Quarterly report as at 31 March 2008

CAD IT
INFORMATION TECHNOLOGY

CONTENTS

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
Director

MICHAEL JOHN MARGETTS
Director

FRANCESCO ROSSI
Independent Director

LAMBERTO LAMBERTINI
Independent Director

STATUTORY AUDITORS [2]

GIANNICOLA CUSUMANO
Chairman

GIAN PAOLO RANOCCHI
Statutory Auditor

RENATO TENGATTINI
Statutory Auditor

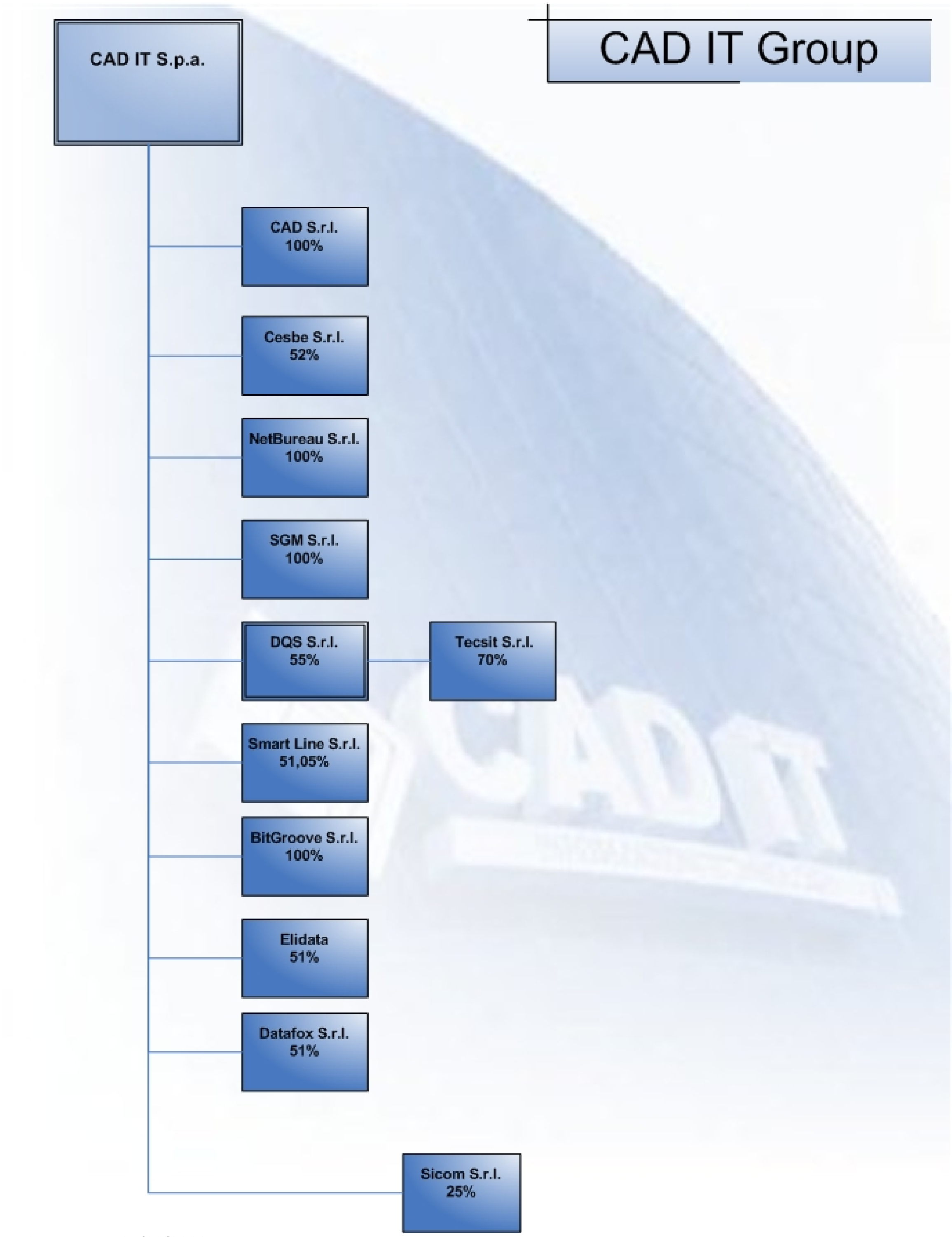
AUDITORS

BDO

BDO SALA SCELSI FARINA
Società di Revisione per Azioni

(1) *Appointed on 28 April 2006; office expires with the shareholders' meeting for the approval of the 2008 financial statements.*
(2) *Appointed on 28 April 2006; office expires with the shareholders' meeting for the approval of the 2008 financial statements.*

