

CDC GROUP



CONSOLIDATED FIRST-HALF 2005 REPORT

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**CORPORATE BOARDS OF PARENT COMPANY
CDC POINT S.p.A.**

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 corporate activities and corporate functions, in order to carry out the corporate business strategy.

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

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

Enrico Barachini, Paolo Gualtieri, 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
Enrico Fabbri	Alternate Auditor	Approval of 2007 accounts

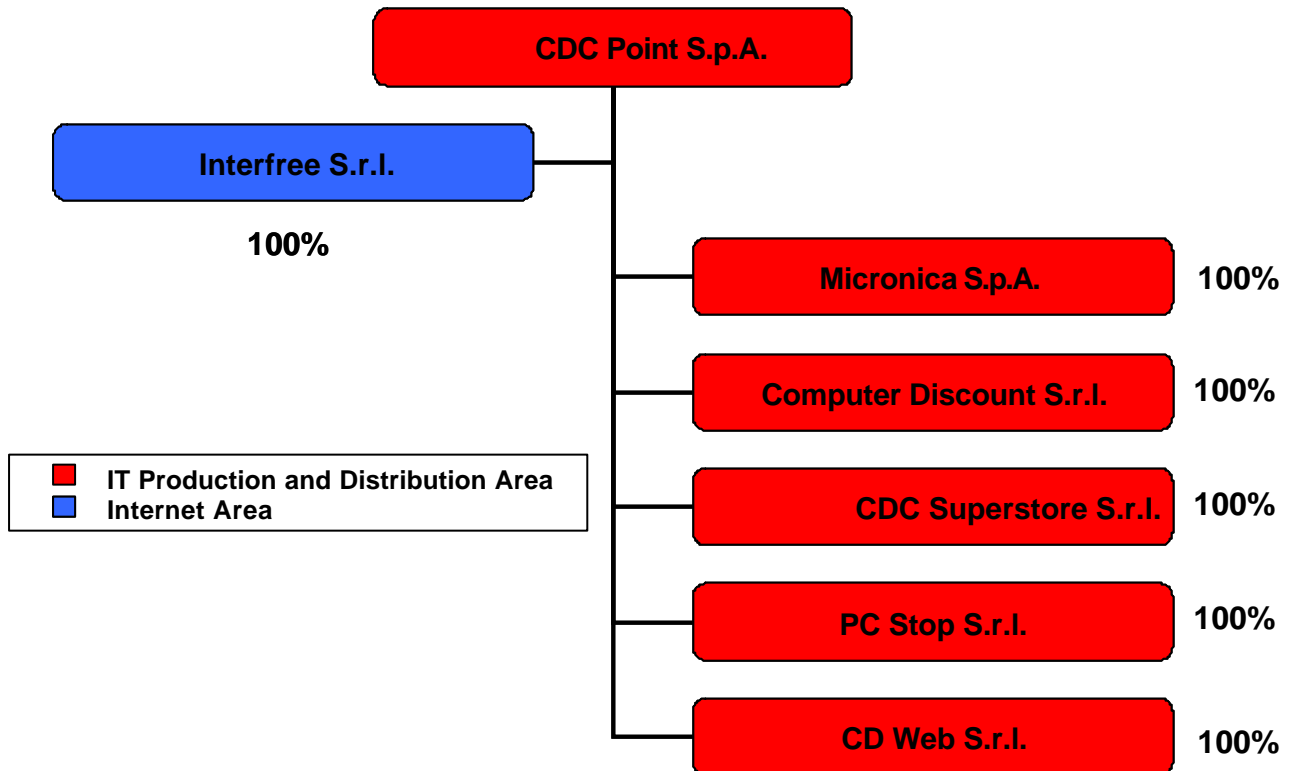
ACCOUNTING AUDITOR

Deloitte & Touche S.p.A. - Duration of appointment: approval of 2005 Accounts

MARKET SPECIALIST

Caboto Bank S.p.A.

GROUP STRUCTURE



IT PRODUCTION AND DISTRIBUTION

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

Micronica S.p.A.

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

Member of the Chamber of Commerce of Pisa number 01144430509

Fully owned

Business: production of personal computers and management of the Group's logistics Platform

CDC Superstore S.r.l.

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



Member of the Chamber of Commerce of Pisa number 01459540504

Fully owned

Business: opening and management of consumer electronics superstores

Computer Discount S.r.l.

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

Cd Web S.r.l.

Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)

Member of the Chamber of Commerce of Pisa number 01515060505

Fully owned

Business: e-commerce

PC Stop S.r.l.

Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)

Member of the Chamber of Commerce of Pisa number 01341600508

Fully owned

Business: trade of IT product

Mactronics Technology S.r.l. – 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

Polinet S.r.l.

Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)

Member of the Chamber of Commerce of Pisa number 01515070504

Fully owned

Business: real estate

INTERNET

Interfree S.r.l.

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



BUSINESS DESCRIPTION

HISTORY

CDC S.p.A., company listed on the TechSTAR segment of Borsa Italiana, was founded in 1986 by Giuseppe Diomelli, currently the Chairman of the Company.

The mission of CDC has always been 'to spread simple technology' by offering tailor-made solutions to face customers' requirements. This philosophy and this commitment allow CDC to become starting from 1986 the leading player of the Italian computer technology market, promoting the IT alphabetization of the country.

Since the beginning, CDC has differed for innovation in business and marketing:

- 1987: opening of the first Computer Discount store; for the first time computer systems were sold in specialised retail shops;
- 1990: Micronica company was founded for production and assembly of own brand personal computers and servers;
- 1993: CDC introduced an absolute novelty in the Italian dealer market, the CDC Cash&Carry Points, proprietary medium-sized wholesale outlets;
- 1995: entry of Information Technology into consumer electronics stores with Compy corners;
- 1998: opening of the first AmiCo store and launch of the e-commerce platform;
- 1999: CDC entered the Internet world with Interfree, the Group's Internet Service Provider;
- 2001: CDC expanded its business to Large Corporate and Government, awarding immediately some of the major Italian public tenders;
- 2004: CDC developed new lines of own brand desktop PCs, notebooks and monitors, both for professional and home entertainment, characterized by exclusive design and quality, high technology and reliability;
- 2005: CDC opened a new superstores chain of electronics and technology, where IT products have relevant importance. With the opening of the first Compy Superstore sale point in "Savignano sul Rubicone" (FC) on September the 15th, CDC Group starts the project to open a new sale point format covering all the Italian territory.

The expertise of CDC in twenty years of activity and its exclusive business model, make the CDC Group one of the leaders of the Italian Computer Technology industry, with a commercial network of about 500 outlets under proprietary brands located all over the country and total consolidated revenues for over Euro 550 million in the 2004 year and over Euro 268 million at the 30th June 2005..

BUSINESS MODEL

The success of CDC is based on the multi-channel strategy and the coverage of all the sections of the value-chain. These factors make possible to provide timely and efficient services to all segments of the market, from consumers to small-medium business, Large Corporate and Government.

The business model is based on the following strengths:

- capillarity of its commercial network, both retail and wholesale;
- R&D activity and own brand products development;
- Excellence in technology of logistics platform and quality of company processes.



COVERAGE OF THE ITALIAN MARKET

CDC's retail distribution network – the largest in Italy in terms of turnover and brand awareness – serves the consumer, SOHO and SME segments with about 500 outlets under proprietary brands. The above outlets are organized into three distinct chains operating under the Computer Discount, Compy and Amico trademarks.

CDC intends to consolidate its leadership on the retail market by launching, during the second half of 2005, a new chain of consumer electronics Superstores oriented to digital technology, with medium-large sized format.

CDC operates on the Italian IT distribution market by serving, via a network of 31 proprietary Cash&Carry outlets all over the country, over 30,000 specialised IT dealers and VARs. The IT distribution market for dealers and VARs is also served by an advanced e-commerce B2B platform.

A capillary and widespread commercial network, which allows CDC Group to serve efficiently all segments of the market.

Besides the retail network throughout Italy CDC Direct Sales Division serves Large Corporate and Government users. During the last years CDC became one of the leading IT player on the Government segments, thanks to the award of some of the main "Consp" tenders and the agreements signed with some Large Corporate and major Banks.

OWN BRAND PRODUCTS

CDC is a completely Italian company oriented to innovation. Thanks to a continuous updating of hardware and software solutions - being both distributor and 'beta-tester' of the main IT multinational Vendors - the excellence of technical skills and the capability of R&D team, CDC designs and produces advanced personal computers to face the different needs of clients, often anticipating market requirements.

CDC represents the first Italian producer of desktop PCs for consumer segment, with a 2004 market share of over 10% (source Sirmi, July 2005). This success moved CDC to plan a growing penetration on the notebook segment, already served through the sale of brand product.

Currently CDC cover desktop and notebook market via three lines of products: Premium, Columbus and Next.

The range of own brand products was completed by Media Center solutions for Digital Home, able to combine entertainment and work.

The continuous search for new products on the international market and the R&D activity allow CDC to distribute, in addition to the brand products offered by the major international Vendors, a range of own brand products and accessories continually developed and spread. Besides computers, CDC distributes two further lines of own brand products: Kraun, including a wide range of computer accessories, from keyboard to mouse, from case to printer paper and cable, etc., and InkDrops, a complete line of printer cartridges and toners.

QUALITY AND CUSTOMER-CARE

Since the beginning, CDC Group constantly supervised the quality of its products and services; customer plays a leading role in all corporate processes and has strategic importance. CDC and Micronica were between the first companies operating in the IT industry to achieve the ISO 9001:2000 (Vision 2000) Quality Certification for the activities of design, production, sale, technical assistance and maintenance as regards to PCs, peripherals and accessories and for the development of new solutions and automatic logistics.

CDC Group, believing that the environment will become a competitive factor of growing relevance for the IT industry, on July 2004 achieved the Quality Certification of its System of Environment Management, according to the ISO 14001:1996.

TREND OF THE IT MARKET

The first half of the 2005 was characterized by the stagnant trend of the Italian economy, with a decrease of NGP rate of 0.2% during the first quarter and with an increase of the 0.1% during the second quarter.

TREND OF THE ITALIAN IT MARKET

The Information Technology (“IT”) industry, after two years (2002-2003) with a very negative Trend and the 2004 almost fair (+0.2%), confirms also in the first six months of the 2005 the previous year’s trend (+0.2%), with a “sales to end users” passing from Euro 10,733 million in the first six months of the 2004, to Euro 10,758 million in the same period of the 2005 (source: Sirmi, July 2005).

In the IT market, hardware and software segment, that represent the reference market for CDC Group, after the turnaround recorded in the 2004 (+2.9%), during the first six months of the 2005 registered an increase by 1.4% against the same period of the previous year.

The service segment, instead, in the same period registered a decrease by 1.1% (source: Sirmi, July 2005).

Euro million	2001	2002	2003	1H 2004	2004	1H 2005	D 02/01	D 03/02	D 04/03	D 1H 05/04
Hardware	8,834	8,138	7,812	3,859	8,130	3,914	-7.9%	-4.0%	4.1%	1.4%
Software	3,508	3,603	3,533	1,825	3,544	1,850	2.7%	-1.9%	0.3%	1.4%
Hardware + Software	12,342	11,741	11,345	5,684	11,674	5,764	-4.9%	-3.4%	2.9%	1.4%
Services	10,666	10,769	10,372	5,050	10,084	4,994	1.0%	-3.7%	-2.8%	-1.1%
Total Italian IT market	23,008	22,510	21,717	10,733	21,758	10,758	-2.2%	-3.5%	0.2%	0.2%

Source: Sirmi, July 2005

TREND OF THE ITALIAN PERSONAL COMPUTER MARKET

The Italian PC market highlighted, during the first six months of the 2005, a relevant increase in units sold (12% against the same period of the 2004), grew from 1,712,250 in the 2004 to 1,913,800 in the 2005 (source Sirmi, July 2005). The market growth was mainly driven by notebook segment (+31% against the first six months of the 2004), while desktop segment registered a small decrease (-0.7%).

Units	2001	2002	2003	1H 2004	2004	1H 2005	D 02/01	D 03/02	D 04/03	D 1H 05/04
Desktop	2,221,700	1,970,200	1,854,080	982,200	2,044,250	975,050	11.3%	-5.9%	10.3%	-0.7%
Notebook	793,000	860,150	1,099,890	652,450	1,465,950	855,800	8.5%	27.9%	33.3%	31.2%
Server	129,000	105,700	117,400	62,900	126,900	66,850	18.1%	11.1%	8.1%	6.3%
Workstation	26,300	23,800	28,630	14,700	28,900	16,100	-9.5%	20.3%	0.9%	9.5%
Total Italian PC market	3,170,000	2,959,850	3,100,000	1,712,250	3,666,000	1,913,800	-6.6%	4.7%	18.3%	11.8%

Source: Sirmi, July 2005

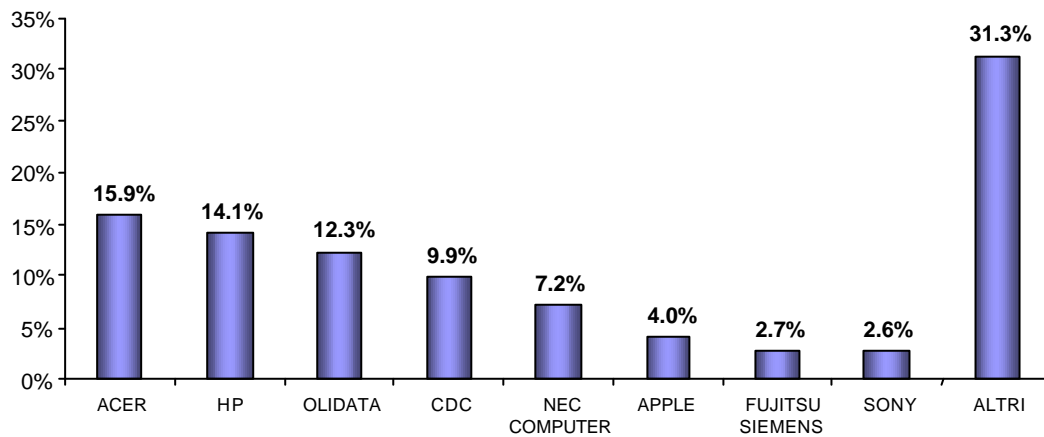
Despite a 6% decrease in average prices against the first six months of the 2004, total revenues, as registered in the 2004 (+7.2% against the 2003), increased by 5.4%, with a notebooks' performance of more than +20% (source: Sirmi, July 2005).

Euro million	2001	2002	2003	1H 2004	2004	1H 2005	D	D	D	D 1H
							02/01	03/02	04/03	05/04
Desktop	1,833	1,599	1,346	673	1,380	615	-12.8%	-15.8%	2.6%	-8.7%
Notebook	1,039	1,040	1,082	578	1,255	705	0.1%	4.0%	16.0%	21.9%
Server	561	440	395	201	400	210	-21.5%	-10.2%	1.1%	4.6%
Workstation	85	76	85	43	84	47	-10.8%	12.9%	-1.4%	8.6%
Total Italian PC market	3,518	3,154	2,908	1,495	3,119	1,576	-10.3%	-7.8%	7.2%	5.4%

Source: Sirmi, July 2005

CDC Group, during the first six months of the 2005, confirmed to be one of the main producers on the Italian market, particularly in the PC desktop consumer segment where controls a market share equal to 10%.

Market share of Pc Desktop Consumer market



Source: Sirmi, July 2005 – data in units



USEFUL INFORMATION

CDC Point S.p.A.

Registered Office:

Via Tosco Romagnola, 61 - 56012 Fornacette (PI)

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Other Internet addresses

www.cdc.it

www.cdcpoint.it

www.computerdiscount.it

www.compy.it

www.amicobusiness.it

www.cdcbusiness.it

www.kraun.it

www.interfree.it

www.dexgate.com



REPORT ON OPERATION

The First Half of the 2005 were characterized by a small increasing trend market, both for the economy and for the IT, even if the increase registered is lower the expectations.

The IT market, in which CDC acts, is very competitive and characterized by the price erosion. CDC achieved positive results with a net profit equal to Euro 1,611 thousand.

1. Market shares.

Cumulative revenues at the 30th June 2005 amount to Euro 267,506 thousand against Euro 274,482 thousand of the same period of the 2004. This achieved decrease (2.54%) was mainly due by the stop of the Consip tender for the Public Administration for all the first six months of the 2005 and by the weakness of the retail sales.

Sales trend, deducting revenues coming from the Public Administration, achieved a 2% increase passing from Euro 260,111 thousand at the end of the first six months of the 2004 against Euro 265,909 thousand of the same period of the 2005. IT market, in the same period, achieved a stagnant trend (+0.2% as value) (source: Sirmi, first six months 2005). PC market, instead, registered an increase by 11.8%, driven by the notebook segment (source: Sirmi, first six months 2005). Only the PC desktop segment, in which CDC traditionally hold a significant market share, decreased in the value (source: Sirmi, first six months 2005).

Internet area's revenues are reverse charges recognized by telephone carriers (Telecom, Wind-Infostrada) to Interfree S.r.l. on connection minutes developed. The area's trend decreased of the 47% passing from net revenues of Euro 4,000 thousand at the 30th June 2004 against Euro 2,125 thousand at the 30th June 2005 (values are reported after deducting related costs).

Commercial network during the first six months of the 2005 was almost the same of the previous year, with 499 sale's points at the 30th June 2005 against 496 at the 30th June 2004. During the under review period there was 4 new Cash & Carry openings in Udine, Forli, Lecce and Cosenza. There was also other opening and closing (in the same number) of smaller sale's points.

The revenues of the distribution division, achieved thanks to the Cash & Carry network, the Amico channel and the B2B e-commerce platform, rose by over 6% amounting to Euro 159,080 thousand at the 30th June 2005 (Euro 149,594 thousand at the 30th June 2004).

Revenues of the retail division (Computer Discount chain and Consumer Electronics/GDO) amounts to Euro 100,285 thousand at the 30th June 2005, achieving a decrease by 5% (Euro 105,895 thousand at the 30th June 2004).

The Group's range of products and services includes both branded products, supplied by major international IT producer as HP-Compaq, Acer, Toshiba, Epson, Microsoft (etc.) and own brand products; moreover, during the first six months of the 2005, CDC Group went on with the strategy of commercializing products with own trademark (Kraun and InkDrops) registering significant results on commercial margins.

Revenues of the Internet area were achieved thanks to about 140 thousand active users, which generated a total internet traffic of 420 million minutes at the 30th June 2005.

2. Company profitability.

The first six months period of the 2005 was characterized by a strong competitiveness, especially caused by organized big distribution chains which increased openings aiming to cover more as possible the Italian territory. In spite of that, the Group consolidated the commercial margin in percentage passing from 12.01% on sales at the end of the first six months of the 2004 (around Euro 32.9 million) to 12.48% of the same period of the 2005 (around Euro 33.4 million).

The consolidation of the commercial margin was reached thanks to a more efficient purchase policy and focusing on products with higher profitability such as the own brand products (Desktop, Server and Notebook PCs). The increase of commercial margin was mainly due to a better identification of coop grants, recognized from suppliers to CDC Point S.p.A.. This identification was obtained with a growing partnership with suppliers that permitted to classify better grants for marketing costs (included in services costs) against grants for margin.

3. Economic result

Despite the positive trend of the commercial margin, during the first six months of the 2005 CDC Group the operating profitability decreased both in value and in percentage, achieving an Ebitda equal to Euro 8,791 thousand (3.28% on sales) at the 30th June 2005 against Euro 12,709 thousand (4.62% on sales) at the 30th June 2004.

This decrease was due by the growing of the operating costs and by a lower use of the operating leverage caused by revenues decrease.

Main differences was due to following items:

- ✓ Payroll costs increased by 12.5%, from Euro 10,056 thousand at the 30th June 2004 (3.66% on sales) to Euro 11,321 thousand at the 30th June 2005 (4.22% on sales). Payroll costs increase was due to the opening of new Cash & Carry (passed from the number of 26 at the 30th June 2004 to 30 at the 30th June 2005), to the Superstore Project's start up and to the renewal of the collective labour contract;
- ✓ Service cost increased from Euro 10,185 thousand at the 30th June 2004 (3.70% on sales) to Euro 13,373 thousand at the 30th June 2005 (4.99% on sales) mainly due to the marketing cost's increase which, after deducting suppliers grant for advertising, amounts to Euro 5,883 thousand at the 30th June 2005 against Euro 4,981 thousand at the 30th June 2004. Marketing cost's increase was mainly due to investments done for the opening of new sale's points and to a different investments advertising planning during all the 2005.

Operating profit, equal to Euro 5,552 thousand at the 30th June 2005 (2.07% on sales), decreased by Euro 3,661 thousand against the same period of the 2004, when amounted to Euro 9,213 thousand (3.35% on sales). Amortizations and depreciations amount to Euro 3,239 thousand at the 30th June 2005 against Euro 3,496 thousand at the 30th June 2004. Sale's network amortization amounts to Euro 714 thousand. In this category are included greater amounts paid by the Group for buying sale's points directly managed (Computer Discount, Armonia, Test). In according to new international accounting principles IFRS, these assets are considered intangible fixed assets with a defined useful life and therefore amortized within 5-10 years. Every time could supposed a potential asset's loss of value, the potential depreciation would be verified with an impairment test.

After net financial expenses for Euro 1,699 thousand, at the 30th June 2005 Group's consolidated net profit was equal to Euro 1,611 thousand against Euro 5,537 thousand of the same period of the 2004.

4. Consolidated Net Financial Position

At the 30th June 2005 Group's net financial position was negative for Euro 43,849 thousand against Euro 33,810 thousand at the 30th June 2004, while the consolidated shareholder equity increased to Euro 51,905 thousand at the 30th June 2005 against Euro 51,852 thousand at the 30th June 2004.

Financial debt at the 30th June 2005 reflects taxes payment amounting to Euro 6,600 thousand done in June 2005. In the same period of the 2004 taxes paid were around Euro 600 thousand, moreover in May 2005 there were distributed total dividend for Euro 6,800 thousand as approved by the Board on the 28th April 2005

5. Change to the international accounting practises (IFRS)

The six months Report ended on the 30th June 2005 was drawn in 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 the 14th May 1999, and former changes and integrations. IAS/IFRS were retrospectively applied also to previous accounting years in order to compare these to items of former accounting years.



ECONOMIC AND FINANCIAL DATA OF FIRS HALF 2005

All figures in the schedules are shown in Euro thousand, unless otherwise stated.

A like-for-like comparison of the principal data is provided in the following review of the IT Production and Distribution and Internet businesses.

