CAD IT S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2009

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
INFORMATION TECHNOLOGY

CAD IT S.p.A.

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

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Consolidated financial statements at 31 december 2009

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

BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS [1]

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI[2]
Director

MATTHIAS SOHLER
Director

FRANCESCO ROSSI[2]
Independent Director

LAMBERTO LAMBERTINI[2]
Independent Director

STATUTORY AUDITORS [1]

RICCARDO FERRARI
Chairman

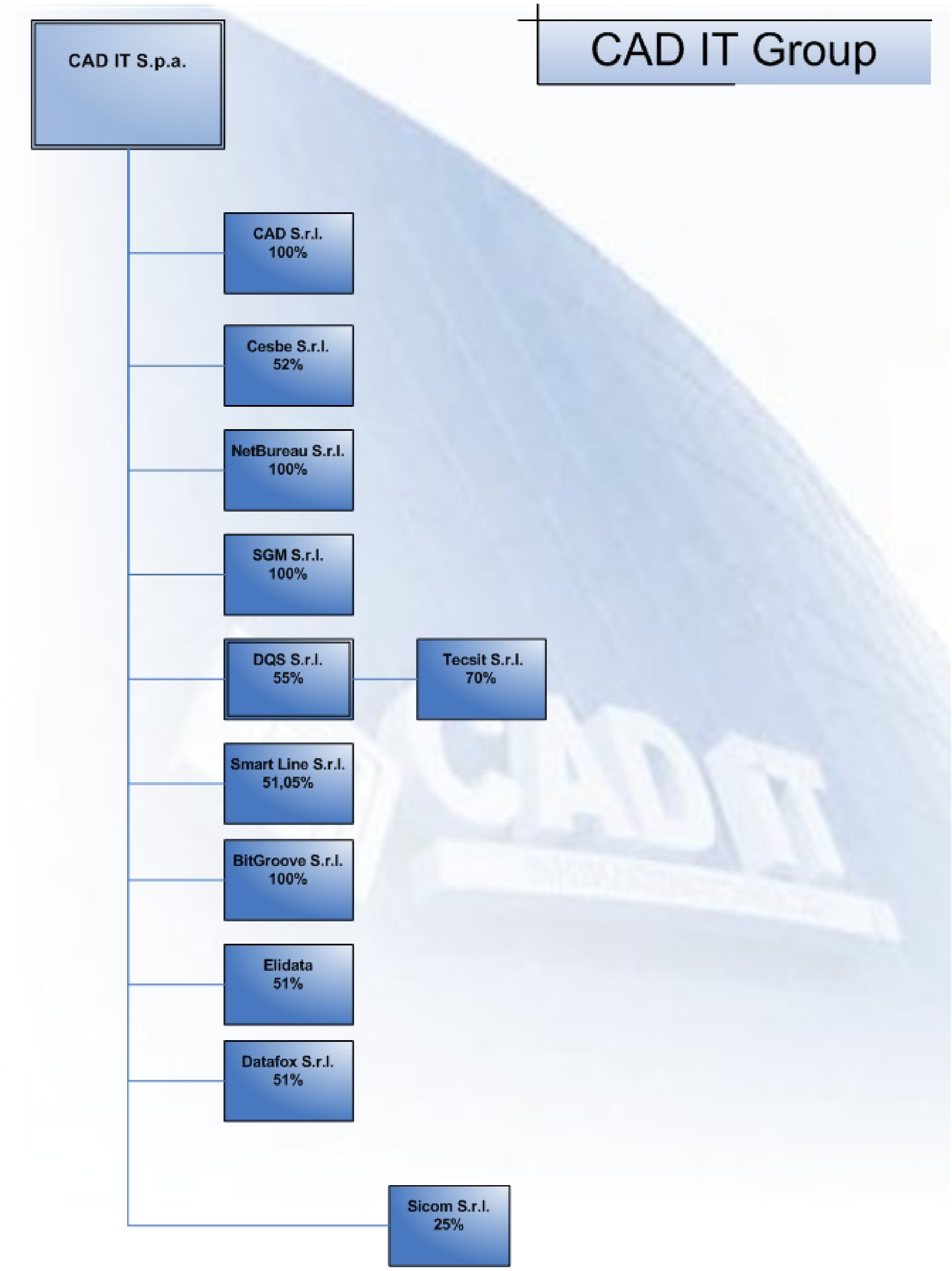
GIAN PAOLO RANOCCHI
Statutory Auditor

RENATO TENGATTINI
Statutory Auditor

AUDITORS: BDO S.p.A.

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

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



CAD IT Group at 31/12/2009

DIRECTORS' REPORT ON OPERATION

This management report is an integral part of CAD IT S.p.A.'s consolidated financial report at 31/12/2009 and includes references to the important events which occurred during the financial year and their incidence on the balance and consolidated Financial Statement, together with a description of both CAD IT S.p.A.'s and the Group's primary risks and uncertainties.
The consolidated balance at 31st December 2009 was drafted to conform with the applicable international accounting standards recognised in the European Community in accordance with EC regulation no. 1606/2002 issued by the European Parliament and Council on 19th July 2002 and with the provisions laid down in art. 9 of Leg. Dec. no. 38/2005, as well as in observance of Consob regulation no. 11971 of 14th May 1999 and subsequent modifications and integrations.
For further information on the result and CAD IT S.p.A.'s financial-economic situation, please refer to the Financial Statement.
Unless otherwise indicated, the monetary quantities in the accounting tables and those quoted in the notes, are expressed in thousands of Euro.

Information on CAD IT S.p.A.

CAD IT was set up as a joint stock company under Italian law.
The registered office and the administrative and operating offices are in Via Torricelli 44/a, Verona.
The company is registered in the Verona Company Register under no. 01992770238.
Share capital amounts to € 4,669,600, fully subscribed and paid-in, and comprises 8,980,000 ordinary shares.
The company is listed in the STAR market of the Italian stock exchange.
These shares are nominal and cannot be divided. Each of them entitles to one vote in the ordinary and extraordinary meetings of the company and to the execution of all other corporate and property rights in accordance with the law and the company's by-laws.
CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil Code and it is fully responsible for defining it own general and operational strategic policies. CAD IT S.p.A. manages and coordinates its own subsidiaries.

Activities of the Group

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

Summary of the Group results

	Period 2009		Period 2008		Variations	
						%
Production value	54,321	100.00%	59,766	100.00%	(5,445)	(9.11%)
Added value	41,050	75.57%	47,436	79.37%	(6,385)	(13.46%)
Gross operational result (EBITDA)	7,252	13.35%	12,663	21.19%	(5,411)	(42.73%)
Operational result (EBIT)	3,531	6.50%	9,176	15.35%	(5,645)	(61.52%)
Ordinary result	3,671	6.76%	9,691	16.21%	(6,020)	(62.12%)
Pre-tax and pre-third party share result	3,824	7.04%	9,443	15.80%	(5,618)	(59.50%)
Income taxes	(1,967)	(3.62%)	(4,014)	(6.72%)	2,047	(50.99%)
Profit (loss) for the period	1,857	3.42%	5,428	9.08%	(3,572)	(65.79%)
Profit/(loss) for the period attributable to Owners of the parent	**1,985**	**3.65%**	**4,867**	**8.14%**	**(2,882)**	**(59.21%)**
Total profit (loss) for the period	1,992		5,311		(3,319)	(62.49%)
Total Comprehensive income attributable to Owners of the parent	**2,121**		**4,750**		**(2,630)**	**(55.36%)**

	31/12/2009	31/12/2008
Total Assets	84,081	89,163
Total Equity	58,993	61,879
Equity attributable to Owners of the parent	56,505	58,874
Net short-term financial position/(indebtedness)	5,093	13,346
Net financial position / (indebtedness)	4,914	13,140
Employees at the end of the period (number)	604	610

Consolidated income results analysis

The CAD IT Group closed its 2009 financial year with positive results and margins despite the unfavourable economic trend and the widespread, on-going crisis. The results achieved confirm the Group's ability to obtain positive outcomes by focusing on the production and offer of new products and services as well as acquiring new users and market segments.

The profit for the financial period was Euro 1,857 thousand compared to Euro 5,428 thousand in the previous financial year.

The value of production for the period, with a drop of 9.11%, was mainly due to income from sales and services which came to Euro 48,863 thousand (-13.82% compared to Euro 56,699 thousand in the previous financial period). Increases in internal work capitalised under fixed asset came to Euro 4,232 thousand showing a growth compared to 2008 due to resources used for the development of, and investment in, new procedures and the group's own software range. Among the other revenues and incomes registered to the amount of Euro 1,267 thousand, Euro 830 thousand relate to tax credit, in accordance with Article 1, paragraphs 280 to 283 of law no. 296 of 27th December 2006, granted for research and development costs sustained for projects that began in 2008 and continued into 2009, and Euro 212 thousand relate to an IRES

reimbursement deriving from a 10% IRAP deductibility for the years 2004-2007.
The Euro 41,050 thousand added value fell by 13.46% compared to the Euro 47,436 thousand of the previous period, maintaining a high 75.57% marginality on the value of production (79.37% in 2008).
Service costs of Euro 11,238 thousand increased by 8.11% compared to the previous year (Euro 10,395 thousand) and are mainly made up of the services of external collaborators and qualified consultancy.
The EBITDA result stood at Euro 7,252 thousand (equal to 13.35% of the value of production) compared to Euro 12,663 thousand in the 2008 financial period.
Labour costs in 2009 came to Euro 31,337 thousand, showing a Euro 907 thousand decrease (-2.81%) compared to the previous year (Euro 32,244 thousand). Labour costs include the effect deriving from the actuarial calculation, in accordance with IAS 19, of the severance pay debt towards employees: the actuarial loss during the period was Euro 72 thousand compared to Euro 114 thousand in 2008. The decrease in labour costs was also correlated to a drop in the average number of people employed in the period which fell from 617 units in 2008 to 603 units in 2009 (-2.3%).
The EBIT result in 2009 was in credit by Euro 3,531 thousand equalling 6.50% of the value of production compared to Euro 9,176 thousand in the previous year.
Amortization figures for 2009 stood at Euro 2,761 thousand for intangible assets and Euro 794 thousand for tangible assets, compared to Euro 2,605 thousand and Euro 780 thousand in 2008.
The financial management result fell showing financial returns and expenses of Euro 197 thousand and Euro 57 thousand respectively, compared to Euro 615 thousand and Euro 100 thousand in 2008. The decrease was due to a drop in liquid assets and equivalent means and the return rates on the assets themselves.
Consequently, the ordinary result was in credit by Euro 3,671 thousand (Euro 9,691 thousand in the previous year) equal to 7.05% of the value of production.
The revaluation and devaluation trend during the financial period was also positive generating revaluation figures of Euro 153 thousand due to the positive result of the subsidiary company Sicom Srl. The same item in 2008 suffered from the registration of a Euro 456 thousand devaluation due to a reduction in the value of assets available for sale.
The pre-tax and third party share result came to Euro 3,824 thousand compared to Euro 9,443 thousand in 2008.
Income taxes amounted to Euro 1,967 thousand compared to Euro 4,014 thousand in 2008.
The result ascribable to CAD IT partners was Euro 1,985 thousand compared to Euro 4,867 thousand in 2008, net of the result for third party accruals which indicated a loss of Euro 128 thousand in 2009 and a profit of Euro 561 thousand in 2008.
The total result for 2009 was Euro 1,992 thousand of which Euro 2,121 thousand is ascribable to CAD IT partners and a Euro 128 thousand loss is ascribable to third party accruals. These figures stood at Euro 5,311 thousand in 2008 with Euro 4,750 ascribable to CAD IT partners and Euro 561 thousand to third party accruals.
The Group's Net Financial Position at 31/12/2009 was in credit by Euro 4,914 thousand compared to Euro 13,140 thousand at 31st December 2008.

