CALTAGIRONE EDITORE

DRAFT

HALF-YEAR REPORT

June 30th 2010

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Corporate Boards

Board of Directors

Chairman	Francesco Gaetano Caltagirone
Vice Chairmen	Gaetano Caltagirone Azzurra Caltagirone
Directors	Francesco Caltagirone Alessandro Caltagirone Massimo Confortini * Mario Delfini * Massimo Garzilli * Franco Luciano Lenti Albino Majore * Giampietro Nattino *

Board of Statutory Auditors

Chairman	Raul Bardelli
Standing Auditors	Federico Malorni Maria Assunta Coluccia

Executive Responsible	Roberto Di Muzio
Independent Auditors	KPMG SpA

** Members of the Internal Control Committee*

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CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2010

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INTRODUCTION

The present half-year report refers to the Condensed Consolidated Financial Statements at June 30th 2010, prepared in accordance with article 154 ter, paragraph 3, of Legislative Decree 58/1998 as supplemented and the Consob Issuers' Regulation.

The present half-year report was prepared in accordance with International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union and was drawn up according to IAS 34 – Interim financial reporting, applying the same accounting principles adopted in the preparation of the Consolidated Financial Statements at December 31st 2009.

OPERATIONAL OVERVIEW

The Caltagirone Editore Group recorded a net profit of Euro 3.1 million in the first half of 2010 following a loss of Euro 18.8 million in 1H 2009.

The EBITDA increased from Euro 2.9 million in 1H 2009 to Euro 12.3 million in 1H 2010. The strong improvement in the Ebitda is principally due to the reduction in operating costs (-10.5%) and in particular labour costs (-9.4%) through the restructuring plans implemented in 2009. The Ebitda margin on Revenues was 9.9%.

The EBIT, net of amortisation, depreciation, write downs and provisions of Euro 6.2 million recorded a profit of Euro 6.1 million (loss of Euro 6.1 million in 1H 2009).

The key financial results compared to the first half of 2009 are shown below.

In Euro thousands

INCOME STATEMENT	*1H 2010*	*1H 2009*	*Change %*
VALUE OF PRODUCTION	**124,221**	**128,054**	**-3.0%**
CIRCULATION REVENUES	39,028	40,868	-4.5%
PROMOTIONS REVENUES	1,068	2,687	-60.3%
ADVERTISING REVENUES	80,015	80,749	-0.9%
OTHER INCOME AND REVENUES	4,110	3,750	9.6%
COSTS OF PRODUCTION	**(111,922)**	**(125,105)**	**-10.5%**
RAW MATERIALS, SUPPLIES & CONSUMABLE STORES	(12,849)	(16,663)	-22.9%
LABOUR COSTS	(49,892)	(55,096)	-9.4%
SERVICES	(42,841)	(46,011)	-6.9%
RENT, LEASES & SIMILAR COSTS	(4,550)	(4,772)	-4.7%
OTHER OPERATING CHARGES	(1,790)	(2,563)	-30.2%
EBITDA	**12,299**	**2,949**	**NA**
AMORTISATION, DEPREC. & WRITE-DOWNS	(6,158)	(9,070)	-32.1%
EBIT	**6,141**	**(6,121)**	**NA**
SHARE OF COMPANIES VALUED AT EQUITY	**(341)**	**(6,858)**	**NA**
FINANCIAL INCOME	2,895	6,040	-52.1%
FINANCIAL CHARGES	(1,522)	(14,285)	-89.3%
FINANCIAL RESULT	**1,373**	**(8,245)**	**NA**
PROFIT/(LOSS) BEFORE TAX	**7,173**	**(21,224)**	**NA**
INCOME TAXES	(4,164)	2,175	-Na
NET PROFIT (LOSS)	**3,009**	**(19,049)**	**NA**
MINORITY INTEREST PROFIT	133	227	-41.4%
GROUP NET PROFIT (LOSS)	**3,142**	**(18,822)**	**NA**

The reduction in Operating Revenues of 3% follows the decrease in circulation revenues (-4.5%), promotional revenues (-60.3%) and a small contraction in advertising revenues (-0.9%); these figures were affected by the continuation of the crisis in the sector conditioned by the weak economic conditions both in Italy and internationally.

Raw material costs dropped 22.9%, principally following the lower quantities utilised in the production process, by the lower unitary acquisition cost of paper (approx. -15%) and the introduction of the new “Il Gazzettino” format.

Labour costs, as already stated, decreased by 9.4% on 1H 2009 with the restructuring begun in 2009.

Service costs decreased by 6.9% principally due to the reduction in copies distributed and the lower number of promotional products offered.

Amortisation, depreciation, write-downs and provisions includes amortisation and depreciation of Euro 4.6 million, doubtful debts of approx. Euro 718 thousand and provisions for risks of Euro 765 thousand. The significant reduction on the same period of the previous year is due to the presence in the previous half year of provisions for risks of approx. Euro 2.8 million relating to the estimated charges for the restructuring plans of Il Mattino and Il Gazzettino.

The results recorded under the equity method (loss of Euro 341 thousand) mainly relates to the effect of the associated companies operating in the call center sector and improved significantly on the previous period (loss of Euro 6.85 million) which was affected by the recording of a Group loss share of Euro 6.7 million by the associated company Rofin 2008 Srl.

The financial management result includes financial income of Euro 2.9 million, of which Euro 841 thousand interest income on funds held and Euro 1.9 million as dividends received on listed shares. The reduction of Euro 3.1 million on the first half of 2009 follows both the decrease in interest on funds held, which have decreased due to the investments made in the period, and the decrease in dividends from listed shares in portfolio. Financial charges totalling Euro 1.5 million principally included interest on medium-long term loans. The previous period included a loss of Euro 12.3 million from the sale on the market of listed shares.

The Group Net Cash Position at June 30th 2010 is as follows:

In Euro thousands

NET CASH POSITION	*30/06/10*	*31/12/09*
CURRENT FINANCIAL ASSETS	**5,471**	**5,505**
CASH AND CASH EQUIVALENTS	**263,779**	**284,460**
NON-CURRENT FINANCIAL LIABILIITES	(37,558)	(41,387)
CURRENT FINANCIAL LIABILITIES	(22,492)	(22,266)
TOTAL	**209,200**	**226,312**

The net cash position decreased by approx. Euro 17.1 million due to investment in listed shares of approx. Euro 11.4 million and the distribution of dividends of Euro 6.2 million.

The consolidated net equity of the Group decreased from Euro 788.6 million at December 31st 2009 to Euro 762.1 million at June 30th 2010; the decrease of Euro 26.5 million is due to the combined effect of the result for the period, the distribution of the dividend and the effects from the valuation at fair value of equity investments.

The Balance sheet ratios are provided below:

	1H 2010	2009
ROE* (Net result/ *Net'* equity)	**0.39**	**(2.39)**
ROS* *(Ebit /operating revenues)*	**4.94**	**(4.78)**
Equity Ratio *(Net equity/total assets)*	**0.75**	**0.75**
Liquidity Ratio *(Current assets/Current liabilities)*	**3.61**	**3.52**
Capital Invested Ratio *(Net equity/non current assets)*	**1.15**	**1.15**

* percentage values

The ROE and ROS ratios improved significantly due to the strong operating and financial management performances.

The balance sheet ratios confirm Group financial and balance sheet equilibrium, with good stability in the ratio between own funds and debt[1], a good capacity to meet short-term commitments through liquid funds[2] and finally a good equilibrium between own funds and fixed assets[3].

[1] An optimal equity ratio is considered as between 0.5 and 1.
[2] The liquidity ratio is considered optimal when it is higher than 1.
[3] The capital invested ratio is considered good when it is higher than 1.

