CDC GROUP

2008 ANNUAL REPORT AT 31st DECEMBER

HIGHLIGHTS

CONTENTS

Group highlights and general information

2008 Annual report at 31st December

1.HIGHLIGHTS

(in thousands of euros)

Economics

2008	2007	
375.387	470.632	Net revenues
11.004	13.323	EBITDA
5.981	4.681	EBIT
2.587	2.613	EBT
365	155	Net result for the period
365	155	Net result attributable to the Group
0,0298	0,0126	Basic earnings per share (€)
0,0297	0,0126	Diluted earnings per share (€)

Financial

Dec 31st, 2008	Dec 31st, 2007	
41.833	56.190	Net current assets
24.547	29.411	Net non current assets
(17.312)	(36.588)	Net financial position
(5.819)	(6.128)	Other provisions
(43.250)	(42.885)	Equity
422	481	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	2010 approval of accounts
Paolo Lenzi	*Chief Executive Officer*	*Until April 2008*
Enrico Dell'Artino	Chief Executive Officer	2010 approval of accounts
Enrico Barachini	Independent Director	2010 approval of accounts
Enrico Giordano	*Independent Director*	*Until April 2008*
Elena Cenderelli	Independent Director	2010 approval of accounts
Emilio Vitale	Independent Director	2010 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 June 27th, 2007 Board of Directors.

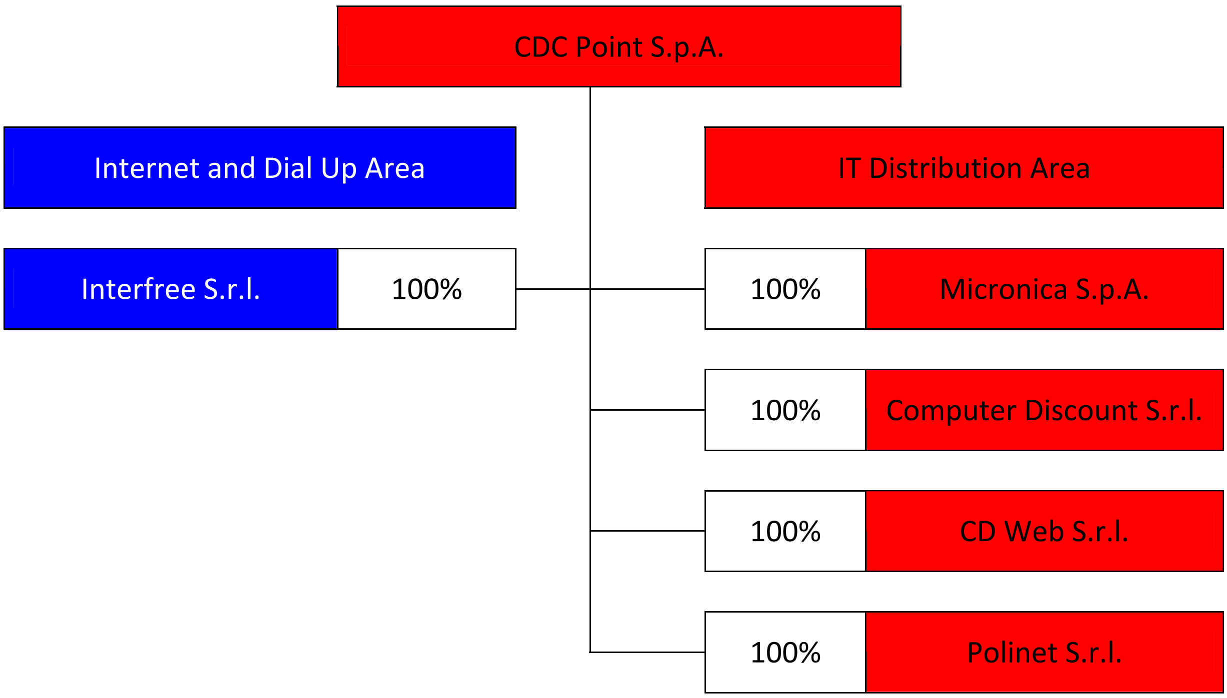
BOARD OF STATUTORY AUDITORS

	Office	Mandate expiring
Carlo Bossi	*Chairman*	*Until April 2008*
Alberto Lang	Chairman	2010 approval of accounts
Daniela Carli	Permanent Auditor	2010 approval of accounts
Luca Cecconi	Permanent Auditor	2010 approval of accounts
Enzo Polidori	Alternate Auditor	2010 approval of accounts
Rebecca Baldini	Alternate Auditor	2010 approval of accounts

