



CAD IT S.p.A.

Half-yearly Financial Report
at 30th June 2012

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

CAD IT S.p.A.

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

Half-Yearly Financial Report at 30/06/2012

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

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BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS ⁽¹⁾

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI ⁽²⁾
Director

JÖRG KARSTEN BRAND
Director

FRANCESCO ROSSI ⁽²⁾
Director and lead 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.



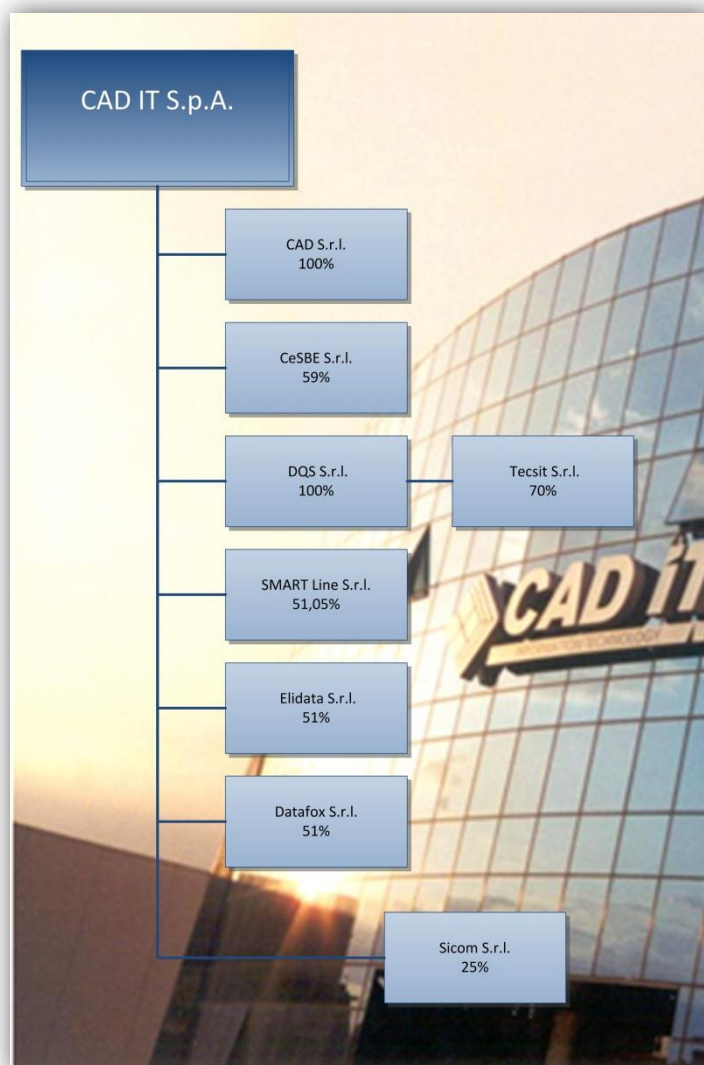
- (1) Appointed on 26 April 2012; office expires with the shareholders' meeting for the approval of the 2014 financial statements.
 (2) Member of the Control and Risk Committee; member of the Nominating and Compensation Committee.

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 Vice-Chairmen Giampietro Magnani and Luigi Zanella, pursuant to article 20 of the company by-laws, carry out vicarious functions to those of the President in case of his absence or impediment. 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 for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million); furthermore, the aforementioned directors will have the power and faculty, with their single free 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 for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million). The said Managing Director will have ordinary administrative power to represent the Company in terms of relations with institutional investors and shareholders as well as with Borsa Italiana S.p.A. and Consob, by sending them communications and information, including anything required by the laws in force and/or the international best practice rules in respect of the laws and rules themselves and any internal regulations.



CAD IT Group as at 30/06/2012

PRELIMINARY REMARKS

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

The six-monthly financial report laid out to conform with the applicable International accounting standards recognised by the European Community as in accordance with the EC regulation no. 1606/2002 of the European Parliament and Council on 19th July 2002 and in particular with IAS 34 – Interim Financial Reporting. The report was drafted by applying the same accounting standards used for drafting the Consolidated Balance at 31st December 2011, with the exception of the items described in the explanatory notes – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2012.

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

Unless otherwise indicated, the monetary quantities in the accounting tables and those in the notes, are shown rounded off to the nearest thousand euro. For this reason, in some tables it may be that the detailed figures differ from the rounded off ones. The percentage figures shown are calculated using the non-rounded off figures.

INTERIM MANAGEMENT REPORT

This intermediary report on management accompanies CAD IT Group's summarised six-monthly balance at 30th June 2012 and contains references to important events that have occurred during the first six months of the financial period and their incidence on the summarised six-monthly balance, together with a description of the main risks and uncertainties that may occur in the remaining six months to come. The interim management report also contains information on the relevant and correlated party transactions as well as an indication of significant (or relevant) transactions that occurred up to the moment of drafting the report.

Activities of the Group

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

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

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

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

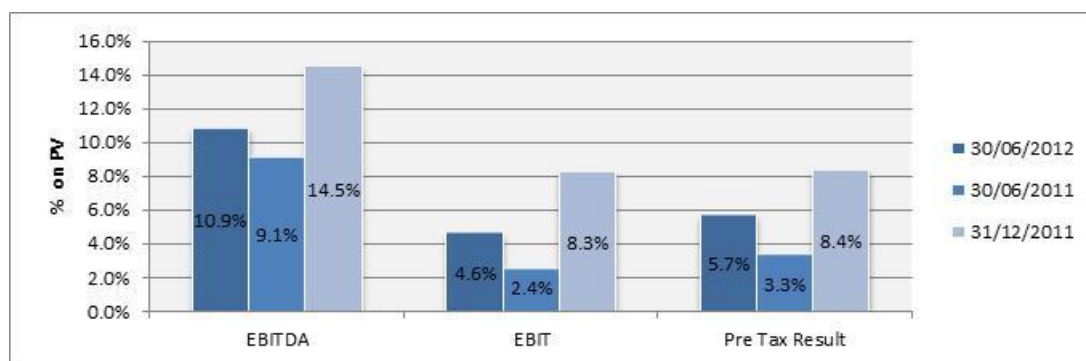
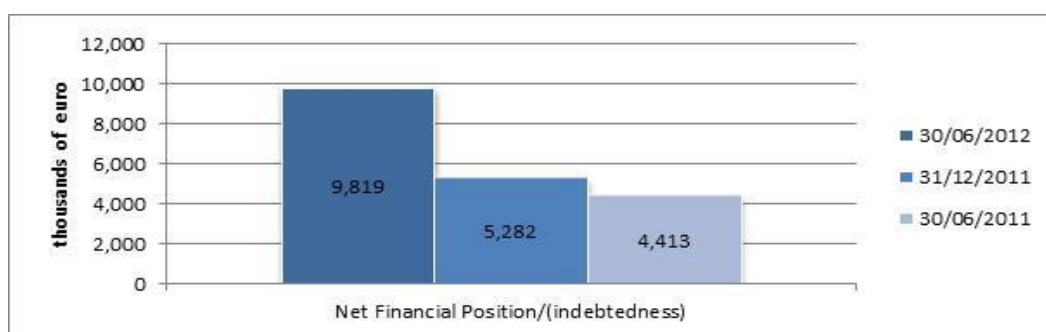
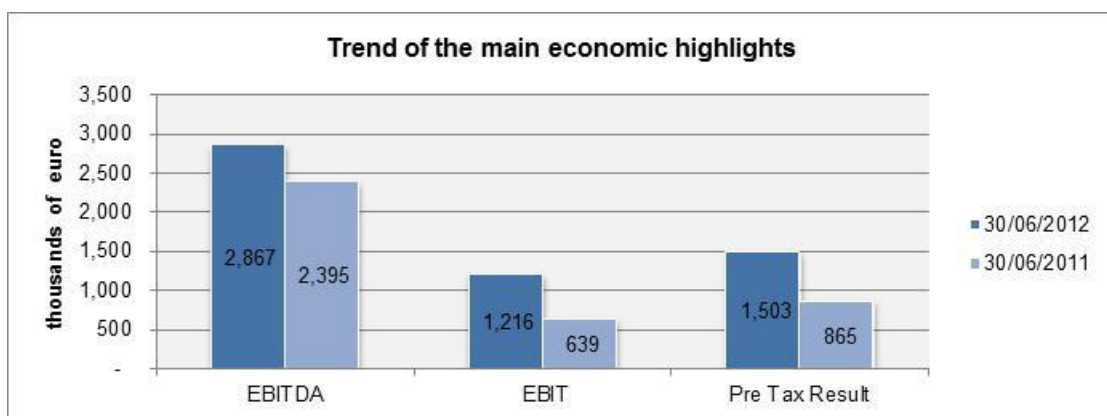
In addition, the Group boasts long-standing activity in the industrial sector and the capacity to offer solutions for e-business, credit and industrial companies in constant evolution.

