CAD IT S.p.A.

FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2007

(Translation from the Italian original which remains the definitive version)

CAD IT S.p.A.

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

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Financial statements as at end for the year ended 31 december 2007

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

CORPORATE BODIES

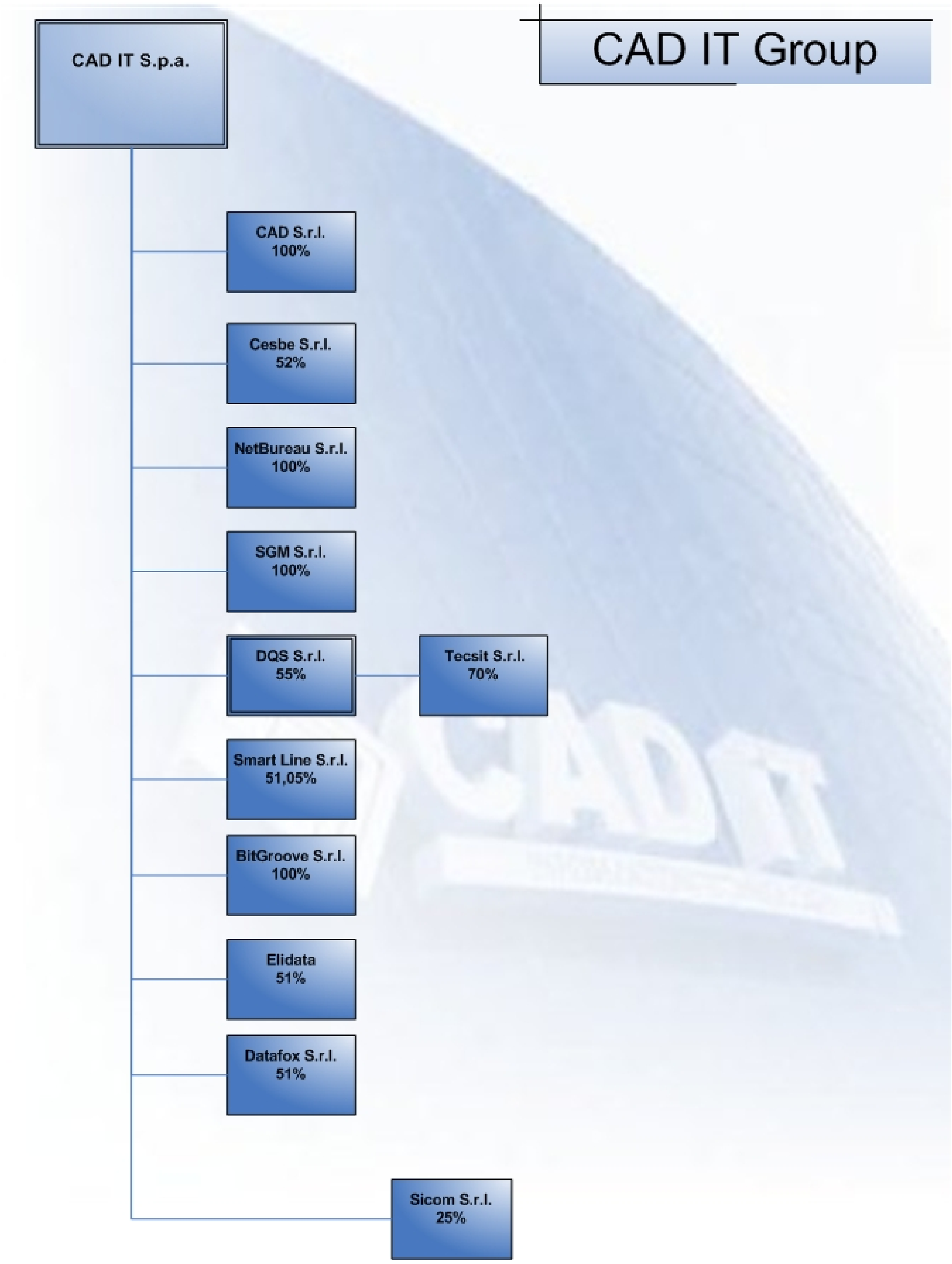
BOARD OF DIRECTORS [1]	STATUTORY AUDITORS [2]
GIUSEPPE DAL CORTIVO *Chairman and Managing Director*	GIANNICOLA CUSUMANO *Chairman*
LUIGI ZANELLA *Vice Chairman and Managing Director*	GIAN PAOLO RANOCCHI *Statutory Auditor*
GIAMPIETRO MAGNANI *Vice Chairman and Managing Director*	RENATO TENGATTINI *Statutory Auditor*
PAOLO DAL CORTIVO *Managing Director*	
MAURIZIO RIZZOLI *Director*	
MICHAEL JOHN MARGETTS *Director*	LUCA SIGNORINI *Substitute Statutory Auditor*
FRANCESCO ROSSI *Independent Director*	
LAMBERTO LAMBERTINI *Independent Director*	

AUDITORS

BDO SALA SCELSI FARINA
Società di Revisione per Azioni

(1) *Appointed on 28 April 2006; office expires with the shareholders' meeting for the approval of the 2008 financial statements.*
(2) *Appointed on 28 April 2006; office expires with the shareholders' meeting for the approval of the 2008 financial statements; on 6.12.2007 the Substitute Auditor, Cesare Brena, resigned from his position.*

The Chairman and Managing Director of the parent company CAD IT S.p.A., Giuseppe Dal Cortivo, is authorised to perform all ordinary and extraordinary administrative duties, excluding only those which can not be delegated by law and those assigned to the Board of Directors by article 19 of the company by-laws.
The main powers reserved in the statute to the Board of Directors are:the examination and approval of the strategic, industrial and financial plans of the company; the purchase, sale, exchange or transfer of fixed assets and real estate rights; the granting of collateral on fixed assets; the set up of new subsidiaries and the take-over, acquisition or sale of corporate investments; the acquisition, sale, exchange or transfer of the whole company or of business lines; the underwriting of obligations, commitments and responsibilities which, either singularly or jointly with other connected negotiations, come to more than €4,000,000; the nomination of managing directors; the release of warranties and real or personal guarantees of any kind to the sum of more than €2,000,000 for each individual transaction and, if in the interest of subjects other than the Company and its subsidiaries, to any sum whatsoever; the examination and preventive approval of significant transactions including those with company related parties and company subsidiaries; verification of the appropriateness of the administrative and organisational structure and the general accounting, the internal control system and any conflicts of interest.
The managing directors, Giampietro Magnani and Luigi Zanella, will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness, with the power to act alone with their single signature to the maximum amount of Euro 1,000,000 (one million) for each individual transaction and with the joint signature of another managing director for amounts exceeding Euro 1,000,000 (one million) up to a maximum of Euro 3,000,000 (three million) for each individual transaction. Moreover, each of them will also be authorised to acquire and/or sell registered moveable assets with their single signature.
The Managing Director Paolo Dal Cortivo is authorised to represent the company before the institutional investors and the shareholders, and before Borsa Italiana S.p.A., the Italian Stock Exchange company, and Consob. The Managing Director, Paolo Dal Cortivo, on behalf and in the interests of the Company, is responsible for the drawing up and signing of contracts with clients for the supply of goods and/or services up to the amount of € 500,000 per contract.
The Managing Directors are authorised to represent the company to the extent, and within the limits, of the proxies received.



CAD IT Group at 31/12/2007

Directors' report on management

This Directors' report on management is attached to CAD IT's report and shows and explains the main aspects of the Group's consolidated profit and loss account and the consolidated patrimonial-financial situation.

The CAD IT S.p.A. balance has been drafted in accordance with the international accounting standards (IAS/IFRS), as required by regulation no. 1606 and adopted by the European Union in 2002.

CAD IT S.p.A. is obliged to draft a consolidated balance to which reference may be made for further information on the Group's results.

Unless otherwise indicated, the monetary amounts in the accounting tables and those referred to in the comments are shown in thousands of Euros.

For information and comments on the results and the economic-financial situation of the CAD IT Group, please refer to the consolidated balance and the relative managerial reports.

Information on CAD IT S.p.A.

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

The registered office and the administrative and operating offices are in Via Torricelli 44/a, Verona.

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

At 31 December 2007, share capital amounts to € 4,669,600, fully subscribed and paid-in, and comprises 8,980,000 ordinary shares.

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

CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil Code.

Activities of the Group

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

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

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

CAD IT is leader in the Italian software market for the banking sector with its main product, Financial Area, a programme which completely manages all functions connected to negotiation, settlement and administration of security transactions, debentures, derivates (in any currency) and adopted by 60% 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.

Synthesis of CAD IT's results

The most significant results of the profit and loss account are shown in the table below:

	Period 2007 01/01 - 31/12		Period 2006 01/01 - 31/12		Variations	
						%
Production value	39,675	100.0%	30,495	100.0%	9,180	30.1%
Added value	28,475	71.8%	22,505	73.8%	5,971	26.5%
Gross operational result (EBITDA)	10,738	27.1%	6,028	19.8%	4,710	78.1%
Operational result (EBIT)	8,713	22.0%	4,797	15.7%	3,916	81.6%
Ordinary result	9,243	23.3%	5,329	17.5%	3,914	73.4%
Pre-tax and pre-third party share result	10,030	25.3%	5,271	17.3%	4,759	90.3%
Income taxes	(3,463)	(8.7%)	(2,582)	(8.5%)	(881)	34.1%
Profit (loss) for the period	***6,567***	***16.6%***	***2,690***	***8.8%***	***3,877***	***144.2%***

Analysis of the CAD IT's income results

CAD IT closed its 2007 financial period with an improvement in production revenues and income margins compared to 2006.

Production revenues reached Euro 39,675 thousand with an increase of 30.1% equivalent to Euro 9,180 thousand compared to Euro 30,495 thousand of the previous year.

The company continues with its investment plans for creating new procedures so as to be able to offer innovative solutions and to be ever more competitive. Production value includes the increases in intangible assets due to internal work to the value of Euro 1,307 thousand (in the previous period were Euro 2,307 thousand).

The added value of Euro 28,475 thousand (previously Euro 22,505 thousand), represents 71.8% of production value and shows a 26.5% increase.

The gross operational result (EBITDA) of Euro 10,738 thousand, in improvement on 2006 (Euro 6,028 thousand), increased by more than 78.1% and was almost 27.1% of production revenues. The growth in margins was achieved thanks to the increase in production value and cost containment which increased less in absolute value than did revenues.

Among main cost items, labour costs came to Euro 16,783 thousand and had increased by 7.9% compared to 2006 (Euro 15,555 thousand); the increase of labour costs, even though the average number of employees was nearby the same as previous period, was mainly due to the effect of staff overtime pay, necessary to be able to cope with the intense production achieved during the period.

Service costs of Euro 10,637 thousand also increased by 43.2% compared to the previous financial period (Euro 7,428 thousand) due to a greater use of external collaborators and qualified consultancy which was necessary in order to satisfy demand for services from clients and also to maintain productive flexibility.

The operational result (EBIT) stood at Euro 8,713 thousand (previously Euro 4,797 thousand) and equal to 22.0% of production revenues compared to 15.7% in the previous financial period. In this case too the 2007 margin shows a net improvement compared to 2006 (+81.6%) despite the increase in intangible asset depreciations, which was due to the start-up of depreciation programmes for software procedures capitalised during the financial period and previous periods. The total amount of amortizations came to Euro 1,819 thousand compared to Euro 1,232 thousand in the previous year.

The Ordinary Result, due to a positive balance between returns and financial fees of Euro 530 thousand, showed a positive balance of Euro 9,243 thousand (previously Euro 5,329 thousand), equal to 23.3% of production revenues.

The pre-tax result, due to the effect of returns and financial fees and the devaluation of shareholdings, came

to Euro 10,030 thousand, equal to 25.3% of production revenues, another improvement compared to 2006 (Euro 5,271 thousand, or 17.3% of production revenues).
The result at 31.12.2007 shows a profit of Euro 6,567 thousand which is a vast improvement (+144.2%) on the previous year (Euro 2,690 thousand), net of Euro 3,463 thousand in taxes (previously Euro 2,582 thousand).
The tax incidence in 2007 equals 34.53%, while it was 48.97% in 2006. The reduction in tax incidence is mainly due to the adjustment of deferred taxes following the reduction in tax rates as of 2008 (which led to the registration of Euro 540 thousand), to higher tax depreciations compared to the civil law depreciations and the effect of IRAP, the incidence of which tends to decrease when pre-tax results improve.

