



**HALF-YEAR INTERIM REPORT OF THE BOARD OF
DIRECTOR'S ON THE OPERATIONS AS AT JUNE 30, 2004**

**Registered office – Via Barberini, 28
Share capital Euro 125,000,000**

CALTAGIRONE EDITORE GROUP

BOARD OF DIRECTOR'S REPORT

OF THE GROUP AND OPERATIONS

AS AT JUNE 30, 2004

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A) INFORMATION ON THE OPERATIONS

On the closing of the first half of 2004 the Caltagirone Editore S.p.A. Group recorded a pre-tax profit of Euro 26.51 million and a value of production of Euro 135.34 million.

The gross operating margin in the period was Euro 35.34 million, an increase of approximately 17% compared to the same period in the previous year and a percentage margin on the value of production of approximately 26% (approximately 24% at June 30, 2003).

The period under consideration was characterised by an increase in revenues in the two newspapers “Il Messaggero” and “Il Mattino” due to a contained recovery in the advertising market, especially at a local level and the continuation of the good results from initiatives in the sales of complementary products offered, at differentiated prices, with the two newspapers. Initiatives that contributed approximately Euro 1.6 million to the Ebitda.

The revenues also benefited from sales (Euro 1.46 million) relating to the joint sales of Il Messaggero with il Nuovo Quotidiano di Puglia. These type of sales, in force since the second half of 2003, provide for the recharge of the costs related to sales to Alfa Editoriale.

The free national newspaper “Leggo” confirmed its growth in terms of advertising revenues, with greater presence through local editions; the results for the period are in line with the start-up plans of the initiative.

The international price trend of paper is in line with forecasts and shows a reduction of approximately 15% compared to the first half of 2003.

The increase in service costs, in addition to the above-mentioned operation between II Messaggero S.p.A. and Alfa Editoriale S.r.l., is due to the charges incurred for promotional activities with the newspapers of the Group, with a corresponding proportional increase in revenues.

The net extraordinary items recorded a significant positive change, considering that the data relating to the first half of 2003 included the effects of the adhesion to the fiscal amnesty in the previous year.

For a greater understanding the principal results compared with those of the previous year are shown below.

In thousands of Euro

<i>INCOME STATEMENT</i>	<i>30/06/04</i>	<i>30/06/03</i>	<i>Change %</i>
VALUE OF PRODUCTION	135,336	126,647	6.9%
REVENUES FROM SALES	41,028	39,287	4.4%
ADVERTISING REVENUES	90,136	83,844	7.5%
REVENUES FROM SERVICES AND INTERNET	1,386	1,196	15.9%
OTHER INCOME AND REVENUES	2,786	2,320	20.1%
RAW MATERIALS AND CONSUMABLES	(12,536)	(14,805)	-15.3%
SERVICES	(44,596)	(39,644)	12.5%
USE OF THIRD PARTY ASSETS	(3,444)	(2,394)	43.9%
PERSONNEL COSTS	(38,428)	(38,726)	-0.8%
OTHER OPERATING EXPENSES	(987)	(882)	11.9%
GROSS OPERATING MARGIN	35,345	30,196	17.1%
AMORTISATION & DEPRECIATION	(11,705)	(9,749)	
OTHER COSTS/INCOME	(1,834)	(548)	
OPERATING INCOME	21,806	19,899	9.6%
FINANCIAL INCOME	9308	8,033	
FINANCIAL COSTS	(3,044)	(1,312)	
FINANCIAL MANAGEMENT	6,264	6,721	-6.8%
GROSS RESULT	28,070	26,620	5.4%
EXTRAORDINARY ITEMS	(1,561)	(6,962)	
PRE-TAX RESULT	26,509	19,658	34.9%
INCOME TAXES	(11,784)	(7,949)	

RESULT FOR THE PERIOD	14,725	11,709	25.7%
MINORITY SHARE	(1,528)	(766)	
RESULT PERTAINING TO THE GROUP	13,197	10,943	20.6%

The net financial position of the Group at June 30, 2004 is as follows:

In thousands of Euro

	30/06/04	31/12/03
SHORT-TERM FINANCIAL RECEIVABLES	14	9
CURRENT LIQUIDITY	484,783	545,509
MEDIUM/LONG TERM FINANCIAL PAYABLES	80,542	82,358
SHORT-TERM FINANCIAL PAYABLES	28,244	21,187
NET FINANCIAL POSITION	376,011	441,973

The change in the period is principally due to the dividends distributed of Euro 25 million, investment in shares of Banca Nazionale del Lavoro S.p.A. and Monte Paschi di Siena S.p.A. for a total of Euro 44 million and the acquisition of the company Editoriale Adriatica S.p.A., for Euro 24 million, taking account of the net cash flows from operating activities of approximately Euro 27 million.

THE ACTIVITIES OF THE GROUP AS AT JUNE 30, 2004

1. PUBLISHING

In the period under consideration the daily newspaper market confirmed the trend of the previous quarter and the corresponding period in the previous year.

The Caltagirone Editore Group increased revenues by 4.4% on the same period in the previous year due to the factors described above.

Il Messaggero, during the period, recorded a growth in advertising sales of 4.7% compared to the first six months of 2003 and a value of production of Euro 72.9 million (Euro 70.8

million at June 30, 2003). The pre-tax profit was Euro 10.9 million compared to Euro 10.5 million at June 30, 2003.

Edi.Me, publisher of “Il Mattino”, recorded a growth in advertising sales of 4.4% compared to the first six months of 2003 and a value of production of Euro 29.8 million (Euro 26.8 million at June 30, 2003). The pre-tax profit was Euro 2.8 million compared to Euro 1.4 million at June 30, 2003.

For **Sigma Editoriale S.p.A.**, that produces and distributes the free daily “Leggo”, the advertising revenues in the period were Euro 10.4 million, an increase of approximately 25% compared to June 30, 2003, and a net profit of Euro 1.3 million (loss of Euro 1.9 million at June 30, 2003) due to the income deriving from financial operations in the period.

On May 31, Sigma Editoriale S.p.A. and Cedfin Srl signed a contract, subject to suspension conditions, that subsequently occurred on June 21, for the purchase of the entire share capital of the company Editoriale Adriatica S.p.A., publisher of the daily newspaper “Corriere Adriatico” historic leader among the regional newspapers in the Marche region, that has an average circulation of approximately 19,000 copies per day. The total cost of the operation was equal to Euro 24,082,000.00.

After June 30, 2004, the quota subscribed by Sigma Editoriale S.p.A. (51%) was transferred, at acquisition value, to the Parent Company Caltagirone Editore S.p.A.

Il Mattino S.E.M. S.p.A., owner of the daily newspaper of the same name and of the new press centre at Torrespaccata (Roma), recorded revenues of Euro 6.29 million, with a result of Euro 2.73 million.

2. ADVERTISING

Piemme S.p.A., a company with the exclusive concession for the advertising in the Group's titles and Puglia daily, reaffirmed its leading role at a national level, recording a pre-tax profit of Euro 6 million (Euro 4.4 million at June 30, 2003).

3. INTERNET

Caltanet S.p.A. continued the implementation of its programme for the supply of services and products for its customers. The gross operating margin for the period was a negative amount of Euro 0.5 million, compared to Euro 0.8 million in the same period in the previous year, due to the effect of the cost containment of operating costs in place for a number of years.

B2WIN S.p.A. continues the provision of information technology services to companies and call centres, reaching sales in the period of Euro 1.4 million, an increase of 62% compared to June 30, 2003.

TRANSACTIONS WITH RELATED PARTIES

In order to provide a full representation of the transactions with “related parties” as required by CONSOB communication 26064231 of September 30, 2002, the balance sheet and income statement balances with related parties are shown below.

In relation to the balance sheet at June 30, 2004, included in “Other receivables” is a receivable of Euro 422,185 from companies belonging to the Caltagirone S.p.A Group. The account consists principally of balances in relation to accounting and administration services invoiced by the Parent Company to Cementir S.p.A. (Euro 120,000), Caltagirone S.p.A.(Euro 36,000), Vianini Lavori (Euro 84,031) and Vianini Industria S.p.A. (Euro 24,000). The balance also includes Euro 76,507 for receivables in relation to services provided by Piemme S.p.A. to companies of the

Caltagirone S.p.A Group. Finally, Il Messaggero S.p.A. has a balance of Euro 43,925 with Alfa Editoriale S.r.l. for the sales of copies of “Il Messaggero”.

Other existing transactions are not considered to be individually significant.

Included in “Trade payables” are Euro 510,000 of payables by Il Messaggero to companies under common control for rental fees of its head offices at Rome, based on a contract agreed at market conditions;

Included in “Other payables” are amounts payable to companies of the Caltagirone S.p.A. Group totalling Euro 2,683,083.

In particular:

- *Piemme S.p.A.* has a payable to Alfa Editoriale S.r.l., publisher of “Nuovo Quotidiano di Puglia” of Euro 1,530,638 for the purchase of advertising space. The transactions are regulated by a contract at market conditions;
- *B2Win S.p.A.* has a payable to Cementir S.p.A. of Euro 388,218 for rental fees of a building at Rome and operational sites, based on a contract agreed at market conditions;
- *Il Messaggero S.p.A.* has a payable to Alfa Editoriale S.r.l. of Euro 361,634 for the purchase of copies of the Nuovo Quotidiano di Puglia and for various services. The transactions are regulated by a contract at market conditions;
- *Caltanet S.p.A.* has a payable to Cementir S.p.A. of Euro 173,595 for rental fees of a building at Rome and operational centres, based on a contract agreed at market conditions;
- *Il Mattino Sem S.p.A.* has a payable to Vianini Lavori S.p.A. of Euro 115,884 in relation to costs incurred for the construction of the new press centre at Rome, now completed;
- *Il Messaggero S.p.A.* has a payable to Vianini Lavori S.p.A. of Euro 36,551 for the recharge of personnel and other costs;

Other existing transactions are not individually significant.

