CAD IT S.p.A.

Half-yearly Financial Report at 30th June 2011

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

CAD IT S.p.A.

Registered office in Verona, Via Torricelli N. 44/a
Share capital € 4,669,600 fully paid in
Tax code and Verona Company Register N. 01992770238
Chamber of Commerce REA N. 210441

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Half-Yearly Financial Report at 30/06/2011

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

BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS (1)

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI (2)
Director

JÖRG KARSTEN BRAND (3)
Director

FRANCESCO ROSSI (2)
Independent Director

LAMBERTO LAMBERTINI (2)
Independent Director

STATUTORY AUDITORS (1)

RICCARDO FERRARI
Chairman

GIAN PAOLO RANOCCHI
Statutory Auditor

RENATO TENGATTINI
Statutory Auditor

AUDITORS: BDO S.p.A.

(1) Appointed on 29 April 2009; office expires with the shareholders' meeting for the approval of the 2011 financial statements.
(2) Member of the Internal Control Committee; member of the Nominating and Compensation Committee
(3) Appointed on 27 April 2011; office expires with the shareholders' meeting for the approval of the 2011 financial statements.

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

CAD IT Group as at 30/06/2011

PRELIMINARY REMARKS

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

The six-monthly financial report laid out to conform with the applicable International accounting standards recognised by the European Community as in accordance with the EC regulation no. 1606/2002 of the European Parliament and Council on 19th July 2002 and in particular with IAS 34 – Interim Financial Reporting. The report was drafted by applying the same accounting standards used for drafting the Consolidated Balance at 31st December 2010, with the exception of the items described in the explanatory notes – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2011.

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

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

INTERIM MANAGEMENT REPORT

This intermediary report on management accompanies CAD IT Group's summarised six-monthly balance at 30th June 2011 and contains references to important events that have occurred during the first six months of the financial period and their incidence on the summarised six-monthly balance, together with a description of the main risks and uncertainties that may occur in the remaining six months to come. The interim management report also contains information on the relevant and correlated party transactions as well as an indication of significant (or relevant) transactions that occurred up to the moment of drafting the report.

Activities of the Group

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

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

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

CAD IT is leader in the Italian software market for the banking sector with its "Financial Area" products, a programme which completely manages all functions connected to negotiation, settlement and administration of security transactions, debentures, derivates (in any currency) and adopted by about 90% of Italian banking outlets.

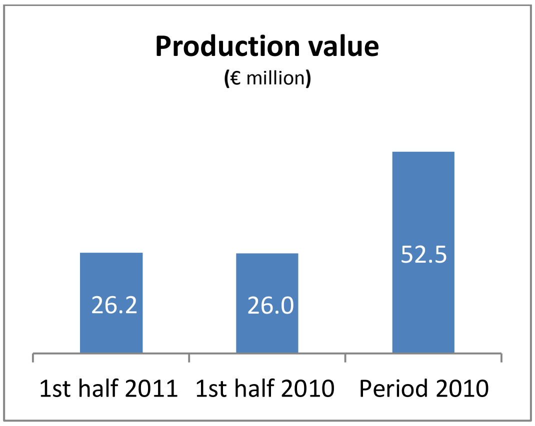
In addition, the Group boasts long-standing activity in the industrial sector and the capacity to offer solutions for e-business, credit and industrial companies in constant evolution.

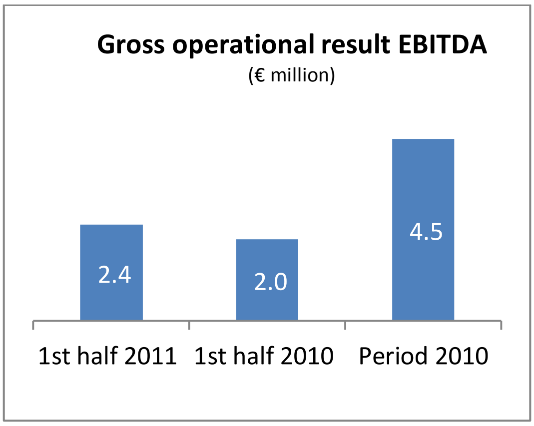
Solutions for public administration make up the newest sector but they capitalize the Group's traditional abilities like its more than 30-years experience in developing computer systems for public body.

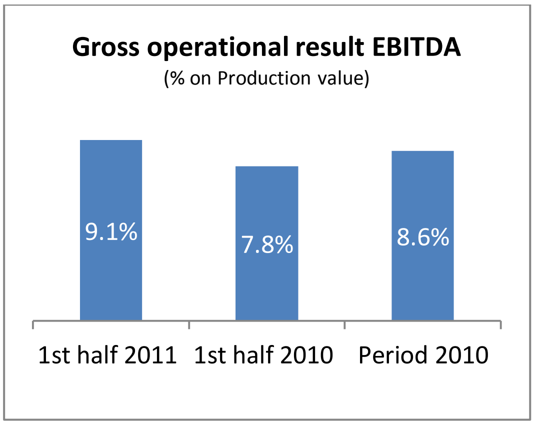
Summary of the Group's results and data

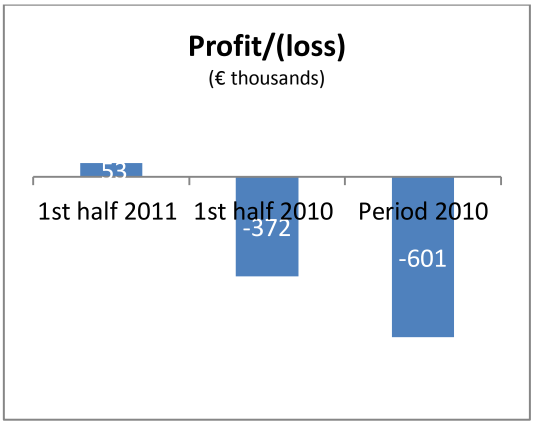
	1st half 2011		1st half 2010		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Production value	26,193	100.0%	26,004	100.0%	190	0.7%
Added value	20,297	77.5%	20,136	77.4%	161	0.8%
Gross operational result (EBITDA)	2,395	9.1%	2,039	7.8%	356	17.5%
Operational result (EBIT)	639	2.4%	88	0.3%	552	629.5%
Ordinary result	638	2.4%	104	0.4%	534	516.0%
Pre-tax result	865	3.3%	271	1.0%	594	219.4%
Income taxes	(813)	(3.1%)	(643)	(2.5%)	(170)	26.5%
Profit (loss) for the period	53	0.2%	(372)	(1.4%)	424	(114.1%)
Profit/(loss) for the period attributable to owners of the parent	**42**	**0.2%**	**(270)**	**(1.0%)**	**313**	**(115.7%)**
Total comprehensive income	(34)		(533)		499	(93.7%)
Total comprehensive income attributable to owners of the parent	**(44)**		**(431)**		**388**	**(89.9%)**

	30/06/2011	31/12/2010	30/06/2010
Total Assets	86,563	80,843	84,320
Total Equity	55,773	55,819	56,216
Equity attributable to Owners of the parent	53,491	53,593	53,828
Net short-term financial position/(indebtedness)	4,548	4,250	3,737
Net financial position / (indebtedness)	4,413	4,100	3,572
Employees at the end of the period (number)	601	609	609
Employees (average number in the period)	603	607	606









Analysis of the consolidated income results

	1st half 2011		1st half 2010		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	24,198	92.4%	23,985	92.2%	213	0.9%
Changes in ongoing orders	14	0.1%	(143)	(0.5%)	156	(109.6%)
Asset increases due to internal work	1,937	7.4%	2,146	8.3%	(209)	(9.7%)
Other revenue and receipts	45	0.2%	16	0.1%	29	178.1%
Production value	**26,193**	**100.0%**	**26,004**	**100.0%**	**190**	**0.7%**
Costs for raw	(433)	(1.7%)	(373)	(1.4%)	(60)	16.2%
Service costs	(5,115)	(19.5%)	(5,133)	(19.7%)	19	(0.4%)
Other operational costs	(349)	(1.3%)	(362)	(1.4%)	13	(3.5%)
Added value	**20,297**	**77.5%**	**20,136**	**77.4%**	**161**	**0.8%**
Labour costs	(16,800)	(64.1%)	(16,764)	(64.5%)	(36)	0.2%
Other administrative expenses	(1,101)	(4.2%)	(1,333)	(5.1%)	232	(17.4%)
Gross operational result - EBITDA	**2,395**	**9.1%**	**2,039**	**7.8%**	**356**	**17.5%**
Allocation to fund and credit depreciation	(44)	(0.2%)	(63)	(0.2%)	19	(30.4%)
Amortizations :						
- Intangible fixed asset amortization	(1,390)	(5.3%)	(1,500)	(5.8%)	110	(7.4%)
- Tangible fixed asset amortization	(322)	(1.2%)	(388)	(1.5%)	66	(17.0%)
Operational result - EBIT	**639**	**2.4%**	**88**	**0.3%**	**552**	**629.5%**
Financial income	41	0.2%	45	0.2%	(4)	(8.6%)
Financial expenses	(43)	(0.2%)	(29)	(0.1%)	(14)	46.3%
Ordinary result	**638**	**2.4%**	**104**	**0.4%**	**534**	**516.0%**
Revaluations and depreciations	228	0.9%	167	0.6%	60	36.0%
Pre-tax result	**865**	**3.3%**	**271**	**1.0%**	**594**	**219.4%**
Income taxes	(813)	(3.1%)	(643)	(2.5%)	(170)	26.5%
Profit (loss) for the period	**53**	**0.2%**	**(372)**	**(1.4%)**	**424**	**(114.1%)**
Profit (loss) for the period attributable to:						
Non- controlling interests	10	0.0%	(101)	(0.4%)	111	(109.9%)
Owners of the parent	**42**	**0.2%**	**(270)**	**(1.0%)**	**313**	**(115.7%)**

Weighed average number of ordinary shares in circulation	8,980,000		8,980,000
Basic earnings per share (in €)	0.005		(0.030)

The CAD IT group closed the first six months of the 2011 financial period with return results and margins showing an improvement compared to the same six months in 2010. The first semester shows that the Group has recovered its economic equilibrium with a net profit of Euro 53 thousand despite the continuing unfavourable economic trend.

The value of production in 2011, which showed a slight increase compared to the previous year, was mainly determined by earnings from sales and services amounting to Euro 24,198 thousand (+0.9% compared to Euro 23,985 thousand in the first six months of 2010) and by increases in internal work capitalized under fixed assets to the sum of Euro 1,937 thousand (a slight decrease compared to the Euro 2,146 thousand in the same period in 2010) due to the use of resources to develop new procedures and the Group's own software installations.

