

# **CDC GROUP**



**QUARTERLY REPORT**  
**AS OF 30TH SEPTEMBER 2007**



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**1. CORPORATE BOARDS OF THE PARENT COMPANY  
CDC POINT S.p.A. AS OF 30TH SEPTEMBER 2007**

**BOARD OF DIRECTORS**

<b>Name Surname</b>	<b>Position</b>	<b>Duration of the appointment</b>
Giuseppe Diomelli	President	Approval of 2007 accounts
Paolo Lenzi	Managing Director	Approval of 2007 accounts
Enrico Barachini	Independent Director	Approval of 2007 accounts
Enrico Giordano	Independent Director	Approval of 2007 accounts
Luciano Zottola	Independent Director	Approval of 2007 accounts
Emilio Vitale	Independent Director	Approval of 2007 accounts
Elena Cenderelli	Independent Director	Approval of 2007 accounts

Giuseppe Diomelli is the company's President and Legal Representative, holding executive powers with regard to the coordination of the company's activities and functions, and the carrying out of the company's strategies. He is also Managing Director with regard to the Administration Department and Staff, and is responsible for Finance, Administration and Auditing, Legal and Corporate affairs, Internal Auditing, Strategy planning and Investor Relations.

Paolo Lenzi is Managing Director for the Sales and Operative Departments, and is responsible for Direct and Indirect Sales, Purchasing, Organisation, Corporate Procedures, Human Resources, Technical Assistance, Manufacturing and Logistics and Information Systems.

Enrico Barachini, Enrico Giordano, Emilio Vitale, Luciano Zottola and Elena Cenderelli are Independent Directors. Enrico Barachini has been nominated Lead Independent Director.

Luciano Zottola as President, Elena Cenderelli and Emilio Vitale are members of the Internal Auditing Committee.

Enrico Giordano as President, Enrico Barachini e Emilio Vitale are members of the Remuneration Committee.

**BOARD OF STATUTORY AUDITORS**

<b>Name Surname</b>	<b>Position</b>	<b>Duration of appointment</b>
Carlo Bossi	President	Approval of 2007 accounts
Daniela Carli	Acting Auditor	Approval of 2007 accounts
Alberto Lang	Acting Auditor	Approval of 2007 accounts
Enzo Polidori	Alternate Auditor	Approval of 2007 accounts
Alessia Bastiani	Alternate Auditor	Approval of 2007 accounts

**AUDITORS:**

Deloitte & Touche S.p.A. - duration of appointment: approval of 2008 accounts

**SPECIALIST:**

Banca Caboto S.p.A.



## 2. ACTIVITIES AND STRUCTURE OF THE CDC GROUP

### ACTIVITIES

CDC Point S.p.A., a company listed on the TechStar segment of the Italian Stock Exchange, is one of the leading Italian manufacturers and distributors of Information Technology ("IT").

The retail distribution network - the largest in Italy in terms of sales and brand awareness - serves the consumer and SOHO segments with about 181 outlets operating under the Computer Discount banner .

The CDC Group also covers the distribution market via a network of 31 Cash & Carry shops owned by CDC, and has over 160 dealers affiliated to the Amico chain. The distribution network sells to over 30,000 specialist IT dealers. Each Cash & Carry has an average sales area of about 1,000 square metres and provides a range of products which includes both IT merchandise and related product groups.

Since 2001, the CDC Group has started to expand its business to the Public Sector and Large Corporate markets, and during the 2002-2003 period, was awarded some of the most important competitive tenders organised by Consip, a company under the Department of Economics and Finance (DEF). At the end of June 2006, CDC signed an important agreement with Telecom Italia to provide desktop and notebook PCs, with the CDC brand, to Telecom Italia's customers, together with Telecom Italia's ADSL Alice services. As a result of this agreement, which expires on 15<sup>th</sup> January 2008, in the first 9 months of this year, CDC has generated revenues of more than 8 million Euros, deriving from the sales of personal computers. Added to the sales of personal computers equipped with Alice ADSL, are the revenues from the sales of accessories and other services, via the Computer Discount sales outlet network.

As well as its core business of manufacturing and distributing IT products, the CDC Group also operates in the Internet area via the company Interfree, internet portal and service provider for the Group's Technological Community.

In 2005, the CDC group launched a network of digital technologies-oriented Consumer Electronics superstores, with medium-large sales surfaces. On 31<sup>st</sup> October, 2005 CDC S.p.A. and Unicoop Firenze signed a joint venture agreement to develop this network. Under the terms of the agreement, CDC Superstore S.r.l., would be the company used by the CDC group for the start-up of the Superstore project. On 28<sup>th</sup> December 2005, Unicoop acquired a 52% stake of CDC Superstore S.r.l., and renamed it with its own corporate name Compy Superstore S.r.l., whilst CDC Point S.p.A. maintained a 48% stake. The first two outlets opened in 2005.

On 12<sup>th</sup> February 2007, CDC S.p.A. and Unicoop Firenze terminated the aforementioned partnership agreement drawn up in October 2005 to develop a joint venture to manage the Compy Superstore project, by mutual consent.

At the same time, Unicoop Firenze, a cooperative company, and CDC S.p.A., signed a definitive Contract with Butali S.p.A. in order to transfer their respective equity stakes (52% Unicoop, 48% CDC) held in Compy Superstore S.r.l.

The transaction, completed by act on 12<sup>th</sup> February 2007, followed a preliminary agreement to sell the equity stakes which was signed and announced to the financial market on 17<sup>th</sup> January 2007. The compensation for the transfer, as announced under the preliminary agreement, was equal to the book value of Compy Superstore S.r.l. shareholders' equity as of 31<sup>st</sup> December 2006, which was 0.26 million Euros in negative compared to a preliminary valuation, of 0.18 million Euros in negative, as of 17<sup>th</sup> January 2007, an increase thanks to the capital recoveries totalling 5.26 million Euros made pro-quota by CDC and Unicoop Firenze, between 31<sup>st</sup> December 2006 and the date of the final transfer.

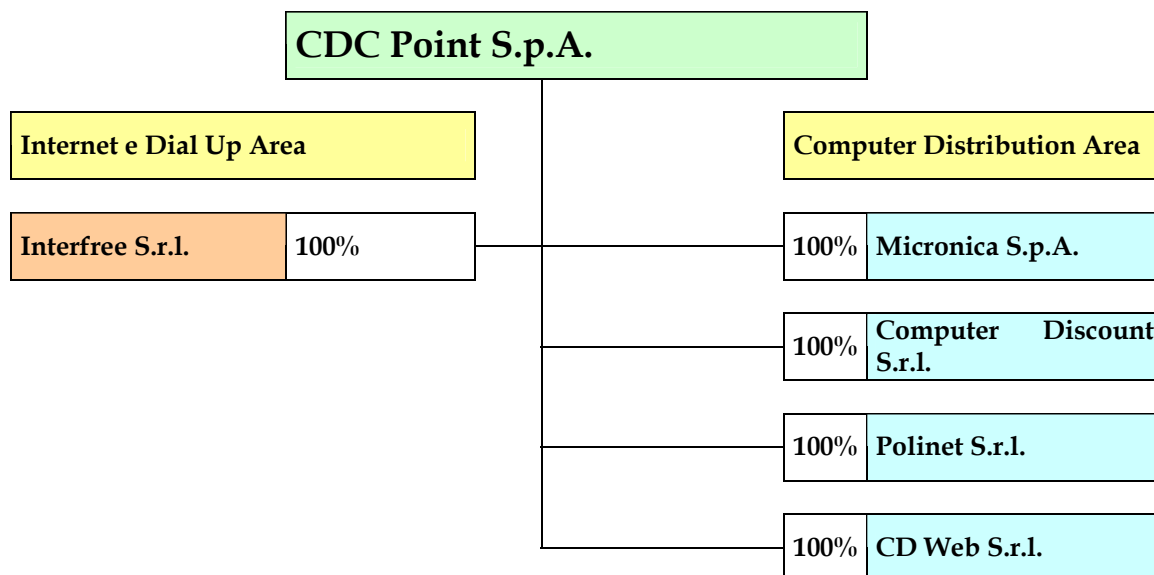
CDC therefore received the amount of 1.44 million Euros in addition to the amount of 0.96 million Euros already received on 17<sup>th</sup> January 2007 as a deposit payment.

CDC's decision to sell its own equity stake held in Compy Superstore is in line with the new 2007-2009 Business Plan, which sets out CDC's refocusing on its own core business of IT distribution via the 31 Cash&Carry own property chain and via the outlets in franchise, operating under the Computer Discount trademark.

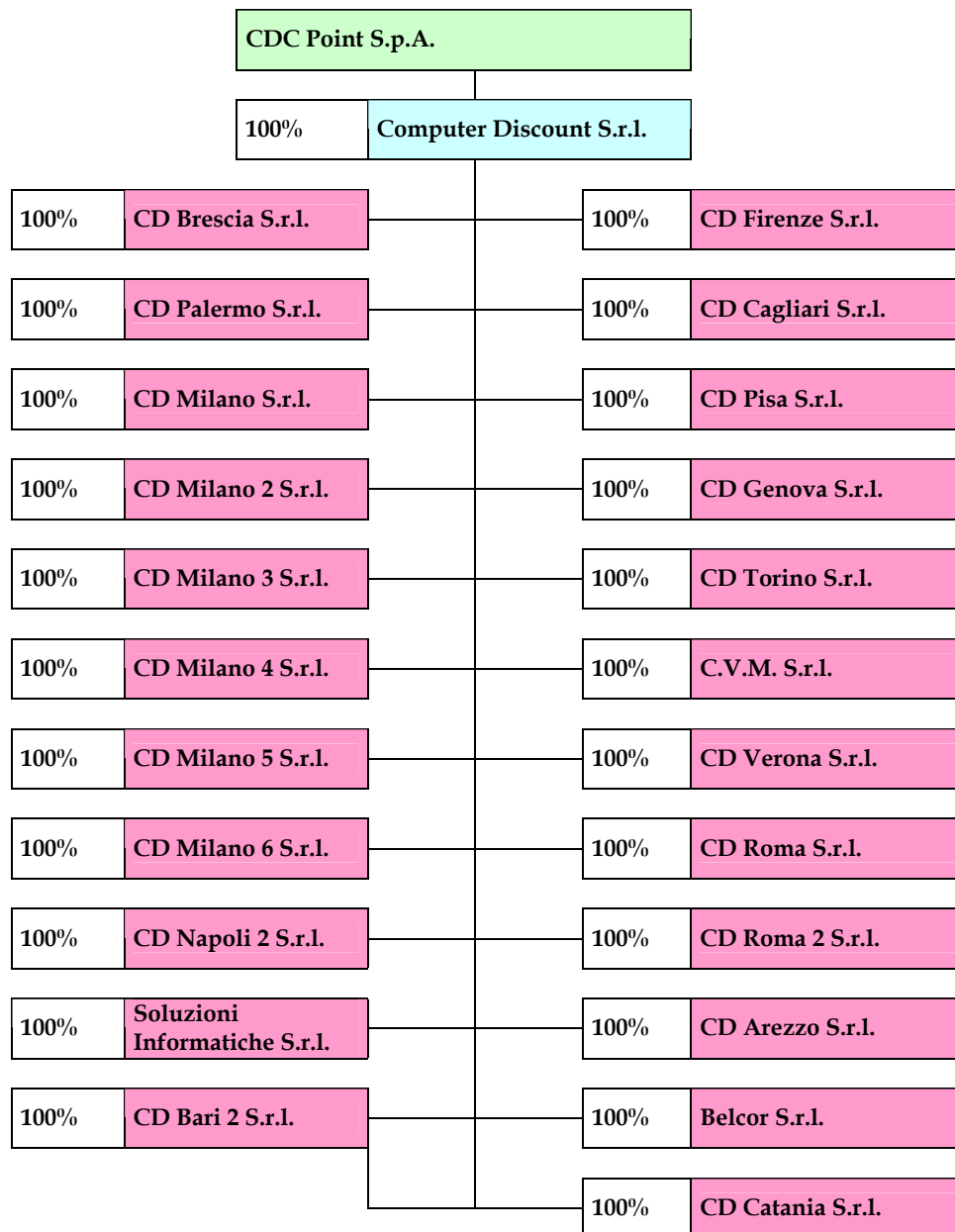
## GROUP STRUCTURE

The following is the present structure of the CDC Group:

### CDC Group - Subsidiaries



**CDC Group - Details of Computer Discount S.r.l. subsidiaries**



**CDC Point S.p.A.**

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

Member of the Chamber of Commerce of Pisa, n° 01250630504

Parent Company and operative holding company

Business Activity: trade of computer products.



**Miconica S.p.A. a single-shareholder company**

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

Member of the Chamber of Commerce of Pisa, n° 01144430509

Fully owned.

Business activity: Manufacture of personal computers and the management of the Group's logistical platform

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

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

Member of the Chamber of Commerce of Pisa n°. 01515060505

Fully owned.

