HALF-YEAR REPORT

June 30th 2018

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Corporate Boards

Board of Directors

Chairman	Francesco Gianni [1]
Vice Chairman	Azzurra Caltagirone
Chief Executive Officer	Albino Majore
Directors	Alessandro Caltagirone Francesco Caltagirone Tatiana Caltagirone Antonio Catricalà [1] Massimo Confortini [1] Mario Delfini Annamaria Malato [1] Valeria Ninfadoro [1] Giacomo Scribani Rossi [1]

Board of Statutory Auditors

Chairman	Matteo Tiezzi
Statutory Auditors	Antonio Staffa Maria Assunta Coluccia
Executive Responsible	Fabrizio Caprara
Independent Audit Firm	PricewaterhouseCoopers SpA

[1] *Independent Directors*

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DIRECTORS' REPORT

Introduction

This Report refers to the Condensed Consolidated Financial Statements at June 30th 2018, prepared in accordance with Article 154 ter, paragraph 3, of Legislative Decree 58/1998 as supplemented and the Consob Issuers' Regulation.

The 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 standards adopted in the preparation of the Consolidated Financial Statements at December 31st 2017, with the exception of those described in the paragraph "Accounting standards and amendments to standards adopted by the Group" in the Notes to the condensed consolidated half-year financial statements, to which reference is made.

From January 1st 2018, the Group in fact adopted, among others, two new accounting standards: IFRS 9 – Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. It is highlighted in this regard that the application of IFRS 15 principally resulted in the recognition of circulation revenues on the basis of the cover price, gross of fees paid, including therefore the portion recognised to distributors and newsstand owners. Consequently and differing from the preceding accounting treatment, this fee was recognised separately as a distribution cost and no longer reduces the revenue figure; in addition, consolidated advertising revenues were stated net of publisher fees from advertising on behalf of third party publishers, previously recognised to service costs.

For comparability, the circulation and advertising revenue accounts of the income statement for the first half of 2017 were restated and consequently, for a similar amount, service costs (as per the new indications of IFRS 15). This restatement did not impact the operating result, the net profit for the period or shareholders' equity.

Operational overview

The key financial results compared to the first half of 2017 are shown below:

in thousands of Euro	*H1 2018*	*H1 2017*	*cge.*	*cge.%*
OPERATING REVENUES	**70,372**	**76,731**	**(6,359)**	**(8.3%)**
CIRCULATION REVENUES	33,042	35,669	(2,627)	(7.4%)
PROMOTION REVENUES	283	464	(181)	(39.0%)
ADVERTISING REVENUES	33,918	37,977	(4,059)	(10.7%)
OTHER REVENUES AND INCOME	3,129	2,621	508	19.4%
OPERATING COSTS	**(72,940)**	**(78,253)**	**5,313**	**6.8%**
RAW MATERIALS, SUPPLIES & CONSUMABLES	(6,013)	(6,689)	676	10.1%
LABOUR COSTS	(30,128)	(33,128)	3,000	9.1%
OTHER OPERATING CHARGES	(36,799)	(38,436)	1,637	4.3%
EBITDA	**(2,568)**	**(1,522)**	**(1,046)**	**(68.7%)**
AMORTISATION, DEPRECIATION & PROVISIONS	(1,436)	(3,698)	2,262	61.2%
EBIT	**(4,004)**	**(5,220)**	**1,216**	**23.3%**
FINANCIAL INCOME	5,645	4,614	1,031	22.3%
FINANCIAL CHARGES	(486)	(498)	12	2.4%
FINANCIAL RESULT	**5,159**	**4,116**	**1,043**	**(25.3%)**
PROFIT/(LOSS) BEFORE TAXES	**1,155**	**(1,104)**	**2,259**	**204.6%**
INCOME TAXES	1,062	1,110	(48)	4.3%
NET PROFIT	**2,217**	**6**	**2,211**	**n.a.**
MINORITY INTEREST	-	-	-	0.0%
GROUP NET PROFIT	**2,217**	**6**	**2,211**	**n.a.**

In the first six months of 2018, the Group reported Operating Revenues of Euro 70.4 million, reducing 8.3% on H1 2017, principally following a contraction in advertising revenues (-10.7%) and circulation revenues (-7.4%).

Raw material costs decreased 10.1% - principally due to the lower quantities utilised in the production process.

Labour costs, including non-recurring charges of Euro 851 thousand (Euro 1.6 million in H1 2017) - principally due to the reorganisation plans put in place by a number of Group companies - decreased 9.1% On a like-for-like basis, excluding these extraordinary charges, labour costs decreased 7.1% on the first half of 2017, due to the restructuring carried out in previous years.

