

CALTAGIRONE EDITORE

*annual report 2003
fourth fiscal year*

Caltagirone Editore SpA

Head office Via Montello, 10 - 00195 Rome

Share capital 125,000,000 Euros

Internal Revenue Code and VAT n. 05897851001

Registered with the C.C.I.A.A. of Rome REG n. 935017

ordinary and extraordinary shareholders' meeting of april 30, 2004

AGENDA

Extraordinary

Proposal to conform art. 3 of Articles of Association
(transfer of registered office address)

Ordinary

1. Presentation of the Financial Statements
for the year ended 12.31.2003,
together with the reports
of the Board of Directors,
of the Board of Statutory Auditors
and of the Independent Audit Firm,
deliberations therein.
2. Revocation of the resolution
for the permission to sale
and purchase own shares of June 24, 2003
and new permission for operations on own shares,
in accordance with article 2357 and 2357-ter
of the Civil Code.
3. Deliberations in accordance with article 2390
of the Civil Code.

extract of the extraordinary and ordinary shareholders' meeting of april 30, 2004

Extraordinary Meeting

The Meeting held on 30th April 2004,
in the presence of 14 shareholders representing
n. 83.860.950 shares,
decided to conform art. 3 of the Articles of Association,
concerning the Registered Office,
indicating only the municipal district.

Ordinary Meeting

The ordinary Meeting decided:

- to approve the balance sheet closed on 31 December 2003
and the Board of Directors operating report;
- to distribute a dividend by allotment
of Share Premium Reserve
in the measure of euros 0,20
for each of n. 124.968.960 shares in circulation
and for a total amount of euros 24.993.792,
payable from May 20,2004;
- to allow the Board of Directors,
for 18 months, starting from April 30, 2004,
to make sale and purchase of treasury shares
for a maximum of n. 2.500.000 and a maximum amount
of euros 30.000.000, in accordance
with article 2357 and subsequent amendments
of the Civil Code.

corporate board

Board of Directors

Chairman

Francesco Gaetano Caltagirone

Deputy Chairman

Gaetano Caltagirone

Deputy Chairman

Azzurra Caltagirone

Directors

Massimo Confortini*

Mario Delfini*

Massimo Garzilli*

Albino Majore*

Michele Muzii

Giampietro Nattino*

Board of Auditors

Chairman

Giampiero Tasco

Auditors

Carlo Schiavone

Mario Sica

* *Internal audit committee*

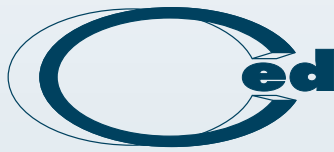
summary

Full year consolidated report for the year ended 31st December 2003

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CALTAGIRONE EDITORE

*consolidated balance sheet
for the financial year ended
31 december 2003*

operating report for the year ended 31st december 2003

Dear Shareholders,

Caltagirone Editore SpA Group closed its fourth financial year on December 31st 2003 with a net result of 25.99 million euros (16.69 million euros in 2002), an increase of over 55% from to the previous year. Total revenues reached 248.7 million euros (+9.5% compared to the 227.1 million euros of 2002).

Gross operating margin, equal to 54.99 million euros, recorded a growth of 39.6% with respect to the same period of last year.

Operating Profit increased to 22.1% compared to 17.3% in 2002.

The advertising market recorded two different trends; on one hand national advertising has been declining for the past few years, on the other hand local advertising grew by about 6%.

Circulation activity recorded a slight drop with respect to December 31st 2002.

Despite such a challenging market scenario, Caltagirone Editore Group achieved, with respect to the previous year, a considerable increase both in turnover and in gross operating margin. The increase in turnover was achieved thanks to revenue increase of the main newspapers, the increase in advertising spaces sold by the free daily *Leggo*, and the success of add on promotions for both *Il Messaggero* and *Il Mattino*. In particular, the two main newspapers, *Il Messaggero* and *Il Mattino*, both increased the advertising spaces sold.

Moreover, Gross operating margin benefited from raw materials cost reduction; in particular cost of paper fell worldwide throughout the year, recording an average decline of 12% from the previous year.

Main highlights are included in the table below:

Profit and loss account	12.31.2003	12.31.2002
Circulation revenues	78.19	67.51
Advertising revenues	163.59	152.41
Revenues from internet and services	2.53	2.17
Other revenues and income	4.39	5.02
Total revenues	248.70	227.11
Raw, ancillary and consumable materials and goods	(28.04)	(32.92)
Services	(80.88)	(68.81)
Rents, leases and similar costs	(5.08)	(4.61)
Labour costs	(77.83)	(79.01)
Other operating costs	(1.88)	(2.38)
Ebitda	54.99	39.38
Depreciation	(7.40)	(4.31)
Writedowns and other operating provisions	(3.95)	(1.93)
Provisions for liabilities	(0.55)	(1.03)
Ebita	43.09	32.11
Amortisations	(12.97)	(13.47)
Amortisation of consolidation difference	(1.37)	(1.37)
Ebit	28.75	17.27
Financial income	14.93	18.96
Financial charges	(5.66)	(3.16)
Financial assets adjustments	(6.01)	(0.65)
Profit before tax and extraordinary items	32.01	32.42
Extraordinary income (charges)	(8.50)	(9.85)
Pre tax profit	23.51	22.57
Current taxes	(12.27)	(6.72)
Deferred taxes	16.81	1.53
Profit after taxes	28.05	17.38
Minorities	(2.06)	(0.69)
Group net profit	25.99	16.69

In thousands of euros

As already noted, revenues from sales recorded a significant increase thanks to the promotions attached to daily newspapers, while growth in turnover from advertising can be attributed to the favourable performance of local advertising and the good results in terms of the sale of advertising spaces at the free newspaper *Leggo*.

Cost of raw materials fell by 14.8%, mainly due to the reduction in the cost per unit of paper.

The considerable increase in service costs is due to expenses sustained for add on promotions of *Il Messaggero* and *Il Mattino*; moreover, these promotions contributed to gross operating margin by about 3.1 million euros.

On the other hand, personnel costs benefited from the positive effects of the re-organization at *Il Messaggero* and *Il Mattino*, which was offset by wage increases connected to the national contract renewals.

Start-up amortisations and consolidation difference of about 14.34 million euro affected the net result for the period, which was of 25.99 million euros.

In 2003, the Group employed 921 people (988 at 12.31.2002), of whom 101 factory employees (113), 345 office workers (398), 455 journalists and collaborators (455) and 20 executives (22).

It should be pointed out that, in July, the new Printing centre in Rome, Torre Spaccata, for the printing of *Il Messaggero*, was opened. The new Printing Centre is equipped with two rotary printing presses able to print up to 64 pages, 24 of which in colour, providing continuous editing. With the introduction of the new presses, *Il Messaggero* changed format, with a reduction of 17% in page size with respect to its previous format.

Group activities *Publishing*

During the year, *Il Messaggero* reached revenues of about 137.79 million euros and net profit of 15.37 million euros, against a gross operating margin of 36.67 million euros, recording an increase of about 15% with respect to the previous financial year. The reasons for this positive performance attributable to already mentioned success of add on promotional and to the positive performance of the local advertising market, where *Il Messaggero* has a strong competitive position thanks to its close links with local distribution.

Revenues were affected, moreover, by the persisting unfavourable situation on the national advertising market, which in 2003 continued to suffer from reduced advertising investment, lack of new entrepreneurial initiatives and international economic situation.

Gross operating margin also benefited from the general reduction in raw material prices, in particular of paper, and from the effects of the business re-organization started in 2001 and completed in 2003, by extending the early retirement scheme to a further five employees.

2003 was marked by two very important events for *Il Messaggero*: the opening of the new Printing Centre of Rome and the introduction, in December, of the newspaper's new, more compact and easier-to-read format.

Il Mattino closed the period with a profit of 0.67 million euros and a gross operating margin of 8.24 million euros, an increase of 43% with respect to the previous year.

The positive results recorded by *Il Mattino* were also influenced by the factors highlighted earlier; the success of add on promotionas, the increase in turnover from local advertising and the fall in the price of raw materials, as well as the drop in labour costs following the almost completed process of re-organization.

The daily free-press *Leggo* reached a circulation of 800,000 copies distributed in the cities of Rome, Milan, Turin, Naples, Bologna, Florence, Venice, Padua and Verona.

Leggo confirmed and consolidated its leadership in Italy in the free-press sector.

The advertising turnover recorded by *Leggo* in 2003 was of over 17 million euros

(13.4 million euros in 2002), confirming the newspaper's potential in terms of penetration of the market and advertising space sales. The fall in the price of raw materials and a timely controls of operating costs structure have allowed the reduction of the operating loss to 3.45 million euros in 2003 compared to 7.61 million in 2002.

During the period, *Il Mattino S.E.M. SpA* completed the construction of the new Printing Centre of Torre Spaccata in Rome; the overall investment involved was 70 million euros, resulting in depreciation for the period of 1.9 million euros, calculated starting from the date on which the centre became operational in July 2003.

Advertising

In 2003, the advertising agency Piemme recorded revenues of 161.83 million euros (154.15 million euros in 2002), giving an increase of 5% with respect to the previous year.

The less than brilliant performance of the national advertising market and its main causes have already been explained.

In particular, the decline in investments by the telecommunications and car sectors should be highlighted, as these had been driving sectors in the past and currently show a propensity to speed on television.

On the other hand, it has been noted how local advertising has recorded a significant increase, especially in the sectors of organized distribution of semi-durable goods such as home appliances and food products. This scenario has favoured the growth in advertising turnover of *Leggo*, which, on the basis of a survey carried out by the "Eurisko" research institute, emerged as a medium having a significant strength of penetration, especially among the young, medium-high income brackets of the population.

Advertising sales for national dailies, *Il Messaggero* and *Il Mattino*, recorded an increase with respect to the previous year, despite a domestic market decline.

Among main reasons feature greater availability of colour spaces, successful promotional initiatives, and positive advertising space sales recorded by the free daily *Leggo* and by the radio market.

Internet

In 2003, Caltanet SpA continued its activity with a careful control of operating costs, while growth of B2WIN SpA's activities in the sector of call centre and advanced IT Services continued, with a turnover of 1.94 million euros, an increase of about 77% deriving from the acquisition of new contracts and a greater presence on the market.

Business outlook and Group strategies

Il Messaggero and *Il Mattino* kept their respective market shares, without keeping a growth strategy in the areas connected to traditional newspaper, including joint promotions with local papers and sale price differentiation.

In the free-press sector, *Leggo* recorded a growing appreciation among readers in all distribution areas, showing that it is perceived to be an excellent medium by advertisers.

Business evolution is as always linked to the performance of advertising, which closely depends on the state of the economy. In 2003, this trend was not a particularly favourable one.

In this scenario, the Group focused its resources on improving and rationalizing its production capacity.

Both *Il Messaggero* and *Il Mattino* today have printing centres among the most advanced in Europe.

In 2004, both newspapers will be able to use a new foliation, already in use for *Il Messaggero*, comprising 64 pages of which 24 in colour, thus improving their advertising space sale capacity.

Dealings with connected enterprises

In order to provide an organic statement of the dealings with “connected parties”, as defined by Consob ruling n. 97001574 of 20.02.1997, the balance sheet and profit and loss dealings with associates and subsidiaries are highlighted below.

As regards to credits and debits on December 31st 2003, among receivables from others feature 999,408 euros towards companies belonging to the Caltagirone SpA Group. The balance is composed mainly of credits position for 682,353 euros of *Il Messaggero* SpA for the supply of paper towards Alfa Editoriale Srl, of receivables to Cementir SpA and Vianini Lavori SpA for 100,000 and 70,000 euros respectively for administrative and accounting services, and of 73,067 euros from receivables for services provided by Caltanet SpA to Cementir SpA and Vianini Lavori SpA.

There are no other current dealings of significant size.

Payables to others at 31 December 2003 include debit positions towards companies of the Caltagirone SpA Group for a total of 3,719,857 euros. The most significant transactions are the following:

- Piemme SpA records payables of 1,727,667 euros for the purchase of advertising spaces, due to Alfa Editoriale Srl, a company of the Caltagirone SpA Group and the publisher of *Il Nuovo Quotidiano di Puglia*; their relationship is regulated by an agreement stipulated at market conditions;
- Caltanet SpA and B2WIN SpA respectively owe Cementir SpA 348,275 and 477,427 euros for the lease of the office building in Rome, based on lease contracts stipulated at market rates;
- *Il Mattino* S.E.M. SpA owes Vianini Lavori SpA 553,714 euros related to costs sustained for the construction of the new Printing Centre in Torrespaccata, Rome, now completed;
- *Il Messaggero* SpA owes Alfa Editoriale Srl 311,045 euros for the purchase of copies of the *Nuovo Quotidiano di Puglia* and for various services performed; their relationship is regulated by an agreement stipulated at market rates;
- *Il Messaggero* SpA owes Vianini Lavori SpA 185,203 euros as reimbursement for employee costs;
- Caltagirone Editore SpA records payables of 58,139 euros due to Mantegna '87 Srl for rent for the lease of the building in which its head office is located in Rome, according to a lease contract stipulated at market rates;
- Caltagirone Editore SpA owes Silm SpA 30,900 euros for the rental of IT systems property of Silm SpA. Their relationship is regulated by an agreement stipulated at market conditions.

The relevant profit and loss transaction occurred during the period between the group and the companies at the object of this paragraph are the following:

- Revenues include income from companies of the Caltagirone SpA Group for 931,561 euros; the most significant amounts are the income earned by Il Messaggero SpA for paper sales to Alfa Editoriale Srl for 542,966 euros, and the income from administrative and tax services provided by the parent company to Cementir SpA, Vianini Lavori SpA, Vianini Industria SpA and Caltagirone SpA, for a total amount of 220,000 euros. This entry also includes 160,954 of Piemme SpA income from companies of the Caltagirone SpA Group for the purchase of advertising spaces.
- Production costs include debits from companies of the Caltagirone SpA Group for 7,075,493 euros. In particular, the service costs entry includes profit and loss dealings with connected companies for a total amount of 6,483,127 euros, 6,139,666 euros of which are costs recorded by Caltagirone SpA for the purchase of advertising spaces on the Nuovo Quotidiano di Puglia, published by Alfa Editoriale Srl; the remainder are costs of less significant entity relative to services of various kinds paid at market prices. The entry relative to rents, leases and similar costs includes costs relating to dealings with companies of the Caltagirone Group amounting to 592,366 euros, consisting almost exclusively of rent at market rates for the lease of premises on the part of Caltagirone Editore SpA, Caltanet SpA, B2WIN SpA, Piemme SpA and Sigma Editoriale SpA. This entry also includes 268,867 euros for rents for the use of premises owned by companies under shared control on the part of the parent company.
- Extraordinary charges include 92,913 euros of costs accrued in previous years but charged only in 2003 by Cementir SpA to Caltanet SpA and B2WIN SpA, relatively to the lease contracts in effect between said companies.

The Printing Centre of Rome, in Torre Spaccata, owned by Il Mattino S.E.M. SpA, was built by Vianini Lavori SpA, a company of the Caltagirone SpA Group. The overall value of this operation was of about 70 million euros, 27 million of which relative to building works and the installation of equipment carried out by Vianini Lavori SpA.

Until December 31st 2003, Il Messaggero SpA did not pay rent for the building in which its head office is located; starting from 1 January 2004, the lease will be made at market rates. The building in question is the property of a company under shared control.

There are no other current dealings of significant size.

Other information

Pursuant to Regulation (EC) n. 1725 of 09.29.2003 of the European Commission, endorsing certain international accounting standards in conformity with Regulation n. 1606/2002 of the European Parliament and Council of 07.19.2002, the parent company is currently assessing the implications of the obligation, starting from 1 January 2005, to draw up its consolidated financial statements in conformity with International Accounting Standards (IAS), or International Financial Reporting Standards (IFRS).

Therefore, the Company has started an assessment of potential impacts on the organization from IFRS introduction, from an accounting, organizational, business and information systems point of view.

The preparation of the balance sheet according to international accounting standards will bring about a substantial change in disclosure and in the valuation criteria used.

In this regard, it is foreseen that the adoption of the following standards will affect the group most strongly in terms of disclosure or in economic terms: IAS 14 (Segment reporting), IAS 19 (Employee benefits), IAS 38 (Intangible assets), IAS 16 (Property, plant & equipment), IAS 36 (Impairment of assets), IAS 7 (Cash flow statement) and IAS 22 (Business combination).

Over the next few months, the analyses will be continued in order to determine the actual impact that the implementation of the above standards will have on the net equity of the company.

Finally, it is noted that the parent company directly owns n. 31,040 of treasury shares, for an overall nominal value of 31,040 euros.

During 2003 Group's companies did not carry out any research and development activities.

**Events subsequent
to December 31st 2003**

No relevant events worthy of mention were noted in the first months of 2004. Group business continued as usual in the context of an unchanged market scenario.

