

CDC GROUP



CONSOLIDATED QUARTERLY **REPORT** **AS OF SEPTEMBER 30, 2004**



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1. CORPORATE BODIES

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 718 outlets, organized into three distinct chains operating under the Computer Discount, Compy and Amico trademarks.

The Group also controls a network of 21 proprietary Cash & Carry outlets, to which, in September 2002, it added the 5 Cash & Carry stores "Test" managed by the subsidiary, Direct. These outlets distribute to over 25,000 specialist IT resellers. The IT distribution market for dealers and VARs is also served by the B2B e-commerce platform, www.cdcpoint.it.

On July 27, 2004, the Parent Company CDC Point has bought Test's commercial activities by exercising the call option acquired in 2002. From the integration of the two networks derives a chain of 26 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 the government market 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;
- May 2004. Order to supply IT products to Sogei, Società Generale d'Informatica S.p.A., with a worth of €800 thousand.

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.

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 - PONTEDERA (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.

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

Member of the Chamber of Commerce of Pisa number 01459540504

99% 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 PONTEDERA (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.

Via Tosco Romagnola 61

56012 Fornacette (PI)

Registered in the Companies' Registry of Pisa number 01250630504

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Investor relations

investorrelations@cdcpoint.it

Internet Address

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<http://www.interfree.it>



CLUB
interfree
il portale della comunità tecnologica

**4. BASIS OF CONSOLIDATION, ACCOUNTING PRINCIPLES
AND POLICIES, METHOD OF CONSOLIDATION**

BASIS 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.p.A. - Fully owned

Polinet S.r.l. - Fully owned

Interfree S.r.l. - Fully owned

Direct S.r.l. - 99% 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 September 30, 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, 2003.

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 last month of the Quarterly Period (September 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 September 30, 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.

In the First Nine Months of 2004, the CDC Group achieved **consolidated revenues** for about €373.55 million, decreasing by 4.94% compared to the same period of 2003 (€392.98 million).

The trend of revenues, not including sales derived from Consip tenders, which strongly influenced sales of 2003 year, increased by 6.6%, compared to an Italian PC Market growing by 5.3% and an Italian Micro IT Market increasing by 0.4% (data in value for the First Nine Months of 2004, source Sirmi).

This performance of revenues reflected:

- revenues of IT Distribution Division (generated by the network of Cash & Carry and the B2B platform), growing by 18.4% from €174.15 million in the First Nine Months of 2003 to €206.42 million in the First Nine Months of 2004;
- revenues of the retail chains (Computer Discount and Consumer Electronics) decreasing by 5.3% from €140.85 million as of September 30, 2003 to €133.48 million in the First Nine Months of 2004.

In the Third Quarter of 2004, CDC achieved consolidated revenues for €96.59 million, compared to €122.68 million in the same period of 2003, with a down of 21.27%.

This result was mainly due to the reduction of revenues to Public Sector. During the Third Quarter of 2003, the CDC Group's revenues registered an extraordinary growth compared to the same period of 2002 (up 50%), thanks to the concentration of the revenues from Consip tenders in a quarter typically characterized by the downturn of sales of the traditional commercial chains caused by the seasonality of the IT business.

Gross margin earned in the First Nine Months of 2004 was equal to €51.31 million (13.74% on sales), whose €13.95 million achieved in the Third Quarter. The amount of the gross margin decreased compared to the previous year (€56.76 million in the First Nine Months of 2003, whose €17.58 million in



the Third Quarter), while the gross margin ratio on sales increased from 14.33% in the Third Quarter of 2003 to 14.44% in the same period of 2004.

During the First Nine Months of 2004, the CDC Group registered a decrease of the operating profitability achieving an **EBITDA** equal to €15.99 million (4.28% on sales) against €19.87 million as of September 30, 2003 (5.06% on sales).

In the Third Quarter of 2004, CDC earned an EBITDA of €3.14 million (with an higher impact of fixed costs on the revenues of period under review due to the seasonality of the IT business), compared to €4.91 million in the same period of 2003.

After charges for amortization and depreciation totalling €5.03 million as of September 30, 2004, whose €1.92 million in the Third Quarter, the **operating profit before the amortization of goodwill and the listing costs on the stock exchange (EBITA)** was equal to €10.97 million, whose €1.22 million earned in the Third Quarter.

The **pre-tax result** was positive for €6.79 million as of September 30, 2004, while in the Third Quarter registered a loss for €0.24 million.

