

CDC GROUP



FOURTH QUARTER REPORT 2005



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1. CORPORATE BOARDS

BOARD OF DIRECTORS

Name and surname	Position	Duration of appointment
Giuseppe Diomelli	Chairman	Approval of 2007 accounts
Leonardo Pagni	Managing Director	Approval of 2007 accounts
Claudio Andolfi	Managing Director	Approval of 2007 accounts
Enrico Barachini	Director	Approval of 2007 accounts
Paolo Gualtieri	Director	Approval of 2007 accounts
Luciano Zottola	Director	Approval of 2007 accounts
Emilio Vitale	Director	Approval of 2007 accounts

Giuseppe Diomelli is Chairman and Legal Representative with responsibility on supervising corporate activities and corporate functions for carrying on the corporate strategic plans.

Leonardo Pagni is Managing Director with responsibility for Commercial Activities and Operations, with delegation of authority on Sales, Purchase, Production, Logistics, Information Technology, Strategic Planning and Investor Relations.

Claudio Andolfi is Managing Director with responsibility for the Administration and Staff Direction, with delegation of authority on Finance, Administration and Control, Human Resources, New Openings of Point of Sales, Legal and General Businesses, Internal Auditing.

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

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

Paolo Gualtieri as Chairman, 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 2007 accounts
Daniela Carli	Statutory Auditor	Approval of 2007 accounts
Alberto Lang	Statutory Auditor	Approval of 2007 accounts
Enzo Polidori	Alternate Auditor	Approval of 2007 accounts
Alessia Bastiani	Alternate Auditor	Approval of 2007 accounts

ACCOUNTING AUDITOR

Deloitte & Touche S.p.A. Duration of appointment 2005 Financial Statement

MARKET SPECIALIST

Caboto Bank S.p.A.



2. BUSINESSES AND STRUCTURE OF THE CDC GROUP

BUSINESS

CDC Point S.p.A., company listed on the TechSTAR segment of the Italian Stock Exchange, is one of main Italian IT manufacturer and distributor of Information Technology ("IT").

Its retail distribution network - the largest of Italy in terms of sales and brand awareness - serves the consumer and SOHO segments with over 300 outlets, organized into three distinct chains operating under the Computer Discount and Compy brands. The latter consisting of corner of IT within consumer electronics stores.

The Group also serves the distribution market through a network of 31 proprietary Cash & Carry outlets, three of these opened during the 2005 year in Lecce (April 2005), Cosenza (May 2005) and Napoli (July 2005). The Cash & Carry outlets distribute to over 30,000 specialist IT resellers.

The Cash & Carry outlets, with an average sales area of about 1,000 square meters, operate in the IT business and areas converging to the Information Technology.

Since 2001 CDC Group decided to penetrate in the government and large-corporate markets and it awarded, during the 2002-2003 period, main competitive tenders managed by Consip, a joint-stock company owned by the Department of Economics and Finance (DEF).

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.

Since 2005, in order to take the opportunities deriving from the integration of digital technologies and to consolidate the leadership on the retail market, the CDC Group decided to launch a new network of consumer electronics superstores, focused on digital technology, with a medium-large sales surface.

The first Compy Superstore outlet opened in "Savignano sul Rubicone" (FC) on September 15, 2005, the second in Pontedera (PI) on October 13, 2005 with a strong success of consumers.

Thanks to more than 10,000 products and about 20 specialized divisions, the new Superstores are able to satisfy the technological needs of families, Soho and small-medium enterprises. These outlets, managed under the trademark Compy Superstore, are focused on IT products but they also offer Telecommunications, TV and Home Cinema, Audio, Entertainment, Photo, SDA, MDA, etc.

The opening of the outlet in Pontedera, a month later the opening of the outlet in "Savignano sul Rubicone", is in line with the business plan that forecasts the opening of 16 superstores all over the Italian country.

In order to develop the network, on October 31, 2005 CDC and Unicoop Firenze signed a joint venture.

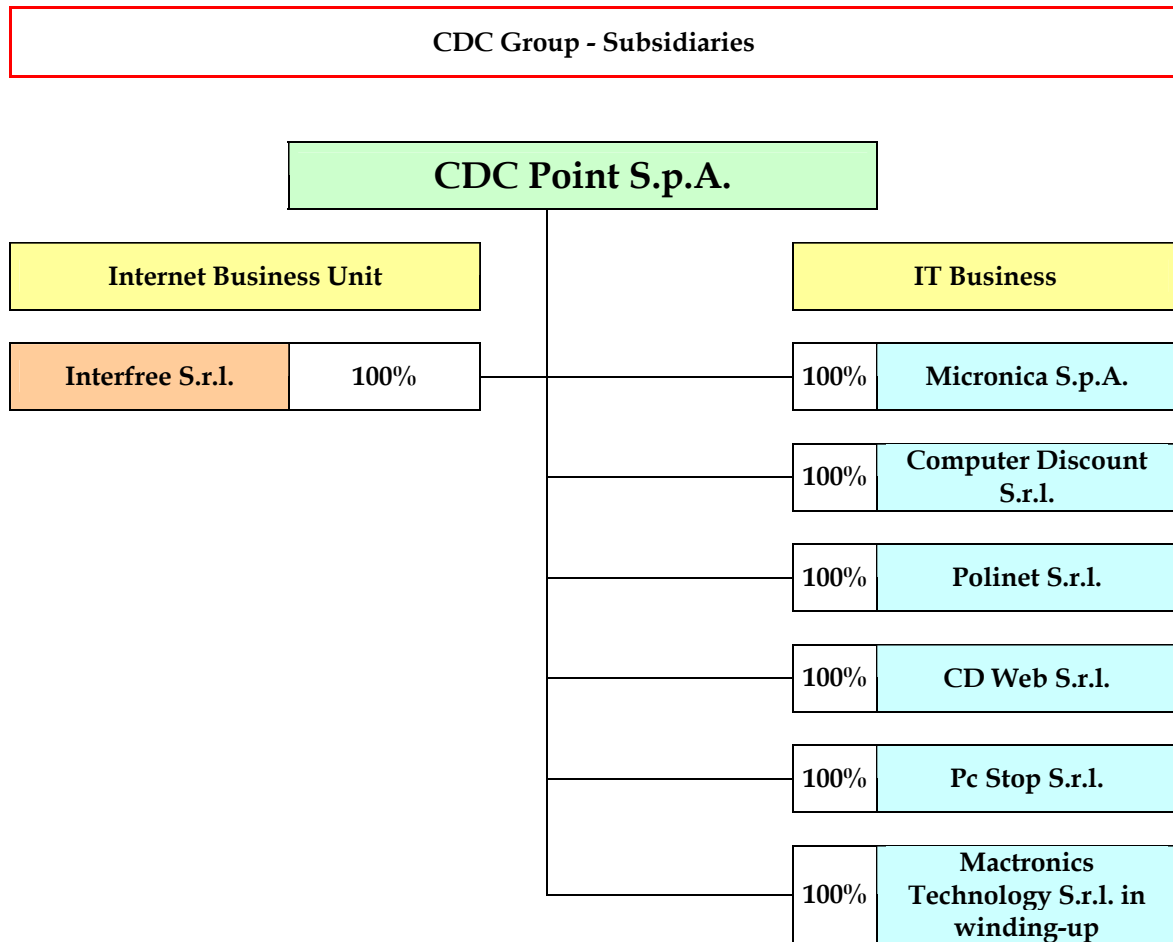
The agreement provides to use as company vehicle the CDC Superstore S.r.l., the company through the CDC Group set up the Superstore project.

On December 28, 2005 Unicoop Firenze acquired a 52% stake of CDC Superstore S.r.l., renamed Compy Superstore S.r.l., while CDC will retain a 48% stake.

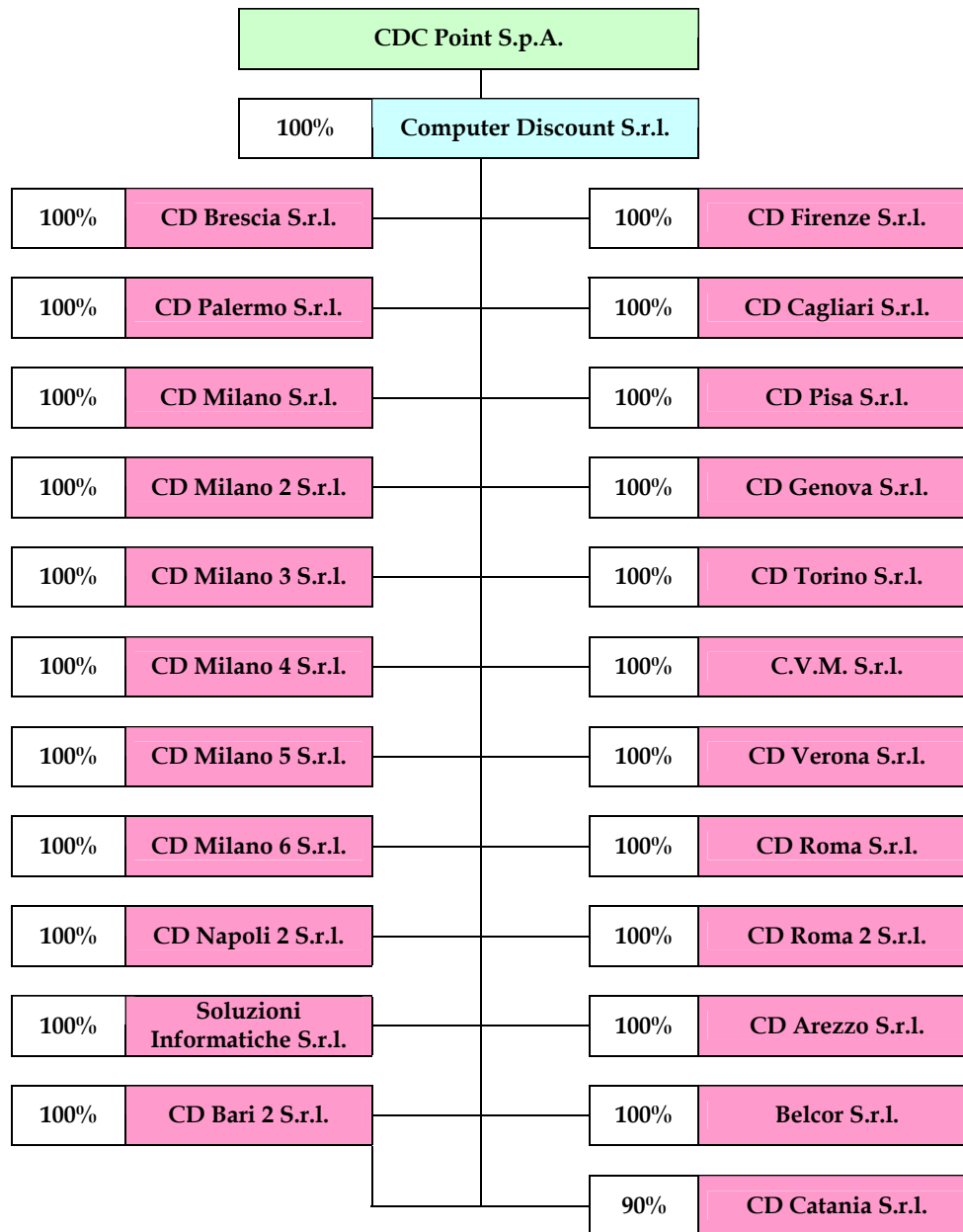
Unicoop Firenze will bring to the joint venture its skills in scouting, selection and fitting out of medium-large sized retail outlets, whereas CDC will supply all the ICT products. In the same data was appointed the new Board of Directors of Compy Superstore. The Chairman and the Managing Director with responsibility for the stores development was produced by Unicoop, whereas the Deputy Chairman and the Managing Director with responsibility for commercial and ordinary management was produced by CDC S.p.A.

