

TXT e-solutions Group

Quarterly Report at December 31, 2007

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Share Capital Euro 1,313,769.50 fully paid-in
Chamber of Commerce –Milan 1316895
Milan COMPANY OFFICE REGIST. NO. 296287
TAX NO. 09768170152

Board of directors of February 14, 2008

TXT e-solutions

INDEX

- CORPORATE BOARDS
- TXT E-SOLUTIONS GROUP
- SUMMARY OF RESULTS
- DIRECTORS' REPORT ON OPERATIONS FOR THE FOURTH
QUARTER OF 2007
- FINANCIAL STATEMENTS AND NOTES ON THE CONSOLIDATED
BALANCE SHEET AND INCOME STATEMENT
ACCOUNTS
- INCOME STATEMENT AND BALANCE SHEET OF THE PARENT
COMPANY

CORPORATE BOARDS

BOARD OF DIRECTORS

office held until the approval of the accounts at 31/12/2007

Alvise Braga Illa	Chairman & CEO	(1)
Paolo Enrico Colombo	Director	(2)
Adriano De Maio	Director	(3)
Marco Guida	Director	(4)
Mario Miscali	Director	(5)

- (1) powers conferred: ordinary and extraordinary administration with the exception of the purchase and the sale of property
- (2) powers conferred: ordinary administration
- (3) Independent director pursuant to Legislative Decree No. 58/98 of the self-governance code of Listed Companies and a member of the Remuneration Committee and Internal Control Committee formed on May 25, 2000;
- (4) powers conferred: ordinary administration
- (5) Independent director pursuant to Legislative Decree No. 58/98 of the self-governance code of Listed Companies and a member of the Remuneration Committee and Internal Control Committee formed on May 25, 2000;

BOARD OF STATUTORY AUDITORS

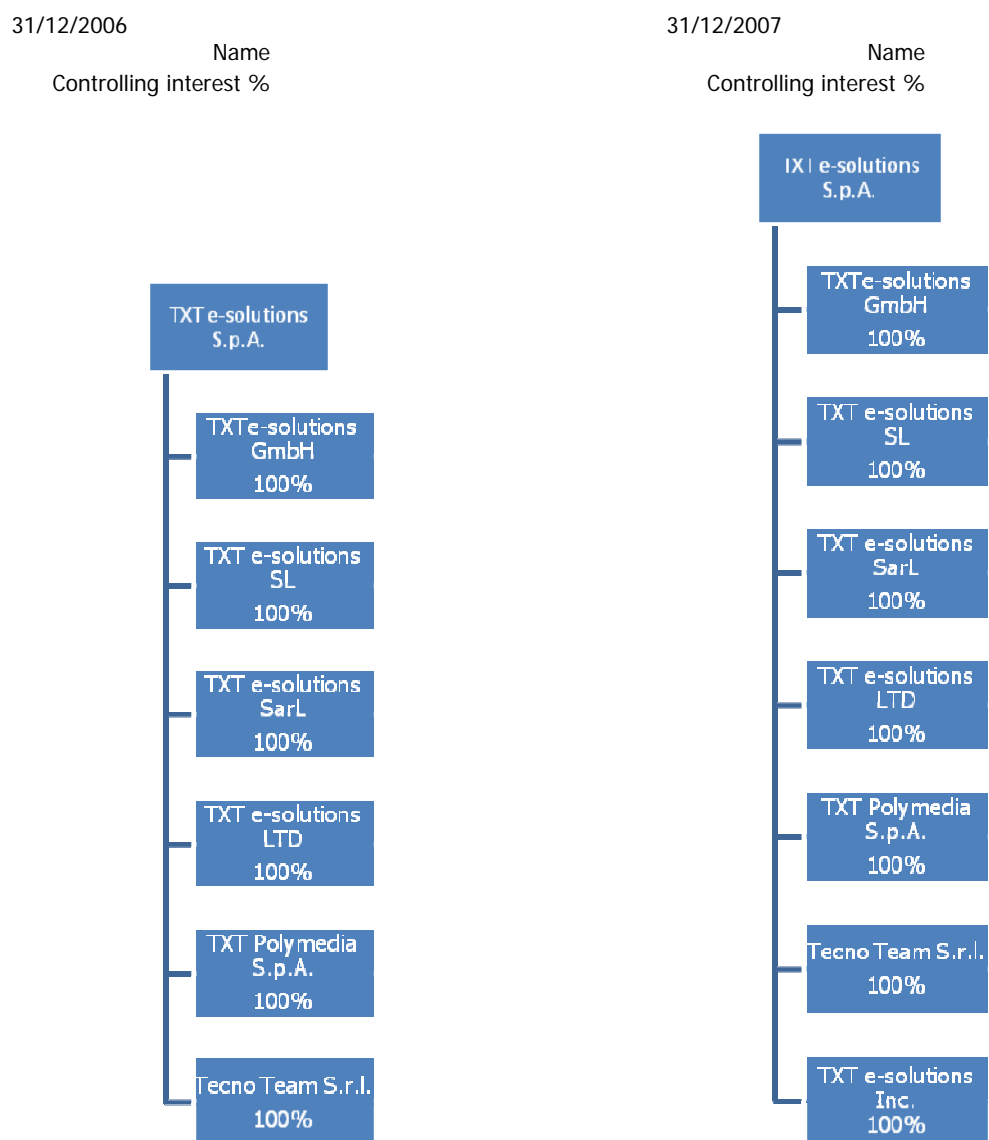
office held until the approval of the accounts at 31/12/2007