The Euro 20,297 thousand added value showed a slight improvement compared to the previous period (Euro 20,136 thousand), with a constant 77.5% marginality on the value of production (77.4% in the first six months of

2010), following an increase in purchase costs (Euro 433 thousand compared to Euro 373 thousand in 2010), a reduction in service costs (Euro 5,115 thousand compared to Euro 5,133 thousand in 2010) and other operational costs (Euro 349 thousand compared to Euro 362 thousand in 2010).
Labour costs amounting to Euro 16,800 thousand were in line with the first semester of 2010 (Euro 16,764 thousand). The average number of employees during the six months was 603 units, substantially in line with the same period in 2010 (606 units).
Other administrative costs were clearly lower due to the Management's increasing attention to cost containment contributing to a rise in the EBITDA revenue margin which went from 7.8% of the value of production in 2010 to 9.1% in the first six months of 2011. The gross operational result rose to Euro 2,395 thousand compared to Euro 2,039 thousand in the same period in 2010.
Amortization quotas for this semester decreased to Euro 1,390 thousand for intangible assets and Euro 322 thousand for tangible assets compared to Euro 1,500 thousand and Euro 388 thousand respectively in the same 2010 period.
The EBIT operational result for the six month period was in credit by Euro 639 thousand showing a clear improvement compared to the first six months of 2010 (Euro 88 thousand).
The net result of the financial management was practically irrelevant with Euro 41 thousand in earnings and Euro 43 thousand in financial outlay, compared to Euro 45 thousand and Euro 29 thousand in the first six months of the previous financial period. The ordinary result was in credit by Euro 638 thousand compared to Euro 104 thousand in the first half of 2010.
The positive result of the associated company Sicom S.r.l., evaluated with the net patrimony method, generated a Euro 228 thousand revaluation while, in the same period in 2010, this figure had amounted to Euro 167 thousand.
The pre-tax result and third party share was in credit standing at Euro 865 thousand (equal to 3.3% of the value of production) compared to Euro 271 thousand (1.0% of the value of production) in the first half of 2010.
Income taxes came to Euro 813 thousand compared to Euro 643 thousand in the first six months of 2010 and the result for the period was in credit by Euro 53 thousand compared to a Euro 372 thousand loss in the first six months of 2010.
The result for the period ascribed to CAD IT shareholders was in credit by Euro 42 thousand compared to a Euro 270 thousand loss in the first semester of 2010. The third party share was also in credit by Euro 10 thousand while this figure had showed a loss of Euro 101 thousand in 2010.

The short-term situation [1]

In 2011 the global economy has slowed down, halted by a weakening in the growth of the United States and a considerable downturn in Japan where the effects of the earthquake on the economy was worse than expected. Activity in the emerging countries, however, has continued to expand at a steady rate.
In the first quarter, the GDP in the Euro area rose by 0.8% compared to the previous period after showing a modest increase at the end of 2010. This acceleration, however, proved to be partly temporary. The short-term indicators suggested a more sustained growth in the second quarter.
In spring, volatility on the financial markets in the Euro area began to rise again, affected by growing uncertainties about the intensity of the international recovery and further tension regarding the total debt in the Euro area. In recent weeks this tension has increased even further and has also involved Italy.
In the first quarter of 2011, growth in Italy was only slightly positive. In comparison to the end of 2010, improvement in foreign business was contrasted with stagnation in national demand. According to Banca d'Italia evaluations, growth should have improved in the second quarter and become similar to the average rate in the Euro area. This would have been supported by a recovery in industrial production which had started to increase last autumn. However, more recent indicators foresee elements of uncertainty regarding the intensity of the recovery. Industrial activity, in fact, after experiencing an increase in April, has now weakened.

[1] Source: Banca D'Italia, Economic Bulletin no. 65, July 2011.

According to the consolidated reports of the five major Italian banking groups, bank revenues in the first quarter of 2011 grew slightly compared to the year before. Profits increased by 18%; returns on capital and reserves, expressed on an annual basis, rose from 3.0% to 3.4%. This improvement can be attributed to an increase in the management result (3.0%) and a reduction in earmarking and value amendments due to a deterioration in the quality of loans (-12.0%). The management result benefited from a reduction in operative costs (-2.0%) related to the stability in the brokerage margin. Increases in other earnings, especially trading, were absorbed by a downturn in interest margins.

Significant events of the period

On 4th February 2011, the shareholder meeting of the DQS S.r.l. subsidiary company decided to reset the company capital due to losses and, at the same time, to reconstitute the company capital to Euro 11,000 with a price above par of Euro 201,603 of which Euro 190,630 is to be used to cover the residual loss and Euro 11,000 to constitute the share overcharge fund. Due to agreements between partners, CAD IT, previously holding a 55% share, sustained the entire company capital and relative price above par, thus becoming the sole partner.
The non-executive director, Mr. Matthias Sohler, following his resignation from the Xchanging Group, handed in his notice from the CAD IT Board of Directors. Matthias Sohler, non-executive and non-independent director, was not a member of any internal committees. On March 11th 2011, the CAD IT Board of Directors, in accordance with art. 18 of the Company Statute and art. 2386 of the Civil Code, nominated in co-optation Mr. Jörg Karsten Brand, already director in the Xchanging Group with experience in the financial sector, to replace the resigning director.
On 27th April 2011, the Shareholders' Meeting of CAD IThas confirmed the appointment of the co-opted non-executive and non-independent Director Jörg Karsten Brand, who will be in charge until the expiry date for the entire Board of Directors, that is the date of the Shareholders' Meeting convocation for approval of the financial statements ending on 31st December 2011.
The Shareholders' Meeting has furthermore deliberated over

(i) in the ordinary part, the amendment of the Meeting Regulations in order to adapt to the new provisions introduced by D. Lgs. n. 27/2010;
(ii) in the extraordinary part, the amendment and insertion of some articles in the Company's bylaws concerning:

- D. Lgs. n. 27/2010, transposing directive 2007/37/CE, regarding the exercising of some shareholders' rights;
- D. Lgs. n. 39/2010, transposing directive 2006/43/CE, regarding statutory audit on annual and consolidated accounts;
- Consob resolution n. 17221/2010, setting rules regarding the operations with related parties, as amended by Consob resolution n. 17389/2010,

and has also proceeded to the re-numbering and titling of all statutory articles of the updated Company's bylaws.
Activities regarding the development and sale of new products for both traditional and new types of clients continued throughout the period.
Moreover, the activities with Xchanging UK Ltd (a company that supplies security administration services for the German and British market and which holds a 10% share in CAD IT S.p.A.) through which the CAD IT Group aims at increasing its revenues in Italy and also to diversify its business in geographical terms, is continuing.

Research and development

In relation to activities aimed at consolidating traditional business, the production of new modules to increase the functional and technological development of the considerable range of software installed is still underway within the Group.
The creation and use of new computer systems aimed at diversifying the Group's offer towards those sectors

bordering on the ones in which it is already present, is still underway.
As regards new projects, development are continuing on the SIBAC GS platform, which is a fundamental element for the Group's strategic growth. Development relating to the New Finance Outlet Web project is continuing.
Activity in the production of specialised modules for the business intelligence (Managerial Information System) area is also continuing.
CAD IT and Smart Line S.r.l. are now investing to enrich theirs own offer range of solutions and services for Public Administration and authorities for the management of local taxes.
The CAD IT Group, in its intent to develop its own products, is also creating solutions linked to the new norms (for example: Target 2 Securities e Tax USA) and further procedures aimed at diversification for business sectors like Insurance (Finance Area for Insurances) and software modules for international market (EM).

Investments

Summary of investments	*1st half 2011*	*1st half 2010*	*Variations*	*Period 2010*
Intangible fixed assets	6	119	(113)	176
Assets under development and payments on account	1,937	2,146	(209)	4,334
Property, Plant and equipment	72	114	(42)	200
Total investments in tangible and intangible fixed assets	2,015	2,378	(363)	4,710

Investments in tangible and intangible fixed assets made by the consolidated companies in the first half 2011 amount to Euro 2,015 thousand compared to Euro 2,378 thousand in the first half 2010.
Ongoing intangible asset costs mainly refer to the use of the Group's internal resources for the development of its own software which will either be licensed out to clients or used for the Group's activities. The consistent amount of investment derives from strategic decisions taken by the Board of Directors and management, who have approved the development of a large number of products, projects and new technologies in order to be ready for development lines in the sector and to be able to propose an updated range of products that can quickly satisfy market demand.

Related parties transactions

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

Relationships with Group companies

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

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

Relationships between the Group's companies are governed on the basis of contractual relations drawn up by the respective administration organs bearing in mind the quality of the assets and services involved and the

competitive conditions of the market and adapting the interests of the Group.
The table below gives a summary of the income and service performances, as well as the credit and debit position of all the Group's consolidated companies, as of 30/06/2011.

Company	Costs	Turnover	Receivables	Payables
CAD IT S.p.A.	9,141	774	4,382	18,736
CAD S.r.l.	494	4,525	9,178	3,662
CeSBE S.r.l.	305	1,474	4,392	289
NetBureau S.r.l.	19	287	386	89
DQS S.r.l.	36	1,455	2,003	111
SGM S.r.l	22	262	1,403	103
SmartLine Line S.r.l.	6	714	1,277	195
BitGroove S.r.l.	93	347	949	881
Elidata S.r.l.	3	253	278	1
Datafox S.r.l.	26	121	223	38
Tecsit S.r.l.	69	-	-	366
Total	***10,213***	***10,213***	***24,472***	***24,472***

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

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

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

Name and surname	Company	Number of shares held at 31.12.2010		Number of shares bought	Number of shares sold	Number of shares held at 30.06.2011	
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)*	288,672	288,672	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	
Jörg Karsten Brand	CAD IT S.p.A.	2,000				2,000	
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.	10,724	*(5)*			10,724	(5)

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

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.:	935,014						
(3) of which in spouse's name n.:	1,223,686						
(4) of which in spouse's name n.:	380,985						
(5) of which in spouse's name n.:	6,434						

Information relative to payments for any security of the main company or its direct or indirect subsidiaries to Board members or auditors and to managers with strategic responsibilities are shown in the balance notes (note 38).

Reconciliation report with the Head Company balance

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

	Net patrimony	*Result of period*
Net patrimony and result of the controlling company for the period concerned	54,555	239
- difference between the entry value of the consolidated holdings and the pro quota value of the net patrimony	(9,086)	
- effects on reserves	(579)	
- pro quota results of the subsidiary/associate holdings	83	83
- consolidation difference	8,309	
- subsidiary/associate dividend elimination		(162)
- infra-group margin elimination	(183)	(183)
Assessment of associate holdings with net patrimony method	392	66
Total net patrimony and consolidated result of period	***53.491***	***42***

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.

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

The Management and Control Organisation Model ex Leg. Dec. No. 231/01 is updated due to intervening developments in the norms and laws. CAD IT adopt the Health and Safety at Work System in accordance with the UNI/INAIL guidelines which represent a best practice standard of reference for compliance to the provisions in Leg. Dec. 81/08.
On 11st March 2011, the Board of Directors approved the Corporate Governance 2010 annual report in accordance with art. 123-bis and art. 124-ter of Leg. Decree 58/1998 and art. 89-bis of the Issuer Regulations, in order to provide the CAD IT S.p.A. shareholders with adequate information about its own company management system and about how much the company adheres to the new auto-disciplinary code for quoted companies laid down by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A. The report is available to the public in the Investor Relations sector of the company website: www.cadit.it. Please refer to the complete document for further details on governance and the Internal Control System.

