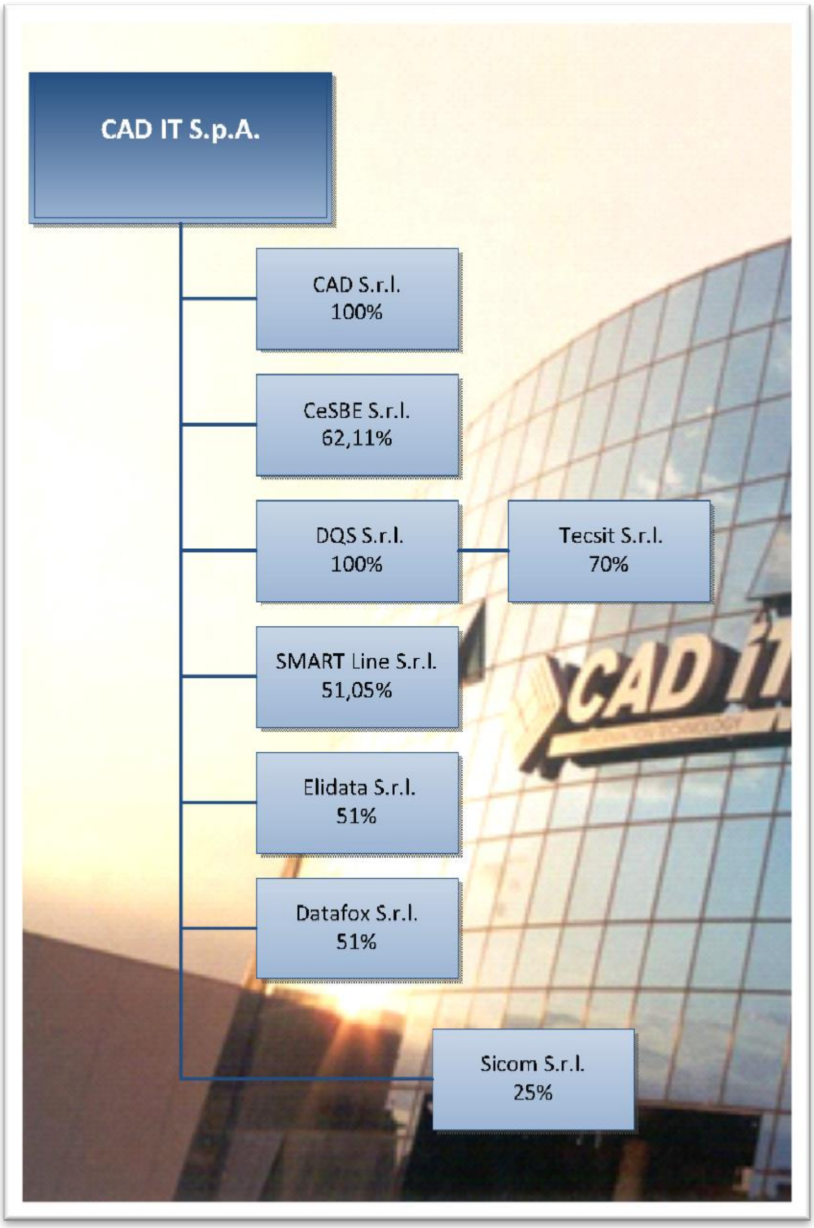
GIAN PAOLO RANOCCHI
Statutory Auditor

RENATO TENGATTINI
Statutory Auditor

AUDITORS: BDO S.p.A.

(1) Appointed on 26 April 2012; office expires with the shareholders' meeting for the approval of the 2014 financial statements.
(2) Member of the Control and Risk Committee; member of the Nominating and Compensation Committee.

The main powers reserved in the statute to the Board of Directors are the examination and approval of the strategic, industrial and financial plans of the company;the purchase, sale, exchange or transfer of fixed assets and real estate rights; the granting of collateral on fixed assets; the set up of new subsidiaries and the take-over, acquisition or sale of corporate investments; the acquisition, sale, exchange or transfer of the whole company or of business lines; the underwriting of obligations, commitments and responsibilities which, either singularly or jointly with other connected negotiations, come to more than €4,000,000; the nomination of managing directors; the release of warranties and real or personal guarantees of any kind to the sum of more than €2,000,000 for each individual transaction and, if in the interest of subjects other than the Company and its subsidiaries, to any sum whatsoever; the examination and preventive approval of significant transactions including those with company related parties and company subsidiaries; verification of the appropriateness of the administrative and organisational structure and the general accounting, the internal control system and any conflicts of interest.
The Chairman and Managing Director of the parent company CAD IT S.p.A., Giuseppe Dal Cortivo, is authorised to perform all ordinary and extraordinary administrative duties, excluding only those which can not be delegated by law and those assigned to the Board of Directors by article 19 of the company by-laws.
The Vice-Chairmen Giampietro Magnani and Luigi Zanella, pursuant to article 20 of the company by-laws, carry out vicarious functions to those of the President in case of his absence or impediment.The managing directors, Giampietro Magnani and Luigi Zanella, will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness with the power to act alone for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million); furthermore, the aforementioned directors will have the power and faculty, with their single free signature, to purchase and/or sell registered assets, with the exception of boats and airplanes of any kind.
The Managing Director Paolo Dal Cortivo will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness, with the power to act alone for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million). The said Managing Director will have ordinary administrative power to represent the Company in terms of relations with institutional investors and shareholders as well as with Borsa Italiana S.p.A. and Consob, by sending them communications and information, including anything required by the laws in force and/or the international best practice rules in respect of the laws and rules themselves and any internal regulations.



CAD IT Group at 31/12/2012

DIRECTORS' REPORT ON OPERATION

This management report is an integral part of CAD IT S.p.A.'s consolidated financial report at 31st December 2012 and includes references to the important events which occurred during the financial year and their incidence on the balance and consolidated Financial Statement, together with a description of both CAD IT S.p.A.'s and the Group's primary risks and uncertainties.
The consolidated balance at 31st December 2012 was drafted to conform with the applicable international accounting standards recognised in the European Community in accordance with EC regulation no. 1606/2002 issued by the European Parliament and Council on 19th July 2002 and with the provisions laid down in art. 9 of Leg. Dec. no. 38/2005, as well as in observance of Consob regulation no. 11971 of 14th May 1999 and subsequent modifications and integrations.
For further information on the result and CAD IT S.p.A.'s financial-economic situation, please refer to the Financial Statement.
Unless otherwise indicated, the monetary quantities in the accounting tables and those quoted in the notes, are expressed in thousands of Euro. Due to this rounding off, the sum of the details in some charts may differ from the total amount of the rounding off details.

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 direct subsidiaries.

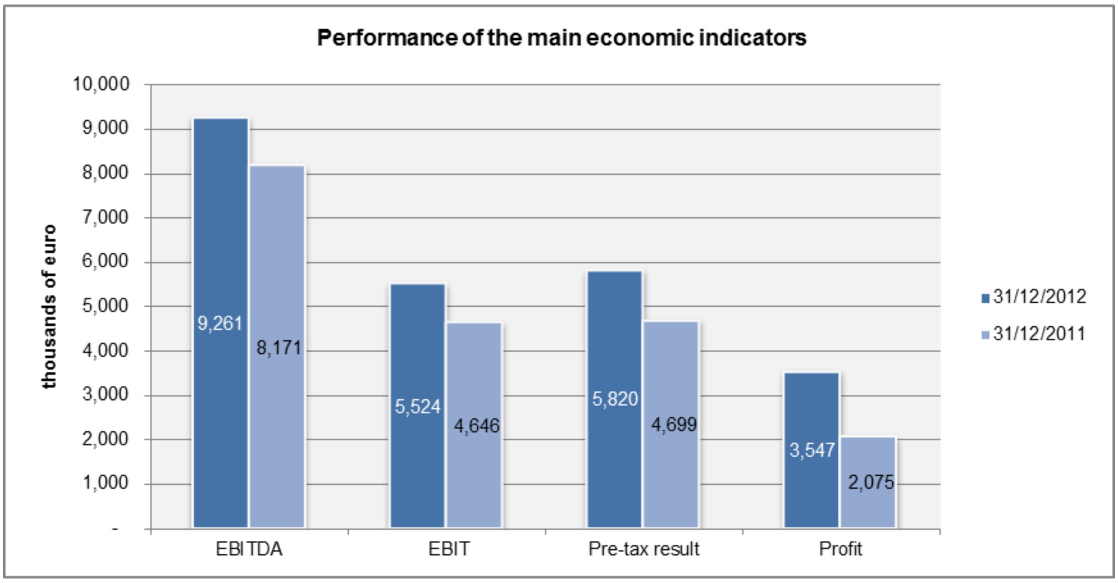
Activities of the Group

CAD IT is the leader of a group that is one of the most dynamic organisations in the Italian information technology sector.
For over 35 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, 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.

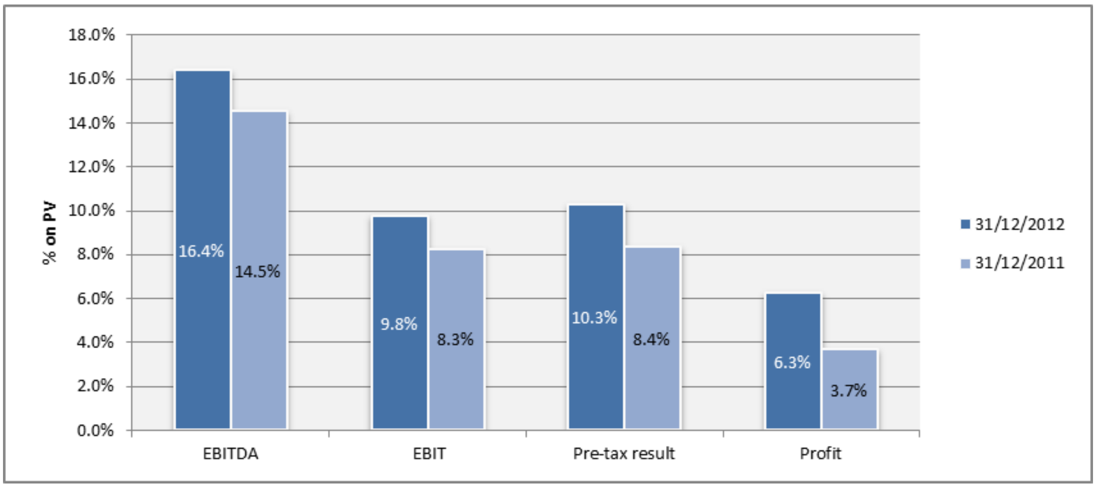
Summary of the Group results

	Period 2012		Period 2011		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Production value	56,475	100.0%	56,190	100.0%	+ 285	+ 0.5%
Added value	45,536	80.6%	44,201	78.7%	+ 1,336	+ 3.0%
Gross operational result (EBITDA)	9,261	16.4%	8,171	14.5%	+ 1,090	+ 13.3%
Operational result (EBIT)	5,524	9.8%	4,646	8.3%	+ 878	+ 18.9%
Ordinary result	5,614	9.9%	4,648	8.3%	+ 966	+ 20.8%
Pre-tax result	5,820	10.3%	4,699	8.4%	+ 1,122	+ 23.9%
Income taxes	(2,274)	(4.0%)	(2,623)	(4.7%)	+ 350	- 13.3%
Profit (loss) for the period	3,547	6.3%	2,075	3.7%	+ 1,471	+ 70.9%
Profit/(loss) for the period attributable to Owners of the parent	**3,230**	**5.7%**	**1,858**	**3.3%**	**+ 1,372**	**+ 73.8%**
Total comprehensive income	3,501		2,038		+ 1,462	+ 71.7%
Total Comprehensive income attributable to Owners of the parent	**3,184**		**1,821**		**+ 1,363**	**+ 74.8%**

