Interim Management Report at 30th September 2010

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

CAD IT
INFORMATION TECHNOLOGY

CONTENTS

BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS [1]

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI [(2)]
Director

MATTHIAS SOHLER
Director

FRANCESCO ROSSI [(2)]
Independent Director

LAMBERTO LAMBERTINI [(2)]
Independent Director

STATUTORY AUDITORS [1]

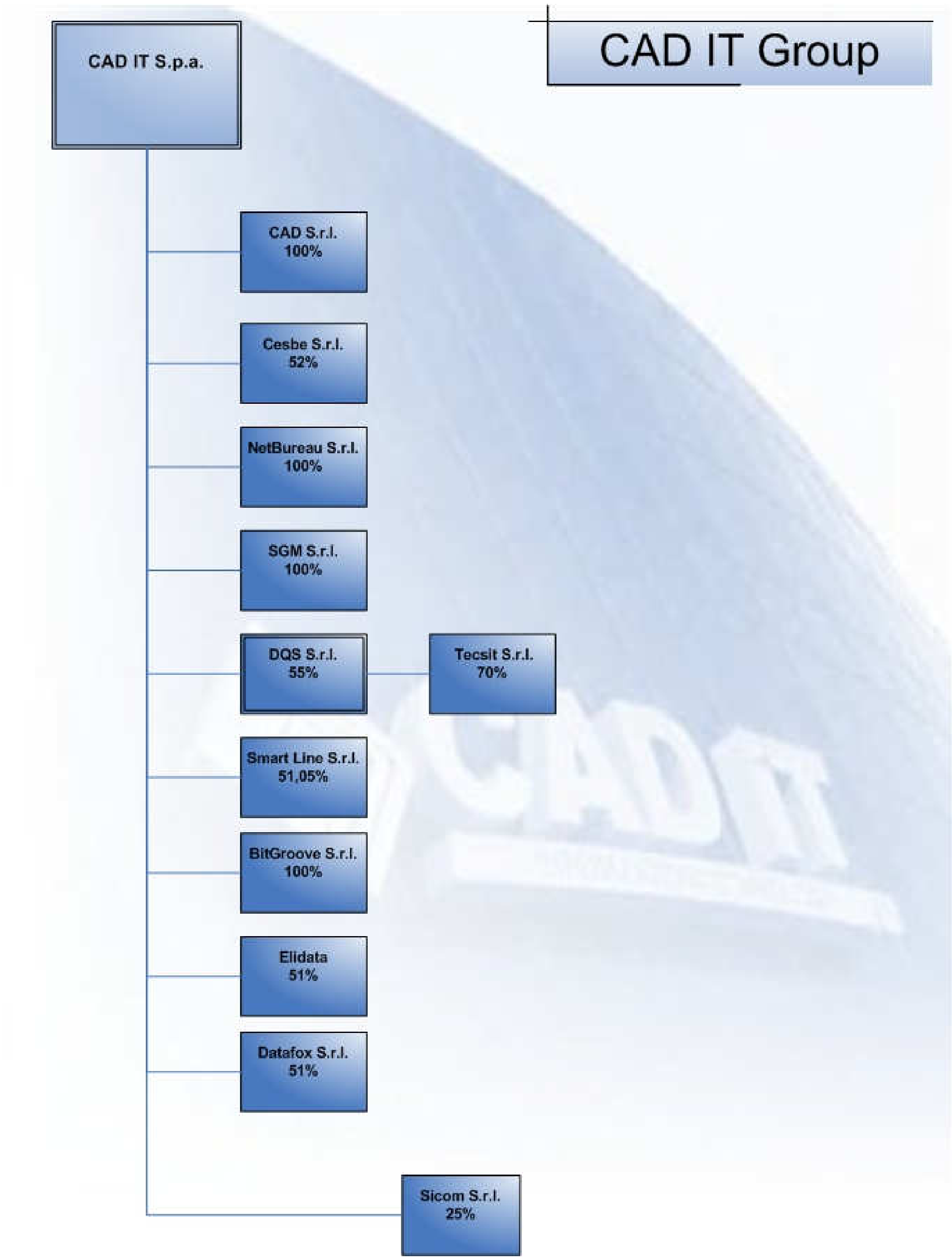
RICCARDO FERRARI
Chairman

GIAN PAOLO RANOCCHI
Statutory Auditor

RENATO TENGATTINI
Statutory Auditor

AUDITORS: BDO S.p.A.

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



CAD IT Group as at 30/09/2010

SUMMARY SCHEDULES

Consolidated income statement

(in thousands of Euro)

	III Quarter 2010	III Quarter 2009	Period 2010 01/01 –30/09	Period 2009 01/01 –30/09
Income from sales and services to third parties	11,872	11,445	35,857	36,761
Changes in ongoing orders	28	23	(115)	(60)
Asset increases due to internal work	1,090	1,479	3,236	3,019
Other revenue and receipts	8	376	24	879
Costs for raw	(243)	(220)	(616)	(857)
Service costs	(3,074)	(2,803)	(8,207)	(8,047)
Other operational costs	(198)	(194)	(559)	(606)
Labour costs	(7,435)	(7,211)	(24,199)	(22,849)
Other administrative expenses	(650)	(587)	(1,983)	(1,817)
Allocation to Credit Depreciation Fund	(8)	(1)	(71)	(70)
Intangible fixed asset amortization	(738)	(671)	(2,238)	(1,954)
Tangible fixed asset amortization	(199)	(199)	(586)	(584)
Financial income	17	24	62	159
Financial expenses	(24)	(15)	(53)	(43)
Revaluations and depreciations	139	124	306	347
Income taxes [1]	(4)	(4)	(4)	(4)
Pre-tax result	**582**	**1,566**	**853**	**4,272**
Pre-tax result for the period attributable to:				
Non- controlling interests	93	15	34	214
Owners of the parent	**489**	**1,551**	**819**	**4,058**
Weighted average number of ordinary shares in circulation: 8.980.000				
Basic earnings per share (in €)	0.054	0.173	0.091	0.452