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

The Company has an internal control system made up of a set of rules, procedures and organisational structures aimed at achieving the healthy and correct running of the business also through a suitable process for identifying, managing and monitoring the principle risks that could present a threat to achieving company objectives.
This paragraph describes the risk factors and uncertainties relating to the economic-legal and market context and which can influence the Company's performance. The specific risks that can determine the generation of obligations within the Company are, however, the object of evaluation when determining the relative earmarking and are mentioned in the balance notes together with the potential liabilities found.
CAD IT adopts specific risk factor management procedures aimed at maximising the value for its shareholders by activating the necessary measures to prevent any risks inherent to the Group's activities.
CAD IT S.p.A., in its position as Parent Company, is exposed to the same risks and uncertainties described below to which the entire Group is exposed.

External Risks

Risks connected to the general conditions of the economy and sector

The information technology consultancy market is linked to the economic trend of industrialised countries where the demand for highly technological products is higher. A continuation of the weak economic global situation at both a national and/or international level could reduce demand for the Group's products with a consequent negative effect on the economic, patrimonial and financial situation of the Group itself.
The main market outlet in which the Group deals is the banking and finance sector, which historically has never been subject to significant criticality. As of the last quarter of 2008, the banking and financial sector has undergone considerable crises. This weak and uncertain situation is currently continuing and a notable prolonged continuation or a degeneration of the same, could cause the risk of a further worsening of the market conditions with a consequent negative effect on the economic, patrimonial and financial situation of the Group.
The Group's ongoing expansion projects in the European market could, on the other hand, balance out any negative effects resulting from diminishing demand.

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

The sector in which the Group operates is characterized by fast and complicated technological changes and a constant development in skills and professionalism. Furthermore, an increase in customer needs, together with any changes in the laws, means that the software for the banking sector and other financial institutions has to be constantly updated.
The Group makes substantial investments in the development of new projects and new technologies, not only in order to promptly satisfy market demand, but also to anticipate development lines by proposing a range of new

products as a factor able to influence, in turn, the type of user demand. Therefore, a reduction in customer tendency towards buying the new technologies offered could expose the Group to the risk of not earning enough to cover the investments sustained.
These investments cannot, however, guarantee that the Group will always be able to recognise and use innovative technological instruments, exclude the risk of the obsolescence of existing products or ensure the Group's ability to develop and introduce new products or renew existing ones in good time for the customer and adequately for the market. The above-described situations are a significant potential risk for the Group's activities and its economic and financial results.

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

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

Risks connected to protecting technological property

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

Internal risks

Risks relating to dependence on key personnel

The success of the Group depends largely on the ability of some key figures who have made a significant contribution to its development i.e. its own executive managers and other management components with many years of experience in the sector. The loss of one of the aforementioned key figures' services without an adequate replacement could have negative effects on the Group's prospects, activities and economic and financial results.
Moreover, the Group's business is strongly characterised by the extremely high technical skills of its staff. Therefore, the future success of its activities largely depends on the continuity of the functions carried out by the currently employed specialized technicians and collaborators as well as the ability to attract and maintain highly qualified staff.
In the Information Technology sector, staff costs are a critical development factor. Any difficulties that the Group may face in managing staff could produce a negative effect on its activities, its financial conditions and its operative results.

Risks connected to sale times and implementation cycles

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

Risks connected to customer dependence

The Group offers its products and services to small, medium and large companies operating in different markets.
A significant part of the Group's revenues is concentrated on a relatively small number of customers, the loss of which could therefore have a negative effect on the Group's future activities and economic, patrimonial and financial situation.
However, the management maintains that the Group's results do not significantly depend on any specific customer in particular because these customers update their information technology systems at different times and this operation takes rather a long time.

Risks connected to internationalisation

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

Risks connected to breaches of contract and potential liabilities towards customers

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

Financial risks

Credit risks

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

Liquidity risks

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

Exchange rate risks and interest rate risks

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

Other Information

Neither CAD IT S.p.A. nor its controlled companies own, and/or have purchased and/or sold during the financial period CAD IT or their own shares, not even through trust companies or third parties.
CAD IT S.p.A. is not subject to the management and coordination of controlling companies.
During this financial period, and the previous one, no atypical or unusual operations have been carried out as defined in the Consob communication no. DEM/6064293.
In the Financial Statement report, no alternative performance indicators have been adopted with the exception of the net financial position, shown in the Financial Statement notes, for which no reclassifications have been made in terms of Financial Statement figures and in accordance with the CESR Recommendations.

Foreseeable development

The GDP growth forecasts in the Euro area assessed in June by Consensus Economics have been set at 2.0% and 1.7% respectively for 2011 and 2012. In regard to Italy, however, the Banca d'Italia projections predict a 1.1% growth in GDP in 2012. The main contribution to the GDP trend should continue to come from exports. Given the contextual increase in imports, the contribution of foreign trade to the growth in GDP will practically be nil this year and only slightly positive next year. The recovery of investments should begin to improve gradually and consumer buying should remain below the GDP. The macro-economic outlook is, nevertheless, subject to considerable uncertainty. The main risks are connected to a possible slowing down in international recovery and how the debt crisis develops in the Euro area. At the moment the costs of the increase in return differentials on State securities for our country are limited but if the present level of spread persists, they could become an enormous burden for public accounts with the risk of repercussions on the cost of financing the economy. The procedure with which to consolidate public finance is essential for bringing risk factors into line, for favouring a long-term reduction in interest rates and thus the growth in economic activity. The actions defined by the Government are aimed in this direction. Increases in withdrawals must be limited. Amendments to the public finance imbalance must go hand in hand with incisive, structural and credible policies in order to create potential

for the growth of our economy.[4]
In reply to the current short-term outlook, the Board of Directors has placed maximum attention on market needs in order to direct the Group's management and development strategies and to keep efficiency levels high to achieve positive economic results in the future. The success of the Group's activities will therefore depend on its ability to maintain and increase the shares it has in the markets in which it currently operates and/or to further expand into other markets and segments (like insurance, public administration, foreign financial institutions) through new and high standard, quality products that would guarantee adequate income levels.
The CAD IT S.p.A. managers are constantly on the look-out for possible development opportunities, both directly and through external lines, by the taking on or purchase of further holdings that can create activities complimentary and synergetic to existing business or through technical or commercial agreements.
During the current financial period, development and trade activities for new products to traditional customers and new types of customer are constantly under way. Moreover, activity is still continuing with Xchanging (a company listed on the British stock market which holds a 10% share in CAD IT), through which the CAD IT Group aims to increase its revenues in Italy and abroad and to geographically diversify its own business.
The increase in the Group's activities, with its expansion at a European level and a greater market share, could counterbalance any weaknesses in demand.
When this report was approved, no significant uncertainties were foreseen for the remaining months of the current financial period. However, the managerial trend could be influenced by a number of risk factors that are not within the Group's control.

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

[4] Source: Banca D'Italia, Economic Bulletin no. 65, July 2011.

HALF-YEAR CONDENSED FINANCIAL STATEMENTS OF THE CAD IT GROUP

Consolidated income statement

	Notes	1st half 2011		1st half 2010	
		Total	of which related parties	Total	of which related parties
Income from sales and services	3	24,198	*141*	23,985	*143*
Changes in ongoing orders		14		(143)	
Asset increases due to internal work	3 – 15	1,937		2,146	
Other revenue and receipts		45		16	
Costs for raw	5	(433)		(373)	
Service costs	6	(5,115)	*(148)*	(5,133)	*(293)*
Other operational costs	7	(349)		(362)	
Labour costs	8	(16,800)	*(297)*	(16,764)	*(308)*
Other administrative expenses	9	(1,101)	*(565)*	(1,333)	*(662)*
Allocation to fund and credit depreciation		(44)		(63)	
Intangible fixed asset amortization	15	(1,390)		(1,500)	
Tangible fixed asset amortization	14	(322)		(388)	
Financial income	10	41		45	
Financial expenses	10	(43)		(29)	
Revaluations and depreciations	11	228		167	
Pre-tax result		**865**		**271**	
Income taxes	12	(813)		(643)	
Profit (loss) for the period		**53**		**(372)**	
Profit (loss) for the period attributable to:					
Non- controlling interests		10		(101)	
Owners of the parent		**42**		**(270)**	
Weighed average number of ordinary shares in circulation		8,980,000		8,980,000	
Basic earnings per share (in €)		0.005		(0.030)	

Consolidated statement of comprehensive income

	1st half 2011	1st half 2010
Profit/(loss) for the period	53	(372)
Gains/(Losses) on fair value of available for sale financial assets	(86)	(161)
Total comprehensive income	**(34)**	**(533)**
Profit/(loss) for the period attributable to:		
Non-controlling interests	10	(101)
Owners of the parent	**(44)**	**(431)**

Consolidated Statement of financial position

	Notes	30/06/2011 Total	30/06/2011 of which related parties	31/12/2010 Total	31/12/2010 of which related parties
ASSETS					
A) Non-Current Assets					
Property, plant and equipment	14	18,399		18,651	
Intangible assets	15	19,851		19,297	
Goodwill	16	8,309		8,309	
Investments	17	394		329	
Other financial assets available for sale	18	522		609	
Other non-current credits		125		95	
Credits due to deferred taxes	19	426		342	
TOTAL NON-CURRENT ASSETS		**48,027**		**47,631**	
B) Current Assets					
Inventories	20	55		111	
Ongoing orders	21	210		197	
Trade receivables and other credits	22	30,979	*9*	25,948	*22*
Tax credits	23	887		856	
Cash on hand and other equivalent assets	24	6,406		6,101	
TOTAL CURRENT ASSETS		**38,536**		**33,211**	
TOTAL ASSETS		**86,563**		**80,843**	
EQUITY AND LIABILITIES					
A) Equity					
Company capital		4,670		4,670	
Reserves		35,346		35,432	
Accumulated profits/losses		13,475		13,492	
Issued capital and reserves attributable to owners of the parent	25-26-27	**53,491**		**53,593**	
Capital and reserves of third parties		2,272		2,203	
Profit (loss) of third parties		10		22	
Non- controlling interests	25	**2,282**		**2,226**	
TOTAL EQUITY		**55,773**		**55,819**	
B) Non-current liabilities					
Financing	29	135		150	
Deferred tax liabilities	30	3,457		3,442	
Employee benefits and quiescence provisions	31	6,367	*134*	6,379	*153*
Expense and risk provisions	32	10		59	
TOTAL NON-CURRENT LIABILITIES		**9,969**		**10,029**	
C) Current liabilities					
Trade payables	33	7,532	*91*	3,869	*113*
Current tax payables	34	3,260		2,457	
Short-term financing	35	1,858		1,851	
Other liabilities	36	8,170	*139*	6,818	*110*
TOTAL CURRENT LIABILITIES		**20,821**		**14,994**	
TOTAL LIABILITIES AND EQUITY		**86,563**		**80,843**	

Statement of changes in equity

	NOTES	*Attribution to the shareholders of the Main Company*					*Minority Interests*	Total
		Company capital	*Reserves*	*Accumulated profit (loss) net of period result*	*Period result*	*Group's net patrimony*		
at 01/01/2011		4,670	35,432	14,115	(623)	53,593	2,226	55,819
Allocation of the period result to reserves	27			(623)	623			
Allocation of profits to directors of subsidiary companies				(6)		(6)	(6)	(12)
Effects due to variations in associate company profit-sharing				(53)		(53)	53	
Total comprehensive Profit/(loss)	26		(86)		42	(44)	10	(34)
at 30th June 2011		**4,670**	**35,346**	**13,433**	**42**	**53,491**	**2,282**	**55,773**

