# CAD IT S.p.A.

## HALF-YEARLY FINANCIAL REPORT AT 30th JUNE 2008

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

# CAD IT S.p.A.

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

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## HALF-YEARLY FINANCIAL REPORT at 30/06/2008

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

# BOARD OF DIRECTOR AND AUDITORS

## BOARD OF DIRECTORS [1]

GIUSEPPE DAL CORTIVO
*Chairman and Managing Director*

LUIGI ZANELLA
*Vice Chairman and Managing Director*

GIAMPIETRO MAGNANI
*Vice Chairman and Managing Director*

PAOLO DAL CORTIVO
*Managing Director*

MAURIZIO RIZZOLI[2]
*Director*

MICHAEL JOHN MARGETTS
*Director*

FRANCESCO ROSSI[2]
*Independent Director*

LAMBERTO LAMBERTINI[2]
*Independent Director*

## STATUTORY AUDITORS [1]

GIANNICOLA CUSUMANO
*Chairman*

GIAN PAOLO RANOCCHI
*Statutory Auditor*

RENATO TENGATTINI
*Statutory Auditor*

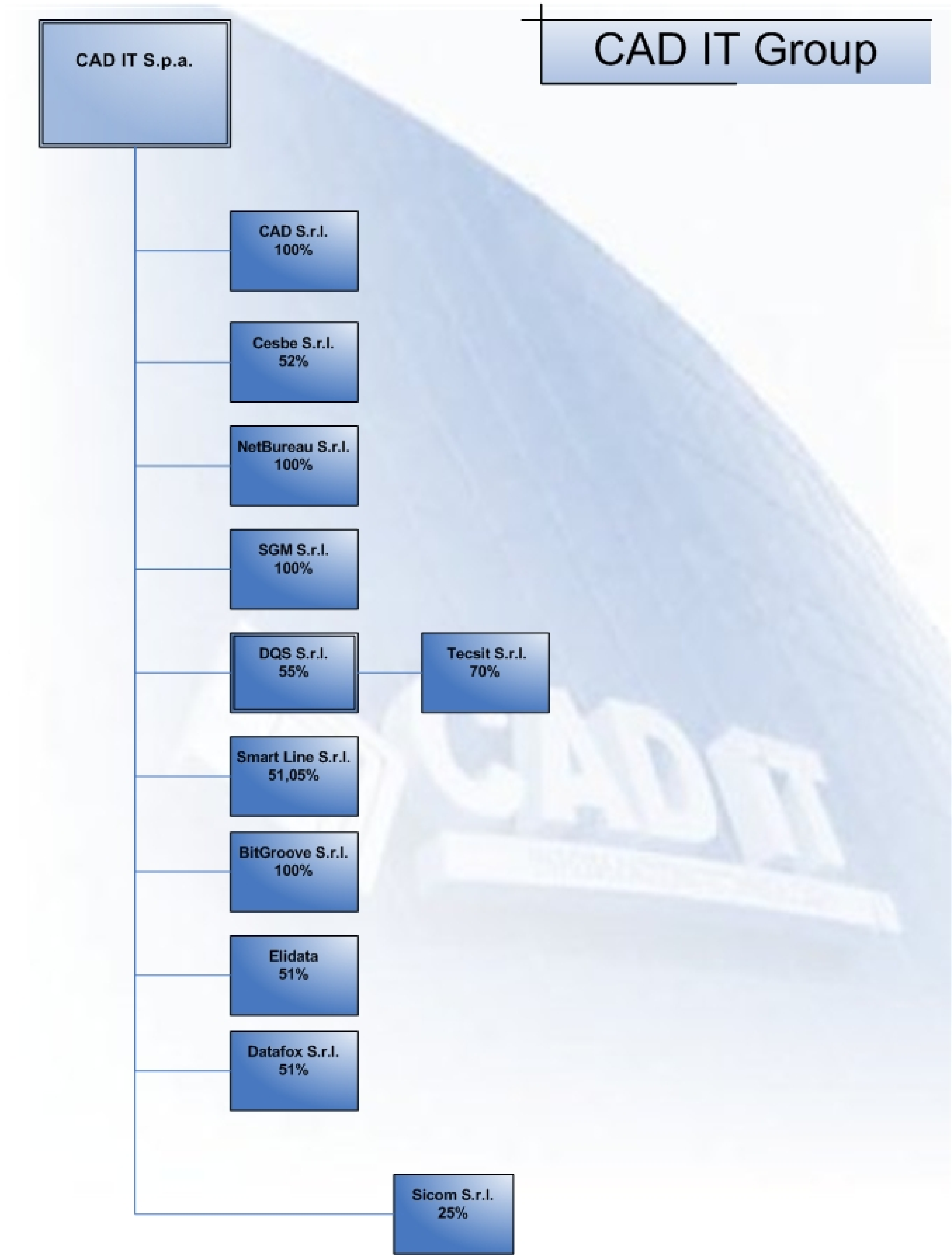
LUCA SIGNORINI
*Substitute Statutory Auditor*

## 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 30/06/2008*

## PRELIMINARY REMARKS

This six-monthly financial report at 30th June 2008 has been drafted in accordance with art. 154 ter of Leg. Dec. 58/1998 and laid out to conform with the applicable International accounting standards recognised by the European Community as in accordance with the EC regulation no. 1606/2002 of the European Parliament and Council on 19th July 2002 and in particular with IAS 34 – Intermediary Period Balances, to the provisions issued in art. 9 of Leg. Dec. no. 38/2005, as well as observing Consob regulation no. 11971 of 14th May 1999 and subsequent modifications and integrations.
The six-monthly financial report includes the summarised six-monthly balance, an intermediary report on the management, the declarations provided for in article 154-bis, paragraph 5 and the auditing company's report on the aforementioned summarised balance.
Unless otherwise indicated, the monetary quantities in the accounting tables and those 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.

# INTERIM MANAGEMENT REPORT

This intermediary report on management accompanies CAD IT S.p.A.'s summarised six-monthly balance at 30th June 2008 and contains references to important events that have occurred during the first six months of the financial period and their incidence on the summarised six-monthly balance, together with a description of the main risks and uncertainties that may occur in the remaining six months to come. The intermediary report on management also contains information on any significant operations with correlated third parties.

## *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 - 30/06 | | Period 2007 01/01 - 30/06 | | Variations | |
|---|---|---|---|---|---|---|
| | | | | | | % |
| Production value | 29,373 | 100.0% | 27,499 | 100.0% | 1,873 | 6.8% |
| Added value | 23,166 | 78.9% | 22,109 | 80.4% | 1,057 | 4.8% |
| Gross operational result (EBITDA) | 5,984 | 20.4% | 6,265 | 22.8% | (280) | (4.5%) |
| Operational result (EBIT) | 4,246 | 14.5% | 5,271 | 19.2% | (1,025) | (19.4%) |
| Ordinary result | 4,530 | 15.4% | 5,349 | 19.5% | (818) | (15.3%) |
| Pre-tax and pre-third party share result | 4,748 | 16.2% | 5,960 | 21.7% | (1,212) | (20.3%) |
| Income taxes | (2,138) | (7.3%) | (2,972) | (10.8%) | 833 | (28.0%) |
| Third party (profit)loss for the period | (299) | (1.0%) | (176) | (0.6%) | (123) | 69.6% |
| ***Profit (loss) for the period*** | ***2,311*** | ***7.9%*** | ***2,812*** | ***10.2%*** | ***(501)*** | ***(17.8%)*** |

## *Analysis of the consolidated income results*

The CAD IT Group closed its 2008 first half financial period with an improvement in production revenues compared to the previous period. Earning margins are still positive. The results achieved highlight the Group's ability to obtain positive results by focusing on production and offering new products and services and by acquiring new users and new market segments.

Profits for the period stand at Euro 2,311 thousand compared to Euro 2,812 thousand the same period 2007, showing a decrease of 17.8%.
The improvement in production revenues in the financial period (+6.8%) is mainly due to to higher income from sales and services (+8.8%) which reached Euro 28,184 thousand (Euro 25,913 thousand in the six months of the previous year) with lower resource allocation to new product development activities, which were contained, in accordance with the Company programme, at Euro 1,172 thousand compared to Euro 1,502 thousand in the same period in 2007 (-21.9%).
Added value has increased to +4.8% standing at Euro 23,166 thousand compared to Euro 22,109 thousand in the previous period, maintaining marginality high at 78.9% (80.4% in the first half of 2007).
Service costs amounting to Euro 5,194 thousand, have increased by 16.0% compared to the previous first half financial period (Euro 4,479 thousand) due to a greater use of external collaboration and qualified consultants also required to satisfy the service needs of the clients and was adopted with a view to maintaining productive flexibility.
Income margin EBITDA rose to Euro 5,984 thousand (-4.5%) compared with Euro 6,265 thousand in the first six months of 2007.
Labour costs in the first six months of 2008 amounted to Euro 15,909 thousand, showing an increase of Euro 1,310 thousand (+9.0%) compared to the same six months in 2007. Labour costs include the effect deriving from actuarial calculations, in accordance with IAS 19, of Severance Pay owed to employees (Euro 159 thousand). The first six months of 2007 benefitted from the difference resulting from the activation of Severance Pay following its reform, compared to the previous value recorded at 31st December 2006, accounted for as a reduction in a defined benefits plan, as required by IAS 19 (Euro 751 thousand). The increase in labour costs, even though the average number of employees has remained more or less constant, besides being due to the effect of actuarial calculations, is also due to the renewal of the national employment contract in the engineering sector and to staff pay rises during the second six months of 2007.
The Operational Result (EBIT) in the first six months of 2008 was in credit by Euro 4,246 thousand (-19,4%) compared to the Euro 5,271 thousand of the same period in the previous year.
Amortisations and funding in the first six months of 2008 came to Euro 1,738 thousand compared to Euro 994 thousand in the first six months of 2007. The increase in intangible asset amortisations was due to the activation of depreciation programmes on internally developed software procedures, in accordance with scheduled investment plans .
Financial management showed an improvement with financial earnings and expenses respectively at Euro 320 thousand and Euro 36 thousand compared to Euro 162 thousand and Euro 84 thousand in the first six months of 2007, mainly due to the availability of liquid assets and equivalent means (Euro 5,358 thousand more than in June 2007).
Consequently, the Ordinary Result was in credit by Euro 4,530 thousand (previously Euro 5,349 thousand), equal to 15.4% of the Value of Production.
Revaluation and devaluation figures also showed a positive trend during the six months in question, generating a revaluation of Euro 218 thousand, due to the positive result of the associated company Sicom S.r.l.. In the first six months of 2007, the revaluation and devaluation entry (Euro 611 thousand in the comparative six months) included earnings from the transfer of assets available for sale (including the revaluation share of the associate company Sicom S.r.l. for Euro 63 thousand).
The Group pre-tax result was in credit and stood at Euro 4,748 thousand (+16.2% of the value of production) compared to Euro 5,960 in the previous year.
Income taxes came to Euro 2,138 thousand compared to Euro 2,972 thousand in the first six months of 2007, and showed a minor incidence, above all due to the effect of the reduction in tax rates as of 2008.
Monitoring and cost containment continue to be included in management objectives.
The Group's Net Financial Position at 30th June 2008 was in credit by Euro 14,001 thousand, increasing (+18.69%) compared to Euro 11,796 thousand at 31st December 2007.