GROUP STRUCTURE

Hereinafter the current structure of CDC Group:



CDC Group - Details on Computer Discount S.r.l.'s subsidiaries



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: trade of IT products



Miconica S.p.A. one-shareholder company

Registered Office: Via Calabria, 1 - 56025 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: Via Calabria, 1 - 56025 GELLO - PONTEDERA (PI)

Member of the Chamber of Commerce of Pisa number 01341600508

Fully owned

- Business: trade of IT product

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: 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

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 trade 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 PALERMO 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 fully 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.



CDC Group - Associated companies of CDC Point S. p. A.

Compy Superstore S.r.l. (ex CDC Superstore S.r.l. one-shareholder company)

Registered Office: Via Calabria, 1, 56025 - Gello - PONTEDERA (PI)

Member of the Chamber of Commerce of Pisa number 01459540504

Associated by 48%

- Business: opening and management of consumer electronics superstores



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

Tel: +39 0587 2882

Fax: +39 0587 288514

Investor relations

investorrelations@cdcpoint.it

Internet Address

<http://www.cdc.it>

<http://www.interfree.it>





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

SCOPE OF CONSOLIDATION

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

The companies listed below have been 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

Computer Discount S.r.l. - Fully owned. The company holds equities in computer technology retail shops, affiliated to Computer Discount network

Compy Superstore S.r.l. - Associated by 48%. The company was consolidated at 100% only relating to economic items

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, as currently in winding-up.

CHANGE IN THE BASIS OF CONSOLIDATION

The basis of consolidation as of December 31, 2005, compared to December 31, 2004, reflected the acquisition of the following interests:

- Interest held in Compy Superstore S.r.l. (ex CDC Superstore S.r.l., ex Direct S.r.l.) decreased from 100% to 48%; the equity stake was sold on December 28, 2005, therefore the Income Statement was consolidated for the full year because the company was managed for the full year;
- Interest held in Soluzioni Informatiche S.r.l. increased from 51% to 100%.

CHANGE TO THE INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

The Consolidated Quarterly Report as of December 31, 2005 was drawn according to the International Accounting Standard no. 34 whether in the form whether in contents and in according to IAS/IFRS issued by the IASB and approved by the EU for registering and valuation principles, as requested in the art. 81 of the "Regolamento Emittenti" no. 11971, issued by the Consob on May 14, 1999 and former changes and integrations. IAS/IFRS were retrospectively applied also to the previous accounting years in order to compare these to items of former accounting years.

ACCOUNTING PRINCIPLES

Main principles



The Consolidated Quarterly Report for the period between January 1 - December 31, 2005 was drawn according to the International Financial Reporting Standards (IFRS) which are adopted for the first time by the CDC Group in the consolidated six months Report as of June 30, 2005.

The above-mentioned Report was drawn mostly adopting the criteria of the historical purchasing cost, except for some financial instruments valued at the fair value. The main accounting policies adopted are highlight below.

CONSOLIDATION PRINCIPLES

Main principles

The Consolidated Quarterly Report as of December 31, 2005 encloses the intermediate financial statements of CDC Point S.p.A. and of all the affiliate companies issued as of December 31, 2005. A company controls another if the first one has enough power to determine financial and operating policies of the second one in order to have benefits for its own.

The economical results of the Group's subsidiaries acquired or sold during the period under review are included in the Consolidated Income Statement from the time of the acquisition to the effective time of the transfer.

If necessary, the financial statement of the Group's subsidiaries have been rectified in order to standardize the accounting principles applied for all the Group.

All inter-company operations, if significant, were eliminated in the Consolidation.

Minority interests in the net result is also shown separately. Such minority interests are calculated on the basis of the book value of shareholder equity and of the results of consolidated companies.

Minority shareholders' losses over the value of their shareholders equity are attribute to the Consolidated Equity, except for the minorities with legal obligations, able to sustain further investments to cover the losses.

Firms' aggregation

Acquisition of subsidiaries is accounted adopting the acquisition method. The purchasing cost is the sum of the current value, at the time of the transaction, of the total assets, of the total liabilities, of the financial instruments issued by the Group to obtain the control of the company, more the direct costs of the acquisition.

The assets and the liabilities of the acquired company that respect the IFRS no. 3, are allocated at their current value at the time of the acquisition, except for the not-current assets that are classified and valued, in according to IFRS no. 5, at their current value less the selling price.

The goodwill coming from acquisitions is considered as an asset and at first valued at the cost, represented by the surplus of the purchasing cost respect to the share of the assets and liabilities owned by the Group. If the share owned by the Group exceeds the purchasing cost, this difference is allocated in the Income Statement.

The profit-sharing of the minority shareholders in the acquired company is valued at the same of their assets', liabilities and potential liabilities' share.



During this first application of the IFRS, the Group decided to apply the IFRS no. 3 for the companies' acquisitions, in a retrospective way starting from the 31st July 2002, allocating the fair value of the elements bought, supported by some professional documents, to the asset's items.

INTANGIBLE FIXED ASSETS

Research and development costs

Research and development costs are not capitalized, but allocated at the Income Statement during the period they refer.

Intangible fixed assets, bought or developed, derived from new products (mainly software) of the Group, are registered in the fixed assets only if:

- the assets is identifiable (for example a software or a new process);
- the asset could produce future economical benefits;
- the development costs could be reliably calculated.

These assets are amortized for all their useful life, equal to 3 years.

When an asset, developed by the Group, could not be capitalized, its development costs are allocated in the Income Statements of the period it refers.

Trademarks and Industrial Patents

Trademarks, which have a defined useful life, and industrial patents are, at first, valued at the purchasing cost and amortized constantly during their life that is respectively 10 and 5 years.

Trademarks without a defined useful life are, at first, registered at the purchasing cost and then deducted by the cumulative losses of value. Every year, or if particular events happen, the value of the trademarks is verified in order to certify any potential impairment, according to the IAS no. 36 (Impairment of Assets).

Other intangible fixed assets

Other intangible fixed assets, bought or developed, are registered in the fixed assets of the Balance Sheet, according to IAS no. 38 - Intangible Assets, if the use of the asset could produce future economical benefits and if the asset's cost could be certainly identified.

These assets are valued at their purchasing cost or production cost and amortized constantly during their useful life.

Commercial networks acquisition

In this category are included amounts paid by the Group for the acquisition of sales points directly managed (commercial chains Computer Discount, Armonia, Test) during operations of business combinations, which are accounted adopting the IFRS no. 3 method as before specified. These assets are intangible fixed assets with a defined useful life and therefore amortized in a period from 5 to 10 years (according to the kind of the point of sales), considered a reasonable period of time relating to



the positioning of each point of sales and to the customers achieved. Every time there is the possibility that one of these assets could have an impairment, we subject to an impairment test in order to verify that value.

Goodwill

The goodwill deriving from the acquisition of a subsidiary represents the surplus of the purchasing cost over to the fair value of the assets, liabilities and potential liabilities.

The goodwill is registered as an asset and every year its value is verified. Impairments are immediately registered in the Income Statement and are no more re-established.

In case of the transfer of a subsidiary or of an affiliate company, the goodwill not yet amortized is included in the process to calculate the gain/loss on disposal.

BUILDINGS, PLANTS AND MACHINERIES

Such assets are recorded at purchase or production cost. The cost includes incidental expenses and direct and indirect costs that may be reasonably attributed to the asset concerned. These assets are constantly amortized every year using rates reported in the section referred to note to assets.

Lands are not amortized.

Assets held by a leasing contract are amortized on the basis of their residual useful life time or, if it is shorter, on the basis of the length of the contract.

Ordinary maintenance costs are fully expensed as incurred. Improvements, instead, are capitalized and amortized on the basis of the residual useful life of the asset to which they relate.

Profits and losses coming from the transfer of tangible assets are calculated as difference between the sale revenues and its net book value and are registered in the Income Statement.

Real estate Investments

Real estate investments, represented by assets held to be located and/or for their appreciation, are registered at the cost, after deducting the cumulative amortized value and losses of value.

LEASING

Leasing contracts are classified as financial leasing every time the contract transfers all the risks and benefits of the property on the lessee. All the other leasing contracts are registered as operative leasing.

All the assets held with a financial leasing are valued at the fair value at the time of the contract's stipulation or, if it is lower, at the present value of the minimum payments due for the leasing. The relative liabilities against the lessor are included in the debt for leasing in the Balance Sheet. The rents' payment is divided in amortization quota and in the interests expenses, in order to reach a fixed interest rate on residual liability. Interests expenses are allocated in the Income Statement.

The cost of operative leasing are written down on the basis of the contract life.



IMPAIRMENT

At least once per year, usually during the drafting of the Annual Report, the book value of the tangible and intangible assets is revised for verifying if during the previous year there was a loss of value and to estimate the potential depreciation. If it is true, the amount that can be recovered was valued in order to determine the eventual impairment. If it is not possible to estimate the recoverable value of a single asset, the Group estimates the recoverable value of the unit that generate the cash flow at which the asset is linked.

The value of intangible assets with a not defined useful time life, as the goodwill, is yearly verified to estimate any potential depreciation.

The recoverable amount is the greater between the net fair value less selling costs and the use value. For calculating the use value, expected cash flows are calculated at their present value using a rate, gross of taxes, reflecting the current evaluation of the cost of money and of the risk of the specific asset.