	31/12/2012	31/12/2011
Total Assets	85,043	86,028
Total Equity	58,989	57,845
Equity attributable to Owners of the parent	56,414	55,356
Net short-term financial position/(indebtedness)	3,885	5,401
Net financial position / (indebtedness)	3,885	5,282
Employees at the end of the period (number)	604	594
Employees: average number in the period	603	601



Performance of the main economic indicators
thousands of euro
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
9,261
8,171
5,524
4,646
5,820
4,699
3,547
2,075
EBITDA
EBIT
Pre-tax result
Profit
31/12/2012
31/12/2011



% on PV
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
16.4%
14.5%
9.8%
8.3%
10.3%
8.4%
6.3%
3.7%
EBITDA
EBIT
Pre-tax result
Profit
31/12/2012
31/12/2011

Consolidated income results analysis

	Period 2012		Period 2011		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	51,663	91.5%	52,248	93.0%	(585)	(1.1%)
Changes in ongoing orders	(17)	(0.0%)	(179)	(0.3%)	162	(90.4%)
Asset increases due to internal work	3,550	6.3%	3,543	6.3%	7	0.2%
Other revenue and receipts	1,278	2.3%	578	1.0%	701	121.3%
Production value	**56,475**	**100.0%**	**56,190**	**100.0%**	**285**	**0.5%**
Purchase costs	(470)	(0.8%)	(626)	(1.1%)	156	(24.9%)
Service costs	(9,526)	(16.9%)	(10,562)	(18.8%)	1,036	(9.8%)
Other operational costs	(943)	(1.7%)	(802)	(1.4%)	(141)	17.6%
Added value	**45,536**	**80.6%**	**44,201**	**78.7%**	**1,336**	**3.0%**
Labour costs	(34,013)	(60.2%)	(33,796)	(60.1%)	(216)	0.6%
Other administrative expenses	(2,262)	(4.0%)	(2,233)	(4.0%)	(29)	1.3%
Gross operational result - EBITDA	**9,261**	**16.4%**	**8,171**	**14.5%**	**1,090**	**13.3%**
Allocation to fund and credit depreciation	(136)	(0.2%)	(2)	(0.0%)	(134)	-
Amortizations :						
Intangible fixed asset amortization	(3,007)	(5.3%)	(2,886)	(5.1%)	(121)	4.2%
Tangible fixed asset amortization	(594)	(1.1%)	(637)	(1.1%)	43	(6.7%)
Operational result - EBIT	**5,524**	**9.8%**	**4,646**	**8.3%**	**878**	**18.9%**
Financial income	171	0.3%	94	0.2%	77	81.5%
Financial expenses	(81)	(0.1%)	(93)	(0.2%)	12	(12.7%)
Ordinary result	**5,614**	**9.9%**	**4,648**	**8.3%**	**966**	**20.8%**
Revaluations and depreciations	206	0.4%	51	0.1%	155	304.2%
Pre-tax result	**5,820**	**10.3%**	**4,699**	**8.4%**	**1,122**	**23.9%**
Income taxes	(2,274)	(4.0%)	(2,623)	(4.7%)	350	(13.3%)
Profit/(loss) for the period	**3,547**	**6.3%**	**2,075**	**3.7%**	**1,471**	**70.9%**
Profit /(loss) for the period attributable to:						
Non-controlling interests	316	0.6%	217	0.4%	99	45.9%
Owners of the parent	**3,230**	**5.7%**	**1,858**	**3.3%**	**1,372**	**73.8%**
Weighed average number of ordinary shares outstanding	8,980,000		8,980,000			
Basic earnings per share (in €)	0.360		0.207			

The CAD IT Group closed 2012 financial period showing a significant increase in results and profitability margins compared to 2011 financial period. The result for the period was in credit by Euro 3,547 thousand, compared to Euro 2,075 thousand of previous period.
The value of production for the period, showing a 0.5% increase, was mainly due to revenues from sales and services reaching Euro 51,663 thousand (-1.1% compared to Euro 52,248 thousand in 2011).
Increases in internal work capitalised under fixed assets, due to the use of resources to develop new procedures and the Group's own software bank, came to Euro 3,550 thousand, in line compared to the Euro 3,543 thousand of 2011.
The other revenues and equivalent earnings, which came to Euro 578 thousand in 2011, stood at Euro 1,278 thousand.

This item includes Euro 1,092 thousand for IRES refund for not deducting IRAP on costs for employees and assimilated, art. 2, Legislative Decree 201/2011; moreover includes contributions allocated by interprofessional funds for financing of company training plans (Euro 77 thousand).

The Euro 45,536 thousand added value increased by 3.0% compared to Euro 44,201 thousand of 2011, increasing marginality at 80.6% on the value of production (78.7% in 2011).

Purchase costs to the value of Euro 470 thousand showed a decrease compared to Euro 626 thousand of 2011.

Service costs of Euro 9,526 thousand decreased by 9.8% compared to 2011 (equal to Euro 10,562 thousand), mainly due to lower costs for external collaborations.

The EBITDA Gross Operational Result stood at Euro 9,261 thousand (equal to 16.4% of the value of production) compared to Euro 8,171 thousand for 2011 (equal to 14.5% of the relative value of production).

Labour costs of the year came to Euro 34,013 thousand, a slight increase compared to the previous year (Euro 33,796 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 603 units, compared to 601 units in 2011.

Other administrative costs came to Euro 2,262 thousand, a slight increase compared to Euro 2,233 thousand in the period 2011.

The EBITDA Gross Operational Result shows a 13.3% increase and stood at Euro 9,261 thousand compared to Euro 8,171 thousand of 2011 financial period, mainly as a result of the reduction in service costs.

Amortization contributions for the period stood at Euro 3,007 thousand in regard to intangible assets and Euro 594 thousand for tangible assets, compared to Euro 2,886 thousand and Euro 637 thousand in the year 2011.

The EBIT Operational Result of the period was, therefore, in credit by Euro 5,524 thousand compared to Euro 4,646 thousand in the previous year, an increase of 18.9%.

The net financial management result was also improved, with financial earnings and expenses at Euro 171 thousand and Euro 81 thousand respectively, compared to a substantial equilibrium of previous year (Euro 94 thousand and Euro 93 thousand respectively).

The Ordinary Result was in credit by Euro 5,614 thousand compared to Euro 4,648 thousand in 2011.

The revaluation and devaluation result was in credit for Euro 206 thousand, compared to Euro 51 thousand in 2011. The item includes the positive result of the associate company Sicom S.r.l. (Euro 171 thousand) calculated with the net patrimony method, and the revaluation of assets available for sale sold during the period (Euro 35 thousand).

The consolidated pre-tax result of 2012 was in credit by Euro 5,820 thousand equal to 10.3% of the value of production, an increase of 23.9% compared to the previous year (Euro 4,699 thousand equal to 8.4% of the value of production).

Income taxes of Euro 2,274 thousand were down compared to Euro 2,623 thousand of the period 2011.

The result attributable to CAD IT owners was Euro 3,230 thousand, compared to Euro 1,858 thousand in the previous year, net of the result for third party accruals of Euro 316 thousand (Euro 217 thousand in 2011).

The total result for the 2012 financial period was in credit by Euro 3,501 thousand, of which Euro 3,184 thousand is attributable to CAD IT owners, compared to Euro 2,038 thousand in 2011 of which Euro 1,821 thousand attributable to CAD IT owners.

The Groups' Net Financial Position at 31/12/2012 was in credit by Euro 3,885 thousand, compared to Euro 5,282 thousand at 31/12/2011.

Financial indicators

The following table shows some synthetic indicators that compare the last three financial periods of reference, expression to the conditions of patrimonial, economic and financial balance.

Patrimonial soundness analysis aims at estimating the group's ability to maintain financial equilibrium in the medium-to-long term. This ability depends on two types of factors: the financing structure for medium/long-term

uses and the composition of financing sources.
In reference to the first aspect, on the assumption that the recovery time of these uses must logically be correlated to the recovery time of the sources, the chosen indicators to analyze these correlations are the following.

Asset financing indicators		***2012***	***2011***	***2010***
Primary structure margin	*Shareholders' equity – Non current assets*	10,654	9,869	8,188
Primary structure quotient	*Shareholders' equity / Non current assets*	1.22	1.21	1.17
Secondary structure margin	*(Shareholders' equity + Non current liabilities) – Non current assets*	20,844	20,127	18,217
Secondary structure quotient	*(Shareholders' equity + Non current liabilities) / Non-current assets*	1.43	1.42	1.38

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

Financing structure indexes		***2012***	***2011***	***2010***
Total debt quotient	*(Non current Liabilities + Current liabilities) / Shareholders' equity*	0.44	0.49	0.45
Financial debt quotient	*Financing liabilities /Shareholders' equity*	0.04	0.03	0.04

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		***2012***	***2011***	***2010***
Net ROE	*Net result/Average Shareholders' equity*	6.07%	3.65%	(1.05%)
Gross ROE	*Gross result/Average Shareholders' equity*	9.96%	8.27%	1.32%
ROI	*Operational result/(Invested operating capital – Average operational liabilities)*	9.16%	7.91%	1.26%
ROS	*Operational result/Sales income*	10.69%	8.89%	1.48%

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

Solvency indicators		***2012***	***2011***	***2010***
Availability margin	*Current assets – Current liabilities*	20,844	20,127	18,217
Availability quotient	*Current assets / Current liabilities*	2.31	2.12	2.21
Treasury margin	*(Deferred liquidity + Immediate liquidity) – Current liabilities*	20,349	19,715	17,472
Treasury quotient	*(Deferred liquidity + Immediate liquidity) / Current liabilities*	2.28	2.10	2.17

The short-term situation[1]

After a 2011 already characterized by a sharp slackening in the international economy, in 2012 world economic activity remained weak.
The latest data currently available indicate that world trade stagnated in the third quarter under the impact of the sharp contraction of demand in Europe. Trade also remained weak in the final months of the year.
The risks for the world economy have diminished following the accord reached in the United States to avert the fiscal cliff, the subsidence of financial tensions in the euro area and the improvement in the outlook in the emerging countries, but they have not vanished. Global economic activity remained slack in the second half of 2012, and the leading forecasters have trimmed their projections for the growth of world trade this year.
Economic activity in the euro area continued to weaken in the last quarter of 2012. The consequences of the financial tensions that hit several euro-area countries during the year and the effects of the necessary fiscal consolidation measures have now also spread to what had been considered the more robust economies.
However, after the EC B's announcement of Outright Monetary Transactions in the summer and the progress made at European level in managing imbalances and developing a single supervisory mechanism for banks, sovereign debt tensions subsided significantly, leading to easier monetary conditions.
The recession in the Italian economy stretched into the second half of 2012.
In the third quarter of 2012 Italy's GDP diminished at a markedly more modest pace, by 0.2 per cent, compared with the contraction of approximately one percentage point over the previous three quarters. Net foreign demand contributed, while domestic demand contracted, reflecting the persistent weakness of household consumption and gross fixed investment.
The cyclical situation remained negative in the fourth quarter as well. The economic indicators show a further fall in GDP; industrial output declined again. According to the information available, economic activity is likely to remain weak in the first quarter of 2013.
Regarding italian banking system, according to the latest consolidated quarterly reports, the operating profitability of the five largest Italian banking groups improves slightly in the first nine months of 2012 compared with the same period of 2011. Excluding extraordinary items connected with goodwill impairments, ROE rose by about 1 percentage point on an annual basis compared with the same period of 2011, to 3.3 per cent. The capital strengthening of the five largest Italian banking groups continued in the third quarter of 2012.

