Directors' report on operations for the half-year ended 30th June 2007

Contents

CALTAGIRONE EDITORE GROUP

BOARD OF DIRECTORS' REPORT OF THE GROUP AND OPERATIONS AS AT 30th JUNE 2007

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INFORMATION ON OPERATIONS

The half-year report at 30th June 2007 of the Caltagirone Editore Group was prepared in accordance with IFRS International Accounting Standards, in compliance with Consob Regulation No.11971/1999, amended by Consob Resolution No. 14990/2005.

Caltagirone Editore Group ended the first half of 2007 with revenues of Euro 168.4 million, growth of 14.3% compared to Euro 147.3 million in the first half of 2006 following the inclusion in the consolidation scope of the revenues of Il Gazzettino S.p.A. and its subsidiaries, which contributed Euro 30.5 million.

The revenues at constant perimeter were impacted by the lower value of editorial promotions (a reduction of Euro 7.6 million compared to the first half of 2006) and by the decision to discontinue radio advertising on behalf of third parties, which contributed approximately Euro 1.2 million in the same period of 2006.

The Ebitda, after an expense of Euro 1.6 million deriving from the complimentary pension reforms in Italy, amounted to Euro 31.3 million, an increase of 7.3% compared to 30th June 2006 thanks to the contribution of Euro 3.2 million from the Gazzettino Group. The Ebitda margin on revenues was 18.6% (19.8% in the first half of 2006).

The Ebit grew by 2.2% from Euro 23.3 million in the first half of 2006 to Euro 23.8 million in the first half of 2007.

The principal consolidated income statement data compared to the first half of the previous year are shown below at constant perimeter and also with the contribution of Il Gazzettino S.p.A., relating to the first half of 2007.

In thousands of Euro

INCOME STATEMENT	*30/06/07*	*of which Il Gazzettino Group*	*30/06/07**	*30/06/06*	*Change* %*
VALUE OF PRODUCTION	**168,386**	**30,457**	**137,929**	**147,259**	**14.3%**
CIRCULATION REVENUES	45,202	11,885	33,317	33,469	35.1%
PROMOTION REVENUES	7,578	2,372	5,206	12,779	-40.7%
ADVERTISING REVENUES	108,103	15,403	92,700	94,146	14.8%
REVENUES FROM SERVICES	4,042	-	4,042	4,232	-4.5%
OTHER INCOME AND REVENUES	3,461	797	2,664	2,633	31.4%
RAW MATERIALS, SUPPLIES & CONSUMABLE STORES	(19,152)	(3,815)	(15,337)	(15,461)	23.9%
PERSONNEL COSTS	(56,594)	(12,728)	(43,866)	(44,162)	28.2%
SERVICES	(53,481)	(9,153)	(44,328)	(52,041)	2.8%
RENT, LEASES & SIMILAR COSTS	(4,954)	(485)	(4,469)	(3,961)	25.1%
OTHER CHARGES	(1,868)	(731)	(1,137)	(1,419)	31.6%
OTHER OPERATING CHARGES	(1,055)	(384)	(671)	(1,053)	0.2%
EBITDA	**31,282**	**3,161**	**28,121**	**29,162**	**7.3%**
AMORTISATION, DEPREC. & WRITE-DOWNS	(5,880)	(1,308)	(4,572)	(5,836)	0.8%
EFFECT OF EMPLOYEE INDEMNITY REFORM	(1,552)	(356)	(1,196)	-	n.a.
EBIT	**23,850**	**1,497**	**22,353**	**23,326**	**2.2%**
FINANCIAL INCOME	10,237	21	10,216	9,063	13.0%
FINANCIAL CHARGES	(3,539)	(310)	(3,229)	(3,921)	-9.7%
FINANCIAL RESULT	**6,698**	**(289)**	**6,987**	**5,142**	**30.3%**
PROFIT BEFORE TAX	**30,548**	**1,208**	**29,340**	**28,468**	**7.3%**
INCOME TAXES	(13,022)	(1,069)	(11,953)	(11,269)	15.6%
PROFIT BEFORE MINORITY SHARE	**17,526**	**139**	**17,387**	**17,199**	**1.9%**
MINORITY INTEREST PROFIT	(402)	25	(427)	(322)	24.8%
GROUP NET PROFIT	**17,124**	**164**	**16,960**	**16,877**	**1.5%**

* At constant perimeter compared to 30th June 2006

** Percentage change of the total data at 30th June 2007 compared to 30th June 2006

The income statement in the first half year of 2007 was impacted by the change in the accounting treatment of the employee leaving indemnity in the IFRS financial statements following the complementary pension reform in Italy. This legislative amendment resulted in an expense in the income statement for the period of approximately Euro 1.6 million, recorded in the account Personnel Costs; the impact on the result for the period, net of the relative fiscal effect, was approximately Euro 1 million. For a better understanding of the operational performance of the company, the table above reports this impact after the Ebitda result.

It should also be noted that from the Quarterly Report as at 31st March 2007 the Board of Directors considered it appropriate to change the accounting criteria of the effects deriving from the application of IAS 19 in relation to the Employee Leaving Indemnity Provision. This results in the application of IAS 8, and the adjustment of the data as at 30th June 2006, in order to render them homogeneous with those of 30th June 2007. Reference should be made to the explanatory notes for further information and the additional disclosures required by international accounting standards.

Group Net Financial Position at 30th June 2007 is as follows:

In thousands of Euro

NET FINANCIAL POSITION	***30/06/07***	***31/12/06***
NON-CURRENT FINANCIAL ASSETS	28	28
CURRENT FINANCIAL ASSETS	173	423
CASH AND CASH EQUIVALENTS	378,962	423,233
NON-CURRENT FINANCIAL LIABILIITES	(106,134)	(112,315)
CURRENT FINANCIAL LIABILITIES	(30,613)	(22,691)
TOTAL	**242,416**	**288,678**

The decrease in the period is principally due to the distribution of dividends of Euro 25 million and to the purchase of 1,210,000 shares in the company Generali S.p.A. of approx. Euro 37 million, net of the positive cash flow from normal operations.

GROUP ACTIVITIES AS AT 30th JUNE 2007

1. PUBLISHING ACTIVITIES

In thousands of Euro

CIRCULATION REVENUES	***30/06/07***	***30/06/06***	***Change %***
SALES OF NEWSPAPERS	45,202	33,469	35.1%
of which Il Gazzettino	*11,885*	-	*n.a*
PROMOTIONS	7,578	12,779	-40.7%
of which Il Gazzettino	*2,372*	-	*n.a.*
TOTAL	**52,780**	**46,248**	**14.1%**

Circulation revenues grew by 14.1% on the first half of 2006 due to the first time consolidation of the revenues of Il Gazzettino and to the increase in the price of the newspapers Il Messaggero and Il Mattino, from Euro 0.90 to Euro 1 as at 1st December 2006.

The revenues from products sold together with the Group's newspapers decreased. This was caused by greater competitiveness in the editorial promotions market and a lower demand for these products. Despite this market scenario, pursuing a highly selective strategy, focused on the quality of the publications, the editorial promotions guaranteed an Ebitda contribution of approximately Euro 1.3 million (Euro 1.2 million in the first half of 2006).

2. ADVERTISING REVENUES

In thousands of Euro

ADVERTISING	***30/06/07***	***30/06/06***	***Change %***
Il Messaggero	52,771	52,893	-0.2%
Il Mattino	18,953	20,136	-5.9%
Leggo	14,355	13,561	5.9%
Quotidiano di Puglia	3,433	3,579	-4.1%
Corriere Adriatico	3,021	2,673	13.0%

Newspapers at constant perimeter	**92,533**	**92,842**	**-0.3%**
Il Gazzettino	14,795	-	n.a
Total newspapers	**107,328**	**92,842**	**15.6%**
Other advertising revenues	775	1,304	-40.6%
TOTAL	**108,103**	**94,146**	**14.8%**

In the first six months of 2007 the advertising revenues on newspapers at constant perimeter, overall in line with the result in the same period of the previous year, experienced different trends in the two quarters: growth in the first quarter of 5.1% followed by a decline in the second quarter of 5.4%.

In the presence of a such variable advertising market, noteworthy results were achieved by Leggo, with an increase in advertising revenues of 5.9%, and by Corriere Adriatico, with an increase in advertising revenues of 13%, thanks to the strong contribution by the agency Piemme S.p.A. and to the offer of colour advertising space after the industrial investments made in 2006.

The decrease of the "Other advertising revenues" is due to the decision to discontinue the advertising on radio on behalf of third parties, in order to fully concentrate activities on the internet sites of the Group’s newspapers, an area considered to have high potential growth and much higher margins. In the first half of 2007, therefore, the "Other advertising revenues" relate to the advertising revenues from the TV broadcaster *Telefriuli* and the internet sites of the Group’s newspapers.

At the beginning of May, the merger took place of Area Nord S.p.A. into Piemme S.p.A., with the objective to create within the Group a unitary and synergetic specialised advertising centre, with advantages in terms of cost rationalisation and economies of scale.

3. OTHER ACTIVITIES

In thousands of Euro

OTHER REVENUES	***30/06/07***	***30/06/06***	***Change %***

REVENUES FROM SERVICES	4,042	4,232	-4.5%
OTHERS	3,461	2,633	31.4%
of which Il Gazzettino	*797*	*-*	*n.a*
TOTAL	**7,503**	**6,865**	**9.3%**

The revenues from services principally refer to B2Win S.p.A., which operates in the management of call centres and advanced computer services, which ended the first six months of 2007 with sales of Euro 4.01 million (Euro 3.91 million in the first half of 2006).

Other revenues derived from the recharging of costs, prior year income and other minor income.

TRANSACTIONS WITH RELATED PARTIES

The transactions with "related parties" in accordance with IAS No. 24 are disclosed in the notes to the financial statements at paragraph 30.

OTHER INFORMATION AND OUTLOOK FOR FULL YEAR 2007

On 6th June 2007, Cedfin S.r.l. was merged by incorporation into Caltagirone Editore S.p.A.

With regard to the overall performance of the market, no particular changes are forecast. The full year results relating to operations, based on the indications currently available, are expected to be in line with the results of the first half year.

SUBSEQUENT EVENTS TO 30th June 2007

On the 2nd of July 2007, B2Win S.p.A, fully held by the Group, was sold to E-Care S.p.A. for Euro 6.7 million, realising a gain of Euro 5 million. Simultaneously, Caltagirone Editore S.p.A. acquired 25.04% of the company E-Care S.p.A., the second largest Italian operator in the management of "call centres". From the integration of the two companies, annual revenues are forecasted to reach approximately Euro 50 million, with 1,400 employees between the three principal offices of Rome, Milan and Turin.

Reference should be made to paragraph 29 of the notes in relation to the information required by IFRS 5.

On 25^{th} July 2007, the respective shareholders' meetings approved the merger by incorporation of Caltanet S.p.A. into Il Messaggero S.p.A.; the merger satisfies a series of economic/industrial needs emerging from the growing necessity to develop the utilisation of the internet in the editorial world. In this context, in the first half of 2007, *Il Messaggero* commenced the realisation of its online newspaper (www.ilmessaggero.it), benefiting from the synergies of the integration of the activities of the above-mentioned companies.

