

CDC GROUP



2011 HALF-YEAR FINANCIAL REPORT AT 30th JUNE

HIGHLIGHTS



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Group highlights and general informations

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2011 Half-year financial report at 30th June

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1. HIGHLIGHTS

Economics			(k€)
30-June-11	30-June-10*		31-Dec-10*
170,700	175,544	Net Revenues	346,486
1,326	4,040	EBITDA	6,747
(750)	1,974	EBIT	2,939
(1,880)	585	EBT	658
(222)	210	Net result	77
(222)	210	Group Net Result	77
(0.018)	0.017	Basic earnings per share (€)	0.006
(0.018)	0.017	Diluted earnings per share (€)	0.006

*In 2010 royalties are reclassified from "Cost of services" to "Other income" in line to 2011

Financial			
30-June-11	30-June-10		31-Dec-10
56,958	65,864	Net current assets	47,003
35,285	21,346	Net non current assets	32,276
(44,616)	(39,743)	Net financial position	(32,237)
(4,060)	(4,307)	Other provisions	(4,057)
(43,566)	(43,160)	Equity	(42,985)
421	395	Employees (units at period-end)	408

2. CDC GROUP

CDC POINT S.p.a., company listed to MTA segment of Borsa Italiana, was founded in 1986 by Giuseppe Diomelli, who is the actual Chairman of the society.

Since its creation, the corporate mission has been to “spread simple technology” offering to customers specific solutions. Since 1986 this philosophy and the will to honour a commitment permitted to CDC to become rapidly the reference for the information technology Italian market, with a high contribution to digital literacy training.

The 20 years experience in this segment and the business model, the only ones in this sector, made CDC Group one of the main operators in Italy 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.

Furthermore, CDC Group works in the new technologies market especially through **CDC Tech** division, that provides full range of solutions. Above division oversees Unified Communications market, with **Dexgate** solutions (that offer integrated communications system using Internet protocol, through which you can handle phone calls, video calls, teleconferences, videoconferences, voice, fax, SMS), video surveillance and access control market (both **Kraun** brand product both main world producers one, in addition to hosting and dial service and mobile mode to images), shop management solutions market (with **X4-shop**) and finally cloud computing market with **Interhosting**, all value-added services offered by the CDC Group (internet service providing, housing and hosting, web services, web, adv, certified mail etc.) and marketed both online and through local networks of the Group.



Starting from January 1, 2011 CDC takes control of Essedi's shop retail stores, consisting of 81 stores (of which 7 are directly managed). Essedi computer shop and the others retail chains controlled by the Group (Computer Discount and AmiCo) have not relevant overlapping territorial stores, so that CDC is able to consolidate its leadership in the retail segment of the convenience stores with a market share more than 20% and over of five hundred outlets active.

3. BOARD OF DIRECTORS AND AUDITORS

BOARD OF DIRECTORS

	Position	Expiry of appointment
Giuseppe Diomelli	President	Balance approval as of 2013
Enrico Dell'Artino	Managing Director	Balance approval as of 2013
Enrico Barachini	Independent member of the board	Balance approval as of 2013
Elena Cenderelli	Independent member of the board	Balance approval as of 2013

Giuseppe Diomelli is the President and Legal Representative of CDC company and Managing Director to shareholding purchase and sale, immaterial goods, buildings, Plants, machineries, Vehicles, relationship with the institutional and financial authorities, together with Shareholders, coordination and management of new business activities, research and development of new products and solutions.

Enrico Dell'Artino is Managing Director for Business and Operative Direction, with authorization for Sales, Purchases, Strategic planning, Investor Relations, Organization and business processes, Human Resource, Technical assistance, Production, Logistics, Information Technology, Administration and staff, with authorization for Financial and Administration, Legal and corporate law, Internal Auditing
(limited to audit operating service for internal processes).

Enrico Barachini and Elena Cenderelli are Independent member of the board.

Elena Cenderelli, as the president and Enrico Barachini as member of internal control committee.

Enrico Barachini as the president and Elena Cenderelli as member of remuneration committee.

Enrico Barachini was confirmed lead independent director during the board of directors as of 4/29/11.