Financial indicators

In order to better understand the Company's situation, trend and result, below are some financial indicators that compare the three financial periods of reference.
Patrimonial soundness analysis aims at studying the group's ability to maintain financial equilibrium in the medium-to-long term. This ability depends on two types of reasoning:
- financing modality for medium/long-term uses;
- the composition of financing sources.

In reference to the former aspect, on the assumption that the recovery time of these uses must logically be correlated to the recovery time of the sources, the indicators for studying these correlations are:

ASSET FINANCING INDICATORS		2009	2008	2007
Primary structure margin	*Shareholders' equity – Non-current assets*	12,410	16,998	17,705
Primary structure quotient	*Shareholders' equity / Non-current assets*	1.27	1.38	1.39
Secondary structure margin	*(Shareholders' equity + Non-current liabilities) – Non-current assets*	22,428	27,002	27,860
Secondary structure quotient	*(Shareholders' equity + Non-current liabilities) / Non-current assets*	1.48	1.60	1.61

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

FINANCING STRUCTURE INDEXES		2009	2008	2007
Total debt quotient	*(Non current Liabilities + Current liabilities) / Shareholders' equity*	0.43	0.44	0.41
Financial debt quotient	*Financing liabilities /Shareholders' equity*	0.02	0.01	0.02

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

EARNING CAPACITY INDEXES		2009	2008	2007
Net ROE	*Net result/Average Shareholders' equity*	3.07%	8.7%	14.2%
Gross ROE	*Gross result/Average Shareholders' equity*	6.33%	15.1%	23.0%
ROI	*Operational result/(Invested operating capital – Average operational liabilities)*	5.95%	14.8%	20.0%
ROS	*Operational result/Sales income*	7.23%	16.2%	21.7%

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

SOLVENCY INDICATORS		2009	2008	2007
Availability margin	*Current assets – Current liabilities*	22,428	27,002	27,860
Availability quotient	*Current assets / Current liabilities*	2.49	2.56	2.75
Treasury margin	*(Deferred liquidity + Immediate liquidity) – Current liabilities*	21,397	25,697	26,756
Treasury quotient	*(Deferred liquidity + Immediate liquidity) / Current liabilities*	2.42	2.49	2.68

The short-term situation [1]

The first half of 2009 continued to be characterised by the international economic recession and the period of considerable drop in demand that had marked the last few months of 2008. The summer saw the beginning of a slight economic recovery in the major developed economies (in a more marked way in the emerging economies) which continued for the rest of the year, driven by the expansive economic policies of the main countries. In the fourth quarter industrial production continued to recover from the minimum figures reached in the first half of 2009 and confidence grew further; the tension on the international financial markets began to fall and bank credit restrictions became less intense.

[1] Data source: Banca D'Italia, Economic Bulletin no. 59, January 2010

In the Euro area, according to the short-term indicators, the recovery continued during the last few months of 2009, even if it did not become any stronger than in the summer quarter. Productive activities and business volume have still not experienced the same strengthening to correspond to the definite improvement in company and consumer confidence. This can be seen, in the face of a relatively favourable exportation opportunity, in the continuing weakness in domestic demand.
In Italy the GNP, which began to grow in the summer (0.6 per cent more than the previous quarter), after five consecutive months of decreasing, should have continued to increase in the last part of 2009 even if more slowly. Despite the continual growth in confidence, companies are still hesitating to increase production because of the uncertain increase in orders. The partial recovery in industrial activity registered in the third quarter, from the very low levels reached in the second, did not however continue in the autumn months. Growth is guided by the contained expansion in foreign demand while domestic demand is still sluggish. Private consumption and investment, despite the recovery in the third quarter of 2009, are still weak. Uncertainties in the employment situation are having a negative effect on consumption.
As for the Italian banking sector, the worsening of returns seen in the previous year continued during 2009. According to the consolidated reports of five major banking groups, net profits in the first nine months of 2009 were down by 50 per cent compared to the same period in the previous year, thus reflecting the considerable increase in credit losses. Capital earnings and reserves (ROE) therefore dropped, in annual terms, to 4.2 per cent from 9% in the same period in 2008. All the main intermediaries registered a drop in interest margins (-5.5 per cent) and net commissions (-16.1 per cent) which compensated the positive contribution in the growth of trading activity profit and the reduction in operative costs (-5.9 per cent). With a substantially stable management result, the drop in profits was determined by the increase in credit devaluations, which absorbed more than half of the management result (11 billion in absolute value), against about a quarter in the first nine months of 2008 (5 billion). By comparing the three quarters of 2009, the income results showed a tendency towards stabilisation.

Significant events of the period

On 29th April 2009, the Ordinary Shareholders' Meeting approved the balance at 31/12/2008 and agreed to distribute a dividend of Euro 0.50 per share. The dates for coupon release and dividend payment were 11th and 14th May 2009 respectively. Dividend payment resulted in a cash outlay of Euro 4,490 thousand.
The Shareholders' Meeting, following the expiry of terms, also nominated the Board of Directors and Board of Auditors for the 2009, 2010 and 2011 periods.
The following persons were re-nominated to the Board of Directors: Giuseppe Dal Cortivo (Chairman and Managing Director), Giampietro Magnani (Vice-Chairman and Managing Director), Luigi Zanella (Vice-Chairman and Managing Director), Paolo Dal Cortivo (Managing Director), Lamberto Lambertini (Independent Director), Maurizio Rizzoli (Non-executive Director), Francesco Rossi (Independent Director). Matthias Sohler, Executive Director Financial for European Financial Market from Xchanging, the CAD IT Group's partner company and international leader in supplying Business Process Outsourcing services, was also nominated to the Board as a Non-executive Director, in order to further consolidate the strategic collaboration between the two Groups.
The Board of Auditors comprises: Riccardo Ferrari (Chairman), Renato Tengattini, Gian Paolo Ranocchi.
During the third quarter CAD IT S.p.A. announced having signed a contract with a leading Italian bank for the sale of its "Financial Area" software platform and another with a major German bank for the sale of its "Easy Match" software platform. The first contract consolidates CAD IT's position as leader in the Italian market for the supply of financial software and services for totally managing financial instruments. The second contract pushes the Group towards the international market thus marking yet another new success after the contract drawn up in 2006 with XTB, a Business Process Outsourcing company belonging to the Xchanging Group in Germany.

CAD IT's and Group research and development

In relation to activities aimed at consolidating traditional business, the production of new modules to increase the functional and technological development of the considerable range of software installed remains constant within the Group.
The creation and use of new computer systems aimed at diversifying the Group's offer towards those sectors bordering on the ones in which it is already present, is still underway.
As regards new projects, development are continuing on the SIBAC GS platform, which is a fundamental element for the Group's strategic growth. Development relating to the New Finance Outlet project, which started in 2007, is continuing and aims to equip the successful Finance Area procedure with Web interfacing.
Activity in the production of specialised modules for the business intelligence (Managerial Information System) area is also continuing.
CAD IT and Smart Line S.r.l. are now investing to enrich theirs own offer range of solutions and services for Public Administration and authorities for the management of local taxes.
The CAD IT Group, in its intent to develop its own products, is also creating solutions linked to the new norms and further procedures aimed at diversification for new business sectors like Insurance (Finance Area for Insurances) and new software modules for international market (EM).

Investments

Summary of investments	*Period 2009*	*Period 2008*	*Variations*
Intangible fixed assets	486	162	324
Assets under development and payments on account	4,232	2,660	1,572
Plant, machinery, equipment and other tangible fixed assets	394	257	137
Total investments	5,113	3,079	2,034

Investments in tangible and intangible fixed assets made by the consolidated companies in the financial period amount to Euro 5,113 thousand compared to Euro 3,079 thousand during 2008 financial period.
The consistent amount of investment derives from strategic decisions taken by the Board of Directors and management, who have approved the development of a large number of products, projects and new technologies in order to be ready for development lines in the sector and to be able to propose an updated range of products that can quickly satisfy market demand.
Investments in intangible fixed assets mainly regard the development and purchasing of software for licensing to the clients or instrumental software to be used by the Group for its own activity.

Related parties transactions

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

Relationships with Group companies

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

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

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

The table below gives a summary of the income and service performances, as well as the credit and debit position of all the Group's consolidated companies.

Company	Costs	Capitalized costs			Turnover	Receivables	Payables
		Increases in internal work	Software licences and rights	Other assets			
Cad It S.p.a.	17,564	-	-	267	1,596	3,270	15,894
Cad S.r.l.	1,015	-	7	-	9,300	8,136	2,783
Cesbe S.r.l.	670	-	3	-	2,161	3,617	353
NetBureau S.r.l.	38	-	1	-	825	302	27
DQS S.r.l.	7	-	-	-	3,364	1,598	4
SGM S.r.l	43	-	-	-	570	1,159	53
SmartLine Line S.r.l.	12	-	-	2	944	810	62
BitGroove S.r.l.	201	-	-	4	853	827	713
Elidata S.r.l.	77	-	-	-	259	245	-
Datafox S.r.l.	42	-	-	-	178	80	56
Tecsit S.r.l.	97	-	-	-	-	-	100
Total	**19,767**	**-**	**11**	**273**	**20,051**	**20,045**	**20,045**

There have been no abnormal or unusual transactions between the CAD IT Group's companies in this financial period.

Further information on CAD IT S.p.A.'s relations with its subsidiaries is shown in directors report on operation of the parent company at 31st December 2009.

