

TELECOM GROUP - CONSOLIDATED STATEMENT OF INCOME

	Year	Year	Change	
	2005	2004	(a-b)	%
(millions of euro)	(a)	(b)		
Revenues	29.919	28.292	1.627	5,8
Other income	678	1.099	(421)	(38,3)
Total revenues and operating income	30.597	29.391	1.206	4,1
Purchases of materials and external services	(12.937)	(11.812)	(1.125)	9,5
Personnel costs	(4.142)	(3.852)	(290)	7,5
Other operating expenses	(1.468)	(1.603)	135	(8,4)
Changes in inventories	(4)	27	(31)	(114,8)
Capitalized internal constructions costs	471	713	(242)	(33,9)
OTHER OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION, GAINS/LOSSES ON DISPOSALS AND IMPAIRMENT REVERSALS/LOSSES ON NON- CURRENT ASSETS (EBITDA)	12.517	12.864	(347)	(2,7)
Depreciation and amortization	(5.232)	(4.808)	(424)	8,8
Gain/losses on disposals of non-current assets	242	(9)	251	(2.788,9)
Impairment reversals/losses on non-current assets	(28)	(444)	416	(93,7)
OPERATING INCOME (EBIT)	7.499	7.603	(104)	(1,4)
Share of earnings of equity investments in associates accounted for by the equity method	23	(5)	28	(560,0)
Financial income	3.144	2.205	939	42,6
Financial expenses	(5.131)	(4.197)	(934)	22,3
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES	5.535	5.606	(71)	(1,3)
Income taxes for the period	(2.395)	(2.654)	259	(9,8)
NET INCOME FROM CONTINUING OPERATIONS	3.140	2.952	188	6,4
Net income (loss) from discontinued operations/assets held for sale	550	(118)	668	(566,1)
NET INCOME FOR THE PERIOD	3.690	2.834	856	30,2
Attributable to:				
* Parent company	3.216	1.815	1.401	77,2
* Minority interest	474	1.019	(545)	(53,5)

(I) excluding gain/losses on disposals of discontinued operations/assets held for sale and equity investments in other than subsidiaries.

TELECOM GROUP - CONSOLIDATED BALANCE SHEETS

	12.31.2005	12.31.2004	Change	12.31.2004
(millions of euro)	(a)	(b)	(a-b)	
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
- Goodwill and other intangible asset with an indefinite life	43.980	26.794	17.186	27.459
- Intangible assets with a finite life	6.810	6.295	515	6.774
	50.790	33.089	17.701	34.233
Tangible assets				
- Property, plant and equipment owned	16.443	16.319	124	17.902
- Assets held under finance leases	1.598	1.577	21	1.604
	18.041	17.896	145	19.506
Other non-current assets				
- Equity investments	1.342	1.052	290	1.064
- Securities and financial receivables	996	445	551	393
- Miscellaneous receivables and other non-current assets	711	795	(84)	803
	3.049	2.292	757	2.260
Deferred tax assets	2.793	4.075	(1.282)	4.114
TOTAL NON CURRENT ASSETS (A)	74.673	57.352	17.321	60.113
CURRENT ASSETS				
Inventories	294	289	5	334
Trade receivables, miscellaneous receivables and othe current assets	9.305	9.753	(448)	10.233
Securities other than equity investments	378	458	(80)	457
Financials receivables and other current financial asset	509	680	(171)	662
Cash and cash equivalents	10.323	8.746	1.577	8.855
Sub total Current Assets	20.809	19.926	883	20.541
ASSET HELD FOR SALE				
of a financial nature	37	225	(188)	84
of a non-financial nature	491	4.494	(4.003)	1.096
	528	4.719	(4.191)	1.180
TOTAL CURRENT ASSETS (B)	21.337	24.645	(3.308)	21.721
TOTAL ASSETS (A+B)	96.010	81.997	14.013	81.834
SHAREHOLDERS' EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY				
attributable to Parent Company	25.662	16.248	9.414	16.248
attributable to Minority interest	1.323	4.550	(3.227)	4.550
TOTAL SHAREHOLDERS' EQUITY (C)	26.985	20.798	6.187	20.798
NON-CURRENT LIABILITIES				
Non- current financials liabilities	42.146	38.186	3.960	38.725
Employee severance indemnities and other employee- related reserves	1.351	1.208	143	1.222
Reserve for deferred taxes	137	114	23	170
Reserves for future risks and charges	797	797	-	815
Miscellaneous payables and other non-current liabilities	2.113	2.199	(86)	2.199
TOTAL NON-CURRENT LIABILITIES (D)	46.544	42.504	4.040	43.131
CURRENT LIABILITIES				
Current financial liabilities	9.812	4.207	5.605	4.400
Trade paybles, current tax payables, miscellaneous payables and other current liabilities	12.384	12.245	139	12.733
Sub total current liabilities	22.196	16.452	5.744	17.133
Liabilities relating to asset held for sale				
of a financial nature	143	1.023	(880)	188
of a non-financial nature	142	1.220	(1.078)	584
	285	2.243	(1.958)	772
TOTALE CURRENT LIABILITIES (E)	22.481	18.695	3.786	17.905
TOTAL LIABILITIES (F=D+E)	69.025	61.199	7.826	61.036
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES (C+F)	96.010	81.997	14.013	81.834

(1) At 12.31.2004 and at 12.31.2005 have been considered Discontinued Operations: Finsiel group, Digital Venezuela, Entel Chile group, Tim Hellas, Tim Perù and Buffetti group.