



Interim Report
First Nine Months 2004

MEDIASET GROUP

MEDIASET S.p.A. - via Paleocapa, 3 - 20121 Milan

Share capital EUR 614,238,333.28 wholly paid-up

Taxpayer's code, VAT number and registration number in the
register of companies in Milan: 09032310154

Web site: www.gruppomediasset.it

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BOARD MEMBERS

Board of directors

Chairman	(*) Fedele Confalonieri
Deputy Chairman	(*) Pier Silvio Berlusconi
Managing Director	(*) Giuliano Adreani
Directors	(**) Franco Amigoni Marina Berlusconi Pasquale Cannatelli Paolo Andrea Colombo Enzo Concina Maurizio Costa Mauro Crippa Bruno Ermolli Marco Giordani (**) Alfredo Messina (*) Gina Nieri (**) Roberto Ruozi

Board of Statutory Auditors

Chairman	Achille Frattini
Regular Auditors	Francesco Antonio Giampaolo Riccardo Perotta
Alternate Auditors	Gianfranco Polerani Francesco Vittadini

Independent Auditors

Deloitte & Touche S.p.A.

(*) *Members of the Executive Committee*

(**) *Members of the Internal Control Committee*



MEDIASET GROUP: SUMMARY OF FIGURES

Main income statement data

2003 full year			9 Months 2004		9 Months 2003	
mio €	%		mio €	%	mio €	%
3,070.0	100%	Consolidated net revenues	2,400.2	100%	2,111.8	100%
2,424.9	79.0%	Italy	1,853.6	77.2%	1,686.6	79.9%
646.0	21.0%	Spain	547.5	22.8%	425.4	20.1%
820.8	100%	EBIT (*)	744.5	100%	518.1	100%
650.1	79.2%	Italy	547.3	73.5%	416.6	80.4%
170.7	20.8%	Spain	197.2	26.5%	101.5	19.6%
777.6		EBIT Mediaset Group	709.8		485.7	
675.1		EBT and minority interests	722.5		449.0	

Main balance sheet/financial data

31/12/2003		30/09/2004	30/09/2003
mio €		mio €	mio €
3,031.8	Net invested capital	2,941.1	2,922.7
2,832.5	Total Shareholders' Equity	3,154.4	2,850.9
2,591.6	Group shareholders' Equity	2,942.5	2,619.6
240.9	Minority Shareholders' Equity	211.9	231.3
(199.3)	Net financial position	213.3	(71.8)
1,537.6	Operating cash-flow (net profit + amortisation)	1,414.4	1,191.6
835.1	Investments	776.7	576.4
247.4	Dividends paid by Mediaset S.p.A.	271.3	247.4
16.9	Dividends paid by subsidiaries	120.0	16.9

Personnel

31/12/2003		30/09/2004		30/09/2003	
	%		%		%
5,600	100.0%	5,664	100.0%	5,574	100.0%
4,395	78.5%	4,443	78.4%	4,371	78.4%
1,205	21.5%	1,221	21.6%	1,203	21.6%
5,633	100.0%	5,626	100.0%	5,469	100.0%
4,396	78.0%	4,402	78.2%	4,292	78.5%
1,237	22.0%	1,224	21.8%	1,177	21.5%

Main indicators

2003 full year		9 Months 2004	9 Months 2003
26.7%	EBIT(*) / Net revenues	31.0%	24.5%
26.8%	Italy	29.5%	24.7%
26.4%	Spain	36.0%	23.9%
25.3%	EBIT / Net revenues	29.6%	23.0%

MEDIASET GROUP

Report on operations in the third quarter of 2004

Dear Shareholders,

as at 30 September 2004, the Group heading your company recorded the following results:

- **consolidated net revenues** amounted to Eur **2,400.2 million**, showing a 13.7% increase compared to EUR 2,111.8 million in the same period of the previous year;
- **EBIT** amounted to EUR **709.8 million**, increasing 46.1% over EUR 485.7 million in the same period of the previous year, net of amortisation, depreciation and write-downs totalling EUR 678.4 million (EUR 739.4 million in the same period of the previous year). **Operating profitability** reached 29.6%, compared to 23.0% recorded in the first nine months of 2003;
- **Earnings before tax and the shareholding of third parties** amounted to EUR **722.5 million** showing a 60.9% growth compared to EUR 449.0 million in the first nine months of 2003. This is not only due to the increase in the operating profit, but also to the financial income received following the floating of Telecinco on the stock exchange under the agreements stipulated with ICE Finance at the end of 2003 and to the better results obtained by affiliated companies;
- the **consolidated net financial position** went from minus EUR 199.3 million at 31 December 2003 up to EUR **213.3 million** at 30 September 2004. In the first nine months of 2004, **cash flow generation**, which characterises the Group net of income and costs for equity investments and of expenditure arising from the payment of dividends, amounted to EUR 857.4 million, compared to EUR 506.4 million of the same period of the previous year.

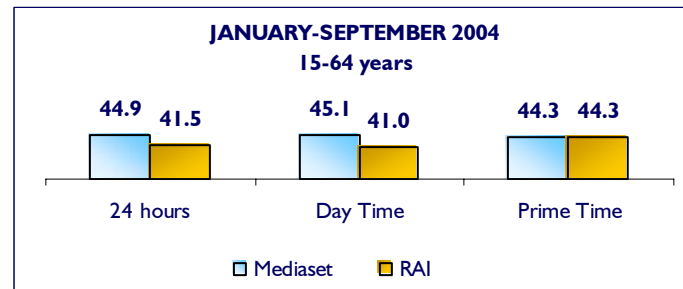
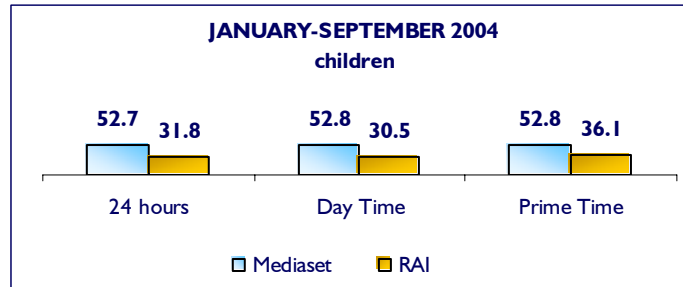
The results obtained by the Mediaset Group as at 30 September 2004 confirmed, in the two geographical areas of operations, Italy and Spain, the main trends already observed in the first part of the year, followed by a sharp upswing performance recorded in the **third quarter**, a period which, compared with the rest of the year, is typically characterised by a lower level of audience and advertising revenues. In the third quarter of the year, consolidated net revenues grew by 21.1% with respect to the same period of 2003 whereas the increase in overall television costs amounted to 9.5%. These results contributed to a positive **EBIT of EUR 70.2 million** over EUR 13 million in the same period of 2003.

In **Italy, advertising sales on Mediaset networks** grew in the third quarter by 13.6% over the same period in the previous year. Advertising sales in the three quarters reached **EUR 2,012.4 million**, with a 9.9% increase over the same period of 2003, a result that shows the regained generalised vigour in advertising investment and is a reflection of the excellent audience levels of the networks.