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

Summary of the Group's results and data

	30/06/2012		30/06/2011		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Production value	26,424	100.0%	26,193	100.0%	231	0.9%
Added value	21,042	79.6%	20,297	77.5%	745	3.7%
Gross operational result (EBITDA)	2,867	10.9%	2,395	9.1%	472	19.7%
Operational result (EBIT)	1,216	4.6%	639	2.4%	577	90.2%
Ordinary result	1,265	4.8%	638	2.4%	628	98.4%
Pre-tax result	1,503	5.7%	865	3.3%	638	73.7%
Income taxes	(856)	(3.2%)	(813)	(3.1%)	(43)	5.4%
Profit (loss) for the period	647	2.4%	53	0.2%	594	1,131.9%
Profit/(loss) for the period attributable to owners of the parent	505	1.9%	42	0.2%	463	1,090.7%
Total comprehensive income	631		(34)		665	(1,977.3%)
Total comprehensive income attributable to owners of the parent	490		(44)		533	(1,221.2%)

	30/06/2012	31/12/2011	30/06/2011
Total Assets	89,238	86,028	86,563
Total Equity	56,239	57,845	55,773
Equity attributable to Owners of the parent	53,690	55,356	53,491
Net short-term financial position/(indebtedness)	9,819	5,401	4,548
Net financial position / (indebtedness)	9,819	5,282	4,413
Employees at the end of the period (number)	604	594	601
Employees (average number in the period)	600	601	603



Analysis of the consolidated income results

	30/06/2012		30/06/2011		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	24,582	93.0%	24,198	92.4%	385	1.6%
Changes in ongoing orders	0	0.0%	14	0.1%	(14)	(100.0%)
Asset increases due to internal work	1,809	6.8%	1,937	7.4%	(128)	(6.6%)
Other revenue and receipts	33	0.1%	45	0.2%	(12)	(27.4%)
Production value	26,424	100.0%	26,193	100.0%	231	0.9%
Costs for raw	(249)	(0.9%)	(433)	(1.7%)	185	(42.6%)
Service costs	(4,738)	(17.9%)	(5,115)	(19.5%)	377	(7.4%)
Other operational costs	(396)	(1.5%)	(349)	(1.3%)	(47)	13.5%
Added value	21,042	79.6%	20,297	77.5%	745	3.7%
Labour costs	(17,122)	(64.8%)	(16,800)	(64.1%)	(322)	1.9%
Other administrative expenses	(1,052)	(4.0%)	(1,101)	(4.2%)	49	(4.4%)
Gross operational result - EBITDA	2,867	10.9%	2,395	9.1%	472	19.7%
Allocation to fund and credit depreciation	(3)	(0.0%)	(44)	(0.2%)	42	(94.1%)
Amortizations :						
- Intangible fixed asset amortization	(1,351)	(5.1%)	(1,390)	(5.3%)	39	(2.8%)
- Tangible fixed asset amortization	(298)	(1.1%)	(322)	(1.2%)	24	(7.5%)
Operational result - EBIT	1,216	4.6%	639	2.4%	577	90.2%
Financial income	82	0.3%	41	0.2%	41	98.4%
Financial expenses	(33)	(0.1%)	(43)	(0.2%)	10	(23.8%)
Ordinary result	1,265	4.8%	638	2.4%	628	98.4%
Revaluations and depreciations	238	0.9%	228	0.9%	10	4.5%
Pre-tax result	1,503	5.7%	865	3.3%	638	73.7%
Income taxes	(856)	(3.2%)	(813)	(3.1%)	(43)	5.4%
Profit (loss) for the period	647	2.4%	53	0.2%	594	1,131.9%

Profit (loss) for the period attributable to:						
Non- controlling interests	141	0.5%	10	0.0%	131	1,305.7%
Owners of the parent	505	1.9%	42	0.2%	463	1,090.7%

Weighted average number of ordinary shares outstanding	8,980,000		8,980,000
Basic earnings per share (in €)	0.056		0.005

The CAD IT group closed the first six months of the 2012 financial period with return results and margins showing an improvement compared to the same six months in 2011. Net profit was Euro 647 thousand despite the continuing unfavourable economic trend.

The value of production of the period, which showed a slight increase compared to the previous year, was mainly determined by earnings from sales and services amounting to Euro 24,582 thousand (+1.6% compared to Euro 24,198 thousand in the first six months of 2011) as well as by increases in internal work capitalized under fixed assets of Euro 1,809 thousand (a slight decrease compared to the Euro 1,937 thousand in the same period in 2011) due to the use of resources to develop new procedures and the Group's own software installations.

The Euro 21,042 thousand added value showed a slight improvement compared to the previous period (Euro 20,297 thousand), with a 79.6% marginality on the value of production (77.5% in the first six months of 2011), following a reduction in purchase costs (Euro 249 thousand compared to Euro 433 thousand in 2011) and a reduction in service costs (Euro 4,738 thousand compared to Euro 5,115 thousand in 2011).

Labour costs amounting to Euro 17,122 thousand showed an increase compared to the first half of 2011 (Euro 16,800 thousand). The average number of employees during the six months was 600 units, substantially in line with the same period in 2011 (603 units).

Other administrative costs were lower too thanks to the Management's constant attention to cost containment contributing to a rise in the EBITDA revenue margin which went from 9.1% of the value of production in 2011 to 10.9% in the first six months of 2012. The gross operational result rose to Euro 2,867 thousand compared to Euro 2,395 thousand in the first half of 2011.

Amortization quotas for this semester slightly decreased to Euro 1,351 thousand for intangible assets and Euro 298 thousand for tangible assets compared to Euro 1,390 thousand and Euro 322 thousand respectively in the same 2011 period.

The EBIT operational result for the six month period was in credit by Euro 1,216 thousand showing a clear improvement compared to the first six months of 2011 (Euro 639 thousand).

Also improved the net result of the financial management with Euro 82 thousand in earnings and Euro 33 thousand in financial outlay, compared to Euro 41 thousand and Euro 43 thousand in the first six months of the previous financial period.

The ordinary result was in credit by Euro 1,265 thousand compared to Euro 638 thousand in the first half of 2011.

The positive result of the associated company Sicom S.r.l., evaluated with the net patrimony method, generated a Euro 214 thousand revaluation while, in the same period in 2011, this figure had amounted to Euro 228 thousand.

The pre-tax result and third party share was in credit standing at Euro 1,503 thousand (equal to 5.7% of the value of production) compared to Euro 865 thousand (3.3% of the value of production) in the first half of 2011.

Income taxes came to Euro 856 thousand compared to Euro 813 thousand in the first six months of 2011 and the result for the period was in credit by Euro 647 thousand compared to Euro 53 thousand in the first six months of 2011.

The result for the period ascribed to CAD IT shareholders was in credit by Euro 505 thousand compared to Euro 42 thousand in the first semester of 2011; the third party share was also in credit by Euro 141 thousand compared to Euro 10 thousand in 2011.

The short-term situation ¹

The world economy continued to expand at a moderate pace in the first quarter of 2012, held back by the stagnation of activity in Europe and the slowdown in the United States and the emerging economies. In the spring quarter economic activity faltered; uncertainty over the evolution of the sovereign debt crisis in the euro area and fiscal policy in the United States continues to weigh on the prospects of recovery. Oil and other commodity prices fell sharply, reflecting the cyclical weakness of the world economy. Inflation diminished practically everywhere.

The GDP of the euro area remained unchanged in the first quarter of 2012 after declining by 0.3 per cent in the fourth quarter of 2011. Cyclical developments in the main member countries continued to be highly uneven. In the second quarter economic activity remained weak. Inflation in the euro area continued to abate, reaching 2.4 per cent in June. In view of the stagnation of credit, the fall in inflation and the uncertain outlook for growth, the ECB further reduced official interest rates and it has continued to supply abundant liquidity.

In the first quarter of 2012 Italy's GDP diminished by 0.8 per cent on the previous period. In the second quarter GDP continued to contract. The decline in economic activity has continued, mainly reflecting the weakness of domestic demand, both consumption and investment. Factors in this were a reduction in households' disposable

¹ Source: Banca D'Italia, Economic Bulletin no. 69, July 2012.

income, firms' pessimism about the short-term prospects and a fall in consumer confidence. The weakness of economic activity was also influenced by the earthquakes in some parts of the Emilia Romagna region. Foreign trade has continued to sustain the economy. According to Banca d'Italia evaluations the recession is expected to continue in the second part of the year, but to be milder than in the first two quarters; it should end at the beginning of next year. The growth in output is likely to remain barely positive in 2013 but afterwards to gain strength. Employment is expected to fall by slightly more than 1 per cent this year and to stabilize in 2013. In a context of significant expansion of the labour force, already observed in the first part of this year, the unemployment rate is expected to exceed 11 per cent in 2013. The uncertainty is considerable. The mediumterm prospects of the Italian economy are closely related to the evolution of the sovereign debt crisis and its effects on credit, the confidence of households and firms, and the demand coming from our European partners. Consumer price inflation remained stable in June, at just above 3.0 per cent. The growth in prices continues to be affected by last autumn's increase in indirect taxes, which accounts for about a percentage point. Core inflation remains below 2 per cent. According to Banca d'Italia evaluations consumer price inflation will be 1.8 per cent in 2013.

According to the consolidated quarterly reports of the five largest Italian banking groups, bank's operating profitability in the first quarter of 2012 was generally unchanged with respect to a year earlier; the return on equity was 5 per cent on an annual basis. Gross income increased by 6 per cent thanks to the income from trading, which more than offset the 5 per cent decline in net fee income. Net interest income was virtually unchanged. Operating profit increased by 14 per cent owing to the small reduction in operating expenses (-1.0 per cent). Allocations to provisions plus value adjustments increased by 12 per cent and the component of this aggregate connected with the deterioration in loan quality by 13 per cent. The improvement in operating profit was absorbed by higher taxes. Net profit was basically unchanged.

Significant events of the period

On 26th April 2012, the Ordinary Shareholders' Meeting approved the Annual Financial Statements at 31st December 2011 and decided the distribution of an ordinary dividend of Euro 0.24 per share. The dividend will be paid from 10th May 2012. Dividend payment resulted in a cash outlay of Euro 2,155 thousand. The Shareholders' Meeting also approved the first section of the Remuneration Report ex article 123-ter of Leg. Dec. 58/1998 (available in the Company's website) and has nominated the Board of Directors and the Board of Auditors, whose office expires with the shareholders' meeting for the approval of the 2014 financial statements, and determine their remuneration.