### *The short-term outlook*

Assinform, an important Italian IT association, in its 2008 report on Information Technology, pointed out that the forecasts for 2008 indicate an overall growth in the ICT market of 2.4%, an increase of 1.5% compared to 2007. This will bring the total ICT market value to Euro 65,949 million, but is mainly due to an upturn in telecommunications. A 2.8% growth to Euro 45,430 million is forecast for the latter while for IT, the present short-term situation foresees a slightly lower growth than in 2007 of 1.6% to a value of Euro 20,519 million.[1]
In this context, the result obtained is due to the Group's capacity to continue to invest in years of Research and Development, thus maintaining a strategic and leading position in the Italian financial software market, and to develop activities aimed at the emerging market segments.

### *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 financial 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 balance 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**.

### *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.
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.

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[1] Source: Assinform, Assinform Report on Information Technology 2008, Telecommunications and Multimedial Contentsi

### Investments

| *Summary of investments* | *1st half 2008* | *1st half 2007* |
|---|---|---|
| Intangible fixed assets | 129 | 45 |
| Assets under development and payments on account | 1,292 | 1,502 |
| Plant, machinery, equipment and other tangible fixed assets | 126 | 220 |
| **Total investments in tangible and intangible fixed assets** | **1,548** | **1,768** |
| ***Total investments*** | **1,548** | **1,768** |

Investments in tangible and intangible fixed assets made by the consolidated companies in the first half 2008 amount to Euro 1,548 thousand (Euro 1,768 thousand in the same previous half year period).
The amount of investments is a consequence of strategic decisions taken by the directors' meeting and management that approved investments to develop new products needed by its own customers. As planned, investments were reduced starting from the year 2007 and a further gradual reduction in respect of last year's figures is forecast for future financial periods.
Investments in intangible fixed assets mainly regard the development and purchasing of software for licensing to the clients or instrumental software to be used by the Group for its own activity.

### Relationships with Group companies

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

- services concerning the development of software procedures to be sold or instruments for the traditional activities of the Group's companies that are registered among intangible fixed assets;
- other operations, 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, as of 30/06/2008:

| *Company* | *Costs* | *Capitalized costs* | | | *Turnover* | *Receivables* | *Payables* |
|---|---|---|---|---|---|---|---|
| | | *Increases in internal work* | *Software licences and rights* | *Other assets* | | | |
| Cad It S.p.a. | 8,334 | | | | 725 | 6,780 | 15,902 |
| Cad S.r.l. | 494 | | | | 4,968 | 11,000 | 6,383 |
| Cesbe S.r.l. | 287 | | | 3 | 1,198 | 3,297 | 244 |
| NetBureau S.r.l. | 8 | | | | 369 | 480 | 210 |
| DQS S.r.l. | 4 | | | | 1,151 | 680 | 3 |
| SGM S.r.l | 31 | | | | 162 | 764 | 71 |
| SmartLine Line S.r.l. | 26 | | | | 101 | 172 | 325 |
| BitGroove S.r.l. | 190 | | | 1 | 312 | 388 | 559 |
| Elidata S.r.l. | 43 | | | | 142 | 296 | 244 |
| Datafox S.r.l. | 22 | | | | 317 | 122 | 36 |
| Tecsit S.r.l. | 1 | | | | | | 2 |
| ***Total*** | ***9,441*** | | | ***4*** | ***9,445*** | ***23,980*** | ***23,980*** |

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

### *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 table2:

| 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 30.06.2008 | |
|---|---|---|---|---|---|---|---|
| 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 | (3) | 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. | - | | - | - | - | |
| Lambertini Lamberto | CAD IT S.p.A. | - | | - | - | - | |
| Rossi Francesco | CAD IT S.p.A. | - | | - | - | - | |
| Cusumano Giannicola | CAD IT S.p.A. | - | | - | - | - | |
| Ranocchi Gian Paolo | CAD IT S.p.A. | - | | - | - | - | |
| Tengattini Renato | CAD IT S.p.A. | 60 | | - | - | 60 | |
| Managers with strategic responsibilites | CAD IT S.p.A. | 1.300 | | - | - | 1.300 | |
| (1) of which in spouse's name n.: | 370.885 | | | | | | |
| (2) of which in spouse's name n.: | 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 balance notes.

### *Reconciliation report with the Head Company balance*

The following table shows the reconciliation figures of the net patrimony and the consolidated financial result with those of CAD IT S.p.A.3

| | Net patrimony | Result of period |
|---|---|---|
| Net patrimony and result of the controlling company for the period concerned | 56,319 | 2,159 |
| - difference between the entry value of the consolidated holdings and the pro quota value of the net patrimony | (9,182) | |
| - effects on reserves | (462) | |
| - pro quota results of the subsidiary/associate holdings | 706 | 706 |
| - consolidation difference | 8,309 | |
| - subsidiary/associate dividend elimination | | (742) |
| - infra-group margin elimination | 54 | 54 |
| with net patrimony method | 317 | 133 |

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

| | | |
|---|---|---|
| ***Total net patrimony and consolidated result of period*** | ***56,061*** | ***2,311*** |

### *Corporate Governance*

On 26th March 2008, the Board of Directors approved the 2007 annual report in accordance with art. 124-bis of Leg. Decree 58/1998 and art. 89 bis of the Issuer Regulations, in order to provide the CAD IT S.p.A. shareholders with adequate information about its own company management system and about how much the company adheres to the new auto-disciplinary code for quoted companies laid down by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.
The report is available to the public in the Investor Relations sector of the company website: **www.cadit.it**.

### *Financial instruments and risk management*

Since investments in derivate instruments is not part of the Group's policy, these operations have not been carried out, neither for hedging nor negotiation purposes.
The Group is exposed to limited risks in terms of its activities.

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

### *Other Information*

During this financial period, and the previous one, no atypical or unusual operations have been carried out as defined in the Consob communication no. DEM/6064293.
In the balance report, no alternative performance indicators have been adopted with the exception of the net financial position, shown in the balance notes, for which no reclassifications have been made in terms of balance figures and relative explanations are supplied and linked to the patrimonial status entries concerned, as defined in the CESR Recommendations.

### *Foreseeable development*

The Board of Directors has placed maximum attention on the needs of the market, on management and development strategy orientation, coordinating the use of the Group's resources to maintain the high level of efficiency and achievement of favourable economic results.
In the ongoing financial period, the development and sale of new products to existing clients and new types of client are continuing. Moreover, the intense planning activity with Xchanging, through which the CAD IT Group aims to increase its income in Italy and to geographically diversify its own business, continues.

Moreover, the CAD IT S.p.A. Board of Directors is continually on the look-out for any possible development opportunities, whether direct or external, through the further employment or purchase of shares with the aim of creating activities to compliment or unite with the existing ones.
At the date of approval of this report, no significant risks and/or uncertainties regarding the remaining six months of the ongoing financial year are expected. The managerial trend for the rest of the financial year could, however, be affected by many factors, for example, changes in the macro-economic conditions and in the economic growth and other business condition variations, modifications in the law and the institutional context, and other factors not within the Group's control.

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

# HALF-YEAR CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2008

## *Consolidated income statement*

| | NOTES | Period 2008 01/01 - 30/06 | | Period 2007 01/01 - 30/06 | | Variations | % |
|---|---|---|---|---|---|---|---|
| Income from sales and services | | 28,184 | 96.0% | 25,913 | 94.2% | 2,271 | 8.8% |
| *of which related parties* | *37* | 190 | 0.6% | 358 | 1.3% | (168) | (47.0%) |
| Changes in ongoing orders | | (18) | (0.1%) | 58 | 0.2% | (76) | (130.4%) |
| Asset increases due to internal work | | 1,172 | 4.0% | 1,502 | 5.5% | (330) | (21.9%) |
| *of which related parties* | *37* | | | *540* | *2.0%* | *(540)* | *(100.0%)* |
| Other revenue and receipts | | 34 | 0.1% | 27 | 0.1% | 7 | 25.9% |
| **Production value** | **3** | **29,373** | **100.0%** | **27,499** | **100.0%** | **1,873** | **6.8%** |
| Costs for raw | 5 | (620) | (2.1%) | (520) | (1.9%) | (100) | 19.2% |
| Service costs | 6 | (5,194) | (17.7%) | (4,479) | (16.3%) | (715) | 16.0% |
| *of which related parties* | *37* | *(542)* | *(1.8%)* | *(124)* | *(0.5%)* | *(418)* | *337.3%* |
| Other operational costs | 7 | (392) | (1.3%) | (391) | (1.4%) | (1) | 0.1% |
| **Added value** | | **23,166** | **78.9%** | **22,109** | **80.4%** | **1,057** | **4.8%** |
| Labour costs | 8 | (15,909) | (54.2%) | (14,599) | (53.1%) | (1,310) | 9.0% |
| *of which related parties* | *37* | *(259)* | *(0.9%)* | *176* | *0.6%* | *(435)* | *(247.1%)* |
| Other administrative expenses | 9 | (1,273) | (4.3%) | (1,245) | (4.5%) | (28) | 2.3% |
| *of which related parties* | *37* | *(554)* | *(1.9%)* | *(554)* | *(2.0%)* | *(0)* | *0.1%* |
| **Gross operational result (EBITDA)** | | **5,984** | **20.4%** | **6,265** | **22.8%** | **(280)** | **(4.5%)** |
| Allocation to Credit Depreciation Fund | | (63) | (0.2%) | (34) | (0.1%) | (29) | 83.7% |
| Amortizations: | | | | | | | |
| - Intangible fixed asset amortization | 15 | (1,288) | (4.4%) | (571) | (2.1%) | (717) | 125.7% |
| - Tangible fixed asset amortization | 14 | (387) | (1.3%) | (389) | (1.4%) | 2 | (0.5%) |
| **Operational result (EBIT)** | | **4,246** | **14.5%** | **5,271** | **19.2%** | **(1,025)** | **(19.4%)** |
| Financial receipts | 10 | 320 | 1.1% | 162 | 0.6% | 158 | 97.2% |
| Financial charges | 10 | (36) | (0.1%) | (84) | (0.3%) | 49 | (57.7%) |
| **Ordinary result** | | **4,530** | **15.4%** | **5,349** | **19.5%** | **(818)** | **(15.3%)** |
| Revaluations and depreciations | 11 | 218 | 0.7% | 611 | 2.2% | (394) | (64.4%) |
| **Pre-tax and pre-third party share result** | | **4,748** | **16.2%** | **5,960** | **21.7%** | **(1,212)** | **(20.3%)** |
| Income taxes | 12 | (2,138) | (7.3%) | (2,972) | (10.8%) | 833 | (28.0%) |
| Third party (profit)loss for the period | | (299) | (1.0%) | (176) | (0.6%) | (123) | 69.6% |
| ***Profit (loss) for the period*** | | ***2,311*** | ***7.9%*** | ***2,812*** | ***10.2%*** | ***(501)*** | ***(17.8%)*** |

