

CDC GROUP



CONSOLIDATED QUARTERLY **REPORT** **AS OF DECEMBER 31, 2004**



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1. CORPORATE BOARDS

BOARD OF DIRECTORS

Name and surname	Position	Duration of appointment
Giuseppe Diomelli	Chairman	Approval of 2004 accounts
Leonardo Pagni	Managing Director	Approval of 2004 accounts
Claudio Andolfi	Managing Director	Approval of 2004 accounts
Enrico Barachini	Director	Approval of 2004 accounts
Paolo Gualtieri	Director	Approval of 2004 accounts
Emilio Vitale	Director	Approval of 2004 accounts

Giuseppe Diomelli is Chairman and Legal Representative with responsibility on corporate activities and corporate functions, in order to carry out the corporate business strategy.

Leonardo Pagni is Managing Director with responsibility for the Commercial and Operative Department. He is responsible for Sales, Purchase, Production, Logistics, Information Technology, Strategic Planning and Investor Relations.

Claudio Andolfi is Managing Director with responsibility for the Administration and Staff Department. He is responsible for Finance, Administration and Control, Human Resources, Development New Opening, Legal and Corporate Business, Internal Auditing.

Enrico Barachini, Paolo Gualtieri and Emilio Vitale are Independent Directors.

Enrico Barachini, as Chairman, Emilio Vitale and Paolo Gualtieri are members of the Internal Audit Committee.

Enrico Barachini and Emilio Vitale are members of the Remuneration Committee.

BOARD OF STATUTORY AUDITORS

Name and surname	Position	Duration of appointment
Carlo Bossi	Chairman	Approval of 2004 accounts
Daniela Carli	Statutory Auditor	Approval of 2004 accounts
Alberto Lang	Statutory Auditor	Approval of 2004 accounts
Enzo Polidori	Alternate Auditor	Approval of 2004 accounts
Enrico Fabbri	Alternate Auditor	Approval of 2004 accounts



2. BUSINESSES AND STRUCTURE OF THE CDC GROUP

BUSINESSES

CDC Point S.p.A., which has been listed on the Italian Stock Exchange's *Nuovo Mercato* since July 2000, is Italy's leading producer and distributor of IT products.

Its retail distribution network – the largest of Italy in terms of sales and brand awareness – serves the consumer and SOHO segments with 778 outlets, organized into three distinct chains operating under the Computer Discount, Compy and Amico trademarks.

The Group also controls a network of 28 proprietary Cash & Carry outlets, two of which opened during the 2004: Forlì (November 2004) and Udine (December 2004). These outlets distribute to over 30,000 specialist IT resellers.

On July 27, 2004, the Parent Company CDC Point has bought Test's commercial activities, that managed 5 Cash & Carry stores, by exercising the call option acquired in 2002. From the integration of the two networks derives a chain of 28 property Cash & Carry outlets, which covers the whole Italian country.

Since 2001 CDC also serves the government, large-scale user and mass merchandising markets, via its Direct Sales division.

CDC is a leading Italian player in these markets thanks to the award of some of the main supplies to Italian Public Administration and some Italian Banks:

- November 2002. Consip S.p.A. tender to supply PCs to central and local government entities, with a worth of over € 30 million;
- June 2003. Consip S.p.A. tender to supply PCs to central and local government entities, with a worth of over € 16 million;
- May 2004. Order to supply IT products to Credito Emiliano Bank, with a worth of € 160 thousand;
- September 2004. Order to supply IT products to Sogei, Società Generale d'Informatica S.p.A., with a worth of € 800 thousand;
- November 2004. Partnership agreement achieved with the company Getronics for IT products supplies. Getronics has privileged relationships with some of the most important customers of the Italian market; for this reason the agreement is strategic for CDC.

In addition to its core business (IT production and distribution), the CDC Group also operates in the Internet market via Interfree, Internet Service Provider and Group's portal focused on IT.

On December 06, 2004, the Parent Company CDC Point has took over the 1% share of Direct S.r.l., now fully owned by CDC.

GROUP STRUCTURE



CDC Point S.p.A.

Registered Office: Via Tosco Romagnola, 61 56012 Fornacette CALCINAIA (PI)
Member of the Chamber of Commerce of Pisa number 01250630504
Parent Company and operative holding company
- Business: sale of IT products

Micronica S.p.A. one-shareholder company

Registered Office: Via Calabria, 1 GELLO - PONTEDEIRA (PI)
Member of the Chamber of Commerce of Pisa number 01144430509
Fully owned
- Business: production of personal computers and management of the Group's logistics platform

PC Stop S.r.l. one-shareholder company

Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)
Member of the Chamber of Commerce of Pisa number 01341600508
Fully owned
- Business: sales of IT products

Cd Web S.r.l. one-shareholder company

Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)
Member of the Chamber of Commerce of Pisa number 01515060505
Fully owned
- Business: sales of IT product via e-commerce

Polinet S.r.l. one-shareholder company

Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)
Member of the Chamber of Commerce of Pisa number 01515070504
Fully owned
- Business: real estate

Interfree S.r.l. one-shareholder company

Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)
Member of the Chamber of Commerce of Pisa number 01499020509
Fully owned
- Business: Internet Service Provider

Direct S.r.l. one-shareholder company

Registered Office: Via Mazzini, 74 56025 PONTEDEIRA (PI)
Member of the Chamber of Commerce of Pisa number 01459540504
Fully owned
- Business: distribution of IT products

Mactronics Technology S.r.l. one-shareholder company – in winding-up

Registered Office: Via Tosco-Romagnola, 61 56012 Fornacette CALCINAIA (PI)
Member of the Chamber of Commerce of Pisa number 01622090502
Fully owned
- Business: design and sales of storage systems

Computer Discount S.r.l. one-shareholder company

Registered Office: Via Mazzini, 74 56025 PONTEDEIRA (PI)



Member of the Chamber of Commerce of Pisa number 01125180503

Fully owned

- Business: holding company. The company holds interests in IT retail outlets, affiliated to Computer Discount network

The one-shareholder company Computer Discount S.r.l. controls the following companies:

CD FIRENZE S.r.l. one-shareholder company. Registered Office in Firenze Viale Matteotti 9/r, Member of the Chamber of Commerce of Firenze n° 03950910483, Tax number and VAT registration number 03950910483, Share Capital €26,000 fully owned by Computer Discount S.r.l. one-shareholder company.

CD MILANO S.r.l. one-shareholder company Registered Office in Pontedera (PI), Via Calabria 1 resort Gello, Member of the Chamber of Commerce of Pisa n° 09194930153, Tax number and VAT registration number 09194930153, Share Capital €20,400 fully owned by Computer Discount S.r.l. one-shareholder company.

CD PISA S.r.l. one-shareholder company Registered Office in Pisa Viale Gramsci 13/a, Member of the Chamber of Commerce of Pisa n° 01096500507, Tax number and VAT registration number 01096500507, Share Capital €10,400 fully owned by Computer Discount S.r.l. one-shareholder company.

CD GENOVA S.r.l. one-shareholder company Registered Office in Pontedera (PI), Via Calabria 1 resort Gello, Member of the Chamber of Commerce of Pisa n° 03097430106, Tax number and VAT registration number 03097430106, Share Capital €41,600 fully owned by Computer Discount S.r.l. one-shareholder company.

CD TORINO S.r.l. one-shareholder company Registered Office in Torino Via Lanzo 15, Member of the Chamber of Commerce of Torino n° 01145660500, Tax number 01145660500 and VAT registration number 06408470018, Share Capital €20,800 fully owned by Computer Discount S.r.l. one-shareholder company.

C.V.M. S.r.l. one-shareholder company Registered Office in Bologna Via S. Donato 2/d, Member of the Chamber of Commerce of Bologna n° 03997720374, Tax number and VAT registration number 03997720374, Share Capital €26,000 fully owned by Computer Discount S.r.l. one-shareholder company.

