CDC GROUP

QUARTERLY REPORT AS OF SEPTEMBER 30, 2010

HIGHLIGHTS

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Group Highlights and general information

Third Quarter financial report as of September 30, 2010

REPORT ON OPERATIONS

1. FINANCIAL HIGHLIGHTS

(k€)

Economics

30-Sep-10	30-Sep-09		Q3 2010	Q3 2009	31-Dec-09
241,200	215,178	Net Revenues	66,136	60,491	318,401
3,562	3,925	EBITDA	(478)	105	7,522
473	546	EBIT	(1,501)	(1,243)	2,818
(1,420)	(479)	EBT	(2,005)	(1,501)	1,598
(506)	(62)	Net Result for the period	(716)	(195)	652
(506)	(62)	Net result attributable to the Group	(716)	(195)	652
(0,041)	(0,005)	Basic earnings per share (€)	(0,058)	(0,016)	0,053
(0,041)	(0,005)	Diluted earnings per share (€)	(0,058)	(0,016)	0,053

Financials

30-Sep-10	30-Sep-09		31-Dec-09
(48,512)	(24,776)	Net financial position	(17,186)
403	395	Employees (units at period-end)	397

2. HISTORY AND MISSION

CDC POINT S.p.a., company listed to MTA segment of Italian Stock Exchange, was founded in 1986 by Giuseppe Diomelli, current Chairman of the company.
Since its creation, the corporate mission has been to "spread simple technology" offering to customers specific solutions. This philosophy and engagement have enabled CDC to be one of the major reference operators in the Italian information technology market since 1986, contributing to the modernization of the country.

The over 20 years experience in this segment and the business model, the only ones in this sector, made CDC Group one of the main Italian operators in the information technology products distribution segment.

CDC success based on the multichannel strategy and on the value chain presence, two elements which allowed to give solutions in a short-time and with efficacy to all market segments, from families to small and medium sized companies, with also big companies and Public Administrations.
Business model bases on the following strong points:
• the widespread distribution network, both retail and wholesale trading;
• own brand product innovation and offer;
• technical excellence of logistic platform and business process quality.

CDC policy concentrated on the italian market, developing on two different segments: the selection of quality products and the spread of simple technology. This was possible thanks to the constant selection of even more interesting products for the national market, within those suggested by the international vendors, with the consequence during the years to establish distribution and partnership agreements, and those coming from no brand market.

The excellent technical competences allowed CDC to project and produce a wide range of own brand computers; every model was projected and realized to face to the specific needs of national market, sometimes even anticipating future development.

Actually CDC is a leader on Personal Computer market with the distribution of different products: Premium (high-end computer), Cybermate (professional products), Next (high quality computers with lower prices respect to brand products).

Anyhow the information technology needs of different users are not limited to computers; this stimulated to look for different products in the international market and concentrates to offer PC with a wide range of products and accessories of own brand with a constant evolution and development.
Consequently CDC developed two different product lines of own brand: **Kraun** and **Inkdrops**.
Kraun brand has about six hundred products concerning six categories and with the aim to satisfy the need of the related worlds: desktop, mobility, music&photo, networking, connectivity, protection.
InkDrops brand, on the other hand, proposes the complete range of cartridges, toner and compatible papers for every kind of printers distributed by the main worldwide producers, such as HP, Lexmark, Epson, Canon, Samsung, Brother.

CDC Group has also approched the new technology market with **Dexgate**, a communication integrated system based on Internet Protocol, which enables to call, video call, video and call conference, voice message, fax, sms.
Interhosting is the value-added services proposed by CDC Group (hosting and housing, web services, web adv, certified e-mail and more) and sold both on-line and by the Group shop network.