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 as at 31/03/2008

SUMMARY SCHEDULES

Consolidated profit and loss account

(in thousands of Euro)

	Period 2008		Period 2007		Variations	
	01/01 - 31/03		01/01 - 31/03			%
Income from sales and services	14,163	95.7%	12,186	93.3%	1,977	16.2%
Variations in stock of products being elaborated						
Changes in ongoing orders	6	0.0%	16	0.1%	(11)	(64.3%)
Asset increases due to internal work	601	4.1%	851	6.5%	(250)	(29.4%)
Other revenue and receipts	27	0.2%	11	0.1%	15	140.7%
Production value	**14,796**	**100.0%**	**13,064**	**100.0%**	**1,732**	**13.3%**
Costs for raw	(385)	(2.6%)	(368)	(2.8%)	(17)	4.6%
Service costs	(2,504)	(16.9%)	(2,169)	(16.6%)	(335)	15.5%
Other operational costs	(184)	(1.2%)	(167)	(1.3%)	(17)	10.5%
Added value	**11,723**	**79.2%**	**10,360**	**79.3%**	**1,363**	**13.2%**
Labour costs	(8,231)	(55.6%)	(7,480)	(57.3%)	(752)	10.0%
Other administrative expenses	(602)	(4.1%)	(597)	(4.6%)	(5)	0.9%
Gross operational result (EBITDA)	**2,889**	**19.5%**	**2,284**	**17.5%**	**606**	**26.5%**
Allocation and Credit Depreciation Fund	(3)	(0.0%)	(2)	(0.0%)	(1)	43.8%
Amortizations:						
- Intangible fixed asset amortization	(643)	(4.3%)	(284)	(2.2%)	(359)	126.4%
- Tangible fixed asset amortization	(192)	(1.3%)	(191)	(1.5%)	(2)	1.0%
Operational result (EBIT)	**2,051**	**13.9%**	**1,807**	**13.8%**	**244**	**13.5%**
Financial receipts	124	0.8%	68	0.5%	56	82.9%
Financial charges	(17)	(0.1%)	(50)	(0.4%)	33	(65.7%)
Ordinary result	**2,158**	**14.6%**	**1,825**	**14.0%**	**333**	**18.2%**
Revaluations and depreciations	161	1.1%	65	0.5%	96	147.0%
Pre-tax and pre-third party share result	**2,318**	**15.7%**	**1,890**	**14.5%**	**428**	**22.7%**
Third party (profit)loss for the period	(234)	(1.6%)	(124)	(0.9%)	(111)	89.7%
Group pre-tax profit/loss	***2,084***	***14.1%***	***1,766***	***13.5%***	***317***	***18.0%***

Consolidated balance sheet

(in thousands of Euro)

ASSETS	31/03/2008	31/03/2007	*Variations*	*Var. %*
A) Non-Current Assets				
Assets, equipment and machinery	20,047	20,532	(485)	(2.4%)
Intangible assets	15,641	15,048	593	3.9%
Goodwill	8,309	8,309	0	-
Holdings	312	217	95	44.0%
Other financial assets available for sale	936	5,255	(4,318)	(82.2%)
Other non-current credits	54	54	(0)	(0.1%)
Credits due to deferred taxes	254	322	(68)	(21.1%)
TOTAL NON-CURRENT ASSETS	**45,553**	**49,736**	**(4,183)**	**(8.4%)**
B) Current Assets			0	
Stock	492	609	(117)	(19.2%)
Ongoing orders	292	408	(116)	(28.4%)
Commercial credits and other credits	28,692	27,866	825	3.0%
Tax credits	237	113	124	109.0%
Financial assets at fair value trough profit or loss	-	-		
Cash on hand and other equivalent assets	17,893	10,950	6,944	63.4%
TOTAL CURRENT ASSETS	**47,607**	**39,947**	**7,659**	**19.2%**
C) Non-Current Assets For Sale	-	-		
TOTAL ASSETS	***93,160***	***89,683***	***3,477***	***3.9%***

