CAD IT S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2008

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

CAD IT
INFORMATION TECHNOLOGY

CAD IT S.p.A.

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

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Consolidated financial statements at 31 december 2008

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

CORPORATE BODIES

BOARD OF DIRECTORS (1)

GIUSEPPE DAL CORTIVO
Chairman and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

GIAMPIETRO MAGNANI
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI (2)
Director

MICHAEL JOHN MARGETTS
Director

FRANCESCO ROSSI (2)
Independent Director

LAMBERTO LAMBERTINI (2)
Independent Director

BOARD OF STATUTORY AUDITORS (1)

GIANNICOLA CUSUMANO
Chairman

GIAN PAOLO RANOCCHI
Statutory Auditor

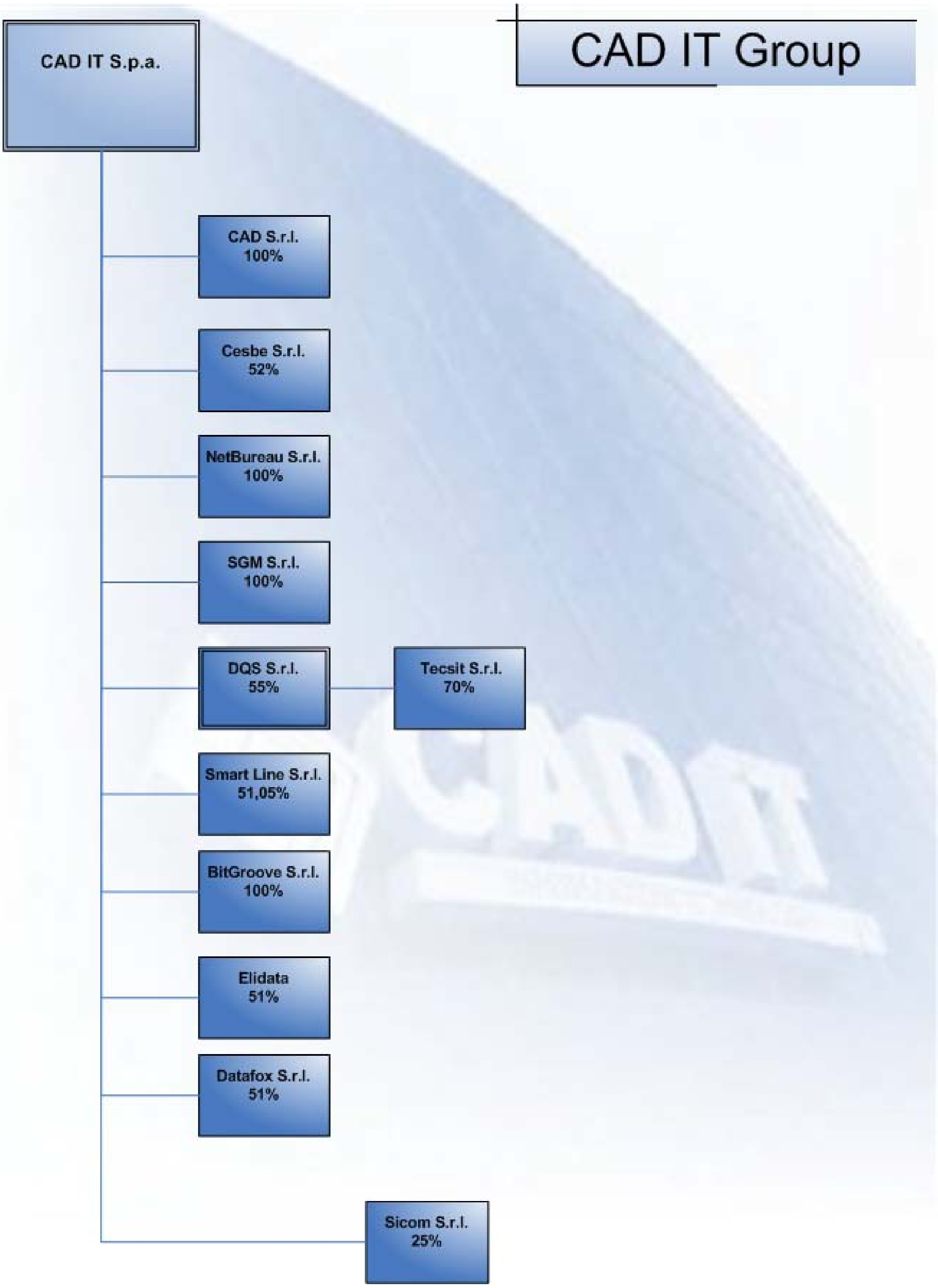
RENATO TENGATTINI
Statutory Auditor

INDEPENDENT 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) *Member of the Internal Control Committee; member of the Nominating and Compensation Committee*

The Chairman and Managing Director of the parent company CAD IT S.p.A., Giuseppe Dal Cortivo, is authorised to perform all ordinary and extraordinary administrative duties, excluding only those which can not be delegated by law and those assigned to the Board of Directors by article 19 of the company by-laws.
The main powers reserved in the statute to the Board of Directors are:the examination and approval of the strategic, industrial and financial plans of the company; the purchase, sale, exchange or transfer of fixed assets and real estate rights; the granting of collateral on fixed assets; the set up of new subsidiaries and the take-over, acquisition or sale of corporate investments; the acquisition, sale, exchange or transfer of the whole company or of business lines; the underwriting of obligations, commitments and responsibilities which, either singularly or jointly with other connected negotiations, come to more than €4,000,000; the nomination of managing directors; the release of warranties and real or personal guarantees of any kind to the sum of more than €2,000,000 for each individual transaction and, if in the interest of subjects other than the Company and its subsidiaries, to any sum whatsoever; the examination and preventive approval of significant transactions including those with company related parties and company subsidiaries; verification of the appropriateness of the administrative and organisational structure and the general accounting, the internal control system and any conflicts of interest.
The managing directors, Giampietro Magnani and Luigi Zanella, will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness, with the power to act alone with their single signature to the maximum amount of Euro 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 31/12/2008

DIRECTORS' REPORT ON OPERATION

This management report is an integral part of CAD IT S.p.A.'s consolidated financial report at 31/12/2008 and includes references to the important events which occurred during the financial year and their incidence on the balance and consolidated Financial Statement, together with a description of both CAD IT S.p.A.'s and the Group's primary risks and uncertainties.
The consolidated balance at 31st December 2008 was drafted to conform with the applicable international accounting standards recognised in the European Community in accordance with EC regulation no. 1606/2002 issued by the European Parliament and Council on 19th July 2002 and with the provisions laid down in art. 9 of Leg. Dec. no. 38/2005, as well as in observance of Consob regulation no. 11971 of 14th May 1999 and subsequent modifications and integrations.
For further information on the result and CAD IT S.p.A.'s financial-economic situation, please refer to the Financial Statement.
Unless otherwise indicated, the monetary quantities in the accounting tables and those quoted in the notes, are expressed in thousands of Euro. Any modest differences that may arise from rounding off figures to thousands of Euro will be considered irrelevant. Due to this rounding off, the sum of the details in some charts containing specific figures may differ from the total amount.

Information on CAD IT S.p.A.

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

Activities of the Group

CAD IT is the leader of a group that is one of the most dynamic organisations in the Italian information technology sector.
For almost 30 years, the Group has been dealing with the banking and insurance market and the world of business and public administration by offering software solutions, maintenance, personalisation, integration and other correlated services from application management to outsourcing, consultancy to training.
The CAD IT Group operates in Italy with its own branches and Group companies. Its Head Office is in Verona but there are other units in Milan, Rome, Florence, Bologna, Mantua, Prato and Trento.
CAD IT is leader in the Italian software market for the banking sector with its main product, Financial Area, a programme which completely manages all functions connected to negotiation, settlement and administration of security transactions, debentures, derivates (in any currency) and adopted by 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.

Summary of the Group results

	Period 2008 01/01 – 31/12		*Period 2007 01/01 - 31/12*		*Variations*	
						%
Production value	59,766	100.0%	60,696	100.0%	(929)	(1.5%)
Added value	47,436	79.4%	48,652	80.2%	(1,216)	(2.5%)
Gross operational result (EBITDA)	12,663	21.2%	15,155	25.0%	(2,492)	(16.4%)
Operational result (EBIT)	9,176	15.4%	12,649	20.8%	(3,473)	(27.5%)
Ordinary result	9,691	16.2%	12,868	21.2%	(3,178)	(24.7%)
Pre-tax and pre-third party share result	9,443	15.8%	13,861	22.8%	(4,418)	(31.9%)
Income taxes	(4,014)	(6.7%)	(5,316)	(8.8%)	1,302	(24.5%)
Third party (profit)loss for the period	(561)	(0.9%)	(576)	(0.9%)	15	(2.7%)
Profit (loss) for the period	***4,867***	***8.1%***	***7,968***	***13.1%***	***(3,101)***	***(38.9%)***

Analysis of the consolidated income results

The CAD IT Group closes the 2008 financial period with a profit of Euro 4,867 thousand and with a value of production of Euro 59,766 thousand. The profit margins are still well positive. The results achieved confirm the Group's ability to obtain positive results by focusing on the production and offer of new products and services and by acquiring new users and market segments. The results achieved are therefore to be considered positive in view of the on-going current crisis situation in the International financial system.

The Value of Production and Added Value, in particular, are only just a little less that the levels of the previous year, standing at -1.5% and -2.5% respectively.

The increases in internal intangible assets that refer to the development of new products and software applications, came to Euro 2,540 thousand in 2008 showing an 8.8% increase compared to Euro 2,335 thousand in the previous year.

Service costs of Euro 10,395 thousand in 2008 show an increase of 3.9% compared to Euro 10,002 thousand in the previous year.