3. DIRECTORS, AUDITORS AND GENERAL MANAGERS

BOARD OF DIRECTORS

	Position	Expiry of appointment
Giuseppe Diomelli	President	Balance approval as of 2010
Enrico Dell'Artino	Managing Director	Balance approval as of 2010
Enrico Barachini	Indipendent member of the board	Balance approval as of 2010
Elena Cenderelli	Indipendent member of the board	Balance approval as of 2010
Emilio Vitale	Indipendent member of the board	Balance approval as of 2010

Elena Cenderelli, as Chairman, Enrico Barachini and Emilio Vitale are members of Internal Audit Committee.
Emilio Vitale as Chairman, Elena Cenderelli and Enrico Barachini are members of Compensation Committee.
Enrico Barachini is lead independent director

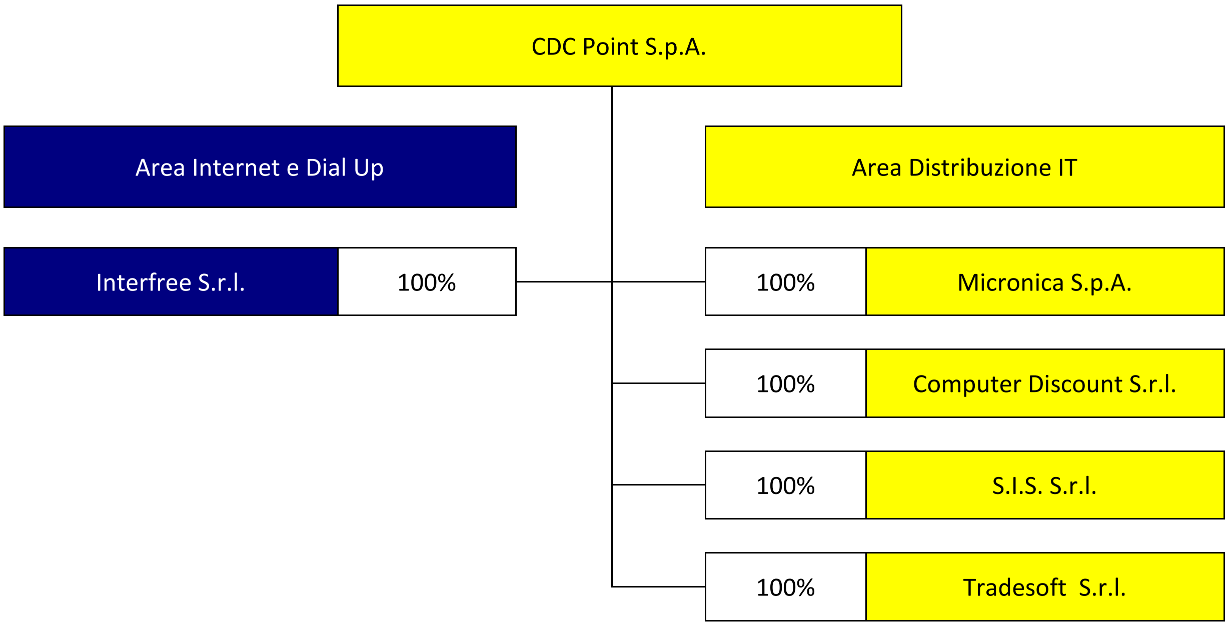
BOARDS OF STATUTORY AUDITORS

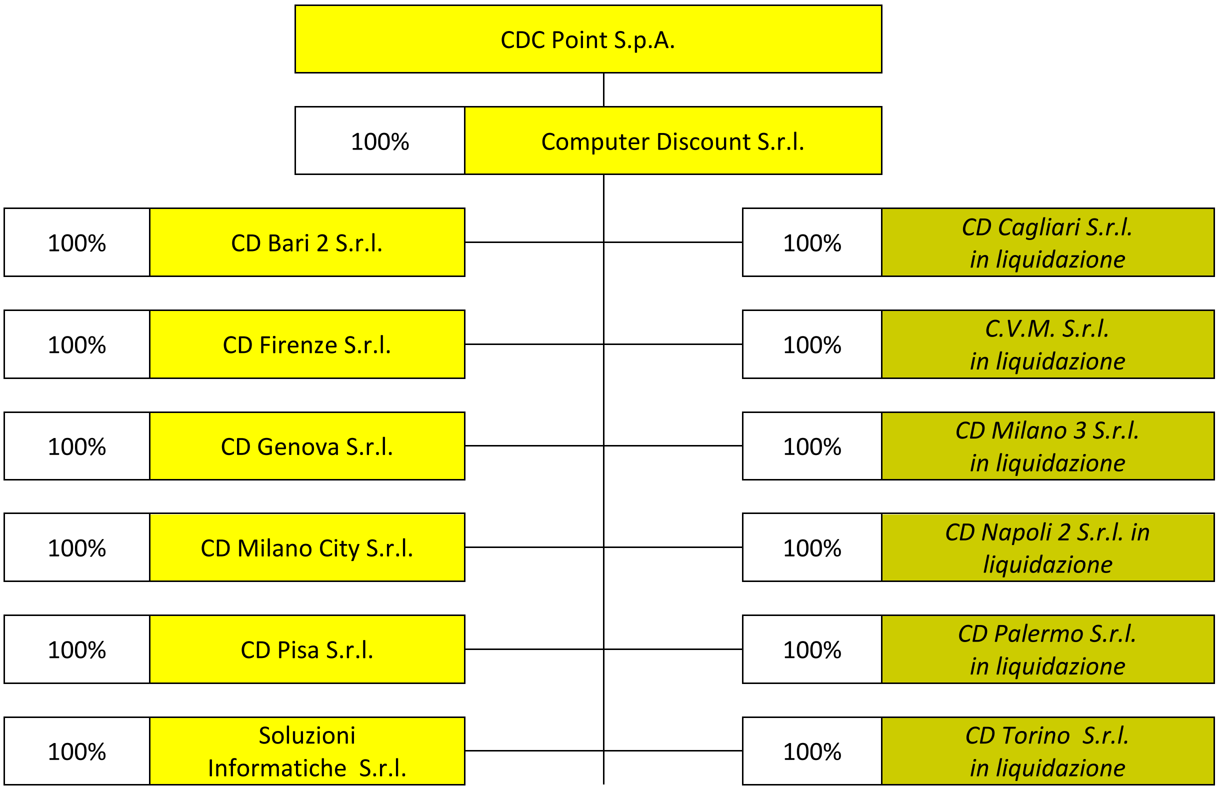
	Position	Expiry of appointment
Alberto Lang	President	Balance approval as of 2010
Daniela Carli	Auditor	Balance approval as of 2010
Luca Cecconi	Auditor	Balance approval as of 2010
Enzo Polidori	Auditor	Balance approval as of 2010
Rebecca Baldini	Auditor	Balance approval as of 2010

AUDITORS

Mazar & Guérard S.p.A. - expiration date: balance approval as of 31 December 2017

4. GROUP STRUCTURE AS OF 30 SEPTEMBER 2010




CDC Point S.p.A.
100%
Computer Discount S.r.l.
100%
CD Bari 2 S.r.l.
100%
CD Cagliari S.r.l. in liquidazione
100%
CD Firenze S.r.l.
100%
C.V.M. S.r.l. in liquidazione
100%
CD Genova S.r.l.
100%
CD Milano 3 S.r.l. in liquidazione
100%