	Attribution to the shareholders of the Main Company					*Minority Interests*	Total
	Company capital	*Reserves*	*Accumulated profit (loss) net of period result*	*Period result*	*Group's net patrimony*		
at 01/01/2010	4,670	35,481	14,368	1,985	56,505	2,489	58,993
Allocation of the period result to reserves			1,985	(1,985)			
Dividend distribution			(2,245)		(2,245)		(2,245)
Total comprehensive Profit/(loss)		(161)		(270)	(431)	(101)	(533)
at 30th June 2010	**4,670**	**35,320**	**14,109**	**(270)**	**53,828**	**2,387**	**56,216**

Consolidated Cash Flow Statement

	NOTES	1st half 2011	1st half 2010
A) OPERATING ACTIVITIES			
Profit (loss) for the period		53	(372)
Amortisation, revaluation and depreciation:			
- Property, plant and equipment amortisation	14	322	388
- Intangible fixed asset amortisation	15	1,390	1,500
- revaluation of investments and financial assets available for sale	11	(228)	(167)
Allocations (utilization) of provisions	31-32	(60)	168
Financial performance:			
- Net financial receipts (charges)	10	2	(16)
- Profit / (losses) on exchanges	10	(0)	(1)
Working capital variations		732	1,728
Interest paid	10	(43)	(28)
(A) - Cash flows from (used in) operating activities		**2,166**	**3,200**
B) INVESTMENT ACTIVITIES			
Investments in activities			
- Property, plant and equipment purchases	14	(72)	(114)
- Intangible assets purchases	15	(1,943)	(2,265)
- increase in other fixed assets		(31)	(18)
Disinvestment activities			
- Property, plant and equipment transfers	14	2	3
- Decrease in other fixed assets		0	2
Cashed Interest	10	41	40
Cashed dividends		162	56
(B) - Cash flows from (used in) investment activities		**(1,841)**	**(2,296)**
C) FINANCING ACTIVITIES			
Medium/long term financing repayment		(15)	(14)
Allocation of profits to directors of subsidiary companies		(12)	0
Dividends paid	28	0	(2,245)
(C) - Cash flows from (used in) financing activities		**(27)**	**(2,259)**
(A+B+C) - Total cash and other equivalent assets flows	37	298	(1,356)
Opening cash balances and equivalents		**4,250**	**5,093**
Closing cash balances and equivalents		**4,548**	**3,737**

For the liquid asset and equivalent means reconciliation, refer to note 36

Notes

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

1. Accounting policies and evaluation criteria more important

This half-year condensed financial statement has been drafted in accordance with the applicable IRFS International accounting standards issued by the International Accounting Standard Board (IASB) and recognized by the European Community in conformity with EC regulation no. 1606/2002. IFRS refers to the International Accounting Standards (IAS) presently in force as well as the interpretative documents issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
The half-year condensed financial statement has been drafted in the consolidated form since CAD IT is obliged to draft a consolidated balance.
The half-year condensed financial statement has been drafted in accordance with IAS 34 – Interim Financial Reports, bearing in mind the contest of art. 154-ter of legislative decree no. 58 of 24th February 1998 (TUF).
In the drawing up of this summarised six-monthly Balance, the same accounting standards have been applied as those adopted in the drafting of the consolidated Balance at 31st December 2010, with the exception of the items described in the paragraph below – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2011.
The accounting standards adopted have been applied in the same manner throughout the periods shown and for all the Group's companies, amending the respective Financial Statement drafted in accordance with Italian accounting standards to consolidate.
The consolidated balance has been drafted using the evaluation criterion of past cost, except for financial instruments available for sale, which are assessed at fair value, and the holdings in subsidiaries, which are assessed in accordance with the equity method. Moreover, where some land and buildings have been included in First Time Adoption, the fair value has been used instead of the cost.

Use of estimates

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

Accounting standards, amendments and interpretations applied since 1st January 2011

At the time of drafting this summarised version of the half-year balance, there are no other matters or records, or anything of any significant importance within the Group, that may be governed by other amendments and interpretations applicable since 1st January 2011, and approved by the IASB and IFRIC and published in the European Community's Official Gazette.

Balance sheet layout

The balance layouts have been drafted according to IAS 1 specifications and opportunely integrated with the information required by the Consob deliberation no. 15519 of 2006.
The 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 Directors' Report on management is included in the profit and loss account drafted in scalar form, highlighting the intermediary results as follows:

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

As for the patrimonial situation, a distinction has been made between current and non-current assets and liabilities.
The financial statement has been presented according to the indirect method so that the profit (or loss) for the period has been adjusted of any non-monetary operations and by deferments and the setting aside of future incomes or payments. In order to better relate to previous periods, the financial report has been drafted starting from the result of the financial period and not from the Group's share of net result. Therefore, the values of the previous period have been adjusted for confrontation purposes.
Each column in the statement of net patrimony variations reconciles the opening and closing balances for each net patrimony voice.
Each significant entry shown in the above-mentioned statements, is marked with references to notes which provide the relative information and details of the composition.

Subsidiary companies

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

Associated companies

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

Property, plant and equipment

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

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

Land, both without buildings or next to civil and industrial constructions, is accounted for separately and not amortised as it is considered an element with an indefinite useful life cycle.
In order to calculate any losses due to depreciation, the accounting value of intangible fixed assets is subject to verification.
At the time of elimination or when no future economic benefit can be expected from the use of an asset, it is eliminated from the balance and the eventual loss or profit (calculated as the difference between the assignment value and the taxation value) is shown in the economic account of the year in which the asset is eliminated.

Financial leasing

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

Intangible fixed assets

Intangible fixed assets are shown as such when it is likely that they will bring in future economic benefits for the company and when the asset cost can be feasibly determined.
Intangible fixed assets, having a defined useful life cycle, are subsequently registered net of the relative accumulated amortizations and any losses due to a reduction in value.

The useful life cycle is reassessed annually and any changes, where necessary, are brought in with a perspective application.
Profits or losses deriving from the transfer of an intangible fixed asset are determined as the difference between the elimination value and taxation value of said asset and are reported on the economic account at the time of elimination.
Project development costs for the production of instrumental software, or those to be terminated, are registered on the credit side when they satisfy the following conditions: the costs can be feasibly determined, the product is technically feasible, the expected use and/or sale of the product indicate that the sustained costs will generate future economic benefits. In respect of the standard that correlates costs and returns, these costs are amortized as from the moment in which the activity becomes available for use, in permanent amortisation amounts for the entire duration of the product's lifecycle, estimated at five years.
The costs of internally generated intangible assets include any expenses that can be directly attributable to the development of the product and any reasonable part of general production costs attributable to the preparation stages before putting the product to use. All other development costs that cannot be capitalised, when sustained, are reported on the income statement.

Goodwill

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

Impairment loss

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

Assets available for sale

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

Other non-current credits

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

Stock

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

On-going orders

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

Commercial credits and other credits

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

Liquid asset availability and equivalent means

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

Non current assets held for sale

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

Employee leaving entitlement

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

Profits and losses deriving from carrying out actuarial calculations are registered to the Profit and Loss account.

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

Risk and obligation funds

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

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

Commercial debts and other current liabilities

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

Revenues and costs

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

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

As for sales concerning assistance and/or maintenance services carried out with the annual subscription formula, the accrual is calculated in proportion with time.
The costs are ascribed in the balance according to the same criteria as those for revenue acknowledgment.

Income taxes

Current income taxes for the financial period are calculated on the basis of estimates of taxable income in accordance with the laws in vigour; moreover, the effects deriving from the activation within the Group of the national tax consolidation are also taken into account. The debt for current taxes is accounted for in the patrimonial status, net of any taxes paid in advance.
Deferred and pre-paid income taxes are calculated on the temporary differences between the patrimonial values registered in accordance with the IFRS international accounting standards and the corresponding values realised for tax purposes. Deferred income tax are calculated applying the tax rate which will be in force at the financial period after the account reference dates.
Assets due to pre-paid taxes are registered when their recovery is probable, that is, when it is expected that sufficient tax profits will be available in the future so that these assets may be used. The degree of recovery of pre-paid tax assets is re-examined at the end of every period. Deferred taxes are always calculated in compliance with the IAS 12.
The controlling company CAD IT S.p.A. and some of the other companies in the Group have exercised the Group taxation option described in art. 117 of the TUIR no. 917/1986, which involves determining a total global revenue that corresponds to the algebraic sum of the total net revenues of the companies adhering to this system. The liquidation of this single tax amount due allows the Group the contextual use of any tax losses in the financial period.

2. Subsidiary companies and Consolidation area

In the month of October 2010, 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 the company capital.
In February 2011, when the company capital was reduced due to losses and the replenishing of the company capital of the controlled company DQS S.r.l., CAD IT underwrote the entire company capital, thus becoming the sole partner. Consequently, the shares in holdings related to the Tecsit S.r.l. group, a company controlled through DQS S.r.l., also increased.
The consolidation area has not changed. 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*
Consolidated using the integral method				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
CAD S.r.l.	Verona	130,000	100.00%	100.00%
CeSBE S.r.l.	Verona	10,400	59.00%	59.00%
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	100.00%	100.00%
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%	70.00%
(1) Held through DQS S.r.l.				

3. Revenues

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

	1st half 2011		*1st half 2010*		*Variations*	
	€/000	*% PV*	*€/000*	*% PV*	*absolute*	*%*
Income from sales and services	24,198	92.4%	23,985	92.2%	213	0.9%
Changes in ongoing orders	14	0.1%	(143)	(0.5%)	156	(109.6%)
Asset increases due to internal work	1,937	7.4%	2,146	8.3%	(209)	(9.7%)
Other revenue and receipts	45	0.2%	16	0.1%	29	178.1%
Production value	**26,193**	**100.0%**	**26,004**	**100.0%**	**190**	**0.7%**

Service and sales include any income from the sale of licensed out software, maintenance services for software updating, the use of personalised applicative packages. The sale of hardware, consultancy services and information technology system design.
During 2011 first half financial period, income from sales and services increased by 0.9% compared to 2010 first half financial period and reached Euro 24,198 thousand.
Increases in internal work capitalised under fixed assets came to Euro 1,937 thousand, registering a slight drop compared to Euro 2,146 thousand in the first half of 2010 financial period, and include the activities carried out by the staff of CAD IT and the Group's companies concerning the development of new procedures aimed at the sale of licensed products or instrumental goods for the company's traditional business.
The Group's activities usually are not affected by significant cyclical or seasonal variations in total sales during

the financial period.

4. Segment reporting by sectors and geographical areas

The internal organisational and managerial structure and the internal reporting for the Board of Directors is presently grouped into two operative divisions: Finance and Manufacturing. These divisions are the basis on which the Group reports sector information according to the primary layout.
The main activities of each sector are as follows:
Finance: includes the computer applications aimed specifically at banks, insurances and other financial institutions. The main applications provide:

- management of intermediary activities on securities, funds and derivate instruments;
- management of the typical services in the credit sector, such as the collection, treasury and monitoring of credit procedures;
- service allocation for trading on line;
- management of integrated banking computer systems;
- consultancy and training.