Rome, March 23rd, 2004

assets

	12.31.2003	12.31.2002
A. CREDITS TO SHAREHOLDERS	-	-
B. FIXED ASSETS		
I. Intangible fixed assets		
1) Start-up and expansion costs	9,584	16,184
2) Research, development and advertising costs	622	3,165
3) Industrial patent rights and the rights for the utilisation of intellectual knowledge	1	41
4) Concessions, licences and brands	53	100
5) Goodwill	90,808	94,441
6) Fixed assets under development and advances	4	-
7) Others	1,086	2,607
8) Consolidation differences	35,753	37,128
Total intangible fixed assets	137,911	153,666
II. Tangible fixed assets		
1) Land and buildings	33,638	10,570
2) Plant and machinery	62,522	24,438
3) Industrial and commercial equipment	184	256
4) Other assets	4,149	4,671
5) Fixed assets in progress and Advances	1,403	23,229
Total tangible fixed assets	101,896	63,164
III. Financial fixed assets		
1) Shareholdings in:		
a) subsidiaries	12	7
d) other companies	74,255	70,029
Total	74,267	70,036
2) Credits:		
a) to subsidiaries		
- due within the subsequent financial year	12	12
d) to others		
- due after the subsequent financial year	39	1
Total	51	13
3) Other shares	7	7
4) Treasury shares	164	164
Total financial fixed assets	74,489	70,220
TOTAL B. FIXED ASSETS	314,296	287,050

	12.31.2003	12.31.2002
C. WORKING CAPITAL		
I. Inventories		
1) Raw materials, ancillary materials and consumables	2,127	3,852
Total inventories	2,127	3,852
II. Credits		
1) To customers:		
– due within the subsequent financial year	76,710	71,225
– due after the subsequent financial year	–	27
Total	76,710	71,252
2) To subsidiaries:		
– due within the subsequent financial year	9	–
– due after the subsequent financial year	–	–
Total	9	–
5) To others:		
– due within the subsequent financial year	38,675	26,587
– due after the subsequent financial year	1,354	2,251
Total	40,029	28,838
7) Advances to suppliers for services:		
– due within the subsequent financial year	60	60
Total	60	60
Total credits	116,808	100,150
III. Non-fixed financial assets		
4) Other shareholdings	–	5,542
6) Other shares	–	–
Total non-fixed financial assets	–	5,542
IV. Cash and cash equivalents		
1) Bank and postal deposits	545,384	553,922
3) Cash and cash equivalents	125	133
Total cash and cash equivalents	545,509	554,055
TOTAL C. WORKING CAPITAL	664,444	663,599
D. ACCRUALS AND DEFERRALS	1,260	969
TOTAL ASSETS	980,000	951,618

In thousands of euros

CALTAGIRONE EDITORE GROUP

liabilities

	12.31.2003	12.31.2002
A. NET EQUITY		
I. Capital	125,000	125,000
II. Share premium reserve	527,812	530,311
III. Revaluation reserves	-	-
IV. Legal reserve	25,000	25,000
V. Reserve for treasury shares held	164	164
VI. Statutory reserves	-	-
VII. Other reserves		
Extraordinary reserve	5,549	8,300
Reserve for acquisition of treasury shares	29,836	29,836
Other reserves	16,396	20,077
VIII. Profit (loss) carried forward	-	-
IX. Profit (loss) for the year/period	25,992	16,690
Total Group net equity	755,749	755,378
X. Capital and reserves of minority shareholders	8,722	22,368
TOTAL A. CONSOLIDATED NET EQUITY	764,471	777,746
B. PROVISIONS FOR RISKS AND CHARGES		
1) Retirement payments and similar obligations	120	120
2) Taxes	13,296	12,217
3) Others	7,127	6,964
TOTAL B. PROVISIONS FOR RISKS AND CHARGES	20,543	19,301
C. ACCRUED EMPLOYEES SEVERANCE INDEMNITY PROVISIONS	33,616	32,552

	12.31.2003	12.31.2002
D. PAYABLES		
3) Due to banks:		
– due within the subsequent financial year	18,778	28,321
– due after the subsequent financial year	64,515	5,603
Total	83,293	33,924
4) Payables to other financial institutions:		
– due within the subsequent financial year	2,408	2,311
– due after the subsequent financial year	17,843	20,251
Total	20,251	22,562
6) Due to suppliers:		
– due within the subsequent financial year	25,485	24,747
Total	25,485	24,747
11) Tax payables:		
– due within the subsequent financial year	4,351	4,631
– due after the subsequent financial year	–	204
Total	4,351	4,835
12) Payables to pension and social security institutions:		
– due within the subsequent financial year	5,108	7,030
Total	5,108	7,030
13) Other payables:		
– due within the subsequent financial year	15,556	21,873
– due after the subsequent financial year	7	14
Total	15,563	21,887
TOTAL D. PAYABLES	154,051	114,985
E. ACCRUALS AND DEFERRALS	7,319	7,034
TOTAL LIABILITIES	980,000	951,618
MEMORANDUM ACCOUNTS		
Obligations, liabilities side		
In favour of third parties	2,102	1,808
Total	2,102	1,808
Other memorandum accounts, liabilities side		
Other memorandum accounts	1,232	611
On behalf of subsidiaries	5,516	–
Total	6,748	611
TOTAL MEMORANDUM ACCOUNTS	8,850	2,419

In thousands of euros

C A L T A G I R O N E E D I T O R E G R O U P
profit and loss account

	12.31.2003	12.31.2002
A. REVENUES		
1) Revenues from sales and services	244,306	222,095
5) Other revenues and income	4,395	5,025
TOTAL A. REVENUES	248,701	227,120
B. PRODUCTION COSTS		
6) Raw materials, ancillary items, consumer items and other goods	(26,311)	(32,311)
7) Services	(80,877)	(68,810)
8) Revenue from leases and rents	(5,083)	(4,614)
9) Personnel costs:		
a) salaries and wages	(53,202)	(53,256)
b) social security charges	(16,949)	(17,085)
c) staff severance indemnities	(4,417)	(4,554)
e) other costs	(3,259)	(4,117)
Total	(77,827)	(79,012)
10) Amortisation, depreciation and writedowns:		
a) amortisation of intangible fixed assets	(12,971)	(13,469)
b) amortisation of tangible fixed assets	(7,396)	(4,314)
c) other fixed assets writedowns	(1,875)	-
d) writedown of credits, including working capital and cash and cash equivalents	(2,079)	(1,930)
e) amortisation of the consolidation difference	(1,375)	(1,375)
Total	(25,696)	(21,088)
11) Changes in inventories of raw, ancillary and consumable materials and goods	(1,726)	(606)
12) Provisions for risks and charges	(546)	(1,028)
14) Other sundry operating costs	(1,886)	(2,382)
TOTAL B. PRODUCTION COSTS	(219,952)	(209,851)
TOTAL (A-B) DIFFERENCE BETWEEN TOTAL REVENUES AND PRODUCTION COSTS	28,749	17,269

	12.31.2003	12.31.2002
C. FINANCIAL INCOME AND CHARGES		
15) Income from shareholdings:		
– in other companies	1,680	–
Total	1,680	–
16) Other financial income:		
d) income other than the above:		
– from others	13,250	18,960
Total	13,250	18,960
17) Interests and other financial charges:		
– from others	(5,657)	(3,157)
Total	(5,657)	(3,157)
TOTAL C. FINANCIAL INCOME AND CHARGES	9,273	15,803
D. VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18) Revaluations:		
a) of shareholding	84	250
Total	84	250
19) Writedowns:		
a) of shareholdings	(6,091)	(898)
Total	(6,091)	(898)
TOTAL D. VALUE ADJUSTMENTS FOR FINANCIAL ACTIVITY	(6,007)	(648)
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income:		
– capital gain on disposals:	35	623
– other income	376	428
Total	411	1,051
21) Charges:		
– vapital loss on disposals	(28)	(2,151)
– taxes related to previous periods	(4,373)	(595)
– other charges	(4,510)	(8,159)
Total	(8,911)	(10,905)
TOTAL E. EXTRAORDINARY INCOME AND CHARGES	(8,500)	(9,854)
RESULT BEFORE TAXES	23,515	22,570
Current taxes	(12,269)	(6,716)
Deferred taxes	16,807	1,526
TOTAL TAXES	4,538	(5,190)
RESULT FOR THE YEAR/PERIOD	28,053	17,380
(Profit) accruing to minority shareholders	(2,061)	(690)
PROFIT (LOSS) FOR PERIOD	25,992	16,690

In thousands of euros

notes to the consolidated financial statements of the caltagirone editore group for the financial year ended 31st of december 2003

Structure and content

Group Consolidated financial statements, consisting of Balance Sheet, Profit and Loss Account and these Notes, were prepared in compliance with current regulations; valuation criteria used are those in article 2426 of the Civil Code, supplemented and influenced by the accounting principles issued by the competent professional bodies, inspired by general accounting principles of prudence and in anticipation of continued activity and in all cases without prejudice to those adopted in previous years, with the exception of what is stated in the paragraph relating to long-term investments in these Notes.

In drawing up these financial statements, we used standard balance sheets and profit and loss accounts formats, as required by current regulations, expressed in thousands of euros and comparable with corresponding entries in the previous financial year.

In support of the financial statements the following informative statements have been prepared:

- Changes in the accounts for consolidated Shareholders' Equity;
- Comparison of Parent Company results with consolidated results;
- Comparison of the Parent Company's shareholders' equity and consolidated shareholders' equity;
- Consolidated financial review;
- Summary report of the essential data for consolidated subsidiary companies;
- List of companies included in the consolidation with the fully integrated method, of companies valued using the shareholders' equity method, and those of subsidiary and associated companies, as required by article 38 of Decree law 127/1991.

Area of consolidation

The companies included in the consolidation are as follows:

Company	Head office	Capital at 12.31.2003	Share held by Group
Caltagirone Editore SpA	Rome	125,000,000	Parent company
Il Messaggero SpA	Rome	48,598,000	90%
Edi.Me. Edizioni Meridionali SpA	Rome	500,000	90%
Piemme SpA ¹	Rome	104,000	100%
Il Mattino Società Editrice Meridionale SpA ²	Rome	2,481,600	100%
Caltanet SpA	Rome	5,414,463	98.78%
Sigma Editoriale SpA	Rome	1,000,000	90%
Cedfin Srl	Rome	10,200	100%
B2WIN SpA ³	Rome	1,000,000	100%
Emera SpA ¹	Rome	2,496,000	100%

¹ Held through *Il Messaggero SpA*.

² Held through *Emera SpA*

³ Held through *Caltanet SpA*

The subsidiary *Edi.Me. Sport Srl* was not consolidated by using the global integration method because, being non-operational, the figures shown would be insignificant.

The subsidiary *Noisette SA*, a non-operational company with its head office in Madeira (Portugal), is not relevant enough to be fully consolidated.

The only change in the consolidation compared with 31 December 2003 is the departure of *Ced Lux SA*, a company which has ended liquidation procedure.

Consolidation criteria

The consolidation has been done using the global integration method. The criteria adopted for the application of this method are as follows:

- the book value of shareholdings held by the Parent Company or by other companies is matched with subsidiaries shareholders equity on the date of consolidation, including assets and liabilities, costs and revenues of the subsidiaries;
- any positive difference arising from this elimination is entered under an asset heading, entitled “difference of consolidation”, while the negative difference is entered under a shareholders’ equity heading entitled “consolidation reserve”;
- the balance sheet and profit and loss balances arising from operations between the consolidated companies are eliminated, as are profits arising from operations carried out between the Group companies, net of any possible tax effect;
- the parts of the shareholders’ equity and of the result for the year for minority shareholders are shown in appropriate items in the consolidated statement of assets and liabilities and profit and loss account;

- any dividends distributed at Group level, net of the relative tax credit, are omitted from the profit and loss account;
- balances of consolidated companies are rectified to eliminate fiscal items and to bring them into line with the accounting principles used by the Parent Company.
- balance sheets used for consolidation are those referred to the period closed on 31 December 2003. Special reports have been prepared for those companies whose financial period does not coincide with the calendar year.

Accounting principles and valuation criteria

The main accounting principles and valuation criteria used in drawing up the consolidated financial statements are the following.

Intangible fixed assets

These assets are booked at purchase price or production cost, including directly attributed ancillary charges and are amortised systematically over the period of their useful life.

Start-up and expansion costs have been subject to Board of Auditors approval. They are amortised over five years.

Advertising and promotion costs are expensed as incurred except if they have a multi-year utilisation.

Repair costs for leased property are amortised on the basis of the lower between the duration of rights to residual use and the future life of the costs concerned.

Goodwill, which corresponds to the difference between purchase price and the corresponding book value of shareholders equity on the purchase date, is accrued to each newspaper within market value limits. The newspapers are amortised over a thirty year period from purchase date, according to their useful life.

The difference of consolidation corresponds to the surplus of the purchase cost compared with the share of net shareholders' equity on the date the subsidiary was purchased, non-attributable to specified items in the assets and liabilities of the companies concerned. The difference of consolidation which, even if not specifically attributed, represents the goodwill and the value of the newspapers of the publishing companies and is also amortised over a period of thirty years from the purchase date according to its expected future useful life.

If there is a lasting loss in value, over and above the amortization already applied, the assets will be accordingly written down; if in later financial periods the basis for this writedown disappears the original value will be reinstated.

Tangible fixed assets

These are noted on the basis of historic cost, including directly attributable ancillary charges, increased by the revaluations applied according to the law.

Fixed assets are systematically depreciated in every period at constant rates, on the basis of ratios representing the likely useful life of the assets. Depreciation starts from the moment the fixed asset is available for use and is reduced by half for the first year so as to reflect its diminished utility.

Where there is lasting loss in value, the fixed asset will be written down accordingly; where in later periods the basis for the writedown disappears, the original value will be re-established, net of depreciation.

Maintenance costs which increase regularly are attributed to the assets they refer to and are depreciated according to their expected residual life.

Expenditure relating to repairs and ordinary maintenance is debited to the profit and loss account for the period in which it occurs.

Goods acquired under leasing contracts, being of little financial relevance, are represented by the asset/liability method.

Goods with a unit cost of less than 516.46 euros are fully depreciated during the period.

The rates applied are the following:

Description	Rate
Industrial buildings	3%
Light constructions	10%
Non-automatic operating machinery and general plant	10%
Automatic operating machinery for finishing operations	8.33%
Rotating press for paper in rolls	8.33% - 10%
Electronic systems for photocopying, photocomposition and similar	25%
Air conditioning	20%
Small items of equipment, various	25%
Office machinery and furniture	12%
Electro-mechanical and electronic office machines, including computers and electronic telephone systems	20%
Transport vehicles	20%
Cars, motor vehicles and similar	25%
Electronic filing	20%

Financial investments

Shareholdings in non-consolidated subsidiaries, in other firms and treasury shares are valued at historical cost. This amount is reduced in proportion to the lasting loss of value incurred by the participated company if management does not expect enough profits to offset such losses in the immediate future. The original value is reinstated in later periods if the causes of the write-down are no longer valid.

Fixed income credit instruments are valued at historic cost, subject to collection by instalments of issue premiums and discounts.

Credits consisting of investments are entered at cost, reduced for lasting loss of value.

Inventories

Inventories, consisting largely of paper, are valued at the lower of purchase price, calculated at average weighted cost, and the expected value at market prices.

Credits

Credits are entered at estimated realization value by provisions to an appropriate depreciation fund.

Provisions for writedowns of credits are determined by the companies in the consolidation through a prudent valuation of the specific risk, on the basis of acquired experience.

Conversion into euros of entries expressed in foreign currencies

All items in the assets and liabilities statement expressed in currencies for which there is no exchange hedge cover are converted into euros by applying the exchange rate at the end of the period.

The positive or negative difference between the amounts converted at the exchange rates for the period and the original ones are included in the profit and loss account under “financial revenues” and “financial charges” respectively.

Non fixed financial assets

Stocks and shares in working capital are valued at the lower of purchase cost and market value, while valuation of listed stock is on the basis of average prices at the Stock Exchange during the month of December 2003.

Accruals and deferrals

Accruals and deferrals relate to revenues and costs accruing to the period but due in later periods, and revenues and costs occurring before closure of the period but belonging to later fiscal years, common to two or more periods, the amount of which varies with time.

Provisions for risks and charges

Provisions for risks and charges are appropriations, not included amongst those which have altered the value of the asset, aimed at covering losses or debts of a specific type, of certain or probable existence, for which either the amount or the date of occurrence could not be definitely established at the end of the period.

The provisions reflect the best possible estimate on the basis of information available.

Employees' severance indemnity provision

This is set aside in accordance with the law and current labour contracts and reflects the accrued liability for all the employees on the date of the financial statement, net of advances made in accordance with the law.

Debts

Debts are entered at nominal value, considered representative of their redemption value.

Pledges and guarantees

Pledges and guarantees are shown in the memorandum accounts at their contract value.

Recognition of revenues and costs

The positive and negative income components are prudently entered on the basis of the period concerned. Revenues from sales of copies of newspapers, advertising revenue and associated costs are entered in relation to the number of dailies distributed in the period concerned. In particular, revenues for newspapers sales are reduced at the end of the period to take account of estimated returns, based on past experience.

Dividends from non-consolidated shareholdings, including the relative tax credit, are entered in financial revenues for the period in which the distribution was decided.

Grants and other contributions to the capital account

Contributions to the capital account effected up to 31 December 1997 for investments were credited, at the moment of receipt, directly to shareholders' equity. Those made on the basis of law 488/92 after 31 December 1997 were booked under deferred income and credited to the profit and loss account for the period, with reference to the depreciation rate applicable to assets for which the said contributions were recognised.

Current and deferred taxes

Income taxes due for the period are estimated on the basis of a realistic forecast of tax dues to be settled, according to tax law in force and are shown net of advance tax withholdings imposed and tax credits under the heading "Tax debts". If the tax provisions turn out to be less than the withholdings imposed and the tax credits, the net credit position with the tax authorities is shown in the line "Credits to others".

Advance and deferred taxes are calculated on the temporary difference between the value attributed to assets and liabilities according to civil law and the value attributed to the said assets and liabilities for tax purposes.

Deferred tax due is not shown in those cases where there is little probability that such debt actually arises.

All asset items deriving from advance taxes are not shown, because of prudential considerations, where there is no reasonable certainty of the existence of taxable income being not less than the amount of the differences which will be cancelled; this being for the financial periods in which the relative temporary differences arise.

consolidated balance sheet

COMMENT ON THE MAIN ASSET ITEMS

Fixed assets *Intangible fixed assets*

Details of intangible fixed assets are below:

	Balance at 12.31.2002	Increases	Decreases	Amortisation	Balance at 12.31.2003
Start-up and expansion costs	16,184	–	(155)	(6,445)	9,584
Research, development and advertising costs	3,165	2	(881)	(1,664)	622
Patent rights and use of intellectual property	41	–	(3)	(37)	1
Concessions, licences, trademarks and similar rights	100	37	(7)	(77)	53
Goodwill	94,441	–	–	(3,633)	90,808
Fixed assets under development and advances	–	4	–	–	4
Others	2,607	749	(1,155)	(1,115)	1,086
Consolidation difference	37,128	–	–	(1,375)	35,753
Total	153,666	792	(2,201)	(14,346)	137,911

In thousands of euros

Start-up costs are almost wholly attributable to charges incurred by Caltagirone Editore SpA in relation to its Stock Exchange listing. The decrease noted during the year is mainly represented by amortisation, and by the de-consolidation of Cedlux SA.

Research, development and advertising costs are mainly represented by investments made for the launch of the newspaper *Leggo* and for the planning and designs for the printing office at Caivano (Naples), sustained respectively by Sigma Editoriale SpA and by Edi.Me SpA. The variation during the financial period is due to amortisation for the period as well as to the total writedown of capitalised charges in previous periods by the subsidiary Caltanet SpA, amounting to 881 thousand euros. This writedown took place following a careful study of the possibility of recovery and future use of the advertising investments by the said company during 2000 and already partially written down in 2001.

The goodwill arises from the attribution of part of the merger deficit from the incorporation by Il Messaggero SpA of Società Editrice Il Messaggero SpA, effected during the 1999 period. The difference compared with 2002 values is due to amortisation for the year, calculated over a period of 30 years, attributed to newspapers of the publishing company.

The amount of the entry “other fixed assets” at 31 December 2003 consists largely of costs for rebuilding leased offices, amounting to 597 thousand euros, and of costs for the use of application software, amounting to 149 thousand euros. The decrease is attributable, both to amortisation charge for the period, and to the total writedown of long-term costs no longer recoverable in future periods, carried out by the subsidiary Caltanet SpA for a value of 983 thousand euros. The total writedown of intangible fixed assets relating to Caltanet SpA amounts thus to 1,875 thousand euros.

The variation in the consolidation difference compared to 2002 is due to calculation of amortisation for the year.