Business activity: e-commerce

**Polinet S.r.l. one shareholder company**

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

Member of the Chamber of Commerce of Pisa n°. 01515070504

Fully owned.

Business activity: Estate Agents

**Interfree S.r.l. one shareholder company**

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

Member of the Chamber of Commerce of Pisa n°. 01499020509

Fully owned.

Business activity: Internet Service Provider

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

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

Member of the Chamber of Commerce of Pisa n°. 01125180503

Fully owned.

Business activity: holding company. The company holds shareholdings in IT retail outlets, affiliated to the Computer Discount network

**Computer Discount S.r.l.**, a one shareholder company owns the following companies

**CD FIRENZE S.r.l. one shareholder company** Registered Headquarters in Firenze Viale Matteotti 9/r, Member of the Chamber of Commerce of Firenze n° 03950910483, Fiscal Code and VAT n° 03950910483, Share capital € 26.000,00 100% owned by Computer Discount S.r.l one shareholder company.

**CD MILANO S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI), Via Calabria 1 Loc. Gello, Member of the Chamber of Commerce of Pisa n° 09194930153 Fiscal Code and VAT number 09194930153, Share capital € 20.400,00 00 100% owned by Computer Discount S.r.l one shareholder company.

**CD PISA S.r.l. one shareholder company** Registered Headquarters in Pisa Viale Gramsci 13/a, Member of the Chamber of Commerce of Pisa n° 01096500507 Fiscal Code and VAT number 01096500507, Share capital € 10.400,00 00 100% owned by Computer Discount S.r.l one shareholder company.

**CD GENOVA S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Calabria 1 Loc. Gello, Member of the Chamber of Commerce of Pisa n° 03097430106, Fiscal Code and



VAT number 03097430106, Share capital € 41.600,00 00 100% owned by Computer Discount S.r.l one shareholder company.

**CD TORINO S.r.l. one shareholder company** Registered Headquarters in Torino Via Lanzo 15, Member of the Chamber of Commerce of Torino Fiscal Code n° 01145660500 and VAT number 06408470018, Share capital € 20.800,00 00 100% owned by Computer Discount S.r.l one shareholder company.

**C.V.M. S.r.l. one shareholder company** Registered Headquarters in Bologna Via S. Donato 2/d, Member of the Chamber of Commerce of Bologna n° 03997720374, Fiscal Code and VAT number 03997720374, Share capital € 26.000,00 00 100% owned by Computer Discount S.r.l one shareholder company.

**CD VERONA S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Calabria 1 Loc. Gello, Member of the Chamber of Commerce of Pisa Fiscal Code n° 01173640507, VAT number 02309480230, share capital € 15.600,00 00 100% owned by Computer Discount S.r.l one shareholder company.

**CD ROMA S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Calabria 1 Loc. Gello, Member of the Chamber of Commerce of Pisa n° 04265461006, Fiscal Code and VAT number 04265461006, Share capital € 56.100,00 00 100% owned by Computer Discount S.r.l one shareholder company.

**CD BRESCIA S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Calabria 1 Loc. Gello, Member of the Chamber of Commerce of Pisa n° 03191550171, Fiscal Code and VAT number 03191550171 Share capital € 20.800,00 00 100% owned by Computer Discount S.r.l one shareholder company.

**CD PALERMO S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 01351540685, Fiscal Code and VAT number 01351540685, Share capital € 25.882,00 00 100% owned by Computer Discount S.r.l one shareholder company.

**CD MILANO 2 S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Calabria 1 Loc. Gello, Member of the Chamber of Commerce of Pisa n° 11412800150, Fiscal Code and VAT number 11412800150, Share capital € 52.000,00 00 100% owned by Computer Discount S.r.l one shareholder company.

**CD MILANO 3 S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa Fiscal Code n° 11412780154, VAT number 02844360962, Share capital € 51.000,00 00 100% owned by Computer Discount S.r.l one shareholder company.

**CD MILANO 4 S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 11412790153, Fiscal Code and VAT number 11412790153, Share capital € 51.000,00 100% owned by Computer Discount S.r.l. one shareholder company.

**CD MILANO 5 S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 11429220152, Fiscal Code and VAT number 11429220152, Share capital € 51.000,00 100% owned by Computer Discount S.r.l. one shareholder company.

**CD ROMA 2 S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Calabria 1 Loc Gello, Member of the Chamber of Commerce of Pisa n° 04931601001, Fiscal Code and VAT number 04931601001, Share capital € 51.000,00 100% owned by Computer Discount S.r.l. one shareholder company.

**CD NAPOLI 2 S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Calabria 1 Loc Gello, Member of the Chamber of Commerce of Pisa n° 06939510639, Fiscal Code and VAT number 06939510639, Share capital € 52.000,00 100% owned by Computer Discount S.r.l. one shareholder company.

**CD CAGLIARI S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Calabria 1 Loc Gello, Member of the Chamber of Commerce of Pisa n° 02265710927, Fiscal Code and VAT number 02265710927, Share capital € 51.645,00 100% owned by Computer Discount S.r.l. one shareholder company.

**SOLUZIONI INFORMATICHE S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Calabria 1 Member of the Chamber of Commerce of Pisa n° 11644770155 Fiscal Code and VAT number 11644770155, Share capital € 52.000,00 100% owned by Computer Discount S.r.l. one shareholder company.

**CD MILANO 6 S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Calabria 1 Loc. Gello, Member of the Chamber of Commerce of Pisa n° 02696400965, Fiscal Code and VAT number 02696400965, Share capital € 26.000,00 100% owned by Computer Discount S.r.l. one shareholder company.

**CD AREZZO S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 01386290512, Fiscal Code and VAT number 01386290512, Share capital € 10.200,00 100% owned by Computer Discount S.r.l. one shareholder company.

**CD BARI 2 S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 01570990505, Fiscal Code and VAT number 01570990505, Share capital € 50.000,00 100% owned by Computer Discount S.r.l. one shareholder company.

**BELCOR S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Mazzini 74, Member of the Chamber of Commerce of Pisa n° 13152200153, Fiscal Code and VAT number 13152200153, Share capital € 10.200,00 100% owned by Computer Discount S.r.l. one shareholder company.

**CD CATANIA S.r.l. one shareholder company** Registered Headquarters in Pontedera (PI) Via Calabria 1, Member of the Chamber of Commerce of Pisa n° 04079520872, Fiscal Code and VAT number 04079520872, Share capital € 100.000,00 100% owned by Computer Discount S.r.l. one shareholder company..



### 3. USEFUL INFORMATION

**CDC Point S.p.A.**

CDC Point S.p.A.

Via Tosco Romagnola 61

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Member of the Chamber of Commerce of Pisa n° 01250630504

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Telefax +39 0587 288514

**Investor relations**

investorrelations@cdc.it

**Internet addresses**

<http://www.cdc.it>

<http://www.interfree.it>





#### 4. CONSOLIDATION AREAS; ACCOUNTING PRINCIPLES AND POLICIES; CONSOLIDATION METHODS

##### CONSOLIDATION AREAS

All the Group's companies owned by CDC Point S.p.A. have been consolidated under the global integration method.

The following companies have been included in the consolidation range:

**Cdc Point S.p.A.**, parent company

**Micronica S.p.A.**, fully owned 100%

**Cd Web S.r.l.**, fully owned 100%

**Polinet S.r.l.**, fully owned 100%

**Interfree S.r.l.**, fully owned 100%.

**Computer Discount S.r.l.** fully owned 100%.The company holds shareholdings in IT retail outlets, affiliated to the Computer Discount network.

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

##### VARIATION OF THE CONSOLIDATION BASIS

With respect to 30th September 2007 the consolidation basis is unchanged.

##### CHANGE TO THE INTERNATIONAL ACCOUNTING STANDARDS (IFRS)

The Consolidated Quarterly Report as of 30th September 2007 has been drawn up both in form and content, according to the International Accounting Standard no. 34 "Intermediate Financial Statement" (IAS 34). With reference to the registering and valuation principles, the Quarterly Report was drawn up according to IAS/IFRS standards issued by the IASB and approved by the EU, as required by article 81 of the "Provisions on Issuers" no. 11971, issued by the Consob on May 14, 1999 and later changes and integrations. In order that comparisons may be drawn, the figures for previous quarters were also drawn up according to the IAS/IFRS standards.

##### ACCOUNTING PRINCIPLES

General principles

The Consolidated Quarterly Report for the period 1st January - 30th September 2007 has been drawn up according to the International Financial Reporting Standards (IFRS) that the CDC Group adopted for the first time for the preparation of the consolidated report at 30th September 2005.

The aforementioned financial report was prepared mainly on the basis of the historical cost principle, apart from some financial instruments for which fair trade was used. The main accounting principles used are the following:

## CONSOLIDATION CRITERIA

### Main principles

The Consolidated Quarterly Report includes all the financial statements of the parent company and its subsidiaries up to 30th September 2007. A company has control over another when it has the power to determine the financial and operating policies of said controlled company in such a way as to obtain benefits from its activities.

The economic results of the subsidiaries acquired or transferred during this period are included in the consolidated income statement from the effective acquisition date up to the effective transfer date. Any necessary adjustments have been made to the subsidiaries' financial statements to align the accounting criteria used with those adopted by the Group.

Any significant transactions between the Group's companies and the related balances have been eliminated in the consolidation.

The minority shareholders' portion of ownership of the net assets of the consolidated subsidiaries is identified separately from the Group's equity. This portion is determined according to the percentage held in the fair value of the assets and liabilities recorded as of the date of original acquisition and in the changes in shareholders' equity after that date.

Subsequently, the losses pertaining to minority shareholders exceeding their equity are attributed to the Group's equity, except for the cases in which minorities have a binding obligation and are able to make additional investments to cover the losses.

### Company takeovers

The acquisition of subsidiaries is registered according to the acquisition method. The cost of the acquisition is determined by: the summation of the current values as of the date of exchange, of the assets yielded, of the liabilities incurred or assumed, and of the financial instruments issued by the group in exchange for control of the acquired company, as well as the costs directly attributable to the takeover.

The assets, the liabilities and the identifiable liabilities of the acquired company that meet the conditions for registering in accordance with IFRS 3 are recorded at their current values as of the acquisition date, with the exception of non current assets (or groups for disinvestment) that are classified as held for sale in accordance with IFRS 5, and these are recorded at current values minus selling costs.

The goodwill deriving from the acquisitions is recorded as an asset and initially valued at cost, and this is represented by the excess amount of the acquisition cost with respect to the Group's share in the current values of assets, liabilities and identifiable potential liabilities recorded. If, after re-determining these values, the Group's share in the current values of the assets, liabilities and identifiable potential liabilities exceeds the acquisition cost, the excess amount is immediately recorded in the Income Statement.

The minority shareholders' interest in the acquired company is initially recorded with a value according to their portion of the current values of the recorded assets, liabilities and potential liabilities. When it first adopted the IFRS standards, the Group decided to apply the IFRS 3 to the companies' acquisitions retrospectively from 31st July 2002 (date of acquisition of shares in the subsidiary Computer Discount S.r.l.), allocating the fair value of the acquired element backed up by an appraisal carried out by an external professional appointed especially for the purpose of specific asset entries.

#### INTANGIBLE FIXED ASSETS

##### Research and development costs

Research and development costs are recorded in the Income Statement of the period they refer to.

Intangible fixed assets, bought or developed, which derive from the Group's new products (mainly software), are recorded among the fixed assets only in the following circumstances:

- the asset is identifiable (e.g., software or new processes);
- there is a probability that this asset will generate future financial benefits;
- the costs for developing the asset can be calculated reliably.

These intangible assets are amortized in a linear manner over the course of their working lives, which are equal to three years.

When an asset developed by the Group, cannot be capitalized, its development costs are allocated in the Income Statements of the year in which they were incurred.

##### Trademarks and Industrial Patents

Trademarks which have a pre-defined duration period and patents are initially recorded at the acquisition cost and they are amortized at constant rates based on their useful life, which is deemed to be 10 years and 5 years respectively.

Trademarks with an unspecified duration are initially recorded at cost and subsequently reduced only for cumulated value losses. Once a year, or more frequently if specific events or changed circumstances indicate the possibility of a loss of value, the value of the trademark is subjected to checks to identify any reductions in value reductions, in accordance with IAS 36 (Impairment of the assets).

##### Other intangible fixed assets

Other intangible fixed assets, bought or developed internally, are recorded among the assets of the Balance Sheet, according to IAS 38 - Intangible Assets, when it is likely that use of the assets will generate future economic benefits and when the cost of the asset can be calculated reliably.

Such assets are valued at acquisition or production cost and amortized at constant rates over their estimated useful life.



#### Acquisition of Sales Network

Included in this category are the amounts paid by the Group to acquire directly managed sales outlets (Computer Discount, Armonia and Test channels) within the business combinations transactions field, and these are recorded under the acquisition method in accordance with the IRFS 3 standards as specified above. These assets are considered as intangible assets with a pre-defined working life and, therefore, they are subject to amortization in a period from 5 to 10 years (depending on the type of point of sale). This is considered a reasonable time span, taking into account the positioning of the individual stores and of the customers acquired. Whenever there is an indication that the asset may have lost value, it is subjected to an impairment test to determine the devaluation, if any.

