

# **FINANCIAL STATEMENTS FOR** **THE SIX-MONTH PERIOD ENDED** **ON JUNE 30, 2002**

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

|                           |                   |                     |
|---------------------------|-------------------|---------------------|
| <b>Board of Directors</b> | Chairman          | Giuseppe Diomelli   |
|                           | Managing Director | Claudio Andolfi     |
|                           | Managing Director | Leonardo Pagni      |
|                           | Director          | Enrico Baracchini   |
|                           | Director          | Alessandro Barberis |

Giuseppe Diomelli is Chairman and Managing Director in charge of the Commercial Department. He is responsible for procurement, sales, and relations with government, financial institutions and shareholders.

Leonardo Pagni is Managing Director in charge of the Strategy and Operations Department. He is responsible for Human Resources and Organization, Production, Logistics, IT, Strategic Planning and Investor Relations.

Claudio Andolfi is Managing Director in charge of the Administration, Finance and Control Department.

Alessandro Barberis and Enrico Barachini are Independent Directors.

Internal Audit Committee: Alessandro Barberis, Chairman, Enrico Barachini and Claudio Andolfi.

In July 2002, following his appointment as general manager of Fiat S.p.A., Alessandro Barberis resigned from the Internal Audit Committee. Mr. Barberis will continue to serve in the other capacities.

Therefore, the new internal audit committee will be made up of Enrico Barachini, Chairman and Claudio Andolfi.

Alessandro Barberis, Chairman, Enrico Barachini, and Leonardo Pagni are members of the Remuneration Committee.

|                          |                   |               |
|--------------------------|-------------------|---------------|
| <b>Board of Auditors</b> | Chairman          | Carlo Bossi   |
|                          | Statutory Auditor | Daniela Carli |
|                          | Statutory Auditor | Alberto Lang  |
|                          | Alternate Auditor | Enzo Polidori |
|                          | Alternate Auditor | Enrico Fabbri |

**Auditing Company**

Arthur Andersen S.p.A.

|                        |
|------------------------|
| <b>GROUP STRUCTURE</b> |
|------------------------|

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

Registered Office: Via Tosco Romagnola, 61 56012 Fornacette CALCINAIA (PI)  
Member of the Chamber of Commerce of Pisa number 01250630504

**Micronica S.p.A.**

Wholly owned  
Registered Office: Via Calabria, 1 GELLO di PONTEDERA (PI)  
Member of the Chamber of Commerce of Pisa number 01144430509

**Cd Consulting S.r.l.**

Wholly owned  
Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)  
Member of the Chamber of Commerce of Pisa number 01341600508

**Cd Web S.p.A.**

Wholly owned  
Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)  
Member of the Chamber of Commerce of Pisa number 01515060505

**Polinet S.r.l.**

Wholly owned  
Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)  
Member of the Chamber of Commerce of Pisa number 01515070504

**Interfree S.p.A.**

51% owned  
Registered Office: Piazza Fermi snc, 56012 Fornacette CALCINAIA (PI)  
Member of the Chamber of Commerce of Pisa number 01499020509

**Direct S.r.l.**

99% owned  
Registered Office: Via Mazzini, 74 56025 PONTEDERA (PI)  
Member of the Chamber of Commerce of Pisa number 01459540504



## USEFUL INFORMATION

### CDC Point S.p.A.

CDC Point S.p.A.

Via Tosco Romagnola 61

56012 Fornacette (PI)

Registered in the Companies' Registry of Pisa number 01250630504

Tel: +39 0587 2882

Fax: +39 0587 288514

### Investor relations

investorrelations@cdcpoint.it

### Internet Address

<http://www.cdc.it>

<http://www.interfree.it>



**MACTRONICS**



## REPORT ON OPERATIONS

### 1. Consolidated performance report

To our shareholders,

The first 6 months of operations for 2002 were characterized by unfavorable market trends, in terms of both overall consumption and demand for IT products.

The recession the world economy has been experiencing since the second half of 2001 has had a significant impact also on the Italian economy.

The market for Information technology ("IT") products in Italy continued to witness the declining demand that had been under way since the fourth quarter of 2001 and that became more pronounced in the second quarter of 2002.

In particular, according to Sirmi, a market research firm, during the first half of 2002, the Italian market for personal computers (pc desktops, laptops, servers and workstations), which historically have accounted for more than 50% of your company's revenues, fell by 6.6% in terms of volume and by 15.4% in value.

Against this background, during the period under review, your company achieved some of the strategic goals it had set at the beginning of the year:

#### 1. Completion of the plan to refocus on the core business and renegotiation of the existing terms of the agreement with the investment fund Upside I.

The results of the first half of 2002 reflected the exit of the unprofitable telephony and publishing units from the consolidation scope, as both were sold in the second half of 2001. In particular, in December 2001, Upside I bought from CDC S.p.A. 100% of Policom S.p.A., the telephony company, and 49% of Interfree S.p.A.. Both companies had agreed to split up Interfree in two units, one operating as a technology portal and the other engaging in dial-up internet access, the former to remain as part of the CDC Group and the second to be transferred to Upside I. In the meantime, CDC S.p.A. signed an exclusive contract with the Upside I group to provide telecommunication and internet-connection products and services.

In light of the changes in market conditions, which had constituted the foundation of the initial cooperation agreement between CDC and Upside I, the parties amended such original agreement as follows:

- CDC would sell the 20% stake held in Upside I for €1.5 million vis-à-vis the repurchase of 49% of Interfree, while Upside I would waive the commitment the split-up of Interfree for a consideration of €1.5 million;
- Upside I would keep Policom S.p.A. and the relevant telephony activities;
- Policom S.p.A. and Interfree S.p.A. would offset each other's debits and credits as arisen starting on the date of the original umbrella agreement between CDC S.p.A. and Interfree S.p.A.;
- CDC S.p.A. and Interfree S.p.A. are released from the exclusive agreement with the Upside I group in the area of telecommunications products/services (including wideband).

By reacquiring full control of Interfree (both portal and dial-up internet access activities), the CDC Group will collect the reverse charges generated by dial-up users, starting on October 1, 2002. Next to Tiscali, Interfree S.p.A. is the first free ISP in Italy, with 300,000 active users and forecast internet dial-up traffic of 1.5 billion minutes in 2002, a figure in keeping with that for 2001. The internet traffic will be handled through numbers already assigned, thanks also to several agreements entered into with prime carriers (Telecom Italia, Albacom and Edisontel); this activity is expected to generate €1 million for the fourth quarter of 2002 and €3 million for fiscal year 2003 as a whole, net of operating development costs.

Based on the 2002-2005 business plan, this transaction will allow Interfree S.p.A. to have an ebitda of about €0.5 million for the fourth quarter of 2002 and of more than €2 million per annum between 2003 and 2005. Thanks to the restructuring process carried out in the first half of 2002, and after the company's start-up costs will be fully expensed out by the end of 2002, net income is expected to total €1.0-2.0 million per year between 2003 and 2005.

## **2. Greater operating efficiency and cost control**

Thanks to the start of operations of the new logistic center, in the first half of 2002 the group was able to slash the operating costs of its IT core business to a significant extent. More specifically, service costs went from €12.61 million in the first half of 2001 (representing 5% of revenues) to €10.004 million in the period under review (representing 4.13% of revenues). This significant efficiency improvement was achieved mostly as a result of the substantial reduction in transportation costs, which went from €4.99 million in the first half of 2001 (2.0% of revenues) to €3.34% in the first half of 2002 (1.37% of revenues).

## **3. Improvement of operating margins**

Despite the strong competitive pressures that materialized during the first half of 2002, CDC S.p.A. witnessed an increase of its margins in the IT core business, achieving a return on sales of 10.73% in the first half of 2002 (€26.11 million), as opposed to 9.12% in the first half of 2001 (€22.97 million). Such increase was due to a greater efficiency attained in the procurement area and to the greater focus on higher-margin products

## **4. A return to profitability at the consolidated level and groundwork for a further increase in consolidated income in the second half of 2002**

During the first half of 2002, CDC S.p.A. met its goal to achieve a consolidated pre-tax income, which amounted to €0.532 million. Moreover, noteworthy is that this result was determined despite non-recurring charges of approximately €1.8 million which were expensed out during the period. These non-recurring charges consisted of:

- a loss in the amount of €1.35 million by the subsidiary Interfree, of which €750,000 was included in the consolidated accounts, net of the effect on income attributable to minority interests.
- allowances for exchange rate fluctuations for €468,000, following the unusual trend of the exchange rate between the U.S. dollar and the euro in May and June 2002;

- write-downs of shareholdings and other financial assets for €555,000, reflecting a write-down of €237,000 in the equity interests in SIT and Upside I and a write-down of €318,000 in the treasury shares held in portfolio.

Thus, excluding non-recurring charges, the consolidated pre-tax income amounted to more than €2 million, which suggests that the company might achieve a significant consolidated net income by year-end.

During the period under review, the group had consolidated revenues of €242.92 million, on a like-for-like consolidation basis, from the total revenues in the amount of €263.17 million as of June 30, 2001, which included €10.79 million in revenues generated by the telephony and publishing businesses, which were eventually sold in the second half of 2001.

Thus, in addition to those generated by the IT business unit, the consolidated sales for the period under review included revenues from services and other activities performed by Interfree through its [www.interfree.it](http://www.interfree.it) portal for a total of €0.93 million.

The return to profitability at the consolidated level was due to the remarkable increase in operating income, which reflected, on one side, the successful implementation of the plan to refocus on the IT core business and, on the other side, the significant efficiency improvement in IT distribution.

During the first half of 2002 the group had an ebitda of €7.02 million, as against a loss of €6.92 million in the past fiscal year, and an ebit, before the amortization of listing costs, of €3.33 million, despite the absorption of the loss of €1.42 million incurred by Interfree.

Considering that net financial expenses amounted to €2.75 million (as against net financial expenses for €1.54 million in the first half of 2001), consolidated pre-tax income, net of the portion attributable to minorities, totaled €0.532 million.

In addition to the steps taken to refocus and improve operating efficiencies, during the first half of 2002 some strategic actions were initiated to further strengthen CDC's leadership in the IT sector:

#### **- Corporate transactions**

The difficulties in the IT sector gave rise to a gradual market consolidation process, both in the retail distribution segment, where CDC is the leader in Italy through the Computer Discount and Compy chains, and in the wholesale area, where CDC is a leading operators through its own Cash & Carry chain.

CDC took part in the concentration process in both market areas (retail and wholesale), confirming its intention to play a leading role in the field of IT distribution in Italy.

In particular, during the period under review, your company consummated 3 corporate transactions: 1) acquisition of the distribution assets of Armonia Computers S.r.l.; 2) leasing of the Italian distribution assets of Test S.p.A.; 3) acquisition of a controlling interest in Mactronics Technology S.r.l.. Moreover, an agreement is expected to be signed to take over Sofim S.r.l., a company that operates 40 among the main selling outlets of the Computer Discount chain.

### **- Partnership agreements with prime industry operators**

In June 2002, CDC Point S.p.A. signed an agreement with INTEL, a world leader in the manufacturing and distribution of processors and personal computer equipment, whereby it will become part of the select number of direct resellers of this company's products in the Italian market. Thanks to this agreement, the company has strengthened its ties with one of the world's main IT players.

### **- Widening the product range**

In June 2002, CDC launched its own notebook (laptop) line, DEXNote, which is intended for the SOHO and small business segment. This project allows CDC to position itself in the notebook segment – which has experienced a substantial growth over the past two years – with a range of products capable of meeting changing customer requirements. Moreover, thanks to an exclusive swap arrangement, whereby malfunctioning DEXNotes can be replaced immediately in all Computer Discount stores throughout the national territory, CDC reiterated the strategy designed to leverage its widespread presence to offer value-added solutions to its customers.

### **- Networking and Small-to-Medium Enterprise (SME) project**

In June 2002, CDC Point S.p.A. started a project with the goal to enhance the penetration of the Computer Discount chain in the market for services to small and medium enterprises as well as to the SOHO clientele. This project, whose benefits will be visible starting at the end of the current fiscal year, calls for a greater focus of the Computer Discount chain on the solutions and services in the field of networking, e-security and storage, with the objective to increase the installations of LAN, intranet/extranet networks, as well as technical assistance services.

### **- Consolidation of sales to Government Authorities and to large accounts**

As provided for by the strategic plan, during the first half of 2002 efforts continued to sell products to government authorities and large accounts. In particular, deliveries began under a contract with Italia Lavoro to provide computers, collecting during the period under review a total of €8 million in revenues, in light of this organization's attempt to disseminate information technology in Southern Italy.

Thanks to a satisfactory operating performance, and despite the investments in new initiatives, as of June 30, 2002 net financial indebtedness amounted to €44.24 million, representing approximately 8% of total projected yearly sales, quite a respectable level for the IT distribution sector. The net financial position, which includes debts with other lenders for future leasing fees in the amount of €3.77 million, rose by €3.34 million from the corresponding figure in the first half of 2001.

On the other hand, during the second half of 2001, CDC had incurred cash outlays of more than €5 million in relation to the process of refocusing on the core business.

In general, the group's financial structure appeared more balanced. Shareholders' equity amounted to €44.29 million, exceeding by more than 10% the 40.37 million of the fixed assets, which had fallen from the €68,01 million as of June 30, 2001. Net working capital amounted to €50.97 million, compared to €28.22 million in the first half of 2002; this was due also to the exit from the consolidation scope of trade debts with the suppliers of the telephony unit for approximately €15 million.

Overall, during the first half of 2002, CDC laid the groundwork to increase its future profitability level, despite less-than-favorable market conditions.

## 2. Review of operations of the individual business units

### 2.1 Core business of IT manufacturing and distribution

During the year under review, the core IT distribution business had a pre-tax income of €1.87 million, compared to a loss of €0.97 million in the first half of 2001.

This positive result was achieved thanks to:

- a. revenues that proved resilient. During the first half of 2002, CDC posted consolidated revenues in the core IT business in the amount of €242.36 million, down only 3% from 2001. This resulted in a higher share in the PC market, which had dropped by more than 15% in the period according to the market research firm of Sirmi;
- b. an increase in operating income. The core business had an ebitda of €7.54 million (3.1% of revenues), up more than 300% from €2.18 million in the first half of 2001 (1% of revenues). The adjusted ebit (EBITA) was €4.65 million (approximately 2% of revenues), up more than 500% from €0.66 million in the first half of 2001. Operating income grew owing to the following strategic tools:
  - i. higher margin, which rose from 9.12% of revenues in the first half of 2001 (€22.97 million) to 10.73% of total revenues in the first half of 2002 (€26.11 million);
  - ii. lower service costs, from €12.61 million in the first half of 2001 (representing 5% of total revenues) to €10.10 million for the period under review (representing 4.13% of total revenues). Such significant efficiency improvement was achieved as the new logistic platform became fully operational, making it possible to abate transportation costs, from €4.99 million in the first half of 2001 (2.0% of total revenues) to €3.34 million in the first half of 2002 (1.37% of total revenues);

### 2.2. Activities as provider of dial-up Internet services and as technology portal

Interfree S.p.A., a 51%-owned subsidiary as of the date of preparation of the consolidated accounts, posted a loss of €1.35 million, a better result than the €2.11 million loss recorded in the first half of 2001.

This business was affected by the agreement just entered into between the CDC Group and the Upside I investment fund, which resulted in the cancellation of the contract with Policom S.p.A./Upside I as of January 1, 2002.

In fact, this event led to the loss of all the revenues generated by the dial-up internet access, which Interfree will be able to collect starting in October 2002 thanks to the new agreements signed with prime carriers (including Telecom Italia, Wind, Albacom, Edisontel).

Revenues during the period under review resulted mainly from the provision of services through the [www.interfree.it](http://www.interfree.it) portal for a total of €0.93 million, compared to €3.49 million in the first half of 2001, made up mainly of revenues from reverse charges.

The negative ebitda for the period amounted to €535,000, while the negative ebit, in the amount of €1.42 million, was adversely affected by the company's start-up costs, which were incurred in 2000 and will be fully expensed out during this fiscal year.

Therefore, in addition to renegotiating the terms of the agreement with Upside I, the company completed the restructuring of its operating costs, with special reference to payroll costs, with the total number of employees falling from 25 to 11.

Overall, then, during the second half of 2002, the groundwork for was laid to achieve the break-even operating point as early as the fourth quarter of 2002. This newly-found profitability, which the company will be able to achieve thanks to the dial-up internet traffic generated by its customers (300,000 active users out of 1 million registered users), together with the benefits determined by the restructuring of the operating costs, will make it possible for Interfree to reach the operating breakeven for the entire fiscal year.

### **3. Recent corporate transactions**

Worthy of note in this area are the following:

#### **Agreement with Armonia Computers S.r.l.**

In April 2002 CDC Point S.p.A. reached an agreement to buy the distribution activities of Armonia Computers S.r.l. and to manage, as partner, the retail operations of this Veneto-based IT company, whose sales in 2001 amounted to approximately €11.5 million.

This agreement, through which CDC Group will strengthen its presence in the North-East region, calls for:

- the acquisition of the distribution business which Armonia Computers S.r.l. carries out through the Cash & Carry of Conegliano Veneto (TV) (historic sales of approximately €6 Millions). This unit includes goodwill, trademarks and customer database but excludes such assets as inventories and receivables as well as trade payables and bank loans.
- a franchising agreement, for a minimum of 3 years, between CDC and Armonia's retail outlets.

Armonia Computers S.r.l. has been operating for over 10 years in the production and distribution of IT products in the North-Eastern part of Italy, enjoying a strong penetration, particularly in the Dealer and small and medium enterprise (SME) segment.

When fully operational, this business is expected to generate more than €10 million a year in revenues, 50% of which directly through the Cash & Carry in Conegliano Veneto and the remaining 50% through the partnership with Armonia's retail outlets. The price for this transaction was €525,000. However, the agreement provided also for earn-out arrangements, whereby an additional sum of up to €516,000 will be paid over a 15-month period if certain pre-established sales targets are met. CDC Point S.p.A. can pay this sum also by issuing shares, if it so chooses.

#### **Acquisition of the majority interest in Mactronics Technology S.r.l.**

Mactronics Technology S.r.l. operates the storage and server unit of Mactronics Data Systems S.r.l., an independent company engaging in the Italian storage market. The mission of Mactronics Technology, inside the CDC Group, is to carry out product design activities and the development of the commercial network in the storage and server sector, with special attention to the needs of small- and medium-size companies.

Following the approval of the Antitrust Authority, in July 2002 CDC Point S.p.A. acquired a 51% equity interest in Mactronics Technology S.r.l. for €250,000. CDC Point S.p.A. intends to increase its stake to 60%. The remaining 40% will be held by the original holders, who boast unequalled experience in the data storage market.

#### **Leasing of Test S.p.A.**

On June 13, 2002, through its Direct S.r.l. subsidiary (a vehicle purchased for €15,000, its net asset value as of June 30, 2002), CDC Point S.p.A. leased the Italian commercial operations of Test S.p.A., a company engaging in the IT Distribution market..

With total 2001 sales of over €30 million in Italy, Test S.p.A. owns a sales network made up of 6 cash & carry for the distribution of microIT products to trade operators in Milano, Padova, Reggio Emilia, Sassari, Firenze, Perugia, besides a network of more than 50 computer shops with an affiliation to the Mamabit name.

In addition, the company generates 20% of its sales through the B2B e-commerce platform. In 2001 Test had an Ebitda of €1 million (2,8% of revenues) and income before taxes of about €150,000.

The deal was agreed upon the following terms and conditions:

-Direct S.r.l., a subsidiary of CDC, leases Test's Italian operations through a 6-year leasing contract. The transaction calls for a payment of a yearly leasing fee of €420,000 and a security deposit of the same amount;

- in the meantime, Direct buys a call option for €400,000, whereby it can acquire the leased unit. This option, which can be exercised throughout the lease term, will allow Direct to purchase Test's Italian commercial operation. The price at the end of the leasing term has been established at €5,4 millions, less the price paid for the option and the leasing fees paid up to the purchasing date.

In the case the acquisition is finalized at the end of the leasing period, the cost will be of €2.5 million, of which 50% could be paid-at Direct's discretion- with newly-issued CDC S.p.A. stock.

- The unit acquired will not include any debts that Test has with banks.

This transaction is consistent with CDC's strategy of refocusing on the IT business starting in the second half of 2001, making it possible to acquire a company with a strong franchise in the Center-North Italian market.

The transaction will be executed in September, following the approval of the Antitrust Authorities.

### **Acquisition of Sofim S.r.l.**

On July 24, 2002 CDC Point S.p.A. purchased 40 among the main Computer Discount stores located in the principal Italian cities, thus adding to the group an additional tract of the value chain.

This transaction, which calls for the purchase of a 100% equity interest in Sofim S.r.l., the company that owns the Computer Discount stores referred to above, is described more extensively under Subsequent Events.