Consolidated statement of comprehensive income

(in thousands of Euro)

	III Quarter 2010	III Quarter 2009	Period 2010 01/01 –30/09	Period 2009 01/01 –30/09
Profit/(loss) for the period	582	1,566	853	4,272
Gains/(Losses) on fair value of available for sale financial assets	18	85	(143)	206
Total comprehensive income	**600**	**1,652**	**710**	**4,478**
Profit/(loss) for the period attributable to:				
Non-controlling interests	93	15	34	214
Owners of the parent	**507**	**1,636**	**676**	**4,265**

[1] The interim management report is presented without calculating the income taxes for the period; the amount shown is related to the tax variations calculated when drafting the annual balance and the punctual determination of said taxes that was calculated later when the income tax return was declared.

Consolidated Statement of financial position

(in thousands of Euro)

31/12/2009	*ASSETS*	*30/09/2010*	*30/09/2009*
	A) Non-Current Assets		
19,212	Property, plant and equipment	18,784	19,352
17,747	Intangible assets	18,894	17,270
8,309	Goodwill	8,309	8,309
220	Investments	476	404
781	Other financial assets available for sale	638	861
72	Other non-current credits	91	72
244	Credits due to deferred taxes	244	232
46,583	**TOTAL NON-CURRENT ASSETS**	**47,436**	**46,499**
	B) Current Assets		
112	Inventories	158	130
312	Ongoing orders	197	293
28,905	Trade receivables and other credits	32,935	31,220
1,791	Tax credits	1,480	2,410
6,379	Cash on hand and other equivalent assets	5,231	7,903
37,498	**TOTAL CURRENT ASSETS**	**40,000**	**41,955**
84,081	***TOTAL ASSETS***	**87,436**	**88,454**

31/12/2009	*EQUITY AND LIABILITIES*	*30/09/2010*	*30/09/2009*
	A) Equity		
4,670	Company capital	4,670	4,670
35,481	Reserves	35,338	35,552
16,354	Accumulated profits/losses	14,928	18,427
56,505	**TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT**	**54,936**	**58,649**
2,489	Third party Equity	2,522	3,027
58,993	**TOTAL EQUITY**	**57,458**	**61,676**
	B) Non-current liabilities		
179	Financing	157	186
3,452	Deferred tax liabilities	3,452	3,497
6,317	Employee benefits and quiescence provisions	6,589	6,139
135	Expense and risk provisions	75	25
10,083	**TOTAL NON-CURRENT LIABILITIES**	**10,273**	**9,847**
	C) Current liabilities		
4,393	Trade payables	6,910	7,577
2,644	Current tax payables	2,013	1,635
1,286	Short-term financing	3,897	916
6,682	Other liabilities	6,884	6,803
15,005	**TOTAL CURRENT LIABILITIES**	**19,704**	**16,932**
84,081	***TOTAL LIABILITIES AND EQUITY***	**87,436**	**88,454**

Consolidated Cash Flow Statement

(in thousands of Euro)

Cash Flow Statement of CAD IT Group	*Period 2010* *01/01 – 30/09*	*Period 2009* *01/01 – 30/09*
A) OPERATING ACTIVITIES		
Profit (loss) for the period	819	4,058
Amortisation, revaluation and depreciation:		
- Property, plant and equipment amortisation	586	584
- Intangible fixed asset amortisation	2,238	1,954
- revaluation of investments and financial assets available for sale	(306)	(347)
- depreciation of investments and financial assets available for sale	0	0
Allocations (utilization) of provisions:	212	(136)
Financial performance:		
- Net financial receipts (charges)	(9)	(116)
- Profit / (losses) on exchanges	(1)	(1)
Working capital variations	(1,562)	(4,038)
Income taxes paid	0	(343)
Interest paid	(52)	(42)
(A) - Cash flows from (used in) operating activities	**1,925**	**1,574**
B) INVESTMENT ACTIVITIES		
Investments in activities		
- Property, plant and equipment purchases	(163)	(322)
- Intangible assets purchases/development	(3,385)	(3,435)
- increase in other fixed assets	(22)	(11)
Disinvestment activities		
- Property, plant and equipment transfers	4	6
- Decrease in other fixed assets	2	4
Cashed Interest	56	147
Cashed dividends	56	167
(B) - Cash flows from (used in) investment activities	**(3,452)**	**(3,444)**
C) FINANCING ACTIVITIES		
Medium/long term financing repayment	(22)	(20)
Effects on consolidation reserve	0	0
Third party net patrimony	34	22
Dividends paid	(2,245)	(4,490)
(C) - Cash flows from (used in) financing activities	**(2,233)**	**(4,488)**
(A+B+C) - Total cash and other equivalent assets flows	**(3,759)**	**(6,359)**
Opening cash balances and equivalents	**5,093**	**13,346**
Closing cash balances and equivalents	**1,333**	**6,987**

EXPLANATORY NOTES

1. Foreword

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Corporate Governance

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

4. Activities of the Group

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

5. Accounting standards and consolidation criteria

The economic, patrimonial and financial information has been drafted in accordance with the evaluation and measurement criteria as established by the International Financial Reporting Standard (IFRS), issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedure in art. 6 of the European Parliament and Council Regulation (EC) no. 1606/2002 of 19th July 2002.
The accounting standards adopted are the same as those used for drafting the last annual balance and have been applied in the same manner throughout the periods shown and for all the Group's companies; there have been no modifications in the comparative information.
Interim Management Report has been drafted using the evaluation criteria of historical cost , except for financial instruments available for sale, which are assessed at fair value, and the holdings in subsidiaries, which are assessed in accordance with the equity method. Moreover, where some land and buildings have been included in First Time Adoption, the *fair value* has been used instead of the cost..
The balance has been drafted in the assumption that the company will continue.