Raffele Valletta	Chairman
Francesco Cimmino	Statutory Auditor
Fabio Maria Palmieri	Statutory Auditor
Paolo Maria Mori	Alternate Auditor
Arcangelo Agogliati	Alternate Auditor

INDEPENDENT AUDIT FIRM

Mazars & Guérard Spa
 Corso di Porta Vicentina, 35
 20122 MILAN

Group structure



TXT e-solutions

Summary of results

SUMMARY OF RESULTS

Income statement (in thousands of Euro)	Q4 2007	%	Q4 2006	%	CGE. %
Revenue	14,184	100.0	15,041	100.0	-5.7
of which:					
TXT Perform	5,607	39.5	4,904	32.6	14.3
TXT Polymedia	4,488	31.6	5,060	33.6	(11.3)
TXT Next	4,089	28.8	5,077	33.8	(19.5)
EBITDA	1,470	10.4	604	4.0	143.4
Operating profit	209	1.5	(869)	(5.8)	n.s.
Pre-tax result	(92)	(0.6)	(1,065)	(7.1)	n.s.

Balance sheet data (in thousands of Euro)	31/12/2007 (a)	31/12/2006 (b)	Cge. (a-b)
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Group shareholders' equity (1)	28,825	28,176	649
Total assets	58,940	55,912	3,028
Share capital	1,314	1,312	2
Capital employed	29,969	26,555	3,414
Total non-current assets	17,784	17,248	535
Net financial position (1) Before income taxes	(1,144)	1,621	(2,765)

Share data (in Euro)	31/12/2007 (a)	31/12/2006 (b)	Cge. (a-b)
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Number of shares	2,599,740	2,623,111	(23,371)
Operating result per share	0.12	(0.30)	0.42
Net equity per share	11.09	10.74	0.35

Other information	31/12/2007 (a)	31/12/2006 (b)	Cge. (a-b)
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Number of employees	568	542	26
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TXT share price	€ 12.62	€ 18.61	(5.99)
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Directors' report on operations for the fourth quarter of 2007.

Dear Shareholders,

In the fourth quarter of 2007, the TXT e-solutions Group (hereafter TXT) continued the strong growth in margins thanks to the actions taken to reduce operating costs and to the refocus on higher margin products and more promising development prospects. Research and development investments in new software and new technological platforms continued, as did the expansion in the major European countries and in the United States, with the incorporation of a new legal entity operating directly on the New York market (TXT e-solution Inc.).

The reclassified results of TXT are shown below:

TXT GROUP RESULTS FOR THE FOURTH QUARTER 2007

(in thousands of Euro)	Q4 2007	%	Q4 2006	%	CGE. 07/06 %
REVENUES	14,184	100.0	15,040	100.0	(5.7)
DIRECT COSTS	7,388	52.1	7,828	52.0	(5.6)
GROSS MARGIN	6,796	47.9	7,212	48.0	(5.8)
RESEARCH & DEVELOPMENT COSTS	901	6.4	1,079	7.2	(16.5)
COMMERCIAL COSTS	2,267	16.0	3,173	21.1	(28.6)
GENERAL & ADMINISTRATIVE COSTS	2,159	38.6	2,356	47.2	(8.4)
EBITDA	1,469	10.4	604	4.0	143.2
Amortisation, depreciation and write-downs	1,261	8.9	1,473	9.8	(14.4)
EBIT	208	1.5	(868)	(5.8)	n.s.
Financial income/ (charges)	(300)	(2.1)	(197)	(1.3)	52.3
EBT	(92)	(0.6)	(1,065)	(7.1)	n.s.

The consolidated revenues of TXT in the fourth quarter of 2007 amounted to Euro 14.2 million (Euro 15.0 million in the fourth quarter of 2006). Revenues from sales of licenses and service contracts (including maintenance contracts) of TXT products (TXT Perform and TXT Polymedia) amounted to Euro 3.4 million, double that recorded in the same period of 2006 (Euro 1.7 million).

The consolidated EBITDA in the quarter amounted to Euro 1.5 million, an increase of 143% on the fourth quarter of 2006 (Euro 0.6 million), following the reduction of direct and indirect costs and some non-recurring charges recorded in the final quarter of 2006. The EBITDA margin on revenues therefore increased from 4.0% in the fourth quarter of 2006 to 10.4% in 2007.

Total Research & Development investments amounted to Euro 1.8 million in the quarter, equal to 12.5% of revenues. The portion of investments capitalised was 49% of the total, equal to Euro 0.9 million (Euro 1.0 million in the fourth quarter of 2006). The amount expensed to the income statement was therefore Euro 0.9 million, compared to Euro 1.1 million in the fourth quarter of 2006, due to the focus of development activity on priority projects.

Consolidated Marketing and Sales costs amounted to Euro 2.3 million, a decrease compared to 2006 (Euro 3.2 million) thanks to the effects of the refocus project and the reduction of costs.

The operating profit was Euro 0.2 million, a strong improvement on a loss of Euro 0.9 million in the fourth quarter of 2006.

The EBT was a loss of Euro 0.1 million, compared to a loss of Euro 1.1 million in the fourth quarter of 2006.

