CALTAGIRONE EDITORE

HALF-YEAR REPORT

June 30th 2014

BLANK PAGE

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 Audit Firm PricewaterhouseCoopers SpA

** Members of the Internal Control Committee*

BLANK PAGE

CONTENTS

BLANK PAGE

DIRECTORS' REPORT

Introduction

The present Report refers to the Condensed Consolidated Financial Statements at June 30th 2014, 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 2013, with the exception of those described in the Notes in the paragraph "New accounting principles", to which reference is made.

Operational overview

The key financial results compared to the first half of 2013 are shown below:

In Euro thousands

INCOME STATEMENT	*H1 2014*	*H1 2013*	*Change %*
OPERATING REVENUES	**83,345**	**89,353**	**-6.7%**
CIRCULATION REVENUES	34,826	37,251	-6.5%
PROMOTION REVENUES	304	241	26.1%
ADVERTISING REVENUES	45,330	48,628	-6.8%
OTHER OPERATING REVENUES	2,885	3,233	-10.8%
COSTS OF PRODUCTION	**(86,205)**	**(91,518)**	**-5.8%**
RAW MATERIALS, SUPPLIES & CONSUMABLE STORES	(9,440)	(10,373)	-9.0%
LABOUR COSTS	(40,450)	(43,101)	-6.2%
OTHER OPERATING CHARGES	(36,315)	(38,044)	-4.5%
EBITDA	**(2,860)**	**(2,165)**	**-32.1%**
AMORTISATION, DEPREC. & WRITE-DOWNS	(4,912)	(4,832)	1.7%
EBIT	**(7,772)**	**(6,997)**	**-11.1%**
SHARE OF COMPANIES VALUED AT EQUITY	**127**	**(167)**	**na**
FINANCIAL INCOME	5,258	4,521	16.3%
FINANCIAL CHARGES	(1,030)	(992)	3.8%
FINANCIAL RESULT	**4,228**	**3,529**	**19.8%**
LOSS BEFORE TAXES	**(3,417)**	**(3,635)**	**6.0%**
INCOME TAXES	(1,650)	(104)	na
NET LOSS FOR THE PERIOD	**(5,067)**	**(3,739)**	**-35.5%**
MINORITY INTEREST PROFIT	*43*	*42*	*2.4%*
GROUP NET LOSS	***(5,024)***	***(3,697)***	***-35.9%***

In the first six months of 2014, Operating revenues reduced 6.7%, due to the decrease in both advertising revenues (-6.8%) and circulation revenues (-6.5%).

Raw material costs decreased 9.0% - principally due to the lower quantities utilised in the production process.

Labour costs, net of non-recurring charges of Euro 816 thousand (Euro 1.1 million in H1 2013), principally due to the reorganisation plans put in place by a number of Group companies, decreased 5.6%; this result benefitted from corporate restructurings introduced in preceding years.

Other operating costs decreased overall by 4.5%, following the action taken on overhead and general costs.

The EBITDA reports a loss of Euro 2.9 million (loss of Euro 2.2 million in H1 2013).

Amortisation, depreciation, write-downs and provisions includes amortisation and depreciation of Euro 4.2 million, doubtful debts of approx. Euro 635 thousand and provisions for risks related to disputes in the year of Euro 104 thousand.

The financial management result - which reported a profit of Euro 4.2 million (Euro 3.5 million in H1 2013) - includes dividends received on listed shares of Euro 3.3 million and net financial income of Euro 1 million.

The Group Net Result reports a loss of Euro 5 million (loss of Euro 3.7 million in the first half of 2013), due to increased taxes.

The Group Net Cash Position at June 30th 2014 is as follows:

In Euro thousands

NET CASH POSITION*	***30/06/14***	***31/12/13***
CURRENT FINANCIAL ASSETS	14	3
CASH AND CASH EQUIVALENTS	187,080	186,633
NON-CURRENT FINANCIAL LIABILIITES	(16,090)	(18,652)
CURRENT FINANCIAL LIABILITIES	(38,522)	(30,544)
TOTAL	**132,482**	**137,440**

* The Net Cash Position in accordance with CONSOB Communication DEM 6064291 of July 28th 2006 is illustrated at paragraph 30 of the Notes to Condensed Consolidated Half-Year Financial Statements.

The net cash position decreased approx. Euro 4.9 million due to cash required for operating activities and includes dividends received on listed shares for approx. Euro 2.5 million.

The Group Consolidated shareholders' equity decreased from Euro 625.6 million at December 31st 2013 to Euro 619.3 million at June 30th 2014; the decrease is principally due to the loss in the period and the related impact in the half-year of the fair value measurement of shares held by the Group.

The Balance sheet ratios are provided below:

	H1 2014	31/12/2013	H1 2013
Equity Ratio *(Net Equity/Total Assets)*[1]	0.74	0.74	0.75
Liquidity Ratio *(Current Assets/Current Liabilities)*[2]	2.56	2.75	2.88
Capital Invested Ratio *(Net Equity/Non-current assets)*[3]	1.06	1.07	1.06
ROE[4] *(Net Result/Net Equity)*[5]	-0.82	-12.1	-0.56
ROI[1] *(EBIT/Total Assets)*[2]	-0.93	-9.8	-0.79
ROS[1] *(EBIT/Operating Revenues)*[2]	-9.32	-45.5	-7.83

The balance sheet ratios confirm Group financial and balance sheet equilibrium, with strong stability, a good capacity to meet short-term commitments through sufficient available funds and finally a good equilibrium between own funds and fixed assets. The financial ratios indicate a slight reduction in profitability compared to H1 2013.

Group operating performance

- *Publishing*

Newspaper sale revenues of Euro 34.8 million reduced 6.5% in the first half of 2014 compared to H1 2013, due to the further contraction in the daily newspaper market.

The latest official available circulation data indicates a reduction of approx. 7%[6] in paper and digital copies sold between January-May 2014 compared to the same period of 2013.

The sale of subscriptions and multimedia versions of Group newspapers are still not significant and the percentage of Group circulation revenues continues to be negligible; however, they continue to grow strongly (+86.5%[7] in May 2014 compared to May 2013).

[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.
[4] Percentage values
[5] For definitions of “Net Result”, “EBIT” and “Operating Profit”, reference should be made to the income statement reported in the paragraph “Operating overview”.
[6] ADS figures (Newspaper Sales Figures) Paper + Digital Daily Newspaper Sales January-May 2014/January-May 2013

The websites of the Caltagirone Editore network reached by April approx. 710,000[8] unique daily users. Following this strong result, the Group is the third largest Italian digital information operator. In particular, the Group websites reported significant increases in daily unique users: in April 2014 compared to April 2013 Corriere Adriatico +64.2%[9], Il Mattino +63.6%[9], Il Gazzettino +49%[9] and Il Messaggero +41.8%[10].

- *Advertising*

Group advertising revenues reduced 6.8% in the first 6 months of 2014.

Daily newspaper advertising revenues contracted 12.3%; the latest available sector figures concerning the first five months of 2014 report a drop of 12.4%[11] on the same period of 2013.

Internet site advertising revenues in the first half year increased 76% on the previous year. The latest available data for sector internet advertising indicates a 2.1%[12] reduction.

It is noted that the contribution of this sector to overall Group advertising revenues increased to over 10% of total advertising revenues in the first half-year.

In the first six months of 2014 the free daily newspaper Leggo reported strong advertising figures, which thanks to the internet contribution increased overall by 9.5% compared to H1 2013.

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.

The Parent Company in the period did not carry out significant transactions nor significant levels of ordinary transactions requiring communication to the Supervisory Authority under the Consob Regulation concerning transactions with related parties adopted with Resolution No. 17221 of March 12th 2010.