The market

In Italy 2007 was another year that witnessed financial institution mergers caused by the need to reach the critical mass required to operate on an international level. As a consequence some of the operators involved in mergers delayed their investment decisions.
In this context, the outcome reached is the result of the Group's ability over the years to continue to invest in Research and Development, thus maintaining a strategic position and the leadership of the Italian financial software market.
In its 2007 annual report, Assinform[1], an important Italian IT company, estimated a 2% increase in Information Technology expenditure in the ICT sector compared to 1.6% in the previous year, continuing a positive cycle which began in 2005 after three years of negative growth. The increase in IT expenditure has exceeded the PIL which stood at about 1.7% in 2007. Regarding IT demand, a determining role was played by medium-sized companies on the one hand that have increasingly needed to supply themselves with IT in order to be more efficient and competitive on their various markets, and on the other, the consumer segment (families and citizens) who continue to demonstrate greater interest in using new technologies, both in terms of PC and digital devices.
The company forecasts a 1.8% increase in the IT sector for 2008 as well, decidedly greater than the growth in PIL which is estimated at 0.5% and 0.8% according to the major institutes. To be more precise, the Software and Services sector has recorded a 1% increase, going from Euro 1,886 million to Euro 1,918 million. The positive trend was mostly registered thanks to a 3% increase in software. In the software segment, the best figures were registered in middleware and, to a lesser degree, in system software. The middleware segment is growing by +6% and benefits from the ever-increasing importance that concepts such as governance, performance management, risk management and compliance are taking on within companies. These concepts generate applicative integration projects (SOA, Web Services–security and consolidation/virtualisation) within the wide process of company information technology system rationalisation.
Applicative software– penalised by a less positive market situation from the start – is also continuing to receive some very positive signs. The system software segment continues to keep in tow of the good dynamics of PCs, even if it is a little slower than last year in expectancy of the relative release of new operational systems. The growth in applicative software differs according to the type of solution concerned. Nevertheless, positive signs continue because of growing demand in some specific areas: Business Intelligence, since data and information management is being given increasingly more strategic importance, ERP as an integration instrument between the various applicative areas and SCM as a management support and demand forecasting tool (demand planning) etc.

[1] Source:
Assinform, Rapporto Assinform - Il primo semestre 2007.
Assinform, Il mercato IT in Italia nel 2007 e le prospettive per il 2008.

Summary of the Group results

	Period 2007 01/01 - 31/12		Period 2006 01/01 - 31/12		Variations	
						%
Production value	60,696	100.0%	52,243	100.0%	8,453	16.2%
Added value	48,652	80.2%	41,062	78.6%	7,590	18.5%
Gross operational result (EBITDA)	15,155	25.0%	9,042	17.3%	6,112	67.6%
Operational result (EBIT)	12,649	20.8%	7,380	14.1%	5,269	71.4%
Ordinary result	12,868	21.2%	7,536	14.4%	5,332	70.8%
Pre-tax and pre-third party share result	13,861	22.8%	7,563	14.5%	6,297	83.3%
Income taxes	(5,316)	(8.8%)	(4,303)	(8.2%)	(1,013)	23.5%
Third party (profit)loss for the period	(576)	(0.9%)	(300)	(0.6%)	(277)	92.3%
Profit (loss) for the period	***7,968***	***13.1%***	***2,961***	***5.7%***	***5,008***	***169.2%***

The CAD IT Group closed its 2007 financial period with an improvement in production revenues and income margins compared to 2006. The results achieved highlight the Group's ability to obtain positive results by focusing on production and offering new products and services and by acquiring new users and new market segments.

Profits for the period stand at Euro 7,968 thousand compared to Euro 2,961 thousand in 2006, showing an increase of 169.2%.

This improvement in profits is mainly due to an increase in production revenues during the financial period (+16.2%), which in turn is due to higher income from sales and services (+22.2%) which reached Euro 58,256 thousand (Euro 47,669 thousand in the previous year) correlated with lower resource allocation to new product development activities, which were contained, in accordance with the Company programme, at Euro 2,335 thousand compared to Euro 4,406 thousand in 2006 financial period (-47.0%).

Added value rose to Euro 48,652 thousand compared to Euro 41,062 thousand in the previous period, increasing the high marginality to 80.2% (78.6% in the year 2006).

Income margins, EBITDA (+67.6%) and EBIT (+71.4%), were decidedly greater, standing at Euro 15,155 thousand and Euro 12,649 thousand respectively compared with Euro 9,042 thousand and Euro 7,380 thousand in the previous year, proof of the constant care taken in monitoring and cost containment.

Labour costs in the year 2007 came to Euro 30,999 thousand, Euro 1,329 thousand higher (+4.5%) than the year before. Labour costs include the difference resulting from discounting back TFR amounts, as a consequence of the recent reform, in respect of the previous value recorded at 31st December 2006, accounted for as a reduction of a definite benefit plan, in accordance with paragraph 109 of IAS 19.

Amortization and funding of the year 2007 came to Euro 2,506 thousand compared to Euro 1,663 thousand in 2006 financial period. The increase is mainly due to a growth in intangible asset amortizations arising from the start up of an amortization plan for internally developed and completed software procedures, in execution of programmed investment plans.

The balance between income and expenses was, as always, in credit by Euro 220 thousand (previously Euro 157 thousand).

Other positive aspects of the year in question are the trend of the appreciation and depreciation entry for profits from assets available for sale (including the amount previously registered in the specific appreciation fund), which generated appreciation to the value of Euro 894 thousand, and the positive outcome of investments connected to Sicom S.r.l. which generated a Euro 98 thousand appreciation.

The pre-tax result and third party share came to Euro 13,861 thousand (+83.3%) compared to the Euro 7,563 thousand of the previous period.

Income taxes amount to Euro 5,316 thousand compared to Euro 4,303 thousand in the previous financial period and show a lessor incidence, above all due to the effect of adjusting deferred taxes after the reduction of tax rates as of 2008.

The Group's Net Financial Position at 31st December 2007 was in credit by Euro 11,796 thousand, increasing (+45.92%) compared to Euro 3,712 thousand in the period 2006.

Significant events of the period

On February 5th 2007, CAD IT and Xchanging, the business processing services company announced the signing of an exclusive 3 year partnering agreement. The partnering agreement reinforces the objectives of the original letter of intent, signed in November 2005, which comprised the following:

• CAD IT will be the preferred supplier of application solutions for the Xchanging Financial Services division. Xchanging will involve CAD IT in all the international projects aimed at delivering software solutions for the financial services sector.

• Xchanging and CAD IT will continue their analysis of the business potential of the Italian market for business process services. Xchanging will be CAD IT's preferred partner for business services in Italy.

This agreement further strengthens CAD IT and Xchanging's strategic alliance as they maximise synergies to exploit the Italian and international market.

On 30th April 2007 the Ordinary Shareholders' Meeting decided the distribution of an ordinary dividend of 0.29 Euro per share, in increase of 61% regarding the 0.18 Euro per share of dividend 2005. The dates for coupon detachment and dividend payments was the 14th and 17th of May 2007 respectively.

Furthermore, the Ordinary Shareholders' Meeting extended the appointment of the auditing firm BDO Sala Scelsi Farina for the auditing of CAD IT SpA and subsidiary accounts for a further three years, an appointment that will therefore end when the Shareholder Meeting approves the balance for year ending 31.12.2014.

In relation to the CAD IT S.p.A. Statute, the Extraordinary Shareholders' Meeting approved proposals to modify the following articles: 2 (Head Office and address); 4 (Purpose: possibility to apply to the capital risk market); 6 (Shareholder Meetings: effect of decisions in terms of absent or dissenting shareholders, approval and modification of "shareholder meeting regulations"); 8 and 9 (Shareholder Meetings: right to intervene and to be represented by delegation); 10 (Shareholder Meetings: meeting chairmanship and nomination of the secretary); 11 (Shareholder Meetings: constitution and deliberation of ordinary and extraordinary shareholder meetings); 12 (Shareholder Meetings: the summoning of the annual ordinary shareholder meeting); 14 (Directorship: the number and requirements of directors, modality of director nomination, candidature and lists, chairman nomination, duration of office, powers of the Board of Directors and non delegable matters, statute adjustment powers in accordance with the law).

Moreover, the CAD IT S.p.A. Extraordinary Shareholders' Meeting introduced some new articles: article 7 concerning the modalities for summoning a meeting on the request of a large number of shareholders representing at least one tenth of the company capital or on request of the Board of Auditors or of two of its members; article 8 regarding the integration of a list of matters to be discussed at the meeting on the request of a large number of shareholders representing at least one fortieth of the company capital and article 25 relating to the manager appointed for the drafting of company accountancy documents.

The report showing the modifications made to the Statute is available to shareholders on the CAD IT S.p.A. company web site at www.cadit.it, as well as at Borsa Italiana S.p.A.

On April CAD IT has announced that the Banca Popolare dell'Emilia Romagna group will be using its new software procedure to manage local taxes. The solution developed by CAD IT will enable nominated bodies to carry out all operations regarding management of tributary and non tributary tax collection. The Banca Popolare dell'Emilia Romagna group, through its own treasury services for public bodies and thanks to the CAD IT software procedure, will offer the market a new solution which will see a global management of income and services for Public bodies. CAD IT will supply the software procedure, maintenance service and aid in training the end user. The solution that takes into account the most innovative development procedures (Service Oriented Architecture and Web Based) is made up of a series of "Operating Modules" completely compatible with each other that allow the management of all operations laid down by governing rules and which perfectly complies to various e-government projects. The application allows one to excel the management of returns and the activity of Voluntary and Compulsory Taxes in specific and independent modules which are formed according to the needs of the individual customer.

During the third and fourth quarters, project activities, which began in May 2007 to allow the Group's financial institution clients to comply with the MiFID directive, continued.
The MiFID directive (Market in Financial Instruments Directive), which came into force on 1st November 2007, required many changes in the operational modalities with which the banks and investment companies conduct their business with their clients. In fact, the financial institutions have revised their existing processes in order to adjust them to the new obligations concerning investor warranty. MiFID creates a new setting for national intermediaries, imposing considerable efforts of adaptation and, at the same time, opening up new business prospectives.
During the current period, development and sales activities of new products for both consolidated clients and new types of customer have been continuing.

CAD IT's and Group research and development

In relation to activities aimed at consolidating traditional business, the production of new modules to increase the functional and technological development of the considerable range of software installed remains constant within the Group.
The creation and use of new computer systems aimed at diversifying the Group's offer towards those sectors bordering on the ones in which it is already present, is still underway.
As regards new projects, development are continuing on the SIBAC platform, which is a fundamental element for the Group's strategic growth.
Activity is also intense, in collaboration with Bit Groove and DataFox, in the production of specialised modules for the business intelligence area.
CeSBE S.r.l. continues to work towards the technological and functional sophistication of solutions for Trading On Line.
The CAD IT Group, taking advantage of the collaboration of NetBureau, is working intensely to create a procedure for keeping company shareholder registers at companies with a large body of shareholders.
SGM S.r.l., has developed vertical solutions of the new (ERP) SIGMAWEB management system for companies of all sizes. Of these, vertical solutions are being developed for the fashion world and the food industry (managing production line marking).
Smart Line S.r.l. is now investing to enrich its own offer range of solutions and services for Public Administration and authorities for the management of local taxes.
Elidata S.r.l. continues to invest in furthering the functions of its own platform for linking up to financial markets and for the operational stock market room.
Activity to develop new software modules for thr foreign and insurance markets is also continuing.

Investments

Investments in tangible and intangible fixed assets made by the company in the year 2007 amount to Euro 2,479 thousand (Euro 5,319 thousand in the same previous year period).
The consisting amount of investments is a consequence of strategic decisions taken by the directors' meeting and management that approved investments to develop several new products needed by its own customers.
As planned, investments were reduced during the year and a further gradual reduction in respect of last year's figures is forecast for future financial periods.

