CAD IT S.p.A.

HALF-YEARLY FINANCIAL REPORT
AT 30th JUNE 2010

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

CAD IT S.p.A.

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

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HALF-YEARLY FINANCIAL REPORT at 30/06/2010

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

BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS [1]

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI[2]
Director

MATTHIAS SOHLER
Director

FRANCESCO ROSSI[2]
Independent Director

LAMBERTO LAMBERTINI[2]
Independent Director

STATUTORY AUDITORS [1]

RICCARDO FERRARI
Chairman

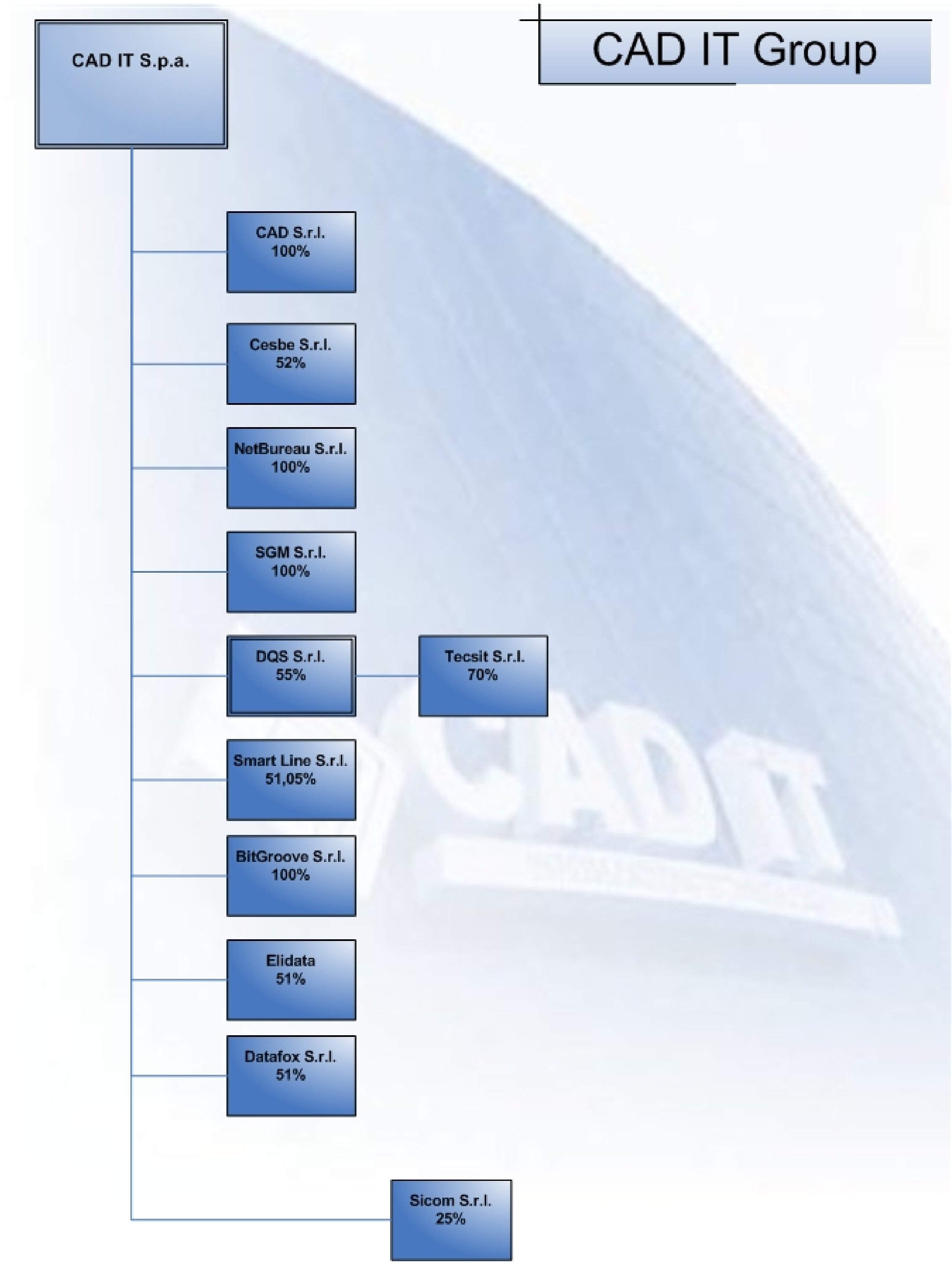
GIAN PAOLO RANOCCHI
Statutory Auditor

RENATO TENGATTINI
Statutory Auditor

AUDITORS: BDO S.P.A.

(1) *Appointed on 29 April 2009; office expires with the shareholders' meeting for the approval of the 2011 financial statements.*
(2) *Member of the Internal Control Committee; member of the Nominating and Compensation Committee*

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



CAD IT Group at 30/06/2010

PRELIMINARY REMARKS

This six-monthly financial report has been drafted in accordance with Leg. Dec. 58/1998 and subsequent modifications and laid out to conform to the provisions issued in art. Of Leg. Dec. no. 38/2005, as well as observing Consob regulation no. 11971 of 14th May 1999 and subsequent modifications and integrations.

The six-monthly financial report laid out to conform with the applicable International accounting standards recognised by the European Community as in accordance with the EC regulation no. 1606/2002 of the European Parliament and Council on 19th July 2002 and in particular with IAS 34 – Interim Financial Reporting. The report was drafted by applying the same accounting standards used for drafting the Consolidated Balance at 31st December 2009, with the exception of the items described in the explanatory notes – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2010.

The six-monthly financial report includes the summarised six-monthly balance, an intermediary report on the management, the declarations provided for in article 154-bis, paragraph 5 and the auditing company's report on the aforementioned summarised balance.

Unless otherwise indicated, the monetary quantities in the accounting tables and those quoted in the notes, are expressed in thousands of euro. Due to this rounding off, the sum of the details in some charts containing specific figures may differ from the amount of the rounding off details.

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INTERIM MANAGEMENT REPORT

This intermediary report on management accompanies CAD IT Group's summarised six-monthly balance at 30th June 2010 and contains references to important events that have occurred during the first six months of the financial period and their incidence on the summarised six-monthly balance, together with a description of the main risks and uncertainties that may occur in the remaining six months to come. The intermediary report on management also contains information on any significant operations and with correlated third parties.

Activities of the Group

CAD IT is the leader of a group that is one of the most dynamic organisations in the Italian information technology sector.
For almost 30 years, the Group has been dealing with the banking and insurance market and the world of business and public administration by offering software solutions, maintenance, personalisation, integration and other correlated services from application management to outsourcing, consultancy to training.
The CAD IT Group operates in Italy with its own branches and Group companies. Its Head Office is in Verona but there are other units in Milan, Rome, Prato, Bologna, Padua, Mantua.
CAD IT is leader in the Italian software market for the banking sector with its 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 by 80% of Italian banking outlets.
In addition, the Group boasts long-standing activity in the industrial sector and the capacity to offer solutions for e-business, credit and industrial companies in constant evolution.
Solutions for public administration make up the newest sector but they capitalize the Group's traditional abilities like its 20-year experience in developing computer systems for public body.

Summary of the Group results

	Period 2010 01/01 - 30/06		Period 2009 01/01 - 30/06		Variations	
						%
Production value	26,004	100.00%	27,276	100.00%	(1,272)	(4.66%)
Added value	20,136	77.43%	20,981	76.92%	(845)	(4.03%)
Gross operational result (EBITDA)	2,039	7.84%	4,113	15.08%	(2,075)	(50.44%)
Operational result (EBIT)	88	0.34%	2,376	8.71%	(2,289)	(96.31%)
Ordinary result	104	0.40%	2,483	9.10%	(2,379)	(95.83%)
Pre-tax and pre-third party share result	271	1.04%	2,706	9.92%	(2,435)	(89.99%)
Income taxes	(643)	(2.47%)	(1,210)	(4.44%)	568	(46.91%)
Profit (loss) for the period	**(372)**	**(1.43%)**	**1,496**	**5.48%**	**(1,868)**	**(124.85%)**
Profit/(loss) for the period attributable to Owners of the parent	(270)	(1.04%)	1,416	5.19%	(1,687)	(119.09%)
Profit (loss) for the period	**(533)**		**1,616**		**(2,149)**	**(132.96%)**
Total Comprehensive income	(431)		1,537		(1,968)	(128.07%)

	30/06/2010	31/12/2009	30/06/2009
Total Assets	84,320	84,081	89,977
Total Equity	56,216	58,993	58,814
Equity attributable to Owners of the parent	53,828	56,505	55,921
Net short-term financial position/(indebtedness)	3,737	5,093	9,064
Net financial position / (indebtedness)	3,572	4,914	8,871
Employees at the end of the period (number)	606	604	602

Analysis of the consolidated income results

The CAD IT Group closed the first half of the 2010 financial period showing a significant drop in results and profitability margins compared to the same period in 2009 due to the continuing unfavourable trend in the economy and the widespread ongoing crisis. The semester's pre-tax result was still in credit by Euro 271 thousand.

The value of production for the period, showing a 4.7% decrease, was mainly due to revenues from sales and services to the amount of Euro 23,985 thousand (-5.3% compared to Euro 25,316 thousand in the first six months of 2009).

Increases in internal work capitalised under fixed assets came to Euro 2,146 thousand, showing an increase compared to the Euro 1,540 thousand in the first six months of 2009, due to the use of resources to develop new procedures and the Group's own software bank.

The other revenues and equivalent earnings, which came to Euro 503 thousand in 2009, mainly due to a Euro 415 thousand tax credit relating to sustained costs for research and development (in accordance with Article 1, paragraphs 280 to 283 of Law no. 296 of 27th December 2006), stood at a mere Euro 16 thousand.

The Euro 20,136 thousand added value fell by 4.0% compared to Euro 20,981 thousand in the previous period, maintaining marginality at 77.4% of the value of production (76.9% in the first six months of 2009).

Service costs to the value of Euro 5,133 thousand and purchase costs to the value of Euro 373 thousand both showed a decrease compared to the Euro 5,244 thousand and Euro 638 thousand respectively, due to the drop in the value of production.

The EBITDA Gross Operational Result stood at Euro 2,039 thousand (equal to 7.8% of the value of production) compared to Euro 4,133 thousand in the first six months of 2009 (equal to 15.1% of the value of production).

Labour costs in the first half of the year came to Euro 16,764 thousand, showing an increase of Euro 1,126 thousand (+7.2%) compared to Euro 15,638 thousand in the same period in 2009. This increase in labour costs was mainly due to the renewal of the National Employment Contract in the engineering sector, with the first tranche as of January 2010, and to staff wage increases and bonuses. Furthermore, it included the effect deriving from the actuarial calculation, in accordance with IAS 19, of the Severance Pay debt towards employees: during the semester, the actuarial loss came to Euro 80 thousand compared to an actuarial gain of Euro 235 thousand in the first six months of 2009. The average number of employees during the period was 606 units, substantially in line with the same period in 2009 (603 units).

Other administrative costs came to Euro 1,333 thousand compared to Euro1,230 thousand in the first half of 2009.

The EBITDA result for the first half of 2010 stood at Euro 2,039 thousand compared to Euro 4,113 thousand, showing a 50.4% drop, mainly as a result of the reduction in revenues and an increase in labour costs.

Amortization contributions for the first six months stood at Euro 1,500 thousand in regard to intangible assets and Euro 388 thousand for tangible assets, compared to Euro 1,283 thousand and Euro 385 thousand in the same period in 2009.