---

[7] ADS figures (Newspaper Sales Figures) Digital Newspaper Sales May 2014/May 2013
[8] Audiweb figures April 2014
Audiweb figures: aprile 2013 – aprile 2014
[10] Audiweb figures: aprile 2013 – aprile 2014, inclusi siti web aggregati
[11] *FCP Stampa* Research Centre figures January-May 2014 with corresponding period of 2013
[12] FCP Assointernet Research Centre figures January-May 2014 with corresponding period of 2013

The information on transactions with related parties, including those required by Consob communication of July 28th 2006, are shown in the Notes to the Condensed Consolidated Half-Year Financial Statements.

Other information

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

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 2014, there were 912 employees (924 at December 31st 2013).

Risk Management

The activities of the Caltagirone Editore Group are subject to the following 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.

In the first half of 2014, no market risks or uncertainties substantially differing from those evident in the 2013 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.

Treasury shares

In execution of the Shareholders Meeting resolution of April 16th 2014 which authorises the purchase and/or sale of treasury sales of the Company in accordance with Article 2357 of the Civil Code, the Board of Directors of Caltagirone Editore S.p.A implemented the treasury share buy-back programme of Company shares on the MTA segment of Borsa Italiana.

At June 30th 2014 Caltagirone Editore SpA had 1,110,731 treasury shares in portfolio, comprising 0.89% of the share capital for a value of Euro 1,123,807.

2014 full year outlook and events subsequent to June 30th 2014

The economy continues to be impacted by sluggish consumer figures within a recession which has persisted for more than 6 years. This environment conditions advertising spend - particularly in the daily newspaper and magazine sector.

The Group, although continuing to closely monitor and reduce costs, has maintained the initiatives targeting the growth of multi-media editions and an improved internet presence in order to expand new advertising streams and acquire new readers.

No significant events occurred after June 30th 2014.

Rome, July 24th 2014

For the Board of Directors

The Chairman

Mr. Francesco Gaetano Caltagirone

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2014

Consolidated Balance Sheet

Assets

(in Euro thousands)

	note	*30.06.2014*	*31.12.2013*
Non-current assets			
Intangible assets with definite life	1	1,040	1,285
Goodwill and other intangible assets with definite life	2	342,735	342,735
Property, plant and equipment	3	55,167	58,813
Equity investments valued at equity	4	908	777
Equity investments and non-current securities	5	139,171	139,704
Non-current financial assets	6	39	43
Other non-current assets	7	522	453
Deferred tax assets	8	45,794	43,461
TOTAL NON-CURRENT ASSETS		**585,376**	**587,271**
Current assets			
Inventories	9	2,494	2,317
Trade receivables	10	56,885	59,483
of which related parties		*2,023*	*1,971*
Current financial assets	11	14	3
Tax receivables	8	1,569	4,121
Other current assets	12	2,579	1,279
of which related parties		-	*4*
Cash and cash equivalents	13	187,080	186,633
of which related parties		*376*	*770*
TOTAL CURRENT ASSETS		**250,621**	**253,836**
TOTAL ASSETS		**835,997**	**841,107**

Shareholders' Equity & Liabilities

(in Euro thousands)

	note	30.06.2014	31.12.2013
Shareholders' Equity			
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Reserves		518,142	594,936
Loss for the year		(5,024)	(75,432)
Group Shareholders' Equity		**619,253**	**625,639**
Minority interest shareholders' equity		25	68
TOTAL SHAREHOLDERS' EQUITY	**14**	**619,278**	**625,707**
Liabilities			
Non-current liabilities			
Employee provisions	15	28,286	29,410
Other non-current provisions	16	5,806	6,684
Non-current financial payables	17	16,090	18,652
Other non-current liabilities	18	2,782	2,799
Deferred tax liabilities	8	65,898	65,480
TOTAL NON-CURRENT LIABILITIES		**118,862**	**123,025**
Current liabilities			
Current provisions	16	5,598	5,862
Trade payables	19	23,491	24,576
of which related parties		*1,588*	*1,230*
Current financial liabilities	17	38,522	30,544
of which related parties		*8,445*	*5,845*
Other current liabilities	18	30,246	31,393
of which related parties		*26*	*35*
TOTAL CURRENT LIABILITIES		**97,857**	**92,375**
TOTAL LIABILITIES		**216,719**	**215,400**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**835,997**	**841,107**

Consolidated Income Statement

(in Euro thousands)	note		H1 2014		H1 2013
Revenues					
Revenues from sales and services	20		80,460		86,120
of which related parties		*769*		*796*	
Other operating revenues	21		2,885		3,233
of which related parties		*48*		*46*	
TOTAL REVENUES			**83,345**		**89,353**
Costs					
Raw material costs	22		9,440		10,373
Labour costs	15		40,450		43,101
of which restructuring charges		*816*		*1,106*	
Other operating charges	23		36,315		38,044
of which related parties		*3,403*		*3,428*	
TOTAL COSTS			**86,205**		**91,518**
EBITDA			**(2,860)**		**(2,165)**
Amortisation, depreciation & write-downs	24		4,912		4,832
EBIT			**(7,772)**		**(6,997)**
Result of companies valued at equity	4-25		**127**		**(167)**
Financial income			5,258		4,521
of which related parties		*3,266*		*2,526*	
Financial charges			(1,030)		(992)
of which related parties		(111)		(68)	
Net financial income/(charges)	25		**4,228**		**3,529**
LOSS BEFORE TAXES			**(3,417)**		**(3,635)**
Income taxes	8		(1,650)		(104)
LOSS FROM CONTINUING OPERATIONS			**(5,067)**		**(3,739)**
NET LOSS FOR THE PERIOD			**(5,067)**		**(3,739)**
Group net loss			(5,024)		(3,697)
Minority interest share			(43)		(42)
Basic loss per share	26		(0.041)		(0.030)
Diluted loss per share	26		(0.041)		(0.030)

Consolidated Comprehensive Income Statement

(in Euro thousands)	*H1 2014*	*H1 2013*
Net loss for the period	**(5,067)**	**(3,739)**
Items which may be reclassified subsequently to profit/(loss) for the period		
Gain/(loss) from recalculation of AFS assets, net of fiscal effect	(1,072)	(1,470)
Total other items of the Comprehensive Income Statement	**(1,072)**	**(1,470)**
Comprehensive loss for the period	**(6,139)**	**(5,209)**
Attributable to:		
Parent Company shareholders	(6,096)	(5,167)
Minority interest	(43)	(42)

Statement of Changes in Consolidated Shareholders' Equity

(in Euro thousands)	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 January 1st 2013	**125,000**	**(18,865)**	**(440)**	**(4,554)**	**630,490**	**(60,978)**	**670,653**	**(32)**	**670,621**
Prior year result					(60,978)	60,978	**-**		**-**
Purchase of treasury shares			(201)				**(201)**		**(201)**
Change in consolidation scope					(202)		**(202)**	202	**-**
Total operations with shareholders	**-**	**-**	**(201)**	**-**	**(61,180)**	**60,978**	**(403)**	**202**	**(201)**
Change in fair value reserve				(1,470)			**(1,470)**	-	**(1,470)**
Net Loss						(3,697)	**(3,697)**	(42)	**(3,739)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(1,470)**	**-**	**(3,697)**	**(5,167)**	**(42)**	**(5,209)**
Balance at June 30th 2013	**125,000**	**(18,865)**	**(641)**	**(6,024)**	**569,310**	**(3,697)**	**665,083**	**128**	**665,211**
Balance at January 1st 2014	**125,000**	**(18,865)**	**(833)**	**27,096**	**568,672**	**(75,431)**	**625,639**	**68**	**625,707**
Prior year result					(75,431)	75,431	**-**		**-**
Purchase of treasury shares			(291)				**(291)**		**(291)**
Total operations with shareholders	**-**	**-**	**(291)**	**-**	**(75,431)**	**75,431**	**(291)**	**-**	**(291)**
Change in fair value reserve				(1,072)			**(1,072)**		**(1,072)**
Net loss						(5,024)	**(5,024)**	(43)	**(5,067)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(1,072)**	**-**	**(5,024)**	**(6,096)**	**(43)**	**(6,139)**
Other changes					1		**1**		**1**
Balance at June 30th 2014	**125,000**	**(18,865)**	**(1,124)**	**26,024**	**493,242**	**(5,024)**	**619,253**	**25**	**619,278**

