

## CALTAGIRONE EDITORE: the Board of Directors approves 2005 results

- Net profit of Euro 94,3 millions (+201%)
- Ebitda of Euro 62,7 millions (+8.7%)
- Revenues of Euro 277,6 millions (+2.6%)
- Ebit of Euro 46 millions (+20.5%)
- Advertising revenues of Euro 177.7 millions (+1.6%)
- Dividend: Euro 0,30 per share (+50%) 0,20 euros ordinary, 0,10 extraordinary

**Rome, March 20<sup>th</sup> 2006** - The Board of Directors of Caltagirone Editore, chaired by Francesco Gaetano Caltagirone, reviewed and approved the draft annual accounts for the year ended December 31<sup>st</sup>, 2005.

### Financial highlights (millions of Euro)

	2005	2004*	% Change
Revenues	277,6	270,6	+2,6%
Ebitda	62,7	57,6	+8,7%
Ebit	46,0	38,2	+20,5%
Net financial result	75,0	3,8	n.m.
Net income	94,3	31,3	+201%

\* *Corriere Adriatico consolidated for 6 months only*

The Caltagirone Editore Group ended 2005 with an **Ebitda** of Euro 62,7 millions (Euro 57,6 millions in 2004), an **Ebit** of Euro 46 millions (Euro 38,2 millions in 2004), **Revenues** of Euro 277,6 millions (Euro 270,6 millions in 2004), **Advertising Revenues** of Euro 177,7 millions (Euro 174,9 millions in 2004) and a **Net profit** of Euro 94,3 millions (Euro 31,3 millions in 2004). **Ebitda margin** reached 22.5% compared to 21.3% in 2004.

**Circulation revenues** improved by 2,2% reaching € 85,2 millions compared to € 83,3 millions in the previous year.

The significant Ebitda increase is due to stronger sales in spite of surging paper and personnel costs, and operating costs cutting. The increase in sales was achieved thanks to strong advertising revenues of the free newspaper Leggo, to the success of add-ons and to the change in the consolidation area with the inclusion of Nuovo Quotidiano di Puglia and Corriere Adriatico for 12 months in 2005. The

increase in net profit and net financial position is due to gains realised on the sale of RCS and Banca Nazionale del Lavoro shares.

Net cash position reached Euro 481,7 million, up from Euro 280,3 millions of 2004.

Il Messaggero and Il Mattino maintained their leading position in their respective markets.

Leggo strengthened its national presence by launching new editions in 2005 in the cities of Bari, Genoa, Bergamo, Brescia, Como and Varese, thus bringing its total distribution to 15 cities.

The Board of Directors of Caltagirone Editore proposed to the shareholders' meeting, called for April the 27<sup>th</sup> 2006, the distribution of an ordinary dividend of Euro 0,20 per share and an extraordinary dividend of Euro 0,10 per share due to the excellent result achieved from the sale of financial stakes.

The proposed dividend coupon date is May the 29<sup>th</sup> 2006 with payment date on June the 1<sup>st</sup> 2006.

*Hereby attached are the balance sheets and income statements of the parent company as well as consolidated accounts in order to provide further information on the Company financial position and performance. Draft financial statements are currently being examined by the independent audit firm and by the Board of Statutory Auditors.*

For any information please contact:

Investor Relations Department

e-mail: [investor.relations@caltagironeeditore.com](mailto:investor.relations@caltagironeeditore.com)

Tel. +39-06-45412213

**CALTAGIRONE EDITORE S.p.A. GROUP**

**CONSOLIDATED BALANCE SHEET**

**(in thousands of Euro)**

**A S S E T S**

	<b>31/12/2005</b>	<b>31/12/2004</b>
Intangible assets with finite life	693	685
Goodwill and other infinite intangible assets	274954	274954
Property, plant and equipment	82467	92263
Equity investments valued at cost	4319	4597
Equity investments and non-current securities	43394	148206
Non-current financial assets	25	25
Other non-current assets	977	1228
Deferred tax assets	16605	29352
<b>TOTAL NON-CURRENT ASSETS</b>	<b>423434</b>	<b>551310</b>
Inventories	2588	2672
Trade receivables	77655	85336
Equity investments and current securities	0	2
Current financial assets	1416	90337
Receivables for current taxes	4578	4696
Other current assets	3819	2905
Cash and cash equivalents	567617	282297
<b>TOTAL CURRENT ASSETS</b>	<b>657673</b>	<b>468245</b>
<b>TOTAL ASSETS</b>	<b>1081107</b>	<b>1019555</b>

