



Interim Management Report
at 31st March 2010

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BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS¹

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI⁽²⁾
Director

MATTHIAS SOHLER
Director

FRANCESCO ROSSI⁽²⁾
Independent Director

LAMBERTO LAMBERTINI⁽²⁾
Independent Director

STATUTORY AUDITORS¹

RICCARDO FERRARI
Chairman

GIAN PAOLO RANOCCHI
Statutory Auditor

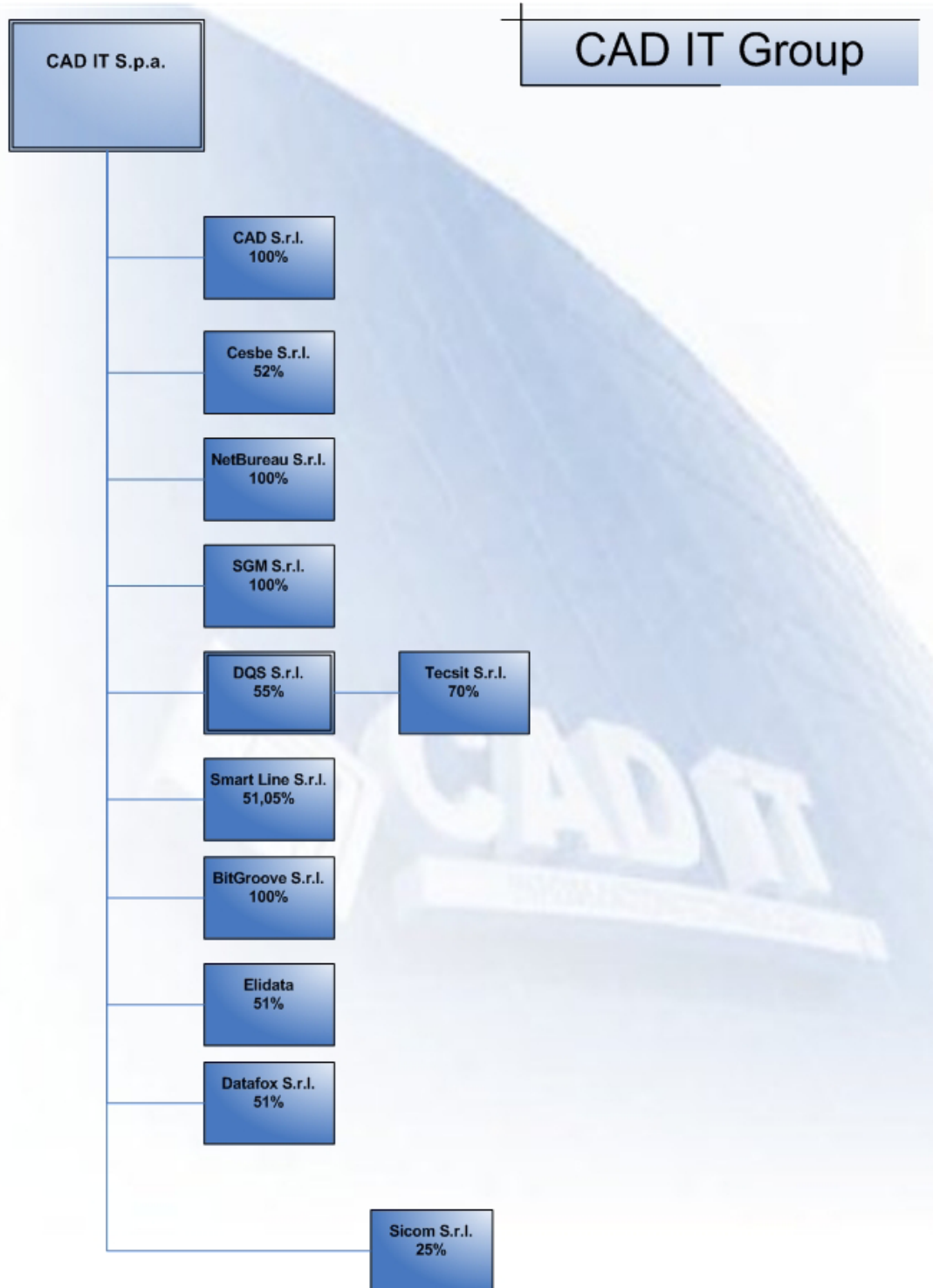
RENATO TENGATTINI
Statutory Auditor

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



CAD IT Group as at 31/03/2010

SUMMARY SCHEDULES

Consolidated income statement

	1 ^o Quarter 2010		1 ^o Quarter 2009		Variations	
	€/000	% on P.V.	€/000	% on P.V.	€/000	%
Income from sales and services	12,477	95.2%	12,260	94.3%	217	1.8%
Changes in ongoing orders	(133)	(1.0%)	52	0.4%	(185)	(354.8%)
Own work capitalised	755	5.8%	651	5.0%	105	16.1%
Other revenue and receipts	11	0.1%	41	0.3%	(30)	(73.2%)
Production value	13,111	100.0%	13,004	100.0%	107	0.8%
Purchases costs	(221)	(1.7%)	(231)	(1.8%)	10	(4.4%)
Services costs	(2,257)	(17.2%)	(2,427)	(18.7%)	170	(7.0%)
Other operational costs	(165)	(1.3%)	(188)	(1.4%)	23	(12.3%)
Added value	10,467	79.8%	10,157	78.1%	310	3.1%
Labour costs	(8,526)	(65.0%)	(8,017)	(61.6%)	(509)	6.3%
Other administrative costs	(631)	(4.8%)	(611)	(4.7%)	(20)	3.3%
Gross operational result (EBITDA)	1,311	10.0%	1,529	11.8%	(218)	(14.3%)
Allocation and Credit Depreciation	(2)	(0.0%)			(2)	
Amortisations:						
- Intangible fixed asset amortisation	(751)	(5.7%)	(637)	(4.9%)	(114)	17.9%
- Tangible fixed asset amortisation	(192)	(1.5%)	(191)	(1.5%)	(1)	0.7%
Operational result (EBIT)	365	2.8%	701	5.4%	(336)	(47.9%)
Financial income	20	0.2%	74	0.6%	(54)	(72.4%)
Financial expenses	(15)	(0.1%)	(14)	(0.1%)	(1)	4.7%
Ordinary result	371	2.8%	761	5.9%	(390)	(51.3%)
Revaluations and depreciations	159	1.2%	188	1.4%	(29)	(15.5%)
Pre-tax result for the period	530	4.0%	949	7.3%	(420)	(44.2%)
<i>Attributable to:</i>						
