CDC GROUP

2007 ANNUAL REPORT AT 31st DECEMBER

HIGHLIGHTS

CONTENTS

Group highlights and general information

2007 Annual report at 31st December

1.HIGHLIGHTS

(in thousands of euros)

Economics

Dec 31st, 2007	Dec 31st, 2006	
470.632	543.327	Net revenues
13.323	10.095	EBITDA
4.681	2.094	EBIT
2.613	(4.590)	EBT
155	(6.214)	Net result for the period
155	(6.214)	Net result attributable to the Group
0,0126	(0,5067)	Basic earnings per share (€)
0,0126	(0,5047)	Diluted earnings per share (€)

Financial

Dec 31st, 2007	Dec 31st, 2006	
56.190	45.638	Net current assets
29.411	35.232	Net non current assets
(36.588)	(28.829)	Net financial position
(6.128)	(9.326)	Other provisions
(42.885)	(42.715)	Equity
474	581	Employees (number at period end)

2.HISTORY AND MISSION

CDC Point SpA, a company listed on the MTA ordinary segment of the Italian Stock Exchange, was founded in 1986 by Giuseppe Diomelli, current Chairman of the company.
The mission has always been to "spread simple technologies" with the goal of offering customers tailored solutions. This philosophy and engagement have enabled CDC to be, since 1986, one of the major reference operators in the Italian information technology market, contributing to the modernization of the country.

The experience gained in over 20 years activity and a business model unique in the market sector make CDC group one of the major Italian players in the distribution of Information Technology products.

The formula for success depend on the CDC multichannel strategy and presence in the value chain, both of which make it possible to serve quickly and effectively all market segments, from family to small and medium enterprises, to get to large companies and Public Administration. The business model is based on the following point of strengths:

- capillary network sales, both retail and wholesale;
- ability to innovate and offer its own brand products;
- technical excellence of the logistic platform and quality of the business processes.

The CDC policy has always concentrated on the Italian market, built on two basic guidelines: Select the quality convenient and spread simple technologies. The company did this by constant selection of products right for the domestic market, including those proposed by the main international vendor with which over time has made solid distribution agreements and partnerships, and those coming from the no-brand market.

Thanks to excellent technical skills, CDC was able to design and produce a wide range of own brand computers, designed and built to meet the specific requirements of the domestic market, often even anticipating trends.

CDC currently approach the Personal Computer market with different product lines: Premium (high-quality computers), Cybermate (products dedicated to professionals) and Next (computer as a price cheaper than the branded products).

However, the needs of computer users are not limited to computers; for this reason the continuing search for new products in international markets is targeted to support PC offer with a wide range of own brand products and accessories. CDC has developed two additional own brand products lines: Kraun and Inkdrops. Under the brand Kraun has a range of more than five hundred products divided into six categories as desktop, mobility, music & photo, networking, connectivity, protection.
Under the brand InkDrops instead are offered to the market complete lines of cartridges, toner and paper compatible for all printers produced by the main world producers, including HP, Lexmark, Epson, Canon, Samsung, Brother.

3. BOARD OF DIRECTORS AND AUDITORS

BOARD OF DIRECTORS

	Office	Mandate expiring
Giuseppe Diomelli	Chairman	2007 approval of accounts
Paolo Lenzi	Chief Executive Officer	2007 approval of accounts
Enrico Barachini	Independent Director	2007 approval of accounts
Enrico Giordano	Independent Director	2007 approval of accounts
Elena Cenderelli	Independent Director	2007 approval of accounts
Emilio Vitale	Independent Director	2007 approval of accounts

Elena Cenderelli, as Chairman, and Emilio Vitale are member of the Internal Audit Committee.
Enrico Giordano, as Chairman, Enrico Barachini and Emilio Vitale are member of the Compensation Committee.
Enrico Barachini was nominated lead independent director during the last June 27th, 2007 Board of Directors.