The EBIT Operational Result was therefore in credit by Euro 88 thousand compared to Euro 2,376 thousand in the same period the previous year.

The net financial management result showed a slight credit with financial earnings and expenses at Euro 45 thousand and Euro 29 thousand respectively compared to Euro 135 thousand and Euro 29 thousand in the first six months of the previous financial period: this decrease was mainly due to a drop in liquid assets and equivalent means.
The Ordinary Result was in credit by Euro 104 thousand compared to Euro 2,483 thousand in the first half of 2009.
The positive result of the associate company Sicom S.r.l., calculated with the net patrimony method, generated a Euro 167 thousand revaluation, while in the first six months of 2009, this revaluation was calculated at Euro 223 thousand.
The pre-tax result and third party share was in credit by Euro 271 thousand (equal to 1.0% of the value of production), compared to Euro 2,076 thousand (9.9% of the value of production) in the first half of 2009.
Income taxes amounted to Euro 643 thousand compared to Euro 1,210 thousand in the first six months of 2009 and therefore the result for the first 2010 semester was in debt by Euro 372 thousand compared to a Euro 1,496 credit in the first half of 2009.
The result of the semester ascribable to CAD IT partners was negative to the amount of Euro 270 thousand compared to a Euro 1,416 thousand credit in the first half of the previous year; the third party share was negative to the amount of Euro 101 thousand, showing a drop compared to the positive result of Euro 80 thousand in the first six months of 2009.
Constant attention to monitoring and cost containment is still one of the management's main objectives.

The short-term outlook

The global economic recovery has continued in the first six months of 2010. Growth trends have been high in the emerging economies, the United States and Japan but are still quite modest in Europe. In the Euro area, the GDP rose by a mere 0.2% in the first quarter of 2010 compared to the same period in the previous year following the modest 0.1% at the close of 2009. The Italian GDP increased by 0.4% in the first quarter of 2010. Exports have made the largest contribution while domestic demand has remained weak. Investments have slowed down due to uncertainties about the future conditions of demand and the still wide margins in unused productive capacity. As for the Italian banking sector, according to the consolidated reports of the five leading banking groups, the first quarter of 2010 still showed a decrease in profits, even if on average this decrease was one third less than in the previous year. Capital gain and reserves (ROE) were equal to about 4 per cent (6 per cent in March 2009). According to the expectations of financial analysts, bank profits should begin to show a gradual recovery: in 2012 the results are expected to come back into line with those registered in 2008.[1]

Significant events of the period

On 29th April 2010, the Ordinary Shareholders' Meeting approved the financial statement for the year ending at 31/12/2009 and agreed to distribute a dividend of Euro 0.25 per share. The dates for coupon release and dividend payment were 10th and 13th May 2010 respectively. Dividend payment resulted in a cash outlay of Euro 2,245 thousand.
Activities regarding the development and sale of new products for both traditional and new types of clients continued throughout the period.
Moreover, the intense project activities with Xchanging UK Ltd (a company that supplies security administration services for the German and British market and which holds a 10% share in CAD IT S.p.A.) through which the CAD IT Group aims at increasing its revenues in Italy and also to diversify its business in geographical terms, is continuing. In June CAD IT signed a Letter of Intent which foresaw CAD IT software and relative services being supplied to Xchanging for the latter's BPO (Business Process Outsourcing) activities in the fund administration, broker and asset manager segment in Italy and Europe. The Letter of Intent was subsequently finalized by the signing of a contract (see note 40 Significant Events since

[1] From: Banca D'Italia, Bollettino Economico n. 61, luglio 2010.

30/06/2010).

Research and development

Although the macro-economic context is not so favorable, the CAD IT Group is still making considerable investments into research and development with the aim of widening its own product portfolio and to further extend its offer on an international level and towards neighboring market segments such as investment banks, insurance companies, fund administration and brokers. The recent contracts signed with one of the most important Italian merchant bank and with one of the leading German retail banks, together with the agreement with Xchanging to expand the financial tool management platform onto the European market, are fundamental steps towards achieving these strategic objectives.
In relation to activities aimed at consolidating traditional business, the production of new modules to increase the functional and technological development of the considerable range of software installed remains constant within the Group.
New web modules are currently being development for the well-established ‘Area Finanza’ procedure and a new Trading On-line platform is being created.
The creation and use of new computer systems aimed at diversifying the Group’s offer towards those sectors bordering on the ones in which it is already present, is still underway.
As regards new projects, development are continuing on the SIBAC GS platform, which is a fundamental element for the Group’s strategic growth.
Activity in the production of specialised modules for the business intelligence (Managerial Information System) area is also continuing.
CAD IT and Smart Line S.r.l. are now investing to enrich theirs own offer range of solutions and services for Public Administration and authorities for the management of local taxes.
The CAD IT Group, in its intent to develop its own products, is also creating solutions linked to the new norms and further procedures aimed at diversification for new business sectors like Insurance (Finance Area for Insurances) and new software modules for international market (EM).

Investments

Summary of investments	*1st half 2010*	*1st half 2009*	*Variations*	*Period 2009*
Intangible fixed assets	119	407	(288)	486
Assets under development and payments on account	2,146	1,540	606	4,232
Plant, machinery, equipment and other tangible fixed assets	114	239	(125)	394
Total investments in tangible and intangible fixed assets	**2,378**	**2,185**	**193**	**5,113**
Financial investments	-	-	-	-
Total investments	**2,378**	**2,185**	**193**	**5,113**

Investments in tangible and intangible fixed assets made by the consolidated companies in the first half 2010 amount to Euro 2,378 thousand (Euro 2,185 thousand in the same previous half year period).
Ongoing intangible asset costs mainly refer to the use of the Group’s internal resources for the development of its own software which will either be licensed out to clients or used for the Group’s activities. 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.

Related parties transactions

As regards transactions made with third parties, including infra-group transactions, it is hereby declared that said 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 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 balance 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 regarding the assignment of instrumental assets for the purchaser, of insignificant amount.

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, as of 30/06/2010.

Company	Costs	Capitalized costs			Turnover	Receivables	Payables
		Increases in internal work	Software licences and rights	Other assets			
CAD IT S.p.a.	8,794	-	-	-	807	3,601	16,794
CAD S.r.l.	494	-	-	-	4,500	8,699	3,261
CeESBE S.r.l.	251	-	-	-	1,289	3,681	81
NetBureau S.r.l.	19	-	-	-	463	434	43
DQS S.r.l.	5	-	-	-	1,387	1,532	13
SGM S.r.l	9	-	-	-	172	1,167	13
Smart Line S.r.l.	23	-	-	-	606	941	161
BitGroove S.r.l.	74	-	-	22	356	819	745
Elidata S.r.l.	53	-	-	-	139	367	26
Datafox S.r.l.	20	-	-	-	93	101	57
Tecsit S.r.l.	49	-	-	-	-	-	149
Total	**9,790**	**-**	**-**	**22**	**9,812**	**21,343**	**21,343**

There have been no abnormal or unusual transactions between the CAD IT Group's companies in this financial period. CAD IT S.p.A.'s relations with its subsidiaries are shown at in the separate CAD IT S.p.A. Financial Statements.

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

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

Name and surname	Company	Number of shares held at 31.12.2009		Number of shares bought	Number of shares sold	Number of shares held at 30.06.2010	
Dal Cortivo Giuseppe	CAD IT S.p.A.	1,334,534	(1)			1,334,534	(1)
Magnani Giampietro	CAD IT S.p.A.	1,331,021	(1)			1,331,021	(1)
Rizzoli Maurizio	CAD IT S.p.A.	1,439,686	(2)			1,439,686	(2)
Zanella Luigi	CAD IT S.p.A.	1,333,480	(3)			1,333,480	(3)
Dal Cortivo Paolo	CAD IT S.p.A.	5,481				5,481	
Sohler Matthias	CAD IT S.p.A.	-				-	
Lambertini Lamberto	CAD IT S.p.A.	-				-	
Rossi Francesco	CAD IT S.p.A.	-				-	
Cusumano Giannicola	CAD IT S.p.A.	1,000				1,000	
Ranocchi Gian Paolo	CAD IT S.p.A.	9,571	(4)	1,153		10,724	(5)
Tengattini Renato	CAD IT S.p.A.	60				60	
Managers with strategic responsibilities	CAD IT S.p.A.	1,300				1,300	
(1) of which in spouse's name n.:	370,885						
(2) of which in spouse's name n.:	535,014						
(3) of which in spouse's name n.:	380,985						
(4) of which in spouse's name n.:	5,281						
(5) of which in spouse's name n.:	6,434						

Information relative to payments for any security of the main company or its direct or indirect subsidiaries to Board members or auditors and to managers with strategic responsibilities are shown in the balance notes (note 39).

Reconciliation report with the Head Company balance

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

	Net patrimony	Result of period
Net patrimony and result of the controlling company for the period concerned	54,522	-149
- difference between the entry value of the consolidated holdings and the pro quota value of the net patrimony	-8,768	
- effects on reserves	-380	
- pro quota results of the subsidiary/associate holdings	-243	-243
- goodwill	8,309	
- subsidiary/associate dividend elimination		-50
- infra-group margin elimination	54	54
Assessment of associate holdings with net patrimony method	335	117
Total net patrimony and consolidated result of period	***53,828***	***-270***

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

Corporate Governance and Internal Control System

CAD IT adheres and conforms to the Governance Code for listed companies published by Borsa Italiana in March 2006.
CAD IT considers and defines its Internal Control System as "a set of rules, procedures and organisational structures aimed at achieving, by means of a suitable identification, measurement, management and monitoring process of the principle risks, the running of a healthy, correct and coherent business with pre-established objectives". The internal system for managing risk and control in financial information technology is a constitutive part of a broader Internal Control System. This system also aims at guaranteeing trustworthiness, accuracy, reliability and timeliness of the company and the Group's financial information technology.
The Internal Control System is the mainstay on which *Corporate Governance* stands and is the catalyzing element of all subjects and functions that, each in their own way, contribute to the healthy, correct and coherent running of the business in order to give maximum sustainable value to every activity within the organisation.
Essential parts of the Internal Control System are the Code of Ethics and the Management and Control Organisation Model adopted by the Board of Directors in accordance with the norms concerning "Company administrative responsibility rules" in Leg. Dec. no. 231/2001 and subsequent modifications.
The Management and Control Organisation Model ex Leg. Dec. No. 231/01 is updated due to intervening developments in the norms and laws. CAD IT adopt the Health and Safety at Work System 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.
On 12th March 2010, the Board of Directors approved the Corporate Governance 2009 annual report in accordance with art. 123-bis and art. 124-ter of Leg. Decree 58/1998 and art. 89-bis of the Issuer Regulations, in order to provide the CAD IT S.p.A. shareholders with adequate information about its own company management system and about how much the company adheres to the new auto-disciplinary code for quoted companies laid down by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. The report is available to the public in the Investor Relations sector of the company website: www.cadit.it. Please refer to the complete document for further details on governance and the Internal Control System.