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]:

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

Name and surname	Company	Number of shares held at 31.12.2008		Number of shares bought	Number of shares sold	Number of shares held at 31.12.2009	
Dal Cortivo Giuseppe	CAD IT S.p.A.	1,334,534	(1)	-	-	1,334,534	(1)
Magnani Giampietro	CAD IT S.p.A.	1,331,021	(1)	-	-	1,331,021	(1)
Rizzoli Maurizio	CAD IT S.p.A.	1,439,686	(2)	-	-	1,439,686	(2)
Zanella Luigi	CAD IT S.p.A.	1,333,480	(3)	-	-	1,333,480	
Dal Cortivo Paolo	CAD IT S.p.A.	5,481		-	-	5,481	
Sohler Matthias	CAD IT S.p.A.	-		-	-	-	
Lambertini Lamberto	CAD IT S.p.A.	-		-	-	-	
Rossi Francesco	CAD IT S.p.A.	-		-	-	-	
Ferrari Riccardo	CAD IT S.p.A.	1,000		-	-	1,000	
Ranocchi Gian Paolo	CAD IT S.p.A.	-		9,571	-	9,571	(4)
Tengattini Renato	CAD IT S.p.A.	60		-	-	60	
Managers with strategic responsibilites	CAD IT S.p.A.	1,300		-	-	1,300	
(1) of which in spouse's name n.:	370,885						
(2) of which in spouse's name n.:	535,014						
(3) of which in spouse's name n.:	380,985						
(4) of which in spouse's name n.:	5,281						

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	57,077	2,380
- difference between the entry value of the consolidated holdings and the pro quota value of the net patrimony	(8,909)	-
- effects on reserves	(353)	-
- pro quota results of the subsidiary/associate holdings	191	191
- consolidation difference	8,309	-
- subsidiary/associate dividend elimination	-	(567)
- infra-group margin elimination	(27)	(27)
Assessment of associate holdings with net patrimony method	217	8
Total net patrimony and consolidated result of period	***56,505***	***1,985***

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

Corporate Governance and Internal Control System

CAD IT adheres and conforms to the Governance Code for listed companies published by Borsa Italiana in March 2006.
CAD IT considers and defines its Internal Control System as "a set of rules, procedures and organisational structures aimed at achieving, by means of a suitable identification, measurement, management and monitoring process of the principle risks, the running of a healthy, correct and coherent business with pre-established objectives". The internal system for managing risk and control in financial information technology is a constitutive part of a broader Internal Control System. This system also aims at guaranteeing trustworthiness, accuracy, reliability and timeliness of the company and the Group's financial information technology.
The Internal Control System is the mainstay on which *Corporate Governance* stands and is the catalyzing element of all subjects and functions that, each in their own way, contribute to the healthy, correct and coherent running of the business in order to give maximum sustainable value to every activity within the organisation.
Essential parts of the Internal Control System are the Code of Ethics and the Management and Control Organisation Model adopted by the Board of Directors in accordance with the norms concerning "Company administrative responsibility rules" in Leg. Dec. no. 231/2001 and subsequent modifications.
During the financial period, the Management and Control Organisation Model ex Leg. Dec. No. 231/01 was updated due to intervening developments in the norms and laws. The modifications made brought about the acknowledgment of the Health and Safety at Work System (with relative manual and procedures) in accordance with the UNI/INAIL guidelines which represent a best practice standard of reference for compliance to the provisions in Leg. Dec. 81/08.
In compliance to the legal obligations, the CAD IT S.p.A. Board of Directors annually approves the *Corporate governance and property asset report*, in accordance with articles 123 bis and 124 ter TUF and 89 bis Consob Issuer Regulations, in order to provide CAD IT S.p.A. shareholders with an adequate description of the corporate governance system adopted, information on property assets and adhesion to Corporate Governance regulations. The report is published at the same time as this management report and is available for public viewing in the Investor Relations sector of the company's Internet site: www.cadit.it.
Please refer to the complete document for further details on *governance* and the Internal Control System.

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

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

External Risks

Risks connected to the general conditions of the economy and sector

The information technology consultancy market is linked to the economic trend of industrialised countries where the demand for highly technological products is higher. A continuation of the weak economic global situation at both a national and/or international level could reduce demand for the Group's products with a consequent negative effect on the economic, patrimonial and financial situation of the Group itself.
The main market outlet in which the Group deals is the banking and finance sector, which historically has never been subject to significant criticality. As of the last quarter of 2008, the banking and financial sector has undergone considerable crises. A prolonged continuation of this notable weak and uncertain situation, or an even further degeneration, could cause the risk of a significant and widespread worsening of the market conditions with a consequent negative effect on the economic, patrimonial and financial situation of the Group.

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

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

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

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

Risks connected to protecting technological property.

The Group's procedures and software programmes are protected by Italian copyright laws. Furthermore, the Group owns the exclusive rights for the economic use of the programmes and procedures which it has registered in the Special Public Register for Processors as the SIAE – Italian Society for Authors and Editors.
The management also maintains that the technological level of the products the Group offers, together with the technical knowhow needed for their constant and progressive use and updating, are in themselves factors able to limit any risks connected to the appropriation of significant competitive advantages on the part of potential and current competitors. Nevertheless, it cannot be said that the protection recognised by Italian copyright laws excludes other operators in the sector from developing, entirely on their own, similar products or duplicating the Group's unregistered products or designing new ones able to copy the performances and

functions without violating the Group's rights. Furthermore, the Group's technology could be exposed to acts of piracy by third parties.

Internal risks

Risks relating to dependence on key personnel

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

Risks connected to sale times and implementation cycles

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

Risks connected to customer dependence

The Group offers its products and services to small, medium and large companies operating in different markets. During the 2009 period, the orders involving the 3 and 10 customers who generated the largest revenues were 29.6% and 58.7% of revenues of the Group's service and sales performances.
A significant part of the Group's revenues is concentrated on a relatively small number of customers, the loss of which could therefore have a negative effect on the Group's future activities and economic, patrimonial and financial situation.
However, the management maintains that the Group's results do not significantly depend on any specific customer in particular because these customers update their information technology systems at different times and this operation takes rather a long time.

Risks connected to internationalisation

The Group has made significant efforts in recent years in terms of its own internationalisation strategy and expects that an increasingly large part of its revenues will be generated from foreign 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 companies or bodies and defines its own general and operative strategies in full autonomy.
In accordance with art. 2497 bis of the Civil Code, directly or indirectly affiliated companies, with the exception of particular cases, have identified CAD IT S.p.A. as an organisation that exercises managerial and coordination activities. These activities mainly consist of indicating general and operative Group strategies and focus on defining and adjusting to internal control regulations, the issuing of a Code of Ethics to be adopted at a Group level, the processing of general policies for the management of human and financial resources, the provision of productive factors. Moreover, Group coordination for some companies means a centralisation of administrative, corporate and financial management services. The affiliated companies that remain in full control of their managerial and operative autonomy, can then scale their economies by taking advantage of the professionalism and specialist services and concentrate their own resources in the management of their specific operational skills.
During this financial period, and the previous one, no atypical or unusual operations have been carried out as defined in the Consob communication no. DEM/6064293 of 28 July 2006.
In the Financial Statement report, no alternative performance indicators have been adopted with the exception of the net financial position, shown in the Financial Statement notes, for which no reclassifications have been made in terms of Financial Statement figures and relative explanations are supplied and linked to the patrimonial status entries concerned, as defined in the CESR Recommendations.
CAD IT adopts an adequate system to protect information in accordance with Leg. Dec no. 196 of 30th June 2003 “Personal data protection code”.
In reference to article 26 of attachment B of the Legislative Degree no. 196 of 30th June 2003, the programmatic document on security and personal data protection and the use of the measures stated within has been drafted and updated.
In 2009, CAD IT S.p.A., Cad Srl and Cesbe positively passed the inspection and obtained certification for their Information Management System in accordance with the UNI ISO CEI/IEC 27001 regulation.
Furthermore, CAD IT S.p.A positively passed the inspection for its Quality Management System in relation to the “Design, production and sale of component-based software, assistance services and after sales maintenance”, thus obtaining certification under the new UNI EN ISO 9001:2008 norm.
For information on useful staff for understanding and analysing the Group’s progress, please refer to note 8 in the Consolidated Balance.

Foreseeable development

Analysts and international organisms have recently forecast an upturn for 2010. The most recent estimations by OCSE, for example, indicate an increase of about 2 per cent in GNP for all the developed economies; a relatively moderate trend compared to the preceding initial phases of cyclical expansion.
Moreover, some weak factors could influence recovery in the developed economies. The widespread effect of fiscal stimulation measures should, for example, recede in the second half of the year and also the positive contribution from the expected reconstitution of warehouse stores will also be temporary. The chance that consumption starts to fuel the recovery again depends on uncertainties about the labour market conditions; unemployment rates should, in fact, rise further or, in any case, remain high for a good part of 2010.
A weak recovery is expected in Italy for 2010 and 2011, driven by a contained recovery in foreign demand while internal components will supply a scanty contribution to growth. On the whole, Banca d’Italia estimates that the Italian economy can grow by 0.7 per cent in 2010, which will then accelerate to 1% in 2011. Uncertainty about the prospects, however, still remains high and the forecast scene still shows significant variability margins particularly connected to world demand on the one hand, which could be more favourable than expected, and the risk that labour market conditions remain weak for a longer period of time on the other.
On the investment side, after a fall of more than 15 per cent in the last two years, higher than the one

recorded during the 1992-92 recession, the accumulation of capital should begin to expand, favoured by less tension on the credit market, by expansive monetary conditions and tax incentives to increase productive capacity. On average investment totals should increase by 0.7 per cent this year to then shoot to 2 per cent in 2011; productive totals, which benefit more greatly from tax incentives, should grow by more than 6 per cent in the next two years, even though there will be a lull in the second half of 2010 due to tax incentives on purchasing machinery having less effect (the expiry date is 30th June next).[4]

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

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

Furthermore, during 2010 development and commercialisation activities for new products, aimed at traditional and new clients, will continue.

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

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

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

[4] Banca D'Italia, Economic Bulletin no. 59, January 2010

CONSOLIDATED FINANCIAL STATEMENTS OF CAD IT GROUP

Consolidated income statement

	NOTES	Period 2009		Period 2008		Variations	
Income from sales and services to third parties	3	48,863	89.95%	56,699	94.87%	(7,835)	(13.82%)
of which related parties	*37*	*525*	*0.97%*	*338*	*0.57%*	*187*	*55.32%*
Variations in stock of products being elaborated							
Changes in ongoing orders		(41)	(0.08%)	66	0.11%	(107)	(161.81%)
Asset increases due to internal work	3	4,232	7.79%	2,540	4.25%	1,692	66.62%
Other revenue and receipts	3	1,267	2.33%	461	0.77%	805	174.51%
Production value		54,321	100.00%	59,766	100.00%	(5,445)	(9.11%)
Costs for raw	5	(1,086)	(2.00%)	(1,141)	(1.91%)	55	(4.83%)
Service costs	6	(11,238)	(20.69%)	(10,395)	(17.39%)	(843)	8.11%
of which related parties	*38*	*(574)*	*(1.06%)*	*736*	*1.23%*	*(1,310)*	*(178.05%)*
Other operational costs	7	(948)	(1.74%)	(795)	(1.33%)	(153)	19.23%
Added value		41,050	75.57%	47,436	79.37%	(6,385)	(13.46%)
Labour costs	8	(31,337)	(57.69%)	(32,244)	(53.95%)	907	(2.81%)
of which related parties	*38*	*(527)*	*(0.97%)*	*521*	*0.87%*	*(1,048)*	*(201.20%)*
Other administrative expenses	9	(2,461)	(4.53%)	(2,529)	(4.23%)	68	(2.68%)
of which related parties	*38*	*(1,100)*	*(2.03%)*	*1,126*	*1.88%*	*(2,226)*	*(197.73%)*
Gross operational result - EBITDA		7,252	13.35%	12,663	21.19%	(5,411)	(42.73%)
Allocation to Credit Depreciation Fund		(96)	(0.18%)	(103)	(0.17%)	6	(6.27%)
Amortizations:							
- Intangible fixed asset amortization	15	(2,761)	(5.08%)	(2,605)	(4.36%)	(157)	6.01%
- Tangible fixed asset amortization	14	(794)	(1.46%)	(780)	(1.31%)	(14)	1.84%
Other allocations	32	(70)	(0.13%)	-	-	(70)	-
Operational result - EBIT		3,531	6.50%	9,176	15.35%	(5,645)	(61.52%)
Net financial receipts	10	197	0.36%	615	1.03%	(417)	(67.89%)
Net financial charges	10	(57)	(0.11%)	(100)	(0.17%)	43	(42.75%)
Ordinary result		3,671	6.76%	9,691	16.21%	(6,020)	(62.12%)
Revaluations and depreciations	11	153	0.28%	(248)	(0.41%)	401	(161.84%)
Pre-tax and pre-third party share result		3,824	7.04%	9,443	15.80%	(5,618)	(59.50%)
Income taxes	12	(1,967)	(3.62%)	(4,014)	(6.72%)	2,047	(50.99%)
Profit/(loss) for the period		1,857	3.42%	5,428	9.08%	(3,572)	(65.79%)
Profit/(loss) for the period attributable to:							
Non-controlling interests		(128)	(0.24%)	561	0.94%	(689)	(122.90%)
Owners of the parent		1,985	3.65%	4,867	8.14%	(2,882)	(59.21%)
Weighed average number of ordinary shares in circulation		8,980,000		8,980,000			
Basic earnings per share (in Euro)		0.221		0.542			