In the first nine months of 2004, **total overall audience** of Mediaset networks on a full day basis was above 9 million people, and showed an average increase of 2.8% over the same period of the previous year, with 8% peaks in June and August, partly attributable to the

presence of Soccer Euro Championships and the Olympics, events that were broadcast by the RAI networks.

At the end of the third quarter 2004, Mediaset networks recorded an average audience share of 43.3% on the full day, 42.8% in Prime Time and 43.5% in Day Time. Specifically, it obtained extremely positive results with children and the commercial target of people aged 15-64: in the former case Mediaset outperformed Rai in all time brackets, in the latter it outperformed Rai in the full day and in Day Time and equalled it in Prime Time.



If we break down audience data in the nine months by network, Canale 5 reached 22.5% in Prime Time and in the 24 hours, above Rai I in Day Time (22.6% vs. 22.3%) and confirmed in all time brackets its leadership with the 15-64 target, while Italia 1 retained third place in Prime Time (11.4% against 11% of Rai 2) with the target of individuals and first place in Day Time (31%) and on the full day (28.6%) with children aged 4-14, the last of these doubling the audience reached by Rai 2 in all time brackets.

Share Individuals January-September 2004	24 hours	Prime Time	Day Time 7:00-2:00
	22.5%	22.5%	22.6%
	11.8%	11.4%	12.0%
	9.0%	8.9%	8.9%
	43.3%	42.8%	43.5%


At the end of the first week of the Fall 2004 television season (26 September – 4 October), Mediaset achieved 42.3% in the full day, 42.7% in Day Time and 40.9% in Prime Time, data which show a natural slowing down with respect to the extraordinary average results reached in the previous Spring television season, due to a recovery of Rai networks, mainly in Prime Time and especially to an increase in satellite networks which, over the spring, increased by over one point at all times. In Day Time and in the full day, Mediaset Networks retain the first


place with people aged 15-64 years (44.7% and 44% vs. 40.4% and 41.4% of Rai, respectively), while in Prime Time it is worth noting the excellent start of the fifth year of *Grande Fratello* which, on its opening night on 23 September, attained a 34% audience share.

Against these audience results, the overall level of *television costs* in the first nine months of 2004 remained basically in line with that recorded in the same period of the previous year, thus enabling the best use of the significant increase in net revenues in terms of operating leverage. As a consequence of these trends, the **EBIT of domestic operations** reached **EUR 547.3 million**, growing 31.4% over the same period of the previous year, while operating profitability rose from 24.7% in the first nine months of 2003 to 29.5% of the same period of 2004.

In **Spain**, **gross advertising sales** of Publiespana for Telecinco grew in the third quarter by 30.5% with respect to the same period of the previous year, recording a performance even higher than the already extremely positive result achieved in the first half year, which had reached 24.6%. By virtue of this result, Publiespana's gross advertising revenues reached **EUR 528.0 million** in the first nine months of 2004, showing growth of 26% compared to the same period of the previous year.

The fast growth trend in advertising revenues was a consequence of excellent **audience results** achieved by **Telecinco** which reached a share of 23.2% in Prime Time (22.3% in the same period of the previous year) and confirmed to be, as was already the case in the first half of the year, the top network in Spain, with a 2.6 point lead on Antena 3. At the end of the first nine months of 2004, Telecinco also became the top network for the first time in the daily average with a 22.1% share (21.1% in the same period of the previous year), before the State-owned network TVEI which fell from 23.3% in 2003 to 21.8% and Antena 3 at 20.5%. As for the *commercial target*, where Telecinco is an unquestioned leader nationwide, a further increase was recorded in both average share in the 24 hours (from 24.1% to 25.2%) and in Prime Time (from 26.2% to 27.2%), thus maintaining an advantage over Antena 3 of about 4 percentage points.

	Share Individuals	Jan-Sept 2004	Jan-Sept 2003	Change
		22.1%	21.1%	1.0%
	24 hours			
	Prime Time	23.2%	22.3%	0.9%
	Day Time	21.7%	20.7%	1.0%

	Share Commercial Target	Jan-Sept 2004	Jan-Sept 2003	Change
		25.2%	24.1%	1.1%
	24 hours			
	Prime Time	27.2%	26.2%	1.0%
	Day Time	24.3%	23.2%	1.1%

The considerable increase in revenues, combined with a limited growth in overall costs, enabled the **Telecinco Group** to obtain **EBIT** amounting to **EUR 197.2 million**. EBIT more than doubled compared to the result achieved in the same period of 2003.

FINANCIAL AND ECONOMIC RESULTS OF THE MEDIASET GROUP

Drafting Criteria

According to CONSOB resolution no. 11971 of 14 May 1999, the economic information given below refers to the third quarter of 2004 and to the first nine months of 2004 and is compared to the same period of the previous year. The balance sheet information provided refers to 30 September 2004, 30 June 2004 and 31 December 2003.

In preparing the accounts, the same criteria used for preparing the Report on operations of the Annual Report and the Interim Report were utilised.

The analysis of the income statement and of the consolidated financial position and balance sheet with reference to the third quarter of 2004, was also performed – in compliance with that established by the CONSOB Communication no. 98084143 of 27 October 1998 with regard to information by business sector – by separately highlighting the contribution to the financial and economic results of the Group by the two geographical areas, Italy and Spain.

The Report on Operations in the Third Quarter of the year is not submitted for audit certification by Independent Auditors.

Economic results

A summary of the reclassified income statement of the Mediaset Group is set out below.

In compliance with that established in art. 81 clause 7 of the Regulations approved by the CONSOB resolution no. 11971 of 14 May 1999 and subsequent amendments, the economic result of the period was presented before taxes. This result was also amended in order to show the 2003 stake of minority interests in Gestelevision Telecinco, in the annual report, this amendment will be determined based on the net result of this investment.

It should also be noted that the income statement also includes the effects – in 2003 and the first nine months of 2004 – of the line-by-line consolidation of Publieuros and Publieurope. These companies were previously recorded at cost and they perform advertising sales activities on the international markets for Publitalia '80, Publiespana and other media companies in Europe. The impact of this change on the economic results of the first quarter of 2004 is extremely reduced, since it amounts to EUR 4.3 million in terms of net revenues (against EUR 16.9 million of total aggregate revenues of both companies) and to EUR 1,8 million in terms of EBIT and EUR 2.0 million of earnings before tax and this does not therefore jeopardise the comparability of figures between the two quarters.