Other operating charges decreased overall 4.3% due to the group's reorganisation process by functional area, which generated a number of cost savings - in particular for service costs.

EBITDA reports a loss of Euro 2.6 million (loss of Euro 1.5 million in H1 2017).

EBIT, after amortisation/depreciation and write-downs of Euro 1.4 million, reported a loss of Euro 4 million in the first half of 2018 (loss of Euro 5.2 million in H1 2017).

Net financial income amounted to Euro 5.2 million (Euro 4.1 million in H1 2017), principally relating to dividends received on listed shares for Euro 5.5 million.

The Group Net Profit was Euro 2.2 million (Euro 6 thousand in the first half of 2017).

The Group **Net Cash Position** at June 30th 2018 is as follows:

in Euro thousands	**30.06.2018**	**31.12.2017**
Cash and cash equivalents	130,006	136,498
Current financial liabilities	(8,178)	(8,010)
Net Cash Position	**121,828**	**128,488**

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

The Net Cash Position of Euro 121.8 million decreased principally due to investments in listed shares of Euro 12.3 million, net of the receipt of dividends on listed shares of Euro 5.5 million.

Group shareholders' equity amounted to Euro 445.8 million (Euro 448.8 million at December 31st 2017); the decrease principally concerns the negative effect in the period from the fair value measurement of shares held by the Group, net of the period result.

The Financial Statement ratio are as follows:

	H1 2018	H1 2017	FY 2017
ROE* *(Net Result/Net Equity)***	0.5	0.001	(6.6)
ROI* *(EBIT/total assets)***	(0.7)	(0.8)	(7.5)
ROS* *(EBIT/Operating Revenues)***	(5.7)	(6.8)	(30.0)
Equity Ratio *(Net equity/total assets)*	0.8	0.8	0.8
Liquidity Ratio *(Current assets/Current liabilities)*	3.2	3.2	3.4
Capital Invested Ratio *(Net equity/Non-current assets)*	1.1	1.1	1.1

*percentage values

** For definitions of "Net Result" and "EBIT", reference should be made to the income statement attached to the present report

The balance sheet indicators confirm the Group's financial equilibrium, with strong stability, the capacity to meet short-term commitments through liquid funds and finally equilibrium between own funds and fixed assets.

The ROI and ROS, although negative, indicate a slight operating earnings improvement on the same period of 2017; the ROE improved due to the financial management performance.

Group operating performance

- *Publishing*

Revenues from Group title paper edition sales in the first half of 2018 contracted 7% on the same period of 2017 and by 7.4% including also digital subscription and copy sales.

The latest available circulation data indicates a reduction of approx. 7.44%[1] in paper copies alone and an overall reduction including digital copies of 7.29%[2] in 2018 compared to the same period in 2017.

- *Advertising*

In the first six months of 2018, Group advertising revenues decreased 10.7%.

Paper edition advertising revenues, including also third party advertising, contracted 12.7% on the first half of 2017.

Internet advertising, including also third party advertising, decreased 5.3% in the first half of 2018 compared to the previous year. The contribution of this segment to overall advertising revenues was 14%.

[1] Workings on ADS (Accertamento Diffusione Stampa) figures: total paper+digital sales (January-May 2018 vs January-May 2017)
[2] Workings on ADS (Accertamento Diffusione Stampa) figures: total paper+digital sales (January-May 2018 vs January-May 2017)

The overall market in the first five months of 2018 (latest figures available) contracted 7.9%[3] for newspaper advertising and increased 2.1%[4] for internet advertising.

In terms of web presence, the Caltagirone Editore network websites to March 2018 reported 1.1 million unique average daily users Total Audience (PC and mobile)[5], up 15% on the previous year.

Related party transactions

"Related" party transactions, as set out in IAS 24, including inter-company transactions, are not atypical or unusual and form part of the ordinary business activities of the companies of the Group. They 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.

The information on related party transactions, including those required by Consob communication of July 28th 2006, is shown in Note 26 of 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 2018, the headcount was 658 (671 at December 31st 2017); the first half average headcount was 664.

[3] FCP Stampa Research Centre figures January-May 2018 with corresponding period of 2017
[4] FCP Assointernet Research Centre figures January-May 2018 with corresponding period of 2017
[5] Audiweb figures Total Audience March 2018 (including TAL)

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 2018, no market risks or uncertainties substantially differing from those evident in the 2017 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 sector crisis does not however cause concern in relation to the going concern principle in that the Group has adequate levels of liquidity and of own funds, while no uncertainties exist that could compromise the capacity of the Group to carry out its operating activities.