CALTAGIRONE EDITORE GROUP

RECONCILIATION BETWEEN THE NET RESULT AND THE NET EQUITY OF THE PARENT COMPANY AND THE CONSOLIDATED NET RESULT AND NET EQUITY

(in thousands of Euro)

30 th June 2007

	RESULT FOR THE PERIOD	NET EQUITY
NET EQUITY AND NET RESULT AS PER THE FINANCIAL STATEMENTS OF THE PARENT COMPANY	**85,044**	**764,236**
Contribution of subsidiary companies	23,483	152,782
Elimination of inter-group dividends	(92,244)	-
Elimination of infra-group (gains) losses, net of the tax effect	1,243	(69,999)
Minority interest share of net equity	(402)	(2,602)
NET EQUITY AND NET RESULT AS PER CONSOLIDATED FINANCIAL STATEMENTS	**17,124**	**844,417**

List of significant investments as at 30.06.2007 as per art. 38 of Legs. Decree no. 127/1991

COMPANY	HEAD OFFICE	SHARE CAPITAL	CURRENCY	DIRECTLY	INDIRECTLY THROUGH	
COMPANIES INCLUDED IN THE CONSOLIDATION UNDER THE FULL INTEGRATION METHOD						
IL MESSAGGERO S.P.A.	ROME	39,172,000	Euro	94.200%	PIEMME S.P.A.	5.800%
IL MATTINO S.p.A.	ROME	500,000,00	Euro	99.999%	FINCED SRL	0.001%
PIEMME S.p.A.	ROME	2,646,540,00	Euro		IL MESSAGGERO spa	100.000%
CALTANET S.p.A.	ROME	5,414,463,00	Euro	99.999%	FINCED SRL	0.001%
LEGGO S.p.A.	ROME	1,000,000,00	Euro	90.000%		
B2WIN S.p.A.	ROME	1,000,000,00	Euro		CALTANET spa	99.000%
					LEGGO S.P.A.	1.00%
FINCED S.r.l.	ROME	10,000,00	Euro	99.990%	PIEMME SPA	0.010%
CORRIERE ADRIATICO S.p.A.	ANCONA	102,000,00	Euro	100.000%		
QUOTIDIANO DI PUGLIA S.p.A.	ROME	1,020,000	Euro	85.000%		
IL GAZZETTINO S.p.A.	ROME	5,100,491,76	Euro	68.721%		
CENTRO STAMPA VENETO SPA	ROME	567,000,00	Euro		IL GAZZETTINO SPA	100.000%
IMPRESE TIPOGRAFICHE VENETE SPA	ROME	936,000,00	Euro		IL GAZZETTINO SPA	100.000%
P.I.M. PUBBLICITA' ITALIANA MULTIMEDIA S.r.l.	ROME	1,044,000,00	Euro		IL GAZZETTINO SPA	100.000%
IDECO HOLDING SPA	LUGANO (SWITZ)	100,000,00	CHF		IL GAZZETTINO SPA	100.000%
TELEFRIULI SPA	TAVAGNACCO	1,655,300,00	Euro		IL GAZZETTINO SPA	65.730%
					IDECO HOLDING S.P.A.	20.290%
OTHER INVESTMENTS IN SUBSIDIARY COMPANIES						
E.DI.ME. SPORT S.r.l. In liquidation	NAPLES	10,200,00	Euro		IL MATTINO S.p.a.	99.500%
NOISETTE SERVICOS DE CONSULTORIA LDA	PORTUGAL	5,000	Euro		FINCED SRL	98.000%
					LEGGO S.P.A.	2.00%
MEDIA S.c.a.r.l.	PADOVA	50,000,00	Euro		IMPRESE TIPOGRAFICHE VENETE S.P.A.	50.000%
OTHER INVESTMENTS IN ASSOCIATED COMPANIES						
EDITRICE T.N.V. SPA	VERONA	546,000,00	Euro		IL GAZZETTINO SpA	40.000%
IMAGIVRESSE SRL Iin liquidation	VERONA	30,600,00	Euro		IL GAZZETTINO SpA	40.000%
PUBBLIEDITOR SRL in liquidation	VERONA	40,800,00	Euro		IL GAZZETTINO SPA	40.000%

Consolidated Half-Year Financial Statements as at 30th June 2007

CALTAGIRONE EDITORE GROUP

CONSOLIDATED BALANCE SHEET

(in thousands of Euro)

ASSETS

	Notes	*30/06/2007*	*31/12/2006*	*30/06/2006*
Non-current assets				
Intangible assets with definite life	**1**	3,758	3,972	660
Goodwill and other indefinite intangible assets	**2**	477,219	477,220	274,954
Property, plant and equipment	**3**	110,884	110,409	82,592
Equity investments measured at cost	**4**	4,743	4,750	4,319
Equity investments measured at equity	**5**	391	391	-
Equity investments and non-current securities	**6**	91,175	53,966	51,699
Other financial assets	**7**	28	28	48
Other non-current assets	**8**	1,676	1,789	900
Deferred tax assets	**9**	21,578	26,674	13,222
TOTAL NON-CURRENT ASSETS		**711,452**	**679,199**	**428,394**
Current assets				
Inventories	**10**	3,513	4,264	2,411
Trade receivables	**11**	104,393	95,186	84,380
Current financial assets	**12**	173	423	124
Receivables for current taxes	**9**	-	3,150	3,175
Other current assets	**13**	3,896	5,639	2,301
Cash and cash equivalents	**14**	378,962	423,233	547,884
TOTAL CURRENT ASSETS		**490,937**	**531,895**	**640,275**
TOTAL ASSETS		**1,202,389**	**1,211,094**	**1,068,669**

CALTAGIRONE EDITORE GROUP

CONSOLIDATED BALANCE SHEET
(in thousands of Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	*30/06/2007*	*31/12/2006*	*30/06/2006*
Shareholders' Equity				
Share capital		125,000	125,000	125,000
Share capital issue costs		(18,865)	(18,865)	(18,865)
Treasury shares		-	-	(164)
Other reserves		721,158	714,058	711,958
Profit for the period		17,124	31,837	16,877
Group Shareholders' Equity		**844,417**	**852,030**	**834,806**
Minority interest shareholders' equity		2,602	2,475	1,141
TOTAL SHAREHOLDERS' EQUITY	**15**	**847,019**	**854,505**	**835,947**
Non-current liabilities				
Employee provisions	**17**	47,608	48,369	39,423
Other non-current provisions	**18**	9,192	10,963	7,276
Non-current financial liabilities	**16**	106,134	112,315	64,010
Other non-current liabilities	**20**	3,239	3,011	3,578
Deferred tax liability	**9**	73,294	71,419	33,688
NON-CURRENT LIABILITIES		**239,467**	**246,077**	**147,975**
Current liabilities				
Current provisions	**18**	3,922	2,468	70
Trade payables	**19**	42,170	48,084	33,939
Short-term debt	**16**	30,613	22,691	22,021
Payables for current taxes	**9**	1,947	-	37
Other current liabilities	**20**	37,251	37,269	28,680
CURRENT LIABILITIES		**115,903**	**110,512**	**84,747**
TOTAL LIABILITIES AND NET EQUITY		**1,202,389**	**1,211,094**	**1,068,669**

CALTAGIRONE EDITORE GROUP

CONSOLIDATED INCOME STATEMENT
(in thousands of Euro)

INCOME STATEMENT

	Notes	*30/06/2007*	*31/12/2006*	*30/06/2006*
Revenues				
Revenues from sales and supply of services	**21**	164,925	298,785	144,626
Other revenues	**22**	3,461	5,951	2,633
TOTAL REVENUES		**168,386**	**304,736**	**147,259**
Costs				
Raw material costs	**23**	19,152	34,458	15,461
Personnel costs	**17**	58,146	98,059	44,162
Other operating charges	**24**	61,358	121,488	58,474
TOTAL COSTS		**138,656**	**254,005**	**118,097**
EBITDA		**29,730**	**50,731**	**29,162**
Depreciation, amortisation, provisions & write-downs	**25**	5,880	14,696	5,836
EBIT		**23,850**	**36,035**	**23,326**
Financial income		10,237	16,170	9,063
Financial charges		3,539	10,195	3,921
Net financial result	**26**	**6,698**	**5,975**	**5,142**
PROFIT BEFORE TAXES		**30,548**	**42,010**	**28,468**
Income taxes	**9**	13,022	9,059	11,269
PROFIT FROM NORMAL OPERATIONS		**17,526**	**32,951**	**17,199**
NET PROFIT FOR THE PERIOD		**17,526**	**32,951**	**17,199**
Group net profit		17,124	31,837	16,877
Minority interest share of profit		402	1,114	322
Earnings per share (Euro per share)	**27**	0.137	0.255	0.135
Diluted earnings per share (Euro per share)	**27**	0.137	0.255	0.135

INCOME AND CHARGES RECORDED IN THE FINANCIAL STATEMENTS

(in thousands of Euro)

	Notes	30/06/2007	30/06/2006
Change in fair value of securities held for sale	**15**	539	8,059
Effect of actuarial gain/loss	**15**	315	427
Net profit recorded directly to net equity		**854**	**8,486**
Net profit		17,124	17,626
Total income and charges recorded in the period		**17,978**	**26,112**
Attributable to:			
Shareholders of the Parent Company		17,576	25,790
Minority interest		402	322
Total income and charges recorded in the period		**17,978**	**26,112**

Cash Flow Statement
CALTAGIRONE EDITORE GROUP

in thousands of Euro		**30/06/2007**	**30/06/2006**
LIQUIDITY AT BEGINNING OF PERIOD		**423,233**	**567,617**
Profit for the period		17,526	17,199
Amortisation & Depreciation	**25**	4,864	4,797
(Revaluations) and write-downs	**25-26**	279	860
Net financial result		(6,706)	(5,746)
(Gains) Losses on disposals	**26**	(36)	(86)
Income Taxes	**9**	13,022	11,479
Changes in employee provisions	**17**	(762)	352
Changes in current and non-current provisions	**18**	(317)	(2,342)
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**27,870**	**26,513**
(Increase) Decrease in inventories	**10**	751	178
(Increase) Decrease in Trade receivables	**11**	(9,450)	(7,585)
Increase (Decrease) in Trade payables	**19**	(8,012)	1,505
Change in other current and non-current liabilities		544	2,673
Change in deferred and current income taxes		1,274	2,899
OPERATING CASH FLOW		**12,977**	**26,183**
Dividends received	**26**	2,695	1,430
Interest received		8,832	7,348
Interest paid		(2,131)	(1,774)
Other income (charges) received/paid		(4)	60
Income tax paid		(1,998)	(8,456)
A) CASH FLOW FROM OPERATING ACTIVITIES IN THE PERIOD		**20,371**	**24,791**
Investments in intangible fixed assets		(183)	(484)
Investments in tangible fixed assets	**1**	(2,849)	(4,294)
Investments in equity holdings and securities	**6**	(36,900)	-
Sale of intangible, tangible and financial assets		14	153
Other changes in investment activities		-	(1,087)
B) CASH FLOW FROM INVESTING ACTIVITIES		**(39,918)**	**(5,712)**
Change in non-current financial assets and liabilities		(6,777)	(3,290)
Change in current financial assets and liabilities		7,256	3,617
Dividends Distributed	**15**	(25,000)	(37,491)
C) CASH FLOW FROM FINANCING ACTIVITIES		**(24,521)**	**(37,164)**
D) Effect exchange differences on cash and cash equivalents		(203)	(1,648)
Change in net liquidity		**(44,271)**	**(19,733)**
LIQUIDITY AT THE END OF THE PERIOD		**378,962**	**547,884**

NOTES TO THE CONSOLIDATED HALF-YEAR REPORT AS OF 30th June 2007

Introduction

Caltagirone Editore S.p.A. (Parent Company) is a limited liability company with its registered office at Rome (Italy), Via Barberini, No. 28.

The shareholders with holdings above 2% of the share capital, as per the shareholders register, the communications received in accordance with article 120 of Legislative Decree No. 58 of 24th February 1998, and other information available are:

1) Francesco Gaetano Caltagirone: 81,955,300 shares (65.56%).

This investment is held:

- Directly for 22,500,000 shares (18.0%)
- Indirectly through the Companies:
  - Edigolfo S.p.A. (35.56%)
  - Gamma S.r.l (12.00%)

2) Gaetano Caltagirone 3,000,000 shares (2.40%)

3) Edizioni Holding S.p.A. 2,799,000 shares (2.24%)

Caltagirone Editore S.p.A. is fully consolidated in the consolidated financial statements of the Caltagirone Group.

The present consolidated half-year report was authorised for publication by the Board of Directors on 12th September 2007.

In accordance with article 81, paragraph 3 of the Issuers' Regulation No. 11971/1999, the financial statements as at 30th June 2007 of the Parent Company Caltagirone Editore S.p.A. are attached, prepared in accordance with IFRS. As some data and information required is not provided, these financial statements do not represent in a complete manner the balance sheet, income statement and financial position of the Parent Company in accordance with IFRS.