INDIPENDENT AUDITORS

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

4.GROUP STRUCTURE




CDC Point S.p.A.
100%
Computer Discount S.r.l.
100%
CD Roma 2 S.r.l
100%
CD Firenze S.r.l.
100%
CD Palermo S.r.l.
100%
CD Cagliari S.r.l.
100%
CD Milano S.r.l.
100%
CD Pisa S.r.l.
100%
CD Milano 2 S.r.l.
100%
CD Genova S.r.l.
100%
CD Milano 3 S.r.l.
100%
CD Torino S.r.l. in liquidation
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

2008 confirms the steady break-even of CDC Group, due to the re-focalization on its own IT distribution core business and to a careful management on products/customers portfolio to improve sales profit margin, although a consolidated turnover decrease from 471M€ in 2007 to 375M€ in 2008.
Starting from the third quarter of 2008, CDC Group had to face a macroeconomic situation with an increasing market insecurity and instability, and a significant reduction of world economy growth in the last quarter of the year.
Even if turnover decreases to 375 M€ (20% lower against 2007), the period closes with a consolidated net profit of 365 K€.
For around 1/3 of the total, the turnover decrease comes from price reduction of products distributed by CDC Group, basically in line with the general trend of IT market.
Another 1/3 of the decreasing turnover is an effect of the Group strategy to reduce sales in channels with low marginality (in particular Consumer electronics/Mass Merchandising and Public Administration), and high request for working capital, with negative consequence on net financial position. The last part is due to volume decrease on the other distribution channels.
During 2008 the Italian Information Technology market (focused on Server, Desktop, Notebook, Netbook), in which the Group operates directly and through the subsidiaries, recorded (according to Sirmi) a stable trend in value against 2007 and an increase of 25% in units. The last quarter of the year, on which the world economy crisis deepened, recorded a decrease of 2,7% in value and an increase of 32,5% in units.
According to this trend, Distribution channels, which represents around 70% of the Group total turnover, increased from 37% to 45% of the global market .
According to GFK, even if with a different trend between sales channels, during the year 2008 retail segment increased the total amount about 14%, with an increase in value about 6% , as a consequence to the already highlighted decrease of selling prices. The data related to December 2008, one of the most important months of the year by seasonality, confirms this trend.
Within sales segments, computer shop sales decrease (15% year on year), because of an increasing demand towards specialized stores. Anyway it is important to point out that in the month of December 2008 Computer shop retail chains basically maintained the same performances of the same month of 2007, with a loss of 5%, and improved noticeably its performances compared to the global year average.
This market situation imposes a strategic change in sales approach to this segment, whose base and first operative steps were already implemented during 2008 and represent qualifying elements in the three-year plan 2009-2011.
During 2008 CDC Group maintained a multi-channel approach to the market, with revenues in the Distribution segment of about 265,8M€ (decreasing of about 16,7% compared to 2007) and revenues in the retail segment (which includes both Computer Discount chain and Consumer electronics/Mass Merchandising) equal to about of 94,5M€, with a decrease of 29,1% compared to the same period of 2007.
The Internet business, mainly developed by the subsidiary Interfree, totalled net revenues for 2,2M€, with a decrease of 29,6% on 2007.
The net turnover generated by Internet area, thanks to over 62,000 “dial-up” active users, is mainly due to the revenues sharing paid by leading telecom carriers.
CDC Group confirms its rank as the 2nd PC producer in Italian market. The development of its own brand products during 2008 (kraun for PC accessories and Inkdrops for consumable) allowed to increase the incidence on net revenues (from 3,7% in 2007 to 4,6% in 2008)
The increasing weight of our own brands products, strongly pursued during 2008, is a fundamental for the future development of the Group.
However, the main portion of CDC business is made with vendor brand (HP, Acer, Asus, Toshiba, Epson, Microsoft and others).
During 2008, CDC Group developed business services by dealing in its own brand services (from the extended guarantee to “on-demand” production) and with business nationwide agreements with some of the main IT world players (HP and Acer), which consider CDC a skilled partner for technical assistance of their products.