If the recoverable amount of an asset is estimated to be lower than the book value, it is reduced to the recoverable value. A loss of value is immediately registered in the Income Statement unless the asset is a land or a building different from real estate investments registered at an appreciated value; in this case the impairment is registered in the Revaluation Reserve.

When the depreciation does not subsist anymore, the asset's book value, except for goodwill, increases to the higher value estimated on the basis of its recoverable value, but not more than its net book value without any depreciation. The revaluation is immediately registered in the Income Statement unless the asset is valued at the higher value; in this case the revaluation is registered in the Revaluation Reserve.

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

An associated company is a company on which the Group have a significant influence, but not the control, taking part in the decision about financial and operative policies.

Economic results and assets and liabilities of associated companies are registered in the Consolidate Financial Statement using the equity method, except for interests classified as held for sale.

According to such equity method, investments in associated companies are registered in the Balance Sheet at their purchasing cost, modified for subsequent variations of company's assets, deducting any impairment of the single interest. Affiliated companies' losses over the Group's profit-sharing are not registered unless the Group had not any obligation to cover those losses. The purchasing cost over the percentage of the Group on the affiliated company's assets, liabilities and potential liabilities at the time of the acquisition is considered as goodwill. The goodwill is included in the book value of the investment and periodically its value is verified. If the purchasing cost is lower than the Group's percentage of the affiliated companies' assets, liabilities and potential liabilities fair value, the lower value is registered in the Income Statement during the fiscal year of the acquisition.

Profits and losses not realized for operations among associated companies of the same Group are deleted in the same percentage of the Group interest held in that affiliated company, except for the not realized loss is a depreciation of the transferred asset.



OTHER FINANCIAL ASSETS (not-current)

Equity investments in companies different from the associated companies (in general lower than 20% stake) are valued at cost rectified to reflect any loss in value.

Non-current account receivables are recorded at their estimated realizable value.

INVENTORIES

Inventories are registered at the lower between the purchase or the production cost and the net realizable value. The cost includes raw material and, where it is possible, direct labour, other production expenses and other costs sustained for stockpiling. The cost is calculated on the basis of the FIFO method (First In First Out), and the estimated realizable value is calculated on the basis of the list price during the last month of the period under review. Obsolete and slow-moving stocks are written down on the basis of their estimated useful lives or realizable values, according to the specific company procedure.

ACCOUNT RECEIVABLES

Account receivables are recorded at their nominal value and written down to the estimated realizable value via the posting of provisions for doubtful accounts. Such provisions are 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.

Account receivables payable after 12 months, not interest bearing or interest bearing lower than the market, are registered at their present value using market rates.

FACTORING

Group sales its account receivables via factoring operations. The factoring of receivables without recourse results in the reversal of the corresponding amount of the trade receivables, at the time of the payment of the factor. The factoring of receivables with recourse is recorded by posting to the item "Due to other lenders" the advance loans received from factor, and maintaining, therefore, the related receivables recorded in the Balance Sheet until the collection of the payment transferred to factor. Advances obtained from the factor are registered as debt to other lenders.

CASH AND CASH EQUIVALENT

Cash and cash equivalent includes cash, bank and post office deposits and other short-term and high liquidity financial investment, easily convertible in cash with a not significant risk of depreciation.

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. Those are written down in the Balance Sheet only when exists an legal or implicit obligation that could cause the need of economic resources and that amount could be estimated. If the effect is significant,



allowances are calculated as present value of the expected cash flow discounted by a rate gross of taxes, reflecting the current evaluation of the cost of money and the risk of the specific liability.

EMPLOYEE BENEFITS

Provisions for employee severance indemnities

With the IFRS adoption, the provision for employee severance indemnities is considered as an obligation written down in according to IAS 19 (Employee Benefits), based on the working life of the employee and their salary during a certain working period. It is calculated using the Projected Unit Credit Method by independent professionals.

The Group decided, both at the time of the first adoption of the IFRS and for the next years, to write down all cumulated and accrued profits and losses. Costs related to the increasing of the present value of the obligation for provisions for employee severance indemnities are included in the labour cost.

Stock options plans

According to the IFRS no. 2 (Share-based Payment), the total amount of the stock option's current value at the grant date is registered in the Income Statement under the item payroll costs with a contra-entry in the Shareholders' Equity if the participants vest the right at the grant date.

In the case of a maturity period during which some conditions could happen for realizing the right, cost for these benefits, calculated on the basis of the options' current value, is registered in the payroll cost using a method based on constant share the period between the grant date and the maturity date. Any variation of the option's current value after the assignation has effect on the first valuation.

FINANCING

Bank loans interest bearing and bank overdrafts are registered on the basis of the incoming amount after deducting the operation's costs. Then this value is rectified on the basis of the eventual difference between the first cost and the amount to repay during the life time of the loan using the amortized cost method.

Loans are classified as current liabilities except for the Group has the right to postpone the payment of the liability by over 12 months compared to referring date.

TRADE PAYABLES

Accounts payable are recorded at their nominal value.

DERIVATIVES AND ACCOUNTING OF HEDGING OPERATIONS

Group's activities are exposed at first to financial risks related to interest and exchange rates variations. The Group uses derivatives (most of all forward agreement on currency) to cover risks caused by foreign currency in some irrevocable obligation or in future operations. Risks on interest rate are caused by bank loans, to cover these risks the Group converts part of its debt on variable basis in a fixed rate debt and consider them as cash flow hedge. The use of these instruments is regulated by policies approved by the Board of Directors, which established written procedure about the coherent use of the derivatives according to the risk management strategy.



The Group does not make use of derivatives for trade.

At first, derivatives are registered at their cost, then they are adjusted at the fair value.

Variations of the fair value of the derivatives identified and useful for hedging future cash flows of obligations are registered in the shareholders equity, while the part of derivatives ineffective for hedging is registered in the Income Statement. If obligations or operations subject to hedging activity involve assets or liabilities, when these assets or liabilities will be realized, profits or losses on derivatives, directly registered in the shareholders' equity, are included in the first valuation at the purchasing cost or at the book value of assets or liabilities.

For hedging cash flows not identified as assets or liabilities, amounts directly registered in the shareholders equity will be registered in the Income Statement of the same period the contract refers (for example when a projected sale is realized).

For effective derivatives which have variations of fair value, these variations are rectified in the Income Statement. Profits or losses coming from the valuation of derivatives are also registered in the Income Statement. Variations of the derivatives' fair value not used for hedging are registered in the Income Statement of the period these refer.

The book value method for the coverage is not used anymore when the derivative expire, or is sold, ended, used or not qualified anymore as hedging instrument. In that time profits and losses of the instrument are registered in the shareholders equity. If the operation covered is not expected anymore, profits or losses will be transferred from the shareholders equity to the Income Statement of the period under review.

Implicit derivatives included in other financial instruments are considered as different derivatives, when their risks and characteristics are not strictly linked to the contract's in which these are included and these are not valued at their fair value and registering profits or losses in the Income Statements.

FOREIGN CURRENCY TRASLATION PRINCIPLES

Receivables and payables, originally expressed in a foreign currency, are converted in euros at the exchange rate of the operation's day. Differences on the exchange rate realized at the moment of the taking or of the payment are registered in the Income Statement.

Profits, earnings, costs and expenses of operation in foreign currencies are registered at the current exchange rate of the operation's day.

At the year end assets and liabilities expressed in foreign currency, except for fixed assets, are written down at the spot exchange rate of the last day of the accounting period and the consequent profits or losses on the exchange rate are registered in the Income Statement. If this generate a net profit, such value is registered as Reserved not distributable until its effective realization.

REVENUES RECOGNITION

Sales are recognized when goods are shipped and risks and benefits coming from the property of goods are moved from the Group to customers. Revenues coming from services' supply are recognized at the moment of their execution.

Interests are registered on the basis of the time-period principle, on the basis of the financed amount and on the basis of the effective rate applied, that represents the rate that discounts expected takings during the useful life of the financial activity to bring these at the asset's book value.

Dividends are recognized when is established shareholders' right to receive the payment.



PUBLIC CONTRIBUTION

Public contributions obtained for investments in equipment are registered in the Income Statement for all the period necessary to link these to referred costs and they are deducted from them.

FINANCIAL INCOME

Financial income includes interests on invested funds, earnings on exchange rate operations and earnings from financial instruments, when they are not balanced by hedging operations. Interests are registered in the Income Statement at the time of their maturity, considering the effective interest yield.

FINANCIAL EXPENSES

Financial expenses include interests expenses on financial debts calculated using actual interest method, losses on exchange rate operations and losses on derivatives. Interests expenses on operations of financial leasing are registered in the Income Statement using the actual interest method.

INCOME TAXES

Taxes of the accounting period are the sum of the current and deferred taxes. The CDC Group adopted the consolidated national tax return procedure.

Current taxes are estimated on the basis of the expected income before taxes of each company composing the Group as the law in force establishes, considering all exceptions applicable and tax offset. Income before taxation is different from the result registered in the Income Statement because does not includes positive and negative elements taxed or deducted in other accounting periods and does not enclose deducted or not taxable items referred to the same accounting period. The current tax liability is calculated using the rate in force at the last day of the accounting period.

Deferred taxes are also registered as difference between the book and the tax value of assets and liabilities and for consolidation adjustments. Deferred taxes are accounted on the basis of the liabilities' general fund method. Most of deferred tax liabilities are registered for all the taxable temporary differences, while deferred tax credit are registered if the use of taxable temporary differences could be possible.

The deferred tax credit book value is revised every year and reduced if is not possible anymore to obtain taxable incomes enough for recovering that credit.

Deferred taxes are calculated on the basis of the tax rate in force at the moment of taking of an activity or at the moment of extinguishing a liability. Deferred taxes are directly registered in the Income Statement, except for items directly accounted in the shareholders equity. In this case the related whose taxes are also registered in the same Shareholders' Equity.

Deferred fiscal assets and liabilities are balanced when there is a legal right to compensate debit or credit current taxes and when these refer to taxes due at the same tax authority and the Group want to liquidate all the current tax assets and liabilities on a net basis.



TREASURY SHARES

Treasury shares are registered in a specific fund reducing the Shareholders' Equity. The book value of own shares and earnings coming from potential selling of these are accounted as Shareholders' Equity movements.

EARNING PER SHARE

Base earning per share is calculated dividing earnings or losses for all the holding's shareholders for the average shares issued. Diluted profits per share are calculated dividing earnings or losses for all the shareholders of the holding for the average of shares issued, considering effects of all potential shares with dilutive effect (for example stock option plan).