Details of the consolidation difference are given below:

	Gross value	Amortisation provision	Net value
Piemme SpA	8,678	1,157	7,521
Il Mattino S.E.M. SpA	32,575	4,343	28,232
Total	41,253	5,500	35,753

In thousands of euros

The amount relating to Piemme SpA is attributable to the greater value of the shareholding in Piemme SpA recognised at the moment of the merger between Società Editrice Il Messaggero SpA and Il Messaggero SpA, whereas the amount relating to Mattino S.E.M. SpA is due to the value assigned to *Il Mattino*, brandname owned by the company.

Tangible fixed assets

Tangible fixed assets are shown net of the relative depreciation provisions and are as follows:

	Gross value	Depreciation provisions	Net value at 12.31.2003	Net value at 12.31.2002
Land and buildings	37,219	3,581	33,638	10,570
Plant and machinery	114,762	52,240	62,522	24,438
Industrial and commercial equipment.	1,828	1,644	184	256
Other goods	19,597	15,448	4,149	4,671
Fixed assets under development and advances	1,403	–	1,403	23,229
Total	174,809	72,913	101,896	63,164

In thousands of euros

The most significant variations compared to the net book values at 31 December 2002 relate to further investments for the construction of the new printing centre located in Torrespaccata (Rome) by Il Mattino S.E.M. SpA.

The investment, for a total amount of 70 million euros, still under construction on December the 31st, 2002, booked under “fixed assets under development”, was completed in the month of July 2003.

On the basis of the specific technical features of the new plant, its economic/technical useful life is estimated to be 12 years. The depreciation booked for such assets, according to standard accounting principles, was calculated from the moment they started to be used.

The change in the Other Goods entry, consisting largely of technological items such as computers, servers, network devices as well as furniture and decoration, arises from the normal updating of such items.

Movements during the period are shown in the tables below:

Category	Historic cost at 12.31.2002	Increases	Decreases	Reclassifications and other movements	Historic cost at 12.31.2003
Land and buildings	13,508	482	–	23,229	37,219
Plant and machinery	71,588	43,174	–	–	114,762
Industrial and commercial eqpt.	1,797	31	–	–	1,828
Other goods	18,726	1,086	(215)	–	19,597
Fixed assets under development	23,229	1,403	–	(23,229)	1,403
Total historic cost	128,848	46,176	(215)	–	174,809

In thousands of euros

Category	Depreciation provision at 12.31.2002	Share of depreciation for period	Decrease in provision	Reclassification and other movements	Depreciation provision at 12.31.2003
Land and buildings	2,938	643	–	–	3,581
Plant and machinery	47,150	5,091	–	(1)	52,240
Industrial and commercial eqpt.	1,541	105	–	(2)	1,644
Other goods	14,055	1,557	(9)	(155)	15,448
Total depreciation provision	65,684	7,396	(9)	(158)	72,913

In thousands of euros

The net value of the item Land and Buildings, divided between Group companies, is as follows:

	12.31.2003	12.31.2002
Il Mattino S.E.M. SpA	24,883	1,536
Il Messaggero SpA	374	393
Edi.Me. SpA	8,381	8,641
Total	33,368	10,570

In thousands of euros

The most important change, involving Il Mattino S.E.M. SpA is due to the completion of the new printing center, which caused an increase of 23,347 thousand euros net of the depreciation for the period.

The other variations are due to depreciation charges.

For Edi.Me. SpA the value refers to the printing office in Caivano (Naples) completed in 2000.

In the same way, the net value of the item "Plant and Machinery" is divided as follows:

	12.31.2003	12.31.2002
Il Mattino S.E.M. SpA	44,107	–
Edi.Me. SpA	11,655	13,715
Il Messaggero SpA	6,737	10,701
Sigma Editoriale SpA	23	22
Total	62,522	24,438

In thousands of euros

Plant and machinery mainly represent the value (net of depreciation) of the printing works owned by the Group; the increase for the period is due mainly to the purchase by the subsidiary Il Mattino S.E.M. SpA of new rotary presses for the printing centre in Rome.

In compliance with article 10 of Law 72 of 19.3.83 an indication is given of goods up to now in the corporate assets for which monetary revaluation has been carried out in derogation of the legal valuation criteria, based on the rules at the 4° paragraph of article 2423 of the Civil Code. The revaluations carried out as under Law 342/2000 have been eliminated in the consolidated financial statements, as they only concerned certain categories of assets and only some Group companies.

	Law n. 72/83	Law n. 413/91	Total
Buildings	942	586	1,528
Plant and machinery	1,092	–	1,092
Other goods	220	–	220
Total	2,254	586	2,840

In thousands of euros

Fixed Assets under development and advances consist mainly of advances to suppliers amounting to 1,300 thousand euros, granted by Edi.Me SpA for the supply of start-up services for printing equipment.

Investments

Investments are as follows:

	12.31.2003	12.31.2002
Holdings in other firms	74,255	70,029
Holdings in non-consolidated subsidiaries	12	7
Credits to subsidiaries	12	12
Credits to others	39	1
Other stock	7	7
Treasury shares	164	164
Total	74,489	70,220

In thousands of euros

Shareholdings in other firms at 31 December 2003 are as follows:

	% shareholding	Book value for 2002	Variations	Book value for 2003
RCS MediaGroup SpA	2.05%	55,147	148	55,295
Banca Monte dei Paschi di Siena SpA	0.16%	–	11,577	11,577
Euroqube SA	14.82%	14,127	(7,341)	6,786
Ansa Srl	6.71%	695	82	777
Immob. Ed. Giornali	3.85%	32	–	32
Casaclick	0.23%	21	(6)	15
Sviluppo Quotidiani Srl	16.67%	7	–	7
Total		70,029	4,460	74,489

In thousands of euros

The stake in RCS MediaGroup SpA consists of 15,000,000 ordinary shares held by the Caltagirone Editore SpA Parent Company of which 76,450 were bought during 2003 at a cost of 148 thousand euros; the book value of these shares is greater than their market value on December 31th 2003, by about 13,295 thousand euros. This difference was not considered durable and therefore no writedown was made, in spite of taking into consideration the recovery shown by the share in the last months of 2003 (+33% in the second half of 2003), the results shown in the financial statement on December 31th 2003 of the associated company and the proposal to issue a dividend of 7 euro cents per share decided by the Board of Directors of this company.

In connection with distribution of the dividend decided by the Board of RCS MediaGroup SpA, the corresponding income was included in the financial statements as of December 31th 2003, given that the General Meeting of RCS MediaGroup SpA will decide on the said dividend before Caltagirone Editore SpA closes its accounts for the year. If the General Meeting of RCS MediaGroup SpA does not decide in accordance with the proposal of the Board of Directors there will be some consequent changes at the time of the approval of Caltagirone Editore SpA financial statements.

If, in relation to the declaration of the dividends, the company had applied the same accounting principle as in previous periods the consolidated shareholders' equity and the result of the period at 31 December 2003 would have been less than 1,050 thousand euros.

The increase relating to Banca Monte dei Paschi di Siena SpA is partly due to the reclassification of the item Current Financial Assets for an amount of 5,542 thousand euros, and for arrears on purchase of a further 2,700,000 shares in the same bank for a value of 6,035 thousand euros. At 31 December 2003 the Group, acting through the subsidiary Sigma Editoriale SpA, held a total number of ordinary shares in Banca Monte dei Paschi di Siena SpA amounting to 5,000,000 for an overall value of 11,577 thousand euros; this book value is lower than the market price on December 31th 2003 by about 948 thousand euros.

The shareholding in Euroqube SA, held by the subsidiary Caltanet SpA, was written down during the year because the losses reported by the associated company during the period closed on 31 December 2002, were considered irrecoverable.

The shareholding in Ansa Srl is held through the subsidiaries Il Messaggero SpA and Edi.Me. SpA, and is exposed, net of corrections in value, for altogether 486 thousand euros, of which 82 thousand euros accrued during the year.

Shareholdings in subsidiaries, which were not consolidated because deemed irrelevant, are: the stake in Edi.Me. Sport Srl (head office in Naples, capital 10,200 euros) controlled 100% by Edi.Me. SpA; the holding in Noisette SA controlled 98% by Cedfin Srl and the 2% in Sigma Editoriale SpA.

Credits to subsidiaries refer to the subsidiary Edi.Me. Sport Srl and do not have duration of more than five years.

Credits to others are essentially represented by guarantee deposits and do not have a duration of more than five years.

Treasury shares balance equals 164 thousand euros, representing 31,040 ordinary shares in Caltagirone Editore SpA, or 0.02% of the share capital; these shares are held directly by the Parent Company.

Working capital *Inventories*

Inventories at 31 December 2003 amounted to 2,127 thousand euros (3,852 thousand euros at 31 December 2002) and are represented solely by raw materials, ancillary and consumer items. The raw materials are mostly paper and ink and account for 1,740 thousand euros for Il Messaggero SpA and 387 thousand euros for Edi.Me. SpA. The reduction in stocks compared with the amount entered at the end of 2002 is mainly due to the timing of supply contracts for raw materials as well as to a reduction in the unit price of paper.

The valuation of stocks at market prices differ significantly from the values shown in the balance sheets.

Credits to customers

Details of credits to customers are shown below:

	12.31.2003	12.31.2002
Credits to customers due in the next financial period	86,255	80,637
(Provision for writedown of credits)	(9,545)	(9,412)
Total	76,710	71,225
Credits to customers due after the next financial period	–	27
Total	76,710	71,252

In thousands of euros

Credits to customers arise mainly from advertising made by Piemme SpA and the increase compared to 2002 is in line with the increase in turnover for the period.

The change in the provision writedown is linked to the harmonization of credit values with their presumed realisation value. In particular, the provision was used during the period to the extent of 1,946 thousand euros and increased by 2,079 thousand euros to deal with provisions for the period.

There are no credits due after 2003.

Credits to subsidiaries

This item, amounting to nine thousand euros, represents the credits claimed by Cedfin Srl from Noisette SA, a subsidiary which has not been consolidated because it is relatively insignificant.

Credits to others

In the table below are shown the details of the main items:

	12.31.2003	12.31.2002
Credits to tax authorities	3,081	9,706
Credits to tax authority for taxes for which reimbursement has been requested	4,653	4,778
Credits for advance and deferred taxes	27,701	9,538
Credits to tax authority for VAT	94	25
Credits for withholdings of employees severance indemnity	168	162
Credits to employees	604	473
Credits to social security	49	133
Other credits	2,325	1,772
Total	38,675	26,587
Credits to others due after the next financial period	1,354	2,251
Total	40,029	28,838

In thousands of euros

Credits to the tax authorities show the net position for direct taxation; these are represented by tax credits on dividends, advances for Irpeg and Irap taxes net of any debit position, credits to the tax authority for which reimbursement has been requested and other tax credits.

Credits for advance taxes, entered in application of Accounting Principle 25, refer to time lapses between the balance sheet amounts and the corresponding tax values. These differences refer mainly to the financial writedowna by individual companies included in the consolidated financial statements, to provisions for risks and charges and to the bad debt provision, whose fiscal effects will in future financial periods, in accordance with the law.

Credits to the tax authority for VAT shows the net VAT position resulting from the Group liquidation procedure for this tax.

Other credits include an amount of 999 thousand euros for positions taken for companies of Gruppo Caltagirone SpA relating to commercial business dealt with on market terms. The rest consists of 1,050 thousand euros credits for dividends yet to be received, 195 thousand euros for guarantee deposit credits and 81 thousand euros for sundry credits to other parties.

Credits to third parties due after the period consist largely of credits to the tax authority for Irpef advance in relation to severance indemnities due to employees of Il Messaggero SpA and Edi.Me SpA.

There are no credits due beyond the next five fiscal periods.

Advances to suppliers

Advances to suppliers, for sixty thousand euros, refer to advances by operational subsidiaries for the supply of various services.

Cash and cash equivalent

In the table below are listed details of the main items making up this amount:

	12.31.2003	12.31.2002
Bank term deposits	544,168	551,884
Bank current accounts, in credit	1,216	2,038
Money and stocks in hand	125	133
Total	545,509	554,055

In thousands of euros

This substantial liquidity consists mainly of financial instruments resulting from the initial public offering of the Parent Company.

On December 31th 2003 the Parent company held, with other sums, the amount of 75 million US dollars in bank deposits.

The reduction in bank deposits is the result of the payment of dividends and of the purchase of shares in Monte Paschi di Siena during the period, net of the positive cash flow generated by operations.

Accruals and deferrals

Accruals, equal to 270 thousand euros (240 thousand euros at 31 December 2002), represent parts of revenues for interest on bank deposits falling within the period.

Deferrals, amounting to 990 thousand euros (729 thousand euros at 31 December 2002), relate to pro-rata costs falling due in the next fiscal year for insurance premiums, leasing fees and information agency fees.

consolidated balance sheet

COMMENT ON THE MAIN LIABILITIES ITEMS

Net equity At 31 December 2003 the capital of 125 million euros was made up of 125,000,000 ordinary shares, each with a nominal value of 1 euro.
Share premium reserve decreased by 2,499 thousand euros as a consequence of the general shareholders meeting resolution of June the 24th 2003, which allocated this share as an exceptional dividend.
Treasury shares reserve consists of 31,040 shares of Caltagirone Editore SpA held directly by the Parent company.
The reserve for purchase of treasury shares, amounting to 29,836 thousand euros, to be used for the purchase and sale of treasury shares in accordance with article 2357 of the Civil Code, was decided on the basis of the General Meeting resolution of June the 24th 2003. Such reserve cannot be used for 18 months from the date of the decision.
Other reserves, amounting to 16,936 thousand euros, include the consolidation reserve, which consists of the difference between Group share of participated companies net equity and the corresponding cost.
A summary of the changes in the financial results of Caltagirone Editore SpA is shown in the Appendix.

Capital and reserves of minority shareholders This shows minority shareholders' interest allocated on the basis of the percentages they owned on December 31th 2003, including the result for the period.

Provisions for risks and charges

Taxes

The provision for taxes, amounting to 13,296 thousand euros, consists of 13,133 thousand euros for deferred taxes due to consolidation adjustments, and of 163 thousand euros due to deferred taxed on gains for which taxation has been postponed in the future.

Tax provision refers to deferred taxes on consolidation adjustments. It is determined mainly by the different period of Goodwill amortization entered for *Il Messaggero*, compared with what was shown by the latter company in its own financial statements, which envisaged this depreciation over 10 years to obtain tax benefits not otherwise obtainable.

Other provisions for risks and charges

Provisions for Risks and Charges includes the amounts set aside for potential liabilities and consists of:

	12.31.2002	Provisions	Utilisation	12.31.2003
Provision for grievances and disputes	6,220	457	(322)	6,355
Provision for contract risks	350	–	–	350
Provision, supplementary compensation	236	89	(22)	303
Other provisions for risks and charges	158	–	(39)	119
Total	6,964	546	(383)	7,127

In thousands of euros

Provision for grievances and disputes consists of estimated future liabilities incurred by Il Messagero SpA and Edi.Me. SpA arising from demands for compensation for litigation and labour legal actions. The fund was estimated taking account of the special nature of the activity carried out, on the basis of experience gained in similar situations and on the basis of all the information available on the date these consolidated financial statements were drawn up, considering the objective difficulty in estimating the charges linked to individual actions under way. Utilisation during the period arises from the settlement of some disputes requiring compensation, the amount of which was withdrawn from the provision.

Contract risk provision, amounting to 350 thousand euros, relates to disputes pending on property lease contracts drawn up during preceding years by the subsidiary Il Mattino S.E.M. SpA.

The supplementary compensation customer fund, which reflects a prudent appreciation of the risk connected with any interruption to the mandates granted to agents in cases covered by the law, concerns mainly Piemme SpA.

The fund for other provisions includes potential costs for some minor disputes.

Employees severance indemnity

Movements in this Fund for the period are as follows:

Initial balance	32,552
Part due and allocated to profit and loss account	4,417
Indemnities settled during the period	(3,353)
Final balance	33,616

In thousands of euros

The final balance shows the amounts set aside in favour of employees for severance indemnities due under the law, net of advances and lump sums paid to staff.

Payables *Due to banks*

Payables to banks are as follows:

	12.31.2003	12.31.2002
Current account overdrafts	17,176	26,511
Bank loans, medium/long term		
Part due within next financial period	1,602	1,810
Part due beyond next financial period	64,515	5,603
Total	83,293	33,924

In thousands of euros

Medium and long term loans are represented by two loans undertaken in order to finance the investment for the construction of the Torrespaccata printing centre in Rome. The first is a variable interest loan granted by IntesaBCI for an original amount of 10,329 thousand euros to Il Mattino S.E.M. SpA; the residual amount on December 31st 2003 is 6,117 thousand euros; the last instalment is due in June 2008. The part falling due within the period is 1,602 thousand euros and the part due beyond is 4,515 thousand euros. This loan is backed up by a real guarantee based on a mortgage on property belonging to Il Mattino S.E.M. SpA for a total amount of 25.8 million euros.

The second is represented by a variable interest loan for a total amount of 60 million euros granted by San Paolo - IMI to Il Mattino S.E.M. SpA. The payment of the first capital instalment is due in December 2005 and the last is due in June 2018 (13 years); the part due within the period is zero, whereas that due beyond amounts to 60 million euros. This loan is backed up by a real guarantee based on a mortgage on property belonging to Il Mattino S.E.M. SpA for an overall amount of 60 million euros. Besides, as a guarantee for the same loan, a particular lien was issued on goods belonging to the same plant for a total amount of 43,400 thousand euros.

The amount of this loan payable within the five next financial periods is of 46,322 thousand euros.

Due to other financial institutions

The balance is composed by the following items:

	12.31.2003	12.31.2002
Loans, medium/long term		
Part due within the next period	2,408	2,311
Part due beyond the next period	17,843	20,251
Total	20,251	22,562

In thousands of euros

The balance consists of two loans granted by Mediocredito Lombardo to the Parent Company Caltagirone Editore SpA and to Edi.Me. SpA respectively for 11,620 and 9,812 thousand euros and of a subsidized loan under Law 416 of 5 August 1981, taken out by Il Messaggero SpA with Mediocredito Lombardo for an original value of 4,028 thousand euros.

For loans taken by the Parent Company and Edi.Me. SpA, the first instalment is due on June 30th 2002 when the pre-amortisation period lapsed; the last instalment will be due on 2011.

As guarantee for these loans, mortgages were given on land and buildings of the Edi.Me. SpA plant in Caivano for a total of 37,510 thousand euros and a particular lien on goods for the same plant for a total amount of 17,170 thousand euros. The short-term part amounts to 1,906 thousand euros, of which 1,033 and 873 thousand euros, related to Caltagirone Editore SpA and Edi.Me. SpA respectively; the long-term part amounts to 15,958 thousand euros, of which 8,652 is ascribed to Caltagirone Editore SpA and 7,306 thousand euros to Edi.Me. SpA. The amount due beyond the five next financial periods for both loans is 7,441 thousand euros.