CONSOLIDATED RECLASSIFIED INCOME STATEMENT AS OF JUNE 30, 2005						
Consolidated Income Statement for the First Half	June 30, 2005		June 30, 2004 December 31, 2004			
Revenues	267,506	99.74%	274,482	99.84%	551,719	99.74%
Other income	695	0.26%	429	0.16%	1,415	0.26%
TOTAL REVENUES AND OPERATING INCOME	268,201	100.00%	274,911	100.00%	553,134	100.00%
Purchase costs	(234,131)	-87.30%	(241,527)	-87.86%	(485,929)	-87.85%
Service costs	(13,373)	-4.99%	(10,185)	-3.70%	(20,249)	-3.66%
Payroll costs	(11,321)	-4.22%	(10,056)	-3.66%	(20,580)	-3.72%
Other operating expenses	(585)	-0.22%	(434)	-0.16%	(889)	-0.16%
OPERATING INCOME BEFORE AMORTIZATION AND DEPRECIATION, GAINS/LOSSES AND IMPAIRMENT LOSSES/REVERSALS ON NON-CURRENT ASSETS (EBITDA)	8,791	3.28%	12,709	4.62%	25,487	4.61%
Amortization of intangible assets	(1,010)	-0.38%	(1,354)	-0.49%	(2,898)	-0.52%
Depreciation of tangible assets	(1,755)	-0.65%	(2,136)	-0.78%	(4,467)	-0.81%
Gains/losses on disposals of non-current assets	0	0.00%	47	0.02%	142	0.03%
Impairment losses/reversals on non-current assets	(474)	-0.18%	(53)	-0.02%	(740)	-0.13%
OPERATING INCOME (EBIT)	5,552	2.07%	9,213	3.35%	17,524	3.17%
Share of earnings of equity investments in associated companies accounted for by the equity method	(0)	0.00%	0	0.00%	(66)	-0.01%
Financial income	535	0.20%	918	0.33%	3,213	0.58%
Financial expenses	(2,234)	-0.83%	(1,958)	-0.71%	(4,725)	-0.85%
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	3,853	1.44%	8,173	2.97%	15,946	2.88%
Income taxes for the period	(2,252)	-0.84%	(2,644)	-0.96%	(5,215)	-0.94%
NET INCOME FROM CONTINUING OPERATIONS	1,601	0.60%	5,529	2.01%	10,731	1.94%
Net income (loss) from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0	0.00%
NET INCOME	1,601	0.60%	5,529	2.01%	10,731	1.94%
Net income (loss) attributable to minority interests	10	0.00%	8	0.00%	(23)	0.00%
NET INCOME ATTRIBUTABLE TO CDC GROUP	1,611	0.60%	5,537	2.01%	10,708	1.94%

Consolidated revenues - net of returns, discounts and credit notes – were earned almost entirely in Italy.

The following schedule provides a breakdown by area of business:

Operating income and revenues

Business Units	June 30, 2005	June 30, 2004	Dec 31, 2004
IT distribution	263,012	268,806	541,344
Internet	4,494	5,676	10,375
Other	695	429	1,415
Revenues from sales and services	268,201	274,911	553,134

Operating costs

Operating costs	June 30, 2005	June 30, 2004	Change	Dec 31, 2004	Change
Cost of goods for resale	234,131	241,527	(7,396)	485,929	(251,798)
Total service costs	13,373	10,185	3,188	20,249	(6,876)
of which Marketing expenses	1,783	(1,849)	3,632	(4,571)	6,354
<i>(gross Marketing expenses)</i>	5,883	4,981	902	11,097	(5,214)
<i>(contributions from suppliers for marketing expenses)</i>	(4,100)	(6,830)	2,730	(15,668)	11,568
of which Shipping and logistics	2,149	1,954	195	4,264	(2,115)
of which Other service costs	9,441	10,080	(639)	20,556	(11,115)
Payroll costs	11,321	10,056	1,265	20,580	(9,259)
<i>IT distribution</i>	11,067	9,821	1,246	20,070	(9,003)
<i>Internet</i>	254	235	19	510	(256)
Other operating costs	585	434	151	889	(304)
Total	259,410	260,353	(2,792)	527,647	(268,237)

Period-end bonuses from suppliers and the stock protection, totalling Euro 20,917 thousand at the 30th June 2005 against Euro 12,160 thousand at the 30th June 2004, were classified as reductions of the cost of materials.

Contributions from suppliers to cover marketing initiatives, franchising fees received from new franchisees and the contribution received from the distribution chain to pay for advertising, amounting to Euro 4,100 thousand, were classified as a reduction of marketing expense amounting to Euro 5,883 thousand (included under services cost).

Shipping and logistics costs increased in spite of revenues' decrease, passing from Euro 1,954 thousand at the 30th June 2004 to Euro 2,149 thousand at the 30th June 2005. The increase was due to several elements:

- transfer fees' increased by 2%, in line with ISTAT's increases;
- different composition of the revenues in which increased the percentage of the B2B sales, that usually supplies many customers shipping small volumes;
- maximum guarantee and assistance policy for customers causes to pay transfer cost on returns inwards.

Other service cost, amounting to Euro 9,442 thousand at the end of the first six months of the 2005, decreased against the same period of the previous year, in fact at the 30th June 2004 this items was equal to Euro 10,079 thousand. In this item are included utilities, third party services, corporate boards' emoluments, maintenances, personnel training cost, rentals, bank expense.

Payroll cost increased (Euro 11,321 thousand at the 30th June 2005 against Euro 10,056 thousand at the 30th June 2004). The variation was due to the IT area in which there were 14 new assumptions related to the opening of 4 new Cash & Carry and the assumption related to the Superstore Project.

Payroll costs	June 30, 2005	June 30, 2004	Dec 31, 2004
IT distribution	11,067	9,821	20,070
Internet	254	235	510
Total	11,321	10,056	20,580

The following table highlights a breakdown of the employees by business unit for the period ending at the 30th June 2005, at the 30th June 2004 and at the 31st December 2004 and the average of the employees for the first six months of the 2005:

Employees	June 30, 2005	June 30, 2004	Dec 31, 2004	Average employees 01/01/05-06/30/05
IT Distribution	591	577	626	596
<i>Managers</i>	16	15	15	15
<i>Supervisors</i>	31	32	33	31
<i>White-collar</i>	411	392	404	407
<i>Blue-collar</i>	133	138	174	143
Internet	11	12	12	11
<i>Managers</i>	0	0	0	0
<i>Supervisors</i>	1	1	1	1
<i>White-collar</i>	10	11	11	10
TOTAL	602	589	638	607

Sundry operating costs increased by Euro 151 thousand, from Euro 434 thousand at the 30th June 2004 to Euro 585 thousand at the 30th June 2005. The variation was due to items liberality for Euro 55 thousand, loss on receivables for Euro 50 thousand and government licences and company costs for the residual part.

At the 30th June 2005 **Amortization and depreciation** equal to Euro 3,239 thousand, included amortization of intangible fixed assets, equal to Euro 1,010 thousand, consisting of:

- trademarks for Euro 44 thousand;
- development costs for Euro 81 thousand;
- industrial patent costs and expenses for property software for Euro 126 thousand;
- others for Euro 45 thousand.

Sale's network amortization, amounting to Euro 714 thousand, included:

- a. Computer Discount chain for Euro 489 thousand;
- b. Armonia Computer chain for Euro 102 thousand;
- c. Test chain for Euro 123 thousand.

Tangible fixed assets' amortization, amounting to Euro 1,755 thousand, are mainly related to plants and machineries (Euro 853 thousand), equipments (Euro 373 thousand), office machineries (Euro 234 thousand), elevator trolleys, lorries and cars (Euro 30 thousand), buildings and signs (Euro 121 thousand), server farm (Euro 138 thousand).

Provisions and write-downs, equal to Euro 474 thousand, referred mainly to write-downs for doubtful accounts, totalling Euro 439 thousand, and to write-downs of fixed assets for Euro 35 thousand.

Net **financial income and expenses** breaks down as follows:

Financial income (expenses)	June 30, 2005	June 30, 2004	Dec 31, 2004
Interest and other financial income	132	174	561
Interest Expenses	(1,373)	(1,285)	(2,624)
Net exchange differences	(460)	71	551
Total	(1,699)	(1,040)	(1,512)

Financial income and expenses are essentially attributable to the Parent Company, which mainly manages the funding activity for the Group. We notice a decrease in interest income and an increase of the interest expenses due to the greater financial exposure of the Group. The item net exchange differences recorded a main change compared to the same period of 2004 (a loss equal to Euro 460 thousand against an income for Euro 71 thousand). Net foreign currency translation adjustment was determined on the basis of the exchange rate €/€ trend of the second quarter of the 2005.

Net Working Capital	June 30, 2005	June 30, 2004	Dec 31, 2004
Inventories	71,610	61,423	90,158
Trade receivables	92,512	90,325	109,760
Due from Parent Company	46	219	1
Due from subsidiaries not consolidated	43	84	71
Due from associated companies	382	385	126
Taxes receivables	1,599	518	575
Other accounts receivable	16,051	12,687	17,341
Current assets	182,243	165,641	218,032
Trade payables	(111,488)	(100,100)	(170,933)
Other liabilities	(10,467)	(15,303)	(12,662)
Amounts due to subsidiaries not consolidated	0	(14)	(31)



Amounts due to associated companies	(4)	(9)	0
Current liabilities	(121,959)	(115,426)	(183,626)
Net Working Capital	60,284	50,215	34,406

The above schedule reflects an increase in net working capital deriving from the following changes:

- Increase in inventories for a total amount of Euro 10,187 thousand due also to suppliers deliveries' delay. Inventories in warehouse are registered deducting the allowance for products' obsolescence that reflects the natural depreciation of them, this allowance amounting to Euro 974 thousand was considered enough to hedge the obsolescence risk on the assortment. The allowance for write-downs of inventories reflects obsolescence linked to the slow movement of certain items and the elimination of other items from the range of products at the end of the year. The determination of the amount has been set aside in order to take into account purchase conditions, any stock protection clauses and in some, limited, cases buyback agreements with suppliers. During the under review period, the Group sold obsolete products.
- Trade receivables increase, totally amounting to Euro 2,187 thousand, was due to greater use of credit leverage.
- Taxes receivables' increase was due to the greater amount paid as taxes advanced for the fiscal period 2005.
- Trade payables increase for Euro 11,388 thousand was due by the inventories increase.
- Other payables variation was mainly due to the taxes payables' decrease:
 - decrease in payables due to Treasury for deferred VAT taxes, equal to Euro 2,413 thousand related to the greater amount of VAT on purchases of the last period of the first six months of the 2005; that increased inventories;
 - decrease of payables due to the Treasury for IRES and IRAP for Euro 2,343 thousand due to greater taxes advances paid.

Net Financial Position

Net Financial Position	June 30, 2005	Dec 31, 2004	Change	June 30, 2004
Bank debts payable within 12 months	(28,952)	(8)	(28,944)	(8,379)
Cash and cash equivalents	6,219	22,519	(16,300)	5,671
(Amounts due to) Due from factoring companies	(722)	(8,847)	8,125	(3,732)
Liquidity (borrowing) within 12 months	(23,455)	13,664	(37,119)	(6,440)
Short-term loan	(12,500)	(12,796)	296	(6,252)
Amounts due to other lenders for leases falling due within 12 months	(819)	(808)	(11)	(673)
Net Financial Position within 12 months	(13,319)	(13,604)	285	(6,925)
Net Financial Position within 12 months	(36,774)	60	(36,834)	(13,365)
Amounts due to other lenders for leases falling due after 12 months	(859)	(1,279)	420	(1,819)
Bank debts payable beyond next 12 months	(6,214)	(12,428)	6,214	(18,628)



Net Financial Position beyond next 12 months	(7,073)	(13,707)	6,634	(20,447)
Total Net Financial Position	(43,847)	(13,647)	(30,200)	(33,812)

Net financial position strongly increased from Euro 33,812 thousand as at the 30th June 2004 against Euro 43,847 thousand as at the 30th June 2005. The debt at the 30th June 2005 was influenced also by the taxes advances for Euro 6,600 thousand paid in June 2005 (in the same period of the 2004 were paid Euro 600 thousand) and the dividend distribution for Euro 6,800 thousand.

On the 16th June 2005 was also paid the first of the four six monthly instalment of the Euro 25 million loan stipulated on the 16th December 2003 with a pool of banks amounting to Euro 6,250 thousand. The pool arrangers are Efibanca and MediocreditoCentrale.

ECONOMIC AND FINANCIAL DATA OF BUSINESS UNITS

CDC Group activities, related strategies and administrative control are defined in the IT production and distribution sector and in the internet service provider and portal. These are primary sectors.

Secondary sectors are the different types of sale's network for the IT production and distribution sector while for the internet sector there aren't any secondary sectors. Within the IT production and distribution sector there is a strong homogeneity for products, purchase policies and managing, instead there are peculiar characteristics related to specific sale's chain for sale and marketing policies.

BUSINESS UNIT – IT PRODUCTION AND DISTRIBUTION

During the first half of the 2005 CDC Group continued to develop its sales network, which is the most widespread in Italy.

Change of commercial network	Turnover			Sales network	
	June 30, 2005	June 30, 2004	Change	June 30, 2005	June 30, 2004
Cash & Carry	128,746	127,092	1,654	30	26
Computer Discount	67,290	68,537	(1,247)	208	218
IT corners, Consumer electronics shops and Mass merchandising	32,995	37,358	(4,363)	102 *	111 *
Amico/B2B	30,334	22,502	7,832	158	141
Government, Tenders and Large-scale users	4,900	15,047	(10,147)	-	-
Outlet	422	-	422	1	-

* The number only included Corner under Compy trademark

During the first half of the 2005, CDC Group earned, in the IT core business, Euro 263,634 thousand, decreasing by 2.08% against the same period of the 2004, when achieved revenues for Euro 269,221 thousand.

Revenues, net of sales deriving from Consip tender, which contributed to 2004 revenues, increased by 2.3% compared to the Italian PC Market growing by 5.4% (source: Sirmi, July 2005).

The IT business reached pre-tax profit for the first six months of the 2005 equal to Euro 136 thousand, against Euro 2,807 thousand achieved at the 30th June 2004.

Consolidated Income Statement - I.T. Business - June 2005						
Consolidated Income Statement for the First	30-giu-05		30-giu-04		31-dic-04	
Revenues	263,012	99.76%	268,793	99.84%	541,331	99.74%
Other income	622	0.24%	428	0.16%	1,413	0.26%
TOTAL REVENUES AND OPERATING INC	263,634	100.00%	269,221	100.00%	542,744	100.00%
Purchase costs	(234,121)	-88.81%	(241,520)	-89.71%	(485,900)	-89.53%
Service costs	(11,637)	-4.41%	(7,368)	-2.74%	(14,772)	-2.72%
Payroll costs	(11,067)	-4.20%	(9,821)	-3.65%	(20,070)	-3.70%
Other operating expenses	(582)	-0.22%	(401)	-0.15%	(845)	-0.16%
OPERATING INCOME BEFORE AMORTIZATION AND DEPRECIATION, GAINS/LOSSES AND IMPAIRMENT LOSSES/REVERSALS ON NON-CURRENT ASSETS (EBITDA)	6,227	2.36%	10,111	3.76%	21,157	3.90%
Amortization of intangible assets	(975)	-0.37%	(1,302)	-0.48%	(2,793)	-0.51%
Depreciation of tangible assets	(1,597)	-0.61%	(1,959)	-0.73%	(4,098)	-0.76%
Gains/losses on disposals of non-current asset	0	0.00%	47	0.02%	142	0.03%
Impairment losses/reversals on non-current a	(474)	-0.18%	(53)	-0.02%	(722)	-0.13%
OPERATING INCOME (EBIT)	3,181	1.21%	6,844	2.54%	13,686	2.52%
Share of earnings of equity investments in associated companies accounted for by the equity method	(0)	0.00%	(0)	0.00%	(66)	-0.01%
Financial income	535	0.20%	849	0.32%	3,047	0.56%
Financial expenses	(2,232)	-0.85%	(1,958)	-0.73%	(4,725)	-0.87%
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	1,484	0.56%	5,736	2.13%	11,942	2.20%
Income taxes for the period	(1,358)	-0.52%	(2,937)	-1.09%	(5,857)	-1.08%
NET INCOME FROM CONTINUING OPERATIONS	126	0.05%	2,799	1.04%	6,085	1.12%
Net income (loss) from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0	0.00%
NET INCOME	126	0.05%	2,799	1.04%	6,085	1.12%
Net income (loss) attributable to minority	10	0.00%	8	0.00%	(23)	0.00%
NET INCOME ATTRIBUTABLE TO CDC GROUP	136	0.05%	2,807	1.04%	6,062	1.12%

Period-end bonuses from suppliers and stock protection, totalling Euro 20,917 thousand, were classified as reductions of the cost of materials.

Marketing contributions from suppliers, franchising fees received from new franchisees and the contribution received from the distribution chain to cover marketing initiatives, amounting to Euro 4,100 thousand, were classified as a reduction of service costs (under marketing expenses).

The following schedule shows a breakdown of service costs:

OPERATING COSTS - IT Business	June 30, 2005	June 30, 2004	Change	Dec 31, 2004	Change
Cost of goods for resale	234,121	241,520	(7,399)	485,900	(251,780)
Total service costs	11,637	7,368	4,269	14,772	(3,135)
of which Marketing expenses	1,783	(1,961)	3,744	(4,683)	6,466
<i>(gross Marketing expenses)</i>	<i>5,883</i>	<i>4,869</i>	<i>1,014</i>	<i>10,985</i>	<i>(5,102)</i>
<i>(contributions from suppliers for marketing expenses)</i>	<i>(4,100)</i>	<i>(6,830)</i>	<i>2,730</i>	<i>(15,668)</i>	<i>11,568</i>
of which Shipping and logistics	2,149	1,953	195	4,263	(2,114)
of which Other service costs	7,705	7,376	330	15,192	(7,487)
Payroll costs	11,067	9,821	1,246	20,070	(9,003)
Other operating costs	582	401	181	845	(263)
TOTAL	257,407	259,110	(1,703)	521,588	(264,181)

Marketing costs, equal to Euro 5,883 thousand gross of contributions, included TV advertising costs for about Euro 600 thousand, press advertising for Euro 2,800 thousand, meeting e convention for Euro 400 thousand, consumer credit and promotional contributions to customers for Euro 1,400 thousand, local activity for Euro 300 thousand. The change compared to the previous six months period of the 2004 was due to a different investments advertising planning during all the 2005.

Logistic and transfer cost achieved an increase related to the different composition of the revenues composed by many different shipping with small volumes to many customers.

Other service costs includes utilities, third-party services, transfer expense and others.

Payroll cost increased for the assumption related to the opening new sale's points (Cash & Carry and Compy Superstore).

Within amortization are highlighted industrial patent costs and expenses for property software for Euro 97 thousand and development cost amortization for Euro 81 thousand.

Sale's network amortization amount to Euro 714 thousand.

Financial income and expenses have a negative amount (Euro 1,697 thousand).

Bank account interest expenses amounts to Euro 784 thousand, interest expense on derivatives amounts to Euro 507 thousand, net foreign currency translation adjustment achieved a negative amount of Euro 460 thousand, interest income are Euro 133 thousand and other financial expenses for Euro 79 thousand.

**Net Working Capital**

Net Working Capital - IT Business	June 30, 2005	June 30, 2004	Dec 31, 2004
Inventories	71,610	61,423	90,158
Trade receivables	91,182	89,859	108,497
Due from Parent Company	46	219	1
Due from subsidiaries not consolidated	43	84	71
Due from associated companies	381	385	126
Taxes receivables	1,478	459	575
Other accounts receivable	16,019	12,634	17,314
Current assets	180,759	165,063	216,742
Trade payables	(110,326)	(99,186)	(169,819)
Other liabilities	(10,268)	(15,140)	(12,429)
Amounts due to Parent Company	318	0	1,075
Amounts due to subsidiaries not consolidated	(0)	(14)	(31)
Amounts due to associated companies	(4)	(8)	0
Current liabilities	(120,280)	(114,348)	(181,204)
Net Working Capital	60,479	50,715	35,538

Net Financial Position

Net Financial Position - IT Business	June 30, 2005	Dec 31, 2004	Change	June 30, 2004
Bank debts payable within 12 months	(28,951)	(8)	(28,943)	(8,379)
Cash and cash equivalents	6,197	22,507	(16,310)	5,649
(Amounts due to) Due from factoring companies	(722)	(8,847)	8,125	(3,732)
Liquidity (borrowing) within 12 months	(23,476)	13,652	(37,128)	(6,462)
Short-term loan	(12,500)	(12,796)	296	(6,252)
Amounts due to other lenders for leases falling due within 12 months	(819)	(808)	(11)	(673)
Net Financial Position within 12 months	(13,319)	(13,604)	285	(6,925)
Net Financial Position within 12 months	(36,795)	48	(36,843)	(13,387)
Amounts due to other lenders for leases falling due after 12 months	(859)	(1,279)	420	(1,819)
Bank debts payable beyond next 12 months	(6,214)	(12,428)	6,214	(18,628)
Net Financial Position beyond next 12 months	(7,073)	(13,707)	6,634	(20,447)
Total Net Financial Position	(43,868)	(13,659)	(30,209)	(33,834)

BUSINESS UNIT – INTERNET SERVICE PROVIDER AND PORTAL ACTIVITIES

Consolidated Income Statement - Internet Business - June 2005						
Consolidated Income Statement for the First	30-giu-05		30-giu-04		31-dic-04	
Revenues	4,494	98.40%	5,689	99.97%	10,388	99.98%
Other income	73	1.60%	1	0.03%	2	0.02%
TOTAL REVENUES AND OPERATING	4,567	100.00%	5,690	100.00%	10,390	100.00%
Purchase costs	(10)	-0.22%	(7)	-0.12%	(29)	-0.28%
Service costs	(1,736)	-38.02%	(2,817)	-49.50%	(5,477)	-52.72%
Payroll costs	(254)	-5.56%	(235)	-4.13%	(510)	-4.91%
Other operating expenses	(3)	-0.07%	(34)	-0.59%	(44)	-0.42%
OPERATING INCOME BEFORE AMORTIZATION AND DEPRECIATION, GAINS/LOSSES AND IMPAIRMENT LOSSES/REVERSALS ON NON-	2,564	56.13%	2,598	45.65%	4,330	41.67%
Amortization of intangible assets	(35)	-0.77%	(51)	-0.90%	(105)	-1.01%
Depreciation of tangible assets	(158)	-3.45%	(178)	-3.12%	(369)	-3.55%
Gains/losses on disposals of non-current : Impairment losses/reversals on non-current assets	0	0.00%	0	0.00%	0	0.00%
	0	0.00%	0	0.00%	(17)	-0.17%
OPERATING INCOME (EBIT)	2,371	51.91%	2,369	41.63%	3,838	36.94%
Share of earnings of equity investments in associated companies accounted for by the equity method	0	0.00%	0	0.00%	0	0.00%
Financial income	0	0.00%	69	1.21%	166	1.60%
Financial expenses	(2)	-0.05%	0	0.00%	0	0.00%
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	2,369	51.87%	2,437	42.83%	4,004	38.54%
Income taxes for the period	(894)	-19.57%	293	5.15%	641	6.17%
NET INCOME FROM CONTINUING OPERATIONS	1,475	32.29%	2,730	47.98%	4,646	44.71%
Net income (loss) from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0	0.00%
NET INCOME	1,475	32.29%	2,730	47.98%	4,646	44.71%
Net income (loss) attributable to minority interests	0	0.00%	0	0.00%	0	0.00%
NET INCOME ATTRIBUTABLE TO CDC GROUP	1,475	32.29%	2,730	47.98%	4,646	44.71%

ECONOMIC RESULTS

The 2004 represented the year of the expansion of connection of the ADSL system instead to the dial up system (Interfree system supplied). However Interfree with 140,000 active customers earned during the first half of the 2005 around 420 million of minutes of internet traffic.

The Internet business unit reached a pre-tax profit, for the first six months of the 2005, of Euro 2,369 thousand, against Euro 2,437 thousand of the same period of the previous year. The result is stable for the agreement with the telephone carriers and a more attention on operating cost.

Net income amounts to Euro 1,475 thousand at the 30th June 2005 against Euro 2,730 thousand at the 30th June 2004.

Revenues at the 30th June 2005 amounts to Euro 4,494 thousand and achieved a great decrease (-21%) against Euro 5,689 thousand of the same period of the 2004. Revenues are composed by :

- revenues from internet service of dial up amounted to Euro 4,247 thousand;
- other services supplied using the portal www.interfree.it amounted to Euro 247 thousand.