Significant events of the period

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., companies all entirely controlled by CAD IT S.p.A., with a view to simplifying and reorganising the group, drawn up a merger agreement to incorporate the former three companies into the latter. Consequently, 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 started as of 1st January 2012.
The transaction allowed the reduction of administrative costs and greater financial efficiency
On 26th April 2012, the Ordinary Shareholders' Meeting approved the Annual Financial Statements at 31st December 2011 and decided the distribution of an ordinary dividend of Euro 0.24 per share. The dividend will be paid from 10th May 2012. Dividend payment resulted in a cash outlay of Euro 2,155 thousand. The Shareholders' Meeting also approved the first section of the Remuneration Report ex article 123-ter of Leg. Dec. 58/1998 (available in the Company's website) and has nominated the Board of Directors and the Board of Auditors, whose office expires with the shareholders' meeting for the approval of the 2014 financial statements, and determine their remuneration.
Activities regarding the development and sale of new products for both traditional and new types of clients continued throughout the period.
In January, CAD IT, in collaboration with Micro Focus, organized an event where the company presented its own

[1] Data source: Banca D'Italia, Economic Bulletin no. 67, January 2013

innovation ideas and software platform for insurance finance.
In March was held a meeting for CAD IT'S Finance Area customers. This event has provided an opportunity to meeting for professionals working in the IT field for finance of banking institutions, with the direct testimony of a leading Italian Banking Group that explained about "user experience" relative Finance Area WEB 2.0, arousing a good deal of curiosity and considerable interest among the other participants.
Moreover, there was the intervention by a leading German financial institution, which outlined the success it is having by implementing the EasyMatch reconciliation module, part of the Finance Area suite, in Germany.
A number of technological innovations, such as multi-channelling and the system's availability in multiplatform, were also presented. The meeting included a discussion on the mutual actions to adopt in order to face challenging developments in the law, such as FATCA and Target 2 Securities (TS2). In additional explicitly dedicated sessions, the customers were able to preview the new 2012 models and Finance Area's developmental roadmap where CAD IT presented the following solutions:

- New Fund Allocation;
- Reconciliations;
- Branch (Front end) consultancy;
- Reporting and multi-channelling;
- Corporate Actions Suite;
- New financial products: deposit certificates, gold bars and coins, liquid accounts,
- Accumulation plans and mixed packages;
- Property portfolio analysis.

In April CAD IT attended the SMAU in Padua, at the Fujitsu Village. During the 2-day event, were presented services and software solutions Infor Lawson M3, international ERP for large industrial companies, and Sigmaweb, enterprise ERP for small and medium-sized companies.

- Infor Lawson M3 Enterprise is the international ERP designed to manage all large industrial company processes. With more than 4,500 customers in 40 countries, M3 Enterprise provides integrated instruments for managing a company's "core" processes: from finance to relations with the clientele, from production to the supply chain. M3 Enterprise is up and running in Italy in national and international large-sized companies and is being used by some leading companies in the food, chemical and pharmaceutical, fashion, plastic, packaging and machinery maintenance and rental sectors.
- Sigmaweb is a modular and flexible ERP solution designed to manage all the organisational and productive aspects of small to medium-sized companies. It targets production, commercial and service companies with hundreds of customers throughout Italy. Accessible by means of browsers, even on demand, Sigmaweb supports the following activities: finance, assets and liabilities, production, scheduling, logistics and commercial management.

In September CAD IT participated to the "Tablet & Cloud Computing: Oppotunities and Challenges" event organized by Centrobanca, during which was discussed the impact of new developments in ICT.
Moreover, in October CAD IT participated to the "Smarter Computing in the new IT age" event organized by IBM, during which was discussed the evolution of IT infrastructure Smarter Computing model emphasizing the organizational and economic benefits that IT can bring to the company from business results point of view.
A new contract was signed with Equitalia in December which covers activities up to 31st December 2015. The total value of the new contract is Euro 25 million and it guarantees the continuation of IT
services to the Equitalia Group's companies.
The services are carried out on CAD IT's "Sistema Esazione Tributi" (SET) platform which Equitalia decided to adopt in 2010 as the National IT solution to support the Companies that manage public tax collection. The new contract involves the provision of application management services, including corrective and adaptive maintenance and expert assistance in relation to all the software acquired and all subsequent future software developments.
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.

Human Resources

For the CAD IT Group, taking care of its own human resources, which it has always considered as a precious patrimony, is a central and critical factor for a group that aims at innovation in a rapidly and constantly changing sector.
Continual training leads to the development of know-how and an ability to innovate, as well as a systematic transfer of skills, in a process of constant improvement based on attention to 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.
2012 saw 12.3 thousand hours taken up by training (8.6 in 2011) to support operational activities and professional development, with the involvement of 493 resource units (531 in 2011) and an average of 25 hours of training per resource unit (compared to 16 hours in 2011). 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.
Investment to enrich the offer range of solutions and services for Public Administration and authorities for the management of local taxes is also continuing.

Investments

Summary of investments	*Period 2012*	*Period 2011*	*Variations*
Intangible fixed assets	223	18	+ 205
Assets under development and payments on account	3,553	3,552	+ 1
Plant, machinery, equipment and other tangible fixed assets	208	159	+ 49
Total investments in tangible and intangible fixed assets	3,984	3,729	+ 255

Investments in tangible and intangible fixed assets made by the consolidated companies during the period amount to Euro 3,984 thousand compared to Euro 3,729 thousand during 2011 financial period.
The consistent amount of investment derives from strategic decisions taken by the Board of Directors and management, who have approved the development of a large number of products, projects and new

technologies in order to be ready for development lines in the sector and to be able to propose an updated range of products that can quickly satisfy market demand.
Investments in intangible fixed assets mainly regard the development and purchasing of software for licensing to the clients or instrumental software to be used by the Group for its own activity.

Related parties transactions

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

Relationships with Group companies

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

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

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

Company	*Costs*	*Turnover*	*Receivable*	*Payable*
CAD IT S.p.A.	18,539	1,691	4,326	19,177
CAD S.r.l.	1,172	10,382	10,448	2,900
CeSBE S.r.l.	633	2,955	4,924	743
DQS S.r.l.	35	2,545	1,786	791
SmartLine Line S.r.l.	52	1,820	1,677	137
Elidata S.r.l.	50	830	749	7
Datafox S.r.l.	51	312	288	21
Tecsit S.r.l.	1	-	-	422
Total	**20,534**	**20,534**	**24,197**	**24,197**

Further information on CAD IT S.p.A.'s relations with its subsidiaries is shown in directors report on operation of the parent company, to which reference is made.

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.

Reconciliation report with the Head Company balance

The following table shows the reconciliation figures of the net patrimony and the consolidated financial result with those of CAD IT S.p.A.[2]

	Net patrimony	Result of period
Net patrimony and result of the controlling company for the period concerned	57,262	2,893
Difference between the entry value of the consolidated holdings and the pro quota value of the net patrimony	(8,892)	-
Effects on reserves	(1,205)	-
Pro quota results of the subsidiary/associate holdings	874	874
Consolidation difference	8,309	-
Subsidiary/associate dividend elimination	-	(277)
Infra-group margin elimination	(273)	(273)
Assessment of associate holdings with net patrimony method	340	13
Total net patrimony and consolidated result of period	***56,414***	***3,230***

Corporate Governance and Internal Control System

CAD IT adheres and conforms to the Governance Code for listed companies published by Borsa Italiana (hereinafter, “Corporate Governance Code”) which is available for consultation on the Borsa Italiana S.p.A. website.
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.
In the course of 2012 CAD IT concluded 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 *Corporate governance and property asset report.*
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

[2] In accordance with Consob communication no. 6064293 of 28 July 2006.

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.
More information about the corporate governance system adopted, information on property assets and adhesion to Corporate Governance regulations is provided on the *Corporate governance and property asset report*, in accordance with articles 123 bis and 124 ter TUF and 89 bis Consob Issuer Regulations, which the CAD IT S.p.A. Board of Directors annually approves.
The report is published at the same time as this financial reporting and is available for public viewing in the Investor Relations sector of the company's Internet site: www.caditgroup.com.

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 and the Group 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 2008, global financial markets were subjected to strong turbulence which led to a marked slowdown of the economy. The global economic recession of 2008 and 2009 which practically affected all geographical areas and all economic sectors of more developed countries, led to a sharp contraction of demand.
The latest periods showed weak signs of global recovery, but the economic projections are still uncertain.
A prolonged continuation of this notable weak situation, or an even further degeneration, could cause a 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 2012 period, the orders involving the 3 and 10 customers who generated the largest revenues were 38.5% and 70.1% of revenues of the Group's service and sales performances (previous year: 29.9% and 64.4%). A significant part of the Group's revenues is concentrated on a relatively small number of customers, the loss of which could therefore have a negative effect on the Group's future activities and economic, patrimonial and financial situation.
However, the management maintains that the Group's results do not significantly depend on any specific customer in particular because these customers update their information technology systems at different times and this operation takes rather a long time

Risks connected to internationalisation

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

Risks connected to breaches of contract and potential liabilities towards customers

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

Financial risks

Credit risks

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

Liquidity risks

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

Exchange rate risks and interest rate risks

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

Other Information

Neither CAD IT S.p.A. nor its controlled companies own, and/or have purchased and/or sold during the financial period CAD IT or their own shares, not even through trust companies or third parties.
CAD IT S.p.A. is not subject to the management and coordination of companies or bodies and defines its own general and operative strategies in full autonomy.
In accordance with art. 2497 bis of the Civil Code, directly or indirectly affiliated companies, with the exception of particular cases, have identified CAD IT S.p.A. as an organisation that exercises managerial and coordination activities. These activities mainly consist of indicating general and operative Group strategies and focus on defining and adjusting to internal control regulations, the issuing of a Code of Ethics to be adopted at a Group level, the processing of general policies for the management of human and financial resources, the provision of productive factors. Moreover, Group coordination for some companies means a centralisation of administrative, corporate and financial management services. The affiliated companies that remain in full control of their managerial and operative autonomy, can then scale their economies by taking advantage of the professionalism and specialist services and concentrate their own resources in the management of their specific operational skills.
During this financial period, and the previous one, no atypical or unusual operations have been carried out as defined in the Consob communication no. DEM/6064293 of 28 July 2006.
In the Financial Statement report, no alternative performance indicators have been adopted with the exception of the net financial position, shown in the Financial Statement notes, for which no reclassifications have been made in terms of Financial Statement figures and relative explanations are supplied and linked to the patrimonial status

entries concerned, as defined in the CESR Recommendations.
The Group adopts an adequate system to protect information in accordance with Leg. Dec no. 196 of 30th June 2003 "Personal data protection code" to ensure the protection of personal data.
The Group 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.
- 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.
- 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.

During 2012, CAD IT S.p.A, and the other Group companies involved, passed the surveillance check for the renewal and maintenance of the certifications held with positive results.
CAD IT, in accordance with art. 3 of Consob Deliberation no. 18079 of 20th January 2012, has decided to comply with the simplification regime provided for in articles 70, paragraph 8, and 71, paragraph 1-bis of Consob Regulation no. 11971/1999 and subsequent modifications and integrations, therefore availing itself of the right to waiver the obligation to present the expected information documents on significant operations relating to mergers, splits, increases in capital by means of the transfer of assets, acquisitions and sales.