TXT GROUP RESULTS FOR FULL YEAR

<i>(in thousands of Euro)</i>	31/12/2007	%	31/12/2006	%	CGE. 07/06
					%
REVENUES	55,459	100.0	56,300	100.0	(1.5)
DIRECT COSTS	27,253	49.1	28,145	50.0	(3.2)
GROSS MARGIN	28,206	50.9	28,155	50.0	0.2
RESEARCH & DEVELOPMENT COSTS	3,588	6.5	3,909	6.9	(8.2)
COMMERCIAL COSTS	11,040	19.9	12,513	22.2	(11.8)
GENERAL & ADMINISTRATIVE COSTS	7,888	45.5	7,784	52.5	1.3
EBITDA	5,690	10.3	3,949	7.0	44.1
Amortisation, depreciation and write-downs	4,166	7.5	4,503	8.0	(7.5)
EBIT	1,524	2.7	(554)	(1.0)	n.s.
Financial income/ (charges)	(655)	(1.2)	(365)	(0.6)	79.5
EBT	869	1.6	(919)	(1.6)	n.s.

Consolidated revenues for the full year of 2007 amounted to Euro 55.5 million, compared to Euro 56.3 million in 2006, a decrease of 1.5%.

In spite of the decrease in revenues, the EBITDA remained stable at Euro 28.2 million, thanks to the efficiency improvements and to the reduction in direct costs (-3.2% compared to 2006). The EBITDA margin on revenues therefore increased from 50.0% in 2006 to 50.9% in 2007.

The EBITDA for the full year 2007 was Euro 5.7 million, an increase of Euro 1.8 million (+44% on 2006 at Euro 3.9 million). The EBITDA margin on revenues therefore increased from 7.0% in 2006 to 10.3% in 2007.

The EBIT in 2007 was Euro 1.5 million, compared to a loss of Euro 0.6 million in 2006, an improvement of

Euro 1.9 million, thanks to the higher EBITDA and a reduction in amortisation and depreciation.

The EBT in 2007 was Euro 0.9 million, compared to a loss of Euro 0.9 million in 2006.

The results by business division reflect the new organisational structure set out in 2007, which takes into account the relative operational and technological areas and changes in the marketplace.

The new structure is as follows:

- **TXT Perform**. Includes the group activities in the software and services segment dedicated to “Demand & Supply Chain Management” in Italy and abroad. The division includes the activities previously included within the I&R “Industry & Retail” division and the activities of the subsidiary Tecnoteam.
- **TXT Polymedia**. Includes the group activities in the management of content for the Media and Telco markets for both its own products and specialised solutions and services including the activities previously included in the M&T “Media & Telecom” division. The division includes research and development activities for the entire TXT group and the research initiatives undertaken with external research centres and universities.
- **TXT Next**. Includes all group services and solutions for clients operating in aerospace and defence (previously included in the A&D “Aerospace & Defence” division), in the banking and finance sector (previously included in the B&F “Banking & Finance” division) and special solutions for industrial sectors. These activities have common technological bases and sales and operating models.

GROSS PROFIT BY BUSINESS AREA

<i>(in thousands of Euro)</i>	TXT PERFORM					CGE. 07/06 %
	31/12/2007	%	31/12/2006	%		
REVENUES	21,076	100.0	17,808	100.0		18.4
Licences and maintenance	7,090	33.6	5,459	30.7		29.9
Services	13,391	63.5	11,652	65.4		14.9
Projects and other revenues	595	2.8	696	3.9		(14.5)
DIRECT COSTS	8,813	41.8	7,441	41.8		18.4
EBITDA	12,263	58.2	10,367	58.2		18.3

<i>(in thousands of Euro)</i>	TXT POLYMEDIA					CGE. 07/06 %
	31/12/2007	%	31/12/2006	%		
REVENUES	17,982	100.0	19,872	100.0		(9.5)
Licences and maintenance	1,929	10.7	945	4.8		104.1
Services	5,522	30.7	7,053	35.5		(21.7)
Projects and other revenues	10,531	58.6	11,874	59.8		(11.3)
DIRECT COSTS	8,870	49.3	10,304	51.9		(13.9)
EBITDA	9,112	50.7	9,568	48.1		(4.8)

<i>(in thousands of Euro)</i>	TXT NEXT					CGE. 07/06 %
	31/12/2007	%	31/12/2006	%		
REVENUES	16,402	100.0	18,621	100.0		(11.9)
Licences and maintenance	266	1.6	166	0.9		60.2
Services	3,629	22.1	3,034	16.3		19.6
Projects and other revenues	12,507	76.3	15,421	82.8		(18.9)
DIRECT COSTS	9,570	58.3	10,400	55.9		(8.0)
EBITDA	6,832	41.7	8,221	44.1		(16.9)

<i>(in thousands of Euro)</i>	TOTAL TXT					CGE. 07/06 %
	31/12/2007	%	31/12/2006	%		
REVENUES	55,460	100.0	56,300	100.0		(1.5)
Licences and maintenance	9,285	16.7	6,570	11.7		41.3
Services	22,542	40.6	21,739	38.6		3.7
Projects and other revenues	23,633	42.6	27,991	49.7		(15.6)
DIRECT COSTS	27,253	49.1	28,145	50.0		(3.2)
EBITDA	28,207	50.9	28,155	50.0		0.2

The consolidated net debt at December 31, 2007 was Euro 1.1 million, an improvement of Euro 1.7 million on the net debt of Euro 2.8 million at September 30, 2007, thanks to the cash flows generated in the final quarter of the year. The net debt position derives from medium-long term debt of Euro 4.5 million, less liquidity held of Euro 3.4 million.