OPERATING COSTS - Internet Business	June 30, 2005	June 30, 2004	Change	Dec 31, 2004	Change
Cost of goods for resale	10	7	3	29	(19)
Total service costs	1,736	2,931	(1,194)	5,590	(3,854)
of which Marketing expenses	0	112	(112)	112	(112)
<i>(gross Marketing expenses)</i>	<i>0</i>	<i>112</i>	<i>(112)</i>	<i>112</i>	<i>(112)</i>
<i>(contributions from suppliers for mrk expenses)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
of which Shipping and logistics	0	1	(1)	1	(1)
of which Other service costs	1,736	2,817	(1,081)	5,477	(3,740)
Payroll costs	254	235	19	510	(256)
Other operating costs	3	34	(30)	44	(41)
Total	2,003	3,206	(1,203)	6,172	(4,169)

Ebitda reached Euro 2,564 thousand, compared to Euro 2,598 thousand of the previous year.

In the period under review, Interfree was involved in the renegotiating of the agreements with the major Italian telecom carrier through the Parent company CDC Point Spa in order to increase the earnings from reverse charge revenues and reduce the relative costs. At the same time, the internet company signed new agreements with some Internet Service Providers in order to provide them with internet services.

MAIN BALANCE SHEET DATA

The intangible fixed assets, totalling Euro 188 thousand, mainly referred to patents and software elated to internet search engine acquired in the 2003. The value of this item, net of amortizations, was equal to Euro 170 thousand.

Net Working Capital

Net Working Capital - Internet Business	June 30, 2005	June 30, 2004	Dec 31, 04
Inventories	0	0	0
Trade receivables	1,330	466	1,262
Due from subsidiaries not consolidated	0	0	0
Due from associated companies	0	0	0
Taxes receivables	121	59	0
Other accounts receivable	32	52	27
Current assets	1,483	577	1,289
Trade payables	(1,162)	(914)	(1,115)
Other liabilities	(199)	(163)	(233)
Amounts due to Parent Companies	(318)	(1,010)	(1,075)
Amounts due to subsidiaries not consolidated	0	0	0
Amounts due to associated companies	0	0	0
Current liabilities	(1,679)	(2,087)	(2,423)
Net Working Capital	(196)	(1,510)	(1,134)

Table of link between IT Area and Internet Area:

Table of link between IT Area and Internet Area	
Profit of IT Area	136
Profit of Internet Area	1,475
Total	1,611
Adjustments to financial fixed assets	-
	1,611
Consolidated profit before taxes	1,611



OTHER SIGNIFICANT INFORMATION

CAPITAL EXPENDITURE

The most significant investments are the start up of the sale's points Compy Superstore and are mainly carried out by CDC Superstore S.r.l. for the opening of the shop in "Savignano sul Rubicone" (FC).

RESEARCH AND DEVELOPMENT

Research and development activities are only related to the parent company CDC Point. The main R&D project is Tegate, a new platform to manage all corporate communications. As at the 30th June 2005 total costs incurred and capitalized regarding the Tegate (renamed Dexgate) project amounted to Euro 18 thousand

RELATIONS WITH ASSOCIATED COMPANIES

During the first half of the 2005 CDC Point S.p.A. transferred following affiliated companies held via its subsidiary Computer Discount S.r.l.:

- CD Napoli S.r.l. (held for the 21%). Shares value amounts to Euro 9,761 and transferred at Euro 9,828;
- CD Salerno S.r.l. (held for the 21%). Shares value amounts to Euro 9,761 and transferred at Euro 9,828.

TREASURY SHARES

At the 30th June 2005 CDC Point S.p.A. hold no. 117,709 of own shares acquired during the 2001, 2002 and 2004 in order to stabilize the stock market price, in accordance with the resolution passed by the General Shareholders' Meeting of 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.

STOCK OPTION PLAN

In the meeting held on April 26, 2001, the shareholders of CDC Point S.p.A. authorized the Board of Directors to issue, within April 26, 2006, a maximum of 138,628 (One hundred thirty-eight thousand, six hundred and twenty-eight) common shares with a par value of Euro 0.50 (zero point fifty), up to a maximum of Euro 69,314.00 (sixty-nine thousand, three hundred and fourteen), under a stock option plan for Directors, as employees of the Company, executives and middle managers of the Company and its subsidiaries. During the same meeting, the shareholders of CDC Point S.p.A. authorized the Board of Directors to set up a plan for such external Directors of the company and its subsidiaries as vested with the powers provided for by article 2,381 of the Italian civil code, or assigned special duties or functions, by making use of treasury shares up to an amount not to exceed 1% of the share capital.

These plans are incentive and loyalty-building tools designed to retain the beneficiaries as well as to

encourage the Company to achieve pre-set strategic goals.

On January 23, 2002 the Board of Directors approved the rules and regulations governing both stock option plans, and the allocation of 90,748 newly-issued shares, equivalent to 0.74% of the share capital, to Directors, as employees of the Company as well as to the executives and the middle managers. The Board also approved the allocation of 31,761 shares, equivalent to 0.26% of the share capital, to Directors, as not employees, of CDC Point S.p.A. and its subsidiaries. On February 28, 2002 The Board of Directors, authorized by the shareholders meeting, has increased the share capital from Euro 6,130,686 to Euro 6,176,060 to support the first step of stock option for Directors, executives, middle managers and employees of the company and its subsidiaries.

The rules and regulations called for a subscription price of Euro 11.382, representing the average of the official prices of the common shares of CDC Point S.p.A. traded on the Nuovo Mercato in the period between the assignment date and the same day of the previous month; the options will vest in three equal annual tranches, subject to the achievement of the goals set year to year by the Board of Directors; each tranche will be exercised over a three-year period with increasing percentages. The first maturity date would have been April 1, 2003.

On July 25, 2003 the Board of Directors of CDC Point, considering that the target fixed for the exercise of the first tranche of the stock option plan had been achieved and that the beneficiaries had already received the opportunity to exercise the option accrued according to the plan, as the market price of the shares of CDC Point was significantly lower than the strike price for the first tranche of the options (Euro 11.382) and not able to incentive the beneficiaries of the stock option plan, deliberated a second tranche of options for a total amount of 24,708 options reserved to Directors, as employees, executives, middle managers and employees and n. 10,481 options reserved to external Directors of the company and its subsidiaries with special tasks of functions. The Board of Directors for this second tranche of options, relating to both the stock option plans, in a partial derogation of the rules as for to the date of accrual of the stock option plan, deliberated that all the options will be due from April 1, 2004, and determined in Euro 7.00 the strike price (for underwriting/acquiring the shares).

In the same date of July 25, 2003 the Board of Directors, in front of the notary, and exercising the proxy provided by the Shareholders Meeting of April 26, 2001, deliberated to increase the share capital for of a maximum amount of Euro 12,354, by issuing of a maximum of new 24,708 ordinary shares with a nominal value of Euro 0.5 per share, with a regular dividend right, reserved to Directors, which are employees, executives, and middle managers of the company and its subsidiary as beneficiaries of the second tranche of the stock option. The term for the subscription of the new shares will be December 31, 2008, after which the share capital will be increased for an amount equal to the subscriptions collected within the data mentioned above.

Since April 1, 2004, considering that the target fixed for the exercise of the second tranche of the stock option plan, equal to 20% on total amount, have been achieved (because the consolidated net profit of 2003 reached the goal of Euro 10 million), the right can be exercised.

The right must be exercised during the first 20 days of opened Stock Exchange starting from the first day after the day of approval of every Quarterly financial statement by the Board of Directors. Currently nobody of beneficiaries exercised the right.

The rule provides that the residual 80% of mature rights will become callable from April 01, 2005 as for the 30% and from April 01, 2006 relating to residual 50%.

On the 22nd of April 2005 was exercised the right for no. 3,368 shares at the strike price of Euro 7.00. The third tranche target (consolidated income before taxes for the 2004 accounting year of Euro 17,490,349) was not reached.



In the meeting held on April 28, 2005, the shareholders of CDC Point S.p.A. authorized the Board of Directors to issue (within April 28, 2010) a maximum of 180,000 common shares with a par value of Euro 0.50 up to a maximum of Euro 90,000.

These shares would be underwritten, beyond payment, to directors as employees of the company as well as to the executives and the middle managers of CDC Point S.p.A. and/or of subsidiaries according to the art. 2,359 of the Italian Civil Code, excluding the stock option right according to the last subsection of the art. 2,441 of the Italian Civil Code.

On the 23rd of June 2005, the Board of Directors approved the stock option plan's rules and regulation and the allocation of no. 59,336 shares, as capital addition, to the directors as employees of the company as well as to the executive and middle managers of CDC Point S.p.A. and/or of subsidiaries.

The rule and regulation called for a subscription price of Euro 9.35, representing the average of official prices of CDC Point S.p.A. common shares listed on the Tech Star Market in the period between the Board of Directors resolution date and the same day of the previous month. The maturity date will be on the 1st of April 2006 and the right must be exercised within the 31st April 2009.

The exercise of accrued options is subordinated to the pre-arranged targets reaching. Options, if exercise conditions will be verified, would be vested for the 40% of the total amount from the 1st April 2006 and for the 60% of the total amount from the 1st April 2007.

The tables below summarized the data mentioned above:

ASSIGNMENT OF OPTIONS

	First Half 2005				2004 Year				2003 Year			
	Operation date	2005 Year No. Shares	Average strike price	Market price	Date	2004 Year No. Shares	Average strike price	Market price	Date	2003 Year No. Shares	Average strike price	Market price
Options existing at 1/1		71,176	10.067	10.18		117,270	10.067	9.6400		122,509	11.382	6.5473
New options granted during the period	06/23/2005	59,336	9.35						07/25/2003	35,189	7.000	6.044
Options exercised during the period	04/22/2005	(3,368)	7.00									
Options refused during the period		(4,523)				(46,094)			07/25/2003	(40,428)	11.382	6.044
Options existing at 06/30/2005		122,621				71,176	10.067	10.1800		117,270	10.067	9.6400
Of which vested at 06/30/2005		63,285				71,176	10.067	10.1800		76,229	10.067	9.6400

Strike price	Maturity date of Options	Starting date of Options 04/01/2003 No. Shares	Starting date of Options 04/01/2004 No. Shares	Starting date of Options 04/01/2005 No. Shares	Starting date of Options 04/01/2006 No. Shares	Starting date of Options 04/01/2007 No. Shares	Starting date of Options 04/01/2008 No. Shares	Total	Expiring date of Options
Euro 11,38	04/01/2003	6,470	9,705	16,788				32,963	12/31/2008
Euro 7,00	04/01/2004		3,371	10,107	16,845			30,322	12/31/2008
Euro 9,35	04/01/2006				23,734	35,602		59,336	12/31/2009
TOTALE		6,470	13,076	26,895	40,579	35,602		122,621	
Of which vested		6,470	13,076	26,895	16,845	0		63,285	

RELATIONS WITH SHAREHOLDERS AND RELATED COMPANIES

The most significant relations with shareholders and related companies may be summarized as follows:

- Gap S.r.l. Trading relations in the form of costs (Euro 14 thousand) and payables (Euro 4 thousand) referring to the hotel operations carried out by the company;
- IMO 1. Costs for Euro 115 thousand referred to the lease contracts of the building located in Milan, Piazza Cadorna and the building located in Fornacette (Pi), Piazza Fermi and Via Tosco Romagnola. A receivable due to CDC Point S.p.A. in the form of an interest-free guarantee deposit of Euro 34 thousand repayable by IMO 1 in relation to the lease contract on the building located in Milan;
- IMO 2. Costs for Euro 44 thousand referring to the lease contract of the building located in Milan, Via Fulvio Testi, Cinisello Balsamo;
- CTY S.r.l. Trading relations in the form of receivables for Euro 379 thousand, costs for Euro 20 thousand and revenues for Euro 445 thousand;
- Tradesoft Technologies S.r.l.. Costs for Euro 5 thousand, revenues for Euro 1 thousand and receivables for Euro 2 thousand all referred to the software development.

RELATIONS WITH PARENT COMPANIES

CDC S.r.l. relations in the form of receivables for Euro 2 thousand, resulting from administrative services provided by CDC Point S.p.A. and revenues due to the recharge of costs initially paid by CDC Point but referring to The Parent Company CDC S.r.l. therefore recharged for Euro 45 thousand.

The following schedule shows accounts receivable and payable, revenues and costs deriving from relations with subsidiaries (not consolidated), associated companies and the Parent Company:



(000's of Euro)	Accounts receivable	Accounts payable	Revenues	Costs
Mactronics S.r.l.	43	0	0	0
Subsidiaries	43	0	0	0
CDC S.r.l.	47	0	45	0
Parent company	47	0	45	0
Cd Pistoia S.r.l.	0	0	0	0
Associated companies	0	0	0	0
Imo 1 S.r.l.	0	(34)	0	(115)
Imo 2 S.r.l.	0	0	0	(44)
Gap S.r.l.	0	(4)	0	(14)
Icube S.r.l.	0	0	0	0
CTY S.r.l.	379	0	445	(20)
Tradesoft Technologies S.r.l.	2	0	1	(5)
Related companies	381	(38)	446	(198)

SUBSEQUENT EVENTS

During the second half of the 2005 continues the development of sales and market shares.

CDC Superstore S.r.l. drawn a contract of firm branch lease with H Venti S.p.A. for managing the shop in Chirignano (VE), Milanese Road, 283. The shop, with Euronics sign, has a surface of 2,500 square meters and the contract's starting date is the 1st November 2005 for 3 years, with an annual rental of Euro 137,500. In the contract is also included the option right, exercisable for all the contract's length, to acquire for Euro 137,500 the firm branch.

On July the 27th, 2005; CDC Superstore S.r.l. drawn a contract of firm branch lease with Magazzini del Tirreno S.r.l. for using an estate in Pontedera (PI) to open a retail sale activity based on a middle-large surface. The annual rental amounts to Euro 270 thousand for 8 years.

On the 25th August of the 2005, there was the opening of the first Compy Superstore sale's point, under the supervision of CDC Superstore S.r.l. The shop is in "Savignano sul Rubicane" (FC), and officially was inaugurated on September the 15th with a great success.

During September 2005 was opened in Napoli the 31st Cash & Carry owned by CDC Point S.p.A.

On the 14th of September, Computer Discount S.r.l.'s subsidiary, CD Genova S.r.l. acquired a sale's point with a Computer Discount sign in Biella. With this operation sale's points owned by CDC Group are now 40.

OTHER INFORMATION

As regards to security measures to be adopted in order to manage personal and customers data, complying with Italian Legislation (Legislative Decree no. 196 dated June 30, 2003 and further adjustments), the Parent Company during the year 2004 produced the security programme, to be completed within December 31, 2005.

OPERATING OUTLOOK



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

Return to profitability is expected for the second half of the 2005 that typically is a high seasonality period for the IT market.

The Group's future development continues to aim at reinforcing its position as leading Italian distributor of IT products through sales channels actually managed, giving more attention to Consip tenders now re-opened. As defined in the Business Plan, the Group will launch other new Compy Superstore shops with no. 13 new openings between the 2005 and the 2010. For that see the paragraph "Subsequent Events".

SECONDARY HEADQUARTERS

The Parent Company does not operate secondary headquarters.

The Chairman of the Board
Giuseppe Diomelli



CDC Group - First Half Report as of June 30, 2005

Consolidated Balance Sheet	June 30, 2005	June 30, 2004	December 31, 2004
Acquisition of sale chains and internet portal	8,170	7,297	8,837
Brands	7,960	7,688	7,998
Others intangible assets	1,006	968	944
Intangible fixed assets	17,136	15,953	17,779
Lands	754	754	754
Buildings	6,424	6,666	6,469
Real estate investments	2,882	2,836	2,882
Other tangible fixed assets	11,533	10,843	10,854
Tangible fixed assets	21,593	21,099	20,959
Equity investments in subsidiaries	12	26	0
Equity investments in associated companies accounted for by the equity method	0	20	20
Others financial assets and equity investments in other companies	486	1,154	323
Non-current financial assets	498	1,200	343
Deferred tax assets	1,449	1,607	2,270
Total non-current assets	40,676	39,859	41,351
Inventories	71,610	61,423	90,158
Trade receivables	92,512	90,325	109,760
Accounts receivable due from parent companies, subsidiaries not consolidated	471	688	198
Other accounts receivable	17,650	13,205	17,916
Current financial assets	(0)	3	68
Net cash and cash equivalents	6,219	5,671	22,519
Total current assets	188,462	171,315	240,619
TOTAL ASSETS	229,138	211,174	281,970
Share capital	6,132	6,131	6,131
Share premium reserve	37,042	37,042	37,043
Treasury stock	(1,263)	(1,489)	(1,141)
Legal reserve	1,226	1,106	1,106
Extraordinary reserve	0	0	0
Other reserves	7,361	3,787	3,670
Retain earnings (accumulated deficit)	(204)	(262)	(293)
Net consolidated income (loss) for the period	1,611	5,537	10,708
Total Shareholders' Equity of CDC Group	51,905	51,852	57,224
Minority interests	15	60	99
Total Shareholders' Equity	51,920	51,912	57,323
Deferred tax liabilities	813	424	670
Provisions for employee severance indemnities	4,185	3,623	3,910
Allowances for risks and charges	195	306	275
Financial payables falling due beyond next 12 months	7,073	20,447	13,707
Total non-current liabilities	12,266	24,800	18,562
Trade payables	111,488	100,100	170,933
Accounts payable due from parent companies, subsidiaries not consolidated and associated companies	4	23	31
Other accounts payable	10,467	15,303	12,662
Financial payables falling due within 12 months	42,993	19,036	22,459
Total current liabilities	164,952	134,462	206,085
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	229,138	211,174	281,970



CDC Group - First Half Report as of June 30, 2005

Consolidated Income Statement	June 30, 2005	June 30, 2004	December 31, 2003
Revenues	267,506	274,482	551,719
Other income	695	429	1,415
TOTAL REVENUES AND OPERATING INCOME	268,201	274,911	553,134
Purchase costs	(234,131)	(241,527)	(485,929)
Service costs	(13,373)	(10,185)	(20,249)
Payroll costs	(11,321)	(10,056)	(20,580)
Other operating expenses	(585)	(434)	(889)
Amortization of intangible assets	(1,010)	(1,354)	(2,898)
Depreciation of tangible assets	(1,755)	(2,136)	(4,467)
Gains/losses on disposals of non-current assets	0	47	142
Provisions and impairment losses/reversals on non-current asset	(474)	(53)	(740)
OPERATING INCOME	5,552	9,213	17,524
Share of earnings of equity investments in associated companies accounted for by the equity method	(0)	0	(66)
Financial income	535	918	3,213
Financial expenses	(2,234)	(1,958)	(4,725)
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	3,853	8,173	15,946
Income taxes for the period	(2,252)	(2,644)	(5,215)
NET INCOME FROM CONTINUING OPERATIONS	1,601	5,529	10,731
Net income (loss) from discontinued operations/assets held for	0	0	0
NET INCOME	1,601	5,529	10,731
Net income (loss) attributable to minority interests	10	8	(23)
NET INCOME ATTRIBUTABLE TO CDC GROUP	1,611	5,537	10,708
BASIC EARNINGS PER SHARE	0.131	0.452	0.873
DILUTED EARNINGS PER SHARE	0.131	0.449	0.868

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENT AT JUNE 30, 2005
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STRUCTURE AND CONTENT

CDC Point S.p.A. joint stock company incorporated in Italy at the Registry of the firms of Pisa. The addresses of the registered offices, where the Group carries out the main activities, are shown at the beginning of the financial statement. The main activities of the holding and of the affiliates are described below. All the items of the Consolidate six-months Report at 30th June 2005 are represented in Euro (€), rounded in thousands, because this is the currency of the most of the operations of the Group. The report is composed by the Balance Sheet, the Income Statement, the Statement of changes of Shareholder Equity, the cash Flow Statement and by this note.

The Annual Financial Statement at 31st December 2005 will be draft in according to the IFRS issued by the International Accounting Standard Board and approved by the European Community. The IFRS includes also all the revised international accounting standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC) issued previously.

The Consolidate six-months Report at 30th June 2005 was drawn in according to the note of the International Accounting Standards number 34 about the Intermediate Statement, and to the IAS/IFRES issued by the IASB and approved by the U.E. about the valuation and inscription standards, as request by the art. 81 of the "Regolamento Emittenti" n.11971, issued by the Consob on 14th May 1999, and the following changes and integrations. Also the items of the previous periods are reclassified in according to the IAS/IFRS in order be comparable to the items of this period.

BASIS OF CONSOLIDATION

All the subsidiaries directly or indirectly owned by CDC Point S.p.A. have been consolidated on a line by-line basis, unless the company Mactronics Technology S.r.l. which was in winding-up.

The companies listed below, whose accounts are attached herewith, were included in the consolidation scope:

CDC Point S.p.A. – Parent Company

Registered Office: Via Tosco Romagnola, 61 56012 Fornacette CALCINAIA (PI)

Member of the Chamber of Commerce of Pisa number 01250630504

Parent Company and Operating holding company

- Business: sale of IT products

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

Micronica S.p.A. one-shareholder company

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

Member of the Chamber of Commerce of Pisa number 01144430509

Fully owned

- Business: production of personal computers and management of the Group's logistics platform

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

CDC Superstore S.r.l. one-shareholder company

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

Member of the Chamber of Commerce of Pisa number 01459540504

Fully owned

- Business: Superstore management

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

Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)

Member of the Chamber of Commerce of Pisa number 01341600508

Fully owned

- Business: IT distribution

Computer Discount S.r.l. one-shareholder company (ex Sofim S.r.l. in the 2002)

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

Member of the Chamber of Commerce of Pisa number 01125180503

Fully owned

- Business: holding of shareholdings and others financial assets

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

- 1) **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.
- 2) **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.
- 3) **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.
- 4) **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.
- 5) **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.
- 6) **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.
- 7) **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.

- 8) **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.
- 9) **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.
- 10) **CD PESCARA S.r.l. one-shareholder company** Registered Office in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 01351540685, Tax number and VAT registration number 01351540685, Share Capital € 25,822 fully owned by Computer Discount S.r.l. one-shareholder company.
- 11) **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.
- 12) **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.
- 13) **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.
- 14) **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.
- 15) **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.
- 16) **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.
- 17) **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.
- 18) **SOLUZIONI INFORMATICHE S.r.l.** Registered Office in Pontedera (PI) Via Calabria 1, Member of the Chamber of Commerce of Pisa n° 11644770155, Tax number and VAT registration number 11644770155, Share Capital € 52,000 whose 51% owned by Computer Discount S.r.l. one-shareholder company.
- 19) **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.
- 20) **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.
- 21) **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.

- 22) **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.
- 23) **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.

Was not consolidated the company:

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 marketing of storage systems

During 2003 the company was put in winding-up.

ACCOUNTING PRINCIPLES

- Main principles

For the first time the Consolidated six months Report at the 30th June 2005 was drawn according to the International Financial Reporting Standards (IFRS).

In the Supplement 1 “Transition to the International Financial Reporting Standards (IFRS) ” , where is reported a complete analysis of the effects caused by the first application of the international standards, are shown the main differences between the Italian and International standards and a reconciliation sheet between the two different account standards. This consolidated financial statements was prepared on the basis of the six-months financial reports for the period ended on the 30th June 2005 as arranged by the Boards of Directors of the consolidated companies.

The items of the balance sheet and the income statement were modified and reclassified in order to uniform those to international accounting standards and to the criterion usually applied within the Group.

The Consolidated six-months Report was drawn following the same standards and criterion adopted for the Supplement 1 “Transition to the International Financial Reporting Standards (IFRS)”.

As the IFRS no. 1, referred to the application of the international accounting standards, the Group decided to apply the standards IAS 32 and IAS 39 from the 1st January 2004.

Moreover, both the Consolidated six-month Report at 30th June 2005 then the reconciliation sheet were drawn in according also to the accounting law in force at the time. Probably new releases or new interpretations of the IFRS would be issued before the publishing of the Financial Statement 2005, the first financial statement of the Group completely issued applying the IFRS maybe with retrospective effects. If that would happen, there will be effects on the items presented in the first six-months report and in the reconciliation sheet drawn on the basis of the IFRS 1.