The residual debt on December 31st 2003 for the subsidized loan under Law 416 of the 5th of August 1981, taken by Il Messaggero SpA from Mediocredito Lombardo, amounts to 2,388 thousand euros, of which 502 thousand euros due within the period and 1,885 thousand euros due beyond the period. This loan is guaranteed by a lien on printing plants and newspaper distribution.

Trade payables

On December 31st 2003 the value of trade payables was 25,485 thousand euros (24,747 thousand euros on December 31st 2002) entirely due within the period. These payables refer mainly to subsidiaries operating in the publishing sector – Il Messaggero SpA, Piemme SpA, Edi.Me. SpA and Sigma Editoriale SpA – and concern the purchase of raw materials, services and investments in fixed assets.

Tax payables

Tax payables item, for 4,351 thousand euros (4,835 thousand euros on December 31st 2002) is mainly made up of the Revenue for Corporate Income Tax advances for freelance and employed workers and the debt for the acceptance of the tax amnesty according to D.L. 282/2002 and Law 27/2003, this last related especially to Il Messaggero SpA, Edi.Me SpA and Piemme SpA.

Payables to supplementary benefits and social security organisations

This item amount entirely to 5,108 thousand euros (7,030 thousand euros on December 31st 2002) and refer to payables to institutions for the parts borne by the Group's companies and by the employees. The decrease compared with the previous period is due to the partial payment made during the period of social security contributions related to actuarial reserves for early retirement and restructuring agreements of Il Messaggero SpA and Edi.Me. SpA.

Other payables

Other payables amounting to 15,563 thousand euros, refer to payables to staff for deferred emoluments and for the “thirteenth month” of December for 7,187 thousand euros (5,610 thousand euros at 31 December 2002) and to payables to others for 8,369 thousand euros (16,263 euros on December 31st 2002), that include 3,720 thousand euros (8,852 thousand euros on December 31st 2002) related to payables for companies belonging to Caltagirone SpA Group with regard to commercial dealings on market terms, mostly to Alfa Editoriale Srl (2,039 thousand euros). Besides they include 1,654 thousand euros at disposal of Caltagirone SpA Board of Directors in compliance with article 24 of the Parent Company’s Articles of Association, and 2,321 thousand euros for settlement of disputes and legal action already finally judged but not yet settled by the subsidiary Il Messaggero SpA. Except where specifically mentioned, there are no payables due after the five next periods.

Accruals and deferrals

The item is made up as follows:

	12.31.2003	12.31.2002
Accruals	1,209	1,077
Deferrals	6,110	5,957
Total	7,319	7,034

In thousands of euros

Deferrals consist of 841 thousand euros of carry-forward to the next period of income from advertising of the subsidiary Piemme SpA and of the residual amount of contributions received in compliance with Law 488/92 for Edi.Me. SpA for plants upgrading and the construction of the new printing plant in Caivano (Naples). The placing of this contribution in the profit and loss account is in line with the duration of the depreciation of the fixed asset subject to this facility.

Memorandum accounts

The memorandum account refers to sureties, risks and commitments assumed by the group, as shown below:

	2003	2002
Obligations issued for third parties	2,102	1,808
Leasing fees	–	3
Other memorandum accounts	6,748	608
Total	8,850	2,419

In thousands of euros

profit and loss account

COMMENT ON THE MAIN ITEMS

Revenue Revenue breakdown:

	2003	2002
Circulation Revenue	67,142	67,040
Sales Promotions	11,044	–
Advertising Revenue	163,593	153,034
Service Revenue	2,527	2,021
Revenue from sales and services	244,306	222,095
Recovery of expenses from third parties	1,450	1,283
Grants and capital contributions	932	1,014
Windfall gains	374	390
Sundry revenues	1,639	2,338
Other revenues	4,395	5,025
Total revenues	248,701	227,120

In thousands of euros

Revenues from sales and services, amounting to 244,306 thousand euros, break down as follows:

	2003	2002
Sales of newspapers		
<i>Il Messaggero</i>	48,805	48,106
<i>Il Mattino</i>	18,337	18,934
Total	67,142	67,040
Sales promotions		
<i>Il Messaggero</i>	7,497	–
<i>Il Mattino</i>	3,547	–
Total	11,044	–
Advertising revenue		
<i>Il Messaggero</i>	100,602	96,258
<i>Il Mattino</i>	37,619	36,072
<i>Leggo</i>	17,210	13,436
Other	8,162	7,268
Total	163,593	153,034
Service revenue	2,527	2,021
Total Service revenue	244,306	222,095

In thousands of euros

Progress in sales of the two newspapers and in advertising revenues is detailed in the Report on Operations.

Revenue from services and internet comes mainly from the work of B2WIN SpA and from services rendered to other companies of the Caltagirone Group.

The item Other Revenue is mainly represented by revenues from concessionary rights and recovery of expenses from third parties.

Operating costs *Raw materials, ancillary items, consumer items and goods*

Costs for purchase of raw materials and goods, amounting to 26,311 thousand euros (32,311 thousand euros in 2002) mainly consist of consumption of paper and other consumer items for publishing. The change over 2002 is mainly due to the decrease in the unit price of paper.

Services

Details are as follows:

	2003	2002
Editorial services	12,609	12,659
Transport and publishing distribution	13,576	13,573
Outsourced work and production	8,716	8,566
Publishing promotions	8,663	–
Commissions and other costs, to agents	8,079	7,691
Usage, and motive power	2,954	3,931
Maintenance and repairs	2,503	2,217
Consultancy	2,155	2,112
Advertising and promotions	1,865	2,406
Other	19,757	15,655
Costs of Services	80,877	68,810

In thousands of euros

In Other Costs for services are included, apart from various sundry services, 5,660 thousand euros for the purchase of advertising space in newspapers not owned by the Group, linked to advertising on behalf of other by Piemme SpA.

The increase in the costs of services is mainly to costs sustained for the development of promotional initiatives (8,663 thousand euros) linked to the sale of videocassettes and books attached to the distribution of dailies and to other promotional activities.

Rents and leases

These are:

	2003	2002
Rents	2,987	2,790
Leasing	1,996	1,693
Royalties	23	23
Other	77	108
Costs for rents and leases	5,083	4,614

In thousands of euros

Rents and leases refer mainly to editorial offices and to the premises in which *Il Messaggero* is printed. In the entry Other are included leasing costs which, not being very significant, are represented using the equity method.

Staff

Staff costs amount to 77,827 thousand euros (79,012 euros for 2002). The decrease is due to early retirement and restructuring agreements initiated by Il Messaggero SpA and Edi.Me SpA in 2001 and completed during 2003.

In the table below are listed the average number of current employees, by category:

	12.31.2003	Average 2003	Average 2002
Senior staff	20	20	22
Office staff	339	345	398
Journalists and collaborators	452	455	455
Printers	98	101	113
Total	909	921	988

In thousands of euros

Amortisation and writedowns

This item refers to the amortisation and depreciation of intangible and tangible fixed assets for 20,367 thousand euros (17,783 thousand euros in 2002), to appropriations for bad debts for 2,079 thousand euros (1,930 thousand euros in 2002), to writedowns for other fixed assets for 1,875 thousand euros and to the amortisation of the consolidation differences for 1,375 thousand euros (1,375 euros in 2002).

Amortisation of intangible fixed assets, amounting to 12,971 thousand euros (13,469 thousand euros in 2002) includes 6,339 thousand euros of amortisation of fees paid for the Stock Exchange listing and 3,632 thousand euros for amortising the goodwill entered as an attribution of part of the merger deficit caused by the incorporation into Il Messaggero SpA of Società Editrice Il Messaggero SpA, carried out in 1999.

Depreciation of tangible fixed assets, amounting to 7,396 thousand euros (4,314 thousand euros in 2002) includes 2,749 thousand euros for depreciation of printing equipment and rotary presses (1,601 thousand euros in 2002) and 2,342 thousand euros for depreciation of sundry plant and machinery (913 thousand euros) for 2002). The increase over the previous period is mainly due to depreciation of the aforementioned printing plant owned by Il Mattino S.E.M. SpA, calculated for the period from the date of its entry into use until the end of the period.

The item Other Writedowns of fixed assets refers entirely to the writedown of capitalised fixed assets by Caltanet SpA in 2000, the year the internet portal was launched, as described in the comments on the item Intangible fixed assets.

The appropriations for bad debts are mainly attributable to the trade credits of Piemme SpA.

Appropriations for risks

The appropriation for risks amounts to 546 thousand euros (1,028 thousand euros in 2002) and is represented by provisions for supplementary indemnities for agents

for 89 thousand euros and by provisions for disputes and legal actions for 457 thousand euros.

Sundry operating charges

The sundry operating charges are as follows:

	2003	2002
Representational expenses	279	185
Indirect taxes	212	330
ICI	180	110
Other	1,215	1,757
Sundry operating charges	1,886	2,382

In thousands of euros

Sundry operating charges include miscellaneous costs such as contributions to trade associations, gifts and promotional items, tips, subscriptions to newspapers and magazines and other sundry expenses.

Financial revenues and costs

Financial revenues are listed in the table below:

	2003	2002
Revenue from shareholdings in other firms	1,680	–
Interest on bank deposits	13,074	18,777
Interest on receivables from the tax authority	102	98
Other	74	85
Financial revenue	14,930	18,960

In thousands of euros

Revenue from shareholdings in other firms include an amount of 630 thousand euros for a dividend, including the relative tax credit, from shares in Banca Monte dei Paschi di Siena SpA held by the subsidiary Sigma Editoriale SpA and for 1,050 thousand euros for the dividend decided on by the Board of Directors of the associated company RCS MediaGroup SpA, about which ample information has been given in the entry “Shareholdings in other firms”.

Interest on bank deposits is linked to cash and cash equivalents consisting of funds obtained through the increase in capital of the Parent Company, destined for the market, which took place in July 2000. The reduction in revenue compared with 2002 is attributable mainly to the drop in interest rates on financial markets.

Financial charges are detailed in the table below:

	2003	2002
Foreign exchange losses	2,276	–
Interest paid on loans	1,886	1,253
Interest paid on payables to banks	1,225	1,651
Bank commission and charges	220	178
Other	50	75
Financial charges	5,657	3,157

In thousands of euros

Foreign exchange losses relate to the difference arising from the conversion of a deposit in US dollars and the exchange rate at the end of the period.

Value adjustments for financial assets

This balance, amounting to 6,007 thousand euros, refers mainly to the writedown of the shares held by Caltanet in Euroqube SA (6,076 thousand euros) as indicated in the corresponding asset entry, net of the revaluation of the shares held in Ansa Srl by Il Messaggero SpA and by Edi.Me SpA.

Exceptional revenue and costs

Details of exceptional revenue and costs are given in the table below:

	2003	2002
Capital gain on disposal	35	623
Other exceptional revenue	376	428
Exceptional revenue	411	1,051
Capital loss on disposal	28	2,151
Taxes relating to previous periods	4,373	595
Charges for actuarial reserves	623	4,778
Compensation and settlement of disputes	3,413	2,317
Other	474	1,064
Exceptional charges	8,911	10,905

In thousands of euros

The entry relating to previous periods is mainly attributed to acceptance of the tax amnesty under Decree Law 282/2002 and Law 27/2003, especially by the consolidated companies Il Messaggero SpA, Edi.Me. SpA and Piemme SpA.

The entry for actuarial reserves refers to the cost sustained by Il Messaggero SpA for the payment and appropriation of the actuarial reserves to the printers supplementary fund following the agreement for early retirement under law

416/81; the decrease follows the termination of the said programme during 2003. The compensation to third parties and settlement of disputes refers mainly to Il Messaggero SpA.

Income tax This entry is positive to the extent of 4,538 thousand euros (minus 5,190 thousand euros in 2002) because, in addition to estimated income tax for the period from consolidated companies amounting to 12,269 thousand euros, it includes the effects of deferred positive taxes for 16,807 thousand euros, involving mainly the temporary differences between the balance sheet results and the taxation values recognised. These differences refer mainly to the writedowns of shareholdings carried out by some companies included in the consolidated financial statements. In the entry are also included taxes calculated on the consolidation adjustments to which were applied the hypothetical ratio determined with reference to current and future rates on the basis of tax law.

Directors' and auditors' remuneration The remuneration due to Directors and Auditors of Caltagirone Editore SpA, including those for subsidiaries, amounts respectively to 2,107 thousand euros and 73 thousand euros; further details are included in the Notes to the Financial Statements for the period.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS

	BALANCES AT 12.31.2002	DESTINATION OF NET INCOME
Share capital	125,000	–
Share premium reserve	530,311	–
Legal reserve	25,000	–
Shares reserve treasury shares held	164	–
Extraordinary reserve	8,300	–
Reserve for the acquisition of treasury shares	29,836	–
Other reserves and results of previous financial periods	20,077	–
Result for the year/period	16,690	–
TOTAL GROUP NET EQUITY	755,378	–

In thousands of euros

CONNECTING STATEMENT BETWEEN CALTAGIRONE EDITORE SPA BALANCE SHEET AND CALTAGIRONE EDIORE GROUP CONSOLIDATED

	RESULT FOR THE PERIOD
As from parent company's balance sheet	(7,198)
Controlled companies' consolidation effect	(62,688)
Elimination of intercompany dividends	(18,748)
Elimination of tax entries in the statutory accounts, net of tax impact	18,878
Elimination (gains) and losses occurred within the group, net of tax impact	97,809
Allocation of net equity accruing to minority interests	(2,061)
AS FROM CONSOLIDATED BALANCE SHEET	25,992

In thousands of euros

EQUITY DECEMBER 31 2003

MOVEMENTS BETWEEN RESERVES	DIVIDENDS	AMOUNTS AVAILABLE FOR BOARD OF DIRECTORS	OTHER CHANGES	RESULT AT 12.31.2003	BALANCES AT 12.31.2003
-	-	-	-	-	125,000
-	(2,499)	-	-	-	527,812
-	-	-	-	-	25,000
-	-	-	-	-	164
-	(2,751)	-	-	-	5,549
-	-	-	-	-	29,836
-	(3,054)	(403)	(224)	-	16,396
-	(16,690)	-	-	25,992	25,992
-	(24,994)	(403)	(224)	25,992	755,749

BALANCE SHEET

NET EQUITY
706,163
(123,603)
-
47,466
134,445
(8,722)
755,749

CASH FLOW STATEMENT

	12.31.2003	12. 31.2002
A. CASH AT THE BEGINNING OF THE PERIOD	525,734	557,416
B. CASH FLOW FROM (TO) OPERATING ACTIVITIES		
Net income for the period	25,992	16,690
Share of profits for the period for minority shareholders	2,061	690
Amortizations and depreciations	21,742	19,158
Gain (loss) on disposal of fixed assets	(8)	(623)
(Revaluations) or writedowns of financial fixed assets	6,007	647
(Revaluations) or writedowns of intangible fixed assets	1,875	–
Net change in reserve for risks and charges	1,242	1,919
Net change in provision for staff severance indemnities	1,064	(794)
Profit for the year before changes in working capital	59,975	37,687
(Increase) Decrease in working capital credits	(16,658)	4,396
(Increase) Decrease in inventories	1,725	606
(Increase) Decrease of non-fixed financial assets	5,542	(5,341)
(Increase) Decrease of trade payables and other debts	(7,992)	1,009
(Increase) Decrease in other working capital items	(6)	(251)
	(17,389)	419
	42,586	38,106
C. CASH FLOW FROM (TO) INVESTMENTS		
Investments in fixed assets:		
Intangible	(792)	(1,125)
Tangible	(46,176)	(24,606)
Financial:		
Holdings	(10,238)	(9,344)
Treasury shares	–	(164)
Sale price or repayment value of fixed assets	55	2,139
Other movements in intangible fixed assets	326	–
	(56,825)	(33,100)

	12.31.2003	12.31.2002
D. CASH FLOW FROM (TO) FINANCIAL OPERATIONS		
Other increase (decrease) of reserves	(224)	2
Taking out a loan	60,000	–
Repayment of loans net of the short-term portion	(3,399)	(3,697)
Repayment of fixed asset loans	(38)	112
Distribution of profits and sums available from the Board of Directors	(25,397)	(31,800)
Net change in minority shareholders' net equity	(15,706)	(1,305)
	15,236	(36,688)
E. CASH FLOW FOR THE PERIOD (B+C+D)	997	(31,682)
F. CASH AT THE END OF THE PERIOD (A+E)	526,731	525,734

In thousands of euros

LIST OF HOLDINGS AT 12.31.2003 EX. ART. 38 OF D.L. 127/1991

TITLE	REGISTERED OFFICE	SHARE CAPITAL	CURRENCY
Companies included within the consolidation area			
Il Messaggero SpA	Rome	48,598,000	euros
Edi.Me. Edizioni Meridionali SpA	Rome	500,000	euros
Piemme SpA	Rome	104,000	euros
Il Mattino Società Editrice Meridionale SpA	Rome	2,481,600	euros
Caltanet SpA	Rome	5,414,463	euros
Sigma Editoriale SpA	Rome	1,000,000	euros
Cedfin Srl	Rome	10,200	euros
B2WIN SpA	Rome	1,000,000	euros
Emera SpA	Rome	2,496,000	euros
Other shareholdings in subsidiaries			
Edi.Me. Sport Srl	Naples	10,200	euros
Noisette Servicos de Cons. Ida	Portugal	5,000	euros

OWNERSHIP

Direct	Indirect through	
90.00%	–	–
90.00%	–	–
–	Il Messaggero SpA	100%
0.001%	Emera SpA	99.999%
98.778%	–	–
90.00%	–	–
99.995%	Il Mattino S.E.M. SpA	0.005%
–	Caltanet SpA	99.00%
	Sigma Editoriale SpA	1.00%
–	Il Messaggero SpA	100%
–	Edi.Me. SpA	99.50%
–	Cedfin Srl	98.00%
	Sigma Editoriale SpA	2.00%

SUMMARY REPORT ON ESSENTIAL DATA FOR CONSOLIDATED

COMPANY	CLOSING DATE OF FINANCIAL YEAR	%	SHARE
B2WIN SpA	12-31-03	100.00	1,000
Caltanet SpA	12-31-03	98.78	5,414
Cedfin Srl	11-30-03	100.00	10
Edi.Me. SpA	12-31-03	90.00	500
Emera SpA	07-31-03	90.00	2,496
Il Mattino S.E.M. SpA	07-31-03	90.00	2,482
Il Messaggero SpA**	12-31-03	90.00	48,598
Piemme SpA	10-31-03	90.00	104
Sigma Editoriale SpA	12-31-03	90.00	1,000

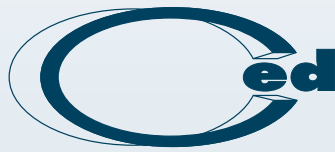
Data in thousands of euros from the latest annual reports, approved or subject to approval