Compliance with international accounting standards approved by the European Commission

The present consolidated half-year report as at 30th June 2007 of the Caltagirone Editore relating to the first half of 2007 was prepared in accordance with international accounting standard IFRS-EU (IAS 34) applicable for the preparation of interim financial statements and in accordance with Consob communication No. DEM/6064293 of 28th July 2006. These financial statements provide condensed information compared to IAS 1 utilised for the preparation of the annual financial statements.

Basis of presentation

The consolidated half-year report consists of the Balance Sheet, the Income Statement, the Cash Flow Statement, the Statement of changes in Shareholders' Equity, the Statement of income and charges recorded in the period and the notes to the financial statements.

The Balance Sheet is presented in a format which separates the current and non-current assets and liabilities, while the Income Statement is classified on the basis of the nature of the costs, and the Cash Flow statement is presented utilising the indirect method.

The Consolidated Financial Statements are presented in Euro and the amounts are shown in thousands, except where indicated otherwise.

With the exception of that indicated in the paragraph below, the consolidation principles and accounting standards are in line with those used in the preparation of the financial statements at 31st December 2006 and are stated below.

The operational and presentation currency of the Group is the Euro, which is also the operational currency of all of the companies included in the consolidated half-year report.

Comparative data at 30th June 2006 – Application of IAS 8

From 1st January 2007, the Board of Directors considered it appropriate to change the accounting criteria of the effects deriving from the application of IAS 19 in relation to the Employee Leaving Indemnity Provision. Caltagirone Editore S.p.A., on the transition of the consolidated financial statements to the IAS /IFRS standards and at the balance sheet date as at 31st December 2006, chose to recognise the actuarial gains and losses in the income statement. With a specific amendment to IAS 19 made by the IASB and adopted with EU Regulation No. 1910/2005 of 8th November 2005 (in force since 1st January 2006), a further accounting option was introduced - that of fully recognising the actuarial gains and losses directly in equity in the year in which they arise. This new option appears preferable to that adopted on the transition, as it permits a considerable reduction in the risk of fluctuation of the result in the period following a change in variable factors external to the operating activities and also permits a better and more reliable understanding of the operating performance of the Group. In addition, as IAS 19 does not specifically indicate in which section of the income statement the "financial effects" deriving from the application of the standard should be recorded, and also in consideration of the classifications utilised by other operators of the sector, these items have been recorded in the account "Financial income and charges".

In order to adopt the new accounting treatment chosen, it was necessary to apply the provisions of IAS 8 – Accounting policies, Changes in Accounting Estimates and Errors; this standard requires that the opening data and the comparative data are adjusted as if the new accounting treatment had always been applied.

Therefore the data was adjusted at 30th June 2006 in order to be comparable with 30th June 2007. In addition, as required by IAS 8, note 17 indicates for the period ended 30th June 2007 and for each periods presented in the present half year report, the amount of the adjustment for each account in the financial statements.

Consolidation principles

Consolidation scope

The consolidation scope includes the parent company and all of its subsidiaries, directly or indirectly held (hereinafter the "Group").

The list of subsidiaries included in the consolidation scope is as follows:

	Location	30.06.2007	31.12.2006	30.06.2006
Caltagirone Editore S.p.A.	Rome	Par. company	Par. company	Par. company
Il Messaggero S.p.A. *(1)*	Rome	100%	100%	100%
Il Mattino S.p.A.	Rome	100%	100%	100%
PIEMME S.p.A. *(2)*	Rome	100%	100%	100%
S.E.M. Società Editrice Meridionale S.p.A. *(3)*	Rome	--	--	100%
Caltanet S.p.A.	Rome	100%	100%	100%
Leggo S.p.A	Rome	90%	90%	90%
Cedfin S.r.l. *(4)*	Rome	--	100%	100%
B2WIN S.p.A. *(5)*	Rome	100%	100%	100%
Finced S.r.l.	Rome	100%	100%	100%
Emera S.p.A. *(6)*	Rome	--	--	100%
Corriere Adriatico S.p.A.	Ancona	100%	100%	100%
Quotidiano di Puglia S.p.A.	Rome	85%	85%	85%
Il Gazzettino S.p.A	Venice	99.91%	99.91%	--
Centro Stampa Veneto S.p.A. *(7)*	Venice	99.91%	99.91%	--
Imprese Tipografiche Venete S.p.A. *(7)*	Venice	99.91%	99.91%	--
Area Nord S.p.A. *(8)*	Venice	--	99.91%	--
P.I.M. S.r.l. *(7)*	Cea consort.	99.91%	99.91%	--
Ideco Holding S.A. *(7)*	Lugano	99.91%	99.91%	--
Telefriuli S.p.A. *(9)*	Udine	85.94%	85.94%	--

(1) Held directly for 94.2% and through Piemme S.p.A. for 5.8%; (2)Held through Il Messaggero S.p.A.; (3) The company was incorporated into Il Messaggero S.p.A.; (4) The company was incorporated into Caltagirone Editore S.p.A.; (5) Held through Caltanet S.p.A.; (6) The company was incorporated into Piemme S.p.A; (7) Held through Il Gazzettino S.p.A.; (8)The company was incorporated into Piemme S.p.A.; (9) Held through Il Gazzettino S.p.A. for 65.73% and through Ideco Holding S.A. for 20.29%

Subsidiary companies

All the companies in which the Group has the power to determine, directly or indirectly, the financial and operating policies of an entity, so as to obtain benefits from its activities are considered as subsidiary companies. In the evaluation of control, consideration is also taken of the potential voting rights that are effectively exercisable or convertible. The values of subsidiaries are consolidated from the date in which the parent company acquires control and until the moment in which this control ends.

Associated companies

The consolidation scope includes the following associated company:

	Location	30/06/2007	31/12/2006	30/06/2006
Editrice Telenuovo S.p.A.	Verona	39.96%	39.96%	--

Associated companies (companies in which the Group exercises a significant influence but does not control - or jointly controlled entities - the financial and operating policies) are measured under the equity method. The profits and losses pertaining to the Group are recognised in the consolidated income statement at the date when the significant influence begins and until the date of termination.
The balance sheet date of the financial statements of the associated companies is the same as the parent company.
Where the loss pertaining to the Group exceeds the book value of the investment, the value is written down to zero and where the holding is committed to comply with legal or implicit obligations of the company or in any case to cover the losses, the excess is recorded in a specific provision.

Consolidation procedure

In the preparation of the interim consolidated financial statements, the Parent Company has fully consolidated its own interim financial statements and the financial statements of equity holdings at 30th June 2007, adjusted, where necessary, to render them uniform with the accounting principles applied by the Parent Company.

The assets and liabilities, and the income and expenses, of the companies consolidated on a line-by-line basis are fully included in the consolidated financial statements; the book value of the investments is eliminated against the corresponding fraction of the net equity of the subsidiaries, allocating to the individual assets and liabilities their current value at the date of acquisition of control. Any residual difference deriving from this elimination is recorded in the account "Goodwill" if positive, or charged to the Income Statement, if negative.

The share of the equity and of the result for the period relating to minority interests are recognised in specific accounts in the balance sheet (Minority interest shareholders' equity) and income statement (Minority interest share of profit).

All inter-group balances and transactions, including any non-realised gains or losses deriving from transactions between Group companies, are eliminated net of the theoretical fiscal effect, if significant. The gains and losses not realised with associated companies are eliminated for the part pertaining to the Group.

The dividends distributed by the consolidated companies are eliminated from the income statement and aggregated to the retained earnings/accumulated losses, up to the amount of the dividends.

Translation criteria of foreign currencies

All transactions in currencies other than the Euro are recognised at the exchange rate at the date of the transaction. The assets and liabilities denominated in foreign currencies other than the operational currencies are subsequently adjusted to the exchange rate at the end of the reporting period. The positive or negative differences between the values translated at the period end exchange rate and the original exchange rate are recognised in the income statement.

The non-monetary assets and liabilities denominated in foreign currencies and recorded at historical cost are translated utilising the exchange rate at the initial date of recording of the operation.

Business combinations

All business combinations are recorded using the purchase method, which is the purchase cost equal to the fair value at the date of the exchange of the assets sold, liabilities incurred or assumed, plus directly attributable purchase costs. This cost is allocated recording the identifiable assets, liabilities and contingent liabilities of the purchase, at their fair value. Any positive difference between the purchase price and the fair value of the share of net assets acquired relating to the Group is recorded as goodwill. The goodwill, as an asset which produces future economic benefits, but that is not individually identified or separately recorded, is initially recorded at cost. Any negative difference ("negative goodwill") is recognised in the income statement at the date of acquisition.
Where the fair value of the assets, liabilities and contingent liabilities may only be determined provisionally, the business combination is recorded utilising the provisional values. Any adjustments deriving from the completion of the valuation process are recorded within 12 months from the acquisition date and from that date.

In relation to business combinations which provide at the moment of the purchase the control of the investment and also the simultaneous assumption of an unconditional commitment for the purchase of further quotas in the investment from the minority shareholders, for example through option contracts, the provisions of IFRS 3 and IAS 32, paragraph 23 are applied. In this case, the current value of the price paid is recorded as a financial liability and constitutes an integral part of the total purchase price of the investment.

The acquisition of shares in investments after the acquiring of the control by the group, in the absence of specific treatment by IFRS, are recorded allocating to goodwill the entire difference between the purchase cost and the book value of the shares acquired.

The temporary differences arising from the difference between the fair value of the identifiable assets, liabilities and contingent liabilities recognised and the fiscal value recognised, gives rise to the recording of a deferred assets and/or liability.

Accounting principles

Intangible assets with definite useful life

The Intangible assets with a definite useful life, which include patents, concessions, licences, trademarks and similar rights and software, are recorded at cost, including direct accessory costs necessary in order to render the asset available for use.

Intangible assets with definite useful lives are recognised net of the relative accumulated amortisation and any impairment in accordance with the procedures described below. Amortisation is calculated on a straight line basis over the estimated useful life of the asset and reviewed on an annual basis and any changes, where necessary, are made in accordance with future estimates. Considering the uniformity of the assets contained in the individual categories, it is considered, with the exception of specific cases, that the useful life of these assets is approximately 3-5 years. The amortisation begins when the intangible asset is available for use.

At the moment of sale or when no expected future economic benefits exist from the use of an intangible asset, it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sales value and the net book value) is recorded in the income statement in the year of the above mentioned elimination.

Goodwill

The goodwill deriving from business combinations is allocated to the cash-generating unit identified which will benefit from these operations. The goodwill relating to investments in associated companies is included in the carrying value of these companies.

After the initial recording, goodwill is not amortised but is adjusted for any loss in value, determined in accordance with the procedures described below. Any write-downs may not be subsequently re-stated.

Intangible assets with an indefinite life

Intangible assets with indefinite useful lives are those activities for which, on the basis of an analysis of all of the relevant factors, there is no foreseeable limit to the period in which the cash flow generated is limited for the Group. The newspaper titles are considered assets with indefinite useful lives.

The intangible assets with an indefinite useful life are initially recorded at purchase cost, determined in accordance with the same procedures indicated for intangible assets with a definite useful life, but are not amortised subsequently. The recovery of their value is verified adopting the same criteria for the Goodwill. Write-downs are reinstated if the reasons for their write down no longer exist.

Property, plant and equipment

"Property, plant and equipment" is recorded at cost, including directly allocated accessory costs and necessary for the asset being in the condition for which it was acquired, and increased, in the presence of legal or implicit obligations, by the current value of the estimated cost for the disposal of the asset. The corresponding liability is recorded in a provision in the balance sheet under provisions for risks and charges.

The costs incurred after acquisition are recorded as an increase in the book value of the asset to which it refers when it is probable that the Group will receive the future benefits deriving from the cost incurred for the replacement of a part of property, plant and equipment and this cost can be reliably determined. All the other costs are recorded in the income statement when incurred.

When significant parts of property, plant and equipment have different useful lives, these components are recorded separately.

"Property, plant and equipment" is recorded net of the relative accumulated depreciation and any loss in value determined in accordance with the procedures described below. Depreciation is calculated on a straight line basis on the estimated useful life of the asset for the company, that is reviewed on an annual basis and any changes, where necessary, are recorded in accordance with future estimates. Land, both constructible and annexes to buildings, is not depreciated, in that it has an unlimited useful life.