The following table shows the reclassified consolidated income statement of the CDC Group, both for the First Nine Months period as of September 30, 2004 and for the only Third Quarter 2004. The data have been derived from the statutory income statement.

CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER					
	Q3 2004		Q3 2003		Change %
Revenues from sales and services	96,311	99.71%	122,412	99.77%	-21.32%
Other revenues and income	281	0.29%	277	0.23%	1.47%
Total Revenues	96,592	100.00%	122,689	100.00%	-21.27%
Cost of raw and ancillary materials and goods for resale	(91,266)	-94.49%	(106,634)	-86.91%	-14.41%
Change in inventories of goods for resale	8,623	8.93%	1,524	1.24%	465.80%
Cost of Goods	(82,643)	-85.56%	(105,110)	-85.67%	-21.37%
Gross Margin	13,949	14.44%	17,579	14.33%	-20.65%
Service costs	(4,772)	-4.94%	(6,506)	-5.30%	-26.65%
Lease expenses	(1,188)	-1.23%	(1,281)	-1.04%	-7.30%
Payroll costs	(4,694)	-4.86%	(4,641)	-3.78%	1.13%
Other operating costs	(156)	-0.16%	(235)	-0.19%	-33.73%
Ebitda	3,140	3.25%	4,916	4.01%	-36.12%
Depreciation	(1,721)	-1.78%	(1,645)	-1.34%	4.64%
Provisions and write-downs	(200)	-0.21%	(465)	-0.38%	-56.99%



Ebita	1,219	1.26%	2,806	2.29%	-56.56%
Goodwill amortization and stock market listing costs	(671)	-0.69%	(740)	-0.60%	-9.34%
Ebit	548	0.57%	2,066	1.68%	-73.48%
Financial Incomes (expenses), net	(863)	-0.89%	(780)	-0.64%	10.64%
Extraordinary income (expense), net	114	0.12%	(173)	-0.14%	-165.71%
Adjustments to financial fixed assets	8	0.01%	141	0.11%	-94.67%
Income before taxes	(194)	-0.20%	1,254	1.02%	-115.45%
Income taxes	0	0.00%	0	0.00%	-
Net result	(194)	-0.20%	1,254	1.02%	-115.45%
Income (loss) attributable to minority interests	(45)	-0.05%	101	0.08%	-144.91%
Consolidated net income of CDC Group	(239)	-0.25%	1,355	1.10%	-117.65%

During the First Nine Months of 2004, the CDC Group earned consolidated revenues of €373.55 million, whose €365.47 million derived from the core business of IT production and distribution and €8.08 million from Internet business via the subsidiary Interfree.

Consolidated revenues as of September 30, 2003 had been equal to €392.98 million, whose €7.89 million from Internet business.

The EBITDA decreased from €19.87 million in the First Nine Months of 2003 to €15.99 million in the same period of 2004. This result derived for about €13.07 million from the IT area and for about €2.93 million from Internet business.

The positive result in terms of operating profit (Ebit) derived also from the positive performance of the internet business, generating an operating profit for €2.58 million. The consolidated Ebit was equal to €8.90 million, compared to €11.89 million of 2003, decreasing by 25.15%.

The pre-tax profit after the minority interests was positive for €6.79 million, compared to €7.04 million in the same period of 2003. The pre-tax profit of the Parent Company CDC Point, that represents the basis for the dividend distribution to the shareholders, was equal to €6.66 million.



CONSOLIDATED INCOME STATEMENT FOR THE FIRST NINE MONTHS

	9M to 09/30/04		9M to 09/30/03		Change %
Revenues from sales and services	372,794	99.80%	392,090	99.77%	-4.92%
Other revenues and income	754	0.20%	888	0.23%	-15.11%
Total Revenues	373,548	100.00%	392,978	100.00%	-4.94%
Cost of raw and ancillary materials and goods for resale	(294,413)	-78.82%	(338,340)	-86.10%	-12.98%
Change in inventories of goods for resale	(27,825)	-7.45%	2,123	0.54%	-1410.65%
Cost of Goods	(322,238)	-86.26%	(336,217)	-85.56%	-4.16%
Gross Margin	51,310	13.74%	56,761	14.44%	-9.60%
Service costs	(16,093)	-4.31%	(17,734)	-4.51%	-9.25%
Lease expenses	(3,737)	-1.00%	(3,897)	-0.99%	-4.12%
Payroll costs	(14,953)	-4.00%	(14,569)	-3.71%	2.63%
Other operating costs	(529)	-0.14%	(691)	-0.18%	-23.41%
Ebitda	15,999	4.28%	19,870	5.06%	-19.48%
Depreciation	(4,776)	-1.28%	(4,753)	-1.21%	0.49%