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

The Company has an internal control system made up of a set of rules, procedures and organisational structures aimed at achieving the healthy and correct running of the business also through a suitable process for identifying, managing and monitoring the principle risks that could present a threat to achieving company objectives.
This paragraph describes the risk factors and uncertainties relating to the economic-legal and market context and which can influence the Company's performance. The specific risks that can determine the generation of obligations within the Company are, however, the object of evaluation when determining the relative earmarking and are mentioned in the balance notes together with the potential liabilities found.
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 the Group deals is the banking and finance sector, which historically has never been subject to significant criticality. As of the last quarter of 2008, the banking and financial sector has undergone considerable crises. A prolonged continuation of this notable weak and uncertain situation, or an even further degeneration, could cause the risk of a significant and widespread worsening of the market conditions with a consequent negative effect on the economic, patrimonial and financial situation of the Group.

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

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

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

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

Risks connected to protecting technological property.

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

Internal risks

Risks relating to dependence on key personnel

The success of the Group depends largely 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.
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 sales. The Group could therefore be exposed to the risks involved in working on an international scale which include those relating to changes in 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, on the part of the customer, 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 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 has been relevantly insignificant. The Group does not have a significant concentration of customer solvency risk. For commercial reasons, specific policies aimed at monitoring credit collection times, 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 find financial funding.

Exchange rate risks and interest rate risks

Exposure to interest rate risks derives from the need to finance operative 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 make investments in 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 controlling companies.
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.
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 in accordance with the CESR Recommendations.

Foreseeable development

The volume of international exchanges in the second quarter of 2010 has shown a considerable increase and has taken the Group to similar levels of pre-crisis times and international organ projections about the growth of the global economy in 2010 have consistently spoken of recovery. Once out of the recession phase, the world economy should therefore begin to expand again at a high rate, even if uncertainties will still remain. In Italy, however, the economic recovery is expected to proceed at a more moderate rate during this year and the next due to the consistent recovery in exports. This year and in 2011, recovery in Italy is expected to be sustained by foreign demand, as in similar cyclical phases in the past. The world trade trend should push the growth of the Italian economy during 2010-11 to 1 per cent in both years. In the second half of 2010 , the expiry of tax incentives and in 2011, the restrictive effects of the Government's plan for re-balancing public accounts, will determine a slowing down of productive activities compared to the first six months of this year. The uncertainty margins for international recovery will still be wide in both directions: the emerging economies could grow even further, but their overheating will lead to restrictive policies; the stability of domestic demand components will be crucial in the advanced economies once the incentive measures that the government introduced at the beginning of the crisis expire. The Italian economy will experience the same above-described uncertainties.[4]

In reply to the previously described current short-term outlook, the Board of Directors has placed maximum attention on market needs in order to direct the Group's management and development strategies and to keep efficiency levels high to achieve positive economic results in the future. The circumstances could also be an opportunity for the Group to supply, for example, Application Management in the restructuring or redesigning of financial institution activities and Risk Management applications for monitoring and assessing risks.

The success of the Group's activities will therefore depend on its ability to maintain and increase the shares it has in the markets in which it currently operates and/or to further expand into other markets and segments (like insurance, public administration, foreign financial institutions) through new and high standard, quality products that would guarantee adequate income levels.

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

During the current financial period, development and trade activities for new products on offer to traditional customers and new types of customer are constantly under way. Moreover, intense activity is still continuing with Xchanging (a company listed on the British stock market which holds a 10% share in CAD IT), through which the CAD IT Group aims to increase its revenues in Italy and abroad and to geographically diversify its own business. In terms of these activities, in August a contract was signed with Xchanging for the supply of CAD IT software and services to support the platforms that manage and administer Xchanging's securities and funds on European financial markets (see note 39 Significant Events since 30/06/2010).

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

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

[4] from: Banca D'Italia, Bollettino Economico n. 61, luglio 2010.

HALF-YEAR CONDENSED FINANCIAL STATEMENTS OF THE CAD IT GROUP

Consolidated income statement

	NOTES	Period 2010 01/01 - 30/06		Period 2009 01/01 - 30/06	
Income from sales and services	3	23,985	92.2%	25,316	92.8%
of which related parties	*38*	*143*	*0.5%*	*140*	*0.5%*
Changes in ongoing orders		(143)	(0.5%)	(83)	(0.3%)
Asset increases due to internal work	3-15	2,146	8.3%	1,540	5.6%
Other revenue and receipts		16	0.1%	503	1.8%
Production value	**3**	**26,004**	**100.0%**	**27,276**	**100.0%**
Costs for raw	5	(373)	(1.4%)	(638)	(2.3%)
Service costs	6	(5,133)	(19.7%)	(5,244)	(19.2%)
of which related parties	*38*	*(293)*	*(1.1%)*	*(297)*	*(1.1%)*
Other operational costs	7	(362)	(1.4%)	(413)	(1.5%)
Added value		**20,136**	**77.4%**	**20,981**	**76.9%**
Labour costs	8	(16,764)	(64.5%)	(15,638)	(57.3%)
of which related parties	*38*	*(308)*	*(1.2%)*	*(258)*	*(0.9%)*
Other administrative expenses	9	(1,333)	(5.1%)	(1,230)	(4.5%)
of which related parties	*38*	*(662)*	*(2.5%)*	*(571)*	*(2.1%)*
Gross operational result (EBITDA)		**2,039**	**7.8%**	**4,113**	**15.1%**
Allocation to Credit Depreciation Fund		(63)	(0.2%)	(69)	(0.3%)
Amortizations:					
- Intangible fixed asset amortization	15	(1,500)	(5.8%)	(1,283)	(4.7%)
- Tangible fixed asset amortization	14	(388)	(1.5%)	(385)	(1.4%)
Operational result (EBIT)		**88**	**0.3%**	**2,376**	**8.7%**
Financial receipts	10	45	0.2%	135	0.5%
Financial charges	10	(29)	(0.1%)	(29)	(0.1%)
Ordinary result		**104**	**0.4%**	**2,483**	**9.1%**
Revaluations and depreciations	11	167	0.6%	223	0.8%
Pre-tax and pre-third party share result		**271**	**1.0%**	**2,706**	**9.9%**
Income taxes	12	(643)	(2.5%)	(1,210)	(4.4%)
Profit (loss) for the period		**(372)**	**(1.4%)**	**1,496**	**5.5%**

Profit/(loss) for the period attributable to:					
Non-controlling interests		(101)	(0.4%)	80	0.3%
Owners of the parent		(270)	(1.0%)	1,416	5.2%
Weighed average number of ordinary shares in circulation		8,980,000		8,980,000	
Basic result per share (in Euro)		(0.030)		0.158	

Consolidated statement of comprehensive income

	Period 2010	Period 2009
	01/01 - 30/06	01/01 - 30/06
Profit/(loss) for the period	(372)	1,496
Gains/(Losses) on fair value of available-for-sale financial assets	(161)	121
Total Comprehensive income	**(533)**	**1,616**

Profit/(loss) for the period attributable to:		
Non-controlling interests	(101)	80
Owners of the parent	(431)	1,537

Consolidated statement of financial position

	Note	30/06/2010	31/12/2009
ASSETS			
A) Non-Current Assets			
Assets, equipment and machinery	14	18,934	19,212
Intangible assets	15	18,511	17,747
Goodwill	16	8,309	8,309
Holdings	17	337	220
Other financial assets available for sale	18	620	781
Other non-current credits		88	72
Credits due to deferred taxes	19	200	244
TOTAL NON-CURRENT ASSETS		**46,999**	**46,583**
B) Current Assets			
Stock	20	210	112
Ongoing orders	21	169	312
Commercial credits and other credits	22	30,468	28,905
of which related parties	38	*3*	*282*
Tax credits	23	1,505	1,791
Cash on hand and other equivalent assets	24	4,969	6,379
TOTAL CURRENT ASSETS		**37,321**	**37,498**
TOTAL ASSETS		**84,320**	**84,081**
LIABILITIES			
A) Equity			
Issued capital and reserves attributable to owners of the parent	25-26-27	53,828	56,505
Non-controlling interests	25	2,387	2,489
TOTAL EQUITY		**56,216**	**58,993**
B) Non-current liabilities			
Financing	29	165	179
Liabilities due to deferred taxes	30	3,439	3,452
TFR and quiescence reserves	31	6,489	6,317
of which related parties	38	*143*	*132*
Expense and risk reserves	32	131	135
TOTAL NON-CURRENT LIABILITIES		**10,224**	**10,083**
C) Current liabilities			
Commercial debts	32	6,315	4,393
of which related parties	38	*225*	*102*
Tax debts	34	2,328	2,644
Short-term financing	35	1,232	1,286
Other debts	36	8,004	6,682
of which related parties	38	*150*	*120*
TOTAL CURRENT LIABILITIES		**17,880**	**15,005**
TOTAL LIABILITIES AND EQUITY		**84,320**	**84,081**

Statement of changes in equity

Statement of changes in equity	NOTES	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		
At 1-Jen-2010		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	28			(2,245)		(2,245)		(2,245)
Total comprehensive Profit/(loss)	26		(161)		(270)	(431)	(101)	(533)
At 30th June 2010		**4,670**	**35,320**	**14,109**	**(270)**	**53,828**	**2,387**	**56,216**

Statement of changes in equity	NOTES	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		
At 1-Jen-2009		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)	(192)	(4,682)
Total comprehensive Profit/(loss)			121		1,416	1,537	80	1,616
At 30th June 2009		**4,670**	**35,467**	**14,368**	**1,416**	**55,921**	**2,893**	**58,814**

Consolidated Cash Flow Statement

	NOTES	30/06/2010	30/06/2009
A) OPERATING ACTIVITIES			
Profit (loss) for the period		(270)	1,416
Amortisation, revaluation and depreciation:			
- Assets, equipment and machinery amortisation	14	388	385
- Intangible fixed asset amortization	15	1,500	1,283
- revaluation of holding and financial assets available for sale	18	(167)	(223)
Allocations (utilisation) of funds:		168	(255)
Financial performance:			
- Net financial receipts (charges)	10	(16)	(107)
- Profit / (losses) on exchanges	10	(1)	(1)
Working capital variations		1,728	(240)
Interest payment	10	(28)	(28)
(A) - Cash flows from (for) operating activities		**3,301**	**2,230**
B) INVESTING ACTIVITIES			
Investing activities			
- Assets, equipment and machinery purchases	14	(114)	(239)
- Intangible assets purchases	15	(2,265)	(1,947)
- increase in other fixed assets		(18)	(11)
Disinvestment activities			
- Assets, equipment and machinery transfers	14	3	6
- decrease in other fixed assets		2	4
Cashed Interest	10	40	123
Cashed dividends	10	56	167
(B) - Cash flows from (for) investing activities		**(2,296)**	**(1,896)**
C) FINANCING ACTIVITIES			
Medium/long term debts repairement		(14)	(13)
Third party net patrimony	25	(101)	(112)
Distribution of dividends	28	(2,245)	(4,490)
(C) - Cash flows from (for) financing activities		**(2,361)**	**(4,616)**
(A+B+C) - Total cash and other equivalent assets flows		(1,356)	(4,282)
Opening liquid funds and other equivalent assets	37	**5,093**	**13,346**
Closing liquid funds and other equivalent assets	37	**3,737**	**9,064**

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

Notes

CAD IT S.p.A. is a joint stock company and is governed on the basis of Italian law and exercises its management and coordinated activities on its own controlled companies. CAD IT S.p.A. is not subject to other company control in accordance with art. 2359 of the civil code.
The company is listed in the STAR market of the Italian stock exchange.
The registered office and the administrative and operating offices are in Via Torricelli no. 44/a, Verona, Italy.
The company is registered in the Verona Company Register under no. 01992770238.

