



CAD IT S.p.A.
Statutory Financial Statements
at 31-12-2010

*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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Financial statements at 31 December 2010

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

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BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS ⁽¹⁾

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI ⁽²⁾
Director

MATTHIAS SOHLER ⁽³⁾
Director

FRANCESCO ROSSI ⁽²⁾
Independent Director

LAMBERTO LAMBERTINI ⁽²⁾
Independent Director

STATUTORY AUDITORS ⁽¹⁾

RICCARDO FERRARI
Chairman

GIAN PAOLO RANOCCHI
Statutory Auditor

RENATO TENGATTINI
Statutory Auditor

AUDITORS: BDO S.p.A.



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

The Chairman and Managing Director of the parent company CAD IT S.p.A., Giuseppe Dal Cortivo, is authorised to perform all ordinary and extraordinary administrative duties, excluding only those which can not be delegated by law and those assigned to the Board of Directors by article 19 of the company by-laws.

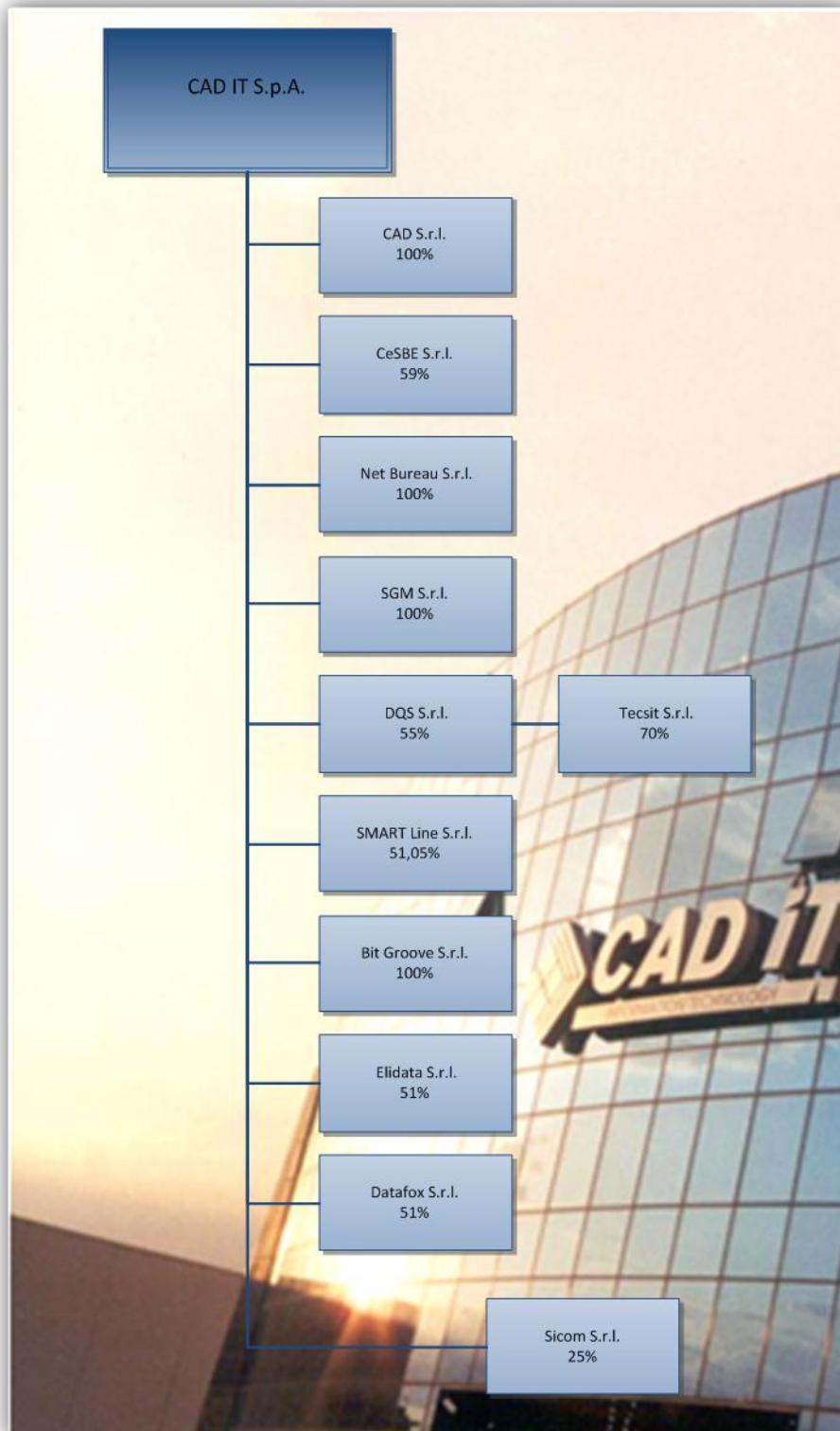
The main powers reserved in the statute to the Board of Directors are the examination and approval of the strategic, industrial and financial plans of the company; the purchase, sale, exchange or transfer of fixed assets and real estate rights; the granting of collateral on fixed assets; the set up of new subsidiaries and the take-over, acquisition or sale of corporate investments; the acquisition, sale, exchange or transfer of the whole company or of business lines; the underwriting of obligations, commitments and responsibilities which, either singularly or jointly with other connected negotiations, come to more than €4,000,000; the nomination of managing directors; the release of warranties and real or personal guarantees of any kind to the sum of more than €2,000,000 for each individual transaction and, if in the interest of subjects other than the Company and its subsidiaries, to any sum whatsoever; the examination and preventive approval of significant transactions including those with company related parties and company subsidiaries; verification of the appropriateness of the administrative and organisational structure and the general accounting, the internal control system and any conflicts of interest.

The managing directors, Giampietro Magnani and Luigi Zanella, will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness, with the power to act alone with their single signature to the maximum amount of Euro 2,000,000 (two million) for each individual transaction and up to a maximum of Euro 4,000,000 (four million) for each individual transaction with the joint signature of another managing director; furthermore, the aforementioned directors will have the power and faculty, with their single signature, to purchase and/or sell registered assets, with the exception of boats and airplanes of any kind.

The Managing Director Paolo Dal Cortivo will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness, with the power to act alone with their single signature to the maximum amount of Euro 2,000,000 (two million) for each individual transaction and up to a maximum of Euro 4,000,000 (four million) for each individual transaction with the joint signature of another managing director.

The said Managing Director represents the Company in terms of relations with institutional investors and shareholders as well as with Borsa Italiana S.p.A. and Consob, by sending them communications and information, including anything required by the laws in force and/or the international best practice rules in respect of the laws and rules themselves and any internal regulations.





CAD IT Group at 31/12/2010

DIRECTORS' REPORT ON OPERATION

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

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

CAD IT S.p.A. is obliged to draft a consolidated balance to which reference may be made for further information on the Group's result and economic-financial situation.

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

Information on CAD IT S.p.A.

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

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

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

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

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

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

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

Activities of the Group

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

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

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

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

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

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

Synthesis of CAD IT's results

The most significant results of the profit and loss account are shown in the table below:

	Period 2010		Period 2009		Variations	
						%
Production value	49,753	100.0%	50,499	100.0%	-746	-1.5%
Added value	22,976	46.2%	24,574	48.7%	-1,598	-6.5%
Gross operational result (EBITDA)	3,800	7.6%	6,281	12.4%	-2,481	-39.5%
Operational result (EBIT)	330	0.7%	2,972	5.9%	-2,642	-88.9%
Ordinary result	503	1.0%	3,711	7.3%	-3,208	-86.4%
Pre-tax result	380	0.8%	3,701	7.3%	-3,321	-89.7%
Income taxes	(760)	-1.5%	(1,322)	(2.6%)	561	-42.5%
Profit (loss) for the period	(380)	-0.8%	2,380	4.7%	-2,760	-116.0%
Total Comprehensive income	(429)		2,515		-2,944	-117.1%

	31/12/2010	31/12/2009
Non-Current Assets	53,412	51,712
Current Assets	32,184	36,607
Equity	54,403	57,077
Non-current liabilities	6,464	6,508
Current liabilities	24,728	24,734
Net short-term financial position/(indebtedness)	5,033	5,502
Net financial position / (indebtedness)	5,033	5,502
Employees at the end of the period (number)	289	282

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

	Period 2010		Period 2009		Variations	
		%		%		%
Income from sales and services	44,987	90.4%	45,146	89.4%	(159)	(0.4%)
Asset increases due to internal work	4,739	9.5%	4,330	8.6%	409	9.4%
Other revenue and receipts	27	0.1%	1,022	2.0%	(995)	(97.4%)
Production value	49,753	100.0%	50,499	100.0%	(746)	(1.5%)
Costs for raw	(313)	(0.6%)	(367)	(0.7%)	54	(14.8%)
Service costs	(26,034)	(52.3%)	(25,147)	(49.8%)	(887)	3.5%
Other operational costs	(430)	(0.9%)	(411)	(0.8%)	(19)	4.7%
Added value	22,976	46.2%	24,574	48.7%	(1,598)	(6.5%)
Labour costs	(18,062)	(36.3%)	(17,291)	(34.2%)	(771)	4.5%
Other administrative expenses	(1,114)	(2.2%)	(1,002)	(2.0%)	(112)	11.1%
Gross operational result - EBITDA	3,800	7.6%	6,281	12.4%	(2,481)	(39.5%)
Allocation to fund and credit depreciation	(62)	(0.1%)	(95)	(0.2%)	33	(34.7%)
Intangible fixed asset amortization	(2,732)	(5.5%)	(2,526)	(5.0%)	(206)	8.2%
Tangible fixed asset amortization	(676)	(1.4%)	(688)	(1.4%)	12	(1.7%)
Operational result - EBIT	330	0.7%	2,972	5.9%	(2,642)	(88.9%)
Net financial income	184	0.4%	741	1.5%	(557)	(75.1%)
Net financial expenses	(11)	(0.0%)	(3)	(0.0%)	(9)	346.8%
Ordinary result	503	1.0%	3,711	7.3%	(3,208)	(86.4%)
Revaluations and depreciations	(123)	(0.2%)	(10)	(0.0%)	(113)	1157.1%
Pre-tax result	380	0.8%	3,701	7.3%	(3,321)	(89.7%)
Income taxes	(760)	(1.5%)	(1,322)	(2.6%)	561	(42.5%)
Profit (loss) for the period	(380)	(0.8%)	2,380	4.7%	(2,760)	(116.0%)

The CAD IT financial statement for the 2010 financial period closed with a positive pre-tax result of Euro 380 thousand and, due to the effect of taxes for Euro 760 thousand, showed a loss of Euro 380 thousand compared to the Euro 2,380 thousand profit of the previous year. The loss was the result of a reduction in the marginality of price-revenues for which the added value of production was Euro 746 thousand less than the previous year. The effect of a Euro 887 thousand increase in service costs and Euro 771 thousand for labour costs can be added to this so that the operational margin dropped to Euro 3,800 thousand (equal to 7.6% of the value of production) compared to Euro 6,281 thousand in the previous financial period (-39.5%).

The value of production came to Euro 49,753 thousand registering a slight drop (-1.5%) compared to the previous year, while revenues were more or less unaltered, settling at Euro 44,987 thousand at the end of the financial period (Euro 45,146 thousand in the previous year). Increase in internal work capitalised under fixed assets came to Euro 4,739 thousand showing a growth compared to 2009 (Euro 4,330 thousand) due to the use of resources for development and new procedures and the company's own software park.

The Euro 22,976 thousand added value showed a drop of 6.5% compared to the Euro 24,574 thousand in the previous period, maintaining a good marginability of 46.2% on the value of production (48.71% in 2009).

Service costs amounting to Euro 26,034 thousand increased by 3.5% compared to the previous year (Euro 25,147 thousand) and were mainly made up of services from subsidiary companies as well as other external collaboration and qualified consultancy.

Labour costs for the 2010 period amounted to Euro 18,062 thousand, showing a 4.5% increase compared to the previous year (Euro 17,291 thousand).



The EBITDA operational result stood at Euro 3,800 thousand (equal to 7.6% of the value of production) compared to Euro 6,281 thousand in the 2009 period.

Amortisation costs in 2010 came to Euro 2,732 thousand for intangible assets and Euro 676 thousand for tangible assets compared to Euro 2,526 thousand and Euro 688 thousand in 2009.

The EBIT operational result in 2010 fell to Euro 330 thousand (Euro 2,972 thousand in the previous financial period).

The financial management result decreased showing financial earnings and costs at Euro 184 thousand and Euro 11 thousand respectively compared to Euro 741 thousand and Euro 3 thousand in 2009. This decrease was due to the fall in liquid assets and equivalent means.

Consequently, the ordinary result was in credit by Euro 503 thousand (Euro 3,711 thousand in the previous year) equal to 1.0% of the value of production.

The revaluation and devaluation entry showed a negative result. Devaluations to the amount of Euro 123 thousand registered in the 2010 period relate to the reduction in value of activities available for sale; in the 2009 period, these same activities had undergone a Euro 10 thousand devaluation.

The pre-tax result came to Euro 380 thousand compared to Euro 3,701 thousand in 2009.

Income taxes came to Euro 760 thousand compared to Euro 1,322 thousand in 2009.

The 2010 result showed a loss of Euro 380 thousand compared to a profit of Euro 2,380 thousand in the previous financial year.

The total result of the 2010 financial period was a loss of Euro 429 thousand due to a reduction in the value of activities available for sale taken at net patrimony compared to Euro 2,515 thousand in the 2009 period.

The Company's Net Financial Position was still positive and at 31/12/2010 stood at Euro 5,033 thousand compared to Euro 5,502 thousand at 31st December 2009.