Non- controlling interests	(48)	(0.4%)	84	0.6%	(131)	(157.0%)
Owners of the parent	577	4.4%	866	6.7%	(288)	(33.3%)
Weighted average number of ordinary shares in circulation	8,980,000		8,980,000			
Basic earnings per share (in Euro)	0.064		0.096			

Consolidated statement of comprehensive income

(in thousands of Euro)

	<i>1° Quarter</i>	<i>1° Quarter</i>
	2010	2009
Profit/(loss) for the period	530	949
Gains/(Losses) on fair value of available for sale financial assets	(87)	17
Total comprehensive income	443	966
Profit/(loss) for the period attributable to:		
Non-controlling interests	(48)	84
Owners of the parent	490	883



Consolidated Statement of financial position

(in thousands f Euro)

	31/03/2010	31/12/2009
ASSETS		
A) Non-Current Assets		
Property, plant and equipment	19,082	19,212
Intangible assets	17,776	17,747
Goodwill	8,309	8,309
Investments	379	220
Other financial assets available for sale	694	781
Other non-current credits	88	72
Credits due to deferred taxes	244	244
TOTAL NON-CURRENT ASSETS	46,571	46,583
B) Current Assets		
Inventories	160	112
Ongoing orders	179	312
Trade receivables and other credits	31,927	28,905
Tax credits	1,768	1,791
Cash on hand and other equivalent assets	6,250	6,379
TOTAL CURRENT ASSETS	40,284	37,498
TOTAL ASSETS	86,855	84,081
EQUITY AND LIABILITIES		
A) Equity		
Company capital	4,670	4,670
Reserves	35,394	35,481
Accumulated profits/losses	16,931	16,354
Equity attributable to owners of the parent	56,995	56,505
Non-controlling interests	2,441	2,489
TOTAL EQUITY	59,436	58,993
B) Non-current liabilities		
Financing	172	179
Deferred tax liabilities	3,452	3,452
Employee benefits and quiescence provisions	6,461	6,317
Expense and risk provisions	130	135
TOTAL NON-CURRENT LIABILITIES	10,216	10,083
C) Current liabilities		
Trade payables	6,884	4,393
Current tax payables	1,681	2,644
Short-term financing	1,244	1,286
Other liabilities	7,394	6,682
TOTAL CURRENT LIABILITIES	17,203	15,005
TOTAL LIABILITIES AND EQUITY	86,855	84,081