The property, plant and equipment acquired through finance lease contracts, where the majority of the risks and rewards relating to the ownership of an asset have been transferred to the Group, are recognised as assets of the Group at their fair value or, if lower, at the current value of the minimum lease payments, including any redemption amounts to be paid. The corresponding liability due to the lessor is recorded under financial payables. The leased assets are amortised based on the useful life of the asset. When there is no reasonable certainty that the Group will acquire ownership at the end of the lease, the asset is amortised over the shorter period of the duration of the lease and the useful life of the asset. The leased assets where the lessor bears the majority of the risks and rewards relating to an asset are recorded as operating leases. The costs relating to operating leases are recorded on a straight-line basis in the income statement over the duration of the lease contract.

The principal depreciation rates applied are as follows:

	Useful life	Economic/technical rate
Industrial buildings	30 years	3.33%
Light structures	10 years	10%
Non automated machines and general plant	10 years	10%
Rotating press for paper in rolls	15 years	6.67%
Equipment	4 years	25%
Office furniture and equipment	8 years	12%
Transport vehicles	5 years	20%
Motor vehicles and similar	4 years	25%

At the moment of sale or when there are no expected future economic benefits from the use of property, plant and equipment, they are eliminated from the financial statements and any loss or gain (calculated as the difference between the sales value and the book value) is recorded in the income statement in the year of the above mentioned elimination.

Assets and liabilities held for sale and discontinued operations

The assets or group of assets and liabilities whose book value will be recovered principally through sale rather than continual usage, are presented separately from the other assets and liabilities in the balance sheet.

The assets classified as held for sale are measured at the lower between their book value and the current realisable value, less costs to sell, determined at the reclassification date. Losses in value are recognised directly in the income statement. The corresponding balance sheet values of the previous year are not reclassified. Non-current assets classified as held for sale are not amortised.

The results of the activities terminated or in the course of disposal (discontinued operations) are recorded separately in the income statement, net of the tax effect. The corresponding values relating to the previous year are reclassified and are shown separately in the income statement, net of the tax effect, for comparative purposes.

Loss in value

At each period end, the book value of the property, plant and equipment and of intangible assets with a definite useful life are reviewed, in order to verify the existence of events or changes which indicate that the carrying value may not be recovered. If such an indication exists, their recoverable amount must be determined and, in the case where the book value exceeds the recoverable amount, these assets are written down to reflect their recoverable value.
The recoverable value of goodwill, of other intangible assets with an indefinite life and intangible assets not available for use are, however, estimated annually or, when there is a change in circumstances or specific events occur.
The recoverable value is represented by the higher value between the realisable value less costs to sell and their value in use.
In defining the value in use, the expected future cash flows are discounted using a pre-tax rate that reflects the current market assessment of the time value of money and the specific risks of the activity. When an asset does not generate sufficient independent cash flows, the recoverable value is determined in relation to the cash-generating unit to which the asset belongs.
A loss in value is recognised in the income statement under amortisation, depreciation and write-downs, when the carrying value of the asset, or of the relative cash-generating unit to which it is allocated, is higher than the recoverable value. The losses in value of cash-generating units are firstly attributed to the reduction in the carrying value of any goodwill allocated and, thereafter, to a reduction of other assets, in proportion to their carrying value.
With the exception of goodwill, a loss in value of an asset is restated, up to the amount of the previous write-downs made, when the recoverable value exceeds the written down carrying value.

Inventories

Raw materials, semi-finished and finished products are measured at the lower of cost and market value. The cost is calculated on the basis of the weighted average cost method, which includes related accessory costs.

Financial Instruments

Investments in other companies and debt instruments

The Investments in other companies are measured at fair value with the recording of any gain or loss directly to shareholders' equity until the financial asset is sold or written down; at that moment the accumulated gains and losses are recorded in the income statement of the period. The fair value of the securities traded on a regulated market is based on the quotation price at the balance sheet date.

When the fair value cannot be reliably determined, these investments are valued at cost adjusted for reductions in value and the effects are recognised in the income statement. Any write-downs may not be subsequently re-stated.

Trade receivables

Trade receivables are recorded at amortised cost, net of any loss in value. The losses in value are determined on the basis of the fair value of the estimated future cash flows, discounted on the basis of the original effective interest rate.

The trade receivables which mature within the normal commercial terms are not discounted.

Cash and cash equivalents

Cash and cash equivalents include bank deposits and cash in hand, or rather those values that are available on demand at short notice, certain in nature and with no payment expenses.

Financial liabilities and trade payables

Financial liabilities and trade payables are initially recognised at fair value, net of directly allocated transaction costs.

The financial liabilities also include the current value of purchase option and forward contracts made in relation to business combinations.

Thereafter, the financial liabilities and trade payables are measured under the amortised cost criteria, using the original effective interest rate method.

The trade payables which mature within the normal commercial terms are not discounted.

Shareholders' Equity

Treasury Shares

The costs incurred for the purchase of treasury shares are recorded as a reduction of shareholders' equity. The gains or losses deriving from a subsequent sale are recorded as net equity movements.

Costs for share capital increases

The costs incurred for the stock exchange listing of the Parent Company Caltagirone Editore S.p.A., net of the relative tax effect, are recorded as a reduction of the shareholders' equity in a separate negative reserve.

Employee benefits

The liabilities relating to the benefits recognised to employees and paid on or after the employment period and relating to defined benefit plans (Employee Leaving Indemnity), net of any assets serving the plan, are determined on the basis of actuarial assumptions estimating the amount of the future benefits that the employees have matured at the balance sheet date. The liability is recognised on an accruals basis over the maturity period of the right.

The defined benefit pension plans include the employee leaving indemnity due to employees, in accordance with article 2120 of the Civil Code, for the part matured up to 31st December 2006. Finally, following the complementary pension reforms, from 1st January 2007, for companies with over 50 employees, the employee leaving indemnity matured is obligatorily paid into a complementary pension fund, or rather the Treasury Fund held by the INPS Institute where employees do not exercise such an option. Therefore, the defined benefits accrued by the Group to employees relate exclusively to the provisions made up to 31st December 2006.

In the case of companies with less than 50 employees, where the employee does not exercise the option to allocate the pension provision, this latter remains in the enterprise as per article 2120 of the Civil Code.

The accounting treatment adopted by the Group from 1st January 2007 - illustrated below - reflects the interpretation of the new regulations and applies the accounting regulations defined by the professional organisations.

In particular, in the companies with more than 50 employees or in the case of specific option made on the employee in companies with less than 50 employees:

- The employee leaving indemnity provision matured from 1st January 2007 are considered Defined Contribution Plans, also where the employee has opted to allocate the provision to the Treasury Fund of the INPS. These provisions, calculated in accordance with statutory provisions and not subject to any actuarial valuation, therefore represents a cost component recorded under personnel costs.
- The employee leaving indemnity provision matured at 31st December 2006 continues however to represent the accumulated liability of the enterprise against a Defined Benefit Plan. This liability will no longer be increased by future provisions; therefore the actuarial calculation made to determine the balance at 30th June 2007 is different from the past in that the component relating to future salary changes was excluded. The difference resulting from the new calculation, compared to the value previously recorded, is a "reduction" (curtailment) applied as per paragraph 109 of IAS 19 and, consequently, recorded as an expense component under personnel costs.

In the Group companies with less than 50 employees, the employee leaving indemnity provision which remains in the enterprise continues to be treated as a “defined benefit plan” and the same accounting treatment contained in IAS 19 continues and as applied prior to the reform. In this case, the determination of the current value of the Group commitments is made by an independent expert using the Projected Unit Credit Method. Under this method, a future projection is made of the liability to determine the probable amount to be paid on the termination of employment and then discounted, to take into account the period of time which will pass before the actual payment. The calculation takes into account the employee leaving indemnity matured and is based on actuarial assumptions which principally relate to the interest rate, which reflects the market return of primary securities with maturities similar to those for bonds[1] and the turnover of employees.

For the quota of the employee leaving indemnity allocated to the integrated pension or rather the INPS fund from the date of the option exercised by the employee, however, the Group is no longer a debtor of the employee indemnity provision matured after 31st December 2006, and therefore the actuarial calculation of the employee leaving indemnity excludes the component relating to future salary changes.

The actuarial gains and losses, defined as the differences between the carrying value of the liabilities and the current value of the Group commitments at the end of the period, due to changes in the actuarial parameters described above, are directly recorded under equity.

The financial component of the above-mentioned actuarial calculations is however recorded in the Income Statement, in the account "Financial income and charges".

Provisions for risks and charges

The provisions for risks and charges are recorded when a legal or implicit obligation exists towards a third party that derives from a past event, and a payment of resources is probable in order to satisfy the obligation and this amount can be reliably estimated. When the financial effect of the time value of money is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted using the estimated future cash flows at a pre-tax rate that reflects the current market assessment of the cost of money and, if appropriate, the specific risks of the obligation; the increase of the provision due to the passing of time is recorded as a financial charge.

Grants

The grants and contributions, from public entities and private third parties, are recognised at fair value when there is reasonable certainty that they will be received and that they will satisfy the conditions for their attainment.

The grants received against specific expenses are recognised under other liabilities and credited to the income statement in the period in which the related costs mature.

The grants received against specific assets whose value is recorded under fixed assets are recorded under other liabilities and credited to the income statement in relation to the depreciation period to which the asset refers.

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[1] The discounting was made using the IRS curve corresponding to the duration of the period under examination (50 years).

Operating grants are fully recognised to the income statement at the moment in which they satisfy the conditions for their recognition.

Revenues

Revenues are recognised in accordance with the probability that the Group will receive economic benefits and the amount can be determined reliably. Revenues are recognised net of returns, discounts and allowances.
In particular, the revenues from the sale of goods are recognised when the significant risks and benefits of the ownership of the assets are transferred to the purchaser.
Revenues for services are recognised when the services are provided, with reference to the progress of completion of the activities.

Financial income and expense

Financial income and expenses are recorded on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate.

Dividends

Dividends are recorded when the right of the shareholders to receive the payment arises. The dividends and dividend payments on account payable to third parties are recorded as changes in shareholders' equity at the date in which the Shareholders and Board of Directors meetings are approved respectively.

Income taxes

Current Income taxes for the period are determined on the basis of the taxable assessable income and in accordance with current fiscal law; in addition, the effects deriving from the implementation of some companies of the Group's national fiscal consolidation is applied.
Deferred tax assets and liabilities are calculated on temporary differences between the balance sheet values and the corresponding values recognised for tax purposes, applying the expected tax when the differences are reversed, determined on the basis of the current tax rates in force and in consideration of any expected changes relating to future years.
The recognition of deferred tax assets is made when their recovery is probable - that is when it is expected that there will be future assessable fiscal income sufficient to recover the asset.
The recovery of the deferred tax asset is reviewed at each balance sheet date.

Use of estimates

The preparation of the consolidated half-year financial statements require the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the consolidated half-year financial statements, such as the balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the consolidated half-year financial statements which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and the conditions upon which the estimates are based.

The accounting standards and accounts in the consolidated half-year financial statements which require greater subjectivity in the preparation of the estimates and for which a change in the underlying conditions of the assumptions used may have a significant impact on the consolidated half-year financial statements of the Group, are as follows:

- Goodwill and other indefinite intangible assets;
- Write-down of fixed assets;
- Amortisation and depreciation of fixed assets;
- Deferred income taxes;
- Provisions for risks and charges;
- Allowance for doubtful accounts;
- Other write-down provisions;
- Employee benefits;

The estimates and assumptions are reviewed periodically and the effects of all variations recorded in the income statement, when they relate only to that year. When the revision relates to both current and future periods (for example the revision of the useful life of fixed assets), the changes are recorded in the period in which the revision is made and in the relative future periods.

Change of account principles, errors change of estimates

The accounting principles adopted are amended from one period to another only if the change is required by a standard and if this contributes to providing more reliable information on the effects of the operations on the balance sheet, income statement and cash flows of the enterprise.

The changes to the accounting standards are recorded retrospectively with the recording of the effect to net equity for the more remote periods reported. The other comparative amounts indicated for each period are adjusted as if the new standard had always been applied. The prospective approach is made only when it is impractical to reconstruct the comparative information.