#### Goodwill

The goodwill deriving from the acquisition of a subsidiary represents the excess of the acquisition cost with respect to the Group's percentage of the fair value of the assets, liabilities and identifiable potential assets of the subsidiary or of the entity with joint control as of the acquisition date. The goodwill is recorded as an asset and reviewed annually to verify that it has not lost value. Value losses are recorded immediately in the income statement and are not subsequently made good.

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

#### TANGIBLE FIXED ASSETS

##### BUILDINGS, PLANTS AND EQUIPMENT AND OTHER ASSETS

Land, buildings, plants, equipment and other assets used for the production or the delivery of goods and services or for administrative purposes, are recorded in the balance sheet at the acquisition or production cost. The cost includes accessory expenses and direct and indirect costs for the portion that can be reasonably allocated to the asset. Fixed assets are depreciated every year at constant rates according to economic - technical percentages shown in the section containing the asset annotations. notes

Land is not depreciated.

Assets held as a result of lease agreements are depreciated according to their estimated useful life for owned assets or, if shorter, based on the terms of validity of the lease agreements.

Ordinary maintenance costs are fully recorded in the income statement. Maintenance costs for improvements are allocated to the assets which they refer to and amortised in relation to the residual possibility of their use.

Profits and losses deriving from the transfer of tangible assets are calculated as the difference between sale revenues and the asset's net accounting and they are registered in the year's Income Statement.



## Property Investments

Investments in property, defined as properties owned for rental and/or for capital appreciation reasons, are recorded at cost, net of depreciation cumulated as of the transition date and any accumulated value losses.

## LEASING

Leasing contracts are classified as financial leasing every time the contract transfers all the property's risks and benefits to the tenant. All other leases are considered operative leasing.

Assets under financial leases are recorded as the Group's assets at their fair value as of the contract date or, if lower, at the current value of the minimum payments due for the lease. The corresponding liability to the landlord is included in the balance sheet as a liability for financial leases. Payments for leasing fees are subdivided between principal and interests in such a way as to reach a constant interest rate on the residual liability. Financial expenses are recorded directly in the year's income statement.

Costs for operative leases are recorded at constant rates according to the validity of the agreement.

## IMPAIRMENT

At least once a year, usually during the preparation of the financial statements, the Group reviews the accounting value of its tangible and intangible assets to determine whether there are any indications that these assets have undergone impairment. If these indications exist, the recoverable amount of the assets is calculated in order to determine the amount of the devaluation, if any. If the recoverable value of an asset cannot be calculated individually, the Group estimates the recoverable value of the financial flow generating unit to which the asset belongs.

Intangible assets which have an undetermined useful life, such as goodwill, are verified annually and whenever there is an indication of a possible loss of value, in order to determine whether write-offs are necessary.

The recoverable amount is the higher value between the fair value net of sale costs and the usage value. In determining the usage value, estimated future cash flows are discounted at their current value using a rate, including taxes, that reflects the current market evaluations of the value of currency and of the asset's specific risks.

If the recoverable amount of an asset (or of a cash flow generating unit) is estimated to be lower than its accounting value, it is reduced to the lesser recoverable value. A value loss is immediately recorded in the income statement, unless the asset comprises different land or buildings from the real estate investments recorded with increased values, in which case the loss is recorded in the respective revaluation fund.

When a write-off no longer has any reason to be maintained, the accounting value of the asset (or of the cash flow generating unit), with the exception of goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not more than the net carrying value the asset would have had if the write-off for impairment had not been made. The restoration of the value is recorded in the income statement immediately, unless the asset is recorded at an increased value, in which case the value restoration is allocated to the revaluation fund.

## EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

An affiliated company is a company in which the Group is able to exert a significant influence, but neither control nor jointly control, by participating in the decisions regarding the affiliated company's financial and operating policies.

The economic results, assets, and liabilities of the associated companies are recorded in the Consolidated Financial Statement using the equity method, except for interests classified as held for sale.

According to this method, equity investments in affiliated companies are recorded in the balance sheet at cost, the accounting value is increased or decreased over time to measure the participating company's portion of the changes carried out after the acquisition date in the affiliated company's equity, including the profits and losses generated by the affiliated company. The affiliated companies' losses which exceed the Group's interest in them (including medium-long term interests that are essentially part of the Group's net investment in the affiliated company) are not recorded, unless the Group has assumed an obligation to cover them. The excess of the acquisition cost with respect to the Group's percentage of the current value of the assets, liabilities and identifiable potential liabilities of the affiliated company as of the acquisition date is recognised as goodwill. Goodwill is included in the carrying value of the investment and it is subjected to impairment tests. The lower value of the acquisition cost relative to the Group's percentage of the fair value of the assets, liabilities and identifiable potential liabilities of the affiliated company as of the acquisition date is credited in the income statement in the year of acquisition.

With reference to the transactions between a company in the Group and an affiliated company, unrealised profits and losses are eliminated to an extent equal to the Group's percentage of interest in the affiliated company, except when unrealised losses are the evidence of a reduction in the value of the transferred asset.

## OTHER FINANCIAL ASSETS (not current)

Equity investments in companies other than the associated companies (in general less than a 20% stake) are valued at cost, and rectified to reflect any loss in value.

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

## INVENTORIES

Inventories are registered as the lesser amount between the purchase or the production cost and the net realizable value. The cost includes direct materials and, when applicable, direct labour, general production costs and other costs incurred to bring the merchandise to its present location and condition. The cost is calculated using the FIFO method (first in first out). The net realisation value represents the average price charged during the last month of the period. Obsolete and slow-turnover stocks are written down in relation to their potential for use or realisation, in accordance with the appropriate company procedure.



#### ACCOUNT RECEIVABLES

Account receivables are recorded at their nominal value and written off to the estimated realizable value via the posting of provisions for doubtful accounts. Such provisions are calculated on the basis of a recoverability evaluation, carried out via analysis of individual accounts and of the overall risk associated with accounts receivable, taking account of any existing guarantees and insurance cover. Account receivables payable after 12 months, which do not accrue interest, or accrue an interest which is lower than the market rate, are registered at their present value using market rates.

#### FACTORING TRANSACTIONS

The Group relinquishes its trade receivables via factoring transactions. Transfers can be without recourse, in which case they entail no recourse risks, determining the write-off of the corresponding amounts of the balance of trade receivables upon payment by the factor.

For the pro-solvendo transfers, since neither the risk of non-payment nor the cash risk is transferred, the related receivables are retained in the balance sheet until collection from the transferred debtor. Advance payments received from the factor are recorded among payables to other lenders.

#### CASH AND CASH EQUIVALENT

The cash and cash equivalent entry includes cash and bank accounts and deposits reimbursable on demand and other short term, highly liquid financial investments, which can be readily converted into cash and are subject to a non significant currency fluctuation risk.

#### SHARES OWNED

Shares owned are registered in a special fund as a reduction of the net assets and liabilities. The value of the shares owned and the revenues deriving from any eventual future sale, are registered as assets and liabilities movements.

#### FUNDS FOR RISKS AND CHARGES

Funds which allow 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. These are registered in the Balance Sheet only when there exists a legal or implicit obligation that could cause a need for economic resources for an estimated amount. If the effect is significant, allowances are calculated as the present value of the expected cash flow discounted by a rate gross of taxes, reflecting the current evaluation of the cost of currency and the risk of the specific liability.

#### EMPLOYEE BENEFITS

##### Fund for employee severance indemnities

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

Law n° 296/06 partially modified the registering of the employee severance indemnities by separating the amount matured by 31st December 2006, which remains a Defined Benefit Plan, and the amount matured as of 1st January 2007, which becomes a Defined Contribution Plan.

The amount of employee severance indemnities matured after 1st January 2007 must be paid (for companies with at least 50 employees, CDC Point SpA and Micronica SpA) into a Welfare treasury fund, or into a Complementary Welfare Fund. Therefore there is no need for a constant updated calculation, as the debt is paid periodically and so there is no obligation on the part of the company with regard to its employees.

The differences deriving from these recalculations are treated according to the rules applied to the so-called "curtailment", refer to paragraphs 109-115 of the IAS 19 standards, that require the direct registration of these calculations into the financial income statement.

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

#### Stock options plans

In accordance with IFRS 2 - Stock-based payments, the total amount of the present value of stock options on the assignment date is fully recorded in the income statement under labour costs with the opposite entry recognised directly to shareholders' equity if the assignees of the instruments representing capital become entitled to this at the time of assignment.

In the case of a "maturity period" during which some conditions could occur for the obtaining of this right, the cost for these benefits, calculated on the basis of the options' current value, is registered under labour costs using a method based on constant shares during the period between the grant date and the maturity date.

Changes in the current value of the options after the assignment date have no effect on the initial evaluation.

#### BANK LOANS

Interest-bearing bank loans and overdrafts are initially recorded based on the amounts collected, net of transaction costs. This value is subsequently adjusted to take into account any difference between the initial cost and the reimbursement value over the duration of the loan using the effective interest rate method (amortised cost).

Loans are classified among current liabilities unless the Group has the unconditional right to defer repayment of the liability by at least twelve months after the date of reference.

#### DERIVATIVES AND ACCOUNTING FOR HEDGE TRANSACTIONS

The Group's activities are exposed primarily to financial risks relating to variations in exchange rates and in interest rates. The Group makes use of financial instruments in order to deal with the abovementioned risks.

Exposure to the exchange rate risk derives from the impact of foreign currency variations on instruments and transactions pertaining to supplies expressed in non-Euro currencies (essentially United States dollars) regarding a part of the products sold.

The Group therefore is exposed to the risk that the settlement rate for foreign suppliers expressed in

foreign currency may differ from the price-list exchange rate utilised to determine the selling price of the products purchased in foreign currency.

Approved company procedures, subject to periodic controls by the Internal Auditing Committee, take into account the calculation of foreign currency requirements and the forward hedging of currency needs by the Finance Department, to allow hedging the price-list exchange rate utilised for pricing.

In this way, any losses (profits) on exchange rates deriving from differences reported between the exchange rate for debts towards suppliers expressed in foreign currency and the settlement rate are compensated in a higher (lower) business margin.

The financial instruments for managing the exchange rate risks are essentially constituted by term contracts for the acquisition of foreign currency. These contracts are registered on the basis of market value as of the date of the closing of the financial statements (Central European Bank exchange rate as of 31<sup>st</sup> March 2007), registering any differences with respect to the initial exchange rate in the income statement, under "financial income/expense".

The exposure to interest rate risk derives from the financial needs generated by the company working capital. Therefore, CDC operates with a net financial debt toward banks, covered by floating rate loans with interest subject to the changes in interest rates. The Group's risk management policy consists of planning the medium term financial needs and converting a share of fixed rate loans to floating rate loans. The Parent Company CDC Point S.p.A. had in its portfolio a derivative interest rate swap expiring in September, with a nominal value of Euro 8 million. The financial instruments to cover interest rate risk are accounted by recording the spreads of interest rate in the income statement under the item "financial income / expense", on the accrual date basis.

The liquidity risk was covered by raising for a share of total financial needs medium term loans amortising. In particular at 30<sup>th</sup> September 2007, the Parent Company CDC Point S.p.A. has a medium term financing arrangement, arranged by MCC S.p.A. and expiring in 2010.

The company does not make use of derivatives for negotiation purposes.

Derivatives are recorded at their cost, and then adjusted at the fair value rate at their termination date.

Fair value variations of the derivatives used for hedging future cash flows of obligations are recorded in the shareholders' equity, while the part of the derivatives which is deemed ineffective for hedging, is recorded in the Income Statement. If obligations or hedging operations involve assets or liabilities, when these assets or liabilities will occur, profits or losses on derivatives, directly recorded in the shareholders' equity, will be included in the first valuation at the purchasing cost or at the book value of assets or liabilities.

With respect to hedging for financial flows that are not finalised in reporting assets or liabilities, amounts that were reported directly to shareholders' equity will be included in the income statement in the same period in which the contractual commitments or the hedging transaction contemplated affects the income statement, for example should a forecasted sale effectively take place. With respect to effective hedging of an exposition to variations in fair value, the item hedged is rectified by the variation of fair value attributable to the risk hedged with the income statement cross-entry. Profits and losses deriving from the evaluation of the derivatives are also included in the income statement.

Variations in fair value of the derivatives that do not qualify for hedging are posted to the income statement in the period in which they occur.

The book-keeping method for the coverage is not used when the derivative is expired, sold, utilised or



is no longer recognised as a hedging instrument. In that moment, the instrument's profits and losses are recorded in the shareholders' equity. If the operation covered is no longer active, 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 they are included in and they are not valued at their fair value with the entry of their profits or losses in the Income Statements.

#### COMMERCIAL DEBTS

Commercial debts are registered at a nominal value.