### *Consolidated balance sheet*

| | NOTES | 30/06/2008 | 31/12/2007 |
|---|---|---|---|
| **ASSETS** | | | |
| A) Non-Current Assets | | | |
| Assets, equipment and machinery | 14 | 19,885 | 20,147 |
| Intangible assets | 15 | 15,705 | 15,572 |
| Goodwill | 16 | 8,309 | 8,309 |
| Holdings | 17 | 319 | 186 |
| Other financial assets available for sale | 18 | 854 | 1,193 |
| Other non-current credits | | 66 | 56 |
| Credits due to deferred taxes | 19 | 219 | 254 |
| **TOTAL NON-CURRENT ASSETS** | | **45,358** | **45,716** |
| B) Current Assets | | | |
| Stock | 20 | 472 | 508 |
| Ongoing orders | 21 | 269 | 286 |
| Commercial credits and other credits | 22 | 28,267 | 29,695 |
| *of which related parties* | *37* | *362* | *283* |
| Tax credits | 23 | 2,238 | 156 |
| Cash on hand and other equivalent assets | 24 | 15,349 | 13,097 |
| **TOTAL CURRENT ASSETS** | | **46,594** | **43,744** |
| ***TOTAL ASSETS*** | | ***91,952*** | ***89,460*** |

| | NOTES | 30/06/2008 | 31/12/2007 |
|---|---|---|---|
| **LIABILITIES** | | | |
| A) Equity | | | |
| Company capital | 25 | 4,670 | 4,670 |
| Reserves | 26 | 35,090 | 35,428 |
| Accumulated profits/losses | 27 | 16,302 | 20,282 |
| **TOTAL EQUITY OF THE GROUP** | | 56,061 | 60,380 |
| Third party Equity | 25 | 2,743 | 3,041 |
| **TOTAL EQUITY** | | **58,804** | **63,421** |
| B) Non-current liabilities | | | |
| Financing | 29 | 237 | 284 |
| Liabilities due to deferred taxes | 30 | 3,534 | 3,507 |
| TFR and quiescence reserves | 31 | 6,105 | 6,339 |
| *of which related parties* | *37* | *88* | *67* |
| Expense and risk reserves | | 25 | 25 |
| **TOTAL NON-CURRENT LIABILITIES** | | **9,901** | **10,155** |
| C) Current liabilities | | | |
| Commercial debts | 32 | 7,840 | 4,346 |
| *of which related parties* | *37* | *388* | *101* |
| Tax debts | 33 | 6,205 | 3,563 |
| Short-term financing | 34 | 1,111 | 1,017 |
| Other debts | 35 | 8,091 | 6,957 |
| *of which related parties* | *37* | *89* | *68* |
| **TOTAL CURRENT LIABILITIES** | | **23,247** | **15,884** |
| ***TOTAL LIABILITIES AND EQUITY*** | | ***91,952*** | ***89,460*** |

### *Statement of changes in equity*

| *Statement of changes in equity* | *NOTES* | *Attribution to the shareholders of the Main Company* | | | | | *Minority Interests* | *Total* |
|---|---|---|---|---|---|---|---|---|
| | | *Company capital* | *Reserves* | *Accumulated profit (loss) net of period result* | *Period result* | *Group's net patrimony* | | |
| *31-Dec-07* | | *4,670* | *35,428* | *12,314* | *7,968* | *60,380* | *3,041* | *63,421* |
| Increase/(Decrease) in evaluation reserves determinated at net worth | | | (338) | | | (338) | (5) | (343) |
| Allocation of the period result to reserves | | | | 7,968 | (7,968) | | | |
| Dividend distribution | 28 | | | (6,286) | | (6,286) | (593) | (6,879) |
| Effects on consolidation reserves | | | | (5) | | (5) | | (5) |
| Period result | | | | | 2,311 | 2,311 | 299 | 2,610 |
| ***Total 30th June2008*** | | ***4,670*** | ***35,090*** | ***13,991*** | ***2,311*** | ***56,061*** | ***2,743*** | ***58,804*** |

| *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-dec-06* | *4,670* | *34,997* | *11,957* | *2,961* | *54,585* | *2,708* | *57,293* |
| Increase/(Decrease) in equity reserves | | 1,185 | | | 1,185 | 0 | 1,185 |
| Allocation of the period result to reserves | | | 2,961 | (2,961) | | | |
| Dividend distribution | | | (2,604) | | (2,604) | (243) | (2,847) |
| Period result | | | | 2,812 | 2,812 | 176 | 2,989 |
| ***Total 30th June2007*** | ***4,670*** | ***36,183*** | ***12,314*** | ***2,812*** | ***55,978*** | ***2,641*** | ***58,620*** |

| *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-dic-05* | *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 |
| ***Total 31st December 2006*** | ***4,670*** | ***34,997*** | ***11,957*** | ***2,961*** | ***54,585*** | ***2,708*** | ***57,293*** |

| *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-dec-04* | *4,670* | *35,246* | *13,591* | *4,192* | *57,699* | *2,576* | *60,275* |
| Increase/(Decrease) in equity reserves | | 51 | (2,737) | | (2,686) | 106 | (2,580) |
| Allocation of the period result to reserves | | | 4,192 | (4,192) | | | |
| Dividend distribution | | | (2,963) | | (2,963) | (309) | (3,272) |
| Effects on consolidation reserves | | | (24) | | (24) | | (24) |
| Period result | | | | 1,517 | 1,517 | 196 | 1,713 |
| ***Total 31st December 2005*** | ***4,670*** | ***35,298*** | ***12,059*** | ***1,517*** | ***53,543*** | ***2,570*** | ***56,113*** |

### *Consolidated Statement of Recognised Income and Expense*

| | *1st half 2008* | *1st half 2007* |
|---|---|---|
| Profits (losses) registered to *fair value* adjustment funds (assets available for sale) | (338) | 203 |
| **Profits (losses) registered directly to net Patrimony** | **(338)** | **203** |
| Net result of the period | 2,610 | 2,988 |
| **Profits (losses) shown in the period** | **2,272** | **3,191** |
| *Ascibable to:* | | |
| Group | 1,973 | 3,015 |
| Third-party shareholders | 299 | 176 |

## *Consolidated Cash Flow Statement*

| | NOTES | 30/06/2008 | 30/06/2007 |
|---|---|---|---|
| **A) OPERATING ACTIVITIES** | | | |
| Profit (loss) for the period | | 2,311 | 2,812 |
| Amortisation, revaluation and depreciation: | | | |
| - Assets, equipment and machinery amortisation | 14 | 387 | 389 |
| - Intangible fixed asset amortization | 15 | 1,288 | 571 |
| - revaluation of holding and financial assets available for sale | 18 | (218) | (611) |
| Allocations (utilisation) of funds: | | (234) | (773) |
| Financial performance: | | | |
| - Net financial receipts (charges) | 10 | (284) | (78) |
| - Profit / (losses) on exchanges | 10 | 1 | (23) |
| Working capital variations | | 6,733 | 850 |
| *of which related parties* | | *253* | *(344)* |
| Interest payment | 10 | (36) | (61) |
| **(A) - Cash flows from (for) operating activities** | | **9,948** | **3,075** |
| **B) INVESTING ACTIVITIES** | | | |
| Investing activities | | | |
| - Assets, equipment and machinery purchases | 14 | (126) | (220) |
| - Intangible assets purchases | 15 | (1,422) | (1,547) |
| - increase in other fixed assets | | (14) | (8) |
| Disinvestment activities | | | |
| - Assets, equipment and machinery transfers | 14 | 1 | 28 |
| - Other assets available for sale transfers | | 0 | 1,596 |
| - decrease in other fixed assets | | 4 | 1 |
| Cashed Interest | 10 | 313 | 145 |
| Cashed dividends | 10 | 90 | 80 |
| **(B) - Cash flows from (for) investing activities** | | **(1,153)** | **74** |
| **C) FINANCING ACTIVITIES** | | | |
| Medium/long term debts repairement | 29 | (47) | 0 |
| Opening of medium/long term debts | | 0 | 11 |
| Effects on consolidation reserve | | (5) | 0 |
| Third party net patrimony | | (298) | (67) |
| Distribution of dividends | 28 | (6,286) | (2,604) |
| **(C) - Cash flows from (for) financing activities** | | **(6,637)** | **(2,660)** |
| **( A+B+C) - Total cash and other equivalent assets flows** | | **2,158** | **488** |
| **Opening liquid funds and other equivalent assets** | 36 | **12,080** | **8,391** |
| ***Closing liquid funds and other equivalent assets*** | 36 | ***14,238*** | ***8,880*** |

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

### *Notes to the financial statements*

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

### *1. Accounting policies and evaluation criteria more important*

This balance 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 balance has been drafted in the consolidated form since CAD IT is obliged to draft a consolidated balance.
In the drawing up of this summarised six-monthly Balance, drafted in accordance with IAS 34 – Intermediary Period Balances, the same accounting standards have been applied as those adopted in the drafting of the consolidated Balance 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 balance has been drafted using the evaluation criterion of past cost, except for financial instruments available for sale, which are assessed at fair value, and the holdings in subsidiaries, which are assessed in accordance with the equity method. Moreover, where some land and buildings have been included in First Time Adoption, the fair value has been used instead of the cost.