GROUP ACTIVITIES IN THE FIRST HALF OF 2010

• PUBLISHING ACTIVITIES

In Euro thousands

CIRCULATION REVENUES	*1H 2010*	*1H 2009*	*Change %*
SALES OF NEWSPAPERS	39,028	40,868	-4.5%
PROMOTIONAL PRODUCTS	1,068	2,687	-60.3%
TOTAL	**40,096**	**43,555**	**-7.9%**

Revenues from sales recorded a total decrease of 7.9% on 1H 2009. In particular, circulation revenues of Euro 39 million fell by 4.5%.

The Group – while still appraising the situation - has not applied the price rises implemented by almost all of its competitors.

Following the continual reduction in the add-on products, the revenues from products sold together with the Group's newspapers decreased by 60.3%; volumes, and especially margins, remaining substantially unchanged, are not considered significant in relation to the overall result.

• ADVERTISING REVENUES

In Euro thousands

ADVERTISING	*1H 2010*	*1H 2009*	*Change %*
Il Messaggero	35,581	36,714	-3.1%
Il Mattino	14,201	13,197	7.6%
Il Gazzettino	11,497	11,786	-2.5%
Leggo	11,154	11,775	-5.3%
Quotidiano di Puglia	2,934	2,943	-0.3%
Corriere Adriatico	2,641	2,667	-1.0%
Total newspapers	**78,008**	**79,082**	**-1.4%**
Other advertising revenues	2,007	1,667	20.4%
TOTAL	**80,015**	**80,749**	**-0.91%**

In 1H 2010 the advertising revenues of the Group daily newspapers contracted slightly (-0.91%) on the same period of the previous year. The return of advertising demand in the daily newspapers continues to be affected by the consumption crisis and the overall recessionary environment.

The data published by the *Federation of Advertising Agencies (Federazione Concessionarie Pubblicità)* for the period January/May 2010 highlights a reduction of 0.2% of advertising in paid newspapers on the same period of 2009, while the decrease in the free press totalled 10.9%.

Other revenues principally derive from advertising on the Telefriuli television network and on specialised Internet sites and Group newspapers - these latter recording positive performances in line with the market but not contributing significantly to overall results.

- **OTHER ACTIVITIES**

			In Euro thousands
	1H 2010	***1H 2009***	***Change %***
OTHER REVENUES	4,110	3,750	9.6%

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

TRANSACTIONS WITH RELATED PARTIES

The transactions with “related” parties, as set out in IAS 24, including inter-company operations, are not atypical or unusual and form part of the ordinary business activities of the companies of the Group. These operations are regulated at market conditions and take account of the characteristics of the goods and services provided and in the interest of the Group.

Considering the new “Transactions with related parties regulation” adopted by Consob with resolution No.17221 of March 12th 2010 (amended by resolution 17389 of June 23rd 2010), the Parent Company is adopting the procedures necessary for the fulfilment of the obligations under the regulation.

OTHER INFORMATION

During the period, the companies of the Caltagirone Editore Group did not carry out any research and development activity.

During the half-year, the Parent Company did not purchase or sell treasury shares or shares in subsidiary companies, nor through trust companies. In relation to the above, in application of the Shareholders' Meeting Resolution of April 26th 2010, a Reserve of Euro 50 million was created utilising the Share Premium Reserve, to carry out share buy-back operations. Currently the reserve has not been utilised with no purchase or sales of treasury shares.

In 1H 2010, the Parent Company fully subscribed the share capital increase of Il Gazzettino SpA following the revocation by the minority shareholders of the rights options.

The Parent Company is not subject to management and co-ordination pursuant to art. 2497 and subsequent of the Italian Civil Code.

At June 30th 2010, there were 1,090 employees (1,109 at December 31st 2009).

MANAGEMENT OF RISKS

The activities of the Caltagirone Editore Group are subject to various financial risks: market risks (raw materials prices and the movements in listed share prices), credit risk, exchange rate risk, interest rate risk and liquidity risk. The management of the financial risks of the Group is undertaken through organisational directives which govern the management of these risks and the control of all operations which have importance in the composition of the financial and/or commercial assets and liabilities.

The Group has not used derivative financial instruments, nor do specific financial risks exist in relation to price, credit or liquidity (other than that deriving from the operating activities).

In the first half of 2010, no market risks or uncertainties substantially differing from those evident in the 2009 annual accounts emerged and therefore the relative management strategy remains unchanged.

PRINCIPAL UNCERTAINTIES AND GOING CONCERN

Following on from that stated in the paragraph concerning management risks, the continuation of the general crisis does not however cause concern in relation to the going concern principle in that the Group relies on its own funds and no uncertainties exist that could compromise the capacity of the Group to carry out its operating activities.

CORPORATE GOVERNANCE

The Extraordinary Shareholders' Meeting of April 26th 2010 amended article 19, point 2 of the By-Laws relating to the powers attributable to the Board of Directors, including among the powers of the Board of Directors the power to adjust the by-laws according to regulatory requirements (as per article 2365, paragraph 2 of the civil code) in order to render more effective and efficient the procedure to adjust the by-laws to the obligatory amendments required by the regulation.

The Board of Directors' meeting of March 23rd 2010 also confirmed for 2010 the appointment of the Executive Responsible for the preparation of the accounting and corporate documents of the company in the person of Mr. Roberto Di Muzio.

Following the resignation of the Standing Auditor, Mr. Carlo Schiavone, on May 24th 2010, in accordance with law and the By-Laws, at the same date the Alternate Auditor Ms. Maria Assunta Coluccia assumed office on the Board of Statutory Auditors and whose mandate will terminate - together with the appointed Board of Statutory Auditors - with the approval by the shareholders' meeting of the 2011 annual accounts.

SUBSEQUENT EVENTS TO JUNE 30th 2010

No significant events occurred after June 30th 2010.

OUTLOOK FOR FULL YEAR 2010

Deep uncertainty permeates the general sector outlook against which the Group implemented a rigorous cost control policy; significant benefits have already been seen in the first half of 2010 and which will also be reflected in the coming months.

Rome, July 28th 2010

For the Board of Directors

The Chairman

Cav. Lav. Francesco Gaetano Caltagirone

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CONSOLIDATED FINANCIAL STATEMENTS

June 30th 2010

Consolidated Balance Sheet

Assets

	note	30/06/2010	31/12/2009
Non-current assets			
Intangible assets with definite life	1	2,478	2,777
Goodwill and other indefinite intangible assets	2	447,316	447,317
Property, plant and equipment	3	83,349	87,091
Equity investments valued at cost	4	1,843	2,051
Equity investments valued at equity	5	4,012	4,256
Equity investments and non-current securities	6	97,211	113,748
Non-current financial assets	7	27	32
Other non-current assets	8	1,078	901
Deferred tax assets	9	24,169	24,922
TOTAL NON-CURRENT ASSETS		**661,483**	**683,095**
Current assets			
Inventories	10	2,934	3,713
Trade receivables	11	77,681	76,387
of which related parties		*1,279*	*1,122*
Current financial assets	12	5,471	5,505
of which related parties		*5,435*	*5,435*
Tax receivables	9	371	1,167
Other current assets	13	1,764	3,028
Cash and cash equivalents	14	263,779	284,460
TOTAL CURRENT ASSETS		**352,000**	**374,260**
TOTAL ASSETS		**1,013,483**	**1,057,355**

in Euro thousands

SHAREHOLDERS' EQUITY AND LIABILITIES

	note	30/06/2010	31/12/2009
Shareholders' Equity			
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Other reserves		652,061	719,794
Profit (loss) for the period		3,142	(39,206)
Group Shareholders' Equity		**761,338**	**786,723**
Minority interest shareholders' equity		786	1,898
TOTAL SHAREHOLDERS' EQUITY	**15**	**762,124**	**788,621**
Liabilities			
Non-current liabilities			
Employee provisions	17	40,050	41,060
Other non-current provisions	18	7,677	7,641
Non-current financial liabilities	16	37,558	41,387
Other non-current liabilities	20	2,921	3,100
Deferred tax liabilities	9	65,524	69,165
TOTAL NON-CURRENT LIABILITIES		**153,730**	**162,353**
Current liabilities			
Current provisions	18	7,506	9,837
Trade payables	19	31,669	35,733
of which related parties		*106*	*142*
Current financial liabilities	16	22,492	22,266
Current income taxes	9	518	-
Other current liabilities	20	35,444	38,545
CURRENT LIABILITIES		**97,629**	**106,381**
TOTAL LIABILITIES		**251,359**	**268,734**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,013,483**	**1,057,355**