The application of a new or amended accounting standard is accounted for in accordance with the requirements of the standard. If the standard does not permit a transition period, the change is accounted in accordance with the retrospective method, or if impractical, with the prospective method.

In the case of significant errors, the same treatment is applied for changes in accounting standards illustrated at the previous point. In the case of non-significant errors, these are accounted for in the income statement in the period in which they are noted.

Changes in estimates are accounted in accordance with the prospective method in the income statement in the period in which the change occurs only if impacting upon this latter or in the period in which the change occurs, and subsequent periods if the change also impacts upon future periods.

Management of risks

The Group is exposed to different market risks and in particular to raw material price risk, credit risk, risk of changes in interest rates, liquidity risk, risk of change in the prices of quoted financial investments and foreign exchange risk.

Price risk (paper)

The Group is exposed to fluctuations in the price of paper - the principal raw material; the risk is managed through supply contracts with Italian and foreign companies with fixed prices and quantities for a maximum period of approximately one year, and through the provision from suppliers based in different geographic areas in order to obtain the most competitively priced supplies.

Credit risk

The Group does not have particularly significant credit risks. The operating procedures permit a control of the risk connected to the receivable, limiting the sales of products and/or services to clients without an adequate level of credit lines or guarantees.

Liquidity risk

The liquidity risk is managed by the Group through the investment of liquidity in short term operations (generally between one and three months) or readily liquid investments.

Interest rate risk

The exposure of the Group to interest rate changes is not particularly significant as this risk is principally related to medium/long-term loans with variable interest rates. The Group operations of this kind relate to bank loans.

Foreign currency risks

The Group, operating exclusively in the eurozone, is normally not exposed to foreign exchange currency movements. In some circumstances, however, foreign currency operations are undertaken which expose the Group to contained foreign currency risk.

Notes to the Consolidated Half-Year Financial Statements

ASSETS

1) Intangible assets with definite life

Historical cost	**Research and development**	**Patents**	**Trademarks**	**Others**	**Total**
01/01/2006	751	59	1,105	2,958	**4,873**
Increases		79	355	347	**781**
Decreases	-	-	-	(23)	**(23)**
Change in consolidation scope		892	4,694	185	**5,771**
Write-downs	-	-	-	-	-
Reclassifications	-	-	(31)	(20)	**(51)**
31/12/2006	**751**	**1,030**	**6,123**	**3,447**	**11,351**
01/01/2007	751	1,030	6,123	3,447	**11,351**
Increases		1	33	200	234
Decreases	-	-	-	-	-
Change in the consolidation scope	-	-	-	-	-
Write-downs	-	-	-	-	-
Reclassifications	-	-	-	-	-
30/06/2007	**751**	**1,031**	**6,156**	**3,647**	**11,585**

Amortisation and loss in value	**Research and development**	**Patents**	**Brands**	**Other**	**Total**
01/01/2006	739	52	979	2,411	**4,181**
Increases	5	72	394	347	**818**
Decreases	-	-	-	(20)	**(20)**
Change in the consolidation scope	-	828	1,559	56	**2,443**
Reclassifications			(23)	(20)	**(43)**
31/12/2006	**744**	**952**	**2,909**	**2,774**	**7,379**
01/01/2007	744	952	2,909	2,774	**7,379**
Increases		20	252	176	**448**
Decreases	-	-	-	-	-
Change in the consolidation scope	-	-	-	-	-
Reclassifications	-	-	-	-	-
30/06/2007	**744**	**972**	**3,161**	**2,950**	**7,827**

Net value					
01/01/2006	**12**	**7**	**126**	**547**	**692**
31/12/2006	**7**	**78**	**3,214**	**673**	**3,972**
30/06/2007	**7**	**59**	**2,995**	**697**	**3,758**

The average amortisation rates used are shown below:

Category	Average rate
Development costs	20.0%
Industrial patents and intel. property rights	29.0%
Trademarks, concessions and licenses	18.5%
Other	28.0%

2) Goodwill and other indefinite intangible assets

The indefinite intangible assets, comprising of goodwill and newspaper titles, are not amortised, but annually subject to verifications to determine the existence of any loss in value.

The table below shows the movements in the indefinite intangible assets:

Historical cost	Goodwill	Newspaper titles	Total
01/01/2006	88,854	186,100	**274,954**
Increases	101,567		**101,567**
Decreases	-	(1)	**(1)**
Change in the consolidation scope		100,700	**100,700**
Write-downs	-	-	-
Reclassifications	-	-	-
31/12/2006	**190,421**	**286,799**	**477,220**
01/01/2007	190,421	286,799	**477,220**
Increases	-	-	-
Decreases	-	(1)	**(1)**
Change in the consolidation scope	-	-	-
Write-downs	-	-	-
Reclassifications	-	-	-
30/06/2007	**190,421**	**286,798**	**477,219**

The goodwill is allocated to the following cash-generating units:

	30/06/2007	31/12/2006
Il Gazzettino	101,567	101,567
Il Messaggero	51,613	51,613
Piemme (Advertising agency)	27,521	27,521
Il Mattino	9,720	9,720
Total	**190,421**	**190,421**

The breakdown of the balance relating to the newspaper titles is shown below:

	01/01/2006	Increases	Decreases	Change in consolidation scope	Write-downs	31/12/2006
Il Messaggero S.p.A	90,808	-	-	-	-	90,808
Il Mattino SpA	44,496	-	-	-	-	44,496
Quotidiano di Puglia SpA	26,131	-	-	-	-	26,131
Corriere Adriatico SpA	24,656	-	-	-	-	24,656
Il Gazzetino S.p.A.	-	-	-	100,700	-	100,700
Other minor newspaper titles	9		(1)	-	-	8
Total	**186,100**	-	(1)	100,700	**-**	**286,799**

	01/01/2007	Increases	Decreases	Change in consolidation scope	Write-downs	30/06/2007
Il Messaggero S.p.A	90,808	-	-	-	-	90,808
Il Mattino SpA	44,496	-	-	-	-	44,496
Quotidiano di Puglia SpA	26,131	-	-	-	-	26,131
Corriere Adriatico SpA	24,656	-	-	-	-	24,656
Il Gazzetino S.p.A.	100,700	-	-	-	-	100,700
Other minor newspaper titles	8	-	(1)	-	-	7
Total	**286,799**	**-**	**(1)**	**-**	**-**	**286,798**

In the absence of elements which indicate a loss in value of the Cash Generating Units to which the values of the newspaper titles are attributed and of the goodwill, the Group did not make an estimate of the recoverable value in the period. Therefore the last estimate remains the estimate made for the consolidated financial statements at 31st December 2006.

Reference should be made to Note 28 for further information on the definition of the so-called "Purchase Price Allocation" of Il Gazzettino S.p.A. in the second half of 2006.

3) Property, plant and equipment

Historical cost	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01/01/2006	4,783	30,463	78,448	1,500	16,425	1,725	**133,344**
Increases	-	76	1,349	79	2,919	7,025	**11,448**
Decreases	-	(42)	(1,427)	(24)	(2,225)	-	**(3,718)**
Change in consolidation scope	3,646	24,652	10,849	324	5,546	-	**45,017**
Reclassifications	-	158	(2,829)	(901)	178		**(3,394)**
31/12/2006	**8,429**	**55,307**	**86,390**	**978**	**22,843**	**8,750**	**182,697**
01/01/2007	8,429	55,307	86,390	978	22,843	8,750	**182,697**
Increases	-	100	332	5	770	3,690	4,897

	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
Decreases	-	-	-	-	(97)	-	(97)
Reclass.	1		12,246	77	-	(12,324)	-
30/06/2007	**8,430**	**55,407**	**98,968**	**1,060**	**23,516**	**116**	**187,497**
Depreciation and loss in value	**Land**	**Buildings**	**Plant and machinery**	**Commercial and industrial equipment**	**Other assets**	**Assets in progress**	**Total**
01/01/2006	-	4,038	32,388	1,408	13,043	-	**50,877**
Increases	-	1,354	5,213	51	1,599	-	**8,217**
Decreases	-	(42)	(1,380)	(24)	(1,283)	-	**(2,729)**
Change in consolidation scope	-	4,253	9,431	315	5,326	-	**19,325**
Reclassifications	-	38	(2,631)	(901)	92	-	**(3,402)**
31/12/2006	**-**	**9,641**	**43,021**	**849**	**18,777**	**-**	**72,288**
01/01/2007	-	9,641	43,021	849	18,777	-	**72,288**
Increases	-	906	2,697	29	783		4,415
Decreases	-	-	-	-	(90)		(90)
30/06/2007	**-**	**10,547**	**45,718**	**878**	**19,470**	**-**	**76,613**
Net value							
01/01/2006	**4,783**	**26,425**	**46,060**	**92**	**3,382**	**1,725**	**82,467**
31/12/2006	**8,429**	**45,666**	**43,369**	**129**	**4,066**	**8,750**	**110,409**
30/06/2007	**8,430**	**44,860**	**53,250**	**182**	**4,046**	**116**	**110,884**

The account "Other assets" includes, in addition to computers, servers and network appliances, leasehold improvements and restructuring relating to rented offices. Depreciation is calculated based on the duration of the contract, which is lower than the useful life of the asset.

The book value of buildings provided as guarantees on liabilities amounts to Euro 14.29 million. For further information, reference should be made to Note 16.

4) Equity investments measured at cost

This account recorded the following changes compared to 31st December 2006:

Equity investments in subsidiary companies	Location	%	01/01/2006	Increases (Decreases)	Change in consolidation scope	Write-downs	31/12/2006
Noisette	Madeira (Port)	100	5		-		5
Edime Sport	Naples	99.5	1			-	1
Total			**6**	**-**	**-**	**-**	**6**

		01/01/2007	Increases (Decreases)	Change in consolidation scope	Write-downs	30/06/2007
Noisette	100	5				5
Edime Sport	99.5	1				1
Total		**6**	**-**	**-**	**-**	**6**

Equity investments in associated companies	01/01/2006	Increases (Decreases)	Change in consolidation scope	Write-downs	31/12/2006
Media Scarl			25		25
Total	**-**	**-**	**25**	**-**	**25**

Equity investments in associated companies	01/01/2007	Increases (Decreases)	Change in consolidation scope	Write-downs	30/06/2007
Media Scarl	25		-		25
Total	**25**	**-**	**-**	**-**	**25**

Equity investments in other companies	Loca tion	%	01/01/2006	Increases (Decreases)	Change in consolidation scope	Write-downs	31/12/2006
Euroqube		14.82	3,482				3,482
Ansa		6.71	777		389		1,166
Casaclick		0.227	14			(14)	-
Sviluppo Quotidiani		16.66	7		8		15
Other minor			33		23		56
Total			**4,313**	**-**	**420**	**(14)**	**4,719**

Equity investments in other companies		01/01/2007	Increases (Decreases)	Change in consolidation scope	Write-downs	30/06/2007
Euroqube	14.82	3,482				3,482
Ansa	6.71	1,166				1,166
Sviluppo Quotidiani	16.66	15				15
Other minor		56	(7)			49
Total		**4,719**	**(7)**	**-**	**-**	**4,712**

The investments in other companies are recorded at purchase cost, as the fair value cannot be reliably determined, since no plans on the development of the activities were available.

5) Investments in associated companies

The investments in associated companies, amounting to Euro 391 thousand, represents the net equity valuation of the company Editrice Telenuovo S.p.A., held 39.96% by Il Gazzettino S.p.A.

The principal balance sheet data relating to this investment at 31st December 2006 is summarised below:

Equity investments in associated companies	Location	Share capital	Shareholders' Equity	Net profit	% held
TNV Editrice Telenuovo S.p.A.	Verona	546,000	978,277	99,903	40%

6) Equity investments and non-current and current securities

The breakdown of the Equity investments and non-current securities is as follows:

Equity investments held for sale	%	01/01/2006	Increases (Decreases)	Change in consolidation scope	Valuation at fair value	31/12/2006
Monte dei Paschi di Siena SpA	0.37	43,394			10,572	53,966
Total		**43,394**	**-**	**-**	**10,572**	**53,966**

		01/01/2007	Increases (Decreases)	Change in consolidation scope	Valuation at fair value	30/06/2007
Monte dei Paschi di Siena SpA	0.37	53,966			1,199	55,165
Generali SpA	0.09	-	36,900		(890)	36,010
Total		**53,966**	**36,900**	**-**	**309**	**91,175**

The holding in Banca Monte dei Paschi Siena S.p.A. and Generali S.p.A. consist of 11,000,000 and 1,210,000 shares held by the subsidiary Finced Srl.