The transactions recorded in the income statement in the period between the Group and related parties are as follows:

- the “Value of Production” includes revenues from companies of the Caltagirone S.p.A. Group of Euro 311,593, relating to the sale of paper by Il Messaggero S.p.A. to Alfa Editoriale Srl (Euro 149,847) and advertising space by Piemme S.p.A. to companies of the Caltagirone Group of Euro 159,302;
- the “Costs of production” include recharges by companies of the Caltagirone S.p.A. Group and companies under common control for Euro 5,473,148, of which Euro 2,390,454 recorded by Piemme S.p.A. for purchases of advertising space in the Nuovo Quotidiano di Puglia published by Alfa Editoriale Srl and Euro 1,715,076 for purchases by Il Messaggero S.p.A. of copies of the daily and complementary products. These amounts are not included in the half year of 2003 due to a different mechanism for the attribution of total revenues of joint sales that Il Messaggero began only in the second half of 2003, absorbing the costs connected to sales of Alfa Editoriale. In addition Euro 1,236,729 relates to rental fees to companies under common control for the use of premises by Caltagirone Editore S.p.A., Il Messaggero S.p.A., Caltanet S.p.A., B2win S.p.A., Piemme S.p.A. and Sigma Editoriale S.p.A. The transactions are regulated by a contract at market conditions.

Other existing transactions are not individually significant.

OUTLOOK, STRATEGIES OF THE GROUP AND FORECAST FOR THE YEAR

Il Messaggero and Il Mattino continue with their commitment to maintaining their roles as market leaders.

“Leggo” has achieved a gradual growth in readership in all distribution areas, confirming itself as a leader in the free newspaper sector.

With regard to the overall performance of the market, no particular changes are forecast.

In relation to the Group strategies it should be noted that the acquisition of SEA, publisher of “Corriere Adriatico”, is a further step in the development of the growth programmes of the Group in the geographical regions of the country.

The results for the full year, based on the indications currently available, are expected to be in line with the results of the first half year.

SUBSEQUENT EVENTS AT JUNE 30, 2004

Subsequent to June 30, 2004 no significant events occurred.

CALTAGIRONE EDITORE S.p.A. GROUP
CONSOLIDATED BALANCE SHEETS (in thousands of EURO)

A S S E T S	30/06/2004	31/12/2003	30/06/2003
(A) UNPAID SHARE CAPITAL	-	-	-
(B) FIXED ASSETS			
I. INTANGIBLE ASSETS			
1. Formation, start-up and similar costs	6.377	9.584	12.811
2. Research, development and advertising costs	403	622	2.334
3. Industrial patents and intellectual property rights	13	1	23
4. Concessions, licenses and similar rights	66	53	79
5. Goodwill	89.774	90.808	92.624
6. Assets under construction and payments on account	4	4	-
7. Others	1.160	1.086	2.419
8. Consolidation difference	58.939	35.753	36.440
TOTAL	156.736	137.911	146.730
II. TANGIBLE FIXED ASSETS			
1. Land and Buildings	33.768	33.638	10.381
2. Plant and machinery	59.069	62.522	22.905
3. Industrial and sales equipment	144	184	213
4. Other assets	4.344	4.149	4.840
5. Assets under construction and payments on account	1.240	1.403	41.775
TOTAL	98.565	101.896	80.114
III. FINANCIAL ASSETS			
1. Investments in:			
a) subsidiaries	12	12	12
d) other companies	117.012	74.255	81.836
	117.024	74.267	81.848
2. Receivables:			
a) associated companies			
within 12 months	13	12	12
d) others			
beyond 12 months	1	39	1
	1	39	1
	14	51	13
3. Other securities	7	7	5
4. Treasury shares	164	164	164
TOTAL	117.209	74.489	82.030
TOTAL FIXED ASSETS (B)	372.510	314.296	308.874
(C) CURRENT ASSETS			
I. INVENTORY			
1. Raw materials, supplies and consumable goods	2.613	2.127	2.026
	2.613	2.127	2.026

CALTAGIRONE EDITORE S.p.A. GROUP

CONSOLIDATED BALANCE SHEETS (in thousands of EURO)

	<i>30/06/2004</i>	<i>31/12/2003</i>	<i>30/06/2003</i>
II. RECEIVABLES			
1. Customers:			
within 12 months	84.747	76.710	77.381
beyond 12 months	-	-	27
	84.747	76.710	77.408
2. Subsidiaries			
within 12 months	14	9	-
beyond 12 months	-	-	-
	14	9	-
4bis. Tax receivables:	14.913	9.182	18.843
4ter. Deferred tax asset::	22.615	27.700	8.635
5.Others			
within 12 months	2.910	3.147	2.016
beyond 12 months	283	-	48
	3.193	3.147	2.064
7.Advances to suppliers for services:			
within 12 months	97	60	134
	97	60	134
TOTAL	125.579	116.808	107.084
III.CURRENT FINANCIAL ASSETS			
4.Other investments	1	-	-
6.Other securities	-	-	-
TOTAL	1	-	-
IV. CASH AND BANKS			
1.Bank and postal accounts	484.547	545.384	583.503
3.Cash-in-hand and cash equivalents	236	125	159
TOTAL	484.783	545.509	583.662
TOTAL CURRENT ASSETS (C)	612.976	664.444	692.772
(D) PREPAYMENTS ABD ACCRUED INCOME	1.875	1.260	1.516
TOTAL ASSETS	987.361	980.000	1.003.162

CALTAGIRONE EDITORE S.p.A. GROUP
CONSOLIDATED BALANCE SHEETS (in thousands of EURO)

<i>LIABILITIES & EQUITY</i>	<i>30/06/2004</i>	<i>31/12/2003</i>	<i>30/06/2003</i>
(A) NET EQUITY			
I. SHARE CAPITAL	125.000	125.000	125.000
II. SHARE PREMIUM RESERVE	501.169	527.812	527.812
III. REVALUATION RESERVE	-	-	-
IV. LEGAL RESERVE	25.000	25.000	25.000
V. STATUTORY RESERVES	-	-	-
VI. RESERVE FOR OWN SHARES IN PORTFOLIO	164	164	164
VII. OTHER RESERVES			
Extraordinary reserve	-	5.549	5.549
Reserve for acquisition of treasury shares	29.836	29.836	29.836
Other reserves	49.586	16.396	16.620
VIII. PROFIT (LOSS) CARRIED FORWARD	-	-	-
IX. PROFIT (LOSS) FOR THE PERIOD	13.197	25.992	10.943
TOTAL GROUP NET EQUITY	743.952	755.749	740.924
X. MINORITY INTEREST CAPITAL AND RESERVES	10.250	8.722	8.569
TOTAL	754.202	764.471	749.493
(B) PROVISIONS FOR CONTINGENCIES AND CHARGES			
1. Pension obligations and similar	120	120	120
2. Taxes, including deferred taxes	20.562	13.296	19.263
3. Others	7.024	7.127	7.041
TOTAL	27.706	20.543	26.424
(C) EMPLOYEE LEAVING INDEMNITY	36.804	33.616	32.991
D) PAYABLES			
4. Due to banks:			
within 12 months	25.783	18.778	26.034
beyond 12 months	63.940	64.515	55.069
	89.723	83.293	81.103
5. Due to other lenders:			
within 12 months	2.461	2.408	2.359
beyond 12 months	16.602	17.843	19.059
	19.063	20.251	21.418
7. Trade payables:			
within 12 months	27.551	25.485	25.524
	27.551	25.485	25.524

CALTAGIRONE EDITORE S.p.A. GROUP
CONSOLIDATED BALANCE SHEETS (in thousands of EURO)

	<i>30/06/2004</i>	<i>31/12/2003</i>	<i>30/06/2003</i>
12.Tax payables:			
within 12 months	4.878	4.351	4.146
beyond 12 months	-	-	-
	4.878	4.351	4.146
13.Social security payments:			
within 12 months	3.500	5.108	3.929
14.Other payables:			
within 12 months	15.918	15.556	51.605
beyond 12 months	1	7	14
	15.919	15.563	51.619
TOTAL	160.634	154.051	187.739
E) ACCRUALS AND DEFERRED INCOME	8.015	7.319	6.515
TOTAL LIABILITIES & EQUITY	987.361	980.000	1.003.162
MEMORANDUM ACCOUNTS			
SURETIES GIVEN			
In favour of third parties	2.108	2.102	1.811
	2.108	2.102	1.811
OTHER MEMORANDUM ACCOUNTS			
Other Memorandum accounts	1.162	1.232	783
On behalf of subsidiary companies	5.516	5.516	-
	6.678	6.748	783
TOTAL MEMORANDUM ACCOUNTS	8.786	8.850	2.594