(EUR millions)

Mediaset Group: Reclassified income statement summary					
2003		First 9 Months		3rd quarter	
full year		2004	2003	2004	2003
3,029.3	Sales of goods and services	2,363.4	2,088.7	573.4	480.0
40.7	Other revenues and income	36.8	23.1	14.3	5.4
3,070.0	Total consolidated net revenues	2,400.2	2,111.8	587.7	485.4
379.5	Personnel expenses	294.6	280.5	90.3	88.9
901.8	Purchases, services, other costs	717.4	606.2	191.5	164.9
1,281.3	Operating costs	1,012.0	886.7	281.8	253.8
1,788.7	EBITDA	1,388.2	1,225.1	305.9	231.6
967.9	Amortisation, depreciation and write-downs	643.7	707.0	222.6	207.8
820.8	EBIT before amortisation goodwill Telecinco	744.5	518.1	83.3	23.8
43.2	Amortisation goodwill Telecinco	34.7	32.4	13.1	10.8
777.6	EBIT	709.8	485.7	70.2	13.0
(6.2)	Financial income/(charges)	28.3	(1.4)	(4.3)	0.3
(84.3)	Income/(charges) from equity investments	(13.2)	(23.3)	(4.1)	(1.8)
687.1	Profit (loss) before extraordinary items	724.9	461.0	61.8	11.5
(12.0)	Sundry and extraordinary income/(charges)	(2.4)	(12.0)	0.3	(0.7)
675.1	PBT and minority interests	722.5	449.0	62.1	10.8
(58.9)	Minority interests in PBT	(96.2)	(49.3)	(17.9)	(4.6)

Here follows an analysis of the percentage impact on consolidated net revenues on a few significant items of the Group's income statement.

2003		First 9 Months		3rd quarter	
full year		2004	2003	2004	2003
100.0%	Net consolidated revenues	100.0%	100.0%	100.0%	100.0%
41.7%	Operating costs	42.2%	42.0%	47.9%	52.3%
58.3%	EBITDA	57.8%	58.0%	52.1%	47.7%
31.5%	Amortisation, depreciation and write-downs	26.8%	33.5%	37.9%	42.8%
26.7%	EBIT before amortisation goodwill Telecinco	31.0%	24.5%	14.2%	4.9%
25.3%	EBIT	29.6%	23.0%	11.9%	2.7%
22.4%	Profit (loss) before extraordinary items	30.2%	21.8%	10.5%	2.4%
22.0%	EBT and minority interests	30.1%	21.3%	10.6%	2.2%

Here follows an analysis of the single Mediaset Group income statement elements. This analysis was carried out by highlighting the economic contribution in terms of operating management arising from television operations separately in the two geographical areas (including the contribution arising from the line-by-line consolidation of Publieurope, as a result of the advertising sub-concession relations prevalently established by this company in the domestic market), Italy and Spain.

Analysis of results by geographical area: Italy

Below is the summary of the reclassified income statement of the Mediaset Group, arising from Italian operations:

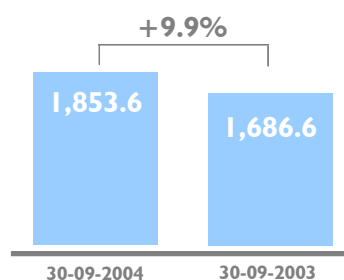
(EUR millions)

Italy: Reclassified income statement summary					
2003 full year		First 9 Months		3 rd quarter	
		2004	2003	2004	2003
2,389.1	Sales of goods and services	1,820.1	1,665.5	433.1	375.2
35.8	Other revenues and income	33.5	21.1	12.7	5.6
2,424.9	Total consolidated net revenues	1,853.6	1,686.6	445.8	380.8
314.6	Personnel expenses	243.7	233.0	73.8	73.4
686.7	Purchases, services, other costs	540.6	460.5	143.5	124.3
1,001.3	Operating costs	784.3	693.5	217.3	197.7
1,423.6	EBITDA	1,069.3	993.1	228.5	183.1
773.5	Amortisation, depreciation and write-downs	522.0	576.5	181.5	168.8
650.1	EBIT	547.3	416.6	47.0	14.3
(11.0)	Financial income/(charges)	25.0	(5.7)	(5.2)	(0.9)
(82.0)	Income/(charges) from equity investments	(13.6)	(21.4)	(4.0)	(1.3)
557.1	Profit (loss) before extraordinary items	558.7	389.5	37.8	12.1
(9.8)	Sundry and extraordinary income/(charges)	(2.3)	(10.7)	(0.1)	(0.2)
547.3	PBT and minority interests	556.4	378.8	37.7	11.9

In the table below, the percentage on consolidated net revenues of a few significant components of the income statement are analysed.

2003 full year		First 9 Months		3 rd quarter	
		2004	2003	2004	2003
100.0%	Net consolidated revenues	100.0%	100.0%	100.0%	100.0%
41.3%	Operating costs	42.3%	41.1%	48.7%	51.9%
58.7%	EBITDA	57.7%	58.9%	51.3%	48.1%
31.9%	Amortisation, depreciation and write-downs	28.2%	34.2%	40.7%	44.3%
26.8%	EBIT	29.5%	24.7%	10.5%	3.8%
23.0%	Profit (loss) before extraordinary items	30.1%	23.1%	8.5%	3.2%
22.6%	EBT and minority interests	30.0%	22.5%	8.5%	3.1%

Net Revenues



Consolidated net revenues from Italian operations recorded a EUR 167 million increase in the first nine months of 2004 over the same period of the previous year.

This change mainly resulted from increased net revenues from television operations, as shown in the following table:

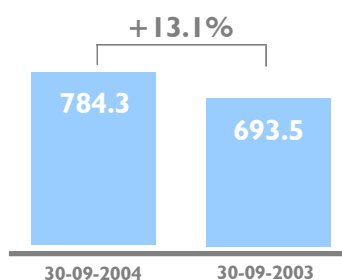
(EUR millions)

2003 full year		First 9 Months		3 rd quarter	
		2004	2003	2004	2003
2,264.4	Revenues from the sale of commercials	1,740.9	1,567.0	410.7	358.7
366.0	Revenues from television sales, promotions and sponsorships	271.5	263.8	59.8	55.5
2,630.4	Gross advertising revenues Mediaset networks	2,012.4	1,830.8	470.5	414.2
94.7	Other revenues from television operations	69.7	67.5	23.5	9.6
(389.6)	Agency discounts	(299.0)	(271.3)	(69.8)	(61.6)
2,335.5	Total net revenues from television operations	1,783.1	1,627.0	424.2	362.2
89.4	Total net revenues from non-television operations	70.5	59.6	21.6	18.6
2,424.9	Total consolidated net revenues	1,853.6	1,686.6	445.8	380.8

More specifically, revenues from television operations can be detailed as follows:

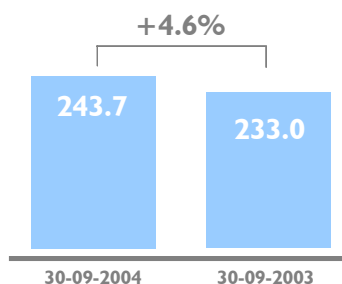
- gross **advertising revenues** from **Mediaset networks**, totalling EUR 2,012.4 million, recorded an increase equal to EUR 181.6 million, amounting to a 9.9% increase over the same period of the previous year. In particular, the *revenues from the sale of commercials* recorded an 11.1% increase, whereas the *revenues from television sales, promotions and sponsorships* showed 2.9% growth;
- **other revenues from television operations** recorded in the period under examination an increase totalling EUR 2.2 million, mainly attributable to more income generated than in the same period of the previous year by teleshopping operations, telephone traffic linked to main network productions and by the activity of *content provider* of general programme schedules and by the reselling of television productions to other distribution platforms which on the whole more than offset the lost revenues generated in 2003 by the sale of the rights of some Champions League matches to the pay-TV satellite platform. Starting from the third quarter of 2003, Mediaset has been holding television rights for this event only for non encrypt broadcasting.
- As a whole, **net revenues from non television operations** (+10.9 million over 30 September 2003), which included the contribution of EUR 4.3 million in 2004 arising from the consolidation of Publieurope, on a like-for-like basis recorded an increase of EUR 6.6 million over the first nine months of 2003. This change is mainly attributable to greater earnings from the distribution of four theme channels made by the Group, after reviewing the agreement with Sky Italia in the second half of 2003 and to the multimedia publishing *content-providing* and *content packaging* operations carried out with mobile telephony operators.