#### CRITERIA FOR CONVERTING CURRENCY REGISTRATIONS

Debits and credits originally expressed in foreign currency are converted into Euro at the exchange rates in force on the date on which the transactions that originated them are carried out. Any differences in the exchange rate at the moment of receiving or making payment are recorded in the Income Statement.

The profits, earnings, costs and expenses of foreign currency operations are recorded at the transaction date's exchange rate.

At the fiscal year closure, assets and liabilities expressed in foreign currency, with the exception of intangibles, are registered at the spot exchange rate as at the closing date of the fiscal year and the relevant profits and losses on the exchange rates are attributed to the income statement. Should a net profit derive from the conversion, this value constitutes a non-distributable reserve until its effective occurrence.

#### RECOGNITION OF EARNINGS

The sale of goods is recognised when the goods are shipped and the Group has transferred the significant risks and benefits connected to the ownership of the goods to the purchaser.

Revenue for services is recognised when they are rendered.

Interest income is reported by applying the principle of temporal competency, on the basis of the amount financed and the applicable effective interest rate, which represents the rate that discounts future estimated receipts during the expected lifespan of the financial asset, to return them to the accounting book value of said asset. Dividends are registered when the right of the shareholders to receive payment of same is established.

#### PUBLIC CONTRIBUTIONS

Public contributions obtained for investments in equipment are recorded in the Income Statement for the entire period necessary to link them to the relative costs and they are directly deducted from them.

#### FINANCIAL INCOME

Financial income includes interest on invested funds, earnings on exchange rate operations and earnings from financial instruments, when they are not counter-balanced by hedging operations. Interests are recorded in the Income Statement at the time of their maturity and the effective interest yield is taken into consideration.



## FINANCIAL OBLIGATIONS

Financial obligations include interest expenses on financial debts calculated using the existing interest method, losses on exchange rate operations and losses on derivatives. Interest expenses on financial leasing operations are recorded in the Income Statement using the existing interest method.

## TAXES

Taxes on the fiscal year represent the sum of current and deferred taxes. The CDC Group has opted for the national tax consolidation method.

Current taxes are based on the IAS 34 standards, that is using tax rates that would be applicable to the expected pre-tax result, and therefore the tax estimated average yearly rate which is applied to the profits before taxes.

The deferred taxes relating to temporal differences are also registered among the assets and liabilities and the corresponding fiscal values, in addition to those relating to consolidation adjustments. Deferred taxes are recorded according to the global liability accrual method. Deferred fiscal liabilities are generally registered for all temporary taxable differences, while deferred fiscal assets are registered to the extent that it is considered likely that there will be taxable fiscal results in the future that will allow the use of the deductible temporary differences.

The book value of the deferred fiscal assets is reviewed at the closure of each period and reduced to the extent that the existence of sufficient taxable income that can permit the recuperation in whole or in part of said assets is no longer likely.

Deferred taxes are calculated on the basis of the tax rate expected to be in effect at the time of the realisation of the asset or the extinction of the liability. Deferred taxes are recorded directly in the income statement, with the exception of those relating to items found directly in the shareholders' equity, in which case the relative deferred taxes are also registered in the shareholders' equity. The deferred fiscal assets and liabilities are compensated when there is a legal right to compensate the current tax assets and liabilities and when they refer to taxes due to the same revenue authority and the Group intends to liquidate the current tax assets and liabilities on a net basis.

## OWNED SHARES

Owned shares are recorded in a specific fund reducing the shareholders' equity. The book value of own shares and earnings coming from the potential sale of these are accounted as shareholders' equity movements.

## EARNINGS PER SHARE

Base earnings per share are calculated by dividing earnings or losses for all the holding's shareholders by the average number 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 the effects of all the potential shares with dilutive effect (for example stock option plan).

## USE OF ESTIMATES

The drafting of the financial statement and of the related notes for the application of the IFRS standards requires the estimating of the effect on the value of assets and liabilities and on the information regarding potential assets and liabilities at the closing day of the accounting period. Estimates are used for evaluating the tangible and intangible assets submitted at the impairment tests to authenticate funds for risks on credits, inventory obsolescences, amortizations, depreciations,



employee benefits and taxes. Estimates are periodically revised and the effects of each variation are immediately registered in the Income Statement.

#### RELATIONSHIP WITH ASSOCIATED AND RELATED COMPANIES

The relationships with associated companies are indicated in a separate graph.

#### INFORMATION ABOUT THE SECTORS OF ACTIVITY

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

The diverse types of sales networks for the manufacture and distribution of IT products have been identified as secondary sectors, while there are no other secondary sectors for the Internet service provider market. Considering the different kind of products and purchasing and management policies, the manufacturing and distribution of IT products industry presents a certain homogeneity of management while there are specific characteristics in terms of commercial policies for every sales channel.

## 5. CDC GROUP CONSOLIDATED ACCOUNTS AND RELATIVE ANNOTATIONS

### 5.1. CONSOLIDATED GROUP OPERATING PERFORMANCE

**Total revenues and operating income as at 30<sup>th</sup> September** were equal to 330,033 thousand Euros, a drop of 10.96% with respect to the same period of the previous year which registered an income of 370,656 thousand Euros.

**During the course of the third quarter of 2007** the Information Technology market, according to Sirmi, showed an increase in value of 3.4%, whilst the Personal Computer market (desktops, notebooks, servers, workstations), still according to Sirmi (figures in value) registered an increase of 1.9%, which was basically sustained by the server segment (+29.0%) whilst both the notebook (-1.6%) and the PC desktop segment (-4.6%), where CDC traditionally had a significant market share selling mainly own-brand products, shows a decrease in value. (Sirmi source figures regarding the third quarter of 2007 compared to the same period in 2006).

**In the third quarter of 2007 alone** the CDC Group achieved revenues for 86,727 thousand Euros, a drop (-15.55%) with respect to the 102,698 thousand Euros of the third quarter of 2006. This drop in turnover was registered mainly in the retail area (Computer Discount shops, Consumer Electronics and Mass Merchandising) and in the internet area.

**The gross margin registered at 30<sup>th</sup> September 2007** was equal to 37,652 thousand Euros (11.41% on the consolidated turnover) with respect to 42,665 thousand Euros (11.51% on the consolidated sales) achieved during the first nine months of 2006. In the third quarter of 2007 alone, the gross margin was equal to 10,413 thousand Euros (12.01% on the consolidated turnover) compared to the 11,391 thousand Euros achieved during the same period in 2006 (11.09% on sales).

On the progressive results at 30th September 2007 there is a drop in the gross marginality both in terms of value and percentage, and this was determined by the dip in the gross margin on sales. In the third quarter alone there is a drop in the margin value (10,413 thousand Euros compared to 11,391 thousand Euros at 30<sup>th</sup> September 2006), but an increase in terms of percentage of 0.92%, due to a more favourable sales mix of products/distribution channels. With regard to sales channels, there is a distinct drop in the turnover of the GDS and GDO channels which have a lower margin and an increase in the sale of own brand products.

The following have contributed to the turnover performance:

- The revenues generated by the distribution division (Amico, Cash & Carry and B2B platform) which at 30th September 2007 were equal to 226,365 thousand Euros with respect to 238,433 thousand Euros at 30<sup>th</sup> September 2006, a drop of 5.06%.
- The revenues generated by the retail sales division (the Computer Discount and Consumer Electronics/GDO chains) which at 30th September 2007 were equal to 91,535 thousand Euros with respect to 117,525 thousand Euros at 30th September 2006, a drop of 22.11%.
- The revenues generated by the Direct Sales Division (Large Users and Tenders) which at 30<sup>th</sup> September 2007 were equal to 3,665 thousand Euros with respect to 4,927 thousand Euros in 2006, a drop of 25.61%.

In the first nine months of 2007 the CDC Group has registered a decrease both in absolute value and in **operative profitability** percentage, with an **Ebitda** equal to 6,318 thousand Euros (1.91% on sales) against 8,198 thousand Euros in the same period of the previous year (2.21% of sales).

On the contrary, the figure regarding the third quarter of 2007 alone shows an increase in the Ebitda both in terms of value and in terms of effects on sales figures, going from 778 thousand Euros in the third quarter of 2006 (0.76%) to 1,049 thousand Euros in the third quarter of 2007 (1.21%).

The decrease in the progressive figures at 30th September 2007 was caused by the drop in revenue and therefore by the resulting drop in marginality. On the costs front, the cost containment policy introduced at the end of 2005, has given positive results especially in the following areas:

- **Staff costs.** Staff costs were equal to 13,682 thousand Euros at 30th September 2007 (4.15% of revenues) compared to 15,439 thousand Euros at 30th September 2006 (4.17% of revenues), a drop in value of 1,757 thousand Euros, equal to roughly 11.38%. During the course of the present year, the departure of some executives from the parent company and other employees from Micronica SpA, generated a one-off cost of 432 thousand Euros (net of the relative profits of the provision funds). Excluding this extra value the effect of labour costs on revenues is reduced to 4.02%.
- **Service Costs** equal to 16,809 thousand Euros at 30th September 2007 (5.09% of revenues) against 18,322 thousand Euros at 30th September 2006 (4.94% of revenues). This reduction is due to the containment of costs for utilities, insurance premiums, travel expenses, as well as expenses for factoring commissions, also under the malus form, for deals obtained with the credit risk coverage company. These deals are geared to the insolvency management of some lots of credits. This has been guaranteed by the creation of greater provisions in a credit devaluation fund.
- **Other Operative Costs** equal to 843 thousand Euros at 30th September 2007 (0.26% of revenues) compared to 706 thousand Euros at 30th September 2006 (0.19% of revenues). This increase is due to the incidence of the losses on credits taken over from the Computer Discount subsidiaries which total 266 thousand Euros in the first nine months of 2007, against 15 thousand Euros in the same period of 2006.
- **Amortization and Provisions** are equal to 5,505 thousand Euros at 30th September 2007, of which 1,908 thousand Euros in the third quarter alone; in the previous year these totalled 5,003 thousand Euros for the entire period and 1,307 thousand Euros in the third quarter of 2006 alone. The Provisions are mainly due to devaluation of credits, litigations, guarantees on products and the returned merchandise fund. The credit risk provisions in this period were equal to 1,433 thousand Euros (1,233 thousand Euros in the first nine months of 2006). The intangible amortizations item contains goodwill amortizations regarding the purchase of sales networks which were considered useful activities, for the sum of 1,163 thousand Euros, of which 378 thousand Euros regarding the residual amortization allocated on 5 sales outlets which closed during this period, as well as 300 thousand Euros for goodwill amortizations carried out following impairment tests.
- **Financial overheads** return a negative balance equal to 1,123 thousand Euros throughout the entire period against a negative balance of 2,080 thousand Euros in the same period of 2006, a negative balance of 718 thousand Euros in the third quarter of 2007 alone, compared to a negative balance of 776 thousand Euros in the same period of the previous year. This grouping for the previous year included the pro-quota result of the investment in Compy Superstore which was negative for 2,519 thousand Euros at 30<sup>th</sup> September 2006 and negative for 540 thousand Euros in the third quarter of 2006 alone.

The reasons for these financial overheads can undoubtedly be traced to the Parent Company, where the funding at group level is centralised.

There has been an increase in net interest expenses on active interest, which at 30th September 2007 amounted to Euro 2,725 thousand Euros compared to Euro 2,607 thousand Euros for the same period 2006, whilst the figure for the third quarter 2007 alone shows a reduction going from 954 thousand Euros in the previous year to 887 thousand Euros in the third quarter 2007.

Foreign currency transactions gave a net profit of 361 thousand Euros at 30th September 2007 against a net profit of 312 thousand Euros at 30th September 2006. During the quarter there is a net profit equal to 153 thousand Euros compared to 82 thousand Euros in the same period 2006. The foreign exchange performance has been determined by the evolution of the euro-dollar rate during 2006-2007.

The profit on foreign exchange has found its counter-balance in the smaller gross margin, as the Parent Company has a policy of systematic coverage of foreign currency risks in order to defend its price lists.

In the first nine months of 2007 the result of the consolidated financial overheads was influenced, to the sum of 1,154 thousand Euros, by the sale to a third party of the 48% share in Compy Superstore S.r.l.. The transfer of the aforementioned 48% allowed us to receive the total capital gains deriving from the sale of the Compy brand to the associated Compy Superstore, which was carried out during the course of 2005. The capital gains had not been recognised in the consolidated balance sheet at 31st December 2005, for the share pertaining to the Group.

**The profits before taxes were negative;** 310 thousand Euros at 30th September 2007, whilst in the third quarter of 2007 alone, there is a loss of 1,577 thousand Euros.

Taxes for the entire period have a negative incidence of 44 thousand Euros, thereby creating a negative net result for the group equal to 353 thousand Euros.

The taxes have been calculated on the basis of the most accurate estimation of the annual average figure, taking into account the fiscal rate for the entire fiscal year and which conforms to the application of the IAS 34 standards.

The main economic financial factors which must be taken into account in order to identify the causes of the worsening of the results at an Ebit level, are essentially found in the diminution of the turnover and the gross margin.