Treasury Shares

At June 30th 2018 Caltagirone Editore SpA had 2,157,932 treasury shares in portfolio, comprising 1.72% of the share capital, for a value of Euro 2,083,349.

Corporate Governance

The Extraordinary Shareholders' Meeting of April 23rd 2018 approved the amendment of Article 2 of the By-Laws concerning the extension of the corporate scope according to the terms proposed by the Board of Directors on March 12th 2018, including the option to undertake and manage investments, whether equity or otherwise, even of a controlling nature, also in other sectors, in addition to the publishing, advertising, telecommunications and internet sectors, with the Board of Directors retaining the scope, discretion and responsibility with regards to the selection of potentially profitable investment and divestment operations for the company.

In view of the amendment to Article 2 of the By-Laws and therefore the extension of the corporate scope, in accordance with the applicable regulation, the right to withdrawal was exercised for 16,062,277 shares of the company (for a total settlement value of Euro 21,571,638, at Euro 1.343 per share) by Shareholders not in agreement with the motion, as per Article 2437, paragraph 1, letter a) of the Civil Code. Based on the communications received by the company, the rights issue/pre-emption right was validly exercised for 10,471 company shares, while 16,051,806 shares remained unopted. The right of option / pre-emption has been validly exercised for n. 10,471 shares of the Company, while n. 16,051,806 shares of the Company have remained unopted and may subsequently be placed on the market or liquidated by the Company in accordance with the applicable regulation.

In ordinary session, the Shareholders' Meeting of April 23rd 2018 appointed the new Board of Directors, comprising 12 members, to remain in office for the 2018 - 2020 three-year period and until approval of the 2020 Annual Accounts. The following persons were elected: Francesco Gianni, Alessandro Caltagirone, Azzurra Caltagirone, Francesco Caltagirone, Tatiana Caltagirone, Antonio Catricalà, Massimo Confortini, Mario Delfini, Albino Majore, Annamaria Malato, Valeria Ninfadoro and Giacomo Scribani Rossi.

The Shareholders' Meeting appointed the Board of Statutory Auditors for the 2018 - 2020 three-year period, to remain in office until the approval of the 2020 Annual Accounts. The following persons were elected: Matteo Tiezzi, as Chairperson, Antonio Staffa and Maria Assunta Coluccia as Statutory Auditors and Patrizia Amoretti and Luisa Renna as Alternate Auditors.

The Board of Directors on May 8th 2018 confirmed Francesco Gianni as Chairperson and Albino Majore as Chief Executive Officer, while in addition appointing Azzurra Caltagirone as Vice Chairperson. The Board at the same meeting assessed the Directors Francesco Gianni, Antonio Catricalà, Massimo Confortini, Annamaria Malato, Valeria Ninfadoro and Giacomo Scribani Rossi as independent in accordance with the applicable regulation.

The Board thereafter appointed, for the 2018 - 2020 three-year period, the members of the Control and Risks Committee as Directors Massimo Confortini (Chairperson), Tatiana Caltagirone, Antonio Catricalà, Mario Delfini and Albino Majore, and the members of the Independent Directors Committee to assess related party transactions as Directors Antonio Catricalà, Massimo Confortini, Annamaria Malato, Valeria Ninfadoro and Giacomo Scribani Rossi. The same Board meeting confirmed for 2018 the Executive Officer for Financial Reporting of the company as Fabrizio Caprara.

2018 Outlook

Circulation revenues and advertising revenues continue to decline both at market and company level and no signs of a turnaround are currently evident. In the absence of fresh developments, it is reasonable to expect that the decline will continue also in the present year.

The Group 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.

Subsequent events to June 30th 2018

No significant subsequent events occurred.

Rome, July 30th 2018

For the Board of Directors
The Chairman
Mr. Francesco Gianni

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2018

Consolidated Balance Sheet

Assets

(in Euro thousands)	note	*30.06.2018*	*31.12.2017*
Non-current assets			
Intangible assets with definite life	1	440	457
Intangible assets with indefinite life	2	214,803	214,803
Newspaper titles		*214,803*	*214,803*
Property, plant and equipment	3	38,267	39,433
Equity investments valued at equity	4	1	2
Equity investments and non-current securities	5	94,623	87,858
Other non-current assets	6	107	106
Deferred tax assets	7	51,091	49,014
TOTAL NON-CURRENT ASSETS		**399,332**	**391,673**
Current assets			
Inventories	8	1,337	1,324
Trade receivables	9	43,842	50,779
of which related parties		*224*	*705*
Tax receivables	7	-	34
Other current assets	10	1,438	879
Cash and cash equivalents	11	130,006	136,498
of which related parties		-	*718*
TOTAL CURRENT ASSETS		**176,623**	**189,514**
TOTAL ASSETS		**575,955**	**581,187**