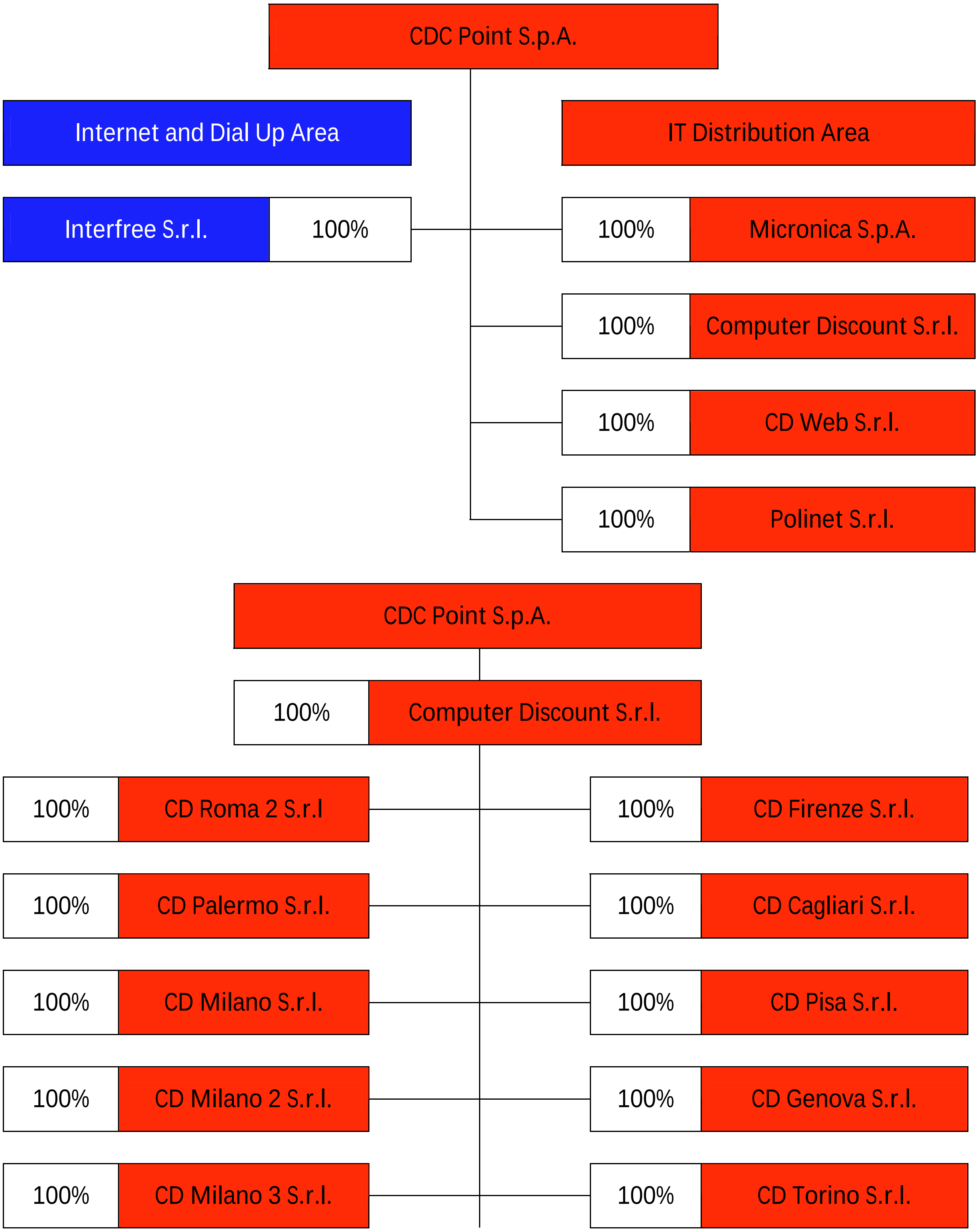
BOARD OF STATUTORY AUDITORS

	Office	Mandate expiring
Carlo Bossi	Chairman	2007 approval of accounts
Alberto Lang	Permanent Auditor	2007 approval of accounts
Daniela Carli	Permanent Auditor	2007 approval of accounts
Enzo Polidori	Alternate Auditor	2007 approval of accounts
Alessia Bastiani	Alternate Auditor	2007 approval of accounts