The following shows the reclassified consolidated income statement for the CDC Group at 30th September and for the third quarter under scrutiny, in accordance with current regulations, with the necessary adaptations, the comparison with the data for the same period in 2006 and the comments of the main economic and financial indicators. Taking into account that the companies included in the consolidation parameters all carry out similar and complementary activities to those carried out by the Parent Company CDC Point S.p.A., we did not think it necessary to provide details for each single consolidated company, but on the contrary, we think it important to supply information regarding the results of the two business Units: IT and INTERNET, and the income statement reports are laid out as follows.



RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2007						
Consolidated Income Statement (€ '000)	Q3 2007		Q3 2006		Change	
1. Revenues	86,543	99.79%	102,157	99.47%	(15,614)	-15.28%
2. Other income	184	0.21%	541	0.53%	(357)	-65.96%
<b>I - TOTAL REVENUES AND OPERATING INCOME</b>	<b>86,727</b>	<b>100.00%</b>	<b>102,698</b>	<b>100.00%</b>	<b>(15,971)</b>	<b>-15.55%</b>
3. Purchase costs	(76,314)	-87.99%	(91,307)	-88.91%	14,993	-16.42%
4. Service costs	(5,413)	-6.24%	(5,348)	-5.21%	(65)	1.21%
5. Labour cost	(3,861)	-4.45%	(5,023)	-4.89%	1,162	-23.14%
6. Other operating costs	(90)	-0.10%	(242)	-0.24%	152	-62.88%
<b>OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)</b>	<b>1,049</b>	<b>1.21%</b>	<b>778</b>	<b>0.76%</b>	<b>271</b>	<b>34.84%</b>
7. Amortization of intangible fixed assets	(532)	-0.61%	(443)	-0.43%	(89)	20.12%
8. Depreciation of tangible fixed assets	(736)	-0.85%	(852)	-0.83%	116	-13.56%
9. Gains/losses on disposals of non-current assets	0	0.00%	0	0.00%	0	0.00%
10. Provisions and impairment reversal/losses on non-current assets	(640)	-0.74%	(12)	-0.01%	(628)	5232.67%
<b>II - OPERATING INCOME (EBIT)</b>	<b>(859)</b>	<b>-0.99%</b>	<b>(529)</b>	<b>-0.52%</b>	<b>(330)</b>	<b>62.47%</b>
11. Share of earnings of equity investments in associates accounted for by the equity method	0	0.00%	(540)	-0.53%	540	
12. Financial income	631	0.73%	319	0.31%	312	97.83%
13. Financial expenses	(1,349)	-1.55%	(1,095)	-1.07%	(254)	23.15%
<b>III - INCOME BEFORE TAXES FROM CONTINUING OPERATIONS</b>	<b>(1,577)</b>	<b>-1.82%</b>	<b>(1,845)</b>	<b>-1.80%</b>	<b>268</b>	<b>-14.53%</b>
14. Income taxes for the period	651	0.75%	(562)	-0.55%	1,213	-215.81%
<b>IV - NET INCOME FROM CONTINUING OPERATIONS</b>	<b>(927)</b>	<b>-1.07%</b>	<b>(2,407)</b>	<b>-2.34%</b>	<b>1,480</b>	<b>-61.49%</b>
15. Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0	0.00%
<b>V - NET INCOME</b>	<b>(927)</b>	<b>-1.07%</b>	<b>(2,407)</b>	<b>-2.34%</b>	<b>1,480</b>	<b>-61.49%</b>
16. Income (loss) attributable to minority interest	0	0.00%	(5)	0.00%	5	-100.00%
<b>VI - NET INCOME ATTRIBUTABLE TO CDC GROUP</b>	<b>(927)</b>	<b>-1.07%</b>	<b>(2,402)</b>	<b>-2.34%</b>	<b>1,475</b>	<b>-61.41%</b>



RECLASSIFIED CONSOLIDATED INCOME STATEMENT AS OF SEPTEMBER 30, 2007

Consolidated Income Statement (€ '000)	30-Sep-07		30-Sep-06		Change	
1. Revenues	329,512	99.84%	369,381	99.66%	(39,869)	-10.79%
2. Other income	521	0.16%	1,275	0.34%	(754)	-59.11%
<b>I - TOTAL REVENUES AND OPERATING INCOME</b>	<b>330,033</b>	<b>100.00%</b>	<b>370,656</b>	<b>100.00%</b>	<b>(40,623)</b>	<b>-10.96%</b>
3. Purchase costs	(292,381)	-88.59%	(327,991)	-88.49%	35,610	-10.86%
4. Service costs	(16,809)	-5.09%	(18,322)	-4.94%	1,513	-8.26%
5. Labour cost	(13,682)	-4.15%	(15,439)	-4.17%	1,757	-11.38%
6. Other operating costs	(843)	-0.26%	(706)	-0.19%	(137)	19.45%
<b>OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)</b>	<b>6,318</b>	<b>1.91%</b>	<b>8,198</b>	<b>2.21%</b>	<b>(1,880)</b>	<b>-22.93%</b>
7. Amortization of intangible fixed assets	(1,403)	-0.43%	(1,302)	-0.35%	(101)	7.74%
8. Depreciation of tangible fixed assets	(2,248)	-0.68%	(2,466)	-0.67%	218	-8.84%
9. Gains/losses on disposals of non-current assets	1	0.00%	0	0.00%	1	0.00%
10. Provisions and impairment reversal/losses on non-current assets	(1,855)	-0.56%	(1,235)	-0.33%	(620)	50.19%
<b>II -OPERATING INCOME (EBIT)</b>	<b>813</b>	<b>0.25%</b>	<b>3,195</b>	<b>0.86%</b>	<b>(2,382)</b>	<b>-74.55%</b>
11. Share of earnings of equity investments in associates accounted for by the equity method	0	0.00%	(2,519)	-0.68%	2,519	
12. Financial income	2,559	0.78%	1,627	0.44%	932	57.28%
13. Financial expenses	(3,682)	-1.12%	(3,707)	-1.00%	25	-0.66%
<b>III - INCOME BEFORE TAXES FROM CONTINUING OPERATIONS</b>	<b>(310)</b>	<b>-0.09%</b>	<b>(1,404)</b>	<b>-0.38%</b>	<b>1,094</b>	<b>-77.95%</b>
14. Income taxes for the period	(44)	-0.01%	(1,815)	-0.49%	1,771	-97.58%
<b>IV - NET INCOME FROM CONTINUING OPERATIONS</b>	<b>(353)</b>	<b>-0.11%</b>	<b>(3,219)</b>	<b>-0.87%</b>	<b>2,866</b>	<b>-89.02%</b>
15. Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0	0.00%
<b>V - NET INCOME</b>	<b>(353)</b>	<b>-0.11%</b>	<b>(3,219)</b>	<b>-0.87%</b>	<b>2,866</b>	<b>-89.02%</b>
16. Income (loss) attributable to minority interest	0	0.00%	(12)	0.00%	12	-100.00%
<b>VI - NET INCOME ATTRIBUTABLE TO CDC GROUP</b>	<b>(353)</b>	<b>-0.11%</b>	<b>(3,207)</b>	<b>-0.87%</b>	<b>2,854</b>	<b>-88.98%</b>

**Profits from sales and services**

Consolidated revenues net of returns, discounts and allowances which derive almost exclusively from sales in Italy are as follows:

Change in commercial network (€ '000)	Turnover			Sales network	
	30-Sep-07	30-Sep-06	Change	30-Sep-07	30-Sep-06
Distribution	226,365	238,433	(12,068)	197	183
Retail	91,535	117,525	(25,990)	181	268
Direct sales	8,468	9,771	(1,303)		
Other	3,663	4,927	(1,264)		
<b>TOTAL</b>	<b>330,032</b>	<b>370,656</b>	<b>(40,624)</b>	<b>378</b>	<b>451</b>

**Other revenues and income**

Other **revenues and income**, equal to 3,665 thousand Euros at 30th September are constituted mainly by revenues from the Internet area, cost recovery and insurance refunds.

Other revenues and income do not include advertising reimbursements, fees for new stores in franchising, suppliers' promotional contributions and contributions for consumer financing, totalling 3,663 thousand Euros at 30<sup>th</sup> September 2007, compared to 3,970 thousand Euros for the same period in 2006, and classified as reductions in marketing costs, which were included in service costs.

In the third quarter of 2007 alone, advertising reimbursements and promotional contributions from suppliers were equal to 1,019 thousand Euros compared to 1,111 thousand Euros for the same period in 2006.

Suppliers' end of period bonuses and stock protections, which total 25,142 thousand Euros at 30th September 2007, compared to 32,530 thousand Euros for the same period in 2006, were classified as reductions in the cost of product purchasing. In particular, in the third quarter of 2007 alone, suppliers' end of period bonuses and stock protections were equal to 6,966 thousand Euros, against 9,457 thousand Euros in the third quarter of 2006.

In the 2006 fiscal year the other revenues item included the use of a dispute fund which was created because of a lawsuit which the Parent Company CDC Point S.p.A. lost. The dispute was closed with a transaction following which the allocation was found to be in abundance to the sum of 370 thousand Euros.



## Operative Costs

The following table shows the main operative costs for the Group, divided into Business Units:

Operating costs (€ '000)	Q3 2007	Q3 2006	Change	30-Sep-07	30-Sep-06	Change
<b>Cost of goods for resale</b>	<b>76,314</b>	<b>91,307</b>	<b>(14,993)</b>	<b>292,381</b>	<b>327,991</b>	<b>(35,610)</b>
<b>Total service costs</b>	<b>5,413</b>	<b>5,348</b>	<b>65</b>	<b>16,809</b>	<b>18,322</b>	<b>(1,513)</b>
of which Net marketing expenses	392	286	106	1,303	2,039	(736)
(gross marketing expenses)	1,410	1,397	13	4,966	6,009	(1,043)
(contributions from suppliers for marketing expenses)	(1,018)	(1,111)	93	(3,663)	(3,970)	307
of which Shipping and logistics	941	903	38	3,223	3,112	111
of which Emoluments paid to Corporate Boards	518	555	(37)	1,755	1,706	49
of which Utilities	368	432	(64)	1,145	1,245	(100)
of which Lease expenses	1,247	1,330	(83)	3,800	3,941	(141)
of which Bank Commissions	133	71	62	785	740	45
of which Insurance premiums	418	141	277	1,103	909	194
of which Technical and fiscal advices	538	365	173	1,132	1,006	126
of which Other service costs	859	1,265	(406)	2,563	3,624	(1,061)
<b>Labour costs</b>	<b>3,861</b>	<b>5,023</b>	<b>(1,162)</b>	<b>13,682</b>	<b>15,439</b>	<b>(1,757)</b>
<i>IT distribution</i>	3,763	4,928	(1,165)	13,376	15,136	(1,760)
<i>Internet</i>	98	95	3	306	303	3
<b>Other operating costs</b>	<b>90</b>	<b>242</b>	<b>(152)</b>	<b>843</b>	<b>706</b>	<b>137</b>
<b>Total</b>	<b>85,678</b>	<b>101,920</b>	<b>(16,242)</b>	<b>323,715</b>	<b>362,458</b>	<b>(38,743)</b>

The total value of **the change in inventory** is mainly connected to the Parent Company CDC Point S.p.A. which deals in the core IT business and to the Computer Discount shops.

**Marketing costs** are equal to 4,966 thousand Euros (6,009 thousand Euros in 2006), gross of advertising reimbursements, fees from new franchisees, and promotional contributions from suppliers, which amount to a total of 3,663 thousand Euros (3,970 thousand Euros in 2006). In the third quarter alone gross marketing costs amount to 1,410 thousand Euros (1,397 thousand Euros for the third quarter 2006). The value of the advertising reimbursements, fees from new franchisees and promotional contributions from suppliers which were reclassified as a reduction in marketing costs for the third quarter alone, amount to 1,018 thousand Euros (1,111 thousand Euros in 2006).

**Other service costs** were made up mainly of utilities, third-party services, emoluments paid to corporate boards, costs relating to training, maintenance, commercial fees, travel expenses.

The cost of labour decreased both in the single quarter under scrutiny (3,861 thousand Euros in the third quarter of 2007, compared to 5,023 thousand Euros in the same period of 2006), and as a progressive figure at 30th September 2007 (13,682 thousand Euros compared to 15,439 thousand Euros in 2006). This variation was mainly due to the IT area where the labour force stabilised and the relative cost of the Internet area, where the cost of labour affected the income statement to the tune of 306 thousand Euros, which is the same figure as the last fiscal year. If we deduct the labour cost for one-off operations (incentives to leave, Cig costs, compensations, bonuses) from the total of the whole of 2007, the figure falls to 13,250 thousand Euros, with a saving on costs of more than 2.1 million Euros. Employees decreased by 92 units, with a reduction in the relative costs.

The largest number of employee reductions was in the workers of Micronica S.p.A, as the demand for assembled PCs by the parent company CDC Point S.p.A. decreased, and it has seen the increase in the sale of notebooks at the expense of desktops, and an increase in the white-collar employees of the parent company.