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

Moreover, the activities with Xchanging UK Ltd (a company that supplies security administration services for the German and British market and which holds a 10% share in CAD IT S.p.A.) through which the CAD IT Group aims at increasing its revenues in Italy and also to diversify its business in geographical terms, is continuing.

Research and development

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

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

As regards new projects, development are continuing on the SIBAC GS platform. Development and innovation activities for the Finance Area Web Suite is particularly intense with the aim to improve user experience and create new functions or modules required by the national and international markets (like, for example, Easy Match). Investments are still being ploughed into the innovation and extension of specialised modules for financial insurance management whose area covers all processes relating to company investment management

from front to back office.

CAD IT, in activities aimed at developing its own range of products, is also creating solutions linked to the new laws (for example, Solvency II, Target 2 Securities and FATCA).

Activity in the production of specialised modules for the business intelligence (Managerial Information System) area is also continuing, especially in regard to risks, fraud and long-distance control.

Investment to enrich the offer range of solutions and services for Public Administration and authorities for the management of local taxes is also continuing.

Investments

<i>Summary of investments</i>	<i>30/06/2012</i>	<i>30/06/2011</i>	<i>Variations</i>	<i>31/12/2011</i>
Intangible fixed assets	146	6	139	18
Assets under development and payments on account	1,811	1,937	(125)	3,552
Property, Plant and equipment	136	72	64	159
Total investments in tangible and intangible fixed assets	2,093	2,015	78	3,729

Investments in tangible and intangible fixed assets made by the consolidated companies in the first half 2012 amount to Euro 2,093 thousand compared to Euro 2,015 thousand in the first half 2011.

Particular ongoing intangible asset costs mainly refer to the use of the Group's internal resources for the development of its own software which will either be licensed out to clients or used for the Group's activities. The consistent amount of investment derives from strategic decisions taken by the Board of Directors and management, who have approved the development of a large number of products, projects and new technologies in order to be ready for development lines in the sector and to be able to propose an updated range of products that can quickly satisfy market demand.

Related parties transactions

Transactions made with third parties, including infra-group transactions, are neither atypical or unusual since these transactions are a normal procedure within the activities of the Group's companies. The same are governed by market conditions bearing in mind the characteristics of the goods and services concerned.

Information on relations with third parties, including that required by the Consob Communication of 28th July 2006 and subsequent integrations, is shown in the Half year Financial Statement Sheet Notes.

Relationships with Group companies

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

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

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

The table below gives a summary of the income and service performances, as well as the credit and debit position of all the Group's consolidated companies, as of 30/06/2012.

Company	Costs	Turnover	Receivables	Payables
CAD IT S.p.a.	9,362	867	4,207	18,120
CAD S.r.l.	596	5,189	10,648	3,340
CeSBE S.r.l.	321	1,523	4,603	489
DQS S.r.l.	18	1,320	1,834	1,047
SmartLine Line S.r.l.	26	906	1,471	65
Elidata S.r.l.	33	399	615	169
Datafox S.r.l.	23	176	309	35
Tecsit S.r.l.	1			422
Total	10,380	10,380	23,686	23,686

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

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.²

	Net patrimony	Result of period
Net patrimony and result of the controlling company for the period concerned	54,951	553
- difference between the entry value of the consolidated holdings and the pro quota value of the net patrimony	(8,921)	
- pro quota results of the subsidiary/associate holdings	340	340
- consolidation difference	8,309	
- subsidiary/associate dividend elimination		(277)
- infra-group margin elimination	(1,371)	(166)
- assessment of associate holdings with net patrimony method	382	55
Total net patrimony and consolidated result of period attributable to owners of the parent	53,690	505

Corporate Governance and Internal Control System

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

² In accordance with Consob communication no. 6064293 of 28 July 2006.

running of the business in order to give maximum sustainable value to every activity within the organisation.

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

CAD IT adheres and conforms to the Governance Code for listed companies published by Borsa Italiana; in December 2011, Borsa Italiana's Corporate Governance Committee published a new edition of the Corporate Governance Code, adding some significant innovations to the previous version. The issuers were invited to apply these modifications to the Code, which were approved in December 2011, by the end of the financial period starting in 2012, by notifying the market with a report on their Corporate Governance, which they should publish some time during the following financial period. CAD IT has begun to adjust its procedures and behaviour in order to be able to solidly apply the New Code's principles and recommendations.

On 13 March 2012, the Board of Directors approved the *Corporate governance and property asset report* for 2011 financial year in accordance with art. 123-bis of Leg. Decree 58/1998 and art. 89-bis of the Issuer Regulations, in order to provide the CAD IT S.p.A. shareholders with adequate information about its own company management system and about how much the company adheres to the new auto-disciplinary code for quoted companies laid down by the Corporate Governance Committee.

Moreover the Board of Directors approved the *Remuneration Report*, complying with the provisions of Article 6 of the Code of Conduct, as amended in December 2011, and of Article 123-ter of Legislative Decree 24 February 1998. 58, document that provides an exhaustive information on the general policy of remuneration of Directors, Statutory Auditors and key managers and on the procedures used for the adoption and implementation of this policy. Reports are available for public viewing in the Investor Relations sector of the company's Internet site: www.cadit.it.

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

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

This paragraph describes the risk factors and uncertainties relating to the economic-legal and market context and which can influence the Company's performance. The specific risks that can determine the generation of obligations within the Company are, however, the object of evaluation when determining the relative earmarking and are mentioned in the balance notes together with the potential liabilities found.

CAD IT adopts specific risk factor management procedures aimed at maximising the value for its shareholders by activating the necessary measures to prevent any risks inherent to the Group's activities.

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

External Risks

Risks connected to the general conditions of the economy and sector

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

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

The Group's ongoing expansion projects in the European market could, on the other hand, balance out any negative effects resulting from diminishing demand.

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

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

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

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

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

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

Risks connected to protecting technological property

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

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

Internal risks

Risks relating to dependence on key personnel

The success of the Group depends largely on the ability of some key figures who have made a significant

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

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

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

Risks connected to sale times and implementation cycles

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

Risks connected to customer dependence

The Group offers its products and services to small, medium and large companies operating in different markets. A significant part of the Group's revenues is concentrated on a relatively small number of customers, the loss of which could therefore have a negative effect on the Group's future activities and economic, patrimonial and financial situation.

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

Risks connected to internationalisation

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

Risks connected to breaches of contract and potential liabilities towards customers

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

Furthermore, the Group could find itself having to invest considerable resources to carry out corrective interventions and be obliged to interrupt, postpone or cease the supply of its services to the customer. To date there have not been any significant events of this kind that have determined any controversy in customer relations.

Financial risks

Credit risks

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

Liquidity risks

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

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

Exchange rate risks and interest rate risks

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

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

It is not in the Group's policy to make investments in instruments that require cover and/or negotiation.

Other Information

Neither CAD IT S.p.A. nor its controlled companies own, and/or have purchased and/or sold during the financial period CAD IT or their own shares, not even through trust companies or third parties.

CAD IT S.p.A. is not subject to the management and coordination of controlling companies.

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

In the Financial Statement report, no alternative performance indicators have been adopted with the exception of the net financial position, shown in the Financial Statement notes, for which no reclassifications have been made in terms of Financial Statement figures and in accordance with the CESR Recommendations.

Foreseeable development

In response to the current general situation the Board of Directors has placed maximum attention on market needs and opportunity in order to lead the Group's management and development strategies in the right direction

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

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

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

HALF-YEAR CONDENSED FINANCIAL STATEMENTS OF THE CAD IT GROUP

Consolidated income statement

	Notes	30/06/2012		30/06/2011	
		Total	of which related parties	Total	of which related parties
Income from sales and services	3	24,582	138	24,198	141
Changes in ongoing orders		0		14	
Asset increases due to internal work	3 - 15	1,809		1,937	
Other revenue and receipts		33		45	
Costs for raw	5	(249)		(433)	
Service costs	6	(4,738)	(337)	(5,115)	(148)
Other operational costs	7	(396)		(349)	
Labour costs	8	(17,122)	(278)	(16,800)	(297)
Other administrative expenses	9	(1,052)	(557)	(1,101)	(565)
Allocation to fund and credit depreciation		(3)		(44)	
Intangible fixed asset amortization	15	(1,351)		(1,390)	
Tangible fixed asset amortization	14	(298)		(322)	
Financial income	10	82		41	
Financial expenses	10	(33)		(43)	
Revaluations and depreciations	11	238		228	
Pre-tax result		1,503		865	
Income taxes	12	(856)		(813)	
Profit (loss) for the period		647		53	

Profit (loss) for the period attributable to:				
Non- controlling interests		141		10
Owners of the parent		505		42

Weighted average number of ordinary shares outstanding		8,980,000		8,980,000
Basic earnings per share (in €)		0.056		0.005

Consolidated statement of comprehensive income

	30/06/2012	30/06/2011
Profit/(loss) for the period	647	53
Gains/(Losses) on fair value of available-for-sale financial assets	(16)	(86)
Total Comprehensive income	631	(34)
Comprehensive income attributable to:		
Non- controlling interests	141	10
Owners of the parent	490	(44)