Provisions and write-downs	(253)	-0.07%	(1,224)	-0.31%	-79.36%
Ebita	10,970	2.94%	13,893	3.54%	-21.04%
Goodwill amortization and stock market listing costs	(2,070)	-0.55%	(2,003)	-0.51%	3.32%
Ebit	8,900	2.38%	11,890	3.03%	-25.15%
Financial Incomes (expenses), net	(3,302)	-0.88%	(4,365)	-1.11%	-24.36%
Extraordinary income (expense), net	1,270	0.34%	(718)	-0.18%	-276.93%
Adjustments to financial fixed assets	(40)	-0.01%	72	0.02%	-155.53%
Income before taxes	6,829	1.83%	6,879	1.75%	-0.73%
Income taxes	0	0.00%	0	0.00%	-
Net result	6,829	1.83%	6,879	1.75%	-0.73%
Income (loss) attributable to minority interests	(37)	-0.01%	162	0.04%	-122.80%
Consolidated net income of CDC Group	6,792	1.82%	7,041	1.79%	-3.54%

Revenues from sales and services

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

Business areas	Q3 2004	Q3 2003	Change	9M to 09/30/04	9M to 09/30/03	Change
IT distribution	93,961	120,046	(26,085)	364,720	385,410	(20,690)
Internet	2,350	2,720	(370)	8,075	7,866	209
Other revenues	281	0	281	754	0	754
Revenues from sales and services	96,592	122,766	(26,174)	373,548	393,276	(19,728)

Others revenues and income

Others revenues and income, amounting in the Third Quarter of 2004 to €0.28 million, consisting mainly 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 €9.54 million as of September 30, 2004 against €9.42 million in the same period of 2003, which were classified as a reduction of service costs (also including marketing costs).

During the Third Quarter of 2004, advertising refunds and marketing contributions from suppliers amounted to €2.92 million.

Period-end bonuses from suppliers and stock protection, amounting to €17.38 million as of September 30, 2004 against €17.06 million in the same period of 2003, were classified as a reduction of costs for materials and goods for resale. During the Third Quarter of 2004, such period-end bonuses from suppliers and stock protection amounted to €5.22 million.

Operating costs

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

Operating costs	Q3 2004	Q3 2003	Change	9M to 09/30/04	9M to 09/30/03	Change
Goods for resale	(91,266)	(106,634)	15,368	(294,413)	(338,340)	43,927
Change in inventories	8,623	1,524	7,099	(27,825)	2,123	(29,948)
Payroll costs	(4,694)	(4,641)	(53)	(14,953)	(14,569)	(384)
<i>IT Distribution</i>	<i>(4,548)</i>	<i>(4,527)</i>	<i>(21)</i>	<i>(14,569)</i>	<i>(14,203)</i>	<i>(366)</i>
<i>Internet</i>	<i>(145)</i>	<i>(114)</i>	<i>(31)</i>	<i>(384)</i>	<i>(366)</i>	<i>(18)</i>
Total service costs	(4,772)	(6,506)	1,734	(16,093)	(17,734)	1,641
whose: marketing costs	589	(1,813)	(2,402)	1,549	(3,311)	4,860
<i>IT Distribution</i>	<i>594</i>	<i>(1,799)</i>	<i>2,393</i>	<i>1,666</i>	<i>(3,279)</i>	<i>4,945</i>
<i>Internet</i>	<i>(5)</i>	<i>(14)</i>	<i>9</i>	<i>(117)</i>	<i>(32)</i>	<i>(85)</i>
whose: other transportation and logistics costs	(1,609)	(1,559)	(50)	(5,210)	(5,265)	55
whose: other service costs	(3,752)	(3,134)	(618)	(12,431)	(9,158)	(3,273)
Lease expense	(1,188)	(1,281)	93	(3,737)	(3,897)	160
Sundry operating costs	(156)	(235)	79	(529)	(691)	162
Total	(93,452)	(117,773)	24,321	(357,549)	(373,108)	15,559

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 are equal to €7.99 million gross of advertising refunds, entry right fees of new affiliations and marketing contributions from suppliers (totalling €9.54 million).