Consolidated Balance Sheet

Shareholders' Equity & Liabilities *(in Euro thousands)*	note	30.06.2018		31.12.2017	
Shareholders' Equity					
Share capital			125,000		125,000
Share capital issue costs			(18,865)		(18,865)
Reserves			337,169		372,266
Profit for the period			2,217		(29,633)
Group shareholders' equity			**445,521**		**448,768**
Minority interest shareholders' equity			-		-
TOTAL SHAREHOLDERS' EQUITY	12		**445,521**		**448,768**
Liabilities					
Non-current liabilities					
Employee provisions	13		16,799		17,353
Other non-current provisions	14		6,118		6,584
Other non-current liabilities	16		392		1,583
Deferred tax liabilities	7		51,490		50,993
TOTAL NON-CURRENT LIABILITIES			**74,799**		**76,513**
Current liabilities					
Current provisions	14		4,280		4,002
Trade payables	17		21,856		21,472
of which related parties		*1,394*		*1,076*	
Current financial liabilities	15		8,178		8,010
of which related parties			-	*365*	
Current income tax payables	7		62		-
Other current liabilities	16		21,259		22,422
of which related parties		*50*		*26*	
TOTAL CURRENT LIABILITIES			**55,635**		**55,906**
TOTAL LIABILITIES			**130,434**		**132,419**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES			**575,955**		**581,187**

Consolidated Income Statement

(in Euro thousands)	Note	*H1 2018*	*H1 2017 restated**
Revenues	18	67,243	74,110
of which related parties		*132*	*487*
Other operating revenues	19	3,129	2,621
of which related parties		*30*	*26*
TOTAL REVENUES		**70,372**	**76,731**
Raw material costs	20	(6,013)	(6,689)
Labour costs	13	(30,128)	(33,128)
of which non-recurring charges		*(851)*	*(1,627)*
Other operating charges	21	(36,799)	(38,436)
of which related parties		*(2,776)*	*(2,845)*
TOTAL COSTS		**(72,940)**	**(78,253)**
EBITDA		**(2,568)**	**(1,522)**
Amortisation, depreciation, provisions & write-downs	22	(1,436)	(3,698)
EBIT		**(4,004)**	**(5,220)**
Financial income		5,645	4,614
of which related parties		*5,525*	*4,560*
Financial charges		(486)	(498)
of which related parties		-	*(19)*
Net financial income/(charges)	23	**5,159**	**4,116**
PROFIT/(LOSS) BEFORE TAXES		**1,155**	**(1,104)**
Income taxes	7	1,062	1,110
PROFIT FROM CONTINUING OPERATIONS		**2,217**	**6**
NET PROFIT		**2,217**	**6**
Group Net Profit		2,217	6
Minority interest share		-	-
Basic earnings per share	24	0.018	0.000
Diluted earnings per share	24	0.018	0.000

(*) Reference should be made to the “Accounting standards and amendments to standards adopted by the Group” paragraph of the Explanatory Notes.

Consolidated Comprehensive Income Statement

(in Euro thousands)	H1 2018	H1 2017
Net profit for the period	**2,217**	**6**
Items which may not be reclassified subsequently to profit/(loss)		
Profit/(loss) from the valuation of Investments in equity instruments net of the tax effect	(5,093)	1,641
Total other items of the Comprehensive Income Statement	**(5,093)**	**1,641**
Total comprehensive profit/(loss)	**(2,876)**	**1,647**
Attributable to:		
Parent Company shareholders	(2,876)	1,647
Minority interest	-	-