The Gross Operational Result (EBITDA) stood at Euro 12,663 thousand, equal to 21.2% of the Value of Production, compared to Euro 15,155 thousand in 2007 which was 25.0% of the Value of production. Part of this drop in margins is due to labour costs that, although the average number of employees has more or less remained unaltered, have increased following the renewal of the national employment contract for the metal-mechanic sector and other staff raises that were awarded at the end of 2007; furthermore the 2007 financial period benefitted form an actuarial profit deriving from the evaluation of TFR (severance pay) following its reform (Euro 633 thousand).

The operational result (EBIT) came to Euro 9,176 thousand (previously Euro 12,649 thousand), equal to 15.4% of the value of production, compared to 20.8% in the previous year. The drop in margins (Euro 3,473 thousand in absolute value) is ascribable to the increase in intangible asset amortisations (+81.6% equal to Euro 1,170 thousand) which were due to amortisation plans for software procedures that were capitalised during the current financial period and past periods. The total sum of the amortizations is Euro 3,385 thousand compared to Euro 2,227 thousand in the previous financial year.

The financial management result has clearly improved and reduces the margin difference, in the two years being compared, in the ordinary Result which equals Euro 9,691 thousand (Euro 12,868 thousand in the previous year). Financial earnings of Euro 615 thousand (+56.6%% compared to Euro 393 thousand in 2007) have increased mainly because of a greater availability of liquid and other assets.

The pre-tax result of Euro 9,443 thousand (Euro 13,861 thousand in 2007) has suffered from the calculation of the activities available for sale made up of shareholdings in quoted companies which, in 2008, led to an entry in

the profit and loss account of a Euro 456-thousand devaluation due to a reduction in value, compared to a Euro 894-thousand revaluation in the previous period following their partial sale.
Income taxes came to Euro 4,014 thousand compared to Euro 5,316 thousand in 2007. Income tax incidence was 42.51%, while in 2007 it was 38.35%. Taxes suffer from the abolition of extra taxes and the influence of IRAP whose incidence tends to increase when pre-tax results drop.
The Group result in 2008 came to Euro 4,867 thousand (8.1% of the Value of production) compared to Euro 7,968 thousand in the previous financial period (13.1% of the value of production), net of third party result which was respectively Euro 561 thousand and Euro 576 thousand for both periods.

Financial indicators

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

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

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

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

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

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

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

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

The short-term outlook

2008 saw an increasing worsening of the international economic situation and the financial crisis, which began in the USA in 2007, became more intense, particularly in the last three months. On the European front numerous governmental interventions were made to nationalize the banks in difficulty and to inject capital to protect savers and avoid blocking the interbank and credit market. These interventions have not stopped the spreading of a general mistrust of the banking system which has thus caused the crisis to become more serious for the economy and the macro-economic situation which thus slid towards profound stagnation and eventually recession.

Despite this unfavourable economic trend and especially the ongoing banking system crisis, the CAD IT Group did not suffer any particular slackening in its supply and demand in 2008 to and from its financial institution clients, thus maintaining positive results thanks to its ability to continue to invest in years of Research and Development and hold on to a strategic and leading position in the Italian financial software market.

Significant events of the period

Projects that began in May 2007 aimed at assisting the Group's financial institution clients to comply to the MiFID directive also continued during the 2008 first half period.

The MiFID directive (Market in Financial Instruments Directive), which came into force on 1st November 2007, has obliged banks and investment companies to make many changes to their operational modalities for conducting business with their clients. In fact, the financial institutions have had to review their existing processes in order to comply to the new obligations in terms of investor guarantees. The MiFID sets a new scene for national intermediaries, imposing considerable efforts to come into line but, at the same time, paves the way for new business prospects. In this context, 200 financial institutions will be using software developed by CAD IT to bring themselves in line with information technology system norms.

On 29th April 2008, the ordinary Shareholders' Meeting approved the 31/12/2007 Financial Statement and decided on the distribution of a Euro 0.70 dividend per share. The dates for coupon release and dividend payment were May 12th and 15th 2008 respectively.

As a result of adopting the new statute, approved on shareholder decision at the meeting on 30th April 2007, the Shareholder Meeting also approved the new text on Regulations for carrying out company shareholder meetings. The new Regulations are available for viewing in the Investor Relations section of the company's internet site at www.cadit.it .

On august CAD IT concluded the contract with Equitalia for the supply of application management services and the evolutionary maintenance of its own procedures. Following the tax collection system reform introduced by Article 3, Leg. Dec. no 203 of 25th September 2005, the national concession system for tax collection was abolished and the tax service was then granted to the Tax Office responsible, under a private monopoly scheme, through Equitalia S.p.A (already known as Riscossione S.p.A.). Equitalia S.p.A directly carries out functions concerning tax collection or uses collection agents, i.e. companies that are already national collection service agencies, whose shareholdings are owned by Equitalia S.p.A, and other firms that are part of company branches given over to Equitalia S.p.A. by banks that where already national collection service agencies. The contract involves application management services including corrective and evolutionary maintenance of tax collection software procedures already operational at some Collection Agencies. The contract is worth a total of about Euro

3.9 million. The duration, and consequently the financial impact that it will give rise to, is for 17 months as of 1st August 2008.
In October, CAD IT, as proxy agent for a Temporary Company Grouping (RTI), won the contract for the supply of an applicative platform for operational management in the “Third Party and Property Investment Services” sector and the relative services for Poste Italiane S.p.A. This project foresees the supply of the licence to use the CAD IT “Financial Area” platform and its relative activation services, *Application Management* and ordinary maintenance. In terms of the total value of this contract, which amounts to about 10 million Euros, the CAD IT Group stands to gain Euro 9.6 million. The contract, and therefore the economic effects deriving from it, has a three-year duration as of the date of signing. With Poste Italiane, CAD IT can count yet another important Financial Institution among its client reference list.

CAD IT’s and Group research and development

In relation to activities aimed at consolidating traditional business, the production of new modules to increase the functional and technological development of the considerable range of software installed remains constant within the Group.
The creation and use of new computer systems aimed at diversifying the Group’s offer towards those sectors bordering on the ones in which it is already present, is still underway.
As regards new projects, development are continuing on the SIBAC GS platform, which is a fundamental element for the Group’s strategic growth.
Specialised modules are continuing to be used in the business intelligence sector (Sistema Informativo Direzionale – Managerial Information System). CAD IT and Smart Line S.r.l. are continuing to invest in order to enrich their offer of solutions and services aimed at Public Administration and Consortiums for local taxation management.
The CAD IT Group, in terms of the development of its own products, is also creating solutions linked to the new regulations and further procedures aimed at diversification for new business sectors such as insurance (Area Finanza for insurances) and new software modules aimed at the international market (Easy Match).

Investments

Summary of investments	*2008*	*2007*
Intangible fixed assets	162	219
Assets under development and payments on account	2,660	2,335
Plant, machinery, equipment and other tangible fixed assets	257	408
Total investments	***3,079***	***2,962***

Investments in tangible and intangible fixed assets made by the consolidated companies in the financial period amount to Euro 3,079 thousand compared to Euro 2,962 thousand during 2007 financial period.
The 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.
Investments in intangible fixed assets mainly regard the development and purchasing of software for licensing to the clients or instrumental software to be used by the Group for its own activity.

Related parties transactions

As regards transactions made with third parties, including infra-group transactions, it is hereby declared that said transactions are neither atypical or unusual and are a normal procedure within the activities of the Group’s

companies. These transactions are governed by market conditions bearing in mind the characteristics of the goods and services concerned.
Information on relations with third parties, including that required by the Consob Communication of 28th July 2006, is shown in the Consolidated Financial Statement and Financial Statement Sheet Notes.

Relationships with Group companies

During the financial period concerned, the Group's companies carried out operations with the controlled companies and businesses subject to CAD IT control. The patrimonial and economic effects of the operations carried out between companies consolidated with the integral method have been omitted in the consolidated Financial Statement with the exception of:
services concerning the development of software procedures to be sold or instruments for the traditional activities of the Group's companies that are registered among intangible fixed assets;
other operations, of insignificant amount, regarding the assignment of instrumental assets for the purchaser.
Relationships between the Group's companies are governed on the basis of contractual relations drawn up by the respective administration organs bearing in mind the quality of the assets and services involved and the competitive conditions of the market and adapting the interests of the Group.
The table below gives a summary of the income and service performances, as well as the credit and debit position of all the Group's consolidated companies.

Company	Costs	Capitalized costs			Turnover	Receivables	Payables
		Increases in internal work	Software licences and rights	Other assets			
CAD IT S.p.A.	16,412	-	-	-	1,571	2,999	12,636
CAD S.r.l.	1,059	-	-	-	9,097	7,318	2,781
CeSBE S.r.l.	597	-	-	5	2,273	2,772	160
NetBureau S.r.l.	38	-	0	-	770	489	257
DQS S.r.l.	7	-	-	-	2,621	1,042	2
SGM S.r.l	46	-	0	-	595	1,022	99
SmartLine S.r.l.	40	-	-	1	409	252	174
BitGroove S.r.l.	403	-	2	3	654	620	621
Elidata S.r.l.	70	-	0	-	176	87	15
Datafox S.r.l.	27	-	0	-	545	160	14
Tecsit S.r.l.	1	-	-	-	-	-	2
Total	**18,700**	**-**	**3**	**9**	**18,711**	**16,762**	**16,762**

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

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[1]:

Name and surname	*Company*	*Number of shares held at 31.12.2007*		*Number of shares bought*	*Number of shares sold*	*Number of shares held at 31.12.2008*	
Dal Cortivo Giuseppe	Cad It S.p.A.	1,329,234	(1)	5,300	-	1,334,534	(1)
Magnani Giampietro	Cad It S.p.A.	1,325,721	(1)	5,300	-	1,331,021	(1)
Rizzoli Maurizio	Cad It S.p.A.	1,435,936	(2)	3,750	-	1,439,686	(3)
Zanella Luigi	Cad It S.p.A.	1,328,180	(4)	5,300	-	1,333,480	(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	
Dirigenti con responsabilità strategiche	Cad It S.p.A.	1,300		-	-	1,300	
(1) of which in spouse's name n.:	370,885						
(2) of which in spouse's name n.:	531,264						
(3) of which in spouse's name n.:	535,014						
(4) of which in spouse's name n.:	380,985						

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

Reconciliation report with the Head Company Net Patrimony

The following table shows the reconciliation figures of the net patrimony and the consolidated financial result with those of CAD IT S.p.A.[2]

	Net patrimony	*Result of period*
Net patrimony and result of the controlling company for the period concerned	59,052	4,635
- difference between the entry value of the consolidated holdings and the pro quota value of the net patrimony	(9,280)	
- effects on reserves	(462)	
- pro quota results of the subsidiary/associate holdings	938	938
- consolidation difference	8,309	
- subsidiary/associate dividend elimination		(840)

[1] in accordance with sheet 3, attachment 3c, of Consob Regulation no. 11971
[2] In accordance with Consob communication no. 6064293 of 28 July 2006.