Consolidated Cash Flow Statement

in Euro thousands	NOTE	*H1 2014*	*H1 2013*
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**13**	**186,633**	**188,902**
Net loss for the period		(5,067)	(3,739)
Amortisation & Depreciation		4,173	4,254
(Revaluations) and write-downs		637	557
Result of companies valued at equity		(127)	167
Net financial income/(charges)		(4,230)	(3,669)
(Gains)/losses on disposals		(5)	(5)
Income taxes		1,650	104
Changes in employee provisions		(1,364)	(2,240)
Changes in current and non-current provisions		(1,141)	(5,586)
OPER. CASH FLOW BEFORE CHAN. IN W.CAPITAL		**(5,474)**	**(10,157)**
(Increase) Decrease in inventories		(177)	462
(Increase) Decrease in Trade receivables		1,963	1,507
Increase (Decrease) in Trade payables		(1,067)	(2,685)
Change in other current and non-current liabilities		(2,547)	(1,561)
Change in deferred and current income taxes		1,225	(954)
OPERATING CASH FLOW		**(6,077)**	**(13,388)**
Dividends received		2,565	1,770
Interest received		1,977	2,703
Interest paid		(655)	(453)
Income taxes paid		(2,266)	(899)
A) CASH FLOW FROM OPERATING ACTIVITIES		**(4,456)**	**(10,267)**
Investments in intangible fixed assets		(90)	(99)
Investments in tangible fixed assets		(226)	(395)
Non-current investments and securities		0	(6)
Sale of intangible and tangible assets		27	22
Change in non-current financial assets		4	(63)
Change in current financial assets		7	(41)
Other changes in investments		176	-
B) CASH FLOW FROM INVESTING ACTIVITIES		**(102)**	**(582)**
Change in non-current financial liabilities		(2,562)	(2,545)
Change in current financial liabilities		7,858	12,801
Other changes		(291)	-
C) CASH FLOW FROM FINANCING ACTIVITIES		**5,005**	**10,256**
D) Effect exchange differences on cash & cash equivalents		-	-
Change in net liquidity		**447**	**(593)**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**13**	**187,080**	**188,309**

BLANK PAGE

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2014

BLANK PAGE

Introduction

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

At June 30th 2014, 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 2,700,000 shares (2.16%)
  Indirectly through the Companies:
    - Parted 1982 SpA 44,454,550 shares (35.56%)
    - FGC finanziaria Srl 19,800,000 shares (15.84%)
    - 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 condensed consolidated financial statements at June 30th 2014 include the condensed half-year financial statements of the Parent Company and its subsidiaries (together the "Group"). For the consolidation, the financial statements prepared by the Directors of the individual consolidated companies were used.

The present half-year report was authorised for publication by the Board of Directors on July 24th 2014.

Compliance with international accounting standards approved by the European Commission

The condensed consolidated half-year financial statements at June 30th 2014 were prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting

Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC), approved by the European Commission (hereinafter "IFRS").

In particular, the Condensed Consolidated Group Half-Year Financial Statements 2014 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 2013.

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 2013, with the exception of those described below in the notes – new accounting standards.

The 2013 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 Statement of changes in Consolidated Shareholders' Equity, the Consolidated Cash Flow Statement 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 Income Statement and the Comprehensive Income Statement are classified on the basis of the nature of the costs, the Comprehensive Income Statement, beginning with the result for the period, highlights the effects of profits and losses recognised directly to equity, the statement in changes in Shareholders' Equity outlines the changes in the period to the individual accounts comprising Net Equity, while 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 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:

	Registered office	**30.06.2014**	**31.12.2013**	**Activities**
Caltagirone Editore SpA	Rome	Parent	Parent	finance
Il Messaggero SpA	Rome	100%	100%	publishing
Il Mattino SpA	Rome	100%	100%	publishing
Piemme SpA	Rome	100%	100%	advertising
Leggo SpA	Rome	100%	90%	publishing
Finced Srl	Rome	100%	100%	finance
Corriere Adriatico SpA	Ancona	100%	100%	publishing
Ced digital & servizi Srl	Rome	100%	100%	publishing
Quotidiano di Puglia SpA	Rome	100%	100%	publishing
Il Gazzettino SpA	Rome	100%	100%	publishing
Centro Stampa Veneto SpA *(1)*	Rome	100%	100%	printing
Imprese Tipografiche Venete SpA *(1)*	Rome	100%	100%	printing
P.I.M. Srl *(1)*	Rome	100%	100%	publishing
Telefriuli SpA *(1)*	Tavagnacco (UD)	87.50%	87.50%	television

(1) Held by Il Gazzettino SpA

Associated companies

The consolidation scope includes the following associated companies:

	Registered office	**30.06.2014**	**31.12.2013**
Rofin 2008 Srl	Rome	30.00%	30.00%
Editrice Telenuovo SpA	Verona	40.00%	40.00%

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.

Accounting standards and amendments to standards adopted by the Group

Accounting standards and interpretations adopted from January 1st 2014:

- Amendments to IAS 32 "Financial Instruments: disclosure – Offsetting of financial assets and liabilities": the standard clarifies that the assets and liabilities previously recognised to the financial statements may be offset only where an entity has a right not subject to the occurrence of future events and one which is exercisable both in the case of the continuation of the activities of the entity preparing the financial statements and of all other parties involved and in the case of default, insolvency or bankruptcy.
- IFRS 10 "Consolidated Financial Statements": the standard provides a single model for the consolidated financial statements which considers control as the basis for the consolidation of all types of entities; in particular IFRS 10 establishes that an investor controls an entity in which an investment has been made when exposed to variable income streams or when possessing rights to such income streams based on the relationship with the entity, and at the same time has the capacity to affect such income steams through the exercise of its power. Therefore, an investor controls an entity subject to investment only if it simultaneously: (i) has power over the entity subject to investment, (ii) is exposed or has rights on variable income streams of the investment in the entity, (iii) has the capacity to exercise its power on the entity subject to investment to affect its income streams. In summary, IFRS 10 clarifies the concept of control and its application in circumstances of *de facto* control, potential voting rights and complex investment structures.
- IFRS 11 "Joint Arrangements": IFRS 11 requires that joint agreements which the entity participates in are classified to one of the following two categories: (i) joint operations, in the case of joint agreements according to which each participant has rights on the assets and obligations in terms of liabilities, (ii) joint ventures, in the case of joint agreements according to which each participant has rights on the net assets of the agreement, as for example in the case of companies with legal personality. Where the agreement may be considered as a joint operation, IFRS 11 requires the pro-quota recognition of costs, revenues, assets and liabilities deriving from the agreement (proportional consolidation); in the case of joint ventures, on the other

hand, IFRS 11 eliminates the previous possibility under IAS 31 to proportionally consolidate such agreements; therefore they must be recognised in the consolidated financial statements according to the equity method provided for in IAS 28.