INDIPENDENT AUDITORS

Deloitte & Touche S.p.A. – mandate expiring with approval of accounts for the year ending 31st December 2008

4.GRUOP STRUCTURE



100%	CD Milano 4 S.r.l.	100%	C.V.M. S.r.l.
100%	CD Milano 5 S.r.l.	100%	CD Roma S.r.l..
100%	CD Milano 6 S.r.l. in liquidation	100%	CD Verona S.r.l. in liquidation
100%	CD Napoli 2 S.r.l.	100%	CD Catania S.r.l.
100%	Soluzioni Informatiche S.r.l.	100%	CD Arezzo S.r.l. in liquidation
100%	CD Bari 2 S.r.l.	100%	Belcor S.r.l. in liquidation

5. REPORT ON OPERATION

The 2007 fiscal year has been characterized by the return to the economic breakeven of the Group, due to initiatives towards the re-focalization on its own IT distribution core business and, in general, on areas/segments with wider possibility of profit margin, and to the improvement of performance and efficiency.
On the whole, many significant actions were taken both for the operating costs and human resources reduction and for support of profit margin along with improving working capital: all these actions permitted to close the year with a moderate profit (155 K€), in countertrend respect to the loss of more than 6 million recorded at the end of the year 2006.
This result is due to the strong efforts made by directors, management and employees towards the reorganization of the company.
Moreover this important result was obtained after allowances and, in particular, for receivables devaluation and for obsolescence fund.
During 2007, CDC Group achieved a consolidated turnover equal to 471 M€, decreasing by 13.38% compared to 2006 (543 M€). The fall of turnover was mainly recorded by the Retail division (Computer Discount shops, Consumer electronics/Mass Merchandising).
According to Sirmi, during the year 2007 Information Technology market increased by 3,1% in value, whereas the Distribution division revenues (which represents about 70% of CDC consolidated turnover) decreased by 2%.
According to GFK, the Retail segment, on which CDC Group operates with Computer Discount brand, decreased by 14,3% during 2007 compared to the previous year.
The Internet business showed net revenues equal to 3,1 M€ against 4 M€ in 2006, decreasing by 24,14%.
The revenues of distribution division, generated by Cash & Carry network, Amico channel and B2B e-commerce platform decreased by 6,7% , from 341,7 M€ of the previous year, to 318,8 M€ achieved during 2007.
The retail sales, (Computer Discount chain, Compy and Mass Merchandising channels) decreased by 26,07%, from 180,3 M€ in 2006 to 133,3 M€ in 2007.
The range of products and services provided to clients include branded product, supplied by major international IT manufacturers as HP-Compaq, Acer, Toshiba, Epson, Microsoft.
During 2007, CDC Group increased its own brand products sales (Kraun, InkDrops e CDC).
Referring to the Internet area, revenues were achieved through the affiliation of about 80,000 active users, which generated total internet traffic of about 490 million minutes.
The net turnover generated by Internet area, mainly due to the sharing revenues paid by the leading telecom carriers, was equal to 3,1 M€, compared to 4,1 M€ of 2006, decreasing by 24.20% .
The % consolidated gross margin, net of other incomes, increased, compared to the previous year, from 10,19% to 11,34% of 2007.
The increase in margin was due to the new policy focused to increase sales with own brand products and to offer a wider range of products with better services.
In 2007 CDC Group had a profit, after taxes, equal to 155 h€ against a loss of 6,2 M€ of the previous year. Taxes affected the 2007 result for 2,5 M€, with a ratio on sales equal to 0,52% increasing compared to 2006 (1,624 M€, ratio on sales equal to 0,30%).
The Group’s Ebitda was positive for 13,3 M€, against 10,1 M€ of 2006, whereas Ebit was equal to 4,7 M€ against 2,1 M€ of 2006.
After net financial expenses, equal to 2,1 M€, and the share of earnings of equity investments in associated accounted (negative for 0,011 M€), and taxes, equal to 2,5 M€, the net consolidated result from continuing operations shows a profit equal to 0,155 K€, compared to a negative result for 6,2 M€ of 2006.
The financial position of the Group as of December 31, 2007 was negative for 36,6 M€, compared to 28,8 M€ as of December 31, 2006; the Group’s financial statement shows a net equity equal to 42,9 M€, compared to 42,7 M€ of 2006.