Consolidated Cash Flow Statement

(in thousands of Euro)

	1° Quarter 2010	1° Quarter 2009
Opening cash balances and equivalents	5,093	13,346
OPERATING ACTIVITIES		
Profit (loss) for the period	530	949
Amortisation, revaluation and depreciation:		
- Property, plant and equipment amortisation	192	191
- Intangible fixed asset amortisation	751	637
- revaluation of investments and financial assets available for sale	(159)	(188)
- depreciation of investments and financial assets available for sale	0	0
Allocations (utilization) of provisions:	140	33
Financial performance:		
- Net financial receipts (charges)	(6)	(60)
- Profit / (losses) on exchanges	(0)	(1)
Working capital variations	(674)	(52)
Income taxes paid	0	0
Interest paid	(15)	(13)
(A) Cash flows from (used in) operating activities	760	1,497
INVESTMENT ACTIVITIES		
Investments in activities		
- Property, plant and equipment purchases	(63)	(80)
- Intangible assets purchases/development	(781)	(669)
- increase in other fixed assets	(18)	(1)
Disinvestment activities		
- Property, plant and equipment transfers		1
- Decrease in other fixed assets	2	3
Cashed Interest	20	74
Cashed dividends	0	0
(B) Cash flows from (used in) investment activities	(839)	(672)
FINANCING ACTIVITIES		
Medium/long term financing repayment	(7)	(7)
Dividends paid	0	0
(C) Cash flows from (used in) financing activities	(7)	(7)
(A+B+C) Cash balances and equivalents net changes	(86)	818
Closing cash balances and equivalents	5,006	14,164



EXPLANATORY NOTES

1. Foreword

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

In accordance with this regulation, this interim management report gives:

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

In order to be able to make a comparison between the figures and evaluations of the management trend, the patrimonial, economic and financial information in this report are shown in the same way as the contents of the previous quarterly reports.

The accounting tables shown are the same as those used for drafting the annual and six-monthly financial reports.

The interim report includes balance charts in reference to the following periods:

profit and loss account for the interim period in question and trend compared to the same interim period (period and trend) of the previous financial year;

balance sheet at the end of the interim period concerned, also in comparison to the figures for the same period of the previous financial year;

cash flow statement at the interim period closure date compared to the figures for the same period of the previous financial year.

The figures representing the net financial position, compared with the figures of the previous quarter and the previous year end, and tables showing investments in intangible and tangible assets, installations and machinery relating to the intervening period between the beginning of the financial period and the closing date of the quarter, are also supplied.

This document shows the quarterly figures required on a consolidated basis, since CAD IT S.p.A. is obliged to draft a consolidated balance.

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

The Interim Management Report is not subject to auditing by the auditing company.

2. Information on CAD IT S.p.A.

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

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

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

Share capital amounts to € 4,669,600, fully subscribed and paid-in, and comprises 8,980,000 ordinary shares, each with equal rights.

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

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

3. Corporate Governance

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

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

4. Activities of the Group

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

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

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

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 used by banks which represent more than 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 local and central administration bodies make up the group's newest sector, capitalizing on its 20-year experience in developing IT systems for public entities.

5. Accounting standards and consolidation criteria

The economic, patrimonial and financial information has been drafted in accordance with the evaluation and measurement criteria as established by the International Financial Reporting Standard (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure in art. 6 of the European Parliament and Council Regulation (EC) no. 1606/2002 of 19th July 2002.

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

Interim Management Report has been drafted using the evaluation criteria of historical cost, except for financial instruments available for sale, which are assessed at fair value, and the holdings in subsidiaries, which are assessed in accordance with the equity method. Moreover, where some land and buildings have been included in First Time Adoption, the fair value has been used instead of the cost.

The balance has been drafted in the assumption that the company will continue.

Use of estimates

In accordance with the IFRS, when drafting the Interim Management Report the company management formulates evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case. Since they are estimates, the results obtained are not necessarily the same as the results portrayed.