- IFRS 12 "Disclosure of interests in other entities": the standard requires disclosure in the explanatory notes of the investments held in other companies, including associated companies, joint ventures, special purpose vehicles and other non-consolidated corporate vehicles.
- IAS 27 Revised "Separate Financial Statements": with the approval of IFRS 10, the application of IAS 27 was revised and limited only to the separate financial statements.
- IAS 28 Revised "Investments in associates and joint ventures": simultaneous to the approval of the new IFRS 10, IFRS 11, IFRS 12 and IAS 27, IAS 28 was revised to incorporate the amendments introduced by the above-mentioned standards.
- Amendments to IAS 36 "Additional disclosure on the recoverable amount of non-financial assets": the amendments to IAS 36 concern disclosure in the explanatory notes exclusively in relation to those non-financial assets which have been impaired (or for which the impairment has been eliminated), where the recoverable amount was established according to the fair value net of selling costs.
- Amendment to IAS 39 "Novation of derivatives and continuity of hedge accounting": the amendments to IAS 39 add an exception to the previously existing provisions concerning the cessation of hedge accounting in the situations in which a derivative designated as a hedging instrument is subject to novation by an original counterparty to a central counterparty, as a result of the existence or introduction of regulations, in such a manner that the hedge accounting may continue despite the novation.

Accounting Standards and interpretations on Standards effective from the periods subsequent to 2014 and not adopted in advance by the Group:

- On May 20th 2013, the IASB issued IFRIC 21 – Levies, an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 provides clarification on when an entity should recognise a liability for the payment of State taxes, with the exception of those already governed by other standards (e.g. IAS 12 – Income taxes). IAS 37 establishes the criteria for the recognition of a liability, one of which is the existence of a present obligation on the entity arising from a past event (known as an obligating event). The interpretation clarifies that the obligating event, which gives rise to a liability for the payment of the tax, is described in the applicable regulation from which the payment arises. IFRIC Levies must be applied at the latest from periods beginning on or before June 17th 2014.

The Group did not opt for the advance adoption of the standards, interpretations and updates already approved, which are applicable after the date of the accounts.
The Group is evaluating the possible effects related to the application of the new standards/changes to the accounting standards already in force listed below; based on a preliminary evaluation, significant effects are not expected on the consolidated financial statements.

New accounting standards and interpretations:

At the date of the approval of the present Consolidated Financial Statements, the IASB had issued (however not yet approved by the European Union) a number of accounting standards, interpretations and amendments - some still in the consultation phase - among which we highlight:

- On November 21, 2013, IASB issued the document “Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits)”. The amendments made to IAS 19 permit (but do not render compulsory) the deduction from the current service cost of the period the contributions paid by the employees and by third parties, which are not related to the number of years of service, in place of the allocation of these contributions over the service period.

- On December 12, 2013, IASB published the document “Annual Improvements to IFRS – 2010-2012 Cycle”. These amendments mainly refer to: (i) IFRS 2, amending the definition of maturation conditions; (ii) IFRS 3, clarifying that a potential payment classified as an asset or liability must be valued at fair value at each reporting date; (iii) IFRS 8, principally requiring disclosure concerning the criteria and evaluation factors considered in determining the level of aggregation of the operating segments within the financial statements (iv) the Basis of Conclusions of IFRS 13, confirming the possibility to recognise short-term receivables and payables which does not explicitly state the implicit interest rate therein, at their face value, if the effect from not discounting is not significant; (v) IAS 16 and IAS 38, clarifying the manner to determine the gross book value of the assets, in the case of revaluation consequent of the application of the model of the re-determined value; (vi) IAS 24, specifying that an entity is related to a reporting entity if the entity (or a member of the group to which it belongs) provides to the reporting entity (or its parent company) key management personnel services.

- On the same date, the IASB published the document "Annual Improvements to IFRS – 2011-2013 Cycle". These amendments mainly refer to: (i) the Basis of Conclusion of IFRS 1, clarifying the definition of IFRS "in force" for the First-time adopters; (ii) IFRS 3, clarifying the exclusion from application of joint control agreements in the financial statements relating to jointly controlled companies; (iii) IFRS 13, clarifying that the application of the exception as per paragraph 48 of the standard is extended to all contracts within the application of IAS 39, independent of the fact of whether they are within the definition of financial assets or financial liabilities as per IAS 32; (iv) IAS 40, clarifying the inter-relation between IFRS 3 and the standard.

  In accordance with the pronouncements issued by IASB, the provisions contained in the above-mentioned documents are effective from the periods which begin on or after July 1st 2014. However, it should be noted that as approval has not yet been obtained from the European Commission, the effective entry into force of these provisions may be deferred.

- On November 12th 2009, the IASB published IFRS 9 – Financial Instruments; the standard was re-issued in October 2010 and amended in November 2013. It introduces new criteria for the classification, recognition and measurement of financial assets and liabilities and for hedge accounting and replaces in terms of these issues IAS 39 – Financial assets: recognition and measurement. Under the amendment introduced in November 2013, in addition to other changes, IASB eliminated the date of obligatory first adoption in the standard previously fixed at January 1st 2015. This date will be re-introduced with the publication of a full standard at the conclusion of the project on IFRS 9.

- On January 30th 2014, the IASB published "IFRIC 14 – Regulatory Deferral Accounts". The standard establishes the option for first-time adopters operating in a regulated tariff sector to continue to recognise in the first and subsequent IFRS financial statements - with certain limited changes - the "regulatory assets and liabilities" under the previous local GAAP; in addition, the assets and liabilities from regulatory activities and their movements are presented separately in the balance sheet, in the income statement and in the comprehensive income statement and specific disclosure must be provided in the explanatory notes. The standard is effective from periods beginning on or subsequent to January 1st 2016.

- On May 6th 2014, the IASB issued the “Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 Joint Arrangements)” document. The amendments to IFRS 11, applied from periods beginning or subsequent to January 1st 2016, clarify the method for recognition of holdings acquired in a joint operation.

- On May 12th 2014, the IASB published a document “Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)” in order to clarify that a depreciation and amortisation method based on the revenues generated by an asset (revenue-based method) is not considered appropriate as exclusively reflecting the revenue streams generated from the assets and not, in fact, the manner of consumption of the economic benefits of the asset. These clarifications are effective from periods beginning on or subsequent to January 1st 2016.

- On May 28th 2014, the IASB published “IFRS 15 — Revenue from Contracts with Customers”. The standard establishes the criteria for the recognition of revenues from the sale of products or the supply of services through the introduction of the so-called five-step model framework; in addition, specific information concerning the nature, the amount, the timing and the uncertainties relating to revenues and cash flows deriving from the underlying contracts with clients must be provided in the explanatory notes. The standard is effective from periods beginning on or subsequent to January 1st 2017.

Any effects that the newly applied accounting standards, amendments and interpretations may have on the Group financial disclosure are currently being evaluated.

ASSETS

1. Intangible assets with definite life

Historical cost	Development	Patents	Trademarks	Other	Total
01.01.2013	762	1,533	4,963	5,540	**12,798**
Increases			22	350	**372**
Decreases			(3)	(37)	**(40)**
Reclassifications					**-**
31.12.2013	**762**	**1,533**	**4,982**	**5,853**	**13,130**
01.01.2014	762	1,533	4,982	5,853	**13,130**
Increases			4	81	85
Decreases					-
Reclassifications					-
30.06.2014	**762**	**1,533**	**4,986**	**5,934**	**13,215**

Amortisation and loss in value	Development	Patents	Trademarks	Other	Total
01.01.2013	762	1,492	3,842	4,991	**11,087**
Increases		28	355	378	**761**
Decreases			(3)		**(3)**
Reclassifications					**-**
31.12.2013	**762**	**1,520**	**4,194**	**5,369**	**11,845**
01.01.2014	762	1,520	4,194	5,369	**11,845**
Increases		5	162	163	330
Decreases					-
Reclassifications					-
30.06.2014	**762**	**1,525**	**4,356**	**5,532**	**12,175**
Net value					
01.01.2013	**-**	**41**	**1,121**	**549**	**1,711**
31.12.2013	**-**	**13**	**788**	**484**	**1,285**
30.06.2014	**-**	**8**	**630**	**402**	**1,040**