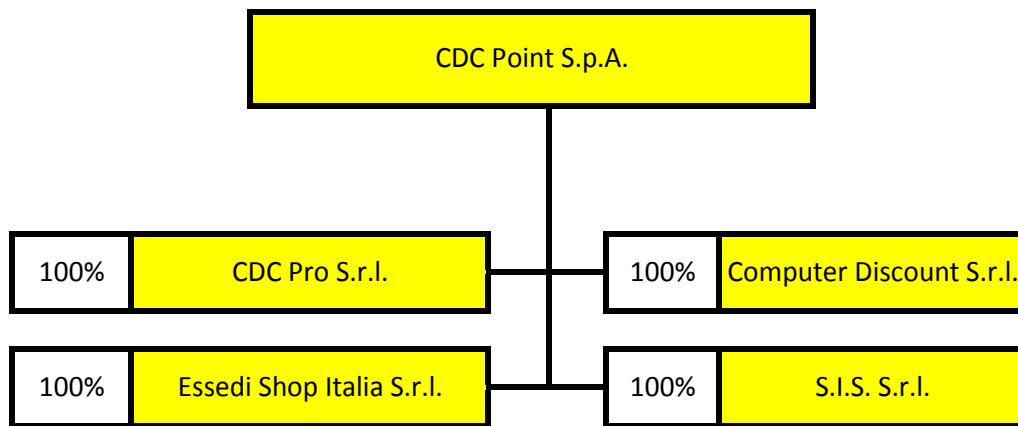
BOARDS OF STATUTORY AUDITORS

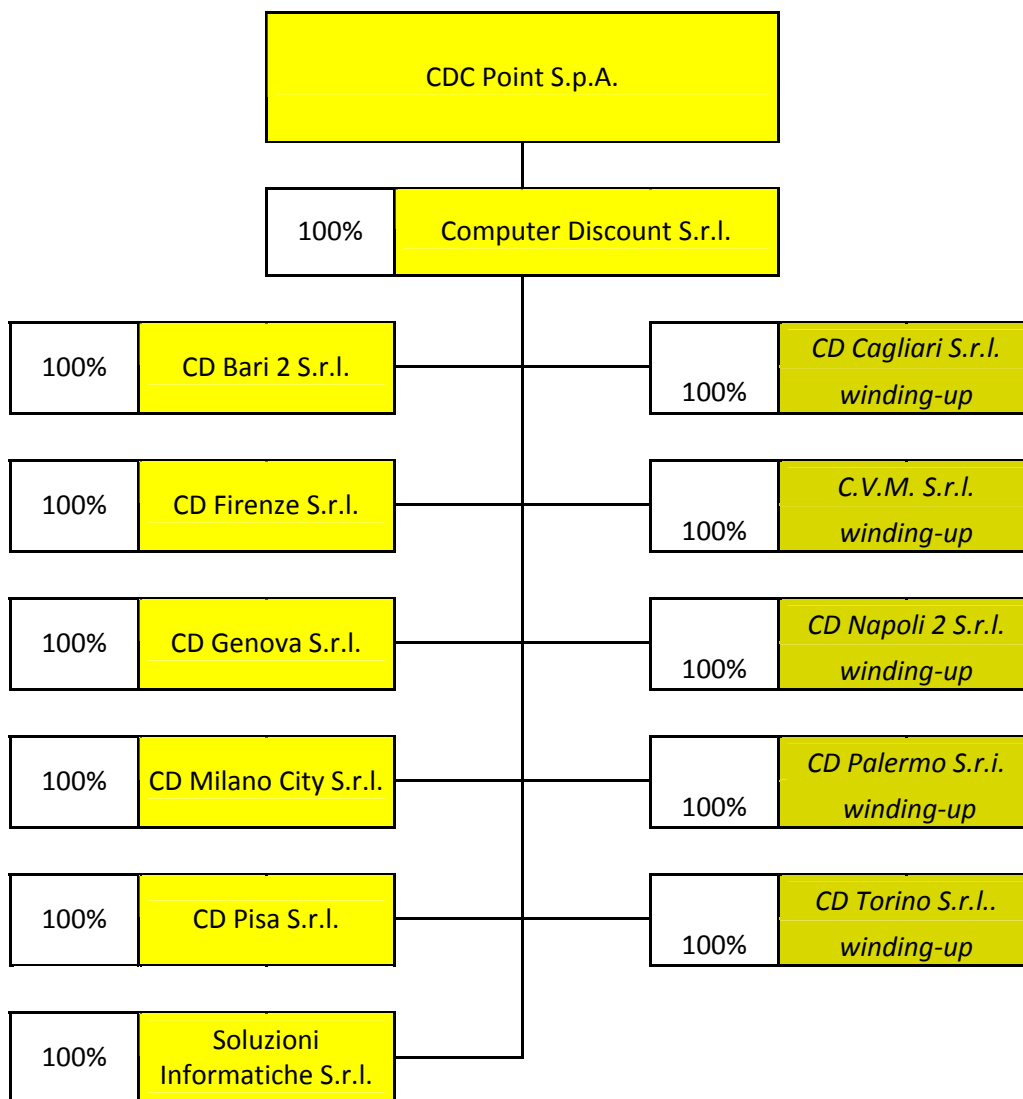
	Position	Expiry of appointment
Alberto Lang	President	Balance approval as of 2013
Daniela Carli	Auditor	Balance approval as of 2013
Luca Cecconi	Auditor	Balance approval as of 2013
<i>Francesco Pastorello</i>	<i>Auditor</i>	<i>Balance approval as of 2013</i>
<i>Francesco Bolgarelli</i>	<i>Auditor</i>	<i>Balance approval as of 2013</i>