On 14th February 2007 Micronica S.p.A. started the mobility procedure for the majority of its employees in the production area. On 20th March 2007 an agreement was signed by the President of Micronica S.p.A. and the companies' trades union representatives and the territorial OO.SS, which precedes the closure of the mobility procedure and the commitment by Micronica to request the CIGS, according to the L.223/91, for a company in crisis for 12 months for a maximum number of 23 employees. Under the same agreement it was stipulated that the production activity will be partially maintained with the involvement of 9 out of the 23 workers mentioned above, training courses so that these employees can be re-employed, as well as a leaving incentive. As of 30th September 2007 17 employees have accepted the incentive stipulated in the above agreement.

In order to contain costs, the parent company CDC Point S.p.A., has reduced the number of executives, with consequent positive repercussions on the cost of personnel.

The following table shows the breakdown of average employees for each business area at 30th September 2007 compared to the period in the previous tax year.

Employees	30-Sep-07	30-Sep-06	31-Dec-06	Average employees 01/01/07 - 06/30/07
<b>IT Distribution</b>	<b>487</b>	<b>580</b>	<b>572</b>	<b>514.44</b>
<i>Managers</i>	8	13	11	8.44
<i>Supervisors</i>	28	27	28	28.33
<i>White-collar</i>	363	414	412	385.78
<i>Blue-collar</i>	88	126	121	91.89
<b>Internet</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>10.00</b>
<i>Managers</i>	0	0	0	0.00
<i>Supervisors</i>	1	1	1	1.00
<i>White-collar</i>	9	8	8	9.00
<b>TOTAL</b>	<b>497</b>	<b>589</b>	<b>581</b>	<b>524.44</b>

**Amortizations and write-offs**

As well as the costs regarding each single company, **Amortization costs** include the recalculation of lease transactions according to financial lease accounting.

**Allowances for bad debts and write-offs** are mainly due to adjustments to trade and other receivables and allowances for future risks. The total amount of the abovementioned allowances and write-offs is 1,855 thousand Euros (1,235 thousand Euros for the same period in 2006) almost completely attributable to the parent company CDC Point S.p.A.

**Financial Overheads**

The net result of the **financial Overheads** is as follows:

<b>12. and 13. Financial (expenses) income (€ '000)</b>	<b>Q3 2007</b>	<b>Q3 2006</b>	<b>Change</b>	<b>30-Sep-07</b>	<b>30-Sep-06</b>	<b>Change</b>
Interest and other financial income	98	110	(12)	1,483	356	1,127
Interest Expenses	(969)	(968)	(1)	(2,967)	(2,748)	(219)
Net exchange differences	153	82	71	361	312	49
<b>Total</b>	<b>(718)</b>	<b>(776)</b>	<b>58</b>	<b>(1,123)</b>	<b>(2,080)</b>	<b>957</b>

The reasons for the financial overheads can be traced to the parent company, where funding takes place. There is an increase in interest expenses net of interest income, equal to 2,725 thousand Euros at 30th September 2007 compared to 2,607 thousand Euros for the same period in 2006, whilst in the third quarter of 2007 alone there is a reduction, passing from 954 thousand Euros in the previous year, to 887 thousand Euros in the third quarter of 2007 alone.

Foreign currency transactions at 30th September 2007 showed a net profit of 361 thousand Euros, against a net profit of 312 thousand Euros for the same period in 2006.

The performance of foreign currency dealings was influenced by the exchange rate Euro-Dollar for 2006-2007.

The profits on foreign exchange has found their counter-balance in a smaller gross margin, as the Parent Company has a policy of systematic coverage of foreign currency risks in order to defend its price lists

The financial overheads results were influenced for a total of 1,154 thousand Euros, by the capital gains derived from the sale to a third party of the 48% share in the company Compy Superstore S.r.l. The transfer of the aforementioned 48% has allowed us to obtain the total capital gains deriving from the sale of the Compy brand to the associated Compy Superstore, which was undertaken during the course of the 2005 tax year and the capital gains had not been recognised in the consolidated balance sheet at 31st December 2005, for the share pertaining to the Group.



Net Financial position (€ '000)	30-Sep-07	31-Dec-06	Change	30-Sep-06
Bank debts payable within 12 months	(27,043)	(13,760)	(13,283)	(22,272)
Cash and cash equivalents	4,912	18,699	(13,787)	5,996
(Amounts due to) Due from factoring companies	(835)	(1,576)	741	(2,825)
<b>Liquidity (borrowing) within 12 months</b>	<b>(22,966)</b>	<b>3,363</b>	<b>(26,329)</b>	<b>(19,101)</b>
Short-term loan	(8,000)	(8,000)	0	(10,250)
Amounts due to other lenders for leases falling due within 12 months	1	(385)	386	(586)
<b>Amounts due to others within 12 months</b>	<b>(7,999)</b>	<b>(8,385)</b>	<b>386</b>	<b>(10,836)</b>
<b>Net Financial Position within 12 months</b>	<b>(30,965)</b>	<b>(5,022)</b>	<b>(25,943)</b>	<b>(29,937)</b>
Amounts due to other lenders for leases falling due after 12 months	(51)	(26)	(25)	(37)
Bank debts payable beyond next 12 months	(19,677)	(23,781)	4,104	(27,677)
<b>Net Financial Position beyond next 12 months</b>	<b>(19,728)</b>	<b>(23,807)</b>	<b>4,079</b>	<b>(27,714)</b>
<b>Total Net Financial Position</b>	<b>(50,693)</b>	<b>(28,829)</b>	<b>(21,864)</b>	<b>(57,651)</b>

The net financial position, negative for 50,693 thousand Euros, shows a financial debt at 30th September 2007 which has improved with respect to the same period of the previous fiscal year (57,651 thousand Euros).

The debt at 30th September 2007 reflects the optimisation of the net working capital of the parent company CDC Point S.p.A.

## INVESTMENTS

Consolidated net investments (€ '000)	30-Sep-07	30-Sep-06	Change	Q3 2007	Q3 2006	Change
Intangible fixed assets	(1,213)	(523)	(690)	(573)	(281)	(292)
Tangible fixed assets	(322)	865	(1,187)	440	324	116
Financial fixed assets	(44)	9	(53)	(24)	(7)	(17)
<b>Total</b>	<b>(1,579)</b>	<b>351</b>	<b>(1,930)</b>	<b>(157)</b>	<b>36</b>	<b>(193)</b>

During this period, the investments calculated net of disinvestments, register a negative variation, with respect to the same period in the previous tax year, equal to 1,930 thousand Euros (negative for 157 thousand Euros in the quarter referred to alone).

Investments, net of disinvestments, carried out during the whole year referred to:

- a) Intangible fixed assets: the item recorded net disinvestments equal to 1,213 thousand Euros mainly regarding:
- goodwill amortizations, related to the acquisition of Computer Discount shops, equal to 725 thousand Euros;
  - write-offs of goodwill of the Computer Discount shops closed in this period, equal to 300 thousand Euros;
  - write-offs of the shares in Computer Discount S.r.l. following an impairment test, equal to 300 thousand Euros;
  - investments in software and licenses equal to 71 thousand Euros mainly for the parent company;
  - goodwill disinvestments for the closure of shops in ownership of the companies controlled by Computer Discount S.r.l. for 90 thousand Euros.
- b) Tangible fixed assets: the item recorded net decreases equal to 322 thousand Euros and mainly referred to:
- investments in installations and machinery for 308 thousand Euros;
  - investments in fixed assets for 92 thousand Euros, for improvements on third-party properties, in particular for the work carried out by the parent company on the new Cash & Carry sales outlet in Milan;
  - disinvestments in fixed assets for 770 thousand Euros for the sale of part of the building owned by the subsidiary Polinet S.r.l.;
  - investments in other tangible fixed assets for 48 thousand Euros.
- c) Financial fixed assets recorded a net decrease equal to 44 thousand Euros relating to the restitution of deposits for rents and utilities (36 thousand Euros) of the Computer Discount shops which have closed during this period, and for the closure of the shares in the subsidiaries in liquidation as of January 2007, PC Stop Srl and Mactronics Srl.

## 5.2. PERFORMANCE IN THE IT CORE BUSINESS

In the third quarter of 2007, the CDC Group continued its IT business distribution via a multi-channel strategy.

The CDC Group serves the following markets:

- a. Consumer and SOHO segments, where the CDC Group serves the Italian market via 181 sales outlets operating under the Computer Discount trademarks and IT corners located inside consumer electronics shops. The revenues generated by the retail division were equal to 25,483 thousand Euros in the third quarter of 2007, decreasing by 22% compared to the same period in 2006 (32,669 thousand Euros); we included in this activity sector the revenues generated for Compy Superstore S.r.l. by the sales outlets at Mestre (VE) and Pontedera (PI), equal to 1,595 thousand Euros in the third quarter of 2006. These outlets are no longer to be considered;
- b. IT resellers, system integrators and other IT dealers, both via its network of 31 Cash & Carry outlets, distributed throughout the country, and via the affiliates under the Amico trademark. Together with the revenues generated by the B2B e-commerce platform, distribution activities in the third quarter of 2007 generated revenues equal to 57,044 thousand Euros, compared to 61,990 thousand Euros during the same period in 2006 a slight fall of around 8%.
- c. Public Sector and Large Corporate segments generated revenues equal to 3,326 thousand Euros in the third quarter 2007 against 6,454 thousand Euros in the same period of 2006, a drop of 48.46% thanks to the turnover during this period generated by the agreement with Telecom Italia.

In the third quarter of 2007, the CDC Group generated revenues from its IT core business and other services for a total of 86,102 thousand Euros, compared to 101,823 thousand Euros for the same period in the previous year, decreasing by 15.4%. For the entire period under scrutiny the revenues for the IT sector amount to 327,647 thousand Euros, against 367,688 thousand Euros for the same period in 2006, decreasing by 10.89%.

The gross margin in the third quarter of 2007 increased slightly compared to the same period in 2006 both in absolute terms and in percentages. We registered an increase in 1,04 base points, going from 10.33% in the third quarter of 2006 to 11.37% in the third quarter of 2007.

The increase in gross margin was mainly due to the decrease in revenues in the lower marginality channels GDO/GDS as well as the more successful mix of own-brand products.

In the third quarter the Ebitda was a positive total of 730 thousand Euros (0.85% on sales) an increase of 365% with respect to the third quarter of 2006 (positive for 157 thousand Euros, 0.15% on sales).

The Ebit in the quarter was negative for 1,132 thousand Euros compared to the result, also negative, of 1,077 thousand Euros for the same quarter in 2006).

The following table is the concise version of the reclassified Income Statement, with regard to the core business of IT manufacture and distribution for the third quarter 2007, compared to the same period in 2006.



RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2007

Consolidated Income Statement - IT Business (€ '000)	Q3 2007		Q3 2006		Change	
1. Revenues	85,918	99.79%	101,285	99.47%	(15,367)	-15.17%
2. Other income	184	0.21%	538	0.53%	(354)	-65.86%
<b>I - TOTAL REVENUES AND OPERATING INCOME</b>	<b>86,102</b>	<b>100.00%</b>	<b>101,823</b>	<b>100.00%</b>	<b>(15,721)</b>	<b>-15.44%</b>
3. Purchase costs	(76,309)	-88.63%	(91,305)	-89.67%	14,996	-16.42%
4. Service costs	(5,212)	-6.05%	(5,186)	-5.09%	(26)	0.50%
5. Labour cost	(3,763)	-4.37%	(4,929)	-4.84%	1,166	-23.67%
6. Other operating costs	(88)	-0.10%	(246)	-0.24%	158	-64.11%
<b>OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)</b>	<b>730</b>	<b>0.85%</b>	<b>157</b>	<b>0.15%</b>	<b>573</b>	<b>364.98%</b>
7. Amortization of intangible fixed assets	(517)	-0.60%	(428)	-0.42%	(89)	20.70%
8. Depreciation of tangible fixed assets	(705)	-0.82%	(795)	-0.78%	90	-11.27%
9. Gains/losses on disposals of non-current assets	0	0.00%	0	0.00%	0	0.00%
10. Provisions and impairment reversal/losses on non-current assets	(640)	-0.74%	(12)	-0.01%	(628)	5232.67%
<b>II - OPERATING INCOME (EBIT)</b>	<b>(1,132)</b>	<b>-1.31%</b>	<b>(1,077)</b>	<b>-1.06%</b>	<b>(54)</b>	<b>5.00%</b>
11. Share of earnings of equity investments in associates accounted for by the equity method	0	0.00%	(540)	-0.53%	540	
12. Financial income	631	0.73%	319	0.31%	312	97.83%
13. Financial expenses	(1,348)	-1.57%	(1,095)	-1.08%	(253)	23.09%
<b>III - INCOME BEFORE TAXES FROM CONTINUING OPERATIONS</b>	<b>(1,849)</b>	<b>-2.15%</b>	<b>(2,392)</b>	<b>-2.35%</b>	<b>545</b>	<b>-22.80%</b>
14. Income taxes for the period	859	1.00%	(281)	-0.28%	1,140	-405.69%
<b>IV - NET INCOME FROM CONTINUING OPERATIONS</b>	<b>(990)</b>	<b>-1.15%</b>	<b>(2,674)</b>	<b>-2.63%</b>	<b>1,685</b>	<b>-63.03%</b>
15. Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0	0.00%
<b>V - NET INCOME</b>	<b>(990)</b>	<b>-1.15%</b>	<b>(2,674)</b>	<b>-2.63%</b>	<b>1,685</b>	<b>-63.03%</b>
16. Income (loss) attributable to minority interest	0	0.00%	(5)	0.00%	5	-100.00%
<b>VI - NET INCOME ATTRIBUTABLE TO CDC GROUP</b>	<b>(990)</b>	<b>-1.15%</b>	<b>(2,669)</b>	<b>-2.62%</b>	<b>1,680</b>	<b>-62.96%</b>

At 30th September 2007 **sales revenues**, not including returns, discounts and allowances derive from sales almost exclusively in Italy and amount to 327,647 thousand Euros compared to 367,688 thousand Euros for the same period in 2006, with a drop of 10.89%.