LIABILITIES	31/03/2008	31/03/2007	*Variations*	*Var. %*
A) Equity				
Company capital	4,670	4,670	0	-
Reserves	35,171	37,465	(2,294)	(6.1%)
Accumulated profits/losses	22,366	16,684	5,682	34.0%
TOTAL EQUITY OF THE GROUP	**62,207**	**58,819**	**3,388**	**5.8%**
Third party Equity	3,096	2,832	264	9.3%
TOTAL EQUITY	**65,303**	**61,650**	**3,652**	**5.9%**
B) Non-current liabilities				
Financing	261	359	(98)	(27.3%)
Liabilities due to deferred taxes	3,507	3,546	(39)	(1.1%)
TFR and quiescence reserves	6,321	6,926	(605)	(8.7%)
Expense and risk reserves	25	25	0	-
Other non-current liabilities	-	-		
TOTAL NON-CURRENT LIABILITIES	**10,115**	**10,856**	**(741)**	**(6.8%)**
C) Current liabilities				
Commercial debts	6,977	6,582	395	6.0%
Tax debts	2,677	2,918	(241)	(8.3%)
Short-term financing	770	665	105	15.8%
Other debts	7,319	7,011	308	4.4%
TOTAL CURRENT LIABILITIES	**17,743**	**17,177**	**566**	**3.3%**
TOTAL LIABILITIES AND EQUITY	***93,160***	***89,683***	***3,477***	***3.9%***

Consolidated Cash Flow Statement

(in thousands of Euro)

	31/03/2008	*31/03/2007*
A) OPERATING ACTIVITIES		
Pre-tax profit for the period	2,084	1,766
Amortisation, revaluation and depreciation:		
- Assets, equipment and machinery amortisation	192	191
- Intangible fixed asset amortization	643	284
- revaluation of holding and financial assets available for sale	(161)	(65)
- devaluation of holding and financial assets available for sale	0	0
Allocations (utilisation) of funds:	(17)	11
Financial performance:		
- Net financial receipts (charges)	(107)	(18)
- Profit / (losses) on exchanges	1	(21)
Working capital variations	3,040	550
Income taxes paid in the financial period	0	0
Interest payment	(17)	(29)
(A) - Cash flows from (for) operating activities	**5,659**	**2,670**
B) INVESTING ACTIVITIES		
Investing activities		
- Assets, equipment and machinery purchases	(93)	(157)
- Intangible assets purchases	(712)	(880)
- Other assets available for sale purchases	0	0
- Associated companies holding purghases	0	0
- increase in other fixed assets	(2)	(8)
Disinvestment activities		
- Assets, equipment and machinery transfers	0	27
- Intangible assets transfers	0	0
- Assets available for sale transfers	0	0
- Associated companies holding transfers	0	0
- Decrease in other fixed assets	4	0
Cashed Interest	122	68
Cashed dividends	35	0
(B) - Cash flows from (for) investing activities	**(646)**	**(950)**
C) FINANCING ACTIVITIES		
Medium/long term debts repairement	(23)	0
Opening of medium/long term debts	0	51
Effects on consolidation reserve	0	0
Third party net patrimony	54	124
Distribution of dividends	0	0
Company capital increase	0	0
(C) - Cash flows from (for) financing activities	**31**	**175**
(A+B+C) - Total cash and other equivalent assets flows	**5,043**	**1,894**
Opening liquid funds and other equivalent assets	**12,080**	**8,391**
Closing liquid funds and other equivalent assets	***17,124***	***10,285***

Net consolidated financial position

(in thousands of Euro)

	31/03/2008	31/12/2007	30/09/2007	30/06/2007	31/03/2007
Cash on hand and bank accounts	15,021	10,645	10,239	4,989	4,707
Insurance policies capitalised	2,873	2,452	2,121	5,087	6,242
Short-term payables due to banks	(770)	(1,017)	(905)	(1,195)	(665)
Net short-term financial position/(indebtedness)	**17,124**	**12,080**	**11,455**	**8,880**	**10,285**
Long-term loans	(261)	(284)	(301)	(318)	(359)
Net long-term financial position/(indebtedness)	**(261)**	**(284)**	**(301)**	**(318)**	**(359)**
Net financial position / (indebtedness)	***16,863***	***11,796***	***11,154***	***8,562***	***9,927***