That Report was drawn mostly adopting the criterion of the historical purchasing cost, except for financial instruments valued at the fair value. The main accounting policies are highlight below.

CONSOLIDATION PRINCIPLES

- Main principles

The Consolidated six-month Report encloses the intermediate financial statements of CDC Point S.p.A. and of all the affiliate companies issued at 30th June 2005. A company controls another if the first one has enough power to decide financial and operating policies of the second one in order to have benefits for its own.

The economical results of the companies of the Group during that period are included in the Consolidated Income Statement from the moment of the acquisition to the effective moment of the transfer. If necessary, is also ratified the financial statement of affiliated company 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's losses over the value of their shareholders equity are attribute to the Consolidated Equity, except for the minority who owns bonds and are able to do more investments in order to cover 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 moment 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 and it is 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' and 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 are capitalized 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, who 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 loss of value, as IAS no. 36.

Other intangible fixed assets

Other intangible fixed assets, bought or developed, are registered in the fixed assets of the Balance Sheet, in according to IAS no. 38, 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.

Sale's networks acquisition

In this category are enclosed amounts paid by the Group for the acquisition of sale's points directly managed 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. Every time there is the possibility that one of these assets could have a loss of value; the value of one would be verified with an impairment test.

Goodwill

The goodwill coming from the acquisition of a subordinate company, represents the surplus of the purchasing cost over to the fair value of the assets and liabilities.

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

In case of the transfer of an affiliate company, the goodwill not yet amortized is enclosed in the process to calculate the appreciation or the depreciation.

BUILDINGS, PLANTS AND MACHINERIES

Such assets are recorded at purchase or production cost. The stated 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.

Land 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 the difference between the sale revenues and its net book value and are registered in the Income Statement.

Real estate Investments

Real 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. 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, 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 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 gross rate enclosing tax.

If the recoverable amount of an asset is estimated to be lower then the book value, it is reduced to the recoverable value. A loss of value is registered in the Income Statement unless the asset is a land or a building.

When the depreciation doesn't 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 then its net book value without any depreciation. The increasing of value in registered in the Income Statement.

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

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

Economic results and assets and liabilities of affiliated companies are registered in the Consolidate Financial Statement using the equity approach, except for shares held for selling.

Equity investments in subsidiaries and in associated companies are registered in the Balance Sheet at their purchasing cost, modified for subsequent variations of company's assets, deducting any loss of value of the single share.

Affiliated companies' losses over the Group's profit-sharing are not registered unless the Group had not any obligation to cover that. The purchasing cost over the percentage of the Group on the affiliated company's



assets and liabilities 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 and liabilities fair value is registered in the Income Statement.

Profits and losses not realized for operations between affiliated companies of the same Group are cancelled in the same percentage of the Group share in that company, except in case that the loss not realized is a depreciation of the transferred assets.

OTHER FINANCIAL ASSETS (not-current)

Equity investments in other companies are valued at purchase or underwriting cost and then ratified 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. The cost encloses raw material and, where is possible, direct labour, other production expenses and other costs sustained for stockpiling. The cost is calculated on the basis of the FIFO method, and the estimated realizable value is calculated on the basis of the market prices and the average price of the price list of the last month of the period. Obsolete and slow-moving stocks are written down on the basis of their estimated useful lives or realizable values.

ACCOUNT RECEIVABLES

Account receivable 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.

FACTORING

Group transfers its credits using 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 factors, and maintaining, therefore, the related receivables recorded under the item "Trade receivable". Advances obtained from the factor are registered as debt.

CASH AND CASH EQUIVALENT

Cash and cash equivalent encloses cash, bank and post office deposits and other short-term and high liquidity financial investment, easily convertible in cash with a low 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 calculated using the present value of the expected financial flow discounted with a gross rate enclosing the taxation.

BENEFITS FOR EMPLOYEE

Provisions for employee severance indemnities

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

The Group decided to write down all cumulated and accrued profits and losses. Costs related to the increasing present value of the obligation for provisions for employee severance indemnities are enclosed in the labour cost.

Stock options plans

According to the IFRS no. 2, the total amount of the stock option's current value is registered in the Income Statement in the item payroll costs.

In case it's needed a maturity period during which some conditions must 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 criterion based on constant share for all the period between the assignation and the maturity.

Any variation of the option's current value after the assignation has effect on the first valuation.

FINANCING

Onerous bank loans and bank overdraft are registered on the basis of the incoming amount after deducting the operation's costs. Then this value is ratified on the basis of the possible 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 loans that have to be repaid after more then 12 months from the referring date.

TRADE PAYABLES

Accounts payable are recorded at their nominal value.

DERIVATIVES AND ACCOUNTING OF HEDGING OPERATIONS

Group's activities are exposed to financial risks related to interest and exchange rate variations. The Group uses derivatives (most of all forwards) 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, who established written procedure about the coherent use of the derivatives with the risk management strategies.

The Group doesn't use derivatives for trade.

Derivatives are registered at their cost, and then adjusted at the fair value at their end time.

Variations of the fair value of the derivatives used 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 hedging operations involve assets or liabilities, when these assets or liabilities will be realized, profits or losses on derivatives, directly registered in the shareholders' equity, will be 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 effective derivatives who have variations of fair value, these variations are ratified 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 don't 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 is expired, sold or used or is not qualified anymore as hedging instrument.. In that moment profits and losses of the instrument are registered in the shareholders equity. If the operation covered is not expected anymore, profits or losses would be moved from the shareholders equity to the Income Statement of that period.

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 there was a profit, it was classified as specific reserve until 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. Earnings coming from services' supply are recognized at the moment of their execution.

Interests are pointed out 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 investment in machinery are written down in the Income Statement for all the period necessary to link these to referred costs from whom are deducted.

FINANCIAL INCOME

Financial incomes enclose interests on investment fund, earnings on exchange rate operations and earnings from financial instruments, when they are not balanced with hedging operations. Interests are registered in the Income Statement at the moment of their maturity, considering the actual interest yield.

FINANCIAL EXPENSES

Financial expenses enclose 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.

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 differences 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 directly are registered in the Income Statement, except for items accounted directly in the shareholders equity, whose taxes are also registered in the same Balance Sheet's item.

Deferred tax 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 proper fund that reduces the shareholdings equity. The book value of own shares and earnings coming from potential selling of these are accounted as shareholdings equity movements.

EARNING PER SHARE

Base earning per share is calculated dividing earnings or losses for all the holding's shareholders for the average of 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. Estimations are used for valuating tangibles and intangibles assets submitted at the impairment test to verify funds for risks on credits, warehouse's obsolescence, amortizations, depreciations, employees benefits, taxes. Estimations are periodically revised and each variation's effects are immediately written down in the Incoming Statement.

RELATIONSHIP WITH ASSOCIATED AND RELATED COMPANIES

Relationships with parent companies are shown in the Report on Operations.

INFORMATIONS ABOUT THE MARKET

CDC Group’s activities and strategies are defined in the sector of the production and distribution of IT products and internet service provider, as key sectors. As secondary sectors, for the production and distribution of IT products, are the different sale’s networks, while for the internet service provider there aren’t any other secondary sectors. Considering the different types of products and purchasing and managing policies the sector of production and distribution of IT products presents a homogeneity of managing, while there are different characteristics on the basis of sale policies of each specific sale channel.

Primary sector: business areas

Following sheet shows main economic and estate items of the Group at the end of the first six-months of the 2005:

(Euro thousand)	It Distribution	Internet Area	Total at June 30, 2005
Revenues	263,012	4,494	267,506
Net Income	(758)	2,369	1,611
Non-current assets	39,036	1,640	40,676
Current assets	181,245	7,217	188,462
Total assets	220,281	8,857	229,138
Non-current liabilities	18,415	101	18,516
Current liabilities	157,022	1,680	158,702
Shareholders’ Equity	44,844	7,076	51,920
Total liabilities and Shareholders’ Equity	220,281	8,857	229,138

Secondary sector: sale channel

Change of commercial network	Turnover			Sales network	
	June 30, 2005	June 30, 2004	Change	June 30, 2005	June 30, 2004
Cash & Carry	128,746	127,092	1,654	30	26
Computer Discount	67,290	68,537	(1,247)	208	218
IT corners, Consumer electronics shops and Mass merchandising	32,995	37,358	(4,363)	102 *	111 *
Amico/B2B	30,334	22,502	7,832	158	141
Government, Tenders and Large-scale users	4,900	15,047	(10,147)	-	-
Outlet	422	-	422	1	-

* The number only included Corner under Compy trademark

NOTES TO THE FINANCIAL STATEMENT

(Items are expressed in Euro thousand)

FIXED ASSETS

INTANGIBLE FIXED ASSETS

Intangible fixed assets	June 30, 2005	June 30, 2004	Dec 31, 2004
Acquisition of sale chains and internet portal	8,170	7,297	8,837
Brands	7,960	7,688	7,998
Others intangible activities	1,006	968	944
Total	17,136	15,953	17,779

(amounts net of amortization)

The item **acquisition of sale chains and internet portal** enclose the purchasing cost of following sale's networks (less amortizations):

- branch of firm Armonia for Euro 415 thousand;
- branch of firm Test for Euro 2,137 thousand. That branch encloses 5 Cash & Carry and was bought in July 2004;
- Computer Discount for Euro 5,619 thousand.

The sale's network's cost for the Armonia's firm branch is amortized in five accounting periods, while the Test's firm branch in ten accounting periods. The difference is explained by the different economic results expected.

The operation that caused this greater value of the Computer Discount sale's network was the following: the 31st July 2002 the holding CDC Point S.p.A. bought the 100% of the shares of Sofim S.r.l., now Computer Discount S.r.l. one share-holder company, who controls 40 of the main sale's point affiliated to the Computer Discount chain of the CDC Group at the 30th June 2005. The difference claimed to the sake's network was calculated on the basis of the shareholders' equity at the 31st July 2002. The first value, that was Euro 8,257 thousand, was reduced to Euro 5,619 thousand for the effect of the amortization and of the depreciations of sale's points that closed down. This consolidation difference is certified by the survey done during the acquisition and it is amortized in ten years starting from the acquisition day, because benefits coming from the sale's points integration would be a reinforcement of the market position and in a better control of final sale's points. This difference is periodically monitored just to verify the subsistence of reasons that was at the basis of the price paid.

The **brands** item is equal to Euro 7,960 thousand and is almost composed by the CDC trade-mark bought by the CDC S.r.l. for Euro 12,913 thousand during the 1999. The first value was calculated on the basis of a survey issued for that reason.

On the basis of the analysis on registered trade-marks, there were identified trade-marks for a value of Euro 7,409 thousand considered to have an endless useful life and therefore not amortized from the 1st January 2004. These were essentially the CDC Point's and the computer Discount's trade-marks.

Moreover trade-marks with an historical cost of Euro 870 thousand were considered to have a defined useful life and for this reason amortized in ten years.

Other intangible fixed assets are equal to Euro 1,006 thousand and mainly enclose:

- Own software's and industrial patents' costs for Euro 568 thousand amortized in the period for Euro 106 thousand;
- Development costs for Euro 152 thousand amortized in the period for Euro 81 thousand;
- Licenses for Euro 128 thousand amortized during the first six-months for Euro 21 thousand;
- Assets under construction for Euro 79 thousand, essentially due to investments done by CDC Superstore S.r.l. for the opening of the Savignano (FC) sale's point at the end of August 2005.

Amortizations of the period related to intangible fixed assets with a defined useful life are written down in the Income Statement in the item intangible fixed assets amortizations with a total value of Euro 1,010 thousand.

In the annex No. 3 are shown movements' details of the period.

TANGIBLE FIXED ASSETS

Tangible fixed assets	June 30, 2005	June 30, 2004	Dec 31, 2004
Lands	754	754	754
Buildings	6,424	6,666	6,469
Real estate investments	2,882	2,836	2,882
Other tangible fixed assets	11,533	10,843	10,854
Total	21,593	21,099	20,959

(amounts net of amortization)

The item **lands**, equal to Euro 754 thousand, refers to the historical cost of the land owned by Micronica S.p.A. on which was built the Micronica SpA's building.

The item **buildings**, equal to Euro 6,424 thousand includes for Euro 5,623 thousand, after deducting amortization fund, the Micronica SpA's building, ended in 1999 and hosts also the automatic warehouse. In this item are enclosed also improvement and renovation expenses equal to Euro 780 thousand.

Real estate investments, equal to Euro 2,882 thousand, are owned by the company Polinet S.r.l. and is a building used for executive purpose in Milan. In October 2003 the householder defined an agreement with creditors, ended with a petition in bankruptcy in January 2004. The asset is still registered at its book value because it's possible that this value could be recovered by selling.

The item **other tangible fixed assets** amounts to Euro 11,533 thousand and includes mainly:

Fiscal year (000's of Euro)	June 30, 2005	June 30, 2004	Dec 31, 2004
Plants and machinery	5,682	6,455	6,050
Industrial equipment	1,519	1,121	1,377
Electronic office equipment	1,736	1,676	1,818
Furniture, fittings and other equipment	909	833	916
Vehicles	86	80	67
Signs	518	572	529
Other tangible fixed assets	105	106	97
Tangible fixed assets under construction	978	0	0
Total	11,533	10,843	10,854

(amounts net of amortization)

Plants and machinery include goods owned by leasing for Euro 3,045 thousand related to automatic warehouse's machineries.

Electronic office equipment amounts to Euro 1,736 thousand and is composed by hardware used by the Group for Euro 1,322 thousand and by the investment related to Interfree S.r.l. for the internet server farm for Euro 414 thousand.

Ordinary amortizations, highlighted in the following sheet, are calculated with a constant share on the basis of rates shown.

Ordinary amortization rates are the following:

Buildings	3%
Light constructions	10%
Plants and machinery	15-30%
Industrial and commercial equipment	15%
Other assets:	
- Electronic office equipment	20%
- Vehicles	20-25%
- Cellular and radio telephones	20%
- Advertising equipment/signs	15%
- Fair equipment	15%

Amortizations of the accounting period related to tangible fixed assets are written down in the Income Statement in the item 'Tangible Fixed Assets' Amortizations and amount to Euro 1,755 thousand.

In the annex No. 4 is shown the detail of the movements registered in that period.

FINANCIAL FIXED ASSETS

Equity investments in subsidiaries

Mactronics Technology S.r.l., owned at 100% and not consolidated at the 30th June 2005, managed the firm's branch of storage and server of Mactronics Data System, an independent firm operating in the storage Italian market.

At the 15th June 2004 the company was put in winding up . The share's value, owned at 100%, at the 30th June 2005 is Euro 12 thousand.

Equity investments in associated companies, equal to Euro 20 thousand at the 31st December 2004, amounts at zero at the 30th June 2005 consequently to the transfer in may 2005 of the following shares:

- CD Napoli Srl - share owned 21%
- CD Salerno Srl - share owned 21%

Other financial fixed assets and equity investments in other companies, amounting to Euro 486 thousand, are related to:

- Euro 341 thousand of middle-long term credit mainly composed by caution (Euro 315 thousand);
- Euro 145 thousand of other shares:
 - Compulsory share of the Conai association for Euro 1 thousand and of the Equal association for Euro 3 thousand;
 - Share of the C.C.A.P. association for Euro 4 thousand;
 - Option right equal to Euro 137 thousand paid by CDC Superstore S.r.l. for buying a firm's branch composed by a sale's point in Mestre (Venice).

Deferred tax assets

Deferred tax assets amount to Euro 1,449 thousand, against Euro 2,270 thousand at the 31st December 2004.

The decreasing of Euro 822 thousand is mainly caused by the use of old tax losses of Interfree S.r.l.

There was also pointed out advanced tax on temporary differences between the financial statement's item's value and the taxation value of the items.

CURRENT ASSETS

INVENTORIES

Inventories	June 30, 2005	June 30, 2004	Dec 31, 2004
IT products	59,009	52,468	77,880
Travelling goods	13,310	8,906	12,975
- allowance to reduce inventory	(974)	(974)	(974)
IT products with third parties	265	1,023	277
Total	71,610	61,423	90,158

The item is mainly due by the holding CDC Point S.p.A. whose amount is Euro 54,030 thousand. The inventories depreciation fund, equal to Euro 974 thousand, due to the products' obsolescence. The amount of the fund considers conditions of buying and of protection of the stock and sometimes also suppliers' buy-back conditions.

RECEIVABLES

Due from customers

Accounts receivable are credits coming from selling goods' operations and services supply to Italian or foreign customers with a falling due within the next account period.

The receivables depreciation fund encloses the distribution area's amortization for Euro 1,175 thousand and the internet area's amortization for Euro 55 thousand.

Trade receivables	June 30, 2005	June 30, 2004	Dec 31, 2004
- IT distribution	92,357	91,020	110,069
allowance for doubtful accounts	(1,175)	(1,161)	(1,572)
- Internet Area	1,385	516	1,325
allowance for doubtful accounts	(55)	(50)	(62)
Total	92,512	90,325	109,760

Receivables due from Italian customers are almost the same of the last year with a small decreasing. Such amounts receivable are partly factorised without recourse and partly covered for credit risk by leading factoring companies.

During the six months receivables factorised without recourse amount to Euro 34,937 thousand and receivables falling due within 12 months amounts to Euro 4,647 thousand at the 30th June 2005.

During the accounting period receivables depreciation fund was used for Euro 840 thousand and was amortized for Euro 439 thousand.

Due from subsidiaries

The item is composed by credit due from Mactronics Technology S.r.l. in winding up from the 30th June 2004 for Euro 43 thousand. On the basis of the development of the winding up, the credit is still recoverable.

Due from associated companies

The item amounts to Euro 381 thousand and is composed by accounts receivable coming from selling operation between companies of the Group using transfer prices at the same market conditions.

Due from Parent company

The item amounts to Euro 46 thousand related to services supplied by CDC Point S.p.A. to companies owned by CDC S.r.l.

Other accounts receivable

Other accounts receivable are equal to Euro 17,650 thousand and are composed as following:

Receivables due from others	June 30, 2005	June 30, 2004	Dec 31, 2004
Taxes receivables	1,599	518	575
Due from others	16,051	12,687	17,341
<i>of which advances to suppliers</i>	<i>901</i>	<i>905</i>	<i>1,521</i>
<i>of which credit notes receivable</i>	<i>12,848</i>	<i>9,011</i>	<i>14,117</i>
<i>of which compensation receivable from insurers</i>	<i>257</i>	<i>644</i>	<i>631</i>
<i>of which advances to employees</i>	<i>5</i>	<i>5</i>	<i>4</i>
<i>of which others</i>	<i>2,024</i>	<i>2,105</i>	<i>1,050</i>
<i>of which due from social security agencies</i>	<i>16</i>	<i>18</i>	<i>18</i>
Total	17,650	13,205	17,916

Taxes receivables, equal to Euro 1,599 thousand, refers mainly to receivables due to IRES (Euro 1,213 thousand), due to VAT (Euro 204 thousand) and due to IRPEG (Euro 125 thousand).

The item receivables due from others, equal to Euro 16,051 thousand, is mainly composed by credit notes due from associated companies to the parent company CDC Point S.p.A. for suppliers premium of the distribution area (Euro 12,848 thousand).

Trade advances (Euro 901 thousand) enclose all the advances paid to suppliers for goods and services.

Other receivables, equal to Euro 2,024 thousand, are essentially earnings and expenses of the next accounting period for Euro 1,818 thousand.

This receivables having a falling due within 12 months are all collectible and therefore there were not any value adjustments.

Cash and cash equivalents

Current assets	June 30, 2005	June 30, 2004	Dec 31, 2004
Financial current assets	(0)	3	68
Cash and cash equivalents	6,219	5,671	22,519
<i>of which Bank and post office deposits</i>	<i>5,921</i>	<i>5,407</i>	<i>22,306</i>
<i>of which Cash and other valuables on hand</i>	<i>298</i>	<i>264</i>	<i>213</i>
Total	6,219	5,674	22,587

For an analysis of the financial position, reference should be made to the attached statement of cash flows and the notes.

CONSOLIDATED SHAREHOLDER EQUITY

The statement of changes in shareholders' equity is attached herewith.

Below, a comment on the main equity items and the relevant changes is provided.

Share capital

At the 30th June 2005, the fully-subscribed and paid-in share capital consisted of 12,261,372 common shares with a nominal value of Euro 0.5 each, for a total of Euro 6,131 thousand. During the first six months of the 2005 the item increased of Euro 1 thousand for the new shares issued and assigned to managers as established in the stock option plan.

Treasury shares

At the 30th June 2005 treasury shares held are equal to No. 117,709, for a total value of Euro 1,263 thousand.

Below the relevant changes are provided:

Current assets	Balance at Dec 31, 2004	Purchases	Transfers	Balance at June 30, 2005
Carrying value (thousand)	1,141	333	(211) *	1,263
Number	102,159	31,763	(16,213)	117,709

* The amount consisting of the carrying value for the quantity transferred.

Legal reserve

The legal reserve, equal to Euro 1,226 thousand, increased by Euro 120 thousand during the 2005 consequently to the destination of net profits of the 2004, in accordance with the resolution of Shareholders' meeting held on April 28, 2005.

Share premium reserve

The share premium reserve was established in the fiscal year 2000, following the Company's listing on the Nuovo Mercato Stock Exchange and at the 30th June 2005 amounted to Euro 37,042 thousand.

Other reserves

The item includes :

	June 30, 2005	Dec 31, 2004
Extraordinary reserve	6,058	4,260
Not freely disposable reserve	663	0
Stock option reserve	35	94
IFRS reserve	604	(684)
Total other reserves	7,360	3,670

The item is equal to Euro 7,360 thousand as provided below:

- extraordinary reserve for Euro 6,058 thousand, increased during the 2005 by Euro 1,798 thousand after the destination of net profits of the 2004, in accordance with the resolution of Shareholders' meeting held on April 28, 2005;
- not freely disposable reserve amounts to Euro 663 thousand and it was recorded according to the resolution of Shareholders' meeting held on April 28, 2005. The main purpose of that reserve is to hedge the net profit coming from adjustments of assets and liabilities in foreign currency at the spot exchange rate of the last day of the accounting period 2004;
- Reserves equal to Euro 639 thousand (of which Euro 35 thousand as stock option reserve) are established for the adjustment to the International Accounting Standards (IAS). Effects from the 1st January 2004 are put apart in a special reserve named FTA (First Time Adoption).

Retain earnings (accumulated deficit)

The item encloses effects determined by the application of the finance lease accounting method, net of the relevant tax effects.

Net income (loss) for the period

This item regards the net result for the period.

Minority interest in net income (loss)

This reflects the minority interest in the consolidated result for the period.

Minority interest in capital and reserves

This item reflects the minority interest in the share capital and reserves of consolidated subsidiaries as at the 30th June 2005, based on the percentage interest shown before.

DEFERRED TAXES LIABILITIES, ALLOWANCES FOR RISKS AND CHARGES

Deferred taxes liabilities, allowances for risks and charges	Dec 31, 2004	Provisions	Utilizations	June 30, 2005
For taxes:				
<i>Allowance for deferred taxes liabilities</i>	670	143	0	813
Other funds:				
<i>Allowance for shareholdings write-downs</i>	50	0	(50)	0
<i>Allowance for risks and charges</i>	225	0	(30)	195
Total	945	143	(80)	1,008

Deferred taxes liabilities amount to Euro 813 thousand and are due by the differences between the value of the financial statement items and the tax value.

Allowances for risks and charges, equal to Euro 195 thousand, is composed by Euro 103 thousand for a litigation still open and other allowances for Euro 91 thousand for other potential penal or trade litigations.