**Use of estimates**

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

**Balance sheet layout**

The balance layouts have been drafted according to IAS 1 specifications and opportunely integrated with the information required by the Consob deliberation no. 15519 of 2006.
The Group 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 balance all the balances and significant transactions between the Group's companies have been eliminated, as are all unrealised infra-group profit and loss transactions.

**Associated companies**

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

**Property, plant and equipment**

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

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

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

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

The main 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 balance and the eventual loss or profit (calculated as the difference between the assignment value and the taxation value) is shown in the economic account of the year in which the asset is eliminated.

**Financial leasing**

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

**Intangible fixed assets**

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

**Goodwill**

Goodwill resulting from the purchase of controlled and incorporate companies is initially registered at cost and is the overbalance of the purchase cost in respect of the purchaser's share of the fair value of the assets and liabilities and the potential liabilities at the date of purchase.
After the initial registration, goodwill is no longer amortised and is decremented of any losses in accumulated value, calculated according to the IAS 36 Asset value reduction.
Goodwill is subject to an annual analysis of retrievableness or at shorter intervals if something happens or

changes in circumstances arise, which could cause losses in value.
Goodwill deriving from purchases made prior to 1st January 2004 is registered at the recorded value ascribed to it in the last balance drafted on the basis of the previous accounting standards (31st December 2003). In fact, during the preparation of the opening balance in accordance with the international accounting standards, none of the purchase transactions made prior to 1st January 2004 have been re-considered.
The start-up relating to holdings in associated companies is included in the value of these companies.

**Impairment loss**

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

**Assets available for sale**

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

**Other non-current credits**

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

**Stock**

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

**On-going orders**

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

**Commercial credits and other credits**

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

**Liquid asset availability and equivalent means**

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

**Non current assets held for sale**

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

**Employee leaving entitlement**

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

**Risk and obligation funds**

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

**Commercial debts and other current liabilities**

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

**Revenues and costs**

The revenues and costs are determined in accordance with the qualifying economic principle to the amount to which the fair value can be feasibly determined.
Depending on the type of operation, the revenues are determined on the basis of the specific criteria reported below:
- the revenues for services are determined with reference to the point at which they stand on the basis of the same criteria used for determining the position of ongoing orders. If it is not possible to feasibly determine the revenue values, they are then calculated until they concur with the amount of expenses sustained and

which are deemed recoverable.

- the profits from the sale of goods are shown when significant risks and benefits of the ownership of the goods are transferred to the purchaser, the sale price is agreed or can be determined and payment is collected.

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

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

**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 30th June 2007, has not changed.

In order to prepare the consolidated balance, 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. | Milan | 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. | Avellino | 102,700 | 51.05% | 51.05% |
| Datafox | Florence | 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 | | Period 2007 | | Variations | |
|---|---|---|---|---|---|---|
| | 01/01 - 30/06 | | 01/01 - 30/06 | | | % |
| Income from sales and services | 28,184 | 96.0% | 25,913 | 94.2% | 2,271 | 8.8% |
| Changes in ongoing orders | (18) | (0.1%) | 58 | 0.2% | (76) | (130.4%) |
| Asset increases due to internal work | 1,172 | 4.0% | 1,502 | 5.5% | (330) | (21.9%) |
| Other revenue and receipts | 34 | 0.1% | 27 | 0.1% | 7 | 25.9% |
| ***Production value*** | ***29,373*** | ***100.0%*** | ***27,499*** | ***100.0%*** | ***1,873*** | ***6.8%*** |

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

During 2008 first half financial period, income from sales and services grew by 8.8% compared to 2007 first half financial period and reached Euro 28,184 thousand. The increase in revenues was favoured by the Group's intense activity in the adjustment of information technology systems to the new MiFID regulations in the banking field.

Increases in intangible assets due to internal work come down to Euro 1,172 thousand, compared to Euro 1,502 thousand in the first half of 2007 financial period, and include the activities carried out by the staff of CAD IT and the Group's companies concerning the development of new procedures aimed at the sale of licensed products or instrumental goods for the company's traditional business.

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

### 4. Segment reporting by sectors and geographical areas

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

The main activities of each sector are as follows:

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

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

| Disclosures for business segments | 30/06/2008 | | | | |
|---|---|---|---|---|---|
| | Finance | Manufacturing | Not allocated/General | Elisions | Consolidated |
| External revenues | 27,258 | 2,114 | | | 29,373 |
| Intersegment revenues | 1,156 | 360 | | (1,516) | |
| Total revenues | 28,414 | 2,474 | | (1,516) | 29,373 |
| Costs | (23,670) | (2,373) | (599) | 1,516 | (25,126) |
| Gross Operating Result (EBITDA) | 6,368 | 216 | (599) | | 5,984 |
| Operating Result (EBIT) | 4,744 | 101 | (599) | | 4,246 |
| Net financial income (expenses) | | | 284 | | 284 |
| Revaluations and devaluations | 218 | | | | 218 |
| Result | 4,962 | 101 | (315) | | 4,748 |
| Income taxes | | | (2,138) | | (2,138) |
| Third party share (profit)/loss | | | | | (299) |
| Financial period profit (loss) | | | | | 2,311 |
| | | | | | |
| Assets | 86,707 | 2,789 | 2,457 | | 91,952 |
| Liabilities | 21,546 | 1,863 | 9,739 | | 33,148 |

| Disclosures for business segments | 30/06/2007 | | | | |
|---|---|---|---|---|---|
| | Finance | Manufacturing | Not allocated/General | Elisions | Consolidated |
| External revenues | 25,528 | 1,971 | | | 27,499 |
| Intersegment revenues | 1,360 | 700 | | (2,060) | |
| Total revenues | 26,888 | 2,671 | | (2,060) | 27,499 |
| Costs | (21,040) | (2,537) | (712) | 2,060 | (22,228) |
| Gross Operating Result (EBITDA) | 6,734 | 242 | (712) | | 6,265 |
| Operating Result (EBIT) | 5,848 | 134 | (712) | | 5,271 |
| Net financial income (expenses) | | | 78 | | 78 |
| Revaluations and devaluations | 611 | | | | 611 |
| Result | 6,460 | 134 | (634) | | 5,960 |
| Income taxes | | | (2,972) | | (2,972) |
| Third party share (profit)/loss | | | | | (176) |
| Financial period profit (loss) | | | | | 2,812 |
| | | | | | |
| Assets | 88,153 | 3,401 | 598 | | 92,152 |
| Liabilities | 21,856 | 1,986 | 9,691 | | 33,533 |

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 | 30/06/2008 | 30/06/2007 | Variations | % |
|---|---|---|---|---|
| Hardware-Software purchases for sale | 397 | 342 | 55 | 16.09% |
| Maintenance and consumable hardware purchases | 74 | 61 | 13 | 21.65% |
| Other purchases | 113 | 112 | 1 | 0.89% |
| Variations in raw material stock | 36 | 5 | 31 | 584.35% |
| ***Total*** | ***620*** | ***520*** | ***100*** | ***19.24%*** |

Costs for purchasing hardware and software for sale refer to purchases made for orders that clients had already confirmed and increased by 16.09% compared with 2007 first half.

### 6. Service costs

| Services costs | 30/06/2008 | 30/06/2007 | Variations | % |
|---|---|---|---|---|
| External collaboration | 3,122 | 2,669 | 454 | 17.00% |
| Travelling expenses and fee reimbursement | 812 | 664 | 148 | 22.32% |
| Other service costs | 1,260 | 1,146 | 113 | 9.89% |
| ***Total*** | ***5,194*** | ***4,479*** | ***715*** | ***15.97%*** |

Service costs during the first half of 2008 came to Euro 5,194 thousand, an increase compared to the same period of previous year (Euro 4,479 thousand). In more precise terms, external collaboration costs increased by Euro 454 thousand (+17.00%), expenses reimbursement and travel costs increased by Euro 148 thousand (+22.32%) and other service expenses came to Euro 113 thousand (+9.89%). The cost for expenses reimbursement and travel increased during the year in relation to the increase in productive activity; this intense activity made it necessary to employ further external collaboration, often highly qualified and specialised professionals.
Other service costs mainly include assistance fees and hardware and software maintenance, energy costs, administrative, legal and fiscal consultancy, maintenance costs for office management and installed systems.

### 7. Other operational costs

The following chart shows and compares the other operational costs remaining stable in the two six-month periods in question.

| Other operational costs | 30/06/2008 | 30/06/2007 | Variations | % |
|---|---|---|---|---|
| Third party benefit expenses | 328 | 342 | (14) | (3.98%) |
| Various management charges | 64 | 50 | 14 | 28.37% |
| ***Total*** | ***392*** | ***391*** | ***1*** | ***0.14%*** |

Third party benefit expenses in 2008 first half year came to Euro 328 thousand and mainly refer to equipment and software rental and to operational office lease.