Statement of comprehensive income

	Period 2009	Period 2008
Profit/(loss) for the period	1,857	5,428
Gains/(Losses) on fair value of available-for-sale financial assets	135	(117)
Total Comprehensive income	1,992	5,311

Profit/(loss) for the period attributable to:		
Non-controlling interests	(128)	561
Owners of the parent	2,121	4,750

Consolidated balance sheet

	Notes	31/12/2009	31/12/2008	Variations
ASSETS				
A) Non-Current Assets				
Assets, equipment and machinery	14	19,212	19,620	(409)
Intangible assets	15	17,747	15,789	1,957
Goodwill	16	8,309	8,309	0
Holdings	17	220	212	8
Other financial assets available for sale	18	781	655	126
Other non-current credits		72	64	7
Credits due to deferred taxes	19	244	231	13
TOTAL NON-CURRENT ASSETS		**46,583**	**44,881**	**1,702**
B) Current Assets				0
Stock	20	112	435	(323)
Ongoing orders	21	312	352	(41)
Commercial credits and other credits	22	28,905	24,623	4,281
of which related parties	38	*282*	*13*	*269*
Tax credits	23	1,791	4,871	(3,080)
Cash on hand and other equivalent assets	24	6,379	13,999	(7,620)
TOTAL CURRENT ASSETS		**37,498**	**44,281**	**(6,783)**
TOTAL ASSETS		**84,081**	**89,163**	**(5,081)**
LIABILITIES				
A) Equity				
Company capital	25	4,670	4,670	0
Reserves	26	35,481	35,346	135
Accumulated profits/losses	27	16,354	18,858	(2,505)
Total equity attributable to owners of the parent		**56,505**	**58,874**	**(2,369)**
Non-controlling interests	25	2,489	3,005	(516)
TOTAL EQUITY		**58,993**	**61,879**	**(2,886)**
B) Non-current liabilities				
Financing	29	179	206	(27)
Liabilities due to deferred taxes	30	3,452	3,497	(45)
TFR and quiescence reserves	31	6,317	6,276	41
of which related parties	38	*132*	*88*	*44*
Expense and risk reserves	32	135	25	110
TOTAL NON-CURRENT LIABILITIES		**10,083**	**10,004**	**79**
C) Current liabilities				
Commercial debts	33	4,393	4,130	263
of which related parties	38	*102*	*180*	*(78)*
Tax debts	34	2,644	5,626	(2,982)
Short-term financing	35	1,286	653	633
Other debts	36	6,682	6,870	(189)
of which related parties	38	*120*	*121*	*(1)*
TOTAL CURRENT LIABILITIES		**15,005**	**17,279**	**(2,275)**
TOTAL LIABILITIES AND EQUITY		**84,081**	**89,163**	**(5,081)**

Statement of changes in equity

	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		
31/12/2005	***4,670***	***35,298***	***12,059***	***1,517***	***53,543***	***2,570***	***56,113***
Increase/(Decrease) in equity reserves		(300)			(300)	56	(244)
Allocation of the period result to reserves			1,517	(1,517)			-
Dividend distribution			(1,616)		(1,616)	(218)	(1,834)
Effects on consolidation reserves			(2)		(2)		(2)
Period result				2,961	2,961	300	3,260
Period end total 2006	***4,670***	***34,997***	***11,957***	***2,961***	***54,585***	***2,708***	***57,293***
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity		203			203		203
Allocation of evaluation reserve for financial assets available for sale to economic account		228			228		228
Allocation of the period result to reserves			2,961	(2,961)		-	-
Dividend distribution			(2,604)		(2,604)	(243)	(2,847)
Period result				7,968	7,968	576	8,545
Period end total 2007	***4,670***	***35,428***	***12,314***	***7,968***	***60,380***	***3,041***	***63,421***
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity		(117)			(117)		(117)
Allocation of evaluation reserve for financial assets available for sale to economic account		35			35		35
Allocation of the period result to reserves			7,968	(7,968)		-	-
Dividend distribution			(6,286)		(6,286)	(593)	(6,879)
Effects on consolidation reserves			(5)		(5)	(5)	(10)
Period result				4,867	4,867	561	5,428
Period end total 2008	**4,670**	**35,346**	**13,991**	**4,867**	**58,874**	**3,005**	**61,879**
Allocation of the period result to reserves			*4,867*	*(4,867)*			-
Dividend distribution			*(4,490)*		*(4,490)*	*(388)*	*(4,878)*
Total comprehensive income		*135*		*1,985*	*2,121*	*(128)*	*1,992*
Period end total 2009	***4,670***	***35,481***	***14,368***	***1,985***	***56,505***	***2,489***	***58,993***

Consolidated Cash Flow Statement

	NOTES	Period 2009	Period 2008
A) OPERATING ACTIVITIES			
Profit (loss) for the period		1,985	4,867
Amortisation, revaluation and depreciation:			
- Assets, equipment and machinery amortisation	14	794	780
- Intangible fixed asset amortization	15	2,761	2,605
- revaluation of holding and financial assets available for sale	17	(163)	(208)
- depreciation of holding and financial assets available for sale	18	10	456
Allocations (utilisation) of funds:		151	(63)
Financial performance:			
- Net financial receipts (charges)	10	(140)	(515)
- Profit / (losses) on exchanges	10	(1)	0
Working capital variations		(2,424)	8,519
Income taxes paid		(1,378)	(6,382)
Interest payment	10	(56)	(100)
(A) - Flusso monetario da (per) attività di esercizio		**1,540**	**9,959**
B) INVESTING ACTIVITIES			
Investing activities			
- Assets, equipment and machinery purchases	14	(394)	(257)
- Intangible assets purchases/development	15	(4,719)	(2,822)
- increase in other fixed assets		(11)	(14)
Disinvestment activities			
- Assets, equipment and machinery transfers	14	9	3
- Decrease in other fixed assets		4	6
Cashed Interest	10	185	609
Cashed dividends	10	167	188
(B) - Cash flows from (for) investing activities		**(4,759)**	**(2,288)**
C) FINANCING ACTIVITIES			
Medium/long term debts repairement	29	(27)	(78)
Effects on consolidation reserve		0	(5)
Third party net patrimony		(516)	(36)
Distribution of dividends	28	(4,490)	(6,286)
(C) - Cash flows from (for) financing activities		**(5,034)**	**(6,405)**
(A+B+C) - Total cash and other equivalent assets flows		(8,253)	1,266
Opening liquid funds and other equivalent assets	37	**13,346**	**12,080**
Closing liquid funds and other equivalent assets	37	**5,093**	**13,346**

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

Notes to the financial statements

1. Accounting policies and evaluation criteria more important

This Financial Statement has been drafted in accordance with the applicable IRFS International accounting standards issued by the International Accounting Standard Board (IASB) and recognized by the European Community in conformity with EC regulation no. 1606/2002. IFRS refers to the International Accounting Standards (IAS) presently in force as well as the interpretative documents issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
This Financial Statement has been drafted in the consolidated form since CAD IT is obliged to draft a consolidated Financial Statement.
In the drawing up of this Financial Statement the same accounting standards have been applied as those adopted in the drafting of the consolidated Financial Statement at 31st December 2008, with the exception of the items described in the explanatory notes – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2009.
The accounting standards adopted have been applied in the same manner throughout the periods shown and for all the Group's companies.
The consolidated Financial Statement has been drafted using the evaluation criterion of past cost, except for financial instruments available for sale, which are assessed at fair value, and the holdings in subsidiaries, which are assessed in accordance with the equity method. Moreover, where some land and buildings have been included in First Time Adoption, the fair value has been used instead of the cost.

Use of estimates

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

Accounting standards, amendments and interpretations applied since 1st January 2009

IAS 1 Reviewed – Balance presentation
The new version of IAS 1 – Balance presentation, approved by the European Union with EC Regulation no. 1274/2008, came into force as of 1st January 2009.
The reviewed version of IAS 1 – Balance presentation, requires that all variations generated by transactions with non-shareholders are to be registered in one single statement that shows the period's trend (statement of comprehensive income) or in two separate statements (income statement and statement of comprehensive income). These variations must be highlighted separately in the Net Patrimony variation statement as well in terms of variations generated by transactions with shareholders.
The Group has applied the reviewed version of the standard as of 1st January 2009 retrospectively, having chosen to highlight all variations generated by transactions with non-shareholders in two statements for measuring period trend respectively entitled "Consolidated income statement" and "Statement of comprehensive income". The Group has consequently modified the presentation of the Net Patrimony variation Statement. Adopting this principle has no effect on the evaluation of balance entries.

Other accounting principles, amendments and interpretations applied since 1st January 2009

At the time of drafting this consolidated 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 2009, and approved by the IASB and IFRIC and published in the European Community's Official Gazette.

Balance sheet layout

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

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

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

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

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

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

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

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

Each significant entry shown in the above-mentioned statements, is marked with references to notes which provide the relative information and details of the composition.

Compared to the Profit and Loss Account balance sheet presented in the consolidated balance at 31/12/2008, the line indicating the amount of increases in internal work capitalised under fixed asset towards third parties has been eliminated; such increases, in fact, relating to capitalisations of costs sustained by CAD IT for services carried out by companies within the Group, are not inherent to correlated parties.

Subsidiary companies

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

Subsidiary companies are consolidated from the date in which control was effectively transferred to the

Group and are no longer consolidated as from the date that control becomes external to the Group.
These companies are consolidated using the integral consolidation method. In order to prepare the consolidated data, the patrimonial, economic and financial situations of the subsidiary and associate companies have been used as prepared by the Group's individual companies at the reference dates, opportunely reclassified and amended to reflect the application of the homogeneous accounting standards.
In drafting the consolidated balance all the balances and significant transactions between the Group's companies have been eliminated, as are all unrealised infra-group profit and loss transactions.

Associated companies

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

Property, plant and equipment

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

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

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

Financial leasing

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

Intangible fixed assets

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

Goodwill

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

Impairment loss

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

is registered to the economic account.