Moreover, corporate business activities developed, especially in Voip, through a dedicated business dept, a specific knowledge and trade agreements with companies yet operating in this segment to enhance Group presence also in this market segment with high growth trend: CDC Group has its own products and specific solutions (Dexgate), patented in the main world markets.
The primary margin is around 12,4%, (in 2007 margin was around 11,5%): the better management of product/channel and the increasing weight of sales of own products are the reasons of margin improvement.
Concerning sales distribution channels, Consumer electronics/Mass Merchandising and Public Administration decrease their weight on turnover, improving the average Group margin.

The Group's Ebitda is increasing to 2,93% (2,83% in 2007), along with the reduction in costs and the improvement of performance and efficiency .
The Ebitda performance is to consider extremely positive, related to the decreasing turnover scenario, and highlights the costs structure flexibility and the break-even point reduction.
Net result of the period, although not including the extraordinary profit for about 1,1M€ booked in 2007, is around the double of the one on 2007, due to the operational improvement of the Group.
Net financial position of CDC Group as of 31 December 2008 is around 17,3 M€ of net financial debt, significantly lower compared to the value as of 31.12.2007 equal to 36,6 M€.
Starting from the second quarter of 2008, the over 19M€ decrease (equal to about 53% of the financial position of the previous year) was obtained mainly through planning and implementation of activities to control the working capital.
The 2008 trends, together with the policy underlying these trends, are the industrial plan 2009-2011 basis, approved by the Board in November 2008. Basic issues concern our own products development to sustain the margin, opening of new markets/channels and reduction in the level of break-even point, even through a deep review of operational business processes and related costs.

6.GROUP RESULTS

Income statement

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement	2008		2007		VAR	
(Reclassified by nature in thousands of euros)						
1. Revenues	374.791	*99,84%*	469.802	*99,82%*	(95.011)	*-20,22%*
2. Other Income	596	*0,16%*	830	*0,18%*	(234)	*-28,19%*
I - TOTAL REVENUES AND OPERATING INCOME	**375.387**	***100,00%***	**470.631**	***100,00%***	**(95.245)**	***-20,24%***
3. Purchase costs	(328.880)	*-87,61%*	(416.515)	*-88,50%*	87.635	*-21,04%*
4. Service costs	(17.543)	*-4,67%*	(21.771)	*-4,63%*	4.228	*-19,42%*
5. Labour costs	(17.111)	*-4,56%*	(17.872)	*-3,80%*	761	*-4,26%*
6. Other operating costs	(848)	*-0,23%*	(1.151)	*-0,24%*	303	*-26,32%*
EBITDA	**11.004**	***2,93%***	**13.323**	***2,83%***	**(2.318)**	***-17,40%***
7. Amortization of intangible fixed assets	(1.615)	*-0,43%*	(2.412)	*-0,51%*	797	*-33,04%*
8. Depreciation on tangible fixed assets	(2.428)	*-0,65%*	(2.999)	*-0,64%*	571	*-19,04%*
9. Gains/losses on disposal of non-current assets	239	*0,06%*	1	*0,00%*	238	
10. Provision and impairment reversal/losses on non-current assets	(1.218)	*-0,32%*	(3.231)	*-0,69%*	2.013	*-62,30%*
II - EBIT	**5.981**	***1,59%***	**4.681**	***0,99%***	**1.301**	***27,79%***
11. Share of earnings of equity investments in associated companies valued according to the shareholders'equity method	0	*0,00%*	(11)	*0,00%*	11	
12. Financial income	2.317	*0,62%*	2.853	*0,61%*	(536)	*-18,79%*
13. Financial expenses	(5.711)	*-1,52%*	(4.910)	*-1,04%*	(801)	*16,31%*
III - EBT	**2.587**	***0,69%***	**2.613**	***0,56%***	**(25)**	***-0,96%***
14. Income taxes for the period	(2.222)	*-0,59%*	(2.459)	*-0,52%*	237	*-9,64%*
IV - NET INCOME FROM CONTINUING OPERATIONS	**365**	***0,10%***	**155**	***0,03%***	**211**	***136,13%***
15. Net income from continued operations/assets held for sale	0	*0,00%*	0	*0,00%*		
V - NET INCOME	**365**	***0,10%***	**155**	***0,03%***	**211**	***136,13%***
16. Income (loss) attributable to minority interest	0	*0,00%*	0	*0,00%*		
VI - NET INCOME ATTRIBUTABLE TO CDC GROUP	**365**	***0,10%***	**155**	***0,03%***	**211**	***136,13%***