- infra-group margin elimination	109	109
Assessment of associate holdings with net patrimony method	209	26
Total net patrimony and consolidated result of period	***58,874***	***4,867***

Corporate Governance

In conformity with the laws in force, the CAD IT S.p.A. Board of Directors annually approves the *Corporate Governance Report* in accordance with articles 123 bis and 124-ter TUF and 89-bis of the Consob Issuer Regulation, with the aim of supplying CAD IT S.p.A. shareholders with an adequate description of the governance system that the company adopts, with information on the ownership structure and adhesion to the Governance Code for quoted companies promoted by Borsa Italian S.p.A. The report is available to the public in the Investor Relations sector of the company website: www.cadit.it.

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

Risks connected to the sector in which the Group operates

The principle market outlet with which the Group deals is banking and financial institutions, a sector which is not normally subject to significant critical risk. In 2008, and particularly in the last quarter, the financial markets became remarkably volatile creating considerable repercussions on the various financial institutions and, more generally, on the entire economic trend. If this considerably weak and uncertain period should continue, or should the present banking institution crisis become even worse, the market conditions risk significant and widespread deterioration with the consequent negative impact on the Group's economic, patrimonial and financial situation.

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; as previously shown, a further deterioration in the current financial institution crisis could be a major credit risk for the Group. 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 occurred losses.

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.

Exchange rate risk

The Group currently operates practically totally in Euro countries and is therefore not subject to exchange rate risks.

Liquidity risk

Present liquid assets and the ability to generate positive cash flows mean that there is very little risk of not being able to have adequate financial resources to cover the Group's operational needs.

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

Neither CAD IT S.p.A. nor its controlled companies own, and/or have purchased and/or sold during the financial period CAD IT or their own shares, not even through trust companies or third parties.
CAD IT S.p.A. is not subject to the management and coordination of controlling companies.
During this financial period, and the previous one, no atypical or unusual operations have been carried out as defined in the Consob communication no. DEM/6064293.
In the Financial Statement report, no alternative performance indicators have been adopted with the exception of the net financial position, shown in the Financial Statement notes, for which no reclassifications have been made in terms of Financial Statement figures and relative explanations are supplied and linked to the patrimonial status entries concerned, as defined in the CESR Recommendations.
CAD IT adopts an adequate system to protect information in accordance with Leg. Dec no. 196 of 30th June 2003 "Personal data protection code".
In reference to article 26 of attachment B of the Legislative Degree no. 196 of 30th June 2003, the programmatic document on security and personal data protection and the use of the measures stated within has been drafted and updated.
For information about staff that is useful for understanding and analysing the Group's trend, please refer to note 8 of the Consolidated Financial Statement.

Foreseeable development

The diffusion of the financial crisis on an international level and the series of repercussions on the economy has forced the principle national and international organisms to make a general reappraisal of growth forecasts for the next year. Despite the interventions conducted by the central banks and the coordinated measures of the USA and European governments in an attempt to give the banking system support , to protect the savers and to bring trust back in the markets, 2009 is likely to be a period characterised by economic recession.
In this context the Board of Directors has placed maximum attention on market needs in order to lead the Group's management and development strategies in the right direction and to maintain high levels of efficiency so that the favourable economic results of the past can also be achieved over the next financial period.
The crisis could also be an opportunity for the Group to supply, for example, Application Management in the restructuring or redesigning of financial institution activities and Risk Management applications for monitoring and assessing risks. The success of the Group's activities will therefore depend on its ability to maintain and increase the shares it has in the markets in which it currently operates and/or to further expand into other markets and segments (like insurance, public administration, foreign financial institutions) through new and high standard, quality products that would guarantee adequate income levels.
Furthermore, during 2009 development and commercialisation activities for new products, aimed at traditional and new clients, will continue.
The intense project activities with Xchanging UK Ltd (the company which supplies administration services to the German and British markets and which has a 10% holding share in CAD IT S.p.A.), through which the CAD IT Group aims to increase its own earnings in Italy and to geographically diversify its business, are also proceeding.
The CAD IT S.p.A. managers are also constantly on the look-out for any development opportunities, whether direct or through external lines, by taking on or acquiring further holdings in order to create activities that are complimentary and synergic to existing ones or through technical or commercial collaboration agreements.

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

CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

Consolidated income statement

	NOTES	Period 2008 01/01 – 31/12		Period 2007 01/01 – 31/12		Variations	
						assoluta	%
Income from sales and services		56,699	94.9%	58,256	96.0%	(1,558)	(2.7%)
of which related parties	37	*338*	*0.6%*	*805*	*1.3%*	*(467)*	*(58.0%)*
Variations in stock of products being elaborated				(91)	(0.1%)	91	(100.0%)
Changes in ongoing orders		66	0.1%	(106)	(0.2%)	172	(162.5%)
Asset increases due to internal work		2,540	4.3%	2,335	3.8%	205	8.8%
of which related parties	37	*1,042*	*1.7%*	*832*	*1.4%*	*209*	*25.2%*
Other revenue and receipts		461	0.8%	301	0.5%	161	53.5%
Production value	**3**	**59,766**	**100.0%**	**60,696**	**100.0%**	**(929)**	**(1.5%)**
Costs for raw	5	(1,141)	(1.9%)	(1,227)	(2.0%)	87	(7.1%)
Service costs	6	(10,395)	(17.4%)	(10,002)	(16.5%)	(393)	3.9%
of which related parties	37	*(736)*	*(1.2%)*	*(138)*	*(0.2%)*	*(598)*	*434.2%*
Other operational costs	7	(795)	(1.3%)	(814)	(1.3%)	19	(2.3%)
Added value		**47,436**	**79.4%**	**48,652**	**80.2%**	**(1,216)**	**(2.5%)**
Labour costs	8	(32,244)	(54.0%)	(30,999)	(51.1%)	(1,245)	4.0%
of which related parties	37	*(521)*	*(0.9%)*	*(501)*	*(0.8%)*	*(20)*	*4.1%*
Other administrative expenses	9	(2,529)	(4.2%)	(2,499)	(4.1%)	(30)	1.2%
of which related parties	37	*(1,126)*	*(1.9%)*	*(1,082)*	*(1.8%)*	*(44)*	*4.1%*
Gross operational result (EBITDA)		**12,663**	**21.2%**	**15,155**	**25.0%**	**(2,492)**	**(16.4%)**
Allocation to Credit Depreciation fund		(103)	(0.2%)	(279)	(0.5%)	177	(63.3%)
Amortizations:							
- Intangible fixed asset amortization	15	(2,605)	(4.4%)	(1,434)	(2.4%)	(1,170)	81.6%
- Tangible fixed asset amortization	14	(780)	(1.3%)	(793)	(1.3%)	13	(1.6%)
Operational result (EBIT)		**9,176**	**15.4%**	**12,649**	**20.8%**	**(3,473)**	**(27.5%)**
Financial receipts	10	615	1.0%	393	0.6%	222	56.6%
Financial charges	10	(100)	(0.2%)	(173)	(0.3%)	73	(42.2%)
Ordinary result		**9,691**	**16.2%**	**12,868**	**21.2%**	**(3,178)**	**(24.7%)**
Revaluations and depreciations	11	(248)	(0.4%)	992	1.6%	(1,240)	(125.0%)
Pre-tax and pre-third party share result		**9,443**	**15.8%**	**13,861**	**22.8%**	**(4,418)**	**(31.9%)**
Income taxes	12	(4,014)	(6.7%)	(5,316)	(8.8%)	1,302	(24.5%)
Third party (profit)loss for the period		(561)	(0.9%)	(576)	(0.9%)	15	(2.7%)
Profit (loss) for the period		**4,867**	**8.1%**	**7,968**	**13.1%**	**(3,101)**	**(38.9%)**

Consolidated balance sheet

	NOTES	31/12/2008	31/12/2007
ASSETS			
A) Non-Current Assets			
Assets, equipment and machinery	14	19,620	20,147
Intangible assets	15	15,789	15,572
Goodwill	16	8,309	8,309
Holdings	17	212	186
Other financial assets available for sale	18	655	1,193
Other non-current credits		64	56
Credits due to advanced taxes	19	231	254
TOTAL NON-CURRENT ASSETS		**44,881**	**45,716**
B) Current Assets			
Stock	20	435	508
Ongoing orders	21	352	286
Commercial credits and other credits	22	24,623	29,695
of which related parties	*37*	*13*	*283*
Tax credits	23	4,871	156
Cash on hand and other equivalent assets	24	13,999	13,097
TOTAL CURRENT ASSETS		**44,281**	**43,744**
TOTAL ASSETS		***89,163***	***89,460***