Summary of investments	Period 2007 01/01-31/12	Period 2006 01/01-31/12
Intangible fixed assets	53	452
Assets under development and payments on account	2,139	4,215
Plant, machinery, equipment and other tangible fixed assets	287	408
Total investments in tangible and intangible fixed assets	**2,479**	**5,075**
Shareholdings and financial investments		244
Total shareholdings and financial investments		**244**
Total investments	***2,479***	***5,319***

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

Relationships with subsidiaries, associates and parent companies

CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil Code.
Being the parent company, CAD IT carries out commercial and financial transactions with its subsidiary and associated companies. Relationships between the Group's companies are governed by the competitive conditions of the market, bearing in mind the quality of the goods and services supplied.
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 31/12/2007:

Company	Costs	Capitalized costs			Turnover	Receivables	Payables
		Increases in internal work	Software licences and rights	Other assets			
Cad It S.p.a.	6,726	832		4	16,729	12,587	9,866
Cad S.r.l.	16,052			0	2,566	5,665	11,455
Cesbe S.r.l.	436				1,469	1,887	215
NetBureau S.r.l.	13				541	351	257
DQS S.r.l.	1				1,350	797	100
SGM S.r.l	9				671	681	100
SmartLine Line S.r.l.	37				73	86	269
BitGroove S.r.l.	59			14	616	153	106
Elidata S.r.l.	86						165
Datafox S.r.l.	20				274	246	19
Tecsit S.r.l.	1						1
Total	***23,440***	***832***		***18***	***24,291***	***22,453***	***22,553***

For further information on relations between the Group's companies, please refer to the management's report in the Consolidated Balance at 31/12/2007.
The following chart analytically reports the property purchases made by companies in the CAD IT Group:

Tangible assets purchases from CAD S.r.l.	4
Total tangible assets purchases	**4**
Intangible assets development from CAD S.r.l.	762
Intangible assets development from Netbureau S.r.l.	70
Total intangible assets purchases	**832**
Total fixed assets purchases from subsidiaries	***836***

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

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

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

Name and surname	*Company*	*Number of shares held at 31.12.2006*		*Number of shares bought*	*Number of shares sold*	*Number of shares held at 31.12.2007*	
Dal Cortivo Giuseppe	Cad It S.p.A.	1,329,234	(1)	-	-	1,329,234	(1)
Magnani Giampietro	Cad It S.p.A.	1,325,721	(1)	-	-	1,325,721	(1)
Rizzoli Maurizio	Cad It S.p.A.	1,395,936	(2)	180,000	140,000	1,435,936	(3)
Zanella Luigi	Cad It S.p.A.	1,328,180	(4)	-	-	1,328,180	(4)
Dal Cortivo Paolo	Cad It S.p.A.	5,481		-	-	5,481	
Margetts Michael John	Cad It S.p.A.	-		-	-	-	
Lamberto lambertini	Cad It S.p.A.	-		-	-	-	
Francesco Rossi	Cad It S.p.A.	-		-	-	-	
Cusumano Giannicola	Cad It S.p.A.	-		-	-	-	
Ranocchi Gian paolo	Cad It S.p.A.	-		-	-	-	
Tengattini Renato	Cad It S.p.A.	60		-	-	60	
Managers with strategic responsibilites	Cad It S.p.A.	1,300		-	-	1,300	
(1) of which in spouse's name n.:	370,885						
(2) of which in spouse's name n.:	351,264						
(3) of which in spouse's name n.:	531,264						
(4) of which in spouse's name n.:	380,985						

Payments for any security of the main company or its direct or indirect subsidiaries to Board members or auditors are shown in the balance notes.

Corporate Governance

On 26th March 2008, the Board of Directors approved the 2007 annual report in accordance with art. 124-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 and promoted by Borsa Italiana S.p.A.
The report is available to the public in the Investor Relations sector of the company website: www.cadit.it.

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

Financial instruments and risk management

The Group is exposed to limited risks in terms of its activites.

A. Credit risks concerning commercial relations with its clients: the Group mainly operates with banks and their associated companies and other clients of approved soundness and solvency. This is why, in previous financial periods, credit losses have been relatively insignificant. If objective conditions on the partial or total irrecoverableness of a credit of an individual client should arise, the relative credit will be subject to depreciation on the basis of an estimation of recoverable flows and of collection times. For credits that are not subject to individual depreciation, credit depreciation funds are allocated on a collective basis in correlation with the past incidence of ocurred losses.
B. Interest rate risk: CAD IT and the Group's companies use available liquidity in bank accounts and capitalisation insurance policies and other financial resources, principally in the form of advances on commercial credits and the use of current account overdrafts. Changes in market interest rates can influence investment performance and the cost of financing affect revenues and financial outlay.
C. Exchange rate risk: at the moment the Group only operates marginally on an international level and is therefore not subject to significant exchange rate risks.
D. Liquidity risk: keeping up an adequate amount of liquid assets and the ability, as demonstrated in the past, to generate positive cash flows, make the risk of not having enough financial resources to fulfil the needs of the Group's activity very slight.

No operations were carried out using derivate instruments during the period since it is not the company's policy to carry out these kind of operations, whether for cover purposes or for negotiation.

Other Information

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 balance report, no alternative performance indicators have been adopted with the exception of the net financial position, shown in the balance notes, for which no reclassifications have been made in terms of balance figures and relative explanations are supplied and linked to the patrimonial status entries concerned, as defined in the CESR Recommendations.

In reference to article 26 of attachment B of the Legislative Degree no. 196 of 30th June 2003, the programmatic document on security and personal data protection and the use of the measures stated within has been drafted and updated.

Neither CAD IT S.p.A. nor its controlled companies own CAD IT or their own shares, not even through trust companies or third parties.

Important events since 31st December 2007 and foreseeable development

The Board of Directors has placed maximum attention on the needs of the market, on management and development strategy orientation, coordinating the use of the Group's resources to maintain the high level of efficiency and achievement of favourable economic results.

In the ongoing financial period, the development and sale of new products to existing clients and new types of client are continuing. The activity which began in May 2007 regarding the laws on the adjustment of information technology systems to the MiFID directive will continue throughout the first six months of 2008. In this context, 200 financial institutions will use software developed by CAD IT to adjust their information technology systems to the aforementioned law.

Moreover, the intense planning activity with Xchanging, through which the CAD IT Group aims to increase its income in Italy and to geographically diversify its own business, continues.

Moreover, the CAD IT S.p.A. Board of Directors is continually on the look-out for any possible development opportunities, whether direct or external, through the further employment or purchase of shares with the aim of creating activities to compliment or unite with the existing ones.

Proposals of the Board of Directors

Dear shareholders,
the 2007 financial statements of your company closed in a net profit for the year of € 6,567,123.
If you agree with the criteria and accounting policies adopted in the preparation of these financial statements, we suggest that you resolve as follows:
"Having heard the Board of Directors' communications and taken note of the Board of Statutory Auditors' report to the shareholders, as per article 153 of Legislative Decree No. 58/1998, and of the auditors' report regarding the balance for the year ending 31st December 2007, the shareholders
resolve:

1. to approve the directors' report;
2. to approve the financial statements as at and for the year ended 31 December 2007 as a whole and in all their parts;
3. to allocate the net profit for the year of € 6,567,123 as follows:

= to dividends, in the proportion of € 0.70 (zero point seventy cents), gross of withholding tax, for each of the 8,980,000 ordinary shares	Euro	6,286,000.00
= to the available reserve of undistributed earnings	Euro	281,123.00
equal to a total net profit for the year of	***Euro***	***6,567,123.00***

The dividends will be paid starting 15 May 2008 (the dividend coupon will be detached on 12 May 2008)."

On behalf of the Board of Directors
The Chairman
(Giuseppe Dal Cortivo)

FINANCIAL STATEMENTS AT 31 DECEMBER 2007

Income statement

	NOTES	Period 2007 01/01 - 31/12		Period 2006 01/01 - 31/12		Variations	%
Income from sales and services		38,268	96.5%	28,163	92.4%	10,105	35.9%
of which related parties	35	17,431	43.9%	11,890	39.0%	5,541	46.6%
Variations in stock of products being elaborated							
Changes in ongoing orders							
Asset increases due to internal work	14	1,307	3.3%	2,307	7.6%	(1,000)	(43.3%)
Other revenue and receipts		100	0.3%	25	0.1%	75	294.8%
Production value	**2**	**39,675**	**100.0%**	**30,495**	**100.0%**	**9,180**	**30.1%**
Costs for raw	4	(245)	(0.6%)	(266)	(0.9%)	22	(8.1%)
Service costs	5	(10,637)	(26.8%)	(7,428)	(24.4%)	(3,208)	43.2%
of which related parties	35	6,845	17.3%	(3,919)	(12.9%)	10,764	(274.7%)
Other operational costs	6	(319)	(0.8%)	(296)	(1.0%)	(23)	7.8%
Added value		**28,475**	**71.8%**	**22,505**	**73.8%**	**5,971**	**26.5%**
Labour costs	7	(16,783)	(42.3%)	(15,555)	(51.0%)	(1,228)	7.9%
of which related parties	35	385	1.0%	(254)	(0.8%)	639	(251.4%)
Other administrative expenses	8	(954)	(2.4%)	(921)	(3.0%)	(32)	3.5%
of which related parties	35	607	1.5%	(585)	(1.9%)	1,192	(203.8%)
Gross operational result (EBITDA)		**10,738**	**27.1%**	**6,028**	**19.8%**	**4,710**	**78.1%**
Allocation and Credit Depreciation		(207)	(0.5%)			(207)	
Amortizations:							
- Intangible fixed asset amortization	14	(1,178)	(3.0%)	(606)	(2.0%)	(572)	94.4%
- Tangible fixed asset amortization	13	(641)	(1.6%)	(626)	(2.1%)	(15)	2.4%
Other allocations							
Operational result (EBIT)		**8,713**	**22.0%**	**4,797**	**15.7%**	**3,916**	**81.6%**
Financial receipts	9	592	1.5%	538	1.8%	54	10.1%
Financial charges	9	(62)	(0.2%)	(5)	(0.0%)	(57)	1094.2%
Ordinary result		**9,243**	**23.3%**	**5,329**	**17.5%**	**3,914**	**73.4%**
Revaluations and depreciations	10	787	2.0%	(58)	(0.2%)	845	(1465.2%)
Pre-tax result		**10,030**	**25.3%**	**5,271**	**17.3%**	**4,759**	**90.3%**
Income taxes	11	(3,463)	(8.7%)	(2,582)	(8.5%)	(881)	34.1%
Profit (loss) for the period		***6,567***	***16.6%***	***2,690***	***8.8%***	***3,877***	***144.2%***

(in euro)

Income statement	*2007*	*2006*
Income from sales and services	38,267,869	28,162,850
Variations in stock of products being elaborated		
Changes in ongoing orders		
Asset increases due to internal work	1,306,880	2,306,500
Other revenue and receipts	100,353	25,416
Production value	**39,675,103**	**30,494,766**
Costs for raw	(244,540)	(266,078)
Service costs	(10,636,671)	(7,428,267)
Other operational costs	(318,751)	(295,803)
Added value	**28,475,142**	**22,504,618**
Labour costs	(16,783,344)	(15,555,431)
Other administrative expenses	(953,611)	(921,194)
Gross operational result (EBITDA)	**10,738,187**	**6,027,993**
Allocation to Credit Depreciation Fund	(206,772)	
Amortizations:		
- Intangible fixed asset amortization	(1,178,020)	(605,919)
- Tangible fixed asset amortization	(640,692)	(625,510)
Other allocations		
Operational result (EBIT)	**8,712,702**	**4,796,565**
Financial receipts	592,104	537,795
Financial charges	(61,903)	(5,184)
Ordinary result	**9,242,902**	**5,329,176**
Revaluations and depreciations	787,456	(57,679)
Pre-tax result	**10,030,359**	**5,271,498**
Income taxes	(3,463,236)	(2,581,770)
Profit (loss) for the period	***6,567,123***	***2,689,728***

Balance sheet

	NOTES	31/12/2007	31/12/2006	Variations	Var. %
ASSETS					
A) Non-Current Assets					
Assets, equipment and machinery	13	19,501	19,893	(392)	(1.97%)
Intangible assets	14	14,967	13,953	1,014	7.27%
Holdings	15	14,684	14,684	0	-
Other financial assets available for sale	16	1,193	2,787	(1,594)	(57.20%)
Other non-current credits		18	18	(0)	(2.18%)
Credits due to deferred taxes	17	23	48	(25)	(51.18%)
TOTAL NON-CURRENT ASSETS		**50,386**	**51,383**	**(997)**	**(1.94%)**
B) Current Assets				0	
Stock	18	35	41	(6)	(13.97%)
Ongoing orders		-	-	-	-
Commercial credits and other credits	19	26,442	22,626	3,816	16.87%
Tax credits	20	43	0	43	
Cash on hand and other equivalent assets	21	8,507	7,153	1,355	18.94%
TOTAL CURRENT ASSETS		**35,028**	**29,819**	**5,209**	**17.47%**
C) Non-Current Assets For Sale		-	-		
TOTAL ASSETS		***85,414***	***81,202***	***4,212***	***5.19%***

	NOTES	31/12/2007	31/12/2006	Variations	Var. %
LIABILITIES					
A) Equity					
Company capital	22	4,670	4,670	0	-
Reserves	23	35,428	34,997	431	1.23%
Accumulated profits/losses	24	20,687	16,724	3,963	23.70%
TOTAL EQUITY		**60,785**	**56,391**	**4,393**	**7.79%**
B) Non-current liabilities					
Financing	26	-	24	(24)	(100.00%)
Liabilities due to deferred taxes	27	3,298	3,433	(136)	(3.95%)
TFR and quiescence reserves	28	3,201	3,493	(292)	(8.37%)
Expense and risk reserves		-	-	-	-
Other debts		-	-		
TOTAL NON-CURRENT LIABILITIES		**6,499**	**6,950**	**(452)**	**(6.50%)**
C) Current liabilities					
Commercial debts	29	11,560	12,480	(921)	(7.38%)
Tax debts	30	2,767	1,866	900	48.24%
Short-term financing	31	24	48	(24)	(49.83%)
Other debts	32	3,781	3,466	314	9.07%
TOTAL CURRENT LIABILITIES		**18,131**	**17,861**	**270**	**1.51%**
TOTAL LIABILITIES AND EQUITY		***85,414***	***81,202***	***4,212***	***5.19%***

(in euro)