Net financial position			
	31/12/2007	30/09/2007	CGE.
(in thousands of Euro)	(a)	(b)	(a-b)
Cash & Banks	4,719	3,364	1,355
Current financial assets	333	2,212	(1,879)
Bank payables	(1,721)	(3,796)	2,075
Short-term financial position	3,331	1,780	1,551
Bank payables beyond 12 months	(4,475)	(4,629)	154
Total net financial position	(1,144)	(2,849)	1,705

At December 31, 2007, the number of employees was 568, compared to 548 at September 30, 2007 and 542 at December 31, 2006; the increase principally relates to recruitment for the international markets.

In the fourth quarter of 2007, the TXT e-solutions share price was in the range of Euro 12.5 to Euro 17.9.

Executive responsible

Paolo Matarazzo

The Chairman of the Board of Directors

Mr. Alvise Braga IIIa

Milan, February 14, 2008

TXT e-solutions

**Financial statements and
explanatory notes**

Introduction

TXT e-solutions S.p.A., named TXT ingegneria Informatica S.p.A. until March 16, 2000, was founded in 1989 and operates in the IT sector offering solutions, created from software and services, in vital application areas for clients, utilising innovative IT technology.

The TXT e-solutions S.p.A. Group has adopted the IAS/IFRS International Accounting Standards issued by the International Accounting Standards Board and adopted by the European Union following the entry into force of European Regulation No. 1606 of July 2002, from January 1, 2005 and from January 1, 2006 for the separate parent company financial statements.

Notes to the Group accounts

The present quarterly report was prepared in accordance with the provisions contained in IAS 34 "Interim Reporting" and in accordance with International Accounting Standards ("IAS - IFRS") issued by the International Accounting Standards Board and adopted by the European Union, including all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") previously called the Standing Interpretations Committee ("SIC").

The quarterly report at December 31, 2007 consists of the consolidated financial statements and the reclassified consolidated financial statements, prepared in line with, where applicable, those prepared at December 31, 2006 and the annual financial statements of 2006.

During the year, no special circumstances have arisen requiring recourse to the exceptions allowed under IAS 1.

In relation to the nature of the business, the business divisions and to significant events after the end of the year, reference should be made to the directors' report.

The accounting principles utilised in the preparation of the financial statements and the composition and changes in the individual accounts are illustrated below. All of the comparative data for the corresponding period of 2006 were restated according to the new accounting principles.

All values are expressed in Euro, unless otherwise stated.

The publication and the issue of the present document were approved by the Board of Directors on February 14, 2008.

Consolidation principles and accounting policies

For consolidated purposes, the financial statements of the individual companies are fully consolidated, appropriately adjusted, where considered necessary, in order to apply uniform accounting principles adopted by the Parent Company.

All the subsidiary companies included in the consolidation scope are consolidated on a line-by-line basis.

The financial statements of foreign companies in currencies other than the Euro are converted into Euro applying the period end rate to the individual balance sheet accounts (current exchange rate method), the historic rates to the net equity accounts and the average exchange rate for the year to the individual income statement accounts. The differences arising are classified in a net equity account ("Translation Reserve" under "Other Reserves") until the disposal of the investment. In the preparation of the consolidated "cash flow", the average exchange rate is used to convert the cash flows of foreign subsidiaries.

The results reported, in accordance with applicable regulations for the preparation of the quarterly report, do not include income taxes for the period.

For a better understanding of the results of the ordinary industrial, financial and fiscal operations, the income statement presents the following intermediary results:

- Operating result before financial income/charges, income taxes, amortisation/depreciation and write-downs (EBITDA) of Euro 5,689,849;

- Operating result before financial income/charges and income taxes (Ebit) of Euro 1,524,268;
- Pre-tax result Euro 869,201.

The results reported, in accordance with applicable regulations for the preparation of the quarterly report, do not include income taxes for the period.

The cash flow statement at December 31, 2007 was also prepared.

Consolidation criteria

In the preparation of the quarterly report, the accounting principles and valuation criteria contained in EU regulation No. 1606/2002 and subsequent modifications and integrations were utilised. The principle consolidation criteria utilised are the following:

- a) the carrying value of the investments held by the Parent Company in the subsidiaries included in the consolidation area are eliminated against the relative shareholders' equity, and the assets and liabilities are recorded under the line-by-line method.
There is no minority interest share of net equity.
- b) receivables and payables, revenues and costs between group companies included in the consolidation area are eliminated.
- c) the translation into Euro of the financial statements of the two companies operating outside of the Euro area (TXT e-solutions LTD) and TXT e-solutions Inc., was made as follows: The assets and the liabilities are translated at the period end exchange rate (1 UK£ = Euro 1.3571 and Euro 1 = US\$ 1.4721), while the income statement is translated at the average rate (1 UK£ = Euro 1.4125 and Euro 1 = US\$ 1.37048); the translation differences deriving from the adjustment of the opening net equity at period end exchange rates are recorded in the net equity account "Translation Reserve" under "Other Reserves"; the difference deriving from the translation of the result for the period at the average exchange rate compared to the translation at the period end exchange rate was recorded in net equity under the account "Translation Reserve" .