## GROUP'S OPERATING AND FINANCIAL DATA

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

In order to allow a better understanding of the data shown below, the figures for fiscal year 2001 reflect the inclusion in the scope of consolidation of the publishing and telephony operations divested during the second half of 2001. For a meaningful comparison, reference should be made to the paragraph concerning the IT Distribution business.

| Consolidated Income Statement                            | June 30, 2002    |                | December 31,<br>2001 |                | June 30, 2001    |                |
|--|------------------|----------------|----------------------|----------------|------------------|----------------|
| Revenues from sales and services                         | 242,929          | 99.64%         | 520,344              | 99.31%         | 263,177          | 99.60%         |
| Other revenues and income                                | 884              | 0.36%          | 3,617                | 0.69%          | 1,069            | 0.40%          |
| <b>Total Revenues</b>                                    | <b>243,813</b>   | <b>100.00%</b> | <b>523,961</b>       | <b>100.00%</b> | <b>264,246</b>   | <b>100.00%</b> |
| Cost of raw and ancillary materials and goods for resale | (191,270)        | -78.45%        | (464,343)            | -88.62%        | (214,256)        | -81.08%        |
| Change in inventories of goods for resale                | (25,894)         | -10.62%        | 4,831                | 0.92%          | (15,902)         | -6.02%         |
| <b>Cost of Goods</b>                                     | <b>(217,164)</b> | <b>-89.07%</b> | <b>(459,512)</b>     | <b>-87.70%</b> | <b>(230,158)</b> | <b>-87.10%</b> |
| <b>Trading Surplus</b>                                   | <b>26,649</b>    | <b>10.93%</b>  | <b>64,449</b>        | <b>12.30%</b>  | <b>34,088</b>    | <b>12.90%</b>  |
| Service costs  | (10,696)         | -4.39%         | (41,192)             | -7.86%         | (27,131)         | -10.27%        |
| Lease expense  | (1,380)          | -0.57%         | (3,889)              | -0.74%         | (2,369)          | -0.90%         |
| Payroll costs  | (7,375)          | -3.02%         | (19,368)             | -3.70%         | (10,809)         | -4.09%         |
| Other operating costs                                    | (174)            | -0.07%         | (974)                | -0.19%         | (706)            | -0.27%         |
| <b>Ebitda</b>  | <b>7,024</b>     | <b>2.88%</b>   | <b>(974)</b>         | <b>-0.19%</b>  | <b>(6,927)</b>   | <b>-2.62%</b>  |
| Depreciation   | (3,365)          | -1.38%         | (9,325)              | -1.78%         | (5,291)          | -2.00%         |
| Provisions and write-downs                               | (320)            | -0.13%         | (2,305)              | -0.44%         | (2,001)          | -0.76%         |
| <b>Ebita</b>   | <b>3,339</b>     | <b>1.37%</b>   | <b>(12,604)</b>      | <b>-2.41%</b>  | <b>(14,219)</b>  | <b>-5.38%</b>  |
| Goodwill amortization and stock market listing costs     | (351)            | -0.14%         | (664)                | -0.13%         | (332)            | -0.13%         |
| <b>Ebit</b>  | <b>2,988</b>     | <b>1.23%</b>   | <b>(13,268)</b>      | <b>-2.53%</b>  | <b>(14,551)</b>  | <b>-5.51%</b>  |
| Financial Income (expense), net                          | (2,751)          | -1.13%         | (4,005)              | -0.76%         | (1,546)          | -0.59%         |
| Extraordinary income (expense), net                      | 283              | 0.12%          | (6,816)              | -1.30%         | (4,018)          | -1.52%         |
| Adjustments to financial fixed assets                    | (556)            | -0.23%         | (6,923)              | -1.32%         | 0                | 0.00%          |
| <b>Income before Taxes</b>                               | <b>(36)</b>      | <b>-0.01%</b>  | <b>(31,012)</b>      | <b>-5.92%</b>  | <b>(20,115)</b>  | <b>-7.61%</b>  |
| Income taxes   | 0                | 0.00%          | (987)                | -0.19%         | 0                | 0.00%          |
| <b>Net result before minority interests</b>              | <b>(36)</b>      | <b>-0.01%</b>  | <b>(31,999)</b>      | <b>-6.11%</b>  | <b>(20,115)</b>  | <b>-7.61%</b>  |
| Income (loss) attributable to minority interests         | 568              | 0.23%          | 6,572                | 1.25%          | 6,110            | 2.31%          |
| <b>Consolidated Net Income</b>                           | <b>532</b>       | <b>0.22%</b>   | <b>(25,427)</b>      | <b>-4.85%</b>  | <b>(14,005)</b>  | <b>-5.30%</b>  |

Consolidated revenues, net of returns, discounts and allowances, derived almost entirely from sales in Italy; the following table sums up the consolidated revenues by business area.

| Business areas        | June 30, 2002  | December 31, 2001 | June 30, 2001  |
|-----------------------|----------------|-------------------|----------------|
| IT Distribution       | 242,367        | 502,202           | 249,962        |
| Internet              | 562            | 7,198             | 2,424          |
| Telephony             | 0              | 3,060             | 2,877          |
| Publishing            | 0              | 7,884             | 7,914          |
| <b>Total Revenues</b> | <b>242,929</b> | <b>520,344</b>    | <b>263,177</b> |

**End-of-period bonuses from suppliers and stock protections**, amounting to €7,817,000, were utilized to reduce the cost of goods sold.

**Contributions from suppliers for marketing programs, entry right fees of new affiliations and the contribution received by the distribution chain for the advertising campaign**, amounting to €5,661,000, were utilized to reduce communication costs.

The **change in inventories** was brought about by the inventory management policy implemented by CDC Point S.p.A..

**Service costs** are shown in the following table:

| Service Costs                                       | June 30, 2002 | December 31, 2001 | June 30, 2001 |
|---|---------------|-------------------|---------------|
| Transportation and logistics                        | 3,346         | 9,889             | 5,133         |
| Subcontractors                                      | 283           | 2,996             | 2,559         |
| Maintenance and utilities                           | 1,501         | 11,873            | 6,476         |
| Marketing costs                                     | 2,479         | 3,832             | 4,697         |
| <i>IT Distribution</i>                              | <i>2,427</i>  | <i>1,947</i>      | <i>3,014</i>  |
| <i>Internet</i>                                     | <i>52</i>     | <i>427</i>        | <i>249</i>    |
| <i>Telephony</i>                                    | <i>0</i>      | <i>360</i>        | <i>336</i>    |
| <i>Publishing</i>                                   | <i>0</i>      | <i>1,098</i>      | <i>1,098</i>  |
| Insurance premiums                                  | 281           | 647               | 354           |
| Technical, legal, administrative and tax consulting | 727           | 1,395             | 590           |
| Compensation to directors and auditors              | 702           | 2,667             | 1,587         |
| Other service costs                                 | 1,377         | 7,893             | 5,735         |
| <b>Total</b>  | <b>10,696</b> | <b>41,192</b>     | <b>27,131</b> |

The decrease compared to 30 June 2001 is attributable to the Group's exits from the publishing and telephony business, whose costs as of 30 June 2001 were €7,291,000 and €5,843,000, respectively.

**Marketing costs**, for a total of € 8,112,000 (inclusive of suppliers' contributions), are essentially related to the IT distribution business.

**Subcontractors, insurance premiums, technical, legal, administration and tax consulting services** are essentially related to IT Distribution activities. The decrease compared to 30 June 2001 is attributable to the exit from the scope of consolidation of Gruppo Editoriale Futura S.p.A. and Policom S.p.A.

**Payroll costs** for the IT distribution area reflect the increase in staff to fill operating requirements.

| <b>Payroll costs</b> | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2001</b> |
|----------------------|----------------------|--------------------------|----------------------|
| IT Distribution      | 7,015                | 13,982                   | 6,498                |
| Internet             | 360                  | 1,151                    | 634                  |
| Telephony            | 0                    | 2,270                    | 1,713                |
| Publishing           | 0                    | 1,965                    | 1,964                |
| <b>Total</b>         | <b>7,375</b>         | <b>19,368</b>            | <b>10,809</b>        |

The following table highlights the Group's employment trends:

| <b>Employees</b>                    | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2001</b> | <b>Average number of employees 01/01/02-30/06/02</b> |
|-------------------------------------|----------------------|--------------------------|----------------------|--|
| <b>IT Distribution</b>              | <b>400</b>           | <b>411</b>               | <b>398</b>           | <b>396.00</b>  |
| <i>Managers</i>                     | <i>11</i>            | <i>10</i>                | <i>10</i>            | <i>11.00</i>   |
| <i>Supervisors</i>                  | <i>22</i>            | <i>21</i>                | <i>20</i>            | <i>22.00</i>   |
| <i>White-collar</i>                 | <i>245</i>           | <i>186</i>               | <i>182</i>           | <i>233.00</i>  |
| <i>Blue-collar</i>                  | <i>122</i>           | <i>194</i>               | <i>186</i>           | <i>131.00</i>  |
| <b>Internet Business</b>            | <b>11</b>            | <b>28</b>                | <b>27</b>            | <b>17.00</b>   |
| <i>Managers</i>                     | <i>0</i>             | <i>0</i>                 | <i>0</i>             | <i>0.00</i>  |
| <i>Supervisors</i>                  | <i>0</i>             | <i>1</i>                 | <i>1</i>             | <i>1.00</i>  |
| <i>White-collar</i>                 | <i>11</i>            | <i>27</i>                | <i>26</i>            | <i>16.00</i>   |
| <b>Telephony business</b>           |                      |                          | <b>46</b>            |  |
| <i>Managers</i>                     |                      |                          | <i>3</i>             |  |
| <i>Supervisors</i>                  |                      |                          | <i>7</i>             |  |
| <i>White-collar</i>                 |                      |                          | <i>36</i>            |  |
| <b>Publishing business</b>          |                      |                          | <b>82</b>            |  |
| <i>Managers</i>                     |                      |                          | <i>6</i>             |  |
| <i>Supervisors and white-collar</i> |                      |                          | <i>76</i>            |  |

**Amortization and depreciation charges** included the consolidation adjustments resulting from the elimination of entries posted solely for tax benefit, such as the restatement of accelerated depreciation and the recalculation of lease transactions in accordance with the financial methodology for a total effect of about a €651,000.

**Amortization**, in the amount of €1,988, included mainly

|                  |  |          |
|------------------|--|----------|
| CDC Point S.p.A. | Amortization Trademark                         | €646,000 |
|                  | Amortization of costs for stock market listing | €332,000 |
| Interfree S.p.A. | Amortization start-up costs                    | €735,000 |

Overall, amortization for the IT distribution and the Internet areas totaled €2,826,000 and €890,000, respectively.

**Start-up costs for the Internet activity** will be fully amortized during 2002.

**Allowances for bad debts and write-downs** arose from the adjustment to trade receivables, to potential costs related to transactions entered into to hedge risks connected with some of CDC Point S.p.A.'s trade receivables for €300,000 and to the write-down of the shareholding in Upside I for €157,000.

**Financial income and expense** break down as follows:

| Financial income (expense)                                      | June 30,<br>2002 | December<br>31,<br>2001 | June 30,<br>2001 |
|---|------------------|-------------------------|------------------|
| Interest and other financial income                             | 141              | 317                     | 155              |
| Interest Expense  | (1,326)          | (2,335)                 | (1,059)          |
| Net foreign currency translation adjustment                     | (59)             | (273)                   | 72               |
| Provisions for exchange rate fluctuations                       | (469)            | (122)                   | 0                |
| Bank Commissions  | (191)            | (185)                   | (111)            |
| Commissions on credit cards and POS payments and factoring fees | (847)            | (1,407)                 | (603)            |
| <b>Total</b>  | <b>(2,751)</b>   | <b>(4,005)</b>          | <b>(1,546)</b>   |

The increase in financial expenses was due to the higher average debt resulting from the write-downs of shareholdings recorded last year. Further details are available under the relevant item in the notes to the financial statements.

### Net Working Capital

| Net Working Capital | June 30,<br>2002 | December<br>31, 2001 | June 30,<br>2001 |
|---------------------|------------------|----------------------|------------------|
| Inventory           | 54,635           | 80,530               | 65,560           |
| Trade receivables   | 52,508           | 60,789               | 48,899           |

|                                      |                 |                  |                  |
|--------------------------------------|-----------------|------------------|------------------|
| Due from parent company              | 5,824           | 9,274            | 0                |
| Other receivables                    | 11,381          | 15,929           | 17,080           |
| Accrued income and deferred expenses | 754             | 516              | 1,233            |
| <b>Current assets</b>                | <b>125,102</b>  | <b>167,038</b>   | <b>132,772</b>   |
| Trade payables                       | (66,298)        | (120,764)        | (95,802)         |
| Other payables                       | (7,179)         | (6,674)          | (8,426)          |
| Accrued expenses ad deferred income  | (657)           | (502)            | (324)            |
| <b>Current liabilities</b>           | <b>(74,134)</b> | <b>(127,940)</b> | <b>(104,552)</b> |
| <b>Net Working Capital</b>           | <b>50,968</b>   | <b>39,098</b>    | <b>28,220</b>    |

The above table reflects an increase of net working capital which was due mostly to a reduction of trade payables, following the removal from the scope of consolidation of trade debts payable to suppliers of telephone exchanges in the amount of €15,000.

**Inventories** were entered net of an allowance to mark the products down which reflects the loss in value determined by the obsolescence of slow moving items; such allowance amounted to €1 million and has been considered sufficient to cover the risk of obsolescence of slow moving products.

**Net financial position**

| <b>Net financial position</b>                  | <b>June 30,<br/>2002</b> | <b>December<br/>31, 2001</b> | <b>June 30,<br/>2001</b> |
|--|--------------------------|------------------------------|--------------------------|
| Bank debts payable within 12 months            | (43,168)                 | (36,441)                     | (43,324)                 |
| Cash and cash equivalents                      | 2,704                    | 4,734                        | 6,352                    |
| <b>Total short-term debts</b>                  | <b>(40,464)</b>          | <b>(31,707)</b>              | <b>(36,972)</b>          |
| <b>Due to other lenders for leased assets:</b> |                          |                              |                          |
| - payable within 12 months                     | (788)                    | (38)                         | 0                        |
| - payable after 12 months                      | (2,989)                  | (3,806)                      | (3,924)                  |
| <b>Due to other lenders</b>                    | <b>(3,777)</b>           | <b>(3,844)</b>               | <b>(3,924)</b>           |
| <b>Total indebtedness</b>                      | <b>(44,241)</b>          | <b>(35,551)</b>              | <b>(40,896)</b>          |

The net indebtedness figure at the end of the period reflects a contraction of debts. For a more in-depth analysis, reference should be made to the attached Cash Flow Statement.

**BUSINESS UNITS' OPERATING AND FINANCIAL DATA****IT DISTRIBUTION BUSINESS**

During the first half of fiscal year 2002, the CDC Group continued to develop its selling network, the most extensive in the Italian IT market.

| <b>Changes in the selling network</b> | <b>June 30,<br/>2002</b> | <b>March 31,<br/>2002</b> | <b>December<br/>31, 2001</b> | <b>June 30,<br/>2001</b> |
|---------------------------------------|--------------------------|---------------------------|------------------------------|--------------------------|
| Cash & Carry                          | 19                       | 18                        | 18                           | 18                       |
| Computer Discount                     | 250                      | 244                       | 243                          | 228                      |
| Compy                                 | 177                      | 167                       | 170                          | 158                      |
| Amico                                 | 119                      | 108                       | 101                          | 77                       |
| <b>Total retail stores</b>            | <b>565</b>               | <b>537</b>                | <b>532</b>                   | <b>481</b>               |

In addition to strengthening the traditional selling channels, the parent company has created a structure dedicated exclusively to major clients and government authorities, a market that had never been served before .

Revenues, net of returns, discounts and allowances, were derived almost entirely from sales in Italy.

During the first half of the year, CDC Point S.p.A. had revenues in the IT distribution area of €242 million, a decrease of 3% compared to the same period of the last fiscal year; however, this stood in marked contrast with the performance of the Italian PC market as a whole (where CDC Point S.p.A. derives over 50% of its yearly revenues) during the same period which, according to preliminary data from Sirmi, registered a 15% decrease in terms of value.

This result has to be considered extremely positive because:

- revenues do not take into account the acquisitions of Armonia Computers and Test, which were finalized during the second quarter 2002; these companies will start generating revenues for CDC Point S.p.A. in September;
- it reflects the stability of the retail-store chains owned by the group (in particular Cash & Carry and Computer Discount);
- it is indicative of the positive performance of the sales of workstation, servers and networking equipment to SOHO and SME clients.
- it benefited from the contribution of the new market segments (government authorities and large clients) targeted by the group where, during the first half of 2002, CDC earned revenues of about € 11 millions, which flowed in through its distribution channels (particularly Computer Discount).
- it has been achieved in conjunction with higher margins.



| <b>CONSOLIDATED INCOME<br/>STATEMENT FOR THE IT BUSINESS</b> | <b>June 30, 2002</b> |                | <b>December 31, 2001</b> |                | <b>June 30, 2001</b> |                |
|--|----------------------|----------------|--------------------------|----------------|----------------------|----------------|
| Revenues from sales and services                             | 242,367              | 99.63%         | 502,202                  | 99.31%         | 250,679              | 99.57%         |
| Other revenues and income                                    | 899                  | 0.37%          | 3,476                    | 0.69%          | 1,095                | 0.43%          |
| <b>Total Revenues</b>  | <b>243,266</b>       | <b>100.00%</b> | <b>505,678</b>           | <b>100.00%</b> | <b>251,774</b>       | <b>100.00%</b> |
| Cost of raw and ancillary materials and goods<br>for resale  | (191,260)            | -78.62%        | (463,003)                | -91.56%        | (213,270)            | -84.71%        |
| Change in inventories of goods for resale                    | (25,894)             | -10.64%        | 5,202                    | 1.03%          | (15,530)             | -6.17%         |
| <b>Cost of goods</b>   | <b>(217,154)</b>     | <b>-89.27%</b> | <b>(457,801)</b>         | <b>-90.53%</b> | <b>(228,800)</b>     | <b>-90.88%</b> |
| <b>Trading surplus</b>                                       | <b>26,112</b>        | <b>10.73%</b>  | <b>47,877</b>            | <b>9.47%</b>   | <b>22,974</b>        | <b>9.12%</b>   |
| Service costs  | (10,045)             | -4.13%         | (20,670)                 | -4.09%         | (12,615)             | -5.01%         |
| Lease expense  | (1,335)              | -0.55%         | (2,804)                  | -0.55%         | (1,488)              | -0.59%         |
| Payroll costs  | (7,015)              | -2.88%         | (13,982)                 | -2.77%         | (6,543)              | -2.60%         |
| Other operating costs  | (168)                | -0.07%         | (345)                    | -0.07%         | (143)                | -0.06%         |
| <b>Ebitda</b>  | <b>7,549</b>         | <b>3.10%</b>   | <b>10,076</b>            | <b>1.99%</b>   | <b>2,185</b>         | <b>0.87%</b>   |
| Amortization and depreciation                                | (2,475)              | -1.02%         | (4,283)                  | -0.85%         | (1,487)              | -0.59%         |
| Provisions and write-downs                                   | (320)                | -0.13%         | (646)                    | -0.13%         | (33)                 | -0.01%         |
| <b>Ebita</b>   | <b>4,754</b>         | <b>1.95%</b>   | <b>5,147</b>             | <b>1.02%</b>   | <b>665</b>           | <b>0.26%</b>   |
| Amortization goodwill and stock market<br>listing costs      | (351)                | -0.14%         | (664)                    | -0.13%         | (332)                | -0.13%         |
| <b>Ebit</b>  | <b>4,403</b>         | <b>1.81%</b>   | <b>4,483</b>             | <b>0.89%</b>   | <b>333</b>           | <b>0.13%</b>   |
| Financial income (expense), net                              | (2,713)              | -1.12%         | (3,452)                  | -0.68%         | (984)                | -0.39%         |
| Extraordinary income (expense), net                          | 180                  | 0.07%          | 10                       | 0.00%          | (319)                | -0.13%         |
| <b>Pre-Tax income</b>  | <b>1,870</b>         | <b>0.77%</b>   | <b>1,041</b>             | <b>0.21%</b>   | <b>(970)</b>         | <b>-0.39%</b>  |

**End-of-period bonuses from suppliers and stock protections**, amounting to €7,817,000, were utilized to reduce the cost of goods sold.

**Contributions from suppliers for marketing programs, entry right fees of new affiliations and the contribution received by the distribution chain for the advertising campaign**, amounting to €5,661,000, were utilized to reduce communication costs.

| <b>Sales Revenues</b>        | <b>June 30,<br/>2002</b> | <b>December<br/>31, 2001</b> | <b>June 30,<br/>2001</b> |
|------------------------------|--------------------------|------------------------------|--------------------------|
| Retail                       | 228,875                  | 485,002                      | 242,491                  |
| Distribution –E-commerce B2B | 13,360                   | 16,778                       | 8,097                    |
| <b>Total</b>                 | <b>242,235</b>           | <b>501,780</b>               | <b>250,588</b>           |

Details of service costs were as follows:

| <b>Service costs</b>   | <b>June 30,<br/>2002</b> | <b>December<br/>31, 2001</b> | <b>June 30,<br/>2001</b> |
|--|--------------------------|------------------------------|--------------------------|
| Transportation and logistics                                 | 3,346                    | 9,747                        | 4,997                    |
| Subcontractors   | 283                      | 798                          | 241                      |
| Maintenance and utilities                                    | 778                      | 1,752                        | 762                      |
| Marketing and communication costs                            | 2,426                    | 2,046                        | 3,238                    |
| Insurance premiums   | 281                      | 595                          | 314                      |
| Technical, legal, administrative and tax consulting services | 716                      | 890                          | 317                      |
| Compensation to directors and auditors                       | 690                      | 1,717                        | 896                      |
| Other service costs  | 1,525                    | 3,125                        | 1,850                    |
| <b>Total</b>   | <b>10,045</b>            | <b>20,670</b>                | <b>12,615</b>            |

The successful involvement of the distribution structure and the main suppliers resulted in a reduction of the net communication costs compared to those of June 30, 2001.