6.GROUP RESULTS

Income statement

CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31st, 2007

Consolidated Income Statement	December 31st, 2007		December 31st, 2006		VAR	
(Reclassified by nature in thousands of euros)						
1. Revenues	469.802	99,82%	541.521	99,67%	(71.719)	-13,24%
2. Other Income	830	0,18%	1.806	0,33%	(976)	-54,04%
I - TOTAL REVENUES AND OPERATING INCOME	**470.631**	**100,00%**	**543.327**	**100,00%**	**(72.695)**	**-13,38%**
3. Purchase costs	(416.515)	-88,50%	(486.340)	-89,51%	69.825	-14,36%
4. Service costs	(21.771)	-4,63%	(24.873)	-4,58%	3.102	-12,47%
5. Labour costs	(17.872)	-3,80%	(20.655)	-3,80%	2.783	-13,47%
6. Other operating costs	(1.151)	-0,24%	(1.364)	-0,25%	213	-15,62%
EBITDA	**13.323**	**2,83%**	**10.095**	**1,86%**	**3.228**	**31,98%**
7. Amortization of intangible fixed assets	(2.412)	-0,51%	(1.788)	-0,33%	(624)	34,90%
8. Depreciation on tangible fixed assets	(2.999)	-0,64%	(3.309)	-0,61%	310	-9,37%
9. Gains/losses on disposal of non-current assets	1	0,00%	17	0,00%	(16)	
10. Provision and impairment reversal/losses on non-current assets	(3.231)	-0,69%	(2.921)	-0,54%	(310)	10,61%
II - EBIT	**4.681**	**0,99%**	**2.094**	**0,39%**	**2.588**	**123,59%**
11. Share of earnings of equity investments in associated companies valued according to the shareholders'equity method	(11)	0,00%	(3.295)	-0,61%	3.284	
12. Financial income	2.853	0,61%	2.235	0,41%	618	27,65%
13. Financial expenses	(4.910)	-1,04%	(5.624)	-1,04%	714	-12,70%
III - EBT	**2.613**	**0,56%**	**(4.590)**	**-0,84%**	**7.204**	**-156,95%**
14. Income taxes for the period	(2.459)	-0,52%	(1.624)	-0,30%	(835)	51,42%
IV - NET INCOME FROM CONTINUING OPERATIONS	**155**	**0,03%**	**(6.214)**	**-1,14%**	**6.368**	**-102,48%**
15. Net income from continued operations/assets held for sale	0	0,00%	0	0,00%		
V - NET INCOME	**155**	**0,03%**	**(6.214)**	**-1,14%**	**6.368**	**-102,48%**
16. Income (loss) attributable to minority interest	0	0,00%	0	0,00%		
VI - NET INCOME ATTRIBUTABLE TO CDC GROUP	**155**	**0,03%**	**(6.214)**	**-1,14%**	**6.368**	**-102,48%**