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

Payroll costs slightly increased both in the Third Quarter (€4.69 million in 2004 against €4.64 million in 2003) and in the First Nine Months period (€14.95 million in 2004 versus €14.57 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 20 units compared to the same period of previous year: the number of managers grew by 2 units, the white-collar employees increased by 32 units while the blue-collar employees decreased by 14 units.

The following table highlights a breakdown of the average employees by business unit for the period ending September 30, 2004, compared with the same period of 2003:



Employees	09/30/04	06/30/04	09/30/03	Average empl. 01/01/04-09/30/04
IT Distribution	588	577	568	585.67
Managers	15	15	13	14.78
Supervisors	32	32	32	31.22
White-collar	386	392	354	389
Blue-collar	155	138	169	150.67
Internet	12	12	12	11.78
Managers	0	0	0	0
Supervisors	1	1	1	1
White-collar	11	11	11	10.78
Total	600	589	580	597.45

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 €0.25 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)	Q3 2004	Q3 2003	Change	9M to 09/30/04	9M to 09/30/03	Change
Interest and other financial income	141	311	(170)	301	620	(319)
Interest Expenses	(540)	(785)	245	(1,803)	(2,460)	657
Net foreign currency translation adjustment	78	283	(205)	37	(300)	337
Bank Commissions	(83)	(88)	5	(284)	(242)	(42)
Commissions on credit cards and POS payments and factoring fees	(460)	(501)	41	(1,543)	(1,730)	187
Premiums on options	0	0	0	(9)	(253)	244



Total	(863)	(780)	(83)	(3,302)	(4,365)	1,063
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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 €0.34 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 of net financial position.

Net foreign currency translation improved from a loss of €0.30 million as of September 30, 2003 to an income of €0.037 million as of September 30, 2004. This growth was mainly due to the trend of exchange rate Euro/US Dollar.

Financial position

Net financial position	09/30/04	09/30/03	Change	06/30/04
Bank debt falling within 12 months	(9,480)	(44,495)	35,015	(8,328)
Bank debt falling after 12 months	0	0	0	0
Cash and cash equivalents	5,386	6,711	(1,325)	5,671
Total short-term debt	(4,094)	(37,784)	33,690	(2,657)
Amounts due to other lenders for leases				
falling within 12 months	(740)	(726)	(14)	(672)
falling after 12 months	(1,551)	(2,383)	832	(1,819)
Total amounts due to other lenders for leases	(2,291)	(3,109)	818	(2,491)
Debt for advance of contracts and other advance (Factor)	138	(3,788)	3,926	141
Total amounts due to other lenders (Factor)	138	(3,788)	3,926	141
Due to others	(2)	0	(2)	(2)
Medium-term bank debt	(25,000)	0	(25,000)	(25,000)
Total	(31,249)	(44,681)	13,432	(30,009)

Net financial position as of September 30, 2004 strongly improved compared to the same period of previous year (€31.25 million versus €44.68 million, falling by 30%), mainly as a result of the positive trend of the operating profitability of the Group.

Extraordinary items

Extraordinary items recorded a positive balance for €1.27 million against losses for €0.72 million as of September 30, 2003, as of result of extraordinary income equal to €1.74 million, mainly referring to the Parent Company CDC Point S.p.A. (for €1.19 million).

The increase in extraordinary item 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 tax, whose regulation changed with a retrospective effect for €0.019 million;
- bonuses and contributions from suppliers on purchases of 2003 year for €0.241 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 financial statement for €0.031 million;
- recharge to third-parties of costs accounted in the fiscal years 2001-2003 for €0.190 million.

INVESTMENTS

Consolidated investments	9M to 09/30/04	9M to 09/30/03	Change	Q3 2004	Q3 2003	Change
Intangible fixed assets	3,296	1,005	2,291	3,070	184	2,886
Tangible fixed assets	1,718	678	1,040	930	428	502
Financial assets	(423)	36	(459)	(40)	4	(44)
Total	4,591	1,719	2,872	3,960	616	3,344

During the Third Quarter of 2004, the investments net of disinvestments and depreciation increased by €2.87 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.

Besides 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 and equipment.