Financial indicators

In order to better understand the Company's situation, trend and result, below are some synthetic indicators that compare the last three financial periods of reference, referring to conditions of patrimonial, economic and financial balance.

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

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

ASSET FINANCING INDICATORS		2010	2009	2008
Primary structure margin	<i>Shareholders' equity – Non-current assets</i>	991	5,365	9,279
Primary structure quotient	<i>Shareholders' equity / Non-current assets</i>	1.02	1.10	1.19
Secondary structure margin	<i>(Shareholders' equity + Non-current liabilities) – Non-current assets</i>	7,455	11,873	15,693
Secondary structure quotient	<i>(Shareholders' equity + Non-current liabilities) / Non-current assets</i>	1.14	1.23	1.32

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

FINANCING STRUCTURE INDEXES		2010	2009	2008
Total debt quotient	<i>(Non current Liabilities + Current liabilities) / Shareholders' equity</i>	0.57	0.55	0.51
Financial debt quotient	<i>Financing liabilities / Shareholders' equity</i>	-	-	-

In reference to earning capacity analysis, the following indicators, which are frequently used in company



practices, are shown below in order to monitor the remuneration of the invested capital over time.

EARNING CAPACITY INDEXES		2010	2009	2008
Net ROE	<i>Net result/Average Shareholders' equity</i>	(0.68%)	4.10%	7.74%
Gross ROE	<i>Gross result/Average Shareholders' equity</i>	0.68%	6.37%	12.06%
ROI	<i>Operational result/(Invested operating capital – Average operational liabilities)</i>	0.85%	7.15%	14.62%
ROS	<i>Operational result/Sales income</i>	0.73%	6.58%	13.28%

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

SOLVENCY INDICATORS		2010	2009	2008
Availability margin	<i>Current assets – Current liabilities</i>	7,455	11,873	15,693
Availability quotient	<i>Current assets / Current liabilities</i>	1.30	1.48	1.66
Treasury margin	<i>(Deferred liquidity + Immediate liquidity) – Current liabilities</i>	7,116	11,357	15,235
Treasury quotient	<i>(Deferred liquidity + Immediate liquidity) / Current liabilities</i>	1.29	1.46	1.64

The short-term situation¹

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

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

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

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

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

Recovery in Italy was much slower than in Germany: from the point of cyclical minimum – which Germany arrived at in the first quarter of 2009 and Italy in the second – up until the summer of last year, the cumulative growth of the GDP was 1.5% against the 5.2% of the German economy. Italy's delay resulted in a smaller expansion in exports (11.1 % against 18.9%) compared to a growth in imports, which is only slightly lower than in Germany. In

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

October, the industrial production index was more or less the same as the month before, registering an increase of about 1 per cent in November.

As for the Italian banking sector, the worsening of returns seen in 2008 and 2009 continued in 2010. According to the consolidated reports of five major banking groups, returns in the first nine months of 2010 were down compared to the same period in 2009. Capital earnings and reserves, expressed on an annual basis, fell to 3.7 per cent from 4.3 in the previous year. The management result decreased by 13 per cent: the decline in interest margins (-9.0 per cent), induced by the reduction in interest rates and, for some intermediaries, by the drop in loans, was accompanied by a substantial stability in other returns and operational costs. Adjustment in value and devaluations on credits decreased compared to the first nine months of 2009 (-16 per cent) but continued to absorb more than half of the management result. Generally speaking, intermediary profits were down by 8 per cent.

Significant events of the period

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

Activities regarding the development and sale of new products for both traditional and new types of clients continued throughout the period, with particular attention to internationalisation opportunities.

Moreover, the intense project activities with Xchanging UK Ltd (a company that supplies security administration services for the German and British market and which holds a 10% share in CAD IT S.p.A.) through which the CAD IT Group aims at increasing its revenues in Italy and also to diversify its business in geographical terms, is continuing during 2010 financial period. In June CAD IT signed a Letter of Intent which foresaw CAD IT software and relative services being supplied to Xchanging for the latter's BPO (Business Process Outsourcing) activities in the fund administration, broker and asset manager segment in Italy and Europe. The Letter of Intent was subsequently finalized by the signing of a contract.

In August CAD IT signed a contract with Xchanging for the supply of software and relative services to support platforms for the management and administration of securities and funds on behalf of Xchanging on European financial markets. The contract follows the agreement signed between Xchanging and SIA-SSB, the European leader for financial system services and payments, in order to form a partnership through which Xchanging has acquired the operational control of Kedrios S.p.A., the Italian subsidiary of the SIA-SSB Group that specialises in the back office management of securities processing and fund administration services.

Xchanging thus enters the Italian market, confirming its objective of becoming an important player in the sector as a top-class software supplier for banks, and being able to rely on an operative base in Italy to serve its own customers and to expand on an international level.

With the signing of this contract, CAD IT and Xchanging have further strengthened their strategic partnership, established in 2006, which principally aimed at developing an integrated pan-European technological platform for the management of financial tools and represents a fundamental step for CAD IT's expansion into Europe because it allows the Group to take advantage of the know-how and international presence of such a reputable partner such as Xchanging.

During the third quarter, CAD IT, together with the Mediobanca team of experts, bought the project for the development and integration of the entirely web 2.0 and open platform new version of Finance Area at Mediobanca to a close. Amongst the most significant innovations of the new version is the Middle Office management module which supports all post-trade activities and dealings with the bank's customers, like production of confirmations and receipt of specific multi-channel instructions. Furthermore, Mediobanca has chosen CAD IT's "Caronte" module for connecting to markets, which has been renewed in the interfaces and, due to its total integration in Finance Area, guarantees high added value performance and automatism. The project is a true success for CAD IT since, in just 12 months, it has been able to start up the new innovative Finance Area platform at such a prestigious and important bank like Mediobanca. Working in a team with the bank's experts has also led to further know-how for CAD IT software solutions.



In the month of October, CAD IT signed a partnership agreement for expansion on the reconciliation market and the management of exceptions with SWISSRISK Financial SystemsGmbH, a well-established and successful company with head offices in Frankfurt (Germany) with more than 30 years' experience in supplying software products to the financial sector. SWISSRISK currently serves more than 100 financial organisations in the world and is one of the few European software companies that specialises in the management of exceptions and investigations. The main objective of the partnership agreement consists in reciprocal support to improve all the services on offer to the financial market and, in particular, to both CAD IT's and SWISSRISK Financial System's existing customers. The two companies intend to support each other in the sale and integration of their EasyMatch and FinTRACE products. The FinTRACE solution, offered by SWISSRISK, has had SWIFT recognition for several years for SWIFTNetExceptions and Investigations functions and has been used by large-sized financial institutions like, for example, Commerzbank. FinTRACE is the top solution within the market in terms of exception and investigation management, guaranteeing a wide range of operative possibilities and maximum scalability. CAD IT's EasyMatch application, however, is an independent module belonging to the "F.A. - Finance Area" suite and allows the customers to use the most modern platform available on the market in terms of matching and reconciliations. EasyMatch is offered at a competitive price, boasts maximum scalability and performances able to support customers of all sizes. The combination of two solutions allows the customers, whatever their size, to reduce costs by increasing efficiency and the number of services offered to the final users. The reconciliation sector is a logical extension of the product range offered by SWISSRISK, which has decided to integrate CAD IT's EasyMatch solution into its own offer, believing it to be the best application on the market. The market is full of legacy systems for reconciliation processing based on dated and poorly functional technologies that are, however, expensive and therefore result in enormous management costs. After having carried out accurate market analysis, and on the basis of the feedback received from existing customers, like Commerzbank, SWISSRISK maintains that EasyMatch is the most effective, modern and flexible solution available on the market in terms of matching and reconciliation management. The inclusion of FinTRACE into the CAD IT product range can also guarantee an enormous added value for the EasyMatch procedure, which has already met with considerable success on the market with customers of such importance as XchangingTransactionBank, Commerzbank and many other banks and insurance companies throughout Europe.

In October, CAD IT increased their holding share of the subsidiary company CeSBE S.r.l. from 52% to 59% following the purchase of a further holding share of 7% of the company capital.

On 12th November 2010, the CAD IT S.p.A. Board of Directors agreed to adjust the Statute to the obligatory legislative provisions imposed by Leg. Dec. No. 27/2010 (put into effect by directive 2007/36/CE relating to the exercising of some of listed company shareholder rights).

A new contract was signed with Equitalia in December in view of the expiry on 31st December 2010 of the ongoing contract, which guaranteed the continuation of the information technology services provided to the tax collection group for 2010 and 2011. Following the reform in the tax collection system introduced by Article 3, Leg. Dec. no. 203 of 25th September 2005, the system for the national concession for tax collection was suppressed and tax collection services were entrusted to the Tax Office, which now carries it out, under a legal privatization scheme, through Equitalia S.p.A. The new contract regards the supplying of application management services, including corrective and developmental maintenance and the activation of the software procedures for tax collections in use at the Tax Collection Companies. The total value of the contract is Euro 13.3 million.

CAD IT's and Group research and development

In relation to activities aimed at consolidating traditional business, the production of new modules to increase the functional and technological development of the considerable range of software installed remains constant within the Group.

The creation and use of new computer systems aimed at diversifying the Group's offer towards those sectors bordering on the ones in which it is already present, is still underway.

As regards new projects, development are continuing on the SIBAC GS platform, which is a fundamental element for the Group's strategic growth.



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 their 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 (Easy Match).

Investments

Investments in tangible and intangible fixed assets came to a total of Euro 5,060 thousand in the 2010 financial period (Euro 5,055 thousand in the previous year).

The consistent amount of investment derives from strategic decisions taken by the Board of Directors and management, who have approved the development of a large number of products, projects and new technologies in order to be ready for development lines in the sector and to be able to propose an updated range of products that can quickly satisfy market demand.

<i>Summary of investments</i>	<i>Period 2010</i>	<i>Period 2009</i>
Intangible fixed assets	141	438
Assets under development and payments on account	4,739	4,330
Plant, machinery, equipment and other tangible fixed assets	180	287
<i>Total investments</i>	5,060	5,055

Investments in intangible fixed assets mainly regard the development and purchasing of software for licensing to the clients or instrumental software to be used by the Firm for its own activity.

Related parties transactions

As for transactions carried out with related parties, including transactions between the Group's companies, it is hereby pointed out that these are neither considered abnormal nor unusual and are part of the normal course of activities among the Group's companies. These transactions are governed by market conditions, taking into account the characteristics of the assets and services in question.

Information about the relationships with related parties, including those required by the Consob Communication of 28th July 2006, can be found in the consolidated Balance Notes and financial Period Balance.

Relationships with subsidiaries, associates and parent companies

As the head of a group of companies, it holds relations of a commercial and financial nature with its sister companies and subsidiaries. The relations entertained between the Group's companies are governed by competitive conditions in terms of market, taking into account the quality of the goods and services in question.

A summary of the revenues and costs, as well as the credit and debit position of CAD IT S.p.A. , as of 31st December 2010, are shown in the table below:



Company	CAD IT revenues	Asset acquisitions	CAD IT costs	CAD IT debts	CAD IT credits
Cad S.r.l.	905	-	8,850	8,029	2,912
Cesbe S.r.l.	452	-	2,678	3,284	60
NetBureau S.r.l.	38	-	935	431	67
DQS S.r.l.	42	-	2,356	1,394	48
SGM S.r.l.	14	-	338	844	22
SmartLine Line S.r.l.	38	-	1,399	1,015	104
BitGroove S.r.l.	81	-	746	887	346
Elidata S.r.l.	104	-	593	487	30
Datafox S.r.l.	11	-	156	84	9
Tecsit S.r.l.	1	-			5
Total	1,686	-	18,050	16,456	3,603

No abnormal or unusual transactions were carried out between the CAD IT Group companies during the financial period.

For further information on relations between the Group's companies, please refer to the management's report in the Consolidated Financial Statement at 31 December 2010.

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 table²:

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

(1) of which in spouse's name n.: 370,885

(2) of which in spouse's name n.: 535,014

² In accordance with sheet 3, attachment 3c, of Consob Regulation no. 11971

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

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

Corporate Governance and Internal Control System

CAD IT adheres and conforms to the Governance Code for listed companies published by Borsa Italiana in March 2006.

CAD IT considers and defines its Internal Control System as “a set of rules, procedures and organisational structures aimed at achieving, by means of a suitable identification, measurement, management and monitoring process of the principle risks, the running of a healthy, correct and coherent business with pre-established objectives”. The internal system for managing risk and control in financial information technology is a constitutive part of a broader Internal Control System. This system also aims at guaranteeing trustworthiness, accuracy, reliability and timeliness of the company and the Group's financial information technology.

The Internal Control System is the mainstay on which *Corporate Governance* stands and is the catalyzing element of all subjects and functions that, each in their own way, contribute to the healthy, correct and coherent running of the business in order to give maximum sustainable value to every activity within the organisation.

Essential parts of the Internal Control System are the Code of Ethics and the Management and Control Organisation Model adopted by the Board of Directors in accordance with the norms concerning “Company administrative responsibility rules” in Leg. Dec. no. 231/2001 and subsequent modifications. The Management and Control Organisation Model ex Leg. Dec. No. 231/01 according to intervening developments in the norms and laws includes the Health and Safety at Work System (with relative manual and procedures) in accordance with the UNI/INAIL guidelines which represent a best practice standard of reference for compliance to the provisions in Leg. Dec. 81/08.