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



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

At the time of drafting this summarised version of the Interim Management Report, there are no other matters or records, or anything of any significant importance within the Group, that may be governed by principles, amendments and interpretations effective since 1st January 2010, and approved by the IASB and IFRIC and published in the European Community's Official Gazette.

Subsidiary companies

The consolidation area includes the Mother Company and the companies it controls, that is, where it has the power to determine financial and managerial policies of a business in order to reap benefits from said company's activities.

Subsidiary companies are consolidated from the date in which control was effectively transferred to the Group and are no longer consolidated as from the date that control becomes external to the Group.

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

These companies are consolidated using the integral consolidation method. In order to prepare the consolidated data, the patrimonial, economic and financial situations of the subsidiary and associate companies have been used as prepared by the Group's individual companies at the reference dates, opportunely reclassified and amended to reflect the application of the homogeneous accounting standards.

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

Associate companies

The share in associate companies, that is those companies in which the Group has significant influence, is evaluated using the equity method, as defined in IAS 28 – Investments in Associates. The profits or losses relevant to the Group are included in the Interim Management Report from the date in which this significant influence began up to the moment it ceases.

Property, plant and equipment

Tangible fixed assets are shown at purchase cost, including any costs that may be directly ascribable and necessary for activating the asset and putting it to the use for which it was purchased. In reference to land and

buildings listed in First Time Adoption, the fair value was used instead of the cost.

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

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

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

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

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

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

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

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

Financial leasing

Assets owned through financial leasing contracts, through which all the risks and benefits tied to the property are transferred to the Group, are registered among the Group assets at their fair value or, if this



value is lower, at the present value of the minimum payments due for the leasing and depreciated by applying coherent criteria to the other assets. The corresponding liability towards the lessor is registered in the balance among the financial debts.

Intangible fixed assets

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

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

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

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

Project development costs for the production of instrumental software, or those to be terminated, are registered on the credit side when they satisfy the following conditions: the costs can be feasibly determined, the product is technically feasible, the expected use and/or sale of the product indicate that the sustained costs will generate future economic benefits. In respect of the standard that correlates costs and returns, these costs are amortized as from the moment in which the activity becomes available for use, in permanent amortisation amounts for the entire duration of the product's lifecycle, estimated at five years. The costs of intangible fixed assets generated internally include only those expenses that can be directly attributed to the development of said product. All other development costs that cannot be capitalised, when sustained, are reported on the income statement.

Goodwill

Goodwill resulting from the purchase of subsidiaries and associates is initially registered at cost and is the overbalance of the purchase cost in respect of the purchaser's share of the fair value of the assets and liabilities and the potential liabilities at the date of purchase.

After the initial registration, goodwill is no longer amortised and is decremented of any losses in

accumulated value, calculated according to the IAS 36 Asset value reduction. Goodwill regarding shares in associates companies is included in the taxation value of said companies.

Goodwill is subject to an annual analysis of retrievableness or at shorter intervals if something happens or changes in circumstances arise, which could cause losses in value.

Goodwill deriving from purchases made prior to 1st January 2004 is registered at the recorded value ascribed to it in the last balance drafted on the basis of the previous accounting standards (31st December 2003). In fact, during the preparation of the opening balance in accordance with the international accounting standards, none of the purchase transactions made prior to 1st January 2004 have been re-considered.

Impairment loss

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

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

Assets available for sale

Share in non-consolidated companies are classified as assets financially available for sale and are valued at fair value. For any shares quoted as fair value, this value is taken as the market value, if active. Any profits or losses found as a result of the effect of evaluating the fair value on these assets at every balance date are shown at net patrimony unless they are sold or they have durable



losses in value, that are the moments when the total profit or loss found in the net patrimony is registered to the profit and loss account.

Other non-current credits

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

Stock

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

On-going orders

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

Commercial credits and other credits

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

Liquid asset availability and equivalent means

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

Employee leaving entitlement

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

The liability evaluation is calculated by private actuaries. The profits and losses deriving from these evaluations are ascribed to the income statement.

Risk and obligation funds

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

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

Commercial debts and other current liabilities

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

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

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

Revenues and costs

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

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

- the revenues for services are determined with reference to the point at which they stand on the basis of the same criteria used for determining the position of ongoing orders. If it is not possible to feasibly determine the revenue values, they are then calculated until they concur with the amount of expenses sustained and which are deemed recoverable.