Use of estimates

In accordance with the IFRS, when drafting the Interim Management Report the company management formulates evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case. Since they are estimates, the results obtained are not necessarily the same as the results portrayed.
The estimates and hypotheses are reviewed on a regular basis. Any variations deriving from an accounting estimate review are shown in the period in which the

review was made if such review only affects that period. If the review affects the current and future periods, the variation is recorded in the period in which the review is made and in the relative subsequent periods.

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

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

Subsidiary companies

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

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

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

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

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

Associate companies

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

Property, plant and equipment

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

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

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

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

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

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

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

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

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

Financial leasing

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

Intangible fixed assets

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

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

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

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

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

Goodwill

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

After the initial registration, goodwill is no longer amortised and is decremented of any losses in accumulated value, calculated according to the IAS 36 Asset value reduction. Goodwill regarding shares in associates companies is included in the taxation value of said companies.

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

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

Impairment loss

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

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

Assets available for sale

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

Other non-current credits

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

Stock

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

On-going orders

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

Commercial credits and other credits

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

Liquid asset availability and equivalent means

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

Employee leaving entitlement

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

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

Risk and obligation funds

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

Commercial debts and other current liabilities

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

Revenues and costs

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

formula, the accrual is calculated in proportion with time.
The costs are ascribed according to the same criteria as those for revenue acknowledgment.

Balance sheet layout

The balance layouts have been drafted according to IAS 1 specifications.
The Group has decided to present revenue and cost entries referring to the period in question in two statements. One statement shows the profit (loss) components for the period (Consolidated Income statement) and the other, which begins with the profit (loss) of the period and shows the statement entries of the other components of the overall profit and loss account (Statement of comprehensive income).
The Group presents its economic account by nature, the format that is considered the most representative in terms of function presentation. In fact, the chosen format conforms to the internal reporting modalities and the business management and is in line with the way the economic account was represented in the past.
The profit and loss account is drafted in scalar format highlighting the following intermediate results:
• Production revenues: this is the value of services and goods produced and sold by the Group, including internal assets and other income and earnings from the traditional offer.
• Added value: obtained by subtracting the operative costs for service and asset purchases from production revenues, this measures how much of the internal production and distribution of goods and services is due to company productive factors.
• Gross Operational Result (EBITDA): this figure is obtained by subtracting from the added value all of the costs that can be put down to staff and other administrative expenses. It highlights the result based on the traditional offer including depreciations, financial management, revaluations or devaluations and taxes.
• Operational Result (EBIT): this figure is obtained by subtracting the depreciation and funding amounts from the gross operational result.
• Ordinary Result: this includes the financial management result.
• Pre-tax result: obtained by including revaluations and devaluations in the ordinary Result.
As for the consolidated patrimonial financial situation, a distinction has been made between current and non-current assets and liabilities.
The financial statement has been presented according to the indirect method so that the profit (or loss) for the period has been adjusted of any non-monetary operations and by deferments and the setting aside of future incomes or payments.

6. Consolidation area

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

Company name	*Registered office*	*Share/ Quota capital (Euro)*	*Percentage of investment*	*Percentage of investment of the Group*
consolidated using the integral method				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
CAD S.r.l.	Verona	130,000	100.00%	100.00%
Cesbe S.r.l.	Verona	10,400	52.00%	52.00%
Netbureau S.r.l.	Milano	50,000	100.00%	100.00%
S.G.M. S.r.l.	Padova	100,000	100.00%	100.00%
D.Q.S. S.r.l.	Roma	11,000	55.00%	55.00%
Bit Groove S.r.l.	Verona	15,500	100.00%	100.00%
Elidata S.r.l.	Castiglione D'Adda (LO)	20,000	51.00%	51.00%

Smart Line S.r.l.	Verona	102,700	51.05%	51.05%
Datafox	Verona	99,999	51.00%	51.00%
Tecsit S.r.l. (1)	Roma	75,000	70.00%	38.50%
(1) Held through DQS S.r.l.				

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

Company name	*Registered office*	*Date of reference*	*Quotaholders' equity including profit for the period*	*Profit 01/01-30/09*	*Percentage of investment*	*Investment value of the Group*
Sicom S.r.l.	Viadana (MN)	30/09/2009	1,615	1,388	25.00%	404
Sicom S.r.l.	Viadana (MN)	30/09/2010	1,904	1,224	25.00%	476