Operating costs



The operating costs of Italian operations showed an increase of EUR 90.8 million over the same period of the previous year. The main items in operating costs are personnel expenses and purchases, services and other costs which are detailed below.

Personnel expenses

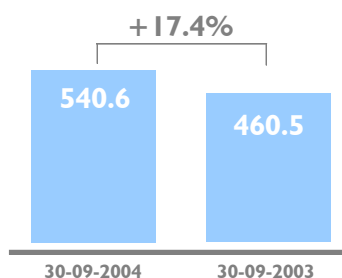


The EUR 10.7 million increase in personnel expenses over the same period of the previous year is mainly the result of the remuneration policy adopted and the impact of the renewal of wage settlements, and also includes the effects of the consolidation of Publieurope for an amount of EUR 1.9 million. In the tables below, the effective and average workforce in the first three quarters of 2004 and in 2003, including the personnel of Publieurope, are illustrated, totalling 24 units (specific and average values):

31/12/2003	Effective workforce (including temporary staff)	30/09/2004	30/09/2003
318	Managers	311	304
324	Journalists	334	318
651	Middle managers	674	656
3,102	Office workers	3,124	3,093
4,395	Total	4,443	4,371

2003 full year	Average workforce (including temporary staff)	First 9 Months	
		2004	2003
309	Dirigenti	313	299
310	Giornalisti	329	285
656	Quadri	662	654
3,121	Impiegati	3,099	3,054
4,396	Total	4,402	4,292

Purchases, services and other costs



As a whole, the item purchases, services and other costs showed an increase of 80.1 million in the first three quarters of 2004 over the same period of the previous year. This variation is mainly attributable, as can be seen in the table below, to the increase in *television operating costs* and *non television costs* for the development of terrestrial digital operations.

(EUR millions)

2003 full year		First 9 Months		3 rd quarter	
		2004	2003	2004	2003
90.9	Commercial costs	66.8	60.2	19.5	18.0
436.6	Schedules operating costs	347.6	294.1	84.1	73.1
35.8	Broadcasting costs	20.1	23.9	7.1	7.2
67.6	Other costs	47.3	44.0	14.0	14.4
630.9	Total operating television costs	481.8	422.2	124.7	112.7
55.8	Other operating non-television costs	58.8	38.3	18.8	11.6
686.7	Purchases, services and other costs	540.6	460.5	143.5	124.3

The trend in *television operating costs* cannot be compared on an as-like basis since, as was already mentioned, starting from the third quarter 2003 operating costs include the new (2003/2004) *UEFA Champions League*. It should be noted that the amount of the four year

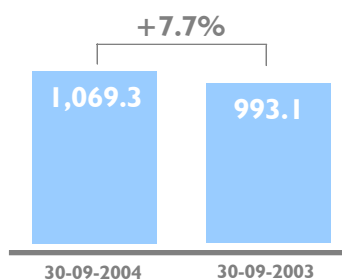
agreement for the previous leagues (1999-2003) was capitalised and amortised during the period of television use since, under the agreement, the Mediaset group held multiyear rights. Net of this effect and of some variable cost elements which obviously mirrored the extraordinary dynamism of television sales in the period, the growth of all *television operating costs* remained stable at 5.6 %.

In particular, the elements mentioned above especially affect the trend of *programme schedule operating costs*, whose growth on a like-for-like basis mainly results from more use of in-house programmes compared to the same period of the previous year.

For a better appreciation of the dynamics in television costs, it is worth noting that *overall television costs*, including those elements connected to personnel expenses and amortisation, depreciation and write-downs of television rights and other fixed assets, showed a slight decrease (-0.5%) over the same period of the previous year.

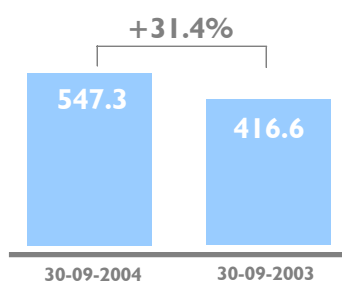
The increase in **operating costs** concerning **non-television operations** (EUR 20.5 million up on the first nine months of 2003) is attributable, as already mentioned, for around EUR 22 million to the operations connected to digital terrestrial television regarding the management of owned multiplex, the rental of broadcasting capacity for the *simulcasting* of Canale 5 and Italia 1, the making and experimentation of interactive applications and contents.

EBITDA



A growth in EBITDA was recorded in the period for an amount of EUR 76.2 million; as a result of the significant growth of consolidated net revenues, its percentage impact on these revenues went from 58.9% in the first nine months of 2003 to 57.7% in the same period of 2004.

EBIT



EBIT referring to Italian operations recorded a EUR 130.7 million increase in the first nine months of 2004 over the same period of the previous year. This is attributable not only to the trends we have already commented, but also to the decrease in overall amortisation, depreciation and write-downs for an amount of EUR 54.5 million. This evolution is mainly due, as already mentioned, to the different accounting method adopted for rights for the new matches of *Champions League* that, starting from the third quarter of 2003, have been recorded under operating costs. Net of this element, overall *amortisation of television rights* remained basically stable in the two periods, whereas higher amortisation, for around EUR 17 million, is recorded with respect to investments on the digital multiplex and premium contents made starting from this year also with a view to

the start in 2005 of the first services that can be broadcast on the digital terrestrial platform in a *pay per view* mode.

The **percentage impact of EBIT** on consolidated net results showed a significant increase from 24.7% in the first nine months of 2003 to 29.5% of the same period of 2004.

Analysis of results by geographical area: Spain

Here follows the income statement referring to Spanish operations which correspond to the consolidated figures of the Telecinco Group. Appropriate reclassification was performed in order to make the accounting standards established by Spanish law on statutory financial statements comparable to those established by the Italian law.