5.2. PERFORMANCE OF THE IT CORE BUSINESS

During the Third Quarter, 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 about 700 outlets under the Computer Discount and Compy trademarks; during the First Nine Months of 2004 the Group achieved revenues for €133.48 million, decreasing by €7.37 million compared to the same period of 2003;



- b. IT resellers, system integrators and other IT dealers, via its network of 26 Cash & Carry outlets, the outlets under the Amico trademarks and the B2B e-commerce channel; during the First Nine Months of 2004 the Group achieved revenues for €206.42 million compared to €174.15 million in the same period of 2003, with an increase equal to €32.27 million;
- c. government and large-scale users segments, served by CDC group since the end of 2002, with revenues for €24.3 million in the period under review compared to €68.898 million in the same period of 2003.

In the Third Quarter of 2004, CDC Group achieved revenues for €94.242 million from its core IT business, compared to €120.046 million in the same period of 2003, decreasing by 21.5%. During the First Nine Months of 2004, the revenues of IT business amounted to €365.46 million against €385.41 million in the same period of 2003, decreasing by 5.18%.

The trend of revenues, not including sales derived from Consip tenders, which strongly influenced sales of 2003 year, increased by 6.6%, compared to an Italian PC Market growing by 5.3% and an Italian Micro IT Market increasing by 0.4% (data in value for the First Nine Months of 2004, source Sirmi).

During the Third Quarter of 2004 the Ebitda reached €2.308 million, with a decrease compared to the same period of 2003 (€4.030 million).

The Ebitda margin reflected the positive trend of gross margin that was substantially stable compared to 2003 (we recorded a decrease by 0.12 basis points from 12.44% in the Third Quarter of 2003 to 12.32% in the under review period), but also the higher fixed costs ratio on sales due to the down in sales in the Third Quarter resulting from the seasonality of the IT business.

During the Third Quarter of 2004 the Ebit result was equal to €0 million, after goodwill amortization and stock market listing costs for €0.510 million and fixed assets amortization and provisions for €1.798 million. In the Third Quarter of 2003 the Ebit amounted to €1.490 million after goodwill amortization and stock market listing costs for €0.579 million and fixed assets amortization and provision for €1.961 million.

Hereafter the reclassified consolidated income statement of the IT business area (IT production and distribution), for the Third 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 THIRD QUARTER

Q3 2004	Q3 2003	Change %
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Revenues from sales and services	93,961	99.70%	119,750	99.75%	-21.54%
Other revenues and income	281	0.30%	296	0.25%	-5.10%
Total Revenues	94,242	100.00%	120,046	100.00%	-21.50%
Cost of raw and ancillary materials and goods for resale	(91,250)	-96.83%	(106,635)	-88.83%	-14.43%
Change in inventories of goods for resale	8,623	9.15%	1,525	1.27%	465.43%
Cost of Goods	(82,628)	-87.68%	(105,110)	-87.56%	-21.39%
Gross Margin	11,614	12.32%	14,936	12.44%	-22.24%
Service costs	(3,431)	-3.64%	(4,879)	-4.06%	-29.68%
Lease expense	(1,172)	-1.24%	(1,272)	-1.06%	-7.85%
Payroll costs	(4,548)	-4.83%	(4,527)	-3.77%	0.47%
Other operating costs	(155)	-0.16%	(228)	-0.19%	-32.07%
Ebitda	2,308	2.45%	4,030	3.36%	-42.72%
Depreciation	(1,598)	-1.70%	(1,496)	-1.25%	6.83%
Provisions and write-downs	(200)	-0.21%	(465)	-0.39%	-56.99%
Ebita	510	0.54%	2,069	1.72%	-75.35%
Goodwill amortization and stock market listing costs	(510)	-0.54%	(579)	-0.48%	-11.98%
Ebit	0	0.00%	1,490	1.24%	-99.97%
Financial Income (expense), net	(906)	-0.96%	(772)	-0.64%	17.29%
Extraordinary income (expense), net	118	0.13%	(186)	-0.15%	-163.62%
Income before taxes	(787)	-0.83%	532	0.44%	-247.87%

During the First Nine Months of 2004, IT revenues, net of returns, discounts and allowances, deriving almost entirely from sales in Italy, amounted to €365.46 million against €384.46 million in the same period of 2003, decreasing by 5%.