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

	III Quarter 2010		*III Quarter 2009*		*Variations*	
	€/000	*% on PV*	*€/000*	*% on PV*	*€/000*	*%*
Income from sales and services to third parties	11,872	91.6%	11,445	85.9%	427	3.7%
Changes in ongoing orders	28	0.2%	23	0.2%	5	20.8%
Asset increases due to internal work	1,090	8.4%	1,479	11.1%	(389)	(26.3%)
Other revenue and receipts	8	0.1%	376	2.8%	(368)	(97.8%)
Production value	**12,998**	**100.0%**	**13,323**	**100.0%**	**(325)**	**(2.4%)**
Costs for raw	(243)	(1.9%)	(220)	(1.6%)	(24)	10.8%
Service costs	(3,074)	(23.7%)	(2,803)	(21.0%)	(271)	9.7%
Other operational costs	(198)	(1.5%)	(194)	(1.5%)	(4)	2.1%
Added value	**9,484**	**73.0%**	**10,107**	**75.9%**	**(623)**	**(6.2%)**
Labour costs	(7,435)	(57.3%)	(7,211)	(54.1%)	(224)	3.1%
Other administrative expenses	(650)	(5.0%)	(587)	(4.4%)	(63)	10.7%
Gross operational result (EBITDA)	**1,399**	**10.8%**	**2,309**	**17.3%**	**(911)**	**(39.4%)**
Allocation to Credit Depreciation Fund	(8)	(0.1%)	(1)	(0.0%)	(7)	784.3%
Intangible fixed asset amortization	(738)	(5.7%)	(671)	(5.0%)	(66)	9.9%
Tangible fixed asset amortization	(199)	(1.5%)	(199)	(1.5%)	0	(0.2%)
Operational result (EBIT)	**455**	**3.5%**	**1,438**	**10.8%**	**(983)**	**(68.4%)**
Financial income	17	0.1%	24	0.2%	(7)	(29.3%)
Financial expenses	(24)	(0.2%)	(15)	(0.1%)	(9)	60.1%
Ordinary result	**448**	**3.4%**	**1,447**	**10.9%**	**(999)**	**(69.0%)**
Revaluations and depreciations	139	1.1%	124	0.9%	15	12.2%
Income taxes [2]	(4)	(0.0%)	(4)	(0.0%)	0	(0.4%)
Pre-tax result	**582**	**4.5%**	**1,566**	**11.8%**	**(984)**	**(62.8%)**
Pre-tax result for the period attributable to:						
Non- controlling interests	93	0.7%	15	0.1%	78	508.5%
Owners of the parent	**489**	**3.8%**	**1,551**	**11.6%**	**(1,062)**	**(68.5%)**

[2] The interim management report is presented without calculating the income taxes for the period; the amount shown is related to the tax variations calculated when drafting the annual balance and the punctual determination of said taxes that was calculated later when the income tax return was declared.

The CAD IT Group closed the third quarter of the 2010 financial period showing a significant drop in results and profitability margins compared to the same quarter in 2009 due to the continuing unfavourable trend in the economy and the widespread ongoing crisis.
Progress is still in line with the first part of 2010 and the pre-tax result for the quarter was in credit by Euro 582 thousand compared to Euro 1,566 thousand in the third quarter of 2009.
The value of production for the quarter was mainly due to revenues from sales and services to the amount of Euro 11,872 thousand, showing an increase of 3.7% compared to Euro 11,445 thousand in the third quarter of the 2009 financial period.
Increases in internal work capitalised under fixed assets during the quarter came to Euro 1,090 thousand, due to the use of resources to develop new procedures and the Group's own software bank, showing a decrease compared to Euro 1,479 thousand in the third quarter of the 2009 financial period.
The other revenues and equivalent earnings, which came to Euro 376 thousand in the third quarter of 2009, mainly due to the effect of tax credit registration relating to sustained costs for research and development, in accordance with Article 1, paragraphs 280 to 283 of Law no. 296 of 27th December 2006, stood at Euro 8 thousand.
Service costs of Euro 3,074 thousand increased by 9.7% compared to the third quarter in 2009 (equal to Euro 2,803 thousand), also due to having to resort to highly qualified external collaboration in order to maintain productive flexibility.
Purchase costs to the value of Euro 243 thousand showed an increase compared to Euro 220 thousand in the third quarter of 2009 financial period.
The Euro 9,484 thousand added value, accordingly, fell by 6.2% compared to Euro 10,107 thousand in the previous quarter, maintaining marginality at 73.0% of the value of production (75.9% in the third quarter of 2009).
Labour costs in the quarter came to Euro 7,435 thousand, showing an increase of Euro 224 thousand (+3.1%) compared to Euro 7,211 thousand in the third quarter of 2009. This increase in labour costs was mainly due to the renewal of the National Employment Contract in the engineering sector, with the first tranche as of January 2010, and to staff wage increases and bonuses. Furthermore, labour costs included the effect deriving from the actuarial calculation, in accordance with IAS 19, of the Severance Pay debt towards employees. The average number of employees during the quarter was 607 units, compared to 602 units in the same quarter of 2009.
Other administrative costs came to Euro 650 thousand compared to Euro 587 thousand in the third quarter of 2009 financial period.
The EBITDA Gross Operational Result stood at Euro 1,399 thousand (equal to 10.8% of the value of production) compared to Euro 2,309 thousand in the third quarter of 2009 (equal to 17.3% of the value of production), showing a decrease mainly as a result of the reduction in the value of production and an increase in labour and service costs.
Amortization contributions for the quarter stood at Euro 738 thousand in regard to intangible assets and Euro 199 thousand for tangible assets, compared to Euro 671 thousand and Euro 199 thousand in 2009 third quarter.
The EBIT Operational Result was therefore in credit by Euro 455 thousand compared to Euro 1,438 thousand in the third quarter of the previous year.
The net financial management result showed a slight negative with financial earnings and expenses at Euro 17 thousand and Euro 24 thousand respectively, compared to Euro 24 thousand and Euro 15 thousand in the same quarter of the previous financial period; the decrease in financial management result was mainly due to a drop in liquid assets and equivalent means and to the increase in the use of credit on current bank accounts.
The Ordinary Result was in credit by Euro 448 thousand compared to Euro 1,447 thousand in the same quarter of 2009.
The positive result of the associate company Sicom S.r.l., calculated with the net patrimony method, generated a Euro 139 thousand revaluation, while in the comparison quarter of 2009, this revaluation was calculated at Euro 124 thousand.
The pre-tax result of the quarter was in credit by Euro 582 thousand equal to 4.5% of the value of production

(Euro 1,566 thousand in the third quarter of 2009 equal to 11.8% of the value of production) of which Euro 489 thousand ascribable to CAD IT partners (previous quarter Euro 1,551 thousand) and Euro 93 thousand related to third party share (previous quarter Euro 15 thousand).
The interim management report is presented without calculating the income taxes for the quarter.
The figures summarizing earnings from sales and services, subdivided according to the business line and compared to the corresponding amounts of the previous year, are shown below.