Assets available for sale

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

Other non-current credits

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

Stock

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

On-going orders

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

Commercial credits and other credits

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

Liquid asset availability and equivalent means

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

Non current assets held for sale

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

Employee leaving entitlement

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

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

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

Risk and obligation funds

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

Commercial debts and other current liabilities

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

Revenues and costs

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

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

Income taxes

Current income taxes for the financial period are calculated on the basis of estimates of taxable income in accordance with the laws in vigour: Moreover, the effects deriving from the activation within the Group of the national tax consolidation are also taken into account. The debt for current taxes is accounted for in the patrimonial status, net of any taxes paid in advance.
Deferred and pre-paid income taxes are calculated on the temporary differences between the patrimonial values registered in accordance with the IFRS international accounting standards and the corresponding values realised for tax purposes. Deferred income tax are calculated applying the tax rate which will be in force at the year after the account reference dates.
In particular, assets due to pre-paid taxes are registered when their recovery is probable, that is, when it is expected that sufficient tax profits will be available in the future so that these assets may be used. The degree of recovery of pre-paid tax assets is re-examined at the end of every period. Deferred taxes are

always calculated in compliance with the IAS 12.
The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised the option of Group taxation as stated in art. 117 of TUIR 917/1986, which concerns the determination of a global income that corresponds to the algebraic sum of all net comprehensive incomes of the companies in the group. The liquidation of this one tax allows the Group the contextual use of any tax losses in the period.

2. Subsidiary companies and Consolidation area

The consolidation area, compared to the situation at 31st December 2008, has not changed.
In order to prepare the consolidated Financial Statement, the companies included in the CAD IT Group consolidation using the integral method are as follows:

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

3. Revenues

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

	Period 2009		Period 2008		Variations	%
Income from sales and services	48,863	89.95%	56,699	94.87%	(7,835)	(13.82%)
Variations in stock of products being elaborated	0	0.00%	0	0.00%	0	0.00%
Changes in ongoing orders	(41)	(0.08%)	66	0.11%	(107)	(161.81%)
Asset increases due to internal work	4,232	7.79%	2,540	4.25%	1,692	66.62%
Other revenue and receipts	1,267	2.33%	461	0.77%	805	174.51%
Production value	**54,321**	**100.00%**	**59,766**	**100.00%**	**-5,445**	**(9.11%)**

Services and sales of goods include earnings deriving from the sale of software licences, software maintenance and updating services, the use of personalised applicative packages, the sale of hardware goods, *application management* services, information technology system consultancy and design.
During 2009, earnings form sales and services dropped by 13.82% compared to 2008, reaching a value of Euro 48,863 thousand.
Increases in internal work capitalised under fixed asset reached Euro 4,232 thousand compared to Euro

2,540 thousand in 2008 and included activities carried out by CAD IT (Euro 2,177 thousand), the controlled company CAD (Euro1,389 thousand), CeSBE (Euro 407 thousand), BitGroove (Euro 158 thousand) and Smart Line (Euro 100 thousand) due to the development of new procedures to be sold on user licence or instruments for traditional activities.
The other revenues and returns in 2009 came to Euro 1,267 thousand and include tax credits in accordance with Article 1, paragraphs 280 to 283, of law no. 296 of 27th December 2006, Euro 830 thousand relating to research and development costs sustained in the 2008 and 2009 periods for projects that were on-going from the beginning of 2008 and continued into 2009. The other revenues and returns also include a reimbursement, in accordance with article 6 of Leg. Dec. 185/2009 deriving from a 10% deductibility in Irap paid in 2004-2007.
The Group's activities are not. on the whole, affected by significant cyclical or seasonal variations in total sales during the financial period.

4. Segment reporting by sectors and geographical areas

The internal organisational and managerial structure and the internal reporting for the Board of Directors is presently grouped into two operative divisions: Finance and Manufacturing. These divisions are the basis on which the Group reports sector information according to the primary layout.
The main activities of each sector are as follows:
- Finance: includes the computer applications aimed specifically at banks, insurances and other financial institutions. The main applications provide:
management of intermediary activities on securities, funds and derivate instruments;
management of the typical services in the credit sector, such as the collection, treasury and monitoring of credit procedures;
service allocation for trading on line;
management of integrated banking computer systems;
consultancy and training.
- Manufacturing: includes the development and marketing of instruments and software applications and offers a series of services aimed at allowing the companies to effectively manage numerous company processes, including Outsourcing.
The data not allocated to the sectors mainly refer to income and costs for logistics and administration services given to the group's companies by the controlling party.

Disclosures for business segments	*31/12/2009*				
	Finance	*Manufacturing*	*Not allocated/General*	*Elisions*	*Consolidated*
External revenues	50,676	3,645			54,321
Intersegment revenues	3,387	1,080		(4,467)	-
Total revenues	54,063	4,725		(4,467)	54,321
Costs	(49,345)	(4,641)	(1,271)	4,467	(50,791)
Gross Operating Result (EBITDA)	8,222	301	(1,271)		7,252
Operating Result (EBIT)	4,718	84	(1,271)		3,531
Net financial income (expenses)			140		140
Revaluations and devaluations	163		(10)		153
Result	4,881	84	(1,141)		3,824
Income taxes			(1,967)		(1,967)
Third party share (profit)/loss	14	(18)	133		128
Financial period profit (loss)	4,895	66	(2,975)		1,985
Assets	80,407	1,639	2,035		84,081
Liabilities	17,973	1,019	6,096		25,088

Disclosures for business segments	31/12/2008				
	Finance	Manufacturing	Not allocated/General	Elisions	Consolidated
External revenues	55,668	4,098			59,766
Intersegment revenues	2,759	890		(3,649)	-
Total revenues	58,427	4,988		(3,649)	59,766
Costs	(48,250)	(4,759)	(1,230)	3,649	(50,590)
Gross Operating Result (EBITDA)	13,434	459	(1,230)		12,663
Operating Result (EBIT)	10,176	230	(1,230)		9,176
Net financial income (expenses)			515		515
Revaluations and devaluations	208		(456)		(248)
Result	10,384	230	(1,171)		9,443
Income taxes			(4,014)		(4,014)
Third party share (profit)/loss	(973)	(17)	428		(561)
Financial period profit (loss)	9,411	213	(4,757)		4,867
Assets	81,970	2,090	5,102		89,163
Liabilities	16,885	1,276	9,123		27,283

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

5. Purchase Costs

	31/12/2009	31/12/2008	Variations	%
Hardware-Software purchases for sale	530	732	(202)	(27.6%)
Maintenance and consumable hardware purchases	13	105	(92)	(87.6%)
Other purchases	219	230	(11)	(4.7%)
Variations in raw material stock	323	73	250	340.6%
Total	***1,086***	***1,141***	***(55)***	**(4.8%)**

Costs for hardware and software purchases for commercialisation refer to purchases made for orders that clients had already confirmed and show a 28% decrease compared to 2008.

6. Service costs

	31/12/2009	31/12/2008	Variations	%
External collaboration	6,920	6,118	802	13.1%
Travelling expenses and fee reimbursement	1,533	1,556	(22)	(1.4%)
Other service costs	2,784	2,721	64	2.3%
Total	***11,238***	***10,395***	***843***	**8.1%**

Service costs in 2009 came to Euro 11,238 thousand, showing a 8.1% increase compared to the same period in the previous year (Euro 10,395 thousand).

To be more precise, costs for external collaboration increased by Euro 802 thousand (+13.1%) also due to a greater use of highly qualified and specialised professional figures.

Reimbursement for transfer and travel expenses and other service costs, which came respectively to Euro 1,533 thousand and Euro 2,784 thousand, remaining stable.

Other service costs mainly include assistance fees and hardware and software maintenance. energy costs.

administrative. legal and fiscal consultancy. maintenance costs for office management and installed systems.

7. Other operational costs

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

	31/12/2009	31/12/2008	Variations	%
Third party benefit expenses	795	652	143	22.0%
Various management charges	152	143	9	6.6%
Total	***948***	***795***	***153***	**19.2%**

Third party expenses in 2009 came to Euro 795 thousand and mainly refer to equipment and software instrument hire and the renting of operational office space.

8. Labour costs and Employees

Labour costs are as follows:

	31/12/2009	31/12/2008	Variations	%
Salaries and wages	22,531	23,229	(698)	(3.0%)
Payroll taxes	6,726	6,919	(193)	(2.8%)
Severance pay	1,897	1,925	(28)	(1.5%)
Other costs	183	171	12	7.1%
Total	***31,337***	***32,244***	***(907)***	**(2.8%)**

Labour costs in 2009 financial period decreased by Euro 907 thousand (-2.8%) compared to previous year, due to the decrease of the average number of employees (-2%).
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 31/12/2009	labour force at 31/12/2008	Variations	%
Management	17	17	0	-
White-collars and cadres	584	589	(5)	(0.8%)
Blue-collars	1	1	0	-
Apprentices	2	3	(1)	(33.3%)
Total	**604**	**610**	**(6)**	**(1.0%)**

At the end of 2009, the number of CAD IT Group staff decreased by 6 units compared to previous financial period with a total of 604 employees; to be precise, 21 people were employed during the financial period and 27 were dismissed, thus determining the following turnover rate:

Employees turnover	2009	2008
Negative turnover (Dismissed/employees at beginning of period)	4.43%	4.21%
Positive turnover (Employed/employees at beginning of period)	3.44%	2.91%
Total turnover (∑ turnover)	7.87%	7.12%
Turnover compensation rate (Employed/Dismissed)	77.78%	69.23%

The average number of employees decreased by 14 units compared to 2008 financial period.
The following table shows data regarding the CAD IT Group employees:

Category of employees	*Average number 2009*	*Average number 2008*	*Variations*	*%*
Management	17	18	(1)	(5.6%)
White-collars and cadres	583	595	(12)	(2.0%)
Blue-collars	1	1	-	-
Apprentices	2	3	(1)	(33.3%)
Total	**603**	**617**	**(14)**	**(2.3%)**

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:

	31/12/2009	*31/12/2008*	*Variations*	*%*
Director and legal representative fees	1,564	1,599	(35)	(2.2%)
Director retirement	25	27	(2)	(6.9%)
Director and legal representative fee contributions	152	148	5	3.2%
Telephones	443	487	(43)	(8.9%)
Commissions	71	58	13	22.1%
Advertising fees	206	211	(5)	(2.3%)
Total	***2,461***	***2,529***	***(68)***	***(2.7%)***

The other administrative costs amount to Euro 2,461 thousand (-2.7% compared to 2008 financial period) and mainly refer to Euro 1,564 thousand to remuneration to Board members and managers (-2.2% compared to 2008 financial period), to Euro 443 thousand to telephone expenses (-8.9% compared to 2008 financial period) and to Euro 206 thousand to advertising expenses (-2.3% compared to 2008 financial period).
The other administrative costs include correlated party compensations (see note 37).

10. Financial performance

The financial management result is in credit by Euro 140 thousand, in decrease compared to 2008 financial period (Euro 515 thousand), as the following detailed statement shows:

	31/12/2009	*31/12/2008*	*Variations*	*%*
Financial income from assets available for sale	12	6	7	120.1%
Interest on bank deposits and equivalent	185	609	(424)	(69.6%)
Total financial income	**197**	**615**	***(417)***	**(67.9%)**
Interest on bank overdrafts and loans	(45)	(87)	42	(48.3%)
Interest on debts for financial leasing	(11)	(13)	2	(12.2%)
Losses on exchanges	(1)	(0)	(1)	-
Total financial charges	***(57)***	***(100)***	***43***	**(42.8%)**
Net financial income and (charges)	***140***	***515***	***(375)***	***(72.8%)***

Financial earnings are made up of dividends and interest received from liquid assets in current bank accounts and capitalisation insurance policies classified as liquid assets. The decrease in earnings is generated by liquid assets and equivalent reduction during 2009 compared to previous year, as well as by lower returns in their use.
Financial expenses, which decreased by 42.8%, mainly refer to current account overdrafts.