CD VERONA S.r.l. one-shareholder company Registered Office in V Pontedera (PI), Via Calabria 1 resort Gello, Member of the Chamber of Commerce of Pisa n° 01173640507, Tax number and VAT registration number 01173640507, Share Capital €15,600 fully owned by Computer Discount S.r.l. one-shareholder company.

CD ROMA S.r.l. one-shareholder company Registered Office in Pontedera (PI), Via Calabria 1 resort Gello, Member of the Chamber of Commerce of Pisa n° 04265461006, Tax number and VAT registration number 04265461006, Share Capital €56,100 fully owned by Computer Discount S.r.l. one-shareholder company.



CD BRESCIA S.r.l. one-shareholder company Registered Office in Pontedera (PI), Via Calabria 1 resort Gello, Member of the Chamber of Commerce of Pisa n° 03191550171, Tax number and VAT registration number 03191550171, Share Capital €20,800 fully owned by Computer Discount S.r.l. one-shareholder company.

CD PESCARA S.r.l. one-shareholder company Registered Office in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 01351540685, Tax number and VAT registration number 01351540685, Share Capital €25,882 fully owned by Computer Discount S.r.l. one-shareholder company.

CD MILANO 2 S.r.l. one-shareholder company Registered Office in Pontedera (PI), Via Calabria 1 resort Gello, Member of the Chamber of Commerce of Pisa n° 11412800150, Tax number and VAT registration number 11412800150, Share Capital €52,000 fully owned by Computer Discount S.r.l. one-shareholder company.

CD MILANO 3 S.r.l. one-shareholder company Registered Office in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 11412780154, Tax number and VAT registration number 02844360962, Share Capital €51,000 fully owned by Computer Discount S.r.l. one-shareholder company.

CD MILANO 4 S.r.l. one-shareholder company Registered Office in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 11412790153, Tax number and VAT registration number 11412790153, Share Capital €51,000 fully owned by Computer Discount S.r.l. one-shareholder company.

CD MILANO 5 S.r.l. one-shareholder company Registered Office in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 11429220152, Tax number and VAT registration number 11429220152, Share Capital €51,000 fully owned by Computer Discount S.r.l. one-shareholder company.

CD ROMA 2 S.r.l. one-shareholder company Registered Office in Pontedera (PI) Via Calabria 1 resort Gello, Member of the Chamber of Commerce of Pisa n° 04931601001, Tax number and VAT registration number 04931601001, Share Capital €51,000 fully owned by Computer Discount S.r.l. one-shareholder company.

CD NAPOLI 2 S.r.l. one-shareholder company Registered Office in Pontedera (PI) Via Calabria 1 resort Gello, Member of the Chamber of Commerce of Pisa n° 06939510639, Tax number and VAT registration number 06939510639, Share Capital €52,000 fully owned by Computer Discount S.r.l. one-shareholder company.

CD CAGLIARI S.r.l. one-shareholder company Registered Office in Pontedera (PI) Via Calabria 1 resort Gello, Member of the Chamber of Commerce of Pisa n° 02265710927, Tax number and VAT registration number 02265710927, Share Capital €51,645 fully owned by Computer Discount S.r.l. one-shareholder company.

SOLUZIONI INFORMATICHE S.r.l. Registered Office in Pontedera (PI) Via Calabria 1, Member of the Chamber of Commerce of Pisa n° 11644770155, Tax number and VAT registration number 11644770155, Share Capital €52,000 whose 51% owned by Computer Discount S.r.l. one-shareholder company.

CD MILANO 6 S.r.l. one-shareholder company Registered Office in Pontedera (PI) Via Calabria 1 resort Gello, Member of the Chamber of Commerce of Pisa n° 02696400965, Tax number and VAT registration



number 02696400965, Share Capital €26,000 fully owned by Computer Discount S.r.l. one-shareholder company.

CD AREZZO S.r.l. one-shareholder company Registered Office in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 01386290512, Tax number and VAT registration number 01386290512, Share Capital €10,200 fully owned by Computer Discount S.r.l. one-shareholder company.

CD BARI 2 S.r.l. one-shareholder company. Registered Office in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 01570990505, Tax number and VAT registration number 01570990505, Share Capital €50,000 fully owned by Computer Discount S.r.l. one-shareholder company.

BELCOR S.r.l. one-shareholder company Registered Office in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 13152200153, Tax number and VAT registration number 13152200153, Share Capital €10,200 fully owned by Computer Discount S.r.l. one-shareholder company.

CD CATANIA S.r.l. Registered Office in Pontedera (PI) Via Calabria 1, Member of the Chamber of Commerce of Pisa n° 04079520872, Tax number and VAT registration number 04079520872. Share Capital €100,000 whose 90% owned by Computer Discount S.r.l. one-shareholder company.



3. USEFUL INFORMATION

CDC Point S.p.A.

CDC Point S.p.A.

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56012 Fornacette (PI)

Registered in the Companies' Registry of Pisa number 01250630504

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Internet Address

<http://www.cdc.it>

<http://www.interfree.it>





4. SCOPE OF CONSOLIDATION, ACCOUNTING PRINCIPLES AND POLICIES, CONSOLIDATION METHODS

SCOPE OF CONSOLIDATION

All the subsidiaries of CDC Point S.p.A. have been consolidated on a line-by-line basis.

The companies listed below were included in the consolidation scope:

CDC Point S.p.A. – Parent Company

Micronica S.p.A. - Fully owned

PC Stop S.r.l. - Fully owned

Cd Web S.r.l. - Fully owned

Polinet S.r.l. - Fully owned

Interfree S.r.l. - Fully owned

Direct S.r.l. - Fully owned

Computer Discount S.r.l. - Fully owned. The company holds equities in IT retail outlets, affiliated to Computer Discount.

The basis of consolidation includes all the companies owned by Computer Discount S.r.l..

The company Mactronics Technology S.r.l. was not consolidated for the period under review, because it is in winding-up.

CONSOLIDATION PRINCIPLES

The assets and liabilities of consolidated companies are posted in accordance with the line-by-line method, eliminating the book value of consolidated equity investments against the related shareholders' equity.

The difference between the purchase cost of the consolidated equity investments and the corresponding interest in shareholders' equity is posted to the various assets and liabilities on the basis of values current at the time of the purchase, or to the item "Consolidation differences" and charged to the income statement in accordance with the criteria applied to goodwill.



Profits and losses deriving from intercompany transactions, if not yet realized on third-party transactions, are eliminated, if significant, and at the same time are eliminated the intercompany accounts receivable and payable, revenues and costs, guarantees, commitments and risks.

Amounts posted solely for tax purposes are eliminated and financial lease was registered by the financial method of the international accounting principle IAS 17.

Minority interests in the shareholders' equity of consolidated companies are shown in a specific item.

Minority interests in the income statement is also shown separately. Such minority interests are calculated on the basis of the book value of shareholders' equity and the results of consolidated companies in the under review period.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Quarterly Report as of December 31, 2004 comply with the laws related to such financial statements and are unchanged compared to the previous fiscal year and the consolidated Quarterly Report as of September 30, 2004.

Intangible fixed assets

Such assets are recorded at purchase or production cost, including any incidental expenses, and amortized over their estimated useful lives.

Research and development costs have been capitalized only if they are due to the production of prototypes of new goods whose commercial launch will be held in future fiscal years. The amortization of this costs starts when the development process is completed. They are amortized over three year.

Start-up and development costs are amortized over five years.

Industrial patents and licenses are amortized over five years.

Advertising costs are fully expensed as incurred, except those sustained during the start-up phase.

Trademarks are amortized over a period of ten years.

Consolidation difference consisting of the higher value paid for shareholdings acquisition is amortized over 10 year at the latest.

Purchased goodwill is amortized over a period of five years.

Assets are written down in order to reflect any permanent impairments in value, independent of accumulated amortization; the appropriate value of such assets, adjusted solely to take account of accumulated amortization, is reinstated in future periods should the reasons for such write-down cease to apply.

Tangible fixed assets

Tangible fixed assets are recorded at purchase or production cost. The stated cost includes incidental expenses and the direct and indirect costs that may be reasonably attributed to the asset concerned.