in Euro thousands

Consolidated Income Statement

	note	1H 2010	1H 2009
Revenues			
Revenues from sales and services	21	120,111	124,304
of which related parties		*270*	*239*
Other operating revenues	22	4,110	3,750
of which related parties		*30*	*13*
TOTAL REVENUES		**124,221**	**128,054**
Costs			
Raw material costs	23	12,849	16,663
Labour costs	17	49,892	55,096
Other operating charges	24	49,181	53,346
of which related parties		*1,919*	*1,954*
TOTAL COSTS		**111,922**	**125,105**
EBITDA		**12,299**	**2,949**
Amortisation and Depreciation	25	4,675	5,066
Provisions	25	765	2,812
Other write-downs	25	718	1,192
EBIT		**6,141**	**(6,121)**
Net result of the share of associates	26	(341)	(6,858)
Financial income		2,895	6,040
of which related parties		*97*	*153*
Financial charges		(1,522)	(14,285)
of which related parties		(9)	-
Net financial income/(charges)	26	1,373	(8,245)
PROFIT/(LOSS) BEFORE TAX		**7,173**	**(21,224)**
Income taxes for the period	9	(4,164)	2,175
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**3,009**	**(19,049)**
PROFIT (LOSS) FOR THE PERIOD		**3,009**	**(19,049)**
Group net profit (loss)		3,142	(18,822)
Minority interest share		(133)	(227)
Earnings (loss) per share	27	0.024	(0.152)
Diluted earnings (loss) per share	27	0.024	(0.152)

in Euro thousands

Comprehensive Consolidated Income Statement

	Note	30/06/2010	30/06/2009
Gains or losses recorded through profit or loss (A)		**3,009**	**(19,049)**
Losses from redetermination of avail.-for-sale financial assets, net of fiscal effect	6	(23,256)	(2,450)
Effect of valuation at equity of associated companies		-	96
Total other Comprehensive Income Statement items (B)		**(23,256)**	**(2,354)**
Total loss recorded in the period (A+B)		**(20,247)**	**(21,403)**
Attributable to:			
Shareholders of the Parent Company		(20,114)	(21,176)
Minority shareholders		(133)	(227)

(in Euro thousands)

Statement of Changes in Consolidated Shareholders' Equity

(in Euro thousands)	Share Capital	Quotation charges	Fair Value reserve	Other reserves	Net profit (loss)	Group net equity	Minority interest N.E.	Total net equity
Balance at January 1st 2009	**125,000**	**(18,865)**	**(1,620)**	**728,551**	**(10,985)**	**822,081**	**2,599**	**824,680**
Dividends distributed				(6,250)		**(6,250)**		**(6,250)**
Retained earnings (acc. losses)				(10,985)	10,985	**-**		**-**
Change in consolidation area				302		**302**	658	**960**
Total operations with shareholders	**125,000**	**(18,865)**	**(1,620)**	**711,618**	**0**	**816,133**	**3,257**	**819,390**
Change in fair value reserve			(2,450)			**(2,450)**		**(2,450)**
Effect of the valuation at equity of the associated companies				96		**96**		**192**
Net loss					(18,822)	**(18,822)**	(227)	**(19,049)**
Total profit/(loss) recorded in the period	**-**	**-**	**(2,450)**	**96**	**(18,822)**	**(21,176)**	**(227)**	**(21,403)**
Other changes				77		**77**		**77**
Balance at June 30th 2009	**125,000**	**(18,865)**	**(4,070)**	**711,791**	**(18,822)**	**795,034**	**3,030**	**798,064**

(in Euro thousands)	Share Capital	Quotation charges	Fair Value reserve	Other reserves	Net profit (loss)	Group net equity	Minority interest N.E.	Total net equity
Balance at January 1st 2010	**125,000**	**(18,865)**	**11,376**	**708,418**	**(39,206)**	**786,723**	**1,898**	**788,621**
Dividends distributed				(6,250)		**(6,250)**		**(6,250)**
Retained earnings (acc. losses)				(39,206)	39,206	**-**		**-**
Change in consolidation area				979		**979**	(979)	**-**
Total operations with shareholders	**125,000**	**(18,865)**	**11,376**	**663,941**	**-**	**781,452**	**919**	**782,371**
Change in fair value reserve			(23,256)			**(23,256)**		**(23,256)**
Net profit (loss)					3,142	**3,142**	(133)	**3,009**
Total profit/(loss) recorded in the period	**-**	**-**	**(23,256)**	**-**	**3,142**	**(20,114)**	**(133)**	**(20,247)**
Balance at June 30th 2010	**125,000**	**(18,865)**	**(11,880)**	**663,941**	**3,142**	**761,338**	**786**	**762,124**

Consolidated Cash Flow Statement

in Euro thousands	Note	30/06/2010	30/06/2009
CASH AND CASH EQUIVALENTS – PREVIOUS YEAR	**14**	**284,460**	**308,349**
Net profit (loss) for the period		3,009	(19,049)
Amortisation and Depreciation		4,675	5,066
(Revaluations) and write-downs		838	1,039
Net result of the share of associates		341	6,858
Net financial income/(charges)		(2,084)	8,398
(Gains)/losses on disposals		(6)	(36)
Income taxes		4,164	(2,175)
Changes in employee provisions		(1,010)	(1,814)
Changes in current and non-current provisions		(2,295)	1,880
OPER. CASH FLOW BEFORE CHAN. IN W.CAPITAL		**7,632**	**167**
(Increase) Decrease in inventories		779	1,802
(Increase) Decrease in Trade receivables		(2,005)	6,078
Increase (Decrease) in Trade payables		(4,148)	(6,880)
Change in other current and non-current liabilities		(2,194)	1,957
Change in deferred and current income taxes		455	(4,918)
OPERATING CASH FLOW		**519**	**(1,794)**
Dividends received		1,925	911
Interest received		814	2,565
Interest paid		(585)	(1,534)
Other income (charges) received/paid		(1,512)	(1,786)
Income taxes paid		**1,161**	**(1,638)**
A) CASH FLOW FROM OPERATING ACTIVITIES		(119)	(1,171)
Investments in intangible fixed assets		(441)	(252)
Investments in tangible fixed assets		(11,399)	(42,520)
Investments in equity holdings and securities		13	-
Sale of intangible and tangible assets		-	20,395
Sale of equity holdings and securities		**(11,946)**	**(23,548)**
Inc. (Dec.) in equity holdings and securities		(3,824)	(10,355)
Other changes		178	20,547
B) CASH FLOW FROM INVESTING ACTIVITIES		(6,250)	(6,250)
Change in non-current fin. assets & liabilities		-	(315)
Change in current fin. assets & liabilities		**(9,896)**	**3,627**
Dividends Distributed		-	-
Other changes		**(20,681)**	**(21,559)**
C) CASH FLOW FROM FINANCING ACTIVITIES	**14**	**263,779**	**286,790**

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NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2010

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Introduction

Caltagirone Editore SpA (Parent Company) is a limited liability company, listed on the Milan Stock Exchange, operating in the publishing sector with its registered office in Rome (Italy), Via Barberini, No. 28.

At June 30th 2010, 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 February 24th 1998, and other information available are:

- Francesco Gaetano Caltagirone: 75,955,300 shares (60.76%).
  This investment is held:
  Directly for 22,500,000 shares (18.0%)
  Indirectly through the Companies:
  - Parted 1982 SpA 44,454,550 shares (35.56%)
  - Gamma Srl 9,000,750 shares (7.2%)
- Gaetano Caltagirone 3,000,000 shares (2.40%)
- Edizione Srl 2,799,000 shares (2.24%)

Caltagirone Editore SpA is fully consolidated in the consolidated half-year financial statements of the Caltagirone Group.