CD Milano City S.r.l.
100%
CD Napoli 2 S.r.l. in liquidazione
100%
CD Pisa S.r.l.
100%
CD Palermo S.r.l. in liquidazione
100%
Soluzioni Informatiche S.r.l.
100%
CD Torino S.r.l. in liquidazione

5. REPORT ON OPERATION

During Q3 2010 the Information Technology Italian market showed a tendency to recover compared to a slightly negative trend (about -3%) recorded in H1, by recording a marginal increase (about + 2%) on September 2010 in terms of turnover compared to the same period of the previous year.
However, in the first nine months of the year, the *retail* market showed a decline in value about 2% compared to the same period of 2009.
In terms of product lines, pc and server market in Q3 recorded a growth of units sold and turnover, balanced by a decrease in peripherals, accessories and consumables market.
The forecast for the current year elaborated by Sirmi confirms the marginal growth of the market compared to 2009, providing a continuation of turnaround even in the Q4 2010.

At a macroeconomic level there were no clear signals of a *turnaround* scenario, although some weak signals of the end of the recessionary spiral begins to emerge more regularly. Moreover, most analysts underlines that even in a scenario of economic recovery in activity levels, the expected continuing high rates of unemployment may be a constraint for the foreseeable future to an increasing exit speed from the recessionary spiral, with obvious consequences on private consumption demand.