PROVISIONS FOR EMPLOYEE SEVERANCE INDEMNITIES

At the 30th June 2005 this item, after deducting advances paid, is composed as following provided:

Balance at December 31, 2004	3,910
Reclassifications	0
Entry/Exit in the basis of consolidation	0
Provisions during the year	565
Uses during the year	(290)
Balance at June 30, 2005	4,185

In according to the international principle IAS 19 future payments for each employee were estimated on the basis of some financial hypothesis (as the increasing of the life cost, increasing of the retribution,...). Then, using the annual interest rate and the probability for each payment to be supplied, was calculated the average present value of expected indemnities to pay to employee. This present value represents the liability already accrued due to employee.

Hypothesis adopted are explained below:

Demographic assumption:

Probability of death	Istat 2000
Probability of disability	Tables INPS related to age and sex
Age of retirement	Group requirements Necessary General Insurance
Advances of employee severance indemnities	3%
Turn-over	5%

Financial assumptions:

Probability of death	4.25%
Inflation rate	2%
Annual growth rate of employee severance indemnities	3%
Annual growth rate of remuneration (included inflation)	Managers 4.50%
	White-collar/Supervisors 3%
	Blue-collar 3%

Bank debt falling beyond 12 months

This item, equal to Euro 7,073 thousand, represents the part of the middle term financing falling beyond 12 months.

Trade payables

Trade payables	June 30, 2005	June 30, 2004	Dec 31, 2004
IT distribution	110,326	99,186	169,818
Internet	1,162	914	1,115
Total	111,488	100,100	170,933

Trade payables are mainly composed by trade payables due from the holding for Euro 108,690 thousand.

Below the debt's division in suppliers' geographic area is provided.

Payables by Zone

Fiscal year (000's of Euro)	Italy	E.U. Countries	Extra E.U. Countries	Total
Trade payables	101,486	7,063	2,939	111,488
Total	101,486	7,063	2,939	111,488

The amount of trade payables due to extra-European suppliers are valued at the exchange rate €/€ of 1,2092, compared to an exchange rate equal to 1,3621 at the 31st December 2004.

Payables due to associated companies

The item amounts to Euro 4 thousand and it refers to debt coming from trade operations.

Other payables

Other payables amount to Euro 10,467 thousand and are mainly composed by:

Other payables	June 30, 2005	June 30, 2004	Dec 31, 2004
Collectible partial payments	161	8	58
Taxes payable	3,146	7,883	6,029
Payables due to social security agencies	1,142	1,034	1,171
Other payables	6,018	6,377	5,404
<i>of which Due to customers</i>	<i>781</i>	<i>999</i>	<i>660</i>
<i>of which Due to employees for wages and salaries, vacations and bonuses</i>	<i>3,929</i>	<i>3,533</i>	<i>2,436</i>
<i>of which Due to directors for compensation</i>	<i>172</i>	<i>129</i>	<i>151</i>
<i>of which Credit notes to be issued</i>	<i>461</i>	<i>907</i>	<i>488</i>
<i>of which Other</i>	<i>675</i>	<i>809</i>	<i>1,669</i>
Total	10,467	15,302	12,662

Advances are paid for Euro 134 thousand to the holding, for Euro 72 thousand to the Computer Discount sale's points and for Euro 62 thousand received by partner companies during Consip competitive tenders. Moreover, there are also advances received by Interfree S.r.l. for the supplying of pre-paid services (equal to Euro 2 thousand) and bargain money received by Computer Discount's affiliated companies from customers (Euro 26 thousand).

Taxes payables are equal to Euro 3,146 thousand and are composed as provided below:

Taxes payables	June 30, 2005	June 30, 2004	Dec 31, 2004
Withholding taxes	809	749	1,008
VAT payable	2,297	4,709	545
Taxes	40	2,384	4,463
Other	0	41	13
Total	3,146	7,883	6,029

The decrease of the VAT payables was due to the company's management of deferred VAT related to sales from Public Authorities, according to art. 6 sub. 5 D.P.R. 633/72.

Taxes mainly referred to subsidiary Interfree S.r.l. which notes IRAP payables for Euro 40 thousand.

Amounts due to social security agencies, equal to Euro 1,142 thousand, is related to amounts payable to social security agencies by Group companies and their employees, referred to wages and salaries of June 2005, vacations, leave and suspended public holidays. The amount also includes contributions on bonuses allocated during the period but payable in the subsequent periods.

Other payables, equal to Euro 6,018 thousand and are mainly composed by payables due to employee for vacations and bonuses (Euro 3,929 thousand, of which Euro 2,753 thousand are referred to the holding), payables due to customers (Euro 781 thousand) for advances. The residual amount (Euro 675 thousand) includes earnings and expenses referring to different accounting periods of their enumerative and/or documental manifestations.

Financial debts

Bank debts and payables due to other lenders Fiscal year (000's of Euro)	June 30, 2005				Dec 31, 2004	June 30, 2004
	Total	Within 12 months	Between 1 and 5 years	Beyond 5 years		
Bank debts	47,666	41,451	6,215	0	12,804	8,379
Medium-term financing	2,400	1,542	858	0	12,428	24,878
Total	50,066	42,993	7,073	0	25,232	33,257

The financial debts mainly derived from CDC Point S.p.A. for Euro 47,686 thousand and from trade payables, for leasing contracts, for Euro 2,400 thousand, of which Euro 858 thousand falling down beyond the accounting period.

On December 16, 2003 was stipulated a medium-term loan with a pool of banks lead by Efibanca SpA, totalling Euro 25 million. The loan will be repaid through four six-monthly instalments of the same amount, starting from June 16, 2005 and expiring December 16, 2006.

At the 30th June 2005 the debt decreased by Euro 6,250 thousand after the payment of the first instalment. After 18 months from the date of stipulation, starting from the time of the payment of the first instalment, the company could fully or partially close the loan by the payment of a fee equal to 0.20% of the residual amount of the loan.

The interest accrues at the end of each six-month period, according to a floating interest rate equal to the 6-months Euribor interest rate, determined at the beginning of every 6-months period, plus a spread. According to the terms of the financing agreement, CDC S.p.A. engaged itself towards the banks of the pool to the following covenants: to provide some information; not to grant without authorisation real securities on owned goods for an amount over Euro 1 million; to limit the distribution of dividends to maximum amount of the earnings of the fiscal year; to comply with some financial ratios regarding net financial debt, Ebitda, shareholders' equity and financial expense, at the consolidated level, as planned in the loan contract.

The financing, at first, is written down at the amount collected, after deducting operation expenses. This value will be ratified on the basis of the of the international principle IAS 39, which considers the variation between the initial cost and the redemption price calculated with the effective interest rate method.

The item bank debt for current account overdraft amounts to Euro 28,951 thousand and the debit coming from the derivatives' fair value amounts to Euro 332 thousand at the 30th June 2005.

For an analysis of the financial position, reference should be made to the attached statement of cash flows and the notes.

MEMORANDUM ACCOUNTS

Goods to be received

This item amounts to Euro 786 thousand and refers to all letters of credit opened in favour of suppliers at the 30th June 2005.

Commitments on forward transactions

At the 30th June 2005 the Company had entered into forward contracts amounting to US\$ 8,000 thousand equal to Euro 6,508 thousand (valued at the pre-established forward exchange rate). Such contracts were entered in order to hedge the Company's exchange rate risk related to its purchases in foreign currency and have been evaluated on the basis on the cross rate at the period.

Guarantees

The item, at the 30th June 2005, refers to: guarantees granted by third parties on behalf of the Group for a total amount of Euro 9,936 thousand linked to lease contracts; insurance compensation received for theft; guarantee deposits for public tenders. A share of this item, equal to Euro 7,722 thousand, referred to the Parent Company CDC S.p.A.

Commitments for off-balance-sheet transactions

At the 30th June 2005 the CDC Point S.p.A. has one interest-rate swap contract expiring in September 2007. The contract provides for quarterly payments of interest rate differentials, based on notional capital of Euro 8 million, between a fixed interest rate, charged to the Company, of 4.01% (if the 3-month Euribor is less than 5.5% during the relevant period) and a floating interest rate based on the 3-month Euribor (charged to the counterpart). It only applies if the 3-month Euribor is less than 5% during the relevant period. This transaction was entered into to hedge the interest rate risk of medium-long term financing, the expiry of which can be extended to 2007 year.

Tax litigation

During 2000, the tax police conducted “a general audit for VAT, direct taxes and other taxation” of CDC Point S.p.A., which ended in October, and referring to 1995-1999 period. So far, assessment notices have been received regarding VAT and direct taxes relating to 1995 and 1996.

The audit revealed some alleged irregularities attributable to purchases made by persons currently under investigation for alleged violations and that, according to Tax Police officials, such purchases might not be material for tax purposes, for a relevant amount. According to the tax attorneys we have retained in this dispute with the Tax Authorities, our defence stands on solid ground and there are no significant contingent liabilities for the Company.

On June 26, 2003, the tax police took again the fiscal audit on 1998-2002 year, as for the cases noticed and notified through the provisional report issued at the closing of the first inspection, opened to additional findings. The new fiscal audit consists of a partial audit on relationships between CDC and some suppliers. The fiscal audit finished on February 19, 2004 and the findings of the tax audit were similar to the ones of the first fiscal inspection of October 2000.

The Tax Commission of first instance of Pisa ruled in our favour against the VAT and direct taxes assessments noticed for fiscal year 1995 and VAT assessment for year 1996.

On November 20, 2003 the Regional Tax Commission of Florence rejected the appeal of the Tax Authorities for VAT and direct taxes referring to fiscal year 1995, ordering the Tax Authorities to pay the costs of the litigation.

On May 11, 2004 the General Italian Advocacy notified appeal to the Court of Cassation against sentence no. 40/18/03 of November 20, 2003, filed on February 23, 2004 by Regional Tax Commission of Florence for VAT assessment for year 1995. The company counterclaimed on June 16, 2004.

The General Italian Advocacy decided not to appeal to the Court of Cassation as for direct taxes referring to year 1995.

Referring to the tax assessment's opposition for the accounting period 1996 ended with the cancellation of the obligation from the Revenues Agency of Pontedera.

For direct taxes of the fiscal period 1997, it was defined with the decree of Pisa's Revenue Tribunal no. 116/02/2005 of the 29th June of the 2005 that was due a sanction of Euro 1,032. On the basis of elements collected this sentence would not be contested from the Financial Office.

Referring to the VAT of the fiscal year 1996, it was defined with the decree of the Firenze's Revenue Tribunal no. 29/03/2005 of the 24th May of the 2005 that the tax request was unlawful and groundless. It would be possible that this decree could be contested in front of the Cassation, analogously to the decree referred to the previous year tax.

Given the simultaneous occurrence of the first audit with the listing of the company, on June 16, 2000, the parent company CDC S.r.l. issued a guarantee whereby it undertook to hold CDC Point S.p.A. harmless against any liability arising from any violation of tax laws that should emerge from the foregoing Tax Police audit. The guarantee has to be considered extended to further assessment which could be generated by the second audit on VAT, being an extension of the first audit begun in 2000.

The guarantee provided by the parent company is considered to be more than sufficient to cover any possible charge; as a result no provisions were made to cover contingent liabilities in that respect.

See below for a summary of the tax litigation situation, as of June 30, 2005:

- IRPEG/ILOR 1995 – Appeal of the Company accepted. The sentence was notified on February 27, 2002. Appeal of the Tax Authorities rejected by Regional Tax Commission of Florence, with a sentence of November 20, 2003, filed on February 23, 2004. Against the above sentence no appeal to the Court of cassation has been notified within the law terms, therefore the sentence became final.

- VAT 1995 - Appeal of the Company accepted by a sentence. Appeal of the Tax Authorities rejected by Regional Tax Commission of Florence, with a sentence of November 20, 2003, filed on February 23, 2004.

On May 11, 2004 the General Italian Advocacy notified appeal to the Court of Cassation. The company counterclaimed on June 16, 2004.

- VAT 1996 – Appeal of the Company accepted. The sentence was filed on August 12, 2002. Appeal of the Tax Authorities against the sentence.

- IRPEG/ILOR 1996 - Appeal notified to the tax authorities on December 16, 2002.

- IRPEG/ILOR 1997 - Appeal notified to the tax authorities on December 13, 2002.

For the years which not passed notice of assessment, we contacting the Tax Authorities aim to obtain a partial renunciation of claim in a way of self-protection from Tax Authorities.

Other disputes

The Parent Company is involved in a dispute on a rental agreement whereby it is being sued for damages of Euro 1 million for the alleged occupancy of a warehouse beyond the term of such agreement.

According to the legal counsel retained, the company's position is tenable and, for the time being, no charges are expected to arise from this dispute.

The subsidiary Interfree has litigation under way with Telecom Italia S.p.A. which requests additional payments. The subsidiary and its legal counsels consider Telecom Italia's position without merit; actually it is the latter that should compensate the former for a number of disservices. The company expects no charges to arise from this dispute.

On January 2004 the parent company CDC S.p.A. received a legal claim from Enel.it S.p.A. referring to a tender for supplying working sites consisting of personal computers, consumable products and related installation and customisation services. During the audience of the 16th June of the 2005 the most economically relevant loss items emerged to be groundless.

OPERATING REVENUES

Revenues

Revenues	June 30, 2005	June 30, 2004	Dec 31, 2004
IT distribution activities	263,012	268,806	541,344
Internet Service Provider activities	4,494	5,676	10,375
Total	267,506	274,482	551,719

Revenues are represented after deducting customers' contributions and bonus premium which amounted to Euro 544 thousand at the 30th June 2005, against Euro 877 thousand at the 30th June 2004.

Most of these are realized in Italy.

Other revenues and income

Other revenues and income	June 30, 2005	June 30, 2004	Dec 31, 2004
Rental income	21	10	52
Sundry reimbursements and recoveries	496	412	1,347
Gains on disposals of fixed assets	18	1	11
Other	160	6	5
Total	695	429	1,415

Sundry reimbursements and recoveries are mainly composed by insurance payments received for theft and shrinkage (Euro 276 thousand).

In the item **other revenues** and income are put in evidence revenues from the partnership between CDC Point S.p.A. and Vodafone for commercializing telephony products and services (Euro 155 thousand).

OPERATING COSTS

Purchasing costs

Purchasing costs	June 30, 2005	June 30, 2004	Dec 31, 2004
Goods for resale	212,969	201,624	471,855
Changes in inventories	19,200	36,448	7,741
Ancillary purchasing costs	1,962	3,455	6,333
Total	234,131	241,527	485,929

The Purchases value is net of discounts and stock protections amounting to Euro 20,917 thousand granted by the suppliers to CDC Point S.p.A., against Euro 12,160 thousand of the previous year. The increase is due to the better commercial conditions accorded with main suppliers.

Part of the purchases is in US dollars. Therefore it is thereby subject to exchange rate risks.

Service costs

Services costs are equal to Euro 13,373 thousand and include:

Shipping and logistics costs, marketing expenses, advices and other service costs	June 30, 2005	June 30, 2004	Dec 31, 2004
Shipping and logistics	2,149	1,954	4,264
Maintenance and utilities	919	1,144	2,129
Marketing expenses	5,883	4,981	11,097
<i>of which IT distribution</i>	<i>5,883</i>	<i>4,869</i>	<i>10,985</i>
<i>of which Internet</i>	<i>0</i>	<i>112</i>	<i>112</i>
Insurance premiums	559	472	1,004
Technical, legal, administrative and fiscal advices	819	754	1,551
Emoluments paid to corporate officers	1,326	1,341	2,672
Marketing contributions from suppliers	(4,100)	(6,830)	(15,668)
Other service costs	1,769	2,361	5,161
Total	9,324	6,177	12,210

Shipping and logistics costs registered an increase changing from Euro 1,954 thousand at the 30th June 2004 to Euro 2,149 thousand at the 30th June 2005. This increase is mainly due to the more expensive (around 2% more) transport fees in line with the ISTAT's increases, due to different composition of the revenues in which increased the percentage of the B2B sales.

Maintenances and **Utilities** decreased by Euro 225 thousand, mainly due to the effect of telephone expenses (decreased by Euro 178 thousand) and maintenances on plants and machineries (decreased by Euro 91 thousand) and the increase by Euro 44 thousand of other utilities.

Marketing costs are mainly attributable to CDC Point S.p.A. and are increased essentially for lower suppliers' contributions during the marketing campaign which at the 30th June 2005 amounted to Euro 4,100 thousand against Euro 6,830 thousand at the 30th June 2004.

Insurance premiums and **Fiscal and technical advices** increased because between June 2004 and June 2005 there were openings of four new C&C sale points, with a total number of outlets increased from 26 to 30.

Compensation to directors and auditors reflect the amounts approved for the Board of Directors and the forecast amount for the Board of Statutory Auditors. Administrators of CDC Point S.p.A. don't received any compensation from affiliated companies.

Other costs, equal to Euro 1,769 thousand, include Interfree's costs of the interconnection activity for Euro 140 thousand; this item benefits of the ratification of Euro 618 thousand coming from the assessment done on the Financial Statement of the 2003. There are also cleaning expenses for Euro 220 thousand, expenses reimbursement for Euro 445 thousand, vigilance's services for Euro 80 thousand, canteen costs and ticket restaurant services for Euro 141 thousand, third-party services for auditing for Euro 92 thousand.

Rents and lease costs

This item, included in service costs, amounts to Euro 2,485 thousand at the 30th June 2005 against Euro 2,555 thousand at the 30th June 2004, and includes rents and ancillary expenses for Euro 2,147 thousand, rental payments for Euro 322 thousand and others for Euro 15 thousand.

Other service costs

Here are included bank fees amounting to Euro 1,076 thousand and rebilling purchases for Euro 489 thousand.

Payroll costs

The breakdown of these costs is the following:

	June 30, 2005	June 30, 2004	Dec 31, 2004
Wages and salaries	8,181	7,308	14,910
Social security contributions	2,610	2,303	4,825
Severance indemnities	530	445	845
Total	11,321	10,056	20,580

The table below shows the break down of Group employees by company and business area as at the 30th June 2005:

Employees	June 30, 2005	June 30, 2004	Dec 31, 2004	Average employees 01/01/05-06/30/05
IT Distribution	591	577	634	596
Managers	16	15	15	15
Supervisors	31	32	32	31
White-collar	411	392	404	407
Blue-collar	133	138	174	143
Trainees	0	0	9	0
Internet	11	12	12	11
Managers	0	0	0	0
Supervisors	1	1	1	1
White-collar	10	11	11	10

Payroll cost increased from Euro 10,056 thousand at the 30th June 2004 to Euro 11,321 thousand at the 30th June 2005.

This variation is due to the renewal of the collective labour contract signed on July 2004. It also reflected the increase of the it distribution staff from 577 to 591 unit, mainly due to the opening of four new C&C sale's points for the holding CDC Point S.p.A: and for the acquisition of CD Catania S.r.l.

Other operating costs

Other operating costs, equal to Euro 585 thousand, are mainly referred to various taxes for Euro 166 thousand, government licences and company costs for Euro 150 thousand, losses on credit receivables for Euro 78 thousand, liberality and general services for Euro 73 thousand.

Amortization, depreciation and write-downs

At the 30th June 2005 amortizations amount to Euro 2,765 thousand, against Euro 3,490 thousand at the June 30, 2004. The amortization of the sale's network has a relevant impact on the total amount of intangible fixed assets amortizations.

Tangible fixed assets amortizations amount to Euro 1,755 thousand and are composed by specific plants amortizations for Euro 434 thousand, equipments' amortizations for Euro 211 thousand, and office machineries' amortizations for Euro 234 thousand.

Provisions and not current assets writing down/back amount to Euro 474 thousand, includes provisions for the holding's receivables depreciation for Euro 439 thousand.

FINANCIAL INCOME AND EXPENSES

Other financial income

Financial income	June 30, 2005	June 30, 2004	Dec 31, 2004
Bank interest	3	13	24
Interests on trade receivables due from customers	14	0	13
Bail bond interests	1	1	1
Financial discounts	0	74	81
Foreign exchange gains	402	744	2,651
Other	115	86	443
Total	535	918	3,213

Other financial income also includes interests on swap for Euro 87 thousand.

Interest expenses and other financial charges

Financial charges	June 30, 2005	June 30, 2004	Dec 31, 2004
Interest expenses relating to bank loans	784	727	1,408
Others interest expenses	510	548	1,179
Option premiums	22	9	38
Others financial charges	56	0	0
Foreign exchange losses	862	673	2,100
Total	2,234	1,957	4,725

The item **Interest expenses relating to bank loans**, equal to Euro 784 thousand, is mainly composed by banks' interest expenses for Euro 357 thousand and interest expenses on financing for Euro 425 thousand.

Others interest expenses includes interest expenses due to factoring companies for Euro 151 thousand and interest expenses on swap for Euro 210 thousand.

Foreign exchange losses amount to Euro 862 thousand. Foreign exchange management presents losses for Euro 460 thousand against a profit of Euro 71 thousand in the same period of the 2004. This result is mainly due to the worsening of the exchange rate's trend respect to the same period of the previous year.

Income taxes for the period, deferred and advanced

Income taxes for the period, equal to Euro 2,252 thousand (Euro 2,645 thousand for the first six months of the 2004) decreases by Euro 393 thousand compared to the income taxes of the same period of the previous year. This is mainly due to the decrease of the economic result.

This item includes Euro 1,559 thousand for the IRES, Euro 785 thousand for the IRAP and Euro 87 thousand for advanced taxes.

Taxes are calculated on the basis of the adherence of CDC Point S.p.A. and some of the affiliated companies (as CDC Superstore Srl, Micronica SpA, Interfree Srl, PC Stop Srl) to the Consolidated National Tax in according with the IAS 34, estimating, on the basis of the information held, the trend of the accounting period till the end of the tax season.

ANNEXES

Additional details are provided in the annexes listed below, which constitute an integral part of the notes to the financial statements..