In compliance to the legal obligations, the CAD IT S.p.A. Board of Directors annually approves the *Corporate governance and property asset report*, in accordance with articles 123 bis and 124 ter TUF and 89 bis Consob Issuer Regulations, in order to provide CAD IT S.p.A. shareholders with an adequate description of the corporate governance system adopted, information on property assets and adhesion to Corporate Governance regulations. The report is published at the same time as this management report and is available for public viewing in the Investor Relations sector of the company's Internet site: www.cadit.it. Please refer to the complete document for further details on *governance* and the Internal Control System.

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

The Company has an internal control system made up of a set of rules, procedures and organisational structures aimed at achieving the healthy and correct running of the business also through a suitable process for identifying, managing and monitoring the principle risks that could present a threat to achieving company objectives.

This paragraph describes the risk factors and uncertainties relating to the economic-legal and market context and which can considerably influence the Company's performance. The specific risks that can determine the generation of obligations within the Company are, however, the object of evaluation when determining the relative earmarking and are mentioned in the balance notes together with the potential liabilities found. Additional risks and uncertain events that cannot be foreseen, or are considered improbable at the moment, could still affect the activities, the economic and financial conditions and the prospects of the company and the Group.

CAD IT adopts specific risk factor management procedures aimed at maximising the value for its shareholders by



activating the necessary measures to prevent any risks inherent to the Group's activities.

CAD IT S.p.A., in its position as Parent Company, is exposed to the same risks and uncertainties described below to which the entire Group is exposed.

External Risks

Risks connected to the general conditions of the economy and sector

The information technology consultancy market is linked to the economic trend of industrialised countries where the demand for highly technological products is higher. A continuation of the weak economic global situation at both a national and/or international level could reduce demand for the Group's products with a consequent negative effect on the economic, patrimonial and financial situation of the Group itself.

The main market outlet in which currently the Group deals is the banking and finance sector, which historically has never been subject to significant criticality. As of the last quarter of 2008, the banking and financial sector in Italy has undergone considerable crises. A prolonged continuation of this notable weak and uncertain situation, or an even further degeneration, could cause the risk of a significant and widespread worsening of the market conditions with a consequent negative effect on the economic, patrimonial and financial situation of the Group.

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

The sector in which the Group operates is characterized by fast and complicated technological changes and a constant development in skills and professionalism. Furthermore, an increase in customer needs, together with any changes in the laws, means that the software for the banking sector and other financial institutions has to be constantly updated.

The Group makes substantial investments in the development of new projects and new technologies, not only in order to promptly satisfy market demand, but also to anticipate development lines by proposing a range of new products as a factor able to influence, in turn, the type of user demand. Therefore, a reduction in customer tendency towards buying the new technologies offered could expose the Group to the risk of not earning enough to cover the investments sustained.

These investments cannot, however, guarantee that the Group will always be able to recognise and use innovative technological instruments, exclude the risk of the obsolescence of existing products or ensure the Group's ability to develop and introduce new products or renew existing ones in good time for the customer and adequately for the market. The above-described situations are a significant potential risk for the Group's activities and its economic and financial results.

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

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

Risks connected to protecting technological property

The Group's procedures and software programmes are protected by Italian copyright laws. Furthermore, the Group owns the exclusive rights for the economic use of the programmes and procedures which it has registered in the Special Public Register for Processors as the SIAE – Italian Society for Authors and Editors.

The management also maintains that the technological level of the products the Group offers, together with the technical knowhow needed for their constant and progressive use and updating, are in themselves factors able to limit any risks connected to the appropriation of significant competitive advantages on the part of potential and current competitors. Nevertheless, it cannot be said that the protection recognised by Italian copyright laws



excludes other operators in the sector from developing, entirely on their own, similar products or duplicating the Group's unregistered products or designing new ones able to copy the performances and functions without violating the Group's rights. Furthermore, the Group's technology could be exposed to acts of piracy by third parties.

Internal risks

Risks relating to dependence on key personnel

The success of the Group depends appreciably on the ability of some key figures who have made a significant contribution to its development i.e. its own executive managers and other management components with many years of experience in the sector. The loss of one of the aforementioned key figures' services without an adequate replacement could have negative effects on the Group's prospects, activities and economic and financial results.

Moreover, the Group's business is strongly characterised by the extremely high technical skills of its staff. Therefore, the future success of its activities largely depends on the continuity of the functions carried out by the currently employed specialized technicians and collaborators as well as the ability to attract and maintain highly qualified staff.

In the Information Technology sector, staff costs are a critical development factor. Any difficulties that the Group may face in managing staff could produce a negative effect on its activities, its financial conditions and its operative results.

Risks connected to sale times and implementation cycles

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

Risks connected to customer dependence

The Group offers its products and services to small, medium and large companies operating in different markets. During the 2010 period, the orders involving the 3 and 10 customers who generated the largest revenues were 37.0% and 68.0% of revenues of CAD IT's service and sales performances.

A significant part of the Group's revenues is concentrated on a relatively small number of customers, the loss of which could therefore have a negative effect on the Group's future activities and economic, patrimonial and financial situation.

However, the management maintains that the Group's results do not significantly depend on any specific customer in particular because these customers update their information technology systems at different times and this operation takes rather a long time.

Risks connected to internationalisation

The Group has made significant efforts in recent years in terms of its own internationalisation strategy and expects that an increasingly large part of its revenues will be generated from foreign customers. The Group could therefore be exposed to the risks related to internationalisation as those relating to changes in their economic,

political, fiscal and local law conditions, as well as variations in the domestic currency trend, should the country concerned be outside the Euro area. The occurrence of unfavourable development in these areas could have a negative effect on the Group's prospects and activities.

Risks connected to breaches of contract and potential liabilities towards customers

Highly complex software products like those offered by the Group can, even if duly tested, reveal some defects and anomalies during the installation phase and while integrating with the customer's information technology system. These circumstances can cause damage to the Company's image and its products and also expose the Company to claims for damages and the application of contractual penalties due to not respecting deadlines and/or the agreed qualitative standards.

Furthermore, the Group could find itself having to invest considerable resources to carry out corrective interventions and be obliged to interrupt, postpone or cease the supply of its services to the customer.

To date there have not been any significant events of this kind that have determined any remarkable controversy in customer relations.

Financial risks

Credit risks

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

Liquidity risks

Liquidity risks are linked to the difficulty of finding funds to finance obligations. The availability of liquid assets and the ability to generate positive cash flows make the risk of not being able to find enough financial funding to satisfy the obligations and needs of Group operations highly unlikely. Cash flows, funding requirements and the liquid assets of the Group's companies are constantly monitored with the aim of guaranteeing an efficient and effective management of financial resources.

It cannot be excluded, however, that, should the considerable weak and uncertain market situation continue or should collection times become longer or significant losses on credits occur, the risk of a reduction in liquidity could arise with the consequent need to resort to external financial sources.

Exchange rate risks and interest rate risks

Exposure to interest rate risks is linked to the need to finance operative or investing activities as well as using available liquid assets. The Group uses available liquid assets in bank accounts and capitalisation insurance policies and mainly uses financial resources in the form of bank deposit loans on commercial credits and bank account credit worthiness. Variations in market interest rates can affect revenues and the cost of financing influences the progress of financial returns and expenses.

At the moment the Group operates almost entirely in the Euro area and is therefore not subject to exchange rate risks.

It is not in the Group's policy to use derivative financial instruments that require cover and/or negotiation.

Other Information

Neither CAD IT S.p.A. nor its controlled companies own, and/or have purchased and/or sold during the financial

period CAD IT or their own shares, not even through trust companies or third parties.

CAD IT S.p.A. is not subject to the management and coordination of companies or bodies and defines its own general and operative strategies in full autonomy.

In accordance with art. 2497 bis of the Civil Code, directly or indirectly affiliated companies, with the exception of particular cases, have identified CAD IT S.p.A. as an organisation that exercises managerial and coordination activities. These activities mainly consist of indicating general and operative Group strategies and focus on defining and adjusting to internal control regulations, the issuing of a Code of Ethics to be adopted at a Group level, the processing of general policies for the management of human and financial resources, the provision of productive factors. Moreover, Group coordination for some companies means a centralisation of administrative, corporate and financial management services. The affiliated companies that remain in full control of their managerial and operative autonomy, can then scale their economies by taking advantage of the professionalism and specialist services and concentrate their own resources in the management of their specific operational skills.

During this financial period, and the previous one, no atypical or unusual operations have been carried out as defined in the Consob communication no. DEM/6064293.

In the Financial Statement report, no alternative performance indicators have been adopted with the exception of the net financial position, shown in the Financial Statement notes, for which no reclassifications have been made in terms of Financial Statement figures and relative explanations are supplied and linked to the patrimonial status entries concerned, as defined in the CESR Recommendations.

CAD IT adopts an adequate system to protect information in accordance with Leg. Dec no. 196 of 30th June 2003 "Personal data protection code".

In reference to article 26 of attachment B of the Legislative Degree no. 196 of 30th June 2003, the programmatic document on security and personal data protection and the use of the measures stated within has been drafted and updated.

In 2009, CAD IT S.p.A., Cad Srl and Cesbe positively passed the inspection and obtained certification for their Information Management System in accordance with the UNI ISO CEI/IEC 27001 regulation.

Furthermore, CAD IT S.p.A positively passed the inspection for its Quality Management System in relation to the "Design, production and sale of component-based software. Assistance services and after sales maintenance", thus obtaining certification under the new UNI EN ISO 9001:2008 norm.

Foreseeable development in the management

The prospects for growth in the world economy seem more solid and widespread than last year. While economic growth in the emerging countries is continuing and, among the advanced countries, in Germany too, evaluations on the dynamics of the American economy are improving. International trade flows – after the considerable increase seen in 2010, which resulted in volumes reaching the same levels as before the crisis - are predicted to grow at a lesser rate this year but will still be high compared to the past.

According to OCSE projections, growth in world production is estimated to be 4.2%; the emerging countries will continue to make the most contribution, which will be more than two thirds. Prospects are, however, still uncertain, especially in the advanced economies, where private consumption is still being affected by a weak employment market and by the need to restore the public balance in some countries, family balance in others, in a context characterised by real estate markets that are still rather vulnerable.

According to the estimations updated by the Banca d'Italia, the GDP in Italy will maintain the same low, 1 % growth rate as last year through 2011 and 2012 as well. Product expansion, held back by weak domestic demand, will remain lower than the Euro area, which most assessments place at round 1.5%.

In this outlook, a good recovery in employment will not be seen. Consumption inflation will stand at 2 per cent in the 2011-12 two-year period. This picture is surrounded by considerable elements of uncertainty. On the one hand, the renewed fears about the sustainability of sovereign debts in some countries of the Euro area could cause an increase in financing costs, even for the private sector. On the other, the growth in world demand could be more vigorous than expected, even though predicted to rise to 7%, and reach a higher point than delineated



last July.³

In this context the Board of Directors has placed maximum attention on market needs in order to lead the Group's management and development strategies in the right direction and to maintain high levels of efficiency so that the favourable economic results of the past can also be achieved over the current financial period.

The crisis could also be an opportunity for the Group to supply, for example, Application Management in the restructuring or redesigning of financial institution activities and Risk Management applications for monitoring and assessing risks. The success of the Group's activities will therefore depend on its ability to maintain and increase the shares it has in the markets in which it currently operates and/or to further expand into other markets and segments (like insurance, public administration, foreign financial institutions) through new and high standard, quality products that would guarantee adequate income levels.

Furthermore, during 2011 development and commercialisation activities for new products, aimed at traditional and new clients, will continue.

The intense project activities with Xchanging UK Ltd, company which supplies administration BPO (Business Process Outsourcing) services, through which the CAD IT Group aims to increase its own earnings in Italy and to geographically diversify its business, are also proceeding.

The CAD IT S.p.A. managers are also constantly on the look-out for any development opportunities, whether direct or through external lines, by taking on or acquiring further holdings in order to create activities that are complimentary and synergic to existing ones or through technical or commercial collaboration agreements.

Balance approval proposal and distribution of the 2010 financial period result

Dear Shareholders,

In subjecting the balance at its closure date of 31st December 2010 for your approval, in its entirety and with all its items, together with the directors' management report, we propose deliberation on covering the Euro 380,089 loss by using the corresponding amount from the available earnings fund.