ASSETS	***31/12/2007***	***31/12/2006***
A) Non-Current Assets		
Assets, equipment and machinery	19,500,972	19,892,756
Intangible assets	14,967,007	13,953,047
Holdings	14,684,012	14,684,012
Other financial assets available for sale	1,192,732	2,786,911
Other non-current credits	18,093	18,496
Credits due to deferred taxes	23,400	47,929
TOTAL NON-CURRENT ASSETS	**50,386,215**	**51,383,151**
B) Current Assets	0	0
Stock	34,988	40,669
Ongoing orders	-	-
Commercial credits and other credits	26,442,276	22,625,851
Tax credits	43,410	129
Cash on hand and other equivalent assets	8,507,418	7,152,606
TOTAL CURRENT ASSETS	**35,028,092**	**29,819,254**
C) Non-Current Assets For Sale	-	-
TOTAL ASSETS	***85,414,307***	***81,202,405***

LIABILITIES	***31/12/2007***	***31/12/2006***
A) Equity		
Company capital	4,669,600	4,669,600
Reserves	35,427,898	34,997,357
Accumulated profits/losses	20,687,248	16,724,325
TOTAL EQUITY	**60,784,746**	**56,391,282**
B) Non-current liabilities		
Financing	-	23,850
Liabilities due to deferred taxes	3,297,511	3,433,239
TFR and quiescence reserves	3,201,000	3,493,329
Expense and risk reserves	-	-
Other debts	-	-
TOTAL NON-CURRENT LIABILITIES	**6,498,511**	**6,950,418**
C) Current liabilities	-	-
Commercial debts	11,559,617	12,480,372
Tax debts	2,766,748	1,866,347
Short-term financing	23,932	47,700
Other debts	3,780,754	3,466,286
TOTAL CURRENT LIABILITIES	**18,131,051**	**17,860,705**
TOTAL LIABILITIES AND EQUITY	***85,414,307***	***81,202,405***

Statement of changes in equity

Statement of changes in equity	*NOTES*	*Company capital*	*Reserves*	*Accumulated profit (loss) net of period result*	*Period result*	*Equity*
31-dic-06		4,670	34,997	14,035	2,690	56,391
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity	23		203			203
Allocation of evaluation reserve for financial assets available for sale to economic account	23		228			228
Increase in revaluation reserves						
Allocation of the period result to reserves				2,690	(2,690)	
Dividend distribution				(2,604)		(2,604)
Company capital increases						
Period result					6,567	6,567
Period end total 2007	***22-23 24***	***4,670***	***35,428***	***14,120***	***6,567***	***60,785***

Statement of changes in equity	*Company capital*	*Reserves*	*Accumulated profit (loss) net of period result*	*Period result*	*Equity*
31-dic-05	4,670	35,298	14,024	1,627	55,618
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity		(300)			(300)
Increase in revaluation reserves					
Allocation of the period result to reserves			1,627	(1,627)	
Dividend distribution			(1,616)		(1,616)
Company capital increases					
Period result				2,690	2,690
Period end total 2006	***4,670***	***34,997***	***14,035***	***2,690***	***56,391***

Statement of changes in equity	*Company capital*	*Reserves*	*Accumulated profit (loss) net of period result*	*Period result*	*Equity*
31-dic-04	4,670	35,246	15,199	4,526	59,641
Effect of IAS 39 application			(2,737)		(2,737)
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity		51			(51)
Increase in revaluation reserves					
Allocation of the period result to reserves			4,526	(4,526)	
Dividend distribution			(2,963)		(2,963)
Company capital increases					
Period result				1,627	1,627
Period end total 2005	***4,670***	***35,298***	***14,024***	***1,627***	***55,618***

Cash Flow Statement

	NOTE	2007	2006
A) OPERATING ACTIVITIES			
Profit (loss) for the period		6,567	2,690
Amortisation, revaluation and depreciation:			
- Assets, equipment and machinery amortisation	13	641	626
- Intangible fixed asset amortization	14	1,178	606
- revaluation of holding and financial assets available for sale	10	(894)	0
- devaluation of holding and financial assets available for sale		0	0
Allocations (utilisation) of funds:		(292)	394
Financial performance:			
- Net financial receipts (charges)	9	(530)	(533)
- Profit / (losses) on exchanges		(36)	(3)
Working capital variations		176	5,178
Income taxes paid in the financial period		(3,847)	(1,539)
Interest payment	9	(26)	(2)
(A) - Cash flows from (for) operating activities		**2,936**	**7,417**
B) INVESTING ACTIVITIES			
Investing activities			
- Assets, equipment and machinery purchases	13	(287)	(408)
- Intangible assets purchases	14	(2,192)	(4,927)
- Increase in investments in associated companies		0	(242)
- Increase in other fixed assets		0	(1)
Disinvestment activities			
- Assets, equipment and machinery transfers	13	38	1
- Intangible assets transfers	14	0	50
- Other assets available for sale transfers	16	2,919	0
Cashed Interest	9	255	203
Cashed dividends	9	337	334
(B) - Cash flows from (for) investing activities		**1,071**	**(4,990)**
C) FINANCING ACTIVITIES			
Medium/long term debts repairement	9	(24)	0
Opening of medium/long term debts		0	24
Distribution of dividends	25	(2,604)	(1,616)
Capital injections		0	0
(C) - Cash flows from (for) financing activities		**(2,628)**	**(1,593)**
(A+B+C) - Total cash and other equivalent assets flows		**1,379**	**835**
Opening liquid funds and other equivalent assets	33	**7,105**	**6,270**
Closing liquid funds and other equivalent assets	*33*	***8,483***	***7,105***

Notes to the financial statements

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 company is listed in the STAR segment 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.
For information and comments on the results and the economic-financial situation of the CAD IT Group, please refer to the consolidated balance and the relative managerial reports.

1 Accounting policies and evaluation criteria more important

This report has been drafted in accordance with the international IAS/IFRS accounting standards issued by the International Accounting Standard Board (IASB) and approved by the European Union
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; there have been no modifications in the comparative information.
This document comprises financial statements, notes to the said financial statements, management observations.
The financial statement has been drafted using the evaluation criterion of past cost, except for financial instruments available for sale, which are assessed at *fair value,* and the holdings in subsidiaries, which are assessed in accordance with the equity method. Moreover, where some land and buildings have been included in *First Time Adoption*, the *fair value* has been used instead of the cost.
This financial statement has been prepared in accordance with Consob regulation no. 11971 of 14th May 1999, and subsequent modification and integration.
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.

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.
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.

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 company presents its economic account by nature, the format that is considered the most representative in terms of function presentation. In fact, the chosen format conforms to the internal reporting modalities and the business management and is in line with the way the economic account was represented in the past.
The profit and loss account is drafted in scalar format highlighting the following intermediate results:

- Production revenues: this is the value of services and goods produced and sold by the Group, including internal assets and other income and earnings from the traditional offer.

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

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

The cash flow 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.

Subsidiaries and Associated companies

Shares in subsidiaries and associated companies, not classified as owned for sale in accordance with IFRS 5 or available for sale, have been accounted for at cost.

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 economic account of the year in which the asset is eliminated.

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.

Impairment loss

The company 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 as fair value, this value has been taken as the market value. 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.

Non current assets held for sale

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

Employee leaving entitlement

The present value of debts related to employees for benefits allocated in connection with or following the termination of working relationships through defined benefit programmes is calculated on the basis of the method of projecting the credit in accordance with the indications in IAS 19. The liabilities calculation is carried out by independent actuaries.
Profits and losses deriving from carrying out actuarial calculations are registered to the Profit and Loss account.
Due to modifications to the laws concerning the termination of working relations (TFR) enforced by Law no. 296 of 27th December 2006 (Financial Act 2007) and subsequent Decrees and Regulations issued in the early months of 2007, the TFR amounts matured since 1st January 2007 in the Group's companies with more than 50 employees have been accounted for as a Definite Contribution Plan, both in terms of the option of complementary welfare and in terms of allocation to the Treasury Fund at INPS (social security office). The TFR Fund matured at 31st December 2006, however, remains as a Definite Benefit Plan: the actuarial calculations have therefore excluded the component relating to future increases in salary. The difference resulting from the new calculation compared to the previous value registered at 31st December 2006, has been accounted for as a reduction of a definite benefit plan, in accordance with paragraph 109 of IAS 19, the difference thus appearing in the Profit and Loss account.

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.

Dividends

Dividends are accounted for in the financial period in which the distributing company decides to distribute them.

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

2 Revenues

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

	Period 2007		Period 2006		Variations	
	01/01 - 31/12		01/01 - 31/12			%
Income from sales and services	38,268	96.5%	28,163	92.4%	10,105	35.9%
Variations in stock of products being elaborated						
Changes in ongoing orders						
Asset increases due to internal work	1,307	3.3%	2,307	7.6%	(1,000)	(43.3%)
Other revenue and receipts	100	0.3%	25	0.1%	75	294.8%
Production value	***39,675***	***100.0%***	***30,495***	***100.0%***	***9,180***	***30.1%***

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.
The 2007 financial period shows a considerable growth in production value (+30.1%) supported by an increase in revenues from sales and services (+35.9%).
Sales and service revenues include Euro 16,729 thousand from CAD IT subsidiaries (see details in the managerial report and operations with correlated parties).
Increases in intangible assets due to internal work include the activities carried out by the staff of CAD IT concerning the development of new procedures aimed at the sale of licensed products or instrumental goods for the company's traditional business.
These increases have diminished in respect of 2006 in accordance with the management's plans which foresee a gradual decrease in investments in software development compared to previous years, even when faced with intense staff activitiy in implementing CAD IT's existing range of software.
On the whole, CAD IT's business does not show any significant cyclical or seasonal variation in total sales during the financial period.

3 Segment reporting by sectors

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

- Finance: includes the computer applications aimed specifically at banks, insurances and other financial institutions. The main applications provide:
    - management of intermediary activities on securities, funds and derivate instruments;
    - management of the typical services in the credit sector, such as the collection, treasury and monitoring of credit procedures;
    - service allocation for trading on line;
    - management of integrated banking computer systems;
    - consultancy and training.
- Manufacturing: includes the development and marketing of instruments and software applications and offers a series of services aimed at allowing the companies to effectively manage numerous company processes, including Outsourcing.

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

Disclosures for business segments	31/12/2007				
	Finance	Manufacturing	Not allocated/General	Elisions	Consolidated
External revenues	37,579	513	1,583		39,675
Intersegment revenues	1,943			(1,943)	
Total revenues	39,522	513	1,583	(1,943)	39,675
Costs	(30,941)	(381)	(1,583)	1,943	(30,962)
Gross Operating Result (EBITDA)	10,606	132			10,738
Operating Result (EBIT)	8,581	132			8,713
Net financial income (expenses)	63		467		530
Revaluations and devaluations	787				787
Result	9,432	132	467		10,030
Income taxes			(3,463)		(3,463)
Financial period profit (loss)	9,432	132	(2,996)		6,567
Assets	85,347		67		85,414
Liabilities	18,565		6,064		24,630

Disclosures for business segments	31/12/2006				
	Finance	Manufacturing	Not allocated/General	Elisions	Consolidated
External revenues	30,464	211	1,414		30,495
Intersegment revenues				(1,595)	
Total revenues	30,464	211	1,414	(1,595)	30,495
Costs	(25,698)	(181)	(1,414)	1,595	(25,698)
Gross Operating Result (EBITDA)	5,998	5,998	30		
Operating Result (EBIT)	4,766	30			4,797
Net financial income (expenses)	86		447		533
Revaluations and devaluations	(58)				(58)
Result	4,794	30	447		5,271
Income taxes			(2,582)		(2,582)
Financial period profit (loss)					2,690
Assets	81,124	30	48		81,202
Liabilities	19,512		5,300		24,811

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

4 Purchase Costs

Purchase costs	31/12/2007	31/12/2006	Variations	%
Hardware-Software purchases for sale	21	35	(13)	(38.78%)
Maintenance and consumable hardware purchases	66	130	(64)	(49.34%)
Other purchases	152	134	18	13.11%
Variations in raw material stock	6	(33)	39	(117.21%)
Total	***245***	***266***	***(22)***	***(8.09%)***

5 Service costs

Services costs	*31/12/2007*	*31/12/2006*	*Variations*	*%*
External collaboration	8,078	5,070	3,008	59.34%
Travelling expenses and fee reimbursement	820	718	101	14.08%
Other service costs	1,739	1,640	99	6.03%
Total	***10,637***	***7,428***	***3,208***	***43.19%***

Service costs in 2007 came to Euro 10,637 thousand, an increase compared to the previous year (Euro 7,428 thousand). In more precise terms, external collaboration costs increased by Euro 3,008 thousand (+59.34%), expenses reimbursement and travel costs increased by Euro 101 thousand (+14.08%) and other service expenses came to Euro 99 thousand (+6.03%). The cost for expenses reimbursement and travel increased during the year in relation to the increase in productive activity care of customers; this intense activity made it necessary to employ further external collaboration, often highly qualified and specialised professionals.
Costs for external collaboration include Euro 6,726 thousand for services supplied to CAD IT subsidiaries (see details in the managerial report and operations with correlated parties).
Other service costs mainly include assistance fees and hardware and software maintenance, energy costs, administrative, legal and fiscal consultancy, maintenance costs for office management and installed systems.