Transportation and logistic costs decreased due to the full realization of the potential of the automated warehouse of the subsidiary company Micronica S.p.A. and to the streamlining of the transportation expenses.

Other service costs included subcontractors, travel and lodging and other minor expenditures.

**Payroll costs** rose due to the recruiting of the staff necessary to fill the company's operating requirements.

**Amortization** included expenses in the amount of €646,000, related to the trademarks for the group's businesses and identification which had been acquired at the end of 1999 for approximately €12,911,000, and €332,000, related to the capitalization of the €3,192,000 in costs incurred for the listing on the Nuovo Mercato of the Italian Stock Exchange.

The **balance of financial income and expenses** was affected by the amount set aside in the allowance for foreign exchange fluctuations, which amounted to €469,000 as of June 30, 2002. These provisions reflected the market value of the currency options held at the close of the period.

**Interest charges** amounted to €988,000, while commissions totaled €929,000 (of which €443,000 for factoring transactions and €404,000 for credit cards or pos sales).

**BUSINESS AREA-INTERNET SERVICE PROVIDER AND PORTAL ACTIVITIES**

| <b>Income Statement- INTERNET Business</b>               | <b>June 30, 2002</b> |                 | <b>December 31, 2001</b> |                | <b>June 30, 2001</b> |                |
|--|----------------------|-----------------|--------------------------|----------------|----------------------|----------------|
| Revenues from sales and services                         | 931                  | 100.00%         | 7,472                    | 99.72%         | 3,498                | 96.20%         |
| Increases in fixed assets                                | 0                    | 0.00%           | 0                        | 0.00%          | 134                  | 0.00%          |
| Other revenues and income                                | 0                    | 0.00%           | 21                       | 0.28%          | 4                    | 0.11%          |
| <b>Total Revenues</b>                                    | <b>931</b>           | <b>100.00%</b>  | <b>7,493</b>             | <b>100.00%</b> | <b>3,636</b>         | <b>100.00%</b> |
| Cost of raw and ancillary materials and goods for resale | (11)                 | -1.18%          | (121)                    | -1.61%         | (25)                 | -0.69%         |
| Change in inventory of goods for resale                  | 0                    | 0.00%           | 0                        | 0.00%          | 0                    | 0.00%          |
| <b>Costs of goods</b>                                    | <b>(11)</b>          | <b>-1.18%</b>   | <b>(121)</b>             | <b>-1.61%</b>  | <b>(25)</b>          | <b>-0.69%</b>  |
| <b>Trading Surplus</b>                                   | <b>920</b>           | <b>98.82%</b>   | <b>7,372</b>             | <b>98.39%</b>  | <b>3,611</b>         | <b>99.31%</b>  |
| Service costs  | (1,019)              | -109.45%        | (7,675)                  | -102.43%       | (3,908)              | -107.48%       |
| Lease expense  | (70)                 | -7.52%          | (210)                    | -2.80%         | (143)                | -393%          |
| Payroll costs  | (360)                | -38.67%         | (1,151)                  | -15.36%        | (634)                | -17.44%        |
| Other operating cost                                     | (6)                  | -0.64%          | (49)                     | -0.65%         | (38)                 | -1.05%         |
| <b>Ebitda</b>  | <b>(535)</b>         | <b>-57.47%</b>  | <b>(1,713)</b>           | <b>-22.86%</b> | <b>(1,112)</b>       | <b>-30.58%</b> |
| Amortization and depreciation                            | (890)                | -95.60%         | (1,730)                  | -23.09%        | (893)                | -24.56%        |
| Provisions and write-downs                               | 0                    | 0.00%           | (310)                    | -4.14%         | 0                    | 0.00%          |
| <b>Ebit</b>  | <b>(1,425)</b>       | <b>-153.06%</b> | <b>(3,753)</b>           | <b>-50.09%</b> | <b>(2,005)</b>       | <b>-55.14%</b> |
| Financial income (expense) net                           | (28)                 | -3.01%          | (93)                     | -1.24%         | (57)                 | -1.57%         |
| Extraordinary income (expense) net                       | 102                  | 10.96%          | (159)                    | -2.12%         | (53)                 | -1.46%         |
| <b>Pre-Tax Income</b>                                    | <b>(1,351)</b>       | <b>-145.11%</b> | <b>(4,005)</b>           | <b>-53.45%</b> | <b>(2,115)</b>       | <b>-58.17%</b> |

Fiscal 2002 represented a year of radical transformation for Interfree.

Interfree S.p.A., a 51%-owned subsidiary as of the date of preparation of the consolidated accounts, posted a loss of €1.35 million, a better result than the €2.11 million loss recorded in the first half of 2001.

Revenues during the period under review resulted mainly from the provision of services through the [www.interfree.it](http://www.interfree.it) portal for a total of €931,000, compared to €3.498 million in the first half of 2001.

The negative ebitda for the period amounted to €535,000, while the negative ebit, in the amount of €1.425 million, was adversely affected by the company's start-up costs, which were incurred in 2000 and will be fully expensed out during this fiscal year.

During the period under review, Interfree renegotiated the terms of the agreement with Upside I. In the meantime, the company completed the restructuring of its operating costs, with special reference to payroll costs, with the total number of employees falling from 25 to 11.

Moreover, also through the parent company CDC Point S.p.A., new agreements were signed directly with prime national telecommunication carriers (including telecom Italia and Infostrada) which, starting in July 2002, will replace Policom in operating the reverse charges resulting from dial-up internet access.

Overall, then, during the second half of 2002, the groundwork for was laid to achieve the break-even operating point as early as the fourth quarter of 2002, thanks also to the newly-found profitability the company will be able to achieve with the dial-up internet traffic generated by its customers (300,000 active users out of 1 million registered users).

Intangible fixed assets are made up essentially of the costs incurred during the start-up phase of the company; they related mainly to the infrastructure development and to the advertising campaign to launch the portal. They will be fully expensed out by the end of the current fiscal year.

As of June 30, 2002 the company had 11 employees, down 15 people compared to June 30, 2001.

## OTHER SIGNIFICANT INFORMATION

### INVESTMENTS

There were no significant investment activities other than those necessary for Group companies to operate.

### RESEARCH AND DEVELOPMENT

During the period, the Group did not perform any significant R&D activity.

### INVESTMENTS IN ASSOCIATED COMPANIES

As a result of the negative performance of the of the telecommunication sector and the prudent assessment of the successful outcome of the development plan by Upside I, the company decided to write off the amount of the shareholding in this company, which amounted to € 157,000. CDC Point S.p.A. has a 20% equity interest in this associated company.

Following the negative assessment of the prospects of S.I.T. S.r.l., a company for the development of financial software programs, a conservative approach was adopted by writing off this equity stake, or € 77,000.

CDC Point S.p.A. holds a 30% interest in this company.

### TREASURY SHARES

As of June 30, 2002 CDC Point S.p.A. held 111,419 treasury shares in portfolio, representing slightly less than 1% of the shares outstanding

Purchases were made as follows:

- 101,657 shares in May and June 2001, in accordance with a plan approved by the shareholders in the meeting held on March 8, 2000 to stabilize the share price.
- 9,492 shares in May and June 2002, in accordance with a plan approved by the shareholders in the meeting held on April 29, 2002 to stabilize the share price, at an average purchasing price of € 8.273.

As of June 30, 2002 such shares were marked to the average market price for the previous month (€ 8.37324), resulting in a write-down of € 318,320.56.

A corresponding adjustment was made in the Share Premium Reserve under the shareholders' equity.

### STOCK OPTION PLAN

In a meeting held on April 26, 2001, the shareholders of CDC Point S.p.A. empowered the Board of Directors to issue, by April 26, 2006, a maximum of 138,628 common shares with a nominal value of € 0.50, for up to a maximum of € 69,314.00, under a stock option plan for Directors, executives, middle managers and employees of the company and its subsidiaries.

During the same meeting, the shareholders of CDC Point S.p.A. authorized the Board of Directors to set up a plan for such external Directors of the company and its subsidiaries as are vested with the powers provided for by article 2381 of the civil code or tasked with special duties or functions, by using treasury shares for an amount not to exceed 1% of the share capital.

These plans are incentive and loyalty-building tools designed to retain the beneficiaries as well as to encourage the company to achieve pre-set strategic goals.

On January 23, 2002 the Board of Directors approved the rules and regulations governing both stock option plans, the assignment of 90,748 newly-issued shares, equivalent to 0.74% of the share capital, to directors employed by the company as well as to executives and middle managers, and the assignment of 31,761 shares, equivalent to 0.26% of the share capital, to external directors of CDC Point S.p.A. and its subsidiaries.

The rules and regulations call for a subscription price of € 11,382, representing the average of the official prices at which the common shares of CDC Point S.p.A. traded on the Nuovo Mercato in the period between the assignment date and the same day of the preceding month; the options will vest in three equal annual tranches, subject to the achievement of the goals set from year to year by the Board of Directors; each tranche will be exercised over a three-year period with increasing percentages. The first date on which the options will vest is April 1, 2003.

### **TRANSACTIONS WITH RELATED PARTIES AND SHAREHOLDERS**

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

The most significant of such transactions were:

- business transactions with Computer Discount franchisees owned, in whole or in part, by CDC S.p.A.'s leading shareholders.
- business transactions for Internet-based solutions provided to CDC Point S.p.A. by Wal S.p.A. (a CDC S.r.l. investee company). Wal S.p.A. has sublet its headquarters in Milan, via Cavriana, from CDC Point S.p.A..
- CDC S.r.l. acquired a 99.00% equity interest in Direct S.r.l., as explained above.
- sale of Gruppo Editoriale Futura S.p.A. resulting in a credit position with the parent company, CDC S.r.l.. This transaction occurred last year to allow CDC Point S.p.A. to exit the investment without bearing further losses, in addition to those accumulated by this investee company as of June 30, 2001.

The table below summarizes the credit and debit positions, as well as the revenues and costs, arising from transactions with related parties and the parent company.

| (000's of €)           | <b>CDC Point S.p.A.</b> |                 |                 |              |
|------------------------|-------------------------|-----------------|-----------------|--------------|
|                        | <b>Receivables</b>      | <b>Payables</b> | <b>Revenues</b> | <b>Costs</b> |
| CDC S.r.l.             | 5,824                   | 16              | 0               | 132          |
| <b>Parent company</b>  | <b>5,824</b>            | <b>16</b>       | <b>0</b>        | <b>132</b>   |
| <b>Related parties</b> | <b>8,335</b>            | <b>31</b>       | <b>26,176</b>   | <b>61</b>    |

### **SUBSEQUENT EVENTS**

On July 24, 2002 CDC Point S.p.A. purchased 40 of the main "Computer Discount" outlets; these are located in the principal Italian cities, making it possible for the Group to include in the consolidation scope an additional portion of the value chain.

This transaction calls for the acquisition of Sofim S.r.l.. In fiscal year 2001, this company generated pro-forma revenues (as determined on the basis of the accounts of the individual companies) of about € 65

million, with an ebitda of approximately € 10 million and an ebit of € 0.4 million. As of December 31, 2001 Sofim S.r.l. had a positive pro-forma net financial position of around € 1.5 million; the retail operations of this company meet their working capital requirements entirely through vendor financing, while the stores are all rented.

This transaction is subject to the approval of the Antitrust Authorities and is expected to be completed by September 2002.

The price of the acquisition is € 8.5 million, based on a valuation conducted by independent consultants. Sofim S.r.l. was sold to CDC Point S.p.A. by the latter's leading shareholder, the Diomelli family.

Computer Discount is the main retail chain of IT products in Italy, with total sales of approximately € 200 million and 250 outlets scattered throughout the national territory.

The purchase of Sofim S.r.l., which owns the main Computer Discount outlets in Milan, Turin, Bologna, Rome, Verona, and Brescia is consistent with CDC S.p.A.'s commercial strategy designed to:

- a) include in the consolidation scope a portion of the value chain currently outside the listed company;
- b) accelerate the development of the services and solutions for small and medium companies and for the SOHO market, with special emphasis on the main companies and industrial districts in Italy;
- c) achieve a firmer control of the sales network, in keeping with other successful retail operations, whereby franchisees operate together with a selected number of directly-owned outlets.

This acquisition is particularly important in light of the ability demonstrated by CDC Point S.p.A. and its main brand, "Computer Discount", to counter negative industry trends during the first half of the year.

#### Agreement with the Upside fund to acquire a 49% equity interest in Interfree

This operation is previously described in consolidated performance report

### **OPERATING OUTLOOK**

CDC Point S.p.A.'s operations will be positively affected by the Group's development plans focused on the IT distribution area.

In particular, the recently-acquired companies will be integrated by developing synergies both in terms of purchasing and overhead costs as well as revenues.

The company will continue to develop new market segments such as:

- Government authorities;
- Large retailers;
- Large clients and small and medium companies, areas in which the company will implement services and activities in order to increase margins.

Significant investments will be made to create a B2B e-commerce platform to try to boost the sales of IT to dealers and retailers.

The drive to increase operational efficiency and profitability will continue; positive results were achieved when the automated warehouse of Micronica S.p.A., a subsidiary, became fully operational.

### **SECONDARY PLACES OF BUSINESS**



The parent company has no secondary places of business

The Chairman of the Board  
Giuseppe Diomelli

**CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2002****BALANCE SHEET**

As of June 30, 2002 and compared with December 31, 2001 and June 30, 2001

| <i>ASSETS</i>   | <i>June 30, 2002</i>     | <i>December 31, 2001</i> | <i>30 June 2001</i>      |
|---|--------------------------|--------------------------|--------------------------|
| <b>A – DUE FROM SHAREHOLDERS FOR SUBSCRIPTIONS AND LOSSES</b> | <b><u>0</u></b>          | <b><u>0</u></b>          | <b><u>0</u></b>          |
| <b>B – FIXED ASSETS</b>                                       |                          |                          |                          |
| <b><u>I – INTANGIBLE FIXED ASSETS</u></b>                     | <b><u>14,458,772</u></b> | <b><u>15,760,730</u></b> | <b><u>31,148,990</u></b> |
| 1.Start up and expansion costs                                | 2,680,735                | 3,680,681                | 7,164,631                |
| 2.Research, development and advertising costs                 | 0                        | 0                        | 0                        |
| 3.Industrial patents and intellectual rights                  | 124,523                  | 146,462                  | 284,897                  |
| 4,Concessions, licenses, trademarks and similar rights        | 10,436,752               | 11,173,322               | 12,313,515               |
| 5, Goodwill   | 563,341                  | 0                        | 0                        |
| 6, Intangible assets under construction and advances          | 0                        | 0                        | 87,798                   |
| 7,Other intangible assets                                     | 653,421                  | 760,265                  | 1,641,676                |
| 8, Consolidation differences                                  | 0                        | 0                        | 9,656,473                |
| <b><u>II – TANGIBLE FIXED ASSETS</u></b>                      | <b><u>24,216,089</u></b> | <b><u>25,349,644</u></b> | <b><u>36,626,154</u></b> |
| 1, Land and Buildings   | 9,970,723                | 10,099,069               | 9,060,127                |
| 2, Machinery  | 8,539,657                | 9,285,661                | 20,954,378               |
| 3, Industrial and commercial equipment                        | 1,654,022                | 1,878,215                | 1,414,646                |
| 4, Other assets   | 3,149,456                | 3,277,984                | 4,255,041                |
| 5, Tangible assets under construction and advances            | 902,231                  | 808,715                  | 941,962                  |
| <b><u>III – FINANCIAL FIXED ASSETS</u></b>                    | <b><u>1,697,111</u></b>  | <b><u>1,887,900</u></b>  | <b><u>239,681</u></b>    |
| 1, Shareholdings  |                          |                          |                          |
| a, in subsidiaries  | 12,843                   | 0                        | 10,123                   |
| b, in associated companies                                    | 1,505,000                | 1,740,185                | 77,469                   |
| c, in parent companies  | 0                        | 0                        | 0                        |
| d, in other companies   | 5,094                    | 5,094                    | 5,094                    |
| <b>Sub-total</b>  | <b><u>1,522,937</u></b>  | <b><u>1,745,279</u></b>  | <b><u>92,686</u></b>     |
| 2, Receivables  |                          |                          |                          |
| a, due from subsidiaries                                      | 0                        | 0                        | 0                        |



|                                      |                          |                          |                          |
|--------------------------------------|--------------------------|--------------------------|--------------------------|
| b, due from associated companies     | 0                        | 0                        | 0                        |
| c, due from parent companies         | 34,086                   | 34,086                   | 34,086                   |
| d, due from other companies          | 140,088                  | 108,535                  | 112,909                  |
| <u>Sub-Total</u>                     | <u>174,174</u>           | <u>142,621</u>           | <u>146,995</u>           |
| <b><u>TOTAL FIXED ASSETS (B)</u></b> | <b><u>40,371,972</u></b> | <b><u>42,998,274</u></b> | <b><u>68,014,825</u></b> |

**C – CURRENT ASSETS**

|   |                           |                           |                           |
|---|---------------------------|---------------------------|---------------------------|
| <b><u>I - Inventories-</u></b>                | <b><u>54,635,586</u></b>  | <b><u>80,529,520</u></b>  | <b><u>65,560,468</u></b>  |
| 1,Raw, ancillary and consumable materials     | 0                         | 0                         | 0                         |
| 2, Work in process and semi-finished products | 0                         | 0                         | 0                         |
| 3,Work in process under contract              | 0                         | 0                         | 0                         |
| 4,Finished products and goods for resale      | 54,635,586                | 80,529,520                | 65,560,468                |
| 5,Advances                                    | 0                         | 0                         | 0                         |
| <b><u>II – Receivables-</u></b>               | <b><u>69,712,406</u></b>  | <b><u>85,992,919</u></b>  | <b><u>65,979,045</u></b>  |
| 1, due from customers                         | 44,172,751                | 52,156,349                | 46,835,556                |
| 2, due from subsidiaries                      | 0                         | 0                         | 0                         |
| 3, from associated companies                  | 0                         | 0                         | 0                         |
| 4, from related companies                     | 8,334,740                 | 8,633,266                 | 2,063,050                 |
| 5, due from parent companies                  | 5,824,352                 | 9,274,352                 | 0                         |
| 6,Others                                      | 11,380,563                | 15,928,952                | 17,080,439                |
| - <i>receivable within 12 months</i>          | <i>10,884,246</i>         | <i>15,432,635</i>         | <i>17,080,439</i>         |
| - <i>receivable beyond 12 months</i>          | <i>496,317</i>            | <i>496,317</i>            | <i>0</i>                  |
| <b><u>III – Short-term investments</u></b>    | <b><u>930,678</u></b>     | <b><u>1,174,138</u></b>   | <b><u>1,358,783</u></b>   |
| 1, Shareholdings in subsidiaries              | 0                         | 0                         | 0                         |
| 2, Shareholdings in associated companies      | 0                         | 0                         | 0                         |
| 3, Shareholdings in parent companies          | 0                         | 0                         | 0                         |
| 4, Shareholdings in other companies           | 0                         | 0                         | 0                         |
| 5,Treasury shares                             | 930,678                   | 1,174,138                 | 1,358,783                 |
| 6,Other securities                            | 0                         | 0                         | 0                         |
| 7,Financial receivables                       | 0                         | 0                         | 0                         |
| <b><u>IV – Cash and cash equivalents</u></b>  | <b><u>2,703,672</u></b>   | <b><u>4,734,173</u></b>   | <b><u>6,352,446</u></b>   |
| 1,Bank and post office deposits               | 1,811,671                 | 2,697,421                 | 5,693,574                 |
| 2, Checks                                     | 0                         | 0                         | 0                         |
| 3,Cash and other valuables on hand            | 892,001                   | 2,036,752                 | 658,872                   |
| <b><u>TOTAL CURRENT ASSETS(C)</u></b>         | <b><u>127,982,342</u></b> | <b><u>172,430,750</u></b> | <b><u>139,250,742</u></b> |