Balance Sheet Statement

Consolidated Balance Sheet As Of 31st December	2008	2007
(in thousands of euros)		
ASSETS		
A. Non-current assets		
1. Acquisition of sales network and internet portals	2.693	4.055
2. Trademarks	7.687	7.759
3. Other intengible assets	341	438
A.I - Intangible assets	**10.721**	**12.252**
4. Lands	754	754
5. Buildings	5.425	5.675
6. Real estate investments	1.439	1.439
7. Other tangible assets	4.165	6.031
A.II - Tangible assets	**11.783**	**13.899**
8. Equity investments in subsidiaries	0	0
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	197	280
A.III - Long-term investments	**197**	**280**
B. Deferred taxs assets	**1.846**	**2.220**
- Total non-current assets	**24.547**	**28.651**
C. Current assets		
1. Inventories	42.192	66.758
2. Trade receivables	79.221	107.299
- of which related companies	*31*	*65*
3. Due from parent companies and associated companies	0	199
- of which related companies	*0*	*0*
4. Other receivables	18.816	17.600
5. Current financial assets	0	64
6. Cash and cash equivalents	10.250	9.831
7. Assets held for sale	0	760
- Total current assets	**150.480**	**202.512**
TOTAL ASSETS	**175.027**	**231.163**
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	2.171	2.016
6. Retained earnings (loss)	0	0
7. Year result (loss)	365	155
- Total Group shareholders' equity	**43.250**	**42.885**
E. Minority interest	**0**	**0**
- Total consolidated shareholders' equity	**43.250**	**42.885**
F. Non-current liabilities		
1. Deferred tax liabilities	2.122	2.088
2. Employees severance indemnity fund	3.446	3.593
3. Allowances for risks and charges	251	447
4. Loans payable after 12 months	7.873	15.837
- Total non-current liabilities	**13.691**	**21.965**
G. Current liabilities		
1. Trade payables	91.261	126.087
- of which related companies	*36*	*42*
2. Due to parent companies and associated companies	0	11
- of which related companies	*0*	*0*
3. Other liabilities	7.135	9.563
4. Loans payable within 12 months	19.689	30.582
5. Liabilities associated to the assets held for sale	0	70
- Totale current liabilities	**118.086**	**166.313**
TOTAL LIABILITIES	**175.027**	**231.163**

Cash Flow Statement

CASH FLOW STATEMENT		
(in thousands of euros)	**2008**	**2007**
A. Cash and cash equivalents (debts) at beginning of the period as reported	**(12.726)**	**3.363**
Net result (loss)	365	155
Amortization, depreciation and write downs	5.236	5.412
Net change in other allowances and other net fiscal assests	212	(1.629)
Net change in the provision for employee severance payments	(147)	(1.079)
Net financial expenses	3.394	3.200
	9.060	**6.059**
(Increase) Decrease in trade receivables and other short-term receivables	26.107	5.603
(Increase) Decrease in inventories	24.566	11.371
Increase (Decrease) in trade payable and other short-term payables	(35.245)	(27.286)
Increase (Decrease) in assets held for sale	760	0
(Increase) Decrease in short-term financial activities	64	433
cash flow generated (absorbed) by operating activities	**25.312**	**(3.820)**
Net financial expenses paid	(3.392)	(3.107)
Income taxes paid	(2.090)	(672)
B. CASH FLOW FROM (FOR) OPERATING ACTIVITIES	**19.830**	**(7.599)**
Investments/Disposal in fixed assets:		
Intangible	(85)	(72)
Tangible	(550)	(116)
Financial	83	43
C. CASH FLOW FROM (FOR) INVESTMENTS ACTIVITIES	**(552)**	**(145)**
Net drawing (repayment) of financing related to goods managed by financial leasing	(26)	(360)
Net drawing (repayment) of medium/long-term borrowing	(7.965)	(8.000)
Buy-back of treasury share	0	0
Changes in shareholders' equity of minority interest	0	0
Changes in shareholders' equity	0	15
D. CASH FLOW FROM (FOR) FINANCIAL ACTIVITIES	**(7.991)**	**(8.345)**
E. CASH FLOW FORM (FOR) THE PERIOD (B+C+D)	**11.287**	**(16.089)**
A. Cash and cash equivalents (debts) at the end of the period as reported	**(1.439)**	**(12.726)**