- Statement of change in the consolidated shareholders' equity from the 1st January 2004 to the 30th June 2005 (annex 1)
- Statements of consolidated cash flows for the six months period ended on the 30th June 2005 (annex 2)
- Statement of changes in consolidated intangible fixed assets (annex 3)
- Statement of changes in consolidated tangible fixed assets (annex 4)
- Statement of changes in consolidated financial fixed assets (annex 5)
- Statement of changes in consolidated long-term receivables (annex 6)
- Reconciliation between the Parent Company's shareholders' equity and net income and the corresponding consolidated items (annex 7)
- List of consolidated companies (annex 8)
- Shares of CDC S.p.A. held by directors, auditors and general managers (annex 9)
- Compensation to directors and auditors of CDC S.p.A. and its subsidiaries (annex 10)
- Balance Sheet of CDC Point as of June 30, 2005 (annex 11)
- Statement of earnings per share (annex 12)

For the Board of Directors
The Chairman

Giuseppe Diomelli



STATEMENT OF CHANGE IN THE GROUP'S SHAREHOLDERS' EQUITY
FOR THE PERIOD BETWEEN 01/01/2004 AND 06/30/2005

<u>(Amounts in thousands of euro)</u>	Share capital	Treasury shares	Legal reserve	Share premium reserve	Reserve for treasury shares	Other reserves	Retained earnings (accumulated deficit)	Net income (loss) for the period	GROUP'S SHAREHOLDERS' EQUITY
Consolidated balance as of December 31, 2003 - Accounting practises	6,131		621	35,904	1,138	974	(404)	9,862	54,226
Adoption of IAS / IFRS	0	(1,489)	0	1,138	(1,138)	(529)	0		(2,018)
Consolidated balance as of December 31, 2003 - IAS / IFRS	6,131	(1,489)	621	37,042	0	445	(404)	9,862	52,208
Allocation of net income for 2003 year	0		485	0	0	3,270	158	(3,913)	0
Dividends paid								(5,949)	(5,949)
Dividends related to treasury shares						17	(17)		0
Changes in treasury shares		348				(156)			192
Changes in stock option						94			94
Other changes							(29)		(29)
Payment to cover losses of minority interests (CD Catania)									
Consolidated income for the period (1/1/2004 - 12/31/2004)	0		0	0	0	0		10,708	10,708
Consolidated balance as of December 31, 2004 - IAS / IFRS	6,131	(1,141)	1,106	37,042	0	3,670	(292)	10,708	57,224
Allocation of net income for 2004 year			120			3,711	70	(3,901)	0
Dividends paid								(6,807)	(6,807)
Changes in treasury shares		(122)				(59)	18		(163)
Changes in stock option	1					39			40
Transaction of Soluzioni informatiche									
Consolidated income for the period (1/1/2005 - 06/30/2005)								1,611	1,611
Consolidated balance as of June 30, 2005 - IAS / IFRS	6,132	(1,263)	1,226	37,042	0	7,361	(204)	1,611	51,905



CDC GROUP - Financial Statements as of June 30, 2005 - Annex 2

CONSOLIDATED CASH FLOW STATEMENT AS OF JUNE 30, 2005
(Amounts in thousands of euro)

	1st Half 2005	1st Half 2004
A. NET FINANCIAL POSITION WITHIN 12 MONTHS , AT BEGINNING OF THE YEAR	13,664	(17,260)
Pre-tax Profit (Loss) for the period	3,853	7,022
Amortization, depreciation and write-downs	3,239	3,543
Net change in the provisions for employee severance payments	275	295
Net financial expenses	1,699	1,039
	9,066	11,899
(Increase) Decrease in trade receivables and other short-term receivables	17,240	67,028
(Increase) Decrease in inventories	18,548	36,501
Increase (Decrease) in trade payables and other short-term payables	(58,242)	(90,497)
Increase (Decrease) in short-term financial activities	-	(3,654)
CASH FLOWS GENERATED (ABSORBED) BY OPERATING ACTIVITIES	(13,388)	21,277
Net financial expenses paid	(1,165)	(1,284)
Income tax paid	(6,219)	(891)
B. CASH FLOW FROM (FOR) OPERATING ACTIVITIES	(20,772)	19,102
Investments in fixed assets:		
Intangible	(367)	(238)
Tangible	(2,369)	(825)
Financial	(146)	18
C. CASH FLOW FROM (FOR) INVESTMENT ACTIVITIES	(2,882)	(1,045)
Net lighting (repayment) of financings related to goods managed by financial leasing	(409)	(1,287)
Net lighting (repayment) of medium/long-term financial payables	(6,250)	-
Dividends paid	(6,807)	(5,949)
D. CASH FLOW FROM (FOR) FINANCIAL ACTIVITIES	(13,466)	(7,236)
E. CASH FLOW FOR THE PERIOD (B+C+D)	(37,120)	10,821
F. NET FINANCIAL POSITION WITHIN 12 MONTHS , AT THE END OF THE YEAR	(23,456)	(6,439)



STATEMENT OF CHANGES IN INTANGIBLE FIXED ASSETS FOR THE PERIOD BETWEEN 01/01/2005 - 06/30/2005

(Amounts in thousands of euro)	Opening balance				Changes during the year									Closing balance			
	Original cost	Write-ups / Write-downs	Accumulated amortization	Book value as of 12/31/2004	Purchases	Adjustments to accumulated amortization	Disposals	Amortization	Fixed assets fully returned off		Write-ups / Write-downs	Reclassifications		Original cost	Write-ups / Write-downs	Accumulated amortization	Book value as of 06/30/2005
									Original cost	Accumulated amortization		Original cost	Accumulated amortization				
Acquisition of sale chains and internet portal	9,581	0	(744)	8,837	48	0	0	(714)	0	0	0	0	0	9,628	0	(1,458)	8,170
Trademarks	8,288	0	(290)	7,998	5	0	0	(44)	0	0	0	0	0	13,233	0	(5,273)	7,960
Others intangible fixed assets	3,287	0	(2,343)	944	337	0	0	(252)	0	0	(2)	(25)	4	3,598	(2)	(2,590)	1,006
TOTAL	21,156	0	(3,377)	17,779	390	0	0	(1,010)	0	0	(2)	(25)	4	26,459	(2)	(9,321)	17,136



STATEMENT OF CHANGES IN TANGIBLE FIXED ASSETS FOR THE PERIOD BETWEEN 01/01/2005 - 06/30/2005

(Amounts in thousands of euro)

	Opening balance				Consolidated for the first-time			Changes during the year								Closing balance			
	Original cost	Write-ups / Write-downs	Accumulated depreciation	Book value as of 12/31/2004	Original cost	Accumulated depreciation	Balance	Purchases	Uses of accumulated depreciation	Increases in accumulated depreciation	Disposals	Depreciations	Write-ups / Write-downs	Reclassifications		Original cost	Write-ups / Write-downs	Accumulated depreciation	Book value as of 06/30/2005
														Original cost	Accumulated amortization				
Lands	754	0	0	754	0	0	0	0	0	0	0	0	0	0	0	754	0	0	754
Buildings	10,344	0	(3,876)	6,468	0	0	0	208	0	0	0	(256)	(17)	0	0	10,577	(17)	(4,136)	6,424
Investments in real estate	3,091	0	(209)	2,882	0	0	0	0	0	0	0	0	0	0	0	3,091	0	(209)	2,882
Other tangible fixed assets	31,263	0	(20,408)	10,855	0	0	0	2,275	123	0	(206)	(1,498)	(15)	0	0	33,332	(15)	(21,784)	11,533
TOTAL	45,452	0	(24,493)	20,959	0	0	0	2,483	123	0	(206)	(1,754)	(32)	0	0	47,754	(32)	(26,129)	21,593



STATEMENT OF CHANGES IN FINANCIAL FIXED ASSETS FOR THE PERIOD BETWEEN 01/01/2005 - 06/30/2005

SHAREHOLDINGS

(Amounts in thousands of euro)

	Opening balance			Entry/Exit in the basis of consolidation			Changes during the period			Closing balance		
	Original cost	Write-ups / Write-downs	Book value as of 12/31/2004	Original cost	Write-ups / Write-downs	Book value	Increase	Decrease	Write-ups / Write-downs	Original cost	Write-ups / Write-downs	Book value as of 06/30/2005
SHAREHOLDINGS												
Shareholdings in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0
Shareholdings in associated companies	96	(77)	19	0	0	0	0	(19)	0	77	(77)	0
Shareholdings in parent companies	0	0	0	0	0	0	0	0	0	0	0	0
Shareholdings in affiliated companies	0	0	0	0	0	0	0	0	0	0	0	0
Shareholdings in other companies	5	0	5	0	0	0	140	0	0	145	0	145
TOTAL	101	(77)	24	0	0	0	140	(19)	0	222	(77)	145



STATEMENT OF CHANGES IN FINANCIAL FIXED ASSETS FOR THE PERIOD BETWEEN 01/01/2005- 06/30/2005

RECEIVABLES

(Amounts in thousands of euro)

	Opening balance			Entry/Exit in the basis of consolidation	Changes during the period				Closing balance		
	Original cost	Write-ups / Write-downs	Book value as of 12/31/2004		Increase	Decrease	Reclassifications	Write-ups / Write-downs	Original cost	Write-ups / Write-downs	Book value as of 06/30/2005
<u>SECURITY DEPOSITS</u>											
Security deposits with other companies	292	0	292	0	44	(21)	0	0	315	0	315
Security deposits with Parent Company	0	0	0	0	0	0	0	0	0	0	0
Other medium/long-term receivables	25	0	25	0	2	0	0	0	27	0	27
TOTAL	317	0	317	0	46	(21)	0	0	342	0	342



CDC GROUP - Financial Statements as of June 30, 2005 - Annex 7

(Amounts in thousands of euro)

	Net income for the period	Shareholders' equity
As per CDC Point S.P.A.'s financial statements	2,521	53,661
Consolidation entry for transaction of Test SpA	41	74
Brands (write-down)	2	(20)
Brands (amortization of brands with indefinite useful lives)	387	1,162
Amortization of intangible fixed assets - derecognition of start-up and expansion costs	104	(104)
Land and buildings of Micronica	8	69
Current financial assets (derecognition of write-downs/write-ups/losses/gains on treasury shares)	102	(1,080)
Discounting of the reserve for employee severance indemnities to present value	(6)	136
M/L-term loans	(2)	(4)
Recognition of derivative financial instruments at fair value	0	(222)
Payments related to stock option shares	(35)	0
Income taxes for the period	(1,967)	(1,967)
Other changes	(15)	(32)
Adoption of financial method for goods acquired through finance leases	<u>471</u>	<u>232</u>
As per Group's consolidated financial statements	1,611	51,905

**LIST OF CONSOLIDATED COMPANIES****at June 30, 2005**

(Amounts in thousands of euro)

Name	Registered office	Share capital	Shareholders' equity	Result for the period ended at June 30, 2005	% held
CDC POINT S.P.A.	Calcinaia (PI)	6,132	53,661	2,521	
INTERFREE S.R.L.	Calcinaia (PI)	50	7,076	2,369	100%
MICRONICA S.P.A.	Pontedera (PI)	6,450	7,110	49	100%
CD WEB S.R.L.	Calcinaia (PI)	75	60	0	100%
POLINET S.R.L.	Calcinaia (PI)	78	23	(97)	100%
CDC SUPERSTORE S.R.L.	Pontedera (PI)	500	655	(660)	100%
COMPUTER DISCOUNT S.R.L.	Pontedera (PI)	63	(78)	(141)	100%
PC STOP S.R.L.	Pontedera (PI)	10	(2)	(12)	100%
CD FIRENZE SRL	Firenze	26	52	(25)	100%
CD MILANO SRL	Pontedera (PI)	20	105	(15)	100%
CD PISA SRL	Pisa	10	6	(15)	100%
CD GENOVA SRL	Pontedera (PI)	42	38	(14)	100%
CD TORINO SRL	Torino	21	292	(6)	100%
C.V.M. SRL	Bologna	26	189	24	100%
CD VERONA SRL	Pontedera (PI)	16	2	(29)	100%
CD ROMA SRL	Pontedera (PI)	56	177	45	100%
CD BRESCIA SRL	Pontedera (PI)	21	(46)	(76)	100%
CD PESCARA SRL	Pontedera (PI)	26	38	(3)	100%
CD MILANO 2 SRL	Pontedera (PI)	52	261	51	100%
CD MILANO 3 SRL	Pontedera (PI)	51	69	4	100%
CD MILANO 4 SRL	Pontedera (PI)	51	94	18	100%
CD MILANO 5 SRL	Pontedera (PI)	51	225	45	100%
CD ROMA 2 SRL	Pontedera (PI)	51	235	39	100%
CD NAPOLI 2 SRL	Pontedera (PI)	52	180	(9)	100%
CD CAGLIARI SRL	Pontedera (PI)	52	132	0	100%
SOLUZIONI INFORMATICHE SRL	Pontedera (PI)	52	187	38	100%
CD MILANO 6 SRL	Pontedera (PI)	26	63	10	100%
CD AREZZO SRL	Pontedera (PI)	10	4	(7)	100%
CD BARI 2 SRL	Pontedera (PI)	50	60	(4)	100%
BELCOR SRL	Pontedera (PI)	10	(13)	(43)	100%
CD CATANIA	Pontedera (PI)	100	153	(100)	90%

**SHARES IN CDC SPA AND ITS SUBSIDIARIES HELD BY DIRECTORS, AUDITORS AND GENERAL MANAGERS**

Last name and first name	Company	Number of shares directly held as of 12/31/2004	Number of shares indirectly held as of 12/31/2004	Number of shares directly acquired during the period	Number of shares indirectly acquired during the period	Number of shares directly sold during the period	Number of shares indirectly sold during the period	Number of shares indirectly held as of 06/30/2005	Number of shares directly held as of 06/30/2005
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BOARD OF DIRECTORS

DIOMELLI GIUSEPPE (*)	CDC Point S.p.A.	7,176	7,176			7,176	7,176	0	0
PAGNI LEONARDO	CDC Point S.p.A.								
ANDOLFI CLAUDIO	CDC Point S.p.A.	4,453							4,453

BOARD OF STATUTORY AUDITORS

BOSSI CARLO	CDC Point S.p.A.			5,000					5,000
CARLI DANIELA	CDC Point S.p.A.								
LANG ALBERTO	CDC Point S.p.A.								

(*) through his spouse, Andolfi Floriana

**COMPENSATION TO DIRECTORS AND AUDITORS OF CDC SPA AND ITS SUBSIDIARIES**

BOARD OF DIRECTORS	CDC Point S.p.A.	Interfree S.r.l.	Micronica S.p.A.	Computer Discount S.r.l.	Polinet S.r.l.	CD Web S.r.l.	CDC Superstore
DIOMELLI GIUSEPPE	€ 221,000.00						
PAGNI LEONARDO:							
of which Remuneration as director	€ 118,500.00						
of which Compensation as employee	€ 47,914.74						
of which Fringe benefits	€ 1,531.26						
Total	€ 167,946.00						
ANDOLFI CLAUDIO	€ 94,832.00						
BARACHINI ENRICO	€ 21,000.00						
GUALTIERI PAOLO	€ 21,000.00						
LUCIANO ZOTTOLA	€ 7,000.00						
VITALE EMILIO	€ 0.00						
BOARD OF STATUTORY AUDITORS	CDC Point S.p.A.	Interfree S.p.A.	Micronica S.p.A.	Computer Discount S.r.l.	Polinet S.r.l.	CD Web S.r.l.	Direct S.r.l.
BOSSI CARLO	€ 15,000.00	€ 1,100.00					€ 5,200.00
CARLI DANIELA	€ 7,500.00		€ 1,896.00				€ 3,400.00
LANG ALBERTO	€ 7,500.00	€ 700.00					€ 3,400.00

CDC GROUP - Financial Statements as of June 30, 2005 - Annex 11

**BALANCE SHEET of CDC POINT S.p.A.
as of June 30, 2005, compared to June 30, 2004 and to December 31, 2004**

ASSETS	June 30, 2005	June 30, 2004	December 31, 2004
A - UNPAID SUBSCRIBED SHARE CAPITAL DUE FROM SHAREHOLDE	<u>0</u>	<u>0</u>	<u>0</u>
B - FIXED ASSETS			
<u>I - Intangible fixed assets</u>	<u>10,859,530</u>	<u>9,619,506</u>	<u>11,942,093</u>
1. Start-up and expansion costs	165,879	663,516	331,758
2. Research, development and advertising costs	130,304	266,195	194,107
3. Industrial patents and intellectual property rights	439,463	420,403	404,218
4. Concessions, licenses, trademarks and similar	6,196,330	7,133,487	6,816,725
5. Goodwill	3,317,103	569,023	3,581,713
6. Intangible assets under construction and advances	0	0	8,000
7. Other intangible assets	610,451	566,882	605,572
<u>II - Tangible fixed assets</u>	<u>4,920,879</u>	<u>2,645,049</u>	<u>3,662,742</u>
1. Land and buildings	21,228	24,687	22,958
2. Plant and machinery	1,112,451	618,652	988,919
3. Industrial and commercial equipment	1,300,377	722,240	1,130,761
4. Other assets	1,636,823	1,279,470	1,520,104
5. Tangible assets under construction and advances	850,000	0	0
<u>III - Non-current financial assets</u>	<u>19,080,031</u>	<u>19,703,246</u>	<u>17,548,794</u>
1. Equity investments in-			
a. Subsidiaries	18,886,047	19,559,245	17,384,743
b. Associated companies	0	0	0
c. Parent companies	0	0	0
d. Other companies	3,304	704	704
<u>Sub-total</u>	<u>18,889,351</u>	<u>19,559,949</u>	<u>17,385,447</u>
2. Accounts receivable			
a. Due from subsidiaries	0	0	0
b. Due from associated companies	0	0	0
c. Due from parent companies	0	0	0
d. Due from other	190,680	143,297	163,347
<u>Sub-total</u>	<u>190,680</u>	<u>143,297</u>	<u>163,347</u>
3. Other equity investments			
4. Treasury stock			
<u>TOTAL FIXED ASSETS (B)</u>	<u>34,860,440</u>	<u>31,967,801</u>	<u>33,153,629</u>
C - CURRENT ASSETS			
<u>I - Inventories</u>	<u>66,441,247</u>	<u>56,759,539</u>	<u>84,652,714</u>
1. Raw, ancillary and consumable materials	0	0	0
2. Work in process and semi-finished products	0	0	0
3. Contract work in process	0	0	0
4. Finished products and goods for resale	66,441,247	56,759,539	84,652,714
5. Advances	0	0	0
<u>II - Accounts receivable</u>	<u>118,606,223</u>	<u>112,865,510</u>	<u>130,847,504</u>
1. Due from customers	90,063,206	82,154,410	101,489,925

2. Due from subsidiaries	12,208,146	18,954,385	12,047,589
3. Due from associated companies	381,306	385,111	125,811
4. Due from parent companies	46,216	219,216	1,116
4.bis Taxes receivables	1,094,321	384,993	130,907
4.ter Advanced taxes	1,073,988	369,409	1,073,988
6. Other	13,739,040	10,397,986	15,978,168
<u>III - Short-term investments</u>	<u>1,080,569</u>	<u>1,091,292</u>	<u>1,006,649</u>
1. Equity investments in subsidiaries	0	0	0
2. Equity investments in associated companies	0	0	0
3. Equity investments in parent companies	0	0	0
4. Equity investments in other companies	0	0	0
5. Treasury stock	1,080,569	1,091,292	1,006,649
6. Other securities	0	0	0
7. Financial receivables	0	0	0
<u>IV - Cash and cash equivalents</u>	<u>5,635,691</u>	<u>3,519,488</u>	<u>20,710,535</u>
1. Bank and post office deposits	5,564,446	3,471,607	20,673,737
2. Checks	0	0	0
3. Cash and other valuables on hand	71,245	47,881	36,798
<u>TOTAL CURRENT ASSETS (C)</u>	<u>191,763,730</u>	<u>174,235,829</u>	<u>237,217,402</u>
D - ACCRUED INCOME AND PREPAID EXPENSES			
1. Bond and loan discounts	0	0	0
2. Other accruals and deferrals	1,348,174	1,210,185	842,311
<u>TOTAL ACCRUED INCOME AND PREPAID EXPENSES (D)</u>	<u>1,348,174</u>	<u>1,210,185</u>	<u>842,311</u>
<u>TOTAL ASSETS</u>	<u>227,972,344</u>	<u>207,413,815</u>	<u>271,213,342</u>

BALANCE SHEET of CDC POINT S.p.A. as of June 30, 2005, compared to June 30, 2004 and to December 31, 2004
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LIABILITIES AND SHAREHOLDERS' EQUITY
June 30, 2005
June 30, 2004
December 31, 2004
A - SHAREHOLDERS' EQUITY

I - Share capital	6,131,996	6,130,686	6,130,686
II - Share premium reserve	35,979,845	35,952,091	36,036,734
III - Revaluation reserve	0	0	0
IV - Legal reserve	1,226,137	1,106,227	1,106,227
V - Statutory reserve	1,080,569	0	1,006,649
VI - Reserve for treasury shares	6,721,409	1,091,292	0
VII - Other reserves	0	4,260,611	4,260,611
VIII - Retain earnings (accumulated deficit)	0	0	0
IX - Net income (loss) for the period	1,344,018	4,621,524	9,387,930
<u>TOTAL SHAREHOLDERS' EQUITY (A)</u>	<u>52,483,974</u>	<u>53,162,431</u>	<u>57,928,837</u>

B - ALLOWANCES FOR RISKS AND CHARGES

1. Allowances for pensions and similar	0	0	3,138
2. Tax allowances, deferred taxes too	0	0	0
3. Other	253,937	217,595	223,038

TOTAL ALLOWANCES FOR RISKS AND CHARGES (B)
253,937
217,595
226,176
C - PROVISIONS FOR EMPLOYEE SEVERANCE INDEMNITIES
2,999,629
2,467,015
2,789,925
D - ACCOUNTS PAYABLE

1. Bonds	0	0	0
2. Convertible bonds	0	0	0
3. Due to shareholders for financing	0	0	0
4. Bank debt	47,686,230	33,321,926	25,000,001
- falling due within 12 months	35,186,230	8,321,926	12,500,001
- falling due beyond 12 months	12,500,000	25,000,000	12,500,000
5. Amounts due to other lenders	722,201	0	0
6. Advances	134,047	0	30,998
7. Trade payables	108,689,712	97,981,584	168,428,406
8. Securities issued	0	0	0
9. Amounts due to subsidiaries	7,328,175	7,647,060	6,204,569
10. Amounts due to associated companies	4,303	8,400	0
11. Amounts due to parent companies	0	0	0
12. Taxes payable	2,646,705	7,331,257	5,653,086
13. Amounts due to social security agencies	869,335	766,340	813,651
14. Other	4,029,933	4,321,219	3,292,445

TOTAL ACCOUNTS PAYABLE (D)
172,110,641
151,377,786
209,423,156
E - ACCRUED EXPENSES AND DEFERRED INCOME

1. Bond premiums	0	0	0
2. Other accruals and deferrals	124,163	188,988	845,248

TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (E)
124,163
188,988
845,248
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY
227,972,344
207,413,815
271,213,342

MEMORANDUM ACCOUNTS of CDC POINT S.p.A. as of June 30, 2005, compared to June 30, 2004 and to December 31, 2004
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	<i>June 30, 2005</i>	<i>June 30, 2004</i>	<i>December 31, 2004</i>
<u>1. Commitments:</u>			
a. To buy	0	0	0
b. To sell	0	0	0
c. Short-term lease rentals	229,655	284,453	243,051
d. Goods to be received	786,132	1,527,609	14,072,508
e. Currencies to be received	6,508,471	6,189,735	11,355,720
f. Other commitments	0	0	0
<u>Total commitments</u>	<u>7,524,258</u>	<u>8,001,797</u>	<u>25,671,279</u>
<u>1. Guarantees:</u>			
a. Sureties provided	7,721,986	8,956,701	9,478,105
<u>Total guarantees</u>	<u>7,721,986</u>	<u>8,956,701</u>	<u>9,478,105</u>
<u>Total memorandum accounts</u>	<u>15,246,244</u>	<u>16,958,498</u>	<u>35,149,384</u>

INCOME STATEMENT of CDC POINT S.p.A. as of June 30, 2005, compared to June 30, 2004 and to December 31, 2004

	<i>June 30, 2005</i>	<i>June 30, 2004</i>	<i>December 31, 2004</i>
A - VALUE OF PRODUCTION			
1. Revenues from sales and services	263,133,579	270,429,379	546,126,030
2. Changes in work-in-process, semi-finished and finished product inventories	(18,862,515)	(36,029,284)	(8,136,109)
3. Change in contract work in process	0	0	0
4. Capitalized costs and expenses	(1,290)	0	0
5. Other revenues and income -	5,901,166	8,345,632	18,797,245
a. Revenue grants	0	0	0
b. Other	5,901,166	8,345,632	18,797,245
<u>Total value of production (A)</u>	<u>250,170,940</u>	<u>242,745,727</u>	<u>556,787,166</u>
B - PRODUCTION COSTS			
6. Raw, ancillary and consumable materials and goods for resale	213,916,926	202,751,130	474,257,483
7. Service costs	19,722,857	22,643,101	45,224,868
8. Lease expense	1,845,239	1,523,983	3,169,884
9. Payroll costs			
a. Wages and salaries	5,453,927	4,531,762	9,476,145
b. Social security contributions	1,773,369	1,495,085	3,184,136
c. Provisions for severance indemnities	404,810	344,290	701,127
d. Provisions for pensions and similar	0	0	1,345
e. Other	0	660	0
<u>Total payroll costs</u>	<u>7,632,106</u>	<u>6,371,797</u>	<u>13,362,753</u>
10. Amortization, depreciation and write-downs -			
a. Amortization of intangible fixed assets	1,428,743	1,433,634	3,141,526
b. Depreciation of tangible fixed assets	593,432	444,806	1,048,869
c. Write-downs of intangible and tangible fixed assets	0	0	0
d. Provisions for doubtful accounts	439,186	0	634,152
<u>Total amortization, depreciation and write-downs</u>	<u>2,461,361</u>	<u>1,878,440</u>	<u>4,824,547</u>
11. Change in inventories of raw, ancillary and consumable materials and goods for resale	0	0	0
12. Provisions for risks	0	50,000	0
13. Other provisions	0	0	0
14. Sundry operating costs	305,863	206,888	389,359
<u>Total production costs (B)</u>	<u>245,884,352</u>	<u>235,425,339</u>	<u>541,228,894</u>
<u>DIFFERENCE BETWEEN VALUE OF PRODUCTION AND PRODUCTION COSTS (A - B)</u>	<u>4,286,588</u>	<u>7,320,388</u>	<u>15,558,272</u>