** For finance companies the value of production indicates income from typical activity*

***Balance for 1 month following the change of closing date of annual accounts*

SUBSIDIARIES

NET	REVENUES*	NET PROFIT (LOSS)	FIXED ASSETS	TOTAL ASSETS	TOTAL LIABILITIES
968	1,939	(506)	1,310	2,081	1,113
5,192	436	(12,849)	8,027	8,335	3,143
(1,148)	–	(1,159)	5	33	1,181
8,839	53,500	668	21,955	51,105	42,266
(23,472)	–	(38,519)	–	14	23,486
(3,316)	2,315	(7,037)	57,678	64,272	67,588
36,962	10,676	(20,301)	95,997	142,547	105,585
3,873	161,830	3,748	1,251	70,882	67,009
760	14,455	(3,383)	11,204	15,971	15,211



CALTAGIRONE EDITORE

*Caltagirone Editore SpA
balance sheet for the financial year ended
31 december 2003*

directors operating report for the period closed on december 31st 2003

Dear Shareholders,

at the end of 2003, the Company has recorded income and profits for 37.91 million euros and performed writedowns for 40.89 million euros, giving a net loss following such operations of 7.20 million euros (54.25 million of income and 20.15 million of net profit in 2002). The Group's holding, Caltagirone Editore SpA, manages the shareholdings of the Group's operating companies. On December 31st 2003, Company's net equity was about 706 million euros. The Company directly controls "Il Messaggero SpA", "Edime SpA", "Caltanet SpA", "Sigma Editoriale SpA" and "Cedfin Srl", and indirectly "Il Mattino S.E.M. SpA", "Piemme SpA", "Emera SpA" and "B2WIN SpA." Highlights on Group performance, with 2002 comparables and reclassified in accordance with Consob communication n. 94001437 of 23 February 1994 are provided herewith:

	12.31.2003	12.31.2002
Dividends and Tax Credits from subsidiary undertakings	22,459	51,391
Dividends and Tax Credits from other participations	1,050	–
Total income from participations	23,509	51,391
Other financial income	14,404	2,855
Interests and financial charges towards subsidiaries	(43)	(2,924)
Interests and financial charges from third parties	(2,671)	(526)
Total interests and other financial charges	(2,714)	(3,450)
Total income and financial charges	35,199	50,796
Writedowns	(40,891)	(22,106)
Ordinary operations profit (loss)	(7,869)	(7,583)
Extraordinary operations profit (loss)	(26)	–
Pre tax income (loss)	(13,587)	21,107
Income tax	6,389	(961)
Net profit (loss)	(7,198)	20,146

In thousands of euros

The net loss of 7.2 million is essentially due to financial investments writedowns for 40.89 million euros, of which 24 million for writedowns performed in compliance with tax laws in order to obtain tax benefits and 17 million euros for permanent loss in value referred to the subsidiaries Caltanet SpA, Sigma Editoriale SpA and Cedfin Srl. Tax advances have been calculated on temporary differences between book and fiscal values. Company's net result is also influenced by the lower yield on cash and cash equivalents resulting from the reduction in interest rates.

Shareholdings Highlights on subsidiaries performance are described as follows. All effects are reflected in the consolidated financial statements of the Group.

Il Messaggero SpA

The Shareholders' Meeting of December 23rd 2003 resolved to change the corporate year and move its closing date from 30 November to 31 December. Consequently, the subsidiary drew up a monthly financial statement on December 31st 2003.

The following economic data refers to the period closed on November 30th 2003, as these are considered to more representative of the activities of the subsidiary.

On November 30th 2003, the Company, which is the publisher of the Rome daily *Il Messaggero*, had recorded a net profit of 15.37 million euros (23.35 million in the previous year) against revenues of 137,79 million euros (127.90 millions in the previous year). Its Gross Operating Margin was 36.67 million euros, increasing by 15% compared to 2002 (31.89 million). On November 30th 2003, Il Messaggero SpA reported a net equity of over 71 million euros, compared to 37 million euros on December 31st 2003. The daily's market share remained stable.

2003 revenues increased both thanks to growth (+2.75%) in income from advertising – despite a declining market – and to successful initiatives in the local advertising, as well as to sales promotions. The contribution these initiatives brought to gross operating margin for the period was of over 2.23 million euros.

Gross operating margin was also positively affected by the reduction in raw material costs, particularly in paper price, and by the effects of the re-organization plan which was began in 2001 and was completed during 2003.

In July, the new Printing office of Rome, in the Torre Spaccata area, was opened, with the introduction of *Il Messaggero's* new format in December.

Edi.Me. Edizioni Meridionali SpA

The Company, which publishes the daily *Il Mattino*, closed financial year 2003 with total revenue of 53.49 million euros (49.65 million at the end of 2002) and a profit of about 0.67 million euros (net loss of 1.27 in 2002).

Gross operating margin was 8.24 million euros (5.76 million at 12.31.2002).

For the purposes of data assessment, the same factors considered for Il Messaggero SpA also apply to Edi.Me. SpA; in particular, its income from the sale of complementary products (books, VHS tapes) was of 3.46 million euros, giving a contribution to its gross operating margin of about 0.9 million euros.

Sigma Editoriale SpA

The company, which publishes the free daily *Leggo*, closed 2003 with a revenue of 14.45 million euros (11.36 million at the end of 2002).

The daily, which is distributed free of charge, now has an established circulation of

about 800,000 copies in the main Italian cities, such as Rome, Milan, Turin, Naples, Bologna, Florence, Venice, Padua and Verona. This coverage has enabled *Leggo* to maintain and establish its leadership in Italy in the free-press sector.

The Company recorded a loss of 3.38 million euros, against 8.05 million euros in 2002; this result is still affected by start-up costs, but it shows a marked improvement thanks to the increase in the sale of advertising spaces and the reduction in the cost of raw materials.

Piemme SpA

The financial statements as of November 30th 2003 of Piemme SpA, the exclusive advertising agency for the newspapers *Il Messaggero*, *Il Mattino*, *Nuovo Quotidiano di Puglia* and *Leggo*, recorded a net profit of 3.75 million euros (3.62 in 2002) against a total income of 161.83 million euros (154.15 in 2002). The increase of net profit is due to local advertising growth at *Il Messaggero* and *Il Mattino*, as well as to the consolidation of the free newspaper *Leggo* and the positive results of the radio sector.

Specific referenc on main subsidiaries and enterprise strategies, is made on the report attached to consolidated financial statements.

Other shareholdings

Caltanet SpA reported a negative gross operating margin of 1.81 million euros, 2.05 million in 2002 and kept its strategy of carefully controlling its operating costs.

Il Mattino S.E.M. SpA, owner of the daily *Il Mattino*, closed its financial statements on July 31th 2003 recording a loss of 7.04 million euros, as a consequence of tax provisions related to financial investments writedowns and of the 70 million euros investment in the new Printing plant in Torre Spaccata (Rome).

Emera SpA, incorporated in 2002, holds the participation in “Il Mattino – Società Editrice Meridionale S.E.M. SpA” previously held by Piemme SpA; consequently, the re-organization allows Piemme SpA to operate as a pure advertising agency. The company closed the period with a loss of 38.52 million euros, mainly due to the financial writedowns of Il Mattino S.E.M. SpA in compliance with tax laws. B2WIN SpA, which operates in the value added services business through a multichannel call center, recorded positive results with an increase in turnover of about 77%, due to a wider market presence and new contract wins. The company reported a loss of 0.5 million euros against revenues of 1.9 million euros. The winding-up for Ced Lux SA was concluded in October 2003.

Dealings with subsidiaries and associates

With regard to the situation on December 31th 2003 main highlights are: Credits from subsidiaries refer to loans made at market rates to Il Messaggero SpA (34.00 million euros), Sigma Editoriale SpA (10.40 million euros) and Piemme SpA (17.92 million euros). They include, in addition, an interest-free shareholder loan granted to Cedfin Srl and a credit from Il Messaggero SpA for the transfer of the Corporate Income Tax credit. Payables to subsidiaries detailed in the financial statements for 1.91 million euros mainly include what is owed to subsidiaries for the transfer of VAT credit for the consolidation of the group VAT. 89,038 euros of the “Other Payables” entry on the balance sheet can be referred to invoices due to services provided at market rates by companies controlled by Caltagirone SpA, and referring to administrative and fiscal services and the use of its premises as offices. In the profit and loss account these services are included under the entry “Services”, for 51,327 euros, and under the entry “Rents, Leases and Similar Costs”, for 91,590 euros. This entry also includes costs for the use of premises owned by a company under shared control for 268,867 euros.

The sum of 1,528,036 euros for “interest from subsidiaries and associated companies” refers to interest on loans paid at market rates to the companies Il Messaggero SpA (520,043 euros), Sigma Editoriale SpA (183,858 euros), Piemme SpA (430,251 euros), Il Mattino S.E.M. SpA (98,911 euros) and Emera SpA (294,973 euros).

The 43,194-euro entry “Interest and Other Financial Charges from Subsidiaries” relates to interest on loans paid by “Il Messaggero SpA”, made at market rates.

The economic reasons for the intra-Group financing can be found in the mutual convenience derived from such operations, compared to those performed on the credit market, by eliminating mark-up. There are no other current dealings of significant size.

The dealings between the Group’s companies and associated companies not belonging to the Caltagirone Editore Group are described in the relevant part of the Directors’ Operating Report for the Group.

Other information

The Company did not carry out any research and development activities during 2003. On December 31st 2003, the Company employed a staff of 5 people, including 2 journalists and 3 office workers.

In compliance with art. 79 of Consob ruling n. 11971, that adopts the implementation rules of Leg. Decree 58/98, shareholdings in the company belonging to members of the Board of or/and of the Board of Auditors are detailed in a separate statement.

Pursuant to Regulation (EC) n. 1725 of 09.29.2003 of the European Commission, endorsing international accounting standards in conformity with Regulation n. 1606/2002 of the European Parliament and Council of 07.19.2002, the Company is considering whether to draw up its end of period balance sheet and consolidated balance sheet at an earlier date, stating from 1 January 2005, in conformity with International Accounting Standards (IAS), or International Financial Reporting Standards (IFRS).

Therefore, the Company has started an assessment of the impact IFRS introduction on the organization, from an accounting, organizational, business and information systems point of view. The preparation of the balance sheet according to international accounting standards will bring about a substantial change in disclosure and in the valuation criteria used. Finally, the Company directly owns n. 31,040 treasury shares for an overall nominal value of 31,040 euros.

Subsequent events and business outlook

During the first phase of the current period no particularly relevant events occurred. Business continued as usual in the context of basically unchanged market scenarios.

Proposals to the meeting

The Board of Directors proposes to cover the loss of 7,198,429 euros by using the entire extraordinary reserve, amounting to 5,549,470 euros, and partially using the share premium reserve for the remaining 1,648,959.

The Board also proposes to the Shareholders’ Meeting the apportionment of part of the share premium reserve, for a total of 24,993,792 euros.

Taking into account the fact that the Company currently holds n. 31,040 treasury shares whose dividend, in accordance with art. 2357 ter of the Civil Code, is to be assigned proportionally to the other shares, given an unvaried number of treasury shares held at the time of the corresponding resolution, Shareholders would be assigned a dividend of 0.20 euros for each share in circulation.

Rome, March 23rd 2004

SHAREHOLDERS STRUCTURE AND SHARES HELD IN SUBSIDIARIES
(Published in accordance with article 79 of Consob resolution I/971/99)

SURNAME AND NAME	ASSOCIATED COMPANY	TYPE OF STOCK	TYPE OF OWNERSHIP
Caltagirone Francesco Gaetano	Caltagirone Editore SpA	Ordinary shares Ordinary shares	Directly fully owned Indirectly fully owned through a subsidiary
Caltagirone Gaetano	Caltagirone Editore SpA	Ordinary shares Ordinary shares	Directly fully owned Indirectly fully owned through a spouse
Caltagirone Azzurra	Caltagirone Editore SpA	Ordinary shares	Directly fully owned
Delfini Mario	Caltagirone Editore SpA	Ordinary shares Ordinary shares	Directly fully owned Indirectly fully owned through the spouse
Majore Albino	Caltagirone Editore SpA	Ordinary shares	Directly fully owned
Garzilli Massimo	Caltagirone Editore SpA	Ordinary shares	Directly fully owned
Muzii Michele	Caltagirone Editore SpA	Ordinary shares	Directly fully owned
Tasco Giampiero*	Caltagirone Editore SpA	Ordinary shares	Directly fully owned
Testa Rosario**	Caltagirone Editore SpA	Ordinary shares	Directly fully owned
Moriconi Alfredo**	Caltagirone Editore SpA	Ordinary shares	Directly fully owned

* Nominated by the general shareholders meeting on 06.24.2003

**Relieved of responsibilities on 06.23.2003

N. OF SHARES OWNED AT 12.31.2002	OPERATIONAL CODE	N. OF SHARES PURCHASED	N. OF SHARES SOLD	N. OF SHARES OWNED AT 12.31.2003
22,500,000				22,500,000
59,486,340				59,486,340
				81,986,340
3,000,000				3,000,000
60,000				60,000
				3,060,000
1,869,901				1,869,901
150				150
150				150
				300
15,000				15,000
450				450
450				450
15,600				15,600
450				450
150				150

assets

	12.31.2003	12.31.2002
A. CREDITS TO SHAREHOLDERS	-	-
B. FIXED ASSETS		
I. Intangible fixed assets		
1) Formation and expansion costs	9,507,849	15,846,624
7) Others	230,107	24,495
Total intangible fixed assets	9,737,956	15,871,119
II. Tangible fixed assets		
4) Other assets	1,574	-
Total tangible fixed assets	1,574	-
III. Financial fixed assets		
1) Shareholdings in:		
a) subsidiaries	47,734,934	188,269,568
d) other companies	39,030,000	52,576,673
Total	86,764,934	240,846,241
4) Treasury shares	164,169	164,169
Total financial fixed assets	86,929,103	241,010,410
TOTAL B. FIXED ASSETS	96,668,633	256,881,529

	12.31.2003	12.31.2002
C. WORKING CAPITAL		
I. Inventories	-	-
II. Credits		
1) To customers:		
– due within the subsequent financial year	3,000	-
Total	3,000	
2) To subsidiaries:		
– due within the subsequent financial year	63,054,843	22,166,323
Total	63,054,843	22,166,323
5) To others:		
– due within the subsequent financial year	21,620,902	10,908,003
Total	21,620,902	10,908,003
Total credits	84,678,745	33,074,326
III. Non-fixed financial assets	-	-
IV. Cash and cash equivalents		
1) Bank and postal deposits	538,318,890	532,204,220
3) Cash and cash equivalents	161	358
Total cash and cash equivalents	538,319,051	532,204,578
TOTAL C. WORKING CAPITAL	622,997,796	565,278,904
D. ACCRUALS AND DEFERRALS	267,132	238,695
TOTAL ASSETS	719,933,561	822,399,128

In euros

liabilities

	12.31.2003	12.31.2002
A. NET EQUITY		
I. Capital	125,000,000	125,000,000
II. Share premium reserve	527,811,877	530,311,256
III Revaluation reserves	-	-
IV. Legal reserve	25,000,000	25,000,000
V. Reserve for treasury shares held	164,169	164,169
VI. Statutory reserves	-	-
Other reserves		
Extraordinary reserve	5,549,470	8,300,426
Reserve for Acquisition of treasury shares	29,835,831	29,835,831
VIII.Profit (loss) carried forward	-	-
IX. Profit (loss) for the year/period	(7,198,429)	20,146,384
TOTAL A. GROUP NET EQUITY	706,162,918	738,758,066
B. PROVISIONS FOR LIABILITIES AND CHARGES	-	-
C. ACCRUED EMPLOYEES SEVERANCE INDEMNITY PROVISIONS	86,915	70,311

	12.31.2003	12.31.2002
D. PAYABLES		
3) Due to banks:		
– due within the subsequent financial year	2,543	581,973
– due after the subsequent financial year	–	–
Total	2,543	581,973
4) Payables to other financial institutions:		
– due within the subsequent financial year	1,033,259	988,964
– due after the subsequent financial year	8,651,490	9,684,750
Total	9,684,749	10,673,714
6) Due to suppliers:		
– due within the subsequent financial year	214,678	169,856
– due after the subsequent financial year	–	–
Total	214,678	169,856
8) Payables to subsidiaries:		
– due within the subsequent financial year	1,910,369	70,776,895
– due after the subsequent financial year	–	–
Total	1,910,369	70,776,895
11) Tax payables:		
– due within the subsequent financial year	74,089	51,777
– due after the subsequent financial year	–	–
Total	74,089	51,777
12) Payables to pension and social security institutions:		
– due within the subsequent financial year	40,041	31,864
– due after the subsequent financial year	–	–
Total	40,041	31,864
13) Other payables:		
– due within the subsequent financial year	1,755,592	1,284,672
– due after the subsequent financial year	–	–
Total	1,755,592	1,284,672
TOTAL D. PAYABLES	13,682,061	83,570,751
E. ACCRUALS AND DEFERRALS	1,667	–
TOTAL LIABILITIES	719,933,561	822,399,128
MEMORANDUM ACCOUNTS		
Other guarantees provided on behalf of subsidiaries (o subsidiary companies)	5,516,000	–
TOTAL MEMORANDUM ACCOUNTS	5,516,000	–

In euros

profit and loss account

	12.31.2003	12.31.2002
A. REVENUES		
1) Revenues from sales and services	224,336	–
5) Other revenues and income	1,200	–
TOTAL A. REVENUES	225,536	–
B. PRODUCTION COSTS		
7) Services	(352,423)	(340,349)
8) Revenue from leases and rents	(360,457)	(96,607)
9) Personnel costs:		
a) salaries and wages	(547,484)	(401,306)
b) social security charges	(119,080)	(118,620)
c) staff severance indemnities	(41,480)	(30,725)
e) other costs	(191,697)	(145,403)
Total	(899,741)	(696,054)
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	(6,383,163)	(6,341,496)
b) amortisation of tangible fixed assets	(393)	–
Total	(6,383,556)	(6,341,496)
14) Other sundry operating costs	(98,098)	(108,235)
TOTAL B. PRODUCTION COSTS	(8,094,275)	(7,582,741)
TOTAL (A-B) DIFFERENCE BETWEEN TOTAL REVENUES PRODUCTION COSTS	(7,868,739)	(7,582,741)

	12.31.2003	12.31.2002
C. FINANCIAL INCOME AND CHARGES		
15) Income from shareholdings:		
– in subsidiary and associated companies	22,458,885	51,390,696
– in other companies	1,050,000	–
Total	23,508,885	51,390,696
16) Other financial income:		
d) income other than the above:		
– from subsidiary and associated companies	1,528,036	43,323
– from others	12,875,683	2,811,395
Total	14,403,719	2,854,718
17) Interest and other financial charges:		
– to subsidiary and associated companies	(43,194)	(2,923,294)
– to others	(2,671,202)	(526,222)
Total	(2,714,396)	(3,449,516)
TOTAL C. FINANCIAL INCOME AND CHARGES	35,198,208	50,795,898
D. VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
19) Writedowns:		
a) of shareholdings	(40,890,731)	(22,105,206)
Total	(40,890,731)	(22,105,206)
TOTAL D. VALUE ADJUSTMENTS FOR FINANCIAL ACTIVITY	(40,890,731)	(22,105,206)
E. EXTRAORDINARY INCOME AND CHARGES		
21) Charges:		
– taxes related to previous periods	(26,533)	(573)
Total	(26,533)	(573)
TOTAL E. EXTRAORDINARY INCOME AND CHARGE	(26,533)	(573)
PRE TAX PROFIT (LOSS)	(13,587,795)	21,107,378
Current taxes	(1,142,725)	(5,558,876)
Deferred taxes	7,532,091	4,597,882
TOTAL TAXES	6,389,366	(960,994)
NET PROFIT (LOSS)	(7,198,429)	20,146,384

In euros

notes to financial statements

for the year ended december 31st 2003

Structure and content The financial statements for the 2003 fiscal year, whose entries are illustrated below in these Notes, were drawn up in the respect of the regulations set out in the Civil Code.