Tangible fixed assets are depreciated on a straight-line basis by applying the economic and technical rates shown in the Assets section of these Notes.

Assets are written down in order to reflect any permanent impairment in value, independent of accumulated depreciation; the appropriate value of such assets, adjusted solely to take account of



accumulated depreciation, is reinstated in future periods should the reasons for such write-down cease to apply.

Finance leases are accounted for on the basis of finance accounting-method.

Ordinary maintenance costs are expensed as incurred. Improvements are capitalized and depreciated on the basis of the remaining useful life of the asset to which they relate.

Financial fixed assets

Long-term accounts receivable are recorded at their estimated realizable value.

Equity investments in unconsolidated subsidiaries and in associated companies are valued in accordance with the equity method, after deducting any dividends and applying the adjustments required by consolidation principles. The purchase or subscription cost is therefore adjusted in order to reflect any change in the shareholders' equity of such companies since the acquisition of the investment. The Parent Company's share of net income or losses realized by subsidiaries or associated companies is thus posted to the income statement for the period.

Equity investments in other companies are valued at cost and written down in order to reflect any impairments in value.

Any option to buy shareholdings is posted among financial fixed assets and valued with the same criteria applicable to such shareholdings. In alternative, the options are expensed out at the time they are not expected to be exercised.

Inventories

For the IT distribution business, inventories are recorded at the lower of purchase or production cost, on the basis of the F.I.F.O. method, or their estimated realizable value, calculated as the average market price of the month of December 2004.

Cost is determined on the same basis as used for fixed assets; the estimated realizable value is calculated taking into account any production costs still to be incurred and direct selling costs. Obsolete and slow-moving stocks are written down on the basis of their estimated useful lives or realizable values.

Accounts receivable

Accounts receivable are recorded at their estimated realizable value via the posting of provisions for doubtful accounts. Such provisions have been calculated on the basis of an evaluation of recoverability, carried out via analysis of individual accounts and of the overall risk associated with accounts receivable, taking account of any existing guarantees and insurance cover.

Factoring

The factoring of receivables without recourse result in the reversal of the corresponding entries under trade receivables at the time of the payment by the factor. The factoring of receivables with recourse is recorded by posting to the item "Due to other lenders" the advance loans received from factors, and maintaining, therefore, the related receivables recorded under the item "Trade receivable".

Treasury Shares



Treasury shares are valued at average cost, adjusted, in the case of a reduction, on the basis of their market value at the end of the period. The appropriate value of such assets is reinstated in future periods should the reasons for such write-down cease to apply up to the limit of the purchase price.

Accruals and deferrals

These include share of incomes and costs referring to different account periods, recorded on an accrual basis method.

Allowances for risks and charges

Allowances for risks and charges represent provisions for liabilities or losses that are either likely or certain to be incurred but uncertain as to the amount or as to the date on which they will arise. The provisions reflect the best possible estimate of such liabilities based on the information. Risks giving rise to liabilities that are solely possible are reported in the notes of memorandum account, without any provisions being made.

Provisions for employee severance indemnities

Provisions for employee severance indemnities represent the accrued liability to employees in accordance with established legislation, collective labour contracts and company agreements. Such provisions are subject to revaluation on the basis of indexes.

Accounts payable

Accounts payable are recorded at their nominal value.

Revenue recognition

Sales revenues are recognized on transfer of title, which generally coincides with shipment. The revenues deriving from sales of products subject to the approval are recorded on the approval. Service revenues are accounted at the time the service has been completed. Revenues from the sale of advertising space are recognized on the date of publication.

Income taxes

Income taxes are calculated on the basis of taxable income estimated in compliance with established legislation, taking account of any allowable deductions and tax credits due. Deferred tax assets and liabilities, deriving from temporary differences between the carrying value of an asset or liability and its tax base, are also recognized. Deferred tax assets are only recognized where there is reasonable certainty that they will be recovered and taking into account the estimated tax rate to which the Company will be liable in future years. The tax benefit deriving from the carrying forward of tax losses is posted to the accounts where there is reasonable certainty that it will be realized, and in any event not before the period in which the Company effectively benefits.



The Quarterly Report as of December 31, 2004 did not include current taxes, neither deferred taxes for the period under review.

Capital grants

Capital grants are posted to deferred income until title to such grants is reasonably certain. They are posted to the income statement over the useful life of the asset to which they refer.

Foreign currency translation

Accounts receivable and payable originally denominated in foreign currency are translated into euros on the basis of historical exchange rates at the end of the period under review, considering the relative hedging currency agreements. Foreign currency translation gains or losses realized on collection of foreign currency accounts receivable and payment of foreign currency accounts payable are posted to the income statement under financial income/expense.

Derivatives

Such instruments are posted to commitments at their nominal value, based on the forward price, with the exception of options, which are posted to accounts receivable. The gains and losses resulting from the application of closing exchange rates to forward currency agreements, where there is a net exposure not related to specific transactions, are posted to financial income and expense. Contracts relating to specific transactions, such as public tenders, are valued on the basis of a strategic hedging plan designed to assess the effectiveness of existing transactions by relating them to foreign currency commitments on the basis of the relevant due dates and amounts involved.

Interest rate swaps, if used to hedge the interest rate risk associated with the Company's debt, are posted to the Notes of the memorandum accounts, whilst the related effects are posted to the income statements matched with the relevant interest expense. The interest rate swaps not held for hedging purposes are valued on the basis of market prices at the end of the period, and any resulting loss recorded in the accounts.

Finance leases

Assets purchased via finance leases are recorded among tangible fixed assets and depreciated over their estimated useful lives, whilst the principal of the debt outstanding with the leasing company is included among amounts payable to other lenders. Depreciation and interest expense are thus posted to the income statement.

Risks, commitments and guarantees

Contract commitments and guarantees are recorded in the memorandum accounts at the value shown in the relevant contracts.

Exceptions pursuant to section 4 of art. 2423

It was not necessary to apply any such exceptions in the preparation of the attached accounts.

Change to the international accounting practises (IFRS)

The Group started a specific test in order to identify the differences and the actions to plan the change to the new accounting principles.

Other Information

For information about the nature of the company, the subsequent events, the transactions with parent companies, unconsolidated subsidiaries, associated and other companies as well as other related information on the various business activities, reference should be made to the Report on operations.

5. CONSOLIDATED ACCOUNTS OF THE CDC GROUP AND RELATED NOTES

5.1. GROUP OPERATING PERFORMANCE

All the figures in the tables below are in thousands of euros (€) unless otherwise noted.

Total **consolidated revenues** as of December 2004 were equal to € 557.91 million against € 595.70 million reached in 2003.

Revenues decreased by 6.34%, mainly due to the stop of Consip tenders during the full 2004 year and to the negative trend of retail sales over the Christmas period.

The trend of revenues, not including sales deriving from Public sector, increased by 3%, from € 527.32 million in 2003, to € 542.93 million in 2004.

The Italian PC Market over the same period grew 8.0%, while the Italian Micro IT Market increased over 5% (source Sirmi, data in value for the full 2004 year).

The performance of revenues reflected:

- revenues of IT Distribution Division (generated by the network of Cash & Carry and the B2B platform) growing by 14.0%, from € 265.99 million in 2003 to € 303.40 million in 2004;
- revenues of the retail chains (Computer Discount and Consumer Electronics) decreasing by 7.0%, from € 227.50 million as of December 31, 2003 to € 211.87 million in as of December 31, 2004.

During the Fourth Quarter of 2004, CDC achieved consolidated revenues for € 184.36 million, compared to € 202.72 million in the same period of 2003, with a down of 9.06%.

This result was mainly due to the reduction of sales to Public Sector.

During the Fourth Quarter of 2003, the CDC Group's revenues registered a growth thanks to the sales via Consip tender, which reached over € 12 million, against less than € 1 million in 2004.