**D- Accrued income and deferred expenses**

|  |                           |                           |                           |
|--|---------------------------|---------------------------|---------------------------|
| 1, Bond and loan discounts                                   | 0                         | 0                         | 0                         |
| 2, Other accruals and deferrals                              | 754,013                   | 516,015                   | 1,232,864                 |
| <b><u>TOTAL ACCRUED INCOME AND DEFERRED EXPENSES (D)</u></b> | <b><u>754,013</u></b>     | <b><u>516,015</u></b>     | <b><u>1,232,864</u></b>   |
| <b><u>TOTAL ASSETS</u></b>                                   | <b><u>169,108,327</u></b> | <b><u>215,945,039</u></b> | <b><u>208,498,431</u></b> |

|  |
|--|
| <b>BALANCE SHEET</b>   |
| <b>As of June 30, 2002 and compared with December 31, 2001 and June 30, 2001</b> |

| <i><b>LIABILITIES AND<br/>SHAREHOLDERS' EQUITY</b></i>       | <i>June 30, 2002</i>     | <i>December 31,<br/>2001</i> | <i>30 June 2001</i>       |
|--|--------------------------|------------------------------|---------------------------|
| <b>A – SHAREHOLDERS' EQUITY</b>                              |                          |                              |                           |
| I – Share capital  | 6,130,686                | 6,130,686                    | 6,130,686                 |
| II – Share premium reserve                                   | 36,112,706               | 61,181,824                   | 60,997,179                |
| III – Revaluation reserve                                    | 0                        | 0                            | 0                         |
| IV – Legal reserve   | 479,435                  | 479,434                      | 479,435                   |
| V – Reserve for treasury shares                              | 930,678                  | 1,174,138                    | 1,358,783                 |
| VI – Statutory reserves                                      | 0                        | 0                            | 0                         |
| VII Other reserves   | 0                        | 0                            | 0                         |
| VIII – Retained earnings (accumulated deficit)               | 113,269                  | 227,882                      | 227,793                   |
| IX – Net income (loss) for the period, brought forward       | 532,083                  | (25,427,281)                 | (14,004,764)              |
| <b><u>GROUP EQUITY</u></b>                                   | <b><u>44,298,857</u></b> | <b><u>43,766,683</u></b>     | <b><u>55,189,112</u></b>  |
| X – Net income (loss) attributable to minority interests     | (568,024)                | (297,737)                    | (6,110,321)               |
| XI – Capital and reserves attributable to minority interests | 568,024                  | 865,760                      | 4,340,937                 |
| <b><u>MINORITY INTERESTS</u></b>                             | <b><u>0</u></b>          | <b><u>568,023</u></b>        | <b><u>(1,769,384)</u></b> |
| <b><u>TOTAL SHAREHOLDER EQUITY</u></b>                       | <b><u>44,298,857</u></b> | <b><u>44,334,706</u></b>     | <b><u>53,419,728</u></b>  |
| <b>B – ALLOWANCES FOR RISKS AND CHARGES</b>                  |                          |                              |                           |
| 1, Allowances for pensions and the like                      | 0                        | 0                            | 61,469                    |
| 2, Tax allowances  | 248,415                  | 248,416                      | 344,993                   |
| 3, Others  | 871,180                  | 535,794                      | 730,406                   |
| <b><u>TOTAL ALLOWANCES FOR RISKS AND CHARGES (B)</u></b>     | <b><u>1,119,595</u></b>  | <b><u>784,210</u></b>        | <b><u>1,136,868</u></b>   |
| <b>C – PROVISIONS FOR EMPLOYEE SEVERANCE INDEMNITIES</b>     | <b><u>2,186,721</u></b>  | <b><u>1,803,034</u></b>      | <b><u>2,141,557</u></b>   |
| <b>D – PAYABLES</b>  |                          |                              |                           |
| 1, Bonds   | 0                        | 0                            | 0                         |
| 2, Convertible Bonds   | 0                        | 0                            | 0                         |
| 3, Bank debts  | 43,591,199               | 37,003,989                   | 43,323,848                |
| - payable within 12 months                                   | 43,168,094               | 36,440,596                   | 43,323,848                |



|  |                           |                           |                           |
|--|---------------------------|---------------------------|---------------------------|
| - payable beyond next 12 months                          | 423,105                   | 563,393                   | 0                         |
| 4, Debts payable to other lenders                        | 3,776,887                 | 3,844,219                 | 3,923,963                 |
| - payable within 12 months                               | 787,634                   | 38,000                    | 0                         |
| - payable beyond next 12 months                          | 2,989,253                 | 3,806,219                 | 3,923,963                 |
| 5, Advance payments                                      | 47,333                    | 43,007                    | 49,808                    |
| 6, Trade payables  | 66,011,279                | 120,720,699               | 95,751,871                |
| 7, Debts represented by securities issued                | 0                         | 0                         | 0                         |
| 8, Amounts due to subsidiaries                           | 0                         | 0                         | 0                         |
| 9, Amounts due to associated companies                   | 0                         | 0                         | 0                         |
| 10, Amounts due to parent companies                      | 209,446                   | 235,856                   | 0                         |
| 11, Amounts due to related companies                     | 30,617                    | 0                         | 0                         |
| 12, Taxes payable  | 3,207,658                 | 2,055,612                 | 3,007,545                 |
| 13, Amounts due to social security agencies              | 935,372                   | 714,150                   | 853,712                   |
| 14, Other payables                                       | 3,036,510                 | 3,903,840                 | 4,565,101                 |
| <b><u>TOTAL PAYABLES (D)</u></b>                         | <b><u>120,846,301</u></b> | <b><u>168,521,372</u></b> | <b><u>151,475,848</u></b> |
| <b>E –ACCRUED EXPENSES AND DEFERRED INCOME</b>           |                           |                           |                           |
| 1, Bond premiums   | 0                         | 0                         | 0                         |
| 2, Other accruals and deferrals                          | 656,853                   | 501,717                   | 324,430                   |
| <b><u>TOTAL ACCRUALS AND DEFERRALS (E)</u></b>           | <b><u>656,853</u></b>     | <b><u>501,717</u></b>     | <b><u>324,430</u></b>     |
| <b><u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u></b> | <b><u>169,108,327</u></b> | <b><u>215,945,039</u></b> | <b><u>208,498,431</u></b> |

|  |
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| <b>MEMORANDUM ACCOUNTS</b><br><b>As of June 30, 2002 and compared with December 31, 2001 and June 30, 2001</b> |
|--|

|   | <i>June 30, 2002</i>     | <i>December 31, 2001</i> | <i>30 June 2001</i>      |
|---|--------------------------|--------------------------|--------------------------|
| <b><u>1, Commitments:</u></b>           |                          |                          |                          |
| a, Buying                               | 0                        | 0                        | 3,202,032                |
| b, Selling                              | 0                        | 0                        | 0                        |
| c, Leasing fees                         | 0                        | 0                        | 0                        |
| d, Goods to be received                 | 1,464,851                | 2,508,121                | 785,530                  |
| e, Currencies to be received            | 16,749,488               | 9,468,881                | 5,025,125                |
| f, Third parties' assets                | 0                        | 0                        | 3,945,214                |
| g, Other commitments                    | 770,000                  | 0                        | 0                        |
| <b><u>Total Commitments</u></b>         | <b><u>18,984,339</u></b> | <b><u>11,977,002</u></b> | <b><u>12,957,901</u></b> |
| <b><u>2, Guarantees</u></b>             |                          |                          |                          |
| a, Received                             | 3,396,358                | 2,850,842                | 2,735,155                |
| b, Sureties provided                    | 6,227,668                | 4,521,126                | 444,669                  |
| c, Mortgages                            | 3,098,741                | 3,098,741                | 0                        |
| <b><u>Total guarantees</u></b>          | <b><u>12,722,767</u></b> | <b><u>10,470,709</u></b> | <b><u>3,179,824</u></b>  |
| <b><u>Total memorandum accounts</u></b> | <b><u>31,707,106</u></b> | <b><u>22,447,711</u></b> | <b><u>16,137,725</u></b> |

|  |
|--|
| <b>INCOME STATEMENT</b><br><b>as of 30 June 2002 and compared with 31 December 2001 and 30 June 2001</b> |
|--|

|   | <i>June 30, 2002</i>      | <i>December 31, 2001</i>  | <i>30 June 2001</i>       |
|---|---------------------------|---------------------------|---------------------------|
| <b>A – VALUE OF PRODUCTION</b>  |                           |                           |                           |
| 1, Revenues from sales and services   | 242,929,241               | 520,343,820               | 263,177,221               |
| 2, Changes in work- in- process, semi-finished and finished product inventories | (25,893,935)              | 4,830,866                 | (15,901,675)              |
| 3, Changes in work-in-process under contract                                    | 0                         | 0                         | 0                         |
| 4, Change in self-constructed assets  | 0                         | 212,859                   | 346,994                   |
| 5, Other revenues and income  |                           |                           |                           |
| a, Operating grants   | 0                         | 13,583                    | 775                       |
| b, Others   | 6,544,761                 | 18,828,414                | 6,538,819                 |
| <b><u>Total value of production (A)</u></b>                                     | <b><u>223,580,067</u></b> | <b><u>544,229,542</u></b> | <b><u>254,162,134</u></b> |
| <b>B – PRODUCTION COSTS</b>   |                           |                           |                           |
| 6, Raw, ancillary and consumable materials and goods for resale                 | 191,270,406               | 464,342,566               | 214,256,563               |
| 7, Service costs  | 16,357,006                | 56,629,742                | 32,948,659                |
| 8, Leasing costs  | 1,380,613                 | 3,889,466                 | 2,368,836                 |
| 9, Payroll costs  |                           |                           |                           |
| a, Wages and salaries   | 5,137,977                 | 13,636,218                | 7,736,562                 |
| b, Benefits   | 1,718,111                 | 4,432,234                 | 2,369,273                 |
| c, Provisions for severance indemnities   | 389,193                   | 971,046                   | 515,178                   |
| d, Provisions for pension and similar costs                                     | 0                         | 8,300                     | 8,300                     |
| e, Other personnel costs  | 129,417                   | 320,688                   | 179,535                   |
| <b><u>Total payroll costs</u></b>   | <b><u>7,374,698</u></b>   | <b><u>19,368,486</u></b>  | <b><u>10,808,848</u></b>  |
| 10, Amortization, depreciation and write-downs                                  |                           |                           |                           |
| a, Amortization   | 1,988,705                 | 5,676,579                 | 3,492,392                 |
| b, Depreciation   | 1,727,082                 | 4,312,451                 | 2,131,018                 |
| c, Write-downs of tangible and intangible assets                                | 0                         | 214,538                   | 756,002                   |
| d, Write-downs of short-term receivables  | 20,000                    | 1,527,154                 | 1,115,814                 |
| <b><u>Total amortization, depreciation and write-downs</u></b>                  | <b><u>3,735,787</u></b>   | <b><u>11,730,722</u></b>  | <b><u>7,495,226</u></b>   |



|   |                           |                           |                           |
|---|---------------------------|---------------------------|---------------------------|
| 11, Change in raw, ancillary,<br>consumable materials and goods for sale<br>inventories | 0                         | 0                         | 0                         |
| 12, Provisions for risks  | 0                         | 439,046                   | 129,172                   |
| 13, Other provisions  | 300,000                   | 123,610                   | 0                         |
| 14, Sundry operating costs  | 173,514                   | 974,567                   | 706,087                   |
| <b><u>Total costs of production (B)</u></b>   | <b><u>220,592,024</u></b> | <b><u>557,498,205</u></b> | <b><u>268,713,391</u></b> |

|  |                         |                            |                            |
|--|-------------------------|----------------------------|----------------------------|
| <b><u>DIFFERENCE BETWEEN VALUE<br/>OF PRODUCTION AND COSTS OF<br/>PRODUCTION (A - B)</u></b> | <b><u>2,988,043</u></b> | <b><u>(13,268,663)</u></b> | <b><u>(14,551,257)</u></b> |
|--|-------------------------|----------------------------|----------------------------|

### C – FINANCIAL INCOME AND CHARGES

|   |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
| 15, Income from shareholdings -   |                         |                         |                         |
| a, Dividends  | 0                       | 0                       | 0                       |
| b, Dividends and other income from<br>associated companies                            | 0                       | 0                       | 0                       |
| c, Dividends and other income from<br>other companies                                 | 0                       | 0                       | 0                       |
| 16, Other financial income  |                         |                         |                         |
| a, Long-term receivables -  |                         |                         |                         |
| - From subsidiaries   | 0                       | 0                       | 0                       |
| - From associated companies   | 0                       | 0                       | 0                       |
| - From parent companies   | 0                       | 0                       | 0                       |
| - Others  | 0                       | 54,323                  | 0                       |
| b, From securities held as long-term<br>investments other than shareholdings          | 0                       | 0                       | 0                       |
| c, b, From securities held as short-<br>term investments other than<br>shareholdings, | 0                       | 0                       | 0                       |
| d, Income from sources other than the<br>above  |                         |                         |                         |
| - Interests and commissions from<br>subsidiaries                                      | 0                       | 0                       | 0                       |
| - Interests and commissions from<br>associated companies                              | 0                       | 0                       | 0                       |
| - Interests and commissions from<br>parent companies                                  | 0                       | 0                       | 0                       |
| - Interests and commissions from<br>others and sundry income                          | 1,239,658               | 3,075,164               | 2,101,238               |
| <b><u>Total income from sources other than<br/>the above</u></b>                      | <b><u>1,239,658</u></b> | <b><u>3,129,487</u></b> | <b><u>2,101,238</u></b> |
| 17, Interests and other financial charges   |                         |                         |                         |
| a, paid to subsidiaries   | 0                       | 0                       | 0                       |



|  |                           |                            |                            |
|--|---------------------------|----------------------------|----------------------------|
| b, paid to associated companies                                | 0                         | 0                          | 0                          |
| c, paid to parent companies                                    | 0                         | 0                          | 0                          |
| d, Others  | 3,990,421                 | 7,134,370                  | 3,647,020                  |
| <b><u>Total interest and other financial charges</u></b>       | <b><u>3,990,421</u></b>   | <b><u>7,134,370</u></b>    | <b><u>3,647,020</u></b>    |
| <b><u>Total financial income and charges</u></b>               | <b><u>(2,750,763)</u></b> | <b><u>(4,004,883)</u></b>  | <b><u>(1,545,782)</u></b>  |
| <b><u>C)</u></b>   |                           |                            |                            |
| 18, Revaluations-  |                           |                            |                            |
| a, Shareholdings   | 0                         | 0                          | 0                          |
| b, Financial fixed assets                                      | 0                         | 0                          | 0                          |
| c, Marketable securities                                       | 0                         | 0                          | 0                          |
| <b><u>Total revaluations</u></b>                               | <b><u>0</u></b>           | <b><u>0</u></b>            | <b><u>0</u></b>            |
| 19, Write-downs-   |                           |                            |                            |
| a, Shareholdings   | 237,560                   | 6,738,569                  | 0                          |
| b, Financial fixed assets                                      | 0                         | 0                          | 0                          |
| c, Marketable securities                                       | 318,321                   | 184,645                    | 0                          |
| d, Short-term receivables                                      | 0                         | 0                          | 0                          |
| <b><u>Total write-downs</u></b>                                | <b><u>555,881</u></b>     | <b><u>6,923,214</u></b>    | <b><u>0</u></b>            |
| <b><u>Total adjustments to financial assets</u></b>            | <b><u>(555,881)</u></b>   | <b><u>(6,923,214)</u></b>  | <b><u>0</u></b>            |
| <b><u>D)</u></b>   |                           |                            |                            |
| <b>E – EXTRAORDINARY INCOME AND EXPENSES</b>                   |                           |                            |                            |
| 20, Income   |                           |                            |                            |
| a, Gains on disposals  | 0                         | 566,949                    | 0                          |
| b, Others  | 484,748                   | 308,290                    | 269,726                    |
| <b><u>Total income</u></b>                                     | <b><u>484,748</u></b>     | <b><u>875,239</u></b>      | <b><u>269,726</u></b>      |
| 21, Expenses   |                           |                            |                            |
| a, Losses on disposals   | 0                         | 3,129,813                  | 0                          |
| b, Tax due from past fiscal years                              | 0                         | 0                          | 0                          |
| c, Others  | 202,088                   | 4,561,846                  | 4,287,772                  |
| <b><u>Total Expenses</u></b>                                   | <b><u>202,088</u></b>     | <b><u>7,691,659</u></b>    | <b><u>4,287,772</u></b>    |
| <b><u>Total extraordinary items (E)</u></b>                    | <b><u>282,660</u></b>     | <b><u>(6,816,420)</u></b>  | <b><u>(4,018,046)</u></b>  |
| <b><u>PRE-TAX INCOME ( A-B+/-C+/-D+/-E)</u></b>                | <b><u>(35,941)</u></b>    | <b><u>(31,013,180)</u></b> | <b><u>(20,115,085)</u></b> |
| 22, Income taxes (*)   |                           | (986,741)                  |                            |
| <b><u>NET INCOME (LOSS) FOR THE PERIOD BEFORE MINORITY</u></b> | <b><u>(35,941)</u></b>    | <b><u>(31,999,921)</u></b> | <b><u>(20,115,085)</u></b> |

**INTERESTS**

|   |                       |                            |                            |
|---|-----------------------|----------------------------|----------------------------|
| 23,(Income) Loss attributable to minority interests | 568,024               | 6,572,640                  | 6,110,321                  |
| <b><u>GROUP INCOME (LOSS)</u></b>                   | <b><u>532,083</u></b> | <b><u>(25,427,281)</u></b> | <b><u>(14,004,764)</u></b> |

(\*) Income taxes for the period were not calculated, as allowed by paragraph 5 of article 3 of Consob's Rules and Regulations on the preparation of semi-annual accounts, approved with resolution number 8195 dated June 30, 1994.

|   |
|---|
| NOTES TO THE CONSOLIDATED SEMIANNUAL FINANCIAL STATEMENTS |
|---|

**BASIS OF PRESENTATION**

The consolidated semiannual financial statements have been prepared in accordance with the provisions of Legislative Decree no, 127 dated April 9, 1991, as supplemented with the accounting principles issued by the Italian Accounting Standards Committee and with the provisions of the Civil Code. They are made up of the Balance Sheet, the Income Statement and the Notes to the Consolidated Semiannual Financial Statements, supplying all the necessary information to provide a true and fair picture of the company's operating and financial conditions.

These consolidated financial statements were prepared on the basis of the semiannual accounts for the period ending on June 30, 2002 provided by the boards of directors of the companies included in the scope of consolidation.

These consolidated financial statements do not include the current or the deferred taxes for the period

The items of the balance sheet and the consolidated income statement with a zero balance were not reported.

**SCOPE OF CONSOLIDATION**

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

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

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

Parent company and consolidated for the entire first half of fiscal year 2002.

**Interfree S.p.A.**

51% owned and consolidated for the entire first half of fiscal year 2002.

**Micronica S.p.A.**

100% owned and consolidated for the entire first half of fiscal year 2002.

**CD Consulting S.r.l.**

100% owned and consolidated for the entire first half of fiscal year 2002.

**CD Web S.p.A.**

100% owned and consolidated for the entire first half of fiscal year 2002.

**Polinet S.r.l.**

100% owned and consolidated for the entire first half of fiscal year 2002.

The consolidated semiannual financial statements as of 30 June 2001 included **Policom S.p.A.** and **Gruppo Editoriale Futura S.p.A.** sold during the fiscal year 2001. Thus, the above companies were not be consolidated in the accounts for fiscal year 2002.

The subsidiary **Direct S.r.L.** was not consolidated for the period under review because at this moment it is basically inactive. This company will operate the unit leased from **Test S.p.A.**

### **CONSOLIDATION PRINCIPLES**

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

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

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

Amounts posted solely for tax purposes are eliminated.

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

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

### **ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the semi-annual accounts as of June 30, 2002 comply with the laws related to such financial statements.

#### **Intangible fixed assets**

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

Start-up and development costs are amortized over three and five years, respectively, Industrial patents and licenses are amortized over five years.



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

Trademarks are amortized over a period of ten years.

Purchased goodwill is amortized over a period of no more than five years.

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

### **Tangible fixed assets**

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

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

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

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

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

### **Financial fixed assets**

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

Equity investments in unconsolidated subsidiaries and in associated companies are valued in accordance with the equity method, after deducting any dividends and applying the adjustments required by consolidation principles. The purchase or subscription cost is therefore adjusted in order to reflect any change in the shareholders' equity of such companies since the acquisition of the investment.

The Parent Company's share of net income or losses realized by subsidiaries or associated companies is thus posted to the income statement for the period.

Equity investments in other companies are valued at cost.

Any option to buy shareholdings are entered as financial fixed assets and are valued with the same criteria applicable to such shareholdings; in alternative, if they are not expected to be exercised, such options are expensed out.

### **Inventories**

In the case of the IT distribution business, inventories are recorded at the lower of purchase or production cost, calculated on the basis of the FIFO method, or their estimated realizable value, calculated on the basis of market prices. Cost is determined on the same basis as used for fixed assets; the estimated realizable value is calculated taking into account any production costs still to be incurred and direct selling costs. Obsolete and slow-moving stocks are written down on the basis of their estimated useful lives or realizable values.

### **Accounts receivable**

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

**Factoring**

The factoring of receivables without recourse result in the reversal of the corresponding entries under trade receivables on payment by the factor. Should the factor be requested to pay advances, such amounts are posted to “Amounts payable to other lenders” without reversing the account receivable.

**Treasury Shares,**

They are recorded at the lower of cost or market, as determined based on the average market price for the previous 30 days.

**Accruals and deferrals**

These are recorded on an accruals basis.

**Allowances for risks and charges**

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

**Provisions for employee severance indemnities**

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

**Accounts payable**

Accounts payable are recorded at their nominal value.