Verona, 11 March 2011

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

³ Banca D'Italia, Economic Bulletin no. 63, January 2011

FINANCIAL STATEMENTS AT 31 DECEMBER 2010

Income statement

(in thousands of Euro)

	NOTES	Period 2010	Period 2009
Income from sales and services	2	44,987	45,146
<i>of which related parties</i>	32	1,980	2,120
Asset increases due to internal work	2	4,739	4,330
Other revenue and receipts	2	27	1,022
Costs for raw	4	(313)	(367)
Service costs	5	(26,034)	(25,147)
<i>of which related parties</i>	32	(18,527)	(18,113)
Other operational costs	6	(430)	(411)
Labour costs	7	(18,062)	(17,291)
<i>of which related parties</i>	32	(478)	(439)
Other administrative expenses	8	(1,114)	(1,002)
<i>of which related parties</i>	32	(566)	(566)
Allocation to fund and credit depreciation		(62)	(95)
Intangible fixed asset amortization	14	(2,732)	(2,526)
Tangible fixed asset amortization	13	(676)	(688)
Net financial income	9	184	741
Net financial expenses	9	(11)	(3)
Revaluations and depreciations	10	(123)	(10)
Pre-tax result		380	3,701
Income taxes	11	(760)	(1,322)
Profit (loss) for the period		(380)	2,380

Weighed average number of ordinary shares in circulation		8,980,000	8,980,000
Basic earnings per share (in €)		(0.042)	0.265

Statement of comprehensive income

(in thousands of Euro)

	Period 2010	Period 2009
Profit/(loss) for the period	(380)	2,380
Gains/(Losses) on fair value of available-for-sale financial assets	(49)	135
Total comprehensive income	(429)	2,515

<i>Income statement (Euro)</i>	<i>2010</i>	<i>2009</i>
Income from sales and services	44,987,237	45,146,421
Asset increases due to internal work	4,739,000	4,330,244
Other revenue and receipts	27,021	1,022,192
Production value	49,753,258	50,498,856
Costs for raw	(313,013)	(367,237)
Service costs	(26,033,942)	(25,146,721)
Other operational costs	(430,112)	(410,705)
Added value	22,976,191	24,574,192
Labour costs	(18,062,334)	(17,291,068)
Other administrative expenses	(1,113,686)	(1,002,002)
Gross operational result (EBITDA)	3,800,172	6,281,123
Allocation to fund and credit depreciation	(62,000)	(95,000)
Amortizations:		
- Intangible fixed asset amortization	(2,731,895)	(2,525,583)
- Tangible fixed asset amortization	(676,126)	(688,056)
Operational result (EBIT)	330,150	2,972,484
Financial receipts	184,324	741,161
Financial charges	(11,169)	(2,500)
Ordinary result	503,305	3,711,145
Revaluations and depreciations	(123,005)	(9,784)
Pre-tax result	380,301	3,701,360
Income taxes	(760,389)	(1,321,625)
Profit (loss) for the period	(380,089)	2,379,735

Statement of financial position

(in thousands of Euro)

	Notes	31/12/2010	31/12/2009
ASSETS			
A) Non-Current Assets			
Property, plant and equipment	13	18,146	18,646
Intangible assets	14	19,724	17,576
Investments	15	14,914	14,684
Other financial assets available for sale	16	608	781
Other non-current credits		17	19
Credits due to deferred taxes	17	3	7
TOTAL NON-CURRENT ASSETS		53,412	51,712
B) Current Assets			
Inventories	18	5	28
Trade receivables and other credits	19	26,402	29,501
<i>of which related parties</i>	32	3,623	3,551
Tax credits	20	744	1,576
Cash on hand and other equivalent assets	21	5,033	5,502
TOTAL CURRENT ASSETS		32,184	36,607
TOTAL ASSETS		85,595	88,319
EQUITY AND LIABILITIES			
A) Equity			
Company capital	22	4,670	4,670
Reserves	23	35,432	35,481
Accumulated profits/losses	24	14,301	16,926
TOTAL EQUITY		54,403	57,077
B) Non-current liabilities			
Deferred tax liabilities	26	3,259	3,265
Employee benefits and quiescence provisions	27	3,205	3,178
<i>of which related parties</i>	32	142	122
Expense and risk provisions		-	65
TOTAL NON-CURRENT LIABILITIES		6,464	6,508
C) Current liabilities			
Trade payables	28	19,056	18,918
<i>of which related parties</i>	32	16,558	15,984
Current tax payables	29	1,757	1,994
Other liabilities	30	3,915	3,822
<i>of which related parties</i>	32	84	91
TOTAL CURRENT LIABILITIES		24,728	24,734
TOTAL LIABILITIES AND EQUITY		85,595	88,319



(Euro)

ASSETS	31/12/2010	31/12/2009
A) Non-Current Assets		
Assets, equipment and machinery	18,145,667	18,645,749
Intangible assets	19,724,315	17,576,112
Holdings	14,914,012	14,684,012
Other financial assets available for sale	608,448	780,673
Other non-current credits	16,682	18,675
Credits due to deferred taxes	2,569	7,122
TOTAL NON-CURRENT ASSETS	53,411,693	51,712,343
B) Current Assets		
Stock	4,601	27,600
Commercial credits and other credits	26,402,083	29,501,161
Tax credits	743,656	1,575,761
Cash on hand and other equivalent assets	5,033,466	5,502,214
TOTAL CURRENT ASSETS	32,183,807	36,606,736
TOTAL ASSETS	85,595,500	88,319,079

LIABILITIES	31/12/2010	31/12/2009
A) Equity		
Company capital	4,669,600	4,669,600
Reserves	35,432,207	35,481,427
Accumulated profits/losses	14,300,937	16,926,026
TOTAL EQUITY	54,402,744	57,077,053
B) Non-current liabilities		
Liabilities due to deferred taxes	3,259,444	3,265,485
TFR and quiescence reserves	3,204,868	3,177,635
Expense and risk reserves	0	65,000
TOTAL NON-CURRENT LIABILITIES	6,464,312	6,508,120
C) Current liabilities		
Commercial debts	19,055,958	18,918,408
Tax debts	1,757,048	1,993,913
Other debts	3,915,438	3,821,584
TOTAL CURRENT LIABILITIES	24,728,444	24,733,905
TOTAL LIABILITIES AND EQUITY	85,595,500	88,319,079



Statement of changes in equity

(in thousands of Euro)

Statement of changes in equity	Company capital	Reserves	Accumulated profit (loss)	Period result	Equity
31/12/2006	4,670	34,997	14,035	2,690	56,391
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity		203			203
Allocation of evaluation reserve for financial assets available for sale to economic account		228			228
Allocation of the previous period result to reserves			2,690	(2,690)	
Dividend distribution			(2,604)		(2,604)
Period result				6,567	6,567
Period end total 2007	4,670	35,428	14,120	6,567	60,785
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity		(117)			(117)
Allocation of evaluation reserve for financial assets available for sale to economic account		35			35
Allocation of the previous period result to reserves			6,567	(6,567)	
Dividend distribution			(6,286)		(6,286)
Period result				4,635	4,635
Period end total 2008	4,670	35,346	14,401	4,635	59,052
Allocation of the previous period result to reserves			4,635	(4,635)	-
Dividend distribution			(4,490)		(4,490)
Total comprehensive income		135		2,380	2,515
Period end total 2009	4,670	35,481	14,546	2,380	57,077
Allocation of the previous period result to reserves			2,380	(2,380)	-
Dividend distribution			(2,245)		(2,245)
Total comprehensive income		(49)		(380)	(429)
Period end total 2010	4,670	35,432	14,681	(380)	54,403



Cash Flow Statement

(in thousands of Euro)

	NOTES	31/12/2010	31/12/2009
A) OPERATING ACTIVITIES			
Profit (loss) for the period		(380)	2,380
Amortisation, revaluation and depreciation:			
- Property, plant and equipment amortisation	14	676	688
- Intangible fixed asset amortisation	15	2,732	2,526
- depreciation of investments and financial assets available for sale	16	123	10
Allocations (utilization) of provisions:		(38)	126
Financial performance:			
- Net financial receipts (charges)	9	(173)	(739)
- Profit / (losses) on exchanges	9	(1)	(1)
Working capital variations		4,383	(1,231)
Income taxes paid		(436)	(1,107)
Interest paid	9	(10)	(1)
(A) - Cash flows from (for) operating activities		6,876	2,649
B) INVESTING ACTIVITIES			
Investments in activities			
- Property, plant and equipment purchases	14	(180)	(287)
- Intangible assets purchases	15	(4,880)	(4,768)
- increase in other fixed assets		(230)	(1)
Disinvestment activities			
- Property, plant and equipment transfers	14	4	5
- Decrease in other fixed assets		2	0
Cashed Interest	9	78	162
Cashed dividends	9	107	579
(B) - Cash flows from (used in) investment activities		(5,100)	(4,309)
C) FINANCING ACTIVITIES			
Dividends paid	25	(2,245)	(4,490)
(C) - Cash flows from (used in) financing activities		(2,245)	(4,490)
(A+B+C) - Total cash and other equivalent assets flows		(469)	(6,150)
Opening cash balances and equivalents	31	5,502	11,652
Closing cash balances and equivalents	31	5,033	5,502

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

Notes to the financial statements

CAD IT S.p.A. is a joint stock company and is governed on the basis of Italian law and exercises its management and coordinated activities on its own controlled companies. CAD IT S.p.a. is not subject to other company control in accordance with art. 2359 of the civil code. The company is listed in the STAR market of the Italian stock exchange.

The registered office and the administrative and operating offices are in Via Torricelli no. 44/a, Verona, Italy.

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

For information and comments on the results and the economic-financial situation of the CAD IT Group, please refer to the consolidated financial statement and the relative directors' report on operations.

1 Accounting policies and evaluation criteria more important

This report has been drafted in accordance with the international IAS/IFRS accounting standards issued by the International Accounting Standard Board (IASB) and approved by the European Union

The accounting standards adopted are the same as those used for drafting the last annual balance and have been applied in the same manner throughout the periods shown; there have been no modifications in the comparative information.

This document comprises financial statements, notes to the said financial statements, management observations.

The financial statement has been drafted using the evaluation criterion of past cost, except for financial instruments available for sale, which are assessed at *fair value*. Moreover, where some land and buildings have been included in *First Time Adoption*, the *fair value* has been used instead of the cost.

This financial statement has been prepared in accordance with Consob regulation no. 11971 of 14th May 1999, and subsequent modification and integration.

Unless otherwise indicated, the monetary sums in the accounting tables and those in the notes are shown in thousands of Euro. Any minor differences deriving from rounding up figures to thousands of Euro are considered irrelevant. Due to this rounding up process, the sum of the individual entries in some of the tables containing exact figures may differ from the total amount.

Use of estimates

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

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

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

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

IAS 27 (2008) – Consolidated and separate financial report

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



subsidiary company.

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

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

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

Balance sheet layout

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

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

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

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

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

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

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

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

Subsidiaries and Associated companies

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



Property, plant and equipment

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

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

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

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

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

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

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

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

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

Intangible fixed assets

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

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

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

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

Project development costs for the production of instrumental software, or those to be terminated, are registered on the credit side when they satisfy the following conditions: the costs can be feasibly determined, the product is technically feasible, the expected use and/or sale of the product indicate that the sustained costs will generate future economic benefits. In respect of the standard that correlates costs and returns, these costs are amortized as from the moment in which the activity becomes available for use, in permanent amortisation amounts for the entire duration of the product's lifecycle, estimated at five years.

The costs of internally generated intangible assets include any expenses that can be directly attributable to the development of the product and any reasonable part of general production costs attributable to the preparation stages before putting the product to use. All other development costs that cannot be capitalised, when



sustained, are reported on the income statement.

The concessions and licences entry mainly includes software under licence purchased by third parties and used for programming activities, depreciated for their useful life-cycle, estimated at 3 years.

Impairment loss

The company annually verifies the accountable value of intangible and tangible assets or more often whenever there is an indication that assets may have suffered a value loss.

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

Assets available for sale

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

Other non-current credits

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

Stock

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

On-going orders

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

Commercial credits and other credits

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

Liquid asset availability and equivalent means

The availability of liquid assets and equivalent means is registered at nominal value and has the requirements to be immediately available or available at very short notice, without obstacles and with no significant expense for collection.



Non current assets held for sale

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

Employee leaving entitlement

The present value of debts related to employees for benefits allocated in connection with or following the termination of working relationships through defined benefit programmes is calculated on the basis of the method of projecting the credit in accordance with the indications in IAS 19. The liabilities calculation is carried out by independent actuaries.

Profits and losses deriving from carrying out actuarial calculations are registered to the Profit and Loss account. Due to modifications to the laws concerning the termination of working relations (TFR) enforced by Law no. 296 of 27th December 2006 (Financial Act 2007) and subsequent Decrees and Regulations issued in the early months of 2007, the TFR amounts matured since 1st January 2007 in the Group's companies with more than 50 employees have been accounted for as a Definite Contribution Plan, both in terms of the option of complementary welfare and in terms of allocation to the Treasury Fund at INPS (social security office). The TFR Fund matured at 31st December 2006, however, remains as a Definite Benefit Plan.

Risk and obligation funds

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

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

Commercial debts and other current liabilities

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

Financial liabilities are initially shown at cost, which corresponds to the fair value of the liability, net of transition costs, which are directly attributable to the issue of the liability itself.

After the initial determination, the financial liabilities are assessed with the criterion of amortized cost using the original effective interest rate method.

Revenues and costs

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

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

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

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



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

Dividends

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

Income taxes

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

Deferred and pre-paid income taxes are calculated on the temporary differences between the patrimonial values registered in accordance with the IFRS international accounting standards and the corresponding values realised for tax purposes.

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

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

2 Revenues

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

	Period 2010		Period 2009		Variations	
						%
Income from sales and services	44,987	90.4%	45,146	89.4%	(159)	(0.4%)
Asset increases due to internal work	4,739	9.5%	4,330	8.6%	409	9.4%
Other revenue and receipts	27	0.1%	1,022	2.0%	(995)	(97.4%)
Production value	49,753	100.0%	50,499	100.0%	(746)	(1.5%)

Services and the sale of goods included revenues deriving from the sale of software for licence, software maintenance and updating, the implementation of personalised applicative packages, the sale of hardware, consultancy services and information technology system design.

The 2010 financial period showed a Euro 159 thousand drop (minus 0.4%) in revenues.

Sales and services revenues included Euro 1,686 thousand for CAD IT subsidiaries (see particulars in the Directors' management report and transaction notes with related parties).

Increases in internal work capitalised under fixed assets came to Euro 4,739 thousand compared to Euro 4,330 thousand in the 2009 financial period and included activities carried out by CAD IT (Euro 1,906 thousand), as well as those commissioned by CAD IT to its subsidiaries CAD (Euro 1,469 thousand), CeSBE (Euro 416 thousand), BitGroove (Euro 320 thousand), Netbureau (Euro 592 thousand), Datafox (Euro 37 thousand) for the development of new procedures for sale on licence or instruments for traditional activities..