Balance Sheet Statement

Consolidated Balance Sheet As Of 31st December	2007	2006
(in thousands of euros)		
ASSETS		
A. Non-current assets		
1. Acquisition of sales network and internet portals	4.055	6.210
2. Trademarks	7.759	7.821
3. Other intengible assets	438	579
A.I - Intangible assets	**12.252**	**14.610**
4. Lands	754	754
5. Buildings	5.675	5.884
6. Real estate investments	1.439	2.882
7. Other tangible assets	6.031	8.059
A.II - Tangible assets	**13.899**	**17.579**
8. Equity investments in subsidiaries	0	8
9. Equity investments in associated companies valued according to the shareholders'equity method	0	0
10. Other financial asstets and equity investments in other companies	280	324
A.III - Long-term investments	**280**	**333**
B. Deferred taxs assets	**2.220**	**2.710**
- Total non-current assets	**28.651**	**35.232**
C. Current assets		
1. Inventories	66.758	78.129
2. Trade receivables	107.299	106.214
- of which related companies	*65*	*21*
3. Due from parent companies and associated companies	199	4
- of which related companies	*0*	*3*
4. Other receivables	17.600	24.482
5. Current financial assets	64	497
6. Cash and cash equivalents	9.831	18.699
7. Assets held for sale	760	0
- Total current assets	**202.512**	**228.025**
TOTAL ASSETS	**231.163**	**263.257**
LIABILITIES		
D. Shareholders' equity		
1. Share capital	6.132	6.132
2. Share premium reserve	37.060	37.060
3. Treasury share	(3.704)	(3.704)
4. Legal reserve	1.226	1.226
5. Other reserve	2.016	7.523
6. Retained earnings (loss)	0	692
7. Year result (loss)	155	(6.214)
- Total Group shareholders' equity	**42.885**	**42.715**
E. Minority interest	**0**	**0**
- Total consolidated shareholders' equity	**42.885**	**42.715**
F. Non-current liabilities		
1. Deferred tax liabilities	2.088	2.097
2. Employees severance indemnity fund	3.593	4.672
3. Allowances for risks and charges	447	2.557
4. Loans payable after 12 months	15.837	23.807
- Total non-current liabilities	**21.965**	**33.133**
G. Current liabilities		
1. Trade payables	126.087	152.504
- of which related companies	*42*	*84*
2. Due to parent companies and associated companies	11	236
- of which related companies	*0*	*236*
3. Other liabilities	9.563	10.948
4. Loans payable within 12 months	30.582	23.721
5. Liabilities associated to the assets held for sale	70	0
- Totale current liabilities	**166.313**	**187.409**
TOTAL LIABILITIES	**231.163**	**263.257**

Cash Flow Statement

CASH FLOW STATEMENT AS OF DECEMBER 31st, 2007		
(in thousands of euros)	2007	2006
A. Cash and cash equivalents (debts) at beginning of the period as reported	**3.363**	**21.558**
Net result (loss)	155	(6.214)
Amortization, depreciation and write downs	5.412	5.097
Net change in other allowances and other net fiscal assests	(1.629)	(457)
Net change in the provision for employee severance payments	(1.079)	98
Net financial expenses	3.200	3.389
	6.059	**1.913**
(Increase) Decrease in trade receivables and other short-term receivables	5.603	11.625
(Increase) Decrease in inventories	11.371	32.808
Increase (Decrease) in trade payable and other short-term payables	(27.286)	(59.044)
Increase (Decrease) in assets held for sale	0	0
(Increase) Decrease in short-term financial activities	433	359
cash flow generated (absorbed) by operating activities	**(3.820)**	**(12.339)**
Net financial expenses paid	(3.107)	(3.136)
Income taxes paid	(672)	(1.905)
B. CASH FLOW FROM (FOR) OPERATING ACTIVITIES	**(7.599)**	**(17.380)**
Investments/Disposal in fixed assets:		
Intangible	(72)	(258)
Tangible	(116)	(1.200)
Financial	43	11
C. CASH FLOW FROM (FOR) INVESTMENTS ACTIVITIES	**(145)**	**(1.447)**
Net drawing (repayment) of financing related to goods managed by financial leasing	(360)	(995)
Net drawing (repayment) of medium/long-term borrowing	(8.000)	3.630
Buy-back of treasury share	0	(1.999)
Changes in shareholders' equity of minority interest	0	(4)
Changes in shareholders' equity	15	0
D. CASH FLOW FROM (FOR) FINANCIAL ACTIVITIES	**(8.345)**	**632**
E. CASH FLOW FORM (FOR) THE PERIOD (B+C+D)	**(16.089)**	**(18.195)**
A. Cash and cash equivalents (debts) at the end of the period as reported	**(12.726)**	**3.363**