**Revenue recognition**

Sales revenues are recognized on transfer of title, which generally coincides with shipment.

Service revenues are recognized at the time the service is completed.

In the case of the publishing business, revenues from the sale of publications are recognized on delivery, after deducting any returns or discounts. Revenues from the sale of advertising space are recognized at the date of publication.

**Income taxes**

The Group has decided not to use the option allowed by section 5 of article 3 of Consob’s Rules and Regulations for the compilation of the 6-month report approved with resolution number 8195 of 30 June 1994, consequentially taxes on the results of the period were not calculated nor the effects derived by deferred taxation related to the period.

### **Capital grants**

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

### **Foreign currency translation**

Accounts receivable and payable originally denominated in foreign currency are translated into euros on the basis of historical exchange rates. Foreign currency translation gains or losses realized on collection of foreign currency accounts receivable and payment of foreign currency accounts payable are posted to the income statement, having taken account of the existing allowance for exchange rate movements.

Should a net loss arise from the conversion at period-end exchange rates of foreign receivables and payables falling due within 12 months, having taken account of the relevant hedging contracts, such loss is posted to the income statement for the period, with a contra-entry in the appropriate allowance for exchange rate movements. If, on the other hand, a net gain emerges, such gain is deferred.

### **Derivatives**

Such instruments are posted to the memorandum accounts at their nominal value, based on the forward price, with the exception of options, which are posted to accounts receivable. The gains and losses resulting from the application of period-end exchange rates to forward currency agreements, where there is a net exposure not related to specific transactions, are reflected in the allowance for exchange rate fluctuations.

Currency options are posted to accounts receivable and valued at the lower of cost or market at the end of the period.

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

Contracts stipulated for future transactions, generally the acquisitions of products in foreign currencies, are entered at the lower of cost or market value at the end of the fiscal year, except when they are deemed to hedge commitments which, at the end of the fiscal year, are reasonably certain. Those are deemed as hedging contracts which are entered into vis-à-vis identifiable and measurable purchases in foreign currency and are regarded as effective for such hedging purpose; during the period under review, the contracts entered into with respect to the purchases in foreign currency that will be made to fulfill the agreement with Italia Lavoro, and for which future sales can be reasonably expected, are regarded as a proper hedge. These hedging contracts are recorded as memorandum accounts and the relevant effects are released to the income statement in the period during which the purchase cost is incurred and the simultaneous settlement of the contract takes place.

### **Finance leases**

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

**Risks, commitments and guarantees**

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

**Exceptions pursuant to section 4 of art. 2423**

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### INTANGIBLE FIXED ASSETS

| <b>Intangible fixed assets</b>                       | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2002</b> |
|--|----------------------|--------------------------|----------------------|
| Set-up and expansion costs                           | 2,681                | 3,681                    | 7,164                |
| Industrial patents and intellectual rights           | 125                  | 147                      | 284                  |
| Concessions, licenses, trademarks and similar rights | 10,437               | 11,173                   | 12,314               |
| Goodwill   | 563                  | 0                        | 0                    |
| Intangible assets under construction and advances    | 0                    | 0                        | 88                   |
| Other intangible assets                              | 653                  | 760                      | 1,642                |
| Consolidation differences                            | 0                    | 0                        | 9,656                |
| <b>Total</b>   | <b>14,459</b>        | <b>15,761</b>            | <b>31,148</b>        |

**Set-up and expansion costs** include € 1,991,000 in charges incurred to list CDC Point S.p.A. on the Nuovo Mercato, which will be amortized over a five-year period, and approximately € 656,000 in start-up costs related to the Internet area. The balance reflects the costs incurred to record and amend the bylaws.

**Industrial patents and intellectual rights** are related mainly to own software programs.

**Concessions, licenses, trademarks and similar rights** consisted mainly of:

- licenses to utilize telephone lines for € 547,000;
- trademarks for € 9,693,000. This item reflected basically the CDC trademark, which had been purchased in 1999 by CDC S.r.l. for € 12,911,000. This amount was determined on the basis of a valuation by an external consultant.

Goodwill amounted to € 563,000 (€ 583,000 before amortization), and resulted from the acquisition of Armonia. Goodwill amortization was computed to reflect a remaining useful life of five years, starting on May 7, 2002, the acquisition date. This period was considered reasonable for the type of business. The book value of goodwill will be tested from time to time in light of the results achieved by this unit. Noteworthy is that the terms and conditions of this acquisition call for an additional payment of € 516,000, subject to the achievement of pre-set sales goals for 2003. Since the directors do not have sufficient information to form an opinion as to the attainment of such goals, the amount in question was not recorded in the accounts, pending a further evaluation of the results of this unit. Were such amount to be paid, goodwill will increase accordingly.

**Other intangible fixed assets** reflected leasehold improvements for € 649,000.

The **consolidation differences** as of June 30, 2001 referred to Gruppo Editoriale Futura S.p.A..

### TANGIBLE FIXED ASSETS

| <b>Tangible fixed assets</b> | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2002</b> |
|------------------------------|----------------------|--------------------------|----------------------|
| Land and buildings           | 9,971                | 10,099                   | 9,060                |
| Plants and machinery         | 8,540                | 9,286                    | 20,954               |

|  |               |               |               |
|--|---------------|---------------|---------------|
| Industrial and commercial equipment    | 1,654         | 1,878         | 1,415         |
| Other assets                           | 3,149         | 3,278         | 4,255         |
| Assets under construction and advances | 902           | 809           | 942           |
| <b>Total</b>                           | <b>24,216</b> | <b>25,350</b> | <b>36,626</b> |

Land and buildings, amounting to € 9,971,000, included € 6,894,000 for the Micronica S.p.A. building, net of accumulated depreciation, which was completed in 1999 to house the new automated warehouse and € 3,042 for the office building in Milan owned by Polinet S.r.l.. net of accumulated depreciation, and rented out to third parties.

The cost of Micronica S.p.A.'s building includes that for the land title, which was acquired in 2001. Based on the sale agreement, this property may not be sold or leased prior to the expiration of a five-year period commencing on the date the safety certificate is issued.

During the year tangible fixed assets were sold at their net book value for € 32,000.

At the end of 2001, the item other assets, net of accumulated depreciation, consisted of:

| <b>Fiscal year (000's of euros)</b>     | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2002</b> |
|---|----------------------|--------------------------|----------------------|
| Office equipment and computers          | 1,782                | 1,948                    | 2,217                |
| Furniture, fittings and other equipment | 448                  | 455                      | 767                  |
| Vehicles                                | 135                  | 56                       | 273                  |
| Signs                                   | 603                  | 629                      | 580                  |
| Other tangible fixed assets             | 181                  | 190                      | 418                  |
| <b>Total</b>                            | <b>3,149</b>         | <b>3,278</b>             | <b>4,255</b>         |

Notice should be taken that, pursuant to article 10 of law 72/1983, there were no assets that had been revalued in past fiscal years in accordance with specific laws.

Furthermore, no revaluations of assets were made in accordance with law 342/2000.

Depreciation was computed on a straight-line basis at the rates listed below, which are deemed to reflect the remaining useful lives of the assets they relate to.

Depreciation rates were as follows:

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

The above depreciation rates are halved in the first year the assets enter service.

Assets under construction and advances amounted to € 902,000, of which € 527,000 was related to the automated warehouse.

## FINANCIAL FIXED ASSETS

### Shareholdings

The item shareholdings in subsidiaries represented a 99% equity interest held in Direct S.r.l. which, as of June 30, 2002, amounted to around € 13,000, as determined with the equity method.

Shareholdings in associated companies reflected a 20% equity stake in the investment fund Upside I and a 30% interest in S.I.T. S.r.l.

In light of the changes in market conditions, which had constituted the foundation of the initial cooperation agreement between CDC and Upside I, the parties amended such original agreement in July 2002. Based on the new agreement, CDC would sell the 20% stake held in Upside I for € 1.5 million vis-à-vis the repurchase of 49% of Interfree, while Upside I would waive the commitment the split-up of Interfree for a consideration of € 1.5 million. As a result, the shareholding was written down by € 157,000 so as to reflect the selling price.

Following the negative assessment of the prospects of S.I.T. S.r.l., a company for the development of financial software programs, a conservative approach was adopted and the value of € 77,000 attributed to this equity stake was written off.

Other shareholdings included:

- An interest by CDC Point S.p.A. in the Conai consortium, as required by law, in the amount of € 500;
- An interest by Micronica S.p.A., our subsidiary, in the C.C.A.P. consortium for € 4,000.

### Receivables

This item reflected medium-to-long-term receivables and included € 34,000 related to a non-interest-bearing security deposit by CDC Point with CDC S.r.l. for the lease of the building located in Milan, Piazza Cadorna, and € 109,000 for security deposits with third parties, These receivables will be due within two to five years.

## CURRENT ASSETS

### INVENTORIES

| Inventories                     | June 30, 2002 | December 31,<br>2001 | June 30, 2002 |
|---------------------------------|---------------|----------------------|---------------|
| IT products                     | 55,610        | 81,516               | 60,619        |
| -allowance to reduce inventory  | (999)         | (999)                | (710)         |
| Products to be assembled        | 24            | 13                   | 11            |
| Telephony products              | 0             | 0                    | 0             |
| IT publishing products          | 0             | 0                    | 8,222         |
| - allowance to reduce inventory | 0             | 0                    | (2,582)       |
| <b>Total</b>                    | <b>54,635</b> | <b>80,530</b>        | <b>65,560</b> |

The allowance to reduce inventory was established to adjust the inventory of CDC Point S.p.A. to reflect the lower value of slow-moving items and the elimination of products from the range available, Allowances are made also in light of the purchasing terms and conditions and any stock protection

clauses as well as, in a limited number of cases, to any repurchasing agreement with suppliers, The balance of the allowance as of June 30, 2002 was deemed in keeping with the conditions of the inventory.

Compared to June 30, 2001 this item fell due to the sale of the subsidiary company Gruppo Editoriale Futura S.p.A. and to the decrease of the parent company's inventories as a result of better inventory management practices resulting from the start of operations of the automated warehouse of Micronica S.p.A..

## RECEIVABLES

### Due from customers

This item is related to amounts receivable as a result of sales and services provided to domestic customers and are due within 12 months.

The allowance for doubtful accounts reflects the provisions made by the IT distribution division for a total of € 688,000.

| Due from customers              | June 30, 2002 | December 31, 2001 | June 30, 2002 |
|---------------------------------|---------------|-------------------|---------------|
| - IT Distribution               | 41,301        | 49,950            | 36,531        |
| allowance for doubtful accounts | (688)         | (731)             | (301)         |
| - Internet area                 | 3,560         | 2,937             | 1,129         |
| allowance for doubtful accounts | 0             | 0                 | 0             |
| - Telephony area                | 0             | 0                 | 2,238         |
| allowance for doubtful accounts | 0             | 0                 | (136)         |
| - Publishing area               | 0             | 0                 | 8,961         |
| allowance for doubtful accounts | 0             | 0                 | (1,587)       |
| <b>Total</b>                    | <b>44,173</b> | <b>52,156</b>     | <b>46,835</b> |

### Due from related parties

This item reflects commercial transactions taking place at arm's length with related companies, which own stores of the commercial network, and are controlled by the leading shareholders of CDC Point S.p.A.. At the end of the period under review, these receivables amounted to € 8,335. all due within the next 12 months.

### Due from parent company

This item reflects an amount due from CDC S.r.l. for a total of € 5,824,000 as a result of the sale of Gruppo Editoriale Futura S.p.A.. As of December 31, 2001, this item amounted to € 9,274,000; during the first half of 2002 a sum of € 3,450,000 was collected while the balance will be paid during the second half of 2002, as agreed by the parties.

### Due from others

| Due from others          | June 30, 2002 | December 31, 2001 | June 30, 2002 |
|--------------------------|---------------|-------------------|---------------|
| Due from tax authorities | 1,522         | 3,575             | 7,394         |
| Deferred tax assets      | 496           | 496               | 485           |
| Advances to suppliers    | 1,973         | 1,326             | 715           |

|  |               |               |               |
|--|---------------|---------------|---------------|
| Credit notes receivable                            | 5,729         | 8,222         | 7,665         |
| Compensation receivable from insurers              | 116           | 275           | 74            |
| Reimbursement from suppliers                       | 875           | 1,750         | 0             |
| Advances to employees                              | 9             | 7             | 34            |
| Due from shareholders for subscriptions and losses | 0             | 0             | 72            |
| Others   | 661           | 278           | 641           |
| <b>Total</b>                                       | <b>11,381</b> | <b>15,929</b> | <b>17,080</b> |

Except for deferred tax assets, all these receivables are due within 12 months; thus, no adjustment was made.

The **amount due from tax authorities** refers mainly to the advance payments on corporate income taxes (IRPEG) and on the regional tax on productive activities (IRAP) for the current year.

**Advances to suppliers** reflect down-payments made for products and services.

As of June 30, 2001, the item **due from shareholders for subscriptions and losses** reflected the subscriptions payable by investors in Interfree S.p.A. and Polinet S.r.l. as well as the amount payable by investors to Policom S.p.A. to make good the losses up to November 30, 2000; these companies collected such amounts during fiscal year 2001.

The **credit notes receivable** included mostly bonuses from suppliers of the IT distribution area.

**Advances to employees** involved amounts provided in advance for business trips and loans.

**Compensation receivable from insurers** included insurance payments as a result of thefts.

**Reimbursements from suppliers** included the amount receivable from the provider of the automated warehouse to Micronica S.p.A. as a result of the malfunctions of the system in the initial stage. During the first-half the company collected € 875,000.

### Short-term investments

As of June 30, 2002 CDC Point S.p.A. held 111,149 treasury shares.

Purchases were made:

- in May and June 2001, in accordance with a plan approved by the shareholders in the meeting held on March 8, 2000 to stabilize the share price.
- in May and June 2002, in accordance with a plan approved by the shareholders in the meeting held on April 29, 2002 to stabilize the share price (11,447 shares purchased; 1,955 shares sold),

The average purchasing price was € 8,273.

As of June 30, 2002 such shares were marked to the average market price for the previous month (€ 8,37324), resulting in a write-down of € 318,320,56.

A corresponding adjustment was made in the Share Premium Reserve under the shareholders' equity.

### Cash and cash equivalents

| <b>Cash and cash equivalents</b> | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2002</b> |
|----------------------------------|----------------------|--------------------------|----------------------|
| Bank and post office deposits    | 1,812                | 2,697                    | 5,693                |
| Cash and other valuables on hand | 892                  | 2,037                    | 659                  |
| <b>Total</b>                     | <b>2,704</b>         | <b>4,734</b>             | <b>6,352</b>         |

For an analysis of the financial position, reference is made to the cash flow statement attached herewith and the comments in the paragraph "Bank debts".

## ACCRUALS AND DEFERRALS

As of June 30, 2002 this item consisted of:

| <b>Accrued income and deferred expenses</b> | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2002</b> |
|---|----------------------|--------------------------|----------------------|
| Accrued income                              | 0                    | 19                       | 27                   |
| <b>Accrued income</b>                       | <b>0</b>             | <b>19</b>                | <b>27</b>            |
| Car rentals                                 | 2                    | 48                       | 0                    |
| Royalties                                   | 0                    | 81                       | 0                    |
| Prepaid rents                               | 57                   | 47                       | 0                    |
| Other                                       | 695                  | 321                      | 1,205                |
| <b>Deferred expenses</b>                    | <b>754</b>           | <b>497</b>               | <b>1,205</b>         |
| <b>Total</b>                                | <b>754</b>           | <b>516</b>               | <b>1,232</b>         |

This item reflects income and expense computed on an accrual basis.

Noteworthy is other deferred expenses (€ 695,000), which concerned mainly television and newspaper advertising costs, as the campaign launched at the end of the period will produce its revenue-boosting effects in the second half of the year.

Other deferred expenses included also prepaid theft and fire insurance premiums.

This item too fell to a significant extent (down € 510,000), due to the exit from the consolidation scope of Policom S.p.A. which, as of June 30, 2001, had deferred expenses related to the activation of telephone lines in the amount of € 705,000.

## CONSOLIDATED SHAREHOLDER EQUITY

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

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

### Share capital

As of June 30, 2002, the fully-subscribed and paid-in share capital consisted of 12,261,372 common shares with a nominal value of € 0,5 each, for a total of € 6,131,000. This item remained unchanged from December 31, 2001.

### Legal reserve

The legal reserve amounted to € 479,000, unchanged from December 31, 2001.

### Share premium reserve

The share premium reserve was established in fiscal year 2000, following the Company's listing on the Nuovo Mercato, As of the end of the period under review it amounted to € 36,113,000.

Compared to December 31, 2001, this reserve fell by € 25,313,000 , which was utilized to cover the accumulated deficit from the preceding years.

In addition, this reserve was charged also for € 243,000 in order to reflect the adjustment to the value of the treasury shares held by CDC Point S.p.A. at June 30, 2002.

### Reserve for treasury shares

This item amounted to € 931,000 and had been established to offset the value of the treasury shares held in portfolio.

### Retained earnings (accumulated deficit)

This item reflected the effects of write-offs by consolidated companies for tax purposes alone; more specifically, this involved the restatement of accelerated depreciation and the effects determined by the application of the lease finance method, net of the relevant tax effects.

### Net income (loss) for the period

This item reflected the consolidated results for the period.

### Net income (loss) attributable to minority interests

This reflected the consolidated results for the period attributable to minority interests.

### Capital and reserves attributable to minority interests

This item reflected the portion of capital and reserves attributable to minorities in consolidated subsidiaries as of June 30, 2002 as well as the 49,00% held by other investors in Interfree S.p.A.. In light of an agreement reached with minority investors in Interfree S.p.A.. CDC will cover all losses exceeding the shareholders' equity incurred by such subsidiary, thereby recording in full all such excess amount in the consolidated accounts.

## ALLOWANCES FOR RISKS AND CHARGES

| Allowances for risks and charges                     | June 30,<br>2002 | December 31,<br>2001 | June 30,<br>2002 |
|--|------------------|----------------------|------------------|
| For pension costs:                                   |                  |                      |                  |
| <i>Allowance for termination of agency contracts</i> | 0                | 0                    | 61               |
| For taxes :  |                  |                      |                  |
| <i>Allowance for deferred taxes</i>                  | 248              | 248                  | 345              |
| Other funds:   |                  |                      |                  |
| <i>Allowance for risks and charges</i>               | 403              | 413                  | 730              |
| <i>Allowance for exchange rate fluctuations</i>      | 468              | 123                  | 0                |
| <b>Total</b>   | <b>1,119</b>     | <b>784</b>           | <b>1,136</b>     |

The **allowance for deferred taxes** was due to the write-off of tax items recorded by consolidated subsidiaries. This allowance was unchanged, as no income taxes are computed on semiannual results.

The **allowances for risks and charges** referred to the estimated charges for insurance policies acquired to cover commercial credit risks for € 300,000 and risks for € 103,000.

As of June 30, 2002, a comparison between the value of significant foreign-currency payables and receivables computed at the exchange rate prevailing on the date of the transactions that originated them and the value of the same items computed at period-end exchange rates, as well as the value of the foreign exchange derivative contracts, revealed an unrealized loss of € 468,000.

## PROVISIONS FOR EMPLOYEE SEVERANCE INDEMNITIES

As of June 30, 2002 this item, net of any advance payments provided to employees, reflected the total of all such provisions by the consolidated subsidiaries.

|   |              |
|---|--------------|
| <b>Balance as of December 31, 2002</b>                | <b>1,803</b> |
| Increasing of Allowance's employees of Armonia S.r.l. | 33           |
| Provisions during the year                            | 389          |
| Uses during the year                                  | (38)         |
| <b>Balance as of June 30, 2002</b>                    | <b>2,187</b> |

## PAYABLES

Payables are all due within 12 months, unless otherwise noted.

### Bank debts

| Period (000's of €) | June 30, 2002 |               |                   |                | June 30, 2001 |
|---------------------|---------------|---------------|-------------------|----------------|---------------|
|                     | Total         | Maturity      |                   |                |               |
|                     |               | Within 1 year | From 1 to 5 years | Beyond 5 years |               |
| <b>Bank debts</b>   | 43,591        | 43,168        | 4,123             | 0              | 43,324        |

CDC Point S.p.A., Micronica S.p.A. and Polinet S.r.l. had total bank debts in the amount of € 42,880,000, € 6,000 and € 705,000, respectively.

Polinet S.r.l.'s debt was a mortgage loan obtained to purchase an office building in Milan to be used as headquarters by Gruppo Editoriale Futura. This loan will mature on September 30, 2004; it carries interest payments indexed to Euribor and to the interest rates for government securities. During the period such interest rate was approximately 6%.

### Due to other lenders

The amounts due to other lenders reflected the sums due to leasing companies for the purchase of capital goods; in particular, € 3,616,000 was due for the purchase of the automated warehouse. The installment due within 12 months is equal to € 788,000.

### Advance payments

This item reflected advance payments received from customers for the sale of prepaid services by Interfree S.p.A. which will be recognized as revenues during this fiscal year.