	NOTES	31/12/2008	31/12/2007
LIABILITIES			
A) Equity			
Company capital	25	4,670	4,670
Reserves	26	35,346	35,428
Accumulated profits/losses	27	18,858	20,282
TOTAL EQUITY OF THE GROUP		**58,874**	**60,380**
Third party Equity	25	3,005	3,041
TOTAL EQUITY		**61,879**	**63,421**
B) Non-current liabilities			
Financing	29	206	284
Liabilities due to deferred taxes	30	3,497	3,507
TFR and quiescence reserves	31	6,276	6,339
of which related parties	*37*	*88*	*67*
Expense and risk reserves		25	25
TOTAL NON-CURRENT LIABILITIES		**10,004**	**10,155**
C) Current liabilities			
Commercial debts	32	4,130	4,346
of which related parties	*37*	*180*	*101*
Tax debts	33	5,626	3,563
Short-term financing	34	653	1,017
Other debts	35	6,870	6,957
of which related parties	*37*	*121*	*68*
TOTAL CURRENT LIABILITIES		**17,279**	**15,884**
TOTAL LIABILITIES AND EQUITY		***89,163***	***89,460***

Statement of changes in equity

	Attribution to the shareholders of the Main Company					Minority Interests	Total
	Company capital	Reserves	Accumulated profit (loss) net of period result	Period result	Group's net patrimony		
31/12/2005	***4,670***	***35,298***	***12,059***	***1,517***	***53,543***	***2,570***	***56,113***
Increase/(Decrease) in equity reserves		(300)			(300)	56	(244)
Allocation of the period result to reserves			1,517	(1,517)			-
Dividend distribution			(1,616)		(1,616)	(218)	(1,834)
Effects on consolidation reserves			(2)		(2)		(2)
Period result				2,961	2,961	300	3,260
Period end total 2006	***4,670***	***34,997***	***11,957***	***2,961***	***54,585***	***2,708***	***57,293***
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity		203			203		203
Allocation of evaluation reserve for financial assets available for sale to economic account		228			228		228
Allocation of the period result to reserves			2,961	(2,961)		-	-
Dividend distribution			(2,604)		(2,604)	(243)	(2,847)
Period result				7,968	7,968	576	8,545
Period end total 2007	***4,670***	***35,428***	***12,314***	***7,968***	***60,380***	***3,041***	***63,421***
Profit/(loss) for evaluation of available for sale financial assets recognised directly in equity		(117)			(117)		(117)
Allocation of evaluation reserve for financial assets available for sale to economic account		35			35		35
Allocation of the period result to reserves			7,968	(7,968)		-	-
Dividend distribution			(6,286)		(6,286)	(593)	(6,879)
Effects on consolidation reserves			(5)		(5)	(5)	(10)
Period result				4,867	4,867	561	5,428
Period end total 2008	**4,670**	**35,346**	**13,991**	**4,867**	**58,874**	**3,005**	**61,879**

Consolidated Statement of Recognised Income and Expense

	2008	2007
Profits (losses) registered to *fair value* adjustment funds (assets available for sale)	(117)	126
Profits (losses) registered directly to net Patrimony	**(117)**	**126**
Net result of the period	5,428	8,545
Profits (losses) shown in the period	**5,311**	**8,671**
Ascibable to:		
Group	4,750	8,094
Third-party shareholders	561	576

Consolidated Cash Flow Statement

	NOTES	2008	2007
A) OPERATING ACTIVITIES			
Profit (loss) for the period		4,867	7,968
Amortisation, revaluation and depreciation:			
- Assets, equipment and machinery amortisation	14	780	793
- Intangible fixed asset amortization	15	2,605	1,434
- revaluation of holding and financial assets available for sale	18	(208)	(992)
- devaluation of holding and financial assets available for sale	18	456	0
Allocations (utilisation) of funds:		(63)	(577)
Financial performance:			
- Net financial receipts (charges)	10	(515)	(220)
- Profit / (losses) on exchanges	10	0	(36)
Working capital variations		8,519	2,065
Income taxes paid in the financial period		(6,382)	(4,780)
Interest payment	10	(100)	(137)
(A) - Cash flows from (for) operating activities		**9,959**	**5,518**
B) INVESTING ACTIVITIES			
Investing activities			
- Assets, equipment and machinery purchases	14	(257)	(408)
- Intangible assets purchases	15	(2,822)	(2,554)
- Increase in other fixed assets		(14)	(11)
Disinvestment activities			
- Assets, equipment and machinery transfers	14	3	61
- Assets available for sale transfers		0	2,919
- Decrease in other fixed assets		6	2
Cashed Interest	10	609	376
Cashed dividends	10	188	80
(B) - Cash flows from (for) investing activities		**(2,288)**	**465**
C) FINANCING ACTIVITIES			
Medium/long term debts repairement	29	(78)	(23)
Opening of medium/long term debts			
Effects on consolidation reserve		(5)	0
Third party net patrimony		(36)	333
Distribution of dividends	28	(6,286)	(2,604)
(C) - Cash flows from (for) financing activities		**(6,405)**	**(2,294)**
(A+B+C) - Total cash and other equivalent assets flows		**1,266**	**3,689**
Opening liquid funds and other equivalent assets	36	**12,080**	**8,391**
Closing liquid funds and other equivalent assets	**36**	***13,346***	***12,080***

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

Notes to the financial statements

1. Accounting policies and evaluation criteria more important

This Financial Statement has been drafted in accordance with the applicable IRFS International accounting standards issued by the International Accounting Standard Board (IASB) and recognized by the European Community in conformity with EC regulation no. 1606/2002. IFRS refers to the International Accounting Standards (IAS) presently in force as well as the interpretative documents issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
This Financial Statement has been drafted in the consolidated form since CAD IT is obliged to draft a consolidated Financial Statement.
In the drawing up of this Financial Statement the same accounting standards have been applied as those adopted in the drafting of the consolidated Financial Statement at 31st December 2007. The accounting standards adopted have been applied in the same manner throughout the periods shown and for all the Group's companies; there have been no modifications in the comparative information.
The consolidated Financial Statement has been drafted using the evaluation criterion of past cost, except for financial instruments available for sale, which are assessed at fair value, and the holdings in subsidiaries, which are assessed in accordance with the equity method. Moreover, where some land and buildings have been included in First Time Adoption, the fair value has been used instead of the cost.

Use of estimates

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

Financial Statement sheet layout

The Financial Statement layouts have been drafted according to IAS 1 specifications and opportunely integrated with the information required by the Consob deliberation no. 15519 of 2006.
The Group presents its economic account by nature, the format that is considered the most representative in terms of function presentation. In fact, the chosen format conforms to the internal reporting modalities and the business management and is in line with the way the economic account was represented in the past.
The profit and loss account is drafted in scalar format highlighting the following intermediate results:
- Production revenues: this is the value of services and goods produced and sold by the Group, including internal assets and other income and earnings from the traditional offer.
- Added value: obtained by subtracting the operative costs for service and asset purchases from production revenues, this measures how much of the internal production and distribution of goods and services is due to company productive factors.
- Gross Operational Result (EBITDA): this figure is obtained by subtracting from the added value all of the costs that can be put down to staff and other administrative expenses. It highlights the result based on the traditional offer including depreciations, financial management, revaluations or devaluations and taxes.
- Operational Result (EBIT): this figure is obtained by subtracting the depreciation and funding amounts from the gross operational result.

- Ordinary Result: this includes the financial management result.
- Pre-tax result: obtained by including revaluations and devaluations in the ordinary Result

As for the patrimonial situation, a distinction has been made between current and non-current assets and liabilities.
The financial statement has been presented according to the indirect method so that the profit (or loss) for the period has been adjusted of any non-monetary operations and by deferments and the setting aside of future incomes or payments.
Each column in the statement of net patrimony variations reconciles the opening and closing balances for each net patrimony voice.

Subsidiary companies

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

Associated companies

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

Property, plant and equipment

Tangible fixed assets are shown at purchase cost, including any costs that may be directly ascribable and necessary for activating the asset and putting it to the use for which it was purchased. In reference to land and buildings listed in First Time Adoption, the fair value was used instead of the cost.
Tangible fixed assets are shown at net value of the relative accumulated depreciations and losses due to the reduction in value determined in accordance with the modalities described below.
Tangible fixed assets are amortised in constant rates during the course of their expected useful life cycle, i.e. the estimated period of time in which the asset will be put to company use. Whenever significant parts of tangible fixed assets have different estimated useful life cycles, said components are amortised separately.
The value to be depreciated is given by the registered value of the asset net of any loss in value and reduced by its assumed value at the end of its useful life cycle, if significant and reasonably calculable. The useful life cycle and the cash value are reassessed annually and any changes, where necessary, are brought in with a perspective application.
The main economic-technical tax rates used are the following:
industrial buildings: 3%
electrical equipment: from 5 to 10%
air conditioning equipment: from 6 to 15%
telephone systems: 20%
alarm systems: from 10 to 30%
furniture and fittings: 12%
electrical machinery: 15%

electronic machines and computers: 20%
vehicles: 25%
Land, both without buildings or next to civil and industrial constructions, is accounted for separately and not amortised as it is considered an element with an indefinite useful life cycle.
In order to calculate any losses due to depreciation, the accounting value of intangible fixed assets is subject to verification.
At the time of elimination or when no future economic benefit can be expected from the use of an asset, it is eliminated from the Financial Statement and the eventual loss or profit (calculated as the difference between the assignment value and the taxation value) is shown in the economic account of the year in which the asset is eliminated.

Financial leasing

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

Intangible fixed assets

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

Goodwill

Goodwill resulting from the purchase of controlled and incorporate companies is initially registered at cost and is the overbalance of the purchase cost in respect of the purchaser's share of the fair value of the assets and liabilities and the potential liabilities at the date of purchase.
After the initial registration, goodwill is no longer amortised and is decremented of any losses in accumulated value, calculated according to the IAS 36 Asset value reduction.
Goodwill is subject to an annual analysis of retrievableness or at shorter intervals if something happens or changes in circumstances arise, which could cause losses in value.
Goodwill deriving from purchases made prior to 1st January 2004 is registered at the recorded value ascribed to it in the last Financial Statement drafted on the basis of the previous accounting standards (31st December 2003). In fact, during the preparation of the opening Financial Statement in accordance with the international

accounting standards, none of the purchase transactions made prior to 1st January 2004 have been re-considered.
The start-up relating to holdings in associated companies is included in the value of these companies.