In this market scenario, CDC Group has, reversing a long-term trend that began in 2006, started an increase in turnover compared to the same period of the previous year. The increase in revenues, that has been consolidating and accelerating during the first quarter, is about +12% compared to the first nine months of 2009.

The increase in turnover of Q3 2010 was about of 9% compared to the same period of the previous year, decreasing compared to 24% of increase recorded in Q2 (in Q1 2010 the increase in turnover was about 4%), compared to the same period of 2009.
September *run rate* was 6%.

The increase in revenues, achieved also through the expansion towards market segments marginally managed by the Group, shows a reduction in the average commercial margin due, mainly, to the lower margins of these segments than the average, as well as a mild generalized margin reduction from *vendors* on the traditional channels.
Within this result , revenues of our own brands **Kraun** and **Inkdrops** recorded, on the first nine months of the year of the previous year, a growth of around +23%, substantially in line with all sales channels on which the Group operates.
Also for our brands, the increase over the previous year has declined in Q3, compared to the performance recorded during the second quarter of the current year was more marked in Q2.
The increase in sales of Kraun and Inkdrops of September 2010 was about +13%.

The commercial result of New Technologies areas, especially VoIP applications and products, showed a significant increase compared to the first nine months of 2009 (+70% in volume and +90% of value); in this case, the trade performance of Q3 2010 resulted in strong acceleration from the already significant result recorded in Q2.

The obtained results are due to the strategic choices made by the Group, and delineated in the Business Plan, of enlargement of distribution and strong development of own brand products as well as of the New Technology area.
In particular the Group is structuring for the New Technology area, with an organizational model able to integrate technical and business skills, in order to generate functional synergies with the Group distribution network to be closer to customers.
In September 2010, following the acquisition of SiS S.r.l. and Tradesoft S.r.l., with skills development solutions in *unified communications* and business software, has been established the division of value-added solutions called CDC Tech, with technical and business skills for value-added solutions.

In particular, the division CDC Tech has focused on the development and marketing of *unified communication* over IP products, software for retail stores, video surveillance solutions over IP, as well as on hosting and cloud computing services.
The market value of the ITC solutions offers interesting prospects for development, and the investment has been made in order to better compete in this strategic segment for the Group.

In the context of the development of CDC-Tech division, they create the conditions for the realization of a corporate streamlining that includes the merger of the subsidiaries Micronica, Interfree and Tradesoft at the parent company.
The process of merger, which was launched in September 2010, will take effect from 1 January 2011, and will enable cost savings and streamlining operational processes.

Respect to the activities of the business unit Corporate Sales in the month of September 2010 the Group was awarded, following the success in the first quarter with the award for the provision of TV monitors for Lottomatica Group, an important contract with the Assistance Fund for the Guardia di Finanza military for supply (through the retail sales network of the Group) IT equipment.
The total value of the supply is about 17 million euro plus VAT, and the time period covered is six months (extendable by another six) from the month of November 2010.

The company's growth in sales volumes occurred within a context of reduced profit margins on sales percentage, common to all other operators in this sector.

After the first nine months of 2010, the CDC Group recorded a net income level lower than that for the same period last year. The result, however, would have been better if it had adopted the same tax rate used for 2009 (87% instead of 64% used for the year 2010).

The Group also continued its development activities, following the guidelines identified in the strategic Business Plan 2010-2012, mainly aimed to expand distribution networks for both retail and professional markets, changing operating methods as well as expanding the product range and the own brand products revenues.

In a scenario of increasing turnover, which reached 241 M€ (an increase of about 12% over the same period of 2009), the period ends with a negative consolidated net result of 506 k€, an increase compared to net loss of 62 k € for the first nine months of 2009.

CDC Group maintained during H1 2010 a multi-channel approach to the market, with revenues in distribution area of 182 M€ (an increase of approximately 17% compared to the same period 2009) and in the retail sector (which includes Computer Discount chain and Consumer Electronics) revenues of approximately 52 M€. In the retail sector, there is a slight decline in Computer Discount chain turnover, to be related to the consumer market trend in the same period, and a substantial stability in Consumer Electronics turnover.