The amortisation rates used are shown below:

Category	Average rate
Development Costs	20.0%
Industrial patents and intel. property rights	26.5%
Trademarks, concessions and licenses	10.0%
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
01.01.2013	**189,596**	**286,794**	**476,390**
Increases			**-**
Decreases			**-**
31.12.2013	**189,596**	**286,794**	**476,390**
01.01.2014	**189,596**	**286,794**	**476,390**
Increases			-
Decreases			-
30.06.2014	**189,596**	**286,794**	**476,390**

Write-downs	Goodwill	Newspaper titles	Total
01.01.2013	**49,475**	**13,600**	**63,075**
Increases	51,267	19,313	**70,580**
Decreases			**-**
31.12.2013	**100,742**	**32,913**	**133,655**
01.01.2014	**100,742**	**32,913**	**133,655**
Increases			0
Decreases			-
Reclassifications			-
30.06.2014	**100,742**	**32,913**	**133,655**

Net value			
01.01.2013	**140,121**	**273,194**	**413,315**
31.12.2013	**88,854**	**253,881**	**342,735**
30.06.2014	**88,854**	**253,881**	**342,735**

The goodwill allocated to the individual Group CGU's is reported below:

	01.01.2013	Increases	Decreases	Write-downs	31.12.2013
Il Gazzettino SpA	51,267			(51,267)	0
Il Messaggero SpA	51,613				51,613
Piemme (Advertising agency)	27,521				27,521
Il Mattino SpA	9,720				9,720
Total	**140,121**	**-**	**-**	**(51,267)**	**88,854**

	01.01.2014	Increases	Decreases	Write-downs	30.06.2014
Il Gazzettino SpA	0				-
Il Messaggero SpA	51,613				51,613
Piemme (Advertising agency)	27,521				27,521

Il Mattino SpA	9,720				9,720
Total	**88,854**	**-**	**-**	**-**	**88,854**

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

	01.01.2013	Increases	Decreases	Write-downs	31.12.2013
Il Messaggero S.p.A	90,808				90,808
Il Mattino SpA	44,496				44,496
Quotidiano di Puglia SpA	22,031			(6,000)	16,031
Corriere Adriatico SpA	15,156				15,156
Il Gazzettino S.p.A.	100,700			(13,313)	87,387
Other minor newspaper titles	3				3
Total	**273,194**	**-**	**-**	**(19,313)**	**253,881**

	01.01.2014	Increases	Decreases	Write-downs	30.06.2014
Il Messaggero S.p.A	90,808				90,808
Il Mattino SpA	44,496				44,496
Quotidiano di Puglia SpA	16,031				16,031
Corriere Adriatico SpA	15,156				15,156
Il Gazzettino S.p.A.	87,387				87,387
Other minor newspaper titles	3				3
Total	**253,881**	**-**	**-**	**-**	**253,881**

In the absence of significant (trigger) events 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 December 31st 2013, which will be updated in the financial statements at December 31st 2014.

3. Property, plant and equipment

Historical cost	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2013	8,606	51,542	99,550	1,138	21,790	2	**182,628**
Increases		6	226	14	378	6	**630**
Decreases			(149)		(149)	(2)	**(300)**
Reclassifications							**-**
31.12.2013	**8,606**	**51,548**	**99,627**	**1,152**	**22,019**	**6**	**182,958**
01.01.2014	8,606	51,548	99,627	1,152	22,019	6	**182,958**
Increases		1	18		205	46	270
Decreases					(132)	(52)	(184)
Reclassifications							0
30.06.2014	**8,606**	**51,549**	**99,645**	**1,152**	**22,092**	**0**	**183,044**

Depreciation and loss in value	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2013	-	19,479	76,397	1,033	19,710	-	**116,619**
Increases		1,602	5,406	35	760		**7,803**
Decreases			(148)		(129)		**(277)**
31.12.2013	**-**	**21,081**	**81,655**	**1,068**	**20,341**	**-**	**124,145**
01.01.2014	-	21,081	81,655	1,068	20,341	-	**124,145**
Increases		792	2,689	17	345		3,843
Decreases					(111)		(111)
30.06.2014	**-**	**21,873**	**84,344**	**1,085**	**20,575**	**-**	**127,877**
Net value							
01.01.2013	**8,606**	**32,063**	**23,153**	**105**	**2,080**	**2**	**66,009**
31.12.2013	**8,606**	**30,467**	**17,972**	**84**	**1,678**	**6**	**58,813**
30.06.2014	**8,606**	**29,676**	**15,301**	**67**	**1,517**	**-**	**55,167**

4. Equity investments valued at equity

	01.01.2013	Reclassifications	Increases (Decreases) through P&L	Reval (WD)	Other changes	31.12.2013
Editrice telenuovo SpA	845		(68)			**777**
Rofin 2008 S.r.l.	0		(31)		31	**-**
Total	**845**	**-**	**(99)**	**-**	**31**	**777**

	01.01.2014	Reclassifications	Increases (Decreases) through P&L	Reval (WD)	Other changes	30.06.2014
Editrice telenuovo SpA	777		127		1	**905**
Rofin 2008 S.r.l.	-				3	**3**
Total	**777**	**-**	**127**	**-**	**4**	**908**

5. Equity investments and non-current securities

Equity investments and non-current securities	01.01.2013	Increases (Decreases)	Write-downs	Fair value change	31.12.2013
Investments in other companies valued at cost	4,715	6	(147)		4,574
Investments in other companies available-for-sale	104,260			30,870	135,130
Total	**108,975**	**6**	**(147)**	**30,870**	**139,704**

Equity investments and non-current securities	01.01.2014	Increases (Decreases)	Write-downs	Fair value change	30.06.2014
Investments in other companies valued at cost	4,574	(176)	(2)		4,396
Investments in other companies available-for-sale	135,130	696		(1,051)	134,775
Total	**139,704**	**520**	**(2)**	**(1,051)**	**139,171**

The breakdown of the account investments in other companies is as follows:

Investments in other companies	%	01.01.2013	Increases (Decreases)	Write-downs	31.12.2013
Euroqube	14.82	452		(147)	305
Ansa	6.71	1,166			1,166
E-Care	15.00	3,045			3,045
Other minor		52	6		58
Total		**4,715**	**6**	**(147)**	**4,574**

Investments in other companies		01.01.2014	Increases (Decreases)	Write-downs	30.06.2014
Euroqube	14.82	305	(176)	(2)	127
Ansa	6.71	1,166			1,166
E-Care	15.00	3,045			3,045
Other minor		58			58
Total		**4,574**	**(176)**	**(2)**	**4,396**

The investments in other companies are valued at fair value or, where not available, at cost (adjusted for any impairments).

The breakdown of the account Investments in other companies AFS is as follows:

AFS Investments	01.01.2013	Share capital increase	Increases (Decreases)	Fair value change	31.12.2013
Assicurazioni Generali SpA	78,318			19,152	97,470
Unicredit SpA	25,942			11,718	37,660
Total	**104,260**	**-**	**0**	**30,870**	**135,130**

	01.01.2014	Share capital increase	Increases (Decreases)	Fair value change	30.06.2014
Assicurazioni Generali SpA	97,470			(6,213)	91,257
Unicredit SpA	37,660	696		5,162	43,518
Total	**135,130**	**696**	**-**	**(1,051)**	**134,775**

Number

	01.01.2013	Share capital increase	Increases	Decreases	31.12.2013
Assicurazioni Generali SpA	5,700,000				5,700,000
Unicredit SpA	7,000,000				7,000,000

	01.01.2014	Share capital increase	Increases	Decreases	30.06.2014
Assicurazioni Generali SpA	5,700,000				5,700,000
Unicredit SpA	7,000,000	116,666			7,116,666

In the half-year, Unicredit SpA distributed a dividend through the allocation of 116,666 newly-issued shares (as an alternative to cash distribution), for a value of Euro 696 thousand.