Statement of Changes in Consolidated Shareholders' Equity

(in Euro thousands)	Share capital	Listing charges	Treasury shares	Fair Value reserve	Other reserves	Result for the period	Group net equity	Minority interest N.E.	Total net equity
January 1st 2017	**125,000**	**(18,865)**	**(2,063)**	**(5,453)**	**436,154**	**(62,439)**	**472,334**		**472,334**
Prior year result carried forward					(62,439)	62,439	**-**		**-**
Acquisition of treasury shares			(139)				**(139)**		**(139)**
Change in consolidation scope							**-**		**-**
Total operations with shareholders	**-**	**-**	**(139)**	**-**	**(62,439)**	**62,439**	**(139)**	**-**	**(139)**
Change in fair value reserve				1,641			**1,641**		**1,641**
Net Profit						6	**6**	-	**6**
Total comprehensive profit/(loss)	**-**	**-**	**-**	**1,641**	**-**	**6**	**1,647**		**1,647**
Other changes					3		**3**		**3**
June 30th 2017	**125,000**	**(18,865)**	**(2,202)**	**(3,812)**	**373,718**	**6**	**473,845**		**473,845**
December 31st 2017	**125,000**	**(18,865)**	**(2,224)**	**660**	**373,830**	**(29,633)**	**448,768**	**-**	**448,768**
Effect from app. of IFRS 9					(570)		**(570)**		**(570)**
December 31st 2017 adjusted	**125,000**	**(18,865)**	**(2,224)**	**660**	**373,260**	**(29,633)**	**448,198**	**-**	**448,198**
Prior year result carried forward					(29,633)	29,633	**-**		**-**
Acquisition of treasury shares			141		54		**195**		**195**
Total operations with shareholders	**-**	**-**	**141**	**-**	**(29,579)**	**29,633**	**195**	**-**	**195**
Change in fair value reserve				(5,093)			**(5,093)**	-	**(5,093)**
Net Profit						2,217	**2,217**	-	**2,217**
Total comprehensive profit/(loss)	**-**	**-**	**-**	**(5,093)**	**-**	**2,217**	**(2,876)**	**-**	**(2,876)**
Other changes					4		**4**		**4**
June 30th 2018	**125,000**	**(18,865)**	**(2,083)**	**(4,433)**	**343,685**	**2,217**	**445,521**	**-**	**445,521**

Consolidated Cash Flow Statement

in Euro thousands	NOTE	*H1 2018*	*H1 2017*
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**11**	**136,498**	**151,030**
Net profit for the period		2,217	6
Amortisation & Depreciation		1,376	3,175
(Revaluations) and write-downs		14	480
Net financial income/(charges)		(5,159)	(4,116)
(Gains)/losses on disposals		-	1
Income taxes		(1,062)	(1,110)
Changes in employee provisions		(753)	(3,118)
Changes in current and non-current provisions		(189)	629
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(3,556)**	**(4,053)**
(Increase) Decrease in inventories		(13)	(297)
(Increase) Decrease in Trade receivables		6,358	4,255
Increase (Decrease) in Trade payables		384	(992)
Change in other curr. and non-curr. assets & liabilities		(2,911)	(382)
Change in deferred and current income taxes		45	66
OPERATING CASH FLOW		**307**	**(1,403)**
Dividends received		5,525	4,560
Interest received		120	54
Interest paid		(287)	(262)
Income taxes paid		(38)	(37)
A) CASH FLOW FROM OPERATING ACTIVITIES		**5,627**	**2,912**
Investments in intangible fixed assets		(106)	(69)
Investments in tangible fixed assets		(96)	(1,631)
Non-current investments and securities		(12,287)	-
Sale of intangible and tangible assets		8	39
B) CASH FLOW FROM INVESTING ACTIVITIES		**(12,481)**	**(1,661)**
Change in current financial liabilities		167	(4,542)
Other changes		195	(139)
C) CASH FLOW FROM FINANCING ACTIVITIES		**362**	**(4,681)**
D) Effect exc. diffs. on cash & cash equivalents		-	-
Change in net liquidity		**(6,492)**	**(3,430)**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**11**	**130,006**	**147,600**

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NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2018

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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 2018, the shareholders with holdings above 3% 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%).

  The above investment is held indirectly through the companies:

  Parted 1982 SpA 44,454,550 shares (35.56%)

  Gamma Srl 9,000,750 shares (7.20%)

  FGC Finanziaria Srl 22,500,000 shares (18.00%)

- Amber Capital UK LLP for Amber Active Investor LTD 13,446,581 shares (10.76%).

Caltagirone Editore SpA and its subsidiaries are fully consolidated in the condensed consolidated half-year financial statements of the Caltagirone Group.

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

The Condensed Consolidated Financial Statements at June 30th 2018 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.

This half-year report was authorised for publication by the Board of Directors on July 30th 2018.

Compliance with international accounting standards approved by the European Commission

The condensed consolidated half-year financial statements at June 30th 2018 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 2018 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 2017.

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 policies adopted in the preparation of these Condensed Consolidated Half-Year Financial Statements are the same as those utilised for the consolidated financial statements at December 31st 2017, with the exception of those described below in the "Accounting standards and amendments to standards adopted by the Group" paragraph.