In the first nine months of 2010 the territorial network of Cash & Carry has further expanded with four new openings, with an innovative formula created with the involvement of partners in the sector, so to enlarge the commercial distribution area and become more aggressive. Openings of additional outlets are planned for the last quarter 2010.

In the first nine months of 2010 sales abroad of **Kraun** brand products, which affected mainly the markets of Spain, Portugal and Hungary accounted for about 0.4 M€ (no sales in the same period of 2009).
The development of foreign markets, started in September 2009, is consistent with the strategic lines of development mentioned in the Business Plan 2010-2012.

From a product range point of view, CDC Group confirms (SIRMI) itself as the 2nd Italian manufacturer of personal computers and developed, in the first nine months of 2010, a major expansion of product range with own brand (**kraun** for accessories and **Inkdrops** for consumables) that allowed to increase the turnover over the same period of last year. Most of the IT business is still carried out by major brand worldwide products, such as HP, Lexmark, Epson, Canon, Samsung, Brother.

The sales profitability is around 11.7% on revenues, highlighting - as previously said – a decrease compared to the same period of 2009: the reasons for the deteriorated primary margins stands on the expansion on new market segments with below-average percentage margins as well as a mild and widespread reduction in profitability obtained by *vendors* on *captive* channel.

EBITDA was 1.48% on revenues (compared to 1.82% of the same period 2009), with a value of about 3,6 M €.

The net result was negative by 0.5 M €, down from about 0.1 M € for the same period of 2009. The deterioration, recorded as a component of non-operating income, was almost entirely due to the adverse effects of the monotonic deterioration of the exchange rate between the Euro and the U.S. dollar, as well as to a different tax rate than estimates used in September 2009.

CDC Group net financial position as of 30 September 2010 amounted to 48.5 M €, an increase of approximately 23.7 M€ compared to the position as of 30 September 2009, amounting to 24.8 M €. The increasing NFP is generated by the expansion of working capital, both in relation to volume growth and expansion of distribution network, both in relation to a different mix of supply that has reduced the average financing of providers. In addition, the investment program (including the buy back program stock) and acquisitions have generated cash outflows during the period of about 7 million euro.

6. GROUP RESULTS

Income statement

Consolidated Income Statement	Q3 2010		Q3 2009		Δ	
(Reclassified by nature)						
1. Revenues	65,892	*99,63%*	60.343	*99,76%*	5.548	*9,19%*
2. Other Income	244	*0,37%*	147	*0,24%*	97	*65,47%*
I - TOTAL REVENUES AND OPERATING INCOME	**66,136**	***100,00%***	**60,491**	***100,00%***	**5,645**	***9,33%***
3. Purchase costs	(59,033)	*-89,26%*	(52,828)	*-87,33%*	(6,205)	*11,75%*
4. Service costs	(3,779)	*-5,71%*	(4,111)	*-6,80%*	332	*-8,07%*
5. Labour costs	(3,621)	*-5,48%*	(3,303)	*-5,46%*	(318)	*9,64%*
6. Other operating costs	(180)	*-0,27%*	(143)	*-0,24%*	(36)	*25,36%*
EBITDA	**(478)**	***-0,72%***	**105**	***0,17%***	**(583)**	***-553,50%***
7. Amortization of intangible fixed assets	(234)	*-0,35%*	(339)	*-0.56%*	105	*-31,04%*
8. Depreciation on tangible fixed assets	(507)	*-0,77%*	(501)	*-0,83%*	(6)	*1,23%*
9. Gains/losses on disposal of non-current assets	0	*0,00%*	(161)	*0,27%*	161	
10. Provision and impairment, reversal/losses on non-current assets	(282)	*-0,43%*	(347)	*-0,57%*	65	*-18,74%*
II - EBIT	**(1,501)**	***-2,27%***	**(1,243)**	***-2,05%***	**(258)**	***20,79%***
11. Share of earnings of equity investments in associated companies valued according to the shareholders'equity method	0	*0,00%*	(0)	*0,00%*	0	
12. Financial Income	463	*0,70%*	226	*0,37%*	236	*104,37%*
13. Financial expenses	(966)	*-1,46%*	(485)	*-0,80%*	(481)	*99,27%*
III - EBT	**(2,005)**	***-3,03%***	**(1,501)**	***-2,48%***	**(503)**	***33,54%***
14. Income taxes for the period	1,289	*1,95%*	1,306	*2,16%*	(17)	*-1,32%*
IV – NET INCOME FROM CONTINUING OPERATIONS	**(716)**	***-1,08%***	**(195)**	***-0,32%***	**(521)**	***266,74%***
15. Net income from continued operations/assets held for sale	0	*0,00%*	0	*0,00%*	0	
V – NET INCOME	**(716)**	***-1,08%***	**(195)**	***-0,32%***	**(521)**	***266,74%***
16. Income (loss) attributable to minority interest	0	*0,00%*	0	*0,00%*	0	
VI – NET INCOME ATTRIBUTABLE TO CDC GROUP	**(716)**	***-1,08%***	**(195)**	***-0,32%***	**(521)**	***266,74%***