Income from sales and services	*3° Quarter 2010*		*3° Quarter 2009*		*Period 2010 01/01 – 30/09*		*Period 2009 01/01 – 30/09*	
Finance	11,167	94.1%	10,691	93.4%	33,692	94.0%	34,216	93.1%
Manufacturing	706	5.9%	754	6.6%	2,164	6.0%	2,545	6.9%
Total	11,872	100.0%	11,445	100.0%	35,857	100.0%	36,761	100.0%

8. Management results and comments on the most significant components – first 9 months

	Period 2010 01/01 – 30/09		*Period 2009 01/01 – 30/09*		*Variations of the period*	
	€/000	*% on PV*	*€/000*	*% on PV*	*€/000*	*%*
Income from sales and services to third parties	35,857	92.0%	36,761	90.5%	(904)	(2.5%)
Changes in ongoing orders	(115)	(0.3%)	(60)	(0.1%)	(55)	93.0%
Asset increases due to internal work	3,236	8.3%	3,019	7.4%	217	7.2%
Other revenue and receipts	24	0.1%	879	2.2%	(854)	(97.2%)
Production value	**39,002**	**100.0%**	**40,599**	**100.0%**	**(1,597)**	**(3.9%)**
Costs for raw	(616)	(1.6%)	(857)	(2.1%)	241	(28.1%)
Service costs	(8,207)	(21.1%)	(8,047)	(19.8%)	(160)	2.0%
Other operational costs	(559)	(1.4%)	(606)	(1.5%)	47	(7.8%)
Added value	**29,619**	**75.9%**	**31,088**	**76.6%**	**(1,469)**	**(4.7%)**
Labour costs	(24,199)	(62.1%)	(22,849)	(56.3%)	(1,350)	5.9%
Other administrative expenses	(1,983)	(5.1%)	(1,817)	(4.5%)	(166)	9.1%
Gross operational result (EBITDA)	**3,437**	**8.8%**	**6,422**	**15.8%**	**(2,985)**	**(46.5%)**
Allocation to Credit Depreciation Fund	(71)	(0.2%)	(70)	(0.2%)	(1)	1.4%
Intangible fixed asset amortization	(2,238)	(5.7%)	(1,954)	(4.8%)	(283)	14.5%
Tangible fixed asset amortization	(586)	(1.5%)	(584)	(1.4%)	(2)	0.4%
Operational result (EBIT)	**542**	**1.4%**	**3,814**	**9.4%**	**(3,271)**	**(85.8%)**
Financial income	62	0.2%	159	0.4%	(97)	(61.0%)
Financial expenses	(53)	(0.1%)	(43)	(0.1%)	(10)	22.3%
Ordinary result	**552**	**1.4%**	**3,930**	**9.7%**	**(3,378)**	**(86.0%)**
Revaluations and depreciations	306	0.8%	347	0.9%	(41)	(11.8%)
Income taxes [3]	(4)	(0.0%)	(4)	(0.0%)	0	(0.4%)
Pre-tax result	**853**	**2.2%**	**4,272**	**10.5%**	**(3,419)**	**(80.0%)**
Pre-tax result for the period attributable to:						
Non- controlling interests	34	0.1%	214	0.5%	(180)	(84.2%)
Owners of the parent	**819**	**2.1%**	**4,058**	**10.0%**	**(3,239)**	**(79.8%)**

[3] The interim management report is presented without calculating the income taxes for the period; the amount shown is related to the tax variations calculated when drafting the annual balance and the punctual determination of said taxes that was calculated later when the income tax return was declared.