AUDITORS

Mazars S.p.A. – expiration date: balance approval as of 2017

4. GROUP STRUCTURE as at 30 June, 2011





5. REPORT ON OPERATION

During Q2 2011 the Information Technology Italian market (personal computers and servers market), which represents about half of the total IT market, showed a negative trend of 13% in volume and approximately 9% in value (during the first quarter of the year IT market showed stability performance).

The decrease recorded in Q2 is even more significant in the scope of products (excluding Apple), with a decrease of 20% in volume and 14% in value compared to Q2, 2010.

Overall, in H1 2011, market showed a negative trend of 6% in quantity and about 4% in value (these percentages amounted to 12% in volume and 9% in value in the scope of products excluding Apple).

A light increase in the average market price does not reflect an increase in price but it has an important impact on the remix of the types of computers sold in the market; especially the strong tablet sales increase (only category of products also growing in absolute value) to the disadvantage of the netbook, with an average price less than half that of the tablet.

Demand weakness involved both professional users and retail segment.

Recovery signs in macroeconomic level, evident in some Western countries, have had not a clear turnaround on domestic market, although in few sectors begin to surface weak signals of the end of downward spiral.

The financial market instability and the deterioration in the sovereign debt rating in Western countries, including Italy, is leading to a higher instability in the macroeconomic scenario and in the desire to spend of households and businesses, in particular from the month of June.

Recent inflationary forces, mainly caused to the stress of the price commodity, and the resulting monetary policy of increasing gradually of interest rates, could make very difficult the market recovery.

Similarly, policies to reduce public deficits (with consequences in tax increases and public spending reduction) will increase risk to create depressive effect on consumption, with regard to the short term.

In this market scenario, CDC Group contained turnover decrease at about 2.8%, with an improvement in performance during Q2 against a particularly adverse market trend.

The revenues trend, which also includes business with margins below the average (as, for example, the public tender won by CDC of September 2010 to supply IT materials to 63,000 Italian tax policemen), is also affected by a reduction in the average commercial margin because of, mainly, the lower margins of these segments compared to average, as well as by a slight reduction in margins given by vendors on traditional channels.

Moreover, Q2 profitability is at the same level with that obtained in the second half of 2010, in line with the run rate of the last rolling year.

Negative trend in revenues hasn't affected the turnover of **Kraun** and **Inkdrops**, own brands, increased approximately by 3.4% in H1 2011 over the previous year.

The penetration rate of own brand turnover on total revenues is 7.1% through an increase of them in all distribution channels.

CDC brands are also entered into retail chain Essedi after the acquisition occurred in December 2010.