USE OF ESTIMATION

The drafting of the financial statement and of the related notes for the application of the IFRS requires to estimate the effect on the value of assets and liabilities and on the information about potential assets and liabilities at the closing day of the accounting period. Estimates are used for valuating tangibles and intangibles assets submitted at the impairment test to verify funds for risks on credits, inventory obsolescence, amortizations, depreciations, employees benefits, taxes. Estimates are periodically revised and each variation's effects are immediately written down in the Incoming Statement.

RELATIONSHIP WITH ASSOCIATED AND RELATED COMPANIES

Relationships with associated and related companies are shown in a specific table.

INFORMATIONS BY BUSINESS UNITS

CDC Group's activities and strategies, such as the following activities of managing control, are defined in the market of "Production and distribution of IT products" and in the market of "Internet service provider and portal" as key sectors of activity.

As secondary sectors, for the production and distribution of IT products, have been identified the different sale's networks, while for the internet service provider there are not any other secondary sector. Considering the different kind of products and purchasing and managing policies, the industry of production and distribution of IT products presents a homogeneity of managing, while there are specific characteristics in terms of commercial policies for every sales channel.



5. CONSOLIDATED ACCOUNTS OF THE CDC GROUP AND RELATED NOTES

5.1. GROUP OPERATING PERFORMANCE

Total revenues and operating income as of December 31, 2005 was equal to Euro 570,209 thousand against Euro 551,621 thousand in the 2004, increasing by 3.37%.

During the 2005 year the Information Technology market, according to Sirmi, increased by 1.1%, whereas the PC Market (desktop, notebook, server, workstation), still in accordance with Sirmi (data in value), grew by 8.3%, mainly due to the notebook segment. On the contrary, the PC desktop segment, where CDC traditionally presents significant market share operating mainly with own brand products, achieved a decrease in value by 3% (source Sirmi, data referred to the full 2005 year).

After a first half with consolidated revenues decreasing by 2.4%, during the second half CDC Group strongly increased its turnover, growing by 10.84% in the Third Quarter (Q3 2005 versus Q3 2004) and by 7.83% in the Fourth Quarter (Q4 2005 versus Q4 2004) respectively.

In the only Fourth Quarter of 2005, CDC achieved consolidated revenues for Euro 196,900 thousand compared to Euro 182,607 thousand of the Fourth Quarter of 2004, increasing by 7.83%. The growth of revenues recorded during the second half of 2005 was also due to investments sustained in 2005 both by Cash&Carry channel, relating to three openings, and by the company CDC Superstore S.r.l. (actually Compy Superstore S.r.l.), fully consolidated in the fourth quarter of 2005 and in the full 2005 year for the only Income Statement.

The **Gross Margin** achieved as of December 31, 2005 was equal to Euro 71,325 thousand (12.50% on sales) against Euro 65,692 thousand in 2004 (11.90% on sales). In the only Fourth Quarter of 2005 the Gross Margin was equal to Euro 24,486 thousand (12.43% on sales) against Euro 21,485 thousand in the same period of 2004 (11.76% on sales).

The gross margin growth is also due to the better identification of the marketing and commercial contributions recognized to the parent company CDC Point S.p.A. from suppliers. This identification was obtained thanks to the cooperation with suppliers, which detailed better the value of contributions, allowing to classify correctly coop contributions as deduction of the marketing costs (classified inside of service cost), instead of commercial contributions which usually compose the gross margin.

Under the same reclassification (considering total contributions, without distinction between commercial and marketing contributions), the gross margin decreased from Euro 81,360 thousand as of December 31, 2004 (14.7% on consolidated sales) to Euro 79,570 thousand as of December 31, 2005 (13.9% on consolidated sales).

To the revenues' performance contributed the following factors:

- revenues from the distribution division (Cash and Carry and B2B platform) amounted to Euro 333,166 thousand as of December 31, 2005 against to Euro 303,401 thousand as of December 31, 2004, increasing by 9.81%;
- revenues from the retail sales division (Computer Discount network and Consumer Electronics/Mass Merchandising) amounted to Euro 218,048 thousand as of December 31, 2005 against to Euro 224,457 thousand as of December 31, 2004, decreasing by 2.86%. The



business of the Computer Discount network decreased by 8%, compared to the related market (IT specialized shops network) which, according to GFK, in the period December 2004 - November 2005 achieved a decrease by 27% (source GFK, data as of November 30, 2005).

During the 2005 year, the CDC Group achieved a decrease both in value and as percentage on sales of the operating profitability, reaching an **Ebitda** equal to Euro 17,105 thousand (3% on sales) compared to Euro 25,487 thousand in the 2004 year (4.62% on sales).

Also during the only Fourth Quarter of 2005 the Ebitda decreased both in value and as percentage on sales, from Euro 10,160 thousand in the Fourth Quarter of 2004 (5.56% on sales) to Euro 8,303 thousand in the Fourth Quarter of 2005 (4.22% on sales).

This decrease derived from the operating costs' growth.

In particular during the 2005 year we highlight:

- the growth of the payroll cost from Euro 20,580 thousand as of December 31, 2004 (3.73% on sales) to Euro 23,456 thousand as of December 31, 2005 (4.11% on sales), due mostly to the openings of new C&C sales' point (increased from 28 to 31 units), to the start up of project Superstore and to the impact of the new national labour contract;
- the increase of the service costs from Euro 18,736 thousand as of December 31, 2004 (3.40% on sales) to Euro 29,249 thousand as of December 31, 2005 (5.13% on sales) essentially due by the growth of the marketing costs gross of contributions from suppliers. These contributions decreased by Euro 7,421 thousand, from Euro 15,668 thousand as of December 31, 2004 to Euro 8,247 thousand as of December 31, 2005. Marketing costs, net of marketing contributions from suppliers, amounted to Euro 2,953 thousand as of December 31, 2005, against a positive value equal to Euro 4,571 thousand as of December 31, 2004, increasing by Euro 7,524 thousand. The decrease of marketing contributions from suppliers is not due to lower contribution from suppliers but to a better identification of the kind of contribution, implemented starting from the 2005, that allowed to classify more punctually contributions between marketing contribution and commercial contribution (these latter included in the gross margin). The total contributions from suppliers increased from Euro 37,766 thousand in 2004 to Euro 46,973 thousand in 2005. Also increased Shipping and logistics costs by Euro 525 thousand (growth mainly due to the increase of this item in the Compy Superstore company), lease expenses by Euro 365 thousand relating to lease of new Cash & Carry and Superstore outlets, factoring fees by Euro 484 thousand relating to higher expenses for malus, technical and fiscal advices by Euro 302 thousand relating to the launch of Superstore project, other service costs by Euro 834 thousand which included travel expenses resulting from the operations for the opening of the Compy Superstore in "Savignano sul Rubicone", interim employee costs for the Compy Superstore opening and commercial information costs for customers of the 3 new Cash & Carry opened during the 2005 year and to the renewal of commercial information for the whole network of 31 outlets as of December 31, 2005 (compared to 28 as of December 31, 2004).

The operating costs' growth was related for Euro 4,600 thousand to the company Compy Superstore, which recorded considerable start-up costs of Superstore project and pre-opening costs of Superstore outlets. According to International Accounting Standard IAS/IFRS, these costs was fully included in the Income Statement of 2005 year.

Amortization and Depreciation amounted to Euro 7,282 thousand as of December 31, 2005, of which Euro 2,657 thousand in the only Fourth Quarter, while during the previous fiscal year they were equal to Euro 7,962 thousand as of December 31, of which Euro 2,452 thousand in the only Fourth Quarter.

As of December 31, 2005 financial expenses amounted to Euro 2,631 thousand against Euro 1,446 thousand as of December 31, 2004. During the only Fourth quarter of the 2005 this item was equal to Euro 410 thousand against Euro 100 thousand in the same period of the previous year.



Financial income and expenses are essentially attributable to the Parent Company, which mainly manages the Group's funding activity. We registered an increase in interest expenses, net of interest income, by Euro 2,305 thousand in the 2005 year, while in the only Fourth Quarter net interest expenses amounted to Euro 517 thousand, as a result of the growth of the group's financial debt.

Net foreign currency translation adjustment as of December 31, 2005 was negative for Euro 327 thousand (positive for Euro 108 thousand in the only Fourth Quarter). The trend of foreign currency translation adjustment derived from the cross exchange of Euro against Us dollar in the 2005 year. The foreign currency translation adjustment was balanced by an higher commercial margin because CDC Point S.p.A. adopts a policy of systematic coverage of currency risk hedging the price list.

The pre-tax profit amounted to Euro 7,192 thousand as of December 31, 2005, of which Euro 5,236 thousand achieved during the only Fourth Quarter.

Income taxes amounted to Euro 4,945 thousand as of December 31, 2005, then CDC Group achieved a net profit equal to Euro 2,268 thousand.

The following tables show the reclassified consolidated income statement of the CDC Group as of December 31, 2005 and for the Fourth Quarter of 2005, according to the current Italian regulation, in comparison with the income statement of the same period of 2004 reclassified according to the new criteria adopted starting from the First Half of 2005. Therefore the comparison between the 2005 and the 2004 fiscal years was realized on a like for like basis, adopting the IFRS starting from January 1st, 2004.

As all the companies included in basis of consolidation are focused on businesses similar or integrated to the activity of the Parent Company CDC Point S.p.A., we decided not to provide details on the single Group's companies. We provide specific information on the two Group's business units: Information Technology (IT) and Internet. We enclose reports on income statement of both business units.