The CAD IT Group closed at 30th September 2010 showing a significant drop in results and profitability margins compared to the same quarter in 2009 due to the continuing unfavourable trend in the economy and the widespread ongoing crisis.
The pre-tax result of the period was still in credit by Euro 853 thousand, compared to Euro 4,272 thousand of the first nine months of 2009.
The value of production for the period, showing a 3.9% decrease, was mainly due to revenues from sales and services to the amount of Euro 35,857 thousand (-2.5% compared to Euro 36,761 thousand in the first nine months of 2009).
Increases in internal work capitalised under fixed assets came to Euro 3,236 thousand, showing an increase compared to the Euro 3,019 thousand in the same period of 2009, due to the use of resources to develop new procedures and the Group's own software bank.
The other revenues and equivalent earnings, which came to Euro 879 thousand in the first nine months of 2009, mainly due to the effect of tax credit registration relating to sustained costs for research and development, in accordance with Article 1, paragraphs 280 to 283 of Law no. 296 of 27th December 2006, stood at Euro 24 thousand.
The Euro 29,619 thousand added value fell by 4.7% compared to Euro 31,088 thousand in the previous period, maintaining marginality at 75.9% of the value of production (76.6% in the first nine months of 2009).
Service costs of Euro 8,027 thousand increased by 2.0% compared to the first nine months of 2009 (equal to Euro 8,047 thousand), also due to having to resort to highly qualified external collaboration in order to maintain productive flexibility.
Purchase costs to the value of Euro 616 thousand showed a decrease of Euro 241 thousand compared to Euro 857 thousand in the first nine months of 2009.
The EBITDA Gross Operational Result stood at Euro 3,437 thousand (equal to 8.8% of the value of production) compared to Euro 6,422 thousand in the first nine months of 2009 (equal to 15.8% of the value of production).
Labour costs in the first nine months of the year came to Euro 24,199 thousand, showing an increase of Euro 1,350 thousand (+5.9 %) compared to Euro 22,849 thousand in the same period of previous financial exercise. This increase in labour costs was mainly due to the renewal of the National Employment Contract in the engineering sector, with the first tranche as of January 2010, and to staff wage increases and bonuses. Furthermore, labour costs included the effect deriving from the actuarial calculation, in accordance with IAS 19, of the Severance Pay debt towards employees: during the first nine months the actuarial loss came to Euro 167 thousand compared to an actuarial gain of Euro 145 thousand in the same period of 2009.
The average number of employees during the first nine months of the year was 607 units, compared to 603 units in the same period of 2009.
Other administrative costs came to Euro 1,983 thousand compared to Euro 1,817 thousand in the first nine months of 2009.
The EBITDA result therefore stood at Euro 3,437 thousand compared to Euro 6,422 thousand of the same period of 2009, showing a 46.5% drop, mainly as a result of the reduction in the value of production and an increase in labour costs.
Amortization contributions for the period stood at Euro 2,238 thousand in regard to intangible assets and Euro 586 thousand for tangible assets, compared to Euro 1,954 thousand and Euro 584 thousand in the same period in 2009.
The EBIT Operational Result was therefore in credit by Euro 542 thousand compared to Euro 3,814 thousand in the same period of the previous year.
The net financial management result showed a slight credit with financial earnings and expenses at Euro 62 thousand and Euro 53 thousand respectively compared to Euro 159 thousand and Euro 43 thousand in the same period of the previous financial period; this decrease was mainly due to a drop in liquid assets and equivalent means.
The Ordinary Result was in credit by Euro 552 thousand compared to Euro 3,930 thousand in the same period of 2009.
The positive result of the associate company Sicom S.r.l., calculated with the net patrimony method, generated

a Euro 306 thousand revaluation, while in the comparison period of 2009 this revaluation was calculated at Euro 347 thousand.
The consolidated pre-tax result of the first nine months of 2010 was in credit by Euro 853 thousand equal to 2.2% of the value of production (previous period Euro 4,272 thousand equal to 10.5% of the value of production) of which Euro 819 thousand ascribable to CAD IT partners (previous financial period Euro 4,058 thousand) and Euro 34 thousand related to third party share (previous financial period Euro 214 thousand).
The interim management report is presented without calculating the income taxes for the period.

9. *Significant events of the period*

On 29th April 2010, the Ordinary Shareholders' Meeting approved the financial statement for the year ending at 31/12/2009 and agreed to distribute a dividend of Euro 0.25 per share. The dates for coupon release and dividend payment were 10th and 13th May 2010 respectively. Dividend payment resulted in a cash outlay of Euro 2,245 thousand.
Activities regarding the development and sale of new products for both traditional and new types of clients continued throughout the period.
Moreover, the intense project activities with Xchanging UK Ltd (a company that supplies security administration services for the German and British market and which holds a 10% share in CAD IT S.p.A.) through which the CAD IT Group aims at increasing its revenues in Italy and also to diversify its business in geographical terms, is continuing. In June CAD IT signed a Letter of Intent which foresaw CAD IT software and relative services being supplied to Xchanging for the latter's BPO (Business Process Outsourcing) activities in the fund administration, broker and asset manager segment in Italy and Europe. The Letter of Intent was subsequently finalized by the signing of a contract.
In August CAD IT signed a contract with Xchanging for the supply of software and relative services to support platforms for the management and administration of securities and funds on behalf of Xchanging on European financial markets. The contract follows the agreement signed between Xchanging and SIA-SSB, the European leader for financial system services and payments, in order to form a partnership through which Xchanging has acquired the operational control of Kedrios S.p.A., the Italian subsidiary of the SIA-SSB Group that specialises in the back office management of securities processing and fund administration services.
Xchanging thus enters the Italian market, confirming its objective of becoming an important player in the sector as a top-class software supplier for banks, and being able to rely on an operative base in Italy to serve its own customers and to expand on an international level.
With the signing of this contract, CAD IT and Xchanging have further strengthened their strategic partnership, established in 2006, which principally aimed at developing an integrated pan-European technological platform for the management of financial tools and represents a fundamental step for CAD IT's expansion into Europe because it allows the Group to take advantage of the know-how and international presence of such a reputable partner such as Xchanging.
During the third quarter, CAD IT, together with the Mediobanca team of experts, bought the project for the development and integration of the entirely web 2.0 and open platform new version of Finance Area at Mediobanca to a close. Amongst the most significant innovations of the new version is the Middle Office management module which supports all post-trade activities and dealings with the bank's customers, like production of confirmations and receipt of specific multi-channel instructions. Furthermore, Mediobanca has chosen CAD IT's "Caronte" module for connecting to markets, which has been renewed in the interfaces and, due to its total integration in Finance Area, guarantees high added value performance and automatism. The project is a true success for CAD IT since, in just 12 months, it has been able to start up the new innovative Finance Area platform at such a prestigious and important bank like Mediobanca. Working in a team with the bank's experts has also led to further know-how for CAD IT software solutions.