### 8. Labour costs and Employees

Labour costs amounted to Euro 15,909 thousand and are as follows:

| Labour costs | 30/06/2008 | 30/06/2007 | Variations | % |
|---|---|---|---|---|
| Salaries and wages | 11,610 | 11,162 | 448 | 4.02% |
| Payroll taxes | 3,452 | 3,312 | 140 | 4.22% |
| Severance pay | 804 | 62 | 742 | 1204.41% |
| Other costs | 43 | 64 | (21) | (32.23%) |
| ***Total*** | ***15,909*** | ***14,599*** | ***1,310*** | ***8.97%*** |

Labour costs in the first six months of 2008 increased by Euro 1,310 thousand (+8.97%) compared to the same six months in 2007, even though the average number of employees has remained more or less constant, mainly due to the effect of differences registered in the first six months of 2007 resulting from the activation of Severance Pay following its reform, the renewal of the national employment contract in the

engineering sector and to staff pay rises during the second six months of 2007.
The figures relating to the precise number of employees currently working in the CAD IT Group are shown below:

| Category of employees | labour force at 30/06/2008 | labour force at 31/12/2007 | labour force at 30/06/2007 |
|---|---|---|---|
| Management | 18 | 19 | 18 |
| White-collars and cadres | 598 | 595 | 592 |
| Blue-collars | 1 | 1 | 1 |
| Apprentices | 3 | 3 | 3 |
| ***Total*** | ***620*** | ***618*** | ***614*** |

The number of CAD IT Group staff, at 30th June 2008 was 620 employees; the average number of employees during half year in question was 619 persons while this figure was 617 in the previous first half year.
The following table shows data regarding the CAD IT Group employees:

| Category of employees | Average number 30/06/2008 | Average number 30/06/2007 | Variations |
|---|---|---|---|
| Management | 18 | 18 | 0 |
| White-collars and cadres | 597 | 595 | 2 |
| Blue-collars | 1 | 1 | 0 |
| Apprentices | 3 | 3 | 0 |
| ***Total*** | ***619*** | ***617*** | ***2*** |

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

## *9. Other administrative costs*

The table below shows the other administrative costs in detail:

| Other administrative costs | 30/06/2008 | 30/06/2007 | Variations | % |
|---|---|---|---|---|
| Director and legal representative fees | 770 | 682 | 87 | 12.77% |
| Director retirement | 14 | 14 | - | - |
| Director and legal representative fee contributions | 96 | 82 | 15 | 18.12% |
| Telephones | 265 | 306 | (41) | (13.29%) |
| Commissions | 38 | 56 | (18) | (32.42%) |
| Advertising fees | 91 | 106 | (15) | (14.35%) |
| ***Total*** | ***1,273*** | ***1,245*** | ***28*** | ***2.25%*** |

Other administrative costs include Euro 554 thousand to remunerations paid to correlated parties as shown in note 37.

## *10. Financial performance*

The financial management result is in credit by Euro 284 thousand, an improvement on 2007 first half financial period (Euro 78 thousand), as the following detailed statement shows.

| *Financial performance* | *30/06/2008* | *30/06/2007* | *Variations* | *%* |
|---|---|---|---|---|
| Financial income from assets available for sale | 6 | 17 | (11) | (67.00%) |
| Interest on bank deposits and equivalent | 313 | 145 | 168 | 115.67% |
| Profits on exchanges | 1 | | 1 | |
| **Total financial income** | **320** | **162** | **158** | **97.2%** |
| Interest on bank overdrafts and loans | (29) | (54) | 25 | (45.95%) |
| Interest on debts for financial leasing | (7) | (7) | 1 | (9.91%) |
| Losses on exchanges | | (23) | 23 | |
| **Total financial charges** | **(36)** | **(84)** | **49** | **(57.7%)** |
| ***Net financial income and (charges)*** | ***284*** | ***78*** | ***206*** | ***265.63%*** |

Income is made up of dividends and interest earned on bank deposits of available liquid assets and on capitalization insurance policies classifiable as available liquid assets.
Financial expenses mainly refer to overdrafts on bank accounts.

### 11. Revaluations and depreciations

| *Revaluations and depreciations* | *1st half 2008* | *1st half 2007* | *Variations* |
|---|---|---|---|
| Holding revaluation evaluated with the net patrimony method | 218 | 63 | 155 |
| Alienated assets available for sale revaluation | - | 548 | (548) |
| ***Total revaluations and depreciations*** | ***218*** | ***611*** | ***(393)*** |

The revaluation of holdings valued with the net patrimony method only concern the associate company Sicom S.r.l. in the first six months of 2008 and 2007.
In the first six months of 2008, no profit and loss account valuation differences have been found in assets available for sale. The revaluation of assets available for sale relating to the first six months of 2007 came from alienations in 2007 of part of holdings in Class Editori S.p.A. and Cia S.p.A. and includes the transfer of that part of the evaluation reserve previously directly relative to patrimony.

### 12. Income taxes

| *Income taxes* | *30/06/2008* | *30/06/2007* | *Variations* | *%* |
|---|---|---|---|---|
| Tax pre-payments | 26 | 6 | 20 | 329.65% |
| Deferred taxes | 29 | 146 | (112) | (77.06%) |
| Current taxes | 2,083 | 2,820 | (741) | (26.27%) |
| ***Total income taxes*** | ***2,138*** | ***2,972*** | ***(833)*** | ***(28.04%)*** |

The taxes ascribable to first half of 2008 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, for the three years 2007-2009, the option of Group taxation as stated in art. 117 of TUIR 917/1986, which concerns the determination of a global income that corresponds to the algebraic sum of all net incomes of the companies in the group. The liquidation of this one tax allows the Group the contextual use of any tax losses in the period and also allows for intergroup dividends to be excluded by 95%.

Tax incidence on the gross result was 45.04%, while at 30/06/2007 was 49.86%. The reduction in taxes is mainly due to the decrease in the IRES and IRAP tax rates.

### 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 of first half* | *Period 2008 01/01 - 30/06* | *Period 2007 01/01 - 30/06* |
|---|---|---|
| Net profit ascribable to ordinary shares in thousands of euro | 2,311 | 2,812 |
| 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*** | ***0.257*** | ***0.313*** |

### 14. Property, plant and equipment

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

| *Property, plant and equipment* | *30/06/2008* | *31/12/2007* |
|---|---|---|
| Land | 1,527 | 1,527 |
| buildings | 15,141 | 15,202 |
| Plant and equipment | 2,205 | 2,289 |
| Other assets | 1,012 | 1,129 |
| ***Total property, plant and equipment*** | ***19,885*** | ***20,147*** |

During the first half of 2008, 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 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 | | 84 | | 126 |
| Transfers | | | | | | |
| Reduction in accumulated depreciation due to disposals | | | | 32 | | 32 |
| Disposals | | | | (33) | | (33) |
| Revaluations for the period | | | | | | |
| Depreciation and write-downs for the period | (61) | (126) | (2) | (198) | | (387) |
| Adjustments to write-downs for the period | | | | | | |
| ***Total tangible fixed assets*** | ***16,667*** | ***2,205*** | ***12*** | ***1,001*** | | ***19,885*** |

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.

The purchasing of new tangible assets during the year came to a total of Euro 126 thousand of which Euro 84 thousand were for “other tangible assets” that mainly included the purchasing of electronic machinery, managerial instruments characteristic of the Group’s activities.

During the first half of 2008 property, installations and machinery were not subject to any value reductions that required registration in the balance.

### 15. Intangible fixed assets

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

| *Intangible fixed assets* | *30/06/2008* | *31/12/2007* |
|---|---:|---:|
| Industrial patents and similar rights | 8,722 | 8,871 |
| Licences, trademarks and similar rights | 245 | 177 |
| Assets under development | 6,739 | 6,524 |
| ***Total Intangible fixed assets*** | ***15,705*** | ***15,572*** |

In the half 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 | | 129 | 1,292 | | 1,422 |
| Transfers | 1,077 | | (1,077) | | |
| Reduction in accumulated depreciation due to disposals | | | | | |
| Disposals | | | | | |
| Revaluations for the period | | | | | |
| Depreciation and write-downs for the period | (1,227) | (61) | | | (1,288) |
| Adjustments to write-downs for the period | | | | | |
| ***Total intangible fixed assets*** | ***8,722*** | ***245*** | ***6,739*** | ***0*** | ***15,705*** |

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 first half financial period, this registration increased by Euro 1,077 thousand due to the reclassification of procedures completed and available for sale or use which were previously registered to ongoing intangible assets.
The values are registered in credit to the directly sustained cost, mainly due to the use of internal resources as well as any possible additional accessory fees that may occur. In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product's lifecycle, estimated at five years. The amortizations of this voice in the first half of 2008 financial period came to Euro 1,277 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 relates to investments in development of software procedures under construction both for sale and for in-company use. Most of these investments are aimed at new, advanced products, the use of which will be needed very shortly, even by law, in credit and financial institutions as well as in the field of public and industrial administration. These assets are listed as receivable on the basis of the directly sustained cost, mainly regarding the use of internal resources.
During 2008 first half period, ongoing intangible assets increased due to costs capitalised by CAD IT (Euro 1,120 thousand), by Smart Line S.r.l (Euro 52 thousand) and due to costs of activites that the mother company commissioned (Euro 120 thousand), to a total of Euro 1,292 thousand.
These assets have undergone no reduction in value during the 2008 first half financial year that need to be registered in the balance.

### *16. Goodwill*

The Group verifies the recovery of goodwill at least once a year or more often if there are indications of a value loss. During the first six months of 2008, goodwill has not been subject to any reduction in value.

### *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 | Carrying value in the consolidated year report |
|---|---|---|---|---|---|---|
| Sicom S.r.l. | 30/06/2008 | 1,277 | 871 | 25.00% | 319 | 319 |

### *18. Other financial assets available for sale*

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

The table below illustrates the value variations of these holdings during the 2008 first half year:

| Holding | 30/06/2008 | | 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 | 535 | 559,112 | 805 |
| Cia S.p.a. (CIA) | 1,230,509 | 320 | 1,230,509 | 388 |
| ***Total*** | | ***854*** | | ***1,193*** |

The negative change in fair value of assets, 338 thousand euros, was entered into equity reserve.

### *19. Credits due to prepaid taxes*

Credits due to prepaid taxes amount to Euro 219 thousand and are made up of assets in this period or previous periods and will probably create a taxable income, for which they could be used. Credits for pre-paid IRES and IRAP taxes are mainly in reference to time differences (deductible over the next few financial periods) and past losses that the Group's companies made.