CALTAGIRONE EDITORE S.p.A. GROUP*CONSOLIDATED INCOME STATEMENTS (in thousands of EURO)*

	30/06/2004	31/12/2003	30/06/2003
(A) VALUE OF PRODUCTION			
1.Income from sales and supply of services	132.550	244.306	124.327
5.Other revenues	2.786	4.395	2.320
TOTAL (A) VALUE OF PRODUCTION	135.336	248.701	126.647
(B) PRODUCTION COST			
6.Raw materials, consumables and supplies	(12.951)	(26.311)	(12.979)
7.Services	(44.596)	(80.877)	(39.644)
8.Use of third party assets	(3.444)	(5.083)	(2.394)
9.Personnel expenses:			
a) wages and salaries	(26.615)	(53.202)	(26.561)
b) social security costs	(8.421)	(16.949)	(8.405)
c) employee leaving indemnity	(2.245)	(4.417)	(2.215)
e) other costs	(1.147)	(3.259)	(1.545)
	(38.428)	(77.827)	(38.726)
10.Amortisation, depreciation and write-downs			
a) amortisation of intangible fixed assets	(5.496)	(12.971)	(6.580)
b) amortisation of tangible fixed assets	(5.521)	(7.396)	(2.481)
c) other write-downs of fixed assets	-	(1.875)	-
d) provisions on current assets	(890)	(2.079)	(472)
e) amortisation of consolidation difference	(688)	(1.375)	(688)
	(12.595)	(25.696)	(10.221)
11. Changes in inventory of raw materials, consumables and supplies	415	(1.726)	(1.826)
12.Provision for risks	(944)	(546)	(76)
14.Other operating expenses	(987)	(1.886)	(882)
TOTAL (B) PRODUCTION COST	(113.530)	(219.952)	(106.748)
TOT. (A-B) DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	21.806	28.749	19.899
(C) FINANCIAL INCOME AND CHARGES			
15.Income from investments:			
in other companies	1.498	1.680	630
	1.498	1.680	630
16.Other financial income:			
d) other income than above:			
from others	5.367	13.250	7.321
	5.367	13.250	7.321

CALTAGIRONE EDITORE S.p.A. GROUP*CONSOLIDATED INCOME STATEMENTS (in thousands of EURO)*

	30/06/2004	31/12/2003	30/06/2003
17. Interest and other financial charges from others	(1.746)	(3.381)	(1.310)
	(1.746)	(3.381)	(1.310)
17-bis. Exchange gains and losses	2.443	(2.276)	-
TOTAL (C) FINANCIAL INCOME AND CHARGES	7.562	9.273	6.641
(D) ADJUSTMENT TO FINANCIAL ASSET VALUES			
18. Revaluations:			
a) from investments	-	84	82
	-	84	82
19. Write-downs:			
a) of investments	(1.298)	(6.091)	-
b) from financial assets not constituting participations	-	-	(2)
	(1.298)	(6.091)	(2)
TOTAL ADJUSTMENTS	(1.298)	(6.007)	80
(E) EXTRAORDINARY INCOME AND (CHARGE)			
20. Income:			
gains on disposals	9	35	7
other income	691	376	153
	700	411	160
21. Charges:			
losses on disposals	-	(28)	-
taxes relating to prior years	(73)	(4.373)	(4.698)
other charges	(2.188)	(4.510)	(2.424)
	(2.261)	(8.911)	(7.122)
TOTAL EXTRAORDINARY ITEMS	(1.561)	(8.500)	(6.962)
PRE-TAX RESULT	26.509	23.515	19.658
22. Taxation on profit for the period:			
a) Current taxes	(5.775)	(12.269)	(6.018)
b) Deferred tax charge	(6.009)	-	(1.931)
c) Deferred tax income	-	16.807	-
TOTAL TAXES	(11.784)	4.538	(7.949)
23. RESULT FOR THE PERIOD	14.725	28.053	11.709
26. (profit) pertaining to minority interests	(1.528)	(2.061)	(766)
NET PROFIT (LOSS) OF THE GROUP	13.197	25.992	10.943

B) ACCOUNTING PRINCIPLES

STRUCTURE AND CONTENTS

The consolidated interim financial statements as at June 30, 2004 have been prepared in accordance with the provisions and valuation criteria contained in article 2426 of the civil code, integrated and interpreted by the accounting principles issued by the Italian Accounting Profession. They have been prepared in accordance with the general principles of prudence and accruals, on a going concern basis without any change to those adopted in the preparation of the financial statements as at December 31, 2003.

In particular, they have been prepared in accordance with the recommendations of CONSOB resolution 11971 of May 14, 1999 and subsequent amendments.

The balance sheet and income statement format utilised in these financial statements are in accordance with the current provisions for the preparation of financial statements. The financial statements are compared with the corresponding accounts to those for the year 2003 and as at June 30, 2003, in order to permit a clear comparison between the periods under consideration. Some of the Balance Sheet and Income Statement accounts for the year 2003 and as at June 30, 2003 were reclassified in order to take into account the effects of the company law reform that introduced changes to the format of the financial statement.

The amounts in the financial statements are shown in thousands of Euro.

For the Parent Company, Caltagirone Editore S.p.A., only the financial statements required by article 81, paragraph 2, letter B) of the above-mentioned CONSOB resolution have been provided. In particular, the financial statements of the Parent Company present the reclassified income statement as indicated for finance companies in CONSOB letter No. 94001437 of February 23, 1994. It should be noted that while awaiting further and final indications from the Italian Accounting Profession on the method of eliminating the fiscal adjustments provided for in the Company Law Reform, the adjustments to values and the provisions made in previous years exclusively in application of fiscal regulations were not eliminated in the financial statements of the Parent Company.

The following statements are attached:

- Changes in Consolidated Net Shareholders' Equity;
- Reconciliation of the Results and Shareholders' Equity of the Parent Company and of the Group;
- Consolidated cash flow statement;
- Lists of the companies included in the consolidation under the full consolidation method, the companies valued under the net equity method and the other subsidiary and associated companies as set out in article 38 of Legislative Decree 127/1991.

Consolidation area

The companies included in the consolidation are as follows:

Company	Registered office	Share capital at 30/06/2004	Group quota held
Caltagirone Editore S.p.A.	Rome	125,000,000	Parent Company
Il Messaggero S.p.A.	Rome	36,900,000	90%
EDI.ME. Edizioni Meridionali S.p.A.	Rome	500,000	90%
PIEMME S.p.A. (1)	Rome	104,000	100%
IL Mattino Società Editrice Meridionale S.E.M. S.p.A. (2)	Rome	2,481,600	100%
Caltanet S.p.A.	Rome	5,414,463	98.78%
Sigma Editoriale S.p.A	Rome	1,000,000	90%
Cedfin Srl	Rome	10,200	100%
B2WIN S.p.A. (3)	Rome	1,000,000	100%
Emera S.p.A. (1)	Rome	2,496,000	100%
Fincel S.r.l.	Rome	10,000	100%
S.E.A. S.p.A. (4)	Ancona	102,000	100%

(1) Held through Il Messaggero S.p.A.; (2) Held through Emera S.p.A.; (3) Held through Caltanet S.p.A., (4) Held through Sigma Editoriale S.p.A. and Cedfin S.r.l.

The subsidiaries EDI.ME. Sport S.r.l. and Noisette S.A. were not consolidated under the full consolidation method as the values are insignificant, as they are not operative. They have been valued at cost which does not vary substantially from a valuation under the net equity method.

The consolidation area has changes as follows:

- On June 18, 2004, the company Fincel S.r.l. was incorporated, a holding company held 99.99% by Caltagirone Editore S.p.A. and 0.01% by Cedfin S.r.l.

- On June 21, 2004, the company Editoriale Adriatica S.p.A. was acquired (hereafter indicated as S.E.A. S.p.A.), 51% held by Sigma Editoriale S.p.A. and 49% by Cedfin S.r.l.;
- Compared to June 30, 2003, other than the above-mentioned changes, the company Cedlux S.A. is no longer included in the consolidation, which has completed the liquidation procedure.

Consolidation principles

The consolidation was made under the full consolidation method. In relation to S.E.A. S.p.A., acquired at the end of the period, only the Balance Sheet was consolidated.

The criteria adopted for the application of this method were principally the following:

- the accounting value of the equity investments, held by the Parent Company or by other companies included in the consolidation, is eliminated against the relative shareholders' equity at the date of the first inclusion of the subsidiary in the consolidation area, against the recording of the assets and liabilities, costs and revenues of the subsidiary;
- any positive difference deriving from this elimination is recorded in an asset account, "Consolidation difference", while the negative difference is recorded within the shareholders' equity account "Consolidation reserve";
- the balance sheet and income statement accounts are eliminated deriving from transactions between consolidated companies, and profits deriving from transactions between Group companies, net of the fiscal effect, as well as dividends distributed within the group.
- the quota of minority interest net equity and result for the period are stated in separate accounts in the consolidated balance sheet and income statement;
- the financial statements are adjusted to eliminate items of a fiscal nature, such as principally accelerated depreciation or exceeding the residual useful life of fixed assets and write-downs of investments in other companies.

Financial statements have been prepared as at June 30, 2004 for consolidation purposes by all of the companies included in the consolidation. These have been reclassified, and where necessary, adjusted in order to apply uniform Group accounting principles.

Accounting principles

The accounting principles used in the preparation of the consolidated financial statements are as follows:

- *Intangible assets*

Intangible assets are recorded at acquisition or production cost including directly attributable accessory costs and are amortised on a straight-line basis over the period of their expected useful life.

Formation and start-up costs, research, development and advertising costs, concessions, licences, trademarks and similar long-term assets are amortised between three and five years.

Leasehold improvements are amortised based on the lower between the residual duration of the contracts and the future utility of the costs incurred.

Goodwill, that corresponds to the higher price paid for the acquisition of publishing businesses compared to the quota of the book net equity at the acquisition date, is recorded within the limit of the market value of the individual newspapers. The newspapers are amortised over a period of thirty years from the date of acquisition based on their residual use.

The consolidation difference corresponds to the excess of the purchase price compared to the quota of the book net equity at the date of acquisition of the subsidiary companies, not allocated to specific assets and liability accounts of the companies to which they refer. The consolidation difference that, not allocated to specific accounts, represents the goodwill and the value of the newspapers of the publishing companies, is also amortised over a period of thirty years from the date of acquisition based on the residual possible use. As previously mentioned, in relation to S.E.A. S.p.A., acquired at the end of June 2004, only the Balance Sheet was consolidated and the half year results, therefore, do not include the amortisation quota of the consolidation difference arising from this acquisition.

Where, independent of the amortisation already recorded, there is a permanent impairment in value, the asset is written down. If in future years the reasons for the write-down no longer exist the original value is restated.