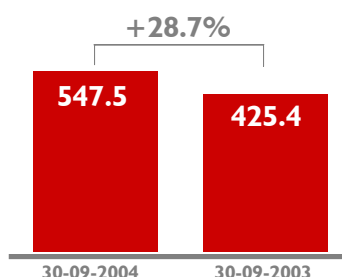
(EUR millions)

Spain: Reclassified income statement summary					
2003 full year		First 9 Months		3 rd quarter	
		2004	2003	2004	2003
640.2	Sales of goods and services	543.3	423.2	140.3	104.8
5.8	Other revenues and income	4.2	2.2	1.9	-
646.0	Total consolidated net revenues	547.5	425.4	142.2	104.8
64.9	Personnel expenses	50.9	47.5	16.5	15.5
216.0	Purchases, services, other costs	177.7	145.9	48.2	40.8
280.9	Operating costs	228.6	193.4	64.7	56.3
365.1	EBITDA	318.9	232.0	77.5	48.5
194.4	Amortisation, depreciation and write-downs	121.7	130.5	41.2	39.0
170.7	EBIT	197.2	101.5	36.3	9.5
4.8	Financial income/(charges)	3.3	4.3	0.9	1.2
(2.3)	Income/(charges) from equity investments	0.4	(1.9)	(0.1)	(0.5)
173.2	Profit (loss) before extraordinary items	200.9	103.9	37.1	10.2
(2.2)	Sundry and extraordinary income/(charges)	(0.1)	(1.3)	0.4	(0.5)
171.0	PBT and minority interests	200.8	102.6	37.5	9.7

In the table below, we detail the percentage impact on consolidated net revenues of a few significant items of income statements referring to Spanish operations.

2003 full year		First 9 Months		3 rd quarter	
		2004	2003	2004	2003
100.0%	Net consolidated revenues	100.0%	100.0%	100.0%	100.0%
43.5%	Operating costs	41.8%	45.5%	45.5%	53.7%
56.5%	EBITDA	58.2%	54.5%	54.5%	46.3%
30.1%	Amortisation, depreciation and write-downs	22.2%	30.7%	29.0%	37.2%
26.5%	EBIT	36.0%	23.9%	25.5%	9.1%
26.8%	Profit (loss) before extraordinary items	36.7%	24.4%	26.1%	9.7%
26.5%	EBT and minority interests	36.7%	24.1%	26.4%	9.3%

Net Revenues



In the first three quarters of 2004, the consolidated net revenues generated by the Telecinco Group increased by EUR 122.1 million over the same period of the previous year.

The table below details the revenues of the Telecinco Group highlighting its most significant items:

(EUR millions)

2003 full year		First 9 Months		3 rd quarter	
		2004	2003	2004	2003
563.4	Revenues from the sale of commercials	465.1	373.8	118.0	90.2
70.1	Revenues from television sales, promotions, sponsorships	62.9	45.2	15.1	11.8
633.5	Publiespana Gross advertising revenues	528.0	419.0	133.1	102.0
65.3	Other revenues	53.3	40.7	14.1	11.2
(52.8)	Agency discounts	(33.8)	(34.3)	(5.0)	(8.4)
646.0	Total consolidated net revenues	547.5	425.4	142.2	104.8

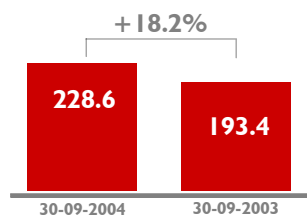
The main item in revenues is **advertising revenues from television operations** referring to the sale of advertising space performed by Publiespana as sole agent for Telecinco. This item recorded an extremely positive evolution in the first nine months of 2004, reaching EUR 528.0 million. The 26.0% increase over the same period of the previous year was achieved thanks to a positive combination of the main leverages, from space optimisation to the higher number of contacts generated, price recovery supported by the strong dynamic of the market, and the increase in sales of the *Special events* area. More specifically, in the first nine months of 2004 *revenues from the sale of commercials* increased by 24.4% over the same period of the previous year, whereas *revenues generated by the Special events area* grew by 39.2% over the first nine months of 2003 and represent 12% of overall sales of the concessionary.

The item **other revenues from television operations** includes a variety of revenues which are by nature complementary and additional with respect to television operations. These can be grouped in two main types:

- revenues arising from the *selling of television contents* and the *distribution of film rights*, an activity that virtually consists of the residual exploitation of products mainly purchased for television broadcasting;
- revenues associated with *content extension* activities, that include income from merchandising projects, telephone calls generated by the interaction via SMS with a few television productions and other revenues – including advertising revenues, arising from the exploitation on other media of successful television formats.

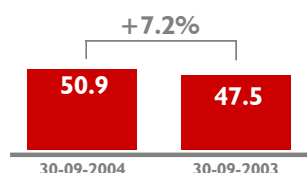
In the first three quarters of 2004, overall revenues amounted to EUR 53.3 million, showing a 31.0% increase over the same period of 2003, mainly due to merchandising operations, distribution of rights and advertising sales on *new media* managed by subsidiary company Publimedia Gestion, the latter item reaching EUR 13.9 million with a 24.5% increase over the same period of 2003.

Operating costs



The operating costs of the Telecinco Group showed an increase totalling EUR 35.2 million over the first three quarters of 2003. The main items in operating costs are personnel expenses and purchases, services and other costs, which are analysed below. For a better appreciation of the economic trend of the period, it is worth noting that Telecinco Group's *overall costs*, including the items associated with personnel expenses and amortisation, depreciation and write-downs, showed an 8.2% growth in the period being analysed. Net of variable elements in advertising sales and other non recurring costs mainly paid in the first half of the year for the float on the Stock Exchange, this increase amounts to 2.7%.

Personnel expenses

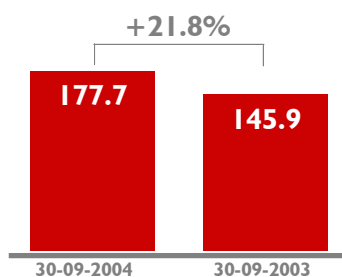


Personnel expenses of the companies belonging to the Telecinco Group, showed a EUR 3.4 million increase over the same period of the previous year. This change is mainly attributable to the economic effects of wage settlement renewals carried out in the period and to the increase in the average workforce (as shown in the tables below) as a result of hiring personnel working in the area of television productions which was previously outsourced. The economic impact of this increase was partially absorbed in terms of decreased other operating costs.

31/12/2003	Effective workforce (including temporary staff)	30/09/2004	30/09/2003
69	Dirigenti	65	70
105	Giornalisti	103	96
120	Quadri	124	119
889	Impiegati	888	892
22	Operai	41	26
1,205	Total	1,221	1,203

2003 full year	Average workforce (including temporary staff)	First 9 Months	
		2004	2003
69	Dirigenti	66	69
101	Giornalisti	103	97
120	Quadri	120	101
924	Impiegati	891	899
23	Operai	44	11
1,237	Total	1,224	1,177

Purchases, services and other costs



In the first three quarters of 2004, overall costs for purchases, services and other costs recorded growth of EUR 31.8 million over the same period of the previous year.