The valuation and measurement of the amounts recorded in the accounts at December 31, 2007 are in accordance with the IAS/IFRS accounting standards currently in force and on their current "interpretation" as per the documents issued by the International Financial Reporting Interpretations Committee (IFRIC).

TXT e-solutions Group

Consolidated financial statements at 31/12/2007

CONSOLIDATED BALANCE SHEET: ASSETS				
amounts in Euro	Note	31/12/2007	31/12/2006	Change
NON-CURRENT ASSETS:				
Intangible assets		13,539,625	12,590,460	949,165
- Goodwill		4,794,828	4,794,828	0
- R&D		6,654,222	5,602,371	1,051,851
Intangible assets with definite life		2,090,575	2,193,261	(102,686)
Property, plant & equipment		1,730,159	2,073,445	(343,286)
Property, plant and equipment owned		1,712,263	1,773,435	(61,172)
Leased fixed assets		17,896	300,010	(282,114)
Other non-current assets		382,567	355,715	26,851
- Equity Investments		214,001	214,000	1
- Other receivables and non-current assets		168,566	141,715	26,850
Deferred tax assets		2,232,216	2,228,795	3,421

TOTAL NON-CURRENT ASSETS	(A)	17,884,567	17,248,416	636,151
CURRENT ASSETS:				
Inventories		2,608,798	3,574,303	(965,506)
Trade receivables and other current assets		33,394,118	26,789,500	6,604,617
Securities available-for-sale		333,121	4,396,772	(4,063,651)
Cash and cash equivalents		4,719,222	3,903,496	815,726
TOTAL CURRENT ASSETS	(B)	41,055,259	38,664,072	2,391,187
TOTAL ASSETS	(A+B)	58,939,826	55,912,488	3,027,338

CONSOLIDATED BALANCE SHEET LIABILITIES				
amounts in Euro	Note	31/12/2007	31/12/2006	Change
SHAREHOLDERS' EQUITY:				
Share Capital		1,313,770	1,311,556	2,214
Reserves		27,479,755	27,681,273	(201,518)
Retained earnings/losses		(837,312)	1,160,486	(1,997,798)
Profit/loss in the year		869,201	(1,977,476)	2,846,678
TOTAL SHAREHOLDERS' EQUITY	(A)	28,825,414	28,175,839	649,575
NON-CURRENT LIABILITIES:				
Non-current financial liabilities		4,475,130	2,782,823	1,692,308
Employee leaving indemnity and employee provisions		5,372,732	5,519,987	(147,254)
Deferred tax liabilities		0	0	0
Provisions for risks and future charges		0	0	0
Other payables and other financial liabilities		0	60,000	(60,000)
TOTAL NON-CURRENT LIABILITIES	(B)	9,847,863	8,362,809	1,485,053
CURRENT LIABILITIES:				
Current financial liabilities		1,721,198	3,852,628	(2,131,430)
Trade payables		6,883,659	7,247,836	(364,177)
Tax payables		4,634,940	1,863,255	2,771,684
Other payables and other financial liabilities		7,026,750	6,410,120	616,630
TOTAL CURRENT LIABILITIES	(C)	20,266,547	19,373,840	892,707
TOTAL LIABILITIES	(E=B+C)	30,114,409	27,736,649	2,377,760
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	(A+E)	58,939,823	55,912,488	3,027,335

(amounts in Euro)	Q4 2007	Q4 2006	Change	%	Year 2007	Year 2006	Change	%
Revenues	13,124,014	11,601,878	1,522,136	13.12	52,178,588	53,076,582	(897,993)	(1.69)
Other income	1,060,448	3,437,901	(2,377,452)	(69.15)	3,281,235	3,222,945	58,290	1.81
Other revenues and other income	14,184,462	15,039,778	(855,316)	(5.69)	55,459,823	56,299,527	(839,703)	(1.49)
Material and services	(5,247,724)	(5,974,111)	726,387	(12.16)	(19,904,948)	(22,173,795)	2,268,847	(10.23)
Personnel costs	(6,881,758)	(7,664,238)	782,480	(10.21)	(27,529,681)	(27,710,195)	180,514	(0.65)
Other operating costs	(585,378)	(797,772)	212,395	(26.62)	(2,335,346)	(2,466,856)	131,511	(5.33)
EBITDA	1,469,602	603,657	865,945	143.45	5,689,849	3,948,681	1,741,168	44.09
Amortisation, depreciation & write-downs	(1,260,807)	(1,455,154)	194,347	(13.36)	(4,165,581)	(4,485,574)	319,994	(7.13)
Gains/Losses on sale of non-current assets	0	0	0		0	0	0	
Write-backs/write-downs of non-current assets	0	(17,494)	17,494	0.00	0	(17,494)	17,494	0.00
EBIT	208,795	(868,990)	1,077,786	(124.03)	1,524,268	(554,387)	2,078,655	(374.95)
Financial income	76,448	85,597	(9,149)	(10.69)	224,125	264,390	(40,265)	(15.23)
Financial charges	(377,364)	(281,923)	(95,441)	33.85	(879,192)	(629,693)	(249,499)	39.62
Pre-tax result	(92,121)	(1,065,317)	973,196	(91.35)	869,201	(919,690)	1,788,892	(194.51)