- *Tangible assets*

They are recorded at purchase price inclusive of directly attributable incidental charges, increased by legal revaluations.

Tangible fixed assets are depreciation on a straight-line basis at rates which reflect the estimated useful life of the assets. The depreciation commences when the asset is available for use and reduced by half in the first year to reflect the lower use.

Where there is a permanent impairment in value, the asset is written down. If in future years the reasons for the write-down no longer exist the original value is restated, net of depreciation.

Maintenance costs of an incremental nature are allocated to the assets they relate to and depreciated in accordance with their residual use.

Normal on-going maintenance costs are charged in full to the income statement in the year in which they are sustained.

Goods acquired under finance leases, being of insignificant amounts, are recorded on the ownership of the asset.

Assets with a value less than Euro 516.46 are fully charged to the income statement in the year incurred.

The depreciation rates used are as follows:

Description	Rate
Industrial buildings	3%
Other constructions	10%
Non automated machines and general plant	10%
Automated 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%
Equipment	25%
Furniture and office machines	12%
EDP and telephone systems	20%
Transport vehicles	20%
Motor vehicles and similar	25%
Electronic archiving	20%

- *Financial assets*

The equity investments in subsidiaries not consolidated, the holdings in other companies and the treasury shares are valued under the cost method, reduced in the case of permanent loss where the investment has suffered losses and no recovery is foreseen in the immediate future, or sufficient profits may be generated to absorb the losses; the original value is restated when the reasons for the write-down no longer exist.

Fixed income credit instruments are valued at purchase price, subject to application of premiums and discounts on issue.

The non-current receivables are recorded at cost, reduced for permanent impairment in value.

- *Inventory*

Inventories, consisting prevalently of paper, are valued at the lower value between purchase, calculated at average weighted cost, and market value.

- *Receivables*

Receivables are recorded at realisation value through a specific doubtful debt provision. The doubtful debt provisions are calculated by the companies included in the consolidation through a valuation of the specific risk, in accordance with prudent criteria and experience acquired.

- *Conversion of foreign currencies*

All of the balance sheet accounts expressed in foreign currencies, for which there is no exchange risk cover, are converted into Euro applying the exchange rate at the end of the period.

The positive or negative differences between the values converted at the period end exchange rate and the original exchange rate are recorded in the income statement under financial income and charges.

- *Current financial assets*

Current securities are valued at purchase cost or market, if lower. For quoted shares the market price is the average stock exchange price in June 2004.

- *Prepayments and accruals*

Prepayments and accruals relate to income and costs of the period but which will be settled in future periods and income and costs received before the end of the period but that relate to future periods, the size of which varies over time.

- *Provisions for contingencies and charges*

The provisions for contingencies and charges are recorded in respect of certain or probable losses or liabilities, the amount or due date of which could not be determined at period-end.

The amounts provided represent a best possible estimate on the basis of available information.

The provision for contingencies and risks also include the estimate of the current taxes calculated in the period under examination based on the net profit taking into account the relative fiscal adjustments for the period and the effective annual fiscal rate expected at the year end. The provision is recorded in the provision for taxes as the fiscal liability is considered probable.

- *Provisions for employee leaving indemnities*

The provision has been accrued at the end of the period to cover the full liability to all employees in accordance with current legislation and contractual agreements, net of advances made.

- *Payables*

Payables are recorded at their nominal value, considered representative of their realisable value.

- *Commitments and guarantees*

Commitments and guarantees are shown in the memorandum accounts at their contractual values.

- *Recognition of revenue and costs*

The positive and negative elements of the income statement are recognised in accordance with the principles of prudent and accruals. Revenues from sales of newspapers, advertising revenue and associated costs are recorded in relation to the number of dailies distributed in the period. In particular revenues for newspaper sales are reduced at the end of the period to take account of the estimated returns on the basis of experience.

The dividends from non consolidated holdings are recorded under financial income in the period in which the distribution is deliberated.

- *Capital grants*

Capital grants on plant provided until December 31, 1997 on investments are credited, at the moment of the receipt, directly to net equity. Those received based on Law 488/92 after December 31, 1997 are recorded as deferred income and credited to the income statement in correlation to the depreciation on the asset to which they refer.

- *Deferred taxes*

Deferred tax assets and liabilities are calculated on the timing differences between the book value of assets and liabilities for statutory purposes and their corresponding value for fiscal purposes. Deferred tax liabilities are not recorded when there is small probability that the payable will materialise. The deferred tax assets are only recorded, in accordance with the prudence principle, if there is reasonable certainty that the temporary differences will reverse in future years resulting from an assessable income not lower than the differences that will reverse.

All amounts are shown in thousands of euro.

C) INFORMATION ON THE BALANCE SHEET

FIXED ASSETS

Intangible assets

The details of the intangible assets are as follows:

	Balance at 31/12/2003	Increases	Amortisation	Balance at 30/06/2004
Formation and start-up costs	9,584	-	(3,207)	6,377
Research, development and advertising costs	622	11	(230)	403
Patents and intellectual property rights	1	15	(3)	13
Concessions, licences, trademarks and similar rights	53	40	(27)	66
Goodwill	90,808	782	(1,816)	89,774
Assets under construction and payments on account	4	-	-	4
Other	1,086	287	(213)	1,160
Consolidation difference	35,753	23,874	(688)	58,939
Total	137,911	25,009	(6,184)	156,736

Formation and start-up costs are almost entirely attributable to charges incurred by Caltagirone Editore S.p.A. in relation to its Stock Exchange listing. The decrease in the period relates exclusively to amortisation.

The research, development and advertising costs principally relate to the investments made for the launch of the free newspaper Leggo and for the design and study of the press Centre at Caivano (NA), incurred respectively by Sigma Editoriale S.p.A. and Edi.Me S.p.A.

The goodwill principally derives from the attribution of the merger deficit from the incorporation into Il Messaggero S.p.A., by the company Editrice Il Messaggero S.p.A. in 1999.

The increase recorded in the period relates to the goodwill recorded in the financial statements of S.E.A. S.p.A., substantially relating to the newspaper *Il Corriere Adriatico*.

The "other intangible assets" principally relate to leasehold improvements, equal to Euro 564 thousand, and costs for the use of software applications, equal to approximately Euro 267 thousand.

The consolidation difference is due, in addition to the amortisation in the period, to the acquisition of S.E.A. S.p.A.

The details of the consolidation difference is shown below:

	Net book value	Amort. provision	Net book value

	30/06/2004	30/06/2004	30/06/2004
Piemme S.p.A.	8,678	1,302	7,376
Il Mattino SEM S.p.A.	32,575	4,886	27,689
Società Edit. Adriatica S.p.A	23,874	-	23,874
Total	65,127	6,188	58,939

The consolidation difference relating to S.E.A. S.p.A. does not include amortisation for the period as only the Balance Sheet of the company was consolidated, as the company was acquired at the end of June 2004.

Tangible assets

The tangible assets are recorded net of the accumulated depreciation provision and are as follows:

	Historical cost at 30/06/2004	Depreciation provision 30/06/2004	Net book value at 30/06/2004	Net book value at 31/12/03
Land and buildings	38,221	4,453	33,768	33,638
Plant and Machinery	116,307	57,238	59,069	62,522
Commercial and industrial equipment	1,896	1,752	144	184
Other	20,871	16,527	4,344	4,149
Assets under construction	1,240	-	1,240	1,403
Total	178,535	79,970	98,565	101,896

The movements in the period are shown in the table below:

Tangible Assets

Category	Historical cost 31/12/2003	Increases	Decreases	Reclass. & Other movements	Historical cost 30/06/2004
Land and buildings	37,219	104	-	898	38,221
Plant and Machinery	114,762	339	(5)	1,211	116,307
Commercial and industrial equipment	1,828	4	-	64	1,896
Other	19,597	880	(48)	442	20,871
Assets under construction	1,403	138	(301)	-	1,240
Total	174,809	1,465	(354)	2,615	178,535

Accumulated depreciation

Category	Acc. provision at 31/12/2003	Quota depre. for period	Acc. depreciation	Reclass. & Other	Acc. provision at
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			provision	movements	30/06/04
Buildings	3,581	534	-	338	4,453
Plant and Machinery	52,240	4,100	(3)	901	57,238
Commercial and industrial equipment	1,644	52	-	56	1,752
Other	15,448	835	(49)	293	16,527
Total	72,913	5,521	(52)	1,588	79,970

In the column "Reclassifications & Other movements" the effects of the entry into the consolidation area of S.E.A. S.p.A. are shown.

In terms of investments, the increase in the account "Other", equal to Euro 880 thousand, is related to the normal updating of the technology and relates to the purchase of computers, servers, network equipment and furniture and fittings.

In relation to the Accumulated Depreciation, the account "Plant and machinery" principally includes the depreciation of the printing presses acquired in the previous year, whose economic life is estimated as 12 years.

The net value of the account "Land and buildings", divided by companies of the Group, is as follows:

	Balance at 30/06/2004	Balance at 31/12/2003	Change
Il Mattino SEM S.p.A.	24,591	24,883	(292)
Edi.Me S.p.A.	8,253	8,381	(128)
S.E.A. S.p.A.	560	-	560
Il Messaggero S.p.A.	364	374	(10)
Total	33,768	33,638	130

The net change is substantially due to the depreciation in the period and the entry into the consolidation area of S.E.A. S.p.A.

For Il Mattino SEM S.p.A. the value principally relates to the press Centre at Torrespaccata, Rome, constructed in 2003. For Edi.Me S.p.A. the amount relates to the press Centre at Caivano (NA), constructed in 2000.