6 Other operational costs

The table below shows the details of other operational costs, practically the same as the previous period.

Other operational costs	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Third party benefit expenses	239	226	13	5.79%
Various management charges	80	70	10	14.10%
Total	***319***	***296***	***23***	***7.76%***

Third party benefit expenses mainly refer to equipment and software rental and to office lease.

7 Labour costs and Employees

Labour costs amounted to Euro 16,783 thousand and are as follows:

Labour costs	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Salaries and wages	12,341	11,282	1,059	9.38%
Payroll taxes	3,799	3,477	322	9.26%
Severance pay	606	751	(144)	(19.23%)
Retirements and the like				
Other costs	37	45	(8)	(18.32%)
Total	***16,783***	***15,555***	***1,228***	***7.89%***

Labour costs in 2007 financial period increased by Euro 1,228 thousand (+7.89%) compared to previous year, even though the average number of employees was steady, mainly due to the effect of staff overtime pay, necessary to be able to cope with the intense production achieved during the period.
The cost regarding severance pay in 2007 was less compared to the previous year mainly due to the effect of the change in law, as previously describes.

The ensuing benefit, of Euro 192 thousand, has been registered in the accounts as a reduction in a defined benefit plan, in accordance with paragraph 109 of IAS 19.
The figures relating to the precise number of employees currently working in CAD IT are shown below:

Category of employees	*labour force at 31/12/2007*	*labour force at 31/12/2006*	*labour force at 31/12/2005*
Management	15	13	14
White-collars and cadres	267	260	258
Blue-collars	-	-	-
Apprentices	-	-	-
Total	***282***	***273***	***273***

At the end of 2007, the number of CAD IT staff was 9 persons more than at 31st December 2006 and stood at 282 employees; the average number of employees in 2007 was pratically the same as 2006 financial period.

Category of employees	*Average number 2007*	*Average number 2006*
Management	14	14
White-collars and cadres	260	259
Blue-collars		-
Apprentices		-
Total	***274***	***273***

Personnel training is of particular importance to the Group, which specifically schedules refresher and training periods.

8 Other administrative costs

The table below shows the other administrative costs in detail.

Other administrative costs	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Director and legal representative fees	572	542	30	5.60%
Director retirement		17	(17)	(100.00%)
Director and legal representative fee contributions	35	26	9	33.98%
Telephones	236	210	26	12.40%
Commissions				
Advertising fees	110	126	(16)	(12.68%)
Total	***954***	***921***	***32***	***3.52%***

Management fees lightly increased compared to the 2006 financial period. Manager remuneration has changed compared to the previous financial period following a shareholder meeting decision taken on 30th April 2006 which eliminated that part of the remuneration concerning severance pay at the end of position term and which, at the same time, set the remuneration amounts.

9 Financial performance

The net financial income is Euro 530 thousand as the following detailed statement shows.

Financial performance	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Share dividends	337	334	3	0.87%
Interest on bank deposits and equivalent	255	203	52	25.47%
Total financial income	**592**	**537**	**55**	**10.16%**
Interest on bank overdrafts and loans	(26)	(2)	(24)	1,282.34%
Interest on debts for financial leasing	-	-		
Losses on exchanges	(36)	(3)	(33)	1,096.02%
Total financial charges	**(62)**	**(5)**	**(57)**	**1,168.04%**
Net financial income and (charges)	***530***	***533***	***-2***	***(0.45%)***

The earnings are made up of share dividends to the amount of Euro 337 thousand (previous financial period Euro 334 thousand) and interest earned from liquid assets (deposits in current accounts and capitalisation insurance policies) of Euro 255 thousand (previously Euro 203 thousand).
Financial expenses mainly refer to temporary overdrafts on bank accounts, interest on payment instalments and exchange rate losses.

10 Revaluations and depreciations

Revaluations and depreciations	*31/12/2007*	*31/12/2006*	*Variations*
Revaluation of assets available for sale	894		894
Devaluation of shareholdings (loss cover)	(107)	(58)	(49)
Total revaluations and depreciations	***787***	***(58)***	***845***

The reassessment of available assets for sale derives from the alienation in 2007 of holdings in Class Editori S.p.A. and Cia S.p.A. and includes the transfer of that part of the evaluation reserve previously directly relative to patrimony.
The devaluation of holdings in 2007 refers to covering losses relating to the 2006 financial period of Euro 77 thousand for BitGroove S.r.l. and Euro 30 thousand for Netbureau S.r.l., while the devaluation in 2006 refers mainly to the purchase and covering of losses for the minor share in SGM S.r.l..

11 Income taxes

Income taxes	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Tax pre-payments	25	(21)	46	(216.81%)
Deferred taxes	(136)	160	(295)	(184.93%)
Current taxes	3,574	2,443	1,131	46.31%
Total income taxes	***3,463***	***2,582***	***881***	***34.14%***

The taxes ascribable to this period were estimated taking the results of the period and the norms in force into account and they represent the best possible estimate of the tax expenses ascribable to the period in question.
The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised the option of Group taxation as stated in art. 117 of TUIR 917/1986, 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 also allows for intergroup dividends to be totally excluded.

Tax incidence on the gross result was 35.64%, while at 31/12/2006 was 48.02%. The decrease in tax incidence is mainly attributable to greater fiscal amortizations compared to civil law amortizations, to the use of tax losses in previous years and to the effect of IRAP, whose incidence tends to decrease as pre-tax results improve.

RECONCILIATION BETWEEN TAX EXPENSES IN THE BALANCE AND THEORETICAL TAX EXPENSES				
Theoretical rates	**IRES**	33%	**IRAP**	4.25%
	Taxable	Tax	Taxable	Tax
Pre-tax result	**10,030**		**10,030**	
Theoretical tax		**3,310**		**426**
Temporary differences deductible in later periods				
Director remuneration	0			
Representation expenses	33		33	
Total temporary tax variations on the increase	**33**	**11**	**33**	**1**
Temporary taxable differences in later periods				
TFR putting into effect	277			
Further amortisations	1,045		1,045	
Total temporary tax variation on the decrease	**1,321**	**436**	**1,045**	**44**
Turnaround of the temporary differences from previous periods				
Representation expenses	22		22	
Director remuneration	66			
Holding share devaluation	7			
Total temporary variations from previous periods	**95**	**31**	**22**	**1**
Permanent differences				
To IRES / IRAP income increases	672		18,606	
To IRES / IRAP income decreases	1,283		5,897	
Total permanent differences	**-611**	**-202**	**12,710**	**540**
Taxable fiscal income	**8,036**		**21,706**	
Continual loss				
Taxable income / current tax on the period's income	**8,036**	**2,652**	**21,706**	**923**
Effective rate on the pre-tax result	***IRES***	***26.44%***	***IRAP***	***9.20%***

SUMMARY OF THEORETICAL TAX EXPENSES AND TOTAL EFFECT				
	current period 2007		*previous period 2006*	
Current IRES tax	2,652	26.44%	1,713	32.50%
Current IRAP tax	923	9.20%	818	15.52%
Total current taxes and effective rates	**3,574**	**35.64%**	**2,531**	**48.02%**
Minor taxes from previous financial periods			(88)	
Total current taxes	***3,574***		***2,443***	

SUMMARY OF THE TEMPORARY DIFFERENCES AND EFFECTS ON THE ECONOMIC ACCOUNT

Description of the temporary differences	Pre-paid tax at 31.12.2006			Pre-paid tax at 31.12.2007			Economic account
Deductible differences	Taxable	Rate	Tax (a)	Taxable	Rate	Tax (b)	(a - b)
Representation expenses	57	37.25%	21	68	31.40%	21	0
Shareholding devaluation	14	33.00%	5	7	27.50%	2	3
Directors' remunerations	66	33.00%	22	0	27.50%	0	22
Total			***48***			***23***	***25***

Description of the temporary differences	Deferred tax at 31.12.2006			Deferred tax at 31.12.2007			Economic account
Taxable differences	Taxable	Rate	Tax (a)	Taxable	Rate	Tax (b)	(a - b)
TFR discounting back	207	33.00%	68	483	27.50%	133	65
Land revaluation	388	37.25%	144	388	31.40%	122	-23
Land depreciation	72	37.25%	27	72	31.40%	22	-4
Building revaluation	8,051	37.25%	2,999	8,051	31.40%	2,528	-471
Building depreciation	328	37.25%	122	438	31.40%	137	15
Electronic machinery depreciation	24	37.25%	9	24	31.40%	7	-1
Software depreciation	229	37.25%	85	1,150	31.40%	361	276
Licensing depreciation	8	37.25%	3	21	31.40%	7	4
Phone system depreciation	0	37.25%	0	0	31.40%	0	0
Assets and furniture depreciation	0	37.25%	0	0	31.40%	0	0
System depreciation	-66	37.25%	-24	-66	31.40%	-21	4
Total			***3,433***			***3,298***	***-136***

12 Earnings per share

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

Earnings per share	*Period 2007 01/01 - 31/12*	*Period 2006 01/01 - 31/12*
Net profit ascribable to ordinary shares in thousands of euro	6,567	2,690
Weighed average number of ordinary shares in circulation	8,980,000	8,980,000
Net profit ascribable to ordinary shares for basic profit per share in Euro	***0.731***	***0.300***

13 Property, plant and equipment

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

Property, plant and equipment	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Land	1,527	1,527		
buildings	14,875	14,995	(120)	(0.80%)
Plant and equipment	2,238	2,464	(226)	(9.18%)
Other assets	861	907	(46)	(5.02%)
Total property, plant and equipment	***19,501***	***19,893***	***(392)***	***(1.97%)***

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

	Land and buildings	*Plant and machinery*	*Industrial and commercial equipment*	*Other tangible fixed assets*	*Fixed assets under development*	*Total*
Purchase or production cost	8,787	3,650		2,070		14,507
Previous years revaluations	8,439					8,439
Previous years depreciation and write-downs	(704)	(1,187)		(1,163)		(3,053)
Adjustments to previous years write-downs						
Opening value	**16,522**	**2,464**		**907**		**19,893**
Variations in consolidation area						
Purchases		24		263		287
Transfers						
Reduction in accumulated depreciation due to disposals		4		81		84
Disposals		(6)		(116)		(122)
Revaluations for the period						
Depreciation and write-downs for the period	(120)	(248)		(273)		(641)
Adjustments to write-downs for the period						
Total tangible fixed assets	***16,402***	***2,238***		***861***		***19,501***

Land and buildings include property and land, accounted for separately, belonging to the Group.
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.
Land and buildings have been revaluated at FTA at fair value as a substitute of cost and is calculated by an external expert; for further information regarding this point, please refer to the attached document on transition to the international accounting standards to the financial statement at 31 December 2005.
The purchasing of new tangible assets during the year came to a total of Euro 287 thousand, of which the greater part (Euro 263 thousand) were for “other tangible assets” that included the purchasing of electronic machinery, managerial instruments characteristic of the Company’s activities.
In 2007 tangible assets of a past cost of Euro 122 thousand were alienated and the relative amortization fund came to Euro 84 thousand.
During the year property, installations and machinery were not subject to any value reductions that required registration in the balance.

14 Intangible fixed assets

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

Intangible fixed assets	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Development costs				
Industrial patents and similar rights	8,491	3,202	5,288	165.15%
Licences, trademarks and similar rights	89	469	(380)	(81.06%)
Assets under development	6,388	10,282	(3,894)	(37.88%)
Others				
Total Intangible fixed assets	***14,967***	***13,953***	***1,014***	***7.27%***

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

	Industrial patents and similar rights	Licences, trademarks and similar rights	Assets under development and payments on account	Other	*Total*
Purchase or production cost	3,899	1,282	10,282		15,463
Previous years revaluations					
Previous years depreciation and write-downs	(697)	(814)			(1,510)
Adjustments to previous years write-downs					
Opening value	***3,202***	***469***	***10,282***		***13,953***
Variations in consolidation area					
Purchases		53	2,139		2,192
Transfers	6,433	(400)	(6,033)		
Reduction in accumulated depreciation due to disposals					
Disposals					
Revaluations for the period					
Depreciation and write-downs for the period	(1,145)	(33)			(1,178)
Adjustments to write-downs for the period					
Total intangible fixed assets	***8,491***	***89***	***6,388***		***14,967***

The voice "industrial patent rights and works of ingenuity" is almost entirely made up of software procedures developed by the CAD IT Group; during the financial period, this registration increased by Euro 6,433 thousand due to the reclassification of procedures completed and available for sale or use which were previously registered to ongoing intangible assets. The values are registered in credit to the directly sustained cost, including costs relating 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 2007 financial period came to Euro 1,145 thousand.

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

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

The fundamental condition for their registration in patrimonial credit is that said costs concern clearly defined, distinguishable and measurable products or processes and that they relate to projects that are both technically feasible and economically recoverable through revenues that will develop in the future by application of the project itself.