TXT e-solutions Group

CONSOLIDATED CASH FLOW AT 31/12/2007

(in thousands of Euro)	31/12/2007
Beginning Cash Flow	8,300
Net profit (loss) for the year	869
Amortisation, depreciation and write-downs	4,058
Other non-cash costs	155
Cash flow generated operating activities:	5,082
- Trade receivables	(1,526)
- Inventory and work in progress	966
- Other current assets	(5,354)
- Trade payables	(384)
- Client advances	(442)
- Taxes payable	2,772
- Other current liabilities	1,059
- Employee leaving indemnity and pension benefits paid in the period	(359)
- Other medium/long term assets and liabilities	245
Changes in assets and liabilities in the year	(3,024)
Change from operating activities	2,058
Increase in intangible assets	(4,572)
Increase in property, plant and equipment	(634)
Decrease in intangible and tangible assets	541
Changes from investing activities	(4,664)
Payables to banks	(439)
Increase in share capital and share premium reserves (exercise of stock options)	(78)
Conversion effect of consolidation of foreign companies	(121)
(Increase) decrease in financial assets	(3)
Sources (Uses) of cash from financing activities	(641)
Increase (decrease) in cash and banks	(3,248)
Ending Cash Flow	5,052

COMMENTS ON SELECTED FINANCIAL STATEMENT ACCOUNTS

BALANCE SHEET

FIXED ASSETS

Intangible assets with an indefinite life

	At 31/12/2006			Changes in the year					At 31/12/2007		
	Cost	Accumulated amortisation	Net value	Acquisition/ Capitalisation	Disposals	Other movements	Amortisation	Total	Cost	Accumulated amortisation	Net value
(amount in Euro)											
Goodwill	5,454,036	(1,050,821)	4,403,214	0	0	0	0	0	5,454,036	(1,050,821)	4,403,214
Consolidation difference	391,614	0	391,614	0	0	0	0	0	391,614	0	391,614
Total intangible assets with an indefinite life	5,845,650	(1,050,821)	4,794,828	0	0	0	0	0	5,845,650	(1,050,821)	4,794,828

Intangible assets with definite life

	At 31/12/2006			Changes in the year					At 31/12/2007		
	Cost	Accumulated amortisation	Net value	Acquisition/ Capitalisation	Disposals	Other movements	Amortisation	Total	Cost	Accumulated amortisation	Net value
(amount in Euro)											
Software licenses	1,692,026	(1,149,624)	542,402	24,364	0	0	(220,561)	(196,196)	1,716,390	(1,370,185)	346,206
Trademarks	15,973	(15,973)	0	0	(5,279)	5,279	0	0	15,973	(15,973)	0
Research, development and advert.	15,027,291	(9,424,920)	5,602,371	3,883,165	0	0	(2,831,314)	1,051,850	18,910,456	(12,256,234)	6,654,222
Intangible assets in progress	1,598,376	0	1,598,376	660,048	(514,060)	0	0	145,988	1,744,364	0	1,744,364
Other intangible assets	13,707	(13,707)	0	0	0	0	0	0	13,707	(13,707)	0
Non-competition agreement	200,000	(150,000)	50,000	0	0	0	(50,000)	(50,000)	200,000	(200,000)	(0)
Total intangible assets with definite life	18,547,373	(10,754,224)	7,793,149	4,567,578	(519,340)	5,279	(3,101,875)	951,643	22,600,890	(13,856,099)	8,744,791

Property, plant and equipment

	At 31/12/2006			Changes in the year					At 31/12/2007		
	Cost	Accumulated depreciation	Net value	Acquisition/ Capitalisation	Disposals	Other movements	Amortisation	Total	Cost	Accumulated depreciation	Net value
(amount in Euro)											
Plant	3,023,867	(2,453,784)	570,083	472,102	0	0	(236,153)	235,949	3,495,970	(2,689,937)	806,033
Auto vehicles	263,235	(125,530)	137,705	39,955	(16,830)	(18)	(22,091)	1,015	286,342	(147,621)	138,721
Furniture and fittings	884,001	(507,733)	376,268	49,486	(414)	0	(87,106)	(38,034)	933,073	(594,840)	338,234
Ordinary office machines	11,250	(7,656)	3,595	10,584	0	140	(1,817)	8,908	21,975	(9,472)	12,503
EDP	2,232,829	(1,654,086)	578,743	14,192	(4,213)	1,011	(274,959)	(263,968)	2,243,820	(1,929,046)	314,775
Other assets	220,164	(220,164)	0	21,942	0	(258)	(5,847)	15,837	241,847	(226,011)	15,837
Leasehold improvements	1,133,279	(1,049,853)	83,426	25,240	0	0	(22,503)	2,737	1,158,519	(1,072,356)	86,163
Leasing	3,520,442	(3,197,489)	322,953	0	0	0	(305,060)	(305,060)	3,520,442	(3,502,549)	17,893
Total property, plant and equipment	11,289,068	(9,216,296)	2,072,772	633,502	(21,457)	876	(955,536)	(342,616)	11,901,988	(10,171,831)	1,730,157

- Intangible assets is comprised of:

- "Goodwill" includes the value of goodwill deriving from the purchase of the business "Logilab", valued at Euro 2.1 million, of the company "Program", valued at Euro 1 million and of "MSO Concept GmbH", valued at Euro 2.3 million; under IAS/IFRS accounting standards, goodwill is no longer subject to amortisation as it has an indefinite life. The goodwill was subject to an "impairment test" from which no write-down arose;
- "Consolidation Difference" is calculated as the positive difference between the cost for the full acquisition of the company "Tecno Team Srl" and the net equity of the company; under IAS/IFRS accounting standards, goodwill is no longer subject to amortisation as it has an indefinite life. The amount recorded was subject to an "impairment test" from which no write-down arose.
- *The research and development costs* refer to the charges incurred for the applied research and development of the Polymedia and Supply Chain Management product lines. These costs relate to clearly defined products with certain realisation or recoverability through future revenues deriving from the products. These costs are amortised systematically on a straight line basis over the usual life of the asset produced, which is the estimate of the period in which the asset will produce revenues.
- *Intangible assets in progress* are the research and development costs (internal and external) incurred for the acquisition or the internal production of intangible fixed assets relating to projects

not yet completed. The intangible fixed assets in course and advances are recorded in this account until:

- they have an economic utilisation (either acquisition of the ownership right or completion of the product) and in such cases are reclassified in the respective intangible asset accounts; from this moment they are amortised;
 - or they cease to have future economic utilisation - in this case it is necessary to record the expenses in the income statement.
- *Concessions, licenses and trademarks*, include software license acquired principally by the parent company for the functioning of internal systems as well as to implement the products of the SC&CM and Polymedia lines and for the internal management system; the amount relating to trademarks refer to the costs incurred by the parent company for the European registration of the trademark TXT.
 - *Non-competition agreement*, refers to the value recognised to directors of the company MSO Concept GmbH as payment for compliance with the non-competition agreements signed on the acquisition of the company and is for a period of three years.

SHAREHOLDERS' EQUITY

- The changes in net equity compared to the end of the previous year relate to the allocation of the result of the previous year, to the increase in the share capital and share premium reserve due to the issue of new shares following the exercise of stock options by employees of the company and to the increase of the reserve for actuarial differences on the employee leave indemnity. The movement in the shareholders' equity is shown in the table below:

TXT e-solutions Group						
(amount in Euro)	At 31/12/2006	Share capital increase	Allocation of the result for the year	Other changes	Total	At 31/12/2007
Share capital	1,311,555	2,215	0	0	2,215	1,313,770
Share premium reserve	27,150,720	81,546	0	(184,910)	(103,364)	27,047,356
Legal reserve	279,130	0	22,715	0	22,715	301,845
Treasury shares reserves	0	0	0	0	0	0
Other reserves	23,557	0	0	(120,870)	(120,870)	(97,313)
Retained earnings/losses	1,160,487	0	(2,000,191)	2,383	(1,997,808)	(837,321)
Stock option reserves	938,598	0	0	0	0	938,598
Actuarial differences on employee leaving indemnity	(710,732)	0	0	0	0	(710,732)
Result for the year	(1,977,476)	0	1,977,476	869,210	2,846,686	869,210
Total Group shareholders' equity	28,175,840	83,761	0	565,813	649,574	28,825,414

INCOME STATEMENT

- Revenues are broken down as follows:

Division of service revenues by geographic area			
(in Euro)	at 31/12/2007	at 31/12/2006	Changes
Italy	31,626,741	38,355,236	(6,728,495)
European Union	15,457,149	9,835,006	5,622,142
Non-EU countries	1,248,749	1,262,163	(13,414)
Total	48,332,639	49,452,405	(1,119,766)

Division of product revenues by geographic area			
(in Euro)	at 31/12/2007	at 31/12/2006	Changes
Italy	4,077,324	2,695,262	1,382,061
European Union	2,522,937	3,517,501	(994,564)
Non-EU countries	526,919	195,049	331,870
Total	7,127,180	6,407,813	719,367

- The account other revenues includes grants for research received from the EU and University Ministry for research projects totaling Euro 883 thousand recorded in the quarter (Euro 2,161,539 at December 31, 2006; Euro 1,256,081 at September 30, 2007; Euro 2,138,879 at December 31, 2007).
- Personnel costs amounted to 48.52% of the value of production in the quarter; the account includes all costs for personnel including merit increases, promotions, vacation days not taken and provisions in accordance with law and collective contractual agreements.
- Depreciation has been calculated based on the duration of the useful life of the asset or on the cost capitalised and its use in production.
- The financial result reflect the limited use of short-term financing (advances on invoices and overdrafts) granted by banks at market conditions, the utilisation of loans granted to the parent company of Euro 4,475,130 at a subsidised interest rate for research and development (at December 31, 2006 equal to 3.815%) and the investments of the liquidity held prevalently in cash and government security mutual funds.