Gross commercial margin earned in the 2004 year was equal to € 76.51 million (13.71% on sales), of which € 25.20 million achieved in the Fourth Quarter. The amount of the gross margin decreased compared to the previous year (€ 80.53 million in 2003), with an increasing during the Fourth Quarter from € 23.77 million to € 25.20 million. The gross margin ratio on sales increased from 11.73% in the Fourth Quarter of 2003 to 13.66% in the same period of 2004, and from 13.52% in the full 2003 year to 13.71% in the same period of 2004.

During the 2004, the CDC Group registered a decrease in the operating profitability, reaching an **EBITDA** equal to € 26.90 million, against € 28.69 million in the 2003, keeping unchanged the EBITDA ratio on sales (4.82%).

In the only Fourth Quarter of 2004, CDC earned an increase both at the EBITDA result and the EBITDA ratio on sales, from € 8.81 million in the Fourth Quarter of 2003 (4.35%) to € 10.90 million in the same period of 2004 (5.92%).

After charges for amortization and depreciation totalling € 6.99 million as of December 31, 2004, of which € 1.96 million in the Fourth Quarter, the operating profit before the amortization of goodwill and the listing costs on the stock exchange (EBITA) was equal to € 19.92 million, of which € 8.95 million earned in the Fourth Quarter.

The goodwill and the listing costs on the stock exchange amounted to € 2.86 million for the full 2004 year and to € 0.79 million for the only Fourth Quarter of 2004.

During the 2004 year the amount of financial and extraordinary expenses was equal to € 2.98 million, against € 5.95 million in 2003, of which € 0.90 in the Fourth Quarter 2004 compared to € 0.93 million in the same period of 2003.

The **pre-tax profit** was positive for € 14.08 million as of December 31, 2004, of which € 7.24 earned in the Fourth Quarter.

The following table shows the reclassified consolidated income statement of the CDC Group, both for the full 2004 year and for the Fourth Quarter of 2004.

The data have been derived from the statutory income statement.

CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER OF 2004					
	Q4 2004		Q4 2003		Change %
Revenues from sales and services	183,968	99.79%	201,911	99.60%	-8.89%
Other revenues and income	390	0.21%	811	0.40%	-51.85%
Total Revenues	184,359	100.00%	202,722	100.00%	-9.06%
Cost of raw and ancillary materials and goods for resale	(179,597)	-97.42%	(201,207)	-99.25%	-10.74%
Change in inventories of goods for resale	20,439	11.09%	22,260	10.98%	-8.18%
Cost of Goods	(159,158)	-86.33%	(178,947)	-88.27%	-11.06%
Gross Margin	25,201	13.67%	23,775	11.73%	6.00%
Service costs	(6,708)	-3.64%	(7,742)	-3.82%	-13.36%
Lease expenses	(1,170)	-0.63%	(1,305)	-0.64%	-10.36%



Payroll costs	(6,126)	-3.32%	(5,332)	-2.63%	14.90%
Other operating costs	(290)	-0.16%	(577)	-0.28%	-49.75%
Ebitda	10,907	5.92%	8,819	4.35%	23.67%
Depreciation	(1,568)	-0.85%	(1,583)	-0.78%	-0.94%
Provisions and write-downs	(388)	-0.21%	(753)	-0.37%	-48.54%
Ebita	8,951	4.86%	6,483	3.20%	38.07%
Goodwill amortization and stock market listing costs	(794)	-0.43%	(753)	-0.37%	5.38%
Ebit	8,158	4.42%	5,730	2.83%	42.37%
Financial Incomes (expenses), net	(975)	-0.53%	(1,106)	-0.55%	-11.88%
Extraordinary income (expense), net	(17)	-0.01%	(89)	-0.04%	-81.03%
Adjustments to financial fixed assets	87	0.05%	257	0.13%	-66.30%
Income before taxes	7,253	3.93%	4,792	2.36%	51.35%
Income (loss) attributable to minority interests	(12)	-0.01%	0	0.00%	
Consolidated net income of CDC Group	7,241	3.93%	4,792	2.36%	51.10%

During the 2004 year, the CDC Group earned consolidated revenues for € 556.76 million, of which € 546.27 million derived from the IT core business and € 10.49 million from Internet business via the subsidiary Interfree.

Consolidated revenues as of December 31, 2003 reached € 594.00 million, of which € 10.94 million from Internet business.

The EBITDA decreased from € 28.69 million in 2003 year to € 26.91 million in 2004, derived for € 23.06 million from the IT business and for € 3.85 million from Internet business.

The positive result in terms of operating profit (Ebit) derived also from the performance of the internet business, generating an operating profit for € 3.35 million against € 3.11 million during the previous year. The consolidated Ebit decreased by 3.19% to € 17.06 million, from € 17.62 million reached in 2003 year.

The consolidated pre-tax profit after the minority interests amounted to € 14.03 million, compared to € 11.71 million in 2003, with an increasing of 19.9%.

The pre-tax profit of the Parent Company CDC Point, that represents the basis for the dividend distribution to the shareholders, was equal to € 13.91 million, against € 10.90 million in the 2003 fiscal year.



2004 YEAR	2004		2003		Change %
Revenues from sales and services	556,763	99.79%	594,001	99.71%	-6.27%
Other revenues and income	1,144	0.21%	1,699	0.29%	-32.65%
Total Revenues	557,907	100.00%	595,700	100.00%	-6.34%
Cost of raw and ancillary materials and goods for resale	(474,010)	-84.96%	(539,547)	-90.57%	-12.15%
Change in inventories of goods for resale	(7,386)	-1.32%	24,383	4.09%	-130.29%
Cost of Goods	(481,396)	-86.29%	(515,164)	-86.48%	-6.55%
Gross Margin	76,511	13.71%	80,536	13.52%	-5.00%
Service costs	(22,801)	-4.09%	(25,476)	-4.28%	-10.50%
Lease expenses	(4,906)	-0.88%	(5,202)	-0.87%	-5.68%
Payroll costs	(21,079)	-3.78%	(19,901)	-3.34%	5.92%
Other operating costs	(819)	-0.15%	(1,268)	-0.21%	-35.40%
Ebitda	26,905	4.82%	28,689	4.82%	-6.22%



Depreciation	(6,345)	-1.14%	(6,336)	-1.06%	0.14%
Provisions and write-downs	(640)	-0.11%	(1,977)	-0.33%	-67.62%
Ebita	19,921	3.57%	20,376	3.42%	-2.23%
Goodwill amortization and stock market listing costs	(2,863)	-0.51%	(2,756)	-0.46%	3.88%
Ebit	17,058	3.06%	17,620	2.96%	-3.19%
Financial Incomes (expenses), net	(4,276)	-0.77%	(5,471)	-0.92%	-21.84%
Extraordinary income (expense), net	1,254	0.22%	(807)	-0.14%	-255.33%
Adjustments to financial fixed assets	47	0.01%	329	0.06%	-85.83%
Income before taxes	14,081	2.52%	11,671	1.96%	20.65%
Income (loss) attributable to minority interests	(49)	-0.01%	36	0.01%	-235.45%
Consolidated net income of CDC Group	14,033	2.52%	11,707	1.97%	19.86%

Revenues from sales and services

Consolidated revenues, net of returns, discounts and allowances, derived almost entirely from sales in Italy.

Business areas	Q4 2004	Q4 2003	Change	As of 12/31/04	As of 12/31/03	Change
IT distribution	181,552	197,647	(16,095)	546,272	583,057	(36,785)
Internet	2,416	3,078	(662)	10,491	10,944	(453)
Other revenues	390	0	390	1,144	0	1,144
Revenues from sales and services	184,359	200,725	(16,366)	557,907	594,001	(36,094)

Others revenues and income

Others revenues and income, amounting in the Fourth Quarter of 2004 to € 0.39 million, mainly consist of rental income, insurance refund and income from the recovery of costs related to sales.

They do not include advertising refunds, franchising fees received from new franchisees and marketing contribution from suppliers, amounting to € 15.11 million as of December 31, 2004 against €13.78 million as of December 31, 2003, which were classified as a reduction of marketing costs included in service costs.