1. Accounting policies and evaluation criteria more important

This half-year condensed 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).
The half-year condensed financial statement has been drafted in the consolidated form since CAD IT is obliged to draft a consolidated balance.
The half-year condensed financial statement has been drafted in accordance with IAS 34 – Interim Financial Reports, bearing in mind the contest of art. 154-ter of legislative decree no. 58 of 24th February 1998 (TUF).
In the drawing up of this summarised six-monthly Balance, the same accounting standards have been applied as those adopted in the drafting of the consolidated Balance at 31st December 2008, with the exception of the items described in the paragraph below – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2010.
The accounting standards adopted have been applied in the same manner throughout the periods shown and for all the Group's companies, amending the respective Financial Statement drafted in accordance with Italian accounting standards to consolidate.
The consolidated balance has been drafted using the evaluation criterion of past cost, except for financial instruments available for sale, which are assessed at fair value, and the holdings in subsidiaries, which are assessed in accordance with the equity method. Moreover, where some land and buildings have been included in First Time Adoption, the fair value has been used instead of the cost.

Use of estimates

In accordance with the IFRS, when drafting the balance the company management formulates evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found in the balance. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case concerned. Since they are estimates, the results obtained are not necessarily the same as the results portrayed.
The estimates and hypotheses are reviewed on a regular basis. Any variations deriving from an accounting estimate review are shown in the period in which the review was made if such review only affects that period. If the review affects the current and future periods, the variation is recorded in the period in which the review is made and in the relative subsequent periods.

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

At the time of drafting this summarised version of the half-year balance, there are no other matters or records, or anything of any significant importance within the Group, that may be governed by other amendments and interpretations applicable since 1st January 2010, 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.
The profit and loss account is drafted in scalar format highlighting the following intermediate results:

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

As for the patrimonial situation, a distinction has been made between current and non-current assets and liabilities.
The financial statement has been presented according to the indirect method so that the profit (or loss) for the period has been adjusted of any non-monetary operations and by deferments and the setting aside of future incomes or payments.
Each column in the statement of net patrimony variations reconciles the opening and closing balances for each net patrimony voice.
Each significant entry shown in the above-mentioned statements, is marked with references to notes which provide the relative information and details of the composition.

Subsidiary companies

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

Associated companies

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

Property, plant and equipment

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

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: the actuarial calculations have therefore excluded the component relating to future increases in salary.

Risk and obligation funds

In accordance with the IAS 37, the allocations are shown when there is an ongoing obligation (legal or implicit) that stems from a past event, whenever an outlay may be necessary to satisfy the obligation and a feasible estimation may be made on the obligation amount.

If the effect of updating the assumed cash value is significant, the allocations are calculated by updating the expected future financial flows at a pre-tax discount rate that reflects the current market evaluation of the cash value in relation to time. When updating has been done, the increase in the allocation caused by the passing of time is shown as a financial obligation.

Commercial debts and other current liabilities

The commercial debts, whose deadlines are within normal commercial terms, are not updated and are registered at cost (identified by their nominal value).

Financial liabilities are initially shown at cost, which corresponds to the fair value of the liability, net of

transition costs, which are directly attributable to the issue of the liability itself.
After the initial determination, the financial liabilities are assessed with the criterion of amortized cost using the original effective tax rate method.

Revenues and costs

The revenues and costs are determined in accordance with the qualifying economic principle to the amount to which the fair value can be feasibly determined.
Depending on the type of operation, the revenues are determined on the basis of the specific criteria reported below:

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

As for sales concerning assistance and/or maintenance services carried out with the annual subscription formula, the accrual is calculated in proportion with time.
The costs are ascribed 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.
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 other companies in the Group have exercised the Group taxation option described in art. 117 of the TUIR no. 917/1986, which involves determining a total global revenue that corresponds to the algebraic sum of the total net revenues of the companies adhering to this system. The liquidation of this single tax amount due allows the Group the contextual use of any tax losses in the financial period.

2. Subsidiary companies and Consolidation area

In 2009 and in the first six months of 2010, the consolidation area has not changed.
In order to prepare the consolidated balance, the companies included in the CAD IT Group consolidation using the integral method are as follows:

Company name	*Registered office*	*Share/ Quota capital Euro*	*Percentage of investment*	*Percentage of investment of the Group*
consolidated using the integral method				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
CAD S.r.l.	Verona	130,000	100.00%	100.00%

Cesbe S.r.l.	Verona	10,400	52.00%	52.00%
Netbureau S.r.l.	Milan	50,000	100.00%	100.00%
S.G.M. S.r.l.	Padova	100,000	100.00%	100.00%
D.Q.S. S.r.l.	Roma	11,000	55.00%	55.00%
Bit Groove S.r.l.	Verona	15,500	100.00%	100.00%
Elidata S.r.l.	Castiglione D'Adda (LO)	20,000	51.00%	51.00%
Smart Line S.r.l.	Verona	102,700	51.05%	51.05%
Datafox	Verona	99,999	51.00%	51.00%
Tecsit S.r.l. (1)	Roma	75,000	70.00%	38.50%
(1) Held through DQS S.r.l.				

3. Revenues

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

	Period 2010		Period 2009		Variations	
	01/01 - 30/06		01/01 - 30/06		absolute	%
Income from sales and services	23,985	92.24%	25,316	92.81%	(1,331)	(5.26%)
of which related parties	*143*	*0.5%*	*140*	*0.5%*	*2*	*1.7%*
Variations in stock of products being elaborated						
Changes in ongoing orders	(143)	(0.55%)	(83)	(0.30%)	(60)	72.99%
Asset increases due to internal work	2,146	8.25%	1,540	5.64%	606	39.35%
Other revenue and receipts	16	0.06%	503	1.84%	(487)	(96.76%)
Production value	**26,004**	**100.00%**	**27,276**	**100.00%**	**(1,272)**	**(4.66%)**

Service and sales include any income from the sale of licensed out software, maintenance services for software updating, the use of personalised applicative packages. the sale of hardware, consultancy services and information technology system design.

During 2010 first half financial period, income from sales and services decreased by 5.26% compared to 2009 first half financial period and reached Euro 23,985 thousand.

Increases in intangible assets due to internal grow to Euro 2,146 thousand, compared to Euro 1,540 thousand in the first half of 2009 financial period, and include the activities carried out by the staff of CAD IT and the Group's companies concerning the development of new procedures aimed at the sale of licensed products or instrumental goods for the company's traditional business.

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 and geographical areas

The internal organisational and managerial structure and the internal reporting for the Board of Directors is presently grouped into two operative divisions: Finance and Manufacturing. These divisions are the basis on which the Group reports sector information according to the primary layout.

The main activities of each sector are as follows:

- Finance: includes the computer applications aimed specifically at banks, insurances and other financial institutions. The main applications provide:
  - management of intermediary activities on securities, funds and derivate instruments;
  - management of the typical services in the credit sector, such as the collection, treasury and monitoring of credit procedures;
  - service allocation for trading on line;
  - management of integrated banking computer systems;
  - consultancy and training.

- Manufacturing: includes the development and marketing of instruments and software applications and offers a series of services aimed at allowing the companies to effectively manage numerous company processes, including Outsourcing.

The data not allocated to the sectors mainly refer to income and costs for logistics and administration services given to the group's companies by the controlling party.

Disclosures for business segments	30/06/2010				
	Finance	Manufacturing	Not allocated/General	Elisions	Consolidated
External revenues	24,681	1,323			26,004
Intersegment revenues	1,555			(1,555)	
Total revenues	26,236	1,323		(1,555)	26,004
Costs	(25,498)	(1,302)	(671)	1,555	(25,916)
Gross Operating Result (EBITDA)	2,686	23	(671)		2,039
Operating Result (EBIT)	737	21	(671)		88
Net financial income (expenses)			16		16
Revaluations and devaluations	167				167
Result	905	21	(655)		271
Income taxes			(643)		(643)
Third party share (profit)/loss	53	(8)	56		101
Financial period profit (loss)	958	13	(1,241)		(270)
Assets	81,703	912	1,705		84,320
Liabilities	21,766	571	5,768		28,104

Disclosures for business segments	30/06/2009				
	Finance	Manufacturing	Not allocated/General	Elisions	Consolidated
External revenues	25,565	1,711			27,276
Intersegment revenues	1,535	315		(1,850)	
Total revenues	27,100	2,026		(1,850)	27,276
Costs	(24,116)	(2,013)	(621)	1,850	(24,900)
Gross Operating Result (EBITDA)	4,612	122	(621)		4,113
Operating Result (EBIT)	2,984	13	(621)		2,376
Net financial income (expenses)			107		107
Revaluations and devaluations	223				223
Result	3,207	13	(514)		2,706
Income taxes			(1,210)		(1,210)
Third party share (profit)/loss	(197)	(9)	126		(80)
Financial period profit (loss)	3,010	4	(1,598)		1,416
Assets	85,750	1,938	2,290		89,977
Liabilities	22,732	1,307	7,125		31,164

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 almost totally nationally and homogeneously.

5. Purchase Costs

	30/06/2010	30/06/2009	Variations	%
Hardware-Software purchases for sale	366	298	69	23.0%
Maintenance and consumable hardware purchases	8	6	2	29.4%
Other purchases	98	108	(10)	(9.2%)
Variations in raw material stock	(99)	226	(325)	(143.7%)

Total	***638***	***608***	***30***	***5.0%***

Costs for purchasing hardware and software for sale refer to purchases made for orders that clients had already confirmed and decreased by 23% compared with 2009 first half.
Leftover stock has decreased during the period by Euro 99 thousand.

6. Service costs

	30/06/2010	30/06/2009	Variations	%
External collaboration	2,836	3,096	(260)	(8.4%)
Travelling expenses and fee reimbursement	840	740	100	13.5%
Other service costs	1,457	1,408	49	3.5%
Total	***5,133***	***5,244***	***(111)***	**(2.1%)**

Service costs during the first half of 2010 came to Euro 5,133 thousand, a decrease compared to the same period of previous year (Euro -110 thousand). In particular, external collaboration costs, uncompensated by the increase in travel and expense reimbursements and other service costs, fell by 8.4%. The cost for travel and expense reimbursement is correlated to the productive activities in terms of the need to carry out work on customer premises.
Other service costs mainly include assistance fees and hardware and software maintenance, energy costs, administrative, legal and fiscal consultancy, maintenance costs and for office management and installed systems.

7. Other operational costs

The following table shows and confronts the other operative costs that have undergone a total reduction of approximately 12%.

	30/06/2010	30/06/2009	Variations	%
Third party benefit expenses	304	343	(39)	(11.3%)
Various management charges	58	70	(12)	(17.6%)
Total	***362***	***413***	***(51)***	**(12.4%)**

Third party benefit expenses in 2010 first half year came to Euro 304 thousand, compared to Euro 343 thousand in the first six months of 2009 and mainly refer to equipment and software rental and to operational office lease.