### *20. Inventories*

Leftover stock, which is modestly significant, includes products being elaborated or semi-elaborated and finished products and goods. The entire point for the period in question is made up as follows:

| *Inventories* | *30/06/2008* | *31/12/2007* |
|---|---|---|
| Products being elaborated or semi-elaborated | - | |
| Finished goods | 472 | 508 |
| ***Total final inventories*** | ***472*** | ***508*** |

### *21. Ongoing work to order*

Ongoing work to order was registered at a total € 269 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* | *30/06/2008* | *31/12/2007* |
|---|---|---|
| Ongoing work to order | 269 | 286 |
| ***Total Ongoing work to order*** | ***269*** | ***286*** |

### *22. Trade receivables and other credits*

Commercial credits and other credits are made up as follows:

| *Trade receivables and other credits* | *30/06/2008* | *31/12/2007* |
|---|---|---|
| Trade receivables | 27,448 | 29,180 |
| Accrued income and deferred expenses | 732 | 316 |
| Other credits | 87 | 199 |
| ***Total trade receivables and other credits*** | ***28,267*** | ***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 and 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 balance 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 on expiry and expired credits 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 220 thousand (€ 158 thousand at 31st December 2007) which ensures a cover of 0.80% 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 in client credits, compared to the previous year, is mainly due to the client payment receipt trend.

| ***Trade receivables, net*** | ***30/06/2008*** | ***31/12/2007*** |
|---|---:|---:|
| Associated companies | | |
| Trade receivables | 27,668 | 29,338 |
| Bad debt provision | (220) | (158) |
| ***Total trade receivables*** | ***27,448*** | ***29,180*** |
| % Coverage of bad debt provision | 0.80% | 0.54% |

The point Accrued accruals and payables refers to accrued income to the sum of Euro 7 thousand and the remaining amount to accrued income made up as follows:

| ***Accrued costs*** | ***30/06/2008*** | ***31/12/2007*** |
|---|---:|---:|
| Software assistance | 406 | 138 |
| Advertising expenses | 36 | 27 |
| Third party benefit expenses | 35 | 42 |
| Telephone charges | 71 | 40 |
| Administrative services | 2 | 4 |
| Various insurances | 53 | 28 |
| Various | 86 | 22 |
| Hardware assistance | 4 | 5 |
| Systems maintenance | 21 | 1 |
| Associative quotas | 12 | 1 |
| Offices management expenses | 1 | 0 |
| ***Total Accrued costs*** | ***725*** | ***310*** |

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

| ***Credits towards other*** | ***30/06/2008*** | ***31/12/2007*** |
|---|---:|---:|
| Receivables from social security institutions | 9 | 2 |
| Receivables for advances on travel expenses | 13 | 12 |
| Payments on account to suppliers | 4 | 79 |
| Other | 57 | 58 |
| Insurances | | 40 |
| Guarantee deposits | 3 | 9 |
| ***Total credits towards other*** | ***87*** | ***199*** |

## 23. Tax credits

The entry of Euro 2,238 thousand mainly comprises down payments for direct taxes (IRES and IRAP) during the ongoing financial year.

## 24. Cash and other equivalent assets

| *Cash and other equivalent assets* | *30/06/2008* | *31/12/2007* |
|---|---:|---:|
| Bank and postal accounts | 12,935 | 10,617 |
| Cheques on hand | | 13 |
| Cash-on-hand and cash equivalents | 21 | 16 |
| Insurance policies capitalised | 2,393 | 2,452 |
| ***Total Cash and other equivalent assets*** | ***15,349*** | ***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 56,061 thousand compared to Euro 60,380 thousand at 31/12/2007.

### 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* | *30/06/2008* | *31/12/2007* |
|---|---:|---:|
| Minority quotaholders of Cesbe S.r.l. | 1,778 | 1,810 |
| Minority quotaholders of Datafox S.r.l. | 138 | 176 |
| Minority quotaholders of Tecsit S.r.l. | 26 | 48 |
| Minority quotaholders of DQS S.r.l. | 127 | 283 |
| Minority quotaholders of Elidata srl | 388 | 554 |
| Minority quotaholders of Smart Line S.r.l. | 286 | 171 |
| ***Total*** | ***2,743*** | ***3,041*** |

## 26. Reserves

| Reserves | 30/06/2008 | 31/12/2007 |
|---|---|---|
| Share surcharge reserve | 35,246 | 35,246 |
| Re-evaluation reserve for fin. assets available for sale | (157) | 181 |
| ***Total Reserves*** | ***35,090*** | ***35,428*** |

The variation of the evaluation reserve for assets available for sale comes from the variation in fair value at 30th June 2008 of the holding in the quoted company Class Editori Spa and CIA S.p.A., directly registered in the net patrimony reserve.

## 27. Accumulated profit/losses

| Accumulated profits/losses | 30/06/2008 | 31/12/2007 |
|---|---|---|
| Previous profits/losses | 123 | 179 |
| Legal reserve | 934 | 934 |
| IFTA transition reserve | 2,119 | 2,119 |
| Consolidation reserve | 52 | (1,400) |
| Available joint profit reserve | 10,763 | 10,482 |
| Period profits/losses | 2,311 | 7,968 |
| ***Total accumulated profits/losses*** | ***16,302*** | ***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 carried out on 15 May 2008, was approved at the Shareholders' Meeting on 29 April 2008.

## 29. Financing

The total amount to Euro 237 thousan. Euro 219 thousand of this point refers to the registration of the amount of debt funding determined by property leasing in accordance with the financial method.
A further medium-term debt towards a banking institute of Euro 18 thousand was also registered.

| Financing | 30/06/2008 | 31/12/2007 |
|---|---|---|
| Due to banks after 12 months | 18 | 52 |
| Sums due to other financing institutions after 12 months | 219 | 232 |
| ***Total*** | ***237*** | ***284*** |

## 30. Liabilities due to deferred taxes

Deferred taxes amounted to Euro 3,534 thousand (31st December 2007, Euro 3,507 thousand) and took into account the taxable time differences resulting from time differences of the accounting value of an asset or

liability compared to its recognised value for tax purposes. In particular they mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods.
Subsequent to the reduction in IRES and IRAP tax rates, liabilities due to deferred taxes have been adjusted at 31st December 2007 and have brought about an amendment in debit reduction of Euro 540 thousand.

### 31. Employees' leaving entitlement and quiescence reserves

| *Employees' leaving entitlement and quiescence reserves* | *30/06/2008* | *31/12/2007* |
|---|---:|---:|
| Employees' leaving entitlement (TFR) | 6,044 | 6,293 |
| Fund due to director end of term of office treatment | 60 | 46 |
| ***Total*** | ***6,104*** | ***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* | *30/06/2008* | *31/12/2007* |
|---|---:|---:|
| *Balance at 1 January* | *6,293* | *6,895* |
| Actuarial (gain)/loss | (159) | (633) |
| Allocation of period | 206 | 395 |
| Utilisation | (295) | (365) |
| ***Closing balance*** | ***6,044*** | ***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 30th June 2008 are shown below:

| *TFR on the basis of IAS at 30/06/2008* | *Previous years' cost* | *Current year's cost* | *Current year's interests allowed* | *Actuarial gain (loss)* |
|---:|---:|---:|---:|---:|
| 6,044 | 5,838 | 59 | 147 | 159 |

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 | 30/06/2008 | 31/12/2007 |
|---|---|---|
| Balance at 1 January | 46 | 19 |
| Accruals | 14 | 27 |
| Utilisation | 0 | 0 |
| **Closing balance** | **60** | **46** |

The decrease of the fund during 2007 was due to the payment of End of Term of Office transactions in favour of the Board of Directors of the DQS associated company in force up to 20/04/2006.

### 32. Commercial debts

The entire point amount to Euro 7,840 thousand and shows the following trend:

| Commercial debts | 30/06/2008 | 31/12/2007 |
|---|---|---|
| Debts towards suppliers | 3,254 | 3,852 |
| Payments on account received | 433 | 170 |
| Accrued expenses and deferred income | 4,153 | 324 |
| **Total Commercial debts** | **7,840** | **4,346** |

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

| Accrued expenses and deferred earnings | 30/06/2008 | 31/12/2007 |
|---|---|---|
| Accrued liabilities | 3 | 4 |
| Deferred earnings | 4,150 | 320 |
| **Total** | **4,153** | **324** |

The deferred income refers almost entirely to income that was already invoiced regarding annual ordinary maintenance and assistance contracts on user licences and mainly pertaining to 2008 second half 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 various companies regarding their respective employees and collaborators.
At the time of drafting this balance there were no legal cases pending with the Financial Authorities.

### 34. Short-term financing

This point at 30th June 2008 is made up of Euro 1,100 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* | *30/06/2008* | *31/12/2007* |
|---|---|---|
| Social security charges payable | 2,528 | 2,580 |
| Towards directors | 53 | 106 |
| Dividends to be distributed to shareholders (third parties) | 103 | 127 |
| Towards staff for deferred salaries and pay | 5,365 | 4,114 |
| Other | 42 | 31 |
| ***Total*** | ***8,091*** | ***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 June 2008 and to accruals for deferred salaries that matured at the same date.

| *Debt towards staff for wages and deferred pay* | *30/06/2008* | *31/12/2007* |
|---|---|---|
| For wages and expense accounts | 2,051 | 1,193 |
| For production incentives | 57 | 69 |
| For holidays | 2,481 | 2,117 |
| For year-end bonus | 776 | |
| For summer bonus | | 736 |
| ***Total*** | ***5,365*** | ***4,114*** |

### *36. Consolidated net financial position*

The consolidated net financial availability was still positive at 30th June 2008 despite having paid a total of Euro 6,286 thousand in ordinary dividends to shareholders.
The amount of cash-on-hand at 30th June 2008 was Euro 14,238 thousand, compared to Euro 8,880 thousand at 30th June 2007, growing of Euro 5,358 thousand and net financial availability was Euro 14,001 thousand compared to Euro 8,562 thousand at 30th June 2007.
In particular, cash-on-hand and in bank accounts came to Euro 12,956 thousand. Capitalisation insurance policies of Euro 2,393 thousand were contractually available on 20-day prior request without any significant tax expenses.
Short-term debts towards banks regard overdrawn accounts and advances subject to final payment.