The 2017 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 website 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 according to the specific rates applicable for 2018.

Consolidation scope

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

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

	Registered office	30.06.2018	31.12.2017	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 Srl	Rome	100%	100%	publishing
Finced Srl	Rome	100%	100%	finance
Ced Digital & Servizi Srl	Rome	100%	100%	publishing
Corriere Adriatico Srl	Rome	100%	100%	publishing
Quotidiano di Puglia Srl	Rome	100%	100%	publishing
Il Gazzettino SpA	Rome	100%	100%	publishing
Centro Stampa Veneto Srl *(1)*	Rome	100%	100%	printing
Imprese Tipografiche Venete SpA *(1)*	Rome	100%	100%	printing
P.I.M. Srl *(1)*	Rome	100%	100%	advertising
Servizi Italia 15 Srl	Rome	100%	100%	services
Stampa Roma 2015 Srl	Rome	100%	100%	printing
Stampa Napoli 2015 Srl	Rome	100%	100%	printing

(1) Held by Il Gazzettino SpA

Associated Companies

The consolidation scope includes the following associated company:

	Registered office	30.06.2018	31.12.2017
Rofin 2008 Srl	Rome	30.00%	30.00%

Accounting standards and amendments to standards adopted by the Group

From January 1st 2018, the Group adopted the following new accounting standards:

- "IFRS 15 - "Revenue from Contracts with Customers", endorsed by the EU on October 29th 2016 with Regulation No. 1905, and "Clarifications to IFRS 15 Revenue from Contracts with Customers", endorsed by the EU on November 9th 2017 with Regulation No. 291. IFRS 15 sets out the recognition and measurement criteria for revenue from contracts with customers. In summary, the standard requires the following 5 steps to recognise revenue: (i) identification of the contract; (ii) identification of the performance obligations contained in the contract; (iii) determination of the transaction price; (iv) allocation of the transaction price to the performance obligations; (v) recognition of the revenue.

Application of IFRS 15 principally resulted in the recognition of circulation revenues on the basis of the cover price, gross of fees paid, including therefore the portion recognised to distributors and newsstand owners. Consequently and differing from the preceding accounting treatment, this fee was recognised separately as a distribution cost and no longer reduces the revenue figure; in addition, consolidated advertising revenues were stated net of publisher fees from advertising on behalf of third party publishers, previously recognised to service costs. For comparability, the circulation revenues (higher revenues of Euro 7.9 million) and advertising revenues (lower revenues of Euro 2.6 million) accounts of the income statement for the first half of 2017 were restated and consequently, for a similar amount, service costs. This restatement did not impact the operating result, the net profit for the period or shareholders' equity.

- IFRS 9 - "Financial instruments", endorsed by the EU on November 29th 2016 with Regulation No. 2067. IFRS 9 "Financial instruments" replaced from January 1st 2018 IAS 39 "Financial Instruments: Recognition and Measurement", establishing a new set of accounting rules for the classification and measurement of Financial Instruments, for the impairment of receivables and for hedge accounting.

  With regards to the impairment model, the adoption of IFRS 9 changed the method to calculate and recognise losses due to reductions in value of financial assets, replacing the incurred loss approach under the pre-existing IAS 39 with a criteria based on the forward-looking expected credit loss (ECL) model.

  Based on the new standard in fact, irrespective of the occurrence of a specific loss event (trigger event), for all financial assets (except for those valued at FVTPL) the expected losses according to the ECL model should be recorded. For trade receivables, an impairment model was introduced which incorporates the "simplified" approach under the standard for this type of receivables. In particular, receivables are broken down by cluster, for which the reference parameters (PD, LGD, and EAD) are established to calculate the lifetime expected credit losses on the basis of available information. The analysis indicated a decrease in shareholders' equity at January 1st 2018 of Euro 570 thousand according to that permitted under the IFRS 9 transition rules. As permitted, the income statement and balance sheet amounts for the prior year comparative periods were not restated.

Under the financial asset and liability classification and measurement model, the Group classified the listed securities held by the Group, previously recognised as “available-for-sale financial assets”, as “equity instruments” to the account “Non-current investments and securities”; they continue to be measured at fair value, although with counter-entry to shareholders’ equity through the comprehensive income statement, without passage to the separate income statement; these instruments are presented in the Explanatory Notes as “Investments in equity instruments”. There were no impacts on shareholders’ equity at January 1st 2018.

The adoption of the following new standards in force from January 1st 2018 did not have significant impact.