The fair value changes of the investments, as per the official stock exchange prices at 30th June 2007, are recorded in a separate equity reserve, net of the relative tax effect.

7) Non-current financial assets

The account, amounting to Euro 28 thousand, principally relates to receivables for deposits due within five years.

8) Other non-current assets

The account relates to the advance tax paid on the employee leaving indemnity for the employees of Il Messaggero S.p.A., Il Mattino S.p.A., Il Gazzettino S.p.A. and Il Corriere Adriatico S.p.A. (Euro 592 thousand) and other receivables (Euro 1,084 thousand), principally relating to the receivable of Telefriuli S.p.A. from the Ministry of Communications for the contributions to the local television broadcasters as per Ministerial Decree 1999/99.

9) Deferred and current income taxes

The deferred taxes refer to temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.

The movements are shown below of the deferred tax assets and liabilities:

in thousands of Euro	**01/01/2007**	**Provisions**	**Utilisations**	**Change in consolidation scope**	**Other changes**	**30/06/2007**
Deferred tax assets						
Fiscal losses carried forward	16,970	631	(4,587)			12,935
Provision for risks and charges	3,218	334	(135)			3,421
Maintenance	304		(50)			254
Write-downs of equity investments	4,449		(1,332)			3,059
Others	1,733	163	(444)		324	1,909
Total	**26,674**	**1,128**	**(6,548)**	**-**	**324**	**21,578**
Deferred tax liabilities						
Fair value intangible & tangible assets	35,572		(142)			35,430
Differences fiscal depreciation rates	8,597	1,222				9,819
Gains	1,568		(354)			1,214
Amortisation of goodwill and newspapers	24,156	1,755				25,911
Others	1,526	7	(839)		226	920
Total	**71,419**	**2,984**	**(1,335)**	**-**	**226**	**73,294**
Net deferred tax liabilities	**(44,745)**	**(1,856)**	**(5,213)**	**-**	**98**	**(51,716)**

The liabilities include the payables for current taxes, which shows the net position for income taxes, represented by the income taxes net of payments on account and other tax credits:

in thousands of Euro	**30/06/2007**	**31/12/2006**
Receivables for direct taxes	3,023	2,340
Reimbursement request of direct taxes	256	256
Other receivables	418	2,141
Payables for IRES/IRAP/substitute taxes	(5,644)	(1,587)
Total	**(1,947)**	**3,150**

The income taxes for the period consist of:

in thousands of Euro	**30/06/2007**	**30/06/2006**
Current income taxes	**5,973**	**5,741**
Provision for deferred tax liabilities	2,984	3,124
Utilisation of deferred tax liabilities	(1,355)	(980)
Deferred tax liabilities	**1,629**	**2,144**
Recording of deferred tax assets	(1,128)	(2,018)
Utilisation of deferred tax assets	6,548	5,402
Deferred tax assets	**5,420**	**3,384**

Total income taxes	**13,022**	**11,269**

The analysis of the difference between the theoretical and actual tax rates are as follows:

Ires	**30/06/2007**	
	Amount	**Rate**
Profit before taxes	**30,548**	**33%**
Theoretical tax charge		**10.081**
Permanent differences increase (decrease):		
Dividends	(2,560)	
Fiscal losses carried forward	(2,727)	
Other	1,278	
Total assessable Ires tax	**26,539**	
Effective tax charge	**8,758**	**29%**

Irap	**30/06/2007**	
	Amount	**Rate**
Difference between value and cost of production	**29,730**	**4.25%**
Theoretical tax charge		**1.264**
Personnel costs - not deductible for Irap purposes	58,146	
Other changes for Irap purposes	12,453	
Total assessable Irap	**100,329**	
Current and deferred Irap tax	**4,264**	**14%**

10) Inventories

The inventories at 30th June 2007 amount to Euro 3.51 million (Euro 4.26 million at 31st December 2006) and consist exclusively of raw materials, ancillary and consumables. Raw materials consist prevalently of paper and ink and relate for Euro 1.82 million to Il Messaggero S.p.A., Euro 935 thousand to the companies of the Il Gazzettino S.p.A Group and Euro 494 thousand to Il Mattino SpA.

The cost of inventory recorded in the income statement amounts to Euro 751 thousand and is included in the account Raw material costs (see Note 23).

Inventories are measured at the lower of the purchase price, calculated using the weighed average cost method, and the realisable value.

The net realisable value of inventories amounts to Euro 3.51 million.

There is no inventory provided as a guarantee on liabilities.

11) Accounts receivables

This account can be broken down as follows:

	30/06/2007	31/12/2006
Trade receivables	125,375	116,345
Provisions for doubtful debts	(22,102)	(22,311)
Trade receivables	**103,273**	**94,034**
Receivables from other Group companies	1,092	1,089
Advances to suppliers	28	63
Total accounts receivables	**104,393**	**95,186**

Trade receivables principally relate to Group advertising revenues of Piemme SpA.

The doubtful debt provision was utilised in the period for Euro 481 thousand and increased by Euro 272 thousand for the provisions made in the period.

There are no receivables due over 12 months.

12) Current financial assets

This account can be broken down as follows:

	30/06/2007	31/12/2006
Subsidiaries	29	24
Deferred costs relating to interest	23	314
Accrued interest	121	85
Total current financial assets	**173**	**423**

The accrued interest refers to the interest income matured on bank deposit accounts.

13) Other current assets

This account can be broken down as follows:

	30/06/2007	31/12/2006
Receivables from employees	309	318
VAT receivables	416	617
Other receivables	1,848	3,677
Accrued income	1	-
Prepaid expenses	1,322	1,027
Total other current assets	**3,896**	**5,639**

The prepaid expenses relate to rental (Euro 170 thousand), insurance (Euro 121 thousand) and others (Euro 1,031 thousand).

14) Cash and cash equivalents

This account can be broken down as follows:

	30/06/2007	31/12/2006
Bank and postal deposits	378,628	423,029
Cash in hand and similar	334	204
Total	**378,962**	**423,233**

The reduction of approximately Euro 44 million of bank deposits in the period is due to the distribution of dividends of Euro 25 million and to the purchase of 1,210,000 shares of the company Generali S.p.A. for approximately Euro 37 million, net of the cash flow generated from operating activities.

At 30th June 2007, the Parent Company held approx. USD 10.87 million (equal to Euro 8.05 million) in an overseas bank deposit. This deposit generated an exchange loss of Euro 203 thousand in the period.

LIABILITIES AND SHAREHOLDERS' EQUITY

15) Shareholders' equity

Capital and reserve movements

	Share Capital	Quotation charges	Treasury shares	Fair Value reserve	Other reserves	Result for the period	Group net equity	Minority interest N.E.	Total net equity
Balance at 1st January 2006	**125,000**	**(18,865)**	**(164)**	**23,815**	**623,770**	**94,142**	**847,698**	**896**	**848,594**
Treasury share operations			164				**164**		**164**
Dividends distributed					(37,491)		**(37,491)**		**(37,491)**
Result of previous years					94,142	(94,142)	-		-
Valuation at fair value				10,259			**10,259**		**10,259**
Change in consolidation scope							-	187	**187,00**
Other changes				(8,349)	7,912		**(437)**	278	**(159)**
Profit for the year						31,837	**31,837**	1,114	**32,951**
Balance at 31st December 2006	**125,000**	**(18,865)**	**-**	**25,725**	**688,333**	**31,837**	**852,030**	**2,475**	**854,505**
Balance at 1st January 2007	**125,000**	**(18,865)**	**-**	**25,725**	**688,333**	**31,837**	**852,030**	**2,475**	**854,505**
Treasury share operations							-		-
Dividends distributed					(25,000)		**(25,000)**		**(25,000)**
Result of previous years					31,837	(31,837)	-		-
Valuation at fair value				539			**539**		**539**
Change in the consolidation scope							-		-
Other changes					(276)		**(276)**	(275)	**(551)**
Profit for the period						17,124	**17,124**	402	**17,526**
Balance at 30th June 2007	**125,000**	**(18,865)**	**-**	**26,264**	**694,894**	**17,124**	**844,417**	**2,602**	**847,019**

Share capital

The share capital amounts to Euro 125 million, consisting of 125 million ordinary shares at a nominal value of Euro 1 each. The number of ordinary shares outstanding did not change during the period.

All of the ordinary shares issued are fully paid-in. There are no restrictions on the distribution of dividends, with the exception of the requirements of article 2357 of the Civil Code in relation to treasury shares.

Other reserves

Other Reserves includes the Share Premium Reserve of Euro 521.02 million and the Legal Reserve of the Parent Company of Euro 25 million, created in accordance with article 2430 of the Civil Code.

The consolidation reserve, consisting of the higher value of the Group's share of net equity compared to the cost of some equity investments and retained earnings are also included in this account.

The account also includes the actuarial gains and losses deriving from the valuation of the employee leaving indemnity as per IAS 19; the change in the period due to this valuation is Euro 315 thousand, net of the relative tax effect.

Fair value reserve

The fair value reserve includes all the market value changes of the investments in other companies available-for-sale until these investments are maintained in the accounts. The change in the period, equal to Euro 539 thousand, is due to the valuation of the investment in the company Banca Monte dei Paschi di Siena S.p.A. and Generali S.p.A. at the official stock exchange prices at 30th June 2007, net of the relative tax effect.

LIABILITIES

16) Financial liabilities

	30/06/2007	31/12/2006
Non-current financial payables		
Bank payables	48,979	50,654
Other lenders	57,155	61,661
	106,134	**112,315**
Current financial payables		
Bank payables	23,438	13,751
Short-term portion of non-current loans	4,390	6,215
Other lenders	2,785	2,725
	30,613	**22,691**

The non-current bank payables are represented by a loan to finance the construction of a printing centre located at Torrespaccata in Rome. The loan is at a variable interest rate (Euribor at 6 months + spread 0.5%) amounting to Euro 60 million, granted by San Paolo - IMI to the company S.E.M. SpA., incorporated into Il Messaggero SpA The first capital repayment was made in December 2005, while the final repayment is due in June 2018. The loan is secured by a mortgage on a building owned by Il Messaggero S.p.A. for a total amount of Euro 60 million. In addition, a special privileged guarantee was given on the factory assets amounting to Euro 43.4 million.

The non-current financial payables to other lenders includes the recording by the Parent Company of the current value of the payable as at 30th June 2007, equal to Euro 48.6 million, against sales and purchase option contracts signed on 31.2% of the share capital of Gazzettino S.p.A. During the period, the account reduced following the exercise of a put option by a shareholder, which could be exercised at any moment up to 7th July 2008. The main characteristics of the option contracts still existing at 30th June 2006 are summarised in the table below:

Type of option	% Share capital	Subscription date	Expiry option period
Purchase/sale	4.152%	07/07/2006	07/07/2008
Purchase/sale	25.765%	21/07/2006	31/12/2008
Purchase/sale	1.274%	09/10/2006	31/03/2009

The non-current financial payables to other lenders also include two loans provided by Mediocredito Lombardo to the parent company Caltagirone Editore S.p.A. and Il Mattino S.p.A., respectively of Euro 11.62 million and Euro 9.81 million and of a loan at subsidised interest rates as per law 416 of 5th August 1981, received by Il Messaggero S.p.A. from Mediocredito Lombardo for a total original value of Euro 4.03 million.

The first instalment was due on 30th June 2002, while the final instalment is due in 2011 for the loans received by the Parent Company and Il Mattino S.p.A. The interest rate applied on these loans is a variable Euribor at 6 months + spread 0.70%.

As guarantee on these loans, mortgages were provided on the land and buildings of the factory of Il Mattino S.p.A at Caivano amounting to Euro 37.51 million and special privileges on the factory assets amounting to Euro 17.17 million.