11. Revaluations and depreciations

	31/12/2009	*31/12/2008*	*Variations*	*%*
Holding revaluation relating to associate companies	163	208	(45)	(21.5%)
Assets available for sale devaluation	(10)	(456)	446	(97.9%)
Total revaluations and depreciations	***153***	***(248)***	***401***	**(161.8%)**

The revaluation of holdings calculated with the net patrimony method concern the subsidiary Sicom S.r.l., which was revaluated at Euro 163 thousand in 2009 and Euro 208 thousand the year before.
The Euro 10 thousand devaluation registered at 31/12/2009 refers to the reduction in value of activities available for sale, which during 2008 financial period instead generated a Euro 456 thousand devaluation.

12. Income taxes

	31/12/2009	*31/12/2008*	*Variations*	*%*
Tax pre-payments	73	23	50	221.3%
Deferred taxes	(106)	(10)	(96)	928.6%
Current taxes	2,001	4,002	(2,001)	(50.0%)
Total income taxes	***1,967***	***4,014***	***(2,047)***	**(51.0%)**
Tax incidence on pre-tax result	51.4%	42.5%		

The taxes ascribable to 2009 financial period were estimated taking the results of the period and the norms in force into account and they represent the best possible estimate of the tax expenses ascribable to the period in question.
The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised the option of Group taxation as stated in art. 117 of TUIR 917/1986, for the three years 2007-2009, 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 the only tax due allows the Group to contextually use any tax losses during the year.
Current tax incidence on the gross result was 51.4%, while in 2008 financial period was 42.5%.
The increase in tax incidence is mainly ascribable to IRAP, which, due to the effect of increasing recoveries in taxable income, tends to have a greater influence when pre-tax results fall.

SUMMARY OF THEORETICAL TAX EXPENSES AND TOTAL EFFECT				
	period 2009		period 2008	
Current IRES tax	908	23.74%	2,734	28.95%
Current IRAP tax	1,019	26.63%	1,301	13.78%
Total current taxes and effective rates	**1,926**	**50.37%**	**4,035**	**42.73%**
Minor taxes from previous financial periods	41		-33	
Total current taxes	**1,967**		**4,002**	

RECONCILIATION BETWEEN TAX EXPENSES IN THE FINANCIAL STATEMENT AND THEORETICAL TAX EXPENSES				
Theoretical rates	IRES	27.50%	IRAP	3.90%
	Taxable	Tax	Taxable	Tax
Pre-tax result	3,824		3,824	
Theoretical tax		**1,052**		**149**
Turnaround of the temporary differences from previous periods				
Representation expenses	(24)		(24)	
Director remuneration	(60)			
Total temporary variations from previous periods	**(84)**	**(23)**	**(24)**	**(1)**
Permanent differences				
To IRES / IRAP income increases	1,285		34,206	
To IRES / IRAP income decreases	(1,724)		(11,891)	
Total permanent differences	**(439)**	**(121)**	**22,315**	**870**
Taxable fiscal income	**3,301**		**26,115**	
Taxable income / current tax on the period's income	**3,301**	**908**	**26,115**	**1,019**
Effective rate on the pre-tax result	**IRES**	**23.74%**	**IRAP**	**26.63%**

13. Earnings per share

The basic earnings per share is calculated by dividing the year's profit ascribable to the ordinary shareholders of the Head Company by the weighed average number of ordinary shares 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	*Period 2009*	*Period 2008*
Net profit ascribable to ordinary shares in thousands of euro	1,985	4,867
Weighed average number of ordinary shares in circulation	8,980,000	8,980,000
Basic earnings per share (in Euro)	**0.221**	**0.542**

14. Property, plant and equipment

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

	31/12/2009	*31/12/2008*	*Variations*	*%*
Land	1,527	1,527	0	-
Buildings	14,957	15,079	(123)	(0.8%)
Plant and equipment	1,901	2,085	(184)	(8.8%)
Other assets	827	930	(102)	(11.0%)
Total property, plant and equipment	***19,212***	***19,620***	***(409)***	**(2.1%)**

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

	Land and buildings	*Plant and machinery*	*Industrial and commercial equipment*	*Other tangible fixed assets*	*Total*
Purchase or production cost	9,140	4,083	29	5,658	18,910
First time adoption revaluations	8,439				8,439
Previous years depreciation and write-downs	(972)	(1,999)	(17)	(4,738)	(7,727)
Adjustments to previous years write-downs				(2)	(2)
Opening value	***16,606***	***2,085***	***11***	***918***	***19,620***
Variations in consolidation area					
Purchases		76		317	394
Transfers					
Reduction in accumulated depreciation due to disposals		19		565	583
Disposals		(19)		(573)	(592)
Revaluations for the period					
Depreciation and write-downs for the period	(123)	(260)	(4)	(408)	(794)
Adjustments to write-downs for the period					
Total tangible fixed assets	***16,484***	***1,901***	***8***	***819***	***19,212***

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 321 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.
Purchases of new tangible assets during the year came to a total of Euro 394 thousand of which Euro 317 thousand were for “other tangible assets” which mainly include information technology equipment, necessary for managing the Group’s traditional activities.
In 2009, real estate, running systems and machinery were not subject to any decrease in value that needed to be recorded in the balance.

15. Intangible fixed assets

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

	31/12/2009	*31/12/2008*	*Variations*	*%*
Industrial patents and similar rights	6,808	7,574	(765)	(10.1%)
Licences, trademarks and similar rights	495	208	287	138.3%
Assets under development	10,444	8,008	2,435	30.4%
Total Intangible fixed assets	***17,747***	***15,789***	***1,957***	**12.4%**

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

	Industrial patents and similar rights	Licences, trademarks and similar rights	Assets under development and payments on account	Other	Total
Purchase or production cost	12,377	3,377	8,008	35	23,798
Previous years revaluations					
Previous years depreciation and write-downs	(4,803)	(3,169)		(35)	(8,008)
Adjustments to previous years write-downs		(1)			(1)
Opening value	***7,574***	***208***	***8,008***	***0***	***15,789***
Variations in consolidation area					
Purchases		486	4,232		4,719
Transfers	1,797		(1,797)		
Reduction in accumulated depreciation due to disposals		466			466
Disposals		(466)			(466)
Revaluations for the period					
Depreciation and write-downs for the period	(2,562)	(199)			(2,761)
Adjustments to write-downs for the period					
Total intangible fixed assets	***6,808***	***495***	***10,444***	***0***	***17,747***

The voice “industrial patent rights and works of ingenuity” is almost entirely made up of software procedures developed by the CAD IT Group; this registration increased by Euro 1,797 thousand due to the reclassification of procedures, previously registered to ongoing intangible assets, that have been completed and became available for sale or use during 2009 financial period. The values are registered to credit to the directly sustained cost, mainly inherent to the use of internal resources used, as well as the extra expenses that may have been added to the original cost. In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product’s lifecycle, estimated at five years. The amortizations of this voice in the 2009 financial period came to Euro 2,562 thousand.

The caption “Licences, trademarks and similar rights” principally includes the licensed out software bought by third parties used by the Group for programming activities. During the period purchases were made for Euro 486 thousand.

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

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

In 2009, on-going assets increased due to costs directly incurred and capitalized by CAD IT (Euro 2,177 thousand) and Smart Line (Euro 100 thousand) and to costs incurred by CAD IT related to activities commissioned to the subsidiaries CAD (Euro 1,389 thousand), CeSBE (Euro 407 thousand) and Bit Groove (Euro 158 thousand), to a total of Euro 4,232 thousand.

These assets have undergone no reduction in value during the year that need to be registered in the Financial Statement.

16. Goodwill

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

The goodwill acquired in an aggregation of companies is allocated, at the time of purchase, to the Cash

Generating Unit (CGU) from which benefits connected to the aggregation are expected.
In particular, with regard to the CGU of the Group, these concern the controlled companies that represent the smallest identifiable group of activities that generate in-coming financial flows and which are largely independent of the in-coming financial flows from other activities or groups of activities.
The accounting value of goodwill has been allocated to the CGU as follows at the date of First Time Adoption:

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

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

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

where:
k_b = interest rate in case of debt
TC = marginal tax rate of the economic bodies being evaluated
B = market value of the debt of a company
V = total market value of a company.
k_p = advisability cost of risk capital
P = market value of the privileged shares
k_s = advisability cost of own capital determined by the market
S = market value of the net capital.
The cost of capital was identified as kS = 9.68%.
The permanent growth rate of the company being evaluated was chosen by taking it as 0% a year despite the CAGR of the income and profits of each being greater.
The value of the companies was determined as a summation of discounted back cash flows (Free Cash Flow), of the remaining value and the net financial position. In brief we can say:
COMPANY VALUE = ± NET FINANCIAL POSITION + DISCOUNTED BACK CASH FLOWS + REMAINING VALUE
If we want to translate this equation into mathematical terms, we could show it in the following way:

N.P.V.= company value (Net Present Value)
P.F.N. = Net Financial Position
FCF = cash flow
k = cost of capital
N = explicit period
g = growth rate of the implicit period
$N.P.V. = \pm P.F.N. + \sum^{N}_{i} FCF\,(1+k)^{-N} + (FCF_{N+1} / k\text{-}g)\ \{[1/[1+(k\text{-}g)]^{N}\}$

17. Investments in associates

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

Company name	*Date of reference*	*Quotaholders' equity including profit for the period*	*Profit for the period*	*Percentage of investment*	*Investment value of the Group*
Sicom S.r.l.	31/12/2008	847	831	25.00%	212
Sicom S.r.l.	31/12/2009	880	653	25.00%	220

18. Financial assets available for sale

This point involves Class Editori S.p.A. and CIA S.p.A. shares, companies listed on Borsa Italiana SpA.
The two holdings are registered in the Financial Statement at stock exchange value at the Financial Statement date.
The profits and losses registered after a *fair value* evaluation at each Financial Statement date for this asset are registered to net patrimony with the exception of those value losses that must be registered in the profit and loss account.
The table below illustrates the value variations of these holdings during the year 2009:

Holding	*31/12/2009*		*31/12/2008*	
	No, of shares held	*Fair value €/000*	*No, of shares held*	*Fair value €/000*
Class Editori S.p.a. (CLE)	559,112	375	559,112	384
Cia S.p.a. (CIA)	1,230,509	406	1,230,509	270
Total		**781**		**655**

19. Credits due to prepaid taxes

Credits due to prepaid taxes, of Euro 244 thousand, are made up of assets in this period or previous periods and will probably create a taxable income. Credits for pre-paid IRES and IRAP taxes are mainly in reference to time differences (deductible over the next few financial periods) and past losses that the Group's companies made.

20. Inventories

The entire point for the periods in question is made up as follows:

	31/12/2009	31/12/2008	Variations	%
Raw materials, consumables and supplies goods	-	-	-	-
Finished goods	112	435	(323)	(74.3%)
Total Inventories	***112***	***435***	***(323)***	**(74.3%)**

21. Ongoing work to order

Ongoing work to order was registered at a total Euro 312 thousand and includes jobs that were in their final stages, evaluated on the basis of the principle of the completion percentage *(cost-to-cost)*.