Investments in intangible fixed assets at 31-03-2008

(in thousands of Euro)

	Industrial patents and similar rights.	Licences, trademarks and similar rights	Assets under development and payments on account	Other	Total	Goodwill
Purchase or production cost	11,201	3,215	6,524	35	20,976	8,309
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***	***8,309***
Variations in consolidation area						
Purchases		111	601		712	
Transfers	1,077		(1,077)			
Reduction in accumulated depreciation due to disposals						
Disposals						
Revaluations for the period						
Depreciation and write-downs for the period	(613)	(29)			(643)	
Adjustments to write-downs for the period						
Total intangible fixed assets	***9,335***	***259***	***6,047***	***0***	***15,641***	***8,309***

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Investments in property, plant and equipment at 31-03-2008

(in thousands of Euro)

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total
Purchase or production cost	9,140	4,042	27	5,513	18,722
First time adoption revaluation	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		43		50	93
Transfers					
Reduction in accumulated depreciation due to disposals				22	22
Disposals				(22)	(22)
Revaluations for the period					
Depreciation and write-downs for the period	(31)	(63)	(1)	(98)	(192)
Adjustments to write-downs for the period					
Total tangible fixed assets	***16,698***	***2,268***	***12***	***1,068***	***20,047***

EXPLANATORY NOTES TO THE FINANCIAL SCHEDULES

1. Foreword

This quarterly report has been prepared in accordance with the international accounting standards (IAS/IFRS) in both structure and content, as the requirements in Attachment 3D of Consob regulation no. 11971 of 14th May 1999, and subsequent modification and integration. This document shows the quarterly figures required on a consolidated basis since CAD IT S.p.A is obliged to draft a consolidated balance.
The document comprises accounting schedules and observations made by the management about the company state of affairs and the more significant events of the period.
The following consolidated figures of the CAD IT Group introduce this information on the quarterly figures:
- consolidated profit and loss account;
- consolidated net financial position.
The income statement figures are shown with regard to the quarter in question and the intervening period between the beginning of the financial period and the closing date of this quarter and have been compared to the figures of the same period in the previous year.
The figures representing the net financial position are compared with the figures of the previous quarter and the previous year end.
Tables showing the patrimonial situation relating to the closing date of the current and previous financial periods, the financial statement for the quarter in question and the same corresponding quarter in the previous year, investments in intangible and tangible assets, instalations and machinery relating to the intervening period between the beginning of the financial period and the closing date of the quarter are also supplied.
The figures relating to the matching period were drafted in accordance with the same IAS/IFRS international accounting standards used for drafting the accounting statements of the current period.
Unless otherwise indicated, the monetary sums in the accounting tables and those in the notes are shown in thousands of Euro. Any minor differences deriving from rounding up figures to thousands of Euro are considered irrelevant. Due to this rounding up process, the sum of the individual entries in some of the tables containing exact figures may differ from the total amount.
The quarterly report is not subject to auditing by the auditing company.

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

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

3. 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 subsidiaries and associate companies. Its Head Office is in Verona but there are other units in Milan, Rome, Florence, Bologna, Mantua 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 used by banks which represent more than 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 local and central administration bodies make up the group's newest sector, capitalizing on its 20-year experience in developing IT systems for public entities.

4. Accounting standards and consolidation criteria

The accounting standards adopted for drafting accounting tables and consolidated quarterly figures are the same as those used for drafting the previous year's consolidated balance.
The accounting standards adopted are the same as those used for drafting the last annual balance and have been applied in the same manner throughout the periods shown and for all the Group's companies; there have been no modifications in the comparative information.
The consolidated balance has been drafted using the evaluation criteria of historical cost , except for financial instruments available for sale, which are assessed at *fair value,* and the holdings in subsidiaries, which are assessed in accordance with the equity method. Moreover, where some land and buildings have been included in *First Time Adoption*, the *fair value* has been used instead of the cost.

Use of estimates

In accordance with the IFRS, when drafting the balance the company management formulates evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found in the balance. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case. 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.