During 2007, ongoing intangible assets increased due to costs capitalised by CAD IT (Euro 1,307 thousand)) and to costs of activites that CAD S.r.l. itself commissioned (Euro 762 thousand) and to Netbureau S.r.l. (Euro 70 thousand), to a total of Euro 2,139 thousand.

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

15 Investments

nvestments	*31/12/2007*	*31/12/2006*	*Variations*
In subsidiary companies	14,681	14,681	-
in associated companies	3	3	-
Total Investments	***14,684***	***14,684***	***-***

The balance values and equity fractions pertaining to the holdings in controlled and connected companies are shown below. The figures were taken from civil law balances drafted in accordance with the national accounting standards and approved by the Board of Directors of the respective companies.

Investments in subsidiary companies

COMPANY NAME	*QUOTA CAPITAL (€)*	*SHAREHOLDERS' EQUITY AT 31.12.07 including NET PROFIT OR LOSS (euro/000)*	*NET PROFIT or LOSS AT 31.12.2007 (euro/000)*	*PERCENTAGE OF INVESTMENT AT 31.12.07*	*CARRYING VALUE AT 31.12.07 (euro/000)*	*QUOTAHOLDERS' EQUITY HELD (euro/000)*
CAD S.R.L. - registered office: Verona (1)	130,000	1,764	331	100.00%	5,824	1,764
CESBE S.R.L. - registered office: Verona	10,400	3,770	507	52.00%	57	1,960
NETBUREAU S.R.L. – registered office: Milano (2)	50,000	45	(8)	100.00%	133	45
SGM Srl - registered office: Padova (3)	100,000	1,177	628	100.00%	3,220	1,177
S.M.A.R.T. LINE S.R.L. – registered office: Avellino (1)	102,700	349	110	51.05%	664	178
DQS S.R.L. - registered office: Roma (1)	11,000	630	70	55.00%	3,263	346

BITGROOVE S.R.L. – registered office: Verona (1)	15,500	38	7	100.00%	285	38
ELIDATA S.R.L. – registered office: Castiglione d'Adda (LO) (1)	20,000	1,130	467	51.00%	781	576
DATAFOX S.R.L. - registered office: Firenze (1)	99,999	359	39	51.00%	454	183
TOTAL					***14,681***	***6,269***

Investments in associated companies

COMPANY NAME	*QUOTA CAPITAL (€)*	*SHAREHOLDERS' EQUITY AT 31.12.07 including NET PROFIT OR LOSS (euro/000)*	*NET PROFIT or LOSS AT 31.12.2007 (euro/000)*	*PERCENTAGE OF INVESTMENT AT 31.12.07*	*CARRYING VALUE AT 31.12.07 (euro/000)*	*QUOTAHOLDERS' EQUITY HELD (euro/000)*
SICOM INFORMATICA S.R.L. – registered office: Viadana (MN)	10,400	745	391	25.00%	3	186

Investments in indirect subsidiary companies

COMPANY NAME	*QUOTA CAPITAL (€)*	*SHAREHOLDERS' EQUITY AT 31.12.07 including NET PROFIT OR LOSS (euro/000)*	*NET PROFIT or LOSS AT 31.12.2007 (euro/000)*	*PERCENTAGE OF INVESTMENT AT 31.12.07*	*CARRYING VALUE AT 31.12.07 (euro/000)*	*QUOTAHOLDERS' EQUITY HELD (euro/000)*
TECSIT S.R.L. – registered office: Roma	75,000	78	-	38.50%	52	30

Holding shares in subsidiaries and associate companies have not changed since 31^{st} December 2006.
The company annually verifies the holding values at least once a year or more often if there are indications of value losses.
The recoverable value of investments 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. The results obtained by applying this method were compared to those obtained with the Market Multiple method and in all cases the results proved coherent. Operational cash flow forecasts are based on the most recent budget plans approved by the Board of Directors and relate to the period 2007–2011 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 8.33%.
The main assumptions used by the Directors for discounting back prospective financial flows in order to make an analysis of the holding value are reported below:
the equation used for estimating the weighed average cost of capital is the following:

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

where:
k_b = interest rate in case of debt
TC = marginal tax rate of the economic bodies being evaluated
B = market value of the debt of a company
V = total market value of a company.
k_p = advisability cost of risk capital
P = market value of the privileged shares
k_s = advisability cost of own capital determined by the market

S = market value of the net capital.

The cost of capital was identified as k_S = 8.16%.
The permanent growth rate of the company being evaluated was chosen by taking it as 0% a year despite the CAGR of the income and profits of each being greater.
The value of the companies was determined as a summation of discounted back cash flows (Free Cash Flow), of the remaining value and the net financial position. In brief we can say:
COMPANY VALUE = ± NET FINANCIAL POSITION + DISCOUNTED BACK CASH FLOWS + REMAINING VALUE
If we want to translate this equation into mathematical terms, we could show it in the following way:
N.P.V.= company value (Net Present Value)
P.F.N. = Net Financial Position
FCF = cash flow
k = cost of capital
N = explicit period
g = growth rate of the implicit period
$N.P.V. = \pm P.F.N. + \sum^{N}_{i} FCF\ (1+k)^{-N} + (FCF_{N+1} / k\text{-}g)\ \{[1/[1+(k\text{-}g)]^{N}\}$

16 *Other financial assets available for sale*

This point involves Class Editori S.p.A. and CIA S.p.A. shares respectively quoted in the Standards and Expands segment, managed by Borsa Italiana S.pA. The two holdings are registered in the balance at market value at the balance date.
The profits and losses registered after a *fair value* evaluation at each balance date for this asset are registered to net patrimony with the exception of those value losses that must be registered in the profit and loss account.
The table below illustrates the value variations of these holdings during the year 2007:

Holding	*No, of shares held 31/12/2007:*	*fair value 31/12/2007 euro/000*	*No, of shares held 30/06/2007:*	*fair value 30/06/2007 euro/000*	*No, of shares held 31/12/2006:*	*fair value 31/12/2006 euro/000*
Class Editori S.p.a. (CLE)	559,112	388	1 ,209,403	2,334	1,694,171	2,426
Cia S.p.a. (CIA)	1,230,509	805	1,230,509	591	1,694,171	361
Total		***1,193***		***2,925***		***2,787***

17 *Credits due to prepaid taxes*

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

18 *Inventories*

Leftover stock includes finished products and goods for a total amount of Euro 35 thousand . The entire point for the period in question is made up as follows:

Inventories	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Raw materials, consumables and supplies				
Products being elaborated or semi-elaborated				
Finished goods	35	41	(6)	(13.97%)
Total final inventories	***35***	***41***	***(6)***	***(13.97%)***

19 Other financial assets

Commercial credits and other credits are made up as follows:

Trade receivables and other credits	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Trade receivables	26,147	22,384	3,763	16.81%
Accrued income and deferred expenses	183	177	6	3.33%
Other credits	112	65	47	73.01%
Total trade receivables and other credits	***26,442***	***22,626***	***3,816***	***16.87%***

Credits to clients are entirely due within 12 months: the accounting value of commercial credits and other credits is approximate to their fair value.
Commercial credits are mainly in favour of the company's Banking Institute clients.
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 balance of the amounts due are to be paid after the procedures supplied have been approved.
The company 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 company 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 67 thousand which ensures a cover of 0.25% 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.
Among the sales credits and other credits, Euro 12,871 are towards correlated parties as shown in note 35.

Trade receivables, net	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Subsidiary companies	12,587	10,562	2,026	19.18%
Associated companies				
Trade receivables	13,626	11,822	1,804	15.26%
Bad debt provision	(67)		(67)	
Total trade receivables	***26,147***	***22,384***	***3,763***	***16.81%***

The point Accrued accruals and payables refers to accrued income made up as follows:

Accrued costs	*31/12/2007*	*31/12/2006*
- Software assistance	124	98
- Office management costs	0	0
- Advertising expenses	10	16
- Telephone charges	7	17
- Administrative services	1	13
- Third party benefit expenses	0	2
- Various insurances	25	26
- Hardware assistance	1	1
- System maintenance	0	1
- Associative fees	1	1
- Various	15	2
Total Accrued costs	***183***	***177***

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

Credits towards other	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Receivables from social security institutions				
Receivables for advances on travel expenses	0	3	(3)	(85.33%)
Payments on account to suppliers	64	15	49	334.45%
Other	48	47	1	1.59%
Insurances				
Guarantee deposits				
Total credits towards other	***112***	***65***	***47***	***73.01%***

20 Tax credits

The registration of Euro 43 thousand is made up of tax credits for requests for VAT reimbursements on motor vehicles in accordance with legislative decree no. 258 of 15th September 2006.

21 Cash and other equivalent assets

Cash and other equivalent assets	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Bank and postal accounts	6,350	950	5,400	568.56%
Cash-on-hand and cash equivalents	5	6	(1)	(12.70%)
Insurance policies capitalised	2,152	6,197	(4,044)	(65.26%)
Total Cash and other equivalent assets	***8,507***	***7,153***	***1,355***	***18.94%***

The bank and postal account deposits are made up of cash-on-hand in current bank accounts.
It is possible to redeem the capitalisation insurance policy at any time and reimbursement is made within 20 days

with no particular significant expense. The returns are variable in relation to the annually calculated revaluation rate. The guaranteed minimum annual rate is 2.50%.
During 2007, part of liquid assets was transferred from capitalisation insurance policies to current accounts which have benefited from more advantageous earning conditions.

22 Company capital

The company capital, entirely registered, deposited and unchanged over the period, amounted to €4,669,600. It was subdivided into 8,980,000 ordinary shares with a nominal value of €0.52 each and all with equal rights.
The ordinary shares are registered and indivisible and each one gives the right to a vote at the ordinary and extraordinary shareholders' meetings, as well as to the faculty of carrying out other company and patrimonial rights in accordance with the law and the statute.
Neither CAD IT S.p.A. nor its controlled companies own CAD IT or their own shares, not even through trustee companies or third parties.
CAD IT's net patrimony at 31.12.2007, including the financial period result, came to Euro 60,785 thousand compared to Euro 56,391 thousand at 31.12.2006.

23 Reserves

Reserves	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Own shares				
Share surcharge reserve	35,246	35,246		
Re-evaluation reserve				
Re-evaluation reserve for fin. assets available for sale	181	(249)	431	(172.88%)
Total Reserves	***35,428***	***34,997***	***431***	***1.23%***

The variation of the evaluation reserve for assets available for sale comes from the variation in fair value at 31/12/2007 of the holding in the quoted company Class Editori Spa and CIA S.p.A., directly registered in the net patrimony reserve, net of amounts relating to the transfers carried out in the period.

Variation in re-evaluation reserve for financial assets available for sale	*At 31/12/06*	*Allocation of transfer reserves to economic account*	*Allocation of fair value adjustments to equity*	*At 31/12/07*
Effects from valuation Class Editori S.p.a. (CLE)	(374)	262	77	(35)
Effects from valuation Cia S.p.a. (CIA)	125	(34)	125	216
Total	***(249)***	***228***	***203***	***181***

ANALYSIS OF THE AVAILABILITY AND DISTRIBUTION POSSIBILITY OF STOCKHOLDERS' EQUITY (art. 2427 no. 6bis civil code)	
There are no restrictions to the possibility of using derivates in the statutory arrangements	
In the three previous financial periods Stockholders' equity was used to a total of	-
– The legal reserve has already reached a fifth of the company capital (art. 2430 c.c.).	
The Stockholders' equity quotas that cannot be distributed are:	
–cover for long-term costs that have not yet been amortized (art. 2426, no. 5 c.c.):	€ 14,879
Total Stockholders' equity quota that cannot be distributed:	€ 14,879

Nature/description	Amount at 31.12.2007	Use possibility (*)	Available Amount	Summary of the uses made in the three previous financial periods:	
				for loss coverage	for other reasons
Capital	4,670				
Capital reserves:					
Reserve from share overpayment	35,246	a - b - c	35,246	-	-
Profit reserves:					
Legal reserve	934	b	-	-	-
Available joint profit reserve	10,482	a - b - c	10,447	-	-
Valuation reserve for financial assets available for sale	181	-	-	-	-
IAS transition reserve	2,119	-	-	-	-
Previous profits	585	-	-	-	-
Totale	***54,218***		***45,693***	**-**	**-**
Amount that can not be distributed			14,878		
Amount that can be distributed			30,815		

(*) legend: a = company capital increase b = loss coverage c = shareholder distribution

24 Accumulated profit/(losses)

Accumulated profits/losses	31/12/2007	31/12/2006	Variations	%
Previous profits/losses	585	585	(0)	(0.00%)
Legal reserve	934	934		
Statutory reserve				
IFRS transition reserve	2,119	2,119		
Consolidation reserve				
Available joint profit reserve	10,482	10,396	86	0.82%
Period profits/losses	6,567	2,690	3,877	144.16%
Total accumulated profits/losses	***20,687***	***16,724***	***3,963***	***23.70%***

Previous period profit refers to the difference between the profits for the 2004 period calculated with the IAS/IFRS accounting standards compared to calculation with the national accounting standards.
The IFRS transition reserve covers any differences that may have occurred when the international accounting standards were first adopted on 1st January 2004 and was changed for the actual application of the IAS 32 and 39 standards on 01/01/05 when assessing financial assets available for sale, in accordance with the IFRS 1 accounting standard.
The available joint profit reserve increased by Euro 86 thousand due to the effect of undistributed profits in the previous period.