At the date of the preparation of the present report, the ultimate holding company was FGG SpA, due to the shares held through subsidiary companies.

The present half-year report was authorised for publication by the Board of Directors on July 28th 2010.

Compliance with international accounting standards approved by the European Commission

The present condensed half-year financial statements were prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and approved by the European Union. "IFRS" refers to the International Accounting Standards ("IAS") in force, as well as all International Financial Reporting Interpretations Committee ("IFRIC") documents issued and those of the preceding Standing Interpretations Committee ("SIC"). In particular, the Condensed Consolidated Group Half-Year Financial Statements 2010 were prepared according to the criteria set out by IAS 34 for the preparation of interim financial statements. These financial statements contain condensed information compared to the applicable accounting standards and must be read together with the consolidated annual accounts of the Group for the year ended December 31st 2009.

The financial statements conform with the Annual Accounts in application of the updated version of IAS 1 – Presentation of Financial Statements (revised in 2007).

The accounting principles adopted in the preparation of the present Condensed Consolidated Half-Year Financial Statements are the same as those utilised for the consolidated financial statements at December 31st 2009, with the exception of those described below in the notes – new accounting principles.

The 2009 consolidated financial statements are available on request from the registered offices of the company Caltagirone Editore S.p.A. via Barberini, 28 Rome or on the internet site www.caltagironeeditore.com.

Basis of presentation

The condensed consolidated half-year financial statements consist of the Consolidated Balance Sheet, the Consolidated Income Statement, the Comprehensive Consolidated Income Statement, the Consolidated Cash Flow Statement, the Statement of changes in Consolidated Shareholders' Equity and the present 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 Consolidated 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 IFRS were applied in accordance with the "Framework for the preparation and presentation of financial statements" and no matters arose which required recourse to the exceptions permitted by IAS 1, paragraph 17.

It is recalled that CONSOB. resolution No. 15519 of July 27th 2006 requires that the above financial statements report, where the amounts are significant, additional sub-accounts to those already specifically required by IAS 1 and other international accounting standards in order to show the balances and transactions with related parties as well as the relative income statement accounts relating to non-recurring, unusual or atypical operations.

The Consolidated Financial Statements were presented in thousands of Euro, the functional currency of the Parent Company and all of the companies included in the present consolidated financial statements.

All amounts included in the notes are expressed in thousands of Euro, except where otherwise indicated.

The Euro is also the functional currency of all of the companies included in the present consolidated financial statements.

The assets and liabilities are shown separately and without any offsetting.

Use of estimates

The preparation of the condensed 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 financial statements, such as the financial situation and 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 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 conditions upon which the estimates are based.

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.

Some valuation processes, in particular the determination of any reduction in fixed assets, are generally made on a complete basis on the preparation of the annual accounts, when all the necessary information is available, except where there are specific indications of impairment which require an immediate valuation of any loss in value.

Similarly, the actuarial valuations necessary for the determination of the employee benefit plans based on IAS 19 are normally calculated in the preparation of the annual accounts.

Income taxes are calculated on the basis of the best estimate of the expected tax rates at consolidated level for the entire year.

Consolidation scope

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

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

	Location	**30.06.2010**	**31.12.2009**	**Activities**
Caltagirone Editore SpA	Rome	Parent Com	Parent Com	Finance
Il Messaggero SpA *(1)*	Rome	100%	100%	Publishing
Il Mattino SpA	Rome	100%	100%	Publishing
Piemme SpA *(2)*	Rome	100%	100%	Advertising
Leggo SpA	Rome	90%	90%	Publishing
Finced Srl	Rome	100%	100%	Finance
Corriere Adriatico SpA	Ancona	100%	100%	Publishing
Quotidiano di Puglia SpA	Rome	100%	100%	Publishing
Il Gazzettino SpA	Venice	100%	98.64%	Publishing
Centro Stampa Veneto SpA *(3)*	Venice	100%	98.64%	Publishing
Imprese Tipografiche Venete SpA *(3)*	Venice	100%	98.64%	Publishing
P.I.M. Srl *(3)*	Milan	100%	98.64%	Publishing
Ideco Holding S.A. *(3)*	Lugano	100%	98.64%	Finance
Telefriuli SpA *(4)*	Tavagnacco (UD)	86.02%	84.85%	Television

(1) 94.6% directly held and 5.4% through Piemme SpA.; (2) Held through Messaggero SpA.; (3) Held through Il Gazzettino SpA.; (4) 86.02% held through Il Gazzettino SpA.

In 1H 2010, the Company fully subscribed the share capital increase of Il Gazzettino SpA, following the revocation by the minority shareholders of the rights options.

Associated companies

The consolidation scope includes the following associated companies:

	Location	**30.06.2010**	**31.12.2009**	**30.06.2009**
Rofin 2008 Srl	Rome	30.00%	30.00%	30.00%
E-care SpA	Rome	24.50%	24.50%	24.50%
Editrice Telenuovo SpA	Verona	39.96%	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.

New accounting standards

The effects of the new standards or the modifications which are applicable from the period beginning January 1, 2010 are listed and summarised below.

- IFRS 3 (revised) Business combinations and the consequent amendments to IAS 27 “Consolidated financial statements”, IAS 28 “Investments in associates” and IAS 31 “Interests in Joint Ventures” are applicable in prospective manner to the business combinations whose acquisition date coincides with or is subsequent to the reporting period beginning July 1st 2009. According to the revised standard, the so-called acquisition method will continue to be applied, but with some significant changes to the methodology, particularly concerning the valuation and representation of the acquisition costs, the minority interests, the potential payments and similar issues. All of the accessory costs to the business acquisitions are recorded to the income statement in accordance with IAS 27 revised and all of the effects of the transactions with minority interests which do not result in a change of control are recorded to net equity. The new accounting principle, as stated, is not applied to previous transactions and therefore does not have an impact on the condensed consolidated half-year financial statements 2010.
- Amendment to IAS 39 - Financial Instruments: Recognition and measurement: designation of hedged items. The amendment establishes the scope of two aspects of hedge accounting: the identification of inflation as a hedged risk or as a portion and of hedging through options. The present amendment did not have any significant impacts on the interim consolidated financial statements 2010.

- Amendment to IFRS 5 – Non-current assets held for sale and discontinued operations.

- Amendment to IAS 28 - Investments in associates and IAS 31 - Interests in joint ventures, following the amendments to IAS 27.

Standards, amendments and new interpretations on Standards effective from 2010 but not significant for the Group

- IFRIC 17 – Distribution of non cash assets to shareholders - effective from periods commencing from July 1st 2009. This interpretation is presently not applicable to the Group as no such distributions have been made to shareholders.
- IFRIC 18 – Transfer of assets from customers – effective for transfers subsequent to July 1st 2009. This interpretation is not applicable to the Group as it has not received any assets from clients.
- IFRIC 12: Concession agreements.
- IFRIC 15: Agreements for the Construction of Real Estate;
- Amendment to IAS 32 - Financial Instruments – Presentation: classification of option rights (or warrants).
- IFRS 1 further exemptions for First Time Adopters and amendments to IFRS 2 share based payments in favour of Group employees. Both these standards are not applicable to the Group.
- Improvements to international accounting standards issued to April 2009 and published in the Official Gazette in March 2010. This concerns various modifications and improvements, whose effects are principally applicable from periods beginning January 1st 2010.

Standards, amendments and new interpretations on Standards effective from the periods subsequent to 2010 and not adopted in advance by the Group.