These notes, drawn up in conformity with the provisions in particular of articles 2423 and 2427 of the Civil Code, relate to the business carried out directly by Caltagirone Editore SpA, and provide a commentary and breakdown of the entries comprising its Balance Sheet and Profit and Loss Account. In addition, the Cash Flow Statement is attached to support the financial statements.

Jointly with the financial statements for the period ended December 31st 2003, the consolidated financial statements of the Group have been drawn up, showing at the same date a net equity of 755.75 million euros and a profit for the period of 25.99 million euros.

With regard to the nature of the business and the facts occurred subsequent to the closing date for the period covered in these notes, reference is made to the Board of Directors' operating report.

Accounting standards and valuation criteria The main valuation criteria adopted are as follows.

Intangible fixed assets

These are entered at purchase or production cost, including directly attributable ancillary charges, and are amortised systematically for the period of their useful life.

Formation and expansion costs are entered in assets following the approval of the board of auditors. These costs were amortised over a five-year period.

Advertising and marketing costs, when not long-term, are entirely attributed to the profit and loss account for the period in which they occur.

Repair costs for leased property are amortised on the basis of the period of residual use.

Financial investments

Stocks and shares

Shares in subsidiaries, in associates, and treasury shares are valued at historical cost. This amount is reduced in proportion to the lasting loss of value incurred by the participated company, if management does not expect enough profits to offset such losses in the immediate future. The original value is re-established in later periods if the causes of the write-down are no longer valid.

Credits

Credits are entered at presumed realisation value, by making provisions to an appropriate amortisation fund.

Credits and debits in foreign currency outside the euro area, for which there is no exchange hedge cover, are expressed at exchange rates for the end of the period.

The positive or negative difference between the amounts converted at the exchange rates for the period and the original ones are attributed to the profit and loss account in financial revenues and financial charges respectively.

Accruals and deferrals

Accruals and deferrals relate to revenues and costs accruing to the period but due in later periods, and revenues and costs entered before closure of the period but falling due within later periods, applicable to two or more periods, the amount of which varies with time.

Current and deferred taxes

Taxes for the period are calculated on the basis of a realistic estimate of taxable revenue, in accordance with provisions in force; tax payables are shown net of the respective advance deductions and tax credits. Should tax provisions be inferior to the tax advances and tax credits paid, the net credit position with the Revenue will be shown under the entry "Credits from others".

Deferred taxes are not shown only where there is little chance that the relative debt will arise.

Advanced and deferred taxes are calculated on the basis of timing differences between the value attributed to assets and liabilities according to statutory criteria and the value attributed to the same assets and liabilities for tax purposes.

All assets deriving from advance taxes have not be accounted, in the respect of the principle of prudence, where not reasonably certain that a taxable income no lower than the total of the differences that will be cancelled will be earned in the periods in which the relevant timing differences will fall.

Payables

Payables are entered at nominal value representative of their presumed discharge value.

Commitments and guarantees

Commitments and guarantees are shown in the memorandum accounts at their contract value.

Recognition of revenues and costs

The positive and negative income components are entered on the basis of prudence and period concerned. Dividends from shareholdings, inclusive of the relative tax credit, are entered in the financial income for the period in which the distribution was agreed, with the exception of what is indicated in these Notes in the paragraph devoted to financial income.

notes on the balance sheet

COMMENT ON THE MAIN ASSET ITEMS

Fixed assets *Intangible fixed assets*

The breakdown of the intangible fixed assets is shown below:

Intangible fixed assets	12.31.2002	Increases	Amortisation	12.31.2003
Start-up and expansion costs	15,031,844	–	(6,012,738)	9,019,106
Advertising costs	813,530	–	(325,412)	488,118
Company start-up expenses	1,250	–	(625)	625
Other	24,495	250,000	(44,388)	230,107
Total	15,871,119	250,000	(6,383,163)	9,737,956

In euros

Start-up and expansion costs and advertising expenses are almost entirely due to Initial Public Offering costs.

The increase of 'other fixed assets' entry is due to improvements of leased properties carried out during the period, on premises owned by the connected company Enotria SpA in which some of the company's administrative offices are located. 'Other fixed assets' also includes the charges related to a loan granted in 2000 by Mediocredito Lombardo.

Tangible fixed assets

The tangible fixed assets are shown net of the depreciation provisions and consist exclusively in electronic equipment acquired during the period and amortised over three years.

Financial fixed assets

The overall balance of 86,929,103 euros (241,010,410 euros in 2002) decreased by 154,081,178 euros as shown below:

	12.31.2002	Changes	12.31.2003
Shares in subsidiaries	188,269,568	(140,534,634)	47,734,934
Shares in other companies	52,576,673	(13,546,673)	39,030,000
Treasury shares	164,169	–	164,169
Total	241,010,410	(154,081,307)	86,929,103

In euros

Shares in subsidiaries

	12.31.2002	Increases	Decreases	12.31.2003
Il Messaggero SpA	174,780,635	–	(141,409,704)	33,370,931
Edi.Me. SpA	8,506,045	–	–	8,506,045
Caltanet SpA	4,465,060	5,348,298	(4,628,566)	5,184,792
Sigma Editoriale SpA	476,404	900,000	(713,535)	662,869
Cedfin Srl	10,329	10,200	(10,329)	10,200
Ced Lux SA	30,998	–	(30,998)	–
Il Mattino S.E.M. SpA	97	–	–	97
Total	188,269,568	6,258,498	(146,793.132)	47.734,934

In euros

Changes occurred during the period are detailed as follows:

- The stake in Il Messaggero SpA declined because of the reimbursement of shareholders contribution for capital increases equal to 131,088,382 euros, and following write-downs due to the Net Loss incurred by the subsidiary in the financial statements for the one month closed on December 31th 2003. As the loss is entirely due to write-downs performed in compliance with tax laws, as disciplined by art. 2426, par. 2 c.c., the write-down recorded cannot be interpreted as a permanent loss of value of the subsidiary. This tax figure is included in the financial statements in 'financial fixed assets' for the amount of 10,321,322 euros and for the same amount in the write-downs for the period. Consequently, net of tax effects, net equity and income for the period closed on December 31th 2003 appear to be undervalued by 6,817 thousand euros.
- The decrease in the financial investment in Caltanet SpA is due to the decrease of share capital in order to cover company losses according to the resolution of the shareholders' meeting on December 23rd 2003 and to devaluation of the participation for 163,506 euros. The increase of 5,348,298 euros is a consequence of the re-establishment of the share capital.
- The decrease in the financial investment in Sigma Editoriale SpA is due to the decrease of share capital in order to cover company losses according to the resolution approved at the shareholders' meeting on December 23rd, as well as to devaluation of the participation for 237,131 euros. The increase of 900,000 euros is consequent to the re-establishment of the share capital.
- The shareholding in Cedfin was devaluated by 1,165,675 euros following the reduction of the share capital in order to cover company losses according to the resolution approved at the shareholders' meeting on December 23rd. The increase of 10,200 euros is consequent to the re-establishment of the share capital.
- Ced Lux SA was wound-up in October 2003.

Below, the additional information requested on the subsidiaries and resulting from the last approved financial statements is shown:

Company	Head office	Share capital	% of holding		Net equity	Result for the period	Attrib. value 12. 31.2003	Value ex art. 2426 n. 4 C.C.	Difference
			Dir.	Ind.					
Il Messaggero SpA ¹	Rome	48,598	90,00	–	36,962	(20,301)	33,371	69,041	(35,670)
Edi.Me. SpA	Rome	500	90,00	–	8,839	668	8,506	8,290	216
Caltanet SpA	Rome	5,414	98,78	–	5,192	(12,849)	5,185	4,160	1,025
Sigma Editoriale SpA	Rome	1,000	90,00	–	755	(3,388)	662	674	(12)
Cedfin Srl	Rome	10	99,99	0,01	(1,148)	(1,158)	10	1,160	(1,150)
Il Mattino S.E.M. SpA	Rome	2,482	0,01	99,99	(3,316)	(7,037)	–	–	–
							47,734	83,325	(35,591)

In thousands of euros

¹ The last approved financial statements of Il Messaggero SpA are those closed at 31.12.2003 referred to a period of one month, as the company has moved the closing date for its financial year from 30.11 to 31.12

Other indirectly controlled enterprises are shown below with indication of the net equity resulting from the last approved financial statements:

Company	Head office	Share capital	% holding of the Group	Net equity	Result for the period
Piemme SpA	Rome	104	90.00	3,873	3,748
Emera SpA	Rome	2,496	90.00	(23,472)	(38,579)
B2WIN SpA	Rome	1,000	100.00	968	(506)

In thousands of euros

Shares held in other companies: this entry entirely refers to n. 15,000,000 shares of the RCS MediaGroup, equal to 2.05% of the share capital, and is decreased by 13,546,673 euros, from 52,576,673 euros to 39,030,000 euros. This variation is given by the 13,694,214 euros write-down determined in application of tax laws on the basis of the mathematical average of Stock Exchange prices recorded in the last half of the year, and by an increase of 147,541 euros following a further acquisition of n. 76,450 shares performed during the period. The above-described write-down was performed exclusively to obtain tax benefits not attainable otherwise. This fiscal effect resulted in a decrease in net equity and in the Net Result for the period closed on December 31st 2003 of about 18,350 thousand euros net of the relative tax effect (34%).

Treasury shares: the entry in the financial statements of 164,169 euros refers to the value of n. 31.040 treasury shares held, acquired during the previous period.

Liquid assets *Credits from subsidiaries*

The amount of 63,054,843 euros (22,166,323 euros in 2002) refers to credits related to loans granted to the subsidiaries Il Messaggero SpA (34,188,413 euros), Piemme SpA (18,115,776 euros) and Sigma Editoriale SpA (10,586,858 euros), inclusive of interest established at market rates. The balance includes an interest-free loan granted to Cedfin Srl (19,459 euros) and the transfer of the Corporate Income Tax credit, partially paid-back during the period, to the subsidiary Il Messaggero SpA (140,000 euros), as well as invoices to be issued for surety charges for 4,337 euros.

Other credits

The following table shows the breakdown of 'Other Credits':

	12.31.2003	12.31.2002
VAT credits from Revenue	1,905,050	5,148
Tax credits from Revenue	6,314,374	6,296,267
Advance taxes	12,129,973	4,597,998
Other	1,271,505	8,590
Total	21,620,902	10,908,003

In euros

Tax credits from Revenue show the net position between tax credits on dividends of 7,459,230 euros and provisions for Corporate Income Tax falling within the period of 1,144,856 euros.

Advance taxes refer for 7,753,142 euros to writedowns performed during the period, for 3,448,412 to advanced taxes pertaining to previous periods and for 928,419 euros to adjustment of the 33% tax rate of deferred taxes allocated in previous periods.

'Other Credits' include dividends distributed but not yet cashed relative to the shares of RCS MediaGroup, for a total of 1,050,000 euros.

Cash and cash equivalents

The following table shows the breakdown of the main entries:

	12.31.2003	12.31.2002
Credit bank accounts	80,622	31,316
Fixed bank deposits	538,238,268	532,172,904
Cash and stocks in hand	161	358
Total	538,319,051	532,204,578

In euros

Cash and cash equivalents refer to the proceeds from the Group Initial Public Offering.

Receivable accruals and deferrals

Amounting to 267,132 euros (238,695 euros in 2003), these are related to receivable accruals referred to income shares for interest receivable on bank deposits falling within the period.

balance sheet

COMMENT ON THE MAIN LIABILITIES ITEMS

Net equity On December 31st 2003, the share capital of 125 million euros is divided into 125,000,000 ordinary shares of a nominal value of 1 euro each, and did not record any change with respect to the previous period.

Reserves amount to 588,361,347 euros (593,611,682 euros at 31 December 2002) giving a net decrease of 5,250,335 euros deriving from the application of the resolution approved at the shareholders' meeting of 24 June 2003 relative to the use of the Share Premium Reserve and the Extraordinary Reserve for the distribution of dividends.

The changes intervened in the Net Equity accounts are shown below:

	Balance at 12.31.2002	Dividends as per res. of sh. m. of 06.24.03	Sums available to Board of Directors	Result at 12.31.2003	Balance at 12.31.2003
Share capital	125,000,000	–	–	–	125,000,000
Share premium reserve shares	530,311,256	(2,499,379)	–	–	527,811,877
Legal reserve	25,000,000	–	–	–	25,000,000
Held treasury shares reserve	164,169	–	–	–	164,169
Extraordinary reserve	8,300,426	(2,750,956)	–	–	5,549,470
Treasury shares purchase reserve	29,835,831	–	–	–	29,835,831
Result for period	20,146,384	(19,743,457)	(402,927)	(7,198,429)	(7,198,429)
Total net equity	738,758,066	(24,993,792)	(402,927)	(7,198,429)	706,162,918

In euros

Staff severance indemnities The amount of 86,915 euros (70,311 euros in 2002) includes the amounts accrued to personnel employed, which at the end of the period were two journalists and three office workers. The average number of personnel throughout the period was 5 employees. The increase in the fund is due to the amount accrued according to law over the period of reference.

Payables On December the 31st 2003, payables amounted to 13,682,061 euros (83,570,751 euros in 2002), giving a net decrease of 69,888,690 euros referred to the following changes:

	12.31.2002	Changes	12.31.2003
Payables due to banks	581,973	(579,430)	2,543
Payables due to other financial institutions	10,673,714	(988,965)	9,684,749
Payables due to suppliers	169,856	44,822	214,678
Payables due to subsidiaries	70,776,895	(68,866,526)	1,910,369
Tax payables	51,777	22,312	74,089
Payables for social security	31,864	8,177	40,041
Other payables	1,284,672	470,920	1,755,592
Total	83,570,751	(69,888,690)	13,682,061

In euros

Payables due to banks

Payables due to banks, which amount to 2,543 euros (581,973 euros in 2002), consists of temporary current account overdrafts.

Payables due to other financial institutions

This amount includes a loan taken out with Mediocredito Lombardo for 9,684,749 euros, expiring in 2011, of which 1,033,259 is due in the next period. As a guarantee for this loan, a mortgage over the area and buildings of the Caivano plant of the subsidiary Edi.Me. SpA has been granted for 20,335,490 euros. The sum due over the next five periods amounts to 4,034,450 euros.

Payables due to suppliers

On December 31st 2003, payables due to suppliers amounted to 214,678 euros (169,856 euros in 2002), entirely due during the period, of which 165,466 euros mainly due to invoices to be received for corporate body emoluments.

Payables due to subsidiaries

The payables due to subsidiaries due within the next fiscal year amount to 1,910,369 euros (70,776,895 euros in 2002) and are ascribable for 1,897,985 euros to the VAT consolidation of the Group and for 12,384 euros to debits of Piemme SpA for company advertising. The decrease of 68,866,526 euros is linked to the repayment during the period of a loan at current market rates, received by "Il Messaggero SpA".

Tax payables

Tax payables entry of 74,089 euros concerns payables to the Revenue for Corporate Income Tax advances for freelance and employed workers.

Other payables

The amount of 1,755,592 euros (1,284,672 euros in 2002) includes 1,653,996 as sum made available to the Board of Directors in conformity with art. 24 of the Corporate By-laws, increased during the period by 402,927 euros following the resolution of the shareholders' meeting on June 24th 2003.

The other amounts comprise payables due to companies of the Caltagirone SpA group for commercial dealings regulated at market conditions, as well as deferred payables to staff for provisions for holidays and paid leave.

Memorandum accounts The memorandum accounts comprise two patronage letters issued in favour of the subsidiaries Sigma Editoriale and Caltanet.

notes to the profit and loss account

COMMENT ON THE MAIN ITEMS

Revenues *Sales Revenues*

Revenues from sales and services for 2003 amount to 224,336 euros and are relative to fees for support and assistance provided to companies of Caltagirone SpA Group for tax and administrative fulfilments.

Production costs The company's operating costs include:

	2003	2002
Services rendered	352,423	340,349
Rents and leases	360,457	96,607
Staff costs	899,741	696,054
Amortisation and writedowns	6,383,556	6,341,496
Sundry operating charges	98,098	108,235
Total production costs	8,094,275	7,582,741

In euros

Services

Services include emoluments to the Board of Auditors for 55,700 euros, to the Board of Directors for 60,960 euros and to the audit company for 16,635 euros. In addition, 51,397 euros are entered for services provided by companies of the Caltagirone Group at market rates.

The breakdown of the emoluments paid within the Group to members of corporate bodies, in conformity with what is applicable at annex 3C as requested by art. 78 Consob ruling n. 11971 is as follows:

Surname	Name	Office	Period in office	Expiry	Emolument	Other fees
Delfini	Mario	Director	1.1./12.31.2003	12.31.2005	7,000.00	92,962.20
Majore	Albino	Director	1.1./12.31.2003	12.31.2005	7,000.00	1,201,644.97
Garzilli	Massimo	Director	1.1./12.31.2003	12.31.2005	6,000.00	272,107.19
Muzii	Michele	Director	1.1./12.31.2003	12.31.2005	5,000.00	460,000.00
Nattino	Giampiero	Director	1.1./12.31.2003	12.31.2005	10,000.00	–
Confortini	Massimo	Director	1.1./12.31.2003	12.31.2005	31,000.00	–
Tasco	Giampiero	Chairman Board of Auditor	06.24/12.31.2003	12.31.2005	14,500.00	–
Schiavone	Carlo	Regular Auditor	1.1./12.31.2003	12.31.2005	13,000.00	25,556.38
Sica	Mario	Regular Auditor	06.24/12.31.2003	12.31.2005	10,000.00	–
Moriconi	Alfredo	Chairman Board of Auditor	1.1./06.23.2003		3,000.00	7,800.00
Testa	Rosario	Regular Auditor	1.1./06.23.2003		3,000.00	10,985.34

In euros

Rents and leases

Include the following:

	2003	2002
Use of furnished premises	360,457	78,107
Rentals	–	18,500
Costs for rents and leases	360,457	96,607

In euros

The premises used by the Company were leased respectively by a connected company and by Mantegna '87 Srl, a company of the Caltagirone group; the latter lease expired in September 2003. Both leases were stipulated at current market rates.