Subsidiary companies

The consolidation area includes the Mother Company and the companies it controls, that is, where it has the power to determine financial and managerial policies of a business in order to reap benefits from said company's activities.
Subsidiary companies are consolidated from the date in which control was effectively transferred to the Group and are no longer consolidated as from the date that control becomes external to the

Group.
The purchase of subsidiary companies has been accounted for in accordance with the purchase method set by IFRS 3.
These companies are consolidated using the integral consolidation method. In order to prepare the consolidated data, the patrimonial, economic and financial situations of the subsidiary and associate companies have been used as prepared by the Group's individual companies at the reference dates, opportunely reclassified and amended to reflect the application of the homogeneous accounting standards.
In drafting the consolidated balance all the balances and significant transactions between the Group's companies have been eliminated, as are all unrealised infra-group profit and loss transactions.

Associate companies

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

Property, plant and equipment

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

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

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

Financial leasing

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

Intangible fixed assets

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

Goodwill

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

Impairment loss

The Group annually verifies the accountable value of intangible and tangible assets or more often whenever there is an indication that assets may have suffered a value loss.
If the charged value exceeds the recoverable value, the assets are devalued to reflect their recoverable value, represented by the greatest figure between the net price and use value. In defining the use value, expected future financial flows are discounted back using a pre-tax discount rate that reflects the current market estimations in reference to the cost of money at the time and the specific risks of the asset in question. For an asset that does not generate widely independent financial flows,

the return value is determined in relation to the unit generating the financial flows of which the asset is a part. The value losses are accounted for in the income statement among depreciation and devaluation costs. When subsequently an asset value loss, different from the goodwill, is less or decreases, the accounting value is increased to a new estimate of the recoverable value within the limit of the previous value loss. The recovery of a value loss is registered to the income statement.

Assets available for sale

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

Other non-current credits

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

Stock

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

On-going orders

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

Commercial credits and other credits

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

Liquid asset availability and equivalent means

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

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 liability evaluation is calculated by private actuaries.
The profits and losses deriving form these evaluations are ascribed to the income statement.
As a consequence of the amendments made to laws regarding severance pay (TFR) law number 296 of the 27th December 2006, (Financial law 2007) and successive decrees and rules issued in the early months of 2007, starting from second quarter 2007, the (TFR) amount maturing from 1st January 2007

in companies belonging to the group with more than 50 staff, is accountable as a definite Contribution plan, both, in case of the option for complementary welfare as well as when destined for Treasury funds at l'INPS; the (TFR) severance pay fund matured at 31st December remains a plan of defined benefits: the calculations undertaken have therefore excluded components related to future salary increases. The difference shown by the new calculation compared to the previous value registered on the 31st December 2006 has been registered as a reduction of a defined benefit plan, as foreseen by paragraph 109 of the IAS 19, showing the difference in financial accounts for the second quarter of 2007.

Risk and obligation funds

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

Commercial debts and other current liabilities

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

Revenues and costs

The revenues and costs are determined in accordance with the qualifying economic principle to the amount to which the fair value can be feasibly determined.
Depending on the type of operation, the revenues are determined on the basis of the specific criteria reported below:

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

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

Balance sheet layout

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.

5. Consolidation area

The fully consolidated companies included in the financial schedules of CAD IT Group are the following:

Company name	*Registered office*	*Share / Quota capital €*	*Percentage of investment*	*Percentage of investment of the Group*
Fully consolidated companies				
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.	Milan	50,000	100.00%	100.00%
S.G.M. S.r.l.	Padua	100,000	100.00%	100.00%
D.Q.S. S.r.l.	Rome	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.	Avellino	102,700	51.05%	51.05%
Datafox	Florence	99,999	51.00%	51.00%
Tecsit S.r.l. (1)	Rome	75,000	70.00%	38.50%
(1) held through DQS S.r.l.				

The consolidation area, compared to the situation at 31 march 2007, doesn't differ.
Shares in associates, in which the Group has significant influence, have been evaluated using the equity method and reduced accordingly where the asset value has decreased.