During the Fourth Quarter of 2004, advertising refunds and marketing contributions from suppliers amounted to € 5.58 million, against € 4.98 million in the same period of 2003.

Period-end bonuses from suppliers and stock protection, amounting to € 25.87 million as of December 31, 2004 against € 22.63 million in the 2003, were classified as a reduction of costs for materials and goods for resale. During the only Fourth Quarter of 2004, such period-end bonuses from suppliers and stock protection amounted to € 8.49 million.

Operating costs

The following table shows the main Group operating costs, broken down by business unit:

Operating costs	Q4 2004	Q4 2003	Change	As of 12/31/04	As of 12/31/03	Change
Goods for resale	(179,597)	(201,207)	21,610	(474,010)	(539,547)	65,537
Change in inventories	20,439	22,260	(1,821)	(7,386)	24,383	(31,769)
Payroll costs	(6,126)	(5,332)	(794)	(21,079)	(19,901)	(1,178)
<i>IT Distribution</i>	<i>(5,992)</i>	<i>(5,208)</i>	<i>(784)</i>	<i>(20,560)</i>	<i>(19,411)</i>	<i>(1,149)</i>
<i>Internet</i>	<i>(134)</i>	<i>(124)</i>	<i>(10)</i>	<i>(519)</i>	<i>(490)</i>	<i>(29)</i>
Total service costs	(6,708)	(7,742)	1,034	(22,801)	(25,476)	2,675
whose: marketing costs	838	3,135	(2,297)	2,387	(176)	2,563
<i>IT Distribution</i>	<i>838</i>	<i>2,926</i>	<i>(2,088)</i>	<i>2,504</i>	<i>(353)</i>	<i>2,857</i>
<i>Internet</i>	<i>0</i>	<i>209</i>	<i>(209)</i>	<i>(117)</i>	<i>177</i>	<i>(294)</i>
whose: other transportation and logistics costs	(3,309)	(2,933)	(376)	(8,520)	(8,198)	(322)
whose: other service costs	(4,237)	(7,944)	3,707	(16,668)	(17,102)	434
Lease expense	(1,170)	(1,305)	135	(4,906)	(5,202)	296
Sundry operating costs	(290)	(577)	287	(819)	(1,268)	449
Total	(173,452)	(193,903)	20,451	(531,001)	(567,011)	36,010

The amount referring to the **change in inventories** essentially relates to the Parent Company CDC Point S.p.A., which is involved in the IT core business.

Marketing costs were equal to € 12.73 million (€ 8.98 million in 2003) gross of advertising refunds, entry right fees of new affiliations and marketing contributions from suppliers, totalling € 15.11 million (€ 8.80 million in 2003).

Others service costs primarily regard utilities, external consultants, emoluments paid to corporate bodies, training, maintenance and commercial fees.

Payroll costs increased both in the Fourth Quarter (€ 6.12 million in 2004 against € 5.33 million in 2003) and in the period ending December 31 (€ 21.08 million in 2004 versus € 19.90 million in 2003). The growth was mainly due to the renewal of the collective labour contract signed on July 2004. It also reflected the increase of the staff by 15 units compared to the same period of previous year: the white-collar employees increased by 50 units, while the blue-collar decreased by 35 units. This change was not due to the engagements and resignation during the fiscal year, but it resulted from the change in the qualification of the employees over the same period. The 15 units net increase was mainly due to the new openings of Cash&Carry outlets and to the take-over of CD Catania, happened on July 2004.



The following table highlights a breakdown of the average employees by business unit for the period ending December 31, 2004, compared with the same period of 2003:

Employees	12/31/04	09/30/04	12/31/03	Average empl. 01/01/04-12/31/04
IT Distribution	637	588	622	604.33
Managers	15	15	13	15.25
Supervisors	33	32	32	31.17
White-collar	415	386	368	401.83
Blue-collar	174	155	209	156.08
Internet	12	12	12	11.83
Managers	0	0	0	0
Supervisors	1	1	1	1
White-collar	11	11	11	10.83
Total	649	600	634	616.16

Amortization, depreciation and write-downs

In addition to the charges relating to individual companies, **amortization and depreciation** also include consolidation adjustments resulting from the elimination of entries posted only for tax purposes, such as accelerated depreciation and the recalculation of lease transactions according to financial lease accounting.

Allowances for bad debts and write-downs arose mainly from the adjustment to trade and other receivables and allowances for future risk. Total allowances and write-downs amounted to € 0.62 million, fully referred to the Parent Company CDC Point S.p.A.

Financial income and expenses

Financial income and expenses break down as follows:

Financial income (expenses)	Q4 2004	Q4 2003	Change	12/31/04	12/31/03	Change
Interest and other financial income	305	(7)	312	606	613	(7)
Interest Expenses	(781)	(1,035)	255	(2,584)	(3,495)	911
Net foreign currency translation adjustment	472	538	(66)	509	238	271
Bank Commissions	(119)	(137)	18	(403)	(379)	(24)
Commissions on credit cards and POS payments and factoring fees	(802)	(397)	(405)	(2,345)	(2,127)	(218)



Premiums on options	(51)	(68)	17	(60)	(321)	261
Total	(975)	(1,106)	131	(4,276)	(5,471)	1,195

Financial income and expenses are essentially attributable to the Parent Company, which mainly manages the funding activity for the Group. We notice a decrease in interest expenses, net of interest income, by € 0.90 million. This downturn was achieved thanks to the renegotiation of the bank interest rates carried out during the under review period and thanks to the decreased in net financial position. Net foreign currency translation result improved from € 0.238 million as of December 31, 2003 to € 0.509 million as of December 31, 2004. This performance was mainly due to the trend of the exchange rate Euro/US Dollar.

Financial position

Net financial position	12/31/04	12/31/03	Change	09/30/04
Bank debt falling within 12 months	(8)	(3,751)	3,743	(9,480)
Bank debt falling after 12 months	0	0	0	0
Cash and cash equivalents	22,502	10,836	11,666	5,386
Total short-term debt	22,494	7,085	15,409	(4,094)
Amounts due to other lenders for leases				
falling within 12 months	(808)	(704)	(104)	(740)
falling after 12 months	(1,279)	(2,185)	906	(1,551)
Total amounts due to other lenders for leases	(2,087)	(2,889)	802	(2,291)
Debt for advance of contracts and other advance (Factor)	0	(881)	881	138
Total amounts due to other lenders (Factor)	0	(881)	881	138
Due to others	0	(282)	282	(2)
Medium-term bank debt	(25,000)	(25,000)	0	(25,000)
Total	(4,593)	(21,967)	17,374	(31,249)

Net financial position as of December 31, 2004 strongly improved compared both to the same period of previous year (€ 4.59 million versus € 21.97 million, falling by 79%) and to the amount as of September 30, 2004 (€ 31.25 million).

The positive performance of the net financial position, obtained thanks to the strong cash flows driven by operating profitability and the growing efficiency in working capital management, confirms the Group's financial standing and the tenability of the dividend distribution plan adopted by the company (€ 6 million the total amount of dividend distribution during 2004 year). The dividend distribution plan was confirmed by the approval of the new business plan in the last Autumn 2004.

Extraordinary items

Extraordinary items recorded a positive balance for € 1.25 million during 2004 year against losses for €0.017 million in the Fourth Quarter of 2004.

This result derived from extraordinary income for € 1.93 million, mainly attributable to the Parent Company CDC Point S.p.A. (€ 1.24 million).

The increase in extraordinary items was due to:

- lower costs related to the Internet division prudentially accounted in the 2002 and 2003 fiscal years for about € 0.472 million;
- lower 2003 costs related to SIAE taxes, whose regulation changed with a retrospective effect for €0.019 million;
- bonuses and contributions from suppliers on purchases of 2003 year for € 0.265 million. These revenues at the time of the closing of the financial statement as of December 31, 2003 were doubtful and precautionary were not registered;
- higher IRAP tax accounted in 2003 year financial statement for € 0.031 million;
- recharge to third-parties of costs accounted in the fiscal years 2001-2003 for € 0.190 million;
- insurance refunds valued too prudentially during 2003 year for € 0.043 million;
- surplus of utilities costs, assessed for 2003 accounts, for € 0.028 million.