CDC GROUP - Consolidated Quarterly Report as of December 31, 2005

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER OF 2005					
Consolidated Income Statement	Q4 2005		Q4 2004		Change
Revenues	192,423	97.73%	181,654	99.48%	5.93%
Other income	4,477	2.27%	953	0.52%	369.92%
TOTAL REVENUES AND OPERATING INCOME	196,900	100.00%	182,607	100.00%	7.83%
Purchase costs	(172,414)	-87.56%	(161,122)	-88.23%	7.01%
Service costs	(8,740)	-4.44%	(5,137)	-2.81%	70.12%
Payroll costs	(6,845)	-3.48%	(5,899)	-3.23%	16.04%
Other operating costs	(598)	-0.30%	(289)	-0.16%	106.68%
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)	8,303	4.22%	10,160	5.56%	-18.27%
Amortization of intangible fixed assets	(468)	-0.24%	(787)	-0.43%	-40.50%
Depreciation of tangible fixed assets	(1,041)	-0.53%	(1,178)	-0.65%	-11.59%
Gains/losses on disposals of non-current assets	(5)	0.00%	0	0.00%	n.s.
Provisions and impairment reversal/losses on non-current assets	(1,143)	-0.58%	(487)	-0.27%	134.54%
OPERATING INCOME (EBIT)	5,646	2.87%	7,708	4.22%	-26.75%
Share of earnings of equity investments in associates accounted for by the equity method	(0)	0.00%	(42)	-0.02%	-100.00%
Financial income	806	0.41%	1,854	1.02%	-56.50%
Financial expenses	(1,216)	-0.62%	(1,912)	-1.05%	-36.41%
INCOME BEFORE TAXES FROM CONTINUING OPERATIONS	5,236	2.66%	7,608	4.17%	-31.17%
Income taxes for the period	(3,007)	-1.53%	(2,751)	-1.51%	9.29%
NET INCOME FROM CONTINUING OPERATIONS	2,229	1.13%	4,857	2.66%	-54.12%
Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0.00%
NET INCOME	2,229	1.13%	4,857	2.66%	-54.12%
Income (loss) attributable to minority interest	5	0.00%	14	0.01%	-60.73%
NET INCOME ATTRIBUTABLE TO CDC GROUP	2,234	1.13%	4,871	2.67%	-54.13%



CDC GROUP - Consolidated Quarterly Report as of December 31, 2005

RECLASSIFIED CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31, 2005					
Consolidated Income Statement	12/31/05		12/31/04		Change
Revenues	564,952	99.08%	550,206	99.74%	2.68%
Other income	5,257	0.92%	1,415	0.26%	271.53%
TOTAL REVENUES AND OPERATING INCOME	570,209	100.00%	551,621	100.00%	3.37%
Purchase costs	(498,884)	-87.49%	(485,929)	-88.09%	2.67%
Service costs	(29,249)	-5.13%	(18,736)	-3.40%	56.11%
Payroll costs	(23,456)	-4.11%	(20,580)	-3.73%	13.97%
Other operating costs	(1,515)	-0.27%	(889)	-0.16%	70.44%
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)	17,105	3.00%	25,487	4.62%	-32.89%
Amortization of intangible fixed assets	(1,959)	-0.34%	(2,898)	-0.53%	-32.41%
Depreciation of tangible fixed assets	(3,696)	-0.65%	(4,467)	-0.81%	-17.25%
Gains/losses on disposals of non-current assets	(5)	0.00%	143	0.03%	-103.30%
Provisions and impairment reversal/losses on non-current assets	(1,622)	-0.28%	(740)	-0.13%	119.14%
OPERATING INCOME (EBIT)	9,823	1.72%	17,525	3.18%	-43.95%
Share of earnings of equity investments in associates accounted for by the equity method	(0)	0.00%	(66)	-0.01%	-100.00%
Financial income	1,776	0.31%	3,213	0.58%	-44.72%
Financial expenses	(4,407)	-0.77%	(4,725)	-0.86%	-6.74%
INCOME BEFORE TAXES FROM CONTINUING OPERATIONS	7,192	1.26%	15,947	2.89%	-54.90%
Income taxes for the period	(4,945)	-0.87%	(5,215)	-0.95%	-5.17%
NET INCOME FROM CONTINUING OPERATIONS	2,247	0.39%	10,732	1.95%	-79.07%
Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0.00%
NET INCOME	2,247	0.39%	10,732	1.95%	-79.07%
Income (loss) attributable to minority interest	21	0.00%	(23)	0.00%	-191.13%
NET INCOME ATTRIBUTABLE TO CDC GROUP	2,268	0.40%	10,709	1.94%	-78.82%

**Revenues from sales and services**

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

Business Areas	Q4 2005	Q4 2004	Change	12/31/2005	12/31/2004	Change
IT distribution	191,462	180,477	10,985	560,607	545,245	15,362
Other IT revenues	4,324	953	3,371	4,322	932	3,390
Internet	1,114	1,177	-63	5,280	5,444	-164
Revenues from sales and services	196,900	182,607	14,293	570,209	551,621	18,588

Other Revenues and Income

Others revenues and income, which during the current Quarter reached Euro 4,477 thousand, mainly relating to revenues from the selling of Compy and Superstore brands and to the transfer to Unicoop Firenze of a 52% stake in the company Compy Superstore S.r.l., for a total amount of Euro 3,510 thousand. This item also includes rental income and income from the recovery of costs related to sales.

They do not include advertising refunds, franchising fees received from new franchisees, marketing contribution from suppliers and contribution to sales financing, amounting to Euro 8,247 thousand as of December 31, 2005 compared to Euro 15,668 thousand in the same period of 2004, which have been classified as a reduction of marketing costs under the item Service Costs.

In the only Fourth Quarter of 2005 advertising refunds and marketing contribution from suppliers were equal to Euro 2,546 thousand, compared to Euro 5,865 thousand in the same period of 2004.

Period-end bonuses from suppliers and stock protection, totalling Euro 41,900 thousand as of December 31, 2005 against Euro 25,872 thousand in the same period of 2004, were classified as a reduction of Costs for raw materials and goods for resale. In the only Fourth Quarter of 2005 they amounted to Euro 12,338 thousand compared to Euro 8,443 thousand in the same period of 2004.

Operating costs

The following table shows the main Group's operating costs, by Business Unit:



Operating costs	Q4 2005	Q4 2004	Change	12/31/2005	12/31/2004	Change
Cost of goods for resale	172,414	161,122	11,292	498,884	485,929	12,955
Total service costs	8,739	5,137	3,602	29,249	18,736	10,512
of which Marketing expenses	374	(1,782)	2,156	2,953	(4,571)	7,524
<i>(gross Marketing expenses)</i>	2,920	4,083	(1,164)	11,200	11,097	103
<i>(contributions from suppliers for mrk expenses)</i>	(2,546)	(5,865)	3,319	(8,247)	(15,668)	7,421
of which Shipping and logistics	1,507	1,438	69	4,789	4,264	525
of which Emoluments paid to corporate officers	715	650	64	2,812	2,672	140
of which Utilities	463	330	133	1,594	1,444	150
of which Lease expenses	1,523	1,216	307	5,323	4,958	365
of which Bank Commissions	1,273	835	438	2,898	2,414	484
of which Insurance premiums	326	264	61	1,192	1,004	187
of which Technical and fiscal advices	689	501	188	1,853	1,551	302
of which Other service costs	1,871	1,685	187	5,835	5,000	834
Payroll costs	6,845	5,899	946	23,456	20,580	2,876
<i>IT distribution</i>	6,718	5,767	951	22,948	20,070	2,877
<i>Internet</i>	127	132	(5)	509	510	(2)
Other operating costs	598	289	309	1,515	888	627
Total	188,597	172,447	16,148	553,104	526,134	26,970

The amount of **change in inventories** essentially relates to the Parent Company CDC Point S.p.A., which is involved in the IT core business, and to shops of Compy Superstore S.r.l.

Marketing costs as of December 31, 2005 were equal to Euro 11,200 thousand (Euro 11,097 thousand in 2004) gross of advertising refunds, entry right fees from new affiliations and marketing contributions from suppliers, totalling Euro 8,247 thousand (Euro 15,668 thousand in 2004). In the only Fourth Quarter of 2005, gross marketing costs amounted to Euro 2,920 thousand (Euro 4,083 thousand in the Fourth Quarter of 2004), while the advertising refunds, entry right fees from new affiliations and marketing contributions from suppliers, classified as a reduction of marketing costs, totalled Euro 2,546 thousand in the Fourth Quarter of 2005 (Euro 5,865 thousand in the same period of 2004).

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

The **payroll costs** increased both in the quarter under review (Euro 6,845 thousand in the fourth quarter of 2005 against Euro 5,899 thousand in the same period of 2004) and in the full year (Euro 23,456 thousand in 2005 against Euro 20,580 thousand in 2004). The change was mainly attributable to the IT business unit, while the number of employees of the Internet business, and the related cost, were substantially stable (Euro 509 thousand in the 2005 year against Euro 510 thousand in the 2004 year). The employees of the IT business increased by 37 units, with a consequent increase in the related cost. This increase was mainly due to the opening of 3 new Cash&Carry outlets, compared to the same period of 2004, and to the new employees of CDC Superstore S.r.l. for the opening of the first two Superstore outlets.



The following table highlights a breakdown of the average employees by business unit for the period ending on December 31, 2005, compared to the same period of 2004.

Employees	12/31/2005	12/31/2004	Average employees 01/01/05-12/31/05
IT Distribution	673	634	601.00
<i>Managers</i>	15	15	15.00
<i>Supervisors</i>	32	32	31.00
<i>White-collar</i>	480	404	409.00
<i>Blue-collar</i>	146	183	146.00
Internet	10	12	10.92
<i>Managers</i>	0	0	0.00
<i>Supervisors</i>	1	1	1.00
<i>White-collar</i>	9	11	9.92
TOTAL	683	646	611.92

Amortization, depreciation and write-downs

In addition to the charges relating to individual companies, **amortization and depreciation** also included the recalculation of lease transactions according to financial lease accounting.

Allowances for bad debts and write-downs were mainly due to adjustments to trade and other receivables and allowances for future risk. Total allowances and write-downs amounted to Euro 1,622 thousand (Euro 740 thousand in 2004), almost fully attributable 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 2005	Q4 2004	Change	12/31/2005	12/31/2004	Change
Interest and other financial income	213	193	20	423	561	(138)
Interest Expenses	(730)	(686)	(44)	(2,728)	(2,625)	(103)
Net exchange differences	108	435	(327)	(327)	551	(878)
Total	(409)	(58)	(351)	(2,631)	(1,512)	(1,119)

Financial income and expenses are essentially attributable to the Parent Company, which mainly manages the Group's funding activity. As of December 31, 2005 we registered an increase in interest expenses, net of interest income, by Euro 2,305 thousand, while in the only Fourth Quarter of 2005 net interest expenses, net of interest income, achieved a negative amount of Euro 517 thousand as a result of the growth of the group's financial debt.

Net foreign currency translation adjustment as of December 31, 2005 was negative for Euro 327 thousand (positive for Euro 108 thousand in the only Fourth Quarter). The trend of foreign currency translation adjustment derived from the cross exchange of Euro against Us dollar in the 2005 year.



The foreign currency translation adjustment as of December 31, 2005 was balanced by an higher commercial margin because CDC Point S.p.A. adopts a policy of systematic coverage of currency risk hedging the price list.