Consolidated Statement of financial position

	Notes	30/06/2012		31/12/2011	
		Total	of which related parties	Total	of which related parties
ASSETS					
A) Non-Current Assets					
Property, plant and equipment	14	18,008		18,171	
Intangible assets	15	20,588		19,981	
Goodwill	16	8,309		8,309	
Investments	17	385		330	
Other financial assets available for sale	18	286		460	
Other non-current credits		154		132	
Credits due to deferred taxes	19	671		595	
TOTAL NON-CURRENT ASSETS		48,400		47,976	
B) Current Assets					
Inventories	20	95		70	
Ongoing orders	21	17		17	
Trade receivables and other credits	22	28,716	84	30,600	158
Tax credits	23	1,419		257	
Cash on hand and other equivalent assets	24	10,591		7,107	
TOTAL CURRENT ASSETS		40,838		38,052	
TOTAL ASSETS		89,238		86,028	
EQUITY AND LIABILITIES					
A) Equity					
Company capital	25	4,670		4,670	
Reserves	26	35,379		35,395	
Accumulated profits/losses	27	13,641		15,291	
Issued capital and reserves attributable to owners of the parent		53,690		55,356	
Capital and reserves of third parties	25	2,407		2,272	
Profit (loss) of third parties		141		217	
Non- controlling interests		2,548		2,489	
TOTAL EQUITY		56,239		57,845	
B) Non-current liabilities					
Financing	29	0		119	
Deferred tax liabilities	30	3,401		3,375	
Employee benefits and quiescence provisions	31	6,577	131	6,724	121
Expense and risk provisions	32	36		40	
TOTAL NON-CURRENT LIABILITIES		10,014		10,258	
C) Current liabilities					
Trade payables	33	7,831	134	4,007	81
Current tax payables	34	6,153		4,696	
Short-term financing	35	772		1,705	
Other liabilities	36	8,229	127	7,516	184
TOTAL CURRENT LIABILITIES		22,985		17,925	
TOTAL LIABILITIES AND EQUITY		89,238		86,028	

Statement of changes in equity

	NOTES	Attribution to the shareholders of the Main Company					Minority Interests	Total
		Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Group's net patrimony		
at 01/01/2012		4,670	35,395	13,433	1,858	55,356	2,489	57,845
Allocation of the period result to reserves	27			1,858	(1,858)			
Dividend distribution	28			(2,155)		(2,155)	(82)	(2,237)
Total comprehensive Profit/(loss)			(16)		505	490	141	631
at 30th June 2012		4,670	35,379	13,136	505	53,690	2,548	56,239

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

Consolidated Cash Flow Statement

	NOTES	30/06/2012	30/06/2011
A) OPERATING ACTIVITIES			
Profit (loss) for the period		647	53
Amortisation, revaluation and depreciation:			
- Property, plant and equipment amortisation	14	298	322
- Intangible fixed asset amortisation	15	1,351	1,390
- revaluation of investments and financial assets available for sale	11	(238)	(228)
Allocations (utilization) of provisions	31-32	(151)	(60)
Financial performance:			
- Net financial receipts (charges)	10	(49)	2
- Profit / (losses) on exchanges	10	(0)	(0)
Working capital variations		7,170	732
Income taxes paid		(529)	0
Interest paid	10	(32)	(43)
(A) - Cash flows from (used in) operating activities		8,466	2,166
B) INVESTMENT ACTIVITIES			
Investments in activities			
- Property, plant and equipment purchases	14	(136)	(72)
- Intangible assets purchases	15	(1,957)	(1,943)
- increase in other fixed assets		(36)	(31)
Disinvestment activities			
- Property, plant and equipment transfers	14	0	2
- Assets available for sale transfers		182	0
- Decrease in other fixed assets		14	0
Cashed Interest	10	82	41
Cashed dividends		159	162
(B) - Cash flows from (used in) investment activities		(1,692)	(1,841)
C) FINANCING ACTIVITIES			
Medium/long term financing repayment		(119)	(15)
Allocation of profits to directors of subsidiary companies		0	(12)
Dividends paid	28	(2,237)	0
(C) - Cash flows from (used in) financing activities		(2,356)	(27)
(A+B+C) - Total cash and other equivalent assets flows	37	4,418	298
Opening cash balances and equivalents		5,401	4,250
Closing cash balances and equivalents		9,819	4,548

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

Notes

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

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

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

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

Unless otherwise indicated, the monetary quantities in the accounting tables and those in the notes, are shown rounded off to the nearest thousand euro. For this reason, in some tables it may be that the detailed figures differ from the rounded off ones. The percentage figures shown are calculated using the non-rounded off figures.

1. Accounting policies and evaluation criteria more important

This half-year condensed financial statement has been drafted in accordance with the applicable IFRS International accounting standards issued by the International Accounting Standard Board (IASB) and recognized by the European Community in conformity with EC regulation no. 1606/2002. IFRS refers to the International Accounting Standards (IAS) presently in force as well as the interpretative documents issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The half-year condensed financial statement has been drafted in the consolidated form since CAD IT is obliged to draft a consolidated balance.

The half-year condensed financial statement has been drafted in accordance with IAS 34 – Interim Financial Reports, bearing in mind the contest of art. 154-ter of legislative decree no. 58 of 24th February 1998 (TUF).

In the drawing up of this summarised six-monthly Balance, the same accounting standards have been applied as those adopted in the drafting of the consolidated Balance at 31st December 2011, with the exception of the items described in the paragraph below – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2012.

The accounting standards adopted have been applied in the same manner throughout the periods shown and for all the Group's companies, amending the respective Financial Statement drafted in accordance with Italian accounting standards to consolidate.

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

Use of estimates

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

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

Accounting standards, amendments and interpretations applied since 1st January 2012

At the time of drafting this summarised version of the half-year balance, there are no other matters or records, or

anything of any significant importance within the Group, that may be governed by other amendments and interpretations applicable since 1st January 2012, and approved by the IASB and IFRIC and published in the European Community's Official Gazette.

Balance sheet layout

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

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

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

The Directors' Report on management is included in the profit and loss account drafted in scalar form, highlighting the intermediary results as follows:

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

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

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

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

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

Subsidiary companies

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

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

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

In drafting the consolidated balance all the balances and significant transactions between the Group's companies

have been eliminated, as are all unrealised infra-group profit and loss transactions.

Associated companies

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

Property, plant and equipment

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

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

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

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

The main depreciation rates used are the following:

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

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

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

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

Financial leasing

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

Intangible fixed assets

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

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

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

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

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

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

Goodwill

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

After the initial registration, goodwill is no longer amortised and is decremented of any losses in accumulated value, calculated according to the IAS 36 Asset value reduction.

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

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

The start-up relating to holdings in associated companies is included in the value of these companies.

Impairment loss

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

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

Assets available for sale

Share in non-consolidated companies are classified as assets financially available for sale and are valued at fair value. For any shares quoted the fair value is the market value as of the reference date. The profits and losses found due to the effect of evaluation at fair value at every balance date for these activities were determined at net

patrimony except for the value losses registered to the economic account, until the financial activity has been eliminated, which is the moment when the total profit or loss found in the net patrimony is registered to the profit and loss account.

Other non-current credits

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

Stock

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

On-going orders

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

Commercial credits and other credits

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

Liquid asset availability and equivalent means

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

Non current assets held for sale

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

Employee leaving entitlement

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

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

Risk and obligation funds

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

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

Commercial debts and other current liabilities

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

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

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

Revenues and costs

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

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

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

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

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

Income taxes

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

Deferred and pre-paid income taxes are calculated on the temporary differences between the patrimonial values registered in accordance with the IFRS international accounting standards and the corresponding values realised for tax purposes. Deferred income tax are calculated applying the tax rate which will be in force at the financial period after the account reference dates.

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

The controlling company CAD IT S.p.A. and some of the other companies in the Group have exercised the Group taxation option described in art. 117 of the TUIR no. 917/1986, which involves determining a total global revenue that corresponds to the algebraic sum of the total net revenues of the companies adhering to this system. The liquidation of this single tax amount due allows the Group the contextual use of any tax losses in the financial period.

2. Subsidiary companies and Consolidation area

On 30th December 2011, the Shareholders' Meetings for SGM S.R.L., BIT GROOVE S.R.L., NETBUREAU S.R.L. and CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI, companies all entirely controlled by CAD IT S.p.A., with a view to simplifying and reorganising the group, decided to reduce administrative costs and generate operational, economic and financial efficiency by drawing up a merger agreement to incorporate the former three companies into the latter. Consequently, "CAD S.R.L. COMPUTER AIDED DESIGN ELABORAZIONE DATI" changed its name to "CAD S.R.L.", increased its company capital from Euro 130,000 to Euro 295,500, attributing the increase to the one partner company, CAD IT S.p.A. The accounting and fiscal effects of the merger will begin as of 1st January 2012.

The integral consolidation area therefore changes but this has no substantial effect on the statement. The fully consolidated companies included in the financial schedules of CAD IT Group are the following:

Company name	Registered office	Share/ Quota capital (Euro)	Percentage of investment	Percentage of investment of the Group
<i>Consolidated using the integral method</i>				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
CAD S.r.l.	Verona	295,500	100.00%	100.00%
CeSBE S.r.l.	Verona	10,400	59.00%	59.00%
D.Q.S. S.r.l.	Roma	11,000	100.00%	100.00%
Elidata S.r.l.	Castiglione D'Adda (LO)	20,000	51.00%	51.00%
Smart Line S.r.l.	Verona	102,700	51.05%	51.05%
Datafox	Verona	99,999	51.00%	51.00%
Tecsit S.r.l. ⁽¹⁾	Roma	75,000	70.00%	70.00%
⁽¹⁾ Held through DQS S.r.l.				