Company name	*Registered office*	*Date of reference*	*Quotaholders' equity including profit for the period*	*Profit for the period*	*Percentage of investment*	*Investment value of the Group*	*Carrying value in the consolidated year report*
Sicom S.r.l.	Viadana (MN)	31/03/2008	1,249	642	25.00%	312	312

6. Management results and the more significant comments

The results of the first quarter 2008 confirm the positive trend of previous year's administration and show that margins are further improving. The results achieved highlight the Group's ability to obtain positive results by focusing on production and offering new products and services.
The consolidated pre-tax profit in the first quarter of 2008 in reference to the CAD IT Group stood at Euro 2,084 thousand, an improvement (+18.0%) compared to the Euro 1.766 thousand of the first quarter in 2007, net of third party shares (Euro 234 thousand in the first quarter of 2008 and Euro 124 thousand in the same period of the previous year).
The improvement in pre-tax profit was mainly due to an increase in production revenues (+13.3%) during the quarter following an increase in sales and services revenues (+16.2%) which thus reached Euro 14,163 thousand (Euro 12,186 thousand in the previous quarter). The increases in internal immobilization have decreased (-29.4%) following a reduction in the use of resources for investment activities in accordance with company plans and, in this quarter, amount to Euro 601 thousand compared to Euro 851 thousand in the same quarter in 2007.
There now follows a brief summary of the revenues from sales and services subdivided by business line and compared to the figures of the corresponding quarter of the previous financial period.

(in thousands of Euro)

Turnover - goods and services	1° Quarter 2008		1° Quarter 2007	
Finance	13,133	*92.33%*	11,131	*91.34%*
Manufacturing	1,030	*7.67%*	1,055	*8.66%*
Total Turnover - goods and services	**14,163**	**100.0%**	**12,186**	**100.0%**

Revenues are not subdivided into geographical area since nearly all the revenues concern national territory and the characteristics are the same.
The added value has increased to Euro 11,723 thousand compared to Euro 10,360 thousand in the previous financial period (+13.2%), maintaining marginality high at 79.2% (79.3% in the matching quarter).
The Gross Operational Result came to Euro 2,889 thousand, while in the first quarter of 2007, it stood at Euro 2,284 thousand, with an increase of 26.5% in the quarter.
Labour costs in the first quarter of 2008 were Euro 8,231 thousand, Euro 752 thousand higher than the same quarter in 2007 (+10.0%). Labour costs include the effect of the actuarial calculation, in accordance with the IAS 19 standard, of the debt towards employees for Severance Pay. The increase in labour costs, even though the average number of employees remains more or less the same, is mainly due to the renewal of the national employment contract in the engineering sector, to the actuarial loss during the quarter concerning this point and to pay increases.
Service costs amounting to Euro 2,504 thousand, have also increased by 15.5% compared to the previous financial period (Euro 2,169 thousand) due to a greater use of external collaboration and qualified consultants required to satisfy the service needs of the clients and was adopted with a view to maintaining productive flexibility.
The Operational Result (EBIT) for the first quarter of 2008 was in credit by Euro 2,051 thousand compared to the Euro 1,807 thousand of the same period in the previous year, showing a 13.5% increase.
Third party amortization and funding for the first quarter 2008 came to Euro 838 thousand compared to Euro 477 thousand of the first quarter of 2007. The increase in amortization in intangible assets is due to the activation of amortization schemes on internally developed software procedures in

accordance with programmed investment plans.
The Ordinary Result, as a consequence of a positive balance of Euro 107 thousand in income and outlay, was in credit by Euro 2,158 thousand (previously Euro 1,825 thousand) and equal to 14.6% of the value of production.
The progress of appreciation and depreciation was positive too, during the period concerned, due to the positive outcome of the associated company Sicom S.r.l. which generated a Euro 161 thousand appreciation, compared to Euro 65 thousand of the matching quarter.

7. 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 first quarter.
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.

8. Financial income and charges and net consolidated financial position

Net financing activities resulted in an income of Euro 107 thousands at the end of the first quarter 2008 (Euro 18 thousand in the same previous year period).