The net value of the account "Plant and machinery", divided by companies of the Group, is as follows:

	Balance at 30/06/2004	Balance at 31/12/2003	Change
Il Mattino SEM S.p.A.	41,764	44,107	(2,343)
Edi.Me S.p.A.	10,968	11,655	(687)

Il Messaggero S.p.A.	6,185	6,737	(552)
S.E.A. S.p.A.	131	-	131
Il Messaggero S.p.A.	21	23	(2)
Total	59,069	62,522	(3,453)

The plant and machinery substantially represents the value, net of depreciation, of the printing presses owned by the Group. The change compared to the previous year is essentially due to the depreciation in the period.

In compliance with the provisions of article 10 of law no. 72 of March 19, 1983 information is provided on assets that have been revalued in accordance with paragraph 4 of article 2423 of the civil code.

The revaluations made as per law 342/2000 have been eliminated from the consolidated financial statements, as they only related to certain categories of assets and only some of the companies in the Group.

	Law no. 72/83	Law no. 413/91	Total
Buildings	942	586	1,528
Plant and machinery	1,092	--	1,092
Other	220	--	220
Total	2,254	586	2,840

Financial assets

The financial assets consist of:

	Balance at 30/06/2004	Balance at 31/12/2003	Change
Investments in other companies	117,012	74,255	42,757
investments in subsidiaries not consolidated	12	12	-
Receivables from subsidiaries	13	12	1
Other Receivables	1	39	(38)
Other securities	7	7	-
Treasury shares	164	164	-
Total	117,209	74,489	42,720

The investment in other companies at June 30, 2004 consist of:

	% holding	Carrying value 2003	Change	Carrying value 30/06/2004

RCS Media Group S.p.A.	2.05%	55,295	-	55,295
Banca Nazionale del Lavoro S.p.A.	0.73%	-	28,179	28,179
Banca Monte dei Paschi di Siena S.p.A.	0.36%	11,577	15,876	27,453
Euroqube S.A.	14.82%	6,552	(1,298)	5,254
Ansa S.r.l.	6.71%	777	-	777
Immob. Ed. Giornali	3.85%	32	-	32
Casaclick	0.23%	15	-	15
Sviluppo Quotidiani	16.67%	7	-	7
Total		74,255	42,757	117,012

The holding in R.C.S. Mediagroup S.p.A. consists of 15,000,000 ordinary shares held by the Parent Company Caltagirone Editore S.p.A; the carrying value of these shares is substantially in line with the quotation price at June 30, 2004.

The holding in Banca Nazionale del Lavoro S.p.A relates to 16,000,000 shares held by the subsidiary Finced S.r.l; the carrying value of these shares, in part acquired on the market (1,000,000 for Euro 1,827 thousand) and in part from the group company Piemme S.p.A (15,000,000 for Euro 26,352 thousand), is approximately Euro 2,396 thousand lower than the quotation price at June 30, 2004.

The increase relating to the investment in Banca Monte dei Paschi di Siena S.p.A. relates to the holding of Emera S.p.A. of 11,000,000 ordinary shares. The carrying value is approximately Euro 1,477 thousand lower than the quotation price at June 30, 2004.

At December 31, 2003, the Banca Monte dei Paschi di Siena shares in portfolio were held by Sigma Editoriale amounting to 5,000,000 and were sold on the market during the period, with a gain of Euro 897 thousand.

The investment in the company Euroqube S.A., held by the subsidiary Caltanet S.p.A., was written down against the losses recorded in the financial statements for the year ended December 31, 2003, obtained and approved subsequent to the approval of the financial statements of the Parent Company as at December 31, 2003, considered not recoverable in future years.

The investments in subsidiaries not consolidated, as they are insignificant, refer to the investment in Edi.Me. Sport S.r.l., 100% subsidiary of Edi.Me S.p.A., and Noisette S.A., 98% subsidiary of Cedfin S.r.l. and 2% held by Sigma Editoriale S.p.A.

The receivables from subsidiaries are due from Edi.Me Sport S.r.l. and are not due beyond five years.

The treasury shares amounting to Euro 164 thousand represent 31,040 ordinary shares of Caltagirone Editore S.p.A., corresponding to 0.02% of the entire share capital; these shares are directly held by the Parent Company.

CURRENT ASSETS

Inventory

The inventory at June 30, 2004 amounts to Euro 2,613 thousand (Euro 2,127 thousand at December 31, 2003) consisting exclusively of raw materials, ancillary and consumables. Raw materials consist prevalently of paper and ink and relate for Euro 2,020 thousand to Il Messaggero S.p.A., for Euro 522 thousand to Edi.Me S.p.A. and for Euro 71 thousand to S.E.A. S.p.A.

The valuation of the inventory at market prices are not significantly different than those recorded in the financial statements.

Trade receivables

The trade receivables are comprised of:

	Balance at 30/06/2004	Balance at 31/12/2003	Change
Trade receivables due within 12 months	93,453	86,255	7,198
Provision for doubtful debts	(8,706)	(9,545)	839
Trade receivables due over 12 months	-	-	-
Total	84,747	76,710	8,037

Trade receivables derive almost entirely from advertising carried out for the Group through Piemme S.p.A..

The increase compared to December 31, 2003 is principally due to the increase in business in the period compared to the previous year.

The change in the doubtful debt provision is due to the adjustment of the trade receivables to their realisable value. The provision was utilised in the period for Euro 1,729 thousand and increased Euro 890 thousand for the provision in the period. The provision, made by the individual companies consolidated, is considered appropriate to cover the risks of non recovery of the trade receivables at the end of the period.

There are no receivables due over 12 months.

Taxes receivable, deferred tax asset and other receivables

The table below shows the details of the principal amounts in the account:

	Balance at 30/06/2004	Balance at 31/12/2003	Change
Deferred tax asset	22,615	27,700	(5,085)
Receivables for income taxes – due within one year	14,891	9,088	5,803
Vat receivables - due within one year	22	94	(72)
Receivables from employees	632	604	28
Other receivables - due within one year	2,278	2,543	(265)
Total other receivables due within one year	40,438	40,029	409
Other Receivables - due over one year	283	-	283
Total other receivables	40,721	40,029	692

The deferred tax asset, recorded in application of Accounting Principle No. 25, refers to the timing differences between the book value of assets and liabilities and their corresponding value for fiscal purposes. These differences refer, essentially, to the timing differences on provisions for contingencies and charges and the part of the doubtful debt provision non-deductible and the effects of the write-down on investments.

The receivables from the tax authorities principally relate to the amounts paid on account (Euro 3,232 thousand) and for tax credit reimbursements made (Euro 9,641 thousand).

The other receivables include, for Euro 422 thousand, amounts due from companies of the Caltagirone S.p.A. Group relating to commercial transactions regulated at market conditions. The remaining receivables relate to receivables from social security institutions, deposits and other receivables.

The other receivables due over one year principally relate to the tax receivable on the advance payment of employee leaving indemnity taxes for employees of Il Messaggero S.p.A and Edi.Me. S.p.A..

There are no receivables due over five years.

Advances to supplier

Advances to suppliers, equal to Euro 97 thousand, refer to advances paid by the operating subsidiaries for the supply of different services.

Cash and banks

The table below shows the details of the principal amounts in the account:

	Balance at 30/06/2004	Balance at 31/12/2003	Change
Bank and postal deposits	484,547	545,384	(60,837)
Cash and cash equivalents	236	125	111
Total	484,783	545,509	(60,726)

The liquidity of the Group prevalently consists of funds received through the share capital increase of the Parent Company on the stock market. The decrease in bank deposits in the period is the consequent of the payment of dividends, the purchase of the company Editoriale Adriatica S.p.A and investments in the shares of Banca Nazionale del Lavoro S.p.A. and Monte dei Paschi di Siena S.p.A., net of the positive liquidity generated from operating activity.

Prepayments and accrued income

The accrued income, equal to Euro 276 thousand, relates to the quota of income on bank deposits for the period.

The prepayments, equal to Euro 1,599 thousand, refers to the quota of insurance premiums, rent and agency information relating to future periods.

SHAREHOLDERS' EQUITY

At June 30, 2004, the share capital of the company was unchanged amounting to Euro 125 million, consisting of 125,000,000 ordinary shares with a nominal value of Euro 1.

The share premium reserves decreased by Euro 26,643 thousand following the shareholders' meeting resolution of April 30, 2004, which allocated Euro 24,994 thousand as an extraordinary dividend to shareholders and the partial covering of the losses for the year 2003 of Euro 1,649 thousand.

The reserve for own shares in portfolio refers to 31,040 shares of Caltagirone Editore S.p.A. held directly by the Parent Company.

The extraordinary reserve was fully eliminated following the allocation to cover the loss in the previous year.

The reserve for the acquisition of treasury shares, equal to Euro 29,836 thousand, to be utilised for the purchase and sale of treasury shares as per article 2357 and subsequent amendments of the Civil Code, was created following the shareholders' meeting resolution of April 30, 2004. The reserve for the acquisition of treasury shares is non-distributable until the end of the period granted to purchase and sell treasury shares which is 18 months from the date of the above-mentioned resolution.

The other reserves, equal to Euro 49,586 thousand, include the consolidation reserve consisting of the higher value of the net equity pertaining to the Group compared to the cost of some equity investments.

The reconciliation at June 30, 2004 between the Parent Company and the Consolidated Group of the net equity and result for the period and the changes in the consolidated net equity are shown as attachments.

MINORITY INTEREST CAPITAL AND RESERVES

The account represents the quota pertaining to the minority shareholders based on the percentages held at June 30, 2004, including the result for the period.

PROVISION FOR CONTINGENCIES AND CHARGES

For taxes

The provision for taxes, equal to Euro 20,562 thousand, consists for Euro 14,036 thousand deferred taxes on consolidation adjustments, on which the theoretical rate was applied with reference to current and future rates based on fiscal regulations in force, and for Euro 6,526 thousand the fiscal payable estimated based on the charge relating to the profit for the period.