Consolidated Income Statement	30-Sep-10		30-Sep-09		Δ	
(Reclassified by nature)						
1. Revenues	240,205	*99,59%*	214,721	*99,79%*	25,484	*11,87%*
2. Other Income	996	*0,41%*	457	*0,21%*	539	*117,92%*
I – TOTAL REVENUES AND OPERATING INCOME	**241,200**	***100,00%***	**215,178**	***100,00%***	**26,022**	***12,09%***
3. Purchase costs	(212,958)	*-88,29%*	(186,565)	*-86,70%*	(26,393)	*14,15%*
4. Service costs	(13,280)	*-5,51%*	(12,516)	*-5,82%*	(765)	*6,11%*
5. Labour costs	(10,904)	*-4,52%*	(11,706)	*-5,44%*	802	*-6,85%*
6. Other operating costs	(496)	*-0,21%*	(467)	*-0,22%*	(29)	*6,27%*
EBITDA	**3,562**	***1,48%***	**3,925**	***1,82%***	**(363)**	***-9,26%***
7. Amortization of intangible fixed assets	(816)	*-0,34%*	(785)	*-0,36%*	(31)	*3,99%*
8. Depreciation on tangible fixed assets	(1,493)	*-0,62%*	(1,536)	*-0,71%*	43	*-2,83%*
9. Gains/losses on disposal of non-current assets	39	*0,02%*	(123)	*-0,06%*	162	
10. Provision and impairment reversal/losses on non-current assets	(818)	*-0,34%*	(934)	*-0,43%*	116	*-12,40%*
II – EBIT	**473**	***0,20%***	**546**	***0,25%***	**(73)**	***-13,35%***
11. Share of earnings of equity investments in associated companies valued according to the shareholders'equity method	0	*0,00%*	0	*0,00%*	0	
12. Financial Income	1,437	*0,60%*	828	*0,38%*	609	*73,49%*
13. Financial expenses	(3,330)	*-1,38%*	(1,853)	*-0,86%*	(1,477)	*79,71%*
III - EBT	**(1,420)**	***-0,59%***	**(479)**	***-0,22%***	**(941)**	***196,71%***
14. Income taxes for the period	914	*0,38%*	417	*0,19%*	497	*119,22%*
IV - NET INCOME FROM CONTINUING OPERATIONS	**(506)**	***-0,21%***	**(62)**	***-0,03%***	**(444)**	***721,29%***
15. Net income from continued operations/assets held for sale	0	*0,00%*	0	*0,00%*	0	
V - NET INCOME	**(506)**	***-0,21%***	**(62)**	***-0,03%***	**(444)**	***721,29%***
16. Income (loss) attributable to minority interest	0	*0,00%*	0	*0,00%*	0	
VI - NET INCOME ATTRIBUTABLE TO CDC GROUP	**(506)**	***-0,21%***	**(62)**	***-0,03%***	**(444)**	***721,29%***