Other revenues and earnings amounted to Euro 27 thousand, showing a decrease compared to 2009, a period in which Euro 830 thousand relating to a tax credit, in accordance with Article 1, paragraphs 280 – 283, of law no. 296 of 27th December 2008, granted on the costs of research and development sustained for projects that began in 2008 and continued into 2009, and Euro 105 thousand relating to an IRES rebate deriving from a 10% deductibility for the years 2004 to 2007, were registered.



The Group's activities are not on the whole, affected by significant cyclical or seasonal variations in total sales during the financial period.

3 Segment reporting by sectors

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

The main activities of each sector are as follows:

- Finance: includes the computer applications aimed specifically at banks, insurances and other financial institutions. The main applications provide:
 - management of intermediary activities on securities, funds and derivate instruments;
 - management of the typical services in the credit sector, such as the collection, treasury and monitoring of credit procedures;
 - service allocation for trading on line;
 - management of integrated banking computer systems;
 - consultancy and training.
- Manufacturing: includes the development and marketing of instruments and software applications and offers a series of services aimed at allowing the companies to effectively manage numerous company processes, including Outsourcing.

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

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

Disclosures for business segments	31/12/2009				
	Finance	Manufacturing	Not allocated/General	Elisions	Total
External revenues	47,877	1,351	1,271		50,499
Intersegment revenues	2,371	-	-	(2,371)	-
Total revenues	50,248	1,351	1,271	(2,371)	50,499
Costs	(47,342)	(1,284)	(1,271)	2,371	(47,526)
Gross Operating Result (EBITDA)	6,214	67	-		6,281
Operating Result (EBIT)	2,905	67	-		2,972
Net financial income (expenses)	-	-	739		739
Revaluations and devaluations	-	-	(10)		(10)
Result	2,905	67	729		3,701
Income taxes			(1,322)		(1,322)



Financial period profit (loss)	2,905	67	(593)		2,380
Assets	86,736		1,583		88,319
Liabilities	25,983		5,259		31,242

Information on the sector according to the secondary layout by geographical area is not provided as CAD IT presently produces and carries out its activities almost totally nationally and homogeneously. In fact, revenues from foreign customers amount to 2.57 % of the total sales and services revenues.

4 Purchase Costs

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

	31/12/2010	31/12/2009	Variations	%
Hardware-Software purchases for sale	116	184	(68)	(37.1%)
Maintenance and consumable hardware purchases	14	12	2	21.0%
Other purchases	160	170	(9)	(5.6%)
Variations in raw material stock	23	2	21	1057.5%
Total	313	367	(54)	(14.8%)

5 Service costs

	31/12/2010	31/12/2009	Variations	%
External collaboration	22,682	22,157	525	2.4%
Travelling expenses and fee reimbursement	983	906	77	8.5%
Other service costs	2,369	2,084	285	13.7%
Total	26,034	25,147	887	3.5%

Service costs in the 2010 financial period came to Euro 26,034 thousand showing a 3.5% increase compared to the previous year (Euro 25,147 thousand). Costs for external collaboration include Euro 18,050 thousand (previous period Euro 17,564) for costs towards affiliated companies.

Expenses and transfer fees suffered a slight increase compared to 2009 settling at Euro 983 thousand compared to Euro 906 thousand in the previous year.

Also other service expenses to the amount of Euro 2,369 thousand registered a 13.7% increase compared to the previous year (Euro 2,084 thousand). This item mainly included hardware and software assistance and maintenance charges, energy costs, administrative, legal and fiscal consultancy, maintenance and management costs for the offices and facilities.

6 Other operational costs

The table below shows the details of other operational costs:

	31/12/2010	31/12/2009	Variations	%
Third party benefit expenses	320	315	5	1.5%
Various management charges	110	95	15	15.4%
Total	430	411	19	4.7%

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



7 Labour costs and Employees

Labour costs are as follows:

	31/12/2010	31/12/2009	Variations	%
Salaries and wages	12,974	12,419	555	4.5%
Payroll taxes	3,913	3,738	175	4.7%
Severance pay	1,060	1,018	42	4.1%
Other costs	116	116	(0)	(0.1%)
Total	18,062	17,291	771	4.5%

Labour costs in 2010 financial period increased by Euro 771 thousand (+4.5%) compared to previous year, due to the application of increases in contractual remunerations and to the increase of the average number of employees (+6 units).

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

Category of employees	labour force at 31/12/2010	labour force at 31/12/2009	labour force at 31/12/2008
Management	17	14	14
White-collars and cadres	272	268	266
Total	289	282	280

At the end of 2010, CAD IT's staff had increased by 7 units compared to the previous financial period and had a total number of 289 employees; to be precise, 13 people were taken on during the period and 6 people gave in their notice, thus determining the following turnover rates:

Employee turnover	2010	2009	2008
Negative turnover (Dismissed/employees at beginning of period)	2.08%	2.6%	2.5%
Positive turnover (Employed/employees at beginning of period)	4.50%	3.4%	2.9%
Total turnover (Σ turnover)	6.57%	6.0%	5.4%
Turnover compensation rate (Employed/Dismissed)	216.67%	128.6%	114.3%

The details relating to the average number of CAD IT employees are shown below; the average number of employees increased by 6 units during the financial period.

Category of employees	Average number 2010	Average number 2009
Management	17	14
White-collars and cadres	269	266
Total	286	280

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

8 Other administrative costs

The table below shows the other administrative costs in detail.



	31/12/2010	31/12/2009	Variations	%
Director and legal representative fees	630	528	102	19.3%
Director and legal representative fee contributions	42	38	5	12.5%
Telephones	246	247	(1)	(0.3%)
Commissions	73	43	30	68.2%
Advertising fees	122	146	(24)	(16.4%)
Total	1,114	1,002	112	11.1%

The other administrative expenses of Euro 1,114 thousand (+11.1% compared to the 2009 financial period) were mainly made up of director and manager remunerations for Euro 630 thousand (+19.3% compared to 2009) and the relative contributions of Euro 42 thousand, telephone charges of Euro 246 thousand (in line with 2009) and advertising costs to the amount of Euro 122 thousand (-16.4% compared to 2009).

The other administrative costs included remunerations to related parties (see note 33).

9 Financial performance

The table below shows the details of financial performance.

	31/12/2010	31/12/2009	Variations	%
Subsidiaries share-holdings dividends	51	412	(361)	(87.6%)
Associated companies share-holdings dividends	50	155	(105)	(67.7%)
Financial income from other share-holding	6	12	(7)	(54.6%)
Interest on bank deposits and equivalent	78	162	(84)	(52.0%)
Total financial income	184	741	(557)	(75.1%)
Interest on bank overdrafts and loans	(10)	(1)	(9)	588.5%
Losses on exchanges	(1)	(1)	0	-
Total financial charges	(11)	(3)	(9)	346.8%
Net financial income and (charges)	173	739	(566)	(76.6%)

Returns are made up of dividends from holdings to the amount of Euro 107 thousand, showing a decrease compared to Euro 579 thousand in the previous financial period, and interest received on liquid assets and equivalent means (current account deposits and capitalisation insurance policies) to the sum of Euro 78 thousand compared to Euro 162 thousand in the previous year, less due to there being a reduced financial availability during the period.

Financial expenses, increasing compared to previous year, but insignificant, mainly refer to temporary overdrafts on current accounts, interests on payment deferrals and losses in exchange rates.

10 Revaluations and depreciations

The Euro 123 thousand devaluation amount registered in the 2010 period refers to a reduction in value of activities available for sale (holding in the listed company Class Editori S.p.A.); in 2009 the same activities suffered a devaluation of Euro 10 thousand.

11 Income taxes

	31/12/2010	31/12/2009	Variations	%
Tax pre-payments	5	23	(18)	(80.1%)
Deferred taxes	(6)	(32)	26	(81.1%)
Current taxes	762	1,331	(569)	(42.7%)
Total income taxes	760	1,322	(561)	(42.5%)



The taxes ascribable to 2010 financial period were estimated taking the results of the period and the norms in force into account and they represent the best possible estimate of the tax expenses ascribable to the period in question.

The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised the option of Group taxation as stated in art. 117 of TUIR 917/1986, for the three years 2010-2012, which concerns the determination of a global income in terms of IRES that corresponds to the algebraic sum of all net incomes of the companies in the group. The liquidation of the only tax due allows the Group to contextually use any tax losses during the year.

RECONCILIATION BETWEEN TAX EXPENSES IN THE BALANCE AND THEORETICAL TAX EXPENSES				
Theoretical rates	IRES	27.5%	IRAP*	3.92%*
	Taxable	Tax	Taxable	Tax
Pre-tax result	380		380	
Theoretical tax		105		15
Temporary differences deductible in later periods				
Representation expenses	(15)			
Director remuneration				
Total temporary tax variations on the increase	(15)	(4)	0	0
Permanent differences				
To IRES / IRAP income increases	518		19,899	
To IRES / IRAP income decreases	(200)		(6,313)	
Total permanent differences	318	88	13,586	533
Taxable fiscal income	684		13,966	
Taxable income / current tax on the period's income	684	188	13,966	548
Effective rate on the pre-tax result	IRES	49.46%	IRAP	144.12%
*The theoretical IRAP rate has been calculated as the average rate in consideration of the expected increases in some regions				

SUMMARY OF THEORETICAL TAX EXPENSES AND TOTAL EFFECT				
	Period 2010		Period 2009	
Current IRES tax	188	49.46%	754	20.37%
Current IRAP tax	548	144.12%	567	15.31%
Total current taxes and effective rates	736	193.58%	1,320	35.67%
Greater (Lesser) taxes previous financial period	26		10	
Total current taxes	762		1,331	

SUMMARY OF THE TEMPORARY DIFFERENCES AND EFFECTS ON THE ECONOMIC ACCOUNT

Description of the temporary differences	Pre-paid tax at 31.12.2009			Pre-paid tax at 31.12.2010			Income statement (a - b)
	Taxable	Rate	Tax (a)	Taxable	Rate	Tax (b)	
Representation expenses	23	31.40%	7	8	31.40%	3	5
Shareholding devaluation	0	27.50%	0	0	27.50%	0	0
Directors' remunerations	0	27.50%	0	0	27.50%	0	0
Total			7			3	5

Description of the temporary differences	Deferred tax at 31.12.2009			Deferred tax at 31.12.2010			Income statement (a - b)
	Taxable	Rate	Tax (a)	Taxable	Rate	Tax (b)	
TFR discounting back	367	27.50%	101	345	27.50%	95	(6)
Land revaluation	388	31.40%	122	388	31.40%	122	0
Land depreciation	72	31.40%	22	72	31.40%	22	0
Building revaluation	8,051	31.40%	2,528	8,051	31.40%	2,528	0
Building depreciation	438	31.40%	137	438	31.40%	137	0
Electronic machinery depreciation	24	31.40%	7	24	31.40%	7	0
Software depreciation	1,150	31.40%	361	1,150	31.40%	361	0
Licensing depreciation	21	31.40%	7	21	31.40%	7	0
Phone system depreciation	0	31.40%	0	0	31.40%	0	0
Assets and furniture depreciation	0	31.40%	0	0	31.40%	0	0
System depreciation	(66)	31.40%	(21)	(66)	31.40%	(21)	0
Total			3,265			3,259	(6)

12 Earnings per share

The basic earnings per share is calculated by dividing the year's net profit ascribable to the ordinary shareholders of the Head Company by the weighed average number of ordinary shares in circulation during the year. The number of ordinary shares in circulation does not change during the year of the period and no other types of share are admitted.

There are no options, contracts or convertible financial instruments or equivalent that give their owners the right to acquire ordinary shares, therefore, the basic profit per share and the dissolved profit per share agree.

Earnings per share	2010	2009	2008
Net profit (loss) ascribable to ordinary shares in thousands of euro	(380)	2,380	4,635
Weighed average number of ordinary shares in circulation	8,980,000	8,980,000	8,980,000
Net profit (loss) ascribable to ordinary shares for basic profit per share (Euro)	(0.042)	0.265	0.516



13 *Property, plant and equipment*

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

	31/12/2010	31/12/2009	Variations	%
Land	1,527	1,527	0	-
Buildings	14,516	14,636	(120)	(0.8%)
Plant and equipment	1,601	1,811	(209)	(11.6%)
Other assets	502	673	(171)	(25.4%)
Total property, plant and equipment	18,146	18,646	(500)	(2.7%)

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

	Land and buildings	Plant and machinery	Other tangible fixed assets	Total
Purchase or production cost	8,787	3,714	2,574	15,074
Previous years revaluations	8,439			8,439
Previous years depreciation and write-downs	(1,063)	(1,903)	(1,901)	(4,868)
Adjustments to previous years write-downs				
Opening value	16,162	1,811	673	18,646
Purchases		34	146	180
Transfers				
Reduction in accumulated depreciation due to disposals		1	7	8
Disposals		(4)	(8)	(12)
Revaluations for the period				
Depreciation and write-downs for the period	(120)	(241)	(316)	(676)
Adjustments to write-downs for the period				
Total tangible fixed assets	16,042	1,601	502	18,146

Land and buildings include property and land, accounted for separately, belonging to CAD IT S.p.A.. There are no restrictions on the legal ownership and possession of assets, systems and machinery to guarantee liabilities. There are no contractual restrictions for buying assets, systems or machinery.

The purchasing of new tangible assets during the year came to a total of Euro 180 thousand, of which the greater part (Euro 146 thousand) were for "other tangible assets", voice that included the purchasing of electronic machinery, managerial instruments characteristic of the Company's activities.

During the year property, installations and machinery were not subject to any value reductions that required registration in the balance.