Transactions of the Parent Company TXT e-solutions S.p.A with related companies at 31/12/07								
(in thousands of Euro)	TXT Polymedia S.p.A	Tecno Team Srl	TXTe-solutions GMBH	TXT e-solutions S.L.	TXT e-solutions S.A.R.L	TXT e-solutions Ltd	TXT e-solutions Inc.	Total
Revenues from royalties	0	0	190	122	647	387	0	1,346
Revenues from various services	2,101	228	119	186	1,055	500	23	4,212
Interest on loans	16	26	12	0	2	0	0	56
Royalty costs	60	4	0	0	0	0	0	64
Other service costs	607	47	255	3	53	11	0	976
Interest costs	0	0	0	0	0	0	0	0

For the Board of Directors
The Chairman
Mr. Alvise Braga IIIa

Executive responsible for the accounts
Mr. Paolo Matarazzo

PARENT COMPANY BALANCE SHEET AND INCOME STATEMENT

BALANCE SHEET: ASSETS				
amounts in Euro		31/12/2007	31/12/2006	Change
NON-CURRENT ASSETS:				
Intangible assets		7,237,915	6,549,582	688,333
- Goodwill	1	800,000	800,000	0
- R&D	2	4,393,155	3,988,493	404,662
- Intangible assets with definite life		2,044,759	1,761,089	283,671
Property, plant & equipment	3	935,905	1,006,037	(70,131)
- Property, plant and equipment owned		935,905	1,006,037	(70,131)
- Leased fixed assets		0	0	0
Other non-current assets		8,552,199	7,623,000	929,199
- Equity Investments	4	7,160,831	4,360,444	2,800,387
- Other receivables and other non-current assets	5	1,391,368	3,262,556	(1,871,188)
Deferred tax assets	6	2,167,195	2,164,125	3,070
TOTAL NON-CURRENT ASSETS	(A)	18,893,214	17,342,744	1,550,471
CURRENT ASSETS:				
Inventories	7	2,174,598	2,752,696	(578,098)
Trade receivables and other current assets	8	26,838,842	23,785,839	3,053,003
Securities available-for-sale	9	0	4,229,150	(4,229,150)
Cash and cash equivalents		3,184,949	2,338,815	846,133
TOTAL CURRENT ASSETS	(B)	32,198,389	33,106,500	(908,111)
TOTAL ASSETS	(A+B)	51,091,603	50,449,244	642,359
BALANCE SHEET: LIABILITIES				
amounts in Euro		31/12/2007	31/12/2006	Change
SHAREHOLDERS' EQUITY:				
Share Capital		1,313,770	1,311,556	2,214
Reserves	10	27,858,033	27,961,397	(103,363)
Retained earnings/losses		(2,718,436)	(175,473)	(2,542,963)
Profit/loss in the year		(922,345)	(2,542,963)	1,620,618
TOTAL SHAREHOLDERS' EQUITY	(A)	25,531,022	26,554,516	(1,023,494)
NON-CURRENT LIABILITIES:				
Non-current financial liabilities		4,475,130	2,782,823	1,692,308
Employee leaving indemnity and employee provisions	11	4,258,318	4,344,336	(86,018)
Deferred tax liabilities		0	0	0
Provisions for risks and future charges		0	0	0
Other payables and other financial liabilities	12	0	102,313	(102,313)
TOTAL NON-CURRENT LIABILITIES	(B)	8,733,448	7,229,472	1,503,977
CURRENT LIABILITIES:				
Current financial liabilities	13	1,648,273	3,742,035	(2,093,762)
Trade payables	14	8,894,479	8,423,414	471,065
Tax payables	15	2,382,280	609,075	1,773,206
Other payables and other financial liabilities	16	3,902,100	3,890,733	11,367
TOTAL CURRENT LIABILITIES	(C)	16,827,133	16,665,257	161,876
TOTAL LIABILITIES	(E=B+C)	25,560,581	23,894,728	1,665,853
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	(A+E)	51,091,603	50,449,244	642,359

INCOME STATEMENT									
(amount in Euro)	Q4 2007	Q4 2006	Change	%	Year 2007	Year 31/12/2006	Change	%	
Revenues	7,053,902	15,286,635	(8,232,733)	(53.86)	29,483,385	34,095,046	(4,611,662)	(13.53)	
Other income	939,925	1,609,242	(669,317)	(41.59)	2,872,003	2,786,294	85,709	3.08	
Total revenues and other income	7,993,826	16,895,877	(8,902,050)	(52.69)	32,355,387	36,881,340	(4,525,953)	(12.27)	
Materials and services	(2,496,454)	(7,306,266)	4,809,813	(65.83)	(11,515,308)	(16,385,976)	4,870,668	(29.72)	
Personnel costs	(4,222,750)	(9,226,026)	5,003,276	(54.23)	(16,859,000)	(18,632,967)	1,773,967	(9.52)	
Other operating costs	(336,240)	(708,387)	372,147	(52.53)	(1,428,118)	(1,481,900)	53,782	(3.63)	
EBITDA	938,383	(344,803)	1,283,186	(372.15)	2,552,960	380,497	2,172,464	570.96	
Amortisation, depreciation and write-downs	(690,634)	(1,320,568)	629,934	(47.70)	(2,242,332)	(2,208,726)	(33,607)	1.52	
Gains/Losses on sale of non-current assets	0	(83,494)	83,494		0	(83,494)	83,494		
Write-backs/write-downs of non-current assets	0	0	0	0.00	0	0	0	0.00	
EBIT	247,749	(1,748,865)	1,996,614	(114.17)	310,628	(1,911,723)	2,222,351	(116.25)	
Financial income	11,547	209,966	(198,419)	(94.50)	155,722	313,564	(157,842)	(50.34)	
Financial charges	(371,861)	(296,740)	(75,121)	25.32	(802,432)	(522,635)	(279,798)	53.54	
Pre-tax result	(112,565)	(1,835,639)	1,723,074	(93.87)	(336,082)	(2,120,794)	1,784,712	(84.15)	