- IFRS 9 “Financial instruments” issued in December 2009, not yet approved which deals with the classification and measurement of financial assets. This standard which will not enter into force before the periods beginning from 2013 may have impacts on the valuation of Group financial assets. The Group has decided not to adopt this standard in advance and is evaluating possible accounting impacts.
- IAS 24 revised “Related party disclosures” issued in November 2009 and not yet published in the Official Gazette. The standard will be effective from the periods beginning January 1st 2011 and allows advanced application; however the Group has decided not to adopt the standard in advance.
- Amendment to IAS 32 classification of “rights issues”. Published in October 2009, not yet adopted, this standard governs the classification of fixed amounts of rights issues in foreign currencies under liabilities. The standard will be effective from 2011 and the Group has decided not to adopt it in advance.
- “Prepayments on a minimum funding requirement” issued in November 2009, not yet published in the Official Gazette clarifies IFRIC 14 through IAS 19 with reference to

the possibility – now applicable – to recognise under assets advanced payments made voluntarily to these funds. It is effective from 2011 with retrospective effects and with the disclosure to be modified. The Group has decided to not adopt it in advance.

- IFRIC 19 "Extinguishing financial liabilities with equity instruments". This interpretation is concerned with better defining the characteristics required to classify under equity those equity instruments issued in favour of creditors which accept in exchange the settlement of debts. The interpretation is effective from periods beginning July 1st 2010 and may be adopted in advance.
- Improvements to the international accounting standards issued in May 2010 and not yet published in the Official Gazette. This relates to various modifications and improvements, whose effects are principally applicable from periods beginning January 1st 2011.

For those newly issued amendments, standards and interpretations which have not yet been approved by the European Union, but concern current or potential issues relevant to the Group, the Parent Company is evaluating the potential impact on the financial statements from their application, taking into account their efficacy.

ASSETS

1. Intangible assets with definite life

Historical cost	Research & devel.	Patents	Trademarks	Others	Total
01/01/2009	751	1,326	4,356	6,056	**12,489**
Increases	11	97	22	217	347
Decreases				(49)	(49)
31/12/2009	**762**	**1,423**	**4,378**	**6,224**	**12,787**
01/01/2010	762	1,423	4,378	6,224	**12,787**
Increases		27	26	52	105
30/06/2010	**762**	**1,450**	**4,404**	**6,276**	**12,892**

Amortisation and loss in value	Research & devel.	Patents	Trademarks	Others	Total
01/01/2009	749	1,053	2,004	5,282	**9,088**
Increases	13	166	335	428	942
Decreases				(20)	(20)
31/12/2009	**762**	**1,219**	**2,339**	**5,690**	**10,010**
01/01/2010	762	1,219	2,339	5,690	**10,010**
Increases		80	174	150	404
30/06/2010	**762**	**1,299**	**2,513**	**5,840**	**10,414**

Net value					
01/01/2009	**2**	**273**	**2,352**	**774**	**3,401**
31/12/2009	**0**	**204**	**2,039**	**534**	**2,777**
30/06/2010	**0**	**151**	**1,891**	**436**	**2,478**

The amortisation rates used are shown below:

Category	Average rate
Development Costs	20.0%
Industrial patents and intel. property rights	34.3%
Trademarks, concessions and licenses	27.3%
Others	26.3%

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
01/01/2009	176,577	286,797	**463,374**
Increases			
Decreases		(1)	**(1)**
Change in consolidation scope			**-**
Write-downs	(16,056)		**(16,056)**
Other changes			**-**
31/12/2009	**160,521**	**286,796**	**447,317**
01/01/2010	160,521	286,796	**447,317**
Increases			**-**
Decreases		(1)	**(1)**
Change in consolidation scope			**-**
Write-downs			**-**
Other changes			**-**
30/06/2010	**160,521**	**286,795**	**447,316**

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

	30/06/2010	31/12/2009
Il Gazzettino	71,667	71,667
Il Messaggero	51,613	51,613
Piemme (Advertising agency)	27,521	27,521
Il Mattino	9,720	9,720
Total	**160,521**	**160,521**

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

	01/01/2009	Increases	Decreases	Change	Write-dwn	31/12/2009
Il Messaggero S.p.A	90,808					90,808
Il Mattino SpA	44,496					44,496
Quotidiano di Puglia	26,131					26,131
Corriere Adriatico	24,656					24,656
Il Gazzettino S.p.A.	100,700					100,700
Other minor	6		(1)			5
Total	**286,797**	**-**	**(1)**	**-**	**-**	**286,796**

	01/01/2010	Increases	Decreases	Change	Write-dwn	30/06/2010
Il Messaggero S.p.A	90,808					90,808
Il Mattino SpA	44,496					44,496
Quotidiano di Puglia	26,131					26,131
Corriere Adriatico	24,656					24,656
Il Gazzettino S.p.A.	100,700					100,700
Oth.min.newspapers	5		(1)			4
Total	**286,796**	**-**	**(1)**	**-**	**-**	**286,795**

In the absence of indications of 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 December 31st 2009.

3. Property, plant and equipment

Historical cost	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01/01/2009	8,567	51,472	99,253	1,041	20,748	10	**181,091**
Increases		33	193		655	181	**1,062**
Decreases			(994)	(26)	(999)		**(2,019)**
Reclassifications	39	(49)	6	26	4	(26)	**0**
31/12/2009	**8,606**	**51,456**	**98,458**	**1,041**	**20,408**	**165**	**180,134**
01/01/2010	8,606	51,456	98,458	1,041	20,408	165	**180,134**
Increases		6	352		110	73	541
Decreases			(98)	(9)	(61)		(168)
Reclassifications					(12)		**(12)**
30/06/2010	**8,606**	**51,462**	**98,712**	**1,032**	**20,445**	**238**	**180,495**

Depreciation and loss in value	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01/01/2009	-	12,800	53,978	937	18,047	-	**85,762**
Increases		1,680	6,031	52	1,187		**8,950**
Decreases			(686)	(21)	(962)		**(1,669)**
Reclassifications			(1)		1		-
31/12/2009	**-**	**14,480**	**59,322**	**968**	**18,273**	**-**	**93,043**
01/01/2010	-	14,480	59,322	968	18,273	-	**93,043**
Increases		837	2,960	20	454		4,271
Decreases			(90)	(6)	(60)		(156)
Reclassifications			3		(15)		**(12)**
30/06/2010	**0**	**15,317**	**62,195**	**982**	**18,652**	**-**	**97,146**
Net value							
01/01/2009	**8,567**	**38,672**	**45,275**	**104**	**2,701**	**10**	**95,329**
31/12/2009	**8,606**	**36,976**	**39,136**	**73**	**2,135**	**165**	**87,091**
30/06/2010	**8,606**	**36,145**	**36,517**	**50**	**1,793**	**238**	**83,349**

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

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

4. Investments valued at cost

This account has not changed compared to December 31st 2009:

Investments in subsidiary companies	Location	%	01/01/2009	Increases (Decreases)	Write-downs	31/12/2009
Noisette Lda	Madeira (Port)	99,8	5			5

Edime Sport Srl in liquidation	Naples	99.5	-			-
Total			**5**	**-**	**-**	**5**

	%	01/01/2010	Increases (Decreases)	Write-downs	30/06/2010
Noisette Lda	99.8	5			5
Edime Sport Srl in liquidation	99.5	-			-
Total		**5**	**-**	**0**	**5**

Investments in other com.	**Location**	**%**	**01/01/2009**	**Increases (Decreases)**	**Write-downs**	**31/12/2009**
Euroqube		14.82	1,266	(180)	(253)	833
Ansa		6,71	1166			1,166
Sviluppo Quotidiani		33.34	0			0
Other minor			49	(1)	(1)	47
Total			**2,481**	**(181)**	**(254)**	**2,046**

Investments in other com.		**01/01/2010**	**Increases (Decreases)**	**Write-downs**	**30/06/2010**
Euroqube	14.82	833		(208)	625
Ansa	6.71	1,166			1,166
Sviluppo Quotidiani	33.34	-			-
Other minor		47			47
Total		**2,046**	**-**	**(208)**	**1,838**

The investments in other companies are recorded at purchase cost, as the fair value cannot be reliably determined, since no information on the development of the activities or a listed market price in an active market was available.