Sale revenues IT Area	9M to 09/30/04	9M to 09/30/03	Change
Cash & Carry	174,096	155,556	18,540



Computer Discount	91,038	101,480	(10,442)
IT Corner (Compy)	42,445	39,378	3,067
Amico / B2B	32,321	18,595	13,726
Direct Sales (Large-scale User, Mass Merchandising; Government)	24,300	68,898	(44,598)
Other revenues (Technical assistance, Advices, Training)	1,264	552	712
Total	365,464	384,459	(18,995)

Retail revenues, achieved via Computer Discount and Compy channels, decreasing by 5.3% compared to the same period of 2003.

Distribution revenues, achieved through Cash & Carry, Amico and e-commerce B2B channels, grew by 18.6% compared to the First Nine Months of 2003.

Direct sales channel recorded a strong downturn (64%) due to the extraordinary trend of sales during the Third Quarter of 2003.

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	9M to 09/30/04	9M to 09/30/03
Cash & Carry	26	26
Computer Discount	220	244
IT Corner (Compy)	329	237
Amico	143	119
Total	718	626

Others revenues and income amounted to €0.74 million, including recovery for €0.63 million.

Period-end bonuses from suppliers and stock protection, amounting to €17.38 million as of September 30, 2004, were classified as reductions to the cost for materials and goods for resale.

Service costs decreased (€11.42 million against €13.50 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 €7.99 million (€9.47 million as of September 30, 2003). The change did not derive from lower advertising investments but from the higher utilization of television advertising instead of publishing advertising, with higher effects in the last quarter of fiscal year in accordance with planned advertising events;
- transfer costs decreased from €5.26 million as of September 2003 to €5.21 million as of September 2004.

Maintenance and utilities were substantially stable (€1.70 million both as of September 30, 2003 and as of September 30, 2004).

The other service costs also included internet costs (3.187 million), consulting and third services (€1.965 million), compensation to directors and auditors (€2.022 million), insurance premiums (€0.736 million) and subcontractors (0.259 million). We recorded a decrease in the total amount of this item.



Service costs	Q3 2004	Q3 2003	Change	9M to 09/30/04	9M to 09/30/03	Change
Marketing costs	594	(704)	1,298	1,666	(247)	1,913
Maintenance and utilities	(494)	(564)	70	(1,702)	(1,696)	(6)
Transfer costs	(1,609)	(1,559)	(50)	(5,209)	(5,265)	56
Other service costs	(1,922)	(2,052)	130	(6,182)	(6,298)	116
Total	(3,431)	(4,879)	1,448	(11,427)	(13,506)	2,079

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 €0.968 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 €0.253 million, whose €0.250 million derived from the Parent Company CDC Point S.p.A.

Goodwill amortization and stock exchange listing costs as of September 30, 2004, amounted to €1.586 million, due to:

- a. goodwill Computer Discount S.r.l. (ex Sofim) € 0.861 million
- b. goodwill Armonia Computers and Test € 0.227 million
- c. stock exchange listing costs € 0.498 million

The **net financial expenses** recorded a decrease mainly due both to the lower interest paid (€1.803 million in 2004 versus €2.460 million in 2003) and to a positive result of the foreign-exchange management (income for €0.037 million as of September 30, 2004 against losses for €0.300 million as of September 30, 2003).



Hereafter the reclassified consolidated income statement of the IT business area (IT production and distribution), for the Third 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 FIRST NINE MONTHS

	9M to 09/30/04		9M to 09/30/03		Change %
Revenues from sales and services	364,720	99.80%	384,459	99.75%	-5.13%
Other revenues and income	744	0.20%	951	0.25%	-21.75%
Total Revenues	365,464	100.00%	385,410	100.00%	-5.18%
Cost of raw and ancillary materials and goods for resale	(294,391)	-80.55%	(338,337)	-87.79%	-12.99%
Change in inventories of goods for resale	(27,825)	-7.61%	2,123	0.55%	-1410.65%
Cost of Goods	(322,216)	-88.17%	(336,214)	-87.24%	-4.16%
Gross Margin	43,248	11.83%	49,196	12.76%	-12.09%
Service costs	(11,427)	-3.13%	(13,506)	-3.50%	-15.39%
Lease expense	(3,691)	-1.01%	(3,866)	-1.00%	-4.54%
Payroll costs	(14,569)	-3.99%	(14,203)	-3.69%	2.57%
Other operating costs	(495)	-0.14%	(677)	-0.18%	-26.92%
Ebitda	13,067	3.58%	16,944	4.40%	-22.88%
Depreciation	(4,424)	-1.21%	(4,362)	-1.13%	1.43%
Provisions and write-downs	(253)	-0.07%	(1,124)	-0.29%	-77.52%
Ebita	8,389	2.30%	11,458	2.97%	-26.78%
Goodwill amortization and stock market listing costs	(1,586)	-0.43%	(1,520)	-0.39%	4.33%
Ebit	6,804	1.86%	9,938	2.58%	-31.54%
Financial Income (expense), net	(3,408)	-0.93%	(4,345)	-1.13%	-21.56%
Extraordinary income (expense), net	773	0.21%	(682)	-0.18%	-213.38%
Income before taxes	4,169	1.14%	4,911	1.27%	-15.12%