8. Labour costs and Employees

	30/06/2010	30/06/2009	Variations	%
Salaries and wages	12,065	11,470	594	5.2%
Payroll taxes	3,611	3,422	189	5.5%
Severance pay	1,035	696	339	48.7%
Retirement pay and similar	0	0	0	-
Other costs	53	49	4	7.8%
Total	***16,764***	***15,638***	***1,126***	***7.2%***

Labour costs in the first six months of 2010 increased of Euro 1.126 thousand (+7.2%) compared to the same

six months in 2009. This increase in labour costs was mainly due to the renewal of the National Employment Contract in the engineering sector, with the first tranche as of January 2010, and to staff wage increases and bonuses. Furthermore, it included the effect deriving from the actuarial calculation, in accordance with IAS 19, of the Severance Pay debt towards employees: during the semester, the actuarial loss came to Euro 80 thousand compared to an actuarial gain of Euro 235 thousand in the first six months of previous year.
The figures relating to the precise number of employees currently working in the CAD IT Group are shown below:

Category of employees	*labour force at 30/06/2010*	*labour force at 31/12/2009*	*Variations*
Management	19	17	2
White-collars and cadres	587	582	5
Blue-collars	1	1	-
Apprentices	2	2	-
Total	***609***	***602***	***7***

The number of CAD IT Group staff, at 30th June 2010 was 609 employees.
The average number of employees during half year in question was 606 persons while this figure was 603 in the previous first half year. The following table shows data regarding the CAD IT Group employees:

Category of employees	*Average number 30/06/2010*	*Average number 30/06/2009*	*Variations*
Management	19	17	2
White-collars and cadres	584	583	1
Blue-collars	1	1	-
Apprentices	2	2	-
Total	***606***	***603***	***3***

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

9. Other administrative costs

The table below shows the other administrative costs in detail:

	30/06/2010	*30/06/2009*	*Variations*	*%*
Director and legal representative fees	868	780	88	11.2%
Director retirement	12	13	(1)	(6.5%)
Director and legal representative fee contributions	103	100	3	3.4%
Telephones	253	211	42	19.9%
Commissions	3	16	(13)	(80.7%)
Advertising fees	93	110	(16)	(14.7%)
Total	***1,333***	***1,230***	***103***	**8.4%**

Other administrative costs include remunerations paid to correlated parties of euro 662 thousands, and of euro 571 thousands in the previous period (as shown in note 38).

10. Financial performance

The financial management result is in credit by Euro 16 thousand, in decrease compared to 2009 first half financial period (Euro 107 thousand), as the following detailed statement shows.

	30/06/2010	30/06/2009	Variations	%
Financial income from assets available for sale	6	12	(7)	(54.6%)
Interest on bank deposits and equivalent	40	123	(83)	(67.8%)
Profits on exchanges	0	0	0	-
Total financial income	**45**	**135**	***(90)***	**(66.5%)**
Interest on bank overdrafts and loans	(23)	(22)	(2)	8.2%
Interest on debts for financial leasing	(5)	(6)	1	(14.0%)
Losses on exchanges	(1)	(1)	0	-
Total financial charges	***(29)***	***(29)***	***(1)***	**2.8%**
Net financial income and (charges)	***16***	***107***	***(91)***	**(85.1%)**

The drop in interest on bank deposits and equivalent is due to lower returns following a reduction in interest rates, a decrease in liquid assets in current accounts and capitalisation insurance policies classified as liquid assets.
Financial expenses mainly refer to overdrafts on bank accounts.

11. Revaluations and depreciations

	30/06/2010	30/06/2009	Variations	%
Holding revaluation relating to associate companies	167	223	(56)	(25.1%)
Alienated assets available for sale revaluation	-	-	-	-
Holding devaluation relating to associate companies	-	-	-	-
Alienated assets available for sale devaluation	-	-	-	-
Total revaluations and depreciations	***167***	***223***	***(56)***	**(25.1%)**

The revaluation of holdings valued with the net patrimony method only concern the associate company Sicom S.r.l. in the first six months of 2010 and 2009.

12. Income taxes

	30/06/2010	30/06/2009	Variations	%
Tax pre-payments	25	25	0	-
Deferred taxes	1	9	(8)	(89.6%)
Current taxes	617	1,177	(560)	(47.6%)
Total income taxes	***643***	***1,210***	***(568)***	**(46.9%)**

The taxes ascribable to first half of 2010 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, for the three years 2010-2012, 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 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 and determines, at a group level, the amount of interests allowed that can be deducted fiscally in accordance with the reform that began during the 2008 financial period.
The tax incidence for the period on the gross pre-tax result amounted to 237.2%, while in the first six months of 2009, it was 44.7%. This high tax incidence on the result was due to the fiscal non-deductibility of costs which causes an increase in taxable revenues in terms of the financial period result.

13. Earnings per share

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

	30/06/2010	30/06/2009
Weighed average number of ordinary shares in circulation	8,980,000	8,980,000
Basic result per share (in Euro)	(0.030)	0.158

14. Property, plant and equipment

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

	30/06/2010	31/12/2009	Variations	%
Land	1,527	1,527	0	-
Buildings	14,896	14,957	(61)	(0.4%)
Plant and equipment	1,808	1,901	(92)	(4.9%)
Other assets	703	827	(124)	(15.0%)
Total property, plant and equipment	***18,934***	***19,212***	***(277)***	***(1.4%)***

During the first half of 2010, the item "property, plant and equipment" varied as follows:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Fixed assets under development	Total
Purchase or production cost	9,140	4,141	29	5,403		18,712
First Time Adoption revaluation	8,439					8,439
Previous years depreciation and write-downs	(1,095)	(2,240)	(21)	(4,582)		(7,938)
Adjustments to previous years write-downs				(2)		(2)
Opening value	***16,484***	***1,901***	***8***	***819***		***19,212***
Variations in consolidation area						
Purchases		40	1	72		114
Transfers						
Reduction in accumulated depreciation due to disposals		1		10		11
Disposals		(4)		(11)		(15)
Revaluations for the period						

Depreciation and write-downs for the period	(61)	(130)	(2)	(195)		(388)
Adjustments to write-downs for the period						
Total tangible fixed assets	***16,423***	***1,808***	***7***	***696***		***18,934***

Land and buildings include property and land, accounted for separately, belonging to the Group or conducted in leasing. The accounting value of the buildings calculated on the basis of leasing contracts is equal to Euro 326 thousand.

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

Some land and buildings have been revaluated at FTA at fair value as a substitute of cost and is calculated by an external expert, as indicated in the attached document on transition to the international accounting standards to the financial statement at 31st December 2005.

The purchasing of new tangible assets during the year came to a total of Euro 114 thousand of which Euro 72 thousand were for “other tangible assets” that mainly included the purchasing of electronic machinery, managerial instruments characteristic of the Group’s activities. During the first half of 2010 property, installations and machinery were not subject to any value reductions that required registration in the balance.

15. Intangible fixed assets

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

	30/06/2010	*31/12/2009*	*Variations*	*%*
Industrial patents and similar rights	5,441	6,808	(1,368)	(20.1%)
Licences. trademarks and similar rights	481	495	(13)	(2.7%)
Assets under development	12,589	10,444	2,146	20.5%
Total Intangible fixed assets	***18,511***	***17,747***	***765***	***4.3%***

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

	Industrial patents and similar rights	*Licences. trademarks and similar rights*	*Assets under development and payments on account*	*Other*	*Total*
Purchase or production cost	14,333	3,397	10,444	35	28,209
Previous years revaluations					
Previous years depreciation and write-downs	(7,524)	(2,902)		(35)	(10,462)
Adjustments to previous years write-downs		(1)			(1)
Opening value	***6,808***	***495***	***10,444***	***0***	***17,747***
Variations in consolidation area					
Purchases		119	2,146		2,265
Transfers					
Reduction in accumulated depreciation due to disposals					
Disposals					
Revaluations for the period					
Depreciation and write-downs for the period	(1,368)	(132)			(1,500)
Adjustments to write-downs for the period					
Total intangible fixed assets	***5,441***	***481***	***12,589***	***0***	***18,511***

The voice “industrial patent rights and works of ingenuity” is almost entirely made up of software procedures developed by the CAD IT Group. The values are registered in credit to the directly sustained cost. mainly due to the use of internal resources as well as any possible additional accessory fees that may occur. In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product’s lifecycle, estimated at five years. The amortizations of this voice in the first half of 2010 financial period came to Euro 1,368 thousand.
The caption “Licences, trademarks and similar rights” principally includes the licensed out software bought by third parties used by the Group for production activities.
The voice assets under development relates to investments in development of software procedures under construction both for sale and for in-company use. Most of these investments are aimed at new. advanced products, the use of which will be needed very shortly, even by law, in credit and financial institutions as well as in the field of public and industrial administration. These assets are listed as receivable on the basis of the directly sustained cost, mainly regarding the use of internal resources.
During 2010 first half period, ongoing intangible assets increased due to costs capitalised by CAD IT (Euro 2,120 thousand) and by Smart Line S.r.l (Euro 26 thousand), to a total of Euro 2,146 thousand.
These assets have undergone no reduction in value during the 2009 first half financial year that need to be registered in the balance.

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

The recoverable value of the CGU is verified by determining the value in use.
The evaluation of the CAD IT Group companies was made through a Discounted Cash Flow (DCF), the most common calculation method in financial markets. Operational cash flow forecasts are based on the most recent budget plans approved by the Board of Directors and relate to the period 2010-2012 which take into account the concrete company growth possibilities based on past data and on management forecasts. The financial flows that go over this period have been calculated with great care using a growth rate of nil. The putting into effect rate used is the weighed average of capital estimated at 9.65%.

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 = kb (1-TC) (B/V) + kp (P/V) + ks (S/V)

where:
kb = 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.
kp = advisability cost of risk capital
P = market value of the privileged shares
ks = advisability cost of own capital determined by the market
S = market value of the net capital.
The cost of capital was identified as kS = 9.68%.
The permanent growth rate of the company being evaluated was chosen by taking it as 0% a year despite the CAGR of the income and profits of each being greater.
The value of the companies was determined as a summation of discounted back cash flows (Free Cash Flow), of the remaining value and the net financial position. In brief we can say:
COMPANY VALUE = ± NET FINANCIAL POSITION + DISCOUNTED BACK CASH FLOWS + REMAINING VALUE
If we want to translate this equation into mathematical terms, we could show it in the following way:
N.P.V.= company value (Net Present Value)
P.F.N. = Net Financial Position
FCF = cash flow
k = cost of capital
N = explicit period
g = growth rate of the implicit period
N.P.V.= ± P.F.N. + ∑Ni FCF (1+k)-N + (FCFN+1 / k-g) {[1/[1+(k-g)]N}.

17. Investments in associates

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

Company name	Date of reference	Quotaholders' equity including profit for the period	Profit for the period	Percentage of investment	Investment value of the Group
Sicom S.r.l.	30/06/2010	1,349	670	25.00%	337
Sicom S.r.l.	30/06/2009	1,121	894	25.00%	280

18. Other financial assets available for sale

This point involves Class Editori S.p.A. and CIA S.p.A. shares quoted in the MTA Standards segment, managed by Borsa Italiana S.pA. The two holdings are registered in the balance at market value at the balance date.
The profits and losses registered after a fair value evaluation at each balance date for this asset are registered to net patrimony with the exception of those value losses to be registered in the profit and loss

account as required by IAS 39.
The table below illustrates the value variations of these holdings during the 2010 first half year:

	Fair Value at 31/12/09	Fair Value at 30/06/10	Variations
Class Editori S.p.A.	375	263	(112)
Cia S.p.A.	406	357	(49)
Total financial assets available for sale	***781***	***620***	***(161)***

The negative change in fair value of assets, 161 thousand Euros, was entered into equity reserve (see note 26).

19. Credits due to prepaid taxes

Credits due to prepaid taxes amount to Euro 200 thousand and are made up of assets in this period or previous periods and will probably create a taxable income. for which they could be used. Credits for pre-paid IRES and IRAP taxes are mainly in reference to time differences (deductible over the next few financial periods) and past losses that the Group's companies made.