Although some business areas, by their nature, have lower penetration of own brands on total sales compared to the average business, increase in penetration and in absolute turnover took place.

Compared to the general performance turnover outlined above, new technologies revenues, managed by CDC Tech division, increased particularly in management software area (+350%), videosurveillance (+69%) and hosting services and web marketing (+45%) and Voip products (+4%).

The retail chain Essedi integrated into CDC Group provided an increasing speed in turnover during H1 2011, however, as expected.

During H1 CDC has extended until November 2011, the public tender won by CDC of September 2010 to supply IT materials to Italian tax policemen, and has concluded an agreement comparable with the Army, for about 143 thousand people.

After the creation of CDC Tech, in May 2011 (value-added business) was established Consortium HyperTix, where CDC is mandating and main consortial, with TSF Al maviva SpA and TD Group SpA, as a result of the adjudication of the tender launched by the Tuscany Local Government for the project, implementation and management of its data center (expected max turnover, 38 million € over three years).

The outcome of this adjudication is an indicator of the capability of the Group to compete with success against very important national operators (especially in the added value service business) regardless of the financial effects of the Group in 2011 and the next two years.

In H1, 2011 CDC Group recorded a negative net profit, compared to a positive net result in the same period of the previous year.

The main reasons for the limited profitability are the decrease in revenues and in profitability (although steady in the run rate of the last rolling year) in addition to higher operating costs with regard the sales networks expansion to increase turnover.

Turnover is more than € 170 million, with a decrease of 2.8% compared to about € 175 million during H1 2010, and consolidated net loss amounted of 222 K€, compared with a net profit of 210 K€ reached in the same period last year.

The trend of average sales price, on the mix of the turnover, shows a light growing, around 2.6% compared to H1, 2010.

The tablet sector growth, important from a absolute value and percentage point of view, has not still produced a compensating effect with the reduction of other pc categories: however, in H1 2011, CDC Group worked in this segment only through Essedi chain with iPad by Apple, unable to totally obtain benefits from the growth in this sector.

Although from Q2, 2011 the availability of tablets produced by the historical Group vendors increased significantly, the market share held by Apple in this segment, doesn't allow the Group to fully benefit of the segment increase.

CDC Group maintained during H1 2011 a multi-channel approach to the market, creating in distribution segment revenues around for € 102 million (decreasing by about 19% compared to the same period of 2010) and in retail segment (which includes both Computer Discount chain, Essedi and AmiCo, in addition to GDO/GDS) revenues amounting about to € 53 million (increasing by 26%).

In terms of development of stores number in H1 has been opened one new Cash & Carry, and in particular is continuing the expansion of AmiCo retail chain.

The number of Essedi stores increased by 10% in H1, although CDC held the chain from January 2011.

With regard to the Group historical chain, Computer Discount, H1 2011 has been focused on rationalization and strengthening of the franchisee, in order to avoid overlapping with other brands with which the Group operates.

Kraun sales outside Italy continues, and the relevant turnover increased by approximately 6% over the same period of the previous year.

Turnover of the ISP business area decreased very significantly, according to the expected trend, providing a substantial reset within the year.

From a product range point of view, CDC Group confirms (SIRMI) as the 2nd Italian manufacturer of personal computers (about 20 K units produced), and developed in the early months of 2011, a further expansion of product range in own brand (**kraun** for accessories and **Inkdrops** for consumables), especially technology products items relating IP video surveillance devices and software.

Most of the IT business is still carried out by major worldwide brand products, such as HP, Lexmark, Epson, Canon, Samsung, Brother.

Since January, with the Essedi retail chain into the Group, Apple products have been distributed on that chain. The Apple distribution agreement was signed during H1.

The profit margin attests to 11.7% of revenues, highlighting - as previously commented - a decrease compared to the same period of 2010 (where the margin was attested to 12.3% of revenues) but a substantial stability with the run rate compared of H2, 2010: the reasons for the decrease in primary margins stands on the expansion of the business market segments with below-average percentage margins as well as widespread deterioration in margins recognized by vendors.

EBITDA for the period was 0.8% on revenue (compared to 2.3% of the same period of 2010).