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**CONSOLIDATED BALANCE SHEET**  
**(in thousands of Euro)**

**LIABILITIES & EQUITY**

	<b>31/12/2005</b>	<b>31/12/2004</b>
Share capital	125.000	125.000
Share capital issue costs	(18.865)	(18.865)
Treasury shares	(164)	(164)
Other reserves	647.420	650.033
Profit/(loss) for the year	94.307	31.376
<b>Group shareholders' equity</b>	<b>847.698</b>	<b>787.380</b>
Minority interest shareholders' equity	896	531
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>848.594</b>	<b>787.911</b>
Employee provisions	39.071	38.217
Other non-current provisions	9.028	7.393
Non-current financial liabilities	67.278	73.735
Other non-current liabilities	3.235	3.939
Deferred tax liabilities	31.087	26.907
<b>NON-CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>149.699</b>	<b>150.191</b>
Current provisions	661	-
Trade payables	32.257	31.431
Current financial liabilities	20.025	18.588
Payables for current taxes	-	-
Other current liabilities	28.371	31.434
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>82.814</b>	<b>81.453</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1.081.107</b>	<b>1.019.555</b>

**CALTAGIRONE EDITORE S.p.A. GROUP**  
**CONSOLIDATED INCOME STATEMENT**  
*(in thousands of Euro)*

***INCOME STATEMENT***

	<b>2005</b>	<b>2004</b>
Income from sales and supply of services	269.192	261.939
Other operating revenues	8.437	8.673
<b>TOTAL OPERATING REVENUES</b>	<b>277.629</b>	<b>270.612</b>
Raw material costs	28.148	25.484
Personnel costs	85.611	80.966
Other operating costs	101.194	106.525
<b>TOTAL OPERATING COSTS</b>	<b>214.953</b>	<b>212.975</b>
<b>EBITDA</b>	<b>62.676</b>	<b>57.637</b>
Depreciation, amortisation, provisions & write-downs	16.643	19.432
<b>EBIT</b>	<b>46.033</b>	<b>38.205</b>
Net financial result	75.029	3.853
<b>PRE-TAX RESULT</b>	<b>121.062</b>	<b>42.058</b>
Income taxes	(26.495)	(6.723)
<b>NET RESULT FROM NORMAL ACTIVITIES</b>	<b>94.567</b>	<b>35.335</b>
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>94.567</b>	<b>35.335</b>
Group net profit/(loss)	94.307	31.376
Net profit/(loss) of minority interests	260	3.959
Net profit per share (Euro for 1.000 shares)	754	251
Net profit diluted per share (Euro for 1.000 shares)	754	251

CALTAGIRONE EDITORE S.p.A.  
BALANCE SHEET AS AT 31.12.2005  
(In Euro)