### Trade payables

| <b>Trade payables</b> | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2002</b> |
|-----------------------|----------------------|--------------------------|----------------------|
| IT distribution       | 61,903               | 117,721                  | 65,874               |
| Telephony             | 0                    | 0                        | 18,970               |
| Internet              | 4,108                | 3,000                    | 2,377                |
| Publishing            | 0                    | 0                        | 8,531                |
| <b>Total</b>          | <b>66,011</b>        | <b>120,721</b>           | <b>95,752</b>        |

In addition to the effects determined by removals from the consolidation scope, the decline of trade payables, compared to June 30, 2001, was due to an improvement in inventory management practices.

### Amounts due to parent companies

This item reflected € 193,000 payable by Interfree S.p.A. and € 16,000 due by CDC Point S.p.A..

### Taxes payable

| <b>Taxes payable</b> | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2002</b> |
|----------------------|----------------------|--------------------------|----------------------|
| Withholding taxes    | 578                  | 726                      | 607                  |
| VAT payable          | 2,599                | 1,084                    | 2,297                |
| Taxes                | 21                   | 217                      | 70                   |
| Other                | 10                   | 29                       | 33                   |
| <b>Total</b>         | <b>3,208</b>         | <b>2,056</b>             | <b>3,007</b>         |

### Amounts due to social security agencies

This item is related to amounts payable to social security agencies by both the company and the employees for the wages and salaries of December.

### Other payables

| <b>Other payables</b>   | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2002</b> |
|---|----------------------|--------------------------|----------------------|
| Due to customers  | 637                  | 337                      | 0                    |
| Due to employees for wages and salaries for December, vacations and bonuses | 2,173                | 2,137                    | 3,588                |
| Compensation payable to directors and auditors                              | 74                   |                          |                      |
| Credit notes to be issued   | 0                    | 1,306                    | 930                  |
| Other   | 153                  | 124                      | 47                   |
| <b>Total</b>  | <b>3,037</b>         | <b>3,904</b>             | <b>4,565</b>         |

The most significant sub-item under this heading was the amount due to employees for June's wages and salaries, in addition to unused vacation and accrued bonuses as of June 30, 2002. This item experienced a substantial decline from June 30, 2001 (€ 2.173,000 vis-à-vis € 3,588,000) as a result of the removal from the consolidation scope of such subsidiaries as Policom S.p.A. and Gruppo Editoriale Futura.

## ACCRUED EXPENSES AND DEFERRED INCOME

| Accrued expenses and deferred income  | June 30, 2002 | December 31, 2001 | June 30, 2002 |
|---------------------------------------|---------------|-------------------|---------------|
| Accrued amounts due to employees      | 0             | 5                 | 0             |
| Rents payable                         | 220           | 262               | 299           |
| Utilities and sundry accrued expenses | <b>220</b>    | <b>267</b>        | <b>299</b>    |
| <b>Accrued expenses</b>               | 265           | 199               | 0             |
| Grant under law 488                   | 172           | 36                | 25            |
| Other deferred income                 | <b>437</b>    | <b>235</b>        | <b>25</b>     |
| <b>Deferred income</b>                | <b>657</b>    | <b>502</b>        | <b>324</b>    |
| <b>Total</b>                          |               |                   |               |

This item reflects expenses and income to be recognized in a period other than that in which the relevant cash outlay or collection takes place. The underlying rationale is the principle on which accrual-basis accounting rests.

The deferred income related to the grant under law 488 obtained by Micronica S.p.A. for the construction of the group's headquarters.

### Goods to be received

This item refers to the amount of letters of credit open in favor of suppliers as of June 30, 2002, Il valore si riferisce alle lettere di credito aperte in favore di fornitori al 30 giugno 2002.

### Forward transactions and options

As of June 30, 2002 the company had forward purchasing contracts for € 10,271,000 (valued at the set forward exchange rate). These contracts were entered into to hedge the company's exchange rate risk related to its purchases in foreign currency.

As of June 30, 2002 the company had also forward buying contracts outstanding for a total of USD 6,000,000, equivalent to € 6,408,000; such contracts had been entered into in view of the purchases necessary to supply computers to Italia Lavoro S.p.A.. as required by a contract awarded by this organization in light of its objective to disseminate information technology in Southern Italy.

These contracts made it possible to set the exchange rates in a way that would ensure that the price bid is profitable.

Had they been entered into for speculative purposes, as of June 30, 2002 these hedging contracts would have shown an unrealized loss of € 392,000.

Moreover, the company bought call and put options on the U.S. dollar for a notional amount of USD 13,4 million. These purchases were recorded at the lower of cost or market.

### Guarantees

As of June 30, 2002 sureties received from customers for normal commercial transactions and by counterparties in financial transactions amounted to € 3,396,000.

As of the same date, sureties provided for rental agreements, for the thefts suffered and in accordance with the need to provide performance bonds amounted to € 6,228,000.  
The building of Polinet S.r.l., a subsidiary, is encumbered by a mortgage.

### **Commitments for off-balance-sheet transactions**

As of June 30, 2002 CDC Point S.p.A. had an interest-rate swap contract outstanding, calling for quarterly payments resulting from differentials between a fixed interest rate of 4,43%, with the possibility to change to a three-month Libor in U.S. dollars starting in the second year, and a floating interest rate based on the 30-year Interest Rate Swap on the Euro, less a spread, on a notional principal amount of € 13,000,000.

### **Contract commitments**

On May 20, 2002 an agreement was signed to acquire a 51% interest in Mactronics Technology S.r.l.. As part of the CDC Group, Mactronics will be tasked with the product and training re-engineering of the commercial network of the storage and server sector. The agreement was subject to the approval of the Antitrust Authorities, which was eventually provided on July 15, 2002. The price of the stake was € 250,000 and was paid on July 29, 2002, the date of the closing. Furthermore, CDC injected additional € 100,000, raising its equity interest to 60%. In the meantime, CDC signed an exclusive agreement with one of the sellers, undertaking to pay € 420,000 over the next five fiscal years.

### **Tax litigation**

During 2000, the Tax Police conducted "an audit on VAT, direct-tax and other tax payments" on the premises of the parent company, CDC Point S.p.A., which ended in October. To this date, we have only received assessment notices on VAT and direct taxes for fiscal year 1995 and VAT related to 1996. The audit revealed some alleged irregularities attributable to purchases made by persons currently under investigation for alleged violations and that, according to Tax Police officials, such purchases might not be material for tax purposes. According to the tax attorneys we have retained in this dispute with the Tax Authorities, our defense stands on solid ground and there are no significant contingent liabilities for the Company. To this end, given the simultaneous occurrence of the above events with the listing of the company, on June 16, 2000 the parent company CDC S.r.l. issued a guarantee whereby it undertook to hold CDC Point S.p.A. harmless against any liability arising from any violation of tax laws that should emerge from the foregoing Tax Police audit.

On June 8, 2000 the Tax Commission of first instance ruled in our favor against the VAT assessment notice for fiscal year 1996.

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

### **Other disputes**

The parent company is involved in a dispute on a rental agreement whereby it is being sued for damages of € 1 million for the alleged occupancy of a warehouse beyond the term of such agreement. According to the legal counsel retained, the company's position is tenable and, for the time being, no charges are expected to arise from this dispute.

The subsidiary Interfree has litigation under way with Telecom Italia S.p.A, which requests additional payments. The subsidiary and its legal counsels consider Telecom Italia's position without merit;

actually it is the latter that should compensate the former for a number of disservices. The company expects no charges to arise from this dispute.

## VALUE OF PRODUCTION

### Revenues from sales and services

| Revenues from sales and services     | June 30,<br>2002 | December 31,<br>2001 | June 30,<br>2002 |
|--------------------------------------|------------------|----------------------|------------------|
| IT distribution activities           | 242,367          | 502,202              | 249,962          |
| Internet Service Provider activities | 562              | 7,198                | 2,424            |
| Fixed telephony activities           | 0                | 3,060                | 2,877            |
| Publishing activities                | 0                | 7,884                | 7,914            |
| <b>Total</b>                         | <b>242,929</b>   | <b>520,344</b>       | <b>263,177</b>   |

For more details on consolidated revenues, reference should be made to the Report on Consolidated Operations  
Revenues were realized mainly in Italy.

### Self-constructed assets

This item reflected mainly the capitalization of the payroll costs incurred for the installment and commencement of operations of the telephone exchanges.

### Other revenues and income

| Other revenues and income            | June 30, 2002 | December 31, 2001 | June 30, 2002 |
|--------------------------------------|---------------|-------------------|---------------|
| Damages collected                    | 31            | 2,137             | 285           |
| Rental income                        | 367           | 682               | 308           |
| Sundry reimbursements and recoveries | 5,661         | 15,438            | 5,818         |
| Gains on disposals of fixed assets   | 0             | 27                | 1             |
| Other                                | 486           | 558               | 127           |
| <b>Total</b>                         | <b>6,545</b>  | <b>18,842</b>     | <b>6,539</b>  |

**Sundry reimbursements and recoveries** were related to advertising expenses by franchisees, co-marketing contributions obtained by suppliers and franchising fees received from new franchisees.

**Damages collected** concerned mainly insurance payments received for thefts and pilferage as well as compensation from transportation companies for goods lost or damaged, As of December 31, 2001 this item reflected the compensation received from the provider of the automated plant, in the amount of € 1,750,000, due to disservices and inefficiencies that took place during the commencement phase.

The item **Other** included revenues from consumer credit companies in the amount of € 334,000, for promoting their services on the premises of the Computer Discount stores.

## PRODUCTION COSTS

### Purchasing costs

| Purchasing costs           | June 30, 2002  | December 31, 2001 | June 30, 2002  |
|----------------------------|----------------|-------------------|----------------|
| Goods for resale           | 191,201        | 464,175           | 212,661        |
| Ancillary purchasing costs | 69             | 168               | 1,596          |
| <b>Total</b>               | <b>191,270</b> | <b>464,343</b>    | <b>214,257</b> |

Purchasing costs are net of end-of-period discounts and stock protection for € 7,817,000.

CDC Point S.p.A, buys most of the goods it sells in U,S, dollars, thus it is subject to exchange rate risks. The Company hedges approximately 60%-70% of the expected foreign-currency outlays.

### Service costs

| Service costs                                       | June 30, 2002 | December 31, 2001 | June 30, 2002 |
|---|---------------|-------------------|---------------|
| Transportation and logistics                        | 3,346         | 9,889             | 5,133         |
| Subcontractors                                      | 283           | 2,996             | 2,559         |
| Maintenance and utilities                           | 1,501         | 11,873            | 6,476         |
| Marketing costs                                     | 8,140         | 19,264            | 10,515        |
| <i>IT Distribution</i>                              | <i>8,088</i>  | <i>17,379</i>     | <i>8,832</i>  |
| <i>Internet</i>                                     | <i>52</i>     | <i>427</i>        | <i>249</i>    |
| <i>Telephony</i>                                    | <i>0</i>      | <i>360</i>        | <i>336</i>    |
| <i>Publishing</i>                                   | <i>0</i>      | <i>1,098</i>      | <i>1,098</i>  |
| Insurance premiums                                  | 281           | 647               | 354           |
| Technical, legal, administrative and tax consulting | 727           | 1,395             | 590           |
| Compensation to directors and auditors              | 702           | 2,667             | 1,587         |
| Other service costs                                 | 1,377         | 7,899             | 5,735         |
| <b>Total</b>  | <b>16,357</b> | <b>56,630</b>     | <b>32,949</b> |

**Transportation and logistics costs** fell as a result of the efficiency level reached following the start of operations of Micronica S.p.A.'s automated warehouse.

Compared to December 31, 2001 and June 30, 2001 **subcontractor** costs did not include the cost of prints, photoliths and the like (€ 2,170,000 as of June 30, 2001) incurred by Gruppo Editoriale Futura, which was sold in 2001.

Compared to December 31, 2001 and June 30, 2001, **utilities** did not include the costs (€ 3,788,000 as of June 30, 2001) incurred by Policom S.p.A.. which was sold in 2001.

**Marketing costs** fell following the sale of Gruppo Editoriale Futura S.p.A. and Policom S.p.A. in 2001,

As to the compensation for the parent company's directors and auditors, these received emoluments also from other Group companies; details are available in the relevant annex.

Such emoluments reflected the amounts resolved by the Board of Directors and the amounts established for the Board of Auditors.

### Leasing costs

This item included rental fees for € 1,145,000, vehicle leasing fees for € 225,000 and other minor amounts for € 1,381,000.

### Payroll costs

A breakdown of these costs is provided by the consolidated income statement. The table below shows the makeup of Group employees by company and rank as of June 30, 2002.

| Employees                           | June 30,<br>2002 | December<br>31, 2001 | June 30,<br>2001 | Average<br>number of<br>employees<br>01/01/02-<br>30/06/02 |
|-------------------------------------|------------------|----------------------|------------------|--|
| <b>IT Distribution</b>              | <b>400</b>       | <b>411</b>           | <b>398</b>       | <b>396,00</b>  |
| <i>Managers</i>                     | <i>11</i>        | <i>10</i>            | <i>10</i>        | <i>11,00</i>   |
| <i>Supervisors</i>                  | <i>22</i>        | <i>21</i>            | <i>20</i>        | <i>22,00</i>   |
| <i>White-collar</i>                 | <i>245</i>       | <i>186</i>           | <i>182</i>       | <i>233,00</i>  |
| <i>Blue-collar</i>                  | <i>122</i>       | <i>194</i>           | <i>186</i>       | <i>130,00</i>  |
| <b>Internet Business</b>            | <b>11</b>        | <b>28</b>            | <b>27</b>        | <b>17,00</b>   |
| <i>Managers</i>                     | <i>0</i>         | <i>0</i>             | <i>0</i>         | <i>0,00</i>  |
| <i>Supervisors</i>                  | <i>0</i>         | <i>1</i>             | <i>1</i>         | <i>0,00</i>  |
| <i>White-collar</i>                 | <i>11</i>        | <i>27</i>            | <i>26</i>        | <i>16,00</i>   |
| <b>Telephony business</b>           |                  |                      | <b>46</b>        |  |
| <i>Managers</i>                     |                  |                      | <i>3</i>         |  |
| <i>Supervisors</i>                  |                  |                      | <i>7</i>         |  |
| <i>White-collar</i>                 |                  |                      | <i>36</i>        |  |
| <b>Publishing business</b>          |                  |                      | <b>82</b>        |  |
| <i>Managers</i>                     |                  |                      | <i>6</i>         |  |
| <i>Supervisors and white-collar</i> |                  |                      | <i>76</i>        |  |

### Amortization, depreciation and write-downs

A breakdown in four sub-items is already shown in the income statement.

**Write-downs of short-term receivables** reflected allowances made by the parent company for doubtful accounts in the amount of € 20,000.

### Other provisions

This item reflected provisions for charges related to policies to cover commercial credit risks in the amount of € 300,000.

### Sundry operating costs

| <b>Sundry operating costs</b>    | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2002</b> |
|----------------------------------|----------------------|--------------------------|----------------------|
| Fines and penalties              | 4                    | 47                       | 2                    |
| Sundry taxes and fees            | 67                   | 216                      | 142                  |
| Sale on disposal of fixed assets | 2                    | 4                        | 0                    |
| Government concessions           | 2                    | 144                      | 84                   |
| Receivables written off          | 0                    | 452                      | 0                    |
| Other operating costs            | 99                   | 112                      | 478                  |
| <b>Total</b>                     | <b>174</b>           | <b>975</b>               | <b>706</b>           |

## FINANCIAL INCOME AND CHARGES

### Other financial income

| <b>Financial income</b>                | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2002</b> |
|--|----------------------|--------------------------|----------------------|
| Bank interest                          | 19                   | 33                       | 17                   |
| Gains on foreign exchange transactions | 1,098                | 2,812                    | 1,946                |
| Interest on amounts due from customers | 0                    | 8                        | 37                   |
| Financial discounts                    | 99                   | 196                      | 101                  |
| Income on options                      | 21                   | 0                        | 0                    |
| Other                                  | 3                    | 80                       | 0                    |
| <b>Total</b>                           | <b>1,240</b>         | <b>3,129</b>             | <b>2,101</b>         |

The gains on foreign exchange transactions arose from transactions entered into to hedge exchange rate risks during the year; this item, however, should be set against the losses on foreign exchange transactions.

### Interest and other financial charges

| <b>Oneri finanziari</b>                      | <b>June 30, 2002</b> | <b>December 31, 2001</b> | <b>June 30, 2002</b> |
|--|----------------------|--------------------------|----------------------|
| Interest on bank loans                       | 989                  | 2,043                    | 970                  |
| Interest on amounts payable to other lenders | 138                  | 173                      | 0                    |
| Losses on foreign exchange transactions      | 1,157                | 3,085                    | 1,881                |
| Allowances for exchange rate fluctuations    | 468                  | 122                      | 0                    |
| Expenses and commissions                     | 1,039                | 1,592                    | 715                  |
| Other financial charges                      | 199                  | 119                      | 81                   |
| <b>Total</b>                                 | <b>3,990</b>         | <b>7,134</b>             | <b>3,647</b>         |

**Expenses and commissions** are related to € 443,000 in factoring commissions and € 405,000 in commissions for credit and bank card transactions.

## ADJUSTMENTS TO FINANCIAL FIXED ASSETS

This item included:

- the write-down of the equity interest in Upside I for € 157,000, complete based on the above directors' report.  
CDC Point S.p.A. holds a 20% interest in this company.
- The € 77,000 write-off of the equity investment in S.I.T. S.r.l.. a company engaged in the development of financial software programs, following the negative assessment of such company's development prospects,  
CDC Point holds a 30% equity interest in this company.
- the write-down of the treasury shares held in portfolio, to mark their value to market as of June 30, 2002, for a total of € 318,000.

## EXTRAORDINARY INCOME AND EXPENSES

### Income

| Extraordinary income | June 30,<br>2002 | December<br>31, 2001 | June 30,<br>2002 |
|----------------------|------------------|----------------------|------------------|
| Extraordinary income | 485              | 308                  | 270              |
| Capital gains        | 0                | 567                  | 0                |
| <b>Total</b>         | <b>485</b>       | <b>875</b>           | <b>270</b>       |

During 2001, capital gains included € 300,000 for the sale of Gruppo Editoriale Futura S.p.A. and € 290,000 for the sale of the telephony business from CDC Point S.p.A. to Policom S.p.A.; the latter amount had been recorded as deferred income in 2000 and eventually recognized as income in 2001 following the sale of the equity stake in Policom S.p.A. held by CDC Point S.p.A..

Extraordinary income for 2002 resulted mainly from excess provisions made in 2001 for the regional tax on productive activities (IRAP), compared to the actual amount due.

This item included also rebates pertaining to fiscal year 2001 and collected in 2002 and software assistance costs for fiscal year 2001 charged back to stores.

### Expenses

| Period (000's of euros) | June 30,<br>2002 | December<br>31, 2001 | June 30,<br>2002 |
|-------------------------|------------------|----------------------|------------------|
| Losses on shareholdings | 0                | 3.101                | 0                |
| Sundry losses           | 0                | 28                   | 0                |
| Extraordinary losses    | 202              | 4.145                | 3.951            |
| Other                   | 0                | 417                  | 336              |
| <b>Total</b>            | <b>202</b>       | <b>7.691</b>         | <b>4.287</b>     |

The losses on shareholdings incurred in 2001 reflected € 2,671,000 in relation to Policom S.p.A. and € 430,000 to Interfree S.p.A..



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The extraordinary losses recorded as of December 31, 2001 resulted from tax assessments for Gruppo Editoriale Futura S.p.A. in the amount of € 3,333,000 and CDC Point S.p.A. in the amount of € 735,000.

During 2002, this item reflected mainly costs for utilities and services, insurance and interest expenses on foreign exchange transactions recorded during this year but attributable to the preceding fiscal period.

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

- Statement of change in the consolidated shareholders' equity for the six-month period ended on June 30, 2002 (annex 1).
- Consolidated cash flow statement for the six-month period ended on June 30, 2002 (annex 2).
- Statement of changes in consolidated intangible fixed assets (annex 3) .
- Statement of changes in consolidated tangible fixed assets (annex 4).
- Statement of changes in consolidated financial fixed assets (annex 5).
- Statement of changes in consolidated long-term receivables (annex 6).
- Reconciliation between the Parent Company's shareholders' equity and net income and the corresponding consolidated items (annex 7).
- List of consolidated companies (annex 8).
- Shares in CDC S.p.A. and its subsidiaries held by directors, auditors and general managers (annex 9) .
- Compensation to directors and auditors of CDC S.p.A. and its subsidiaries (annex 10) .
- Balance Sheet of CDC Point on June 30, 2002 (annex 11)

These consolidated financial statements, made up of Balance Sheet, Income Statement and Notes to the Financial Statements, show a true and fair picture of the financial conditions and operating results for the period and reflect the data entered in the accounting records.

On behalf of the Board of Directors.