INVESTMENTS

Consolidated investments	12M to 12/31/04	12M to 12/31/03	Change	Q4 2004	Q4 2003	Change
Intangible fixed assets	3,263	1,119	2,144	781	27	754
Tangible fixed assets	2,688	1,329	1,359	970	229	741
Financial assets	(451)	63	(514)	(28)	32	(60)
Total	5,500	2,511	2,989	1,723	288	1,435

During the Fourth Quarter of 2004, the investments, net of disinvestments and depreciation, increased by € 1.435 million.

On July, 2004 Direct S.r.l. sold to CDC Point S.p.A. the call option right on Test leased asset. On July 27, 2004 CDC POINT S.p.A. exercised the call option mentioned above acquiring the 5 cash & carry of Test leased asset. The strike price, determined in € 4.10 million, was paid cash, net of rents and the purchase cost of the call option already paid by CDC Group in the period September 1, 2002 – July 31, 2004, with a net cash out equal to € 2.215 million. As of result of this operation we notice a goodwill for € 3.250 million.

As a result of the deal the CDC Group acquired intangible fixed assets for € 0.37 million, related to the purchase of trademarks, and tangible fixed assets for € 0.83 million referred to office equipment, plants and machinery.

5.2. PERFORMANCE OF THE IT CORE BUSINESS

During the Fourth Quarter 2004, the CDC Group has proceeded to distribute IT products in accordance with its multi-channel strategy serving the following markets:

- a. the consumer and SOHO segments, where CDC Group is the leader of the Italian market with more than 750 outlets, including shops under Computer Discount trademark, corners under



Compy trademark and outlets of consumer electronics. This channel, together with mass merchandising, achieved revenues for € 224.44 million, decreasing by 7.0% compared to the same period of 2003 (€ 241.16 million);

- b. IT resellers, system integrators and other IT dealers, via its network of 28 Cash & Carry outlets, the outlets under the Amico trademarks and the B2B e-commerce channel; in the period under review the Group achieved revenues for € 303.40 million compared to € 265.99 million in the same period of 2003, with an increase equal to € 37.41 million (up 14%);
- c. government and large-scale users segments, served by CDC group since the end of 2002, earned revenues for € 17.94 million in the period under review, compared to € 75.50 million in the same period of 2003.

In the Fourth Quarter of 2004, the CDC Group achieved revenues for € 181.55 million from its IT core business, compared to € 198.59 million in the same period of 2003, decreasing by 8.58%. During the full year under review, the revenues of IT business amounted to € 546.27 million against € 583.05 million in the same period of 2003, decreasing by 6.31%.

The trend of revenues, not including sales derived from Consip tenders, which strongly influenced sales of 2003 year, rised 3.23%, compared to an Italian PC Market growing by 8% and an Italian Micro IT Market increasing by 5.3% (source Sirmi, January 2005).

During the Fourth Quarter of 2004 the Ebitda reached € 9.99 million, up 24.7% compared to the same period of 2003 (€ 8.010 million).

The Ebitda margin, which reflected the growth of gross margin compared to 2003, recorded an increase of 230 basis points from 10.23% in the Fourth Quarter of 2003 to 12.53% in the under review period.

During the Fourth Quarter of 2004, the Ebit result was equal to € 7.54 million, after goodwill amortization and stock market listing costs for € 0.63 million and fixed assets amortization and provisions for € 1.82 million, increasing by 44.7% compared to the same period of 2003. In the Fourth Quarter of 2003, Ebit amounted to € 5.21 million after goodwill amortization and stock market listing costs for € 0.59 million and fixed assets amortization and provision for € 2.20 million.

Hereafter the reclassified consolidated income statement of the IT business area (IT production and distribution), for the Fourth Quarter of 2004, compared to the same period of 2003, prepared in a concise form, before the shareholding depreciation and the adjustment of consolidation.

CONSOLIDATED INCOME STATEMENT FOR THE IT BUSINESS IN THE FOURTH QUARTER

Q4 2004	Q4 2003	Change %
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Revenues from sales and services	181,552	99.79%	198,598	99.63%	-8.58%
Other revenues and income	390	0.21%	736	0.37%	-46.95%
Total Revenues	181,943	100.00%	199,334	100.00%	-8.72%
Cost of raw and ancillary materials and goods for resale	(179,590)	-98.71%	(201,202)	-100.94%	-10.74%
Change in inventories of goods for resale	20,439	11.23%	22,260	11.17%	-8.18%
Cost of Goods	(159,151)	-87.47%	(178,942)	-89.77%	-11.06%
Gross Margin	22,791	12.53%	20,392	10.23%	11.77%
Service costs	(5,368)	-2.95%	(5,390)	-2.70%	-0.41%
Lease expense	(1,155)	-0.64%	(1,227)	-0.62%	-5.84%
Payroll costs	(5,992)	-3.29%	(5,208)	-2.61%	15.05%
Other operating costs	(284)	-0.16%	(557)	-0.28%	-48.93%
Ebitda	9,992	5.49%	8,010	4.02%	24.74%
Depreciation	(1,446)	-0.79%	(1,441)	-0.72%	0.35%
Provisions and write-downs	(370)	-0.20%	(764)	-0.38%	-51.57%
Ebita	8,176	4.49%	5,805	2.91%	40.84%
Goodwill amortization and stock market listing costs	(632)	-0.35%	(591)	-0.30%	6.98%
Ebit	7,544	4.15%	5,214	2.62%	44.68%
Financial Income (expense), net	(1,025)	-0.56%	(1,120)	-0.56%	-8.49%
Extraordinary income (expense), net	(14)	-0.01%	15	0.01%	-191.53%
Income before taxes	6,505	3.58%	4,109	2.06%	58.31%

During the 2004 year, **IT revenues**, net of returns, discounts and allowances, deriving almost entirely from sales in Italy, amounted to € 547.40 million against € 584.74 million in the same period of 2003, decreasing by 6%.

Sale revenues IT Area	12/31/04	12/31/03	Change
Cash & Carry	253,615	235,118	18,497
Computer Discount	137,922	153,918	(15,996)



Mass merchandising and Consumer electronics (Compy)	86,520	87,247	(727)
Amico / B2B	49,786	30,873	18,913
Direct Sales (Large-scale User and Government)	17,942	75,499	(57,557)
Other revenues (Technical assistance, Advices, Training)	1,622	2,089	(467)
Total	547,407	584,744	(37,337)

Retail revenues, achieved via Computer Discount, Compy and mass merchandising channels, decreased by 7.37% compared to the same period of 2003.

Distribution revenues, achieved through Cash & Carry, Amico and e-commerce B2B channels, grew by 14.10% compared to 2003.

Direct sales channel recorded a strong downturn (76.30%), due to the extraordinary trend of sales generated during 2003 year.

The CDC Group continued to develop its commercial network both under the Computer Discount, Compy and Amico trademarks and through its Cash & Carry channel.

CHANGES IN THE SELLING NETWORK	12/31/04	12/31/03
Cash & Carry	28	26
Computer Discount	218	245
IT Corner (Compy)	391	262
Amico	141	118
Total	778	651

Others revenues and income amounted to € 1.13 million, including recovery for € 0.92 million.

Period-end bonuses from suppliers and stock protection, amounting to € 25.87 million as of December 31, 2004, were classified as reductions to the cost for materials and goods for resale.

Service costs decreased (€ 16.79 million against € 18.89 million in 2003), mainly due to the change in the following items:

- marketing costs, gross of marketing contributions from suppliers and advertising refunds, amounted to € 12.70 million (€ 14.13 million as of December 31, 2003). The change was only due to the higher share of suppliers in marketing costs (advertising refunds, franchising fees received from new franchisees and marketing contribution from suppliers amounted to € 15.11 million as of December 31, 2004 compared to € 13.78 million in the same period of 2003);
- transfer costs slightly increased from € 8.19 million as of December 31, 2003 to € 8.52 million as of December 31, 2004.