5. Investments in associated companies

	01/01/2010	**Purchases**	**Inc. (Dec.) recorded to the income statement**	**Revaluations /Write-downs**	**Other movements**	**30/06/2010**
Editrice Telenuovo SpA	595			97		**692**
Rofin 2008 S.r.l.	17		(1)			**16**
E-Care SpA	3,644		(340)			**3,304**
Total	**4,256**	-	**(341)**	**97**	**0**	**4,012**

The income statement effect of valuation under the equity method is a loss of Euro 341 thousand, essentially due to the loss recorded by the associated company E-care SpA.
On June 23rd 2010, the associated company E-Care approved a share capital increase with a rights option reserved for shareholders to be exercised by August 11th 2010. At the date of preparation of the present condensed consolidated half-year financial statements, the parent company is evaluating the possibility of exercising the above-stated option right.

6. Equity investments and non-current and current securities

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

Inv. available-for-sale	01/01/2009	Increases (Decreases)	Share capital increases	Valutation at fair value	31/12/2009
Generali SpA	35,082	42,134	2,075	14,809	94,100
Monte dei Paschi di Siena SpA	48,832	(32,277)		3,093	19,648
Total	**83,914**	**9,857**	**2,075**	**17,902**	**113,748**

	01/01/2010	Increases (Decreases)	Share capital increases	Valutation at fair value	30/06/2010
Generali SpA	94,100	11,399		(23,248)	82,251
Monte dei Paschi di Siena SpA	19,648			(4,688)	14,960
Total	**113,748**	**11,399**	**-**	**(27,936)**	**97,211**

Number

	01/01/2010	Increases	Decreases	Reclassifications	30/06/2010
Generali S.p.A.	5,000,000	700,000			5,700,000
Monte dei Paschi di Siena SpA	16,000,000				16,000,000
Total	**21,000,000**	**700,000**	**-**	**-**	**21,700,000**

The increase of Euro 11.40 million is due to the acquisition of 700,000 Assicurazioni Generali SpA shares.

The fair value change in these investments, as per the official stock exchange prices at June 30th 2010, is recorded in a separate equity reserve for Euro 23.2 million, net of the relative tax effect of Euro 4.7 million.

In relation to the disclosure required by IFRS 7, concerning the so-called "hierarchy of fair value", the shares available for sale belong to level one, as defined by paragraph 27 A (IFRS 7) concerning financial instruments listed on an active market.

7. Non-current financial assets

The account, amounting to Euro 27 thousand, principally relates to receivables for deposits due within five years.

8. Other non-current assets

The account totalling Euro 1.08 million is composed of receivables for deposits for Piemme SpA (Euro 117 thousand), Il Gazzettino SpA (Euro 158 thousand), Il Mattino SpA (Euro 29 thousand) and the receivable of Telefriuli SpA from the Communication Ministry for grants to local television providers under Ministerial Decree No. 378/1999 (Euro 775 thousand).

9. Deferred taxes, receivables for current taxes and income taxes for the period

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

	01/01/2009	Provisions	Utilisations	Other changes	31/12/2009
Deferred tax assets	20,071	10,673	(3,292)	(2,530)	24,922
Deferred tax liabilities	66,240	2,281	(924)	1,568	69,165
Net deferred tax liabilities	**(46,169)**	**8,392**	**(2,368)**	**(4,098)**	**(44,243)**

	01/01/2010	Provisions	Utilisations	Other changes	30/06/2010
Deferred tax assets	24,922	1,009	(2,089)	327	24,169
Deferred tax liabilities	69,165	1,140	(431)	(4,350)	65,524
Net deferred tax liabilities	**(44,243)**	**(131)**	**(1,658)**	**4,677**	**(41,355)**

The change in net deferred tax assets on the previous period is principally due to the recording of deferred tax assets on tax losses recorded in the half-year and deriving from the tax consolidation and the decrease related to the utilisation of tax losses by Piemme SpA and Il Messaggero SpA.

The account other changes relate to specific fiscal calculations on the adjustments to fair value of the AFS shareholdings recorded to equity.

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

The net position for income taxes, represented by the payments on account and other tax credits, net of income taxes payable, is calculated as follows:

in thousands of Euro	30/06/2010	31/12/2009
Receivables for direct taxes	1,072	1,361
Reimbursement request of direct taxes	151	151
Other receivables	555	512
Payables for IRES/IRAP/substitute taxes	(1,925)	(857)
Total	**(147)**	**1,167**

The income taxes for the period consist of:

	30/06/2010	30/06/2009
Current income tax	**2,375**	**2,246**
Provision for deferred tax liabilities	1,140	1,117
Utilisation of deferred tax liabilities	(431)	(425)
Deferred tax charge	**709**	**692**

Recording of deferred tax assets	(1,009)	(6,201)
Utilisation of deferred tax assets	2,089	1,088
Deferred tax income	**1,080**	**(5,113)**
Total income taxes	**4,164**	**(2,175)**

10. Inventory

The inventories at June 30th 2010 amount to Euro 2.93 million (Euro 3.71 million at December 31st 2009) and consist exclusively of raw materials, ancillary and consumables. Raw materials consist prevalently of paper and ink and relate for Euro 1.29 million to Il Messaggero SpA., for Euro 621 thousand to the companies of Il Gazzettino SpA, for Euro 750 thousand to Il Mattino SpA, for Euro 94 thousand to Corriere Adriatico Spa and for Euro 171 thousand to Quotidiano di Puglia SpA.

The cost of inventory recorded in the income statement is Euro 779 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.

There is no inventory provided as a guarantee on liabilities.

11. Trade receivables

This account can be broken down as follows:

	30/06/2010	31/12/2009
Trade receivables	91,742	91,289
Provisions for doubtful debts	(17,277)	(18,031)
Trade receivables	**74,465**	**73,258**
Receivables from other Group companies	1,279	1,122
Advances to suppliers	14	84
Trade receivables beyond 12 months	1,923	1,923
Total trade receivables	**77,681**	**76,387**

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

12. Current financial assets

This account can be broken down as follows:

	30/06/2010	31/12/2009
Financial assets from subsidiaries	4	4

Financial assets from associated companies	5,431	5,431
Accrued interest	36	70
Total current financial assets	**5,471**	**5,505**

Euro 5.4 million refers entirely to the non-interest bearing loan granted to the associated company Rofin 2008 Srl.

The accrued interest refers to the interest income matured on long-term bank deposits.

13. Other current assets

This account can be broken down as follows:

	30/06/2010	31/12/2009
Receivables from employees	162	154
Other receivables	706	1,735
Prepaid expenses	896	1,139
Total other current assets	**1,764**	**3,028**

The decrease in other receivables is principally due to the receipt of the INPGI receivable by Il Messaggero SpA recorded in the 2009 annual accounts.

The prepaid expenses relate to rental (Euro 34 thousand), insurance (Euro 111 thousand) and others (Euro 751 thousand).

14. Cash and cash equivalents

This account can be broken down as follows:

	30/06/2010	31/12/2009
Bank and postal deposits	263,597	284,282
Cash in hand and similar	182	178
Total cash and cash equivalents	**263,779**	**284,460**

The reduction in bank deposits in the first half of 2010 is due to the distribution of dividends for approx. Euro 6.25 million and investments in listed shares for Euro 11.4 million, net of Group operating activities.

LIABILITIES

15. Shareholders' Equity

For the movements in the Consolidated Shareholders' Equity, reference should be made to the Financial Statements. The movements in the Shareholders' Equity accounts relate to the shareholders' meeting resolutions of April 27th 2010, as well as the valuation at fair value of the holdings in Banca Monte dei Paschi di Siena SpA and in Assicurazioni Generali SpA.

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.