14 *Intangible fixed assets*

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



	31/12/2010	31/12/2009	Variations	%
Industrial patents	4,103	6,605	(2,503)	(37.9%)
Licences, trademarks and similar rights	341	429	(88)	(20.5%)
Intangible fixed assets under development	15,281	10,542	4,739	45.0%
Total intangible fixed assets	19,724	17,576	2,148	12.2%

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

	Industrial patents and similar rights	Licences, trademarks and similar rights	Assets under development and payments on account	Total
Purchase or production cost	13,070	1,502	10,542	25,115
Previous years revaluations				
Previous years depreciation and write-downs	(6,465)	(1,073)		(7,539)
Adjustments to previous years write-downs				
Opening value	6,605	429	10,542	17,576
Purchases		141	4,739	4,880
Transfers				
Reduction in accumulated depreciation due to disposals				
Disposals				
Revaluations for the period				
Depreciation and write-downs for the period	(2,503)	(229)		(2,732)
Adjustments to write-downs for the period				
Total intangible fixed assets	4,103	341	15,281	19,724

The voice "industrial patent rights and works of ingenuity" is almost entirely made up of software procedures developed by the CAD IT. The values are registered in credit to the directly sustained cost, including costs relating to the use of internal resources as well as any possible additional accessory fees that may occur. In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product's lifecycle, estimated at five years. The amortizations of this voice in the 2010 financial period came to Euro 2,503 thousand, increasing compared with Euro 2,377 thousand of 2009 financial period.

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

The voice assets under development refers to investments in the development of software procedures under construction both for sale and for in-company use. Most of these investments are aimed at new, advanced products, the use of which will be needed very shortly, even by law, in credit and financial institutions as well as in the field of public and industrial administration. These assets are listed as receivable on the basis of the directly sustained cost.

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

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



15 Investments

	31/12/2010	31/12/2009
in subsidiary companies	14,911	14,681
in associated companies	3	3
Total Investments	14,914	14,684

Investments are shown at purchase cost. The value of holdings in controlled companies stands at Euro 14,911 thousand, while the value of holdings in affiliated companies is Euro 3 thousand.

On 22nd October 2010, CAD IT's share in the company capital of the subsidiary CeSBE S.r.l. was increased from 52% to 59%; this increase required a disbursement of Euro 230 thousand.

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

Investments in subsidiary companies

COMPANY NAME	COMPANY CAPITAL (euro/000)	PERCENTAGE OF INVESTMENT	NET PROFIT or LOSS (euro/000)	SHAREHOLDERS' EQUITY WITHOUT NET PROFIT OR LOSS (euro/000)	QUOTAHOLDERS' EQUITY HELD (euro/000)	CARRYING VALUE (euro/000)
Cad S.r.l.	130	100.00%	(33)	2,059	2,026	5,824
Cesbe S.r.l.	10	59.00%	(31)	3,372	1,971	287
Datafox	100	51.00%	67	113	92	454
Netbureau S.r.l.	50	100.00%	22	75	97	133
S.G.M. S.r.l.	100	100.00%	(92)	1,177	1,085	3,220
D.Q.S. S.r.l.	11	55.00%	(208)	54	(85)	3,263
Bit Groove S.r.l.	16	100.00%	(0)	55	54	285
Elidata S.r.l.	20	51.00%	109	746	436	781
Smart Line S.r.l.	103	51.05%	86	701	402	664
Total	540		(81)	8,352	6,079	14,911

Investments in associated companies

COMPANY NAME	COMPANY CAPITAL (euro/000)	PERCENTAGE OF INVESTMENT	NET PROFIT or LOSS (euro/000)	SHAREHOLDERS' EQUITY WITHOUT NET PROFIT OR LOSS (euro/000)	QUOTAHOLDERS' EQUITY HELD (euro/000)	CARRYING VALUE (euro/000)
Sicom S.r.l.	10	25.00%	636	680	329	3

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

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

The evaluation of the CAD IT Group companies was made through a *Discounted Cash Flow* (DCF), the most common calculation method in financial markets. Operational cash flow forecasts are based on the most recent budget plans approved by the Board of Directors and relate to the period 2011–2013 which take into account the concrete company growth possibilities based on past data and on management forecasts. The financial flows



that go over this period have been calculated with great care using a growth rate of nil. The putting into effect rate used is the weighed average of capital estimated at 9.70%.

The main assumptions used by the Directors for discounting back prospective financial flows in order to make an analysis of the holding value are reported below:

the equation used for estimating the weighed average cost of capital is the following

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

where:

k_b = interest rate in case of debt

TC = marginal tax rate of the economic bodies being evaluated

B = market value of the debt of a company

V = total market value of a company.

k_p = advisability cost of risk capital

P = market value of the privileged shares

k_s = advisability cost of own capital determined by the market

S = market value of the net capital.

The cost of capital was identified as $k_s = 9.70\%$.

The permanent growth rate of the company being evaluated was chosen by taking it as 0% a year despite the CAGR of the income and profits of each being greater.

The value of the companies was determined as a summation of discounted back cash flows (Free Cash Flow), of the remaining value and the net financial position. In brief we can say:

COMPANY VALUE = ± NET FINANCIAL POSITION + DISCOUNTED BACK CASH FLOWS + REMAINING VALUE

If we want to translate this equation into mathematical terms, we could show it in the following way:

N.P.V.= company value (Net Present Value)

P.F.N. = Net Financial Position

FCF = cash flow

k = cost of capital

N = explicit period

g = growth rate of the implicit period

$N.P.V. = \pm P.F.N. + \sum_i^N FCF (1+k)^{-N} + (FCF_{N+1} / k-g) \{ [1/[1+(k-g)]^N] \}$

16 Financial assets available for sale

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

The table below illustrates the value variations of these holdings during the year 2010:

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



17 Credits due to prepaid taxes

Credits due to prepaid taxes are made up of assets in this period or previous periods and will probably create a taxable income. Credits for pre-paid IRES and IRAP taxes are mainly in reference to time differences (deductible over the next few financial periods).

18 Inventories

Leftover stock includes finished products and goods for a total amount of Euro 5 thousand compared to Euro 28 thousand at 31.12.2009.

19 Commercial credits and other credits

Commercial credits and other credits are made up as follows:

	31/12/2010	31/12/2009	Variations	%
Credits to clients	22,497	25,770	(3,273)	(12.7%)
Credit depreciation fund	(291)	(229)	(62)	27.1%
Credit towards subsidiaries	3,603	3,270	333	10.2%
Credit towards associated companies	0	0	0	-
Accrued income and deferred expenses	335	489	(154)	(31.5%)
Other credits	259	201	57	28.3%
Total trade receivables and other credits	26,402	29,501	(3,099)	(10.5%)

% coverage credit depreciation fund	1.29%	0.89%
-------------------------------------	-------	-------

Credits to clients are entirely due within 12 months: the accounting value of commercial credits and other credits is approximate to their fair value and mainly made up of credits to public administration, banking institutions and insurance companies.

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

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

Regarding credits that are considered uncollectable, an allocation fund has been set up to the amount of Euro 291 thousand which ensures a cover of 1.29% of the total amount of credits towards clients. This fund was determined on the basis of past data regarding losses on credits and is considered proportionate.

Among the commercial credits and other credits, Euro 3,623 thousand (of which Euro 3,603 thousand towards the Group's companies) were towards related parties, as explained in note 33.

The item Accruals and deferred charges entirely refers to deferred charges made up of the following:

	31/12/2010	31/12/2009
Software assistance	161	74
Advertising expenses	-	10
Third party benefit expenses	37	74
Telephone charges	10	11
Administrative services	1	265



Various insurances	13	17
Hardware assistance	26	21
Others various	87	17
Total Accrued costs	335	489

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

<i>Credits towards other</i>	31/12/2010	31/12/2009	Variations	%
Payments on account to suppliers	231	162	69	42.3%
Other	28	39	(11)	(29.0%)
Total credits towards other	259	201	57	28.3%

20 Tax credits

The entry of Euro 744 thousand, showing a decrease compared to the previous period (Euro 1,576 thousand), was mainly made up of credit towards Inland Revenue for the excess payment of down payments in IRES (Euro 514 thousand) and IRAP (Euro 33 thousand) paid in 2010, and tax credits relating to the IRES reimbursement deriving from a 10% deductibility in IRAP paid in 2004-2007 (Euro 193 thousand).

21 Cash and other equivalent assets

	31/12/2010	31/12/2009	Variations	%
Bank and postal accounts	2,657	3,190	(533)	(16.7%)
Cash-on-hand and cash equivalents	7	7	(0)	-
Insurance policies capitalised	2,370	2,305	65	2.8%
Total Cash and other equivalent assets	5,033	5,502	(469)	(8.5%)

The bank and postal account deposits are made up of cash-on-hand in current bank accounts for Euro 2,657 thousand, decrease by Euro 533 thousand compared to 31st December of previous financial period.

It is possible to redeem the capitalisation insurance policy at any time and reimbursement is made within 20 days with no particular significant expense. The returns are variable in relation to the annually calculated revaluation rate. The guaranteed minimum annual rate is 2.50%.

22 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.

Neither CAD IT S.p.A. nor its controlled companies own CAD IT or their own shares, not even through trustee companies or third parties.

CAD IT's net patrimony at 31.12.2010, including the financial period result, came to Euro 54,403 thousand compared to Euro 57,077 thousand at 31.12.2009. Patrimony reduction is mainly due to the distribution of dividend during 2010 financial period, as the Shareholders' Meeting decided.



23 Reserves

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

The variation of the evaluation reserve for assets available for sale comes from the variation in fair value at 31 December 2010 of the holding in the quoted company CIA S.p.A. registered in the net patrimony reserve.

24 Accumulated profit/(losses)

	31/12/2010	31/12/2009	Variations	%
Previous profits/losses	585	585	0	-
Legal reserve	934	934	0	-
IFRS transition reserve	2,119	2,119	0	-
Available joint profit reserve	11,043	10,908	135	1.2%
Profit/loss for the period	(380)	2,380	(2,760)	(116.0%)
Total accumulated profits/losses	14,301	16,926	(2,625)	(15.5%)

Previous period profit refers to the difference between the profits for the 2004 period calculated with the IAS/IFRS accounting standards compared to calculation with the national accounting standards.

The IFRS transition reserve covers any differences that may have occurred when the international accounting standards were first adopted on 1st January 2004 and was changed for the actual application of the IAS 32 and 39 standards on 01/01/05 when assessing financial assets available for sale, in accordance with the IFRS 1 accounting standard.

The available joint profit reserve increased by Euro 135 thousand due to the effect of undistributed profits in the previous period.

The legal reserve has already reached a fifth of the company capital (art. 2430 c.c.).

There are no restrictions to the possibility of using derivatives in the statutory arrangements.

The Stockholders' equity quotas that cannot be distributed amounted to Euro 19,384 thousand to cover for long-term costs that have not yet been amortized (art. 2426, no. 5 c.c.).



Nature/description	Amount at 31.12.2010	Use possibility (*)	Available Amount	Summary of the uses made in the three previous financial periods:	
				for loss coverage	for loss coverage
Capital	4,670				
Capital reserves:					
Reserve from share overpayment	35,246	a - b - c	35,246	-	-
Profit reserves:					
Legal reserve	934	b	-	-	-
Available joint profit reserve	11,043	a - b - c	11,043	-	-
Valuation reserve for financial assets available for sale	186	-	-	-	-
IAS transition reserve	2,119	-	-	-	-
Previous profits	585	-	-	-	-
Loss for the period	(380)	a - b - c	(380)		
Total	54,403		45,909	-	-
Amount that can not be distributed			19,384		
Amount that can be distributed			26,526		
(*) legend: a = company capital increase b = loss coverage c = shareholder distribution					

25 Dividends paid and decided

On 29th April 2010, on the basis of the results for the 2009 financial period the Shareholders' Meeting approved the distribution of a Euro 0.25 ordinary dividend per share to the total sum of Euro 2,245 thousand with coupons released on 10th May 2010 and payment made on 13th May 2010.

26 Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,259 thousand (3,265 previous period) and took into account the taxable time differences resulting from time differences of the accounting value of an asset or liability compared to its recognised value for tax purposes. In particular they mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods. For the particulars of this entry, please refer to the table "Situation of temporary differences and effects on the profit and loss account" in note 11.

27 Employees' leaving entitlement and quiescence reserves

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

Employees' leaving entitlement	31/12/2010	31/12/2009
at 1 January	3,178	3,117
Actuarial (gain)/loss	(12)	14
Allocation of period	126	117
Utilisation	(87)	(70)
Closing balance	3,205	3,178

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

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

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

The results of the mathematical evaluations on the basis of the IAS for TFR at 31 December 2010 have shown a cost in previous financial periods of Euro 3,060 thousand and interest allowed for the current year of Euro 113 thousand.

28 Commercial debts

The entire point shows the following trend:

	31/12/2010	31/12/2009	Variations	%
Debts towards subsidiaries	16,456	15,894	562	3.5%
Debts towards associated companies	16	78	(63)	(79.8%)
Debts towards suppliers	2,358	2,743	(385)	(14.0%)
Payments on account received from customers	25	0	25	-
Accrued expenses and deferred income	201	203	(2)	(0.9%)
Total Commercial debts	19,056	18,918	138	0.7%

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

Among the sales debits, Euro 16,558 thousand are towards related parties almost entirely towards the Group's companies (Euro 16,456 thousand) as indicated in note 33.

The deferred income refers entirely to income that was already invoiced regarding annual ordinary maintenance contracts on user licences and mainly pertaining to next financial period.

29 Tax debts

The entry of Euro 1,757 thousand (Euro 1,994 thousand in the previous period) includes the debt for value added tax (Euro 1,001 thousand) and the withholding taxes applied by the company for tax substitution activities towards employees and collaborators (Euro 756 thousand).