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 First Nine Months of 2004, the company generated a pre-tax income for €3.18 million against profit for €2.38 million in the same period of 2003. The result of the Third Quarter of 2004 was equal to €0.747 million, versus €0.743 million of the Third Quarter of 2003.

Internet revenues as of September 30, 2004 were equal to €8.08 million compared to €7.89 million of the same period of 2003. The growth was achieved thanks to new agreements (through the Parent Company CDC Point S.p.A.) ruling revenues and charges (gross revenue per minute of internet traffic and separated charge of reverse and service costs) with 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. On the basis of the new agreements described above, Interfree reached higher revenues as a result of higher revenue per minute of internet traffic.

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

Service costs, equal to €4,66 million, slightly increased compared to the previous year (€4,51 million), as a result of the new agreements described above ruling the interconnection with the telecom carriers.

The gross operating profit (Ebitda) in the period under review reached €2.93 million, while the operating income (Ebit) was €2.58 million.

The profit of the Internet business unit, at the consolidated level, decreases due to the goodwill amortisation, equal to €0.48 million in the period under review.

The employees of the company as at September 30, 2004 amounted to 12 units, unchanged compared to September 30, 2003.



Hereafter the reclassified consolidated income statement for the Internet business area in the First Nine Months and in the Third Quarter of 2004, compared to the same period of 2003.

**CONSOLIDATED INCOME STATEMENT FOR THE INTERNET BUSINESS
IN THE FIRST NINE MONTHS OF 2004**

	9M to 09/30/04		9M to 09/30/03		Change %
Revenues from sales and services	8,075	99.88%	7,880	99.87%	2.47%
Other revenues and income	10	0.12%	10	0.13%	-3.66%
Total Revenues	8,084	100.00%	7,890	100.00%	2.46%
Cost of raw and ancillary materials and goods for resale	(22)	-0.27%	(7)	-0.09%	217.08%
Change in inventories of goods for resale	0	0.00%	0	0.00%	n.s.
Cost of Goods	(22)	-0.27%	(7)	-0.09%	217.08%
Gross Margin	8,062	99.73%	7,883	99.91%	2.27%
Service costs	(4,665)	-57.71%	(4,508)	-57.14%	3.49%
Lease expense	(46)	-0.57%	(83)	-1.05%	-44.71%
Payroll costs	(384)	-4.75%	(365)	-4.63%	5.25%
Other operating costs	(34)	-0.43%	(14)	-0.18%	146.13%
Ebitda	2,932	36.27%	2,913	36.92%	0.66%
Depreciation	(352)	-4.36%	(391)	-4.96%	-9.95%
Provisions and write-downs	0	0.00%	(100)	-1.27%	-100.00%
Ebita	2,580	31.91%	2,422	30.70%	6.53%
Goodwill amortization and stock market listing costs	0	0.00%	0	0.00%	0.00%
Ebit	2,580	31.91%	2,422	30.70%	6.53%
Financial Income (expense), net	107	1.32%	(4)	-0.05%	-2762.77%
Extraordinary income (expense), net	497	6.15%	(36)	-0.46%	-1480.68%
Income before taxes	3,184	39.38%	2,382	30.19%	33.66%