Foreseeable development in the management

The recovery is likely to remain fragile in 2013, with marked differences from country to country and in the euro area is expected to experience further stagnation. By contrast, in the main emerging economies the expansion should be brisker than in the advanced economies and stronger than last year.
In the euro area and in Italy particularly, the growth projections reflect the global economic slowdown. Analysts are agreed, however, that world economic growth will gain strength in 2014.
The professional forecasters project a decline in euro area GDP growth of 0.1 per cent on average in 2013, compared with that of 0.4 per cent in 2012; however, the dispersion of projections is very wide, confirming the uncertainty that looms over the economic outlook for the area.[3]
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, through technical or commercial collaboration agreements and by taking on or acquiring holdings in order to create activities that are complimentary and synergic to existing ones.
In the course of the financial period, CAD IT continued to pursue its policy to expand abroad and has participated in a "software selection" in Europe for the sale of its own software applications and the relative supply of services for financial institutions
Activities in the development and sale of new products to existing customers and new types of customers continues, and moreover activities with Xchanging (a company listed on the London Stock Exchange) and which holds 10% share of CAD IT are also continuing. With these activities the CAD IT Group aims at increasing its

[3] Data source: Banca D'Italia, Economic Bulletin no. 67, January 2013

revenues both in Italy and abroad and to geographically diversify its own business.
The increase in the Group's activities resulting from expansion in to Europe and the acquisition of a greater market share could counterbalance the weakness of domestic demand.
On the date of drafting of this report, no relevant uncertainties are expected to arise in the current financial period.
The managerial trend is, nonetheless, still subject to risks connected to factors outside the Group's control.
The Board of Directors is confident that positive results can still be achieved, considering activities and actions already developed in the previous year and those planned.

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

CONSOLIDATED FINANCIAL STATEMENTS OF CAD IT GROUP

Consolidated income statement

(in thousands of Euro)

	Notes	31/12/2012 Total	31/12/2012 of which related parties	31/12/2011 Total	31/12/2011 of which related parties
Income from sales and services	3	51,663	*290*	52,248	*371*
Changes in ongoing orders		(17)		(179)	
Asset increases due to internal work	3 - 15	3,550		3,543	
Other revenue and receipts	3	1,278		578	
Purchase costs	5	(470)		(626)	
Service costs	6	(9,526)	*(569)*	(10,562)	*(276)*
Other operational costs	7	(943)		(802)	
Labour costs	8	(34,013)	*(547)*	(33,796)	*(565)*
Other administrative expenses	9	(2,262)	*(1,283)*	(2,233)	*(1,167)*
Allocation to fund and credit depreciation		(136)		(2)	
Intangible fixed asset amortization	15	(3,007)		(2,886)	
Tangible fixed asset amortization	14	(594)		(637)	
Financial income	10	171		94	
Financial expenses	10	(81)		(93)	
Revaluations and depreciations	11	206		51	
Pre-tax result		**5,820**		**4,699**	
Income taxes	12	(2,274)		(2,623)	
Profit/ (loss) for the period		**3,547**		**2,075**	
Profit/ (loss) for the period attributable to:					
Non-controlling interests		316		217	
Owners of the parent		**3,230**		**1,858**	
Weighed average number of ordinary shares outstanding		8,980,000		8,980,000	
Basic earnings per share (in €)	13	0.360		0.207	

Consolidated statement of comprehensive income

(in thousands of Euro)

	Period 2012	Period 2011
Profit/(loss) for the period	3,547	2,075
Gains/(Losses) on fair value of available-for-sale financial assets	(19)	(37)
Reclassification adjustments: gains realized on disposal of available-for-sale	(27)	-
Total Comprehensive income	**3,501**	**2,038**
Comprehensive income attributable to:		
Non- controlling interests	316	217
Owners of the parent	**3,184**	**1,821**

Consolidated Statement of financial position

(in thousands of Euro)

	Notes	31/12/2012		31/12/2011	
		Total	of which related parties	Total	of which related parties
ASSETS					
A) Non-Current Assets					
Property, plant and equipment	14	17,783		18,171	
Intangible assets	15	20,750		19,981	
Goodwill	16	8,309		8,309	
Investments	17	342		330	
Other financial assets available for sale	18	243		460	
Other non-current credits		162		132	
Credits due to deferred taxes	19	746		595	
TOTAL NON-CURRENT ASSETS		**48,335**		**47,976**	
B) Current Assets					
Inventories	20	82		70	
Ongoing orders	21	-		17	
Trade receivables and other credits	22	28,687	*100*	30,600	*158*
Tax credits	23	1,962		257	
Cash on hand and other equivalent assets	24-37	5,977		7,107	
TOTAL CURRENT ASSETS		**36,708**		**38,052**	
TOTAL ASSETS		**85,043**		**86,028**	

	Notes	31/12/2012 Total	of which related parties	31/12/2011 Total	of which related parties
EQUITY AND LIABILITIES					
A) Equity					
Company capital	25	4,670		4,670	
Reserves	26	35,349		35,395	
Accumulated profits/losses	27	16,395		15,291	
Issued capital and reserves attributable to owners of the parent		**56,414**		**55,356**	
Capital and reserves of third parties	25	2,258		2,272	
Profit (loss) of third parties		316		217	
Non- controlling interests		**2,574**		**2,489**	
TOTAL EQUITY		**58,989**		**57,845**	
B) Non-current liabilities					
Financing	29	0		119	
Deferred tax liabilities	30	3,374		3,375	
Employee benefits and quiescence provisions	31	6,784	*140*	6,724	*121*
Expense and risk provisions	32	151		40	
TOTAL NON-CURRENT LIABILITIES		**10,309**		**10,258**	
C) Current liabilities					
Trade payables	33	3,803	*224*	4,007	*81*
Current tax payables	34	2,543		4,696	
Short-term financing	35	2,092		1,705	
Other liabilities	36	7,307	*317*	7,516	*184*
TOTAL CURRENT LIABILITIES		**15,745**		**17,925**	
TOTAL LIABILITIES AND EQUITY		**85,043**		**86,028**	

Statement of changes in equity

(in thousands of Euro)

	Attribution to the shareholders of the Main Company					Minority Interests	Total
	Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Group's net patrimony		
Period end total 2008	**4,670**	**35,346**	**13,991**	**4,867**	**58,874**	**3,005**	**61,879**
Allocation of the period result to reserves			4,867	(4,867)	-		-
Dividend distribution			(4,490)		(4,490)	(388)	(4,878)
Total comprehensive income		135		1,985	2,121	(128)	1,992
Period end total 2009	**4,670**	**35,481**	**14,368**	**1,985**	**56,505**	**2,489**	**58,993**
Allocation of the period result to reserves			1,985	(1,985)	-		-
Dividend distribution			(2,245)		(2,245)	(49)	(2,294)
Effects due to profit-sharing variations in subsidiary companies			6		6	(236)	(230)
Total comprehensive income		(49)		(623)	(672)	22	(650)
Period end total 2010	**4,670**	**35,432**	**14,115**	**(623)**	**53,593**	**2,226**	**55,819**
Allocation of the period result to reserves			(623)	623			-
Allocation of profits to directors of subsidiary companies			(6)		(6)	(6)	(12)
Effects due to profit-sharing variations in subsidiary companies			(53)		(53)	53	-
Total comprehensive income		(37)		1,858	1,821	217	2,038
Period end total 2011	**4,670**	**35,395**	**13,433**	**1,858**	**55,356**	**2,489**	**57,845**
Allocation of the period result to reserves			1,858	(1,858)	-		-
Dividend distribution			(2,155)		(2,155)	(82)	(2,237)
Effects due to profit-sharing variations in subsidiary companies			29		29	(149)	(120)
Total comprehensive income		(46)		3,230	3,184	316	3,501
Period end total 2012	**4,670**	**35,349**	**13,165**	**3,230**	**56,414**	**2,574**	**58,989**

Consolidated Cash Flow Statement

(in thousands of Euro)

	NOTES	Period 2012	Period 2011
A) OPERATING ACTIVITIES			
Profit (loss) for the period		3,547	2,075
Amortisation, revaluation and depreciation:			
- Property, plant and equipment amortisation	14	594	637
- Intangible fixed asset amortisation	15	3,007	2,886
- revaluation of investments and financial assets available for sale	11	(206)	(163)
- depreciation of investments and financial assets available for sale	11-18	0	112
Allocations (utilization) of provisions		171	326
Financial performance:			
- Net financial receipts (charges)	10	(90)	(2)
Other working capital variations		1,907	(229)
Income taxes paid		(4,412)	(848)
Interest paid	10	(81)	(92)
(A) - Cash flows from (used in) operating activities		**4,437**	**4,703**
B) INVESTMENT ACTIVITIES			
Investments in activities			
- purchase of property, plant and equipment	14	(208)	(159)
- purchase of intangible assets	15	(3,776)	(3,570)
- purchase of shareholdings in subsidiaries		-	-
- increase in other fixed assets		(44)	(39)
Disinvestment activities			
- transfers of property, plant and equipment	14	2	2
- transfers of assets available for sale	15	206	-
- decrease in other fixed assets	15	14	1
Cashed Interest	10	171	94
Cashed dividends		159	162
B) - Cash flows from (used in) investment activities		**(3,477)**	**(3,508)**
C) FINANCING ACTIVITIES			
Medium/long term financing repayment		(119)	(31)
Allocation of profits to directors of subsidiary companies		-	(12)
Distribution of profit reserves for withdrawal of a partner of a subsidiary		(120)	-
Dividends paid	28	(2,237)	-
(C) - Cash flows from (used in) financing activities		**(2,476)**	**(43)**
(A+B+C) - Total cash and other equivalent assets flows		(1,516)	1,152
Opening cash balances and equivalents	37	**5,401**	**4,250**
Closing cash balances and equivalents	37	**3,885**	**5,401**

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

Notes to the financial statements

1. Accounting policies and evaluation criteria more important

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

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

In the drawing up of this Financial Statement the same accounting standards have been applied as those adopted in the drafting of the consolidated Financial Statement at 31st December 2011, with the exception of the items described in the explanatory notes – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2012.

The accounting standards adopted have been applied in the same manner throughout the periods shown and for all the Group's companies, by adjusting their financial statements prepared in accordance with Italian GAAP for consolidation purposes.

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

Unless otherwise indicated, the monetary sums of the financial statements 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 Financial Statement the company management formulates evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found in the Financial Statement. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case concerned. Since they are estimates, the results obtained are not necessarily the same as the results portrayed.

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

Accounting standards, amendments and interpretations applied since 1st January 2012

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 2012, 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 Group has decided to present revenue and cost entries referring to the period in question in two statements. One statement shows the profit (loss) components for the period (Consolidated Income statement) and the other, which begins with the profit (loss) of the period and shows the statement entries of the other components of the overall profit and loss account (Statement of comprehensive income).
The Group presents its economic account by nature, the format that is considered the most representative in terms of function presentation. In fact, the chosen format conforms to the internal reporting modalities and the business management and is in line with the way the economic account was represented in the past.
Inside the Directors' Report on management is included 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.
Each significant entry shown in the above-mentioned statements, is marked with references to notes which provide the relative information and details of the composition.

Subsidiary companies

The consolidation area includes the Parent company and the companies it controls, that is, where it has the power to determine financial and managerial policies of a business in order to reap benefits from said company's activities.
Subsidiary companies are consolidated from the date in which control was effectively transferred to the Group and are no longer consolidated as from the date that control becomes external to the Group.
These companies are consolidated using the integral consolidation method. In order to prepare the consolidated data, the patrimonial, economic and financial situations of the subsidiary and associate companies have been used as prepared by the Group's individual companies at the reference dates, opportunely reclassified and amended to reflect the application of the homogeneous accounting standards.
In drafting the consolidated balance all the balances and significant transactions between the Group's companies have been eliminated, as are all unrealised infra-group profit and loss transactions.