Net Financial Position

Net Financial Position (k€)	30-Sep-10	30- Sep-09	Δ	31-Dec-09
Banks debts payable within 12 months	(32,265)	(16,175)	(16,090)	(6,668)
Cash and cash equivalents	5,573	3,307	2,267	10,560
(Amounts due to) Due from factoring companies	(536)	0	(536)	0
Liquidity (borrowing) within 12 months	**(27,227)**	**(12,869)**	**(14,359)**	**3,892**
Short term loans	(6,845)	(8,000)	1,155	(8,000)
Amounts due to other lenders for leases falling due within 12 months	0	0	0	0
Amounts due to others within 12 months	**(6,845)**	**(8,000)**	**1,155**	**(8,000)**
Net Financial Position within 12 months	**(34,072)**	**(20,869)**	**(13,204)**	**(4,108)**
Amounts due to other lenders for leases falling due after 12 months	0	0	0	0
Bank debts payable beyond next 12 months	(14,440)	(3,908)	(10,532)	(13,078)
Net Financial Position beyond next 12 months	**(14,440)**	**(3,908)**	**(10,532)**	**(13,078)**
Total Net Financial Position	**(48,512)**	**(24,776)**	**(23,736)**	**(17,186)**

Operating Costs

Operating costs (k€)	Q3 2010	Q3 2009	Δ	30-Sep-10	30-Sep-09	Δ
Costs of goods sold	**59,033**	**52,828**	**6,205**	**212,958**	**186,565**	**26,394**
Total service costs	**3,779**	**4,111**	**(331)**	**13,280**	**12,516**	**765**
-Net marketing expenses	**(188)**	**(8)**	**(180)**	**62**	**(344)**	**406**
(gross marketing expenses)	*306*	*646*	*(340)*	*1,706*	*1,773*	*(67)*
(contributions from suppliers for marketing expenses)	*(494)*	*(654)*	*160*	*(1,643)*	*(2,117)*	*474*
- Shipping and Logistics	578	835	(257)	2,147	2,506	(359)
- Emoluments paid to Corporate Boards	240	365	(125)	730	1,129	(399)
- Utilities	252	332	(80)	890	976	(86)
- Lease and rental expenses	1,021	1,003	18	3,051	3,067	(16)
- Bank Commissions	175	161	14	675	551	124
- Insurances	367	295	72	1,083	944	139
- Technical and Fiscal services	139	392	(253)	938	1,279	(341)
- Other service costs	1,196	735	460	3,703	2,408	1,295
Labour costs	**3,621**	**3,303**	**318**	**10,904**	**11,706**	**(802)**
IT Distribution	3,545	3,213	332	10,656	11,414	(758)
Internet	*77*	*90*	*(13)*	*248*	*292*	*(44)*
Other operating costs	**180**	**143**	**37**	**496**	**467**	**29**
TOTAL	**66,614**	**60,385**	**6,229**	**237,639**	**211,253**	**26,386**

Net Working Capital

Net Working Capital	30-Sep-10	30-Sep-09	Δ	31-Dec-09
Inventories	57,699	55,717	1,982	34,409
Trade receivables	69,667	63,507	6,161	79,795
Receivables from subsidiaries	0	0	0	0
Receivables from unconsolidated subsidiaries	0	0	0	0
Receivables from other subsidiaries	0	0	0	0
Receivables from parent company	14,367	375	13,992	333
Tax receivables	993	1,288	(295)	1,226
Other receivables	10,481	9,214	1,266	9,167
Assets held for sales	0	0	0	0
Current assets	**153,207**	**130,102**	**23,105**	**124,931**
Trade payables	(63,152)	(72,940)	9,788	(71,329)
Other payables	(21,739)	(5,623)	(16,115)	(9,602)
Payable from from subsidiaries	0	0	0	0
Payables to unconsolidated subsidiaries	0	(49)	49	0
Payables from other subsidiaries	0	0	0	(9)
Payables from parent company	(9)	0	(9)	0
Liabilities associated to assets held for sales	0	0	0	0
Current liabilities	**(84,899)**	**(78,612)**	**(6,288)**	**(80,940)**
Net Working Capital	**68,308**	**51,490**	**16,818**	**43,990**