- IFRS 2 – Share-based Payments, endorsed by the EU on February 26th 2018 with Regulation No. 289. The document “Classifications and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)” resolved some issues relating to the accounting of share-based payments. In particular, this amendment includes some significant improvements (i) in the measurement of share-based payments settled by cash, (ii) in their classification and (iii) in the method for the recognition where there is a change from share-based payments settled by cash to share-based payments settled through capital instruments.
- IFRS 4 Insurance Contracts, endorsed by the EU on November 3rd 2017 with Regulation No. 1988. The document “Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts” has the objective to resolve some inconsistencies deriving from the difference in the date of entry into force of IFRS 9 and the new accounting standard on insurance contracts.
- IFRIC 22 – “Foreign Currency Transaction and Advance Consideration”, endorsed by the EU on March 28th 2018 with Regulation No. 519. The document provides clarification on the correct recognition of an operation in foreign currency, in the case of payments made or received in advance compared to the actual transaction to which the payment refers. The interpretation clarifies that the date of the transaction to be utilised for the conversion is the date in which the entity makes or receives the advance payment.

- IAS 40 Investment Property, endorsed by the EU on March 14th 2018. The document "Amendments to IAS 40: Transfers of Investment Property" has the objective to clarify the aspects relating to the treatment of the transfers from, and to, investment properties. In particular, the modification clarifies that a transfer must take place if and only if there is a change in the use of the asset. A change in management's intention is not in itself sufficient to support a transfer.
- "Annual Improvements to IFRS Standards 2014-2016 Cycle" endorsed by the EU on February 7th 2018. The amendments introduced are within the normal review and clarification of international accounting standards.

Accounting Standards and interpretations on Standards effective from the periods subsequent to 2018 and not adopted in advance by the Group:

- On October 12th 2017, the IASB published amendments to IFRS 9 - Financial Instruments. The document "Prepayment features with Negative Compensation (Amendments to IFRS 9)" has the objective to amend the requirements of IFRS 9 with reference to the following: (i) financial assets which contain advance payment options through negative compensation may now be measured at amortised cost or at fair value cost through other comprehensive income (FVOCI) where they satisfy the other requirements of IFRS 9; (ii) new accounting criteria introduced in the case of non-significant changes which result in the derecognition in the case of modifications or exchanges of financial liabilities at fixed rates. The amendments are applicable to financial statements relating to periods which begin January 1st 2019, or subsequently; advance application is permitted. They were endorsed by the EU on March 22nd 2018.
- On January 13th 2016, the IASB published a new standard IFRS 16 - Leases, which replaces IAS 17. IFRS 16 is applicable from January 1st 2019. The new standard eliminates the difference in the recognition of operating and finance leases, while also presenting elements which simplify application and introduces the concept of control within the definition of leasing. In particular, in order to determine whether a contract represents leasing, IFRS 16 requires to verify whether the lessee has the right to control the use of a determined asset for a determined period of time. Advance application is permitted for entities applying also IFRS 15 Revenues from Contracts with Customers. Endoresment by the EU took place on October 31st 2017 with Regulation No. 1986.

At the approval date of these condensed consolidated half-year financial statements, the Group is undertaking analysis to ascertain any impacts from application of these new accounting standards and interpretations.

New accounting standards and interpretations:

At the date of the approval of these condensed consolidated half-year 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 - in relation to which we highlight:

- On May 18th 2017, the IASB published the new standard IFRS 17 Insurance Contracts, which replaces the current IFRS 4. The new standard on insurance contracts improves transparency on profit sources and on the quality of profits realised and ensures a high level of results comparability, introducing a single standard for the recognition of revenues which reflects the services provided. IFRS 17 applies to financial statements for periods beginning January 1st 2021 or subsequently. The Endorsement Process by EFRAG is currently in progress.
- On June 7th 2017, the IASB published the interpretation IFRS 23 - "Uncertainty over Income Tax Treatments", which provides indications on how to reflect in the accounting of income taxes uncertainties on the tax treatment of certain matters. IFRIC 23 applies to financial statements for periods beginning January 1st 2019 or subsequently. The Endorsement Process concluded on November 6th 2017, while endorsement by the EU is expected in the third quarter of 2018.
- On October 12th 2017, the IASB published some amendments to IAS 28 - Investments in associates and joint ventures. The document "Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)" has the objective to clarify some aspects where the company finances associates and joint ventures with preference shares or through loans which are not expected to be repaid in the near term ("Long-Term Interests" or "LTI"). The amendments are applicable to financial statements relating to periods which begin January 1st 2019, or subsequently; advance application is permitted. The Endorsement Process concluded on April 24th 2018, while endorsement by the EU is expected by the end of 2018.
- On December 12th 2017, the IASB published the "Annual Improvements to IFRS Standards 2015-2017 Cycle". The amendments introduced, within the normal rationalisation and clarification process of the international accounting standards, concern the following standards: (i) IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements: the IASB clarified how to account for the increase of an interest in a joint operation which complies with the definition of business; (ii) IAS 12 - Income