The net result for the period is negative, amounting to 222 k€, compared with a positive net result of 210 k€ in H1, 2010.

Net financial position of the Group end of H1 2011 attests on € 44.6 million, higher than the position of end H1 2010, amounting to € 39.7 million (and slightly better of financial position end of March 31, 2011).

The increase of approx € 4.9 million reflects, for about € 10 million, the acquisition plan to create CDC Tech division and the expansion of other traditional sales networks.

This program of acquisitions which took place in H2 2010, has been financed, at now, for about € 6 million, by the decrease in net working capital, especially for the stock component, that decreased in spite of the non-marginal expansion of sales networks.

The financial position absolute value, compared to the end of the previous year, was also affected by the seasonal nature of IT market, which creates timely cash absorption to coincide with the low summer season.

6. GROUP RESULTS

Income statement

Consolidated Income Statement (k€)	H1 2011		H1 2010*		FY2010*	
(Reclassified by nature)						
1.Revenues	169,680	99.40%	174,313	99.30%	344,101	99.31%
2.Other incomes	1,020	0.60%	1,231	0.70%	2,385	0.69%
I - REVENUES AND OPERATING INCOME	170,700	100.00%	175,544	100.00%	346,486	100.00%
3.Purchase costs	(150,732)	-88.30%	(153,925)	-87.68%	(304,763)	-87.96%
4.Service costs	(10,952)	-6.42%	(9,980)	-5.69%	(19,917)	-5.75%
5.Labour costs	(7,414)	-4.34%	(7,282)	-4.15%	(14,354)	-4.14%
6.Other operating costs	(276)	-0.16%	(316)	-0.18%	(704)	-0.20%
EBITDA	1,326	0.78%	4,040	2.30%	6,747	1.95%
7.Amortization of intangible fixed assets	(965)	-0.57%	(583)	-0.33%	(1,126)	-0.32%
8.Depreciation on tangible fixed assets	(770)	-0.45%	(985)	-0.56%	(2,022)	-0.58%
9.Gains/losses on disposals of non-current assets	0	0.00%	39	0.02%	39	-0.01%
10.Provisions and impairment reversal/losses on non-current assets	(341)	-0.20%	(537)	-0.31%	(699)	-0.20%
EBIT	(750)	-0.44%	1,974	1.12%	2,939	0.85%
11.Share of earnings of equity investments in associated companies accounted for by the equity method	0	0.00%	0	0.00%	0	0.00%
12.Financial income	631	0.37%	974	0.55%	1,853	0.53%
13.Financial expenses	(1,760)	-1.03%	(2,364)	-1.35%	(4,134)	-1.19%
EBT FROM CONTINUING OPERATIONS	(1,880)	-1.10%	585	0.33%	658	0.19%
14.Income taxes for the period	1,657	0.97%	(375)	-0.21%	(581)	-0.17%
NET RESULT FROM CONTINUING BUSINESS	(222)	-0.13%	210	0.12%	77	0.02%
15.Net income from discontinued operations /assets held for sale	0	0.00%	0	0.00%	0	0.00%
NET RESULT	(222)	-0.13%	210	0.12%	77	0.02%
16.Income (loss) attributable to minority interest	0	0.00%	0	0.00%	0	0.00%
NET GRUP RESULT	(222)	-0.13%	210	0.12%	77	0.02%

*In 2010, royalties are reclassified from "Cost of services" to "Other income", in line to 2011