Maintenance and utilities were substantially stable (€ 2.238 million in 2004 against € 2.236 million in 2003).



The other service costs also included internet costs (€ 3.33 million), consulting and third services (€1.146 million), compensation to directors and auditors (€ 2.66 million), insurance premiums (€ 0.996 million) and subcontractors (€ 0.412 million).

Service costs	Q4 2004	Q4 2003	Change	12/31/04	12/31/03	Change
Marketing costs	838	(106)	944	2,504	(353)	2,857
Maintenance and utilities	(536)	(540)	4	(2,238)	(2,236)	(2)
Transfer costs	(3,309)	(2,933)	(376)	(8,519)	(8,198)	(321)
Other service costs	(2,360)	(1,811)	(549)	(8,543)	(8,109)	(434)
Total	(5,368)	(5,390)	22	(16,795)	(18,896)	2,101

The **amortization costs** included both the amortization of trademark CDC Point S.p.A. (bought in 1999 from the Parent Company CDC Sr.l. for a price of € 12.911 million, determined on the basis of a valuation prepared by an external consultant) for € 1.33 million and the amortization of the other intangible and tangible fixed assets referring to the corporate activity.

Allowances for bad debts and write-downs arose mainly from the adjustment to trade and other receivables and allowances for risk. Total allowances and write-downs amounted to € 0.623 million, of which € 0.534 million derived from the Parent Company CDC Point S.p.A.

Goodwill amortization and stock exchange listing costs as of December 31, 2004, amounted to €2.218 million, due to:

- a. goodwill Computer Discount S.r.l. (ex Sofim) € 1.851 million
- b. goodwill Armonia Computers and Test € 0.348 million
- c. stock exchange listing costs € 0.663 million

The **net financial expenses** recorded a decrease mainly due both to the lower interest paid (€ 2.584 million in 2004 versus € 3.495 million in 2003) and to a positive result of the foreign-exchange management (income for € 0.509 million as of December 31, 2004 against € 0.237 million as of December 31, 2003).

Hereafter the reclassified consolidated income statement of the IT business area (IT production and distribution), for the 2004 year, compared to 2003, prepared in a concise form, before the shareholding depreciation and the adjustment of consolidation.



CONSOLIDATED INCOME STATEMENT FOR THE IT BUSINESS	12M to 12/31/04		12M to 12/31/03		Change %
Revenues from sales and services	546,272	99.79%	583,057	99.71%	-6.31%
Other revenues and income	1,135	0.21%	1,687	0.29%	-32.74%
Total Revenues	547,407	100.00%	584,744	100.00%	-6.39%
Cost of raw and ancillary materials and goods for resale	(473,981)	-86.59%	(539,539)	-92.27%	-12.15%
Change in inventories of goods for resale	(7,386)	-1.35%	24,383	4.17%	-130.29%
Cost of Goods	(481,367)	-87.94%	(515,156)	-88.10%	-6.56%
Gross Margin	66,039	12.06%	69,588	11.90%	-5.10%
Service costs	(16,795)	-3.07%	(18,896)	-3.23%	-11.12%
Lease expense	(4,846)	-0.89%	(5,093)	-0.87%	-4.85%
Payroll costs	(20,560)	-3.76%	(19,411)	-3.32%	5.92%
Other operating costs	(779)	-0.14%	(1,234)	-0.21%	-36.86%
Ebitda	23,058	4.21%	24,954	4.27%	-7.60%
Depreciation	(5,870)	-1.07%	(5,803)	-0.99%	1.16%
Provisions and write-downs	(623)	-0.11%	(1,888)	-0.32%	-67.02%
Ebita	16,565	3.03%	17,263	2.95%	-4.04%
Goodwill amortization and stock market listing costs	(2,218)	-0.41%	(2,111)	-0.36%	5.07%
Ebit	14,347	2.62%	15,152	2.59%	-5.31%
Financial Income (expense), net	(4,433)	-0.81%	(5,465)	-0.93%	-18.88%
Extraordinary income (expense), net	760	0.14%	(667)	-0.11%	-213.88%
Income before taxes	10,674	1.95%	9,020	1.54%	18.33%

5.3. BUSINESS AREA - INTERNET SERVICE PROVIDER AND PORTAL ACTIVITIES



The company Interfree S.r.l., representing the internet business unit of the Group, is fully owned by CDC Point S.p.A.

During the 2004 year, the company generated a pre-tax profit for € 4.00 million against € 2.96 million in the 2003 year. The result of the Fourth Quarter of 2004 was equal to € 0.822 million, compared to € 0.586 million of 2003.

Internet revenues as of December 31, 2004 were equal to € 10.5 million, compared to € 10.95 million of the same period of 2003. This item, substantially unchanged compared to the previous year, includes revenues and charges (gross revenue per minute of internet traffic and separated charge of reverse and service costs) related to revenue sharing from telecom carriers (Telecom S.p.A., Wind S.p.A. and Albacom S.p.A.) for internet traffic produced by Interfree as Internet Service Provider. As for the carrier Telecom S.p.A., the business is carried on through the Parent Company CDC Point S.p.A.

Interfree generated also revenues from services to the end users, through the portal www.interfree.it.

Service costs, equal to € 6.006 million, slightly decreased compared to the previous year (€ 6.580 million).

The gross operating profit (Ebitda) in the period under review reached € 3.847 million against € 3.734 million in 2003, while the operating income (Ebit) was equal to € 3.355 million versus € 3.112 million in 2003.

The profit of the Internet business unit, at the consolidated level, decreased due to the goodwill amortization, equal to € 0.64 million in the under review year. This share complete the goodwill amortisation, resulting from of the purchase of 49% stake in Interfree S.r.l. by CDC S.p.A., realised during 2002 fiscal year.

The employees of the company as at December 31, 2004 amounted to 12 units, unchanged compared to December 31, 2003.



Hereafter the reclassified consolidated income statement for the Internet business area in the 2004 year and in the Fourth Quarter of 2004, compared to the same period of 2003.

CONSOLIDATED INCOME STATEMENT FOR THE INTERNET BUSINESS	12M to 12/31/04		12M to 12/31/03		Change %
Revenues from sales and services	10,491	99.91%	10,944	99.89%	-4.14%
Other revenues and income	10	0.09%	12	0.11%	-19.53%
Total Revenues	10,500	100.00%	10,956	100.00%	-4.16%
Cost of raw and ancillary materials and goods for resale	(29)	-0.27%	(9)	-0.08%	218.67%
Change in inventories of goods for resale	0	0.00%	0	0.00%	0.00%
Cost of Goods	(29)	-0.27%	(9)	-0.08%	218.67%
Gross Margin	10,472	99.73%	10,947	99.92%	-4.34%
Service costs	(6,006)	-57.20%	(6,580)	-60.06%	-8.73%
Lease expense	(60)	-0.57%	(109)	-0.99%	-44.65%
Payroll costs	(519)	-4.94%	(490)	-4.47%	5.85%
Other operating costs	(40)	-0.38%	(34)	-0.31%	17.39%
Ebitda	3,847	36.64%	3,734	34.08%	3.03%
Depreciation	(474)	-4.52%	(533)	-4.86%	-11.03%
Provisions and write-downs	(17)	-0.17%	(89)	-0.81%	-80.38%
Ebita	3,355	31.95%	3,112	28.40%	7.82%
Goodwill amortization and stock market listing costs	0	0.00%	0	0.00%	0.00%
Ebit	3,355	31.95%	3,112	28.40%	7.82%
Financial Income (expense), net	157	1.49%	(6)	-0.05%	-2712.18%
Extraordinary income (expense), net	494	4.70%	(139)	-1.27%	-455.32%
Income before taxes	4,006	38.15%	2,967	27.08%	35.02%