Financial Position

Net Financial position	12/31/05	12/31/04	Change
Bank debts payable within 12 months	(465)	(8)	(457)
Cash and cash equivalents	22,023	22,519	(496)
(Amounts due to) Due from factoring companies	0	(8,847)	8,847
Liquidity (borrowing) within 12 months	21,558	13,664	7,894
Short-term loan	(12,500)	(12,796)	296
Amounts due to other lenders for leases falling due within 12 months	(984)	(808)	(176)
Amounts due to others within 12 months	(13,484)	(13,604)	120
Net Financial Position within 12 months	8,074	60	8,014
Amounts due to other lenders for leases falling due after 12 months	(268)	(1,279)	1,011
Bank debts payable beyond next 12 months	(16,000)	(12,428)	(3,572)
Net Financial Position beyond next 12 months	(16,268)	(13,707)	(2,561)
Total Net Financial Position	(8,194)	(13,647)	5,453

Net financial position as of December 31, 2005, negative for Euro 8,194 thousand, improved compared to the same period of previous year (Euro 13,647 thousand).

Net financial position as of December 31, 2005 reflected the payment, made on June 2005, of income taxes for Euro 6,600 thousand, with an increase by over Euro 6,000 thousand compared to the payment made on June 2004, and the dividend distribution for about Euro 6,800 thousand made on May 2005.

INVESTMENTS

Consolidated net investments	12/31/2005	12/31/2004	Change	Q4 2005	Q4 2004	Change
Intangible fixed assets	234	3,039	(2,805)	(94)	725	(819)
Tangible fixed assets	2,767	2,912	(145)	(2,053)	1,026	(3,079)
Financial fixed assets	3	(451)	454	(168)	(28)	(140)
Total	3,004	5,500	(2,496)	(2,315)	1,723	(4,038)

During the 2005 the investments, net of disinvestments and depreciation, decreased by Euro 2,505 thousand compared to the previous year (decrease by Euro 4,047 thousand in the only Fourth Quarter). The above-mentioned table not included investments made for the company Compy

Superstore S.r.l. because at 12/31/2005 the Balance Sheet of this company was not consolidated. The significant decrease recorded during the only fourth quarter was related of this deconsolidation.

Investments, net of disinvestments, made in the 2005 year referred to:

- a) Intangible fixed assets, increasing by Euro 224 thousand, resulting from:
 - acquisition of sales network and Internet portal for Euro 57 thousand, of which Euro 22 thousand was due to goodwill of proprietary computer discount companies while the remaining was due to consolidation entry;
 - disinvestments for Euro 181 thousand relating to selling of brands to the company Compy Superstore, not included in the consolidation area;
 - investments in other intangible fixed assets for Euro 349 thousand, of which Euro 286 thousand related to the Parent Company (Euro 55 thousand for licenses, Euro 160 thousand for software and Euro 65 thousand for Internet site) and Euro 71 thousand related to subsidiary Interfree for licenses and software;

- b) Tangible fixed assets, increasing by Euro 2,767 thousand, resulting from:
 - costs for works on third-parties buildings for Euro 351 thousand, of which Euro 236 thousand related to the Parent Company, Euro 54 thousand to subsidiary Micronica, Euro 49 thousand to subsidiary Interfree and Euro 12 thousand to shops of proprietary Computer Discount companies;
 - investments in other tangible fixed assets for Euro 2,416 thousand, manly relating to the Parent Company (Euro 2,375 thousand), of which Euro 945 thousand for other tangible fixed assets under construction related to future investments, Euro 1,100 thousand for plants and commercial equipment and Euro 330 thousand for office equipment;
 - disinvestments of subsidiary Interfree relating to the selling of server farm machineries for Euro 250 thousand, investments to subsidiary Micronica for Euro 109 thousand and to shops of proprietary computer discount companies for Euro 182 thousand;

- c) Financial fixed assets, increasing by Euro 3 thousand, resulting from:
 - increases in equity investments due to losses hedge of not consolidated companies and entry in the EQUAL consortium for Euro 15 thousand;
 - decreases in equity investments due to the selling by subsidiary Computer Discount of its shares in the companies Cd Napoli and Cd Salerno for Euro 20 thousand;
 - increases of caution money for Euro 8 thousand.

5.2. PERFORMANCE OF THE IT CORE BUSINESS

During the Fourth Quarter of 2005, the CDC Group has proceeded to distribute IT products according to 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 300 outlets, of which over 200 with sole agreements, including shops under Computer Discount brand, corners under Compy brand and outlets of consumer electronics. The revenues from consumer and SOHO segments, together with mass merchandising channel, were equal to Euro 77,857 thousand in the Fourth Quarter of 2005, decreasing by 5.5% compared to the same period of 2004 (Euro 82,438 thousand); this value includes revenues from consumer electronics outlets of "Savignano sul Rubicone" (FC) and Pontedera (PI), amounting to Euro 4,707 thousand in the Fourth Quarter of 2005;
- b. IT resellers, system integrators and other IT dealers, via its network of 31 Cash & Carry outlets, the outlets under the Amico brand and the B2B e-commerce channel; in the Fourth Quarter of 2005 the Group's distribution division achieved revenues for Euro 111,729 thousand compared to Euro 97,060 thousand in the same period of 2004, increasing by 15.11%;
- c. Government and large-scale users segments, where the Group earned revenues for Euro 2,054 thousand during the Fourth Quarter of 2005 against Euro 2,077 thousand in the same period of 2004.

In the Fourth Quarter of 2005, the CDC Group achieved revenues for Euro 195,786 thousand from its IT core business, compared to Euro 181,430 thousand in the same period of 2004, increasing by 7.91%. During the full 2005 year, the IT revenues amounted to Euro 564,929 thousand, against Euro 546,176 thousand in the same period of 2004, increasing by 3.43%.

During the Fourth Quarter of 2005 the Ebitda reached Euro 7,452 thousand, decreasing by 19.44% compared to the same period of 2004 (Euro 9,250 thousand).

The Ebitda margin reflects the positive trend of gross margin, that increased both in value and as percentage on sales. We recorded an increase by 74 basis point, growing from 11.2% on sales during the Fourth Quarter of 2004 to 11.94% on sales in the same period of 2005; this increase was mainly related to the reclassification before the gross margin of contributions from suppliers, previously written off from marketing cost behind the item service cost. The new classification criteria have been adopted thanks to the growing cooperation of the suppliers, which provided the Company with a detailed account of the bonuses granted to the parent Company CDC Point S.p.A.

The Ebitda suffered the growth of payroll costs by Euro 951 thousand (from Euro 5,767 thousand during the Fourth Quarter of 2004 to Euro 6,718 thousand during the same period of 2005), mainly due to the opening of 3 new Cash & Carry and to the opening of the 2 new Superstore outlets, and higher marketing costs for Euro 374 thousand during the Fourth Quarter of 2005, after deducting suppliers contribution which decreased by Euro 1,782 thousand against the same period of the previous year.

During the Fourth Quarter of 2005 the Ebit reached Euro 4,882 thousand against Euro 6,937 thousand in the same period of 2004.

The following table shows the reclassified consolidated income statement of the IT business unit (IT production and distribution), for the Fourth Quarter of 2005, compared to the same period of 2004:



RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER OF 2005					
Consolidated Income Statement of IT Business	Q4 2005		Q4 2004		Change
Revenues	191,462	97.79%	180,477	99.47%	6.09%
Other income	4,324	2.21%	953	0.53%	353.83%
TOTAL REVENUES AND OPERATING INCOME	195,786	100.00%	181,430	100.00%	7.91%
Purchase costs	(172,412)	-88.06%	(161,115)	-88.80%	7.01%
Service costs	(8,610)	-4.40%	(5,014)	-2.76%	71.73%
Payroll costs	(6,718)	-3.43%	(5,767)	-3.18%	16.49%
Other operating costs	(594)	-0.30%	(284)	-0.16%	109.15%
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)	7,452	3.81%	9,250	5.10%	-19.44%
Amortization of intangible fixed assets	(458)	-0.23%	(759)	-0.42%	-39.66%
Depreciation of tangible fixed assets	(964)	-0.49%	(1,084)	-0.60%	-11.06%
Gains/losses on disposals of non-current assets	(5)	0.00%	0	0.00%	n.s.
Provisions and impairment reversal/losses on non-current assets	(1,143)	-0.58%	(470)	-0.26%	143.25%
OPERATING INCOME (EBIT)	4,882	2.49%	6,937	3.82%	-29.62%
Share of earnings of equity investments in associates accounted for by the equity method	(0)	0.00%	(42)	-0.02%	-100.00%
Financial income	806	0.41%	1,802	0.99%	-55.24%
Financial expenses	(1,215)	-0.62%	(1,912)	-1.05%	-36.46%
INCOME BEFORE TAXES FROM CONTINUING OPERATIONS	4,473	2.28%	6,785	3.74%	-34.07%
Income taxes for the period	(2,728)	-1.39%	(3,392)	-1.87%	-19.57%
NET INCOME FROM CONTINUING OPERATIONS	1,745	0.89%	3,393	1.87%	-48.58%
Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0.00%
NET INCOME	1,745	0.89%	3,393	1.87%	-48.58%
Income (loss) attributable to minority interest	5	0.00%	14	0.01%	-60.73%
NET INCOME ATTRIBUTABLE TO CDC GROUP	1,750	0.89%	3,407	1.88%	-48.63%



As of December 31, 2005 **sales revenues**, net of returns, discounts and allowances, deriving almost entirely from sales in Italy, amounted to Euro 560,607 thousand, against Euro 544,763 thousand in 2004, increasing by 2.9%.

Retail revenues, achieved via Computer Discount, Compy and mass merchandising channels, was equal to Euro 218,048 thousand, against Euro 224,457 thousand in the same period of the previous year, decreasing by 2.8%.

These value include revenues from the 2 new Superstore outlets for Euro 5,669 thousand. These outlets opened on September 2005 and October 2005 respectively.

Distribution revenues, achieved through Cash & Carry, Amico and e-commerce B2B channels, amounted to Euro 333,166 thousand, against Euro 303,401 thousand in the same period of 2004, increasing by 9.8%.

Revenues of direct sales channel decreased by 48%, from Euro 17,941 thousand as of December 31, 2004 to Euro 9,300 thousand as of December 31, 2005 (revenues of 2004 year included sales from the award of some Consip tenders).

Change in commercial network	Turnover					Sales network		
	Q4 2005	Q4 2004	Change	12/31/2005	12/31/2004	Change	12/31/2005	12/31/2004
Distribution	111,729	97,060	14,669	333,166	303,401	29,765	184	169
Retail	77,857	82,438	(4,581)	218,048	224,457	(6,409)	304	317
Direct sales	2,054	2,077	(23)	9,300	17,941	(8,641)		
Other	4,146	(145)	4,291	4,415	377	4,038		
TOTAL	195,786	181,430	14,356	564,929	546,176	18,753	488	486

Others revenues and income, amounting in the Fourth Quarter of 2005 to Euro 4,322 thousand, includes rental income, fee for Euro 811 thousand and gains on disposals for Euro 3,511 thousand resulting from:

- the selling of 52% stake of Compy Superstore to Unicoop Firenze for Euro 2,397 thousand;
- the selling of Compy brand to Compy Superstore for Euro 2,500 million, against a book value of about Euro 100 thousand.