The subsidised loan granted to Messaggero S.p.A. is at a fixed rate of 3.15% over 10 years, with final repayment due in June 2008. This loan is secured by pledges on the printing presses of the newspaper.

17) Personnel

<u>*Employee leaving indemnity and employee provisions*</u>

The employee leaving indemnity in the Group companies with less than 50 employees represents a liability relating to the benefits recognised to employees and paid either on termination or after employment service. This liability is a defined benefit plan and therefore is determined applying the actuarial method.

In the Group companies with over 50 employees, in accordance with the pension reform, the employee leaving indemnity matured at 31st December 2006 represents the payable matured by the company to be paid at the end of the employment service. This payable is valued applying actuarial and financial techniques without however considering the future salaries of the employee.

The discounting was made using the IRS curve corresponding to the duration of the period under examination (50 years).

From 1st January 2007, the Board of Directors considered it appropriate to change the accounting criteria of the effects deriving from the application of IAS 19 in relation to the Employee Leaving Indemnity Provision, as illustrated in the paragraph "Comparative data at 30th June 2006 – Application of IAS 8" to which reference should be made.

The table below shows for the period to 30th June 2007 and for each of the previous periods presented the amount of the adjustment on each account.

	30/06/2007	31/12/2006	30/06/2006
Income Statement			
Personnel costs	314	1,006	(33)
Financial charges	(784)	(1,444)	(604)
Income taxes for the period	155	145	210
Effect on the result for the period	**(315)**	**(293)**	**(427)**
Balance Sheet – Net equity			
IAS 19 leaving indemnity reserve	315	293	427
Result for the period	(315)	(293)	(427)
Effect on Net Equity	**-**	**-**	**-**
Effect on earnings per share	**-0.26%**	**-0.23%**	**-0.34%**

The movements in the Employee Leaving Indemnity provision were as follows:

	30/06/2007	31/12/2006
Net liability at beginning of period	48,369	39,071
Current cost for the period	2,859	3,557
Interest charge (income), net	784	1,444
Actuarial profits/(losses)	(483)	(438)
Effect of employee indemnity reform	1,553	-
Change in consolidation scope	-	9,137
(Services paid)	(5,474)	(4,402)
Net liabilities at the end of the period	**47,608**	**48,369**

The comparison with the liability in accordance with Italian regulations is as follows:

	30/06/2006	31/12/2006	30/06/2007

Nominal value of the provision	41,933	53,041	**50,966**
Actuarial adjustment	(2,510)	(4,672)	**(3,358)**
Total Employee leaving indemnity	**39,423**	**48,369**	**47,608**

As illustrated in the movement, the change between the liability determined in accordance with Italian regulations and IFRS was principally impacted by the interest rates.

Cost and personnel numbers

	30/06/2007	30/06/2006
Salaries and wages	39,171	30,858
Social security charges	12,936	10,093
Employee leaving indemnity prov.	2,830	1,907
Other costs	3,209	1,304
Total personnel costs	**58,146**	**44,162**

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

	30/06/2007	31.12.2006	Average 2007	Average 2006
Executives	27	25	26	25
Managers & white collar	452	464	455	478
Journalists	608	652	619	669
Print workers	205	178	207	181
Total	**1,292**	**1,319**	**1,307**	**1,353**

18) Provisions for risks and charges

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at 1st January 2006	8,424	440	824	**9,688**
Provisions	1,370	81	2326	**3,777**
Utilisation	(3,545)	(33)	(2,015)	**(5,593)**
Reclassifications		54		**54**
Change in the consolidation scope	3,805		1,700	**5,505**
Balance at 31st December 2006	**10,054**	**542**	**2,835**	**13,431**
Of which:				
Current portion			2,468	**2,468**
Non-current portion	10,054	542	367	**10,963**
Total	**10,054**	**542**	**2,835**	**13,431**
Balance at 1st January 2007	10,054	542	2,835	**13,431**
Provisions	703	3	39	**745**
Utilisation	(74)	(27)	(961)	**(1,062)**

Balance at 30th June 2007	**10,683**	**518**	**1,913**	**13,114**
Of which:				
Current portion	2,011		1,911	**3,922**
Non-current portion	8,672	518	2	**9,192**
Total	**10,683**	**518**	**1,913**	**13,114**

The provision for legal disputes refers principally to the provisions made by the companies Il Messaggero S.p.A. and Il Mattino S.p.A. against liabilities prevalently deriving from damages requested for slander and also from employees. The provision was estimated taking into account the nature of the business, based on experience in similar cases and all of the information available at the date of the preparation of the consolidated half-year financial statements, considering the difficulty in estimating charges connected to each single case.

The agents' indemnity provision, which reflects the prudent increase in the risk connected to the termination of the mandate conferred to agents in accordance with law, principally refers to the company Piemme S.p.A.

The other provisions include charges relating to some minor disputes.

19) Trade payables

	30/06/2007	31/12/2006
Trade payables	41,776	47,420
Payables to group companies	394	664
	42,170	**48,084**

Trade payables principally refer to operating subsidiaries in the publishing sector, Il Messaggero S.p.A., Il Mattino S.p.A., Piemme S.p.A. and Leggo S.p.A., and relate to the purchase of raw materials and capital expenditures.

There are no payables due over 12 months.

20) Other Liabilities

	30/06/2007	31/12/2006
Other non-current liabilities		
Other payables	6	6
Deferred income	3,233	3,005
Total	**3,239**	**3,011**

Other current liabilities

Social sec. institutions	6,882	7,755
Salaries and wages	14,177	11,859
VAT payables	3,261	726
Payables for withholding taxes	3,123	4,435
Other payables	8,605	10,537
Accruals	850	1,210
Deferred income	353	747
Total	**37,251**	**37,269**

The other non-current liabilities include deferred income principally relating to the grants received by Il Mattino S.p.A., in accordance with Law No. 488/1992.

INCOME STATEMENT

21) Revenues from sales and supply of services

	30/06/2007	30/06/2006
Newspaper sales	45,202	33,469
Editorial promotions	7,578	12,779
Advertising	108,103	94,146
Services and Internet	4,042	4,232
Total revenues from sales and supply of services	**164,925**	**144,626**

The sales and services relating to the principal newspapers and the revenues from advertising are commented upon in the Directors' Report on operations.

22) Other operating revenues

	30/06/2007	30/06/2006
Operating grants	214	31
Recovery of expenses from third parties	559	891
Capital grant contributions	336	451
Gains on disposal of assets	36	94
Prior year income	391	133
Other revenues	1,925	1,033
Total other operating revenues	**3,461**	**2,633**

23) Raw material costs

	30/06/2007	30/06/2006
Paper	15,387	13,609
Other publishing materials	2,969	1,628
Other	45	46
Change in inventory of raw materials and goods	751	178
Total raw materials costs	**19,152**	**15,461**

The increase in raw materials costs is due to the consolidation effect in the first half of 2007 of Il Gazzettino S.p.A., and which was not present in the same period of the previous year.

24) Other operating charges

	30/06/2007	30/06/2006
Editorial services	7,191	7,209
Transport and delivery	8,753	7,588
Outside contractors	8,820	5,583
Editorial promotions	6,270	11,621
Advertising & promotions	1,136	524
Commissions and agent costs	4,797	4,795
Utilities and power	1,971	1,569
Maintenance and repair costs	2,317	1,536
Consultants fees	1,722	1,259
Purchase of advertising space from third parties	1,162	1,752
Directors and statutory auditors fees	976	766
Insurance, postal and telephone	1,377	1,156
Other costs	6,989	6,683
Total service costs	**53,481**	**52,041**
Rental	3,346	2,378
Hire	1,575	1,286
Royalties	-	12
Others	33	285
Total rent, lease and hire costs	**4,954**	**3,961**
Taxes relating to prior periods	48	168
Other operating charges	1,869	1,419
Others	1,006	885
Total other costs	**2,923**	**2,472**
Total other operating costs	**61,358**	**58,474**

The increase in operating costs is principally due to the entry into the consolidation area of the Il Gazzettino Group.

25) Depreciation, amortisation, provisions & write-downs

	30/06/2007	30/06/2006
Amortisation of intangible assets	448	182
Depreciation of tangible assets	4,416	4,616
Provision for risks and charges	745	178
Write down of receivables	271	860
Depreciation, amortisation, provisions & write-downs	**5,880**	**5,836**

The depreciation of the tangible fixed assets principally relates to the depreciation on printing and rotary plant.

26) Net financial result

Financial income	**30/06/2007**	**30/06/2006**
Dividends	2,695	1,430
Interest income from bank deposits	7,471	7,536
Other financial income	71	97
Total	**10,237**	**9,063**

Financial charges	**30/06/2007**	**30/06/2006**
Exchange losses	203	1,648
Loan interest	1,535	1,196
Interest on current accounts	526	323
Interest on leaving indemnity	784	604
Financial charges from discounting	307	-
Bank commission and charges	184	150
Total	**3,539**	**3,921**

The dividends were received from the shares held in Banca Monte dei Paschi di Siena S.p.A. and Generali S.p.A..

The exchange losses relate to the difference arising from the conversion of a deposit in US Dollars at the period end exchange rate.

The financial charges from discounting relates to the fair value recording at 30th June 2007 of the payable of Caltagirone Editore S.p.A. against the purchase/sale option signed on 31.2% of the share capital of Il Gazzettino S.p.A.

27) Earnings per share

The basic earnings per share is calculated by dividing the Group net result for the period by the weighed average number of ordinary shares outstanding in the period.

	30/06/2007	**30/06/2006**
Net profit	17,124	16,877
Number of ordinary shares outstanding (000)	125,000	124,969
Basic earnings per share	**0.137**	**0.135**

The diluted earnings per share is identical to the basic earnings per share as Caltagirone Editore S.p.A has only issued ordinary shares.

Reference should be made to paragraph 17 for further information on the impact on the earnings per share deriving from the change of the criteria for the recording of the employee leaving indemnity as per IAS 19.

28) Acquisition of subsidiary

During 2006, Caltagirone Editore S.p.A. completed the acquisition of the Company Il Gazzettino S.p.A. and its subsidiaries (hereafter Gazzettino Group), applying IFRS 3. In particular, in consideration of the nature and complexity of the operation, the so-called "Purchase Price Allocation" was recorded provisionally in the consolidated financial statements at 31st December 2006, recording any adjustments required on the completion process in the present half-year report.

During the first-half of 2007, in view of the greater knowledge acquired on the principle operating characteristics of the Gazzettino Group, no new elements emerged requiring a review of the amounts allocated to the assets and liabilities acquired in the above-mentioned operation.

The table below summarises the allocation of the differential between the price paid and the fair value of the assets and liabilities of the Gazzettino Group, with consequent determination of the goodwill. The amounts below summarise the values recorded in the consolidated financial statements as at 31st December 2006:

	Allocation price paid
Price relating to 99.91% of the share capital	**194,590**
Gazzettino S.p.A. Group net equity at purchase date	**30,583**
Higher value paid allocated to Assets and Liabilities (A)	**164,007**
Intangible assets	3,100
Newspaper titles	77,787
Property, plant and equipment	17,124
Deferred taxes	(35,571)
Total (B)	**62,440**
Goodwill (A - B)	**101,567**

29) Non-current assets sold after the end of the half-year

In compliance with paragraph 12 of IFRS 5, it is noted that on 2nd July 2007 B2Win S.p.A., entirely held by companies of the Caltagirone Editore Group, was sold to E-Care S.p.A. for Euro 6.7 million, realising a gain of over Euro 5 million. Simultaneously, Caltagirone Editore acquired 25.04% of E-Care S.p.A., the second largest Italian operator in the management of call centres, with a total investment equal to the sales price of B2Win S.p.A.

The table below reports the principal balance sheet data, at 30th June 2007, and inter-company transactions, of B2Win S.p.A., fully consolidated in the present half-year report:

	30/06/2007
Total Assets	**3,098**
Shareholders' Equity	**1,283**
Liabilities	**1,815**
Value of production	**4,172**
Result for the period	**231**

For the information relating to segment reporting, B2Win S.p.A., is included in the segment "Other activities" (reference should be made to Note 31).