Relating to the deferred tax on the consolidation adjustments, the provision is principally due to the different period of amortisation on the goodwill recorded for “Il Messaggero” compared to the amount recorded in the financial statements of this company, which amortises the goodwill over 10 years in order to obtain fiscal benefits not otherwise allowable.

Provisions for contingencies and charges

The account provisions for contingencies and charges includes the amounts provided for against potential liabilities and consists of:

	Balance at 31/12/2003	Provisions	Utilisations	Reclass.and other movements	Balance at 30/06/2004
Provision for disputes and litigation	6,355	870	(870)	47	6,402
Provision for contractual risks	350	-	(350)	-	-
Agents leaving indemnity	303	74	(24)	-	353
Other provisions for contingencies and charges	119	-	-	150	269
Total other provisions	7,127	944	(1,244)	197	7,024

The provision for disputes and litigation refers to the provisions made by the companies Il Messaggero S.p.A. and Edi.Me S.p.A. against future liabilities principally deriving from damages requested for slander and from

employees. The provision was estimated taking into consideration the nature of the business, based on experience in similar cases, considering the difficulty in estimating charges connected to each single case. The utilisation in the period derives from the closing of some cases in favour of the company whose amount was deducted from the provision. In the column “Reclassifications & Other movements” the effects of the entry into the consolidation area of S.E.A. S.p.A. are shown.

The provision for contractual risks was completely utilised following the finalisation in the first months of 2004 of the dispute pending at 31.12.2003 on some rental contracts agreed in previous years by the subsidiary Il Mattino S.E.M. S.p.A..

The agent’s indemnity provision, that reflects the prudent increase in the risk connected to the termination of the mandate conferred to agents in accordance with law, entirely refers to the company Piemme S.p.A.

The other provisions include potential charges relating to some minor disputes.

EMPLOYEE LEAVING INDEMNITY

The movements in the provision are as follows:

Balance at 31/12/2003	33,616
Provisions	2,245
Utilisations	(1,279)
Other changes	2,222
Balance at 30/06/2004	36,804

The balance refers to the payables due to personnel for the employee leaving indemnity in accordance with law, net of advances made to employees.

The “Other changes” shows the effects of the entry of S.E.A. S.p.A. into the consolidation.

PAYABLES

Payables to banks

The payables to banks are composed of:

	Balance at 30/06/2004	Balance at 31/12/2003	Change
Payables to banks (ordinary current accounts)	24,120	17,176	6,944
Medium/long-term loans portion due within 12 months	1,663	1,602	61
Total short-term payables	25,783	18,778	7,005
Medium/long-term loans due over 12 months	63,940	64,515	(575)
Total payables	89,723	83,293	6,430

The medium/long term bank loans relate to two mortgages granted to the subsidiary Il Mattino S.E.M. S.p.A. The first is a variable interest rate loan (Euribor 6 months plus 0.50%) provided by Banca Intesa, for an original amount of Euro 10,329 thousand; the residual amount at June 30, 2004 was equal to Euro 5,603 thousand and the final payment is due in June 2008. The quota payable within one year is equal to Euro 1,663 thousand while the amount due over one year is equal to Euro 3,940 thousand. The loan is secured by a mortgage on a building owned by the company at Naples, in via Chiatamone, for a total amount of Euro 25.8 million.

The second loan is at a variable interest rate (Euribor 6 months plus 0.65%) amounting to Euro 60 million granted by San Paolo - IMI to the company Il Mattino Sem S.p.A. for the construction of the press centre at Torrespaccata, Rome. The loan provides for the payment of the first capital instalment in December 2005 while the final instalment is payable in June 2018 (13 years). Therefore the amount due within one year is equal to zero while the amount due over one year is Euro 60 million. The loan is secured by a mortgage on a building owned by the company Il Mattino Sem S.p.A. for a total amount of Euro 60 million. In addition, a special privileged guarantee was given on the assets in the factory for a total amount of Euro 43,400 thousand.

The amount of the loan payable over five years amounts to Euro 44,541 thousand.

Payables to other lenders

The table below shows the details of the principal amounts in the account:

	Balance at 30/06/2004	Balance at 31/12/2003	Change
Medium/long-term loans portion due within 12 months	2,461	2,408	53
Medium/long-term loans due over 12 months	16,602	17,843	(1,241)
Total payables to other lenders	19,063	20,251	(1,188)

The balance relates to two loans received from Mediocredito Lombardo by the Parent Company Caltagirone Editore S.p.A. and Edi.Me. S.p.A. respectively of Euro 11,620 thousand and Euro 9,812 thousand and a loan at subsidised interest rates as per law 416 of August 5, 1981, received by Il Messaggero S.p.A. from Mediocredito Lombardo for a total original value of Euro 4,028 thousand.

For the loans received by the Parent Company and Edi.Me. S.p.A. the first instalment was due on June 30, 2002 while the final instalment is due in 2011.

As guarantee on these loans mortgages were provided on the land and buildings of the factory of Edi.Me. S.p.A at Caivano for a total amount of Euro 37,510 thousand and special privileges on the assets in the factory for a total amount of Euro 17,170 thousand. The short-term portion amounts to Euro 1,951 thousand, of which Euro 1,056 thousand and Euro 895 thousand respectively relate to Caltagirone Editore S.p.A. and all'Edi.Me. S.p.A.; the long term quota is equal to Euro 14,972 thousand, of which Euro 8,117 thousand relates to Caltagirone Editore S.p.A. and Euro 6,855 thousand to Edi.Me. S.p.A.. The amount of the loan payable over five years for both loans amounts to Euro 6,268 thousand.

The residual payable at June 30, 2004 for the loan at a subsidised interest rate as per law 416 of August 5, 1981, received by Il Messaggero S.p.A. from Mediocredito Lombardo, is equal to Euro 2,139 thousand, of which Euro 510 thousand within one year and Euro 1,629 thousand over one year. This loan is secured by a privileged guarantee on the printing presses of the newspaper.

Trade payables

At June 30, 2004, trade payables amounted to Euro 27,551 thousand (Euro 25,485 thousand at December 31, 2003) fully payable within one year. These payables principally refer to operating subsidiaries in the publishing sector and relate to the purchase of raw materials and capital expenditures.

Tax payables

The account tax payables, equal to Euro 4,878 thousand, principally includes the taxes withheld on salaries and other retentions and the VAT payable, that represents the net VAT position of the Group.

Payables to social security institutions

They amount to a total of Euro 3,500 thousand (Euro 5,108 thousand at December 31, 2003) and refer to the payables to the social security institutions for the quota payable by the companies of the Group and the contributions of employees.

Other payables

The other payables, equal to Euro 15,919 thousand, consist of payables of Euro 9,584 thousand to personnel for deferred retribution and Euro 6,335 thousand to others, that include Euro 2,683 thousand relating to payables to companies of the Caltagirone S.p.A. Group for commercial transactions regulated at market conditions, prevalently to Alfa Editoriale S.r.l. (Euro 1,892 thousand). They also include Euro 1,654 thousand relating to the amounts available to the Board of Directors of Caltagirone Editore S.p.A in conformity with article 24 of the Bye-Laws of the Parent Company.

Except where otherwise specified there are no payables due over five years.

Accrued liabilities and deferred income

This account consists of:

	Balance at 30/06/2004	Balance at 31/12/2003	Changes
Accruals	1,395	1,209	186
Deferred income	6,620	6,110	510
Total	8,015	7,319	696

The deferred income consists of grants received in accordance with Law 488/92 by Edi.Me S.p.A. for modernisation of the plant and the construction of the press centre at Caivano (NA). The recording of the grant in the income statement is correlated with the duration of the depreciation of the asset to which the grant refers and is recorded in the account other revenues.

MEMORANDUM ACCOUNTS

The memorandum account refers to sureties, risks and commitments undertaken by the group as shown

below:

	Balance at 30/06/2004	Balance at 31/12/2003	Changes
Sureties given in favour of third parties	2,108	2,102	6
Other memorandum accounts	6,678	6,748	(70)
Total	8,786	8,850	(64)

D) INFORMATION ON THE INCOME STATEMENT

VALUE OF PRODUCTION

The table below shows the composition of revenues from sales and services:

Composition by sales area	1st Half 2004	1st Half 2003	Change
Sales of newspapers	32,463	32,396	67
Editorial promotions	8,565	6,891	1,674
Advertising	90,136	83,844	6,292
Services and internet	1,386	1,196	190
TOTAL REVENUES FROM SALES AND SERVICES	132,550	124,327	8,223

The sales and services relating to the two principal newspapers and the revenues from advertising are commented upon in the Director's report on operations.

The revenues for "services" principally relate to the activities of the subsidiary B2Win S.p.A. and services provided by other companies of the Caltagirone Group.

PRODUCTION COSTS

- *Purchases*

The “purchases”, equal to Euro 12,951 thousand (Euro 12,979 thousand in the first half of 2003), principally relate to paper and consumable materials for publishing. The value is substantially in line with the first half of 2003, net of inventory movements and evidences the reduction in the unitary price of paper as reported in the director’s report on operations.

- *Services*

The costs for “services”, equal to Euro 44,596 thousand (Euro 39,644 thousand in the first half of 2003), principally relate to energy, post and telephone, finishing work and outsourcing production, transport, maintenance and repairs, editing services, purchase of advertising space in newspapers not owned by the Group, agents commissions, promotional activities and other services and consulting.

The increase compared to the first half of 2003 is principally due to the higher costs incurred for the development of promotional initiatives related to the distribution of newspapers (Euro 1,661 thousand) and the amount recognised to Alfa Editoriale S.r.l for the joint sales of “Nuovo Quotidiano di Puglia” with il Messaggero (Euro 1,428 thousand).

- *Use of third party assets*

The account, equal to Euro 3,444 thousand (Euro 2,394 thousand in the first half of 2003), principally relates to the head office rental costs of Il Messaggero S.p.A., of the editorial offices and building at Via Pesenti, Rome. The account also includes the costs for leasing which are not recorded under the finance lease method as they are not significant.