| *Variation in net financial position/(indebtedness)* | *30/06/2008* | *31/12/2007* | *30/06/2007* |
|---|---|---|---|
| Cash-on-hand and at bank | 12,956 | 10,645 | 4,989 |
| Capitalisation insurance policies | 2,393 | 2,452 | 5,087 |
| Payables due to banks current portion | (1,111) | (1,017) | (1,195) |
| **Net short-term financial position/(indebtedness)** | **14,238** | **12,080** | **8,880** |
| Long-term loans | (237) | (284) | (318) |
| **Net long-term financial position/(indebtedness)** | **(237)** | **(284)** | **(318)** |
| ***Net financial position/(indebtedness)*** | ***14,001*** | ***11,796*** | ***8,562*** |

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 traditional activities (Euro +9,948 thousand) partially absorbed by investment activities (Euro -1,153 thousand) and by financing activities (Euro -3,637 thousand). Please refer to CAD IT Group's financial report for cash flow details.

| *Net short-term financial availability* | *30/06/2008* | *31/12/2007* | *30/06/2007* |
|---|---|---|---|
| Bank and postal accounts | 12,935 | 10,617 | 4,969 |
| Cheques on hand | 0 | 13 | 0 |
| Cash-on-hand and cash equivalents | 21 | 16 | 19 |
| Insurance policies capitalised | 2,393 | 2,452 | 5,087 |
| Debts towards banks (overdrawn accounts, advances subject to collection etc.) | (1,111) | (1,017) | (1,195) |
| ***Net short-term financial availability*** | ***14,238*** | ***12,080*** | ***8,880*** |

### 37. Transactions with related party

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 30th June 2008 between the Group's subsidiaries, is shown in the specific note on management intermediary report.
The following table shows the incidence of transactions with correlated parties on the respective balance entry:

| *Transaction incidence with correlated parties* | *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 | 28,184 | 190 | 0.67% |
| Increases in intangible assets due to internal work | 1,172 | - | - |
| Service costs | (5,194) | (542) | 10.44% |
| Labour costs | (15,909) | (259) | 1.63% |
| Other administrative expenses | (1,273) | (554) | 43.54% |
| **B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation** | | | |
| Commercial credits and other credits | 28,267 | 362 | 1.28% |
| TFR and pension funds | 6,105 | 88 | 1.44% |
| Commercial debts | 7,840 | 388 | 4.95% |
| Other debts | 8,091 | 89 | 1.09% |
| **C) Transaction or position incidence with correlated parties on financial flows** | | | |
| (Increase)/Decrease in circulating credits | 1,845 | (79) | (4.28%) |
| Increase/(Decrease) in debts towards suppliers | (668) | 344 | (51.51%) |
| Increase/(Decrease) in other non-financial debts | 1,468 | (12) | (0.85%) |

Except for the above-described relations, no further significant relations of an economical-patrimonial nature are kept with other correlated parties.

Third party revenues regard services carried out on behalf of Xchanging which holds a 10% share in CAD IT.
Third party service costs mainly include expenses for collaboration work with the associate company Sicom S.r.l. to the value of Euro 489 thousand and CAD IT Auditing Board member fees paid by CAD IT and the Group's companies.
Labour costs to correlated parties regard remunerations to employees of the Group's companies who have a family relationship or affinity with the CAD IT directors and those of 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 refer to the patrimonial part of financial 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 table4.in accordance with art. no. 78 of Consob regulation no. 11971 of 14th May 1999, and subsequent modification and integration.

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

| Name and Surname | Role | | Term of office | End of Office term | Remunerations for role | Bonuses and other incentives | Indemnity at termination of office | Other remunerations |
|---|---|---|---|---|---|---|---|---|
| Dal Cortivo Giuseppe | Chairman and Managing Director | CAD IT Spa | 01/01 - 30/06 | 31/12/2008 | 73 | | | |
| | Legal representative | CAD Srl | 01/01 - 30/06 | indefinite | | | | 43 |
| | Director | CESBE Srl | 01/01 - 30/06 | indefinite | | | | 4 |
| | Director | BITGROOVE Srl | 24/04 - 30/06 | 31/12/2011 | | | | 2 |
| | Director | DQS Srl | 10/04 - 30/06 | 31/12/2008 | | | 1 | 2 |
| | Director | SICOM Srl | 01/01 - 30/06 | indefinite | | | | 3 |
| Magnani Giampietro | Managing Director | CAD IT Spa | 01/01 - 30/06 | 31/12/2008 | 73 | | | |
| | Chairman and Managing Director | CAD Srl | 01/01 - 30/06 | 31/12/2009 | | | | 43 |
| | Director | BITGROOVE Srl | 01/01 - 30/06 | indefinite | | | | 5 |
| | Director | NETBUREAU Srl | 24/04 - 30/06 | 31/12/2008 | | | | 1 |
| | Director | SMART LINE SRL | 01/01 - 30/06 | 31/12/2007 | | | | 6 |
| Rizzoli Maurizio | Director | CAD IT Spa | 01/01 - 30/06 | 31/12/2008 | 9 | | | |
| Zanella Luigi | Managing Director | CAD IT Spa | 01/01 - 30/06 | 31/12/2008 | 73 | | | |
| | Legal representative | CAD Srl | 01/01 - 30/06 | indefinite | | | | 43 |
| | Director | CESBE Srl | 01/01 - 30/06 | indefinite | | | | 4 |
| | Director | BITGROOVE Srl | 24/04 - 30/06 | 31/12/2011 | | | | 2 |
| | Managing Director | DQS Srl | 01/01 - 30/06 | 31/12/2008 | | | 1 | 5 |
| | Director | SICOM Srl | 01/01 - 30/06 | indefinite | | | | 3 |
| Dal Cortivo Paolo | Managing Director | CAD IT Spa | 01/01 - 30/06 | 31/12/2008 | 11 | | | 61 |
| Margetts Michael | Director | CAD IT Spa | 01/01 - 30/06 | 31/12/2008 | 6 | | | |
| Lambertini Lamberto | Director | CAD IT Spa | 01/01 - 30/06 | 31/12/2008 | 9 | | | |
| Rossi Francesco | Director | CAD IT Spa | 01/01 - 30/06 | 31/12/2008 | 9 | | | |
| Cusumano Giannicola | Chairman Statutory Auditor | CAD IT Spa | 01/01 - 30/06 | 31/12/2008 | | | | 12 |
| | Statutory Auditors | CAD Srl | 01/01 - 30/06 | 31/12/2009 | | | | 2 |
| | Chairman Statutory Auditor | CESBE Srl | 01/01 - 24/04 | 24/04/2008 | | | | 5 |
| Ranocchi Gianpaolo | Statutory Auditors | CAD IT Spa | 01/01 - 30/06 | 31/12/2008 | | | | 8 |
| | Chairman Statutory Auditor | CAD Srl | 01/01 - 30/06 | 31/12/2009 | | | | 3 |
| Tengattini Renato | Statutory Auditors | CAD IT Spa | 01/01 - 30/06 | 31/12/2008 | | | | 8 |
| | Statutory Auditors | CESBE Srl | 01/01 - 24/04 | 31/12/2009 | | | | 3 |
| Managers with strategic responsibilites | | CAD IT Spa | 01/01 - 30/06 | | | | 36 | |
| | | | | **Total** | **263** | **-** | **38** | **268** |

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. Significant events since 30th June 2008

CAD IT has concluded a contract with Equitalia S.p.A. for the supply of application management and evolutive maintenance of tax collection procedures developed by CAD IT and used by tax collection agencies. The contract is worth about Euro 3.9 million. The duration, and subsequent economic effects, is for 17 months as of 1st August 2008.
In fact, as a result of tax collection reforms introduced by Article 3, Leg. Dec. no. 203 of 25th September 2005, the system of national concession for tax collection was abolished and the tax collection service was then granted to the Tax Office concerned, as sole agent, through Equitalia S.p.A. (already known as Riscossione S.p.A.).
Equitalia S.p.A. carries out functions concerning direct tax collection through tax collection agents, i.e. companies that already deal in national tax collection service and whose shares have been purchased by Equitalia S.p.A., and through companies that are branches of companies purchased by Equitalia S.p.A. and banks that already deal in national tax collection.
The contract regards the supply of application management services including the corrective and evolutive maintenance of tax collection software procedures that some tax collection agencies already use.
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 08/08/2008.

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

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

   of the administrative and accounting procedures for drafting the half year condensed statements during the 2008 financial period.

2. Furthermore, it is hereby declared that the CAD IT S.p.A. the half year condensed statements for the financial period ending on 30th June 2008:
   a) corresponds to the results in the company books and accounting documents;
   b) has been drafted in accordance with the International accounting standards (IFRS) – adopted by the European Union - in conformity with EC regulation no. 1606/2002 of the European Parliament and Council of 19th July 2002, and in particular with IAS 34 – *Intermediary Period Balances,* as well as provisions issued in article 9 of Leg. Dec. no. 38/2005;
   c) gives a true and correct representation of the patrimonial, economic and financial situation of the company and the group of companies included in the consolidation.

3. The related interim management report contains reference to the important events affecting the Company during the first six month of the current fiscal year, including the impact of such events on the Company's condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the year along with a description of material related party transactions.