3. Revenues

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

	30/06/2012		30/06/2011		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	24,582	93.0%	24,198	92.4%	385	1.6%
Changes in ongoing orders	0	0.0%	14	0.1%	(14)	(100.0%)
Asset increases due to internal work	1,809	6.8%	1,937	7.4%	(128)	(6.6%)
Other revenue and receipts	33	0.1%	45	0.2%	(12)	(27.4%)
Production value	26,424	100.0%	26,193	100.0%	231	0.9%

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

During 2012 first half financial period, income from sales and services increased by 1.6% compared to 2011 first half financial period and reached Euro 24,582 thousand.

Increases in internal work capitalised under fixed assets came to Euro 1,809 thousand, registering a slight drop compared to Euro 1,937 thousand in the first half of 2011 financial period, and include the activities carried out by the staff of CAD IT and the Group's companies concerning the development of new procedures aimed at the sale of licensed products or instrumental goods for the company's traditional business.

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

4. Segment reporting by sectors and geographical areas

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

The main activities of each sector are as follows:

Finance: includes the computer applications aimed specifically at banks, insurances and other financial institutions. The main applications provide:

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

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

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

Disclosures for business segments	30/06/2012				
	Finance	Manufacturing	Not allocated/General	Elisions	Consolidated
External revenues	25,077	1,347			26,424
Intersegment revenues	1,859			(1,859)	
Total revenues	26,936	1,347		(1,859)	26,424
Costs	(24,954)	(1,318)	(795)	1,859	(25,208)
Gross Operating Result (EBITDA)	3,632	30	(795)		2,867
Operating Result (EBIT)	1,982	29	(795)		1,216
Net financial income (expenses)			49		49
Revaluations and devaluations	214		24		238
Result	2,196	29	(722)		1,503
Income taxes			(856)		(856)
Third party share (profit)/loss	(252)	(4)	115		(141)
Financial period profit (loss)	1,944	25	(1,463)		505
Assets	86,351	797	2,090		89,238
Liabilities	23,118	327	9,554		32,999

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

Assets	84,226	1,024	1,313		86,563
Liabilities	23,521	552	6,717		30,790

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

5. Purchase Costs

	30/06/2012	30/06/2011	Variations	%
Hardware-Software purchases for sale	133	254	(120)	(47.4%)
Maintenance and consumable hardware purchases	7	4	2	55.2%
Other purchases	133	119	14	11.4%
Variations in raw material stock	(25)	56	(81)	(143.7%)
Total	249	433	(185)	(42.6%)

Costs for purchasing hardware and software for sale refer to purchases made for orders that clients had already confirmed and decreased by 47.4% compared with first half of 2011.

Leftover stock increased during the period by Euro 25 thousand.

6. Service costs

	30/06/2012	30/06/2011	Variations	%
External collaboration	2,633	3,096	(463)	(15.0%)
Travelling expenses and fee reimbursement	733	737	(5)	(0.6%)
Other service costs	1,372	1,281	91	7.1%
Total	4,738	5,115	(377)	(7.4%)

Service costs during the first half of 2012 came to Euro 4,738 thousand, a decrease compared to the same period of previous year (Euro 5,115 thousand). In particular, external collaboration costs, partially compensated by the increase in other service costs, decreased by 15.0%. The cost for travel and expense reimbursement, in line with the same period of previous year, is correlated to the productive activities in terms of the need to carry out work on customer premises.

Other service costs mainly include assistance fees and hardware and software maintenance, energy costs, administrative, legal and fiscal consultancy, maintenance costs and for office management and installed systems.

7. Other operational costs

The following table shows and confronts the other operative costs, that have undergone an increase of about 13.5%

	30/06/2012	30/06/2011	Variations	%
Third party benefit expenses	270	285	(15)	(5.2%)
Various management charges	126	64	62	96.9%
Total	396	349	47	13.5%

Third party benefit expenses in 2012 first half year came to Euro 270 thousand, compared to Euro 285 thousand in the first six months of 2011 and mainly refer to equipment rental, use of instrumental software and to operational offices lease.

8. Labour costs and Employees

Labour costs in the first six months of 2012, equal to Euro 17,122 thousand, increased by 1.9% compared to the same six months in 2011 (Euro 16,800 thousand). The increase in labor costs is mainly due to the application by the Group companies of increases in contractual remunerations provided for in the renewal of the national collective agreement.

	30/06/2012	30/06/2011	Variations	%
Salaries and wages	12,487	12,189	297	2.4%
Payroll taxes	3,727	3,650	77	2.1%
Severance pay	862	909	(47)	(5.1%)
Other costs	47	52	(5)	(9.8%)
Total	17,122	16,800	322	1.9%

Labour costs included the effect deriving from the actuarial calculation, in accordance with IAS 19, of the Severance Pay debt towards employees: during the 2012 semester, the actuarial gain came to Euro 117 thousand compared to Euro 46 thousand in the same period of previous year (see note 31).

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

Category of employees	labour force at 30/06/2012	labour force at 30/06/2011	Variations
Management	18	19	(1)
White-collars and cadres	577	580	(3)
Blue-collars	2	1	1
Apprentices	7	1	6
Total	604	601	3

The number of CAD IT Group staff, at 30th June 2012 was 604 employees, compared to 601 at 30th June 2011. The average number of employees during half year in question was 600 persons while this figure was 603 in the previous first half year. The following table shows data regarding the CAD IT Group average number of employees:

Category of employees	Average number 1 st half 2012	Average number 1 st half 2011	Variations
Management	18	19	(1)
White-collars and cadres	576	582	(5)
Blue-collars	2	1	1
Apprentices	4	1	3
Total	600	603	(2)

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

9. Other administrative costs

The table below shows the other administrative costs in detail:

	30/06/2012	30/06/2011	Variations	%
Director and legal representative fees	705	715	(11)	(1.5%)
Director retirement	8	8	0	-
Director and legal representative fee contributions	85	85	0	0.5%
Telephones	194	194	0	0.0%
Commissions	1	3	(2)	(53.1%)
Advertising fees	60	96	(37)	(38.0%)
Total	1,052	1,101	(49)	(4.4%)

Other administrative costs include remunerations paid to correlated parties of Euro 557 thousands, previous period Euro 565 thousands (as shown in note 38).

10. Financial performance

The financial management result was in credit by Euro 49 thousand, improved compared to first half of 2011 (+Euro 51 thousand), as the following detailed table shows.

	30/06/2012	30/06/2011	Variations
Interest on bank deposits and equivalent	82	41	41
Total financial income	82	41	41
Interest on bank overdrafts and loans	(30)	(38)	9
Interest on debts for financial leasing	(3)	(4)	1
Total financial charges	(33)	(43)	10
Net financial income and (charges)	49	(2)	51

The increase in interest on bank deposits and equivalent was due to higher returns, to the increase in liquid assets in current accounts and capitalisation insurance policies classified as liquid assets.

Financial expenses mainly refer to overdrafts on bank accounts of subsidiaries.

11. Revaluations and depreciations

The revaluation of holdings valued with the net patrimony method only concern the associate company Sicom S.r.l. both in the first six months of 2012 (Euro 214 thousand) than in the first six months of 2011 (Euro 228 thousand). Revaluations also include Euro 24 thousand deriving from transfer of assets available for sale.

12. Income taxes

The taxes ascribable to first half of 2012 were estimated taking the results of the period and the norms in force into account and they represent the best possible estimate of the tax expenses ascribable to the period in question.

	30/06/2012	30/06/2011	Variations	%
Tax pre-payments	12	25	(13)	(52.0%)
Deferred taxes	(62)	(104)	42	(40.5%)
Current taxes	906	892	14	1.6%
Total income taxes	856	813	43	5.4%
Tax incidence on the gross pre-tax result	57.0%	93.9%		

The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised, for the three years 2010-2012, the option of Group taxation as stated in art. 117 of TUIR 917/1986, which concerns the determination of a global income that corresponds to the algebraic sum of all net incomes of the companies in the group. The liquidation of this one tax allows the Group the contextual use of any tax losses in the period and determines, at a group level, the amount of interests allowed that can be deducted fiscally in accordance with the reform that began during the 2008 financial period.

The tax incidence for the period on the gross pre-tax result amounted to 57%, while in the first six months of 2011, it was 93.9%. The tax incidence on the result is due to the non-deductibility of taxes on costs, especially the regional tax on productive activities (IRAP) on labour costs, which represents a particularly high amount for the financial period's result.

13. Earnings per share

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

<i>Earnings per share</i>	<i>30/06/2012</i>	<i>30/06/2011</i>
Net profit from continuative activities attributable to ordinary shares (thousand of €)	505	42
Weighed average number of ordinary shares outstanding	8,980,000	8,980,000
Basic earnings per share (in €)	0.056	0.005

14. Property, plant and equipment

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

	<i>30/06/2012</i>	<i>31/12/2011</i>	<i>Variations</i>	<i>%</i>
Land	1,527	1,527	0	-
Buildings	14,651	14,712	(61)	(0.4%)
Plant and equipment	1,318	1,420	(103)	(7.2%)
Other assets	513	512	1	0.2%
Total property, plant and equipment	18,008	18,171	(163)	(0.9%)

During the first half of 2012, the item "property, plant and equipment" varied as follows:

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Other tangible fixed assets</i>	<i>Total</i>
Purchase or production cost	9,140	4,178	30	5,251	18,598
<i>First time adoption</i> revaluation	8,439	0	0	0	8,439
Previous years depreciation and write-downs	(1,340)	(2,757)	(26)	(4,743)	(8,867)
Adjustments to previous years write-downs	0	0	0	0	0
Opening value	16,238	1,420	4	508	18,171
Variations in consolidation area	0	0	0	0	0
Purchases	0	25	2	109	136
Transfers	0	0	0	0	0
Reduction in accumulated depreciation due to disposals	0	14	0	218	232
Disposals	0	(14)	0	(219)	(232)
Revaluations for the period	0	0	0	0	0
Depreciation and write-downs for the period	(61)	(128)	(1)	(108)	(298)
Adjustments to write-downs for the period	0	0	0	0	0
Total tangible fixed assets	16,177	1,318	5	508	18,008

Land and buildings include property and land, accounted for separately, belonging to the Group.