Associated companies

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

Property, plant and equipment

Tangible fixed assets are shown at purchase cost, including any costs that may be directly ascribable and necessary for activating the asset and putting it to the use for which it was purchased. In reference to land and buildings listed in First Time Adoption, the fair value was used instead of the cost.

Tangible fixed assets are shown at net value of the relative accumulated depreciations and losses due to the reduction in value determined in accordance with the modalities described below.

Tangible fixed assets are amortised in constant rates during the course of their expected useful life cycle, i.e. the estimated period of time in which the asset will be put to company use. Whenever significant parts of tangible fixed assets have different estimated useful life cycles, said components are amortised separately.

The value to be depreciated is given by the registered value of the asset net of any loss in value and reduced by its assumed value at the end of its useful life cycle, if significant and reasonably calculable. The useful life cycle and the cash value are reassessed annually and any changes, where necessary, are brought in with a perspective application.

The main economic-technical tax rates used are the following:

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

Land, both without buildings or next to civil and industrial constructions, is accounted for separately and not amortised as it is considered an element with an indefinite useful life cycle.

In order to calculate any losses due to depreciation, the accounting value of intangible fixed assets is subject to verification.

At the time of elimination or when no future economic benefit can be expected from the use of an asset, it is eliminated from the balance and the eventual loss or profit (calculated as the difference between the assignment value and the taxation value) is shown in the economic account of the year in which the asset is eliminated.

Financial leasing

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

Intangible fixed assets

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

Intangible fixed assets, having a defined useful life cycle, are subsequently registered net of the relative accumulated amortizations and any losses due to a reduction in value.

The useful life cycle is reassessed annually and any changes, where necessary, are brought in with a perspective application.

Profits or losses deriving from the transfer of an intangible fixed asset are determined as the difference between the elimination value and taxation value of said asset and are reported on the economic account at the time of elimination.

Project development costs for the production of instrumental software, or those to be terminated, are registered on the credit side when they satisfy the following conditions: the costs can be feasibly determined, the product is technically feasible, the expected use and/or sale of the product indicate that the sustained costs will generate future economic benefits. In respect of

the standard that correlates costs and returns, these costs are amortized as from the moment in which the activity becomes available for use, in permanent amortisation amounts for the entire duration of the product's lifecycle, estimated at five years.
The costs of internally generated intangible assets include any expenses that can be directly attributable to the development of the product and any reasonable part of general production costs attributable to the preparation stages before putting the product to use. All other development costs that cannot be capitalised, when sustained, are reported on the income statement.
The concessions and licences entry mainly includes software under licence purchased by third parties and used for programming activities, depreciated for their useful life-cycle, estimated at 3 years.

Goodwill

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

Impairment loss

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

Assets available for sale

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

Other non-current credits

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

Stock

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

On-going orders

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

Commercial credits and other credits

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

Liquid asset availability and equivalent means

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

Non current assets held for sale

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

Employee leaving entitlement

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

Risk and obligation funds

In accordance with the IAS 37, the allocations are shown when there is an ongoing obligation (legal or implicit) that stems from a past event, whenever an outlay may be necessary to satisfy the obligation and a feasible estimation may be made on the obligation amount.
If the effect of updating the assumed cash value is significant, the allocations are calculated by updating the expected future financial flows at a pre-tax discount rate that reflects the current market evaluation of the cash value in relation to time. When updating has been done, the increase in the allocation caused by the passing of time is shown as a financial obligation.

Commercial debts and other current liabilities

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

Revenues and costs

The revenues and costs are determined in accordance with the qualifying economic principle to the amount to which the *fair value* can be feasibly determined.

Depending on the type of operation, the revenues are determined on the basis of the specific criteria reported below:

- the revenues for services are determined with reference to the point at which they stand on the basis of the same criteria used for determining the position of ongoing orders. If it is not possible to feasibly determine the revenue values, they are then calculated until they concur with the amount of expenses sustained and which are deemed recoverable.
- the profits from the sale of goods are shown when significant risks and benefits of the ownership of the goods are transferred to the purchaser, the sale price is agreed or can be determined and payment is collected.

As for sales concerning assistance and/or maintenance services carried out with the annual subscription formula, the accrual is calculated in proportion with time.

The costs are ascribed in the balance according to the same criteria as those for revenue acknowledgment.

Income taxes

Current income taxes for the financial period are calculated on the basis of estimates of taxable income in accordance with the laws in vigour: Moreover, the effects deriving from the activation within the Group of the national tax consolidation are also taken into account. The debt for current taxes is accounted for in the patrimonial status, net of any taxes paid in advance.

Deferred and pre-paid income taxes are calculated on the temporary differences between the patrimonial values registered in accordance with the IFRS international accounting standards and the corresponding values realised for tax purposes. Deferred income tax are calculated applying the tax rate which will be in force at the year after the account reference dates.

In particular, assets due to pre-paid taxes are registered when their recovery is probable, that is, when it is expected that sufficient tax profits will be available in the future so that these assets may be used. The degree of recovery of pre-paid tax assets is re-examined at the end of every period. Deferred taxes are always calculated in compliance with the IAS 12.

The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised the option of Group taxation as stated in art. 117 of TUIR 917/1986, which concerns the determination of a global income that corresponds to the algebraic sum of all net comprehensive incomes of the companies in the group. The liquidation of this one tax allows the Group the contextual use of any tax losses in the period.

2. Subsidiary companies and consolidation area

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., companies all entirely controlled by CAD IT S.p.A., with a view to simplifying and reorganising the group, drawn up a merger agreement to incorporate the former three companies into the latter. Consequently, 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 started as of 1st January 2012.

In July 2012, share in the company Cesbe Srl increased from 59.00% to 62.11% following withdrawal of a shareholder.

The integral consolidation area therefore changes but this has no significant effects on the statement. The fully consolidated companies included in the financial schedules of CAD IT Group are the following:

Company name	*Registered office*	*Share/ Quota capital Euro*	*Percentage of investment at 31/12/2012*	*Percentage of investment of the Group 31/12/2012*
Consolidated using the integral method				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
CAD S.r.l.	Verona	295,500	100.00%	100.00%
CeSBE S.r.l.	Verona	10,400	62.11%	62.11%
D.Q.S. S.r.l.	Roma	11,000	100.00%	100.00%
Elidata S.r.l.	Castiglione D'Adda (LO)	20,000	51.00%	51.00%

Smart Line S.r.l.	Verona	102,700	51.05%	51.05%
Datafox	Verona	99,999	51.00%	51.00%
Tecsit S.r.l. [1]	Roma	75,000	70.00%	70.00%
[1] Held through DQS S.r.l.				

3. *Revenues*

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

	Period 2012		Period 2011		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	51,663	91.5%	52,248	93.0%	(585)	(1.1%)
Changes in ongoing orders	(17)	(0.0%)	(179)	(0.3%)	162	(90.4%)
Asset increases due to internal work	3,550	6.3%	3,543	6.3%	7	0.2%
Other revenue and receipts	1,278	2.3%	578	1.0%	701	121.3%
Production value	**56,475**	**100.0%**	**56,190**	**100.0%**	**285**	**0.5%**

The supply of services and sales of goods includes earnings deriving from the sale of software under licence, maintenance and updating services, the use of personalised applicative packages, the sale of hardware goods, application management services, consultancy services and information system design.
During the 2012 financial period, earnings from sales and services decreased compared to 2011 by 1.1%, to reach a value of Euro 51,663 thousand (compared to Euro 52,248 thousand in 2011 financial period).
Increases in internal work capitalised under fixed assets came to Euro 3,550 thousand, compared to Euro 3,543 thousand in the 2011 financial period and included activities carried out by CAD IT (Euro 2,129 thousand), as well as those commissioned by CAD IT to its subsidiaries CAD (Euro 1,140 thousand), CeSBE (Euro 257 thousand), DQS (Euro 24 thousand) for the development of new procedures for sale on licence or instrumental for traditional activities.
The other revenues and equivalent earnings, which came to Euro 578 thousand in 2011, stood at Euro 1,278 thousand.
The item includes Euro 1,092 thousand and regards an IRES tax rebate, presented following the issue of legal decree 201/2011 which established the retroactive application of the principle according to which the IRAP regional tax on derived and absorbed labour costs can be deducted from income taxes.
Other revenues and earnings include contributions allocated by interprofessional funds for financing of company training plans (Euro 77 thousand).
The Group's activities are not on the whole, affected by significant cyclical or seasonal variations in total sales during the financial period.

4. *Segment reporting by sectors*

The internal organizational 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	***31/12/2012***				
	Finance	***Manufacturing***	***Not allocated/General***	***Elisions***	***Consolidated***
External revenues	54,034	2,441	-	-	56,475
Intersegment revenues	3,364	-	-	(3,364)	-
Total revenues	57,398	2,441	-	(3,364)	56,475
Costs	(50,409)	(2,307)	(1,598)	3,364	(50,951)
Gross Operating Result (EBITDA)	10,724	135	(1,598)	-	9,261
Operating Result (EBIT)	6,989	133	(1,598)	-	5,524
Net financial income (expenses)	-	-	90	-	90
Revaluations and devaluations	171	-	35	-	206
Result	7,160	133	(1,473)	-	5,820
Income taxes	-	-	(2,274)	-	(2,274)
Third party share (profit)/loss	(498)	(13)	194	-	(316)
Financial period profit (loss)	6,662	121	(3,553)	-	3,230
Assets	81,434	901	2,708	-	85,043
Liabilities	19,729	409	5,917	-	26,054

Disclosures for business segments	***31/12/2011***				
	Finance	***Manufacturing***	***Not allocated/General***	***Elisions***	***Consolidated***
External revenues	53,391	2,799	-	-	56,190
Intersegment revenues	3,598	-	-	(3,598)	-
Total revenues	56,989	2,799	-	(3,598)	56,190
Costs	(50,815)	(2,698)	(1,628)	3,598	(51,544)
Gross Operating Result (EBITDA)	9,696	104	(1,628)	-	8,171
Operating Result (EBIT)	6,173	101	(1,628)	-	4,646
Net financial income (expenses)	-	-	2	-	2
Revaluations and devaluations	163	-	(112)	-	51
Result	6,336	101	(1,739)	-	4,699
Income taxes	-	-	(2,623)	-	(2,623)
Third party share (profit)/loss	(420)	(9)	212	-	(217)
Financial period profit (loss)	5,916	92	(4,150)	-	1,858
Assets	84,337	839	852	-	86,028
Liabilities	19,762	350	8,071	-	28,183

Information on the sector according to the secondary layout by geographical area is not provided as the Group presently produces and carries out its activities mainly nationally and homogeneously. In fact, revenues from foreign customers amount to 1.4 % of the total sales and services revenues (2.4 % in 2011).

5. Purchase Costs

	31/12/2012	31/12/2011	Variations	%
Hardware-Software purchases for sale	204	340	(136)	(39.9%)
Maintenance and consumable hardware purchases	13	9	5	53.4%
Other purchases	264	237	27	11.5%
Variations in raw material stock	(12)	40	(52)	(128.7%)
Total	***470***	***626***	***(156)***	**(24.9%)**

Costs for hardware and software purchases for commercialisation refer to purchases made for orders that clients had already confirmed and show a decrease compared to 2011.