30) Transactions with related parties

Transactions with companies under common control

The transactions of Group companies with related parties generally relate to normal operations and are regulated at market conditions. They principally relate to the exchange of goods, the provision of services, and the provision and use of financial resources by associated companies and subsidiaries excluded from the consolidation scope, as well as with other companies belonging to the Caltagirone Group or under common control.

There are no atypical or unusual transactions which are not within the normal business operations. Where such operations exist, detailed information is provided in the present paragraph.

The table below shows the operations considered significant, or rather those above Euro 100 thousand:

	Receivables	**Payables**	**Operating Sales**	**Operating costs**	**Financial income**	**Financial costs**
Caltagirone Editore S.p.A.	-	110	-		-	-

B2Win S.p.A.	-	-	-	290	-	-
Il Gazzettino S.p.A.	111	133	-	-		
Piemme S.p.A.	112	-	-	-	-	-
Total	**223**	**243**	**-**	**290**	**-**	**-**
% on total in accounts	**0.21%**	**0.58%**	**-**	**0.21%**	**-**	**-**

The account operating costs exclusively includes rental fees, based on contracts at market conditions, for the utilisation by B2Win S.p.A. of the building of Cementir S.p.A.

31) Segment information

The disclosures required in accordance with IAS 14 on the Segment information are provided below. The Caltagirone Editore Group has adopted the sector of activity as the primary disclosure of information, defined as a separate and distinctly identifiable part of the Group, which provides related products and services and that is subject to risks and benefits different than those of the other sectors of activity of the Group.

The Group operates exclusively in Italy and therefore no geographic sectors were identified as defined by IAS 14.

In thousands of Euro	*Newspapers*	*Advertising revenues*	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
30/06/2006							
Segment revenues	121,051	94,912	4,825	126	220,914	-	-
Inter-segment revenues	73,269		260	-	-	(73,655)	-
Revenues from third parties	**47,782**	**94,912**	**4,565**	**126**	**-**	**-**	**147,259**
Segment result	22,641	7,137	(616)	-	29,162	-	29,162
Amortisation, depreciation, write-downs and provisions	4,570	1,094	172	-	5,836	-	5,836
Segment assets	789,780	89,792	167,856	21,241	1,068,669	-	1,068,669
Segment liabilities	199,611	17,018	21,956	(5,863)	232,722	-	232,722
Investments in intangible and tangible fixed assets	4,322	511	123	-	4,956	-	4,956

in thousands of Euro	*Newspapers*	*Advertising revenues*	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
30/06/2007							
Segment revenues	141,460	108,822	5,035	56	255,373	-	-
Inter-segment revenues	86,162	91	678	56		(86,987)	-
Revenues from third parties	**55,298**	**108,731**	**4,357**	**-**	**-**	**-**	**168,386**
Segment result	24,354	5,646	(270)	-	29,730	-	29,730

Amortisation, depreciation, write-downs and provisions	4,587	952	341	-	5,880	-	5,880
Segment assets	769,166	141,592	269,064	22,567	1,202,389	-	1,202,389
Segment liabilities	259,296	34,779	64,994	(3,699)	355,370	-	355,370
Investments valued at NE	391	-	-	-	391	-	391
Investments in intangible and tangible fixed assets	4,556	557	17	-	5,130	-	5,130

32) Net financial position

The Net Financial Position, in accordance with the CESR recommendation of 10th February 2005, is as follows:

in thousands of Euro	**30/06/2007**	**30/06/2006**
A. Cash	334	225
B. Bank deposits	378,628	547,659
D. Liquidity (A)+(B)	**378,962**	**547,884**
E. Current financial receivables	**173**	**124**
F. Bank payables – current portion	23,438	15,468
G. Current portion of long-term loans	4,389	3,883
H. Current payables to other lenders	2,786	2,670
I. Current debt (F)+(G)+(H)	**30,613**	**22,021**
J. Net current debt (I)-(E)-(D)	**(348,522)**	**(525,987)**
K. Non-current financial receivables	**28**	**48**
L. Bank payables – non-current portion	48,979	52,601
M. Non-current payables to other lenders	57,155	11,409
N. Non-current debt (L)+(M)	**106,134**	**64,010**
O. Net non-current debt (N)-(K)	**106,106**	**63,962**
P. Net financial debt (J)+(O)	**(242,416)**	**(462,025)**

ed CALTAGIRONE EDITORE

Attachments

CALTAGIRONE EDITORE S.p.A.

PARENT COMPANY BALANCE SHEET

(in Euro)

ASSETS

Non-current assets	*30/06/2007*	*31/12/2006*	*30/06/2006*
Intangible assets with definite life	12,247	13,608	14,968
Property, plant and equipment	90,286	116,795	144,610
Equity investments measured at cost	439,645,766	426,957,969	232,368,229
Deferred tax assets	1,481,935	2,619,748	4,223,293
TOTAL NON-CURRENT ASSETS	**441,230,234**	**429,708,120**	**236,751,100**
Current assets			
Trade receivables	102,834	76,033	79,512
of which related parties	*95,814*	*75,189*	*73,349*
Current financial assets	376,047,499	365,609,183	435,072,661
of which related parties	*376,026,362*	*365,579,446*	*435,059,446*
Receivables for current taxes	161,291	1,930,050	280,262
Other current assets	8,916,302	3,810,237	7,833,012
of which related parties	*8,772,780*	*3,733,264*	*7,808,085*
Cash and cash equivalents	16,407,782	21,684,479	35,521,084
TOTAL CURRENT ASSETS	**401,635,708**	**393,109,982**	**478,786,531**
TOTAL ASSETS	**842,865,942**	**822,818,102**	**715,537,631**

CALTAGIRONE EDITORE S.p.A.

PARENT COMPANY BALANCE SHEET
(in Euro)

SHAREHOLDERS' EQUITY AND LIABILITIES

	30/06/2007	***31/12/2006***	***30/06/2006***
Shareholders' Equity			
Share capital	125,000,000	125,000,000	125,000,000
Share capital issue costs	(18,864,965)	(18,864,965)	(18,864,965)
Treasury shares	-	-	(164,169)
Other reserves	573,057,342	568,697,884	568,668,289
Profit/(loss) for the period	85,044,037	29,524,556	(1,695,051)
TOTAL SHAREHOLDERS' EQUITY	**764,236,414**	**704,357,475**	**672,944,104**
Non-current liabilities			
Employee provisions	29,680	25,937	22,816
Non-current financial liabilities	53,222,192	56,932,051	5,861,304
Deferred tax liabilities	85,293	85,293	752,017
NON-CURRENT LIABILITIES	**53,337,165**	**57,043,281**	**6,636,137**
Current liabilities			
Trade payables	633,295	590,026	816,921
of which related parties	*210,987*	*238,019*	*526,166*
Short term debt	15,568,069	54,178,413	25,081,605
of which related parties	*14,363,554*	*53,000,000*	*23,928,729*
Payables for current taxes	1,941,216	2,131	2,384,248
Other current liabilities	7,149,783	6,646,776	7,674,616
of which related parties	*2,823,703*	*2,838,584*	*4,140,229*
CURRENT LIABILITIES	**25,292,363**	**61,417,346**	**35,957,390**
TOTAL LIABILITIES	**842,865,942**	**822,818,102**	**715,537,631**

CALTAGIRONE EDITORE S.p.A.

PARENT COMPANY INCOME STATEMENT

(in Euro)

INCOME STATEMENT

	30/06/2007	*31/12/2006*	*30/06/2006*
Revenues			
Revenues from sales and supply of services	-	-	-
of which related parties	-	-	-
Other revenues	42,730	85,461	42,730
of which related parties	*37,594*	*75,189*	*37,594*
TOTAL REVENUES	**42,730**	**85,461**	**42,730**
Costs			
Personnel costs	277,251	434,723	196,317
Other operating charges	548,530	1,598,675	671,143
of which related parties	*229,949*	*486,392*	*240,110*
TOTAL COSTS	**825,781**	**2,033,398**	**867,460**
EBITDA	**(783,051)**	**(1,947,937)**	**(824,730)**
Amortisation, depreciation & provisions	29,062	58,123	28,948
EBIT	**(812,113)**	**(2,006,060)**	**(853,678)**
Financial income	86,840,547	36,023,929	1,450,823
of which related parties	*86,498,810*	*34,468,557*	*434,293*
Financial charges	1,651,334	6,631,530	2,791,186
of which related parties	*983,598*	*3,458,230*	*1,010,887*
Net financial result	**85,189,213**	**29,392,399**	**(1,340,363)**
PROFIT BEFORE TAXES	**84,377,100**	**27,386,339**	**(2,194,041)**
Income taxes for the period	(666,937)	(2,138,217)	(498,990)
PROFIT FROM NORMAL OPERATIONS	**85,044,037**	**29,524,556**	**(1,695,051)**
NET PROFIT FOR THE PERIOD	**85,044,037**	**29,524,556**	**(1,695,051)**

List of significant investments as at 30/06/2007 as per art.120 of Leg. Decree no. 58 of 24.02.1998

(in accordance with article 126 of CONSOB Resolution 11971 of 14th May 1999)

COMPANY	HEAD OFFICE	SHARE CAPITAL	CURRENCY	DIRECTLY	INDIRECTLY THROUGH	
B2WIN S.p.A.	ROME	1,000,000,00	Euro	-	CALTANET spa	99,000%
					LEGGO spa	1,000%
CALTANET S.p.A.	ROME	5,414,463,00	Euro	99.999%	FINCED SRL	0,001%
CENTRO STAMPA VENETO SPA	ROME	567,000,00	Euro		IL GAZZETTINO SPA	100,000%
CORRIERE ADRIATICO S.p.A.	ANCONA	102,000,00	Euro	100.000%		-
E.DI.ME. SPORT S.r.l. In liquidation	NAPLES	10,200,00	Euro	-	IL MATTINO S.p.a.	99,500%
EDITRICE T.N.V. SPA	VERONA	546,000,00	Euro		IL GAZZETTINO SpA	40,000%
EUROQUBE S.A.	BELGIUM	84,861,115,53	Euro	-	CALTANET spa	14,820%
FINCED S.r.l.	ROME	10,000,00	Euro	99.990%	PIEMME SPA	0,010%
IDECO HOLDING SPA	LUGANO (SWITZ)	100,000,00	CHF		IL GAZZETTINO SPA	100,000%
IL GAZZETTINO S.p.A.	ROME	5,100,491,76	Euro	68.721%		-
IL MATTINO S.p.A.	ROME	500,000,00	Euro	99.999%	FINCED SRL	0,001%
IL MESSAGGERO S.p.A.	ROME	39,172,000,00	Euro	94.200%	PIEMME S.p.A.	5,800%
IMAGIVRESSE SRL in liquidation	VERONA	30,600,00	Euro		IL GAZZETTINO SpA	40,000%
IMPRESE TIPOGRAFICHE VENETE SPA	ROME	936,000,00	Euro		IL GAZZETTINO SPA	100,000%
LEGGO S.p.A.	ROME	1,000,000,00	Euro	90.000%		-
MEDIA S.c.a.r.l.	PADOVA	50,000,00	Euro		IMPRESE TIPOGRAFICHE VENETE SPA	50,000%
NOISETTE SERVICOS DE CONSULTORIA LDA	PORTUGAL	5,000	Euro	-	FINCED SRL	98,000%
					LEGGO spa	2,000%
PIEMME S.p.A.	ROME	2,646,540,00	Euro	-	IL MESSAGGERO spa	100,000%
P.I.M. PUBBLICITA' ITALIANA MULTIMEDIA S.r.l.	ROME	1,044,000,00	Euro		IL GAZZETTINO SPA	100,000%
PUBBLIEDITOR SRL in liquidation	VERONA	40,800,00	Euro		IL GAZZETTINO SPA	40,000%
QUOTIDIANO DI PUGLIA S.p.A.	ROME	1,020,000	Euro	85.000%		-
SVILUPPO QUOTIDIANI S.r.l.	ROME	45,900,00	Euro	-	IL MATTINO S.p.a.	16,667%
					IL GAZZETTINO SpA	16,667%
TELEFRIULI SPA	TAVAGNACCO	1,655,300,00	Euro		IL GAZZETTINO SPA	65,730%
					IDECO HOLDING SPA	20,290%