Impairment loss

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

Assets available for sale

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

Other non-current credits

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

Stock

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

On-going orders

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

Commercial credits and other credits

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

Liquid asset availability and equivalent means

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

Non current assets held for sale

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

Employee leaving entitlement

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

Income taxes

Current income taxes for the financial period are calculated on the basis of estimates of taxable income in accordance with the laws in vigour: Moreover, the effects deriving from the activation within the Group of the national tax consolidation are also taken into account. The debt for current taxes is accounted for in the patrimonial status, net of any taxes paid in advance.
Deferred and pre-paid income taxes are calculated on the temporary differences between the patrimonial values registered in accordance with the IFRS international accounting standards and the corresponding values realised for tax purposes. Deferred income tax are calculated applying the tax rate which will be in force at the year after the account reference dates.
In particular, assets due to pre-paid taxes are registered when their recovery is probable, that is, when it is expected that sufficient tax profits will be available in the future so that these assets may be used. The degree of recovery of pre-paid tax assets is re-examined at the end of every period. Deferred taxes are always calculated in compliance with the IAS 12.

2. Subsidiary companies and Consolidation area

The consolidation area, compared to the situation at 31st December2007, has not changed.
In order to prepare the consolidated Financial Statement, the companies included in the CAD IT Group consolidation using the integral method are as follows:

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

3. Revenues

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

	Period 2008 01/01 - 31/12		Period 2007 01/01 - 31/12		Variations	%
Income from sales and services	56,699	94.9%	58,256	96.0%	(1,558)	(2.7%)
Variations in stock of products being elaborated			(91)	(0.1%)	91	(100.0%)
Changes in ongoing orders	66	0.1%	(106)	(0.2%)	172	(162.5%)
Asset increases due to internal work	2,540	4.3%	2.335	3.8%	205	8,8%
Other revenue and receipts	461	0.8%	301	0.5%	161	53.5%
Production value	**59,766**	**100.0%**	**60,696**	**100.0%**	**(929)**	**(1.5%)**

Services and sales of goods include earnings deriving from the sale of software licences, software maintenance and updating services, the use of personalised applicative packages, the sale of hardware goods, application management services, information technology system consultancy and design.
During 2008, earnings form sales and services dropped by 2.7% compared to 2007, reaching a value of Euro 56,699 thousand. The earnings trend was favoured by the Group's intense activities aimed at adjusting information technology systems to the new MiFID regulations in the banking environment, which continued through the first half of 2008, and by the start-up of supply to two important clients (Equitalia S.p.a. and Poste Italiane S.p.a.) which were acquired on tender.
Increases in internal tangible assets came to Euro 2,540 thousand compared to Euro 2,335 thousand in the 2007 financial period (+8.8%), and mainly include activities carried out by CAD IT staff (Euro 1,401 thousand) and the subsidiary CAD s.r.l. (Euro 1,042 thousand) for the development of new procedures to be sold on licence or instruments for traditional activities.
The Group carries out activities that, on the whole, do not suffer from any significant cyclical or seasonal variations in sales during the year.

4. Segment reporting by sectors and geographical areas

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

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

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

Disclosures for business segments	*31/12/2008*				
	Finance	*Manufacturing*	*Not allocated/General*	*Elisions*	*Consolidated*
External revenues	55,668	4,098			59,766
Intersegment revenues	2,759	890		(3,649)	

Total revenues	58,427	4,988		(3,649)	59,766
Costs	(48,250)	(4,759)	(1,230)	3,649	(50,590)
Gross Operating Result (EBITDA)	13,434	459	(1,230)		12,663
Operating Result (EBIT)	10,176	230	(1,230)		9,176
Net financial income (expenses)			515		515
Revaluations and devaluations	208		(456)		(248)
Result	10,384	230	(1,171)		9,443
Income taxes			(4,014)		(4,014)
Third party share (profit)/loss	(973)	(17)	428		(561)
Financial period profit (loss)	9,411	213	(4,757)		4,867
Assets	81,970	2,090	5,102		89,163
Liabilities	16,885	1,276	9,123		27,283

Disclosures for business segments	***31/12/2007***				
	Finance	***Manufacturing***	***Not allocated/General***	***Elisions***	***Consolidated***
External revenues	56,450	4,245			60,696
Intersegment revenues	2,995	950		(3,945)	
Total revenues	59,445	5,195		(3,945)	60,696
Costs	(45,962)	(4,447)	(1,583)	3,945	(48,047)
Gross Operating Result (EBITDA)	15,763	975	(1,583)		15,155
Operating Result (EBIT)	13,483	749	(1,583)		12,649
Net financial income (expenses)			220		220
Revaluations and devaluations	992				992
Result	14,475	749	(1,363)		13,861
Income taxes			(5,316)		(5,316)
Third party share (profit)/loss	(1,117)	(30)	571		(576)
Financial period profit (loss)	13,358	718	(6,108)		7,968
Assets	86,134	2,915	410		89,460
Liabilities	17,230	1,738	7,071		26,039

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

5. *Purchase Costs*

Purchase costs	***2008***	***2007***	***Variations***	***%***
Hardware-Software purchases for sale	732	826	(95)	(11.44%)
Maintenance and consumable hardware purchases	105	109	(4)	(3.74%)
Other purchases	230	231	(1)	(0.42%)
Variations in raw material stock	73	61	13	21.29%
Total	**1,141**	**1,227**	**(87)**	**(7.07%)**

Costs for hardware and software purchases for commercialisation refer to purchases made for orders that clients had already confirmed and show an 11% decrease compared to 2007.

6. *Service costs*

Services costs	***2008***	***2007***	***Variations***	***%***

External collaboration	6,118	6,178	(60)	(0.96%)
Travelling expenses and fee reimbursement	1,556	1,417	139	9.82%
Other service costs	2,721	2,408	313	13.00%
Total	**10,395**	**10,002**	**393**	**3.92%**

Service costs in 2008 came to Euro 10,395 thousand, showing an increase compared to the same period in the previous year (Euro 10,002 thousand).

To be more precise, costs for other administrative expenses increased by Euro 313 thousand (+13%) and mainly include assistance and maintenance fees for hardware and software products, energy costs, administrative, legal and fiscal consultancy costs, office and system maintenance and management costs.

External collaboration came to Euro 6,118 thousand and was substantially in line with the previous financial period (-1%).

Reimbursement for transfer and travel expenses, which came to Euro 1,556 thousand, compared to Euro 1,417 thousand in 2007, increased in the 2008 period in relation to productive activity.

7. Other operational costs

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

Other operational costs	*2008*	*2007*	*Variations*	*%*
Third party benefit expenses	652	689	(37)	(5.39%)
Various management charges	143	125	18	14.80%
Total	**795**	**814**	**(19)**	**(2.30%)**

Third party expenses in 2008 came to Euro 652 thousand and mainly refer to equipment and software instrument hire and the renting of operational office space.

8. Labour costs and Employees

Labour costs are as follows:

Labour costs	*2008*	*2007*	*Variations*	*%*
Salaries and wages	23,229	22,882	348	1.52%
Payroll taxes	6,919	6,977	(59)	(0.84%)
Severance pay	1,925	1,034	892	86.29%
Other costs	171	106	64	60.59%
Total	**32,244**	**30,999**	**1,245**	**4.02%**

Labour costs in 2008 financial period increased by Euro 1,245 thousand (+4.02%) compared to previous year, even though the average number of employees was the same.

The increase is mainly due to the registration of actuarial profits in the previous financial period deriving from the evaluation of the Severance Pay debt (TFR) resulting from changes in Italian law, the renewal of collective agreements, staff pay rises that were assigned as of the end of the previous financial period.

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

Category of employees	*labour force at 31/12/2008*	*labour force at 31/12/2007*	*Variations*
Management	17	19	(2)
White-collars and cadres	589	595	(6)
Blue-collars	1	1	-
Apprentices	3	3	-
Total	**610**	**618**	**(8)**

At the end of 2008, the number of CAD IT Group staff decreased by 8 units compared to previous financial period with a total of 610 employees; to be precise, 18 people were employed during the financial period and 26 were dismissed, thus determining the following turnover rate:

Employee turnover	*2008*
Negative turnover (Dismissed/employees at beginning of period)	4.21%
Positive turnover (Employed/employees at beginning of period)	2.91%
Total turnover (∑ turnover)	7.12%
Turnover compensation rate (Employed/Dismissed)	69.23%

The average number of employees during 2007 and 2008 financial period was almost the same. The following table shows data regarding the CAD IT Group employees:

Category of employees	*Average number 2008*	*Average number 2007*
Management	18	18
White-collars and cadres	595	595
Blue-collars	1	1
Apprentices	3	3
Total	**617**	**617**

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

9. Other administrative costs

The table below shows the other administrative costs in detail:

Other administrative costs	*31/12/2008*	*31/12/2007*	*Variations*	*%*
Director and legal representative fees	1,599	1,428	171	12.01%
Director retirement	27	27		
Director and legal representative fee contributions	148	120	27	22.81%
Telephones	487	643	(156)	(24.30%)
Commissions	58	99	(41)	(41.56%)
Advertising fees	211	182	29	15.73%
Total	**2,529**	**2,499**	**30**	**1.20%**

Remuneration to Board members and managers have changed following nominations and determination of remunerations as decided at company shareholder meetings.
Telephone expenses decreased during 2008 by Euro 156 thousand (-24%).
Advertising expenses came to Euro 211 thousand in 2008 compared to Euro 182 thousand in 2007 and include, among other things, the sponsoring of amateur sports teams and associations.
The other administrative costs include correlated party compensations (see note 37).