10. Net financial position

The consolidated net financial position at 30th September 2010 was positive for Euro 1,176 thousand compared to Euro 3,572 thousand at 30th June 2010 and Euro 4,914 thousand at 31st December 2009.
In particular, cash-on-hand and in bank accounts came to Euro 2,882 thousand and capitalisation insurance policies (contractually available on 20-day prior request without any significant tax expenses) came to Euro 2,349 thousand.
Short-term debts towards banks of Euro 3,897 thousand regard overdrawn accounts and advances subject to final payment.

(in thousands of Euro)

Net consolidated financial position	*30/09/2010*	*30/06/2010*	*31/12/2009*	*30/09/2009*
Cash-on-hand and at bank	2,882	2,635	3,873	5,425
Capitalisation insurance policies	2,349	2,334	2,505	2,479
Payables due to banks current portion	(3,897)	(1,232)	(1,286)	(916)
Net short-term financial position/(indebtedness)	**1,333**	**3,737**	**5,093**	**6,987**
Long-term loans	(157)	(165)	(179)	(186)
Net long-term financial position/(indebtedness)	**(157)**	**(165)**	**(179)**	**(186)**
Net financial position/(indebtedness)	**1,176**	**3,572**	**4,914**	**6,801**

As detailed in the financial report, operating activities, in the first nine months of 2010, generated a positive cash flow of Euro 1,925 thousand. Investment activity management came to Euro 3,452 thousand: specifically Euro 3,385 thousand were invested in intangible assets and Euro 163 thousand in tangible assets. Lastly, Euro 2,233 thousand were used for financing purposes and almost the entire sum went towards paying dividends to CAD IT shareholders (Euro 2,245 thousand). Please refer to CAD IT Group's financial report for cash flow details.

11. Research and development

Although the macro-economic context is not so favorable, the CAD IT Group is still making considerable investments into research and development with the aim of widening its own product portfolio and to further extend its offer on an international level and towards neighboring market segments such as investment banks, insurance companies, fund administration and brokers. The recent contracts signed with one of the most important Italian merchant bank and with one of the leading German retail banks, together with the agreement with Xchanging to expand the financial tool management platform onto the European market, are fundamental steps towards achieving these strategic objectives.
In relation to activities aimed at consolidating traditional business, the production of new modules to increase the functional and technological development of the considerable range of software installed remains constant within the Group.
New web modules are currently being development for the well-established 'Area Finanza' procedure and a new Trading On-line platform is being created.
The creation and use of new computer systems aimed at diversifying the Group's offer towards those sectors bordering on the ones in which it is already present, is still underway.
As regards new projects, development are continuing on the SIBAC GS platform, which is a fundamental element for the Group's strategic growth.
Activity in the production of specialised modules for the business intelligence (Managerial Information System) area is also continuing.
CAD IT and Smart Line S.r.l. are now investing to enrich theirs own offer range of solutions and services for Public Administration and authorities for the management of local taxes.
The CAD IT Group, in its intent to develop its own products, is also creating solutions linked to the new norms

and further procedures aimed at diversification for new business sectors like Insurance (Finance Area for Insurances) and new software modules for international market (EM).

12. Investments

The figures accumulated in investments in intangible and tangible assets, made during the third quarter by companies of the Group included in the consolidation area amount to Euro 1,169 thousand, compared to Euro 1,531 thousand in the same period in 2009.

(in thousands of Euro)

Summary of investments	*3° Quarter 2010*	*3° Quarter 2009*	*Period 2010 01/01 - 30/09*	*Period 2009 01/01 - 30/09*	*Year 2009*
Intangible fixed assets	30	10	149	416	486
Assets under development and payments on account	1,090	1,479	3,236	3,019	4,232
Property, Plant and equipment	49	42	163	322	394
Total investments in tangible and intangible fixed assets	***1,169***	***1,531***	***3,548***	***3,757***	***5,113***

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 very shortly, in credit and financial institutions as well as in the field of public and industrial administration, this purpose development activities was increased during the quarter.
During the first nine months of the financial period, the item "Intangible fixed assets" and “Property, Plant and equipment” varied as follows:

(in thousands of Euro)

Intangible fixed assets	*Industrial patents and similar rights.*	*Licences, trademarks and similar rights*	*Assets under development and payments on account*	*Other*	*Total*	*Goodwill*
Purchase or production cost	14,333	3,397	10,444	35	28,209	8,309
Previous years revaluations						
Previous years depreciation and write-downs	(7,524)	(2,902)		(35)	(10,462)	
Adjustments to previous years write-downs		(1)			(1)	
Opening value	**6,808**	**495**	**10,444**	**0**	**17,747**	**8,309**
Variations in consolidation area						
Purchases/increases		149	3,236		3,385	
Transfers						
Reduction in accumulated depreciation due to disposals						
Disposals						
Revaluations for the period						
Depreciation and write-downs for the period	(2,034)	(204)			(2,238)	
Adjustments to write-downs for the period						
Total intangible fixed assets	**4,774**	**440**	**13,680**	**0**	**18,894**	**8,309**

(in thousands of Euro)