Staff costs

The overall staff costs on December 31st, 2003 were of 899,741 euros (696,054 euros in 2002), including 547,484 euros for salaries and wages, 119,080 for social security contributions, 41,480 for severance indemnity provisions and 191,697 for freelance services.

Amortization and write-downs

This entry refers to the amortisation of intangible fixed assets with regard to charges incurred by the company in relation to its Stock Exchange listing.

**Financial revenues
and charges***Financial revenues*

The breakdown of financial revenues is shown in the table below:

	2003	2002
Revenues from shareholdings		
in subsidiaries and associated enterprises	22,458,885	51,390,696
in other enterprises	1,050,000	–
Interest receivable from charges incurred by the company in relation to its Stock Exchange listing	1,528,036	43,323
Interest receivable on bank deposits	12,875,683	2,811,395
Financial revenues	37,912,604	54,245,414

In euros

Revenues from from shares in other companies and associated companies include dividends, inclusive of tax credit, received by “Il Messaggero SpA” (20,046,582 euros) and by Edi.Me. SpA (2,412,303 euros).

Dividends from shares of the RCS MediaGroup SpA are included in revenues from shares in other companies.

With regard to the dividend distribution agreed by the Board of Directors of RCS MediaGroup SpA, revenues have been assessed in the financial statements, on December 31st 2003 given that the Shareholders’ Meeting of RCS MediaGroup SpA will agree upon said dividend before that of Caltagirone Editore SpA. Should the RCS MediaGroup SpA’s shareholders’ meeting not express itself in agreement with the proposal of the Board of Directors, any consequent changes will be made upon approval of the financial statements of Caltagirone Editore SpA.

The company applied the same accounting standard used in previous periods to calculate dividends, the net equity and loss for the period on December 31st 2003 would have been lower and higher by 1,050 thousand euros, respectively.

The amount of 1,528,036 euros for interest receivable from subsidiaries and associated companies relates to the loans granted to the subsidiaries Il Messaggero SpA (520,043 euros), Piemme SpA (430,251 euros), Emera SpA (294,973 euros), Sigma Editoriale SpA (183,858 euros) and Il Mattino S.E.M. SpA (98,911 euros).

The interest receivable on bank deposits of 12,875,683 euros is the yield of liquidity invested in bank deposits. The increase with respect to interest receivable falling within the 2002 period is owed to the fact that in 2002 this liquidity was managed though the subsidiary Ced Lux SA, which was wound-up in 2003.

Financial charges

The breakdown of financial charges is shown in the table below:

	2003	2002
Interest paid by subsidiaries	43,194	2,923,294
Interest paid on bank debts	16,467	52,705
Interest paid on debts towards other financial institutions	329,401	465,612
Bank charges and expenses	49,512	7,905
Loss on exchanges	2,275,822	–
Financial charges	2,714,396	3,449,516

In euros

The interest paid by the subsidiary “Il Messaggero SpA” (43,194 euros) relates to a loan granted at market rates and paid back during the period.

The interest paid to other financial institutions refers to the loan taken out with Mediocredito Lombardo.

Losses on exchanges relate to the conversion of foreign currency deposits at the end of the period.

Financial writedowns

Writedowns

Are referred to the following companies:

- Caltanet SpA for 12,635,805 euros, of which 12,472,299 euros for covering of losses and 163,506 for write-down for loss in value considered to be lasting.
- Sigma Editoriale SpA for 3,066,574 euros, of which 2,829,443 euros for covering of losses and 237,131 euros for write-down for loss in value considered to be lasting.
- Cedfin Srl for 1,165,675 euros following covering of losses.
- Il Messaggero SpA for 10,321,322 in application of tax laws as described in the Financial Fixed Assets.
- RCS MediaGroup SpA for 13,694,214 euros in application of tax laws on the basis of the average Stock Exchange rate for the second half of the period.

The remainder is referred to Il Mattino S.E.M. SpA and Ced Lux SA.

Income tax

Current taxes of 1,142,725 euros refer for 915,921 euros to Corporate Income Tax (Irpeg) provisions and for 226,804 euros to the regional productivity tax (Irap) falling within the period as indicated in the statement:

Reconciliation between tax liability according to financial statements and theoretical tax liability (Irpeg)	Value	Tax
Pre tax income (loss)	(13,587,795)	
Theoretical tax liability (34%)		4,619,850
Timing differences deductible over next periods	23,494,372	
Use of timing differences from previous periods	(4,421,041)	
Differences that will not be carried over to next periods	(664,899)	
Taxable income	4,820,637	(1,639,017)
DIT benefits		723,096
Current income tax		(915,921)

In euros

Deferred taxes, for a total of 7,532,091 euros, are mainly recorded against the write-downs for shareholdings, whose tax benefits will be felt over the next periods. The breakdown of deferred taxes is as follows:

Use of previously advanced taxes recorded and referred to the period in question	(1,149,470)
Net timing differences for the period	7,753,142
Adjustment of deferred tax rate from previous periods	928,419
	7,532,091

In euros

These financial statements, which are composed of Balance Sheet, Profit and Loss Account and Notes, provide a true and correct account of the equity and financial situation, as well as of the economic result for the period, and correspond to the relative accounting results.

CASH FLOW STATEMENT

	12.31.2003	12.31.2002
A. NET INITIAL MONETARY RESOURCES	531,623	469,939
B. CASH FLOW FROM (TO) OPERATING ACTIVITIES		
Net income for the period	(7,198)	20,146
Amortizations and depreciations	6,383	6,342
(Revaluations) or writedowns of fixed assets	40,891	22,105
Net change in the provision for staff severance indemnities	17	27
Other variations in fixed assets	–	–
Profit for the year before changes in working capital	40,093	48,620
(Increase) Decrease in working capital credits	(51,605)	(22,436)
Increase (Decrease) in payables due to suppliers and other payables	(68,321)	68,178
(Increase) Decrease in other working capital items	(26)	(88)
	(119,952)	45,654
	(79,859)	94,274
C. CASH FLOW FROM (TO) INVESTMENTS		
Investments in fixed assets:		
Intangible	(250)	–
Tangible	(1)	–
Financial:		
Holdings	(17,898)	(24,447)
Credits	–	(164)
Sale price or repayment value of fixed assets	131,088	24,768
	112,939	157

	12.31.2003	12.31.2002
D. CASH FLOW FROM (TO) FINANCIAL OPERATIONS		
Distribution of profits and sums available from the Board of Directors	(25,396)	(31,800)
Repayment of loans net of the short-term portion	(990)	(947)
	(26,386)	(32,747)
E. CASH FLOW FOR THE PERIOD (B+C+D)	6,694	61,684
F. NET FINAL SHORT-TERM MONETARY RESOURCES (A+E)	538,317	531,623

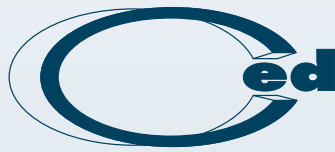
In thousands of euros

**LIST OF HOLDINGS AT 12.31.2003 EX ART. 120 OF D.L. N. 58 OF 02.24.1998
(Publication in compliance with article 126 of Consob ruling 11971 of 14 May 1999)**

TITLE	REGISTERED OFFICE	SHARE CAPITAL	CURRENCY
Il Messaggero SpA	Rome	48,598,000.00	euros
Edi.Me. Edizioni Meridionali SpA	Rome	500,000.00	euros
Piemme SpA	Rome	104,000.00	euros
Il Mattino Società Editrice Meridionale SpA	Rome	2,481,600.00	euros
Caltanet SpA	Rome	5,414,463.00	euros
Sigma Editoriale SpA	Rome	1,000,000.00	euros
Cedfin Srl	Rome	10,200.00	euros
Edi.Me. Sport Srl	Naples	10,200.00	euros
Sviluppo Quotidiani Srl	Rome	45,900.00	euros
Euroqube SA	Belgium	84,861,115.53	euros
B2WIN SpA	Rome	1,000,000.00	euros
Emera SpA	Rome	2,496,000.00	euros
Noisette Servicos de Consultoria Lda	Portugal	5,000	euros

OWNERSHIP

Direct	Indirect through	
90.00%	–	–
90.00%	–	–
–	Il Messaggero SpA	100.00%
0.001%	Emera SpA	99.999%
98.778%	–	–
90.00%	–	–
99.995%	Il Mattino S.E.M. SpA	0.005%
–	Edi.Me. SpA	99.50%
–	Edi.Me. SpA	16.666%
–	Caltanet SpA	14.82%
–	Caltanet SpA	99.00%
–	Sigma Editoriale SpA	1.00%
–	Il Messaggero SpA	100.00%
–	Cedfin Srl	98.00%
–	Sigma Editoriale SpA	2.00%



CALTAGIRONE EDITORE

*subsidiaries
financial statements*

assets

	11.30.2003	11.30.2002
A. CREDITS TO SHAREHOLDERS	-	-
B. FIXED ASSETS		
I. Intangible fixed assets		
1) Formation and expansion costs	79,910	175,801
5) Goodwill	55,389,301	66,286,272
7) Others	303,777	270,358
Total	55,772,988	66,732,431
II. Tangible fixed assets		
1) Land and buildings	375,584	394,380
2) Plant and machinery	1,455,175	5,671,631
3) Industrial and commercial equipment	13,527	5,563
4) Other assets	890,270	534,632
5) Fixed assets in progress and advances	45,267	98,528
Total	2,779,823	6,704,734
III. Financial fixed assets		
1) Shareholdings in:		
a) subsidiaries	37,909,255	37,909,255
d) other companies	444,440	393,610
Total shareholdings	38,353,694	38,302,865
2) Credits:		
- due within the subsequent financial year		
d) to others	84,347	84,596
Total credits	84,347	84,596
Total financial fixed assets	38,438,042	38,387,461
TOTAL B. FIXED ASSETS	96,990,853	111,824,626

	11.30.2003	11.30.2002
C. WORKING CAPITAL		
I. Inventories		
1) Raw materials, ancillary materials and consumables	1,478,401	2,660,261
Total inventories	1,478,401	2,660,261
II. Credits		
1) To customers:		
– due within the subsequent financial year	2,287,923	2,107,068
2) To subsidiaries:		
– due within the subsequent financial year	24,097,370	23,410,424
3) To associated companies:		
– due within the subsequent financial year	9,994,097	3,718,248
4) To controlling companies:		
– due within the subsequent financial year	–	2,701,766
5) To others:		
– due within the subsequent financial year	5,201,002	10,157,702
– due after the subsequent financial year	765,592	943,166
Total credits from others	5,966,594	11,100,868
Total credits	42,345,985	43,038,374
III. Financial assets (which are not fixed assets)		
6) Non-fixed financial credits:		
– to controlling companies	–	67,796,788
– to other Group companies	500,000	7,980,000
– to subsidiaries	–	17,551,234
Total financial assets	500,000	93,328,022
IV. Cash and cash equivalents:		
1) Bank and postal deposits	1,060,038	36,643,386
3) Cash and cash equivalents	1,375	907
Total cash and cash equivalents	1,061,413	36,644,293
TOTAL C. WORKING CAPITAL	45,385,798	175,670,950
D. ACCRUALS AND DEFERRALS		
2) Deferred charges	340,525	317,756
TOTAL D. ACCRUALS AND DEFERRALS	340,525	317,756
TOTAL ASSETS	142,717,176	287,813,332

In euros

liabilities

	11.30.2003	11.30.2002
A. NET EQUITY		
I. Capital	48,598,000	48,598,000
II. Share premium reserve	-	-
III. Revaluation reserves	4,126,621	4,126,621
IV. Legal reserve	3,769,054	2,601,676
V. Reserve for treasury shares held	-	-
VI. Statutory reserves	-	-
VII. Other reserves	-	-
- Shareholders' transfer in capital account	-	145,653,757
Total other reserves	-	145,653,757
VIII. Profit (loss) carried forward	120,432	30,245
IX. Profit (loss) for the year/period	15,369,510	23,347,565
TOTALE A. NET EQUITY	71,983,617	224,357,864
B. PROVISIONS FOR LIABILITIES AND CHARGES		
3) Others	3,873,427	3,873,427
TOTAL B. PROVISIONS FOR LIABILITIES AND CHARGES	3,873,427	3,873,427
C. SETTLEMENT OF STAFF SEVERANCE PAY	18,333,655	18,075,791

	11.30.2003	11.30.2002
D) PAYABLES		
3) Due to banks:		
– due within the subsequent financial year	3,520,202	4,090,638
4) Payables to other financial institutions:		
– due within the subsequent financial year	494,548	479,445
– due after the subsequent financial year	2,138,958	2,633,505
Total payables to other financial institutions	2,633,505	3,112,950
6) Due to suppliers:		
– due within the subsequent financial year	14,073,700	13,241,703
8) Payables to subsidiaries:		
– due within the subsequent financial year	14,493	7,816
9) Payables to associated companies:		
– due within the subsequent financial year	969,095	545,912
10) Payables to controlling companies:		
– due within the subsequent financial year	9,902,948	3,050,000
11) Tax payables:		
– due within the subsequent financial year	7,713,005	9,576,017
12) Payables to pension and social security institutions:		
– due within the subsequent financial year	2,303,676	2,743,838
13) Other payables:		
– due within the subsequent financial year	7,389,163	5,129,745
– due after the subsequent financial year	5,549	5,549
Total other payables	7,394,712	5,135,294
TOTAL D. PAYABLES	48,525,335	41,504,168
E. ACCRUALS AND DEFERRALS		
2) Deferred income	1,142	2,082
TOTAL E. ACCRUALS AND DEFERRALS	1,142	2,082
TOTAL LIABILITIES	142,717,176	287,813,332
MEMORANDUM ACCOUNTS		
Guarantees provided directly or indirectly in favour of minority shareholders:		
– sureties provided in favour of minority shareholders	138,462	435,658
– pledge in favour of 1st Bancario di Napoli	25,822,845	25,822,845
– mortgages and liens in guarantee of loans	–	7,049,637
Sureties provided by minority shareholders in our favour:		
– from minority shareholders	61,975	61,975
Leased fixed assets:		
– paper on deposit at warehouses and printers	–	–
– equipment for receiving pages at printers	–	–
TOTAL MEMORANDUM ACCOUNTS	26,023,284	33,370,117

In euros

profit and loss account

	12.1.02/11.30.03	12.1.01/11.30.02
A. REVENUES		
1) Revenues from sales and services	134,999,196	125,286,589
5) Other revenues and income	2,788,641	2,616,530
TOTAL A. REVENUES	137,787,837	127,903,119
B. PRODUCTION COSTS		
6) Raw materials, ancillary items, consumer items and other goods	(16,821,362)	(20,718,885)
7) Services	(33,867,690)	(26,738,922)
8) Revenue from leases and rents	(1,464,466)	(1,266,789)
9) Personnel costs:		
a) salaries and wages	(28,741,939)	(28,591,548)
b) social security charges	(9,166,123)	(8,944,883)
c) staff severance indemnities	(2,307,900)	(2,933,401)
e) other costs	(2,749,494)	(2,796,200)
Total costs for staff	(42,965,456)	(43,266,032)
10) Amortisation and write-downs:		
a) amortisation of intangible fixed assets	(11,184,955)	(11,241,452)
b) amortisation of tangible fixed assets	(2,082,563)	(3,504,244)
Total amortisation and write-downs	(13,267,518)	(14,745,696)
11) Changes in inventories of raw, ancillary and consumable materials and goods	(1,181,860)	(127,112)
14) Other sundry operating costs	(4,815,565)	(3,893,566)
TOTALE B. PRODUCTION COSTS	(114,383,917)	(110,757,002)
DIFFERENCE BETWEEN TOTAL REVENUES AND PRODUCTION COSTS (A-B)	23,403,920	17,146,117

	12.1.02/11.30.03	12.1.01/11.30.02
C. FINANCIAL INCOME AND CHARGES		
15) Income from shareholdings:		
a) dividends and other revenues from subsidiaries	5,666,474	22,502,593
Total	5,666,474	22,502,593
16) Other financial income:		
d) Income other than the above:		
2) to associated companies	37,220	72,464
3) to controlling companies	235,675	2,948,821
4) to others	126,070	120,957
Total	398,965	3,142,242
17) Interest and other financial charges:		
3) from controlling companies	(494,578)	–
4) from others	(328,097)	(481,674)
Total	(822,675)	(481,674)
TOTAL C. FINANCIAL INCOME AND CHARGES (15+16-17)	5,242,764	25,163,161
D. VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18) revaluations of shareholdings	50,830	–
TOTAL D. VALUE ADJUSTMENTS	50,830	–
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income:		
a) capital gain on disposals	2,722,814	260,033
b) other exceptional revenues	47,200	9,492
Total	2,770,014	269,525
21) Charges:		
b) taxes related to previous periods	(2,802,147)	(592,763)
c) other exceptional charges	(1,232,569)	(2,202,475)
Total	(4,034,716)	(2,795,238)
TOTAL E. EXCEPTIONAL ITEMS	(1,264,702)	(2,525,713)
RESULT BEFORE TAXES (A-B+C+D+E)	27,432,812	39,783,565
22) Income tax for period		
a) Irpeg	(9,575,000)	(13,775,000)
b) Irap	(2,999,000)	(2,661,000)
c) Deferred taxes, receivable	510,698	–
Total taxes for financial year	(12,063,302)	(16,436,000)
RESULT FOR THE YEAR/PERIOD	15,369,510	23,347,565

In euros

P I E M M E S P A

assets

	10.31.2003	10.31.2002
A. CREDITS TO SHAREHOLDERS	-	-
B. FIXED ASSETS		
I. Intangible fixed assets		
2) Advertising costs	242,370	462,327
7) Others	211,881	334,373
Total	454,251	796,700
II. Tangible fixed assets		
4) Other goods	796,402	935,358
Total	796,402	935,358
TOTALE B. FIXED ASSETS	1,250,653	1,732,058

	10.31.2003	10.31.2002
C. WORKING CAPITAL		
II. Credits		
1) To customers:		
– due within the subsequent financial year	66,294,183	61,667,549
3) To associated companies:		
– due within the subsequent financial year	27,636	28,556
4) To controlling companies:		
– due within the subsequent financial year	17,889	2,477
5) To others:		
– due within the subsequent financial year	2,516,179	4,380,835
– due after the subsequent financial year	277,064	272,884
Total	69,132,951	66,352,301
IV. Cash and cash equivalents:		
1) Bank and postal deposits	90,903	3,738
3) Cash and cash equivalents	269,006	230,281
Total	359,909	234,019
TOTAL C. WORKING CAPITAL	69,492,860	66,586,320
D. ACCRUALS AND DEFERRALS	138,329	195,162
TOTAL ASSETS	70,881,842	68,513,540