The valuation at fair value of these investments at June 30th 2014 was recorded to the Comprehensive Income Statement in the Shareholders' Equity reserve for Euro 1.05 million, excluding the tax effect of Euro 21 thousand.

Fair value reserve

	01.01.2013	Increases	Decreases	Release to the income statement	31.12.2013
Fair Value reserve	(3,396)	30,870			27,474
Tax effect	(1,158)	1,158	(378)		(378)
Fair value reserve, net of tax effect	**(4,554)**	**32,028**	**(378)**	**-**	**27,096**
Changes in the period					**31,650**

	01.01.2014	Increases	Decreases	Release to the income statement	30.06.2014
Fair Value reserve	27,474	(1,051)			26,423
Tax effect	(378)	60	(81)		(399)
Fair value reserve, net of tax effect	**27,096**	**(991)**	**(81)**	**-**	**26,024**
Changes in the period					**(1,072)**

In relation to the disclosure required by IFRS 13, concerning the so-called "hierarchy of fair value", the shares available for sale belong to level one, as concerning financial instruments listed on an active market.

6. Non-current financial assets

The account, amounting to Euro 39 thousand, principally relates to receivables for deposits due within five years.

7. Other non-current assets

The account, totalling Euro 522 thousand, is composed principally of the receivable of Telefriuli SpA from the Communication Ministry for grants to local television providers under Ministerial Decree No. 378/1999.

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

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

	01.01.2013	Provisions	Utilisations	Other changes	31.12.2013
Deferred tax assets	41,224	6,807	(4,745)	175	43,461
Deferred tax liabilities	69,814	2,719	(6,235)	(818)	65,480
Net deferred tax assets	**(28,590)**	**4,088**	**1,490**	**993**	**(22,019)**

	01.01.2014	Provisions	Utilisations	Other changes	30.06.2014
Deferred tax assets	43,461	3,274	(939)	(2)	45,794
Deferred tax liabilities	65,480	1,139	(739)	18	65,898

Net deferred tax assets	**(22,019)**	**2,135**	**(200)**	**(20)**	**(20,104)**

The increase in deferred tax assets compared to the previous period is principally due to the recognition of tax losses in the half-year.

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

The other changes in the deferred tax liabilities include the estimates of the tax effects on the fair value of the investments recorded directly to the Comprehensive Income Statement.

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:

	30.06.2014	**31.12.2013**
Receivables for direct taxes	1,865	3,409
Reimbursement request of direct taxes	354	1,458
Payables for IRES/IRAP/substitute taxes	(650)	(746)
Total	**1,569**	**4,121**

The income taxes for the year consist of:

	30.06.2014	**30.06.2013**
Current income taxes	960	1,488
Income taxes of prior years	2,625	37
Current income taxes	**3,585**	**1,525**
Provision for deferred tax liabilities	1,139	1,572
Utilisation of deferred tax liabilities	(681)	(578)
Change in tax rate	(58)	-
Deferred tax charge	**400**	**994**
Recording of deferred tax assets	(3,274)	(3,430)
Utilisation of deferred tax assets	939	1,015
Deferred tax income	**(2,335)**	**(2,415)**
Total income taxes	**1,650**	**104**
Current and deferred IRES tax	1,118	(1,585)
Current and deferred IRAP tax	532	1,652
Total income taxes	**1,650**	**67**

The current income taxes comprise only IRAP taxes.

9. Inventories

Inventories at June 30th 2014 amount to Euro 2.5 million (Euro 2.3 million at December 31st 2013) and consist exclusively of raw materials (principally paper and ink), ancillary and consumables. The change of inventory recorded in the income statement amounts to a decrease of Euro 177 thousand and is included in the account Raw material costs (see Note

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

There is no inventory provided as a guarantee on liabilities.

10. Trade receivables

The breakdown is as follows:

	30.06.2014	31.12.2013
Trade receivables	65,616	68,394
Provisions for doubtful debts	(11,176)	(11,318)
Trade receivables	**54,440**	**57,076**
Receivables from related parties	2,023	1,971
Advances to suppliers	17	31
Trade receivables beyond 12 months	1,901	1,901
Provisions for doubtful debts beyond 12 months	(1,496)	(1,496)
Total trade receivables	**56,885**	**59,483**

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

The value of trade receivables, adjusted by the relative doubtful debt provision, approximates their fair value.

11. Current financial assets

The breakdown is as follows:

	30.06.2014	31.12.2013
Accrued interest	14	3
Total current financial assets	**14**	**3**

12. Other current assets

The breakdown is as follows:

	30.06.2014	31.12.2013
Employee receivables	163	100
Receivables from related parties	-	3
Other receivables	1,219	711
Prepaid expenses	1,197	465
Total other current assets	**2,579**	**1,279**

13. Cash and cash equivalents

The breakdown is as follows:

	30.06.2014	31.12.2013
Bank and post office deposits	186,625	185,803
Bank and postal deposits with related parties	376	770
Cash and cash equivalents on hand	79	60
Total cash and cash equivalents	**187,080**	**186,633**

In relation to the variable rate of liquidity, an annual interest rate increase of 1%, at like-for-like terms, would have a positive impact on the net profit of approx. Euro 1.87 million. A decrease in interest rates of the same level would have a corresponding negative impact.

SHAREHOLDERS' EQUITY & LIABILITIES

14. Shareholders' Equity

	30.06.2014	31.12.2013
Share Capital	125,000	125,000
Quotation charges	(18,865)	(18,865)
Treasury shares	(1,124)	(833)
Reserve for treasury shares	1,124	833
Fair Value reserve	26,024	27,096
Other reserves	492,118	567,840
Net loss	(5,024)	(75,432)
Group net equity	**619,253**	**625,639**
Minority interest N.E.	25	68
Total net equity	**619,278**	**625,707**

The Share capital amounts to Euro 125 million, consisting of 125 million ordinary shares at a nominal value of euro 1 each.

All of the ordinary shares issued are fully paid-in. There are no shares subject to guarantees or restrictions on the distribution of dividends. At June 30th 2014 Caltagirone Editore SpA had 1,110,731 treasury shares in portfolio, comprising 0.89 % of the share capital for a value of Euro 1,123,808.

The fair value reserve, positive for Euro 26 million, which includes the net change for the period – a decrease of Euro 1.1 million - to adjust the market value of the investments in other companies available-for-sale;

The Other Reserves include:

- Share premium reserve of Euro 481.6 million;
- Legal reserve of the Parent Company of Euro 25 million, set up pursuant to Article 2430 of the Civil Code;
- Consolidation reserves, consisting of the higher value of the Group's share of net equity compared to the cost of some equity investments and retained earnings for a total negative amount of Euro 30.3 million.
- The actuarial losses reserve relating to the application of IAS 19 for post-employment benefits, negative for Euro 2.3 million, net of the relative tax effect.
- Reserves relating to the application of IAS/IFRS standards of Euro 16.9 million.
- Other reserves of the Parent Company of Euro 1.2 million.

15. Personnel

Employee benefit plans

The movements in the Employee benefits provision were as follows:

	30.06.2014	31.12.2013
Net liability at beginning of period	29,410	31,678
Current cost in the period (Service Costs)	161	345
Interest charge (interest cost)	240	1,027
Actuarial profits/(losses)	-	855
(Services paid)	(1,525)	(4,495)
Net liability at end of period	**28,286**	**29,410**

The employee benefit provision 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.