6. Service costs

	31/12/2012	31/12/2011	Variations	%
External collaboration	5,255	6,391	(1,137)	(17.8%)
Travelling expenses and fee reimbursement	1,425	1,514	(89)	(5.9%)
Other service costs	2,846	2,657	189	7.1%
Total	***9,526***	***10,562***	***(1,036)***	**(9.8%)**

Service costs in 2012 came to Euro 9,526 thousand, in decrease compared to the previous year (Euro 10,562 thousand).
To be more precise, costs for external collaboration decreased by Euro 1,137 thousand (-17.8%) and costs for travelling expenses and fee reimbursement decreased by Euro 89 thousand (-5.9%).
The other service costs, increased by Euro 189 thousand (+7.1%) mainly include assistance fees and hardware and software maintenance, energy costs, administrative, legal and fiscal consultancy, maintenance costs for office management and installed systems.

7. Other operating costs

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

	31/12/2012	31/12/2011	Variations	%
Leases and rentals	548	566	(18)	(3.2%)
Misc. operating costs	395	236	160	67.7%
Total	***943***	***802***	***141***	**17.6%**

Leases and rentals in the financial period came to Euro 548 thousand, decreasing by Euro 18 thousand compared to the previous year, and mainly refer to equipment and instrumental software rental and to to lease of operational offices.
Other operating costs, increased by Euro 160 thousand, mainly include municipal tax on real estate and credit losses.

8. Labour costs and Employees

Labour costs are as follows:

	31/12/2012	31/12/2011	Variations	%
Salaries and wages	24,461	24,110	351	1.5%
Social security contributions	7,330	7,281	48	0.7%
Severance pay	2,003	2,228	(226)	(10.1%)

Other costs	220	177	43	24.1%
Total	***34,013***	***33,796***	***216***	**0.6%**

Labour costs in 2012 financial period increased by Euro 216 thousand (+0.6%) compared to the previous year, due to the application of increases in contractual remunerations and to the assigning of employee bonuses. Furthermore, labour costs include the actuarial loss of Euro 22 thousand deriving from carrying out actuarial calculations according to the IAS 19 accounting standard, while in the previous year was of Euro 305 thousand.
The figures relating to the precise number of employees working in the CAD IT Group at the end of the year are shown below.

Category of employees	*labour force at 31/12/2012*	*labour force at 31/12/2011*
Management	18	19
White-collars and cadres	578	573
Blue-collars	2	1
Apprentices	6	1
Total	**604**	**594**

At the end of 2012, the number of CAD IT Group staff increased by 10 units with a total of 604 employees; to be precise, 24 people were employed during the financial period and 14 were dismissed, thus determining the following turnover rate:

Employees turnover	*2012*	*2011*
Negative turnover (Dismissed/employees at beginning of period)	2.4%	3.8%
Positive turnover (Employed/employees at beginning of period)	4.0%	1.3%
Total turnover (∑ turnover)	6.4%	5.1%
Turnover compensation rate (Employed/Dismissed)	171.4%	34.8%

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

Category of employees	*Average number 2012*	*Average number 2011*
Management	18	19
White-collars and cadres	578	580
Blue-collars	2	1
Apprentices	5	1
Total	**603**	**601**

The average number of employees increased by 2 units compared to the previous period.
The Group dedicates particular attention to professional staff training by means of internal training programmes and updating courses.

9. Other administrative costs

The entry of the total amount of Euro 2,262 thousand, shows a Euro 29 thousand increase compared to the 2011 financial period (+1.3%) and includes costs relating to director and manager fees and their relative contributory costs. Highlighted among the rest are mainly telephone expenses of Euro 387 thousand and advertising expenses to the amount of Euro 104 thousand.

The entry ‘other administrative expenses’ include fees paid to related parties (see note 38).
The table below shows the other administrative costs in detail:

	31/12/2012	31/12/2011	Variations	%
Director and legal representative fees	1,600	1,532	68	4.4%
Director retirement	15	15	-	-
Director and legal representative fee contributions	155	129	26	20.5%
Telephone charges	387	396	(9)	(2.2%)
Commissions	1	6	(5)	(76.7%)
Advertising fees	104	155	(51)	(33.0%)
Total	***2,262***	***2,233***	***29***	**1.3%**

10. Financial performance

The net financial management result was in credit by Euro 90 thousand, improving compared to the period 2011, as the following detailed table shows:

	31/12/2012	31/12/2011	Variations	%
Interest on bank deposits and equivalent	171	94	77	81.8%
Total financial income	**171**	**94**	***77***	**81.8%**
Interest on bank overdrafts and loans	(78)	(84)	6	(7.6%)
Interest on debts for financial leasing	(3)	(8)	5	(65.3%)
Total financial charges	***(81)***	***(93)***	***12***	**(12.6%)**
Net financial income and (charges)	***90***	***2***	***89***	**N.S.**

Financial earnings are made up of interest received from liquid assets in current bank accounts and capitalisation insurance policies classified as liquid assets.
Financial expenses amounting to Euro 81 thousand (-12.6% compared to 2011) mainly refer to current account overdrafts.

11. Revaluations and depreciations

	31/12/2012	31/12/2011	Variations	%
Revaluation of holding in associate companies	171	163	8	5.1%
Revaluation of assets available for sale	35	-	35	-
Devaluation of assets available for sale	-	(112)	112	(100.0%)
Total revaluations and depreciations	***206***	***51***	***155***	**304.2%**

The revaluation of holdings calculated with the net patrimony method concern the subsidiary Sicom S.r.l., which was revaluated of Euro 171 thousand in 2012 period, compared to Euro 163 thousand in the previous year.
The Euro 35 thousand revaluation amount registered to 31/12/2012 refers to increase in the value of assets available for sale sold during the period; in the previous period the same investments suffered a devaluation of Euro 112 thousand.

12. Income taxes

	31/12/2012	31/12/2011	Variations	%
Tax pre-payments	35	91	(56)	(61.6%)
Deferred taxes	(188)	(370)	182	(49.3%)
Current taxes	2,427	2,902	(475)	(16.4%)

Total income taxes	***2,274***	***2,623***	***(349)***	**(13.3%)**

The taxes ascribable to 2012 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				
Theoretical rate	**IRES**	27.5%	**IRAP**	3.9%
	Taxable	**Tax**	**Taxable**	**Tax**
Pre-tax result and theoretical tax	**5,820**	**1,601**	**5,820**	**227**
Temporary differences				
Deductable in later financial periods	785		595	
Taxable in later financial periods	-		(39)	
Taxation of temporary differences of previous financial periods	11		-	
Deduction of temporary differences of previous financial periods	(197)		(197)	
Variations for application IAS	(6)		27	
Total temporary variations from previous periods	*592*	*163*	*387*	*15*
Permanent differences				
To IRES / IRAP income increases	1,215		37,949	
To IRES / IRAP income decreases	(2,919)		(13,973)	
Total permanent differences	*(1,704)*	*(469)*	*23,976*	*935*
Taxable fiscal income	**4,709**		**30,184**	
Use of tax losses / variation due to regional IRAP rates	(194)			13
Taxable income / current tax on the period's income	**4,514**	**1,241**	**30,184**	**1,190**
Greater (lesser) taxes relating to previous financial periods		(1)		(4)
Current taxes		**1,240**		**1,187**
Effective rate on the pre-tax result	IRES	21.3%	IRAP	20.4%

Summary of theoretical tax expenses and total effect	**period 2012**		**period 2011**	
Current IRES tax	1,240	21.3%	1,648	35.1%
Current IRAP tax	1,187	20.4%	1,255	26.7%
Total current taxes and effective rate	**2,427**	**41.7%**	**2,902**	**61.8%**

13. Earnings per share

The basic earnings per share is calculated by dividing the year's profit ascribable to the ordinary shareholders of the Head Company by the weighed average number of ordinary shares 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	*Period 2012*	*Period 2011*
Net profit (loss) ascribable to ordinary shares in thousands of Euro	3,230	1,858
Weighed average number of ordinary shares outstanding	8,980,000	8,980,000
Basic earnings per share (in €)	**0.360**	**0.207**

14. Property, plant and equipment

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

	31/12/2012	*31/12/2011*	*Variations*	*%*
Land	1,527	1,527	0	-
Buildings	14,589	14,712	(123)	(0.8%)
Plant and equipment	1,197	1,420	(223)	(15.7%)
Other assets	470	512	(42)	(8.2%)
Total property, plant and equipment	***17,783***	***18,171***	***(388)***	**(2.1%)**

Land and buildings include property and land, accounted for separately, belonging to the Group.
During the first half of 2012 was extinguished on leasing contract subscribed by a group company, which subsequently has exercised the redemption option of the fixed asset.
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.
Purchases of new tangible assets during the year came to a total of Euro 208 thousand of which Euro 173 thousand were for “other tangible assets” which mainly include purchases of information technology equipment, necessary for managing the Group’s traditional activities.
In the financial period, property, plant and equipment were not subject to any decrease in value that needed to be recorded in the balance.
In the period, the item "property, plant and equipment" varied as follows:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total
Purchase or production cost	9,140	4,178	30	5,251	18,598
First time adoption revaluations	8,439	-	-	-	8,439
Previous years depreciation and write-downs	(1,340)	(2,757)	(26)	(4,743)	(8,867)
Adjustments to previous years write-downs	0	0	0	0	0
Opening value	***16,238***	***1,420***	***4***	***508***	***18,171***
Variations in consolidation area	-	-	-	-	-
Purchases	-	33	3	173	208
Transfers	-	-	-	-	-
Reduction in accumulated depreciation due to disposals	-	14	-	239	253
Disposals	-	(14)	-	(241)	(255)
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(123)	(256)	(2)	(214)	(594)
Adjustments to write-downs for the period	-	-	-	-	-
Total tangible fixed assets	***16,116***	***1,197***	***5***	***465***	***17,783***

15. Intangible fixed assets

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

	31/12/2012	31/12/2011	Variations	%
Industrial patents and similar rights	8,491	5,252	3,239	61.7%
Licences, trademarks and similar rights	225	178	47	26.4%
Assets under development	12,034	14,551	(2,518)	(17.3%)
Total Intangible fixed assets	***20,750***	***19,981***	***769***	***3.8%***

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

	Industrial patents and similar rights	Licences, trademarks	Assets under development and payments on account	Other	Total
Purchase or production cost	18,111	3,592	14,551	35	36,289
Previous years revaluations	-	-	-	-	-
Previous years depreciation and write-downs	(12,859)	(3,414)	-	(35)	(16,308)
Adjustments to previous years write-downs	-	-	-	-	-
Opening value	***5,252***	***178***	***14,551***	***0***	***19,981***
Variations in consolidation area	-	-	-	-	-
Purchases/ Increases	-	223	3,553	-	3,776
Transfers	6,059	11	(6,070)	-	0
Reduction in accumulated depreciation due to disposals	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(2,820)	(187)	-	-	(3,007)
Adjustments to write-downs for the period	-	-	-	-	-
Total intangible fixed assets	***8,491***	***225***	***12,034***	***0***	***20,750***

The voice “industrial patent rights and works of ingenuity” is almost entirely made up of software procedures developed by the CAD IT Group; the entry has increased by Euro 6,059 thousand due to the reclassification of procedures, previously registered in intangible assets under development, which were completed and become available for sale or for use during the financial period. The values are registered to credit to the directly sustained cost, mainly inherent to the use of internal resources used, as well as the extra expenses that may have been added to the original cost. In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product’s lifecycle, estimated at five years. The amortizations of this voice in the period came to Euro 2,820 thousand.

The caption “Licences, trademarks and similar rights” principally includes the licensed out software bought by third parties used by the Group for programming activities. During the period were made purchases for Euro 223 thousand, while the amortization of this voice came to Euro 187 thousand.

The voice “assets under development” refers to investments in the development of software procedures under construction both for sale and for in-company use. Most of these investments are aimed at new, advanced products, for which is expected the need of use by credit and financial institutions as well as in the field of public and industrial administration.