(in thousands ofEuro)

Financial income and charges	*31/03/2008*	*31/03/2007*	*Variations*
Bank interest and equivalent	122	68	55
Income on exchanges	1	-	1
Total financial income	**124**	**68**	**56**
Bank payable interest and other financial charges	(14)	(25)	12
Interest payable on financial leasing	(3)	(4)	0
Losses on exchanges		(21)	22
Total financial charges	**(17)**	**(50)**	**33**
Financial income (charges), net	***107***	***18***	***89***

(in thousands of Euro)

Net financial position	*31/03/2008*	*31/12/2007*	*30/09/2007*	*30/06/2007*	*31/03/2007*
Cash on hand and bank accounts	15,021	10,645	10,239	4,989	4,707
Insurance policies capitalised	2,873	2,452	2,121	5,087	6,242
Short-term payables due to banks	(770)	(1,017)	(905)	(1,195)	(665)
Net short-term financial position/(indebtedness)	**17,124**	**12,080**	**11,455**	**8,880**	**10,285**
Long-term loans	(261)	(284)	(301)	(318)	(359)
Net long-term financial position/(indebtedness)	**(261)**	**(284)**	**(301)**	**(318)**	**(359)**
Net financial position / (indebtedness)	***16,863***	***11,796***	***11,154***	***8,562***	***9,927***

9. 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 activities are continuing on the SIBAC GS platform, which is a fundamental element for the Group's strategic growth.
Activity in the production of specialised modules for the business intelligence area is also continuing.
CAD IT and Smart Line S.r.l. are now investing to enrich theirs own offer range of solutions and services for Public Administration and authorities for the management of local taxes.
The CAD IT Group, in its intent to develop its own products, is also creating solutions linked to the new norms and further procedures aimed at diversification for new business sectors like Insurance and new software modules for international market.

10. Investments

Investments in tangible and intangible fixed assets made by the consolidated companies in the first quarter 2008 amount to Euro 805 thousand (Euro 1,037 thousand in the same previous year 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 expected to be used by the clients themselves. There is an ongoing gradual reduction in investments compared to previous financial periods in accordance with plans for the current and the coming years.
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.

(in thousands of Euro)

Summary of investments	1° Quarter *2008*	1° Quarter *2007*
Intangible fixed assets	111	29
Assets under development and payments on account	601	851
Property, Plant and equipment	93	157
Total investments in tangible and intangible fixed assets	***805***	***1,037***
Shareholdings and financial investments		
Total shareholdings and financial investments		
Total investments	***805***	***1,037***

11. Personnel

The number of CAD IT Group staff, at the end of the quarter increased by 3 units compared to the 31 december 2007.
Information on the actual number of CAD IT Group employees at the end of each quarter is reported below:

Category of Employees	labour force at 31/03/2008	labour force at 31/12/2007	labour force at 31/03/2007
Management	18	19	18
White-collars and cadres	599	595	595
Blue-collars	1	1	1
Apprentices	3	3	3
Total	***621***	***618***	***617***

The average number of employees in the first quarter was 618, substantially in line with the corresponding quarter and during year 2007.

Category of Employees	Average number at 31/03/2008	Average number at 31/12/2007	Average number at 31/03/2007
Management	18	18	18
White-collars and cadres	596	595	597
Blue-collars	1	1	1
Apprentices	3	3	3
Total	***618***	***617***	***619***

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

12. Important events since 31st March 2008 and foreseeable development

At the ordinary Shareholder Meeting on April 29th, the balance as of 31/12/2007 was approved and the decision was taken to distribute an ordinary dividend of Euro 0.70 per share. The dates for coupon release and ordinary dividend payment are the 12th and 15th of May respectively.

Following the adoption of a new statute, approved on shareholder meeting decision on 30th April 2007, the Shareholders have also approved the new text for the Company Shareholder Meeting Regulations. The new Regulations are available for consultation in the Investor Relations section of the company website at www.cadit.it.

In the current financial period activity aimed at the development and commercialisation of new products to existing clients and to new types of clients has also continued. The projects begun in May 2007 relating to adjustment to the regulations contained in the MiFID directive are continuing throughout the first six months of 2008. In this context, 200 financial institutions will be using software developed by CAD IT in order to come into line with the information technology system regulations.

The intense projectual activity with Xchanging, through which the CAD IT Group aims to increase its earnings in Italy and to geographically widen its own business, is also continuing.

Furthermore, the CAD IT S.p.A. directors are constantly on the look-out for potential development opportunities, whether direct or through external channels, by taking on or purchasing additional holdings to create complementary and synergic business.

On behalf of the Board of Directors
The Chairman

Giuseppe Dal Cortivo

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

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

Verona, 13 May 2008

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

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