25 Dividends paid and decided

On the basis of the results of the 2006 period, which confirm the Veronese Group's ability to generate positive income margins, the distribution of an ordinary dividend of Euro 0.29 per share, with payment on 17 May 2007,

was approved at the Shareholders' Meeting on 30 April 2007, to the value of Euro 2,604 thousand.
Please refer to the relative note in the management report on dividend distribution proposals for the 2007 financial period.

26 Financing

There are no long term debts towards credit institutions and/or banks.

27 Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,298 thousand and took into account the taxable time differences resulting from time differences of the accounting value of an asset or liability compared to its recognised value for tax purposes. In particular they mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods. For the particulars of this entry, please refer to the table "Situation of temporary differences and effects on the profit and loss account" in note 11.
Subsequent to the reduction in IRES and IRAP tax rates, liabilities due to deferred taxes have been adjusted and have brought about an amendment in debit reduction of Euro 540 thousand.

28 Employees' leaving entitlement and quiescence reserves

Employees' leaving entitlement and quiescence reserves	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Employees' leaving entitlement (TFR)	3,201	3,493	(292)	(8.37%)
Fund due to director end of term of office treatment				
Other quiescence reserves				
Total	***3,201***	***3,493***	***(292)***	***(8.37%)***

The point concerning the TFR fund shows the movements resulting from annual allocations made on the basis of the evaluations of external actuaries based on the IAS 19 and the uses carried out concerning end of working contract resolutions or advance payments.

Employees' leaving entitlement	*31/12/2007*	*31/12/2006*	*Variations*	*%*
at 1 January	3,493	3,100	394	12.70%
Discounting back	(277)	(66)	(210)	316.90%
Allocation of period	147	584	(438)	(74.90%)
Utilisation	(162)	(124)	(38)	30.81%
Closing balance	***3,201***	***3,493***	***(292)***	***(8.37%)***

In 2007 modifications in the Italian Severance Pay laws came into force. The effects on the profit and loss account are shown in the previous note relating to labour costs.
In order to carry out the mathematical evaluation, the database of each employee (salary, matured TFR net of any advance payments, age, sex, qualification, etc.) was given to the external actuaries by the companies' qualified offices. The hypothetical specifications on the employees in service regarding both their demographic evolution and their future economic characteristics, were calculated on the basis of some past company series, on similar experience and on market figures as well as on the basis of some indications supplied by the companies themselves in terms of their experience and sensitivity to company events.

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

- the present value regarding future forecasted services relating to working activities carried out in previous periods;
- the welfare cost regarding present work services, i.e. the increase in the present value of obligations resulting from work being carried out in the current period;
- the interest allowed given by the increase that the present value of the obligations is subject to during a period because of the fact that the date of payment of a benefit becomes one period closer.

The results of the mathematical evaluations on the basis of the IAS for TFR at 31/12/2007 are shown below:

TFR on the basis of IAS at 31/12/2007	*Previous years' cost*	*Current year's cost*	*Current year's interests allowed*	*Actuarial gain (loss)*
3,201	3,054	-	147	277

29 Commercial debts

The entire point shows the following trend:

Commercial debts	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Debts towards subsidiaries	9,866	10,678	(813)	(7.61%)
Debts towards suppliers	1,422	1,612	(189)	(11.75%)
Payments on account received	59		59	
Accrued expenses and deferred income	213	190	22	11.62%
Total Commercial debts	***11,560***	***12,480***	***(921)***	***(7.38%)***

Debts towards suppliers are referred to as current debts for supplies of goods and services received, including those regarding investments in intangible assets.
Among the sales debits, Euro 9,936 thousand are towards correlated parties as shown in note 35.
The deferred income refers entirely to income that was already invoiced regarding annual ordinary maintenance contracts on user licences and mainly pertaining to next financial period.

30 Tax debts

This entry includes the company's inland revenue tax debts. They are debts due to income taxes, value added tax and to activities of tax substitution made by the Company regarding the own ones employees and collaborators and also includes estimated taxes chargeable in the period net of provisional paid tax.
At the time of drafting this balance there were no legal cases pending with the Financial Authorities.

31 Short-term financing

The entry of Euro 24 thousand is made up of short term financing from other credit institutions than the bank.

32 Other debts

Details of other debts are as shown:

Other debts	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Social security charges payable	1,429	1,212	217	17.92%
Towards directors	62	66	(4)	(5.99%)
Dividends to be distributed to shareholders (third parties)				
Towards staff for deferred salaries and pay	2,289	2,187	102	4.67%
Other	0	1	(1)	(79.37%)
Total	***3,781***	***3,466***	***314***	***9.07%***

Debts towards welfare institutions included matured contributory debts on current monthly salaries as well as the quota for deferred maturing salaries.

33 Net financial position

The net financial availability at the end of the year 2007 was positive and amounts to Euro 8,483 thousand, Euro 1,402 thousand higher compared to the previous financial period.
Cash-on-hand amounts to Euro 8,483 thousand compared to Euro 7,105 thousand at 31/12/2006, increased by Euro 1,379 thousand and a long-term financial availability of Euro 8,483 thousand compared to Euro 7,081 thousand at 31/12/2006.

Variation in net financial position/(indebtedness)	*31/12/2007*	*31/12/2006*	*Variations*	*%*
Cash-on-hand and at bank	6,355	956	5,399	565%
Financial assets not of a fixed nature	2,152	6,197	(4,044)	-65%
Payables due to banks including current portion of medium to long-term loans	(24)	(48)	24	-50%
Net short-term financial position/(indebtedness)	**8,483**	**7,105**	**1,379**	**19%**
Long-term loans net of current portion	-	(24)	24	-100%
Net long-term financial position/(indebtedness)	**-**	**(24)**	**24**	**-100%**
Net financial position/(indebtedness)	***8,483***	***7,081***	***1,402***	***20%***

In particular, cash-on-hand and in bank accounts came to Euro 6,355 thousand. Capitalisation insurance policies of Euro 2,152 thousand were contractually available on 20-day prior request without any significant tax expenses.
As a link between the data of the net financial position statement and the balance statement, it is hereby reported that: cash in bank accounts and capitalisation insurance policies are registered in the patrimonial status as “Cash and other equivalent assets”; short-term financial debts are registered as “Payables due to banks current portion”; long-term financing is registered in the patrimonial status as “Long-term loans”.
The increase in financial availability is mainly generated by positive cash flows from operational management (Euro +2,936 thousand) and by investment activities (Euro +1,071 thousand) partially absorbed by financing activities (Euro –2,628 thousand).
Please refer to CAD IT Group’s financial report for cash flow details.

34 Important events since 31st December 2007

Subsequent to 31st December 2007, there have been no events of particular importance to significantly influence the shareholders' equities or economic results of CAD IT.
For further information on the foreseeable development of management, refer to the management report in the specific paragraph.

35 Transactions with related party

Any commercial relations between the Group's companies are governed by normal market conditions.
The summary of income and costs, despite the credit and debit position at 31st December 2007 between the Group's subsidiaries, is shown in the specific note on management relations.
The following table shows the incidence of transactions with correlated parties on the respective balance entry:

Transaction incidence with correlated parties	*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	38,268	17,431	45.55%
Service costs	10,637	6,845	64.35%
Labour costs	16,783	385	2.29%
Other administrative expenses	954	607	63.65%
B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation			
Commercial credits and other credits	26,442	12,871	48.67%
TFR and pension funds	3,201	67	2.09%
Commercial debts	11,560	9,936	85.95%
Other debts	3,781	62	1.65%
C) Transaction or position incidence with correlated parties on financial flows			
(Increase)/Decrease in circulating credits	(3,810)	(2,274)	59.67%
Increase/(Decrease) in debts towards suppliers	(943)	(866)	91.80%
Increase/(Decrease) in other non-financial debts	314	(55)	(17.55%)

Except for previously mentioned relations, no other relations with other correlated parties of an economic-patrimonial nature of any significant worth have been taken into account.
Third party revenues regard services carried out on behalf of subsidiary companies, Xchanging which holds a 10% share in CAD IT and the associate company Sitcom S.r.l.
Service costs from third parties towards correlated parties include remunerations to CAD IT auditing board members that the latter has sustained and those relating to translation and language training services supplied by a company in which one CAD IT director holds a share.
Labour costs to correlated parties regard remunerations to employees of the Company who have a family relationship or affinity with the CAD IT directors and those managers with strategic responsibilities.
The other administrative expenses relating to correlated parties concern remunerations for the position of director given to CAD IT directors.

36 Salaries given to administrative and managerial organs and to managers with strategic responsibilities

The salaries for any main company or direct or in direct subsidiary company title given to the members of the Board of Directors and auditing board and to the managers with strategic responsibilites are shown in the following table[3], in accordance with art. no. 78 of Consob regulation no. 11971 of 14th May 1999, and subsequent modification and integration.

During 2007 financial period, the manager responsible for drafting the accounting documentation was nominated, with duties assigned beginning as of 1st July 2007, in accordance with law no. 262 of 28th December 2005 regarding “Instructions for the safeguarding of savings and financial market discipline.”

Name and Surname	Role		Term of office	End of Office term	Remunerations for role	Bonuses and other incentives	Indemnity at termination of office	Other remunerations	Non-monetary benefits
Dal Cortivo Giuseppe	Chairman and Managing Director	CAD IT Spa	01/01 - 31/12	31/12/2008	144	20	-	-	-
	Legal representative	CAD Srl	01/01 - 31/12	indefinite	-	-	-	87	-
	Director	CESBE Srl	01/01 - 31/12	indefinite	-	-	-	6	-
	Director	SICOM Srl	01/01 - 31/12	indefinite	-	-	-	6	-
Magnani Giampietro	Managing Director	CAD IT Spa	01/01 - 31/12	31/12/2008	144	20	-	-	-
	Chairman and Managing Director	CAD Srl	01/01 - 31/12	31/12/2009	-	-	-	87	-
	Director	BITGROOVE Srl	01/01 - 31/12	indefinite	-	-	-	6	-
	Director	SMART LINE SRL	01/01 - 31/12	31/12/2007	-	-	-	6	-
Rizzoli Maurizio	Director	CAD IT Spa	01/01 - 31/12	31/12/2008	16	-	-	-	-
Zanella Luigi	Managing Director	CAD IT Spa	01/01 - 31/12	31/12/2008	144	20	-	-	-
	Legal representative	CAD Srl	01/01 - 31/12	indefinite	-	-	-	87	-
	Director	CESBE Srl	01/01 - 31/12	indefinite	-	-	-	6	-
	Director	DQS Srl	01/01 - 31/12	31/12/2008	-	-	3	12	-
	Director	SICOM Srl	01/01 - 31/12	indefinite	-	-	-	6	-
Dal Cortivo Paolo	Managing Director	CAD IT Spa	01/01 - 31/12	31/12/2008	19	20	-	76	-
Margetts Michael	Director	CAD IT Spa	01/01 - 31/12	31/12/2008	13	-	-	-	-
Lambertini Lamberto	Director	CAD IT Spa	01/01 - 31/12	31/12/2008	15	-	-	-	-
Rossi Francesco	Director	CAD IT Spa	01/01 - 31/12	31/12/2008	16	-	-	-	-
Cusumano Giannicola	Chairman Statutory Auditor	CAD IT Spa	01/01 - 31/12	31/12/2008	23	-	-	-	-
	Statutory Auditors	CAD Srl	01/01 - 31/12	31/12/2009	-	-	-	5	-
	Chairman Statutory Auditor	CESBE Srl	01/01 - 31/12	31/12/2009	-	-	-	6	-
Ranocchi Gianpaolo	Statutory Auditors	CAD IT Spa	01/01 - 31/12	31/12/2008	16	-	-	-	-
	Chairman Statutory Auditor	CAD Srl	01/01 - 31/12	31/12/2009	-	-	-	7	-
Tengattini Renato	Statutory Auditors	CAD IT Spa	01/01 - 31/12	31/12/2008	16	-	-	-	-
	Statutory Auditors	CESBE Srl	01/01 - 31/12	31/12/2009	-	-	-	4	-
Managers with strategic responsibilites		CAD IT Spa						60	
				Total	***567***	***80***	***3***	***466***	***-***

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

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

37 Warranties

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

38 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 has 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*).

39 Financial statement approval

The present annual plan budgetary was approved by the CAD IT S.p.A. Board of Directors on 26/03/2008 and will be an item for approval at the shareholders' meeting to be held on 29/04/2008 in first call and on 06/05/2008 in second call.