C - FINANCIAL INCOME AND EXPENSE

15. Income from equity investments -

a. Dividends	0	0	0
b. Dividends and other income from subsidiaries and affiliated companies	0	0	0
c. Dividends and other income from other companies	0	0	0

Total income from equity investments 0 0 0

16. Other financial income -

a. From non-current receivables -			
- From subsidiaries	0	76,010	157,833
- From associated companies	0	0	0
- From parent companies	0	0	0
- Other	22	823	3,923

b. From securities held as long-term investments other than equity investments

	0	0	0
--	---	---	---

c. From securities held as short-term investments other than equity investments

	0	0	0
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d. Income from other sources			
- Interest and commissions from subsidiaries	0	0	0
- Interest and commissions from associated companies	0	0	0
- Interest and commissions from parent companies	0	0	0
- Interest and commissions from others and sundry income	141,751	165,457	622,440

Total income from other sources 141,773 242,290 784,196

17. Interest expense and other financial charges

a. Paid to subsidiaries	0	104,042	227,927
b. Paid to associated companies	0	0	0
c. Paid to parent companies	0	0	0
d. Other	2,268,859	2,367,355	5,024,096

17bis. Net foreign currency translation expense (Income) 507,838 41,582 (486,956)

Total interest expense and other financial charges 2,776,697 2,512,979 4,765,067

Total financial income and expense (C) **(2,634,924)** **(2,270,689)** **(3,980,871)**

18. Revaluations of

a. Equity investments	2,418,548	2,764,831	4,646,457
b. Non-current financial assets	0	0	0
c. Marketable securities	0	0	46,627

Total revaluations 2,418,548 2,764,831 4,693,084

19. Write-downs of

a. Equity investments	1,346,034	1,264,937	2,659,855
b. Non-current financial assets	0	0	0
c. Marketable securities	98,515	47,497	0
d. Current receivables	0	0	0

Total write-downs 1,444,549 1,312,434 2,659,855

Total adjustments to financial assets (D) **973,999** **1,452,397** **2,033,229**

E - EXTRAORDINARY INCOME AND EXPENSE

20. Income

a. Gains on disposals	0	0	0
b. Other	1,275,403	1,679,794	1,914,291

Total income 1,275,403 1,679,794 1,914,291

21. Expense

a. Losses on disposals	0	0	0
b. Taxes relating to previous fiscal years	0	0	0
c. Other	1,380,128	1,182,593	1,449,396

Total expense 1,380,128 1,182,593 1,449,396

<u>Total extraordinary items (E)</u>	<u>(104,725)</u>	<u>497,201</u>	<u>464,895</u>
<u>PRE-TAX INCOME (A-B+/-C+/-D+/-E)</u>	<u>2,520,938</u>	<u>6,999,297</u>	<u>14,075,525</u>
22. Income taxes			
a. Income taxes for the period	(1,303,790)	(2,659,726)	(5,400,000)
b. Deferred taxes	126,870	281,953	712,405
<u>NET INCOME (LOSS) FOR THE PERIOD</u>	<u>1,344,018</u>	<u>4,621,524</u>	<u>9,387,930</u>

CDC GROUP - Financial Statements as of June 30, 2005 - Annex 12

		June 30, 2005	June 30, 2004	December 31, 2004
Group's consolidated profit (in thousands of Euro)	(A)	1,611	5,537	10,708
Weighted average number of ordinary shares outstanding	(B)	12,262,385	12,261,372	12,261,372
Options exercisable	(C)	63,285	71,176	71,176
Total	(D)= B+C	<u>12,325,670</u>	<u>12,332,548</u>	<u>12,332,548</u>
Basic earnings per share	A/B	0.131	0.452	0.873
Diluted earnings per share	A/D	0.131	0.449	0.868

SUPPLEMENT I

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AT JANUARY 1, 2004 AND AT DECEMBER 31, 2004

In consequence of the coming into force of the European Regulation No. 1606 dated July 2002, beginning from the First Half of 2005, the CDC Group adopted the International Financial Reporting Standards (“IFRS”) issued by International Accounting Standards Board. As required by IFRS 1 – the first-time adoption of IFRS, this Supplement provides the reconciliations between the income for the year and the shareholders’ equity according to the previous standards (Italian GAAP) and the income for the year and the shareholders’ equity in accordance with IFRS relating to previous years, showed as comparative purposes, and related notes .

This supplement has been prepared into the process of transition to IFRS and for the arrangement of the Consolidated Annual Report 2005 for the CDC Group according to IFRS, as approved by the European Community; it do not include every statements, comparative information and explicative notes, necessary to supply a complete representation, according to IFRS, of CDC Group’s financial position and income at December 31, 2004.

RECONCILIATIONS REQUIRED BY IFRS 1

As requested by IFRS 1, this note describes the standards adopted in preparation of consolidated opening balance sheet at January 1, 2004, the main differences compared to Italian GAAP used to draw up consolidated situations until December 31, 2004, and the consequent reconciliations between values already published, arranged according to Italian GAAP, and the same values revised according to IFRS .

THE FIRST-TIME ADOPTION OF IFRS

The Group decided to apply in a retrospective way for all periods included in the first IFRS Financial Statement and at the opening balance sheet the accounting standards in force at December 31, 2004, excepted for some exclusion adopted by CDC Group, according to IFRS 1, as following showed.

The accounting statements of 2004, following reported, will be published as comparative values in the 2005 Consolidated Annual Report; these values could change if some international accounting standard will be modified during 2005.

At the time of the preparation of the first complete IAS/IFRS consolidated financial statements at December 31, 2005, new IAS/IFRS standards and IFRIC interpretations could be in effect that may be allowed to be applied at an earlier date. If it will occur, could be modified the Balance Sheet and the Income Statement of 2004, showed according to IFRS, which are represented in this supplement.

The opening consolidated balance sheet at January 1, 2004 reflected the following differences compared to the consolidated Financial Statement at December 31, 2003, arranged according to Italian GAAP:

- all assets and liabilities which registration is requested by IFRS, included those not provided for Italian GAAP, have been recorded according to IFRS;
- all assets and liabilities which registration is requested by Italian GAAP but it is not requested by IFRS, have been deleted;
- some item have been recorded according to IFRS.

The effects of these adjustments have been directly recognized in the opening Shareholders’ Equity at the date of the first-time adoption of IFRS (January 1, 2004).

The restatement of the opening consolidated balance sheet at January 1, 2004 and of the consolidated financial statements for the year ended December 31, 2004 have also required the CDC Group to make the following choices among the options provided by IFRS:

- financial statement presentation: the “current/non-current” classification has been adopted for the balance sheet, while the classification of expenses by nature has been elected for the statement of income. This has required the reclassification of the historical financial statements prepared in accordance with the formats provided by Legislative Decree 127/1991;
- optional exemptions provided by IFRS 1 upon first-time application of IFRS:
 - **business combinations**: the IFRS 3 had been retrospectively applied to the companies’ acquisitions happened before January 1st 2004; in particular, for the acquisition of one-shareholder company Computer Discount S.r.l., happened on July 31, 2002, it was produced a difference on consolidation ascribed, according to a valuation by an external consultant, at the higher value paid for the existing sale network consisting of property shops;
 - **classification and measurement of financial instruments**: IAS 32 (Financial Instruments: Disclosures and Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement), have been adopted earlier, as allowed, on January 1, 2004 (instead of application starting from the financial statements for the periods beginning on or after January 1, 2005);
 - **designation date of financial instruments as instruments at fair value through profit or loss**: as allowed by IFRS 1, the designation of financial instruments as a financial asset “at fair value through profit or loss” has been carried out at the transition date (January 1, 2004) instead of at the date of initial recognition provided by IAS 39;
 - **employee severance indemnities**: as provided by IAS 19, the value of provisions for employee severance indemnities and other deferred compensations had been written down through the application of actuarial methodologies, but did not use the passage method.
- main accounting treatments selected from the options provided by IFRS:
 - **inventories**: in accordance with IAS 2, the cost of inventories should be determined by using the FIFO method or the weighted average cost method. The CDC Group has elected to use the FIFO method;
 - **valuation of tangible assets and intangible assets**: subsequent to the initial recording at cost, IAS 16 and IAS 38 provide that these assets may be valued at cost (and depreciated/amortized if the asset has a determined life) or at fair value. The CDC Group has elected to adopt the cost method;
 - **valuation of investment property**: in accordance with IAS 40, a property held as an investment property should be initially recorded at cost, including directly chargeable incidental costs. Subsequently, that property may be valued at fair value or at cost. The CDC Group has elected to adopt the cost method.

Following we represented analytical information related to main item of reconciliations between Italian GAAP and IFRS; related notes are called again through the alphabetical special letter recorded under the column ‘Note’ in the tables.

THE EFFECTS OF TRANSITION TO IFRS ON THE BALANCE SHEET AS OF JANUARY 1st 2004

THE EFFECTS OF TRANSITION TO IFRS ON CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2003 AND AS OF JANUARY 1, 2004

Description	Italian GAAP	Reclassification	Amounts reclassified	Adjustments	Note	IAS/IFRS	
	12/31/2003					01/01/2004	
ASSETS						ASSETS	
FIXED ASSETS						NON-CURRENT ASSETS	
1 Start-up and expansion costs	1,155	(160)	995	(995)	A		
4 Concessions, licenses, trademarks and similar	8,267	(511)	7,756	(42)	B	7,713	Brands
5 Goodwill, 8 Differences of consolidation	8,362		8,362		L	8,362	Acquisition of sale chains and internet portal
7 Others intangible fixed assets, 2 Research and development costs, 3 Industrial patents and intellectual property rights, 6 Intangible fixed assets under construction and advances	1,771	(677)	1,093			1,093	Others intangible assets
Total intangible fixed assets	19,556	(1,349)	18,206	(1,038)		17,169	Total intangible fixed assets
1 Land and buildings	9,476	(1,958)	7,518	(679)	C	6,839	Buildings
2 Plant and machinery, 3 Industrial and commercial equipment, 4 Other assets, 5 Tangible fixed assets under construction and advances	11,830		11,830			11,830	Other tangible fixed assets
				754	C	754	Lands
		2,882	2,882	0		2,882	Real estate investments
Total tangible fixed assets	21,307	924	22,231	75		22,306	Total tangible fixed assets
1.a Equity investments in subsidiaries	5		5			5	Equity investments in subsidiaries
1.b Equity investments in associated companies	20		20			20	Equity investments in associated companies accounted for by the equity method
2.d Financial receivables due from other companies, 1.b Equity investments in associated companies	774	425	1,200			1,200	Others financial assets and equity investments in other companies
Total non-current financial assets	799	425	1,224	0		1,224	Total financial fixed assets
		486	486	563	G	1,049	Deferred tax assets
TOTAL FIXED ASSETS	41,662	486	42,148	(399)		41,749	TOTAL NON-CURRENT ASSETS
CURRENT ASSETS						CURRENT ASSETS	
Inventories	97,924		97,924			97,924	Inventories
Accounts receivable	128,435	22,734	151,169			151,169	Trade receivables
Accounts receivable due from parent companies, subsidiaries, associated companies	150		150			150	Accounts receivable due from parent companies, subsidiaries not consolidated and associated companies
Advanced taxes	486	(486)					
Other accounts receivable due within one year, Taxes receivables, Accrued income and prepaid expenses	20,135		20,135	(204)	D	19,931	Other accounts receivable
Other current assets			0				
Treasury shares	1,139		1,139	(1,139)	E		Current financial assets
Short-term financial receivables	3,658		3,658	35	D	3,693	Cash and cash equivalents
Cash and cash equivalents	10,836		10,836			10,836	Derivative financial assets measured at fair value
TOTAL CURRENT ASSETS	262,763	22,248	285,010	(1,308)		283,702	TOTAL CURRENT ASSETS
TOTAL ASSETS	304,425	22,734	327,158	(1,707)		325,451	TOTAL ASSETS

Description	Italian GAAP	Reclassification	Amounts reclassified	Adjustments	Note	IAS/IFRS	
LIABILITIES AND SHAREHOLDERS' EQUITY							LIABILITIES AND SHAREHOLDERS' EQUITY
SHAREHOLDERS' EQUITY							SHAREHOLDERS' EQUITY
Share capital	6,131		6,131			6,131	Share capital
	-			(1,489)	E	(1,489)	Treasury shares
Share premium reserve	35,905		35,905	1,139	E	37,044	Share premium reserve
Reserve for treasury shares	1,139		1,139	(1,139)	E		
Legal reserve	621		621			621	Legal reserve
Extraordinary reserve							Extraordinary reserve
Other reserves	974		974	(529)	H+I+E	445	Other reserves
Retain earnings (accumulated deficit)	(404)		(404)			(404)	Retain earnings (accumulated deficit)
Consolidated net income (loss) for the period	9,862		9,862			9,862	Net consolidated income (loss) for the period
GROUP SHAREHOLDERS' EQUITY	54,227	0	54,227	(2,019)		52,209	TOTAL SHAREHOLDERS' EQUITY OF CDC GROUP
Minority interest in Shareholders' Equity	48		48			48	Minority interests
TOTAL SHAREHOLDERS' EQUITY	54,275	0	54,275	(2,019)		52,256	SHAREHOLDERS' EQUITY
NON-CURRENT LIABILITIES							NON-CURRENT LIABILITIES
Tax allowances	61		61	69	G	130	Deferred tax liabilities
Other allowances	298		298			298	Allowances for risks and charges
Provisions for employee severance indemnities	3,376		3,376	(88)	F	3,288	Provisions for employee severance indemnities
Payables due to other lenders falling due beyond 12 months; Bank debt falling due beyond 12 months	27,185		27,185	(173)	D	27,012	Financial payables falling due beyond next 12 months
TOTAL NON-CURRENT LIABILITIES	30,920	0	30,920	(192)		30,728	TOTAL NON-CURRENT LIABILITIES
CURRENT LIABILITIES							CURRENT LIABILITIES
Trade payables and other payables	198,535		198,535			198,535	Trade payables
Payables due to related companies (parent companies, associated companies)	13		13			13	Accounts payable due from parent companies, subsidiaries not consolidated and associated companies
Payables due to other lenders falling due within 12 months; Bank debt falling due within 12 months	5,629	23,464	29,092			29,092	Financial payables falling due within 12 months
Other payables, Advances, Taxes payable, Amounts due to social security agencies, Accrued expenses and deferred income	15,053	(730)	14,323	504	D	14,827	Other accounts payable
TOTAL CURRENT LIABILITIES	219,230	22,734	241,963	503		242,467	TOTAL CURRENT LIABILITIES
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	304,425	22,734	327,158	(1,708)		325,451	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

THE EFFECTS OF TRANSITION TO IFRS ON THE BALANCE SHEET AND INCOME STATEMENT OF 2004 YEAR

THE EFFECTS OF TRANSITION TO IFRS ON CONSOLIDATED INCOME STATEMENT AS OF DECEMBER 31, 2004

. Description	Italian GAAP	Reclassification	Amounts reclassified	Adjustments	Note	IAS/IFRS	
	12/31/2004					12/31/2004	
1. Revenues from sales and services	556,775	(5,056)	551,719			551,719	Revenues
5. a Other revenues and income	16,806	(15,391)	1,415			1,415	Other income
						553,134	TOTAL REVENUES AND OPERATING INCOME
6. Raw, ancillary and consumable materials and goods for resale; 2. Changes in inventories of products work-in-process	(479,772)	(6,157)	(485,929)			(485,929)	Purchase costs
7. Service costs, 8. Lease expenses	(45,317)	25,068	(20,250)			(20,250)	Service costs
9. Payroll costs	(20,739)	(18)	(20,757)	176	F+H	(20,580)	Payroll costs
14. Sundry operating costs	(708)	(181)	(889)			(889)	Other operating expenses
10. a Amortization of intangible fixed assets	(5,222)	418	(4,804)	1,905	A+B	(2,898)	Amortization of intangible assets
10. b Depreciation of tangible fixed assets	(4,071)	(418)	(4,489)	23	C	(4,467)	Depreciation of tangible assets
10. d Provisions for doubtful accounts; 10.c Write-downs of intangible and tangible fixed assets; 12 Various provisions	(740)		(740)			(740)	Impairment losses/reversals on non-current assets
20.a Gains on disposals	143		143			143	Gains/losses on disposals of non-current assets
21.a Losses on disposals						17,524	OPERATING INCOME (EBIT)
19.a Write-downs of Equity investments	(66)		(66)			(66)	Share of earnings of equity investments in associated companies accounted for by the equity method
16.a 4 Other interest expenses; 16.a 1 Other interest expenses from subsidiaries; 16.d 4 Interest and commissions from others, 18.c Revaluations of marketable securities; 17 bis Net foreign currency translation Income	3,308		3,308	(95)	D	3,213	Financial income
17.d Interest expense and other financial charges; 17 bis Net foreign currency translation expenses	(7,534)	2,756	(4,778)	53	D+F	(4,725)	Financial expenses
20.b Other extraordinary income; 21 c Other extraordinary expenses	1,045	(1,045)					
PRE-TAX INCOME	13,908	(24)	13,884	2,062		15,946	INCOME FROM CONTINUING OPERATIONS BEFORE TAXES
22.a Income taxes	(4,426)	24	(4,402)	(813)	G	(5,215)	Income taxes for the period
NET INCOME (LOSS) FOR THE PERIOD BEFORE MINORITY INTEREST	9,482	(0)	9,482	1,248		10,731	NET INCOME FROM CONTINUING OPERATIONS
23. Minority interest in net (income) loss	(23)		(23)			(23)	Net income (loss) from discontinued operations/assets held for sale
GROUP NET INCOME (LOSS)	9,459	(0)	9,459	1,248		10,708	NET INCOME

THE EFFECTS OF TRANSITION TO IFRS ON CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2004

Description	Italian GAAP	Reclassification	Amounts reclassified	Adjustments	Note	IAS/IFRS	
	12/31/2004					12/31/2004	
ASSETS							
FIXED ASSETS							
1 Start-up and expansion costs	432	(100)	332	(332)	A		
4 Concessions, licenses, trademarks and similar	6,850	(51)	6,799	1,200	B	7,998	Brands
5 Goodwill, 8 Differences of consolidation	8,837		8,837		L	8,837	Acquisition of sale chains and internet portal
7 Others intangible fixed assets, 2 Research and development costs, 3 Industrial patents and intellectual property rights, 6 Intangible fixed assets under construction and advances	1,522	(579)	944			944	Others intangible assets
Total intangible fixed assets	17,642	(730)	16,912	868		17,779	Total intangible fixed assets
1 Land and buildings	9,277	(2,152)	7,126	(656)	C	6,469	Buildings
2 Plant and machinery, 3 Industrial and commercial equipment, 4 Other assets	10,854		10,854			10,854	Other tangible fixed assets
				754	C	754	Lands
		2,882	2,882			2,882	Real estate investments
Total tangible fixed assets	20,131	730	20,861	98		20,959	Total tangible fixed assets
1.a Equity investments in subsidiaries							Equity investments in subsidiaries
1.b Equity investments in associated companies	20		20			20	Equity investments in associated companies accounted for by the equity method
2.d Financial receivables due from other companies, 1.b Equity investments in associated companies	322		322			322	Others financial assets and equity investments in other companies
Total non-current financial assets	342	0	342	0		342	Total financial fixed assets
		1,932	1,932	338	G	2,270	Deferred tax assets
TOTAL FIXED ASSETS	38,115	1,932	40,047	1,304		41,351	TOTAL NON-CURRENT ASSETS
CURRENT ASSETS							
Inventories	90,158		90,158			90,158	Inventories
Accounts receivable	100,912	8,847	109,759			109,759	Trade receivables
Accounts receivable due from parent companies, subsidiaries, associated companies	198		198			198	Accounts receivable due from parent companies, subsidiaries not consolidated and associated companies
Advanced taxes	1,932	(1,932)					
Other accounts receivable due within one year, Taxes receivables, Accrued income and prepaid expenses	18,027		18,027	(112)	D	17,915	Other accounts receivable
Treasury shares	1,007		1,007	(1,007)	E		
Short-term financial receivables	68		68			68	Current financial assets
Cash and cash equivalents	22,519		22,519			22,519	Cash and cash equivalents
							Derivative financial assets measured at fair value
TOTAL CURRENT ASSETS	234,822	6,915	241,737	(1,118)		240,619	TOTAL CURRENT ASSETS
TOTAL ASSETS	272,937	8,847	281,784	186		281,970	TOTAL ASSETS

Description	Italian GAAP	Reclassification	Amounts reclassified	Adjustments	Note	IAS/IFRS	
LIABILITIES AND SHAREHOLDERS' EQUITY							LIABILITIES AND SHAREHOLDERS' EQUITY
SHAREHOLDERS' EQUITY							SHAREHOLDERS' EQUITY
Share capital	6,131		6,131			6,131	Share capital
				(1,141)	E	(1,141)	Treasury shares
Share premium reserve	36,037		36,037	1,007	E	37,044	Share premium reserve
Reserve for treasury shares	1,007		1,007	(1,007)	E	-	
Legal reserve	1,106		1,106			1,106	Legal reserve
Extraordinary reserve							Extraordinary reserve
Other reserves	4,261		4,261	(591)	H+I+E	3,670	Other reserves
Retain earnings (accumulated deficit)	(292)		(292)			(292)	Retain earnings (accumulated deficit)
Net consolidated income (loss) for the period	9,459		9,459	1,249		10,708	Net consolidated income (loss) for the period
TOTAL SHAREHOLDERS' EQUITY OF CDC GROUP	57,708	0	57,708	(483)		57,224	TOTAL SHAREHOLDERS' EQUITY OF CDC GROUP
Patrimonio netto di terzi	99		99			99	Minority interests
SHAREHOLDERS' EQUITY	57,806	0	57,806	(483)		57,323	SHAREHOLDERS' EQUITY
NON-CURRENT LIABILITIES							NON-CURRENT LIABILITIES
Tax allowances	13		13	657	G	670	Deferred tax liabilities
Other allowances	275		275			275	Allowances for risks and charges
Provisions for employee severance indemnities	4,122		4,122	(212)	F	3,910	Provisions for employee severance indemnities
Payables due to other lenders falling due beyond 12 months; Bank debt falling due beyond 12 months	13,779		13,779	(72)	D	13,707	Financial payables falling due beyond next 12 months
TOTAL NON-CURRENT LIABILITIES	18,189	0	18,189	373		18,562	TOTAL NON-CURRENT LIABILITIES
CURRENT LIABILITIES							CURRENT LIABILITIES
Trade payables and other payables	170,933		170,933			170,933	Trade payables
Payables due to related companies (parent companies, associated companies)	31		31			31	Accounts payable due from parent companies, subsidiaries not consolidated and associated companies
Payables due to other lenders falling due within 12 months; Bank debt falling due within 12 months	13,316	9,143	22,459			22,459	Financial payables falling due within 12 months
Other payables, Advances, Taxes payable, Amounts due to social security agencies, Accrued expenses and deferred income	12,662	(296)	12,366	296	D	12,662	Other accounts payable
TOTAL CURRENT LIABILITIES	196,942	8,847	205,789	296		206,085	TOTAL CURRENT LIABILITIES
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	272,937	8,847	281,784	186		281,970	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

NOTES TO MAIN RECONCILIATION ELEMENTS BETWEEN IFRS AND ITALIAN GAAP

The following paragraph describes main accounting differences and effects on CDC Consolidated Financial Statement between Italian accounting principles and IFRS. Items are represented including taxes effects, separately reported in the paragraph "Accounting of Deferred Taxes".