- the profits from the sale of goods are shown when significant risks and benefits of the ownership of the goods are transferred to the purchaser, the sale price is agreed or can be determined and payment is collected.

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

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

Balance sheet layout

The balance layouts have been drafted according to IAS 1 specifications.

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 consolidated patrimonial financial situation, a distinction has been made between current and non-current assets and liabilities.

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

6. Consolidation area

The consolidation area has not changed during first quarter 2010. The fully consolidated companies included in the financial schedules of CAD IT Group are the following:

Company name	Registered office	Share/ Quota capital (Euro)	Percentage of investment	Percentage of investment of the Group
<i>consolidated using the integral method</i>				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
CAD S.r.l.	Verona	130,000	100.00%	100.00%
Cesbe S.r.l.	Verona	10,400	52.00%	52.00%
Netbureau S.r.l.	Milano	50,000	100.00%	100.00%
S.G.M. S.r.l.	Padova	100,000	100.00%	100.00%
D.Q.S. S.r.l.	Roma	11,000	55.00%	55.00%
Bit Groove S.r.l.	Verona	15,500	100.00%	100.00%
Elidata S.r.l.	Castiglione D'Adda (LO)	20,000	51.00%	51.00%
Smart Line S.r.l.	Verona	102,700	51.05%	51.05%
Datafox	Verona	99,999	51.00%	51.00%
Tecsit S.r.l. (1)	Roma	75,000	70.00%	38.50%
(1) Held through DQS S.r.l.				



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

<i>Company name</i>	<i>Registered office</i>	<i>Date of reference</i>	<i>Quotaholders' equity including profit for the period</i>	<i>Pre-tax result for the period</i>	<i>Percentage of investment</i>	<i>Investment value of the Group</i>
Sicom S.r.l.	Viadana (MN)	31/03/2010	1,516	637	25.00%	379

7. Management results and comments on the most significant elements in the quarter

The CAD IT Group closed its first quarter of the 2010 financial period with a value of production of Euro 13,111 thousand showing a slight increase (+0.8%) compared to the same quarter in the previous year (Euro 13,004 thousand), maintaining profit margins well positive. The results obtained confirm the Group's ability to achieve positive outcomes by focusing on the production and offer of new products and services, acquiring new users and market segments, despite the unfavourable economic trend.

The pre-tax profit and third party share stood at Euro 530 thousand compared to Euro 949 thousand in the same quarter of 2009.

The value of production was mainly made up of earnings from services and sales to the value of Euro 12,477 thousand showing a slight increase (+1.8%) compared to the same quarter in the previous financial period (Euro 12,260 thousand). The increase in internal work capitalised under fixed assets came to Euro 755 thousand (Euro 651 thousand the year before).

Service costs to the amount of Euro 2,257 thousand (equal to 17.2% of the value of production) had decreased compared to the Euro 2,427 thousand (equal to 18.7% of the value of production) in the first quarter of 2009. This reduction in service costs (Euro -170 thousand), as well as a drop in purchase costs (Euro -10 thousand) resulted in an added value of Euro 10,467 thousand, equal to 79.8% of the value of production compared to Euro 10,157 thousand in the first quarter of 2009 (78.1% of the value of production).

Labour costs in the first quarter came to Euro 8,526 thousand, showing an increase of Euro 509 thousand (6.3%) compared to Euro 8,017 thousand in the same period in 2009. Labour costs included the effect generated from the actuarial calculation, in accordance with IAS 19, of the severance pay debt in favour of employees, which led to the entry of further costs to the value of Euro 87 thousand in the first quarter of 2010 compared to Euro 6 thousand in the same period of the previous year. This increase in labour costs was also due to the renewal of national employment contracts in the engineering sector, with the first part starting in January 2010, and to staff wage increases and bonuses.

The average number of employees during the quarter was 605, in line with the same quarter in 2009.

The other administrative expenses came to Euro 631 thousand compared to Euro 611 thousand in the first quarter of 2009.

The EBITDA profit margin stood at Euro 1,311 thousand compared to Euro 1,529 thousand in the first period of 2009, showing a drop of 14.3 %.

Amortisation shares for the quarter came to Euro 751 thousand for intangible assets and Euro 192 thousand for tangible assets compared to Euro 637 thousand and Euro 191 thousand in the same quarter of 2009.