Net Financial Position

Net Financial Position	Dec 31st, 2007	Dec 31st, 2006	VAR
(in thousands of euros)			
Bank debts payable within 12 months	(22.067)	(13.760)	(8.307)
Cash and cash equivalents	9.831	18.699	(8.868)
(Amounts due to) Due from factoring companies	(490)	(1.576)	1.086
Liquidity (borrowing) within 12 months	**(12.726)**	**3.363**	**(16.089)**
Short term loans	(8.000)	(8.000)	0
Amount due to other lenders for leases within 12 months	(25)	(385)	360
Amounts due to other within 12 months	**(8.025)**	**(8.385)**	**360**
Net Financial Position within 12 months	**(20.751)**	**(5.022)**	**(15.729)**
Amount due to other lenders for leases after 12 months	0	(26)	26
Bank debts payable beyond next 12 months	(15.837)	(23.781)	7.944
Net Financial Position beyond next 12 months	**(15.837)**	**(23.807)**	**7.970**
Total Net Financial Position	**(36.588)**	**(28.829)**	**(7.759)**

Operating Costs

Operating costs	2007	2006	VAR	
(in thousands of euros)				
Cost of goods for resale	**416.515**	**486.340**	**(69.825)**	*-14,4%*
Total services costs	**21.771**	**24.873**	**(3.102)**	*-12,5%*
- net marketing espenses	**997**	**2.050**	**(1.053)**	*-51,4%*
(gross marketing expenses)	*6.260*	*8.159*	*(1.899)*	*-23,3%*
(contribution from suppliers for marketing expenses)	*(5.263)*	*(6.109)*	*846*	*-13,8%*
- Shipping and logistics	4.498	4.620	(122)	*-2,6%*
- emoluments paid to Corporate Boards	2.246	2.416	(170)	*-7,0%*
- utilities	1.475	1.652	(177)	*-10,7%*
- Lease expenses	4.910	5.274	(364)	*-6,9%*
- Bank commissions	1.162	1.182	(20)	*-1,7%*
- Insurance premiums	1.442	1.205	237	*19,7%*
- Technical and fiscal fees	1.586	1.536	50	*3,3%*
- Other services costs	3.454	4.939	(1.485)	*-30,1%*
Labour costs	**17.872**	**20.655**	**(2.783)**	*-13,5%*
IT Distribution	17.477	20.263	(2.786)	*-13,7%*
Internet	*395*	*393*	*2*	*0,5%*
Other operating costs	**1.151**	**1.364**	**(213)**	*-15,6%*
TOTAL	**457.309**	**533.232**	**(75.923)**	***-56%***

Net Working Capital

Net Working Capital	Dec 31st, 2007	Dec 31st, 2006	VAR
(in thousands of euros)			
Inventories	66.758	78.129	*(11.371)*
Accounts receivables	107.299	106.214	*1.085*
Due from subsidiaries	0	0	*0*
Due from subsidiaries not consolidated	2	0	*2*
Due from associated companies	0	4	*(4)*
Due from parent company	197	0	*197*
Taxes receivables	409	1.455	*(1.046)*
Other accounts receivables	17.191	23.027	*(5.836)*
Assets held for sale	760	0	*760*
Current assets	**192.616**	**208.829**	***(16.213)***
Trade payables	(126.087)	(152.504)	*26.417*
Other payables	(9.563)	(10.948)	*1.385*
Due to subsidiaries	0	0	
Due to subsidiaries not consolidated	0	0	*0*
Due to associated companies	(11)	(236)	*225*
Due to parent company	0	0	*0*
Liabilities associated to the assets held for sale	(70)	0	*(70)*
Current liabilities	**(135.730)**	**(163.688)**	***27.958***
Net Working Capital	**56.886**	**45.141**	***11.745***