Manufacturing: includes the development and marketing of instruments and software applications and offers a series of services aimed at allowing the companies to effectively manage numerous company processes, including Outsourcing.
The data not allocated to the sectors mainly refer to income and costs for logistics and administration services given to the group's companies by the controlling party.

Disclosures for business segments	*30/06/2011*				
	Finance	*Manufacturing*	*Not allocated/General*	*Elisions*	*Consolidated*
External revenues	24,614	1,580			26,193
Intersegment revenues	1,718			(1,718)	
Total revenues	26,331	1,580		(1,718)	26,193
Costs	(25,027)	(1,564)	(681)	1,718	(25,554)
Gross Operating Result (EBITDA)	3,058	18	(681)		2,395
Operating Result (EBIT)	1,304	16	(681)		639
Net financial income (expenses)			(2)		(2)
Revaluations and devaluations	228				228
Result	1,531	16	(682)		865
Income taxes			(813)		(813)
Third party share (profit)/loss	(77)	(4)	71		(10)
Financial period profit (loss)	**1,455**	**12**	**(1,424)**		**42**
Assets	84,226	1,024	1,313		86,563
Liabilities	23,521	552	6,717		30,790

Disclosures for business segments	*30/06/2010*				
	Finance	*Manufacturing*	*Not allocated/General*	*Elisions*	*Consolidated*
External revenues	24,681	1,323			26,004
Intersegment revenues	1,555			(1,555)	
Total revenues	26,236	1,323		(1,555)	26,004
Costs	(25,498)	(1,302)	(671)	1,555	(25,916)
Gross Operating Result (EBITDA)	2,686	23	(671)		2,039
Operating Result (EBIT)	737	21	(671)		88
Net financial income (expenses)			16		16
Revaluations and devaluations	167				167
Result	905	21	(655)		271

Income taxes			(643)		(643)
Third party share (profit)/loss	53	(8)	56		101
Financial period profit (loss)	**958**	**13**	**(1,241)**		**(270)**
Assets	81,703	912	1,705		84,320
Liabilities	21,766	571	5,768		28,104

Information on the sector according to the secondary layout by geographical area is not provided as the Group presently produces and carries out its activities almost totally nationally and homogeneously.

5. Purchase Costs

	30/06/2011	*30/06/2010*	*Variations*	*%*
Hardware-Software purchases for sale	254	366	(113)	(30.7%)
Maintenance and consumable hardware purchases	4	8	(3)	(42.0%)
Other purchases	119	98	21	21.4%
Variations in raw material stock	56	(99)	155	(156.8%)
Total	***433***	***373***	***60***	**16.2%**

Costs for purchasing hardware and software for sale refer to purchases made for orders that clients had already confirmed and increased by 30.7% compared with 2010 first half.
Leftover stock decreased during the period by Euro 56 thousand

6. Service costs

	30/06/2011	*30/06/2010*	*Variations*	*%*
External collaboration	3,096	2,836	260	9.2%
Travelling expenses and fee reimbursement	737	840	(103)	(12.2%)
Other service costs	1,281	1,457	(176)	(12.1%)
Total	***5,115***	***5,133***	***(19)***	**(0.4%)**

Service costs during the first half of 2011 came to Euro 5,115 thousand, in line with the same period of previous year (Euro 5,133 thousand). In particular, external collaboration costs, compensated by the decrease in travel and expense reimbursements and other service costs, increased by 9.2%. The cost for travel and expense reimbursement is correlated to the productive activities in terms of the need to carry out work on customer premises.
Other service costs mainly include assistance fees and hardware and software maintenance, energy costs, administrative, legal and fiscal consultancy, maintenance costs and for office management and installed systems

7. Other operational costs

The following table shows and confronts the other operative costs that have undergone a total reduction of approximately 3.5%.

	30/06/2011	*30/06/2010*	*Variations*	*%*
Third party benefit expenses	285	304	(19)	(6.3%)
Various management charges	64	58	6	10.9%
Total	***349***	***362***	***(13)***	**(3.5%)**

Third party benefit expenses in 2011 first half year came to Euro 285 thousand, compared to Euro 304 thousand in the first six months of 2010 and mainly refer to equipment and software rental and to operational office lease.

8. Labour costs and Employees

Labour costs in the first six months of 2011, equal to Euro 16,800 thousand, are substantially in line with the same six months in 2010 (Euro 16,764 thousand).

	30/06/2011	30/06/2010	Variations	%
Salaries and wages	12,189	12,065	125	1.0%
Payroll taxes	3,650	3,611	39	1.1%
Severance pay	909	1,035	(127)	(12.2%)
Other costs	52	53	(1)	(1.2%)
Total	***16,800***	***16,764***	***36***	**0.2%**

Labour costs included the effect deriving from the actuarial calculation, in accordance with IAS 19, of the Severance Pay debt towards employees: during the 2011 semester, the actuarial gain came to Euro 46 thousand compared to an actuarial loss of Euro 80 thousand in the same period of previous year (see note 31).
The figures relating to the precise number of employees currently working in the CAD IT Group are shown below:

Category of employees	*labour force at 30/06/2011*	*labour force at 30/06/2010*	*Variations*
Management	19	19	0
White-collars and cadres	580	587	(7)
Blue-collars	1	1	0
Apprentices	1	2	(1)
Total	**601**	**609**	**(8)**

The number of CAD IT Group staff, at 30th June 2011 was 601 employees, compared to 609 at 30th June 2010. The average number of employees during half year in question was 603 persons while this figure was 606 in the previous first half year. The following table shows data regarding the CAD IT Group average number of employees:

Category of employees	*Average number 1st half 2011*	*Average number 1st half 2010*	*Variations*
Management	19	19	0
White-collars and cadres	582	584	(2)
Blue-collars	1	1	0
Apprentices	1	2	(1)
Total	**603**	**606**	**(3)**

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

9. Other administrative costs

The table below shows the other administrative costs in detail:

	30/06/2011	30/06/2010	Variations	%
Director and legal representative fees	715	868	(152)	(17.6%)
Director retirement	8	12	(5)	(38.3%)
Director and legal representative fee contributions	85	103	(19)	(18.1%)
Telephones	194	253	(59)	(23.3%)
Commissions	3	3	(0)	(2.8%)
Advertising fees	96	93	3	3.2%
Total	***1,101***	***1,333***	***(232)***	**(17.4%)**

Other administrative costs include remunerations paid to correlated parties of Euro 565 thousands, previous period Euro 662 thousands (as shown in note 37).

10. Financial performance

The financial management result was negative by Euro 2 thousand, decreasing compared to 2010 first half financial period (+Euro 16 thousand), as the following detailed statement shows.

	30/06/2011	30/06/2010	Variations	%
Financial income from assets available for sale	0	6	(6)	(100.0%)
Interest on bank deposits and equivalent	41	40	2	4.4%
Profits on exchanges	0	0	(0)	(100.0%)
Total financial income	**41**	**45**	***(4)***	**(8.6%)**
Interest on bank overdrafts and loans	(38)	(23)	(15)	63.9%
Interest on debts for financial leasing	(4)	(5)	1	(17.3%)
Losses on exchanges	(0)	(1)	1	-
Total financial charges	***(43)***	***(29)***	***(14)***	**46.3%**
Net financial income and (charges)	***(2)***	***16***	***(17)***	**(109.9%)**

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

11. Revaluations and depreciations

The revaluation of holdings valued with the net patrimony method only concern the associate company Sicom S.r.l. both in the first six months of 2011 (228 thousands of euro) than in the first six months of 2010 (167 thousands of euro).

12. Income taxes

The taxes ascribable to first half of 2011 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.

	30/06/2011	30/06/2010	Variations	%
Tax pre-payments	25	25	0	-
Deferred taxes	(104)	1	(105)	(11666.7%)
Current taxes	892	617	275	44.6%
Total income taxes	***813***	***643***	***170***	**26.5%**
Tax incidence on the gross pre-tax result	93.9%	237.2%		

The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised, for the three years 2010-2012, the option of Group taxation as stated in art. 117 of TUIR 917/1986, which concerns the determination of a global income that corresponds to the algebraic sum of all net incomes of the companies in the group. The liquidation of this one tax allows the Group the contextual use of any tax losses in the period and determines, at a group level, the amount of interests allowed that can be deducted fiscally in accordance with the reform that began during the 2008 financial period.
The tax incidence for the period on the gross pre-tax result amounted to 93.9%, while in the first six months of 2010, it was 237.2%. The high tax incidence on the result is due to the non-deductibility of taxes on costs, especially the regional tax on productive activities (IRAP) on labour costs, which represents a particularly high amount for the financial period's result.

13. Earnings per share

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

Earnings per share	*1st half 2011*	*1st half 2010*
Net profit from continuative activities attributable to ordinary shares (thousands of €)	42	-270
Weighed average number of ordinary shares in circulation	8,980,000	8,980,000
Basic result per share (in €)	**0.005**	**(0.030)**

14. Immobili, impianti e macchinari

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

	30/06/2011	31/12/2010	Variations	%
Land	1,527	1,527	0	-
Buildings	14,773	14,834	(61)	(0.4%)
Plant and equipment	1,550	1,676	(126)	(7.5%)
Other assets	549	614	(65)	(10.7%)
Total property, plant and equipment	***18,399***	***18,651***	***(252)***	**(1.4%)**

During the first half of 2011, the item "property, plant and equipment" varied as follows:

	Land and buildings	*Plant and machinery*	*Industrial and commercial equipment*	*Other tangible fixed assets*	*Total*
Purchase or production cost	9,140	4,177	30	5,533	18,880
First Time Adoption revaluation	8,439				8,439
Previous years depreciation and write-downs	(1,218)	(2,501)	(25)	(4,922)	(8,666)
Adjustments to previous years write-downs				(2)	(2)
Opening value	***16,361***	***1,676***	***5***	***609***	***18,651***
Variations in consolidation area					
Purchases		4		68	72
Transfers					
Reduction in accumulated depreciation due to disposals		4		396	400
Disposals		(4)		(398)	(402)
Revaluations for the period					
Depreciation and write-downs for the period	(61)	(129)	(1)	(131)	(322)
Adjustments to write-downs for the period					
Total tangible fixed assets	***16,300***	***1,550***	***5***	***544***	***18,399***

Land and buildings include property and land, accounted for separately, belonging to the Group or conducted in leasing. The accounting value of the buildings calculated on the basis of leasing contracts is equal to Euro 326 thousand.
There are no restrictions on the legal ownership and possession of assets, systems and machinery to guarantee liabilities with the exception of property held in leasing. There are no contractual restrictions for buying assets, systems or machinery.
Some land and buildings have been revaluated at FTA at fair value as a substitute of cost and is calculated by an external expert, as indicated in the attached document on transition to the international accounting standards to the financial statement at 31st December 2005.
The purchasing of new tangible assets during the year came to a total of Euro 72 thousand of which Euro 68 thousand were for “other tangible assets” that mainly included the purchasing of electronic machinery, managerial instruments characteristic of the Group’s activities. During the first half of 2011 property, installations and machinery were not subject to any value reductions that required registration in the balance.