These assets are registered to credit on the basis of the directly sustained cost, mainly relating to the use of internal resources used.

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 not undergone reduction in value during the year that need to be registered in the Financial Statement.

16. Goodwill

The Group verifies the recovery of goodwill at least once a year or more often if there are indications of a value loss. During the six month period, situations indicating that assets may be impaired and may need a formal estimation of their recoverable value have not been found.

The goodwill acquired in an aggregation of companies is allocated, at the time of purchase, to the Cash Generating Unit (CGU) from which benefits connected to the aggregation are expected. In particular, with regard to the CGU of the Group, these concern the controlled companies that represent the smallest identifiable group of activities that generate in-coming financial flows and which are largely independent of the in-coming financial flows from other activities or groups of activities.

The accounting value of goodwill has been allocated to the CGU as follows at the date of First Time Adoption:

Company	*Accounting value of goodwill*
CAD S.r.l.	4,725
D.Q.S. S.r.l.	2,279
Elidata S.r.l.	617
Smart Line S.r.l.	443
Datafox	217
CeSBE S.r.l.	28
Total	**8,309**

The recoverable value of the CGU is verified by determining the value in use.

The evaluation of the CAD IT Group companies was made through a *Discounted Cash Flow* (DCF), the most common calculation method in financial markets. Operational cash flow forecasts are based on the most recent budget plans approved by the Board of Directors and relate to the period 2013-2015 which take into account the

concrete company 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 10.65%.
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 = 10.65%.
The permanent growth rate of the company being evaluated was chosen by taking it as 0% a year despite the CAGR of the income and profits of each being greater.
The value of the companies was determined as a summation of discounted back cash flows (Free Cash Flow), of the remaining value and the net financial position. In brief we can say:

Company value = ± net financial position + discounted cash flows + remaining value

Into mathematical terms, the value corresponds to the following formula:

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

where:
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

17. Investments in associates

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

Company name	Date of reference	Quotaholders' equity including profit for the period	Profit for the period	Percentage of investment	Investment value of the Group
Sicom S.r.l.	31/12/2012	1,370	685	25.00%	342
Sicom S.r.l.	31/12/2011	1,319	651	25.00%	330

18. Financial assets available for sale

During 2012 was entirely alienated participation in Class Editori SpA and part of that in CIA S.p.A., companies listed on Borsa Italiana SpA. The residual holding is 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 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 2012 and 2011 financial periods:

Holding	31/12/2012		31/12/2011	
	No, of shares held	Fair value €/000	No, of shares held	Fair value €/000
Class Editori S.p.A. (CLE)	-	-	559,112	140
Cia S.p.A. (CIA)	1,008,759	243	1,230,509	320
Total		**243**		**460**

19. Credits due to prepaid taxes

Credits due to prepaid taxes, of Euro 746 thousand, have been recorded as assets in the current and previous periods as will be probably the realization of a taxable income for which they can be used.
Credits for pre-paid IRES and IRAP taxes are mainly in reference to time differences deductible over the next few financial periods.

20. Inventories

The unsold stock entry includes finished products and goods to a total of Euro 82 thousand. The voice increased by Euro 12 thousand compared to previous year.

21. Ongoing work to order

Due to the full completion of contracts in progress, in the year 2012 are not budgeted ongoing work to order, compared to Euro 17 thousand in the previous year.

22. Trade receivables and other credits

Commercial credits and other credits are made up as follows:

	31/12/2012	31/12/2011	Variations	%
Credits to clients	28,209	30,092	(1,883)	(6.3%)
Credit depreciation fund	(165)	(164)	(2)	1.0%
Accrued income and deferred expenses	413	324	88	27.2%
Other credits	231	347	(117)	(33.6%)
Total trade receivables and other credits	***28,687***	***30,600***	***(1,913)***	**(6.3%)**

% coverage credit depreciation fund	0.59%	0.54%

Credits to clients are entirely due within 12 months; the accounting value of commercial credits and other credits is approximate to their *fair value* and are mainly in favour of government, banking institutions, financial and insurance institutions.
The high sum of credits towards clients is conditioned by the size of the value of the contracts, as well as the contractual terms of payment which usually state that the payment of the amounts due are to be paid after the procedures supplied have been tested.

The Group evaluated the credits to the probable break-up value. This evaluation is made analytically for expired credits and on expiry of a greater length of time than the average receipt time and on a lump-sum basis for the other credits, depending on the past incidence of losses that the Group finds for sales during the invoicing year.
Regarding credits that are considered uncollectable, an allocation fund has been set up to the amount of Euro 165 thousand (Euro 164 thousand at 31 December 2011) which ensures a cover of 0.59% of the total amount of credits towards clients. This fund was determined on the basis of past data regarding losses on credits and is considered proportionate.
The entry Accruals and deferrals refers to the whole sum of deferrals made up as follows:

Nature	*31/12/2012*	*31/12/2011*
Software assistance	302	168
Advertising expenses	7	35
Expenses for leases and rentals	20	16
Telephone charges	3	21
Administrative services	11	5
Various insurances	9	14
Hardware assistance	46	37
Other various	13	26
Total Accrued costs	***413***	***324***

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

Credits towards other	*31/12/2012*	*31/12/2011*	*Variations*
Receivables from social security institutions	17	6	11
Payments on account to suppliers	199	323	(123)
Other	13	15	(3)
Guarantee deposits	1	3	(2)
Total credits towards other	***231***	***347***	***(117)***

23. Tax credits

The entry of Euro 1,962 thousand (Euro 257 thousand in the previous year) was made up of:

- excess down payments in direct taxes (IRES and IRAP) of the period;
- credit relating to the IRES reimbursement, according to Decree-Law 201/2011, deriving from not inferred IRAP relating staff costs and assimilated for periods 2007-2011 (Euro 1,092 thousand);
- credit relating to the reimbursement, according to Article 6 of Decree-Law 185/2009, deriving from IRAP deductibility at 10% for periods 2004-2007 (Euro 192 thousand).

24. Cash and other equivalent assets

	31/12/2012	*31/12/2011*	*Variations*	*%*
Bank and postal accounts	3,479	4,667	(1,188)	(25.5%)
Cash-on-hand and cheques	8	10	(3)	(25.5%)
Insurance policies capitalised	2,490	2,429	61	2.5%
Total Cash and other equivalent assets	***5,977***	***7,107***	***(1,130)***	**(15.9%)**

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

rate. The guaranteed minimum annual rate is 2.50%.

25. Company capital

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

Net patrimony attributable to owners of the parent

Net patrimony attributable to owners of the parent came to Euro 56,414 thousand compared to Euro 55,356 thousand at 31 December 2011.

Third party net patrimony

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

Minority interests	*31/12/2012*	*31/12/2011*
Minority quotaholders of CeSBE S.r.l.	1,323	1,453
Minority quotaholders of Datafox S.r.l.	104	83
Minority quotaholders of Tecsit S.r.l.	16	16
Minority quotaholders of Elidata srl	600	537
Minority quotaholders of Smart Line S.r.l.	531	401
Total third party net patrimony	**2,574**	**2,489**

During 2012, share of CAD IT in the company Cesbe Srl increased from 59.00% to 62.11% following withdrawal of a shareholder.

26. Reserves

	31/12/2012	*31/12/2011*	*Variations*	*%*
Shares surcharge reserve	35,246	35,246	0	-
Re-evaluation reserve for fin. assets available for sale	103	149	(46)	(30.8%)
Total Reserves	***35,349***	***35,395***	***(46)***	**(0.1%)**

The valuation reserve for available assets has changed during 2012 due to the reduction in the fair value at 31st December 2012 and for reclassification of the profit realized on the sale of investments in listed companies (see also note 18).

27. Accumulated profit/losses

	31/12/2012	31/12/2011	Variations	%
Previous profits/losses	(620)	6	(626)	-
Legal reserve	934	934	0	-
FTA transition reserve	2,119	2,119	0	-
Consolidation reserve	21	(289)	309	(107.2%)
Available joint profit reserve	10,711	10,663	49	0.5%
Period profits/losses	3,230	1,858	1,372	73.8%
Total accumulated profits/losses	***16,395***	***15,291***	***1,104***	**7.2%**

The FTA transition fund covers any differences that may have occurred when the international accounting standards were first adopted.

28. Dividends paid

On 26th April 2012, the Ordinary Shareholders' Meeting approved the financial statement for the year ending at 31/12/2011 and agreed to distribute a dividend of Euro 0.24 per share. Dividend payment resulted in a cash outlay of Euro 2,155 thousand.

29. Financing

As a result of the extinction of the lease contract of the subsidiary Elidata, at the end of the period the Group does not hold any medium and long-term financing debts towards banks or other lenders.

30. Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,374 thousand (compared to Euro 3,375 thousand at 31 December 2011) and took into account the taxable temporary differences resulting from differences of the accounting value of an asset or liability compared to its recognised value for tax purposes. They also referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods.

31. Employees' leaving entitlement and quiescence reserves

	31/12/2012	31/12/2011	Variations	%
Employees' leaving entitlement (TFR)	6,744	6,699	45	0.7%
Fund due to director to the end of term of office treatment	40	24	16	63.9%
Total	***6,784***	***6,724***	***60***	**0.9%**

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

Employees' leaving entitlement	*31/12/2012*	*31/12/2011*
Opening balance	6,699	6,379
Service cost	117	135
Interest cost	215	231
Benefits paid	(309)	(351)
Actuarial (gains)/losses	22	305
Closing balance	***6,744***	***6,699***

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 expense determined by the increase that the present value of the obligations is subject to during a period for the approach of the probable date of payment of the benefit.

In determining the current value of the bond, the annual discounting back rate was determined, in compliance with paragraph 78 of the IAS 19 international accounting standards, in reference to the average return curve which results from the IBOXX Eurozone Corporates A index, on duration 10+ years, in the month assessed and equals 3.20%. This rate was considered representative of the shares of leading companies in the financial market, bearing in mind that the Group's main market for its activities is Italy.
For information purposes, the value of the bond at 31/12/2012, determined on the basis of the annual discounting back rate deduced from the IBoxx Corporate AA index, on duration 10+, which, at the date of assessment, was 2.70%, would have been Euro 7,152 thousand.

32. Expense funds and risks

The entry of a total of Euro 151 thousand, includes Euro 30 thousand set aside and registered in previous periods for legal disputes.
Following the decision of the Provincial Tax Commission, in relation to tax disputes relating to the year 2006, the subsidiary DQS Srl has set aside to risks fund for tax liabilities the amount of Euro 120 thousand. The decision will be challenged on appeal.

33. Commercial debts

The entire point amount of Euro 3,803 thousand shows the following trend:

	31/12/2012	*31/12/2011*	*Variations*	*%*
Debts towards associated companies	108	32	76	233.3%
Debts towards suppliers	3,209	3,590	(382)	(10.6%)
Payments on account received	1	39	(38)	(97.3%)
Accrued expenses and deferred income	486	345	140	40.6%
Total Commercial debts	***3,803***	***4,007***	***(204)***	**(5.1%)**

Debts towards suppliers are referred to as current debts for supplies of goods and services received.
The deferred income refers almost entirely to income that was already invoiced regarding annual ordinary maintenance contracts on user licences and mainly pertaining to 2013 financial period.

34. Tax debts

The entry for fiscal debts, of the total amount of Euro 2,543 thousand, is made up of debts that the companies within the Group, and included in the consolidation area, have accumulated towards the inland revenue. The entry consists of debts for added value tax and for withholding agent activities carried out by the different companies in respect of employees and collaborators. Income tax debts in the financial period are compensated by tax credits for down payments paid during the year.