(EUR millions)

2003 full year	Average workforce (including temporary staff)	First 9 Months	
		2004	2003
69	Dirigenti	66	69
101	Giornalisti	103	97
120	Quadri	120	101
924	Impiegati	891	899
23	Operai	44	11
1,237	Total	1,224	1,177

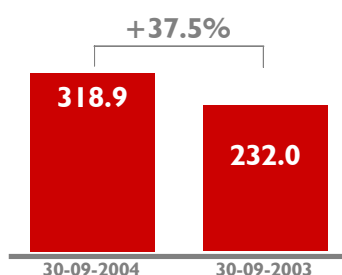
Selling costs, totalling EUR 4.0 million (EUR 5.2 million in the same period of 2003) include the costs of concessionaries *Publiespana* and *Publimedia Gestion*.

Television scheduling costs totalled EUR 121.4 million (EUR 101.7 million in the same period of 2003) and recorded a 19.4% increase in the nine months. This change was affected for EUR 7.7 million by some variable cost items with respect to advertising sales, and to the greater use of in-house produced entertainment programmes, compared to the issuing of television rights referring to films as well as international and Italian series. In the first nine months of 2004, the percentage of in-house productions rose from 68% in 2003 to 77% of the programmes offered by Telecinco. The increase in operating costs of in-house productions is partially offset by the decrease of EUR 7.6 million in costs referring to amortisation and write-downs of television rights.

Broadcasting costs are the costs paid for renting the network and television signal broadcasting services from the state-owned operator *Retevision*. These costs amounted to EUR 13.3 million, and were unchanged with respect to the same period of the previous year.

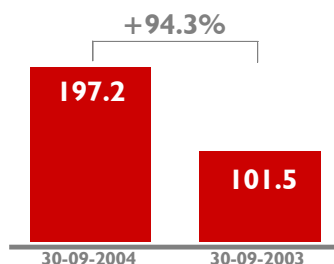
Other costs include overheads for central staff structures, provisions and costs directly attributable to *other television operations* which mainly refer to *content extension* projects. In the first nine months of 2004 the overall increase in these costs is mainly due to the costs incurred for floating on the Stock Exchange and to provisions for legal actions and possible penalties for claims communicated in the period to Telecinco by the relevant Ministry.

EBITDA



Following a strong increase in net revenues and a more limited increase in costs, EBITDA recorded a EUR 86.9 million increase in the first nine months of 2004 over the same period of the previous year; the percentage impact on consolidated net revenues went from 54.5% of the first nine months of 2003 to 58.2% in the same period of 2004.

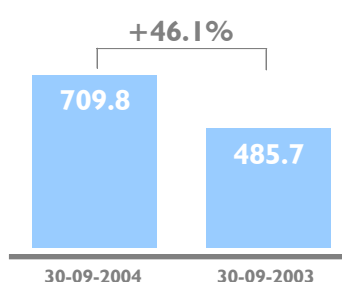
EBIT



In the first nine months of 2004, EBIT for the Spanish Area reached EUR 197.2 million, with a percentage impact on net revenues of 36.0% compared to 23.9% of the previous year. This result in the first three quarters of 2004 was also influenced by the decrease in overall amortisation, depreciation and write-downs, which went from EUR 130.5 million in the first nine months of 2003 to EUR 121.7 million in the same period of 2004.

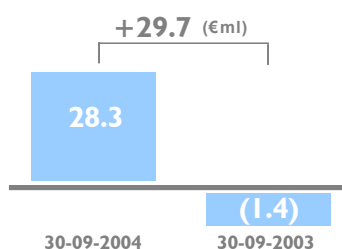
Below follows the analysis of the other items of the income statement with reference to the Mediaset Group as a whole.

EBIT (after goodwill amortisation of Telecinco)



The improvement in EBIT in the first nine months of 2004 (EUR 224.1 million) is attributable for EUR 130.7 million to Italian operations, for EUR 95.7 million to the Telecinco Group, with a higher goodwill amortisation quota generated from consolidating Telecinco investment for EUR 2.3 million. At 30 September 2004 this item included the increase resulting from the adjustment, by EUR 78.2 million, of the purchase price of the 12% share from Vocento following the floating of Telecinco on the Stock Exchange, as envisaged under the agreements stipulated during the acquisition of this portion.

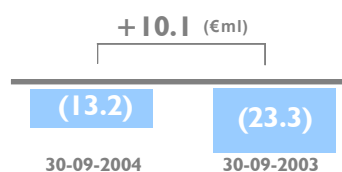
Financial income /(charges)



The considerable increase in the balance of this item is mainly attributable to net income of EUR 35 million received for the right of economic use and the *total return swap* contract stipulated at the end of 2003 with ICE Finance and a major international bank, respectively, which guaranteed Mediaset the share of ordinary and extraordinary dividends deliberated by Telecinco for the 10% stake held by ICE Finance, as well as the capital gain achieved by ICE Finance on the occasion of the Telecinco public sale offer for the amount exceeding the predetermined value of EUR 222.5 million.

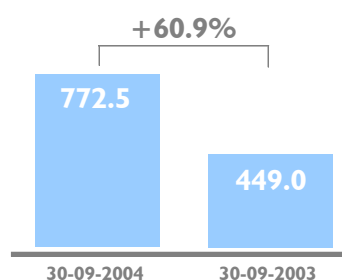
Charges totalling EUR 1.8 million regarding exchange rate differences were also recorded in the period (income for EUR 0.4 million in the first nine months of 2003) and other net charges for EUR 4.9 million (EUR 1.8 million in the same period of the previous year).

Income/(Charges) from investments



The positive change in the balance of this item is mainly attributable to decreased charges in 2004 arising from the adjustment of the stake held in Albacom S.p.A. (minus EUR 12.7 million in the nine months of 2004, minus EUR 20.1 million in the same period of the previous year).

EBT and minority interests



The positive change in this item is due to EUR 177.6 million of Italian operations and EUR 98.2 million of the Telecinco Group.

Provisions for income taxes

In accordance with article 81 clause 7 of the Regulation approved by CONSOB resolution no. 11971 of May 14th, 1999 and subsequent amendments, the period result was shown gross of taxation and, therefore, no deferred tax assets or liabilities deriving from the application of the current accounting standard, regarding income taxes, were accounted for.

Balance sheet and financial position

Here follows the balance sheet summary of the Mediaset Group for the periods being analysed.

(EUR millions)

31/12/2003	Mediaset Group: Balance sheet summary	30/09/2004	30/06/2004
1,923.6	Television rights	1,915.2	1,906.7
563.1	Other intangible/tangible fixed assets	614.2	579.9
300.3	Adjustment from Telecinco net consolidation	343.6	356.7
136.0	Equity investments and financial fixed assets	140.8	136.0
215.7	Net working capital and other assets/liabilities	39.9	304.1
(106.9)	Allocation for severance indemnities	(112.6)	(110.5)
3,031.8	Net invested capital	2,941.1	3,172.9
(199.3)	Net financial position	213.3	(81.7)
2,591.6	Group Shareholders' Equity	2,942.5	2,897.5
240.9	Minority Shareholders' Equity	211.9	193.7
2,832.5	Total Shareholders' Equity	3,154.4	3,091.2

Below the balance sheet situation of the two geographical areas, Italy and Spain, is illustrated separately.