Verona, 8 August 2008

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

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

# FINANCIAL STATEMENTS OF CAD IT S.P.A.

### *Income Statement*

| | Period 2008 | | Period 2007 | | Variations | |
|---|---|---|---|---|---|---|
| | 01/01 - 30/06 | | 01/01 - 30/06 | | | % |
| Income from sales and services | 23,379 | 95.4% | 15,917 | 94.9% | 7,462 | 46.9% |
| *of which related parties* | 914 | 3.7% | 7,219 | 43.0% | (6,305) | (87.3%) |
| Asset increases due to internal work | 1,120 | 4.6% | 835 | 5.0% | 285 | 34.1% |
| *of which related parties* | - | - | 540 | 3.2% | (540) | (100.0%) |
| Other revenue and receipts | 4 | 0.0% | 22 | 0.1% | (19) | (83.6%) |
| **Production value** | **24,503** | **100.0%** | **16,774** | **100.0%** | **7,729** | **46.1%** |
| Costs for raw | (122) | (0.5%) | (118) | (0.7%) | (4) | 3.5% |
| Service costs | (11,254) | (45.9%) | (4,546) | (27.1%) | (6,708) | 147.6% |
| *of which related parties* | (8,856) | (36.1%) | (2,871) | (17.1%) | (5,985) | 208.5% |
| Other operational costs | (167) | (0.7%) | (156) | (0.9%) | (11) | 7.0% |
| **Added value** | **12,960** | **52.9%** | **11,954** | **71.3%** | **1,006** | **8.4%** |
| Labour costs | (8,602) | (35.1%) | (8,006) | (47.7%) | (595) | 7.4% |
| *of which related parties* | (204) | (0.8%) | (131) | (0.8%) | (73) | 56.3% |
| Other administrative expenses | (490) | (2.0%) | (467) | (2.8%) | (23) | 4.8% |
| *of which related parties* | (294) | (1.2%) | (307) | (1.8%) | 13 | (4.1%) |
| **Gross operational result (EBITDA)** | **3,868** | **15.8%** | **3,480** | **20.7%** | **388** | **11.1%** |
| Allocation to Credit Depreciation Fund | (54) | (0.2%) | - | - | (54) | (100%) |
| Amortizations: | | | | | | |
| - Intangible fixed asset amortization | (1,160) | (4.7%) | (443) | (2.6%) | (718) | 162.1% |
| - Tangible fixed asset amortization | (320) | (1.3%) | (316) | (1.9%) | (4) | 1.1% |
| **Operational result (EBIT)** | **2,334** | **9.5%** | **2,722** | **16.2%** | **(388)** | **(14.2%)** |
| Financial receipts | 974 | 4.0% | 447 | 2.7% | 527 | 117.8% |
| Financial charges | (0) | (0.0%) | (24) | (0.1%) | 24 | (99.9%) |
| **Ordinary result** | **3,308** | **13.5%** | **3,145** | **18.7%** | **164** | **5.2%** |
| Revaluations and depreciations | - | - | 441 | 2.6% | (441) | (100.0%) |
| **Pre-tax result** | **3,308** | **13.5%** | **3,586** | **21.4%** | **(277)** | **(7.7%)** |
| Income taxes | (1,150) | (4.7%) | (1,664) | (9.9%) | 515 | (30.9%) |
| ***Profit (loss) for the period*** | ***2,159*** | ***8.8%*** | ***1,922*** | ***11.5%*** | ***237*** | ***12.3%*** |

## *Balance sheet*

| | 30/06/2008 | 31/12/2007 |
|---|---|---|
| **ASSETS** | | |
| A) Non-Current Assets | | |
| Assets, equipment and machinery | 19,290 | 19,501 |
| Intangible assets | 15,160 | 14,967 |
| Goodwill | - | - |
| Holdings | 14,684 | 14,684 |
| Other financial assets available for sale | 854 | 1,193 |
| Other non-current credits | 18 | 18 |
| Credits due to deferred taxes | 13 | 23 |
| **TOTAL NON-CURRENT ASSETS** | **50,019** | **50,386** |
| B) Current Assets | | |
| Stock | 40 | 35 |
| Commercial credits and other credits | 29,022 | 26,442 |
| *of which related parties* | 7,140 | 12,871 |
| Tax credits | 1,870 | 43 |
| Cash on hand and other equivalent assets | 12,391 | 8,507 |
| **TOTAL CURRENT ASSETS** | **43,323** | **35,028** |
| ***TOTAL ASSETS*** | ***93,342*** | ***85,414*** |
| **LIABILITIES** | | |
| A) Equity | | |
| Company capital | 4,670 | 4,670 |
| Reserves | 35,090 | 35,428 |
| Accumulated profits/losses | 16,560 | 20,687 |
| **TOTAL EQUITY** | **56,319** | **60,785** |
| B) Non-current liabilities | | |
| Liabilities due to deferred taxes | 3,298 | 3,298 |
| TFR and quiescence reserves | 3,050 | 3,201 |
| *of which related parties* | 78 | 67 |
| **TOTAL NON-CURRENT LIABILITIES** | **6,347** | **6,499** |
| C) Current liabilities | | |
| Commercial debts | 21,076 | 11,560 |
| *of which related parties* | 16,276 | 9,936 |
| Tax debts | 5,132 | 2,767 |
| Short-term financing | 0 | 24 |
| Other debts | 4,467 | 3,781 |
| *of which related parties* | 68 | 62 |
| **TOTAL CURRENT LIABILITIES** | **30,676** | **18,131** |
| ***TOTAL LIABILITIES AND EQUITY*** | ***93,342*** | ***85,414*** |

### *Statement of changes in equity*

| *Statement of changes in equity* | *Company capital* | *Reserves* | *Accumulated profit (loss) net of period result* | *Period result* | *Total* |
|---|---|---|---|---|---|
| *31-Dec-07* | *4,670* | *35,428* | *14,120* | *6,567* | *60,785* |
| Increase/(Decrease) in equity reserves | | (338) | | | (338) |
| Allocation of the period result to reserves | | | 6,567 | (6,567) | |
| Dividend distribution | | | (6,286) | | (6,286) |
| Period result | | | | 2,159 | 2,159 |
| ***Total 30th June2008*** | ***4,670*** | ***35,090*** | ***14,401*** | ***2,159*** | ***56,319*** |

| *Statement of changes in equity* | *Company capital* | *Reserves* | *Accumulated profit (loss) net of period result* | *Period result* | *Total* |
|---|---|---|---|---|---|
| *31-dec-06* | *4,670* | *34,997* | *14,035* | *2,690* | *56,391* |
| Increase/(Decrease) in equity reserves | | 1,185 | | | 1,185 |
| Allocation of the period result to reserves | | | 2,690 | (2,690) | |
| Dividend distribution | | | (2,604) | | (2,604) |
| Period result | | | | 1,922 | 1,922 |
| ***Total 30th June2007*** | ***4,670*** | ***36,183*** | ***14,120*** | ***1,922*** | ***56,894*** |

### *Cash Flow Statement*

| | *30/06/2008* | *30/06/2007* |
|---|---|---|
| **A) OPERATING ACTIVITIES** | | |
| Profit (loss) for the period | 2,159 | 1,922 |
| Amortisation, revaluation and depreciation: | | |
| - Assets, equipment and machinery amortisation | 320 | 316 |
| - Intangible fixed asset amortization | 1,160 | 443 |
| - revaluation of holding and financial assets available for sale | | (548) |
| Allocations (utilisation) of funds: | (151) | (358) |
| Financial performance: | | |
| - Net financial receipts (charges) | (974) | (423) |
| - Profit / (losses) on exchanges | 1 | (23) |
| Working capital variations | 8,167 | 777 |
| *of which related parties* | 12,076 | (1,424) |
| **(A) - Cash flows from (for) operating activities** | **10,681** | **2,104** |
| **B) INVESTING ACTIVITIES** | | |
| Investing activities | | |
| - Assets, equipment and machinery purchases | (108) | (174) |
| - Intangible assets purchases | (1,353) | (1,389) |
| - increase in other fixed assets | | (1) |
| Disinvestment activities | | |
| - Assets, equipment and machinery transfers | | 27 |
| - Other assets available for sale transfers | | 1,596 |
| Cashed Interest | 226 | 110 |
| Cashed dividends | 748 | 337 |
| **(B) - Cash flows from (for) investing activities** | **(488)** | **507** |
| **C) FINANCING ACTIVITIES** | | |
| Medium/long term debts repairement | | (24) |
| Distribution of dividends | (6,286) | (2,604) |
| **(C) - Cash flows from (for) financing activities** | **(6,286)** | **(2,628)** |
| **( A+B+C) - Total cash and other equivalent assets flows** | **3,907** | **(17)** |
| **Opening liquid funds and other equivalent assets** | **8,483** | **7,105** |
| ***Closing liquid funds and other equivalent assets*** | ***12,391*** | ***7,088*** |

### *Relationships with subsidiaries*

Being the parent company, CAD IT carries out commercial and financial transactions with subsidiaries by normal conditions of market.
The table below gives a summary of the transactions with subsidiaries carried out in the period:

| Company | Turnover | Costs | Payables | Receivables |
|---|---|---|---|---|
| Cad S.r.l. | 400,766 | 4,904,420 | 10,943,567 | 5,592,264 |
| Cesbe S.r.l. | 208,394 | 1,096,449 | 2,363,095 | 208,467 |
| NetBureau S.r.l. | 8,484 | 368,112 | 435,846 | 209,175 |
| DQS S.r.l. | 638 | 1,135,681 | 670,834 | 1,521 |
| SGM S.r.l | 5,169 | 27,928 | 551,510 | 28,999 |
| SmartLine Line S.r.l. | 26,440 | 78,702 | 154,837 | 325,191 |
| BitGroove S.r.l. | 27,153 | 312,035 | 388,223 | 149,176 |
| Elidata S.r.l. | 42,811 | 142,206 | 296,306 | 244,015 |
| Datafox S.r.l. | 4,883 | 268,214 | 98,198 | 18,313 |
| Tecsit S.r.l. | 511 | - | - | 2,451 |
| ***Total*** | ***725,248*** | ***8,333,748*** | ***15,902,418*** | ***6,779,572*** |

Accounting information in Financial Statements of CAD IT SpA are not subject to auditing of accounts.

*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 “Financial Statements of CAD IT SpA” at 30th June 2008 corresponds to the documentary results, books and accounting registers.*

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

**Auditors' review report on the half-year condensed consolidated financial statements for the six month period ended June 30, 2008**

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

1. We have reviewed the half-year condensed consolidated financial statements, consisting of the balance sheet, income statement, statements of changes in stockholders' equity and cash flows and related explanatory notes as of June 30, 2008 of CAD IT S.p.A. and subsidiaries (the "CAD IT Group"). These half-year condensed consolidated financial statements prepared in conformity with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union, are the responsibility of CAD IT S.p.A.'s Directors. Our responsibility is to issue a report on these half-year consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the half-year condensed consolidated financial statements, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive verification procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-year condensed consolidated financial statements.

   With regard to the comparative figures related to the year ended December 31, 2007 and to the six-month period ended June 30, 2007, presented in the half-year condensed consolidated financial statements, reference should be made to our auditors' report dated April 11, 2008 and our auditors' review report dated on September 27, 2007, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of the CAD IT Group as of June 30, 2008 are not presented fairly, in all material respects, in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union.

Verona, August 27, 2008

BDO Sala Scelsi Farina
Società di Revisione per Azioni

Signed by: Alessandro Gigliarano

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