	31/12/2009	31/12/2008	Variations	%
Ongoing work to order	312	352	(41)	(11.6%)

22. Trade receivables and other credits

Commercial credits and other credits are made up as follows:

	31/12/2009	31/12/2008	Variations	%
Credits to clients	28,372	24,183	4,189	17.3%
Credit depreciation fund	(307)	(253)	(54)	21.4%
Accrued income and deferred expenses	608	517	91	17.6%
Other credits	231	176	55	31.4%
Total trade receivables and other credits	***28,905***	***24,623***	***4,281***	**17.4%**

% coverage credit depreciation fund	1.08%	1.05%

Credits to clients are entirely due within 12 months; the accounting value of commercial credits and other credits is approximate to their *fair value* and are mainly in favour of government, banking institutions, financial and insurance institutions.
The high sum of credits towards clients is conditioned by the size of the value of the contracts, which is often considerable, as well as the contractual terms of payment which usually state that the Financial Statement of the amounts due are to be paid after the procedures supplied have been approved.
The Group evaluated the credits to the probable break-up value. This evaluation is made analytically for expired credits and on expiry of a greater length of time than the average receipt time and on a lump-sum basis for the other credits, depending on the past incidence of losses that the Group finds for sales during the invoicing year.
Regarding credits that are considered uncollectable, an allocation fund has been set up to the amount of Euro 307 thousand (Euro 253 thousand at 31 December 2008) which ensures a cover of 1.08% 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 of credits to clients, compared to the previous financial period, was mainly due to the same credit collection trend.
The point Accrued accruals and payables refers to accrued income made up as follows:
The full amount of the point accrued accruals and payables refers to deferred expenses made up as follows:

Nature	31/12/2009	31/12/2008
Software assistance	94	129
Advertising expenses	37	29
Third party benefit expenses	98	20
Telephone charges	28	16
Administrative services	3	6
Various insurances	22	24
Hardware assistance	33	5
Various	293	288
Total Accrued costs	***608***	***517***

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

Credits towards other	31/12/2009	31/12/2008	Variations	%
Receivables from social security institutions	2	1	1	129.6%
Receivables for advances on travel expenses	5	7	(2)	(22.5%)
Payments on account to suppliers	172	116	56	48.4%
Other	50	50	0	0.9%
Insurances	0	1	(1)	(100.0%)
Guarantee deposits	3	3	0	11.8%
Total credits towards other	***231***	***176***	***55***	**31.4%**

23. Tax credits

The entry of Euro 1,791 thousand mainly consists of an excess in down payments paid towards direct taxes (IRES and IRAL) during the financial period, by tax credit in accordance with Article 1, paragraphs 280 to 283 of law no. 296 of 27th December 2006, awarded on research and development costs (Euro 415 thousand) and tax credit relating to an IRES reimbursement deriving from the deductibility of 10% IRAP for the years 2004-2007 (Euro 212 thousand).

24. Cash and other equivalent assets

	31/12/2009	31/12/2008	Variations	%
Bank and postal accounts	3,854	11,548	(7,694)	(66.6%)
Cash-on-hand and cheques	19	17	2	12.3%
Insurance policies capitalised	2,505	2,434	71	2.9%
Total Cash and other equivalent assets	***6,379***	***13,999***	***(7,620)***	**(54.4%)**

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 € 4,669,600. It was subdivided into 8,980,000 ordinary shares with a nominal value of € 0.52 each and all with equal rights.
The ordinary shares are registered and indivisible and each one gives the right to a vote at the ordinary and

extraordinary shareholders' meetings, as well as to the faculty of carrying out other company and patrimonial rights in accordance with the law and the statute.
Neither CAD IT S.p.A. nor its controlled companies own CAD IT or their own shares, not even through trustee companies or third parties.

Group net patrimony

The Group net patrimony came to Euro 56,505 thousand compared to Euro 58,874 thousand at 31 December 2008. The reduction in consolidated net patrimony derives form the distribution of parent company dividends relating to the 2008 financial period, as agreed at the Shareholders' Meeting; please refer to statement of changes in equity for further details.

Third party net patrimony

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

Minority interests	*31/12/2009*	*31/12/2008*
Minority quotaholders of Cesbe S.r.l.	1,619	1,853
Minority quotaholders of Elidata srl	415	539
Minority quotaholders of Smart Line S.r.l.	343	381
Minority quotaholders of Datafox S.r.l.	56	127
Minority quotaholders of Tecsit S.r.l.	32	33
Minority quotaholders of DQS S.r.l.	24	71
Total third party net patrimony	***2,489***	***3,005***

26. Reserves

	31/12/2009	*31/12/2008*	*Variations*	*%*
Share surcharge reserve	35,246	35,246	0	-
Re-evaluation reserve for fin. assets available for sale	235	100	135	135.8%
Total Reserves	***35,481***	***35,346***	***135***	**0.4%**

The variation of the evaluation reserve for assets available for sale comes from the variation in *fair value* at 31 December 2009 of the holding in the quoted companies, directly registered in the net patrimony reserve (refer to note 18).

27. Accumulated profit/losses

	31/12/2009	*31/12/2008*	*Variations*	*%*
Previous profits/losses	232	123	109	88.6%
Legal reserve	934	934	0	-
FTA transition reserve	2,119	2,119	0	-
Consolidation reserve	176	52	123	236.1%
Available joint profit reserve	10,908	10,763	145	1.3%
Period profits/losses	1,985	4,867	(2,882)	(59.2%)
Total accumulated profits/losses	***16,354***	***18,858***	***(2,505)***	**(13.3%)**

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

28. Dividends paid

On the basis of the results of the 2008 period, which confirm the Group's ability to generate positive income margins, the distribution of an ordinary dividend of Euro 0.50 per share, for total amount to Euro 4,490 thousand, was approved at the Shareholders' Meeting on 29th April 2009; the coupon detachment carried out on 11th May 2009 and payment on 14th May 2009.

29. Financing

The total amount of Euro 179 thousand entirely refers to the registration of the amount of debt funding determined by property leasing in accordance with the financial method.

	31/12/2009	31/12/2008	Variations	%
Due to banks after 12 months	0	0	0	-
Sums due to other financing institutions after 12 months	179	206	(27)	(13.3%)
Total financing	***179***	***206***	***(27)***	**(13.3%)**

30. Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,452 thousand (compared to Euro 3,497 thousand at 31 December 2008) 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. They mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods.

31. Employees' leaving entitlement and quiescence reserves

	31/12/2009	31/12/2008	Variations	%
Employees' leaving entitlement (TFR)	6,301	6,206	95	1.5%
Fund due to director end of term of office treatment	17	70	(53)	(76.2%)
Total	***6,317***	***6,276***	***41***	**0.7%**

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

Employees' leaving entitlement	31/12/2009	31/12/2008
at 1 January	6,206	6,293
Discounting back	72	114
Allocation of period	356	351
Utilisation	(333)	(552)
Closing balance	***6,301***	***6,206***

In order to carry out the mathematical evaluation, the database of each employee (salary, matured TFR net of any advance payments, age, sex, qualification, etc.) was given to the external actuaries by the companies' qualified offices. The hypothetical specifications on the employees in service regarding both their demographic evolution and their future economic characteristics, were calculated on the basis of some past company series, on similar experience and on market figures as well as on the basis of some indications supplied by the companies themselves in terms of their experience and sensitivity to company events.
In particular, in determining the present value of future services that are expected to be necessary in order to settle obligations deriving from working activities carried out in the current period and previous periods, the following were calculated:
- the present value regarding future forecasted services relating to working activities carried out in previous periods;
- the welfare cost regarding present work services, i.e. the increase in the present value of obligations resulting from work being carried out in the current period;
- the interest allowed given by the increase that the present value of the obligations is subject to during a period because of the fact that the date of payment of a benefit becomes one period closer.
The results of the mathematical evaluations on the basis of the IAS for TFR at 31 December 2009 are shown below:

Previous years' cost	*Current year's cost*	*Current year's interests allowed*	*Actuarial gain (loss)*
5,894	118	231	(72)

32. Expense funds and risks

The total entry of Euro 135 thousand includes earmarking for tax amendments relating to previous financial periods, the object of partial controversy, whose costs have been estimated at Euro 65 thousand and Euro 70 thousand has been estimated for on-going legal controversies.

33. Commercial debts

The entire point amount to Euro 4,393 thousand and shows the following trend:

	31/12/2009	*31/12/2008*	*Variations*	*%*
Debts towards associeted companies	78	107	(29)	(26.9%)
Debts towards suppliers	3,808	3,592	215	6.0%
Payments on account received	277	190	87	45.8%
Accrued expenses and deferred income	230	240	(10)	(4.3%)
Total Commercial debts	***4,393***	***4,130***	***263***	**6.4%**

Debts towards suppliers are referred to as current debts for supplies of goods and services received.
The deferred income refers almost entirely to income that was already invoiced regarding annual ordinary maintenance contracts on user licences and mainly pertaining to 2010 financial period.

34. Tax debts

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

payments paid during the year.
At the time of drafting this balance, there were no on-going controversies with Financial Administration with the exception of that reported in note 32.

35. Short-term financing

At 31 December 2009 this point (Euro 1,286 thousand) is made up of Euro 1,276 thousand from short-term funding to banking institutions outstanding at account and of Euro 10 thousand from debts within 12 months for financial leasing.

36. Other debts

Details of other debts are as shown:

	31/12/2009	31/12/2008	Variations	%
Social security charges payable	2,504	2,545	(41)	(1.6%)
Towards directors	40	103	(63)	(60.9%)
Dividends to be distributed to shareholders (third parties)	54	54	0	-
Towards staff for deferred salaries and pay	4,048	4,150	(101)	(2.4%)
Other	35	19	16	86.5%
Total	***6,682***	***6,870***	***(189)***	***(2.7%)***

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

Debt towards staff for wages and deferred pay	31/12/2009	31/12/2008	Variations	%
For wages and expense accounts	1,070	1,039	31	3.0%
For production incentives	4	147	(143)	(97.2%)
For holidays	2,210	2,214	(5)	(0.2%)
For year-end bonus	9	0	9	-
For summer bonus	755	749	6	0.8%
Total	***4,048***	***4,150***	***(101)***	***(2.4%)***

37. Consolidated net financial position

The consolidated net financial availability was in credit by Euro 4,914 thousand at 31 December 2009.
In particular the amount of cash-on-hand was Euro 5,093 thousand, compared to Euro 13,346 thousand at 31 December 2008 (decreasing of Euro 8,246 thousand), while net financial availability was Euro 4,921 thousand, compared to Euro 13,140 thousand at 31 December 2008.
Cash-on-hand and in bank accounts came to Euro 3,873 thousand. Capitalisation insurance policies of Euro 2,505 thousand were contractually available on 20-day prior request without any significant tax expenses.
Short-term debts towards banks regard overdrawn accounts advances subject to final payment.