(EUR millions)

Balance Sheet summary (geographical detail)	Italy		Spain	
	30/09/2004	31/12/2003	30/09/2004	31/12/2003
Television rights	1,729.2	1,740.3	186.0	183.3
Other intangible/tangible fixed assets	503.7	433.5	110.5	129.6
Equity investments and other financial fixed assets	746.6	663.0	7.3	7.9
Net working capital and other assets/liabilities	111.4	290.1	(62.0)	(74.4)
Allocation for severance indemnities	(112.6)	(106.9)	-	-
Net invested capital	2,978.3	3,020.0	241.8	246.4
Net financial position	5.8	(451.4)	207.5	252.1
Group Shareholders' Equity	2,982.6	2,567.2	449.0	498.2
Minority Shareholders' Equity	1.5	1.4	0.3	0.3
Total Shareholders' Equity	2,984.1	2,568.6	449.3	498.5

It should be noted that the balance sheet situation referring to Italian operations includes the book value of shareholding and dividends received by Spanish companies, deducted at Group level, as well as the line-by-line consolidation of Publieurope and Publieuros.

The balance sheet situation referring to the Spanish area corresponds to that of the Telecinco Group, which at 30 September 2004 includes, under item *net working capital and other current assets and liabilities*, own shares purchased for EUR 9.5 million, covering approved Stock options plans. This value is offset in the consolidation, with respect to the corresponding net equity reserve, with subsequent recalculation of the net equity share of the Telecinco Group belonging to the Mediaset group (52.2%) and minority interests (47.8%).

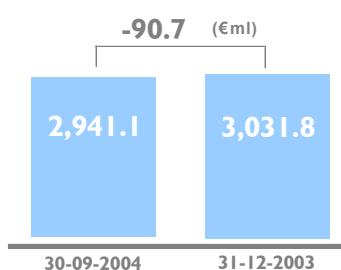
In the table below, the balance sheet situation of the Group at 30 September 2004 is broken down in order to highlight the effects commented above, arising from the line-by-line consolidation of equity investments in the Telecinco Group.

(EUR millions)

Balance Sheet summary - 30/09/2004	Italy	Spain	Eliminations/ Adjustments	Mediaset Group
Television rights	1,729.2	186.0	-	1,915.2
Other intangible/tangible fixed assets	503.7	110.5	343.6	957.8
Equity investments and other financial fixed assets	746.6	7.3	(613.1)	140.8
Net working capital and other assets/liabilities	111.4	(62.0)	(9.5)	39.9
Allocation for severance indemnities	(112.6)	-	-	(112.6)
Net invested capital	2,978.3	241.8	(279.0)	2,941.1
Net financial position	5.8	207.5	-	213.3
Group Shareholders' Equity	2,982.6	449.0	(489.1)	2,942.5
Minority Shareholders' Equity	1.5	0.3	210.1	211.9
Total Shareholders' Equity	2,984.1	449.3	(279.0)	3,154.4

Below are comments to the main items of the consolidated balance sheet at 30 September 2004 and their variations compared to 31 December 2003.

Net invested capital



The most significant element of the invested capital of the Mediaset group is **television rights**, an item which is substantially unchanged since 31 December 2003 as a consequence of the decrease in the rights held in Italy totalling EUR 11.1 million (due to an increased amortisation quota compared to the investments accounted for in the period) and of the increase equal to EUR 2.7 million referring to the rights held by the Telecinco Group.

Other tangible and intangible assets showed a EUR 51.1 million net increase compared to 31 December 2003. EUR 70.2 million of this increase is attributable to the increase in Italian operations, mainly due to the capitalisation of first negotiation rights and the pre-emption right of encrypted rights for pay-TV programmes from the 2007-2008 season acquired within the framework of agreements stipulated with the teams Inter, Juventus and Milan at the end of the six months' period, with the addition of those with other significant "Serie A" teams, among which Roma, signed in July. These operations, regarding the Telecinco Group, show a total EUR 19.1 million decrease, mainly attributable to the reduction in advance payments for future investments in television rights.

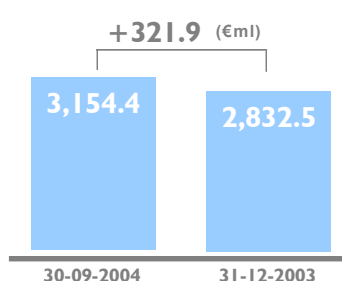
The increase in **differences arising from consolidation** is generated, net of amortisation quotas for the period, by the adjustment by EUR 78.2 million of the purchase price of the 12% stake in Telecinco acquired by Mediaset in 2003

from the Vocento Group, an adjustment calculated after the flotation on the stock exchange of Telecinco as was envisaged by the contract at the moment of the investment.

The item **investments and other financial assets** is substantially unchanged since 31 December 2003.

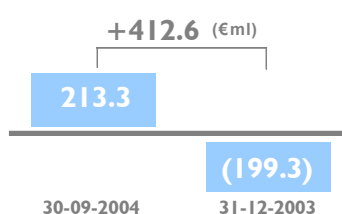
The item **working capital and other current assets and liabilities** totalled EUR 39.9 million and includes a positive balance of EUR 111.4 million referring to Italian operations and a negative balance of EUR 62.0 million referring to the Telecinco Group. The decrease compared to 31 December 2003, totalling EUR 175.8 million, is mainly attributable to lower trade receivables, whose amount at 30 September shows both in Italy and Spain the different trend of advertising sales in the summer compared to the last part of the year.

Net Group shareholders' equity and attributable to minority interests



The increase over 31 December 2003 reflects the gross profit for the period, net of dividends to be paid, EUR 271.3 million of which by the parent company, and EUR 120 million by subsidiary Telecinco and the EUR 9.5 million decrease following the cancellation at the consolidation stage of the tied reserve set up by Telecinco for purchases of own shares carried out in the first six months to cover its own Stock Option plans.

Net financial position



The net financial position of the Group at 30 September 2004 amounted to EUR 213.3 million, as results from the net liquid funds of Italian operations, totalling EUR 5.8 million (minus EUR 451.4 million at 31 December 2003) and from the net liquid funds of the Telecinco Group amounting to EUR 207.5 million (EUR 252.1 million at 31 December 2003).

It should be noted that the financial position at 30 September 2004 includes, under liquid funds, EUR 62.5 million (EUR 64.2 million at 30 September 2003) regarding payments made by customers before 30 September and which were registered by the banks in the first days of October.

(EUR millions)

31/12/2003		30/09/2004	30/06/2004
286.2	Liquid funds	363.2	336.0
226.1	Securities and financial assets not classified as fixed assets	175.4	160.3
512.3	Total financial assets	538.6	496.3
(704.2)	Due to banks	(317.7)	(569.5)
	Due to other lenders:		
(2.2)	factoring companies	(2.5)	(2.8)
(4.1)	lease companies	(3.7)	(3.8)
(1.1)	Others	(1.4)	(1.9)
(711.6)	Total financial liabilities	(325.3)	(578.0)
(199.3)	Net financial position	213.3	(81.7)

Below is the cash flow statement of the Group as a whole and broken down per geographic areas showing the main elements of the financial evolution in the periods under investigation.