A) Capitalized costs' write off

In according to Italian GAAP, the Group capitalized costs which should be expensed in according to IFRS. In particular, were ratified start up cost and expansion cost. Relate effect is reported below:

	1st January 2004	Economic Effect 2004	31st December 2004
Start up and Expansion cost's write off	(995)	664	(332)

B) Intangible Assets with undefined useful life (trademarks) and losses of value

Trademarks in according to Italian accounting principles were capitalized as intangible fixed assets and amortized in 10 years. With the transition to IFRS, trademarks are considered as intangible fixed assets with undefined useful life therefore no more systematically amortized in the Income Statement; but yearly subjected to impairment test to verify any possible loss of value.

So with IFRS, value of intangible fixed assets grew of 1,235 thousand, including fiscal effect, respect to the vale at the 31st December 2004.

If a loss of value would be supposed, fixed assets are subjected to impairment test.

The test consists in the estimate of the recoverable value and then comparing this to the net book value.

If the recoverable value is lower then the book value, the difference is the loss of value of the fixed asset.

This depreciation is reordered in the income statement.

At the date of transition the value of intangible assets referring to trademarks was verified. These tests highlighted loss of value of trademarks for Euro 42 thousand, this amount consequently was also debited in the shareholder equity.

	1st January 2004	Economic Effect 2004	31st December 2004
Losses of Value on Trademarks	(42)	7	(35)
Trademarks with undefined useful life	0	1,235	1,235
Total	(42)	1,242	1,200

C) Land's value write off

Land, at first acquired with the building, were accounted together and amortized with these at the same rate. However land, that are fixed assets with undefined useful life, should not be amortized and for that reason wrote off using professional survey and cancelled cumulative amortization related to the land value (Euro 75 thousand at the 1st January 2004). The company used the original contract at the acquiring date to estimate the land value and the related amortization.

	1st January 2004	Economic Effect 2004	31st December 2004
Land's write off	(679)	23	(656)
Land reallocation	754	0	754
Total		23	

D) Valuation of financial assets and liabilities

The valuation of financial liabilities the amortized cost method comported the reclassification of the additional expenses for the middle -long term loan accounted as Prepaid Expenses and a new amortization plan on the basis of the Internal Rate of Return calculated including costs. That has a negative effect of Euro 3 thousand on the Income Expenses.

	1st January 2004		31st December 2004
Other receivables for <i>Amortized Cost</i> Pool Financing	(204)		(112)

Financial payables for <i>Amortized Cost</i> Pool Financing	173		72
Accrued Expense's Write off for <i>Amortized Cost</i>	31		37
Shareholder's Equity	0		(3)

Italian accounting principles represent derivatives as items out of the balance sheet, while in according to IAS 39 these must be included in the balance sheet and valued at the fair value.

	1st January 2004	Economic Effect 2004	31st December 2004
Current Financial Assets	35	-35	-
Other receivables	535	-203	332

E) Treasury Shares

In according to the italian accounting principle treasury shares are accounted between assets with a corrispondet reserve in the shareholders equity, while with IFRS treasury shares must be accounted in a proper reerve in the shareholders equity and variation of their value is relevated as shareholders equity movements.

	1st January 2004	Economic Effect 2004	31st December 2004
Re-establishment of the Share Premium Reserve	1,138		1,138
Accounting of Treasury Shares	(1,489)	348	(1,141)
Retain earnings (accumulated deficit)	350	(155)	195
P&L Effect		(60)	

F) Benefits for employee

With the adoption of the IFRS, the Provisions for employees severance indemnities is considered an obligation with defined benefits accountable in according to IFRS 19, using credit unitary projection method. Interests expenses for obligation with defined benefits due to employee are included in financial expenses and this increased of Euro 73 thousand for the first six months period of the 2004 and of Euro 147 thousand for all the 2004 accounting year.

	1st January 2004	Economic Effect 2004	31st December 2004
Provisions for Employee Severance Indemnities	-88		-212
Payroll Cost		-270	
Actuarial Expenses		147	
Total	-88	-124	-212

G) Deferred taxes

This item represents the net fiscal effect coming from differences existing between IFRS and Italian accounting principles.

	1st January 2004	Economic Effect 2004	31st December 2004
Deferred Taxes Assets	563	(225)	338
Deferred Taxes Liabilities	(69)	(588)	(657)
Total		(913)	

H) Stock Options

The Group recognizes additional benefits to some members of the top management through stock option plans. In accordance with IFRS no.2, the current value of stock options must be considered as a cost and registered in the Income Statement. Variations of that value have no effect on the first valuation. Options current value, considered as cost for remunerations, is included in payroll costs equally divided for all the period between the assignment and the maturity of the right, with direct offset to shareholders equity.

	1st January 2004	Economic Effect 2004	31st December 2004
Stock Options Reserve	60	94	154

I) Other reserves

For the impact other reserves see the reconciliation of the shareholders equity.

L) Sales Networks' and Internet Portals' acquisitions.

At the IAS/IFRS transition date the company applied retrospectively the IFRS no.3 referring to the acquisition of the business combination Computer discount S.r.l. one shareholder company. The item Consolidation differences was renamed Acquisition of Sale's network and Internet Portal. Assets were considered, as from the survey, to have a defined useful life and amortized in a period from 5 to 10 years. This choice didn't cause relevant effect respect to Italian accounting principles.

NOTES TO MAIN RECLASSIFICATIONS BETWEEN IFRS AND ITALIAN GAAP

Intangible fixed assets

With the new Balance sheet model some items have been reclassified; in particular Trademarks were included in the item Other Intangible Fixed Assets for Euro 511 thousand at the 1st January 2004 and for Euro 51 thousand at the 31st December 2004.

It was reclassified from the item Intangible assets under construction and advances to the item Equity investment in other companies the amount of Euro 425 thousand at the 1st January 2004 related to the option right for acquiring Direct S.r.l. firm branch.

Moreover were also reclassified expenses for leasehold improvement from the item Other Intangible Fixed Assets to the category Building for Euro 774 thousand and Euro 642 thousand respectively at the 1st January 2004 and at the 31st December 2004.

At last were reclassified also other capitalized costs and expenses from the item Start up and Expansion cost to the item Other Intangible Fixed Asset for Euro 10 thousand at the 1st January 2004 and Euro 12 thousand at the 31st December 2004.

Tangible fixed assets

International accounting principles apply a different treatment for tangible assets used for productive or administrative purposes (IAS 16) from real estate investments (IAS 40).

In the last category are included some buildings, held by the Group, which produce cash flows independently from other tangibles assets held by the company and for whom is used the cost valuation method. For these reasons the building hold by Polinet S.r.l. was reclassified for Euro 2,882 thousand both at the 1st January 2004 and at the 31st December 2004.

In the item Building were reclassified expenses for leasehold improvements for Euro 774 thousand at the 1st January 2004 and for Euro 642 thousand at the 31st December 2004. In the same item were reclassified capitalized costs and expenses previously classified in the item Start up and Expansion cost for Euro 150 thousand at the 1st January 2004 and Euro 88 thousand at the 31st December 2004.

Deferred Taxes Assets

In this item were reclassified deferred taxes assets previously classified as Current Assets. At the 1st January 2004 the reclassification amounts to Euro 486 thousand while at the 31st December 2004 amounts to Euro 1,932 thousand.

Trade receivables

In according to IAS 39, was re-established credit transferred to factoring company not yet expired at the statement date and for whom it was received an advance from same factoring company. At the 1st January 2004 the reclassification brought the registration of Trade receivables for Euro 22,734 thousand and Financial payables with falling due within 12 months for the same amount.

Other Paybles

Accrued expenses were reclassified on forward hedging for Euro 730 thousand at the 1st January 2004 and for Euro 296 thousand at the 31st December 2004.

Revenues

In the item revenues were reclassified internet direct costs aiming to show net revenues from reverse charges; this reclassification at the 31st December 2004 amounts to Euro 4,017 thousand.

In the revenues were also reclassified, at the same date, costs for recognizing advertising contributions to customers of the Mass merchandising channel and Consumer Electronics for Euro 1,715 thousand.

Other revenues

From the item other revenues were reclassified in the item Service cost, revenues coming from contributions recognized from suppliers for advertising activities. This reclassification amounts to Euro 15,668 thousand at the 31st December 2004 was applied aiming to show marketing cost, now classified in the service cost, after deducting mentioned revenues.

Purchases Cost

In that item were reclassified transfer cost and other additional expenses on purchases, previously classified in the item service cost. At the 31st December 2004 transfer cost reclassified amounts to Euro 4,275 thousand and other additional expenses on purchases reclassified amounts to Euro 1,640 thousand.

Service Cost

In the item service cost, in addition to reclassifications already mentioned, were reclassified also cost for factoring fees and other expenses and bank fees previously classified as Financial expenses. That reclassification at the 31st December 2004 amounts to Euro 2,747 thousand.

Extraordinary Income and Expense

In according to IAS/IFRS extraordinary elements can't be separately highlighted in the Income Statement, but should be classified as ordinary elements.

At the 31st December 2004 the items of the extraordinary income and expense section of the balance sheet drawn following Italian accounting principles were reclassified by nature. Greater amounts are referred to the reclassification of revenues for Euro 1,223 thousand mainly related to insurance reimbursements and recharges of professionals expenses; for Euro 588 thousand mainly related to allowances for invoices never received from a supplier.

In the item purchases cost were reclassified Euro 566 thousand for costs related to thefts, to excess in estimation of the suppliers premium and for underestimating credit note to issue.

RECONCILIATION OF CONSOLIDATED SHAREHOLDERS' EQUITY AT JANUARY 1, 2004

Shareholders' Equity of CDC Group according to Italian GAAP	54,227,105
1) Brands (impairment losses of brands)	-26,509
2) Other intangible assets (derecognition of start-up and expansion costs)	-624,535
3) Lands (derecognition of depreciation)	47,327
4) Financial current assets (derecognition of treasury shares)	-1,138,789
5) Actualization of provisions for employee severance indemnities	59,140
6) Financial payables (effective interest method)	-141
7) Derivative financial assets measured at fair value	-334,651
TOTAL ADJUSTMENTS IAS/IFRS	-2,018,158
Shareholders' Equity of CDC Group according to IAS/IFRS	52,208,947

RECONCILIATION OF CONSOLIDATED NET INCOME AT DECEMBER 31, 2004

Consolidated Net Income according to Italian GAAP	9,459,094
1) Brands (impairment losses of brands)	4,418
2) Brands (derecognition of amortization of brand without a defined useful life)	774,880
3) Derecognition of amortization of start-up and expansion costs adjusted at 1/1/2004	416,356
4) Lands (derecognition of depreciation)	14,199
5) Financial current assets (derecognition of financial effects on treasury shares)	-59,644
6) Actualization of provisions for employee severance indemnities	82,808
7) Financial payables (effective interest method)	-2,230
8) Derivative financial assets measured at fair value	112,274
9) Stock Options	-94,140
TOTAL ADJUSTMENTS IAS/IFRS	1,248,921
Consolidated Net Income according to IAS/IFRS	10,708,015

RECONCILIATION OF CONSOLIDATED SHAREHOLDERS' EQUITY AT DECEMBER 31, 2004

Shareholders' Equity of CDC Group according to Italian GAAP	57,707,580
1) Brands (impairment losses of brands)	-22,091
2) Derecognition of amortization of brand without a defined useful life	774,880
3) Other intangible assets (derecognition of start-up and expansion costs)	-208,179
4) Lands (derecognition of depreciation)	61,526
5) Financial current assets (derecognition of treasury shares)	-1,006,649
6) Actualization of provisions for employee severance indemnities	141,948
7) Financial payables (effective interest method)	-2,371
8) Derivative financial assets measured at fair value	-222,377
TOTAL ADJUSTMENTS IAS/IFRS	-483,313
Shareholders' Equity of CDC Group according to IAS/IFRS	57,224,267

AUDIT ON RECONCILIATIONS REQUESTED BY IFRS 1

The reconciliations to IAS/IFRS of the opening balance sheet at January 1, 2004, the balance sheet at December 31, 2004 and the income statements at December 31, 2004, inclusive of the relative notes, are completely audited.

The accounting auditor Deloitte & Touche S.p.A. completed the audit and the specific relation will be separately produced

SUPPLEMENT II

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AT JUNE 30, 2004

In order to supply a more exhaustive information to the transition to IFRS, are also showed the reconciliation tables, unaudited, of balance sheet at June 30, 2004 and of income statement of first half 2004.

THE EFFECTS OF TRANSITION TO IFRS ON CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2004

Description	Italian GAAP	Reclassification	Amounts reclassified	Adjustments	IAS/IFRS	
	06/30/2004				06/30/2004	
ASSETS						ASSETS
FIXED ASSETS						NON-CURRENT ASSETS
1 Start-up and expansion costs	785	(122)	664	(664)		
4 Concessions, licenses, trademarks and similar	7,173	(63)	7,109	579	7,688	Brands
5 Goodwill, 8 Differences of consolidation	7,297		7,297		7,297	Acquisition of sale chains and internet portal
7 Others intangible fixed assets, 2 Research and development costs, 3 Industrial patents and intellectual property rights, 6 Intangible fixed assets under construction and advances	2,036	(1,068)	968		968	Others intangible assets
Total intangible fixed assets	17,290	(1,253)	16,038	(85)	15,953	Total intangible fixed assets
1 Land and buildings	9,337	(2,003)	7,333	(668)	6,666	Buildings
2 Plant and machinery, 3 Industrial and commercial equipment, 4 Other assets	10,843		10,843		10,843	Other tangible fixed assets
				754	754	Lands
		2,836	2,836		2,836	Real estate investments
Total tangible fixed assets	20,180	833	21,012	87	21,099	Total tangible fixed assets
1.a Equity investments in subsidiaries	26		26		26	Equity investments in subsidiaries
1.b Equity investments in associated companies	20		20		20	Equity investments in associated companies accounted for by the equity method
2.d Financial receivables due from other companies, 1.b Equity investments in associated companies	734	420	1,154		1,154	Others financial assets and equity investments in other companies
Total non-current financial assets	780	420	1,200	0	1,200	Total financial fixed assets
		486	486	1,121	1,607	Deferred tax assets
TOTAL FIXED ASSETS	38,250	486	38,737	1,123	39,859	TOTAL NON- CURRENT ASSETS
CURRENT ASSETS						CURRENT ASSETS
Inventories	61,423		61,423		61,423	Inventories
Accounts receivable	86,592	3,733	90,325		90,325	Trade receivables
Accounts receivable due from parent companies, subsidiaries, associated companies	688		688		688	Accounts receivable due from parent companies, subsidiaries not consolidated and associated companies
Advanced taxes	486	(486)				
Other accounts receivable due within one year, Taxes receivables, Accrued income and prepaid expenses	13,907		13,907	(703)	13,204	Other accounts receivable
Treasury shares	1,091		1,091	(1,091)		
Short-term financial receivables	3		3		3	Current financial assets
Cash and cash equivalents	5,671		5,671		5,671	Cash and cash equivalents
TOTAL CURRENT ASSETS	169,862	3,247	173,109	(1,794)	171,315	TOTAL CURRENT ASSETS
TOTAL ASSETS	208,113	3,733	211,846	(672)	211,174	TOTAL ASSETS

Description	Italian GAAP	Reclassification	Amounts reclassified	Adjustments	IAS/IFRS	
LIABILITIES AND SHAREHOLDERS' EQUITY						LIABILITIES AND SHAREHOLDERS' EQUITY
SHAREHOLDERS' EQUITY						SHAREHOLDERS' EQUITY
Share capital	6,131		6,131		6,131	Share capital
				(1,489)	(1,489)	Treasury shares
Share premium reserve	35,951		35,951	1,091	37,042	Share premium reserve
Reserve for treasury shares	1,091		1,091	(1,091)	-	
Legal reserve	1,106		1,106		1,106	Legal reserve
Extraordinary reserve						Extraordinary reserve
Other reserves	4,261		4,261	(474)	3,787	Other reserves
Retain earnings (accumulated deficit)	(262)		(262)		(262)	Retain earnings (accumulated deficit)
Net consolidated income (loss) for the period	7,031		7,031	(1,494)	5,537	Net consolidated income (loss) for the period
TOTAL SHAREHOLDERS' EQUITY OF CDC GROUP	55,309	0	55,309	(3,457)	51,852	TOTAL SHAREHOLDERS' EQUITY OF CDC GROUP
Patrimonio netto di terzi	60		60		60	Minority interests
SHAREHOLDERS' EQUITY	55,369	0	55,369	(3,457)	51,912	SHAREHOLDERS' EQUITY
NON-CURRENT LIABILITIES						NON-CURRENT LIABILITIES
Tax allowances	100		100	324	424	Deferred tax liabilities
Other allowances	306		306		306	Allowances for risks and charges
Provisions for employee severance indemnities	3,762		3,762	(138)	3,623	Provisions for employee severance indemnities
Payables due to other lenders falling due beyond 12 months; Bank debt falling due beyond 12 months	26,819		26,819	(122)	26,697	Financial payables falling due beyond next 12 months
TOTAL NON-CURRENT LIABILITIES	30,986	0	30,986	64	31,050	TOTAL NON-CURRENT LIABILITIES
CURRENT LIABILITIES						CURRENT LIABILITIES
Trade payables and other payables	100,100		100,100		100,100	Trade payables
Payables due to related companies (parent companies, associated companies)	23		23		23	Accounts payable due from parent companies, subsidiaries not consolidated and associated companies
Payables due to other lenders falling due within 12 months; Bank debt falling due within 12 months	9,002	3,784	12,786		12,786	Financial payables falling due within 12 months
Other payables, Advances, Taxes payable, Amounts due to social security agencies, Accrued expenses and deferred income	12,632	(51)	12,581	2,721	15,302	Other accounts payable
TOTAL CURRENT LIABILITIES						TOTAL CURRENT LIABILITIES
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	121,757	3,733	125,490	2,721	128,211	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY
LIABILITIES AND SHAREHOLDERS' EQUITY	208,113	3,733	211,846	(672)	211,174	LIABILITIES AND SHAREHOLDERS' EQUITY

THE EFFECTS OF TRANSITION TO IFRS ON CONSOLIDATED INCOME STATEMENT AS OF JUNE 30, 2004

. Description	Italian GAAP	Reclassification	Amounts reclassified	Adjustments	IAS/IFRS	
	06/30/2004				06/30/2004	
1. Revenues from sales and services	276,484	(2,002)	274,482		274,482	Revenues
5. a Other revenues and income	7,302	(6,872)	429		429	Other income
					274,911	TOTAL REVENUES AND OPERATING INCOME
6. Raw, ancillary and consumable materials and goods for resale; 2. Changes in inventories of products work-in-process	(238,092)	(3,436)	(241,527)		(241,527)	Purchase costs
7. Service costs, 8. Lease expenses	(22,360)	12,175	(10,185)		(10,185)	Service costs
9. Payroll costs	(10,102)	(23)	(10,125)	69	(10,056)	Payroll costs
14. Sundry operating costs	(374)	(61)	(434)		(434)	Other operating expenses
10. a Amortization of intangible fixed assets	(2,502)	196	(2,306)	953	(1,354)	Amortization of intangible assets
10. b Depreciation of tangible fixed assets	(1,952)	(196)	(2,147)	11	(2,136)	Depreciation of tangible assets
10. d Provisions for doubtful accounts; 10.c Write-downs of intangible and tangible fixed assets; 12 Various provisions	(53)		(53)		(53)	Impairment losses/reversals on non-current assets
20.a Gains on disposals 21.a Losses on disposals	46		46		46	Gains/losses on disposals of non-current assets
					9,213	OPERATING INCOME (EBIT)
19.a Write-downs of Equity investments						Share of earnings of equity investments in associated companies accounted for by the equity method
16.a 4 Other interest expenses; 16.a 1 Other interest expenses from subsidiaries; 16.d 4 Interest and commissions from others. 18.c Revaluations of marketable securities; 17 bis Net foreign currency translation Income	857		857	61	918	Financial income
17.d Interest expense and other financial charges; 17 bis Net foreign currency translation expenses	(3,342)	1,298	(2,045)	87	(1,957)	Financial expenses
20.b Other extraordinary income; 21 c Other extraordinary expenses	1,109	(1,109)				
PRE-TAX INCOME	7,022	(31)	6,991	1,182	8,173	INCOME FROM CONTINUING OPERATIONS BEFORE TAXES
22.a Income taxes		31	31	(2,675)	(2,644)	Income taxes for the period
NET INCOME (LOSS) FOR THE PERIOD BEFORE MINORITY INTEREST	7,022	(0)	7,022	(1,493)	5,529	NET INCOME FROM CONTINUING OPERATIONS
23. Minority interest in net (income) loss	8		8		8	Net income (loss) from discontinued operations/assets held for sale
GROUP NET INCOME (LOSS)	7,031	(0)	7,031	(1,493)	5,537	NET INCOME

Relating to the explicative note on reconciliation tables of Group's accounting statements at June 30, 2004, see the similar relative note included in Supplement I for the January 1, 2004 and the December 31, 2004.

RECONCILIATION OF CONSOLIDATED NET INCOME AT JUNE 30, 2004

Consolidated Net Income according to Italian GAAP		7,030,588
1)	Brands (impairment losses of brands)	2,209
2)	Derecognition of amortization of brand without a defined useful life	387,440
3)	Derecognition of amortization of intangible fixed assets (derecognition of start-up and expansion costs)	208,178
4)	Lands (derecognition of depreciation)	7,099
5)	Financial current assets (derecognition of financial effects on treasury shares)	47,497
6)	Actualization of provisions for employee severance indemnities	33,585
7)	Financial payables (effective interest method)	-1,792
8)	Derivative financial assets measured at fair value	118,561
9)	Stock Options	-54,390
10)	Income taxes for the period and deferred taxes at June 30, 2004	-2,241,669
TOTAL ADJUSTMENTS IAS/IFRS		-1,493,282
Consolidated Net Income according to IAS/IFRS		5,537,306

RECONCILIATION OF CONSOLIDATED SHAREHOLDERS' EQUITY AT JUNE 30, 2004

Shareholders' Equity of CDC Group according to Italian GAAP		55,309,073
1)	Brands (impairment losses of brands)	-24,300
2)	Brands (derecognition of amortization of brand without a defined useful life)	387,440
3)	Other intangible assets (derecognition of start-up and expansion costs)	-416,357
4)	Lands (derecognition of depreciation)	54,426
5)	Financial current assets (derecognition of treasury shares)	-1,091,292
6)	Actualization of provisions for employee severance indemnities	92,725
7)	Financial payables (effective interest method)	-1,933
8)	Derivative financial assets measured at fair value	-216,090
9)	Income taxes for the period and deferred taxes at June 30, 2004	-2,241,669
TOTAL ADJUSTMENTS IAS/IFRS		-3,457,050
Shareholders' Equity of CDC Group according to IAS/IFRS		51,852,023