30 Other debts

Details of other debts are as shown:



	31/12/2010	31/12/2009	Variations	%
Social security charges payable	1,509	1,469	40	2.7%
Towards staff for deferred salaries and pay	2,407	2,352	54	2.3%
Total other debts	3,915	3,822	94	2.5%

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

<i>Debt towards staff for wages and deferred pay</i>	31/12/2010	31/12/2009	Variations	%
For wages and expense accounts	628	568	60	10.5%
For production incentives	4	4	0	-
For holidays	1,339	1,357	(17)	(1.3%)
For thirteenth month (year-end bonus)	0	0	0	-
For fourteenth month (summer bonus)	435	423	12	2.8%
Total	2,407	2,352	54	2.3%

31 Net financial position

The net financial availability at the end of the 2010 period was in credit by Euro 5,033 thousand, Euro 469 thousand less than the previous period (-8.5%).

Since there is no long-term financing, the net financial position will shortly coincide with the total position.

	31/12/2010	31/12/2009	Variations	%
Bank and postal accounts Money and Cheques	2,663	3,197	(533)	(16.7%)
Capitalisation insurance policies	2,370	2,305	65	2.8%
Net short-term financial position/(indebtedness)	5,033	5,502	(469)	(8.5%)
Long-term loans net of current portion	-	-	-	-
Net long-term financial position/(indebtedness)	-	-	-	-
Net financial position/(indebtedness)	5,033	5,502	(469)	(8.5%)

In particular, cash-on-hand and in bank accounts came to Euro 2,663 thousand. Capitalisation insurance policies of Euro 2,370 thousand were contractually available on 20-day prior request without any significant tax expenses. As a link between the data of the net financial position statement and the balance statement, it is hereby reported that: cash in bank accounts and capitalisation insurance policies are registered in the patrimonial status as "Cash and other equivalent assets"; short-term financial debts are registered as "Payables due to banks current portion"; long-term financing is registered in the patrimonial status as "Long-term loans".

As shown in the financial report, the decrease in financial assets was determined by the following:

- operational management activities generated a positive flow of Euro 6,876 thousand (compared to Euro 2,649 thousand in the previous year) due to self-financing (net result plus depreciations) net of non-monetary taxes;
- investment activities absorbed Euro 5,100 thousand (compared to Euro 4,309 thousand in 2009) for investments in intangible assets (Euro 4,880 thousand), tangible assets (Euro 180 thousand) and holding companies (Euro 230 thousand), partly compensated by cashed-in interests and dividends;
- financing activities absorbed Euro 2,245 thousand (compared to Euro 4,490 thousand in 2009), entirely due to the dividend payments to CAD IT shareholders (Euro 2,245 thousand).



32 Related parties transactions

Any commercial relations between the Group's companies are governed by normal market conditions. The summary of income and costs, despite the credit and debit position at 31st December 2010 between the Group's subsidiaries, is shown in the specific note on management relations.

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

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

Except for previously mentioned relations, no other relations with other related parties of an economic-patrimonial nature of any significant worth have been taken into account.

Revenues with related parties mainly concern services carried out towards controlled companies (Euro 1,686 thousand), Xchanging company (Euro 289 thousand), which holds a 10% share in CAD IT.

Service costs towards related parties include services carried out by controlled companies (Euro 18,050 thousand) and the affiliated company Sicom S.r.l. (Euro 310 thousand), CAD IT Board of Auditor fees and those relating to translation and language training services supplied by a company partly owned by one of the CAD IT directors (Euro 99 thousand).

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

The other administrative expenses relating to related parties concern remunerations for the position of director given to CAD IT directors.

Credits towards related parties are mainly made up of the parent company's credits towards Xchanging (Euro 13 thousand).

Debits towards related parties are mainly made up of commercial debts for the above-mentioned services that have not yet expired (Euro 16,558 thousand), debts towards employees for remuneration accruals (Euro 82 thousand) and severance pay (Euro 142 thousand).

The following table shows the incidence of transactions with related parties for the 2009 financial period.



Transaction incidence with related parties - Period 2009	Total	Related Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with related parties on entries in the Profit and Loss account			
Income from sales and services	45,146	2,120	4.70%
Service costs	(25,147)	(18,113)	72.03%
Labour costs	(17,291)	(439)	2.54%
Other administrative expenses	(1,002)	(566)	56.47%
B) Transaction or position incidence with related parties on entries in the Patrimonial situation			
Commercial credits and other credits	29,501	3,551	12.04%
TFR and pension funds	3,178	122	3.84%
Commercial debts	18,918	15,984	84.49%
Other debts	3,822	91	2.38%
C) Transaction or position incidence with related parties on financial flows			
Cashed dividends	579	567	97.88%

33 Fees paid to Members of the Board of Directors, Statutory Auditors and Executives with Strategic Responsibilities

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 table⁴, in accordance with art. no. 78 of Consob regulation no. 11971 of 14th May 1999, and subsequent modification and integration.

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

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

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

No stock option plans are ongoing at the moment.

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

⁴ in accordance with sheet 1, attachment 3c, of Consob Regulation no. 11971)

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



34 Warranties

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

35 Other information

There have been no transactions or any non recurrent significant events, as defined in the Consob DEM/6064293 communication, in the present financial period or the previous one.

CAD IT has not drawn up any contracts containing clauses that depend on continual financial funding (*covenant*) nor any agreements where a subject – to whom a loan has been granted – must behave accordingly (*negative pledge*).

The present statutory financial statement was approved by the CAD IT S.p.A. Board of Directors on 11th March 2011 and will be an item for approval at the shareholders' meeting to be held on 27th April 2011 in first call and on 28th April 2011 in second call.

36 Important events since 31st December 2010

On 4th February 2011, the shareholder meeting of the DQS S.r.l. subsidiary company decided to reduce the company capital of Euro 11,000 due to losses and, at the same time, to reconstitute the company capital to Euro 11,000 with a price above par of Euro 201,603 of which Euro 190,630 is to be used to cover the residual loss and Euro 11,000 to constitute the share overcharge fund. Due to agreements between partners, CAD IT, previously holding a 55% share, sustained the entire company capital and relative price above par, thus becoming the sole partner.

On 11th March 2011, the non-executive adviser, Matthias Sohler, gave in his resignation with immediate effect. Matthias Sohler, non-executive and non-independent advisor, was not a member of any internal committee.

For further information on the foreseeable development of company management, please refer to the specific paragraph in the management report.



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

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

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

of the administrative and accounting procedures for drafting the financial statements during the 2010 financial period.

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

- a) has been drafted in accordance with the international accounting standards (IFRS) – adopted by the European Union – in compliance with regulation (EC) no. 1606/2002 of the European Parliament and Council on 19th July 2002;
- b) corresponds to the results in the accounting books and documents;
- c) appropriately gives a true and correct representation of the Company's patrimonial, economic and financial situation.

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

Verona, 11 March 2011

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

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



ATTACHMENT 1 - INFORMATION IN ACCORDANCE WITH ART. 149-DUODECIES OF CONSOB ISSUER REGULATION

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

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

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

ATTACHMENT 2 - SUMMARY FINANCIAL STATEMENTS OF CAD IT GROUP COMPANIES

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

(article 2429 of the Italian Civil Code)

CAD SRL

REGISTERED OFFICE: Via Torricelli, 37 - 37100 VERONA

QUOTA CAPITAL: € 130,000,00

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

	31/12/2010	31/12/2009
TURNOVER	9,835,601	10,445,437
GROSS OPERATING RESULT	295,539	569,000
NET OPERATING PROFIT	282,842	550,678
FINANCIAL INCOME AND CHARGES, NET	(3,875)	2,046
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	278,967	552,724
NET PROFIT / (LOSS) FOR THE YEAR	(20,090)	193,813
TANGIBLE FIXED ASSETS, NET	13,162	26,309
WORKING CAPITAL, NET	3,451,177	3,790,064
INVESTED CAPITAL, NET	1,515,890	1,831,192
EMPLOYEES' LEAVING ENTITLEMENT	1,948,449	1,985,181
QUOTAHOLDERS' EQUITY	1,851,001	1,871,091
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	335,111	39,899



CESBE SRL**REGISTERED OFFICE:** Via Torricelli, 37 - 37100 VERONA**QUOTA CAPITAL:** € 10,400**% OF INVESTMENT OF CAD IT S.p.A:** 59%

	31/12/2010	31/12/2009
TURNOVER	3,707,792	3,360,494
GROSS OPERATING RESULT	94,665	74,416
NET OPERATING PROFIT	92,511	1,262
FINANCIAL INCOME AND CHARGES, NET	298	9,652
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	92,809	10,914
NET PROFIT / (LOSS) FOR THE YEAR	(19,287)	(78,903)
TANGIBLE FIXED ASSETS, NET	6,987	7,095
WORKING CAPITAL, NET	3,760,431	3,594,962
INVESTED CAPITAL, NET	3,237,393	3,124,809
EMPLOYEES' LEAVING ENTITLEMENT	530,025	477,248
QUOTAHOLDERS' EQUITY	3,331,332	3,350,618
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	133,939	295,809

NETBUREAU SRL**REGISTERED OFFICE:** Via Morigi, 13 - MILANO**QUOTA CAPITAL:** € 50,000**% OF INVESTMENT OF CAD IT S.p.A:** 100%

	31/12/2010	31/12/2009
TURNOVER	944,915	837,439
GROSS OPERATING RESULT	58,638	45,173
NET OPERATING PROFIT	58,363	43,807
FINANCIAL INCOME AND CHARGES, NET	64	145
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	58,427	43,952
NET PROFIT / (LOSS) FOR THE YEAR	20,707	13,015
TANGIBLE FIXED ASSETS, NET	0	275
WORKING CAPITAL, NET	185,962	164,331
INVESTED CAPITAL, NET	62,181	54,508
EMPLOYEES' LEAVING ENTITLEMENT	123,781	110,098
QUOTAHOLDERS' EQUITY	88,267	67,562
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	26,086	13,054

DQS SRL**REGISTERED OFFICE:** Via Silvio d'Amico, 10 - 00145 ROMA**QUOTA CAPITAL:** € 11,000.00**% OF INVESTMENT OF CAD IT S.p.A:** 55%

	31/12/2010	31/12/2009
TURNOVER	3,364,916	3,783,622
GROSS OPERATING RESULT	(65,214)	29,771
NET OPERATING PROFIT	(142,286)	(39,542)
FINANCIAL INCOME AND CHARGES, NET	(35,713)	(17,970)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(177,999)	(57,512)
NET PROFIT / (LOSS) FOR THE YEAR	(203,670)	(93,002)
TANGIBLE FIXED ASSETS, NET	159,288	212,560
WORKING CAPITAL, NET	1,643,047	1,199,199
INVESTED CAPITAL, NET	1,436,524	1,021,708
EMPLOYEES' LEAVING ENTITLEMENT	365,811	390,051
QUOTAHOLDERS' EQUITY	(190,630)	13,040
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(1,617,154)	(991,996)

SGM SRL**REGISTERED OFFICE:** Galleria Spagna, 28 - 35100 PADOVA**QUOTA CAPITAL:** € 100,000**% OF INVESTMENT OF CAD IT S.p.A:** 100%

	31/12/2010	31/12/2009
TURNOVER	570,872	682,724
GROSS OPERATING RESULT	43,610	159,103
NET OPERATING PROFIT	(115,749)	2,482
FINANCIAL INCOME AND CHARGES, NET	2,257	119
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	(113,492)	2,601
NET PROFIT / (LOSS) FOR THE YEAR	(95,067)	(13,545)
TANGIBLE FIXED ASSETS, NET	1,189	154,148
WORKING CAPITAL, NET	1,180,537	1,118,077
INVESTED CAPITAL, NET	1,061,585	1,168,707
EMPLOYEES' LEAVING ENTITLEMENT	120,141	103,518
QUOTAHOLDERS' EQUITY	1,079,035	1,174,102
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	17,450	5,395



SMART LINE SRL**REGISTERED OFFICE:** Via Torricelli 44/A - VERONA**QUOTA CAPITAL:** € 102,700.00**% OF INVESTMENT OF CAD IT S.p.A.:** 51.05%

	31/12/2010	31/12/2009
TURNOVER	1,540,428	1,290,455
GROSS OPERATING RESULT	317,842	71,359
NET OPERATING PROFIT	177,987	(67,727)
FINANCIAL INCOME AND CHARGES, NET	68	2,725
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	178,054	(65,002)
NET PROFIT / (LOSS) FOR THE YEAR	91,651	(74,698)
TANGIBLE FIXED ASSETS, NET	358,650	454,687
WORKING CAPITAL, NET	653,461	479,989
INVESTED CAPITAL, NET	744,200	622,287
EMPLOYEES' LEAVING ENTITLEMENT	267,911	312,389
QUOTAHOLDERS' EQUITY	770,198	678,547
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	25,998	56,260

BIT GROOVE SRL**REGISTERED OFFICE:** Via Torricelli, 44/A - 37100 VERONA**QUOTA CAPITAL:** € 15,500**% OF INVESTMENT OF CAD IT S.p.A.:** 100 %

	31/12/2010	31/12/2009
TURNOVER	1,234,158	1,363,041
GROSS OPERATING RESULT	80,456	103,188
NET OPERATING PROFIT	40,955	51,320
FINANCIAL INCOME AND CHARGES, NET	148	288
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	41,103	51,608
NET PROFIT / (LOSS) FOR THE YEAR	7,311	18,519
TANGIBLE FIXED ASSETS, NET	44,974	46,410
WORKING CAPITAL, NET	23,844	43,158
INVESTED CAPITAL, NET	2,515	28,440
EMPLOYEES' LEAVING ENTITLEMENT	66,303	61,128
QUOTAHOLDERS' EQUITY	40,837	33,528
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	38,322	5,088