15. Intangible fixed assets

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

	30/06/2011	*31/12/2010*	*Variations*	*%*
Industrial patents and similar rights	6,915	4,124	2,791	67.7%
Licences. trademarks and similar rights	282	395	(113)	(28.5%)
Assets under development	12,653	14,778	(2,125)	(14.4%)
Total Intangible fixed assets	***19,851***	***19,297***	***554***	**2.9%**

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

	Industrial patents and similar rights	Licences. trademarks and similar rights	Assets under development and payments on account	Other	Total	Goodwill
Purchase or production cost	14,333	3,574	14,778	35	32,719	8,309
Previous years revaluations						
Previous years depreciation and write-downs	(10,208)	(3,178)		(35)	(13,422)	
Adjustments to previous years write-downs		(1)			(1)	
Opening value	***4,124***	***395***	***14,778***	***0***	***19,297***	***8,309***
Variations in consolidation area						
Purchases		6	1,937		1,943	
Transfers	4,061		(4,061)			
Reduction in accumulated depreciation due to disposals						
Disposals						
Revaluations for the period						
Depreciation and write-downs for the period	(1,270)	(119)			(1,390)	
Adjustments to write-downs for the period						
Total intangible fixed assets	***6,915***	***282***	***12,653***	***0***	***19,851***	***8,309***

The voice “industrial patent rights and works of ingenuity” is almost entirely made up of software procedures developed by the CAD IT Group. The values are registered in credit to the directly sustained cost. mainly due to the use of internal resources as well as any possible additional accessory fees that may occur. In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product’s lifecycle, estimated at five years. During the financial period, following the completion of some important projects registered among ongoing intangible assets, the relative development costs amounting to Euro 4,061 thousand were transferred in the item “industrial patents and intellectual property rights”. The amortizations of this voice in the first half of 2011 financial period came to Euro 1,270 thousand.

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

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

During 2011 first half period, ongoing intangible assets increased due to costs capitalised by CAD IT (Euro 1,931 thousand) and by Smart Line S.r.l (Euro 6 thousand), to a total of Euro 1,937 thousand.

These assets have undergone no reduction in value during the 2011 first half financial year that need to be registered in the balance.

16. Goodwill

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

The goodwill acquired in an aggregation of companies is allocated, at the time of purchase, to the Cash Generating Unit (CGU) from which benefits connected to the aggregation are expected.

In particular, with regard to the CGU of the Group, these concern the controlled companies that represent the

smallest identifiable group of activities that generate in-coming financial flows and which are largely independent of the in-coming financial flows from other activities or groups of activities.
The accounting value of goodwill has been allocated to the CGU as follows at the date of First Time Adoption:

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

The recoverable value of the CGU is verified by determining the value in use.
The evaluation of the CAD IT Group companies was made through a Discounted Cash Flow (DCF), the most common calculation method in financial markets. Operational cash flow forecasts are based on the most recent budget plans approved by the Board of Directors and relate to the period 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:

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

where:
kb = interest rate in case of debt
TC = marginal tax rate of the economic bodies being evaluated
B = market value of the debt of a company
V = total market value of a company.
kp = advisability cost of risk capital
P = market value of the privileged shares
ks = advisability cost of own capital determined by the market
S = market value of the net capital.
The cost of capital was identified as ks = 9.70%.
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:

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

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

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

17. Investments in associates

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

Company name	Date of reference	Quotaholders' equity including profit for the period	Profit for the period	Percentage of investment	Investment value of the Group
Sicom S.r.l.	30/06/2011	1,578	910	25.00%	394
	31/12/2010	1,315	636	25.00%	329
	30/06/2010	1,349	670	25.00%	337

18. Other financial assets available for sale

La voce è costituita da azioni Class Editori S.p.A. e CIA S.p.A. quotate nel segmento MTA gestito da Borsa Italiana S.p.A.. Le due partecipazioni sono iscritte in bilancio al valore di mercato alla data di bilancio e nel corso del semestre non sono state acquistate o alienate azioni.
Gli utili e le perdite rilevate per effetto della valutazione al *fair value* ad ogni data di bilancio su tali attività sono iscritte a patrimonio netto ad eccezione delle perdite di valore da iscrivere a conto economico secondo lo IAS 39.
La seguente tabella illustra la variazione di valore delle partecipazioni nel corso del primo semestre 2011:

Holdings	30/06/2011		31/12/2010	
	Number of shares held	Fair value €/000	Number of shares held	Fair value €/000
Class Editori S.p.A. (CLE)	559,112	190	559,112	252
Cia S.p.A. (CIA)	1,230,509	332	1,230,509	357
Total		**522**		**609**

The negative change in fair value of assets, Euro 86 thousand, was entered into equity reserve (see note 26).

19. Credits due to prepaid taxes

Credits due to prepaid taxes amount to Euro 426 thousand and are made up of assets in this period or previous periods and will probably create a taxable income for which they could be used. Credits for pre-paid IRES and IRAP taxes are mainly in reference to time differences (deductible over the next few financial periods) and past losses that the Group’s companies made.

20. Inventories

Leftover stock entirely includes finished products and goods for Euro 55 thousand compared to Euro 111 thousand at 31/12/2010.

21. Ongoing work to order

Ongoing work to order was registered at a total Euro 210 thousand and includes jobs that were in their final stages. evaluated on the basis of the principle of the completion percentage (cost-to-cost).

22. Trade receivables and other credits

Commercial credits and other credits are made up as follows:

	30/06/2011	*31/12/2010*	*Variations*	*%*
Credits to clients	30,138	25,546	4,592	18.0%
Credit depreciation fund	(205)	(353)	148	(42.0%)
Accrued income and deferred expenses	824	438	386	88.0%
Other credits	222	317	(95)	(30.0%)
Total trade receivables and other credits	***30,979***	***25,948***	***5,031***	**19.4%**
% coverage credit depreciation fund	0.68%	1.38%		

Receivables mainly consists of claims on banks, insurance and other entities Group's clients and are entirely payable within 12 months; the carrying amount of trade receivables and other receivables is estimated corresponds to their fair value.

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

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

Regarding credits that are considered uncollectable, an allocation fund is registered to the amount of Euro 205 thousand (Euro 353 thousand at 31st December 2010) which ensures a cover of 0.68% of the total amount of credits towards clients. This fund was determined on the basis of past data regarding losses on credits and is considered proportionate. The increase in credits towards clients compared to the comparison period is mainly due to the client payment receipt trend.

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

Nature	*30/06/2011*	*31/12/2010*
Software assistance	477	186
Advertising expenses	-	27
Third party benefit expenses	22	54
Telephone charges	79	25
Administrative services	7	2
Various insurances	73	18
Various	117	97
Hardware assistance	48	29
Total Accrued costs	***824***	***438***

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

Credits towards other	30/06/2011	31/12/2010	Variations	%
Receivables from social security institutions	6	1	5	380.8%
Receivables for advances on travel expenses	2	1	1	123.2%
Payments on account to suppliers	201	273	(73)	(26.7%)
Other	11	39	(28)	(71.8%)
Guarantee deposits	3	3	0	-
Total credits towards other	***222***	***317***	***(95)***	**(30.0%)**

23. Tax credits

The entry of Euro 887 thousand mainly comprises excess payment of down payments in direct taxes (IRES and IRAP) during the previous financial year.

24. Cash and other equivalent assets

	30/06/2011	31/12/2010	Variations	%
Bank and postal accounts	3,993	3,710	283	7.6%
Cheques and Cash on hand	14	20	(7)	(32.6%)
Insurance policies capitalised	2,399	2,370	29	1.2%
Total Cash and other equivalent assets	***6,406***	***6,101***	***306***	**5.0%**

The bank and postal account deposits are made up of cash-on-hand in current bank accounts.
It is possible to redeem the capitalisation insurance policy at any time and reimbursement is made within 20 days with no particular significant expense. The returns are variable in relation to the annually calculated revaluation rate. The guaranteed minimum annual rate is 2.50%.

25. Company capital

The company capital, entirely registered, deposited and unchanged over the period, amounted to Euro 4,669,600. It was subdivided into 8,980,000 ordinary shares with a nominal value of Euro 0.52 each and all with equal rights.
The ordinary shares are registered and indivisible and each one gives the right to a vote at the ordinary and extraordinary shareholders' meetings, as well as to the faculty of carrying out other company and patrimonial rights in accordance with the law and the statute.
CAD IT S.p.A. or its controlled companies do not own CAD IT or their own shares, not even through trustee companies or third parties.

Group net patrimony

The Group net patrimony came to Euro 55,773 thousand compared to Euro 55,819 thousand at 31st December 2010.

Third party net patrimony

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

Patrimonio netto di terzi	30/06/2011	31/12/2010
Minority quotaholders of Cesbe S.r.l.	1,414	1,370
Minority quotaholders of Datafox S.r.l.	70	88
Minority quotaholders of Tecsit S.r.l.	16	33
Minority quotaholders of DQS S.r.l.	0	(69)
Minority quotaholders of Elidata srl	400	419
Minority quotaholders of Smart Line S.r.l.	383	385
Total third party net patrimony	**2,282**	**2,226**

26. Reserves

	30/06/2011	31/12/2010	Variations	%
Share surcharge reserve	35,246	35,246	0	-
Valuation reserve for fin. assets available for sale	100	186	(86)	(46.3%)
Total Reserves	***35,346***	***35,432***	***(86)***	**(0.2%)**

The variation in the valuation reserve for activities available for sale corresponds to the sum of the fair value variations, registered from 31st December 2010 to 30th June 2011, of the holdings in the listed companies Class Editori S.p.A. and CIA S.p.A. and registered directly into net patrimony (see note 18).

27. Accumulated profit/losses

	30/06/2011	31/12/2010	Variations	%
Previous profits/losses	6	205	(199)	(97.1%)
Legal reserve	934	934	0	-
First Time Adoption transition reserve	2,119	2,119	0	-
Consolidation reserve	(289)	(186)	(103)	55.4%
Available joint profit reserve	10,663	11,043	(380)	(3.4%)
Period profits/losses	42	(623)	666	(106.8%)
Total accumulated profits/losses	***13,475***	***13,492***	***(16)***	**(0.1%)**

The FTA transition fund covers any differences that may have occurred when the international accounting standards were first adopted.
The available undivided profit reserves were reduced in order to entirely cover the loss suffered in the 2010 financial period.

28. Dividends paid

On 27th April 2011 the CAD IT S.p.A. Shareholder Meeting decided to cover the entire Euro 380 thousand loss suffered in 2010 using an equivalent sum from the available undivided profit reserves.

29. Financing

	30/06/2011	31/12/2010	Variations	%
Due to banks after 12 months	0	0	0	-
Sums due to other financing institutions after 12 months	135	150	(15)	(10.1%)
Total	***135***	***150***	***(15)***	**(10.1%)**

The total amount to Euro 135 thousand refers to the registration of the amount of debt funding resulting by property leasing in accordance with the financial method.

30. Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,457 thousand (Euro 3,442 thousand at 31st December 2010,) and took into account the taxable time differences resulting from time differences of the accounting value of an asset or liability compared to its recognised value for tax purposes. In particular they mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods after verifying the taxability conditions of the major values registered for the activities or the reduction of the liability value.