Period-end bonuses from suppliers and stock protection, amounting to Euro 41,900 thousand, were classified as a reduction of costs for raw materials and goods for resale.

Service costs increased (Euro 28,736 thousand against Euro 18,200 thousand in 2004), mainly due to the change of:

- marketing costs, gross of advertising refunds and marketing contributions from suppliers, totalled Euro 11,200 thousand (Euro 10,985 thousand in 2004), increasing by Euro 215 thousand due to higher advertising investments. Marketing contributions was equal to Euro 8,247 thousand, against Euro 15,668 thousand in 2004. The decrease was mainly due to the reclassification of some of these contributions above the commercial gross margin;
- shipping costs increased from Euro 4,263 thousand in 2004 to Euro 4,789 thousand in 2005, due to higher fares paid to the carriers and to higher sales via the B2B platform, that typically managed a lot of shipments with small value.



Among other costs, increased insurance premiums (up by Euro 188 thousand), factoring fees (up by Euro 488 thousand), technical and fiscal advices (up by Euro 278 thousand), lease expenses (up by Euro 371 thousand) mainly relating to the opening of new Cash & Carry, rentals (up by Euro 371 thousand) and emoluments paid to corporate officers (up by Euro 132 thousand).

Also increased subcontractors, travel expenses, advices and training (included in other service costs) by Euro 769 thousand.

Operating costs of IT Business	Q4 2005	Q4 2004	Change	12/31/2005	12/31/2004	Change
Cost of goods for resale	172,412	161,115	11,297	498,870	485,900	12,970
Total service costs	8,610	5,014	3,596	28,736	18,200	10,536
of which Marketing expenses	374	(1,782)	2,156	2,953	(4,683)	7,636
<i>(gross Marketing expenses)</i>	2,920	4,083	(1,164)	11,200	10,985	215
<i>(contributions from suppliers for mrk expenses)</i>	(2,546)	(5,865)	3,319	(8,247)	(15,668)	7,421
of which Shipping and logistics	1,507	1,438	69	4,789	4,263	526
of which Emoluments paid to corporate officers	711	650	61	2,804	2,672	132
of which Utilities	459	314	144	1,550	1,400	151
of which Lease expenses	1,509	1,201	308	5,269	4,898	371
of which Bank Commissions	1,272	833	439	2,892	2,405	488
of which Insurance premiums	324	263	61	1,186	998	188
of which Technical and fiscal advices	676	480	196	1,783	1,505	278
of which Other service costs	1,778	1,616	162	5,510	4,742	769
Payroll costs	6,718	5,767	951	22,948	20,070	2,877
Other operating costs	594	284	310	1,440	849	591
Total	188,334	172,180	16,154	551,994	525,020	26,974

As of December 31, 2005 **tangible and intangible fixed assets amortizations** totalled to Euro 5,327 thousand and are related for Euro 1,896 thousand to intangible assets and for Euro 3,431 thousand to tangible assets.

In particular, intangible fixed assets amortization are composed by:

- brands for Euro 73 thousand;
- development costs for Euro 163 thousand;
- costs for licenses and property software for Euro 269 thousand;
- other costs for Euro 83 thousand.

Goodwill and stock exchange listing costs amortizations as of December 31, 2005 amounted to Euro 1,370 thousand, consisted of the following items:

- a. goodwill Computer Discount S.r.l. Euro 743 thousand;
- b. goodwill Computer Discount S.r.l.' subsidiaries Euro 179 thousand;
- c. goodwill Armonia Computers Euro 204 thousand;
- d. goodwill Test firm's branch acquisition Euro 244 thousand.

Tangible fixed assets amortizations amounted to Euro 3,696 thousand and they are mainly related to specific and generic plants and machinery (Euro 1,497 thousand), equipment and furniture (Euro 619 thousand), office machinery (Euro 503 thousand), elevators, lorries and cars (Euro 64 thousand), buildings and electric labelling systems (Euro 364 thousand) and server farm (Euro 214 thousand).



Provisions and impairment reversal/losses on non-current assets, totalling Euro 1,622 thousand, are almost completely referred to the write-downs of trade receivables, referred to the Parent Company, for Euro 1,550 thousand.

Net Financial Expenses recorded a negative result equal to Euro 2,627 thousand against Euro 1,744 thousand as of December 31, 2004.

The increase of financial expenses was mainly due to the net foreign currency translation adjustment, that registered a loss equal to Euro 326 thousand against a profit for Euro 487 thousand in the 2004 year. Interest expenses, net of interest income, amounted to Euro 2,301 thousand as of December 31, 2005, against Euro 2,165 thousand in the previous fiscal year. The increase was due to the growth of market interest rate during the second half of 2005.

The following table shows the reclassified consolidated income statement of the IT business unit (IT production and distribution), as of December 31, 2005, compared to the same period of 2004, prepared in a concise form, before the shareholding depreciation and the consolidation adjustments:



RECLASSIFIED CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31, 2005

Consolidated Income Statement of IT Business	12/31/05		12/31/04		Change
Revenues	560,607	99.23%	544,763	99.74%	2.91%
Other income	4,322	0.77%	1,413	0.26%	205.82%
TOTAL REVENUES AND OPERATING INCOME	564,929	100.00%	546,176	100.00%	3.43%
Purchase costs	(498,870)	-88.31%	(485,900)	-88.96%	2.67%
Service costs	(28,736)	-5.09%	(18,200)	-3.33%	57.89%
Payroll costs	(22,948)	-4.06%	(20,070)	-3.67%	14.34%
Other operating costs	(1,440)	-0.25%	(849)	-0.16%	69.65%
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)	12,935	2.29%	21,157	3.87%	-38.86%
Amortization of intangible fixed assets	(1,896)	-0.34%	(2,793)	-0.51%	-32.12%
Depreciation of tangible fixed assets	(3,431)	-0.61%	(4,098)	-0.75%	-16.27%
Gains/losses on disposals of non-current assets	(5)	0.00%	143	0.03%	-103.30%
Provisions and impairment reversal/losses on non-current assets	(1,622)	-0.29%	(723)	-0.13%	124.44%
OPERATING INCOME (EBIT)	5,981	1.06%	13,686	2.51%	-56.30%
Share of earnings of equity investments in associates accounted for by the equity method	(0)	0.00%	(66)	-0.01%	-100.00%
Financial income	1,776	0.31%	3,047	0.56%	-41.72%
Financial expenses	(4,403)	-0.78%	(4,725)	-0.87%	-6.82%
INCOME BEFORE TAXES FROM CONTINUING OPERATIONS	3,354	0.59%	11,942	2.19%	-71.92%
Income taxes for the period	(3,495)	-0.62%	(5,857)	-1.07%	-40.33%
NET INCOME FROM CONTINUING OPERATIONS	(141)	-0.02%	6,085	1.11%	-102.32%
Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0.00%
NET INCOME	(141)	-0.02%	6,085	1.11%	-102.32%
Income (loss) attributable to minority interest	21	0.00%	(23)	0.00%	-191.13%
NET INCOME ATTRIBUTABLE TO CDC GROUP	(120)	-0.02%	6,062	1.11%	-101.98%



5.3. BUSINESS UNIT - INTERNET SERVICE PROVIDER AND PORTAL ACTIVITIES

The company Interfree S.r.l., which represents the Internet Group's business unit, is fully owned by CDC Point S.p.A.

As of December 31, 2005 the company achieved a profit equal to Euro 2,385 thousand, compared to Euro 4,646 thousand reached in the same period of 2004. The difference was mainly due to the taxation; as a matter of facts, during the 2004 fiscal year the company provided to erase the taxation effect from financial statements recording deferred tax income related to fiscal losses of previous years according to the current Italian regulation.

As of December 31, 2005 the pre-tax profit amounted to Euro 3,836 thousand, compared to Euro 4,005 thousand in the same period of 2004. During the only Fourth Quarter of 2005, the pre-tax profit was equal to Euro 762 thousand, against Euro 824 thousand in the same period of 2004.

The company reached revenues for Euro 5,280 thousand (Euro 1,114 thousand in the only Fourth Quarter of 2005), compared to Euro 5,445 in the 2004 (Euro 1,177 thousand in the only fourth quarter of 2004). The turnover was mainly related to revenue sharing from telecom carriers (Telecom S.p.A., Wind S.p.A. and Albacom S.p.A.) for internet traffic generated by Interfree as Internet Service Provider. Relating to the carrier Telecom S.p.A., the business is managed through the Parent Company CDC Point S.p.A.

In this report, sales from revenue sharing are expressed net of related costs.

Interfree also generated revenues from services to end users, through the portal www.interfree.it, mainly related to the trade and renewal of internet domains to end users.

Service costs was equal to Euro 513 thousand (Euro 130 thousand during the only Fourth Quarter). In the 2004 year costs amounted to Euro 536 thousand (Euro 123 in the only Fourth Quarter).

As of December 31, 2005 the gross operating profit (Ebitda) amounted to Euro 4,169, against Euro 4,330 in the 2004, while the operating income (Ebit) was equal to Euro 3,840 thousand, against Euro 3,839 thousand in the 2004. Only considering the fourth quarter of 2005, the Ebitda amounted to Euro 851 thousand, against Euro 911 thousand in the same period of 2004, while the Ebit amounted to Euro 763 thousand, against Euro 772 thousand in the same period of 2004.

As of December 31, 2005 the employees of the company amounted to 10 units, decreasing by 2 units compared to December 31, 2004.