<b>A S S E T S</b>	<b><u>2005</u></b>	<b><u>2004</u></b>
<b>(A) RECEIVABLES FROM SHAREHOLDERS</b>	-	-
<b>(B) FIXED ASSETS</b>		
<b>I. INTANGIBLE ASSETS</b>		
1. Formation, start-up and similar costs	-	3.169.075
7. Other	176.330	232.385
	<b>176.330</b>	<b>3.401.460</b>
<b>II. TANGIBLE FIXED ASSETS</b>		
3. Industrial and commercial equipment	786	1.180
4. Other fixed assets	11.410	7.264
	<b>12.196</b>	<b>8.444</b>
<b>III. FINANCIAL ASSETS</b>		
1. Equity investments in:		
a) subsidiary companies	231.405.614	231.299.705
d) other companies	-	52.724.214
	<b>231.405.614</b>	<b>284.023.919</b>
4. Treasury shares	<b>164.169</b>	<b>164.169</b>
	<b>231.569.783</b>	<b>284.188.088</b>
<b>TOTAL (B) FIXED ASSETS</b>	<b>231.758.309</b>	<b>287.597.992</b>
<b>(C) CURRENT ASSETS</b>		
<b>I. INVENTORIES</b>	-	-
<b>II. RECEIVABLES</b>		
1. Trade receivables:		
.due within one year	-	6.000
	-	<b>6.000</b>
2. Subsidiary companies:		
.due within one year	478.887.851	301.434.680
	<b>478.887.851</b>	<b>301.434.680</b>
4bis. Tax receivables:		
.due within one year	923.367	2.478.630
	<b>923.367</b>	<b>2.478.630</b>
4ter. Deferred tax assets:		
.due within one year	6.045.116	12.261.582
	<b>6.045.116</b>	<b>12.261.582</b>
5. Others:		
.due within one year	8.221	31.332
	<b>8.221</b>	<b>31.332</b>
	<b>485.864.555</b>	<b>316.212.224</b>
<b>III. CURRENT FINANCIAL ASSETS</b>	-	-
<b>IV. CASH AT BANK AND IN HAND</b>		
1. Bank and postal accounts	35.189.654	109.309.853
3. Cash and cash equivalents	726	97
	<b>35.190.380</b>	<b>109.309.950</b>
<b>TOTAL (C) CURRENT ASSETS</b>	<b>521.054.935</b>	<b>425.522.174</b>
<b>(D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>131.183</b>	<b>102.154</b>
<b>TOTAL ASSETS</b>	<b>752.944.427</b>	<b>713.222.320</b>

CALTAGIRONE EDITORE S.p.A.  
BALANCE SHEET AS AT 31.12.2005  
(In Euro)

<i>LIABILITIES &amp; EQUITY</i>	<u>2005</u>	<u>2004</u>
<b>(A) SHAREHOLDERS' EQUITY</b>		
<b>I. SHARE CAPITAL</b>	<b>125.000.000</b>	<b>125.000.000</b>
<b>II. SHARE PREMIUM RESERVE</b>	<b>494.845.510</b>	<b>501.169.126</b>
<b>III. REVALUATION RESERVE</b>	-	-
<b>IV. LEGAL RESERVE</b>	<b>25.000.000</b>	<b>25.000.000</b>
<b>VI. RESERVE FOR TREASURY SHARES HELD</b>	<b>164.169</b>	<b>164.169</b>
<b>V. STATUTORY RESERVES</b>	-	-
<b>VII. OTHER RESERVES</b>		
Extraordinary reserve	-	-
Reserve for the purchase of treasury shares	29.835.831	29.835.831
<b>VIII. RETAINED EARNINGS/(ACC. LOSSES)</b>	-	-
<b>IX. NET PROFIT (LOSS) FOR THE YEAR</b>	<b>38.201.293</b>	<b>19.051.200</b>
<b>TOTAL (A) SHAREHOLDERS' EQUITY</b>	<b>713.046.803</b>	<b>700.220.326</b>
<b>(B) PROVISIONS FOR RISKS AND CHARGES</b>	<b>1.244.234</b>	-
<b>C) EMPLOYEE LEAVING INDEMNITY PROVISION</b>	<b>56.350</b>	<b>70.235</b>
<b>(D) PAYABLES</b>		
4. Bank payables:		
.due within one year	-	-
5. Payables to other lenders:		
.due within one year	1.127.893	1.079.460
.due beyond one year	6.444.057	7.571.950
	<b>7.571.950</b>	<b>8.651.410</b>
7. Trade payables:		
.due within one year	344.671	425.403
	<b>344.671</b>	<b>425.403</b>
9. Payables to subsidiary companies		
.due within one year	27.765.953	1.876.338
	<b>27.765.953</b>	<b>1.876.338</b>
12. Tax payables:		
.due within one year	163.275	34.636
	<b>163.275</b>	<b>34.636</b>
13. Payables to social security institutions:		
.due within one year	13.189	18.381
	<b>13.189</b>	<b>18.381</b>
14. Other payables:		
.due within one year	2.738.002	1.925.591
	<b>2.738.002</b>	<b>1.925.591</b>
<b>TOTAL (D) PAYABLES</b>	<b>38.597.040</b>	<b>12.931.759</b>
<b>(E) ACCRUALS AND DEFERRED INCOME</b>	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>752.944.427</b>	<b>713.222.320</b>
<b>MEMORANDUM ACCOUNTS</b>		
Other guarantees given on behalf of Subsidiary companies	<b>18.726.076</b>	<b>18.726.076</b>

CALTAGIRONE EDITORE S.p.A.