Consolidated balance sheet

Consolidated balance sheet	30-June-11	31-Dec-10	30-June-10
<i>(Reclassified as current and non-current assets and liabilities)</i>			
ASSETS			
Non-current assets			
Sale network and internet portal	6,710	3,347	1,542
Brands	7,718	7,584	7,573
Other intangible assets	8,279	9,833	1,663
Intangible assets	22,706	20,765	10,778
Lands	754	754	754
Buildings	5,065	5,184	5,248
Real estate investments	0	0	0
Other tangible fixed assets	3,640	3,429	3,239
Tangible fixed assets	9,460	9,367	9,241
Subsidiaries	(0)	800	0
Equity investments in associated companies accounted for using the equity method	0	0	0
Other financial assets and equity investments in other companies	302	188	185
Financial fixed assets	302	988	185
Deferred tax assets	2,817	1,157	1,142
Total non-current assets	35,285	32,276	21,346
Current assets			
Inventories	39,208	36,037	43,011
Trade receivables	75,241	83,903	75,438
of which Related companies	1	1	33
Accounts receivable due from parent companies and associated companies	13,097	14,664	23,393
of which Related companies	0	0	0
Other accounts receivable	18,828	12,715	9,773
Current financial assets	0	(0)	0
Net cash and cash equivalents	2,517	12,155	10,952
Assets held for sale	0	0	0
Total current assets	148,890	159,475	162,567
TOTAL ASSETS	184,175	191,751	183,913

(in thousands of euro)



Consolidated balance sheet	30-June-11	31-Dec-10	30-June-10
<i>(Reclassified as current and non-current assets and liabilities)</i>			
LIABILITIES			
Group Equity			
Share capital	6,132	6,132	6,132
Share premium reserve	33,356	33,356	33,356
Treasury stock reserve	4,732	4,732	4,657
Treasury stock	(4,732)	(4,732)	(4,657)
Legal reserve	1,226	1,226	1,226
Other reserves	3,074	2,194	2,235
Retained results	0	0	0
Net result for the period	(222)	77	210
Total Group Equity	43,566	42,985	43,160
Minority interests	0	0	0
Total consolidated Shareholders' Equity	43,566	42,985	43,160
Non-current liabilities			
Deferred tax liabilities	786	786	1,027
Provisions for employee severance indemnities	3,038	2,995	3,042
Allowances for risks and charges	236	276	237
Financial payables falling due beyond next 12 months	9,894	13,442	13,553
Total non-current liabilities	13,954	17,499	17,860
Current liabilities			
Trade payables	73,912	79,842	56,841
<i>of which Related companies</i>	25	11	24
Accounts payable due from parent companies and associated companies	342	342	0
<i>of which Related companies</i>	0	0	0
Other accounts payable	15,162	20,133	28,910
Financial payables falling due within 12 months	37,239	30,949	37,141
Liabilities associated to assets held for sales	0	0	0
Total current liabilities	126,655	131,266	122,893
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	184,175	191,751	183,913

(in thousands of euro)

Consolidated financial report

FINANCIAL REPORT

	30-June-11	30-June-10	31-Dec-10
A.CASH AND CASH EQUIVALENTS (DEBTS) AT THE BEGINNING OF THE PERIOD AS REPORTED	(11,096)	3,892	3,892
Net result (loss) with taxes	(222)	210	77
Amortization and depreciation	2,076	2,105	3,848
Net change in other allowances and other net fiscal assets	(1,832)	(22)	(275)
Net change in provision for employee severance payments	43	(117)	(164)
Net financial expenses	1,129	1,389	2,281
	1,194	3,565	5,767
(Increase) Decrease in trade receivables and other short-terms receivables	3,909	(18,654)	(21,425)
(Increase) Decrease in inventories	(3,171)	(8,602)	(1,628)
Increase (Decrease) in payable and other short-term payables	(10,902)	4,594	19,587
Increase (Decrease) in assets held for sale	0	0	0
(Increase) Decrease in short-term financial assets	0	(554)	96
Cash flow generated (absorbed) by operating assets	(8,970)	(19,651)	2,397
Net Financial expenses paid	(1,129)	(834)	(2,377)
Income taxes paid	0	0	(428)
B.CASH FLOW FROM (FOR) OPERATING ACTIVITIES	(10,099)	(20,485)	(408)
Investments/Disposal in fixed assets			
Intangible	(2,907)	(519)	(11,049)
Tangible	(863)	(603)	(1,766)
Financial	686	4	(799)
C.CASH FLOW FROM (FOR) INVESTMENTS ACTIVITIES	(3,084)	(1,118)	(13,614)
Net drawing (repayment) of financing related to goods managed by financial leasing	0	0	0
Net drawing (repayment) of fmedium/long-term borrowing	(3,522)	475	62
Buy-back of treasury share	0	(953)	(1,028)
Changes in shareholders' equity of minority interest	-	0	0
Change in shareholders' equity	803	-	
D.CASH FLOW FROM (FOR) FINANCIAL ACTIVITIES	(2,719)	(478)	(966)
E.CASH FLOW FROM (FOR) THE PERIOD (B+C+D)	(15,902)	(22,081)	(14,988)
A.CASH AND CASH EQUIVALENTS (DEBTS) AT THE END OF THE PERIOD AS REPORTED	(26,998)	(18,189)	(11,096)