The Chairman

Giuseppe Diomelli



**STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY**  
**FOR THE PERIOD BETWEEN 01/01/2002 AND 06/30/2002**

| <u>(Amounts in thousands of euros)</u>                       | Share capital | Legal reserve | Share premium reserve | Reserve for treasury shares | Retained earnings | Net income (loss) for the period | GROUP'S SHAREHOLDER EQUITY | Net income (loss) attributable to minority interests | Capital and reserves attributable to minority interests | MINORITY INTERESTS | TOTAL SHAREHOLDERS' EQUITY |
|--|---------------|---------------|-----------------------|-----------------------------|-------------------|----------------------------------|----------------------------|--|---|--------------------|----------------------------|
| <b>Consolidated balance as of December 31, 2001</b>          | <b>6.131</b>  | <b>479</b>    | <b>61.182</b>         | <b>1.174</b>                | <b>227</b>        | <b>(25.427)</b>                  | <b>43.766</b>              | <b>(298)</b>   | <b>866</b>  | <b>568</b>         | <b>44.334</b>              |
| Allocation of net income for 2001                            | 0             | 0             | (25.313)              | 0                           | (114)             | 25.427                           | 0                          | 0  | 0   | 0                  | 0                          |
| Changes in the reserve for treasury shares                   | 0             | 0             | 243                   | (243)                       | 0                 | 0                                | 0                          | 0  | 0   | 0                  | 0                          |
| Consolidated net income for the period (1/1/2002-06/30/2002) | 0             | 0             | 0                     | 0                           | 0                 | 532                              | 532                        | 0  | 0   | 0                  | 532                        |
| Income (loss) attributable to minority interests             | 0             | 0             | 0                     | 0                           | 0                 | 0                                | 0                          | (568)  | 0   | (568)              | (568)                      |
| Capital and reserves attributable to minority interests      | 0             | 0             | 0                     | 0                           | 0                 | 0                                | 0                          | 0  | 0   | 0                  | 0                          |
| <b>Consolidated balance as of June 31, 2002</b>              | <b>6.131</b>  | <b>479</b>    | <b>36.112</b>         | <b>931</b>                  | <b>113</b>        | <b>532</b>                       | <b>44.298</b>              | <b>(866)</b>   | <b>866</b>  | <b>0</b>           | <b>44.298</b>              |



CDC GROUP- Semiannual Financial Statements as of June 30, 2002 - Annex 2

CASH FLOW STATEMENT AS OF JUNE 30, 2002

(Amounts in thousands of euros)

|  | June 30, 2002   | December 31, 2001 | June 30, 2001   |
|--|-----------------|-------------------|-----------------|
| <b>A. OPENING NET SHORT-TERM FINANCIAL INDEBTEDNESS</b>                      | <b>(32.270)</b> | <b>(7.046)</b>    | <b>(7.046)</b>  |
| Net income (loss) for the period   | 532             | (25.427)          | (14.005)        |
| Net change in funds for risks and charges                                    | 335             | (438)             | (86)            |
| Amortization and depreciation  | 3.716           | 9.989             | 6.379           |
| Net change in the provisions for employee severance payments                 | 384             | (112)             | 227             |
| (Gains) losses on shareholding sales and write-downs                         | 239             | 5.362             | (16)            |
| <b>Net income (loss) for the period before any change in working capital</b> | <b>5.206</b>    | <b>(10.626)</b>   | <b>(7.501)</b>  |
| (Increase) decrease in short-term receivables                                | 16.282          | (4.920)           | 15.093          |
| (Increase) decrease in inventories   | 25.894          | 1.046             | 16.015          |
| Increase (decrease) in trade and other payables                              | (54.262)        | (9.526)           | (38.694)        |
| (Increase) decrease in other working capital items                           | 162             | (6.292)           | (2.177)         |
| <b>Change in working capital</b>   | <b>(11.924)</b> | <b>(19.692)</b>   | <b>(9.763)</b>  |
| <b>B. CASH FLOW FROM (FOR) OPERATING ACTIVITIES</b>                          | <b>(6.718)</b>  | <b>(30.318)</b>   | <b>(17.264)</b> |
| <b>Investments in fixed assets:</b>  |                 |                   |                 |
| Intangibles  | (687)           | (667)             | (3.034)         |
| Tangibles  | (624)           | (6.951)           | (5.161)         |
| Financial  | (55)            | (4.259)           | (90)            |
| Effect on indebtedness of pre-existing consolidated equity investments       | 0               | 0                 | 0               |
| Selling price or refund amount for fixed assets                              | 35              | 18.842            | 70              |
| <b>C. CASH FLOW FROM (FOR) INVESTMENT ACTIVITIES</b>                         | <b>(1.331)</b>  | <b>6.965</b>      | <b>(8.215)</b>  |
| Share capital and share premium reserve increase                             | 0               | 0                 | 0               |
| Minority interests   | (568)           | (2.109)           | (4.447)         |
| Loan borrowings (repayments)   | 0               | 238               | 0               |
| Dividends paid   | 0               | 0                 | 0               |
| <b>D. CASH FLOW FROM (FOR) FINANCIAL ACTIVITIES</b>                          | <b>(568)</b>    | <b>(1.871)</b>    | <b>(4.447)</b>  |
| <b>E. CASH FLOW FOR THE PERIOD (B+C+D)</b>                                   | <b>(8.617)</b>  | <b>(25.224)</b>   | <b>(29.926)</b> |
| <b>F. ENDING NET SHORT-TERM FINANCIAL INDEBTEDNESS (A+G)</b>                 | <b>(40.887)</b> | <b>(32.270)</b>   | <b>(36.972)</b> |



**STATEMENT OF CHANGES IN INTANGIBLE FIXED ASSETS FOR THE PERIOD BETWEEN 01/01/2002 - 06/30/2002**

(Amounts in thousands of euros)

|   | Opening balance |                          |             |                             | Changes during the year |   |            |                | Closing balance |                       |                          |                             |
|---|-----------------|--------------------------|-------------|-----------------------------|-------------------------|---|------------|----------------|-----------------|-----------------------|--------------------------|-----------------------------|
|   | Original cost   | Accumulated amortization | Write-downs | Book value as of 12/31/2001 | Purchases               | Adjustments to accumulated amortization | Disposals  | Amortization   | Original cost   | Write-ups/write-downs | Accumulated amortization | Book value as of 06/30/2002 |
| <b>Start-up and expansion costs</b>                         | 7.660           | (3.882)                  | (98)        | 3.680                       | 2                       | 3                                       | (3)        | (1.002)        | 7.659           | (98)                  | (4.881)                  | 2.680                       |
| <b>Rezearch, development and advertising costs</b>          | 0               | 0                        | 0           | 0                           | 0                       | 0                                       | 0          | 0              | 0               | 0                     | 0                        | 0                           |
| <b>Industrial patents and intellectual property rights</b>  | 722             | (576)                    | 0           | 146                         | 2                       | 0                                       | 0          | (23)           | 724             | 0                     | (599)                    | 125                         |
| <b>Concessions, licenses, trademarks and similar rights</b> | 13.853          | (2.680)                  | 0           | 11.173                      | 57                      | 0                                       | 0          | (793)          | 13.910          | 0                     | (3.473)                  | 10.437                      |
| <b>Goodwill</b>   | 0               | 0                        | 0           | 0                           | 582                     | 0                                       | 0          | (19)           | 582             | 0                     | (19)                     | 563                         |
| <b>Assets under construction and advances</b>               | 0               | 0                        | 0           | 0                           | 0                       | 0                                       | 0          | 0              | 0               | 0                     | 0                        | 0                           |
| <b>Other intangible assets</b>                              | 2.643           | (1.882)                  | 0           | 761                         | 44                      | 0                                       | 0          | (152)          | 2.687           | 0                     | (2.034)                  | 653                         |
| <b>TOTAL</b>  | <b>24.878</b>   | <b>(9.020)</b>           | <b>(98)</b> | <b>15.760</b>               | <b>687</b>              | <b>3</b>                                | <b>(3)</b> | <b>(1.989)</b> | <b>25.562</b>   | <b>(98)</b>           | <b>(11.006)</b>          | <b>14.458</b>               |



**STATEMENT OF CHANGES IN TANGIBLE FIXED ASSETS FOR THE PERIOD BETWEEN 01/01/2002 - 06/30/2002**

(Amounts in thousands of euros)

|   | Opening balance |                          |                             | Changes during the year |                                       |                                  |             |                | Closing balance |                       |                          |                             |
|---|-----------------|--------------------------|-----------------------------|-------------------------|---------------------------------------|----------------------------------|-------------|----------------|-----------------|-----------------------|--------------------------|-----------------------------|
|   | Original cost   | Accumulated depreciation | Book value as of 12/31/2001 | Purchases               | Increases in accumulated depreciation | Uses of accumulated depreciation | Disposals   | Depreciation   | Original cost   | Write-ups/write-downs | Accumulated depreciation | Book value as of 06/30/2002 |
| <b>Land and buildings</b>                     | 10.432          | (333)                    | 10.099                      | 6                       | 0                                     | 0                                | 0           | (134)          | 10.438          | 0                     | (467)                    | 9.971                       |
| <b>Equipment and machinery</b>                | 11.914          | (2.628)                  | 9.286                       | 140                     | 0                                     | 0                                | 0           | (886)          | 12.054          | 0                     | (3.514)                  | 8.540                       |
| <b>Industrial and commercial equipment</b>    | 4.351           | (2.473)                  | 1.878                       | 67                      | (12)                                  | 0                                | 0           | (278)          | 4.418           | 0                     | (2.763)                  | 1.655                       |
| <b>Other assets</b>                           | 5.990           | (2.712)                  | 3.278                       | 329                     | 0                                     | 2                                | (32)        | (429)          | 6.287           | 0                     | (3.139)                  | 3.148                       |
| <b>Assets under construction and advances</b> | 808             | 0                        | 808                         | 94                      | 0                                     | 0                                | 0           | 0              | 902             | 0                     | 0                        | 902                         |
| <b>TOTAL</b>                                  | <b>33.495</b>   | <b>(8.146)</b>           | <b>25.349</b>               | <b>636</b>              | <b>(12)</b>                           | <b>2</b>                         | <b>(32)</b> | <b>(1.727)</b> | <b>34.099</b>   | <b>0</b>              | <b>(9.883)</b>           | <b>24.216</b>               |



STATEMENT OF CHANGES IN FINANCIAL FIXED ASSETS FOR THE PERIOD BETWEEN 01/01/2002 - 06/30/2002

SHAREHOLDINGS

(Amounts in thousands of euros)

|                                       | Opening balance |                       |                             | Changes during the period |                       | Closing balance |                       |                            |                             |
|---------------------------------------|-----------------|-----------------------|-----------------------------|---------------------------|-----------------------|-----------------|-----------------------|----------------------------|-----------------------------|
|                                       | Original cost   | Write-ups/Write downs | Book value as of 12/31/2001 | Acquisitions              | Write-ups/Write downs | Original cost   | Write-ups/Write downs | Disposals of shareholdings | Book value as of 06/30/2002 |
| <b><u>SHAREHOLDINGS</u></b>           |                 |                       |                             |                           |                       |                 |                       |                            |                             |
| Shareholdings in subsidiaries         | 0               | 0                     | 0                           | 15                        | (2)                   | 0               | 0                     | 0                          | 13                          |
| Shareholdings in associated companies | 4.259           | (2.519)               | 1.740                       | 0                         | (235)                 | 1.740           | (235)                 | 0                          | 1.505                       |
| Shareholdings in parent companies     | 0               | 0                     | 0                           | 0                         | 0                     | 0               | 0                     | 0                          | 0                           |
| Shareholdings in affiliated companies | 0               | 0                     | 0                           | 0                         | 0                     | 0               | 0                     | 0                          | 0                           |
| Shareholdings in other companies      | 5               | 0                     | 5                           | 0                         | 0                     | 5               | 0                     | 0                          | 5                           |
| <b>TOTAL</b>                          | <b>4.264</b>    | <b>(2.519)</b>        | <b>1.745</b>                | <b>15</b>                 | <b>(237)</b>          | <b>1.745</b>    | <b>(235)</b>          | <b>0</b>                   | <b>1.523</b>                |



STATEMENT OF CHANGES IN FINANCIAL FIXED ASSETS FOR THE PERIOD BETWEEN 01/01/2002 - 06/30/2002

RECEIVABLES

(Amounts in thousands of euros)

|  | Opening balance |                       |                             | Changes during the period |           |                   |                       | Closing balance |                       |                             |
|--|-----------------|-----------------------|-----------------------------|---------------------------|-----------|-------------------|-----------------------|-----------------|-----------------------|-----------------------------|
|  | Original cost   | Write-ups/Write-downs | Book value as of 12/31/2001 | Increases                 | Decreases | Reclassifications | Write-ups/Write-downs | Original cost   | Write-ups/Write-downs | Book value as of 06/30/2002 |
| <b><u>SECURITY DEPOSITS</u></b>        |                 |                       |                             |                           |           |                   |                       |                 |                       |                             |
| Security deposits with other companies | 100             | 0                     | 100                         | 40                        | 0         | 0                 | 0                     | 140             | 0                     | 140                         |
| Security deposits with subsidiaries    | 34              | 0                     | 34                          | 0                         | 0         | 0                 | 0                     | 34              | 0                     | 34                          |
| <b>TOTAL</b>                           | <b>134</b>      | <b>0</b>              | <b>134</b>                  | <b>40</b>                 | <b>0</b>  | <b>0</b>          | <b>0</b>              | <b>174</b>      | <b>0</b>              | <b>174</b>                  |



**CDC GROUP- Semiannual Financial Statements as of June 30, 2002 - Annex 7**

**(Amounts in thousands of euros)**

|  | Net income for the period | Shareholders' equity |
|--|---------------------------|----------------------|
| <b>RECONCILIATION BETWEEN THE PARENT COMPANY'S ]<br/>NET INCOME FOR THE PERIOD AND SHAREHOLDERS' EQUITY AND THE CORRESPONDING<br/>CONSOLIDATED ITEMS</b> |                           |                      |
| <b>As per CDC Point S.P.A.'s financial statements</b>  | <b>1.184</b>              | <b>44.837</b>        |
| Effect of elimination of tax amounts   | (162)                     | 228                  |
| Adoption of financial method for goods acquired through<br>finance leases  | <u>(490)</u>              | <u>(767)</u>         |
| <b>As per consolidated financial statements</b>  | <b>532</b>                | <b>44.298</b>        |



**CDC GROUP- Semiannual Financial Statements as of June 30, 2002 - Annex 8**

**LIST O CONSOLIDATED COMPANIES**

**as of June 30, 2002**

**(Amounts in thousands of euros)**

| <b>Name</b>              | <b>Registered Office</b> | <b>Share capital</b> | <b>Shareholders' equity</b> | <b>Results for first half of 2002</b> | <b>% held</b>  |
|--------------------------|--------------------------|----------------------|-----------------------------|---------------------------------------|----------------|
| <b>CDC POINT SPA</b>     | <b>Calcinaia (PI)</b>    | <b>6.131</b>         | <b>44.837</b>               | <b>1.184</b>                          |                |
| <b>MICRONICA SPA</b>     | <b>Pontedera (PI)</b>    | <b>6.450</b>         | <b>6.989</b>                | <b>385</b>                            | <b>100,00%</b> |
| <b>CD CONSULTING SRL</b> | <b>Calcinaia (PI)</b>    | <b>10</b>            | <b>28</b>                   | <b>11</b>                             | <b>100,00%</b> |
| <b>CD WEB SPA</b>        | <b>Calcinaia (PI)</b>    | <b>103</b>           | <b>80</b>                   | <b>(4)</b>                            | <b>100,00%</b> |
| <b>POLINET SRL</b>       | <b>Calcinaia (PI)</b>    | <b>100</b>           | <b>120</b>                  | <b>36</b>                             | <b>100,00%</b> |
| <b>INTERFREE SPA</b>     | <b>Calcinaia (PI)</b>    | <b>2.102</b>         | <b>(192)</b>                | <b>(1.351)</b>                        | <b>51,00%</b>  |

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

| Last name and first name | Company | Number of shares held directly as of 12/31/2001 | Number of shares held indirectly as of 12/31/2001 | Number of shares acquired directly during the period | Number of shares acquired indirectly during the period | Number of shares sold directly during the period | Number of shares sold indirectly during the period | Number of shares held indirectly as of 06/30/2002 | Number of shares held directly as of 06/30/2002 |
|--------------------------|---------|---|---|--|--|--|--|---|---|
|--------------------------|---------|---|---|--|--|--|--|---|---|

**BOARD OF DIRECTORS**

|                        |                  |        |       |       |  |       |  |       |        |
|------------------------|------------------|--------|-------|-------|--|-------|--|-------|--------|
| DIOMEELLI GIUSEPPE (*) | CDC Point S.p.A. | 7,176  | 7,176 |       |  |       |  | 7,176 | 7,176  |
| PAGNI LEONARDO         | CDC Point S.p.A. | 0      | 0     |       |  |       |  |       |        |
| ANDOLFI CLAUDIO        | CDC Point S.p.A. | 26,100 | 0     | 1,350 |  | 2,997 |  |       | 24,453 |

**BOARD OF AUDITORS**

|               |                  |   |   |  |  |  |  |  |  |
|---------------|------------------|---|---|--|--|--|--|--|--|
| BOSSI CARLO   | CDC Point S.p.A. | 0 | 0 |  |  |  |  |  |  |
| CARLI DANIELA | CDC Point S.p.A. | 0 | 0 |  |  |  |  |  |  |
| LANG ALBERTO  | CDC Point S.p.A. | 0 | 0 |  |  |  |  |  |  |

(\*) through his spouse, Andolfi Floriana

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

| <b><u>BOARD OF DIRECTORS</u></b> | <b><u>CDC Point S.p.A.</u></b> | <b><u>Interfree S.p.A.</u></b> | <b><u>Micronica S.p.A.</u></b> | <b><u>CD Consulting S.r.l.</u></b> | <b><u>Polinet S.r.l.</u></b> | <b><u>CD Web S.p.A.</u></b> | <b><u>Direct S.r.l.</u></b> |
|----------------------------------|--------------------------------|--------------------------------|--------------------------------|------------------------------------|------------------------------|-----------------------------|-----------------------------|
| DIOMELLI GIUSEPPE                | € 237.000,00                   |                                |                                |                                    |                              |                             |                             |
| PAGNI LEONARDO                   | € 110.792,00                   |                                | € 14.461,00                    |                                    |                              |                             |                             |
| ANDOLFI CLAUDIO                  | € 93.000,00                    |                                |                                |                                    |                              |                             |                             |
| BARBERIS ALESSANDRO              | € 21.000,00                    |                                |                                |                                    |                              |                             |                             |
| BARACHINI ENRICO                 | € 21.000,00                    |                                |                                |                                    |                              |                             |                             |
|                                  |                                |                                |                                |                                    |                              |                             |                             |
| <b><u>BOARD OF AUDITORS</u></b>  | <b><u>CDC Point S.p.A.</u></b> | <b><u>Interfree S.p.A.</u></b> | <b><u>Micronica S.p.A.</u></b> | <b><u>CD Consulting S.r.l.</u></b> | <b><u>Polinet S.r.l.</u></b> | <b><u>CD Web S.p.A.</u></b> | <b><u>Direct S.r.l.</u></b> |
| BOSSI CARLO                      | € 15.183,00                    |                                |                                |                                    |                              |                             |                             |
| CARLI DANIELA                    | € 10.845,00                    |                                | € 1.686,00                     |                                    | € 481,00                     |                             |                             |
| LANG ALBERTO                     | € 10.123,00                    |                                |                                |                                    |                              |                             |                             |