Employee numbers and cost

	H1 2014	H1 2013
Wages and salaries	27,167	28,842
Social security charges	9,558	10,049
Post-employment benefit	161	175
Post-employment benefit to Complementary Fund	1,557	1,598
Other costs	2,007	2,437
Total personnel costs	**40,450**	**43,101**

The “Other costs” include restructuring charges of Euro 816 thousand (Euro 1.1 million in H1 2013, considering also leaving incentives) concerning the reorganisation and restructuring processes described in the Directors’ Report, to which reference should be made.

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

	30.06.2014	31.12.2013	Average H1 2014	Average 2013
Executives	24	25	24	24
Managers & white collar	303	304	300	318
Journalists	457	466	456	469
Print workers	128	129	130	129
Total	**912**	**924**	**910**	**940**

16. Provisions for risks and charges

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2013	10,727	611	10,709	**22,047**
Provisions	199	36	285	**520**
Utilisations	(1,607)	(474)	(7,940)	**(10,021)**
Reclassifications	(92)		92	**-**
Balance at December 31st 2013	**9,227**	**173**	**3,146**	**12,546**
of which:				
Current portion	2,716		3,146	**5,862**
Non-current portion	6,511	173		**6,684**
Total	**9,227**	**173**	**3,146**	**12,546**
Balance at January 1st 2014	9,227	173	3,146	**12,546**
Provisions	104		30	**134**
Utilisations	(1,002)	(74)	(200)	**(1,276)**
Reclassifications				**-**
Balance at June 30th 2014	**8,329**	**99**	**2,976**	**11,404**
of which:				
Current portion	2,622		2,976	**5,598**
Non-current portion	5,707	99		**5,806**
Total	**8,329**	**99**	**2,976**	**11,404**

The provision for legal disputes refers principally to the provisions made by the companies Il Messaggero SpA, Il Mattino SpA and Il Gazzettino SpA 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 principally includes charges relating to the restructuring plans of Il Messaggero SpA, Il Mattino SpA and Centro Stampa Veneto SpA in previous years.

17. Financial liabilities

	30.06.2014	31.12.2013
Bank payables	16,090	18,652
Non-current financial payables	**16,090**	**18,652**
Bank payables	24,962	19,607
Payables to related companies	8,445	5,845
Short-term portion of non-current loans	5,115	5,092
Current financial liabilities	**38,522**	**30,544**

The non-current financial liabilities to banks are represented by an initial loan of Euro 60 million for the construction in 2005 of a printing centre located at Torrespaccata in Rome. This loan was granted by Intesa Sanpaolo SpA to S.E.M. SpA, incorporated in 2006 into Il Messaggero SpA, at a variable rate (Euribor 6 months + spread 0.65%). The first capital repayment was made in December 2005 while the final repayment is due in August 2018. In addition, a special privileged guarantee was given on the factory assets amounting to Euro 60 million, in addition to a bank surety of the Parent Company of Euro 37.9 million.

In relation to the variable rate of financial liabilities, an annual interest rate increase of 1%, at like-for-like terms, would have a negative impact on the net profit of approx. Euro 546 thousand. A decrease in interest rates of the same level would have a corresponding positive impact.

Bank payables increased by approx. Euro 8 million due principally to the operating cash requirements.

The value of the financial liabilities approximates their fair value.

18. Other liabilities

	30.06.2014	31.12.2013
Other non-current liabilities		
Other payables	140	120
Deferred income	2,642	2,679
Total	**2,782**	**2,799**
Other current liabilities		
Social security institutions	5,000	6,984
Employees	10,753	8,003
VAT payables	812	1,187
Withholding taxes	2,627	3,828
Other payables	10,701	10,997
Payables to related companies	26	35
Deferred income	327	359
Total	**30,246**	**31,393**

Other payables include Euro 4.9 million as the amount available to the Board of Directors in accordance with Article 25 of the by-laws which establishes the allocation to this account of 2% of net profit.

19. Trade payables

	30.06.2014	31.12.2013
Supplier payables	21,903	23,346
Payables to related companies	1,588	1,230
	23,491	**24,576**

Trade payables principally refer to operating subsidiaries in the publishing sector and relate to the purchase of raw materials, services and capital expenditures. The book value of the trade payables reported above approximates their fair value.

There are no payables due over 12 months.

INCOME STATEMENT

20. Revenues from sales and services

	H1 2014	H1 2013
Circulation revenues	34,826	37,251
Promotions	304	241
Advertising	45,330	48,628
Total revenues from sales and services	**80,460**	**86,120**
of which related parties	769	796

Sales and advertising revenues of the principal newspaper titles, both entirely realised in Italy, were affected by the economic-financial crisis of recent years. The performances are commented upon in detail in the Directors' Report to which reference is made.

21. Other operating revenues

	H1 2014	H1 2013
Operating grants	85	105
Recovery of expenses from third parties	917	982
Capital grant contributions	164	189
Prior year income	272	122
Other revenues	1,447	1,835
Total other operating revenues	**2,885**	**3,233**
of which related parties	48	46

22. Raw material costs

	H1 2014	H1 2013
Paper	8,051	8,105
Other publishing materials	1,566	1,805
Other	-	1
Change in inventory of raw materials and goods	(177)	462
Total raw materials costs	**9,440**	**10,373**

23. Other operating costs

	H1 2014	H1 2013
Editorial services	7,372	7,440
Transport and delivery	4,610	5,308
Outside contractors	2,866	3,251
Advertising & promotions	1,150	888
Commissions and agent costs	3,291	3,460
Utilities and power	1,141	1,393
Maintenance and repair costs	1,362	1,537
Consulting	1,520	1,595
Purchase of advertising space third parties	261	91
Directors and statutory auditors fees	1,115	935
Insurance, postal and telephone	578	729
Other expenses	5,776	5,950
Total service costs	**31,042**	**32,577**
Rental	3,200	3,283
Hire	451	486
Total rent, lease and hire costs	**3,651**	**3,769**
Other operating charges	1,558	1,576
Other	64	122
Total other costs	**1,622**	**1,698**
Total other operating costs	**36,315**	**38,044**
of which related parties	3,403	3,428

24. Amortisation, depreciation, provisions & write-downs

	1°Sem 2014	1°Sem 2013
Amortisation of intangible assets	330	349
Depreciation of tangible assets	3,843	3,905
Provision for risks and charges	104	162
Doubtful debt provision	635	416
Total deprec., amortisation, provisions & write-downs	**4,912**	**4,832**

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

25. Net financial result and share of investments valued under the equity method

Valuation of investments at Equity	H1 2014	H1 2013
Editrice Telenuovo SpA	127	(123)
Pubblieditor Srl in liquidation	-	(13)
Rofin 2008 Srl	-	(31)
Total valuation of investments at Equity	**127**	**(167)**

Financial income	30.06.2014	30.06.2013
Dividends	3,262	1,770
Interest income from bank deposits	1,978	2,699
Other financial income	18	52
Total	**5,258**	**4,521**
of which related parties	3,266	2,526

Financial charges	30.06.2014	30.06.2013
Write-down of investments	2	141
Loan interest	109	134
Interest on bank accounts	534	267
Interest on leaving indemnity	240	320
Banking commissions and charges	112	90
Other financial expenses	33	40
Total	**1,030**	**992**
of which related parties	111	68

Financial result	**4,228**	**3,529**

The dividends included in financial income relates to the shareholding in Assicurazioni Generali SpA for Euro 2.6 million and Unicredit SpA for Euro 0.7 million (dividend of 116,666 newly issued shares).

26. 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.

	H1 2014	H1 2013
Net Result	(5,024)	(3,697)
Number of ordinary shares outstanding (000)	123,889	124,322
Basic earnings (loss) per share	**(0.041)**	**(0.030)**

The diluted loss per share is identical to the basic result per share as at the date of the present financial statements there were no securities which may be converted into shares.