Consolidated net financial position

Net Financial Position (k€)	H1 2011	H1 2010	Δ	FY 2010
Banks debts payable within 12 months*	(29,515)	(29,141)	(374)	(22,775)
Cash and cash equivalents	2,517	10,952	(8,435)	12,155
(Amounts due to) Due from factoring companies*	0	0	0	(476)
Liquidity (borrowing) within 12 months	(26,998)	(18,189)	(8,809)	(11,096)
Short term loans*	(7,724)	(8,000)	276	(7,698)
Amounts due to other lenders for leases falling due within 12 months*	0	0	0	0
Amounts due to others within 12 months	(7,724)	(8,000)	276	(7,698)
Net financial Position within 12 months	(34,722)	(26,189)	(8,533)	(18,794)
Amounts due to other lenders for leases falling due after 12 months	0	0	0	0
Bank debts payable beyond next 12 months	(9,894)	(13,553)	3,659	(13,442)
Net Financial Position beyond next 12 months	(9,894)	(13,553)	3,659	(13,442)
Total Net Financial Position	(44,616)	(39,743)	(4,874)	(32,237)

* they are the total financial debts payable within 12 months and expressed as liabilities in the Statement of Financial Position

Operating Costs

Operating costs (k€)	30-June- 11	30-June- 10	Δ	31-Dec-10
Costs of goods for resale	150,732	153,925	(3,193)	304,763
Total service costs	10,952	9,980	972	19,917
Net marketing expenses	734	730	4	1,112
<i>(gross marketing expenses)</i>	<i>1,278</i>	<i>1,400</i>	<i>(122)</i>	<i>2,851</i>
<i>(contributions from suppliers for marketing expenses)</i>	<i>(544)</i>	<i>(670)</i>	<i>126</i>	<i>(1,739)</i>
Shipping and Logistics	1,762	1,569	193	3,322
Emoluments paid to Corporate Board	562	490	72	938
Utilities	746	638	108	1,294
Lease and rental expenses	2,148	2,031	117	4,023
Bank Commissions	417	500	(83)	899
Insurance	749	716	33	1,651
Technical and Fiscal services	701	799	(98)	1,393
Management shop costs	1,139	759	380	1,801
Other service costs	1,995	1,748	247	3,484
Labour costs	7,414	7,282	132	14,354
Other operating costs	276	316	(40)	704
TOTAL	169,374	171,504	(2,129)	339,739

*In 2010 royalties are reclassified from "Cost of services" to "Other income", in line to 2011

Net Working Capital

Net Working Capital	30-June-11	30-June-10	Δ	31-Dec-10
Inventories	39,208	43,011	(3,803)	36,037
Trade receivables	75,241	75,438	(197)	83,903
Receivables from parent company	13,097	23,161	(10,064)	14,664
Receivables from unconsolidated subsidiaries	(0)	0	(0)	0
Receivables from other subsidiaries	0	0	0	0
Taxes receivables	677	1,053	(376)	570
Other receivables	18,150	8,720	9,430	12,146
Assets held for sales	0	0	0	0
Current assets	146,373	151,383	(5,010)	147,320
Trade payables	(73,912)	(56,841)	(17,071)	(79,842)
Other payables	(15,162)	(28,677)	13,515	(20,133)
Payables to parent company	(342)	0	(342)	(342)
Payables to unconsolidated subsidiaries	0	0	0	0
Payables to other subsidiaries	0	0	0	0
Liabilities associated to assets held for sales	0	0	0	0
Current liabilities	(89,415)	(85,518)	(3,897)	(100,317)
Net Working Capital	56,958	65,864	(8,907)	47,003