10. Financial performance

The financial management result is in credit by Euro 515 thousand, an improvement on 2007, as the following detailed statement shows:

Financial performance	*31/12/2008*	*31/12/2007*	*Variations*	*%*
Financial income from assets available for sale	6	17	(11)	(67.00%)
Interest on bank deposits and equivalent	609	376	233	62.06%
Total financial income	**614**	**393**	**222**	**56.49%**
Interest on bank overdrafts and loans	(87)	(122)	36	(29.12%)
Interest on debts for financial leasing	(13)	(14)	1	(10.31%)
Losses on exchanges	0	(36)	36	(100.66%)
Total financial charges	**(99)**	**(173)**	**73**	**(42.45%)**
Net financial income and (charges)	***515***	***220***	***295***	***134.16%***

Financial earnings are made up of dividends and interest received from liquid assets in current bank accounts and capitalisation insurance policies classified as liquid assets. The increase in earnings is mainly generated by a greater availability of liquid assets throughout 2008.
Financial expenses, which decreased by 42%, mainly refer to current account overdrafts.

11. Revaluations and depreciations

Revaluations and depreciations	*2008*	*2007*	*Variations*
Holding revaluation evaluated with the net patrimony method	207	98	109
Revaluation (Devaluation) of activities available for sale	(455)	894	(1,349)
Total revaluations and depreciations	***(248)***	***992***	***(1,240)***

The revaluation of holdings calculated with the net patrimony method concern the subsidiary Sicom S.r.l., which was revaluated at Euro 207 thousand in 2008 and Euro 98 thousand the year before.
The Euro 455-thousand devaluation registered at 31/12/2008 refers to the reduction in value of activities available for sale. During the 2007 financial period, however, earnings to the value of Euro 894 thousand were recorded following the sale of part of said activities.

12. Income taxes

Income taxes	*2008*	*2007*	*Variations*	*%*
Tax pre-payments	23	67	(44)	(66.04%)
Deferred taxes	(10)	(41)	31	(75.11%)
Current taxes	4,002	5,291	(1,289)	(24.36%)

Total income taxes	***4,014***	***5,316***	***(1,302)***	***(24.48%)***

The taxes ascribable to 2008 financial period were estimated taking the results of the period and the norms in force into account and they represent the best possible estimate of the tax expenses ascribable to the period in question.

The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised the option of Group taxation as stated in art. 117 of TUIR 917/1986, for the three years 2007-2009, which concerns the determination of a global income that corresponds to the algebraic sum of all net incomes of the companies in the group. The liquidation of the only tax due allows the Group to contextually use any tax losses during the year and also leads to the exclusion of 95% of the inter-group dividends

Current tax incidence on the gross result was 42.73%, while in 2007 financial period was 37.17%.

The increase in tax incidence is mainly due to the abolition of extra deductions following modifications in the law introduced by Financial Law no. 244/2007; in particular, compared to the previous law, which foresaw adjustment of the IAS values to the fiscal values determined on the basis of TUIR, the criterion on which the norm modifications is based is to strengthen the principle of revenue derivation from Financial Statement results in order to limit the "double track", thus diminishing tax reductions to a few cases. Furthermore, the incidence of IRAP also tends to increase when pre-tax results drop.

SUMMARY OF THEORETICAL TAX EXPENSES AND TOTAL EFFECT				
	current period 2008		*previous period 2007*	
Current IRES tax	2,734	28.95%	3,643	26.28%
Current IRAP tax	1,301	13.78%	1,648	11.89%
Total current taxes and effective rates	**4,035**	**42.73%**	**5,291**	**37.17%**
Minor taxes from previous financial periods	-33			
Total current taxes	***4,002***		***5,291***	

RECONCILIATION BETWEEN TAX EXPENSES IN THE FINANCIAL STATEMENT AND THEORETICAL TAX EXPENSES				
Theoretical rates	**IRES**	27.5%	**IRAP**	3.90%
	Taxable	Tax	Taxable	Tax
Pre-tax result	**9,443**		**9,443**	
Theoretical tax		**2,597**		**368**
Temporary differences deductible in later periods				
Director remuneration	60			
Representation expenses				
Total temporary tax variations on the increase	**60**	**17**		
Temporary taxable differences in later periods				
TFR putting into effect				
Further amortisations				
Total temporary tax variation on the decrease				
Turnaround of the temporary differences from previous periods				
Representation expenses	(31)		(31)	
Director remuneration	0			
Holding share devaluation	(7)			

Total temporary variations from previous periods	**(38)**	**(11)**	**(31)**	**(1)**
Permanent differences				
To IRES / IRAP income increases	1,796		35,523	
To IRES / IRAP income decreases	(1,319)		(11,568)	
Total permanent differences	**477**	**131**	**23,955**	**934**
Taxable fiscal income	**9,941**		**33,367**	
Continual loss				
Taxable income / current tax on the period's income	**9,941**	**2,734**	**33,367**	**1,301**
Effective rate on the pre-tax result	***IRES***	***28.95%***	***IRAP***	***13.78%***

13. 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	*31/12/2008*	*31/12/2007*
Net profit ascribable to ordinary shares in thousands of euro	4,867	7,968
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	***0.542***	***0.887***

14. Property, plant and equipment

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

Property, plant and equipment	*31/12/2008*	*31/12/2007*
Land	1,527	1,527
buildings	15,079	15,202
Plant and equipment	2,085	2,289
Other assets	930	1,129
Total property, plant and equipment	***19,620***	***20,147***

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	9,140	4,042	27	5,513		18,722
FTA revaluations	8,439					8,439
Previous years depreciation and write-downs	(850)	(1,754)	(14)	(4,395)		(7,012)
Adjustments to previous years write-downs				(2)		(2)
Opening value	***16,729***	***2,289***	***13***	***1,116***		***20,147***
Variations in consolidation area						

Purchases		52	2	204		257
Transfers						
Reduction in accumulated depreciation due to disposals		7		61		68
Disposals		(11)		(60)		(71)
Revaluations for the period						
Depreciation and write-downs for the period	(123)	(252)	(3)	(402)		(780)
Adjustments to write-downs for the period						
Total tangible fixed assets	***16,606***	***2,085***	***11***	***918***		***19,620***

Land and buildings include property and land, accounted for separately, belonging to the Group or conducted in leasing. The accounting value of the buildings calculated on the basis of leasing contracts is equal to Euro 326 thousand.

There are no restrictions on the legal ownership and possession of assets, systems and machinery to guarantee liabilities with the exception of property held in leasing. There are no contractual restrictions for buying assets, systems or machinery.

Some land and buildings have been revaluated at FTA at fair value as a substitute of cost and is calculated by an external expert. 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

Purchases of new tangible assets during the year came to a total of Euro 257 thousand of which Euro 204 thousand were for “other tangible assets” which mainly include information technology equipment, necessary for managing the Group’s traditional activities.

In 2008, real estate, running systems and machinery were not subject to any decrease in value that needed to be recorded in the balance.

15. Intangible fixed assets

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

Intangible fixed assets	*31/12/2008*	*31/12/2007*
Industrial patents and similar rights	7,574	8,871
Licences, trademarks and similar rights	208	177
Assets under development	8,008	6,524
Total Intangible fixed assets	***15,789***	***15,572***

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	11,201	3,215	6,524	35	20,976
Previous years revaluations					
Previous years depreciation and write-downs	(2,330)	(3,038)		(35)	(5,403)
Adjustments to previous years write-downs		(1)			(1)
Opening value	***8,871***	***177***	***6,524***	***0***	***15,572***
Variations in consolidation area					

Purchases		162	2,660		2,822
Transfers	1,175		(1,175)		
Reduction in accumulated depreciation due to disposals					
Disposals					
Revaluations for the period					
Depreciation and write-downs for the period	(2,473)	(131)			(2,605)
Adjustments to write-downs for the period					
Total intangible fixed assets	***7,574***	***208***	***8,008***	***0***	***15,789***

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 2008 financial period, this registration increased by Euro 1,175 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 to credit to the directly sustained cost, mainly inherent to the use of internal resources used, as well as the extra expenses that may have been added to the original cost.

In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product's lifecycle, estimated at five years. The amortizations of this voice in the 2008 financial period came to Euro 2,473 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 registered to credit on the basis of the directly sustained cost, mainly relating to the use of internal resources used.

In 2008, on-going assets increased due to costs capitalised by CAD IT (Euro 1,400 thousand) and for costs for activities that the parent company commissioned to the subsidiary CAD S.r.l. (Euro 1,041 thousand) and to third parties (Euro 219 thousand), to a total of Euro 2,660 thousand.

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

16. Goodwill

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

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

In particular, with regard to the CGU of the Group, these concern the controlled companies that represent the smallest identifiable group of activities that generate in-coming financial flows and which are largely independent of the in-coming financial flows from other activities or groups of activities.