In 2014 no dividends were distributed.

27. Other comprehensive income statement items

The breakdown of the other comprehensive income statement items, excluding the tax effects, is reported below:

	H1 2014			H1 2013		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Financial instruments	(1,051)	(21)	(1,072)	2,580	(1,110)	1,470

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. The following tables report the values.

31.12.2013 (Euro '000)	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total financial statement accounts	% on total account items
Balance sheet transactions							
Trade receivables		840	775	356	**1,971**	**59,483**	3.31%
Current financial assets			4		**4**	**1,279**	0.31%
Cash and cash equivalents				770	**770**	**186,633**	0.41%
Trade payables	820		116	294	**1,230**	**24,576**	5.00%
Current financial liabilities				5,845	**5,845**	**30,544**	19.14%
Other current liabilities			35		**35**	**31,393**	0.11%
Income statement transactions							
Revenues			723	1,386	**2,109**	**174,703**	1.21%
Other operating revenues			84	8	**92**	**6,812**	1.35%
Other operating costs	500		5,994	586	**7,080**	**79,060**	8.96%
Financial income				2,555	**2,555**	**6,917**	36.94%
Financial charges				219	**219**	**2,365**	9.26%

30.06.2014 (Euro '000)	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total financial statement accounts	% on total account items

Balance sheet transactions							
Trade receivables	13	840	745	425	**2,023**	**56,385**	3.59%
Cash and cash equivalents				376	**376**	**187,080**	0.20%
Trade payables	1,430		63	95	**1,588**	**23,491**	6.76%
Current financial liabilities				8,445	**8,445**	**38,522**	21.92%
Other current liabilities			26		**26**	**30,246**	0.09%
Income statement transactions							
Revenues			375	394	**769**	**80,460**	0.96%
Other operating revenues			39	9	**48**	**2,885**	1.66%
Other operating costs	500		2,681	222	**3,403**	**36,315**	9.37%
Financial income				3,266	**3,266**	**5,258**	62.11%
Financial charges				111	**111**	**1,030**	10.78%

Trade receivables from associated companies principally relate to the subsidiary Gazzettino SpA and the associated company Pubblieditor Srl in liquidation. Receivables from Companies under common control concern those with the advertising agency Piemme SpA.

Cash and cash equivalents and current financial liabilities and financial charges concern the operations in place at June 30th 2014 with the credit institutions Unicredit SpA and Banca Finnat Euramerica SpA.

Trade payables to Parent Companies refer to the invoices received from Caltagirone SpA for services performed during the period.

Operating revenues principally concern the advertising carried out with Group newspapers by companies under common control.

Other costs also include rental costs by the Parent Company and a number of subsidiaries for their respective head offices from companies under common control.

The account financial income concerns dividends received from Unicredit SpA and Assicurazioni Generali SpA and interest income on bank deposits at UniCredit SpA.

29. Business segment information

The disclosures required in accordance with IFRS 8 on the 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 and bases sector performance on turnover volumes and EBITDA from ordinary operations.

in thousands of Euro	Newspapers	Advertising revenues	Other activities	Consol. Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
30.06.2013							
Sector revenues – third parties	38,832	49,471	1,062		89,365	-	89,365
Inter-segment revenues	38,338	491	747	12	39,588	(39,588)	-
Segment revenues	**77,170**	**49,962**	**1,809**	**12**	**128,953**	**(39,588)**	**89,365**
Segment EBITDA	357	(1,411)	(1,111)		(2,165)		**(2,165)**
Depreciation, amortisation, provisions & write-downs	4,073	516	243		4,832		4,832
EBIT	**(3,716)**	**(1,927)**	**(1,354)**	**-**	**(6,997)**	**-**	**(6,997)**
Results of the financial management							3,529
Net result of the share of associates							(167)
Loss before taxes							**(3,635)**
Income taxes							(104)
Net loss							**(3,739)**

	Newspapers	Advertising revenues	Other activities	Consol. Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Assets:	416,483	65,974	378,885	22,708	884,050		884,050
Liabilities	193,597	16,679	9,353	(608)	219,021		219,021
Equity investments valued at net equity	528		(18)	212	722		722
Investments in intangible and tangible fixed assets	357	355	25		737		737

in thousands of Euro	Newspapers	Advertising revenues	Other activities	Consol. Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
30.06.2014							
Sector revenues – third parties	36,626	45,660	1,057	2	83,345	-	83,345
Inter-segment revenues	35,371	493	1261	(2)	37,123	(37,123)	-
Segment revenues	**71,997**	**46,153**	**2,318**	**-**	**120,468**	**(37,123)**	**83,345**
Segment EBITDA	(660)	(1,118)	(1,082)		**(2,860)**		**(2,860)**
Depreciation, amortisation, provisions & write-downs	3,910	747	255		4,912		4,912
EBIT	**(4,570)**	**(1,865)**	**(1,337)**	**-**	**(7,772)**	**-**	**(7,772)**
Results of the financial management							127
Net result of the share of associates							4,228
Loss before taxes							**(3,417)**
Income taxes							(1,650)
Net loss							**(5,067)**

	Newspapers	Advertising revenues	Other activities	Consol. Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Assets:	406,821	64,325	348,311	16,540	835,997		835,997
Liabilities	189,302	22,389	5,754	(726)	216,719		216,719
Equity investments valued at net equity			908		908		908
Investments in intangible and tangible fixed assets	210	89	56		355		355

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	**30.06.2014**	**31.12.2013**	**30.06.2013**
A. Cash	79	60	143
B. Bank deposits	187,001	186,573	188,166
D. Liquidity (A)+(B)	**187,080**	**186,633**	**188,309**
E. Current financial receivables	**14**	**3**	**44**
F. Bank payables – current portion	33,407	25,452	20,145
G. Current portion of long-term loans	5,115	5,092	5,068
H. Current payables to other lenders		-	-
I. Current debt (F)+(G)+(H)	**38,522**	**30,544**	**25,213**
J. Net current cash position (I)-(E)-(D)	**(148,572)**	**(156,092)**	**(163,140)**
K. Non-current bank payables	16,090	18,652	21,204
L. Non-current payables to other lenders	-	-	-
M. Non-current financial debt (K)+(L)	**16,090**	**18,652**	**21,204**
N. Net Cash Position (J)+(M)	**(132,482)**	**(137,440)**	**(141,936)**

31. Hierarchy of Fair Value according to IFRS 13

In relation to financial instruments recorded at Fair Value, IFRS 13 requires that these values are classified based on a hierarchy of levels which reflects the sources of the input utilised in the determination of the Fair Value. Therefore the following hierarchy levels are established:

- Level 1: determination of fair value based on prices listed in active markets by class of asset or liability subject to valuation;

- Level 2: determination of Fair Value based on input other than the listed prices included at Level 1 but which are directly observable (prices) and indirectly (derivatives from prices) on the market; instruments not characterised by sufficient level of liquidity or which do not express in a continuous manner a “binding” market listing are included in this category;

- Level 3: determination of the Fair Value based on valuation models whose input is not based on observable market data.

The following table shows the hierarchy level for the assets and liabilities which are valued at Fair Value:

(Euro '000) Dec. 31st 2013	Note	Level 1	Level 2	Level 3	Total
AFS Financial assets valued at fair value	5	135,130			**135,130**
Total assets		**135,130**	**-**	**-**	**135,130**

(Euro '000) June 30th 2014	Note	Level 1	Level 2	Level 3	Total
AFS Financial assets valued at fair value	5	134,775			**134,775**
Total assets		**134,775**	**-**	**-**	**134,775**

In the first half of 2014 there were no transfers between the various levels.

BLANK PAGE

DECLARATION OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

BLANK PAGE