Dividends

The dividend issued in the period was Euro 0.05 per share. This dividend was approved by the Shareholders' Meeting of April 26th 2010.

Other reserves

The Other Reserves includes the Share Premium Reserve of Euro 471.02 million and the Legal Reserve of the Parent Company of Euro 25 million set up in accordance with article 2430 of the Civil Code, the consolidation reserve consisting of the higher value of the Group net equity share compared to the cost of some investments, retained earnings and finally, the actuarial gains and losses deriving from the valuation of the employee leaving indemnity based on the provisions of IAS 19.

Fair value reserve

The fair value reserve includes all the market value changes at the reporting date of the present half-year financial statements 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 23.3 million, net of the fiscal effect, is due to the valuation of the investment in the companies Banca Monte dei Paschi di Siena SpA and Assicurazioni Generali SpA at the Official Stock Exchange prices at June 30th 2010.

16. Financial liabilities

	30/06/2010	31/12/2009

Payables for assets in leasing	315	405
Bank payables	35,934	38,392
Other lenders	1,309	2,590
Non-current financial liabilities	**37,558**	**41,387**
Bank payables	15,031	14,981
Short-term portion of non-current loans	4,747	4,631
Payables for assets in leasing	180	175
Other lenders	2,534	2,479
Current financial liabilities	**22,492**	**22,266**

The non-current financial liabilities to banks are represented by a loan to finance the construction in 2005 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 in 2006 into Il Messaggero SpA. The first capital repayment was made in December 2005 while the final repayment is due in June 2018. In addition, a special privileged guarantee was given on the factory assets amounting to euro 43.40 million.

The payables to other lenders relates to two loans provided by Mediocredito Lombardo to the Parent Company Caltagirone Editore SpA and to Il Mattino SpA for Euro 11.62 million and Euro 9.81 million respectively.

For the loans to the Parent Company and Il Mattino SpA, the final repayment is due in 2011. 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 SpA at Caivano amounting to Euro 37.51 million and special privileges on the factory assets amounting to Euro 17.17 million.

17. Personnel

Employee benefit plans

The movement in the Employee benefit plans were as follows:

	30/06/2010	31/12/2009
Net liability at January 1st	41,060	45,245
Current cost for the period	268	660
Interest charge (income), net	591	1,239
Actuarial profit (loss)	-	3,096
(Services paid)	(1,863)	(8,996)
Other changes	(6)	(184)
Net liability at June 30th	**40,050**	**41,060**

The employee benefit plans includes the Senior Management Indemnity Provision as this provision has similar characteristics to the employee leaving indemnity provision as set out in the civil code.

The change between the liability determined at nominal value and that under IFRS was principally caused by interest rates.

Cost and personnel numbers

	30/06/2010	30/06/2009
Salaries and wages	33,759	37,787
Social security expenses	11,458	12,431
Employee leaving indemnity prov.	268	384
Employee leaving indemnity to Complementary Fund	2,109	2,349
Other costs	2,298	2,145
Total personnel costs	**49,892**	**55,096**

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

	30/06/2010	31.12.2009	Average 1H 2010	Average 2009
Executives	27	27	27	27
Managers & white collar	390	392	396	405
Journalists	523	539	521	606
Print workers	150	151	151	152
Total	**1,090**	**1,109**	**1,095**	**1,190**

18. Provisions for risks and charges

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2009	10,145	504	2,274	**12,923**
Provisions	2,645		3,699	**6,344**
Utilisations	(1,413)	(45)	(331)	**(1,789)**

Reclassifications	462		(462)	**0**
Balance at December 31st 2009	**11,839**	**459**	**5,180**	**17,478**
of which:				
Current portion	4,796		5,041	**9,837**
Non-current portion	7,043	459	139	**7,641**
Total	**11,839**	**459**	**5,180**	**17,478**
Balance at January 1st 2010	11,839	459	5,180	**17,478**
Provisions	672		100	**772**
Utilisations	(1,395)	(11)	(1,661)	**(3,067)**
Reclassifications				-
Balance at June 30th 2010	**11,116**	**448**	**3,619**	**15,183**
of which:				
Current portion	4,131		3,375	**7,506**
Non-current portion	6,985	448	244	**7,677**
Total	**11,116**	**448**	**3,619**	**15,183**

The provision for legal disputes refers principally to the provisions made by the companies Il Messaggero SpA, Il Mattino SpA, Il Gazzettino SpA and P.I.M. Srl against liabilities deriving from damages requested for slander and from employees. The provision was estimated taking into consideration the nature of the business, based on experience in similar cases and of all the information available at the date of the preparation of the consolidated financial statements, considering the difficulty in estimating charges and the timing connected to each single case.

The agent's indemnity provision, which reflects the prudent increase in the risk connected to the termination of the mandate conferred to agents in accordance with law, refers to the company Piemme SpA, advertising agency.

The provision for other risks includes the charges relating to the restructuring plans of Il Messaggero SpA, Il Gazzettino SpA and Il Mattino SpA for a total of Euro 1.7 million.

19. Trade payables

	30/06/2010	31/12/2009
Trade payables	31,564	35,591
Payables to group companies	105	142
	31,669	**35,733**

Trade payables principally refer to operating subsidiaries in the publishing sector Il Messaggero SpA, Il Mattino SpA, Piemme SpA, Leggo SpA, il Gazzettino SpA and Centro Stampa Veneto SpA and relate to the purchase of raw materials and capital expenditures. There are no payables due over 12 months.

20. Other Liabilities

	30/06/2010	31/12/2009
Other non-current liabilities		
Other payables	80	80
Deferred income	2,841	3,020
Total	**2,921**	**3,100**

Other current liabilities		
Social security institutions	5,958	10,167
Employee payables	11,916	9,827
VAT payables	1,796	1,326
Payables for withholding taxes	3,361	4,515
Other payables	11,331	11,224
Accruals	969	1,382
Deferred income	113	104
Total	**35,444**	**38,545**

The increase on December 31st 2009 in employee payables is related to accruals on vacation days matured and not taken at the balance sheet date. The other non-current liabilities include deferred income principally relating to the grants received by Il Mattino SpA, in accordance with Law No. 488/1992.

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21. Revenues from sales and services

	1H 2010	1H 2009
Circulation revenues	39,028	40,868
Promotions revenues	1,068	2,687
Advertising	80,015	80,749
Total revenues from sales and services	**120,111**	**124,304**

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

22. Other operating revenues

	1H 2010	1H 2009
Operating grants	229	268
Recovery of expenses from third parties	1,190	968
Capital grant contributions	255	288
Gains on disposal of assets	5	36
Prior year income	410	195
Other revenues	2,021	1,995
Total other operating revenues	**4,110**	**3,750**

23. Raw material costs

	1H 2010	1H 2009
Paper	10,103	12,694
Other publishing materials	1,966	2,161
Other	1	6
Change in inventory of raw materials and goods	779	1,802
Total raw materials costs	**12,849**	**16,663**

As described in greater detail in the Directors' Report, the significant decrease in the cost of paper in addition to a more prudent management of the print run led to a reduction in raw material costs.

24. Other operating costs

	1H 2010	1H 2009
Editorial services	8,441	8,818
Transport and delivery	8,359	8,610
Outside contractors	5,829	6,865
Promotions revenues	686	2,271
Advertising & promotions	2,056	1,938
Commissions and agent costs	4,885	4,859
Utilities and power	1,578	1,723
Maintenance and repair costs	1,964	1,951
Consulting	1,739	1,817
Purchase of advertising space third parties	20	109
Directors and statutory auditors fees	960	904
Insurance, postal and telephone	968	1,157
Other costs	5,356	4,989
Total service costs	**42,841**	**46,011**
Rental	3,317	3,388
Hire	1,233	1,384
Total rent, lease and hire costs	**4,550**	**4,772**
Other operating charges	1,751	1,655
Other	39	908
Total other costs	**1,790**	**2,563**
Total other operating costs	**49,181**	**53,346**

The cost of promotions reduced - in line with revenues - due to the differing nature and unitary cost of promotions in the first half of 2010.