CONSOLIDATED INCOME STATEMENT FOR THE INTERNET BUSINESS IN THE FOURTH QUARTER OF 2004	Q4 2004		Q4 2003		Change %
Revenues from sales and services	2,416	100.00%	3,064	99.93%	-21.15%
Other revenues and income	0	0.00%	2	0.07%	-99.00%
Total Revenues	2,416	100.00%	3,066	100.00%	-21.20%
Cost of raw and ancillary materials and goods for resale	(6)	-0.27%	(2)	-0.07%	224.50%
Change in inventories of goods for resale	0	0.00%	0	0.00%	0.00%
Cost of Goods	(6)	-0.27%	(2)	-0.07%	224.50%
Gross Margin	2,409	99.73%	3,064	99.93%	-21.37%
Service costs	(1,340)	-55.48%	(2,072)	-67.58%	-35.32%
Lease expense	(14)	-0.60%	(26)	-0.85%	-44.46%
Payroll costs	(134)	-5.57%	(125)	-4.08%	7.59%
Other operating costs	(5)	-0.23%	(20)	-0.65%	-72.75%
Ebitda	915	37.87%	821	26.78%	11.42%
Depreciation	(122)	-5.05%	(142)	-4.63%	-14.02%
Provisions and write-downs	(17)	-0.72%	11	0.36%	-258.73%
Ebita	775	32.09%	690	22.50%	12.35%
Goodwill amortization and stock market listing costs	0	0.00%	0	0.00%	0.00%
Ebit	775	32.09%	690	22.50%	12.35%
Financial Income (expense), net	50	2.08%	(2)	-0.07%	-2611.00%
Extraordinary income (expense), net	(3)	-0.13%	(102)	-3.33%	-96.91%
Income before taxes	822	34.04%	586	19.11%	40.32%

6. INFORMATION ON GROUP COMPANIES

PARENT COMPANY

CDC Point S.p.A.

The Company is the Italian market leader in the production and distribution of IT products for the consumer and SOHO markets.

Revenues were earned through a retail distribution network of 778 outlets operating under the Computer Discount, Compy and Amico trademarks and 28 cash and carry stores distributing to resellers, who are also served by the B2B e-commerce platform, www.cdcpoint.it.

Since the end of 2002 Fiscal Year, CDC Point S.p.A. made a successful move into the government and large-scale users.

The Company closed the period as of December 31, 2004 with revenues for € 552.07 million (€ 589.76 million in the same period of 2003), Ebitda for € 20.22 million (€ 21.28 million in 2003), Ebit for € 15.49 million (€ 15.71 million in 2003) and a pre-tax profit for € 13.90 million (€ 9.70 million in 2003).

SUBSIDIARIES

Micronica S.p.A.

The company carries out the assembly of personal computers, on behalf of the Parent Company CDC Point S.p.A., and manages the logistics platform.

During the 2004 year, revenues from the assembly business amounted to € 2.21 million (€ 3.56 million in 2003), whilst logistics generated income for € 4.57 million (€ 4.87 million in the previous year) and other services was € 1.90 million (€ 1.55 million in 2003).

The 2004 year closed with a pre-tax profit for € 0.052 million.

CD Web S.p.A.

The company operates in the field of e-commerce, using Interfree as its internet portal and the Computer Discount network for the distribution of the IT products. It is fully owned by CDC Point S.p.A.

The company does not have any personnel.

The 2004 year closed with a pre-tax loss for € 0.004 million.

Polinet S.r.l.

The company, during 2001 year, acquired from Gruppo Editoriale Futura S.p.A. an office building located in Milan.

Currently the office building is not rented.

The 2004 year closed with a pre-tax loss of € 0.052 million.

Interfree S.r.l.

The company Interfree S.r.l., representing the Internet Service Provider and Portal business area, is fully owned by CDC Point S.p.A. The revenues mainly derived from the reverse charge from telecom carriers (Telecom S.p.A., Wind S.p.A. and Albacom S.p.A.) for the internet traffic generated as Internet Service Provider.

The 2004 year closed with a pre-tax profit for € 4.006 million.

Computer Discount S.r.l.

The company holds equities in IT retail outlets, affiliated to Computer Discount network.

During the 2004 fiscal year, the companies owned by Computer Discount S.r.l. generated revenues for € 48.66 million.

The 2004 year closed with a pre-tax loss for € 0.024 million.

PC STOP S.r.l.

The company was operating since September 2004, managing a retail outlet.

As of December 31, 2004 the company earned revenues for € 0.35 million and recorded a loss for €0.041 million.

Direct S.r.l.

Direct S.r.l. managed until July 31, 2004, the commercial activities of Test S.p.A., IT distribution company, via a lease agreement. The sales network included 5 cash & carry outlets, which distributed IT products to resellers in Padova, Reggio Emilia, Sassari, Firenze, Perugia.

On December 06, 2004, the Parent Company CDC Point had taken over the 1% share of Direct S.r.l., reaching a fully control of the subsidiary.

The 2004 year closed with a pre-tax profit for € 0.85 million.

ASSOCIATED COMPANIES

Equity investments in associated companies only consist of CDC Point S.p.A.'s legally required investment in the Conai Consortium, totalling € 0.5 thousand.

RELATED COMPANIES

Related-party transactions are solely of a commercial nature and take place at arm's length.

The table below summarizes accounts receivable and payable as well as the revenues and costs, arising from transactions with related parties as of December 31, 2004. The most significant of such transactions were:

(000's of euro)	CDC Group			
	Accounts receivable	Accounts payable	Revenues	Costs
Mactronics S.r.l.	1	0	33	(64)
Subsidiaries	1	0	33	(64)
CDC S.r.l.	1	0	220	0
Parent Company	1	0	220	0
CD Napoli S.r.l.	111	(1)	1,285	(19)
Cd Pistoia S.r.l.	0	0	0	0
Cd Salerno S.r.l.	21	0	328	0
Associated companies	132	(1)	1,613	(19)
Imo 1 S.r.l.	0	0	0	(230)
Imo 2 S.r.l.	0	0	0	(88)
Wal S.p.A. windin-up	0	0	0	0
Gap S.r.l.	0	(6)	0	(27)



Icube S.r.l.	0	0	1	0
CTY S.r.l.	288	0	1,898	0
Tradesoft Technologies S.r.l.	1	0	7	0
Diomelli Giuseppe	5	0	5	0
Andolfi Floriana	3	0	3	0
Related companies	297	(6)	1,914	(345)

7. OTHER INFORMATION

RESEARCH AND DEVELOPMENT

The Group did not carry out research and development of any significance during the Fourth Quarter of 2004.

OWN SHARES

As at December 31, 2004, CDC Point S.p.A. held of 102,159 its own shares acquired during 2001, 2002 and 2004 years, in order to stabilize the stock market price, in accordance with the resolution passed by the General Shareholders' Meeting of April 28, 2004.

As at December 31, 2004 such shares were posted at the lower of cost and their average value during the last month of the period under review (€ 10.18), recording write-ups for € 0.047 million.

For the treasury shares destined to the stock option plan (n. 10,481), the revaluation has been realized up to € 7 per share, as established by the stock option plan.

The relevant equity reserve was adjusted to via the transfer of the same amount from the Share Premium Reserve.

OPERATING OUTLOOK

The Group's future development aims at reinforcing its position as leading Italian distributor of IT products.

In October 2004 the Board of Directors approved the Business Plan for the 2005-2007 period which is mainly based on:

- Distribution: focus on captive commercial chain of cash & carry outlets by leveraging on the development of the sales network through new openings; extension of the categories of the products sold in areas converging to the information technology; development of B2B platform in order to increase customer fidelization;
- Retail sales: consolidation of the leadership of Computer Discount network, focus on IT specialized distribution and services towards the Soho and high-spending Consumers;
- Launch of a new owned format of medium-large sized outlets;
- Penetration in the corporate/finance markets through the sales of own brand products;
- Presence in the main competitive tenders made both directly and via Consip;
- Internet Area: development of high value services with low capital requirements.

SUBSEQUENT EVENTS

Relevant subsequent events as of December 31, 2004 were not registered



The Chairman of the Board
Giuseppe Diomelli