Property, plant and equipment	*Land and buildings*	*Plant and machinery*	*Industrial and commercial equipment*	*Other tangible fixed assets*	*Assets under development and payments on account*	*Total*
Purchase or production cost	9,140	4,141	29	5,403		18,712
First time adoption revaluation	8,439					8,439
Previous years depreciation and write-downs	(1,095)	(2,240)	(21)	(4,582)		(7,938)
Adjustments to previous years write-downs				(2)		(2)
Opening value	**16,484**	**1,901**	**8**	**819**		**19,212**
Variations in consolidation area						
Purchases		40	1	122		163
Transfers						
Reduction in accumulated depreciation due to disposals		1		19		20
Disposals		(4)		(20)		(24)
Revaluations for the period						
Depreciation and write-downs for the period	(92)	(196)	(3)	(296)		(586)
Adjustments to write-downs for the period						
Total tangible fixed assets	**16,392**	**1,742**	**6**	**644**		**18,784**

13. Personnel

The number of CAD IT Group staff, at the end of the quarter increased by 3 units compared to the end of 2009 financial period. Information on the actual number employees is reported below:

Category of Employees	*Labour force at 30/09/2010*	*Labour force at 30/09/2009*	*Labour force at 31/12/2009*
Management	19	17	17
White-collars and cadres	585	582	584
Blue-collars	1	1	1
Apprentices	2	2	2
Total	**607**	**602**	**604**

The average number of employees in the third quarter was 607 units, increasing compared to the same reference quarter of the 2009 financial period (602 units).

Category of Employees	*Average number III Trim 2010*	*Average number III Trim 2009*	*Average number period 01/01-30/09/2010*	*Average number period 01/01-30/09/2009*	*Average number year 2009*
Management	19	17	19	17	17
White-collars and cadres	585	582	585	583	583
Blue-collars	1	1	1	1	1
Apprentices	2	2	2	2	2
Total	**607**	**602**	**607**	**603**	**603**

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

14. Significant events since 30th September 2010

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

In October, CAD IT increased its own holding share in the controlled company CeSBE S.r.l. from 52% to 59% following the purchase of one holding share.

15. Foreseeable management developments

World economic growth showed signs of slowing down over the last summer. The International Monetary Fund (FMI) forecast prefigures a less lively economic activity in the second six months and a further slowing down in 2011, in both advanced and emerging countries. The reason has been put down to the consumption of stock accumulation and the weakening of the principle fiscal stimulation measures.

In the Euro area, growth differences between the major countries are tending to widen. In Germany, the increase in the GDP has been more decisive (2.2 per cent in the second quarter). From its minimum cyclical point, the German economy has made a total growth of 4.2 per cent as a whole, about three points more than the average of the other countries in the area. In Italy, recovery has been a mere 1.3 per cent. The increasing capacity of German companies to compete on the most dynamic markets is reflected in an expansion in their foreign sales, which is clearly greater than that of the other countries in the area.

Since the beginning of August, there has been renewed tension on the in Greek, Irish and Portuguese stock markets triggered by further worries about the conditions of public funds and banks in those countries.

Action aimed at redefining the regulatory architecture of brokerage market supervision has continued. The European Parliament has approved the creation of a European financial vigilance system. The Basle Committee has redefined the patrimonial requirements for banks, allowing the recommendations of the Heads of State

and governments of the Community countries to be activated.
Industrial production in Italy, on the basis of ISTAT up to August and Banca d'Italia estimations for September, has continued its upward trend that began in spring 2009. Surveys at manufacturing companies show a continuation of the cyclical recovery over the next few months even if the rhythm is more modest. Professional operators assessed in September by ConsensusEconomics expect a 1.0% growth in product in Italy, in line with the average in 2010.
The Italian banking sector has continued to experience a drop in profits. In fact, in the first six months of 2010, according to consolidated reports of the top five Italian banking groups, profit margins have continued to fall. The return on capital and reserves (ROE), evaluated on an annual basis, has fallen to 4 per cent, about one per cent less than the year before. The downturn in interest margins was only partially compensated by an increase in other revenues, generally determining a reduction in the brokerage margin of 7 per cent. With substantial stability in operative costs, the management result has fallen by 15 per cent. Earmarking and rectifications for credit deterioration have decreased by 13 per cent. Nevertheless, their incidence on the management result has remained more or less stable at 55 per cent. Net of taxes, profits have decreased by 8 per cent.[4]
In reply to the current short-term outlook, and to the purpose of the foreseeable developments, the Board of Directors has placed maximum attention on market needs in order to direct the Group's management and development strategies and to keep efficiency levels high to achieve positive economic results in the future. The circumstances could also be an opportunity for the Group to supply, for example, Application Management in the restructuring or redesigning of financial institution activities and Risk Management applications for monitoring and assessing risks.
The success of the Group's activities will therefore depend on its ability to maintain and increase the shares it has in the markets in which it currently operates and/or to further expand into other markets and segments (like insurance, public administration, foreign financial institutions) through new and high standard, quality products that would guarantee adequate income levels.
The CAD IT S.p.A. managers are constantly on the look-out for possible development opportunities, both directly and through external lines, by the taking on or purchase of further holdings that can create activities complimentary and synergetic to existing business or through technical or commercial agreements.
During the current financial period, development and trade activities for new products on offer to traditional customers and new types of customer are constantly under way. Moreover, intense activity is still continuing with Xchanging (a company listed on the British stock market which holds a 10% share in CAD IT), through which the CAD IT Group aims to increase its revenues in Italy and abroad and to geographically diversify its own business. In terms of these activities, in August a contract was signed with Xchanging for the supply of CAD IT software and services to support the platforms that manage and administer Xchanging's securities and funds on European financial markets.
When this report was approved, no significant uncertainties were foreseen for the remaining months of the current financial period. However, the managerial trend could be influenced by a number of risk factors that are not within the Group's control.

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

[4] Source: Banca D'Italia, Economic Bulletin no. 62, October 2010.

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

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

Verona, 12 November 2010

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

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