Balance sheet declaration in accordance with art. 81-ter of Consob Regulation no. 11971 of 14th May 1999 and subsequent modifications and integrations

1. The undersigned, Giuseppe Dal Cortivo, Chairman of the CAD IT S.p.A. Board of Directors, and Maria Rosa Mazzi, the manager responsible for drafting the CAD IT S.p.A. company accounting documents, hereby declare, bearing in mind the content of art. 154-bis, paragraphs 3 and 4 of legislative decreee 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 balance sheet during the 2007 financial period.

2. Furthermore, it is hereby declared that the CAD IT S.p.A. balance for the financial period ending on 31st December 2007, which reports a total credit of Euro 85,414 thousand, a net profit of Euro 6,567 thousand and a net patrimony of Euro 60,785 thousand:

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

   b) has been drafted in accordance with the international accounting standards (IFRS) – adopted by the European Union – and, as far as is known, is a suitable document to supply a true and correct representation of the patrimonial, economical and financial situation of the company.

Verona, 26 March 2008

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

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

Summary financial statements of CAD IT Group companies

SUMMARY FINANCIAL STATEMENTS OF THE CONSOLIDATED

SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATION AREA

(article 2429 of the Italian Civil Code)

CAD SRL

REGISTERED OFFICE: Via Torricelli, 37 - 37100 VERONA

QUOTA CAPITAL: € 130,000,00

% OF INVESTMENT OF CAD IT S.p.A: 100%

(euro)	31/12/2007	31/12/2006
TURNOVER	29,035,729	24,820,637
GROSS OPERATING RESULT	603,805	835,988
NET OPERATING PROFIT	517,605	772,233
FINANCIAL INCOME AND CHARGES, NET	64,877	36,562
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	582,482	808,795
NET PROFIT / (LOSS) FOR THE YEAR	111,084	175,054
TANGIBLE FIXED ASSETS, NET	36,303	64,855
WORKING CAPITAL, NET	1,197,578	1,499,094
INVESTED CAPITAL, NET	(796,431)	(456,762)
EMPLOYEES' LEAVING ENTITLEMENT	2,030,312	2,020,711
QUOTAHOLDERS' EQUITY	1,532,509	1,421,424
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	2,328,940	1,878,186

CESBE SRL

REGISTERED OFFICE: Via Torricelli, 37 - 37100 VERONA

QUOTA CAPITAL: € 10,400

% OF INVESTMENT OF CAD IT S.p.A: 52%

(euro)	31/12/2007	31/12/2006
TURNOVER	4,070,341	3,610,973
GROSS OPERATING RESULT	920,260	531,660
NET OPERATING PROFIT	914,381	523,912
FINANCIAL INCOME AND CHARGES, NET	23,127	4,338
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	937,508	528,250
NET PROFIT / (LOSS) FOR THE YEAR	508,244	215,984
TANGIBLE FIXED ASSETS, NET	7,715	13,160
WORKING CAPITAL, NET	3,460,254	3,779,155
INVESTED CAPITAL, NET	3,036,603	3,373,636
EMPLOYEES' LEAVING ENTITLEMENT	431,366	418,679
QUOTAHOLDERS' EQUITY	3,740,947	3,432,701
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	704,344	59,065

NETBUREAU SRL

REGISTERED OFFICE: Via Morigi, 13 - MILANO

QUOTA CAPITAL: € 50,000

% OF INVESTMENT OF CAD IT S.p.A: 100%

(euro)	31/12/2007	31/12/2006
TURNOVER	741,610	866,714
GROSS OPERATING RESULT	30,923	56,505
NET OPERATING PROFIT	17,851	43,433
FINANCIAL INCOME AND CHARGES, NET	323	(2,037)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	18,174	41,396
NET PROFIT / (LOSS) FOR THE YEAR	(10,745)	3,845
TANGIBLE FIXED ASSETS, NET	11,659	24,731
WORKING CAPITAL, NET	99,133	59,286
INVESTED CAPITAL, NET	39,389	17,429
EMPLOYEES' LEAVING ENTITLEMENT	71,403	66,588
QUOTAHOLDERS' EQUITY	39,256	20,057
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(133)	2,628

DQS SRL

REGISTERED OFFICE: Via Silvio d'Amico, 10 - 00145 ROMA

QUOTA CAPITAL: € 11,000.00

% OF INVESTMENT OF CAD IT S.p.A: 55%

(euro)	31/12/2007	31/12/2006
TURNOVER	5,023,234	4,263,765
GROSS OPERATING RESULT	347,826	248,469
NET OPERATING PROFIT	262,881	215,253
FINANCIAL INCOME AND CHARGES, NET	(34,464)	(23,798)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	228,417	191,455
NET PROFIT / (LOSS) FOR THE YEAR	34,991	(28,751)
TANGIBLE FIXED ASSETS, NET	279,730	110,752
WORKING CAPITAL, NET	1,517,110	1,232,048
INVESTED CAPITAL, NET	1,298,667	828,891
EMPLOYEES' LEAVING ENTITLEMENT	498,173	513,909
QUOTAHOLDERS' EQUITY	571,176	536,186
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(656,741)	(248,949)

SGM SRL

REGISTERED OFFICE: Galleria Spagna, 28 - 35100 PADOVA

QUOTA CAPITAL: € 100,000

% OF INVESTMENT OF CAD IT S.p.A: 100%

(euro)	31/12/2007	31/12/2006
TURNOVER	2,006,411	2,407,199
GROSS OPERATING RESULT	906,347	1,004,743
NET OPERATING PROFIT	726,418	812,022
FINANCIAL INCOME AND CHARGES, NET	(24,376)	(53,138)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	702,042	758,884
NET PROFIT / (LOSS) FOR THE YEAR	623,508	447,468
TANGIBLE FIXED ASSETS, NET	480,416	656,474
WORKING CAPITAL, NET	852,042	634,939
INVESTED CAPITAL, NET	1,210,137	1,138,737
EMPLOYEES' LEAVING ENTITLEMENT	122,321	152,676
QUOTAHOLDERS' EQUITY	1,170,974	547,468
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(36,763)	(535,031)

SMART LINE SRL

REGISTERED OFFICE: Via Tagliamento, 165 - 83100 AVELLINO

QUOTA CAPITAL: € 102,700.00€

% OF INVESTMENT OF CAD IT S.p.A.: 51.05%

(euro)	31/12/2007	31/12/2006
TURNOVER	1,713,676	1,360,533
GROSS OPERATING RESULT	339,132	161,443
NET OPERATING PROFIT	249,017	140,387
FINANCIAL INCOME AND CHARGES, NET	3,726	1,106
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	252,743	141,493
NET PROFIT / (LOSS) FOR THE YEAR	109,257	72,446
TANGIBLE FIXED ASSETS, NET	483,911	428,822
WORKING CAPITAL, NET	-436,258	(69,972)
INVESTED CAPITAL, NET	-246,442	99,641
EMPLOYEES' LEAVING ENTITLEMENT	294,095	259,209
QUOTAHOLDERS' EQUITY	326,823	217,569
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	573,265	117,928

BIT GROOVE SRL

REGISTERED OFFICE: Via Torricelli, 44/A - 37100 VERONA

QUOTA CAPITAL: € 15,500

% OF INVESTMENT OF CAD IT S.p.A.:100 %

(euro)	31/12/2007	31/12/2006
TURNOVER	1,498,925	1,213,625
GROSS OPERATING RESULT	55,537	(26,023)
NET OPERATING PROFIT	(219)	(58,765)
FINANCIAL INCOME AND CHARGES, NET	14,966	7,606
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	14,747	(51,159)
NET PROFIT / (LOSS) FOR THE YEAR	(5,711)	(76,999)
TANGIBLE FIXED ASSETS, NET	120,842	76,196
WORKING CAPITAL, NET	(102,210)	(127,953)
INVESTED CAPITAL, NET	(32,635)	(98,546)
EMPLOYEES' LEAVING ENTITLEMENT	51,267	46,789
QUOTAHOLDERS' EQUITY	16,101	(55,186)
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	48,736	43,360

ELIDATA SRL

REGISTERED OFFICE: Via Sanadolo, 19 - Caglione d'Adda - LO

QUOTA CAPITAL: € 20,000

% OF INVESTMENT OF CAD IT S.p.A.: 51%

(euro)	*31/12/2007*	*31/12/2006*
TURNOVER	1,437,365	1,211,470
GROSS OPERATING RESULT	757,480	578,559
NET OPERATING PROFIT	731,012	550,258
FINANCIAL INCOME AND CHARGES, NET	3,347	5,444
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	734,359	555,702
NET PROFIT / (LOSS) FOR THE YEAR	445,686	321,509
TANGIBLE FIXED ASSETS, NET	416,598	96,984
WORKING CAPITAL, NET	166,753	720,885
INVESTED CAPITAL, NET	549,243	796,075
EMPLOYEES' LEAVING ENTITLEMENT	34,108	21,794
QUOTAHOLDERS' EQUITY	1,065,197	919,511
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	516,181	123,435

DATAFOX SRL

REGISTERED OFFICE: Via Circondaria, 56/3 - FIRENZE

QUOTA CAPITAL: € 99,999

% OF INVESTMENT OF CAD IT S.p.A.: 51%

(euro)	*31/12/2007*	*31/12/2006*
TURNOVER	842,216	764,453
GROSS OPERATING RESULT	134,500	109,369
NET OPERATING PROFIT	64,917	53,956
FINANCIAL INCOME AND CHARGES, NET	1,526	372
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	66,443	54,328
NET PROFIT / (LOSS) FOR THE YEAR	22,936	17,268
TANGIBLE FIXED ASSETS, NET	51,656	57,432
WORKING CAPITAL, NET	269,415	192,872
INVESTED CAPITAL, NET	275,254	215,310
EMPLOYEES' LEAVING ENTITLEMENT	45,817	34,994
QUOTAHOLDERS' EQUITY	313,223	290,285
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	37,969	74,975

SUMMARY FINANCIAL STATEMENTS OF THE CONSOLIDATED INDIRECT SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATION AREA

(article 2429 of the Italian Civil Code)

TECSIT SRL

REGISTERED OFFICE: Via Silvio D'Amico, 40 - 00145 ROMA

QUOTA CAPITAL: € 75,000.00

% GROUP INTEREST: 38.5%

(euro)	*31/12/2007*	*31/12/2006*
TURNOVER	727,184	428,172
GROSS OPERATING RESULT	43,045	21,897
NET OPERATING PROFIT	37,822	17,203
FINANCIAL INCOME AND CHARGES, NET	(28,992)	(19,165)
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	8,830	(1,962)
NET PROFIT / (LOSS) FOR THE YEAR	(85)	(9,522)
TANGIBLE FIXED ASSETS, NET	18,557	18,391
WORKING CAPITAL, NET	353,745	267,301
INVESTED CAPITAL, NET	347,029	263,209
EMPLOYEES' LEAVING ENTITLEMENT	25,273	22,483
QUOTAHOLDERS' EQUITY	75,712	75,796
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	(271,317)	(194,202)

SUMMARY FINANCIAL STATEMENTS OF THE ASSOCIATED COMPANIES
(article 2429 of the Italian Civil Code)

SICOM SRL

REGISTERED OFFICE: Via Verdi, 15/a - 46019 Viadana (MN)

QUOTA CAPITAL: € 10,400.00

% OF INVESTMENT OF CAD IT S.p.A.: 25%

(euro)	*31/12/2007*	*31/12/2006*
TURNOVER	2,231,888	1,852,268
GROSS OPERATING RESULT	673,483	594,488
NET OPERATING PROFIT	656,897	576,317
FINANCIAL INCOME AND CHARGES, NET	4,198	1,078
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXATION	661,095	577,395
NET PROFIT / (LOSS) FOR THE YEAR	391,336	338,804
TANGIBLE FIXED ASSETS, NET	303,699	305,778
WORKING CAPITAL, NET	229,004	126,532
INVESTED CAPITAL, NET	476,238	376,778
EMPLOYEES' LEAVING ENTITLEMENT	56,465	55,532
QUOTAHOLDERS' EQUITY	745,042	607,305
(NET SHORT-TERM INDEBTEDNESS) / FINANCIAL POSITION	268,804	230,527

Report of the auditors in accordance with
article 156 of legislative decree n. 58 of 24 February 1998
(This report has been translated from the original Italian text
which was issued in accordance with the Italian legislation)

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

1. We have audited the financial statements, including balance sheet, profit and loss, movement of equity, cash flow statements and Directors' Report, of CAD IT S.p.A. as at and for the year ended December 31st, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

   For our opinion on the financial statements of prior year, which are presented for comparative purposes as required by the law, reference should be made to our report dated April 12th, 2007.

3. In our opinion, the financial statements of CAD IT S.p.A. as at and for the year ended December 31st, 2007 comply with the International Financial Reporting Standards adopted by European Community governing their preparation, as well as the measures issued for the implementation of the art. 9 of the Legislative Decree n. 38/2005; therefore they are clearly stated and give a true and fair view of the financial position, the results, the movements of equity and the cash flows of CAD IT S.p.A. for the year then ended.

Verona, April 11th, 2008

BDO Sala Scelsi Farina
Società di Revisione per Azioni

Signed by: Alessandro Gigliarano

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