The retail sales revenues were generated by the Computer Discount, Compy and GDO distribution channels and are equal to 91,535 thousand Euros, against 117,525 thousand Euros in 2006, a drop of 22.11% with respect to the same period in the previous year.

The sales revenues generated by the Cash & Carry, Amico and B2B distribution channels total 226,365 thousand Euros, compared to 238,433 thousand Euros in the same period of 2006, a drop of 5%. Direct Sales register a drop equal to 13.33% going from 9,771 thousand Euros at 30th September 2006 to 8,468 thousand Euros at 30th September 2007.

Direct Sales include the revenues generated following the agreement between the parent company CDC Point S.p.A. and Telecom Italia S.p.A. regarding the sale of personal computers equipped with Alice ADSL and relative post-sales services of warranty, maintenance and technical assistance.

Change in commercial network	Turnover			Sales network				
	Q3 2007	Q3 2006	Change	30-Sep-07	30-Sep-06	Change	30-set-07	30-set-06
Distribution	57,044	61,990	(4,946)	226,365	238,433	(12,068)	197	183
Retail	25,483	32,669	(7,186)	91,535	117,525	(25,990)	181	268
Direct sales	3,326	6,454	(3,128)	8,468	9,771	(1,303)		
Other	249	710	(461)	1,279	1,959	(680)		
<b>TOTAL</b>	<b>86,102</b>	<b>101,823</b>	<b>(15,721)</b>	<b>327,647</b>	<b>367,688</b>	<b>(40,041)</b>	<b>378</b>	<b>451</b>

**Other revenues and income** amounted to 1,279 thousand Euros and they refer mainly to refund revenues and other recoveries.

End of period bonuses from suppliers and stock protections, total 25,143 thousand Euros compared to 32,528 thousand Euros for last year. In the quarter they amounted to 6,966 thousand Euros against 9,457 thousand Euros for the same period in the previous year. This reduction in the quarter equal to 26.36% compared to the same quarter of the previous year, has had a negative effect on the gross margin, on the Ebitda and Ebit. Period-end bonuses from suppliers were recorded as a reduction of merchandise purchase costs.

**Service Costs** were reduced (16,319 thousand Euros, compared to 17,881 thousand Euros in the first nine months of 2006). Service costs dropped by 8.74%.

The main changes referred to:

- marketing costs at net of advertising reimbursements and suppliers' promotional contributions amount to 1,248 thousand Euros (2,036 thousand Euros at 30<sup>th</sup> September 2006) a decrease because of a change in the direction of marketing initiatives. Marketing contributions are equal to 3,663 thousand Euros compared to 3,970 thousand Euros in the same period 2006;
- utility costs equal to 1,083 thousand Euros compared to 1,177 thousand Euros 30<sup>th</sup> September 2006;



- the costs for third party emoluments drop by around 4% going from 3,895 thousand Euros to 3,750 thousand Euros at 30th September 2007; this difference is mainly due to the reduction in costs sustained by the parent company;
- other service costs, decreasing by 988 thousand Euros, refer mainly to the reduction in cleaning costs, business trips, training expenses, staff canteen and restaurant tickets.

The cost of labour went down by 11.62%, from 15,135 thousand Euros at 30th September 2006 to 13,376 thousand Euros at 30th September 2007. The group is carrying out a cost optimisation policy via an internal reorganisation. If we deduct the cost of extra operations from the cost of labour for the entire period (incentives to leave, cost of Cig, bonuses) the figure falls to 12,947 thousand Euros.

Operating costs - IT Business (€ '000)	Q3 2007	Q3 2006	Change	30-Sep-07	30-Sep-06	Change
<b>Cost of goods for resale</b>	<b>76,309</b>	<b>91,305</b>	<b>(14,996)</b>	<b>292,373</b>	<b>327,984</b>	<b>(35,611)</b>
<b>Total service costs</b>	<b>5,211</b>	<b>5,186</b>	<b>25</b>	<b>16,319</b>	<b>17,881</b>	<b>(1,562)</b>
of which Net marketing expenses	364	286	78	1,248	2,036	(788)
(gross marketing expenses)	1,382	1,397	(15)	4,910	6,006	(1,096)
(contributions from suppliers for marketing expenses)	(1,019)	(1,111)	92	(3,663)	(3,970)	307
of which Shipping and logistics	941	903	38	3,223	3,112	111
of which Emoluments paid to Corporate Boards	515	551	(36)	1,746	1,695	51
of which Utilities	349	384	(35)	1,083	1,177	(94)
of which Lease expenses	1,231	1,313	(82)	3,750	3,895	(145)
of which Bank Commissions	131	70	61	781	736	45
of which Insurance premiums	417	140	277	1,099	904	195
of which Technical and fiscal advices	470	349	121	1,011	961	50
of which Other service costs	793	1,190	(397)	2,377	3,365	(988)
<b>Labour costs</b>	<b>3,763</b>	<b>4,929</b>	<b>(1,166)</b>	<b>13,376</b>	<b>15,135</b>	<b>(1,759)</b>
<b>Other operating costs</b>	<b>88</b>	<b>246</b>	<b>(158)</b>	<b>839</b>	<b>701</b>	<b>138</b>
<b>Total</b>	<b>85,372</b>	<b>101,666</b>	<b>(16,294)</b>	<b>322,907</b>	<b>361,701</b>	<b>(38,795)</b>

Depreciations and amortizations at 30th September 2007 amounted to 3,502 thousand Euros and referred to intangible fixed assets for 1,357 thousand Euros and to tangible fixed assets for 2,145 thousand Euros.

In particular, the depreciation of intangible fixed assets referred to:

- depreciation in ownership of software and licences for 114 thousand Euros;
- depreciation of brands for 51 thousand Euros;
- depreciation of other assets for 29 thousand Euros;

Goodwill amortizations equal to 1,163 thousand Euros referred to:

- goodwill Computer Discount S.r.l: 892 thousand Euros;
- goodwill companies controlled by Computer Discount S.r.l: 31 thousand Euros;
- goodwill Armonia Computers: 58 thousand Euros;
- goodwill acquisition branch of Test company for 182 thousand Euros;

Amortizations of tangible fixed assets were equal to 2,145 thousand Euros and mainly referred to generic and specific installations and machinery for 1,094 thousand Euros, equipment, furniture and fixtures for 352 thousand Euros, office and electronic machinery for 301 thousand Euros, elevators, lorries and cars for 43 thousand Euros, buildings, permanent installations and signs for 257 thousand Euros.

Provisions and impairment reversal/losses on non-current assets totalling 1,855 thousand Euros were mainly due to write-offs of trade receivables for 1,478 thousand Euros, (attributable to the Parent Company for 1,346 thousand Euros).

The financial **income and expenses** result was negative for 1,121 thousand Euros compared to 2,077 thousand Euros as of 30th September, 2006.

Passive Interest expenses, net of interest income, were equal to 2,723 thousand Euros at 30th September 2007 against 2,605 thousand Euros for the previous year. This increase was due to the growth of market interest rates recorded during this period, the 3-month Euribor rate went up from 2.938% (average rate at 30<sup>th</sup> September 2006) to 4.175% (average rate at 30<sup>th</sup> September 2007).

The net consolidated financial result for the entire period was influenced to the sum of 1,154 thousand Euros, by the capital gains derived from the sale to a third party of the 48% share in Compy Superstore S.r.l.; the transfer of the abovementioned 48% allowed us to obtain all the capital gains arising from the sale of the Compy brand to the associated Compy Superstore S.r.l. in 2005; this capital gains had not been recorded in the consolidated financial statements as of 31st December 2005 for the Group's share.

The following is the reclassified consolidated income statement of the core IT business production and distribution, gross of equity investments write-offs and consolidation adjustments, as at 30th September 2007, compared to the same period in 2006:



RECLASSIFIED CONSOLIDATED INCOME STATEMENT AS OF SEPTEMBER 30, 2007

Consolidated Income Statement - IT Business (€ '000)	30-Sep-07		30-Sep-06		Change	
1. Revenues	327,129	99.84%	366,421	99.66%	(39,292)	-10.72%
2. Other income	517	0.16%	1,267	0.34%	(750)	-59.17%
<b>I - TOTAL REVENUES AND OPERATING INCOME</b>	<b>327,646</b>	<b>100.00%</b>	<b>367,688</b>	<b>100.00%</b>	<b>(40,042)</b>	<b>-10.89%</b>
3. Purchase costs	(292,373)	-89.23%	(327,984)	-89.20%	35,611	-10.86%
4. Service costs	(16,319)	-4.98%	(17,881)	-4.86%	1,562	-8.74%
5. Labour cost	(13,376)	-4.08%	(15,135)	-4.12%	1,759	-11.62%
6. Other operating costs	(839)	-0.26%	(701)	-0.19%	(138)	19.64%
<b>OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)</b>	<b>4,740</b>	<b>1.45%</b>	<b>5,987</b>	<b>1.63%</b>	<b>(1,248)</b>	<b>-20.84%</b>
7. Amortization of intangible fixed assets	(1,357)	-0.41%	(1,257)	-0.34%	(100)	7.93%
8. Depreciation of tangible fixed assets	(2,145)	-0.65%	(2,325)	-0.63%	180	-7.75%
9. Gains/losses on disposals of non-current assets	1	0.00%	0	0.00%	1	#DIV/0!
10. Provisions and impairment reversal/losses on non-current assets	(1,855)	-0.57%	(1,235)	-0.34%	(620)	50.19%
<b>II -OPERATING INCOME (EBIT)</b>	<b>(616)</b>	<b>-0.19%</b>	<b>1,170</b>	<b>0.32%</b>	<b>(1,786)</b>	<b>-152.63%</b>
11. Share of earnings of equity investments in associates accounted for by the equity method	0	0.00%	(2,519)	-0.69%	2,519	
12. Financial income	2,559	0.78%	1,627	0.44%	932	57.28%
13. Financial expenses	(3,680)	-1.12%	(3,704)	-1.01%	24	-0.65%
<b>III - INCOME BEFORE TAXES FROM CONTINUING OPERATIONS</b>	<b>(1,737)</b>	<b>-0.53%</b>	<b>(3,426)</b>	<b>-0.93%</b>	<b>1,689</b>	<b>-49.31%</b>
14. Income taxes for the period	797	0.24%	(1,044)	-0.28%	1,841	-176.34%
<b>IV - NET INCOME FROM CONTINUING OPERATIONS</b>	<b>(940)</b>	<b>-0.29%</b>	<b>(4,470)</b>	<b>-1.22%</b>	<b>3,530</b>	<b>-78.98%</b>
15. Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0	0.00%
<b>V - NET INCOME</b>	<b>(940)</b>	<b>-0.29%</b>	<b>(4,470)</b>	<b>-1.22%</b>	<b>3,530</b>	<b>-78.98%</b>
16. Income (loss) attributable to minority interest	0	0.00%	(12)	0.00%	12	-100.00%
<b>VI - NET INCOME ATTRIBUTABLE TO CDC GROUP</b>	<b>(940)</b>	<b>-0.29%</b>	<b>(4,458)</b>	<b>-1.21%</b>	<b>3,518</b>	<b>-78.92%</b>

### **5.3. BUSINESS UNIT - INTERNET SERVICE PROVIDER AND PORTAL ACTIVITIES**

Interfree S.r.l., which constitutes this business area, is 100% controller by CDC Point S.p.A.

The result at 30th September 2007 shows a pre-tax profit of 1,426 thousand Euros compared to a positive result of 2,023 thousand for the same period in 2006. The difference derives mainly from the reduction of the net revenues accorded by the main telephone operators due to a fall in the internet traffic generated as an Internet Service Provider.

Comparing the positive results per quarter, we find a profit equal to 271 thousand Euros compared to a positive result of 546 thousand Euros for the same period in 2006.