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2005

(In Euro)

	<u>2005</u>	<u>2004</u>
<b>(A) VALUE OF PRODUCTION</b>		
1.Revenues from sales and services	-	-
5.Other revenues and income	85.316	45.247
<b>TOTAL (A) VALUE OF PRODUCTION</b>	<b>85.316</b>	<b>45.247</b>
<b>(B) COSTS OF PRODUCTION</b>		
7. Services	<b>(697.701)</b>	<b>(545.543)</b>
8.Use of third party assets	<b>(322.420)</b>	<b>(326.963)</b>
9.Personnel costs:		
a) salaries and wages	(214.467)	(380.347)
b) social security contributions	(38.029)	(95.920)
c) employee leaving indemnity	(15.249)	(15.284)
e) other costs	<b>(202.908)</b>	<b>(205.419)</b>
	<b>(470.653)</b>	<b>(696.970)</b>
10.Amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	(3.225.130)	(6.406.496)
b) depreciation of tangible fixed assets	(1.839)	(1.208)
	<b>(3.226.969)</b>	<b>(6.407.704)</b>
14.Other operating costs	<b>(77.402)</b>	<b>(63.239)</b>
<b>TOTAL (B) COSTS OF PRODUCTION</b>	<b>(4.795.145)</b>	<b>(8.040.419)</b>
<b>TOTAL (A - B) DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION</b>	<b>(4.709.829)</b>	<b>(7.995.172)</b>
<b>(C) FINANCIAL INCOME AND CHARGES</b>		
15.Income from equity investments:		
in subsidiary and associated companies	<b>85</b>	-
in other companies	39.128.222	-
	<b>39.128.307</b>	-
16.Other financial income:		
d) income other than the above:		
from subsidiary and associated companies	747.938	1.210.814
from others	3.768.518	8.920.437
	<b>4.516.456</b>	<b>10.131.251</b>
17.Interest and other financial charges:		
from subsidiary and associated companies	<b>(277.230)</b>	-
from others	<b>(481.894)</b>	<b>(533.133)</b>
	<b>(759.124)</b>	<b>(533.133)</b>
17bis.Exchange gains and losses:		
Exchange gains and losses	6.573.846	(2.941.794)
	<b>6.573.846</b>	<b>(2.941.794)</b>
<b>TOTAL (C) FINANCIAL INCOME AND CHARGES</b>	<b>49.459.485</b>	<b>6.656.324</b>
<b>(D) ADJUSTMENT TO FINANCIAL ASSETS</b>		
19. Write-downs:		
a) of equity investments	<b>(19.521)</b>	<b>(4.032.980)</b>
	<b>(19.521)</b>	<b>(4.032.980)</b>
<b>TOTAL (D) ADJUSTMENT OF FINANCIAL ASSET VALUES</b>	<b>(19.521)</b>	<b>(4.032.980)</b>
<b>E) EXTRAORDINARY INCOME AND CHARGES</b>		
20.Income:		
Other income	-	24.015.536
	-	<b>24.015.536</b>
21.Charges:		
taxes relating to prior years	-	(17.066)
	-	<b>(17.066)</b>

<b>TOTAL (E) EXTRA. INCOME AND CHARGES</b>	-	<b>23.998.470</b>
<b>PRE-TAX RESULT</b>	<b>44.730.135</b>	<b>18.626.642</b>
22. Income taxes:		
<b>Current taxes</b>	(131.456)	-
<b>Deferred tax charges</b>	(1.244.234)	(3.397.229)
<b>Deferred tax income</b>	(5.153.152)	3.821.787
<b>TOTAL INCOME TAXES</b>	<b>(6.528.842)</b>	<b>424.558</b>
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>	<b>38.201.293</b>	<b>19.051.200</b>