25. Amortisation, depreciation & provisions

	1H 2010	1H 2009
Amortisation of intangible assets	404	452
Depreciation of tangible assets	4,271	4,614
Provision for risks and charges	765	2,812
Doubtful debts	718	1,192
Deprec., amortisation, provisions & write-downs	**6,158**	**9,070**

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

Provisions reduced on June 30th 2009 as the provisions at that date principally included amounts set aside for the restructuring plans of the main Group companies.

26. Net financial income/(charges)

Losses on investments at Equity	1H 2010	1H 2009
E-Care	(41)	(95)
B2win	(299)	(83)
Rofin 2008	(1)	(6,680)
Total loss of investments valued at Equity	**(341)**	**(6,858)**
Financial income		
Dividends	1,925	2,987
Interest income from bank deposits	841	2,679
Revaluations of investments	97	-
Other financial income	32	374
Total	**2,895**	**6,040**
Financial charges		
Loss on transfer of investments	11	12,306
Write-down of equity investments	217	-
Loan interest	387	880
Interest on bank current accounts	182	397
Interest on leaving indemnity	591	537
Banking commissions and charges	74	77
Other financial expenses	60	88
Total	**1,522**	**14,285**
Net financial income/ (charges)	**1,373**	**(8,245)**

The dividends included in the financial income relate to the shareholdings in Assicurazioni Generali SpA.

27. Earnings per share

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

	1H 2010	1H 2009

Net profit (thousands of Euro)	3,009	(19,049)
Number of ordinary shares outstanding (000)	125,000	125,000
Basic earnings (loss) per share	**0.024**	**-0.152**

The diluted earnings (loss) per share is identical to the basic result per share as Caltagirone Editore SpA has only issued ordinary shares.

28. 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	Financial receivables	Trade payables	Revenues	Costs	Financial income	Financial charges
Pubblieditor Srl in liquidation	840						
Intermedia S.r.l.	300			226			
Ical S.p.A.					1,206		
Ugi S.p.A.					607		
Rofin 2008 S.r.l.		5,431					
Other minor	139	4	106	74	**106**	**97**	**9**
Total	**1,279**	**5,435**	**106**	**300**	**1,919**	**97**	**9**
% on total in accounts	**1.65%**	**99.34%**	**0.33%**	**0.24%**	**1.71%**	**3.35%**	**0.59%**

The company Il Gazzettino SpA undertakes commercial transactions with the associated company Pubblieditor Srl in liquidation.

The account Financial Receivables only includes the non-interest bearing shareholder loan provided by the Parent Company to the associated company Rofin 2008 Srl.

The company Piemme SpA undertakes commercial transactions with the associated company Intermedia Srl.

Operating costs also includes rental costs by the Parent Company and Il Messaggero S.p.A. for their respective head offices from companies under common control.

29. Business segment information

The disclosures required in accordance with IFRS 8 on segment information are provided below. The Caltagirone Editore Group has adopted the sector of operating 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. This break-down is used by Management to carry out an analysis of operational performance and for the specific management of risks related to each sector.

The Group operates exclusively in Italy.

in thousands of Euro	*Newspapers*	*Advertising revenues*	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
1H 2009							
Segment revenues third parties	**45,628**	**81,813**	**421**	**192**	**128,054**		**128,054**
Inter-segment revenues	63,161	1049	473	(192)	64,491	(64,491)	-
Segment revenues	**108,789**	**82,862**	**894**		**192,545**	**(64,491)**	**128,054**
Segment Ebitda	595	3,321	(967)		2,949		**2,949**
Depreciation, amortisation, provisions & write-downs	7,419	1,456	195		9,070		9,070
Ebit	**6,824**	**1,865**	**(1,162)**	**-**	**(6,121)**	**-**	**(6,121)**
Net financial income/(charges)							(8,245)
Net result of the share of associates							(6,858)
Loss before taxes							**(21,224)**
Income tax							(2,175)
Net loss							**(19,049)**

	Newspapers	*Advertising revenues*	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
Segment assets	537,642	124,197	374,319	26,633	1,062,791		1,062,791
Segment liabilities	235,022	18,999	13,466	(2,760)	264,727		264,727
Equity investments valued at net equity	595		2,103	1,891	4,589		4,589
Investments in intangible and tangible fixed assets	499	141	939		1,579		1,579

in thousands of Euro	*Newspapers*	*Advertising revenues*	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
1H 2010							
Segment revenues third parties	**43,008**	**80,869**	**259**	**85**	**124,221**		**124,221**
Inter-segment revenues	62,449	416	368	(85)	63,148	(63,148)	-
Segment revenues	**105,457**	**81,285**	**627**		**187,369**	**(63,148)**	**124,221**
Segment Ebitda	10,345	3,091	(1,137)		12,299		**12,299**
Depreciation, amortisation, provisions & write-downs	5,050	905	203		6,158		6,158
Ebit	**5,295**	**2,186**	**(1,340)**	**-**	**6,141**	**-**	**6,141**
Net financial income/(charges)							1,373
Net result of the share of associates							(341)
Profit before taxes							**7,173**
Income tax							4,164
Net profit							**3,009**

	Newspapers	*Advertising revenues*	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
Segment assets	551,742	86,282	347,864	27,595	1,013,483		1,013,483
Segment liabilities	222,238	19,084	11,689	(1,652)	251,359		251,359
Equity investments valued at net equity	692		1,429	1,891	4,012		4,012
Investments in intangible and tangible fixed assets	373	55	218		646		646

The sectors of activity in which the group operates are not significantly affected by seasonal factors.

30. Net Cash Position

The Net Cash Position, as required by CONSOB Communication DEM 6064291 of July 28th 2006 is as follows:

in thousands of Euro	**30/06/2010**	**30/06/2009**
A. Cash	182	222
B. Bank deposits	263,597	286,568
D. Liquidity (A)+(B)	**263,779**	**286,790**
E. Current financial receivables	**5,471**	**5,582**
F. Bank payables – current portion	15,031	14,154
G. Current portion of long-term loans	4,747	4,548
H. Current payables to other lenders	2,714	2,552
I. Current debt (F)+(G)+(H)	**22,492**	**21,254**
J. Net current cash position (I)-(E)-(D)	**(246,758)**	**(271,118)**
K. Non-current bank payables	35,934	40,736
L. Non-current payables to other lenders	1,624	4,380
M. Non-current financial debt (K)+(L)	**37,558**	**45,116**
N. Net cash position (J)+(M)	**(209,200)**	**(226,002)**

Declaration of the Consolidated Financial Statements as per art. 81 - ter of Consob Regulation No. 11971 of May 14th 1999 and subsequent modifications and integrations

1. The undersigned Francesco Gaetano Caltagirone, as Chairman of the Board of Directors, and Roberto Di Muzio, executive responsible for the preparation of the corporate accounting documents of Caltagirone Editore S.p.A., affirm, and also in consideration of article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24th 1998:

   - the accuracy of the information on company operations and

   - the effective application,

   of the administrative and accounting procedures for the compilation of the condensed consolidated half-year financial statements for the first half-year of 2010.

2. The activity was undertaken evaluating the organisational structure and the execution, control and monitoring processes of the business activities necessary for the preparation of the condensed consolidated half-year financial statements.
   In relation to this, no important matters arose.

3. It is also noted that:

3.1 The condensed consolidated half-year financial statements:

a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
b) correspond to the underlying accounting documents and records;
c) provide a true and correct representation of the economic, balance sheet and financial situation of the issuer and of the companies included in the consolidation.

3.2 the Interim Directors' Report on operations includes an analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months.
The interim directors' report also includes a reliable analysis of the information on transactions with related parties.

Rome, July 28th 2010

The Chairman

The Executive responsible for the preparation
of corporate accounting documents