CALTAGIRONE EDITORE

INTERIM REPORT

September 30th 2012

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 * Albino Majore * Giampietro Nattino *

Board of Statutory Auditors

Chairman	Antonio Staffa
Standing Auditors	Federico Malorni Maria Assunta Coluccia

Executive Responsible

Roberto Di Muzio

Independent Auditors

PricewaterhouseCoopers SpA

** Members of the Internal Control Committee*

INTERIM REPORT AT SEPTEMBER 30TH 2012

The present interim report at September 30th 2012 was prepared in accordance with IAS/IFRS. The report is in compliance with Article 154, paragraph 5 of Legislative Decree 58/1998, as supplemented.

Highlights

The key financial results for the first nine months and third quarter of 2012 compared with the same periods in 2011 are shown below.

In Euro thousands	*9M 2012*	*9M 2011*	*Change %*	*Q3 2012*	*Q3 2011*	*Change %*
Circulation revenues	56,509	59,102	-4.4%	20,041	21,585	-7.2%
Promotions revenues	477	738	-35.4%	7	61	-88.5%
Advertising revenues	82,318	101,743	-19.1%	22,102	27,684	-20.2%
Other operating revenues	5,864	6,016	-2.5%	1,592	1,898	-16.1%
Total operating revenues	**145,168**	**167,599**	**-13.4%**	**43,742**	**51,228**	**-14.6%**
Raw material costs	(20,330)	(20,660)	-1.6%	(6,356)	(7,115)	-10.7%
Labour costs	(71,071)	(70,254)	1.2%	(20,162)	(21,944)	-8.1%
Other operating costs	(64,580)	(70,226)	-8.0%	(20,623)	(22,526)	-8.4%
Total operating costs	(155,981)	(161,140)	-3.2%	(47,141)	(51,585)	-8.6%
EBITDA	**(10,813)**	**6,459**	**na**	**(3,399)**	**(357)**	**na**
Amortisation, depreciation and provisions	(8,312)	(9,384)	-11.4%	(2,840)	(3,331)	-14.7%
EBIT	**(19,125)**	**(2,925)**	**na**	**(6,239)**	**(3,688)**	**-69.2%**
Share of expenses/ income from equity investments	(2)	(2)	-	(1)	(1)	-
Net financial income/(charges)	(4,242)	4,669	na	(1,838)	663	na
Profit (loss) before taxes	**(23,369)**	**1,742**	**na**	**(8,078)**	**(3,026)**	**na**
Group profit/(loss)	(22,907)	2,190	na	(7,950)	(2,881)	na
Minority interest share	(462)	(448)	3.1%	(128)	(145)	-11.7%

The reduction in Operating Revenues in the first nine months of 2012 of 13.4% is due to the decrease in circulation revenues (-4.4%) and a contraction in advertising revenues (-19.1%); these figures continue to be impacted by the ongoing crisis which hit the overall economy and with significant repercussions for the publishing sector.

In Q3 2012 the Group reports Operating Revenues of Euro 43.7 million, decreasing 14.6% on Q3 2011 (Euro 51.2 million), substantially in line with the preceding months.

Raw material costs decreased slightly (-1.6%) - almost entirely due to the lower quantities utilised in the production process due to lower circulation figures. In the third quarter the reduction in raw materials costs was 10.7%, as a result of the lower production quantities utilised.

Labour costs increased 1.2% compared to the first nine months of 2011. It is noted that the 9M 2012 figure include non-structural costs of approx. Euro 4.5 million (Euro 1.5 million in 9M 2011) following the introduction of workforce restructuring plans by a number of Group companies, based on trade union agreements and concerning the reduction of the workforce of Il Messaggero (25 journalists) and of Il Mattino (22 printing staff); the restructuring plans once fully implemented will allow a reduction in labour costs of approx. Euro 4.5 million. On a like-for-like comparison and excluding therefore extraordinary charges, labour costs reduced by 3.2% on the previous year, as a result of the corporate restructuring undertaken in previous years, absorbing indexed salary increases in the journalism sector.

In the third quarter labour costs reduced by 8.1%; it should be noted that the non-structural costs concerning the 2011 reorganisations were recognised in September, significantly impacting therefore the Q3 2011 results. On a like-for-like basis, the reduction in labour costs in the third quarter of 2012 on the previous year was approx. 1.7%.

Other operating costs decreased overall by 8%, principally due to the reduction in copies distributed of the free newspaper Leggo, the lower number of promotional products and the action taken on overhead and general costs.

Amortisation, depreciation, write-downs and provisions of Euro 8.3 million includes amortisation and depreciation of Euro 6.5 million (Euro 6.7 million in 9M 2011), doubtful debts of approx. Euro 1.5 million (Euro 1.9 million) and provisions for risks related to disputes arising in the period for Euro 332 thousand (Euro 775 thousand).