During the first half of 2012 expired on leasing contract subscribed by a group company, which subsequently exercised redemption option the fixed asset.

There are no restrictions on the legal ownership and possession of assets, systems and machinery to guarantee liabilities. There are no contractual restrictions for buying assets, systems or machinery.

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

The purchasing of new tangible assets during the year half came to a total of Euro 136 thousand of which Euro 109 thousand were for "other tangible assets" and mainly included the purchasing of electronic machinery, managerial instruments characteristic of the Group's activities. During the first half of 2012 property, installations and machinery were not subject to any value reductions that required registration in the balance.

15. Intangible fixed assets

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

	<i>30/06/2012</i>	<i>31/12/2011</i>	<i>Variations</i>	<i>%</i>
Industrial patents and similar rights	4,013	5,252	(1,238)	(23.6%)
Licences, trademarks and similar rights	218	178	40	22.6%
Assets under development	16,356	14,551	1,805	12.4%
Total Intangible fixed assets	20,588	19,981	607	3.0%

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

	<i>Industrial patents and similar rights</i>	<i>Licences, trademarks and similar rights</i>	<i>Assets under development and payments on account</i>	<i>Other</i>	<i>Total</i>	<i>Goodwill</i>
Purchase or production cost	18,111	3,592	14,551	35	36,289	8,309
Previous years revaluations	0	0	0	0	0	0
Previous years depreciation and write-downs	(12,859)	(3,414)	0	(35)	(16,308)	0
Adjustments to previous years write-downs	0	0	0	0	0	0
Opening value	5,252	178	14,551	0	19,981	8,309
Variations in consolidation area	0	0	0	0	0	0
Purchases	0	146	1,811	0	1,957	0
Transfers	0	7	(7)	0	0	0
Reduction in accumulated depreciation due to disposals	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
Revaluations for the period	0	0	0	0	0	0
Depreciation and write-downs for the period	(1,238)	(112)	0	0	(1,351)	0
Adjustments to write-downs for the period	0	0	0	0	0	0
Total intangible fixed assets	4,013	218	16,356	0	20,588	8,309

The voice "industrial patent rights and works of ingenuity" is almost entirely made up of software procedures developed by the CAD IT Group. The values are registered in credit to the directly sustained cost, mainly due to the use of internal resources as well as any possible additional accessory fees that may occur. In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product's lifecycle, estimated at five years. The amortizations of this voice in the first half of 2012 financial period came to Euro 1,238 thousand.

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

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

During 2012 first half period, ongoing intangible assets increased due to costs capitalized only by the parent company CAD IT (Euro 1,811 thousand).

These assets have undergone no reduction in value during the 2012 first half financial year that need to be registered in the balance.

16. Goodwill

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

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

In particular, with regard to the CGU of the Group, these are 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 value of goodwill has been allocated to the CGU at the date of First Time Adoption.

<i>Company</i>	<i>Accounting value of goodwill</i>
CAD S.r.l.	4,725
D.Q.S. S.r.l.	2,279
Elidata S.r.l.	617
Smart Line S.r.l.	443
Datafox	217
CeSBE S.r.l.	28
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 2012-2014 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 10.25%.

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

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

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

where:

k_b = interest rate in case of debt

TC = marginal tax rate of the economic bodies being evaluated

B = market value of the debt of a company

V = total market value of a company.

k_p = advisability cost of risk capital

P = market value of the privileged shares

k_s = advisability cost of own capital determined by the market

S = market value of the net capital.

The cost of capital was identified as $k_s = 10.25\%$.

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

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

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

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

NPV = company value (Net Present Value)

PFN = Net Financial Position

FCF = cash flow

k = cost of capital

N = explicit period

g = growth rate of the implicit period

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

17. Investments in associates

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

Company name	Date of reference	Quotaholders' equity including profit for the period	Profit for the period	Percentage of investment	Investment value of the Group
Sicom S.r.l.	30/06/2012	1,540	855	25.00%	385
	31/12/2011	1,319	651	25.00%	330

18. Financial assets available for sale

This point involves CIA S.p.A. shares, company listed on MTA segment market of the Italian stock exchange.

The holding is registered in the Financial Statement at stock exchange value at the Financial Statement date. During the half year were entirely disposed shares of Class Editori SpA and 130,796 shares of CIA S.p.A.; disposals generated gains of Euro 24 thousand registered in the profit and loss account.

The profits and losses registered after a *fair value* evaluation at each Financial Statement date are registered to net patrimony with the exception of value losses that must be registered in the profit and loss account according to IAS 39.

The table below illustrates the value variations of these holdings during the first half of 2012:

Holdings	30/06/2012		31/12/2011	
	Number of shares held	Fair value €/000	Number of shares held	Fair value €/000
Class Editori S.p.A. (CLE)	0	0	559,112	140
Cia S.p.A. (CIA)	1,099,509	286	1,230,509	320
Total		286		460

The negative change in fair value of assets, Euro 16 thousand, was entered into specific equity reserve (see note 26).

19. Credits due to prepaid taxes

Credits due to prepaid taxes amount to Euro 671 thousand and are made up of assets in this period or previous periods and will probably create a taxable income for which they could be used. Credits for pre-paid IRES and IRAP taxes are mainly in reference to time differences (deductible over the next few financial periods) and past losses that the Group's companies made.

20. Inventories

Leftover stock entirely includes finished products and goods for Euro 95 thousand compared to Euro 70 thousand

at 31/12/2011.

21. Ongoing work to order

Ongoing work to order was registered at a total Euro 17 thousand and includes jobs that were in their final stages evaluated on the basis of the principle of the completion percentage (*cost-to-cost*).

22. Trade receivables and other credits

Commercial credits and other credits are made up as follows:

	30/06/2012	31/12/2011	Variations	%
Credits to clients	27,938	30,092	(2,154)	(7.2%)
Credit depreciation fund	(166)	(164)	(3)	1.6%
Credits to associated companies	1	0	1	-
Accrued income and deferred expenses	717	324	392	121.0%
Other credits	226	347	(121)	(34.8%)
Total trade receivables and other credits	28,716	30,600	(1,884)	(6.2%)
% coverage credit depreciation fund	0.60%	0.54%		

Credits to clients are mainly in favour of banking, financial and insurance institutions and other group customers institutions; the accounting value of commercial credits and other credits is approximate to their *fair value*.

The high sum of credits towards clients is conditioned by the size of the value of the contracts, which is often considerable, as well as the contractual terms of payment which usually state that the 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 166 thousand (Euro 164 thousand at 31 December 2011) which ensures a cover of 0.60% 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 decrease in credits towards clients compared to the comparison period is mainly due to the client payment receipt trend.

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

Nature	30/06/2012	31/12/2011
Software assistance	397	168
Advertising expenses	40	35
Third party benefit expenses	14	16
Telephone charges	63	21
Administrative services	4	5
Various insurances	70	14
Various	47	15
Hardware assistance	45	37
Plant maintenance	20	0
Association fees	18	11
Total Accrued costs	717	324

The total sum of the voice on other credits is detailed in the table below:

<i>Credits towards other</i>	<i>30/06/2012</i>	<i>31/12/2011</i>	<i>Variations</i>	<i>%</i>
Receivables from social security institutions	3	6	(4)	(59.3%)
Receivables for advances on travel expenses	1	1	(0)	(8.4%)
Payments on account to suppliers	208	323	(115)	(35.6%)
Other	12	14	(2)	(15.7%)
Guarantee deposits	3	3	0	-
Total credits towards other	226	347	(121)	(34.8%)

23. Tax credits

The entry of Euro 1,419 thousand mainly comprises down payments in direct taxes (IRES and IRAP).

24. Cash and other equivalent assets

	<i>30/06/2012</i>	<i>31/12/2011</i>	<i>Variations</i>	<i>%</i>
Bank and postal accounts	8,124	4,667	3,456	74.1%
Cheques and Cash on hand	8	10	(2)	(19.3%)
Insurance policies capitalized	2,460	2,429	30	1.2%
Total Cash and other equivalent assets	10,591	7,107	3,485	49.0%

The bank and postal account deposits are made up of cash-on-hand in current bank accounts.

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

25. Company capital

The company capital, entirely registered, deposited and unchanged over the period, amounted to Euro 4,669,600. It was subdivided into 8,980,000 ordinary shares with a nominal value of Euro 0.52 each and all with equal rights.

The ordinary shares are registered and indivisible and each one gives the right to a vote at the ordinary and extraordinary shareholders' meetings, as well as to the faculty of carrying out other company and patrimonial rights in accordance with the law and the statute.

CAD IT S.p.A. or its controlled companies do not own CAD IT or their own shares, not even through trustee companies or third parties.

Group net patrimony

The Group net patrimony came to Euro 53,690 thousand compared to Euro 55,356 thousand at 31st December 2011.