- *Personnel*

The personnel costs amount to Euro 38,428 thousand (Euro 38,726 thousand in the first half of 2003).

The following table shows the average number of employees by category:

	Average 1st Half 2004	Average 1st Half 2003
Senior Management	20	20

White-collar	341	354
Journalists and consultants	449	458
Blue-collar	99	104
Total	909	936

- *Amortisation, depreciation and write-downs*

The account refers to the amortisation and depreciation on intangible and tangible assets of Euro 11,017 thousand (Euro 9,061 thousand in the first half of 2003), doubtful debt provisions of Euro 890 thousand (Euro 472 thousand in the first half of 2003) and the amortisation on the consolidation differences of Euro 688 thousand (Euro 688 thousand in the first half of 2003).

The amortisation on intangible assets, equal to Euro 5,496 thousand, includes Euro 3,169 thousand amortisation of the charges incurred in relation to the share capital increase of the Parent Company placed on the Stock Exchange and Euro 1,816 thousand for the amortisation of the goodwill recorded as allocation of part of the merger deficit resulting from the incorporation into Il Messaggero S.p.A. of the company Editrice Il Messaggero S.p.A., in 1999.

The depreciation of tangible assets, equal to Euro 5,521 thousand (Euro 2,481 thousand in the first half of 2003), includes Euro 3,337 thousand for the depreciation of printing and rotating presses and Euro 763 thousand for the depreciation of other plant and machinery. The increase compared to the same period in the previous year is due to the depreciation of the printing presses at Rome, that entered into service in 2003.

The doubtful debt provision, equal to Euro 890 thousand, fully relates to trade receivables of Piemme S.p.A..

- *Other operating expenses*

The other operating expenses, equal to Euro 987 thousand (Euro 882 thousand in the first half of 2003), consist of various costs such as representative expenses, indirect taxes, municipal taxes, association fees, subscriptions to newspapers and periodicals and other sundry expenses.

FINANCIAL INCOME AND CHARGES

The details of the financial income and charges are shown below:

	1st Half 2004	1st Half 2003	Change
Income from equity investments	1,498	630	868
Other financial income	7,810	7,321	489
Total financial income	9,308	7,951	1,357
Interest and other financial charges	(1,746)	(1,310)	(436)
Total	7,562	6,641	921

The “income from equity investments” relate for Euro 601 thousand to the dividends received on the shares held in Banca Monte dei Paschi di Siena S.p.A. by the subsidiary Emera S.p.A and for Euro 897 thousand to the gain realised by the subsidiary Sigma Editoriale S.p.A. on the sale of 5,000,00 shares in the same banking institution.

Dividends were also received in the period of Euro 1,050 thousand from RCS MediaGroup S.p.A., which were recorded as income in the financial statements for the year ended December 31, 2003.

The “other financial income”, equal to Euro 7,810 thousand, relate almost entirely to the interest receivable on liquidity (Euro 5,234 thousand) and the exchange gains on the conversion of a deposit in US dollars at the period end exchange rate (Euro 2,443 thousand)

The financial charges, equal to Euro 1,746 thousand, consist of Euro 1,246 thousand of interest payable on mortgage loans, Euro 374 thousand of interest payable on bank payables and Euro 126 thousand of expenses, bank commissions and other financial charges.

ADJUSTMENTS TO FINANCIAL ASSETS

The balance, equal to Euro 1,298 thousand, refers to the write-down in the investment held by the company Caltanet S.p.A. in Euroqube S.A., as indicated under assets.

EXTRAORDINARY INCOME AND CHARGES

The details of extraordinary income and charges are shown in the table below:

	1 st Half 2004	1st Half 2003	Change
Gains on disposals	9	7	2
Other extraordinary income	691	153	538
Total extraordinary income	700	160	540
Other extraordinary charges	(2,188)	(2,424)	236
Taxes relating to prior periods	(73)	(4,698)	4,625
Total extraordinary charges	(2,261)	(7,122)	4,861
Total extraordinary (charges) income	(1,561)	(6,962)	5,401

The account “other extraordinary charges” principally relates to the charges as a consequence of the payment of damages for indemnity to third parties, referring in particular to the subsidiary Il Messaggero S.p.A. (Euro 1,149 thousand).

The change in the account “taxes relating to prior years” is due to the absence of extraordinary charges relating to the adhesion to the fiscal amnesty in the previous year.

INCOME TAXES

Amount to Euro 11,784 thousand and include, in addition to the estimate of the taxes of the period of the companies included in the consolidation (Euro 5,775 thousand), also the effects of deferred income and charges on consolidation adjustments on the basis of current and future rates in force (Euro 6,009 thousand). The increase in the fiscal charge on the results before tax are principally due to the elimination of certain allowances on investments following the entry into force of the new fiscal regulations.

Rome, September 13, 2004

CALTAGIRONE EDITORE GROUP

RECONCILIATION STATEMENT
BETWEEN THE RESULT FOR THE PERIOD AND THE NET EQUITY OF THE PARENT COMPANY
AND THE GROUP

(in thousand of Euro)

30 June 2004

	<u>RESULT</u> <u>FOR THE PERIOD</u>	<u>NET</u> <u>EQUITY</u>
NET EQUITY AND RESULT FOR THE PERIOD AS REPORTED IN THE FINANCIAL STATEMENTS FOR THE PARENT COMPANY	2.401	683.570
Effect of consolidation of the subsidiaries	12.255	(111.348)
Elimination of the tax entries in the statutory accounts, net of tax impact	1.193	48.659
Elimination intercompany (gains) losses, net of tax impact	(1.124)	133.321
Allocation of net equity accruing to minority interests	(1.528)	(10.250)
NET EQUITY AND RESULT FOR THE PERIOD AS REPORTED IN THE CONSOLIDATED FINANCIAL STATEMENTS	13.197	743.952

**SCHEDULE OF CHANGES IN THE CONSOLIDATED NET
EQUITY ACCOUNTS AS AT 30th JUNE 2004**

(in thousands of Euro)

	Balance at 31.12.03	Allocation of profits to reserves	Movements between reserves	Dividends	Amounts available Board of directors	Other changes	Result at 30.06.2004	Balance at 30.06.2004
Share capital	125.000	-	-	-	-	-	-	125.000
Share premium reserve	527.812	-	-	(24.994)	-	(1.649)	-	501.169
Legal reserve	25.000	-	-	-	-	-	-	25.000
Reserve treasury shares held	164	-	-	-	-	-	-	164
Extraordinary reserve	5.549	-	-	-	-	(5.549)	-	-
Reserve for the acquisition of treasury shares	29.836	-	-	-	-	-	-	29.836
Other reserves and results of previous years	16.396	25.992	-	-	-	7.198	-	49.586
Result for the period	25.992	(25.992)	-	-	-	-	13.197	13.197
Total Group net equity	755.749	-	-	(24.994)	-	-	13.197	743.952

**SCHEDULE OF CHANGES IN THE CONSOLIDATED NET
EQUITY ACCOUNTS AS AT DECEMBER 31, 2003**

(in thousands of Euro)

	Balance at 31.12.02	Allocation of profits to reserves	Movements between reserves	Dividends	Amounts available Board of directors	Other changes	Result at 31.12.2003	Balance at 31.12.2003
Share capital	125.000	-	-	-	-	-	-	125.000
Share premium reserve	530.311	-	-	(2.499)	-	-	-	527.812
Legal reserve	25.000	-	-	-	-	-	-	25.000
Reserve treasury shares held	164	-	-	-	-	-	-	164
Extraordinary reserve	8.300	-	-	(2.751)	-	-	-	5.549
Reserve for the acquisition of treasury shares	29.836	-	-	-	-	-	-	29.836
Other reserves and results of previous years	20.077	-	-	(3.054)	(403)	(224)	-	16.396
Result for the period	16.690	-	-	(16.690)	-	-	25.992	25.992
Total Group net equity	755.378	-	-	(24.994)	(403)	(224)	25.992	755.749

CALTAGIRONE EDITORE GROUP

STATEMENT OF CASH FLOWS

(in thousands of Euro)

	30.06.2004	31.12.2003
A. OPENING LIQUIDITY	526.731	525.734
B. CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Net profit for the period	13.197	25.992
Minority share of profit for the period	1.528	2.061
Amortisation and depreciation	11.705	21.742
(Gains) losses from sale of fixed assets	(906)	(8)
(Revaluations) or write-downs of financial assets	1.298	6.007
(Revaluations) or write-downs of intangible fixed assets	-	1.875
Net change in fund for contingencies and charges	7.163	1.242
Net change in provisions for employee termination indemnities	3.188	1.064
Operating income before changes in working capital	37.173	59.975
(Increase) decrease in current account receivables	(8.771)	(16.658)
(Increase) decrease in inventories	(486)	1.725
(Increases) decreases in current financial assets	(1)	5.542
Increase (decrease) in trade payables and other payables	1.341	(7.992)
(Increase) decrease in other working capital items	81	(6)
	(7.836)	(17.389)
	29.337	42.586
C. CASH FLOWS FROM (FOR) INVESTMENT ACTIVITIES		
Investments in fixed assets:		
Intangible assets	(24.162)	(792)
Tangible assets	(1.465)	(46.176)
Financial assets		
Equity investments	(55.632)	(10.238)
Disposals of fixed assets	12.785	55
Other movements in fixed assets	(1.874)	326
	(70.348)	(56.825)
D. CASH FLOWS FROM (FOR) FINANCIAL ACTIVITIES		
Other increases (decreases) in reserves	-	(224)
New loans	-	60.000
Repayments of loans, net of the short term portion	(1.763)	(3.399)
Repayment of financial receivables	37	(38)
Distribution of profits and amounts available to the BOD	(24.994)	(25.397)
Net change in minority interest net equity	-	(15.706)
	(26.720)	15.236
E. CASH FLOW FOR THE PERIOD (B + C + D)	(67.731)	997
F. CLOSING LIQUIDITY (A+E)	459.000	526.731