31. Employees' leaving entitlement and quiescence reserves

	30/06/2011	31/12/2010	Variations	%
Employees' leaving entitlement (TFR)	6,351	6,379	(28)	(0.4%)
Fund due to director end of term of office treatment	16	0	16	-
Total	***6,367***	***6,379***	***(12)***	**(0.2%)**

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

Employees' leaving entitlement	30/06/2011	30/06/2010	31/12/2010
Opening balance	6,379	6,301	6,301
Service cost	71	67	134
Interest cost	117	124	247
Benefits paid	(169)	(112)	(318)
Actuarial (gains)/losses	(46)	80	16
Closing balance	***6,351***	***6,460***	***6,379***

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 expected for payable services in the future in relation to previous working activities;
- the present value expected for payable services in the future in relation to working activities during the

current financial period;

- the interest allowed on the amount earmarked at the beginning of the period and the corresponding transactions in relation to the same period;
- the payments and any incoming or outgoing transfers relating to the period being examined;
- the actuarial profits and losses calculated by confronting the present value expected, determined on the basis of hypotheses used at the beginning or the period, and the present value, determined by applying the various hypotheses used for calculating the balance at the end of the period.

32. Expense funds and risks

The item registering a total of Euro 10 thousand includes earmarking by one of the associate companies due to potential liabilities of an ongoing lawsuit with a supplier. The variation in this item during the period relates to the use of funds put aside for legal expenses for which the earmarking was originally recorded.

33. Commercial debts

The entire point amount to Euro 7,532 thousand and shows the following trend:

	30/06/2011	31/12/2010	Variations	%
Debts towards associated companies	44	16	28	179.5%
Debts towards suppliers	3,605	3,418	187	5.5%
Payments on account received	190	182	8	4.3%
Accrued expenses and deferred income	3,693	253	3,440	1359.0%
Total Commercial debts	***7,532***	***3,869***	***3,664***	**94.7%**

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

Accrued expenses and deferred earnings	30/06/2011	31/12/2010	Variations	%
Accrued liabilities	2	4	(2)	(47.7%)
Deferred earnings	3,691	249	3,442	1381.5%
Total	***3,693***	***253***	***3,440***	**1359.0%**

The deferred income refers almost entirely to income that was already invoiced regarding annual ordinary maintenance and assistance contracts on user licences and mainly pertaining to 2011 second half period.

34. Tax debts

The taxation debt point amounts to Euro 3,260 thousand and regards debts that the companies of the Group included in the consolidation area have incurred with the inland revenue. This registration is made up of income tax debts. value added tax and to activities of tax substitution made by the various companies regarding their respective employees and collaborators.

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

35. Short-term financing

This point at 30th June 2011 is made up of Euro 1,848 thousand from short-term funding to banking institutions outstanding at account and of Euro 10 thousand from debts within 12 months toward other backers.

36. Other debts

Details of other debts are as shown:

	30/06/2011	31/12/2010	Variations	%
Social security charges payable	2,617	2,561	56	2.2%
Towards directors	39	21	18	84.8%
Dividends to be distributed to shareholders (third parties)	54	54	(0)	(0.0%)
Towards staff for deferred salaries and pay	5,447	4,167	1,279	30.7%
Other	13	14	(0)	(3.0%)
Total	***8,170***	***6,818***	***1,352***	**19.8%**

Debts towards welfare institutions included matured contributory debts on current monthly salaries as well as the quota for deferred salaries and for holidays to enjoy.
Staff debts refer to the current salaries for June 2011 and to accruals for deferred salaries that matured at the same date.

Debt towards staff for wages and deferred pay	30/06/2011	31/12/2010	Variations	%
For wages and expense accounts	2,081	1,141	940	82.4%
For production incentives	4	4	0	-
For holidays	2,554	2,239	315	14.1%
For year-end bonus	808	0	808	-
For summer bonus	0	784	(784)	(100.0%)
Total	***5,447***	***4,167***	***1,279***	***30.7%***

37. Consolidated net financial position

The consolidated net financial availability was positive and an improvement at 30th June 2011.
The cash-on-hand amounts to Euro 4,548 thousand, compared to Euro 4,250 thousand at 31st December 2010, increasing of Euro 298 thousand and a net financial availability to Euro 4,413 thousand, compared to Euro 4,100 thousand at 31st December 2010.
In particular, cash-on-hand and in bank accounts came to Euro 4,007 thousand. Capitalisation insurance policies of Euro 2,399 thousand were contractually available on 20-day prior request without any significant tax expenses.
Short-term debts towards banks regard overdrawn accounts and advances subject to final payment.

Net consolidated financial position	30/06/2011	31/12/2010	Variations	%
Cash-on-hand and at bank	4,007	3,731	276	7.4%
Capitalisation insurance policies	2,399	2,370	29	1.2%
Payables due to banks current portion	(1,858)	(1,851)	(7)	0.4%
Net short-term financial position/(indebtedness)	**4,548**	**4,250**	***298***	***7.0%***
Long-term loans	(135)	(150)	15	(10.1%)
Net long-term financial position/(indebtedness)	**(135)**	**(150)**	***15***	***(10.1)%***
Net financial position/(indebtedness)	***4,413***	***4,100***	***313***	***7.6%***

As a link between the data of the net financial position statement and the balance statement. it is hereby reported that: cash, in bank accounts and capitalisation insurance policies are registered in the patrimonial status as “Cash and other equivalent assets”; short-term financial debts are registered as “Payables due to banks current portion”; long-term financing is registered in the patrimonial status as “Long-term loans”.
The increase in financial assets is mainly due to operating activities (Euro +2,166 thousand) that guarantee total

coverage of flows used for investment activities (Euro -1,841 thousand) and for financing activities (Euro -27 thousand). Please refer to CAD IT Group's financial report for cash flow details.

Net short-term financial availability	***30/06/2011***	***31/12/2010***	***Variations***	***%***
Bank and postal accounts	3,993	3,710	283	7.6%
Cheques and Cash on hand	14	20	(7)	(32.6%)
Insurance policies capitalised	2,399	2,370	29	1.2%
Debts towards banks (overdrawn accounts, advances subject to collection etc.)	(1,858)	(1,851)	(7)	0.4%
Net short-term financial availability	***4,548***	***4,250***	***298***	***7.0%***

38. Related parties transactions

Relations between the Group's companies are administered on the basis of contractual agreements drawn up by the respective administrative organs bearing in mind the quality of the assets and services involved and the competitive conditions of the market adapting the interests of the Group.
The summary of income and costs. despite the credit and debit position at 30th June 2011 between the Group's subsidiaries is shown in the specific paragraph on management intermediary report.
The following table shows the incidence of transactions with correlated parties on the respective balance entry:

Transaction incidence with correlated parties - current period	**Total**	**Correlated Parties**	
		Absolute value	**% on Tot.**
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	24,198	141	0.6%
Service costs	(5,115)	(148)	2.9%
Labour costs	(16,800)	(297)	1.8%
Other administrative expenses	(1,101)	(565)	51.3%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	30,979	9	0.0%
TFR and pension funds	6,367	134	2.1%
Commercial debts	7,532	91	1.2%
Other debts	8,170	139	1.7%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	162	162	100.0%

Revenues from correlated parties mainly concern services carried out for Xchanging (Euro 139 thousand), the company that has a 10% holding in CAD IT.
Service costs for correlated parties include services carried out by the subsidiary Sicom towards the parent company (Euro 61 thousand), fees paid to the CAD IT Auditing Board members (Euro 32 thousand) and those regarding translation and language training costs supplied by a company partly owned by a CAD IT director (Euro 55 thousand).
Labour costs for correlated parties include the remunerations (including contributions to be paid by the company and matured accruals for deferred pay) of company employees who are related to, or have an affinity with, CAD IT directors and those managers with strategic responsibilities.
Other administrative expenses relating to correlated parties regard directorship fees to CAD IT directors (euro 484 thousands) as well as to the directors of other companies in the Group who are related to, or have an affinity with them (Euro 80 thousands).
Debts towards correlated parties are mainly made up of commercial debts for the above mentioned services that

had not yet matured (Euro 91 thousand), debts towards employees for remunerations and remuneration accruals (Euro 132 thousand) and severance pay (Euro 134 thousand).
With the exception of the above relations, no other significant relations of an economic-patrimonial nature have been undertaken with correlated parties.
The tables below show the incidence of relations with correlated parties at 30/06/2010 and at 31/12/2010.

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

Transaction incidence with correlated parties – 2010 financial period	Total	Correlated Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	48,224	304	0.6%
Service costs	(11,360)	(516)	4.5%
Labour costs	(32,455)	(588)	1.8%
Other administrative expenses	(2,592)	(1,200)	46.3%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	25,948	22	0.1%
TFR and pension funds	6,379	153	2.4%
Commercial debts	3,869	113	2.9%
Other debts	6,818	110	1.6%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	56	50	89.9%

39. Relations with boards of management and auditing board

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 responsibilites are shown in the following table[5], in accordance with art. no. 78 of Consob regulation no. 11971 of 14th May 1999, and subsequent modification and integration.

No 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 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.

					Remunerations for the position in the company that draws up the balance			Other remunerations			
Name and Surname	Role	Company name	Term of office	End of Office term	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	01/01-30/06	approvaz bilancio 2011	75	1	76				
	Legal representative	CAD Srl	01/01-30/06	indeterminata				43			43
	Managing Director	CESBE Srl	01/01-30/06	indeterminata				5			5
	Vice chairman and Managing Director	BITGROOVE Srl	01/01-30/06	approvaz bilancio 2013				5			5
	Vice chairman and Managing Director	NETBUREAU Srl	01/01-30/06	approvaz bilancio 2011				3			3
	Vice chairman and Managing Director	DQS Srl	01/01-30/06	approvaz bilancio 2012				1			1
	Director	SICOM Srl	01/01-30/06	indeterminata				3			3
Magnani Giampietro	Managing Director	CAD IT Spa	01/01-30/06	approvaz bilancio 2011	75	1	76				
	Chairman and Managing Director	CAD Srl	01/01-30/06	approvaz bilancio 2012				43			43
	Chairman and Managing Director	BITGROOVE Srl	01/01-30/06	approvaz bilancio 2013				8			8
	Vice chairman and Managing Director	NETBUREAU Srl	01/01-30/06	approvaz bilancio 2011				3			3
	Chairman and Managing Director	SMART LINE SRL	01/01-30/06	approvaz bilancio 2013				6			6
Rizzoli Maurizio	Director	CAD IT Spa	01/01-30/06	approvaz bilancio 2011	7	1	8				
Zanella Luigi	Managing Director	CAD IT Spa	01/01-30/06	approvaz bilancio 2011	75	1	76				
	Legal representative	CAD Srl	01/01-30/06	indeterminata				43			43
	Managing Director	CESBE Srl	01/01-30/06	indeterminata				5			5
	Vice chairman and Managing Director	BITGROOVE Srl	01/01-30/06	approvaz bilancio 2013				5			5
	Vice chairman and Managing Director	DQS Srl	01/01-30/06	approvaz bilancio 2012				1			1
	Director	SICOM Srl	01/01-30/06	indeterminata				3			3
Dal Cortivo Paolo	Managing Director	CAD IT Spa	01/01-30/06	approvaz bilancio 2011	8	1	9			68	68

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

Lambertini Lamberto	Director	CAD IT Spa	01/01-30/06	approvaz bilancio 2011	7	1	7				
Rossi Francesco	Director	CAD IT Spa	01/01-30/06	approvaz bilancio 2011	7	1	8				
Sohler Matthias Wolfgang	Director	CAD IT Spa	01/01-27/04	approvaz bilancio 2011	2		2				
Brand Jorge Karsten	Director	CAD IT Spa	28/04-30-06	approvaz bilancio 2011	3		3				
Ranocchi Gianpaolo	Statutory Auditors	CAD IT Spa	01/01-30/06	approvaz bilancio 2011	8		8				
	Chairman Statutory Auditor	CAD Srl	01/01-30/06	approvaz bilancio 2012				3			3
Tengattini Renato	Statutory Auditors	CAD IT Spa	01/01-30/06	approvaz bilancio 2011	8		8				
Riccardo Ferrari	Chairman Statutory Auditor	CAD IT Spa	01/01-30/06	approvaz bilancio 2011	12		12				
Managers with strategic responsibilities		CAD IT Spa	01/01-30/06							57	57
TOTAL					**287**	**8**	**295**	**178**		**126**	**304**

40. Significant events since 30th June 2011

CAD IT has continued its policy of foreign market expansion throughout the financial period and is presently taking part in a software selection to sell its software applications for banking institutions and the relative services in Europe.