ELIDATA SRL**REGISTERED OFFICE:** Via Sanadolo, 19 - Caglione d'Adda - LO**QUOTA CAPITAL:** € 20,000**% OF INVESTMENT OF CAD IT S.p.A.:** 51%

	31/12/2010	31/12/2009
TURNOVER	1,146,653	975,287
GROSS OPERATING RESULT	205,408	244,601
NET OPERATING PROFIT	174,054	212,240
FINANCIAL INCOME AND CHARGES, NET	585	7,738
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	174,639	219,978
NET PROFIT / (LOSS) FOR THE YEAR	89,119	130,351
TANGIBLE FIXED ASSETS, NET	121,499	113,758
WORKING CAPITAL, NET	329,845	383,320
INVESTED CAPITAL, NET	372,595	441,455
EMPLOYEES' LEAVING ENTITLEMENT	78,749	55,623
QUOTAHOLDERS' EQUITY	738,686	749,567
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	374,841	308,112

DATAFOX SRL**REGISTERED OFFICE:** Via Torricelli 44/A - VERONA**QUOTA CAPITAL:** € 99,999**% OF INVESTMENT OF CAD IT S.p.A.:** 51%

	31/12/2010	31/12/2009
TURNOVER	548,366	330,294
GROSS OPERATING RESULT	122,803	(112,653)
NET OPERATING PROFIT	119,783	(136,775)
FINANCIAL INCOME AND CHARGES, NET	1,517	236
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	121,300	(136,539)
NET PROFIT / (LOSS) FOR THE YEAR	84,040	(143,179)
TANGIBLE FIXED ASSETS, NET	7,054	5,815
WORKING CAPITAL, NET	175,320	50,209
INVESTED CAPITAL, NET	165,987	43,795
EMPLOYEES' LEAVING ENTITLEMENT	16,387	12,229
QUOTAHOLDERS' EQUITY	185,546	101,508
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	19,559	57,713



**SUMMARY FINANCIAL STATEMENTS OF THE CONSOLIDATED
INDIRECT SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATION AREA**
(article 2429 of the Italian Civil Code)

TECSIT SRL

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

QUOTA CAPITAL: € 75,000.00

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

	31/12/2010	31/12/2009
TURNOVER	667,294	405,080
GROSS OPERATING RESULT	31,594	36,785
NET OPERATING PROFIT	27,037	31,425
FINANCIAL INCOME AND CHARGES, NET	(16,868)	(25,123)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	10,169	6,302
NET PROFIT / (LOSS) FOR THE YEAR	264	(584)
TANGIBLE FIXED ASSETS, NET	6,019	9,616
WORKING CAPITAL, NET	194,198	247,015
INVESTED CAPITAL, NET	179,088	239,555
EMPLOYEES' LEAVING ENTITLEMENT	21,129	17,076
QUOTAHOLDERS' EQUITY	51,185	50,921
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(127,903)	(188,634)



SUMMARY FINANCIAL STATEMENTS OF THE ASSOCIATED COMPANIES
(article 2429 of the Italian Civil Code)

SICOM SRL

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

QUOTA CAPITAL: € 10,400.00

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

	31/12/2010	31/12/2009
TURNOVER	2,895,250	3,042,208
GROSS OPERATING RESULT	971,950	971,765
NET OPERATING PROFIT	958,145	955,969
FINANCIAL INCOME AND CHARGES, NET	1,317	3,235
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	959,462	959,204
NET PROFIT / (LOSS) FOR THE YEAR	635,746	652,509
TANGIBLE FIXED ASSETS, NET	462,237	275,372
WORKING CAPITAL, NET	(391,284)	(284,334)
INVESTED CAPITAL, NET	(47,220)	(98,746)
EMPLOYEES' LEAVING ENTITLEMENT	118,173	89,784
QUOTAHOLDERS' EQUITY	1,315,464	879,720
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	1,362,684	978,466

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

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

1. We have audited the financial statements including the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes, of CAD IT S.p.A. as of and for the year ended December 31, 2010. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

3. In our opinion, the statutory financial statements of CAD IT S.p.A. as of December 31, 2010 comply with International Financial Reporting Standards as adopted by European Union and the requirements of national regulations issued pursuant to art. 9 of legislative decree n. 38/2005; therefore, they are clearly stated and give a true and fair view of the financial position, the results of the operations and the cash flows of CAD IT S.p.A. for the year then ended.
4. The Directors of CAD IT S.p.A. are responsible for the preparation of the report on operations and the annual report on corporate governance and ownership structures, published in investor relations section of CAD IT S.p.A. web site, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information provided by paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of art. 123-bis of legislative decree n. 58/1998 included in the annual report on corporate governance and ownership structures, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information provided by paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of art. 123-bis of legislative decree n. 58/1998, included in the annual report on corporate governance and ownership structures, are consistent with the financial statements of CAD IT S.p.A. as of December 31, 2010.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Pescara, Roma, Torino, Verona

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.



Verona, March 24, 2011

BDO S.p.A.

Signed by:
Alessandro Gigliarano
(Director)

REPORT OF THE BOARD OF STATUTORY AUDITORS TO SHAREHOLDERS

CAD IT S.p.A.

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

Capitale sociale Euro 4.669.600,00 i.v.

Codice fiscale e numero iscrizione Registro Imprese di Verona 01992770238

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

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

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

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

Nel corso dell'esercizio chiuso al 31/12/2010 abbiamo svolto l'attività di vigilanza di cui all'art. 149 D.Lgs. 24.2.1998, n. 58, tenuto conto dei principi di comportamento del Collegio Sindacale raccomandati dal Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili, riscontrando l'osservanza delle norme di legge e dello statuto in ordine alla gestione nonché alla formazione e all'impostazione del bilancio d'esercizio, di quello consolidato e delle relative relazioni.

La società è capogruppo ed esercita attività di direzione e coordinamento (art. 2497-bis del Codice Civile) sulle società controllate come nel bilancio d'esercizio chiuso al 31/12/2010.

Abbiamo avuto contatti con il collegio sindacale delle controllate, ove nominato, o con gli organi di amministrazione delle controllate e non sono emersi dati ed informazioni rilevanti che debbano essere evidenziati nella presente relazione.

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

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

- abbiamo acquisito conoscenza e vigilato, per quanto di nostra competenza, sull'adeguatezza della struttura organizzativa della società e sul rispetto dei principi di corretta amministrazione, tramite raccolta di informazioni dai responsabili della funzione organizzativa, dal dirigente preposto alla redazione dei documenti contabili societari e incontri con responsabili della società di revisore ai fini del reciproco scambio di dati ed informazioni rilevanti e a tale riguardo non abbiamo osservazioni da riferire;
- abbiamo vigilato sull'adeguatezza delle disposizioni impartite dalla società alle società controllate, ai sensi dell'articolo 114, comma 2, del D. Lgs. 58/1998, affinché le stesse forniscano tutte le notizie necessarie per adempiere agli obblighi di comunicazioni previsti dalla legge;
- abbiamo appurato che nel corso del 2010 non vi sono state significative variazioni organizzative aziendali nel Gruppo;
- diamo atto che i criteri di valutazione illustrati nelle Note al bilancio sono sostanzialmente omogenei con quelli utilizzati per la redazione del bilancio dell'esercizio precedente;
- abbiamo valutato e vigilato sull'adeguatezza della struttura amministrativa e del sistema di controllo interno. Nel corso dell'esercizio abbiamo avuto periodici incontri con i responsabili del controllo interno e con l'internal auditor che ci hanno informato sugli esiti degli accertamenti compiuti presso la capogruppo ed alcune controllate;
- abbiamo valutato e vigilato sull'adeguatezza del sistema amministrativo – contabile, nonché sulla sua affidabilità a rappresentare correttamente i fatti di gestione, sia mediante l'ottenimento di informazioni dal dirigente preposto alla redazione dei documenti contabili societari e dai responsabili delle rispettive funzioni, sia mediante l'esame dei documenti aziendali che mediante l'analisi dei risultati del lavoro svolto dalla società di revisione, vigilando altresì sull'attività del preposto al controllo interno, e a tale riguardo non abbiamo osservazioni particolari da riferire;
- diamo atto che la società aderisce al sistema di tassazione del consolidato fiscale nazionale;
- non abbiamo rilevato l'esistenza di operazioni atipiche e/o inusuali anche infragruppo o con parti correlate;
- in ordine alle operazioni di natura infragruppo o con parti correlate, le stesse sono state adeguatamente descritte sia nelle note di bilancio, nell'apposito prospetto, che nelle relazioni sulla gestione e ad esse Vi rimandiamo in ordine alle caratteristiche e alla rilevanza economica. Le suddette operazioni risultano eseguite a condizioni di mercato, condotte in termini di coerenza strategica, di affidabilità economica e di atteso ritorno per la Società. Gli effetti economici, patrimoniali e finanziari derivanti dai rapporti con parti correlate sono debitamente illustrati al punto 33 delle note di bilancio. Le stesse



informazioni sono altresì contenute al punto 38 delle note di bilancio consolidato al netto delle elisioni effettuate dei rapporti infragruppo;

- in data 24 marzo 2011 la società di revisione ha rilasciato le relazioni sul Bilancio d'esercizio e sul Bilancio consolidato, esprimendo il giudizio senza rilievi;
- l'adesione della Società al Codice di Autodisciplina, predisposto dal Comitato per la Corporate Governance e promosso da Borsa Italiana S.p.A., e le modalità di attuazione delle regole di governo societario, sono illustrate nell'apposita relazione annuale del consiglio di amministrazione.
- diamo atto che la società, come indicato nella relazione sulla gestione, ha ottemperato agli obblighi relativi alla privacy secondo le disposizioni del D. Lgs. 196/2003 relativamente al trattamento dei dati personali ed ha provveduto alla revisione annuale del documento Programmatico sulla Sicurezza;
- diamo atto che la società ha adottato il modello di organizzazione e gestione per la prevenzione dei reati previsti dal D.Lgs. 8.6.2001, n. 231 concernente la responsabilità amministrativa della società per reati commessi dai propri dipendenti e collaboratori e ha perseguito, attraverso l'Organo di Vigilanza appositamente costituito, azioni ispettive sui processi e procedure per valutare le persistenza dei requisiti di prevenzione dei reati rilevanti ai fini del citato Decreto;
- in qualità di Comitato per il controllo interno e la revisione contabile, ex art 19 D.Lgs 27 gennaio 2010 n. 39, abbiamo vigilato su:
 - il processo di informativa finanziaria;
 - l'efficacia dei sistemi di controllo interno, di revisione interna, e di gestione del rischio;
 - la revisione legale dei conti annuali e dei conti consolidati;
 - l'indipendenza della società di revisione legale, in particolare per quanto concerne la prestazione di servizi non di revisione all'ente sottoposto alla revisione legale dei conti;
- alla società di revisione risultano conferiti i seguenti incarichi:
 - per la controllante CAD IT S.p.A.: revisione del bilancio d'esercizio, di quello consolidato, revisione contabile limitata relativa al bilancio consolidato semestrale e controllo contabile;
 - per quattro controllate: revisione contabile del bilancio di esercizio anche ai fini del consolidamento;
 - sottoscrizione delle dichiarazioni fiscali per l'attività di propria competenza, per la capogruppo e le quattro controllate.

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

- nello svolgimento dell'attività di vigilanza sopra descritta nel corso dell'esercizio 2010 il Collegio Sindacale si è riunito 7 volte, ha assistito alle 7 riunioni del Consiglio di Amministrazione a norma dell'articolo 149, comma 2, del D.Lgs. 58/1998, alle 4 riunioni del comitato di controllo interno, nonché all'Assemblea;
- nel corso del 2010 non sono pervenute denunce di cui all'articolo 2408 codice civile o esposti da parte di azionisti;
- il collegio sindacale e la società di revisione in applicazione di quanto previsto dall'articolo 150 del D.Lgs 58/2008, hanno provveduto a scambiarsi dati ed informazioni rilevanti per l'espletamento dei rispettivi compiti;
- nel corso dell'attività di vigilanza svolta e sulla base delle informazioni ottenute dalla società di revisione, non sono state rilevate omissioni, fatti censurabili, irregolarità o comunque fatti significativi tali da richiederne la segnalazione agli organi di controllo e vigilanza o la menzione nella presente relazione.

Dall'attività svolta, il Collegio esprime una valutazione di adeguatezza del sistema di Controllo Interno di CAD IT nel suo complesso e dà atto, nella veste di Comitato per il Controllo Interno e la revisione contabile, che non sussistono rilievi da segnalare all'Assemblea.

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

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

Diamo atto che la società ha provveduto, nel corso dell'esercizio, a verificare l'effettiva indipendenza degli amministratori indipendenti, come previsto dall'art. 3.c.5. del codice di autodisciplina e da parte nostra abbiamo verificato il permanere della nostra indipendenza, come previsto dall'art. 10.c.2. dello stesso codice di autodisciplina.

Per quanto concerne il bilancio d'esercizio, che presenta una perdita di Euro 380 migliaia, abbiamo verificato l'osservanza delle norme di legge regolanti la sua impostazione e formazione, mediante i controlli da noi esercitati, nei limiti della nostra competenza, di cui all'art. 149 D.Lgs 24.02.1998 n. 58 e le informazioni forniteci dalla società di revisione.

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

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

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

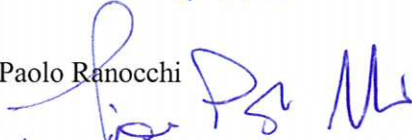
Verona, 24 marzo 2011

I Sindaci

Riccardo Ferrari



Gian Paolo Ranocchi



Renato Tengattini





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