Net financial charges of Euro 4.2 million (income of Euro 4.7 million in 9M 2011), was affected by the existence in 2012 of losses from the sale on the market of listed shares for approx. Euro 4.6 million; the amount includes dividends on listed shares in the period for approx. Euro 1.2 million (Euro 3.2 million in 9M 2011) and net exchange losses of approx. Euro 1.2 million.

Group operating performance

- ***Publishing***

In the first nine months of 2012 Group sales revenues from circulation and promotions decreased overall by 4.8% on 9M 2011. In particular, circulation revenues of Euro 56.5 million fell by 4.4% within a daily newspaper market which reported an even greater reduction in circulation overall.

The Group - for the moment - has not applied the price rises implemented by almost all of its competitors.

The revenues from products sold together with Group newspapers recorded a decrease of 35.4% following the substantial discontinuation of these promotional activities.

In relation to the sale of subscriptions and multimedia versions, the figures (although growing) were not significant and the percentage of total Group circulation revenues was still negligible. However, the Group websites report a significant increase in daily users, in particular il Messaggero +76.8%[1] , Leggo +68.2%[1], Il Gazzettino +55.1%[1] and il Mattino +13.6%[1], in comparison to a market which grew overall by 11.6%[1].

- ***Advertising revenues***

The reduction in advertising revenues (-19.1%) continues to be strictly related to the current advertising sector market crisis due to the difficult economic circumstances.

The newspaper advertising sector in January-September 2012 reports a contraction in revenues of 15.4%[2] on the same period of 2011, following the decrease in advertising revenues from paid newspapers (-14%)[2] and in the free press (-53.2%)[2].

The decrease in revenues concerning the sale of advertising space in Group newspapers was impacted particularly by the drop in advertising revenues of the *Leggo* free newspaper (-49.1%, related also to the changed circulation area compared to 2011); net of this effect, the reduction in Group advertising revenues was 15.4%.

Internet advertising revenues grew 34.2% on the same period of the previous year. Italian internet sector advertising grew +9.8%[3]. Although internet advertising revenues are

[1] Figures *Audiweb September 2012 – 2011*
[2] Figures *FCP Stampa Research Institute* - January – September 2012
[3] Figures *FCP Assointernet Research Institute* - January – September 2012

growing, the volumes in this sector are not significant in relation to Group overall advertising revenue.

Net Cash Position

The net cash position at September 30th 2012 is as follows:

In Euro thousands	**30/09/12**	**31/12/11**
Current financial assets	1,540	1,548
Cash and cash equivalents	218,897	230,294
Non-current financial liabilities	(25,904)	(28,868)
Current financial liabilities	(30,002)	(22,032)
	164,531	**180,942**

The net cash position decreased by approx. Euro 16.4 million, principally due to net investments in listed shares of approx. Euro 5.9 million, the distribution of dividends of Euro 3.7 million and cash needs from operating cash flows.

Shareholders' equity

The consolidated shareholders' equity of the Group decreased from Euro 720.4 million at December 31st 2011 to Euro 694.5 million at September 30th 2012; the decrease of Euro 25.9 million is due to the combined effect of the loss for the period (Euro 22.9 million), the distribution of the dividend (Euro 3.7 million) and the positive effects from the valuation at fair value of equity investments held by the Group.

At September 30th 2012 Caltagirone Editore Spa had 305,858 treasury shares in portfolio, comprising 0.2447% of the share capital for a value of Euro 326,066. At the date of the present report treasury shares in portfolio numbered 349,526 – equal to 0.27962% of the share capital.

Outlook for fourth quarter of 2012 and subsequent events

Following the launch of the new internet site of “Il Messaggero” in June 2012, at the beginning of November the new graphic outlay of the paper edition was also created for the re-launch of the traditional newspaper sold at newsstands.

The general economic situation, still in a highly recessionary phase, affects advertising investment in the publishing sector and necessitates a cost reduction and control policy. Therefore subsequent to the reporting date, the INPGI Fund was refinanced for the redundancy of 12 journalists, as provided for in the trade union agreement signed with the trade union organisations of Il Mattino. This agreement will result in further extraordinary charges of approx. Euro 1 million and when fully implemented will allow a reduction in labour costs of approx. Euro 1.4 million. Finally, the conclusion of the agreement concerning the manner for the reduction of the workforce also for Il Gazzettino (22 print workers) is expected in due course.

Rome, November 12th 2012

For the Board of Directors

The Chairman

Francesco Gaetano Caltagirone

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The Executive responsible for the preparation of the corporate accounting documents, Roberto Di Muzio, declares in accordance with Article 154 *bis*, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present report corresponds to the underlying accounting documents, records and accounting entries.