20. Inventories

Leftover stock includes entirely products finished products and goods for 210 thousands of Euro. The entire point for the period in question is made up as follows:

	30/06/2010	31/12/2009	Variations	%
Raw materials, consumables and supplies goods	-	-	-	-
Products being elaborated or semi-elaborated	-	-	-	-
Finished goods	210	112	99	88.6%
Total Inventories	***210***	***112***	***99***	**88.6%**

21. Ongoing work to order

Ongoing work to order was registered at a total Euro 169 thousand and includes jobs that were in their final stages. evaluated on the basis of the principle of the completion percentage (cost-to-cost).

	30/06/2010	31/12/2009	Variations	%
Ongoing work to order	169	312	(143)	(45.8%)
Total Ongoing work to order	***169***	***312***	***(143)***	**(45.8%)**

22. Trade receivables and other credits

Commercial credits and other credits are made up as follows:

	30/06/2010	31/12/2009	Variations	%
Credits to clients	29,262	28,372	890	3.1%
Credit depreciation fund	(370)	(307)	(63)	20.5%

Credit to associated companies	0	0	0	-
Accrued income and deferred expenses	1,451	608	843	138.6%
Other credits	125	231	(107)	(46.2%)
Total trade receivables and other credits	***30,468***	***28,905***	***1,563***	**5.4%**

% coverage Credit depreciation fund	1.26%	1.08%

Receivables mainly consists of claims on banks, insurance and other entities Group's clients and are entirely payable within 12 months; the carrying amount of trade receivables and other receivables is estimated corresponds to their fair value.
The high sum of credits towards clients is conditioned by the size of the value of the contracts. which is often considerable, as well as the contractual terms of payment which usually state that the balance of the amounts due are to be paid after the procedures supplied have been approved or completion of services.
The Group evaluated the credits to the probable break-up value. This evaluation is made analytically for on expiry and expired credits 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 370 thousand (Euro 307 thousand at 31st December 2009) which ensures a cover of 1,26% 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 reduction in client credits. compared to the previous year. is mainly due to the client payment receipt trend.

The point Accrued accruals and payables refers to accrued income made up as follows:

Nature	***30/06/2010***	***31/12/2009***
Software assistance	761	94
Advertising expenses	85	37
Third party benefit expenses	82	98
Telephone charges	76	28
Administrative services	3	3
Various insurances	74	22
Various	332	293
Hardware assistance	38	33
Total Accrued costs	***1,451***	***608***

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

Credits towards other	***30/06/2010***	***31/12/2009***	***Variations***	***%***
Receivables from social security institutions	11	2	10	658.9%
Receivables for advances on travel expenses	2	5	(3)	(56.9%)
Payments on account to suppliers	72	172	(100)	(58.1%)
Other	36	50	(14)	(27.3%)
Insurances	0	0	0	-
Guarantee deposits	3	3	(0)	(7.0%)
Total credits towards other	***125***	***231***	***(107)***	**(46.2%)**

23. Tax credits

The entry of Euro 1,505 thousand mainly comprises down payments for direct taxes (IRES and IRAP) during the previous financial year.

24. Cash and other equivalent assets

	30/06/2010	31/12/2009	Variations	%
Bank and postal accounts	2,616	3,854	(1,238)	(32.1%)
Cheques and Cash on hand	19	19	(0)	(2.1%)
Insurance policies capitalised	2,334	2,505	(171)	(6.8%)
Total Cash and other equivalent assets	***4,969***	***6,379***	***(1,410)***	**(22.1%)**

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 and reimbursement is made within 20 days with no particular significant expense. The returns are variable in relation to the annually calculated revaluation rate. The guaranteed minimum annual rate is 2.50%.

25. Company capital

The company capital, entirely registered, deposited and unchanged over the period, amounted to Euro 4.669.600. It was subdivided into 8.980.000 ordinary shares with a nominal value of Euro 0.52 each and all with equal rights.
The ordinary shares are registered and indivisible and each one gives the right to a vote at the ordinary and extraordinary shareholders' meetings, as well as to the faculty of carrying out other company and patrimonial rights in accordance with the law and the statute.
CAD IT S.p.A. or its controlled companies do not own CAD IT or their own shares, not even through trustee companies or third parties.

Group net patrimony

The Group net patrimony came to Euro 53,828 thousand compared to Euro 56,505 thousand at 31/12/2009.

Third party net patrimony

The item refers to the equity of the controlled companies that, on the basis of the 'Equity ratios', belongs to third parties. It was made up of:

	30/06/2010	31/12/2009
Minority quotaholders of Cesbe S.r.l.	1,573	1,619
Minority quotaholders of Elidata S.r.l.	382	415
Minority quotaholders of Smart Line S.r.l.	313	343
Minority quotaholders of Datafox S.r.l.	61	56
Minority quotaholders of Tecsit S.r.l.	32	32
Minority quotaholders of DQS S.r.l.	26	24
Total	***2,387***	***2,489***

26. Reserves

	30/06/2010	31/12/2009	Variations	%
Share surcharge reserve	35,246	35,246	0	-
Re-evaluation reserve for fin. assets available for sale	74	235	(161)	(68.5%)
Total Reserves	***35,320***	***35,481***	***(161)***	**(0.5%)**

The variation in the valuation reserve for activities available for sale corresponds to the sum of the fair value variations, registered at 31st December 2009 and 30th June 2009, the holdings in the listed companies Class Editori S.p.S. and CIA S.p.A. and entered directly into net patrimony.
The management maintains that the reduction in value in the Class Editori holding does not represent a permanent loss in value. On the other hand, the reduction in value of CIA S.p.A. shares is less than the positive reserve entered directly into patrimony due to previous revaluations.
The following table shows the various components that make up the valuation reserve of activities available for sale:

	Re-evaluation reserve at 31/12/09	Variations	Re-evaluation reserve at 30/06/2010
Class Editori S.p.A.	-	(112)	(112)
Cia S.p.A.	235	(49)	186
Total re-evaluation reserve for fin. assets available for sale	***235***	***(161)***	***74***

27. Accumulated profit/losses

	30/06/2010	31/12/2009	Variations	%
Previous profits/losses	205	232	(27)	(11.7%)
Legal reserve	934	934	0	-
First Time Adoption transition reserve	2,119	2,119	0	-
Consolidation reserve	(192)	176	(367)	(209.3%)
Available joint profit reserve	11,043	10,908	135	1.2%
Period profits/losses	(270)	1,985	(2,256)	(113.6%)
Total accumulated profits/losses	***13,838***	***16,354***	***(2,515)***	**(15.4%)**

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

28. Dividends paid

On the basis of the results of the 2009 period, the distribution of an ordinary dividend of Euro 0.25 per share, for total amount to Euro 2,245 thousand, with coupon detachment on 10th May 2010 and payment carried out on 13th May 2010, was approved at the Shareholders' Meeting on 29th April 2010.

29. Financing

	30/06/2010	31/12/2009	Variations	%
Due to banks after 12 months	0	0	0	-
Sums due to other financing institutions after 12 months	165	179	(14)	(8.0%)
Total	***165***	***179***	***(14)***	**(8.0%)**

The total amount to Euro 193 thousand refers to the registration of the amount of debt funding determined by property leasing in accordance with the financial method.

30. Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,439 thousand (31st December 2009, Euro 3,452 thousand) and took into account the taxable time differences resulting from time differences of the accounting value of an asset or liability compared to its recognised value for tax purposes. In particular they mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods after verifying the taxability conditions of the major values registered for the activities or the reduction of the liability value.

31. Employees' leaving entitlement and quiescence reserves

	30/06/2010	31/12/2009	Variations	%
Employees' leaving entitlement (TFR)	6,460	6,301	160	2.5%
Fund due to director end of term of office treatment	29	17	12	72.9%
Total	***6,489***	***6,317***	***172***	***2.7%***

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	30/06/2010	30/06/2009	31/12/2009
Balance at 1 January	6,301	6,206	6,206
Actuarial (gain)/loss	80	(235)	72
Allocation of period	191	176	356
Utilisation	(112)	(131)	(333)
Closing balance	***6,460***	***6,016***	***6,301***

In order to carry out the mathematical evaluation. the database of each employee (salary, matured TFR net of any advance payments, age, sex, qualification, etc.) was given to the external actuaries by the companies' qualified offices. The hypothetical specifications on the employees in service regarding both their demographic evolution and their future economic characteristics, were calculated on the basis of some past company series, on similar experience and on market figures as well as on the basis of some indications supplied by the companies themselves in terms of their experience and sensitivity to company events.

In particular, in determining the present value of future services that are expected to be necessary in order to settle obligations deriving from working activities carried out in the current period and previous periods, the following were calculated:

- the present value regarding future forecasted services relating to working activities carried out in previous periods;
- the welfare cost regarding present work services, i.e. the increase in the present value of obligations resulting from work being carried out in the current period;

- the interest allowed given by the increase that the present value of the obligations is subject to during a period because of the fact that the date of payment of a benefit becomes one period closer.

The results of the mathematical evaluations on the basis of the IAS for TFR at 30th June 2010 are shown below:

Previous years' cost	*Current year's cost*	*Current year's interests allowed*	*Actuarial gain (loss)*
6,295	62	104	(80)

32. Expense funds and risks

The entry of a total of Euro 131 thousand includes earmarking for tax adjustments relating to previous financial periods, a subject of partial contestation, the outlay for which is registered as Euro 61 thousand, and an ongoing legal dispute, the total cost of which is estimated at Euro 70 thousand. The judicial case for tax adjustments was defined in August within the limits of the above sum. The fund for legal disputes is expected to be used shortly.

33. Commercial debts

The entire point amount to Euro 6,315 thousand and shows the following trend:

	30/06/2010	*31/12/2009*	*Variations*	*%*
Debts towards associated companies	180	78	102	129.7%
Debts towards suppliers	3,005	3,808	(803)	(21.1%)
Payments on account received	134	277	(143)	(51.7%)
Accrued expenses and deferred income	2,996	230	2,766	1202.8%
Total Commercial debts	***6,315***	***4,393***	***1,922***	**43.7%**

Debts towards suppliers are referred to as current debts for supplies of goods and services received. including those regarding investments in intangible assets.

Accrued expenses and deferred earnings	*30/06/2010*	*31/12/2009*
Accrued liabilities	8	4
Deferred earnings	2,988	226
Total	***2,996***	***230***

The deferred income refers almost entirely to income that was already invoiced regarding annual ordinary maintenance and assistance contracts on user licences and mainly pertaining to 2010 second half period.

34. Tax debts

The taxation debt point amounts to Euro 2,328 thousand and regards debts that the companies of the Group included in the consolidation area have incurred with the inland revenue. This registration is made up of income tax debts. value added tax and to activities of tax substitution made by the various companies regarding their respective employees and collaborators.

At the time of drafting this balance there were no legal cases pending with the Financial Authorities.

35. Short-term financing

This point at 30th June 2010 is made up of Euro 1,222 thousand from short-term funding to banking institutions outstanding at account and of Euro 10 thousand from debts within 12 months for financial leasing.