In euros

liabilities

	10.31.2003	10.31.2002
A. NET EQUITY		
I. Capital	104,000	104,000
IV. Legal reserve	20,800	20,658
VIII. Profit carried forward	236	923,147
IX. Profit for the year/period	3,747,629	3,617,231
TOTAL A. NET EQUITY	3,872,665	4,665,036
B. PROVISIONS FOR LIABILITIES AND CHARGES		
3) Others	408,568	389,946
TOTAL B. PROVISIONS FOR LIABILITIES AND CHARGES	408,568	389,946
C. STAFF SEVERANCE INDEMNITIES	3,148,668	2,879,279
D. PAYABLES		
3) Due to banks:		
– within the subsequent financial year	5,710,045	10,287,542
6) Due to suppliers:		
– within the subsequent financial year	3,990,495	4,411,210
9) Payables to associated companies:		
– due within the subsequent financial year	11,916,639	10,151,638
10) Payables to parent companies:		
– due within the subsequent financial year	36,708,808	31,962,313
11) Tax payables:		
– due within the subsequent financial year	2,529,166	1,414,485
12) Payables to pension and social security institutions:		
– within the subsequent financial year	423,097	235,479
13) Other payables:		
– due within the subsequent financial year	1,304,152	1,670,788
TOTAL D. PAYABLES	62,582,402	60,133,455

	10.31.2003	10.31.2002
E. ACCRUALS AND DEFERRALS	869,539	445,824
TOTAL LIABILITIES	70,881,842	68,513,540
MEMORANDUM ACCOUNTS		
3) Pledges, risks and other memorandum accounts:		
c) Real countersecurities provided by minority shareholders	51,388	48,288
f) Others		
– commitments for leasing fees	3,114	3,114
– discounted bills	703,394	673,839
Total memorandum accounts	706,508	676,953
TOTAL MEMORANDUM ACCOUNTS	757,896	725,241

In euros

P I E M M E S P A

profit and loss account

	10.31.2003	10.31.2002
A. REVENUES		
1) Revenues from sales and services	160,664,971	153,091,393
5) Other revenues and income	1,164,575	1,058,500
TOTAL A. REVENUES	161,829,546	154,149,893
B. PRODUCTION COSTS		
6) For purchase of space	(125,288,107)	(119,583,068)
7) Services	(15,912,687)	(14,906,035)
8) Revenues from leases and rents	(1,293,481)	(1,117,883)
9) Personnel costs:		
a) salaries and wages	(5,846,841)	(5,645,649)
b) social security charges	(1,788,660)	(1,749,409)
c) staff severance indemnities	(478,130)	(414,838)
Total costs for staff	(8,113,631)	(7,809,896)
10) Amortisation and write-downs:		
a) amortisation of intangible fixed assets	(377,158)	(462,826)
b) depreciation of tangible fixed assets	(324,691)	(320,108)
d) writedown of credits, including working capital and cash and cash equivalents	(1,781,300)	(1,800,038)
Total amortisation, depreciation and write-downs	(2,483,149)	(2,582,972)
14) Other sundry operating costs	(61,562)	(56,283)
TOTAL B. PRODUCTION COSTS	(153,152,617)	(146,056,137)
DIFFERENCE BETWEEN TOTAL REVENUES AND PRODUCTION COSTS (A-B)	8,676,929	8,093,756

	10.31.2003	10.31.2002
C. FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) Income from shareholdings:		
– others	42,708	77,824
Total	42,708	77,824
17) Interests and other financial charges:		
c) associated companies	(379,357)	(308,542)
e) others	(376,006)	(818,825)
Total	(755,363)	(1,127,367)
TOTAL C. FINANCIAL INCOME AND CHARGES	(712,655)	(1,049,543)
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income:		
a) gains from disposals	5,466	12,158
b) other extraordinary income	30,964	41,747
Total	36,430	53,905
21) Charges:		
a) losses on disposals	(3,101)	(15,807)
c) other extraordinary charges	(578,492)	(24,739)
Total	(581,593)	(40,546)
TOTAL E. EXTRAORDINARY INCOME AND CHARGES	(545,163)	13,359
RESULT BEFORE TAXES	7,419,111	7,057,572
22) Income tax for period:		
a) current taxes	(3,594,525)	(3,561,201)
b) advanced taxes	(76,957)	120,860
Total income tax for period	(3,671,482)	(3,440,341)
PROFIT FOR THE PERIOD	3,747,629	3,617,231

In euros

assets

	12.31.2003	12.31.2002
A. CREDITS TO SHAREHOLDERS	-	-
B. FIXED ASSETS		
I. Intangible fixed assets		
1) Research, development and advertising costs	128,329	268,764
2) Concessions, licences, brands and similar rights	53,196	64,631
Total	181,525	333,396
II. Tangible fixed assets		
1) Land and buildings	8,380,826	8,640,975
2) Plant and machinery	11,042,171	13,101,453
3) Industrial and commercial equipment	8,615	18,907
4) Other assets	582,214	707,781
5) Fixed assets in progress and advances	1,360,732	-
Total	21,374,558	22,469,116
III. Financial fixed assets		
1) Shareholdings in:		
a) subsidiaries	7,288	7,288
d) other companies	371,808	340,882
Total shareholdings	379,096	348,170
2) Credits:		
a) to subsidiaries		
- due within subsequent financial year	12,231	12,231
3) Securities		
a) shares in Banca Intesa	7,130	7,027
Total	19,361	19,258
Total financial fixed assets	398,457	367,428
TOTAL B. FIXED ASSETS	21,954,540	23,169,939

	12.31.2003	12.31.2002
C. WORKING CAPITAL		
I. Inventories		
1) Raw materials, ancillary materials and consumables	385,622	1,144,636
Total inventories	385,622	1,144,636
II. Credits		
1) To customers:		
– due within the subsequent financial year	2,067,364	2,140,026
– due after the subsequent financial year	621	27,253
2) To holding companies:		
– due within the subsequent financial year	336,951	–
3) To associated companies:		
– due within the subsequent financial year	10,254,688	9,828,798
5) To others:		
– due within the subsequent financial year	5,950,119	6,770,283
– due after the subsequent financial year	654,093	1,374,223
Total credits from others	6,604,212	8,144,506
Total credits	19,263,835	20,140,582
III. Financial assets (which are not fixed assets)		
1) Other securities	–	–
2) Loans		
– to associated companies	9,190,000	9,822,371
Total financial assets	9,190,000	9,822,371
IV. Cash and cash equivalents		
1) Bank and postal deposits	45,388	47,844
Total cash and cash equivalents	45,388	47,844
TOTAL C. WORKING CAPITAL	28,884,845	31,155,434
D. ACCRUALS AND DEFERRALS		
2) Deferred charges	265,984	229,717
TOTAL D. ACCRUALS AND DEFERRALS	265,984	229,717
TOTAL ASSETS	51,105,369	54,555,090

In euros

liabilities

	12.31.2003	12.31.2002
A. NET EQUITY		
I. Capital	500,000	500,000
II. Share premium reserve	-	-
III. Revaluation reserves	2,711,834	2,711,834
IV. Legal reserve	107,681	107,681
V. Reserve for treasury shares held	-	-
VI. Statutory reserves	-	963,249
VII. Other reserves		
Payments to capital account L. 488/92	740,238	740,238
Payments to capital account L. 67/87	6,251,358	6,251,358
Reserve, reinvested profits	739	992,490
Total other reserves	6,992,334	7,984,085
VIII. Profit (loss) carried forward	(2,141,026)	(870,940)
IX. Profit (loss) for the year/period	668,312	(1,270,086)
TOTAL A. NET EQUITY	8,839,136	10,125,824
B. PROVISIONS FOR LIABILITIES AND CHARGES		
I) Provision for risks	2,481,600	2,346,303
TOTAL B. PROVISIONS FOR LIABILITIES AND CHARGES	2,481,600	2,346,303
C. SETTLEMENT OF STAFF SEVERANCE PAY	11,455,552	11,159,405

	12.31.2003	12.31.2002
D. PAYABLES		
1) Due to banks:		
– due within the subsequent financial year	3,607,742	4,579,053
2) Payables to other financial institutions:		
– due within the subsequent financial year	872,530	835,125
– due after the subsequent financial year	7,305,702	8,178,233
6) Due to suppliers:		
– due within the subsequent financial year	4,374,417	3,936,914
9) Payables to associated companies:		
– due within the subsequent financial year	156,051	16,899
11) Tax payables:		
– due within the subsequent financial year	3,103,734	1,547,734
– due after the subsequent financial year	–	204,156
12) Payables to pension and social security institutions:		
– due within the subsequent financial year	1,093,056	2,165,737
13) Other payables:		
– due within the subsequent financial year	2,554,768	3,519,384
Total, other payables	2,554,768	3,519,384
TOTAL D. PAYABLES	23,068,001	24,983,235
E. ACCRUALS AND DEFERRALS		
2) Deferred income	5,261,080	5,940,322
TOTAL E. ACCRUALS AND DEFERRALS	5,261,080	5,940,322
TOTAL LIABILITIES	51,105,369	54,555,090
MEMORANDUM ACCOUNTS		
Guarantees provided directly or indirectly in favour of minority shareholders:		
– mortgage for new business premises	17,172,190	17,172,190
– obligations provided in favour of minority shareholders	1,904,774	1,312,569
Sureties provided by minority shareholders in our favour:		
– from minority shareholders	1,643,374	807,222
TOTAL MEMORANDUM ACCOUNTS	20,720,338	19,291,981

In euros

profit and loss account

	12.31.2003	12.31.2002
A. REVENUES		
1) Revenues from sales and services	52,179,331	48,062,472
5) Other revenues and income:		
a) other revenues and income	388,272	570,338
b) payments to account for periods	932,259	1,014,343
TOTAL A. REVENUES	53,499,861	49,647,153
B. PRODUCTION COSTS		
6) Raw materials, ancillary items, consumer items and other goods	(5,379,357)	(6,391,996)
7) Services	(13,607,114)	(11,576,667)
8) Revenue from leases and rents	(2,823,846)	(1,642,656)
9) Personnel costs:		
a) salaries and wages	(15,395,582)	(15,810,290)
b) social security charges	(5,054,671)	(5,227,808)
c) staff severance indemnities	(1,275,765)	(1,322,523)
e) other costs	(536,567)	(723,986)
Total costs for staff	(22,262,585)	(23,084,607)
10) Amortisation and write-downs:		
a) amortisation of intangible fixed assets	(189,158)	(297,928)
b) amortisation of tangible fixed assets	(2,623,692)	(2,751,719)
d) write-downs of receivables included in working capital and cash and cash equivalents	(63,860)	–
Total amortisation, depreciation and write-downs	(2,876,710)	(3,049,646)
11) Changes in inventories of raw, ancillary and consumable materials and goods	(759,014)	(650,092)
12) Other appropriations	(456,909)	(541,715)
14) Other sundry operating costs	(422,546)	(542,960)
TOTAL B. PRODUCTION COSTS	(48,588,081)	(47,480,338)
DIFFERENCE BETWEEN TOTAL REVENUES AND PRODUCTION COSTS (A-B)	4,911,780	2,166,815

	12.31.2003	12.31.2002
C. FINANCIAL INCOME AND CHARGES		
16) Other financial income:		
d) income other than the above:		
3) to associated companies	258,178	370,958
4) to others	100,182	100,976
Total	358,360	471,933
17) Interest and other financial charges:		
4) to others	(522,521)	(690,325)
Total	(522,521)	(690,325)
TOTAL C. FINANCIAL INCOME AND CHARGES (16-17)	(164,161)	(218,391)
D. VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
18) revaluations of shareholdings	33,158	250,248
19) write-downs of shareholdings	(2,129)	(3,242)
TOTAL D. VALUE ADJUSTMENTS	31,029	247,006
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income:		
a) gains from disposals	30,076	–
b) other exceptional revenue	244,355	345,339
Total	274,432	345,339
21) Charges:		
a) losses on disposals	(24,632)	(1,813)
b) other exceptional charges	(1,504,135)	(2,442,247)
Total	(1,528,767)	(2,444,060)
TOTAL E. EXCEPTIONAL ITEMS	(1,254,336)	(2,098,721)
RESULT BEFORE TAXES (A-B+C+D+E)	3,524,312	96,709
a) Irpeg	(1,711,000)	–
b) deferred taxes	62,000	(327,155)
c) Irap	(1,207,000)	(1,039,640)
Total taxes for financial year	(2,856,000)	(1,366,795)
RESULT FOR THE YEAR/PERIOD	668,312	(1,270,086)

In euros

assets

	12.31.2003	12.31.2002
A. CREDITS TO SHAREHOLDERS	-	-
B. FIXED ASSETS		
I. Intangible fixed assets		
1) Formation and start-up costs	841	1,262
2) Research, development and advertising costs	238,709	341,005
5) Goodwill	8,183	9,352
7) Others	205,448	254,102
Total	453,182	605,721
II. Tangible fixed assets		
2) Plant and machinery	22,838	23,401
3) Industrial and commercial equipment	153,228	218,319
4) Other assets	138,505	179,527
Total	314,571	421,247
III. Financial fixed assets		
1) Shareholdings in:		
b) subsidiaries	10,000	10,000
c) other companies	10,424,884	-
Total shareholdings	10,434,884	10,000
2) Credits:		
d) to others	991	1,120
Total credits	991	1,120
Total financial fixed assets	10,435,875	11,120
TOTAL B. FIXED ASSETS	11,203,628	1,038,088

	12.31.2003	12.31.2002
C. WORKING CAPITAL		
I. Inventories	-	-
II. Credits		
1) To customers:		
– due within the subsequent financial year	85,933	6,655
3) To associated companies:		
– due within the subsequent financial year	3,800,061	2,559,500
5) To others:		
– due within the subsequent financial year	220,905	4,062
Total receivables from others	220,905	4,062
Total credits	4,106,899	2,570,217
III. Financial assets (which are not fixed assets)	-	-
IV. Cash and cash equivalents		
1) Bank and postal deposits	297,979	-
3) Cash and cash equivalents	1,316	1,242
Total cash and cash equivalents	299,295	1,242
TOTAL C. WORKING CAPITAL	4,406,193	2,571,459
D. ACCRUALS AND DEFERRALS		
2) Deferred charges	367,860	366,103
TOTAL D. ACCRUALS AND DEFERRALS	367,860	366,103
TOTAL ASSETS	15,977,681	3,975,650

In euros

liabilities

	12.31.2003	12.31.2002
A. NET EQUITY		
I. Capital	1,000,000	103,200
IV. Legal reserve	-	91
VII. Other reserves	3,143,167	14,164,569
VIII. Profit (loss) carried forward	-	(5,689,676)
IX. Profit (loss) for the year/period	(3,387,794)	(8,049,505)
TOTAL A. NET EQUITY	755,373	528,679
B. PROVISIONS FOR LIABILITIES AND CHARGES	-	-
TOTAL B. PROVISIONS FOR LIABILITIES AND CHARGES	-	-
C. SETTLEMENT OF STAFF SEVERANCE PAY	185,884	117,156

	12.31.2003	12.31.2002
D. PAYABLES		
3) Due to Banks:		
– due within the subsequent financial year	–	88.727
6) Payables to other financial institutions:		
– due within the subsequent financial year	3,130,822	2,688,124
9) Payables to associated companies:		
– due within the subsequent financial year	1,003,328	326,094
10) Payables to controlling companies:	10,587,129	–
11) Tax payables:		
– due within the subsequent financial year	204,150	100,008
12) Payables to pension and social security institutions:		
– due within the subsequent financial year	96,401	98,535
13) Other payables:		
– due within the subsequent financial year	14,594	28,327
TOTALE D. PAYABLES	15,036,424	3,329,815
E. ACCRUALS AND DEFERRALS	–	–
TOTALE E. ACCRUALS AND DEFERRALS	–	–
TOTAL LIABILITIES	15,977,681	3,975,650
MEMORANDUM ACCOUNTS		
Pledges and various risks, to minority shareholders	7,183	11,466
TOTAL MEMORANDUM ACCOUNTS	7,183	11,466

In euros

profit and loss account

	12.31.2003	12.31.2002
A. REVENUES		
1) Revenues from sales and services	14,281,176	11,232,024
5) Other revenues and income	180,377	133,946
TOTAL A. REVENUES	14,461,553	11,365,970
B. PRODUCTION COSTS		
6) Raw materials, ancillary items, consumer items and other goods	(3,982,326)	(5,157,729)
7) Services	(10,362,412)	(10,596,273)
8) Revenue from leases and rents	(1,668,490)	(1,452,540)
9) Personnel costs:		
a) salaries and wages	(1,300,856)	(1,246,738)
b) social security charges	(331,749)	(306,229)
c) staff severance indemnities	(100,363)	(91,789)
e) other costs	(70,675)	(31,894)
Total costs for staff	(1,803,642)	(1,676,650)
10) Amortisation and write-downs:		
a) amortisation of intangible fixed assets	(167,100)	(169,334)
b) amortisation of tangible fixed assets	(136,196)	(131,290)
Total amortisation, depreciation and write-downs	(303,296)	(300,624)
14) Other sundry operating costs	(94,167)	(91,491)
TOTAL B. PRODUCTION COSTS	(18,214,333)	(19,275,307)
DIFFERENCE BETWEEN TOTAL REVENUES AND PRODUCTION COSTS (A-B)	(3,752,780)	(7,909,337)

	12.31.2003	12.31.2002
C. FINANCIAL INCOME AND CHARGES		
15) Income from shareholdings:		
c) various	630,282	–
Total income from shareholders	630,282	–
16) Other financial income:		
d) income other than the above:		
4) to others	104	386
Total	104	386
17) Interest and other financial charges:		
b) from associated companies	(13,035)	(39,398)
c) from controlling companies	(183,858)	–
d) from others	(20,823)	(43,497)
Total	(217,716)	(82,895)
TOTALE C. FINANCIAL INCOME AND CHARGES (15+16-17)	412,670	(82,509)
D. VALUE ADJUSTMENTS TO FINANCIAL ASSETS		
19) writedowns of shareholdings	(11,116)	(5,551)
TOTAL D. VALUE ADJUSTMENTS	(11,116)	(5,551)
E. EXTRAORDINARY INCOME AND CHARGES		
21) Charges:		
d) contingent liabilities	(36,567)	(52,108)
Total	(36,567)	(52,108)
TOTAL E. EXCEPTIONAL ITEMS	(36,567)	(52,108)
RESULT BEFORE TAXES (A-B+C+D+E)	(3,387,794)	(8,049,505)
22) income tax for period	–	–
TOTAL TAXES FOR FINANCIAL YEAR	–	–
RESULT FOR THE YEAR/PERIOD	(3,387,794)	(8,049,505)

In euros

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