35. Short-term financing

At 31 December 2012 this point amounted to Euro 2,092 thousand and is made up from short-term financing carried out by banking institutes and overdrawn and increased by Euro 387 thousand compared to previous year.

36. Other debts

Details of other debts are as shown:

	31/12/2012	31/12/2011	Variations	%
Social security charges payable	2,690	2,787	(97)	(3.5%)
Towards directors	229	91	139	153.2%
Dividends to be distributed to shareholders (third parties)	27	27	0	-
Towards staff for deferred salaries and pay	4,283	4,601	(318)	(6.9%)
Other	78	11	67	613.2%
Total	**7,307**	**7,516**	**(209)**	**(2.8%)**

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

Debt towards staff for wages and deferred pay	31/12/2012	31/12/2011	Variations	%
For wages and expense accounts	1,144	1,230	(85)	(6.9%)
For production incentives	406	477	(71)	(14.9%)
For holidays	1,905	2,113	(208)	(9.8%)
For thirteenth month (year-end bonus)	3	0	3	-
For fourteenth month (summer bonus)	824	781	43	5.5%
Total	**4,283**	**4,601**	**(318)**	**(6.9%)**

37. Consolidated net financial position

The net consolidated financial availability at 31st December 2012 was in credit by Euro 3,885 thousand, compared to Euro 5,282 thousand at 31st December 2011.
In particular, since there is no long-term financing, the net financial position shortly (a decrease by Euro 1,516 thousand compared to 31st December 2011) coincides with the total financial position, compared to Euro 5,401 thousand of previous year.
Immediate availability on current accounts and in hand came to Euro 3,487 thousand. Capitalisation insurance policies amounting to Euro 2,490 thousand, were contractually available within 20 days of request with no significant collection costs.
Short-term debts towards banks were mainly made up of current account overdrafts and subject to final advances.

Net consolidated financial position	*31/12/2012*	*31/12/2011*	*Variations*	*%*
Cash-on-hand and at bank	3,487	4,678	(1,191)	(25.5%)
Capitalisation insurance policies	2,490	2,429	61	2.5%
Payables due to banks current portion	(2,092)	(1,705)	(387)	22.7%
Net short-term financial position/(indebtedness)	**3,885**	**5,401**	***(1,516)***	***-28.1%***
Long-term loans	(0)	(119)	119	(100.0%)
Net long-term financial position/(indebtedness)	**(0)**	**(119)**	***119***	***(100.0%)***
Net financial position/(indebtedness)	***3,885***	***5,282***	***(1,397)***	***-26.5%***

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

- operational management activities generated a positive flow of Euro 4,437 thousand (compared to Euro 4,703 thousand in the previous year) due to self-financing (net result plus depreciations) net of non-monetary items;
- investment activities absorbed Euro 3,477 thousand (compared to Euro 3,508 thousand in 2011) for investments in intangible assets (Euro 3,776 thousand), tangible assets (Euro 208 thousand) and holding companies (Euro 44 thousand), partly compensated by the sale of assets available for sale and by cashed-in interests and dividends;
- financing activities absorbed Euro 2,476 thousand (compared to Euro 43 thousand in the period 2011), mainly due to the dividend payments to CAD IT shareholders (Euro 2,155 thousand).

38. Related parties transactions

Relations between the Group's companies are administered on the basis of contractual relations drawn up by the respective administrative organs bearing in mind the quality of the assets and services involved and the competitive conditions of the market, adapting the interests of the Group.
The following table shows the incidence of transactions with correlated parties on the respective balance entry at 31/12/2012:

Transaction incidence with Related parties – Period 2012	**Total**	**Related Parties**	
		Absolute value	**% on Tot.**
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	51,663	290	0.6%
Service costs	(9,526)	(569)	6.0%
Labour costs	(34,013)	(547)	1.6%
Other administrative expenses	(2,262)	(1,283)	56.7%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	28,687	100	0.3%
TFR and pension funds	6,784	140	2.1%
Commercial debts	3,803	224	5.9%

Other debts	7,307	317	4.3%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	159	159	100.0%

Returns with related parties mainly regarded the supply of services carried out for the company Xchanging (Euro 288 thousand) and for the subsidiary Sicom S.r.l. (Euro 2 thousand).
Service costs to related parties included the supply of services carried out by the subsidiary Sicom to the controlling company (Euro 301 thousand), remunerations to the members of the CAD IT Statutory Auditors (Euro 67 thousand) and those relating to translation and language training services supplied by a company partly owned by a CAD IT manager (Euro 171 thousand).
Labour costs with related parties include the remunerations (including contributions that are the responsibility of the company and accruals matured for deferred retributions) of company employees who are related or linked to Board Members of CAD IT and the remunerations of managers with strategic responsibilities.
The other administrative expenses relating to related parties concerned remunerations of directors of CAD IT and of directors of the other companies within the Group who are related or linked to them.
Credits to related parties were mainly made up of the controlling company's credits towards Sicom (Euro 60 thousand) and Xchanging (Euro 39 thousand).
Debts to related parties were mainly made up of commercial debts, for services (Euro 224 thousand), debts towards employees for salaries and wages accrued (Euro 90 thousand) and severance pay (Euro 140 thousand), debts towards Board Members (Euro 224 thousand).
Apart from the above relations, no other relations of an economic-patrimonial nature of any significant substance with correlated parties have been undertaken.
The table below shows the amounts and the incidence of relations with related parties in 2011.

Transaction incidence with Related parties – Period 2011	Total	Related Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	52,248	371	0.7%
Service costs	(10,562)	(276)	2.6%
Labour costs	(33,796)	(565)	1.7%
Other administrative expenses	(2,233)	(1,167)	52.3%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	30,600	158	0.5%
TFR and pension funds	6,724	121	1.8%
Commercial debts	4,007	81	2.0%
Other debts	7,516	184	2.4%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	162	162	100.0%

39. Relations with administrative and auditing organs

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*.

40. Guarantees provided

In regard to credit lines granted to CAD IT by banking institutes and not used at 31/12/2012, the company has set up a capitalisation warranty policy to the sum of Euro 2,305 thousand.
To guarantee the contractual fulfilments that the company and the Group have taken on for acquired services, bank suretyships or insurances have been provided to the total sum of Euro 5,769 thousand.
CAD IT has issued a comfort letter to the banking institute in reference to credit worthiness granted to the controlled company DQS S.r.l. amounting to Euro 1,250 thousand.

41. Other information

There have been no transactions or any non recurrent significant events, as defined in the Consob DEM/6064293 communication, in the present financial period or the previous one.
CAD IT and the Group’s companies have not drawn up any contracts containing clauses that depend on continual financial funding (covenant) nor any agreements where a subject – to whom a loan has been granted – must behave accordingly (negative pledge).
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 annual consolidated report was approved by the CAD IT S.p.A. Board of Directors on 14th March 2013.

42. Important events since 31/12/2012

There were no significant events subsequent to the date of this financial report.
For further information on the foreseeable development of company management, please refer to the specific paragraph in the management report.

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

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

of the administrative and accounting procedures for drafting the consolidated Financial Statement during the 2012 financial period.

2. Moreover, it is hereby declared that the Consolidated Financial Statement sheet:
   a) has been drafted in accordance with the International accounting standards (IFRS) adopted and recognized by the European Union in conformity with EC regulation no. 1606/2002 of the European Parliament and Council of 19th July 2002;
   b) corresponds to the results in the company books and accounting documents;
   c) appropriately gives a true and correct representation of the patrimonial, economic and financial situation of the Company and the companies included in the consolidation.

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

Verona, 14 March 2013

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

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

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

The following table, drafted in accordance with art. 149-duodecies of the Consob Issuer Regulation, shows the compensations regarding the 2012 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*	*2012 financial period audit fees (in euro)*
Accounting audit	CAD IT S.p.A.	BDO S.p.A.	€ 12,874
Accounting audit	Subsidiaries	BDO S.p.A.	€ 45,652
Total			**€ 58,526**

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.

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

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

1. We have audited the consolidated financial statements including the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes, of CAD IT S.p.A. and its subsidiaries (the "CAD IT Group") as of and for the year ended December 31, 2012. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005, are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

   For the opinion on the consolidated financial statements of prior year, the data of which are presented for comparative purposes, reference should be made to our auditor's report issued on March 23, 2012.

3. In our opinion, the consolidated financial statements of CAD IT Group as of December 31, 2012 comply with International Financial Reporting Standards as adopted by European Union and the requirements of national regulations issued pursuant to art. 9 of legislative decree n. 38/2005; therefore, they are clearly stated and give a true and fair view of the financial position, the results of the operations and the cash flows of the CAD IT Group for the year then ended.

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

l), m) and paragraph 2, letter b) of art. 123-bis of legislative decree n. 58/1998, included in the annual report on corporate governance and ownership structures, are consistent with the consolidated financial statements of CAD IT Group as of December 31, 2012.

Verona, March 18, 2013

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

Signori Azionisti,

il bilancio consolidato della CAD IT dell'esercizio 2012, Stato Patrimoniale, Conto Economico, Prospetto delle variazioni del patrimonio netto, Rendiconto Finanziario e Nota Integrativa, che viene messo a Vostra disposizione, presenta un utile di competenza di euro 3.547 migliaia.

Esso ci è stato comunicato nei termini di legge, unitamente alla relazione sulla gestione, e risulta redatto secondo gli International Financial Reporting Standard (IFRS) e i provvedimenti emanati in attuazione dell'art. 9 D.Lgs. n. 38/2005.

I controlli sul bilancio sono stati effettuati dalla società incaricata della revisione, il cui giudizio senza rilievi sui documenti di bilancio è espresso nella relazione datata 18 marzo 2013.

Per parte nostra affermiamo quanto segue:

a) il nostro esame è stato svolto tenendo conto dei principi di comportamento del Collegio Sindacale raccomandati dal Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili;

b) l'area di consolidamento è variata rispetto all'anno precedente, senza effetti significativi, a seguito della intervenuta incorporazione di tre società interamente controllate in altra controllata al 100%. Gli effetti contabili e fiscali della fusione sono decorsi dal 1 gennaio 2012.;

c) è stato accertata l'adeguatezza dell'organizzazione presso la capogruppo per quanto riguarda l'afflusso delle informazioni e le procedure di consolidamento;

d) è stato accertato il rispetto dei principi di consolidamento e delle altre disposizioni previste dalle norme di legge ed in particolare per quanto riguarda la formazione dell'area di consolidamento e la data di riferimento dei dati;

e) è stata accertata la corretta applicazione delle prescrizioni di cui ai principi contabili internazionali;

f) l'iscrizione dei costi di sviluppo fra le attività immateriali è avvenuta con il nostro consenso ai sensi dell'art. 2426 c.c.;

g) è stata accertato il rispetto degli obblighi di informativa sia in ordine al bilancio che in merito all'andamento della gestione. In particolare la relazione sulla gestione illustra in modo adeguato la situazione economica, patrimoniale e finanziaria, l'andamento della gestione nel corso del 2012 e l'evoluzione dopo la chiusura dell'esercizio dell'insieme delle imprese oggetto di consolidamento.

Ciò premesso, secondo il nostro parere, il bilancio consolidato esprime in modo corretto la situazione patrimoniale e finanziaria ed il risultato economico del Gruppo CAD IT per l'esercizio chiuso al 31 dicembre 2012 in conformità alla norme che disciplinano il bilancio consolidato.

Il Collegio Sindacale ritiene inoltre che la relazione sulla gestione del Gruppo sia corretta e risulti coerente con il contenuto del bilancio consolidato.

Verona, lì 18 marzo 2013

Il Collegio Sindacale

Riccardo Ferrari

Gian Paolo Ranocchi

Renato Tengattini

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