The EBIT operational result was in credit by Euro 365 thousand compared to Euro 701 thousand in the same period of the year before.

The net financial management result was slightly in credit with earnings and financial outlays standing at Euro 20 thousand and Euro 15 thousand respectively compared to Euro 74 thousand and Euro 14 thousand in the first period of the previous year. This decrease was mainly due to a reduction in liquid assets and equivalent means.

The ordinary result was in credit by Euro 371 thousand compared to Euro 761 thousand in the first quarter of 2009.

The positive result of Sicom S.r.l., an associated company, calculated using the net patrimony method, generated a Euro 159 thousand revaluation. In the first quarter of 2009 this revaluation was Euro 188 thousand.

The pre-tax result and third party share was in credit by Euro 530 thousand (equal to 4.0% of the value of production) compared to Euro 949 thousand in the same quarter of the previous year (7.3% of the value of production).



The interim management report is presented without calculating the income taxes for the period.

The profit in the quarter ascribable to CAD IT shareholders was Euro 577 thousand compared to Euro 866 thousand in the first quarter of the previous year. The third party result, however, was negative to the amount of Euro 48 thousand, showing a decrease compared to the positive result of Euro 84 thousand in the first quarter of 2009.

Monitoring and cost containment are still among the management's objectives.

The figures summarizing earnings from sales and services, subdivided according to the business line and compared to the corresponding amounts of the previous year, are shown below.

(in thousands of Euro)

<i>Income from sales and services</i>	<i>1° Quarter</i>		<i>1° Quarter</i>	
	<i>2010</i>		<i>2009</i>	
Finance	11,656	93.42%	11,560	94.29%
Manufacturing	821	6.58%	700	5.71%
Total Income from sales and services	12,477	100%	12,260	100%

8. Significant events of the period

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

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.

9. Consolidated net financial position and financial income and charges

The consolidated net financial position at 31st March 2010 was positive for Euro 4,835 thousand, slight falling (Euro -86 thousand) compared to the end of 2009 financial period, when amounted to Euro 4,914 thousand.

In particular, as shown in detail in the financial report:

- operational management activities generated positive flows of Euro 807 thousand (Euro 1,497 thousand in the first quarter of 2009 financial period) due to self-financing (net result plus amortisations) net of non-monetary items;
- investment activities absorbed Euro 839 thousand (Euro 672 thousand in the first quarter of 2009 financial period) mainly due to investments in intangible assets (Euro 781 thousand) and tangible assets (Euro 63 thousand), compensated in small part by incoming interests and dividends;
- financing activities absorbed Euro 55 thousand (Euro 7 thousand in the first quarter of 2009 financial period).

(in thousands of Euro)

<i>Net consolidated financial position</i>	<i>31/03/2010</i>	<i>31/12/2009</i>	<i>31/03/2009</i>
Cash on hand and bank accounts	3,931	3,873	12,667
Insurance policies capitalized	2,320	2,505	2,451
Short-term payables due to banks	(1,244)	(1,286)	(954)
Net short-term financial position/(indebtedness)	5,006	5,093	14,164
Long-term loans	(172)	(179)	(200)
Net long-term financial position/(indebtedness)	(172)	(179)	(200)
Net financial position / (indebtedness)	4,835	4,914	13,964

Net financing activities resulted in an income of Euro 6 thousands in the first three months of 2010 (Euro 60 thousand in the same previous year period). The decrease in financial income (Euro -54 thousand) is mainly due to a reduction in balances.



(in thousands of Euro)

<i>Financial performance</i>	<i>31/03/2010</i>	<i>31/03/2009</i>	<i>Variations</i>
Financial income from assets available for sale	0	0	0
Interest on bank deposits and equivalent	20	74	(54)
Profits on exchanges	0	0	0
Total financial income	20	74	(54)
Interest on bank overdrafts and loans	(12)	(10)	(2)
Interest on debts for financial leasing	(3)	(3)	0
Losses on exchanges	(0)	(1)	0
Total financial charges	(15)	(14)	(1)
Net financial income and (charges)	6	60	(54)

10. 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 (EM).

11. Investments

The figures accumulated in investments in intangible and tangible assets, made during the first quarter by those companies of the Group included in the consolidation area, amount to Euro 844 thousand, compared to Euro 749 thousand in the same periods in 2009.