The accounting value of goodwill has been allocated to the CGU as follows at the date of First Time Adoption:

Società	*Valore contabile dell'avviamento*
CAD S.r.l.	3,295
Cesbe S.r.l.	28
Netbureau S.r.l.	5

S.G.M. S.r.l.	1,224
D.Q.S. S.r.l.	2,279
Bit Groove S.r.l.	202
Elidata S.r.l.	617
Smart Line S.r.l.	443
Datafox	217
Total	***8,309***

The recoverable value of the CGU is verified by determining the value in use.
The evaluation of the CAD IT Group companies was made through a *Discounted Cash Flow* (DCF), the most common calculation method in financial markets. Operational cash flow forecasts are based on the most recent budget plans approved by the Board of Directors and relate to the period 2009-2013 which take into account the concrete company growth possibilities based on past data and on management forecasts. The financial flows that go over this period have been calculated with great care using a growth rate of nil. The putting into effect rate used is the weighed average of capital estimated at 9.68%.
The main assumptions used by the Directors for discounting back prospective financial flows in order to make an analysis of the holding value are reported below:
the equation used for estimating the weighed average cost of capital is the following:

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

where:
k_b = interest rate in case of debt
TC = marginal tax rate of the economic bodies being evaluated
B = market value of the debt of a company
V = total market value of a company.
k_p = advisability cost of risk capital
P = market value of the privileged shares
k_s = advisability cost of own capital determined by the market
S = market value of the net capital.
The cost of capital was identified as kS = 9.68%.
The permanent growth rate of the company being evaluated was chosen by taking it as 0% a year despite the CAGR of the income and profits of each being greater.
The value of the companies was determined as a summation of discounted back cash flows (Free Cash Flow), of the remaining value and the net financial position. In brief we can say:
COMPANY VALUE = ± NET FINANCIAL POSITION + DISCOUNTED BACK CASH FLOWS + REMAINING VALUE
If we want to translate this equation into mathematical terms, we could show it in the following way:
N.P.V.= company value (Net Present Value)
P.F.N. = Net Financial Position
FCF = cash flow
k = cost of capital
N = explicit period
g = growth rate of the implicit period
$N.P.V.= \pm P.F.N. + \sum^{N}_{i} FCF\ (1+k)^{-N} + (FCF_{N+1} / k\text{-}g)\ \{[1/[1+(k\text{-}g)]^{N}\}$

17. Investments in associates

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

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

18. 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 Financial Statement at market value at the Financial Statement date.
The profits and losses registered after a *fair value* evaluation at each Financial Statement date for this asset are registered to net patrimony with the exception of those value losses that must be registered in the profit and loss account.
The table below illustrates the value variations of these holdings during the year 2008:

Holding	31/12/2008		31/12/2007	
	No, of shares held	Fair value €/000	No, of shares held	Fair value €/000
Class Editori S.p.a. (CLE)	559,112	384	559,112	805
Cia S.p.a. (CIA)	1,230,509	270	1,230,509	388
Total		**655**		**1,193**

19. Credits due to prepaid taxes

Credits due to prepaid taxes, of Euro 231 thousand, are made up of assets in this period or previous periods and will probably create a taxable income. Credits for pre-paid IRES and IRAP taxes are mainly in reference to time differences (deductible over the next few financial periods) and past losses that the Group's companies made.

20. Inventories

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

Inventories	31/12/2008	31/12/2007
Products being elaborated or semi-elaborated	-	-
Finished goods	435	508
Total final inventories	***435***	***508***

21. Ongoing work to order

Ongoing work to order was registered at a total € 352 thousand and includes jobs that were in their final stages, evaluated on the basis of the principle of the completion percentage *(cost-to-cost).*

Ongoing work to order	31/12/2008	31/12/2007
Ongoing work to order	352	286

22. Trade receivables and other credits

Commercial credits and other credits are made up as follows:

Trade receivables and other credits	*31/12/2008*	*31/12/2007*
Trade receivables	23,930	29,180
Accrued income and deferred expenses	517	316
Other credits	176	199
Total trade receivables and other credits	***24,623***	***29,695***

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 Group'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 Financial Statement of the amounts due are to be paid after the procedures supplied have been approved.
The Group evaluated the credits to the probable break-up value. This evaluation is made analytically for expired credits and on expiry of a greater length of time than the average receipt time and on a lump-sum basis for the other credits, depending on the past incidence of losses that the Group finds for sales during the invoicing year.
Regarding credits that are considered uncollectable, an allocation fund has been set up to the amount of Euro 253 thousand (€ 158 thousand in previous period) which ensures a cover of 1.05% of the total amount of credits towards clients. This fund was determined on the basis of past data regarding losses on credits and is considered proportionate. The reduction of credits to clients, compared to the previous financial period, was mainly due to said credit receipts.

Trade receivables, net	*31/12/2008*	*31/12/2007*
Trade receivables	24,183	29,338
Bad debt provision	(253)	(158)
Total trade receivables	***23,930***	***29,180***
% Coverage of bad debt provision	1.05%	0.54%

The point Accrued accruals and payables refers to accrued income to the sum of Euro 6 thousand and the remaining amount to accrued income made up as follows:

Accrued costs	*31/12/2008*	*31/12/2007*
Software assistance	129	138
Advertising expenses	29	27
Third party benefit expenses	20	42
Telephone charges	16	40
Administrative services	6	4
Various insurances	24	28
Various	289	24
Hardware assistance	5	5
Total Accrued costs	***517***	***310***

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

Credits towards other	*31/12/2008*	*31/12/2007*
Receivables from social security institutions	1	2

Receivables for advances on travel expenses	7	12
Payments on account to suppliers	116	79
Other	50	58
Insurances	1	40
Guarantee deposits	3	9
Total credits towards other	***176***	***199***

23. Tax credits

The entry of Euro 4,871 thousand is mainly made up of advance payments towards direct taxes (IRES and IRAP) for the year.

24. Cash and other equivalent assets

Cash and other equivalent assets	*31/12/2008*	*31/12/2007*
Bank and postal accounts	11,548	10,617
Cash-on-hand and cash equivalents	17	28
Insurance policies capitalised	2,434	2,452
Total Cash and other equivalent assets	***13,999***	***13,097***

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

25. Company capital

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

Group net patrimony

The Group net patrimony came to Euro 61,879 thousand compared to Euro 63,421 thousand at 31 December 2007. The reduction in consolidated net patrimony mainly derives form the distribution of parent company dividends relating to the 2007 financial period, as agreed at the Shareholders' Meeting.

Third party net patrimony

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

Minority interests	*31/12/2008*	*31/12/2007*
Minority quotaholders of Cesbe S.r.l.	1,853	1,810
Minority quotaholders of Datafox S.r.l.	127	176

Minority quotaholders of Tecsit S.r.l.	33	48
Minority quotaholders of DQS S.r.l.	71	283
Minority quotaholders of Elidata srl	539	554
Minority quotaholders of Smart Line S.r.l.	381	171
Total	**3,005**	**3,041**

26. Reserves

Reserves	*31/12/2008*	*31/12/2007*
Share surcharge reserve	35,246	35,246
Re-evaluation reserve for fin. assets available for sale	100	181
Total Reserves	**35,346**	**35,428**

The variation of the evaluation reserve for assets available for sale comes from the variation in *fair value* at 31 December 2008 of the holding in the quoted company Class Editori Spa and CIA S.p.A., directly registered in the net patrimony reserve.

Variation in re-evaluation reserve for financial assets available for sale	*At 31/12/07*	*Allocation of reserves to economic account*	*Allocation of fair value adjustments to equity*	*Al 31/12/08*
Effects from valuation Class Editori S.p.a. (CLE)	(35)	35		-
Effects from valuation Cia S.p.a. (CIA)	216		(116)	100
Total	***181***	***35***	***(116)***	***100***

27. Accumulated profit/losses

Accumulated profits/losses	*31/12/2008*	*31/12/2007*
Previous profits/losses	123	179
Legal reserve	934	934
FTA transition reserve	2,119	2,119
Consolidation reserve	52	(1,400)
Available joint profit reserve	10,763	10,482
Period profits/losses	4,867	7,968
Total accumulated profits/losses	**18,858**	**20,282**

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

28. Dividends paid

On the basis of the results of the 2007 period, which confirm the Veronese Group's ability to generate positive income margins, the distribution of an ordinary dividend of Euro 0.70 per share, for total amount to Euro 6,286 thousand, with coupon detachment on 12 May 2008 and payment on 15 May 2008, was approved at the Shareholders' Meeting on 29 April 2008.

29. Financing

The total amount of Euro 206 thousand entirely refers to the registration of the amount of debt funding determined by property leasing in accordance with the financial method.

Financing	*31/12/2008*	*31/12/2007*
Due to banks after 12 months		52
Sums due to other financing institutions after 12 months	206	232
Total	**206**	**284**

30. Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,497 thousand (Euro 3,507 thousand at 31 December 2007) 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

Deferred taxes	*31/12/2008*	*31/12/2007*	*Variations*	*%*
Deferred taxes	3,497	3,507	(10)	(0.29%)

31. Employees' leaving entitlement and quiescence reserves

Employees' leaving entitlement and quiescence reserves	*31/12/2008*	*31/12/2007*
Employees' leaving entitlement (TFR)	6,206	6,293
Fund due to director end of term of office treatment	70	46
Total	**6,276**	**6,339**

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

Employees' leaving entitlement	*31/12/2008*	*31/12/2007*
at 1 January	6,293	6,895
Discounting back	114	(633)
Allocation of period	351	395
Utilisation	(552)	(365)
Closing balance	**6,206**	**6,293**

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 31/12/2008 are shown below:

TFR on the basis of IAS at 31/12/2008	*Previous years' cost*	*Current year's cost*	*Current year's interests allowed*	*Actuarial gain (loss)*
6,206	5,819	113	224	(114)

The following table shows the effects on the fund during the period due to director end of term of office treatment.

Fund due to director end of term of office treatment	*31/12/2008*	*31/12/2007*
at 1 January	46	19
Accruals	27	27
Utilisation	(3)	-
Closing	***70***	***46***

32. Commercial debts

The entire point amount to Euro 4,130 thousand and shows the following trend:

Commercial debts	*31/12/2008*	*31/12/2007*
Debts towards associeted companies	107	
Debts towards suppliers	3,592	3,852
Payments on account received	190	170
Accrued expenses and deferred income	240	324
Total Commercial debts	**4,130**	**4,346**

Debts towards suppliers are referred to as current debts for supplies of goods and services received.

Accrued expenses and deferred earnings	*31/12/2008*	*31/12/2007*
Accrued liabilities	6	4
Deferred earnings	235	320
Total	**240**	**324**

The deferred income refers almost entirely to income that was already invoiced regarding annual ordinary maintenance contracts on user licences and mainly pertaining to 2009 financial period.

33. Tax debts

The taxation debt point regards debts that the various companies of the Group included in the consolidation area

have incurred with the inland revenue. This registration is made up of income tax debts, value added tax and to activities of tax substitution made by the Company regarding the own ones employees and collaborators and also includes estimated taxes chargeable in the period.
At the time of drafting this balance there were no legal cases pending with the Financial Authorities.