Third party net patrimony

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

<i>Third party net patrimony</i>	<i>30/06/2012</i>	<i>31/12/2011</i>
Minority quotaholders of Cesbe S.r.l.	1,417	1,453
Minority quotaholders of Datafox S.r.l.	98	83
Minority quotaholders of Tecsit S.r.l.	16	16
Minority quotaholders of Elidata S.r.l.	566	537
Minority quotaholders of Smart Line S.r.l.	452	401
Total third party net patrimony	2,548	2,489

26. Reserves

	<i>30/06/2012</i>	<i>31/12/2011</i>	<i>Variations</i>	<i>%</i>
Share surcharge reserve	35,246	35,246	0	-
Valuation reserve for fin. assets available for sale	133	149	(16)	(10.6%)
Total Reserves	35,379	35,395	(16)	(0.0%)

The variation in the valuation reserve for activities available for sale corresponds to the *fair value* variation, registered from 31st December 2011 to 30th June 2012, of the holding in the listed company CIA S.p.A. and registered into net patrimony (see note 18).

27. Accumulated profit/losses

	<i>30/06/2012</i>	<i>31/12/2011</i>	<i>Variations</i>	<i>%</i>
Previous profits/losses	(620)	6	(626)	+
Legal reserve	934	934	0	-
First Time Adoption transition reserve	2,119	2,119	0	-
Consolidation reserve	(9)	(289)	280	(97.0%)
Available joint profit reserve	10,711	10,663	49	0.5%
Period profits/losses	505	1,858	(1,353)	(72.8%)
Total accumulated profits/losses	13,641	15,291	(1,650)	(10.8%)

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 allocation to reserve part of the profit for the year 2011.

28. Dividends paid

On 26th April 2012 the CAD IT S.p.A. Ordinary Shareholders' Meeting decided to allocate the profit for the year 2011 total amounting to Euro 2,204,037 to a dividend of Euro 0.24 per share, for total amount to Euro 2,155,200. The dividend was paid from 10th May 2012.

29. Financing

	<i>30/06/2012</i>	<i>31/12/2011</i>	<i>Variations</i>	<i>%</i>
Due to banks after 12 months	0	0	0	-
Sums due to other financing institutions after 12 months	0	119	(119)	(100.0%)
Total financing	0	119	(119)	(100.0%)

As a result of full payment of the real estate leasing of a group company, at the end of the period, the Group does not hold any debt financing from banks or other lenders.

30. Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,401 thousand (Euro 3,375 thousand at 31st December 2011) and took into account the taxable time differences resulting from time differences of the accounting value of an asset or liability compared to its recognized value for tax purposes. In particular they mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods after verifying the taxability conditions of the major values registered for the activities or the reduction of the liability value.

31. Employees' leaving entitlement and quiescence reserves

	30/06/2012	31/12/2011	Variations	%
Employees' leaving entitlement (TFR)	6,545	6,699	(155)	(2.3%)
Fund due to director end of term of office treatment	32	24	8	32.5%
Total	6,577	6,724	(147)	(2.2%)

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

<i>Employees' leaving entitlement</i>	30/06/2012	31/12/2011	30/06/2011
Opening balance	6,699	6,379	6,379
Service cost	59	135	71
Interest cost	105	231	117
Benefits paid	(202)	(351)	(169)
Actuarial (gains)/losses	(117)	305	(46)
Closing balance	6,545	6,699	6,352

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

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

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

32. Expense funds and risks

The item registering a total of Euro 36 thousand includes an earmarking by a subsidiary due to potential liabilities to an ongoing lawsuit with Tax Agency.

In December 2011 was notified that the Italian Revenue Agency, through sector studies, was carrying out verifications. The verification implied a tax recovery of Euro 443 thousand. During the dispute the verification was contested by the fiscal legal firm and the defence lawyers as groundless. A risk fund of Euro 30 thousand for legal assistance and defence has been set up and registered for this legal dispute.

Variations of the voice in the period are due to the use of provisions for legal dispute costs, for which the provision was originally recognized.

33. Commercial debts

The entire point amount to Euro 7,831 thousand and is as follows:

<i>Commercial debts</i>	<i>30/06/2012</i>	<i>31/12/2011</i>	<i>Variations</i>	<i>%</i>
Debts towards associated companies	103	32	70	217.3%
Debts towards suppliers	3,394	3,590	(196)	(5.5%)
Payments on account received	26	39	(13)	(34.0%)
Accrued expenses and deferred income	4,308	345	3,963	1147.6%
Total Commercial debts	7,831	4,007	3,824	95.4%

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

<i>Accrued expenses and deferred earnings</i>	<i>30/06/2012</i>	<i>31/12/2011</i>	<i>Variations</i>	<i>%</i>
Accrued liabilities	1	1	(0)	(5.0%)
Deferred earnings	4,307	345	3,963	1,149.7%
Total	4,308	345	3,963	1,147.6%

The deferred income refers almost entirely to income that was already invoiced regarding annual ordinary maintenance and assistance contracts on user licences and mainly pertaining to 2012 second half period.

34. Tax debts

The taxation debt point amounts to Euro 6,153 thousand and regards debts that the companies of the Group included in the consolidation area have incurred with the inland revenue. This registration is made up of income tax debts, value added tax and to activities of tax substitution made by the various companies regarding their respective employees and collaborators.

35. Short-term financing

This point at 30th June 2012 is made up of Euro 762 thousand from short-term funding to banking institutions outstanding at account and of Euro 10 thousand from debts within 12 months toward other backers.

36. Other debts

Details of other debts are as shown:

	30/06/2012	31/12/2011	Variations	%
Social security charges payable	2,647	2,787	(140)	(5.0%)
Towards directors	31	91	(59)	(65.4%)
Dividends to be distributed to shareholders (third parties)	27	27	0	-
Towards staff for deferred salaries and pay	5,472	4,601	871	18.9%
Other	52	11	41	379.2%
Total	8,229	7,516	713	9.5%

Debts towards welfare institutions included matured contributory debts on current monthly salaries as well as the quota for deferred salaries and for holidays to enjoy.

Staff debts refer to the current salaries for June 2012 and to accruals for deferred salaries that matured at the same date.

<i>Debt towards staff for wages and deferred pay</i>	30/06/2012	31/12/2011	Variations	%
For wages and expense accounts	2,118	1,230	888	72.2%
For production incentives	191	477	(286)	(60.0%)
For holidays	2,347	2,113	234	11.1%
For year-end bonus	816	0	816	-
For summer bonus	0	781	(781)	(100.0%)
Total	5,472	4,601	871	18.9%

37. Consolidated net financial position

The consolidated net financial availability was positive and an improvement at 30th June 2012.

The cash-on-hand amounts to Euro 9,819 thousand, compared to Euro 5,401 thousand at 31st December 2011, increasing of Euro 4,418 thousand and a net financial availability to Euro 9,819 thousand, compared to Euro 5,282 thousand at 31st December 2011.

In particular, cash-on-hand and in bank accounts came to Euro 8,132 thousand. Capitalization insurance policies of Euro 2,460 thousand were contractually available on 20-day prior request without any significant tax expenses. Short-term debts towards banks regard overdrawn accounts and advances subject to final payment.

<i>Net consolidated financial position</i>	30/06/2012	31/12/2011	Variations	%
Cash-on-hand and at bank	8,132	4,678	3,454	73.8%
Capitalization insurance policies	2,460	2,429	30	1.2%
Payables due to banks current portion	(772)	(1,705)	933	(54.7%)
Net short-term financial position/(indebtedness)	9,819	5,401	4,418	81.8%
Long-term loans	(0)	(119)	119	(100.0%)
Net long-term financial position/(indebtedness)	(0)	(119)	119	(100.0%)
Net financial position/(indebtedness)	9,819	5,282	4,537	85.9%

As a link between the data of the net financial position statement and the balance statement, it is hereby reported that: cash, in bank accounts and capitalization insurance policies are registered in the patrimonial status as "Cash and other equivalent assets"; short-term financial debts are registered as "Payables due to banks current portion"; long-term financing is registered in the patrimonial status as "Long-term loans".

The increase in financial assets is mainly due to operating activities (Euro +8,466 thousand) that guarantee total coverage of flows used for investment activities (Euro -1,692 thousand) and for financing activities (Euro -2,356 thousand). Please refer to CAD IT Group's financial report for cash flow details.

Net short-term financial availability	30/06/2012	31/12/2011	Variations	%
Bank and postal accounts	8,124	4,667	3,456	74.1%
Cheques and Cash on hand	8	10	(2)	(19.3%)
Insurance policies capitalised	2,460	2,429	30	1.2%
Debts towards banks (overdrawn accounts, advances subject to collection etc.)	(772)	(1,705)	933	(54.7%)
Net short-term financial availability	9,819	5,401	4,418	81.8%

38. Related parties transactions

Relations between the Group's companies are administered on the basis of contractual agreements drawn up by the respective administrative organs bearing in mind the quality of the assets and services involved and the competitive conditions of the market adapting the interests of the Group.

The summary of income and costs, despite the credit and debit position at 30th June 2012 between the Group's subsidiaries is shown in the specific paragraph on management intermediary report.

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

Transaction incidence with correlated parties - current period	Total	Correlated Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	24,582	138	0.6%
Service costs	(4,738)	(337)	7.1%
Labour costs	(17,122)	(278)	1.6%
Other administrative expenses	(1,052)	(557)	52.9%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	28,716	84	0.3%
TFR and pension funds	6,577	131	2.0%
Commercial debts	7,831	134	1.7%
Other debts	8,229	127	1.5%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	159	159	100.0%

Revenues from correlated parties mainly concern services carried out for Xchanging (Euro 137 thousand), the company that has a 10% holding in CAD IT.