Net Financial Position

Net Financial Position	Dec 31st, 2008	Dec 31st, 2007	VAR
(in thousands of euros)			
Bank debts payable within 12 months	(11.689)	(22.067)	10.378
Cash and cash equivalents	10.250	9.831	419
(Amounts due to) Due from factoring companies	0	(490)	490
Liquidity (borrowing) within 12 months	**(1.439)**	**(12.726)**	**11.287**
Short term loans	(8.000)	(8.000)	0
Amount due to other lenders for leases within 12 months	0	(25)	25
Amounts due to other within 12 months	**(8.000)**	**(8.025)**	**25**
Net Financial Position within 12 months	**(9.439)**	**(20.751)**	**11.312**
Amount due to other lenders for leases after 12 months	0	0	0
Bank debts payable beyond next 12 months	(7.873)	(15.837)	7.964
Net Financial Position beyond next 12 months	**(7.873)**	**(15.837)**	**7.964**
Total Net Financial Position	**(17.312)**	**(36.588)**	**19.276**

Operating Costs

Operating costs	2008	2007	VAR	
(in thousands of euros)				
Cost of goods for resale	**328.880**	**416.515**	**(87.635)**	*-21,0%*
Total services costs	**17.543**	**21.771**	**(4.228)**	*-19,4%*
- net marketing espenses	**(277)**	**997**	**(1.274)**	*-127,8%*
(gross marketing expenses)	*4.138*	*6.260*	*(2.122)*	*-33,9%*
(contribution from suppliers for marketing expenses)	*(4.415)*	*(5.263)*	*848*	*-16,1%*
- Shipping and logistics	3.377	4.498	(1.121)	*-24,9%*
- emoluments paid to Corporate Boards	1.844	2.246	(402)	*-17,9%*
- utilities	1.354	1.475	(121)	*-8,2%*
- Lease expenses	4.388	4.910	(522)	*-10,6%*
- Bank commissions	1.193	1.162	31	*2,7%*
- Insurance premiums	1.100	1.442	(342)	*-23,7%*
- Technical and fiscal fees	1.289	1.586	(297)	*-18,7%*
- Other services costs	3.275	3.454	(179)	*-5,2%*
Labour costs	**17.111**	**17.872**	**(761)**	*-4,3%*
IT Distribution	16.702	17.477	(775)	*-4,4%*
Internet	*409*	*395*	*14*	*3,5%*
Other operating costs	**848**	**1.151**	**(303)**	*-26,3%*
TOTAL	**364.382**	**457.309**	**(92.927)**	***-71%***

Net Working Capital

Net Working Capital	Dec 31st, 2008	Dec 31st, 2007	VAR
(in thousands of euros)			
Inventories	42.192	66.758	*(24.566)*
Accounts receivables	79.221	107.299	*(28.078)*
Due from subsidiaries	0	0	*0*
Due from subsidiaries not consolidated	0	2	*(2)*
Due from associated companies	0	0	*0*
Due from parent company	0	197	*(197)*
Taxes receivables	664	409	*255*
Other accounts receivables	18.153	17.191	*962*
Assets held for sale	0	760	*(760)*
Current assets	**140.230**	**192.616**	***(52.386)***
Trade payables	(91.261)	(126.087)	*34.826*
Other payables	(7.135)	(9.563)	*2.428*
Due to subsidiaries	0	0	
Due to subsidiaries not consolidated	0	0	*0*
Due to associated companies	0	(11)	*11*
Due to parent company	0	0	*0*
Liabilities associated to the assets held for sale	0	(70)	*70*
Current liabilities	**(98.396)**	**(135.730)**	***37.335***
Net Working Capital	**41.834**	**56.886**	***(15.051)***