Tax debts	*31/12/2008*	*31/12/2007*	*Varitions*	*%*
Tax debts	5,626	3,563	2,062	57.87%

34. Short-term financing

At 31 December 2008 this point is made up of Euro 643 thousand from short-term funding to banking institutions outstanding at account and of Euro 10 thousand from debts within 12 months for financial leasing.

35. Other debts

Details of other debts are as shown:

Other debts	*31/12/2008*	*31/12/2007*
Social security charges payable	2,545	2,580
Towards directors	103	106
Dividends to be distributed to shareholders (third parties)	54	127
Towards staff for deferred salaries and pay	4,150	4,114
Other	19	31
Total	**6,870**	**6,957**

Debts towards welfare institutions included matured contributory debts on current monthly salaries as well as the quota for deferred salaries.
Staff debts refer to the current salaries for December 2008 and to accruals for deferred salaries that matured at the same date.

Debt towards staff for wages and deferred pay	*31/12/2008*	*31/12/2007*
Wages and expense accounts	1,039	1,193
Production incentives	147	69
holidays	2,214	2,117
summer bonus	749	736
Total	**4,150**	**4,114**

36. Consolidated net financial position

The consolidated net financial availability was still great positive at the end of the year 2008 despite having paid a total of Euro 6,286 thousand in ordinary dividends to shareholders.
The amount of cash-on-hand was Euro 13,346 thousand, compared to euro 12,080 thousand at 31/12/2007, growing of Euro 1,266 thousand and net financial availability was Euro 13,140 thousand compared to Euro 11,796 thousand at 31/12/2007.
In particular, cash-on-hand and in bank accounts came to Euro 11,565 thousand. Capitalisation insurance policies of Euro 2,434 thousand were contractually available on 20-day prior request without any significant tax

expenses.
Short-term debts towards banks regard overdrawn accounts advances subject to final payment.

Variation in net financial position/(indebtedness)	*31/12/2008*	*31/12/2007*
Cash-on-hand and at bank	11,565	10,645
Capitalisation insurance policies	2,434	2,452
Payables due to banks current portion	(653)	(1,017)
Net short-term financial position/(indebtedness)	**13,346**	**12,080**
Long-term loans	(206)	(284)
Net long-term financial position/(indebtedness)	**(206)**	**(284)**
Net financial position/(indebtedness)	***13,140***	***11,796***

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 +9,959 thousand) partially absorbed by investment activities (Euro -2,288 thousand) and by financing activities (Euro -6,405 thousand).
Please refer to CAD IT Group's financial report for cash flow details.

Net short-term financial position	*31/12/2008*	*31/12/2007*
Bank and postal accounts	11,548	10,617
Cheques on hand	0	13
Cash-on-hand and cash equivalents	17	16
Insurance policies capitalised	2,434	2,452
Debts towards banks (overdrawn accounts, advances subject to collection etc.)	(653)	(1,017)
Net short-term financial position	***13,346***	***12,080***

37. Related parties transactions

Relations between the Group's companies are administered on the basis of contractual relations drawn up by the respective administrative organs bearing in mind the quality of the assets and services involved and the competitive conditions of the market adapting the interests of the Group.
The summary of income and costs, despite the credit and debit position at 31st December 2008 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	56,699	338	0.60%
Asset increases due to internal work	2,540	1,042	41.00%
Service costs	10,395	736	7.08%

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

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 the carrying out of services by subsidiaries and the associate company Sicom S.r.l., remunerations to CAD IT auditing board members 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 as well as to directors of the other Group companies having a family relationship or affinity with them.
Credits and debits with correlated parties relate to the patrimonial part of economic relations with said parties.

38. Relations with administrative and managerial organs

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

Name and Surname	Role	Company name	Term of office	End of Office term	Remunerations for role	Bonuses and other incentives	Indemnity at termination of office	Other remunerations	Non-monetary benefits
Dal Cortivo Giuseppe	Chairman and Managing Director	CAD IT Spa	01/01 - 31/12	Balance approval 31/12/08	144	20	-	-	-
	Legal representative	CAD Srl	01/01 - 31/12	indefinite	-	-	-	87	-
	Director	CeSBE Srl	01/01 - 31/12	indefinite	-	-	-	8	-
	Director	BITGROOVE Srl	24/04 - 31/12	Balance approval 31/12/10	-	-	-	6	-
	Director	DQS Srl	01/08 - 31/12	Balance approval 31/12/08	-	-	2	7	-
	Director	Sicom Srl	01/01 - 31/12	indeterminata	-	-	-	6	-
Magnani Giampietro	Managing Director	CAD IT Spa	01/01 - 31/12	Balance approval 31/12/08	144	20	-	-	-
	Chairman and Managing Director	CAD Srl	01/01 - 31/12	Balance approval 31/12/09	-	-	-	87	-
	Director	BitGroove Srl	01/01 - 31/12	Balance approval 31/12/10	-	-	-	12	-
	Director	NETBUREAU Srl	24/04 - 31/12	Balance approval 31/12/08	-	-	-	4	-

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

	Director	SMART LINE SRL	01/01 - 31/12	Balance approval 31/12/10	-	-	-	12	-
Rizzoli Maurizio	Director	CAD IT Spa	01/01 - 31/12	Balance approval 31/12/08	17	-	-	-	-
Zanella Luigi	Managing Director	CAD IT Spa	01/01 - 31/12	Balance approval 31/12/08	144	20	-	-	-
	Legal representative	CAD Srl	01/01 - 31/12	indefinite	-	-	-	87	-
	Director	CeSBE Srl	01/01 - 31/12	indefinite	-	-	-	8	-
	Director	BITGROOVE Srl	24/04 - 31/12	Balance approval 31/12/10	-	-	-	6	-
	Director	DQS Srl	01/01 - 31/12	Balance approval 31/12/08	-	-	2	10	-
	Director	Sicom Srl	01/01 - 31/12	indefinite	-	-	-	6	-
Dal Cortivo Paolo	Managing Director	CAD IT Spa	01/01 - 31/12	Balance approval31/12/08	19	-	-	99	-
Margetts Michael	Director	CAD IT Spa	01/01 - 31/12	Balance approval31/12/08	11	-	-	-	-
Lambertini Lamberto	Director	CAD IT Spa	01/01 - 31/12	Balance approval 31/12/08	17	-	-	-	-
Rossi Francesco	Director	CAD IT Spa	01/01 - 31/12	Balance approval 31/12/08	17	-	-	-	-
Cusumano Giannicola	Chairman Statutory Auditor	CAD IT Spa	01/01 - 31/12	Balance approval 31/12/08	23	-	-	-	-
	Statutory Auditors	CAD Srl	01/01 - 31/12	Balance approval 31/12/09	-	-	-	5	-
	Chairman Statutory Auditor	CeSBE Srl	01/01 - 24/04	24/4/08	-	-	-	5	-
Ranocchi Gianpaolo	Statutory Auditors	CAD IT Spa	01/01 - 31/12	Balance approval31/12/08	16	-	-	-	-
	Chairman Statutory Auditor	CAD Srl	01/01 - 31/12	Balance approval 31/12/09	-	-	-	7	-
Tengattini Renato	Statutory Auditors	CAD IT Spa	01/01 - 31/12	Balance approval 31/12/08	16	-	-	-	-
	Statutory Auditors	CeSBE Srl	01/01 - 24/04	24/4/08	-	-	-	3	-
Managers with strategic responsibilites		CAD IT Spa	01/01-31/12	Balance approval 31/12/08	-	-	-	74	-
TOTAL					***567***	***60***	***4***	***539***	-

The remunerations for this position include specific emoluments decided by the meeting even if they have not been paid, tokens for participating at company meetings and any lump-sum expense reimbursements.
Bonuses and other incentives include the variable part of emoluments in relation to reaching the objectives set by the remuneration committee, as established during the meeting.
Other remunerations include emoluments for positions in subsidiary companies, employee salaries (gross of welfare and tax costs to be paid by the employee, excluding those obligatory collective welfare costs to be paid by the company and put aside in the TFR fund) and all other remunerations deriving from other services supplied.
Severance pay includes redundancy pay.
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.

39. Important events since 31st December 2008

Subsequent to 31st December 2008, there have been no events of particular importance to significantly influence the shareholders' equities or economic results of the Group.
For further information on the foreseeable development of management, refer to the management report in the specific paragraph.

40. Warranties

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

41. Other information

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

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

The present annual report was approved by the CAD IT S.p.A. Board of Directors on 13 March 2009.

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

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

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

of the administrative and accounting procedures for drafting the consolidated Financial Statement during the 2008 financial period.

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

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

b) has been drafted in accordance with the international accounting standards (IFRS) – adopted by the European Union – in compliance with regulation (EC) no. 1606/2002 of the European Parliament and Council on 19th July 2002, as well as the provisions laid down in art. 9 of Leg. Dec. no. 38/2005;

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

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

Verona, 13 March 2009

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

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

BDO
BDO SALA SCELSI FARINA
Società di Revisione per Azioni
Via Pacinotti 4/B 37135 Verona

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 consolidated financial statements, including balance sheet, profit and loss, movements of equity, cash flow statement and Directors' Report, of CAD IT S.p.A. and its subsidiaries (CAD IT Group) as at and for the year ended December 31st, 2008. These financial statements are the responsibility of the parent company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

   For our opinion on the consolidated 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 11th, 2008.

3. In our opinion, the consolidated financial statements of CAD IT Group as at and for the year ended December 31st, 2008 comply with the International Financial Reporting Standards adopted by European Community, as well as to 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 the CAD IT Group for the year then ended.

4. The Directors of CAD IT S.p.A. are responsible for the preparation of the Report on Operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the Report on Operations with the consolidated financial statements, as required by art. 156, paragraph 4-bis, letter d), of the Legislative Decree 58/98. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion the Report on Operations is consistent with the consolidated financial

statements of CAD IT Group as of December 31st, 2008.

Verona, April 10th , 2009

BDO Sala Scelsi Farina
Società di Revisione per Azioni

Signed by: Alessandro Gigliarano

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