36. Other debts

Details of other debts are as shown:

	30/06/2010	31/12/2009	Variations	%
Social security charges payable	2,585	2,504	81	3.2%
Towards directors	64	40	23	58.1%
Dividends to be distributed to shareholders (third parties)	54	54	0	-
Towards staff for deferred salaries and pay	5,288	4,048	1,240	30.6%
Other	13	35	(22)	(61.7%)
Total	8,004	6,682	1,323	19.8%

Debts towards welfare institutions included matured contributory debts on current monthly salaries as well as the quota for deferred salaries and for holidays to enjoy.
Staff debts refer to the current salaries for June 2010 and to accruals for deferred salaries that matured at the same date.

Debt towards staff for wages and deferred pay	30/06/2010	31/12/2009	Variations
For wages and expense accounts	1,942	1,070	872
For production incentives	4	4	0
For holidays	2,546	2,210	337
For year-end bonus	796	9	786
For summer bonus	0	755	(755)
Total	***5,288***	***4,048***	***1,240***

37. Consolidated net financial position

The consolidated net financial availability was positive at 30th June 2010 despite having paid a total of Euro 2,245 thousand in ordinary dividends to shareholders.
The cash-on-hand amounts to Euro 3,737 thousand, compared to Euro 5,093 thousand at 31st December 2009, decreasing of Euro 1,356 thousand and a net financial availability to Euro 3,572 thousand, compared to Euro 4,914 thousand at 31st December 2009.
In particular, cash-on-hand and in bank accounts came to Euro 2,623 thousand. Capitalisation insurance policies of Euro 2,334 thousand were contractually available on 20-day prior request without any significant tax expenses.
Short-term debts towards banks regard overdrawn accounts and advances subject to final payment.

Net financial position/(indebtedness)	30/06/2010	31/12/2009	Variation	%
Cash-on-hand and at bank	2,635	3,873	(1,239)	(32.0%)
Capitalisation insurance policies	2,334	2,505	(171)	(6.8%)
Payables due to banks current portion	(1,232)	(1,286)	54	(4.2%)
Net short-term financial position/(indebtedness)	**3,737**	**5,093**	***(1,356)***	**(26.6%)**
Long-term loans	(165)	(179)	14	(8.0%)
Net long-term financial position/(indebtedness)	**(165)**	**(179)**	***14***	**(8.0%)**

Net financial position/(indebtedness)	3,572	4,914	(1,342)	(27.3%)

As a link between the data of the net financial position statement and the balance statement. it is hereby reported that: cash, in bank accounts and capitalisation insurance policies are registered in the patrimonial status as “Cash and other equivalent assets”; short-term financial debts are registered as “Payables due to banks current portion”; long-term financing is registered in the patrimonial status as “Long-term loans”.
The decrease in financial assets is mainly due to the payment of associate company shareholder dividends; cash flows from traditional activities were positive (Euro +3,301 thousand) and guarantee total coverage of flows used for investment (Euro -2,296 thousand). Please refer to CAD IT Group’s financial report for cash flow details.

Net short-term financial availability	30/06/2010	31/12/2009	Variations	%
Bank and postal accounts	2,616	3,854	(1,238)	(32.1%)
Cheques and Cash on hand	19	19	(0)	(2.1%)
Insurance policies capitalised	2,334	2,505	(171)	(6.8%)
Debts towards banks (overdrawn accounts, advances subject to collection etc.)	(1,232)	(1,286)	54	(4.2%)
Net short-term financial availability	3,737	5,093	(1,356)	(26.6%)

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 summary of income and costs. despite the credit and debit position at 30th June 2010 between the Group’s subsidiaries. is shown in the specific note on management intermediary report.
The following table shows the incidence of transactions with correlated parties on the respective balance entry:

Transaction incidence with correlated parties at 30/06/2010	Total	Correlated Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	23,985	143	0.59%
Service costs	(5,133)	(293)	5.71%
Labour costs	(16,764)	(308)	1.84%
Other administrative expenses	(1,333)	(662)	49.64%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	30,468	3	0.01%
TFR and pension funds	6,489	143	2.20%
Commercial debts	6,315	225	3.56%
Other debts	8,004	150	1.87%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	56	50	89.94%

Revenues with correlated parties mainly concern services carried out for Xchanging (Euro 137 thousand), the company that has a 10% holding in CAD IT.
Service costs for correlated parties include services carried out by the subsidiary Sicom towards the parent

company (Euro 201 thousand), fees paid to the CAD IT Auditing Board members (Euro 32 thousand) and those regarding translation and language training costs supplied by a company partly owned by a CAD IT director (Euro 48 thousand).
Labour costs for correlated parties include the remunerations (including contributions to be paid by the company and matured accruals for deferred pay) of company employees who are related to, or have an affinity with, CAD IT directors and those managers with strategic responsibilities.
Other administrative expenses relating to correlated parties regard directorship fees to CAD IT directors (euro 490 thousands) as well as to the directors of other companies in the Group who are related to, or have an affinity with them (Euro 81 thousands).
Debts towards correlated parties are mainly made up of commercial debts for the above mentioned services that had not yet matured (Euro 225 thousand), debts towards employees for remunerations and remuneration accruals (Euro 141 thousand) and severance pay (Euro 143 thousand).
With the exception of the above relations, no other significant relations of an economic-patrimonial nature have been undertaken with correlated parties.
The table below shows the incidence of relations with correlated parties at 30/06/2009.

Transaction incidence with correlated parties at 30/06/2009	*Total*	*Correlated Parties*	
		Absolute value	*% on Tot.*
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	25,316	140	0.55%
Increases in intangible assets due to internal work	0	0	-
Service costs	(5,244)	(297)	5.66%
Labour costs	(15,638)	(258)	1.65%
Other administrative expenses	(1,230)	(571)	46.45%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	31,928	8	0.03%
TFR and pension funds	6,021	124	2.05%
Commercial debts	9,072	154	1.70%
Other debts	7,870	147	1.87%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	167	155	92.65%

39. Relations with boards of management and auditing board

In accordance with art. no. 78 of Consob regulation, the salaries for any main company or direct or in direct subsidiary company title given to the members of the Board of Directors and auditing board and to the managers with strategic responsibilities are shown in the following table[5].

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

Name and Surname	Role		Term of office	End of Office term	Remunerations for role	Bonuses and other incentives	Indemnity at termination of office	Other remunerations
Dal Cortivo Giuseppe	Chairman and Managing Director	CAD IT Spa	01/01-30/06	approval fin statement2011	76	20	-	-
	Legal representative	CAD Srl	01/01-30/06	indefinite	43	-	-	43
	Director	CESBE Srl	01/01-30/06	indefinite	5	-	-	5
	Director	BITGROOVE Srl	01/01-30/06	approval fin statement2011	5	-	-	5
	Director	DQS Srl	01/01-30/06	approval fin statement2011	4	-	1	4
	Director	SICOM Srl	01/01-30/06	indefinite	3	-	-	3
Magnani Giampietro	Managing Director	CAD IT Spa	01/01-30/06	approval fin statement2011	76	20	-	-
	Chairman and Managing Director	CAD Srl	01/01-30/06	approval fin statement2012	43	-	-	43
	Director	BITGROOVE Srl	01/01-30/06	indefinite	8	-	-	8
	Director	NETBUREAU Srl	01/01-30/06	approval fin statement2011	3	-	-	3
	Director	SMART LINE SRL	01/01-30/06	approval fin statement2010	6	-	-	6
Rizzoli Maurizio	Director	CAD IT Spa	01/01-30/06	approval fin statement2011	8	-	-	-
Zanella Luigi	Managing Director	CAD IT Spa	01/01-30/06	approval fin statement2011	76	20	-	-
	Legal representative	CAD Srl	01/01-30/06	indefinite	43	-	-	43
	Director	CESBE Srl	01/01-30/06	indefinite	5	-	-	5
	Director	BITGROOVE Srl	01/01-30/06	approval fin statement2011	5	-	-	5
	Managing Director	DQS Srl	01/01-30/06	approval fin statement2011	4	-	1	4
	Director	SICOM Srl	01/01-30/06	indefinite	3	-	-	3
Dal Cortivo Paolo	Managing Director	CAD IT Spa	01/01-30/06	approval fin statement2011	9	20	-	74
Lambertini Lamberto	Director	CAD IT Spa	01/01-30/06	approval fin statement2011	8	-	-	-
Rossi Francesco	Director	CAD IT Spa	01/01-30/06	approval fin statement2011	8	-	-	-
Sohler Matthias Wolfgang	Director	CAD IT Spa	01/01-30/06	approval fin statement2011	6	-	-	-
Ranocchi Gianpaolo	Statutory Auditors	CAD IT Spa	01/01-30/06	approval fin statement2011	8	-	-	-
	Chairman Statutory Auditor	CAD Srl	01/01-30/06	approval fin statement2012	3	-	-	3
Tengattini Renato	Statutory Auditors	CAD IT Spa	01/01-30/06	approval fin statement2011	8	-	-	-
Riccardo Ferrari	Chairman Statutory Auditor	CAD IT Spa	01/01-30/06	approval fin statement2011	12	-	-	-
Dirigenti strategici		CAD IT Spa			-	-	-	53
TOTALE					298	80	2	309

The remunerations for this position include specific emoluments decided by the meeting even if they have not been paid, tokens for participating at company meetings and any lump-sum expense reimbursements.
Bonuses and other incentives include the variable part of emoluments in relation to reaching the objectives set by the remuneration committee, as established during the meeting.
Other remunerations include emoluments for positions in subsidiary companies. employee salaries (gross of welfare and tax costs to be paid by the employee, excluding those obligatory collective welfare costs to be paid by the company and put aside in the TFR fund) and all other remunerations deriving from other services supplied.
Severance pay includes redundancy pay.
Non-monetary benefits include fringe benefits (according to a tax criterion) including any insurance policies.

At the moment there are no ongoing stock option plans.
Shares held by administrative and managerial organs are shown in the specific point regarding management relations.

40. Significant events since 30th June 2010

In August CAD IT signed a contract with Xchanging for the supply of software and relative services to support platforms for the management and administration of securities and funds on behalf of Xchanging on European financial markets. The contract follows the agreement signed between Xchanging and SIA-SSB, the European leader for financial system services and payments, in order to form a partnership through which Xchanging has acquired the operational control of Kedrios S.p.A., the Italian subsidiary of the SIA-SSB Group that specialises in the back office management of securities processing and fund administration services.
Xchanging thus enters the Italian market, confirming its objective of becoming an important player in the sector as a top-class software supplier for banks, and being able to rely on an operative base in Italy to serve its own customers and to expand on an international level.
With the signing of this contract, CAD IT and Xchanging have further strengthened their strategic partnership, established in 2006, which principally aimed at developing an integrated pan-European technological platform for the management of financial tools and represents a fundamental step for CAD IT's expansion into Europe because it allows the Group to take advantage of the know-how and international presence of such a reputable partner such as Xchanging.

41. Warranties

The credit lines granted by banks but currently not utilised are guaranteed by mortgages of Euro 12.395 thousand on buildings, are currently being canceled.

42. Other information

There have been no transactions or any non recurrent significant events. as defined in the Consob DEM/6064293 communication. in the present financial period or the previous one.
CAD IT and the Group's companies have not drawn up any contracts containing clauses that depend on continual financial funding (covenant) nor any agreements where a subject – to whom a loan has been granted – must behave accordingly (negative pledge).
The present half yearly financial report was approved by the CAD IT S.p.A. Board of Directors on 27/08/2010.

ATTESTATION IN RESPECT OF THE HALF YEAR CONDENSED FINANCIAL STATEMENTS UNDER ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14TH MAY 1999 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS

1. The undersigned, Giuseppe Dal Cortivo, Chairman of the CAD IT S.p.A. Board of Directors, and Maria Rosa Mazzi, the executive officer 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 half year condensed statements during the first six months of 2010.