Service costs for correlated parties include services carried out by the subsidiary Sicom towards the parent company (Euro 212 thousand), fees paid to the CAD IT and CAD Srl Auditing Board members (Euro 33 thousand), rents for use of a property (Euro 7 thousand) and costs regarding translation and language training supplied by a company partly owned by a CAD IT director (Euro 84 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 received by CAD IT directors for the position of director in Group companies (euro 478 thousands) as well as to the directors of other companies in the Group who are related to, or have an affinity with them (Euro 79 thousands).

Debts towards correlated parties are mainly made up of commercial debts for the above mentioned services that

had not yet matured (Euro 134 thousand), debts towards employees and directors for remunerations and remuneration accruals (Euro 127 thousand) and severance pay (Euro 131 thousand).

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

The tables below show the incidence of relations with correlated parties at 30/06/2011 and at 31/12/2011.

Transaction incidence with correlated parties at 30/06/2011	Total	Correlated Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	24,198	141	0.6%
Service costs	(5,115)	(148)	2.9%
Labour costs	(16,800)	(297)	1.8%
Other administrative expenses	(1,101)	(565)	51.3%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	30,979	9	0.0%
TFR and pension funds	6,367	134	2.1%
Commercial debts	7,532	91	1.2%
Other debts	8,170	139	1.7%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	162	162	100.0%

Transaction incidence with correlated parties – 2011 financial period	Total	Correlated Parties	
		Absolute value	% on Tot.
A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account			
Income from sales and services	52,248	371	0.7%
Service costs	(10,562)	(276)	2.6%
Labour costs	(33,796)	(565)	1.7%
Other administrative expenses	(2,233)	(1,167)	52.3%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	30,600	158	0.5%
TFR and pension funds	6,724	121	1.8%
Commercial debts	4,007	81	2.0%
Other debts	7,516	184	2.4%
C) Transaction or position incidence with correlated parties on financial flows			
Cashed dividends	162	162	100.0%

39. Significant events since 30th June 2012

No events have occurred that could noticeably effect the economic, patrimonial and financial situation of the company.

40. Other information

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

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

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

The present half yearly financial report was approved by the CAD IT S.p.A. Board of Directors on 28/08/2012.

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

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

the adequacy in relation to the characteristics of the company and the effective application, of the administrative and accounting procedures for drafting the half year condensed statements during the first six months of 2012.

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

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

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

Verona, 28 August 2012

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

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

FINANCIAL STATEMENTS OF CAD IT S.P.A.

Income Statement

	30/06/2012		30/06/2011	
	<i>Total</i>	<i>of which related parties</i>	<i>Total</i>	<i>of which related parties</i>
Income from sales and services	23,695	1,155	22,994	914
Asset increases due to internal work	2,152		2,277	
Other revenue and receipts	31		0	
Costs for raw	(126)		(176)	
Service costs	(13,180)	(9,828)	(12,791)	(9,272)
Other operational costs	(181)		(186)	
Labour costs	(9,548)	(219)	(9,439)	(240)
Other administrative expenses	(488)	(315)	(471)	(296)
Intangible fixed asset amortization	(1,413)		(1,365)	
Tangible fixed asset amortization	(267)		(284)	
Financial income	362		201	
Financial expenses	(1)		(1)	
Revaluations and depreciations	24		0	
Income taxes	(507)		(520)	
Profit (loss) for the period	553		239	
Weighted average number of ordinary shares outstanding	8,980,000		8,980,000	
Basic earnings per share (in €)	0.062		0.027	

Statement of comprehensive income

	30/06/2012	30/06/2011
Profit/(loss) for the period	553	239
Gains/(Losses) on fair value of available for sale financial assets	(16)	(86)
Total comprehensive profit (loss) for the period	537	153

Statement of financial position

	30/06/2012		31/12/2011	
	Total	of which related parties	Total	of which related parties
ASSETS				
A) Non-Current Assets				
Property, plant and equipment	17,543		17,703	
Intangible assets	22,379		21,506	
Investments	15,127		15,127	
Other financial assets available for sale	286		460	
Other non-current credits	17		17	
TOTAL NON-CURRENT ASSETS	55,351		54,812	
B) Current Assets				
Inventories	5		5	
Trade receivables and other credits	29,435	5,649	32,929	5,639
Tax credits	1,161		193	
Cash on hand and other equivalent assets	10,023		6,215	
TOTAL CURRENT ASSETS	40,624		39,342	
TOTAL ASSETS	95,974		94,154	
EQUITY AND LIABILITIES				
A) Equity				
Company capital	4,670		4,670	
Reserves	35,379		35,395	
Accumulated profits/losses	14,902		16,505	
TOTAL EQUITY	54,951		56,570	
B) Non-current liabilities				
Deferred tax liabilities	3,227		3,227	
Employee benefits and quiescence provisions	3,248	120	3,362	110
TOTAL NON-CURRENT LIABILITIES	6,474		6,588	
C) Current liabilities				
Trade payables	24,822	19,607	22,456	19,455
Current tax payables	4,946		4,026	
Other liabilities	4,780	97	4,514	161
TOTAL CURRENT LIABILITIES	34,549		30,996	
TOTAL LIABILITIES AND EQUITY	95,974		94,154	

Statement of changes in equity

	Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Group net patrimony
at 01/01/2012	4,670	35,395	14,301	2,204	56,570
Allocation of the period result to reserves			2,204	(2,204)	
Dividend distribution			(2,155)		(2,155)
Total comprehensive income		(16)		553	537
at 30th June 2012	4,670	35,379	14,350	553	54,951

	Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Group net patrimony
at 01/01/2011	4,670	35,432	14,681	(380)	54,403
Allocation of the period result to reserves			(380)	380	
Total comprehensive income		(86)		239	153
at 30th June 2011	4,670	35,346	14,301	239	54,555

Cash Flow Statement

	30/06/2012	30/06/2011
A) OPERATING ACTIVITIES		
Profit (loss) for the period	553	239
Amortisation, revaluation and depreciation:		
- Property, plant and equipment amortisation	267	1,365
- Intangible fixed asset amortisation	1,413	284
- revaluation of investments and financial assets available for sale	(24)	0
Allocations (utilization) of provisions	(114)	(16)
Financial performance:		
- Net financial receipts (charges)	(361)	(200)
Working capital variations	6,479	1,098
Income taxes paid	(401)	0
Interest paid	(1)	(1)
(A) - Cash flows from (used in) operating activities	7,812	2,769
B) INVESTMENT ACTIVITIES		
Investments in activities		
- Property, plant and equipment purchases	(108)	(50)
- Intangible assets purchases	(2,285)	(2,280)
- Investments in subsidiaries purchases	0	(213)
- Increase in other fixed assets	(4)	(0)
Disinvestment activities		
- Property, plant and equipment transfers	0	2
- Assets available for sale transfers	182	0
- Decrease in other fixed assets	4	0
Cashed Interest	86	39
Cashed dividends	277	162
(B) - Cash flows from (used in) investment activities	(1,848)	(2,340)
C) FINANCING ACTIVITIES		
Dividends paid	(2,155)	0
(C) - Cash flows from (used in) financing activities	(2,155)	0
(A+B+C) - Total cash and other equivalent assets flows	3,808	429
Opening cash balances and equivalents	6,215	5,033
Closing cash balances and equivalents	10,023	5,463

Cash and other equivalent assets	30/06/2012	30/06/2011
Bank and postal accounts	7,560	3,060
Cash-on-hand	4	3
Insurance policies capitalized	2,460	2,399
Total Cash and other equivalent assets	10,023	5,463

Relationships with subsidiaries

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

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

<i>Company</i>	<i>Turnover of CAD IT</i>	<i>Costs of CAD IT</i>	<i>Payables of CAD IT</i>	<i>Receivables of CAD IT</i>
CAD S.r.l.	596	5,189	10,648	3,340
CeSBE S.r.l.	321	1,523	4,603	489
DQS S.r.l.	18	1,320	1,834	1,047
Smart Line S.r.l.	26	906	1,471	65
Elidata S.r.l.	33	399	615	169
Datafox S.r.l.	23	176	309	35
Tecsit S.r.l.	1	-	-	422
Total	1,018	9,513	19,479	5,566

Maria Rosa Mazzi, manager in charge of drafting CAD IT S.p.A. accounting documents, hereby declares, in accordance with article 154-bis, second paragraph, of the Consolidated Law on Finance (Leg. Dec. 58/1998), that the accounting information in "Financial Statements of CAD IT SpA" at 30th June 2012 corresponds to the documentary results, books and accounting registers.

**Auditors' review report on the half-year condensed consolidated financial statements
for the six month period ended June 30, 2012**

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

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

1. We have reviewed the half-year condensed consolidated financial statements, consisting of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows and related explanatory notes as of June 30, 2012 of CAD IT S.p.A. and its subsidiaries (the "CAD IT Group"). These half-year condensed consolidated financial statements, prepared in conformity with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union, are the responsibility of CAD IT S.p.A.'s Directors. Our responsibility is to issue a report on these half-year condensed consolidated financial statements based on our review.
2. We conducted our review in accordance with the auditing standards recommended by the Italian Regulatory for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the half-year condensed consolidated financial statements, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive verification procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-year condensed consolidated financial statements.

With regard to the comparative figures related to the year ended December 31, 2011 and to the six-month period ended June 30, 2011, presented in the half-year condensed consolidated financial statements as of June 30, 2012, reference should be made to our auditors' report dated March 23, 2012 and our auditors' review report dated August 27, 2011.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of CAD IT Group as of June 30, 2012 are not presented fairly, in all material respects, in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union.

Verona, August 29, 2012

BDO S.p.A.

Signed by: Alessandro Gigliarano

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