The company generated net revenues equal to 2,387 thousand Euros (625 thousand Euros in the third quarter of 2007 alone), compared to 2,969 thousand Euros for the same period in the previous year (875 thousand Euros in the third quarter 2006). This turnover is mainly due to the payment by the main telephone operators (Telecom S.p.A., Wind S.p.A.) of the revenue sharing for telephone traffic generated by the company as internet service provider. For Telecom S.p.A this payment is carried out via the parent company CDC Point S.p.A.

In this report the revenues for revenue sharing are net of the relative costs.

Included are also revenues regarding services rendered to end-users via the [www.interfree.it](http://www.interfree.it) portal, mainly due to the sales and the renewal of internet domains to end-users.

Service costs are equal to 490 thousand Euros (201 thousand Euros in the quarter alone). In 2006 these costs were equal to 441 thousand Euros (162 thousand Euros in the quarter alone).

The increase is due to the cost of legal consultations sustained during this period following the closure of the litigation with Telecom Italia SpA.

The Ebitda profit for this period is equal to 1,578 thousand Euros compared to 2,212 thousand Euros at 30th September 2006, whilst the Ebit result is 1,429 thousand Euros compared to 2,026 thousand Euros at 30th September 2006. In the third quarter of 2007 alone the Ebitda result is equal to 319 thousand Euros compared to 620 thousand Euros for the same period in 2006, whilst the Ebit result is equal to 272 thousand Euros compared to 547 thousand Euros for the same period in 2006.

The total number of employees at 30th September 2007 is 10 units, with an increase of 1 unit since 30th September 2006.

The following tables are the concise versions of the reclassified Income Statement, with regard to the internet area at 30th September 2007, and of the third quarter 2007 compared with the same periods in 2006.



RECLASSIFIED CONSOLIDATED INCOME STATEMENT AS OF SEPTEMBER 30, 2007

Income Statement - Internet Business (€ '000)	30-Sep-07		30-Sep-06		Change
1. Revenues	2,383	99.83%	2,960	99.70%	-19.49%
2. Other income	4	0.17%	9	0.30%	-55.41%
<b>I - TOTAL REVENUES AND OPERATING INCOME</b>	<b>2,387</b>	<b>100.00%</b>	<b>2,969</b>	<b>100.00%</b>	<b>-19.60%</b>
3. Purchase costs	(8)	-0.33%	(7)	-0.24%	11.25%
4. Service costs	(490)	-20.52%	(441)	-14.85%	11.09%
5. Labour cost	(306)	-12.81%	(303)	-10.21%	0.90%
6. Other operating costs	(5)	-0.19%	(5)	-0.17%	-7.94%
<b>OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)</b>	<b>1,578</b>	<b>66.11%</b>	<b>2,212</b>	<b>74.50%</b>	<b>-28.66%</b>
7. Amortization of intangible fixed assets	(46)	-1.93%	(45)	-1.52%	2.45%
8. Depreciation of tangible fixed assets	(103)	-4.32%	(141)	-4.75%	-26.78%
9. Gains/losses on disposals of non-current assets	0	0.00%	0	0.00%	0.00%
10. Provisions and impairment reversal/losses on non-current assets	0	0.00%	0	0.00%	0.00%
<b>II - OPERATING INCOME (EBIT)</b>	<b>1,429</b>	<b>59.85%</b>	<b>2,026</b>	<b>68.24%</b>	<b>-29.48%</b>
11. Share of earnings of equity investments in associates accounted for by the equity method	0	0.00%	0	0.00%	0.00%
12. Financial income	0	0.00%	0	0.00%	0.00%
13. Financial expenses	(3)	-0.11%	(3)	-0.10%	-15.96%
<b>III - INCOME BEFORE TAXES FROM CONTINUING OPERATIONS</b>	<b>1,426</b>	<b>59.75%</b>	<b>2,023</b>	<b>68.14%</b>	<b>-29.50%</b>
14. Income taxes for the period	(841)	-35.23%	(771)	-25.97%	9.08%
<b>IV - NET INCOME FROM CONTINUING OPERATIONS</b>	<b>585</b>	<b>24.52%</b>	<b>1,252</b>	<b>42.17%</b>	<b>-53.26%</b>
15. Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0.00%
<b>V - NET INCOME</b>	<b>585</b>	<b>24.52%</b>	<b>1,252</b>	<b>42.17%</b>	<b>-53.26%</b>
16. Income (loss) attributable to minority interest	0	0.00%	0	0.00%	0.00%
<b>VI - NET INCOME ATTRIBUTABLE TO CDC GROUP</b>	<b>585</b>	<b>24.52%</b>	<b>1,252</b>	<b>42.17%</b>	<b>-53.26%</b>



RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE THIRD QUARTER OF 2007

Income Statement - Internet Business (€ '000)	Q3 2007		Q3 2006		Change
1. Revenues	625	100.08%	872	99.66%	-28.31%
2. Other income	0	0.08%	3	0.34%	0.00%
<b>I - TOTAL REVENUES AND OPERATING INCOME</b>	<b>625</b>	<b>100.00%</b>	<b>875</b>	<b>100.00%</b>	<b>-28.61%</b>
3. Purchase costs	(5)	-0.79%	(2)	-0.23%	146.68%
4. Service costs	(201)	-32.20%	(162)	-18.51%	24.15%
5. Labour cost	(98)	-15.70%	(95)	-10.86%	3.22%
6. Other operating costs	(2)	-0.25%	3	0.34%	-151.32%
<b>OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON-CURRENT ASSETS (EBITDA)</b>	<b>319</b>	<b>51.07%</b>	<b>620</b>	<b>70.86%</b>	<b>-48.55%</b>
7. Amortization of intangible fixed assets	(16)	-2.49%	(15)	-1.71%	3.58%
8. Depreciation of tangible fixed assets	(31)	-4.97%	(58)	-6.63%	-46.45%
9. Gains/losses on disposals of non-current assets	0	0.00%	0	0.00%	0.00%
10. Provisions and impairment reversal/losses on non-current assets	0	0.00%	0	0.00%	0.00%
<b>II - OPERATING INCOME (EBIT)</b>	<b>272</b>	<b>43.61%</b>	<b>547</b>	<b>62.51%</b>	<b>-50.20%</b>
11. Share of earnings of equity investments in associates accounted for by the equity method	0	0.00%	0	0.00%	0.00%
12. Financial income	0	0.00%	0	0.00%	0.00%
13. Financial expenses	(1)	-0.12%	(1)	-0.11%	-28.02%
<b>III - INCOME BEFORE TAXES FROM CONTINUING OPERATIONS</b>	<b>271</b>	<b>43.34%</b>	<b>546</b>	<b>62.40%</b>	<b>-50.42%</b>
14. Income taxes for the period	(208)	-33.30%	(280)	-32.00%	-25.71%
<b>IV - NET INCOME FROM CONTINUING OPERATIONS</b>	<b>63</b>	<b>10.04%</b>	<b>266</b>	<b>30.40%</b>	<b>-76.43%</b>
15. Net income from discontinued operations/assets held for sale	0	0.00%	0	0.00%	0.00%
<b>V - NET INCOME</b>	<b>63</b>	<b>10.04%</b>	<b>266</b>	<b>30.40%</b>	<b>-76.43%</b>
16. Income (loss) attributable to minority interest	0	0.00%	0	0.00%	0.00%
<b>VI - NET INCOME ATTRIBUTABLE TO CDC GROUP</b>	<b>63</b>	<b>10.04%</b>	<b>266</b>	<b>30.40%</b>	<b>-76.43%</b>



## 6. INFORMATION ON GROUP COMPANIES

### PARENT COMPANY

#### CDC Point S.p.A.

The company is one of the most important operators in Italy in the manufacture and distribution of IT products for the consumer - SOHO market.

Revenues were generated via a retail distribution network of 181 outlets operating under the Computer Discount banner, 166 Amico outlets, and 31 Cash & Carry shops distributing to IT dealers and resellers, who are also served by the B2B e-commerce platform [www.cdcpoint.it](http://www.cdcpoint.it). As of 30th September, 2007, the company generated revenues equal to 322,340 thousand Euros.

The employees of the Company amounted to 309 units for the period ending 30th September, 2007.

### SUBSIDIARIES

#### Micronica S.p.A.

The company assembles personal computers on behalf of the Parent Company CDC Point S.p.A., and manages the Group's logistics platform.

As of 30th September 2007 revenues from the assembly business amounted to 434 thousand Euros, whereas logistics generated income for 2,585 thousand Euros and other services totalled 1,395 thousand Euros.

As of 30th September, 2007, the employees of Micronica amounted to 99 units.

#### CD Web S.r.l.

The company operates in the field of e-commerce, using Interfree as internet portal and the Computer Discount commercial network for product distribution; it is fully owned by CDC Point S.p.A. The company does not have any personnel. At 30th September 2007 the company was not active, and did not generate any revenues.

#### Polinet S.r.l.

In 2001 the company acquired from the Gruppo Editoriale Futura S.p.A. an office building located in Milan. Currently the office building is not rented. At 30th September 2007 there was a capital gain equal to Euro 22 thousand due to the sale of a part of the building.

#### Interfree S.r.l.

Interfree S.r.l. represents the Internet Service Provider and Portal business unit of the CDC Group, and is fully owned by CDC Point S.p.A. The revenues derive mainly from revenue sharing paid by telecom carriers (Telecom S.p.A., Wind S.p.A. and Albacom S.p.A.) for the internet traffic generated as Internet Service Provider. As of 30th September 2007 revenues were equal to 2,383 thousand Euros and the company's employees amounted to 10 units.

#### Computer Discount S.r.l.

The company holds equities in retail shops specialized in computer technology, affiliated to the Computer Discount network. As of 30th September 2007, the subsidiaries of Computer Discount S.r.l. generated revenues equal to 22,876 thousand Euros.

**RELATED AND OTHER COMPANIES**

Shares in related and other companies were represented mainly by the obligatory participation of CDC Point S.p.A. in the Conai consortium for 0,7 thousand Euros, and in the Equal consortium (National Ecodigital Consortium) for 2,6 thousand Euros, as well as the participation of Micronica S.p.A. in the CAAP consortium for the development of production activities for 4 thousand Euros. Related-party transactions are solely of a commercial nature and were carried out under market conditions.

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

<b>Gruppo CDC</b>				
<b>(€*1.000)</b>	<b>Crediti</b>	<b>Debiti</b>	<b>Ricavi</b>	<b>Costi</b>
CDC S.r.l.	159	(9)	1.096	0
<b>Società controllante</b>	<b>159</b>	<b>(9)</b>	<b>1.096</b>	<b>0</b>
Imo 1 S.r.l.	0	4	4	(296)
Gap S.r.l.	0	0	0	(8)
Icube S.r.l.	0	0	0	0
Tradesoft Technologies S.r.l.	9	(9)	10	(15)
Centrostampa S.r.l.	0	(47)	2	(112)
S.I.S. s.r.l.	10	(16)	177	(164)
Diomelli Giuseppe	4	0	0	0
Andolfi Floriana	3	0	0	0
<b>Società correlate</b>	<b>26</b>	<b>(68)</b>	<b>193</b>	<b>(595)</b>



## 7. OTHER INFORMATION

### RESEARCH AND DEVELOPMENT ACTIVITIES

The Group did not carry out research and development of any significance during this period.

### OWN SHARES

As of 30th September 2007 CDC Point S.p.A. held 392,286 of its own shares acquired between 2001 and 2006 in order to stabilize the stock market price, according to the resolution adopted by the General Shareholders' Meeting on 27<sup>th</sup> April, 2006 and the buy back plan approved by the Board of Directors on 14th February, 2006 and on 24th March 2006. The shareholders' meeting on 27th April 2007 renewed the Board of Director's power of attorney for the sales and acquisition of its own shares. The shares owned are registered in a specific reserve account as a reduction of Shareholders' equity. The book value of the treasury shares and of the earnings deriving from their possible future sales are considered as Shareholders' equity changes.

### FORESEEABLE EVOLUTIONS IN MANAGEMENT

Because of the following reasons, we expect a recovery of profitability during 2007:

- the impact of the operating costs reduction policy begun in 2006;
- a reversal of the gross margin downturn, thanks to various factors such as direct sales and better offers regarding its own brand.

### IMPORTANT EVENTS AFTER 30TH SEPTEMBER, 2007

No events of any consequence occurred subsequent to 30th September 2007.

Chairman of the Board of Directors  
Giuseppe Diomelli

**DECLARATION EX ARTICLE 154-bis, paragraph 2 of  
LEGISLATIVE DECREE n. 58/1998 "Testo  
unico delle disposizioni in materia di intermediazione finanziaria", and following changes.**

I Pina Ciaramella, the undersigned officer charged with drawing up the accounting documents of the company CDC POINT S.p.A., in compliance with the provisions of paragraph 2 of Article 154 bis of Legislative Decree n.58/1998, introduced by the law n.262 of December 28, 2005,

**declare**

that, to my knowledge, the Consolidated Quarterly Report as of September 30, 2007 of CDC POINT Group corresponds faithfully to the findings resulting from accounting documents, books and to accounting records.

Fornacette, November 14, 2007.

The Officer Responsible for the drawing up of financial reports

Pina Ciaramella