Variations in net financial position/(indebtedness)	*31/12/2009*	*31/12/2008*	*Variations*	*%*
Bank and postal accounts	3,854	11,548	(7,694)	(66.6%)
Money and Cheques	19	17	2	12.3%
Insurance policies capitalised	2,505	2,434	71	2.9%
Short-term payables due to banks	(1,286)	(653)	(633)	96.9%
Net short-term financial position/(indebtedness)	**5,093**	**13,346**	***(8,253)***	**(61.8%)**
Long-term loans	(179)	(206)	27	(13.3%)
Net long-term financial position/(indebtedness)	**(179)**	**(206)**	***27***	**(13.3%)**
Net financial position / (indebtedness)	***4,914***	***13,140***	***(8,226)***	**(62.6%)**

The net financial position balance sheet agrees with the balance sheets; it is hereby reported that: cash in bank accounts and capitalisation insurance policies are registered in the patrimonial status as "Cash and other equivalent assets"; short-term financial debts are registered as "Payables due to banks current portion"; long-term financing is registered in the patrimonial status as "Long-term loans".
As shown in the consolidated financial balance, the decrease in financial availability was determined by a reduction in cash flows generated by operative management and the use of availability for investment and funding activities.
In particular:

- operational management activities generated positive flows of Euro 1,540 thousand (compared to Euro 9,959 thousand in the previous financial period) due to self-financing (net result plus amortisations) net of non-monetary items;
- investment activities absorbed Euro 4,759 thousand (compared to Euro 2,288 thousand in 2008) due to investments in intangible assets (Euro 4,719 thousand) and tangible assets (Euro 394 thousand), compensated in part by incoming interests and dividends;
- financing activities absorbed Euro 5,034 thousand (compared to Euro 6,405 thousand in 2008), mainly due to the payment of CAD IT shareholder dividends (Euro 4,490 thousand).

38. Related parties transactions

Relations between the Group's companies are administered on the basis of contractual relations drawn up by the respective administrative organs bearing in mind the quality of the assets and services involved and the competitive conditions of the market, adapting the interests of the Group.
The following table shows the incidence of transactions with correlated parties on the respective balance entry at 31/12/2009:

Transaction incidence with correlated parties - Period 2009	Total	Correlated Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	48,863	525	1.07%
Service costs	(11,238)	(574)	5.11%
Labour costs	(31,337)	(527)	1.68%
Other administrative expenses	(2,461)	(1,100)	44.71%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	28,905	282	0.98%
TFR and pension funds	6,317	132	2.10%
Commercial debts	4,393	102	2.33%
Other debts	6,682	120	1.80%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	167	155	92.65%

Revenues with correlated parties mainly concern services carried out for Xchanging (Euro 299 thousand), the company that has a 10% holding in CAD IT, and the subsidiary Sicom (Euro 221 thousand).

Service costs for correlated parties include services carried out by the subsidiary Sicom towards the parent company (Euro 407 thousand), fees paid to the CAD IT Auditing Board members (Euro 52 thousand) and those regarding translation and language training costs supplied by a company partly owned by a CAD IT director (Euro 98 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 (see note 38) as well as to the directors of other companies in the Group who are related to, or have an affinity with them.

Credits towards correlated parties are mainly made up of parent company credits towards the subsidiary Sicom (Euro 264 thousand).

Debts towards correlated parties are mainly made up of commercial debts for the above mentioned services that had not yet matured (Euro 102 thousand), debts towards employees for remunerations and remuneration accruals (Euro 109 thousand) and severance pay (Euro 132 thousand).

With the exception of the above relations, no other significant relations of an economic-patrimonial nature have been undertaken with correlated parties.

The table below shows the incidence of relations with correlated parties for 2008.

Transaction incidence with correlated parties - Period 2008	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	56,699	338	0.60%
Service costs	10,395	736	7.08%
Labour costs	32,244	521	1.62%
Other administrative expenses	2,529	1,126	44.54%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	24,623	13	0.05%
TFR and pension funds	6,276	88	1.40%
Commercial debts	4,130	180	4.37%
Other debts	6,870	121	1.76%
C) Transaction or position incidence with correlated parties on financial flows			
Intangible assets purchases	2,822	1,042	36.91%
Cashed dividends	188	182	97.02%

39. Relations with administrative and managerial organs

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.

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

Name and Surname	Role	Company name	Term of office	End of Office term	Remunerations for role	Bonuses and other incentives	Indemnity at termination of office	Other remunerations
Dal Cortivo Giuseppe	Chairman and Managing Director	CAD IT Spa	01/01-31/12	Balance approval 2011	150	-	-	-
	Legal representative	CAD Srl	01/01-31/12	indefinite	87	-	-	87
	Director	CESBE Srl	01/01-31/12	indefinite	9	-	-	9
	Director	BITGROOVE Srl	01/01-31/12	Balance approval 2011	9	-	-	9
	Director	DQS Srl	01/01-31/12	Balance approval 2011	8	-	2	8
	Director	SICOM Srl	01/01-31/12	indefinite	6	-	-	6
Magnani Giampietro	Managing Director	CAD IT Spa	01/01-31/12	Balance approval 2011	150	-	-	-
	Chairman and Managing Director	CAD Srl	01/01-31/12	Balance approval 2009	87	-	-	87
	Director	BITGROOVE Srl	01/01-31/12	indefinite	15	-	-	15
	Director	NETBUREAU Srl	01/01-31/12	Balance approval 2011	6	-	-	6
	Director	SMART LINE SRL	01/01-31/12	Balance approval 2010	12	-	-	12
Rizzoli Maurizio	Director	CAD IT Spa	01/01-31/12	Balance approval 2011	16	-	-	-
Zanella Luigi	Managing Director	CAD IT Spa	01/01-31/12	Balance approval 2011	149	-	-	-
	Legal representative	CAD Srl	01/01-31/12	indefinite	87	-	-	87
	Director	CESBE Srl	01/01-31/12	indefinite	9	-	-	9
	Director	BITGROOVE Srl	01/01-31/12	Balance approval 2011	9	-	-	9
	Director	DQS Srl	01/01-31/12	Balance approval 2011	8	-	3	8
	Director	SICOM Srl	01/01-31/12	indefinite	6	-	-	6
Dal Cortivo Paolo	Managing Director	CAD IT Spa	01/01-31/12	Balance approval 2011	19	-	-	97
Margetts Michael	Director	CAD IT Spa	01/01 - 30/04	Balance approval 2008	3	-	-	-
Lambertini Lamberto	Director	CAD IT Spa	01/01-31/12	Balance approval 2011	16	-	-	-
Rossi Francesco	Director	CAD IT Spa	01/01-31/12	Balance approval 2011	16	-	-	-
Sohler Matthias Wolfgang	Director	CAD IT Spa	01/05-31/12	Balance approval 2011	9	-	-	-
Cusumano Giannicola	Chairman Statutory Auditor	CAD IT Spa	01/01-30/04	Balance approval 2008	8	-	-	-
	Statutory Auditors	CAD Srl	01/01-31/12	Balance approval 2009	5	-	-	5
Ranocchi Gianpaolo	Statutory Auditors	CAD IT Spa	01/01-31/12	Balance approval 2011	16	-	-	-
	Chairman Statutory Auditor	CAD Srl	01/01-31/12	Balance approval 2009	7	-	-	7
Tengattini Renato	Statutory Auditors	CAD IT Spa	01/01-31/12	Balance approval 2011	16	-	-	-
Riccardo Ferrari	Chairman Statutory Auditor	CAD IT Spa	01/05-31/12	Balance approval 2011	17	-	-	-
Dirigenti strategici		CAD IT Spa	01/01-31/12		-	-	-	72
TOTAL					955		5	539

The remunerations for this position include specific emoluments decided by the meeting even if they have not been paid, tokens for participating at company meetings and any lump-sum expense reimbursements.
Bonuses and other incentives include the variable part of emoluments in relation to reaching the objectives set by the remuneration committee, as established during the meeting.
Other remunerations include emoluments for positions in subsidiary companies, employee salaries (gross of welfare and tax costs to be paid by the employee, excluding those obligatory collective welfare costs to be paid by the company and put aside in the TFR fund) and all other remunerations deriving from other services supplied.
Severance pay includes redundancy pay.
At the moment there are no ongoing stock option plans.
Shares held by administrative and managerial organs are shown in the specific point regarding management

relations.

40. Important events since 31st December 2009

Subsequent to 31st December 2009, there have been no events of particular importance to significantly influence the shareholders' equities or economic results of the Group.
For further information on the foreseeable development of management, refer to the management report in the specific paragraph.

41. Warranties

The credit lines granted by banks but currently not utilised are guaranteed by mortgages of € 12,395 thousand on buildings.

42. Other information

There have been no transactions or any non recurrent significant events, as defined in the Consob DEM/6064293 communication, in the present financial period or the previous one.
CAD IT and the Group's companies have not drawn up any contracts containing clauses that depend on continual financial funding (covenant) nor any agreements where a subject – to whom a loan has been granted – must behave accordingly (*negative pledge*).
The present annual report was approved by the CAD IT S.p.A. Board of Directors on 12 March 2010.

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

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

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

of the administrative and accounting procedures for drafting the consolidated Financial Statement during the 2009 financial period.

2. Moreover, it is hereby declared that the Consolidated Financial Statement sheet:

a) has been drafted in accordance with the International accounting standards (IFRS) adopted and recognized by the European Union in conformity with EC regulation no. 1606/2002 of the European Parliament and Council of 19th July 2002;

b) corresponds to the results in the company books and accounting documents;

c) appropriately gives a true and correct representation of the patrimonial, economic and financial situation of the Company and the companies included in the consolidation.

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

Verona, 12 March 2010

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

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

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

The following table, drafted in accordance with art. 149-duodecies of the Consob Issuer Regulation, shows the compensations regarding the 2009 financial period for auditing services and other services carried out by BDO S.p.A.; no services were carried out by entities belonging to its network.

Type of service	*Receiver*	*Compensations*
Accounting audit	CAD IT S.p.A.	€ 11,913
Accounting audit	Subsidiaries	€ 46,543
Total		**€ 58,456**

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

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Auditor's report on the consolidated financial statements
in accordance with art. 156 of legislative decree n. 58 of 24 February 1998
(This report has been translated from the original Italian text
which was issued in accordance with the Italian legislation)

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

1. We have audited the consolidated financial statements including the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes, of CAD IT S.p.A. and its subsidiaries (the "CAD IT Group") as of and for the year ended December 31, 2009. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005, are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

   For the opinion on the consolidated financial statements of prior year, the data of which presented for comparative purposes have been reclassified to consider the changes to the financial statements' schemes required by the amendment of IAS 1, reference should be made to our auditor's report issued on April 10, 2009.

3. In our opinion, the consolidated financial statements of CAD IT Group as of December 31, 2009 comply with International Financial Reporting Standards as adopted by European Union and the requirements of national regulations issued pursuant to art. 9 of legislative decree n. 38/2005; therefore, they are clearly stated and give a true and fair view of the financial position, the results of the operations and the cash flows of the CAD IT Group for the year then ended.

4. The Directors of CAD IT S.p.A. are responsible for the preparation of the report on operations and the annual report on corporate governance and ownership structures, published in the investor relations section of CAD IT S.p.A. web site, in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information provided by paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of art. 123-bis of legislative decree n. 58/1998 included in the annual report on corporate governance and ownership structures, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information provided by paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) of art. 123-bis of legislative decree n. 58/1998, included in the annual report on corporate governance and ownership structures, are consistent with the consolidated financial statements of CAD IT Group as of December 31, 2009.

Verona, March 16, 2010

BDO S.p.A.

Signed by:
Alessandro Gigliarano
(Director)

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