**List of holdings at 30.06.2004
as per art. 38 of Decree Law 127/1991**

COMPANY	REGISTERED OFFICE	SHARE CAPITAL	CURR.	OWNERSHIP		
				DIRECT	INDIRECT THROUGH	
COMPANIES INCLUDED IN THE CONSOLIDATION UNDER THE FULL INTEGRATED METHOD						
IL MESSAGGERO S.P.A.	ROME	36.900.000	Euro	90,00%	-	-
EDI.ME. EDIZIONI MERIDIONALI S.P.A.	ROME	500.000	Euro	90,00%	-	-
PIEMME S.P.A.	ROME	104.000	Euro	-	IL MESSAGGERO S.P.A.	100%
IL MATTINO SOC.ED. MERIDIONALE SEM S.P.A.	ROME	2.481.600	Euro	0,001%	EMERA S.P.A.	99,999%
CALTANET S.P.A.	ROME	5.414.463	Euro	98,778%	-	-
SIGMA EDITORIALE S.P.A.	ROME	1.000.000	Euro	90,00%	-	-
CEDFIN S.R.L.	ROME	10.200	Euro	99,995%	IL MATTINO SEM S.P.A.	0,005%
B2WIN S.P.A.	ROME	1.000.000	Euro	-	CALTANET S.P.A.	99,00%
					SIGMA EDITORIALE S.P.A.	1,00%
EMERA S.P.A.	ROME	2.496.000	Euro	-	IL MESSAGGERO S.P.A.	100%
FINCED S.R.L.	ROME	10.000	Euro	99,99%	CEDFIN S.R.L.	0,01%
S.E.A. SOC. EDITORIALE ADRIATICA S.P.A.	ANCONA	102.000	Euro	-	SIGMA EDITORIALE S.P.A.	51,00%
					CEDFIN S.R.L.	49,00%
OTHER SUBSIDIARIES						
E.DI.ME. SPORT S.R.L.	NAPLES	10.200	Euro	-	EDI.ME. S.P.A.	99,50%
NOISETTE SERVICOS DE CONS. LDA	PORTUGAL	5.000	Euro	-	CEDFIN S.R.L.	98,00%
					SIGMA EDITORIALE S.P.A.	2,00%

BALANCE SHEETS (in thousands of Euro)

	30.06.2004	31.12.2003	30.06.2003
A S S E T S			
(A) RECEIVABLES FOR UNPAID SHARE CAPITAL		-	-
(B) FIXED ASSETS			
I. INTANGIBLE ASSETS			
1. Formation, start-up and similar costs	6.338	9.508	12.677
7.Other	208	230	23
TOTAL	6.546	9.738	12.700
II. TANGIBLE FIXED ASSETS			
	8	2	-
III. FINANCIAL ASSETS			
1. Equity investments in:			
a) subsidiaries	47.640	47.735	57.181
b) other companies	39.030	39.030	52.725
4. Treasury shares:	164	164	164
TOTAL	86.834	86.929	110.070
TOTAL FIXED ASSETS (B)	93.388	96.669	122.770
(C) CURRENT ASSETS			
I. INVENTORY			
	-	-	-
II. RECEIVABLES			
1. Customers			
within 12 months	1	3	0
2. Subsidiaries:			
within 12 months	108.362	63.055	68.858
4bis. Tax receivables:	4.994	8.220	1.751
4ter. Deferred tax assets:	10.763	12.130	4.023
5. Others:			
within 12 months	2	1.271	1
8. Associated companies:			
within 12 months	264	-	1
TOTAL	124.386	84.679	74.634
III. CURRENT FINANCIAL ASSETS			
	-	-	-
IV. CASH AND BANKS			
1. Bank and postal accounts	479.120	538.319	557.929
3. Cash-in-hand and cash equivalents	-	-	-
TOTAL	479.120	538.319	557.929
TOTAL CURRENT ASSETS (C)	603.506	622.998	632.563
(D) PREPAYMENTS AND ACCRUED INCOME	247	267	1.172
TOTAL ASSETS	697.141	719.934	756.505

BALANCE SHEETS (in thousands of Euro)

	30.06.2004	31.12.2003	30.06.2003
LIABILITIES & EQUITY			
A. NET EQUITY			
I. SHARE CAPITAL	125.000	125.000	125.000
II. SHARE PREMIUM RESERVE	501.169	527.812	527.812
III. REVALUATION RESERVE	-	-	-
IV. LEGAL RESERVE	25.000	25.000	25.000
V. STATUTORY RESERVES	-	-	-
VI. RESERVE FOR OWN SHARES IN PORTFOLIO	164	164	164
VII. OTHER RESERVES	29.836	35.385	35.385
VIII. PROFIT (LOSS) CARRIED FORWARD	-	-	-
IX. PROFIT (LOSS) FOR THE PERIOD	2.401	(7.198)	2.741
TOTAL	683.570	706.163	716.102
B. PROVISIONS FOR CONTINGENCIES AND CHARGES	215	-	519
C. EMPLOYEE LEAVING INDEMNITY	63	87	69
D. PAYABLES			
4. Banks:			
within 12 months	1.850	3	727
5. Due to other lenders:			
within 12 months	1.056	1.033	1.011
beyond 12 months	8.118	8.652	9.174
	9.174	9.685	10.185
7. Trade payables:			
within 12 months	358	215	243
9. Subsidiaries:			
within 12 months	17	1.910	1.789
beyond 12 months	-	-	-
	17	1.910	1.789
12. Tax payables:			
within 12 months	68	74	62
13. Social security payables:			
within 12 months	31	40	18
14. Other payables:			
within 12 months	1.758	1.755	26.681
15. Payables to other group companies:			
within 12 months	37	-	110
TOTAL	13.293	13.682	39.815
E. ACCRUALS AND DEFERRED INCOME	-	2	-
TOTAL LIABILITIES & EQUITY	697.141	719.934	756.505

RECLASSIFIED INCOME STATEMENT
(Consob communication no. 94001437 of 23/02/1994)

(in thousands of Euro)

	30.06.2004	31.12.2003	30.06.2003
Dividends and tax credits from investments in subsidiaries	-	22.459	-
Dividends and tax credits from other investments	-	1.050	-
Gains from other equity investments	-	-	-
TOTAL INCOME FROM EQUITY INVESTMENTS	-	23.509	-
OTHER FINANCIAL INCOME	8.276	14.404	8.003
Interest and financial charges from subsidiaries	-	(43)	(43)
Interest and financial charges from third parties	(152)	(2.671)	(203)
TOTAL INTEREST AND OTHER FINANCIAL CHARGES	(152)	(2.714)	(246)
TOTAL FINANCIAL INCOME AND CHARGES	8.124	35.199	7.757
Write-downs	(105)	(40.891)	(7)
TOTAL ADJUSTMENT VALUE OF FINANCIAL ASSETS	(105)	(40.891)	(7)
COSTS OF ORDINARY OPERATING ACTIVITIES	(4.036)	(7.868)	(3.890)
EXTRAORDINARY INCOME AND CHARGES	-	(27)	(26)
PRE-TAX RESULT	3.983	(13.587)	3.834
TAX ON PROFITS	(1.582)	6.389	(1.093)
NET PROFIT (LOSS) FOR THE PERIOD	2.401	(7.198)	2.741

**List of significant holdings at 30.06.2004
as per article 120 of Decree Law 24.02.1998 n. 58**

(Caltagirone Editore S.p.A.)

(published in accordance with article 26 of CONSOB resolution 1971 of May 14, 1999)

TITLE	REGISTERED OFFICE	SHARE CAPITAL	CURR.	OWNERSHIP		
				DIRECT	INDIRECT THROUGH	
B2WIN S.p.A.	ROME	1.000.000,00	Euro	-	CALTANET spa	99,00%
					SIGMA EDITORIALE spa	1,00%
CALTANET SPA	ROME	5.414.463,00	Euro	98,778%	-	-
CEDFIN SRL	ROME	10.200,00	Euro	99,995%	IL MATTINO SEM spa	0,005%
E.DI.ME. EDIZIONI MERIDIONALI SPA	ROME	500.000,00	Euro	90,00%	-	-
E.DI.ME. SPORT SRL	NAPLES	10.200,00	Euro	-	EDI.ME. spa	99,50%
EMERA S.p.A.	ROME	2.496.000,00	Euro	-	IL MESSAGGERO spa	100,00%
EUROQUBE S.A.	BELGIUM	84.861.115,53	Euro	-	CALTANET spa	14,82%
FINCED SRL	ROME	10.000,00	Euro	99,99%	CEDFIN srl	0,01%
IL MATTINO SOC.ED. MERIDIONALE SEM SPA	ROME	2.481.600,00	Euro	0,001%	EMERA spa	99,999%
IL MESSAGGERO SPA	ROME	36.900.000,00	Euro	90,00%	-	-
NOISETTE SERVICOS DE CONSULTORIA LDA	PORTUGAL	5.000	Euro	-	CEDFIN s.r.l.	98,00%
					SIGMA EDITORIALE spa	2,00%
PIEMME SPA	ROME	104.000,00	Euro	-	IL MESSAGGERO spa	100,00%
S.E.A. SOC. EDITORIALE ADRIATICA spa	ANCONA	102.000,00	Euro	-	SIGMA EDIT. spa	51,00%
					CEDFIN s.r.l.	49,00%
SIGMA EDITORIALE SPA	ROME	1.000.000,00	Euro	90,00%	-	-
SVILUPPO QUOTIDIANI SRL	ROME	45.900,00	Euro	-	EDI.ME. spa	16,666%