The following tables show the reclassified Income Statement, in a concise form, before write-downs and consolidation adjustments for the Internet Business Unit as of December 31, 2005 and for the Fourth Quarter of 2005, compared to the same periods of 2004:



RECLASSIFIED CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31, 2005					
Consolidated Income Statement of Internet	12/31/05		12/31/04		Change
Revenues	4,345	82.29%	5,443	99.95%	-20.17%
Other income	935	17.71%	2	0.03%	56333.40%
TOTAL REVENUES AND OPERATING INCOME	5,280	100.00%	5,445	100.00%	-3.04%
Purchase costs	(14)	-0.26%	(29)	-0.53%	-52.21%
Service costs	(513)	-9.71%	(536)	-9.84%	-4.36%
Payroll costs	(509)	-9.63%	(510)	-9.37%	-0.30%
Other operating costs	(75)	-1.42%	(40)	-0.73%	87.22%
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)	4,169	78.97%	4,330	79.51%	-3.70%
Amortization of intangible fixed assets	(63)	-1.19%	(105)	-1.93%	-40.10%
Depreciation of tangible fixed assets	(266)	-5.03%	(369)	-6.78%	-28.05%
Gains/losses on disposals of non-current assets	0	0.00%	0	0.00%	0.00%
Provisions and impairment reversal/losses on non-current assets	0	0.00%	(17)	-0.32%	-100.00%
OPERATING INCOME (EBIT)	3,840	72.73%	3,839	70.50%	0.02%
Share of earnings of equity investments in associates accounted for by the equity method	0	0.00%	0	0.00%	0.00%
Financial income	0	0.00%	166	3.05%	-99.89%
Financial expenses	(4)	-0.07%	(0)	0.00%	n.s.
INCOME BEFORE TAXES FROM CONTINUING OPERATIONS	3,836	72.66%	4,005	73.55%	-4.22%
Income taxes for the period	(1,451)	-27.48%	641	11.78%	-326.16%
NET INCOME FROM CONTINUING OPERATIONS	2,385	45.18%	4,646	85.31%	-48.65%
Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0.00%
NET INCOME	2,385	45.18%	4,646	85.31%	-48.65%
Income (loss) attributable to minority interest	0	0.00%	0	0.00%	0.00%
NET INCOME ATTRIBUTABLE TO CDC GROUP	2,385	45.18%	4,646	85.31%	-48.65%



RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER OF 2005					
Consolidated Income Statement of Internet	Q4 2005		Q4 2004		Change
Revenues	961	86.23%	1,177	100.00%	-18.40%
Other income	153	13.77%	0	0.00%	n.s.
TOTAL REVENUES AND OPERATING INCOME	1,114	100.00%	1,177	100.00%	-5.37%
Purchase costs	(2)	-0.17%	(6)	-0.55%	-70.86%
Service costs	(130)	-11.63%	(123)	-10.49%	4.94%
Payroll costs	(127)	-11.42%	(132)	-11.22%	-3.68%
Other operating costs	(4)	-0.38%	(5)	-0.46%	-21.54%
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)	851	76.40%	911	77.37%	-6.56%
Amortization of intangible fixed assets	(10)	-0.91%	(28)	-2.36%	-63.47%
Depreciation of tangible fixed assets	(78)	-6.96%	(94)	-8.01%	-17.75%
Gains/losses on disposals of non-current assets	0	0.00%	0	0.00%	0.00%
Provisions and impairment reversal/losses on non-current assets	0	0.00%	(17)	-1.48%	-100.00%
OPERATING INCOME (EBIT)	763	68.53%	772	65.60%	-1.15%
Share of earnings of equity investments in associates accounted for by the equity method	0	0.00%	0	0.00%	0.00%
Financial income	0	0.00%	52	4.43%	-99.98%
Financial expenses	(1)	-0.08%	(0)	0.00%	0.00%
INCOME BEFORE TAXES FROM CONTINUING OPERATIONS	762	68.44%	824	70.03%	-7.52%
Income taxes for the period	(279)	-25.02%	640	54.40%	-143.52%
NET INCOME FROM CONTINUING OPERATIONS	483	43.34%	1,464	124.34%	-67.02%
Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0.00%
NET INCOME	483	43.34%	1,464	124.34%	-67.02%
Income (loss) attributable to minority interest	0	0.00%	0	0.00%	n.s.
NET INCOME ATTRIBUTABLE TO CDC GROUP	483	43.34%	1,464	124.34%	-67.02%



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 segments.

Revenues were earned through a retail distribution network of about 300 outlets operating under the Computer Discount, Compy and Amico brands and 31 Cash and Carry stores distributing to IT dealers and resellers, also served by the e-commerce B2B platform www.cdcpoint.it.

As of December 31, 2005 the Company achieved revenues for Euro 556,823 thousand (Euro 537,537 thousand in the 2004 year), Ebitda for Euro 11,391 thousand (Euro 17,891 thousand in the 2004 year), Ebit for Euro 5,814 thousand (Euro 13,066 thousand in the 2004 year) and a net profit for Euro 271 thousand (Euro 9,388 thousand in the 2004 year).

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 Group's logistics platform.

As of December 31, 2005 revenues from the assembly business amounted to Euro 2,091 thousand (Euro 2,210 thousand as of December 31, 2004), logistics generated revenues for Euro 5,489 thousand (Euro 4,572 thousand in the previous year) and other services revenues were equal to Euro 1,816 thousand (Euro 2,038 thousand in the 2004 year).

As of December 31, 2005 the company recorded a profit equal to Euro 581 thousand.

CD Web S.r.l.

The company operates in the field of e-commerce, through Interfree as internet portal and the Computer Discount commercial network for the products distribution. The company is fully owned by CDC Point S.p.A. and does not have any personnel.

As of December 31, 2005 the company recorded a loss equal to Euro 14 thousand.

Polinet S.r.l.

During 2001 year the company acquired from Gruppo Editoriale Futura S.p.A. an office building located in Milan. Currently the office building is not rented.

As of December 31, 2005 the company recorded a loss equal to Euro 112 thousand.



Interfree S.r.l.

Interfree S.r.l. represents the Internet Service Provider and Portal business unit of the CDC Group. The company is fully owned by CDC Point S.p.A. The revenues mainly derived from the revenue sharing 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.

As of December 31, 2005 the company recorded a profit equal to Euro 2,385 thousand.

The employees of the company as of December 31, 2005 amounted to 10 units.

Computer Discount S.r.l.

The company holds equities in computer technology retail shops, affiliated to Computer Discount network.

As of December 31, 2005 the subsidiaries owned by Computer Discount S.r.l. generated revenues for Euro 45 million.

As of December 31, 2005 the company recorded a loss equal to Euro 566 thousand.

PC STOP S.r.l.

The company ended its activity, which consisted of management of retail outlet, on September 2005.

As of December 31, 2005 the company earned revenues for Euro 641 thousand and recorded a loss for Euro 74 thousand.

CDC Superstore S.r.l.

Until July 31, 2004 CDC Superstore S.r.l. managed, under the firm name of Direct S.r.l., through a lease branch agreement, the commercial activities of Test S.p.A., company operating in the IT distribution market. The sales network consisted of 5 Cash & Carry outlets located in Padova, Reggio Emilia, Sassari, Firenze, Perugia, which distributed IT products to resellers.

On December 20, 2004, the Extraordinary Shareholders' Meeting adopted the widening of corporate purpose in order to adapt him to the project of new sale channel Superstore.

On July 2004, the company sold to the Parent Company CDC Point S.p.A. the stock right for the acquisition of 5 Cash & Carry outlets.

On April 2005, the Company signed a lease branch agreement for the management of an outlet located in "Savignano sul Rubicone" (FC). The outlet opened on September 15, 2005.

On October 13, 2005 the company opened the second superstore in Pontedera (PI).

On October 31, 2005 the parent company CDC Point S.p.A. and Unicoop signed a partnership in order to develop a network of superstores of consumer electronics.

On December 28, 2005 the agreement was executed via the transfer, from CDC Point S.p.A. to Unicoop Firenze, of 52% stake in CDC Superstore S.r.l.

The partnership aims to take advantage of the skills of the two groups both leaders in their respective markets (IT for CDC and Mass Merchandising for Unicoop) by developing a chain of consumer electronics shops able to take a leading position in the Italian market.

Unicoop Firenze will bring to the joint venture its skills in scouting, selection, fitting out and management of medium-large sized retail outlets; CDC, during the 15 years term of the partnership, will supply all the ICT products.

As of December 31, 2005 the company recorded a loss equal to Euro 4,271 thousand.

The employees of the company as of December 31, 2005 amounted to 61 units, against zero units as of December 31, 2004.

**ASSOCIATED COMPANIES AND OTHER COMPANIES**

Equity investments in associated companies mainly consist of the CDC Point S.p.A.'s legally required investment held in the Conai Consortium, with a value of Euro 0.7 thousand, and in the Equal Consortium (National Consortium for the Eco-digital) for Euro 2.6 thousand.

RELATED COMPANIES

Related-party transactions are solely of a commercial nature and were managed under market conditions.

The table below summarizes the economic and financial relationships between the Parent Company and the related companies. The most significant of such transactions were:

(000's of Euro)	CDC Group			
	Accounts receivable	Accounts payable	Revenues	Costs
Mactronics Technology S.r.l. in winding-up	2	0	3	0
Subsidiaries	2	0	3	0
CDC S.r.l.	1	0	46	0
Parent company	1	0	46	0
Cd Pistoia S.r.l.	0	0	0	0
Compy Superstore	4,275	0	0	0
Associated companies	4,275	0	0	0
Imo 1 S.r.l.	0	2	0	238
Imo 2 S.r.l.	0	3	0	88
Gap S.r.l.	0	2	1	0
Icube S.r.l.	0	0	0	0
CTY S.r.l.	261	0	447	0
Tradesoft Technologies S.r.l.	4	0	7	0
S.I.S. S.r.l.	9	34	303	241
Diomelli Giuseppe	4	0	4	0
Andolfi Floriana	2	0	2	0
Related companies	280	41	764	567



7. OTHER INFORMATION

RESEARCH AND DEVELOPMENT

The Group did not carry out research and development of any significance during the Fourth Quarter of 2005.

TREASURY SHARES

At December 31, 2005 CDC Point S.p.A. hold no. 166,880 of own shares acquired during the 2001, 2002, 2004 and 2005 fiscal years in order to stabilize the stock market price, according to the resolution adopted by the General Shareholders' Meeting on April 28, 2005.

According to the Italian Accounting Principles own shares are accounted as assets with are late allowances in the shareholders equity, while with IFRS own shares are registered in a shareholder equity reserve. Moreover book value's variations and incomes coming from their transfer are accounted as shareholder equity's movements.

OPERATING OUTLOOK

During the 2006 year is expected a significant recovery of profitability resulting from:

- recovery of revenues and profitability already recorded during the fourth quarter of 2005;
- increase of revenues, already registered in the second half of 2005 and confirmed by the trend of the beginning of the 2006;
- implementation of Superstore project, through the joint venture with Unicoop Firenze;
- effect of the reduction plan of operating costs already started during the 2005.

RELEVANT EVENTS SUBSEQUENT TO DECEMBER 31, 2005

There were not relevant events subsequent to December 31, 2005

The Chairman of the Board of Directors
Giuseppe Diomelli