CDC GROUP- Semiannual Financial Statements  
as of June 30, 2002 - Annex 11

**BALANCE SHEET of CDC POINT S.p.A.**  
**As of June 30, 2002 and compared with December 31, 2001 and June 30, 2001**

| <i>ASSETS</i>   | <i>June 30, 2002</i>     | <i>December 31, 2001</i> | <i>30 June 2001</i>      |
|---|--------------------------|--------------------------|--------------------------|
| <b>A - DUE FROM SHAREHOLDERS FOR SUBSCRIPTIONS AND LOSSES</b> |                          |                          |                          |
| <b>B - FIXED ASSETS</b>                                       |                          |                          |                          |
| <b><u>I - INTANGIBLE FIXED ASSETS</u></b>                     | <b><u>13.419.755</u></b> | <b><u>13.992.992</u></b> | <b><u>14.991.772</u></b> |
| 1.Start up and expansion costs                                | 2.001.173                | 2.336.768                | 2.672.142                |
| 2.Research, development and advertising costs                 | 0                        | 0                        | 0                        |
| 3.Industrial patents and intellectual rights                  | 15.597                   | 18.303                   | 11.713                   |
| 4.Concessions, licenses, trademarks and similar rights        | 10.186.645               | 10.878.078               | 11.454.123               |
| 5. Goodwill   | 563.341                  | 0                        | 0                        |
| 6. Intangible assets under construction and advances          | 0                        | 0                        | 0                        |
| 7.Other intangible assets                                     | 652.999                  | 759.843                  | 853.794                  |
| <b><u>II - TANGIBLE FIXED ASSETS</u></b>                      | <b><u>3.149.739</u></b>  | <b><u>3.175.519</u></b>  | <b><u>3.083.248</u></b>  |
| 1.Land and Buildings  | 30.412                   | 32.861                   | 34.660                   |
| 2.Machinery   | 630.424                  | 646.433                  | 679.181                  |
| 3.Industrial and commercial equipment                         | 1.056.759                | 1.145.188                | 1.225.211                |
| 4.Other assets  | 1.056.657                | 1.017.937                | 958.272                  |
| 5. Tangible assets under construction and advances            | 375.487                  | 333.100                  | 185.924                  |
| <b><u>III - FINANCIAL FIXED ASSETS</u></b>                    | <b><u>8.902.578</u></b>  | <b><u>9.257.243</u></b>  | <b><u>14.867.907</u></b> |
| 1. Shareholdings  |                          |                          |                          |
| a. in subsidiaries  | 7.230.101                | 7.380.262                | 14.648.963               |
| b. in associated companies                                    | 1.505.000                | 1.740.185                | 77.469                   |
| c. in parent companies  | 0                        | 0                        | 0                        |
| d. in other companies   | 704                      | 704                      | 704                      |
|   | <u>Sub-total</u>         | <u>9.121.151</u>         | <u>14.727.136</u>        |
| 2. Receivables  |                          |                          |                          |
| a. due from subsidiaries                                      | 0                        | 0                        | 0                        |
| b. due from associated companies                              | 0                        | 0                        | 0                        |
| c. due from parent companies                                  | 34.086                   | 34.086                   | 34.086                   |
| d. due from other companies                                   | 132.687                  | 102.006                  | 106.685                  |
|   | <u>Sub-Total</u>         | <u>136.092</u>           | <u>140.771</u>           |
| <b><u>TOTAL FIXED ASSETS (B)</u></b>                          | <b><u>25.472.072</u></b> | <b><u>26.425.754</u></b> | <b><u>32.942.927</u></b> |
| <b>C - CURRENT ASSETS</b>                                     |                          |                          |                          |
| <b><u>I - Inventories-</u></b>                                | <b><u>54.611.579</u></b> | <b><u>80.516.355</u></b> | <b><u>59.909.191</u></b> |
| 1.Raw, ancillary and consumable materials                     | 0                        | 0                        | 0                        |
| 2. Work in process and semi-finished products                 | 0                        | 0                        | 0                        |
| 3.Work in process under contract                              | 0                        | 0                        | 0                        |
| 4.Finished products and goods for resale                      | 54.611.579               | 80.516.355               | 59.909.191               |
| 5.Advances  | 0                        | 0                        | 0                        |



**CDC GROUP- Semiannual Financial Statements  
as of June 30, 2002 - Annex 11**

|  |  |  |  |
|--|--|--|--|
| <b>BALANCE SHEET of CDC POINT S.p.A.</b>   |  |  |  |
| <b>As of June 30, 2002 and compared with December 31, 2001 and June 30, 2001</b> |  |  |  |

| <i>ASSETS</i>  | <i>June 30, 2002</i>      | <i>December 31, 2001</i>  | <i>30 June 2001</i>       |
|--|---------------------------|---------------------------|---------------------------|
| <b><u>II – Receivables-</u></b>                              | <b><u>75.000.016</u></b>  | <b><u>92.552.305</u></b>  | <b><u>63.447.548</u></b>  |
| 1. due from customers  | 40.447.269                | 49.080.541                | 38.930.769                |
| 2. due from subsidiaries                                     | 11.140.448                | 13.234.437                | 13.726.690                |
| - receivable within 12 months                                | 5.975.879                 | 8.069.868                 | 13.726.690                |
| - receivable beyond 12 months                                | 5.164.569                 | 5.164.569                 | 0                         |
| 3. from associated companies                                 | 0                         | 0                         | 0                         |
| 4. from related companies                                    | 8.334.740                 | 8.633.266                 | 0                         |
| 5. due from parent companies                                 | 5.824.352                 | 9.274.352                 | 0                         |
| 6. Others  | 9.253.207                 | 12.329.709                | 10.790.089                |
| - receivable within 12 months                                | 8.863.798                 | 11.940.300                | 10.790.089                |
| - receivable beyond 12 months                                | 389.409                   | 389.409                   | 0                         |
| <b><u>III – Short-term investments</u></b>                   | <b><u>930.678</u></b>     | <b><u>1.174.138</u></b>   | <b><u>1.358.783</u></b>   |
| 1. Shareholdings in subsidiaries                             | 0                         | 0                         | 0                         |
| 2. Shareholdings in associated companies                     | 0                         | 0                         | 0                         |
| 3. Shareholdings in parent companies                         | 0                         | 0                         | 0                         |
| 4. Shareholdings in other companies                          | 0                         | 0                         | 0                         |
| 5. Treasury shares   | 930.678                   | 1.174.138                 | 1.358.783                 |
| 6. Other securities  | 0                         | 0                         | 0                         |
| 7. Financial receivables                                     | 0                         | 0                         | 0                         |
| <b><u>IV – Cash and cash equivalents</u></b>                 | <b><u>2.560.247</u></b>   | <b><u>4.576.743</u></b>   | <b><u>5.884.929</u></b>   |
| 1. Bank and post office deposits                             | 1.669.781                 | 2.540.661                 | 5.229.861                 |
| 2. Checks  | 0                         | 0                         | 0                         |
| 3. Cash and other valuables on hand                          | 890.466                   | 2.036.082                 | 655.068                   |
| <b><u>TOTAL CURRENT ASSETS(C)</u></b>                        | <b><u>133.102.520</u></b> | <b><u>178.819.541</u></b> | <b><u>130.600.451</u></b> |
| <b>D- Accrued income and deferred expenses</b>               |                           |                           |                           |
| 1. Bond and loan discounts                                   | 0                         | 0                         | 0                         |
| 2. Other accruals and deferrals                              | 691.347                   | 477.957                   | 279.223                   |
| <b><u>TOTAL ACCRUED INCOME AND DEFERRED EXPENSES (D)</u></b> | <b><u>691.347</u></b>     | <b><u>477.957</u></b>     | <b><u>279.223</u></b>     |
| <b><u>TOTAL ASSETS</u></b>                                   | <b><u>159.265.939</u></b> | <b><u>205.723.252</u></b> | <b><u>163.822.601</u></b> |



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| <b>BALANCE SHEET of CDC POINT S.p.A.</b><br><b>As of June 30, 2002 and compared with December 31, 2001 and June 30, 2001</b> |
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| <i><b>LIABILITIES AND SHAREHOLDERS' EQUITY</b></i>           | <i><b>June 30, 2002</b></i> | <i><b>December 31, 2001</b></i> | <i><b>30 June 2001</b></i> |
|--|-----------------------------|---------------------------------|----------------------------|
| <b>A - SHAREHOLDERS' EQUITY</b>                              |                             |                                 |                            |
| I - Share capital  | 6.130.686                   | 6.130.686                       | 6.130.686                  |
| II - Share premium reserve                                   | 36.112.705                  | 61.181.824                      | 62.355.962                 |
| III - Revaluation reserve                                    | 0                           | 0                               | 0                          |
| IV - Legal reserve   | 479.435                     | 479.435                         | 479.435                    |
| V - Reserve for treasury shares                              | 930.678                     | 1.174.138                       | 0                          |
| VI - Statutory reserves                                      | 0                           | 0                               | 0                          |
| VII Other reserves   | 0                           | 0                               | 0                          |
| VIII - Retained earnings (accumulated deficit)               | 0                           | (579.642)                       | (579.642)                  |
| IX - Net income (loss) for the period, brought forward       | 1.184.223                   | (24.732.936)                    | (13.805.322)               |
| <b><u>TOTAL SHAREHOLDER EQUITY</u></b>                       | <b><u>44.837.727</u></b>    | <b><u>43.653.505</u></b>        | <b><u>54.581.119</u></b>   |
| <b>B - ALLOWANCES FOR RISKS AND CHARGES</b>                  |                             |                                 |                            |
| 1.Allowances for pensions and the like                       | 0                           | 0                               | 0                          |
| 2.Tax allowances   | 0                           | 0                               | 0                          |
| 3.Others   | 1.062.881                   | 225.920                         | 103.291                    |
| <b><u>TOTAL ALLOWANCES FOR RISKS AND CHARGES (B)</u></b>     | <b><u>1.062.881</u></b>     | <b><u>225.920</u></b>           | <b><u>103.291</u></b>      |
| <b>C - PROVISIONS FOR EMPLOYEE SEVERANCE<br/>INDEMNITIES</b> | <b><u>1.615.354</u></b>     | <b><u>1.276.699</u></b>         | <b><u>1.318.709</u></b>    |
| <b>D - PAYABLES</b>  |                             |                                 |                            |
| 1. Bonds   | 0                           | 0                               | 0                          |
| 2. Convertible Bonds   | 0                           | 0                               | 0                          |
| 3. Bank debts  | 42.880.270                  | 36.000.140                      | 35.126.795                 |
| 4.Debts payable to other lenders                             | 0                           | 0                               | 0                          |
| 5.Advance payments   | 0                           | 0                               | 0                          |
| 6. Trade payables  | 61.094.339                  | 116.580.422                     | 65.242.001                 |
| 7.Debts represented by securities issued                     | 0                           | 0                               | 0                          |
| 8.Amounts due to subsidiaries                                | 1.138.716                   | 2.389.228                       | 2.818.154                  |
| 9. Amounts due to associated companies                       | 0                           | 0                               | 0                          |
| 10. Amounts due to parent companies                          | 16.146                      | 39.109                          | 0                          |
| 11. Amounts due to related companies                         | 30.616                      | 0                               | 0                          |
| 12.Taxes payable   | 3.008.784                   | 0                               | 1.767.389                  |
| 13. Amounts due to social security agencies                  | 755.137                     | 430.059                         | 319.950                    |
| 14.Other payables  | 2.474.310                   | 3.078.284                       | 2.276.256                  |
| <b><u>TOTAL PAYABLES (D)</u></b>                             | <b><u>111.398.318</u></b>   | <b><u>158.517.242</u></b>       | <b><u>107.550.545</u></b>  |
| <b>E -ACCRUED EXPENSES AND DEFERRED INCOME</b>               |                             |                                 |                            |
| 1. Bond premiums   | 0                           | 0                               | 0                          |
| 2. Other accruals and deferrals                              | 351.659                     | 430.646                         | 268.937                    |
| <b><u>TOTAL ACCRUALS AND DEFERRALS (E)</u></b>               | <b><u>351.659</u></b>       | <b><u>430.646</u></b>           | <b><u>268.937</u></b>      |
| <b><u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>     | <b><u>159.265.939</u></b>   | <b><u>204.104.012</u></b>       | <b><u>163.822.601</u></b>  |



CDC GROUP- Semiannual Financial Statements  
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MENORANDUM ACCOUNTS of CDC POINT S.p.A.  
As of June 30, 2002 and compared with December 31, 2001 and June 30, 2001

|   | <i>June 30, 2002</i>     | <i>December 31, 2001</i> | <i>30 June 2001</i>      |
|---|--------------------------|--------------------------|--------------------------|
| <b><u>1. Commitments:</u></b>           |                          |                          |                          |
| a. Buying                               | 0                        | 0                        | 0                        |
| b. Selling                              | 0                        | 0                        | 0                        |
| c. Leasing fees                         | 0                        | 237.235                  | 121.884                  |
| d. Goods to be received                 | 1.464.851                | 2.508.121                | 785.826                  |
| e. Currencies to be received            | 16.749.488               | 9.468.881                | 10.189.915               |
| f. Third parties' assets                | 0                        | 0                        | 0                        |
| g. Other commitments                    | 790.000                  | 0                        | 0                        |
| <b><u>Total Commitments</u></b>         | <b><u>19.004.339</u></b> | <b><u>12.214.237</u></b> | <b><u>11.097.625</u></b> |
| <b><u>2. Guarantees</u></b>             |                          |                          |                          |
| a. Received                             | 3.396.358                | 2.850.842                | 2.735.156                |
| b. Sureties provided                    | 6.227.668                | 4.510.797                | 434.815                  |
| c. Mortgages                            |                          |                          |                          |
| <b><u>Total guarantees</u></b>          | <b><u>9.624.026</u></b>  | <b><u>7.361.639</u></b>  | <b><u>3.169.971</u></b>  |
| <b><u>Total memorandum accounts</u></b> | <b><u>28.628.365</u></b> | <b><u>19.575.876</u></b> | <b><u>14.267.596</u></b> |



CDC GROUP- Semiannual Financial Statements  
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**INCOME STATEMENT of CDC POINT S.p.A.**  
**As of June 30, 2002 and compared with December 31, 2001 and June 30, 2001**

|  | <i>June 30, 2002</i>      | <i>December 31, 2001</i>  | <i>30 June 2001</i>       |
|--|---------------------------|---------------------------|---------------------------|
| <b>A - VALUE OF PRODUCTION</b>   |                           |                           |                           |
| 1. Revenues from sales and services  | 242.295.365               | 501.809.395               | 250.605.325               |
| 2.Changes in work- in- process, semi-finished and finished product inventories       | (25.904.776)              | 5.200.340                 | (15.530.434)              |
| 3.Changes in work-in-process under contract  | 0                         | 0                         | 0                         |
| 4. Change in self-constructed assets   | 0                         | 0                         | 0                         |
| 5.Other revenues and income  | 0                         | 0                         | 0                         |
| a. Operating grants  | 0                         | 0                         | 0                         |
| b. Others  | 6.472.247                 | 18.890.907                | 6.444.597                 |
| <b><u>Total value of production (A)</u></b>  | <b><u>222.862.836</u></b> | <b><u>525.900.642</u></b> | <b><u>241.519.488</u></b> |
| <b>B - PRODUCTION COSTS</b>  |                           |                           |                           |
| 6. Raw, ancillary and consumable materials and goods for resale                      | 192.289.589               | 465.093.058               | 214.225.930               |
| 7. Service costs   | 17.376.281                | 39.126.410                | 19.353.733                |
| 8. Leasing costs   | 1.365.062                 | 2.879.881                 | 1.433.614                 |
| 9. Payroll costs   |                           |                           |                           |
| a. Wages and salaries  | 3.566.645                 | 7.005.906                 | 3.426.589                 |
| b. Benefits  | 1.192.211                 | 2.289.560                 | 944.177                   |
| c. Provisions for severance indemnities  | 267.464                   | 520.354                   | 208.424                   |
| d. Provisions for pension and similar costs  | 0                         | 0                         | 0                         |
| e. Other personnel costs   | 54.836                    | 171.427                   | 95.826                    |
| <b><u>Total payroll costs</u></b>  | <b><u>5.081.156</u></b>   | <b><u>9.987.247</u></b>   | <b><u>4.675.016</u></b>   |
| 10.Amortization, depreciation and write-downs  |                           |                           |                           |
| a. Amortization  | 1.250.577                 | 2.539.764                 | 1.239.760                 |
| b. Depreciation  | 383.419                   | 776.291                   | 380.148                   |
| c. Write-downs of tangible and intangible assets                                     | 0                         | 0                         | 0                         |
| d. Write-downs of short-term receivables   | 20.000                    | 522.138                   | 32.645                    |
| <b><u>Total amortization, depreciation and write-downs</u></b>                       | <b><u>1.653.996</u></b>   | <b><u>3.838.193</u></b>   | <b><u>1.652.553</u></b>   |
| 11. Change in raw, ancillary, consumable materials and goods for sale inventories    | 0                         | 0                         | 0                         |
| 12. Provisions for risks   | 0                         | 0                         | 0                         |
| 13. Other provisions   | 491.701                   | 123.610                   | 0                         |
| 14. Sundry operating costs   | 139.655                   | 273.851                   | 109.472                   |
| <b><u>Total costs of production (B)</u></b>  | <b><u>218.397.440</u></b> | <b><u>521.322.250</u></b> | <b><u>241.450.318</u></b> |
| <b><u>DIFFERENCE BETWEEN VALUE OF PRODUCTION AND COSTS OF PRODUCTION (A - B)</u></b> | <b><u>4.465.396</u></b>   | <b><u>4.578.392</u></b>   | <b><u>69.170</u></b>      |



**INCOME STATEMENT of CDC POINT S.p.A.**  
As of June 30, 2002 and compared with December 31, 2001 and June 30, 2001

|  | <i>June 30, 2002</i>      | <i>December 31, 2001</i>   | <i>30 June 2001</i>        |
|--|---------------------------|----------------------------|----------------------------|
| <b>C – FINANCIAL INCOME AND CHARGES</b>  |                           |                            |                            |
| 15. Income from shareholdings -  |                           |                            |                            |
| a. Dividends   | 0                         | 0                          | 0                          |
| b. Dividends and other income from associated companies                        | 0                         | 0                          | 0                          |
| c. Dividends and other income from other companies                             | 0                         | 0                          | 0                          |
| 16. Other financial income   |                           |                            |                            |
| a. Long-term receivables -   |                           |                            |                            |
| - From subsidiaries  | 0                         | 0                          | 0                          |
| - From associated companies  | 0                         | 0                          | 0                          |
| - From parent companies  | 0                         | 0                          | 0                          |
| - Others   | 0                         | 0                          | 0                          |
| b. From securities held as long-term investments other than shareholdings      | 0                         | 0                          | 0                          |
| c. b. From securities held as short-term investments other than shareholdings. | 0                         | 0                          | 0                          |
| d. Income from sources other than the above                                    |                           |                            |                            |
| - Interests and commissions from subsidiaries                                  | 37.070                    | 353.453                    | 395.907                    |
| - Interests and commissions from associated companies                          | 0                         | 0                          | 0                          |
| - Interests and commissions from parent companies                              | 0                         | 0                          | 0                          |
| - Interests and commissions from others and sundry income                      | 1.247.378                 | 3.211.831                  | 2.067.308                  |
| <b><u>Total income from sources other than the above</u></b>                   | <b><u>1.284.448</u></b>   | <b><u>3.565.284</u></b>    | <b><u>2.463.215</u></b>    |
| 17. Interests and other financial charges                                      |                           |                            |                            |
| a. paid to subsidiaries  | 0                         | 0                          | 0                          |
| b. paid to associated companies  | 0                         | 0                          | 0                          |
| c. paid to parent companies  | 0                         | 0                          | 0                          |
| d. Others  | 3.901.714                 | 6.684.440                  | 3.265.617                  |
| <b><u>Total interest and other financial charges</u></b>                       | <b><u>3.901.714</u></b>   | <b><u>6.684.440</u></b>    | <b><u>3.265.617</u></b>    |
| <b><u>Total financial income and charges C)</u></b>                            | <b><u>(2.617.266)</u></b> | <b><u>(3.119.156)</u></b>  | <b><u>(802.402)</u></b>    |
| <b>D - ADJUSTMENTS TO FINANCIAL ASSETS</b>                                     |                           |                            |                            |
| 18. Revaluations-  |                           |                            |                            |
| a. Shareholdings   | 432.212                   | 90.971                     | 0                          |
| b. Financial fixed assets  | 0                         | 0                          | 51.646                     |
| c. Marketable securities   | 0                         | 0                          | 0                          |
| <b><u>Total revaluations</u></b>   | <b><u>432.212</u></b>     | <b><u>90.971</u></b>       | <b><u>51.646</u></b>       |
| 19. Write-downs-   |                           |                            |                            |
| a. Shareholdings   | 832.776                   | 22.229.014                 | 12.805.033                 |
| b. Financial fixed assets  | 0                         | 0                          | 0                          |
| c. Marketable securities   | 318.321                   | 184.645                    | 0                          |
| d. Short-term receivables  | 0                         | 0                          | 0                          |
| <b><u>Total write-downs</u></b>  | <b><u>1.151.097</u></b>   | <b><u>22.413.659</u></b>   | <b><u>12.805.033</u></b>   |
| <b><u>Total adjustments to financial assets (D)</u></b>                        | <b><u>(718.885)</u></b>   | <b><u>(22.322.688)</u></b> | <b><u>(12.753.387)</u></b> |



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INCOME STATEMENT of CDC POINT S.p.A.  
As of June 30, 2002 and compared with December 31, 2001 and June 30, 2001

|   | <i>June 30, 2002</i>                        | <i>December 31, 2001</i>   | <i>30 June 2001</i>        |
|---|---|----------------------------|----------------------------|
| <b>E - EXTRAORDINATY INCOME AND EXPENSES</b>    |   |                            |                            |
| 20. Income                                      |   |                            |                            |
| a. Gains on disposals                           | 0   | 590.604                    | 16.139                     |
| b. Others                                       | 205.352                                     | 209.236                    | 200.286                    |
|   | <b><u>Total income</u></b>                  | <b><u>799.840</u></b>      | <b><u>216.425</u></b>      |
| 21. Expenses                                    |   |                            |                            |
| a. Losses on disposals                          | 0   | 3.101.790                  | 0                          |
| b. Tax due from past fiscal years               | 0   | 0                          | 0                          |
| c. Others                                       | 150.374                                     | 734.659                    | 535.128                    |
|   | <b><u>Total Expenses</u></b>                | <b><u>3.836.449</u></b>    | <b><u>535.128</u></b>      |
|   | <b><u>Total extraordinary items (E)</u></b> | <b><u>(3.036.609)</u></b>  | <b><u>(318.703)</u></b>    |
| <b><u>PRE-TAX INCOME ( A-B+/-C+/-D+/-E)</u></b> | <b><u>1.184.223</u></b>                     | <b><u>(23.900.061)</u></b> | <b><u>(13.805.322)</u></b> |