As already mentioned in the Interim Report, it should be noted that in the *Group's summary cash flow statement*, the *paid dividends* item includes, besides the dividends paid by parent company Mediaset S.p.A. of EUR 271.3 million, ordinary and extraordinary dividends totalling EUR 120 million distributed by subsidiary Telecinco to the minority shareholders of this company, EUR 25 million of which represent the dividends paid to shareholder ICE Finance, which are however included among monetary income in item *Cash flow from operations*, since they were received by Mediaset under the already mentioned economic rights ensured by the usage contract and by the financial instruments stipulated in late 2003.

It should also be pointed out that the **change in the consolidation area** item includes at 30 September 2004 the effects arising by the merger by acquisition in RTI S.p.A. of subsidiary company Epsilon TV Production S.r.l., a company that was previously recorded at cost and that, at the moment of the merger, held the ownership of rights regarding some international television productions.

(EUR millions)

2003 full year	Mediaset Group: cash flow statement	30/09/2004	30/06/2004	30/09/2003
1,537.6	Operating cash-flow	1,414.4	1,116.9	1,191.6
13.7	Total disinvestments in fixed assets	1.9	1.5	1.0
(835.1)	Total investments of which:	(776.7)	(542.8)	(576.4)
(705.7)	investments in television rights	(547.2)	(350.2)	(492.8)
(9.4)	equity investments	(12.5)	(12.6)	(9.4)
(50.9)	other investments in intangible fixed assets	(162.2)	(133.1)	(33.0)
(69.1)	investments in tangible fixed assets	(54.8)	(46.9)	(41.2)
-	Share capital increases	-	-	-
(264.3)	Dividends paid	(391.3)	(391.3)	(264.3)
(354.1)	Other monetary variations	168.9	(66.7)	(119.2)
(126.3)	Changes to the consolidation area	(4.6)	-	(133.7)
(28.5)	Net cash flow	412.6	117.6	99.0

(EUR millions)

Cash flow statement (geographical detail)	Italy		Spain	
	30/09/2004	30/09/2003	30/09/2004	30/09/2003
Operating cash-flow	1,214.3	983.9	330.1	207.7
Total disinvestments in fixed assets	1.2	0.4	0.7	0.6
Total investments of which:	(659.8)	(731.1)	(116.9)	(121.3)
investments in television rights	(433.3)	(377.9)	(113.9)	(114.9)
equity investments	(90.7)	(285.4)	-	-
other investments in intangible fixed assets	(83.2)	(31.7)	(0.8)	(1.3)
investments in tangible fixed assets	(52.6)	(36.1)	(2.2)	(5.1)
Share capital increases	-	-	-	-
Dividends paid	(271.3)	(247.4)	(250.0)	(28.2)
Other monetary variations	177.4	(116.1)	(8.5)	8.2
Changes to the consolidation area	(4.6)	-	-	-
Net cash flow	457.2	(110.3)	(44.6)	67.0

It is also worth noting that the change in the financial position in the period referring to **Italian operations**, net of the dividends paid by parent company Mediaset S.p.A., of the dividends received by Telecinco and of the income received and the expenditures paid for investments, loans and financial operations on equity investments, shows a positive **cash flow from**

operations of EUR **652.0 million**, significantly higher than that generated in the same period of the previous year, which amounted to EUR 411.2 million. This change is mainly attributable to higher incoming flows ensured by the trend of advertising revenues in the two periods and is affected by the payment of EUR 67.2 million (included under *investments in other intangible fixed assets*) regarding rights of first negotiation and pre-emption rights referring to the encrypted rights of some important “Serie A” football teams starting from the 2007-2008 season.

It should also be noted that in the financial statement regarding Italian operations, the *equity investments* item includes EUR 78.2 million regarding the adjustment of the acquisition price of a 12% stake in Telecinco paid to Vocento in the third quarter and EUR 9.9 million referring to the conversion into capital of part of the shareholders’ funds paid by Mediaset in 2003 to subsidiary company Albacom. With respect to the investment in Albacom, it should be noted that, in the third quarter of 2004, Mediaset made prorata payments - as an interest-free shareholders’ loan - totalling EUR 19.6 million to cover the financial needs for the current year.

Also for the **Telecinco Group** the change in the financial position in the first nine months of 2004 shows a positive **cash flow from operations** totalling EUR **205.4 million**, a sharp rise on the figure of EUR 95.2 million of the same period in the previous year, mainly attributable to higher income from increased advertising sales.

The table below shows a breakdown of the Group’s financial statement at 30 September 2004, highlighting the effects arising from the line-by-line consolidation of the Telecinco Group. In particular, it should be noted that the amount of EUR 78.2 million referring to the previously mentioned adjustment of the price of the 12% stake in Telecinco purchased in 2003 from Vocento leads, in consolidation, to an increase in the differences arising from consolidation, and is therefore shown in the Group’s financial statement under *investments in other intangible fixed assets*.

(EUR millions)

Cash flow statement - First 9 Months 2004	Italy	Spain	Eliminations/ Adjustments	Mediaset Group
Operating cash-flow	1,214.3	330.1	(130.0)	1,414.4
Total disinvestments in fixed assets	1.2	0.7	-	1.9
Total investments of which:	(659.8)	(116.9)	-	(776.7)
investments in television rights	(433.3)	(113.9)	-	(547.2)
equity investments	(90.7)	-	78.2	(12.5)
other investments in intangible fixed assets	(83.2)	(0.8)	(78.2)	(162.2)
investments in tangible fixed assets	(52.6)	(2.2)	-	(54.8)
Share capital increases	-	-	-	-
Dividends paid	(271.3)	(250.0)	130.0	(391.3)
Other monetary variations	177.4	(8.5)	-	168.9
Changes to the consolidation area	(4.6)	-	-	(4.6)
Net cash flow	457.2	(44.6)	-	412.6

SIGNIFICANT EVENTS AFTER 30 SEPTEMBER 2004

- On 19 October Mediaset and Nagra, a company belonging to the Kudelski Group, one of the world leading producers of digital security systems, stipulated an agreement for the provision of conditioned access systems necessary for content broadcasting in a pay per view mode on terrestrial digital television.

FORESEEABLE DEVELOPMENTS

- At the end of the first ten months of 2004, Mediaset networks have recorded an average share of 43.2% in the full day and 42.5% in Prime Time, substantially in line with audience levels achieved in the first nine months. In the same period, Telecinco consolidated its primacy among Spanish networks that had already been achieved in the first nine months, with an average share of 22.2% in the 24 hours and 23.2% in Prime Time.
- Based on current evidence, by the end of 2004, gross advertising revenues in Italy should show growth of between 8% and 10% over 2003 while in Spain growth should be between 18 and 20%.
- Based on these trends and considering the expectations of an extremely limited increase in television costs on an annual basis, a significant improvement in operating results and the cash flow generation from operations for the Group is estimated for this year compared to 2003.

for the Board of Directors
the Chairman