**CONSOLIDATED INCOME STATEMENT FOR THE INTERNET BUSINESS
IN THE THIRD QUARTER OF 2004**

	Q3 2004		Q3 2003		Change %
Revenues from sales and services	2,350	99.99%	2,742	99.93%	-14.31%
Other revenues and income	0	0.01%	2	0.07%	-91.00%
Total Revenues	2,350	100.00%	2,744	100.00%	-14.36%
Cost of raw and ancillary materials and goods for resale	(15)	-0.65%	(2)	-0.07%	666.00%
Change in inventories of goods for resale	0	0.00%	0	0.00%	n.s.
Cost of Goods	(15)	-0.65%	(2)	-0.07%	666.00%
Gross Margin	2,335	99.35%	2,742	99.93%	-14.86%
Service costs	(1,341)	-57.07%	(1,713)	-62.43%	-21.71%
Lease expense	(15)	-0.65%	(27)	-0.98%	-43.19%
Payroll costs	(145)	-6.19%	(114)	-4.15%	27.52%
Other operating costs	(1)	-0.04%	(7)	-0.26%	-87.71%
Ebitda	832	35.40%	881	32.11%	-5.58%
Depreciation	(123)	-5.24%	(149)	-5.43%	-17.39%
Provisions and write-downs	0	0.00%	0	-0.00%	n.s.
Ebita	709	30.16%	732	26.68%	-3.17%
Goodwill amortization and stock market listing costs	0	0.00%	0	0.00%	0.00%
Ebit	709	30.16%	732	26.68%	-3.17%
Financial Income (expense), net	43	1.81%	(1)	-0.04%	-4351.00%
Extraordinary income (expense), net	(5)	-0.20%	13	0.47%	-135.85%
Income before taxes	747	31.77%	744	27.11%	0.35%

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 are earned through its retail distribution network of 700 outlets operating under the Computer Discount, Compy and Amico trademarks and 26 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, large-scale user and retail chain markets.

The Company closed the period as of September 30, 2004 with revenues for €369.683 million (€386.050 million in the same period of 2003), Ebitda for €11.56 million (€14.915 million in 2003), Ebit for €8.25 million (€10.967 million in 2003) and a pre-tax profit for €6.66 million (in the same period of 2003 the profit was €7.037 million).

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.

Revenues from the assembly business amounted to €1.52 million (€2.55 million in the same period of 2003), whilst logistics generated income of €3.06 million (€3.21 million in the same period of 2003), and other services was €1.10 million (€0.710 million in the same period of 2003).

The Nine Months period as of September 30, 2004 closed with a pre-tax loss for €0.168 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 Nine Months period as of September 30, 2004 closed with a pre-tax loss for €0.003 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 Nine Months period as of September 30, 2004 closed with a pre-tax loss of €0.117 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 Sp.A.) for the internet traffic generated as Internet Service Provider.

The Nine Months period as of September 30, 2004 closed with a pre-tax profit for €3.184 million.

Computer Discount S.r.l.

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

The companies owned by Computer Discount S.r.l. generated revenues for €32.78 million in the First Nine Months of 2004.

The Nine Months period as of September 30, 2004 closed with pre-tax losses for €0.484 million.

PC STOP S.r.l.

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

As of September 30, 2004 the company earned revenues for €0.09 million and recorded a loss for €0.025 million.

Direct S.r.l.

Until July 31, 2004, Direct S.r.l. managed 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.

The profit as at September 30, 2004 was equal to €1.014 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 the September 30, 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	(1)	0	0
Subsidiaries	1	(1)	0	0
CDC S.r.l.	1	(6)	1	0
Parent Company	1	(6)	1	0
CD Napoli S.r.l.	96	0	882	(4)
Cd Pistoia S.r.l.	0	0	0	0
Cd Salerno S.r.l.	4	0	243	(3)
Associated companies	100	0	1,125	(7)

Imo 1 S.r.l.	0	0	0	0
Imo 2 S.r.l.	0	0	0	0
Wal S.p.A. windin-up	0	0	0	0
Gap S.r.l.	0	(6)	0	(24)
Icube S.r.l.	0	0	0	0
CTY S.r.l.	348	0	1,727	0
Tradesoft Technologies S.r.l.	2	0	6	0
Diomelli Giuseppe	0	0	0	0
Andolfi Floriana	0	0	0	0
Related companies	350	(6)	1,733	(24)

7. OTHER INFORMATION

RESEARCH AND DEVELOPMENT

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

OWN SHARES

As of September 30, 2004, CDC Point S.p.A. held of 124,043 its own shares, including 101,657 acquired during 2001, 19,345 during 2002 and 3,041 during 2004, in order to stabilize the stock market price, in accordance with the resolution passed by the General Shareholders' Meeting of April 29, 2002.

As of September 30, 2004 such shares were posted at the lower of cost and their average value during the last month of the period under review (€9.278), recording write-downs for €0.039 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 to reinforce 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



Was not registered relevant subsequent events as of September 30, 2004

The Chairman of the Board
Giuseppe Diomelli