(in thousands of Euro)

<i>Summary of investments</i>	<i>1° Quarter</i>	<i>1° Quarter</i>	<i>Year</i>
	<i>2010</i>	<i>2009</i>	<i>2009</i>
Intangible fixed assets	25	18	486
Assets under development and payments on account	755	651	4,232
Property, Plant and equipment	63	80	394
Total investments in tangible and intangible fixed assets	844	749	5,113

The amount of investments is a consequence of strategic decisions taken by the directors' meeting and management that approved investments to develop several new products expected to be used by the clients themselves.

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

12. Intangible and tangible fixed assets

During the first three months of the year, the item "intangible fixed assets" and "property, plant and equipment" varied as follows:

(in thousands of Euro)

<i>Intangible fixed assets</i>	<i>Industrial patents and similar rights.</i>	<i>Licences, trademarks and similar rights</i>	<i>Assets under development and payments on account</i>	<i>Other</i>	<i>Total</i>	<i>Goodwill</i>
Purchase or production cost	14,333	3,397	10,444	35	28,209	8,309
Previous years revaluations						
Previous years depreciation and write-downs	(7,524)	(2,902)		(35)	(10,462)	
Adjustments to previous years write-downs		(1)			(1)	
Opening value	6,808	495	10,444	0	17,747	8,309
Variations in consolidation area						
Purchases/increases		25	755		781	
Transfers						
Reduction in accumulated depreciation due to disposals						
Disposals						
Revaluations for the period						
Depreciation and write-downs for the period	(687)	(64)			(751)	
Adjustments to write-downs for the period						
Total at 31/03/2010	6,121	456	11,199	0	17,776	8,309

(in thousands of Euro)

<i>Property, plant and equipment</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Other tangible fixed assets</i>	<i>Total</i>
Purchase or production cost	9,140	4,141	29	5,403	18,712
First time adoption revaluation	8,439				8,439
Previous years depreciation and write-downs	(1,095)	(2,240)	(21)	(4,582)	(7,938)
Adjustments to previous years write-downs				(2)	(2)
Opening value	16,484	1,901	8	819	19,212
Variations in consolidation area					
Purchases		34	1	28	63
Transfers					
Reduction in accumulated depreciation due to disposals				1	1
Disposals				(1)	(1)
Revaluations for the period					
Depreciation and write-downs for the period	(30)	(64)	(1)	(97)	(192)
Adjustments to write-downs for the period					
Total at 31/03/2010	16,453	1,871	8	750	19,082

13. Personnel

The number of CAD IT Group staff increased by 2 units compared to the end of 2009 financial period. Information on the actual number employees, for each category, at the end of each quarter and at the end of 2009 financial period is reported below:



Category of Employees	Labour force at 31/03/2010	Labour force at 31/12/2009	Labour force at 31/03/2009
Management	19	17	17
White-collars and cadres	584	584	582
Blue-collars	1	1	1
Apprentices	2	2	2
Total	606	604	602

The average number of employees in the quarter was 605, in line with the corresponding quarter of 2009.

Category of Employees	Average number 1° Quarter 2010	Average number 2009	Average number 1° Quarter 2009
Management	19	17	17
White-collars and cadres	583	583	585
Blue-collars	1	1	1
Apprentices	2	2	2
Total	605	603	605

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

14. Important events since 31st March 2010 and foreseeable development

On 29th April 2010, the Ordinary Shareholders' Meeting approved the balance at 31/12/2009 and agreed to distribute a dividend of Euro 0.25 per share. The dates for coupon release and dividend payment were 10th and 13th May 2010 respectively. Dividend payment resulted in a cash outlay of Euro 2,245 thousand.

A weak recovery is expected in Italy for 2010 and 2011, driven by a contained recovery in foreign demand while internal components will supply a scanty contribution to growth. On the whole, Banca d'Italia estimates that the Italian economy can grow by 0.7 per cent in 2010, which will then accelerate to 1% in 2011. Uncertainty about the prospects, however, still remains high and the forecast scene still shows significant variability margins particularly connected to world demand on the one hand, which could be more favourable than expected, and the risk that labour market conditions remain weak for a longer period of time on the other.¹

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

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

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

¹ Banca D'Italia, Economic Bulletin no. 59, January 2010



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

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

Verona, 14 May 2010

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



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