2. Furthermore, it is hereby declared that the CAD IT S.p.A half year condensed statements:
   a) has been drafted in accordance with the International accounting standards (IFRS) – adopted by the European Union - in conformity with EC regulation no. 1606/2002 of the European Parliament and Council of 19th July 2002, and in particular with IAS 34 – *Intermediary Period Balances;*
   b) corresponds to the results in the company books and accounting documents;
   c) gives a true and correct representation of the patrimonial, economic and financial situation of the company and the group of companies included in the consolidation.

3. The interim management report includes reliable analysis of the reference to the important events affecting the Company during the first six month of the current fiscal year, including the impact of such events on the Company's condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year. The interim management report also contains a reliable analysis of information on any significant operations with correlated parties.

Verona, 27 August 2010

/s/ Giuseppe Dal Cortivo
Chairman
of the Board of Directors

/s/ Maria Rosa Mazzi
Executive officer responsible
for drafting the company's
financial statements

FINANCIAL STATEMENTS OF CAD IT S.P.A.

Income Statement

	Period 2010		Period 2009		Period Variations	
	01/01 - 30/06		01/01 - 30/06		absolute	%
Income from sales and services	22,315	91.3%	23,035	92.4%	(720)	(3.1%)
of which related parties	*947*	*3.9%*	*871*	*3.5%*	*76*	*8.8%*
Asset increases due to internal work	2,120	8.7%	1,474	5.9%	646	43.8%
Other revenue and receipts	2	0.0%	422	1.7%	(420)	(99.6%)
Production value	24,437	100.0%	24,931	100.0%	(494)	(2.0%)
Costs for raw	(134)	(0.5%)	(108)	(0.4%)	(25)	23.4%
Service costs	(12,264)	(50.2%)	(12,272)	(49.2%)	9	(0.1%)
of which related parties	*(9,072)*	*(37.1%)*	*(9,471)*	*(38.0%)*	*399*	*(4.2%)*
Other operational costs	(201)	(0.8%)	(197)	(0.8%)	(3)	1.6%
Added value	11,839	48.4%	12,353	49.5%	(514)	(4.2%)
Labour costs	(9,322)	(38.1%)	(8,606)	(34.5%)	(716)	8.3%
of which related parties	*(248)*	*(1.0%)*	*(223)*	*(0.9%)*	*(25)*	*11.3%*
Other administrative expenses	(569)	(2.3%)	(494)	(2.0%)	(76)	15.3%
of which related parties	*(449)*	*(1.8%)*	*(292)*	*(1.2%)*	*(157)*	*53.6%*
Gross operational result – EBITDA	1,947	8.0%	3,253	13.0%	(1,306)	(40.1%)
Allocation to Credit Depreciation Fund	(62)	(0.3%)	(68)	(0.3%)	6	(40.1%)
Amortizations:						
- Intangible fixed asset amortization	(1,385)	(5.7%)	(1,169)	(4.7%)	(215)	18.4%
- Tangible fixed asset amortization	(341)	(1.4%)	(338)	(1.4%)	(4)	1.2%
Operational result – EBIT	159	0.7%	1,678	6.7%	(1,519)	(90.5%)
Financial receipts	92	0.4%	480	1.9%	(388)	(80.9%)
Financial charges	(1)	(0.0%)	(1)	(0.0%)	0	(5.6%)
Ordinary result	250	1.0%	2,157	8.7%	(1,907)	(88.4%)
Revaluations and depreciations	-		-		-	
Pre-tax and pre-third party share result	250	1.0%	2,157	8.7%	(1,907)	(88.4%)
Income taxes	(399)	(1.6%)	(734)	(2.9%)	335	(45.6%)
Profit (loss) for the period	(149)	(0.6%)	1,424	5.7%	(1,573)	(110.5%)
Weighed average number of ordinary shares in circulation	8,980,000		8,980,000			
Basic result per share (in Euro)	(0.017)		0.159			

Statement of comprehensive income

	Period 2010	Period 2009
	01/01 - 30/06	01/01 - 30/06
Profit (loss) for the period	(149)	1,424
Gains/(Losses) on fair value of available-for-sale financial assets	(161)	121
Total Comprehensive income	**(310)**	**1,544**

Statement of financial position

	30/06/2009	*31/12/2008*	*Variations*
ASSETS			
A) Non-Current Assets			
Assets, equipment and machinery	18,392	18,646	(254)
Intangible assets	18,401	17,576	825
Holdings	14,684	14,684	-
Other financial assets available for sale	620	781	(161)
Other non-current credits	17	19	(2)
Credits due to deferred taxes	7	7	-
TOTAL NON-CURRENT ASSETS	**52,120**	**51,712**	**408**
B) Current Assets			
Stock	15	28	(12)
Commercial credits and other credits	30,959	29,501	1,458
of which related parties	*3,604*	*3,551*	*53*
Tax credits	1,206	1,576	(370)
Cash on hand and other equivalent assets	4,133	5,502	(1,369)
TOTAL CURRENT ASSETS	**36,314**	**36,607**	**(293)**
TOTAL ASSETS	**88,434**	**88,319**	**115**
LIABILITIES			
A) Equity			
Company capital	4,670	4,670	-
Reserves	35,320	35,481	(161)
Accumulated profits/losses	14,532	16,926	(2,394)
TOTAL EQUITY	**54.522**	**57.077**	**(2,555)**
B) Non-current liabilities			
Liabilities due to deferred taxes	3,265	3,265	-
TFR and quiescence reserves	3,312	3,178	135
of which related parties	*132*	*122*	*10*
Expense and risk reserves	61	65	(4)
TOTAL NON-CURRENT LIABILITIES	**6,639**	**6,508**	**131**
C) Current liabilities			
Commercial debts	21,247	18,918	2,329
of which related parties	*17,012*	*15,984*	*1,028*
Tax debts	1,407	1,994	(587)
Other debts	4,619	3,822	798
of which related parties	*115*	*91*	*24*
TOTAL CURRENT LIABILITIES	**27,273**	**24,734**	**2,539**
TOTAL LIABILITIES AND EQUITY	**88,434**	**88,319**	**115**

Statement of changes in equity

Statement of changes in equity	*Company capital*	*Reserves*	*Accumulated profit (loss) net of period result*	*Period result*	*Group net patrimony*
At 01 January 2010	*4,670*	*35,481*	*14,546*	*2,380*	*57,077*
Allocation of the period result to reserves			*2,380*	*(2,380)*	
Dividend distribution			*(2,245)*		*(2,245)*
Total Comprehensive income		*(161)*		*(149)*	*(310)*
Total 30th June 2010	***4,670***	***35,320***	***14,681***	***(149)***	***54,522***

Statement of changes in equity	*Company capital*	*Reserves*	*Accumulated profit (loss) net of period result*	*Period result*	*Group net patrimony*
At 01 January 2009	4,670	35,346	14,401	4,635	59,052
Allocation of the period result to reserves			4,635	(4,635)	
Dividend distribution			(4,490)		(4,490)
Total Comprehensive income		121		1,424	1,544
Total 30th June 2009	***4,670***	***35,467***	***14,546***	***1,424***	***56,106***

Cash Flow Statement

	Period 2010 01/01 – 30/06	*Period 2010 01/01 – 30/06*
A) OPERATING ACTIVITIES		
Profit (loss) for the period	(149)	1,424
Amortisation, revaluation and depreciation:		
- Assets, equipment and machinery amortisation	341	338
- Intangible fixed asset amortization	1,385	1,169
Allocations (utilisation) of funds:	131	(63)
Financial performance:		
- Net financial receipts (charges)	(91)	(479)
- Profit / (losses) on exchanges	(1)	(1)
Working capital variations	1,463	(345)
Interest payment	(0)	0
(A) - Cash flows from (for) operating activities	**3,079**	**2,043**
B) INVESTING ACTIVITIES		
Investing activities		
- Assets, equipment and machinery purchases	(91)	(195)
- Intangible assets purchases	(2,210)	(1,841)
- increase in other fixed assets	0	(1)
Disinvestment activities		
- Assets, equipment and machinery transfers	3	3
- Disinvestment in other activities	2	-
Cashed Interest	36	105
Cashed dividends	56	375
(B) - Cash flows from (for) investing activities	**(2,204)**	**(1,554)**
C) FINANCING ACTIVITIES		
Distribution of dividends	(2,245)	(4,490)
(C) - Cash flows from (for) financing activities	**(2,245)**	**(4,490)**
(A+B+C) - Total cash and other equivalent assets flows	(1,369)	(4,001)
Opening liquid funds and other equivalent assets	**5,502**	**11,652**
Closing liquid funds and other equivalent assets	**4,133**	**7,651**

Relationships with subsidiaries

Being the parent company, CAD IT carries out commercial and financial transactions with subsidiaries by normal conditions of market.
The table below gives a summary of the transactions with subsidiaries carried out in the period:

Company	*Turnover*	*Costs*	*Payables*	*Receivables*
CAD S.r.l.	435	4,500	8,696	3,048
CeSBE S.r.l.	214	1,282	3,443	41
NetBureau S.r.l.	19	462	434	43
DQS S.r.l.	5	1,339	1,388	13
SGM S.r.l	6	99	759	-19
Smart Line S.r.l.	23	565	858	161
BitGroove S.r.l.	47	353	790	281
Elidata S.r.l.	52	139	367	26
Datafox S.r.l.	6	56	59	2
Tecsit S.r.l.	1			5
Total	**807**	**8,794**	**16,794**	**3,601**

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Accounting information in Financial Statements of CAD IT S.p.A. are not subject to auditing of accounts.

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Maria Rosa Mazzi, manager in charge of drafting CAD IT S.p.A. accounting documents, hereby declares, in accordance with article 154-bis, second paragraph, of the Consolidated Law on Finance (Leg. Dec. 58/1998), that the accounting information in "Financial Statements of CAD IT SpA" at 30th June 2010 corresponds to the documentary results, books and accounting registers.

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Auditors' review report on the half-year condensed consolidated financial statements for the six month period ended June 30, 2010

(This report has been translated into the English language solely for the convenience of international readers)

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

1. We have reviewed the half-year condensed consolidated financial statements, consisting of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows and related explanatory notes as of June 30, 2010 of CAD IT S.p.A. and its subsidiaries (the "CAD IT Group"). These half-year condensed consolidated financial statements, prepared in conformity with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union, are the responsibility of CAD IT S.p.A.'s Directors. Our responsibility is to issue a report on these half-year condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the auditing standards recommended by the Italian Regulatory for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the half-year condensed consolidated financial statements, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive verification procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-year condensed consolidated financial statements.

   With regard to the comparative figures related to the year ended December 31, 2009 and to the six-month period ended June 30, 2009, presented in the half-year condensed consolidated financial statements as of June 30, 2010, reference should be made to our auditors' report dated March 16, 2010 and our auditors' review report dated August 26, 2009.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of CAD IT Group as of June 30, 2010 are not presented fairly, in all material respects, in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union.

Verona, August 28, 2010

BDO S.p.A.

Signed by: Alessandro Gigliarano

BDO S.p.A. – Sede Legale: Largo Augusto, 8 – 20122 Milano – Capitale Sociale Euro 100.000 i.v.
Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 01795620150 - R.E.A. Milano 779346 - Iscritta all'Albo Speciale CONSOB delle Società di Revisione

BDO S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.

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