41. Other information

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

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

In accordance with Consob Notification no. DEM/11070007 of 5th August 2011 (which in turn refers to document ESMA no. 2011/266 of 28th July 2011) on the information to be supplied in financial reports concerning sovereign debt statements kept by listed companies, it is hereby declared that the Group does not hold any bonds or loans issued by central or local governments or governmental bodies.

The present half yearly financial report was approved by the CAD IT S.p.A. Board of Directors on 26/08/2011.

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

The undersigned, Giuseppe Dal Cortivo, Chairman of the CAD IT S.p.A. Board of Directors, and Maria Rosa Mazzi, the executive officer responsible for drafting the CAD IT S.p.A. company accounting documents, hereby declare, bearing in mind the content of art. 154-bis, paragraphs 3 and 4 of legislative decree no. 58 of 24th February 1998 in terms of:
the adequacy in relation to the characteristics of the company and the effective application, of the administrative and accounting procedures for drafting the half year condensed statements during the first six months of 2011.

Furthermore, it is hereby declared that the CAD IT S.p.A half year condensed statements:

- has been drafted in accordance with the International accounting standards (IFRS) – adopted by the European Union - in conformity with EC regulation no. 1606/2002 of the European Parliament and Council of 19th July 2002, and in particular with IAS 34 – *Intermediary Period Balances;*
- corresponds to the results in the company books and accounting documents;
- gives a true and correct representation of the patrimonial, economic and financial situation of the company and the group of companies included in the consolidation.

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

Verona, 26 August 2011

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

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

FINANCIAL STATEMENTS OF CAD IT S.P.A.

Income Statement

	1st half 2011		1st half 2010	
	Total	*of which related parties*	*Total*	*of which related parties*
Income from sales and services	22,994	*914*	22,315	*947*
Asset increases due to internal work	2,277		2,120	
Other revenue and receipts	0		2	
Costs for raw	(176)		(134)	
Service costs	(12,791)	*(9,272)*	(12,264)	*(9,072)*
Other operational costs	(186)		(201)	
Labour costs	(9,439)	*(240)*	(9,322)	*(248)*
Other administrative expenses	(471)	*(296)*	(569)	*(449)*
Allocation to fund and credit depreciation	0		(62)	
Intangible fixed asset amortization	(1,365)		(1,385)	
Tangible fixed asset amortization	(284)		(341)	
Financial income	201		92	
Financial expenses	(1)		(1)	
Pre-tax result	**759**		**250**	
Income taxes	(520)		(399)	
Profit (loss) for the period	**239**		**(149)**	
Weighed average number of ordinary shares in circulation	8,980,000		8,980,000	
Basic earnings per share (in €)	0.027		(0.017)	

Statement of comprehensive income

	1st half 2011	1st half 2010
Profit/(loss) for the period	239	(149)
Gains/(Losses) on fair value of available for sale financial assets	(86)	(161)
Total comprehensive income	153	(310)

Gruppo CAD IT

Statement of financial position

	30/06/2011		31/12/2010	
	Total	of which related parties	Total	of which related parties
ASSETS				
A) Non-Current Assets				
Property, plant and equipment	17,909		18,146	
Intangible assets	20,639		19,724	
Investments	15,127		14,914	
Other financial assets available for sale	522		608	
Other non-current credits	17		17	
Credits due to deferred taxes	3		3	
TOTAL NON-CURRENT ASSETS	**54,217**		**53,412**	
B) Current Assets				
Inventories	5		5	
Trade receivables and other credits	31,857	*4,389*	26,402	*3,623*
Tax credits	617		744	
Cash on hand and other equivalent assets	5,463		5,033	
TOTAL CURRENT ASSETS	**37,941**		**32,184**	
TOTAL ASSETS	**92,158**		**85,595**	
EQUITY AND LIABILITIES				
A) Equity				
Company capital	4,670		4,670	
Reserves	35,346		35,432	
Accumulated profits/losses	14,540		14,301	
TOTAL EQUITY	**54,555**		**54,403**	
B) Non-current liabilities				
Deferred tax liabilities	3,259		3,259	
Employee benefits and quiescence provisions	3,189	*124*	3,205	*142*
TOTAL NON-CURRENT LIABILITIES	**6,448**		**6,464**	
C) Current liabilities				
Trade payables	24,228	*18,818*	19,056	*16,558*
Current tax payables	2,259		1,757	
Other liabilities	4,668	*108*	3,915	*84*
TOTAL CURRENT LIABILITIES	**31,154**		**24,728**	
TOTAL LIABILITIES AND EQUITY	**92,158**		**85,595**	

Statement of changes in equity

	Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Group net patrimony
at 01/01/2011	4,670	35,432	14,681	(380)	54,403
Allocation of the period result to reserves			(380)	380	
Total Comprehensive income		(86)		239	153
at the end of period	**4,670**	**35,346**	**14,301**	**239**	**54,555**

	Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Group net patrimony
at 01/01/2010	4,670	35,481	14,546	2,380	57,077
Allocation of the period result to reserves			2380	-2,380	
Dividend distribution			-2245		-2245
Total Comprehensive income		-161		-149	-310
at the end of period	**4,670**	**35,320**	**14,681**	**-149**	**54,522**

Cash Flow Statement

	1st half 2011	1st half 2010
A) OPERATING ACTIVITIES		
Profit (loss) for the period	239	(149)
Amortisation, revaluation and depreciation:		
- Property, plant and equipment amortisation	1,365	341
- Intangible fixed asset amortisation	284	1,385
Allocations (utilization) of provisions	(16)	131
Financial performance:		
- Net financial receipts (charges)	(200)	(91)
- Profit / (losses) on exchanges	(0)	(1)
Working capital variations	1,098	1,463
Interest paid	(1)	(0)
(A) - Cash flows from (used in) operating activities	**2,769**	**3,079**
B) INVESTMENT ACTIVITIES		
Investments in activities		
- Property, plant and equipment purchases	(50)	(91)
- Intangible assets purchases	(2,280)	(2,210)
- Investments in subsidiaries purchases	(213)	0
Disinvestment activities		
- Property, plant and equipment transfers	2	3
- Decrease in other fixed assets	0	2
Cashed Interest	39	36
Cashed dividends	162	56
(B) - Cash flows from (used in) investment activities	**(2,340)**	**(2,204)**
C) FINANCING ACTIVITIES		
Dividends paid	0	(2,245)
(C) - Cash flows from (used in) financing activities	**0**	**(2,245)**
(A+B+C) - Total cash and other equivalent assets flows	429	(1,369)
Opening cash balances and equivalents	**5,033**	**5,502**
Closing cash balances and equivalents	**5,463**	**4,133**

Cash and other equivalent assets	1st half 2011	1st half 2010
Bank and postal accounts	3,060	1,795
Cash-on-hand	3	4
Insurance policies capitalised	2,399	2,334
Debts towards banks (overdrawn accounts, advances subject to collection etc.)	0	0
Total Cash and other equivalent assets	**5,463**	**4,133**

Relationships with subsidiaries

Being the parent company, CAD IT carries out commercial and financial transactions with subsidiaries by normal conditions of market.

The table below gives a summary of the transactions with subsidiaries carried out in the period:

Company	*Turnover*	*Costs*	*Payables*	*Receivables*
CAD S.r.l.	436	4,525	9,166	3,382
CeSBE S.r.l.	232	1,456	4,133	207
NetBureau S.r.l.	19	285	385	89
DQS S.r.l.	36	1,387	1,643	111
SGM S.r.l	6	190	893	25
SmartLine Line S.r.l.	6	663	1,223	195
BitGroove S.r.l.	27	331	874	347
Elidata S.r.l.	2	253	278	1
Datafox S.r.l.	8	49	141	19
Tecsit S.r.l.	1	-	-	6
Total	**774**	**9,141**	**18,736**	**4,382**

***

Maria Rosa Mazzi, manager in charge of drafting CAD IT S.p.A. accounting documents, hereby declares, in accordance with article 154-bis, second paragraph, of the Consolidated Law on Finance (Leg. Dec. 58/1998), that the accounting information in "Financial Statements of CAD IT SpA" at 30th June 2011 corresponds to the documentary results, books and accounting registers.

Tel: +39 0459690472
Fax: +39 0459690474
www.bdo.it

Via Dietro Listone, 16
37121 Verona
e-mail: verona@bdo.it

Auditors' review report on the half-year condensed consolidated financial statements for the six month period ended June 30, 2011

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

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

1. We have reviewed the half-year condensed consolidated financial statements, consisting of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows and related explanatory notes as of June 30, 2011 of CAD IT S.p.A. and its subsidiaries (the "CAD IT Group"). These half-year condensed consolidated financial statements, prepared in conformity with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union, are the responsibility of CAD IT S.p.A.'s Directors. Our responsibility is to issue a report on these half-year condensed consolidated financial statements based on our review.

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

   With regard to the comparative figures related to the year ended December 31, 2010 and to the six-month period ended June 30, 2010, presented in the half-year condensed consolidated financial statements as of June 30, 2011, reference should be made to our auditors' report dated March 24, 2011 and our auditors' review report dated August 28, 2010.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of CAD IT Group as of June 30, 2011 are not presented fairly, in all material respects, in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union.

Verona, August 27, 2011

BDO S.p.A.

Signed by: Alessandro Gigliarano

BDO S.p.A. – Sede Legale: Largo Augusto, 8 – 20122 Milano – Capitale Sociale Euro 100.000 i.v.
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Via Torricelli , 44/a
37136 Verona - Italy
Tel. +39 045 8211111
Fax. +39 045 8211110
www.cadit.it
cadit@cadit.it

CAD IT
INFORMATION TECHNOLOGY