Taxes: the IASB clarified that the tax effects related to the payment of dividends (including the payments related to financial instruments classified under equity) are recorded in line with the underlying transactions or events which generated the amounts subject to distribution (ex. recognition in P&L, OCI or equity); (iii) IAS 23 - Borrowing Costs: the IASB clarified that general borrowing for the calculation of financial charges to be capitalised on qualifying assets does not include borrowings which relate specifically to qualifying assets under construction or development. When these qualifying assets are available for use, the relative borrowings are considered general borrowings for the purposes of IAS 23. The amendments are applicable to financial statements relating to periods which begin January 1st 2019, or subsequently; advance application is permitted. The Endorsement Process concluded on March 21st 2018, while endorsement by the EU is expected by the end of 2018.

- On February 7th 2018, the IASB published amendments to IAS 19 - Employee Benefits. The document "Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)" clarifies some accounting aspects relating to amendments, curtailments or settlements of a defined benefit plan. The amendments are applied for plan amendments, curtailments or settlements which occur from January 1st 2019 or the date in which they are applied for the first time (advanced application is permitted). The Endorsement Process by EFRAG concluded on May 28th 2018, while endorsement by the EU is expected in 2018.
- On March 29th 2018, the IASB published the reviewed version of the Conceptual Framework for Financial Reporting. The main changes on the 2010 version concern a new chapter regarding measurement, improved definitions and guidance, in particular with regards to defining liabilities, and the clarification of important concepts such as stewardship, prudence and upon measurement uncertainties. The Endorsement Process by EFRAG is currently in progress.

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

Value of the Group

The Stock Market capitalisation of Caltagirone Editore is currently lower than the net equity of the Group (Stock Market capitalisation at June 30th 2018 of Euro 161.3 million compared to a Group net equity of Euro 445.5 million), significantly lower than the valuations based on the fundamentals of the Group expressed by its value in use.

The capacity to generate cash flows or the establishment of specific fair values (cash and cash equivalents, investments in equity instruments and Publishing Titles) may justify this difference; stock market prices in fact also reflect circumstances not strictly related to the Group, with expectations focused on the short-term.

ASSETS

1. Intangible assets with definite life

Historical cost	Patents	Trademarks and Concessions	Others	Total
01.01.2017	**1,570**	**1,705**	**6,264**	**9,539**
Increases		19	171	**190**
Reclassifications		308	(168)	**140**
31.12.2017	**1,570**	**2,032**	**6,267**	**9,869**
01.01.2018	**1,570**	**2,032**	**6,267**	**9,869**
Increases		27	79	**106**
Decreases			(2)	**(2)**
30.06.2018	**1,570**	**2,059**	**6,344**	**9,973**

Amortisation & loss in value	Patents	Trademarks and Concessions	Others	Total
01.01.2017	**1,541**	**1,670**	**5,714**	**8,925**
Increases	7	132	185	**324**
Reclassifications			163	**163**
31.12.2017	**1,548**	**1,802**	**6,062**	**9,412**
01.01.2018	**1,548**	**1,802**	**6,062**	**9,412**
Increases	4	63	54	121
30.06.2018	**1,552**	**1,865**	**6,116**	**9,533**

Net value				
01.01.2017	**29**	**35**	**550**	**614**
31.12.2017	**22**	**230**	**205**	**457**
30.06.2018	**18**	**194**	**228**	**440**

At June 30th 2018, no companies of the Group recorded the existence of inactive or completely amortised intangible assets still in use of significant value.

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. Intangible assets with indefinite life

The indefinite intangible assets, comprising entirely of the 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 intangible assets with indefinite life:

Historical cost	Goodwill	Newspaper titles	Total
01.01.2017	**189,596**	**286,794**	**476,390**
Increases			**-**
Decreases			**-**
31.12.2017	**189,596**	**286,794**	**476,390**
01.01.2018	**189,596**	**286,794**	**476,390**
Increases			-
Decreases			-
30.06.2018	**189,596**	**286,794**	**476,390**

Write-downs	Goodwill	Newspaper titles	Total
01.01.2017	**189,596**	**36,891**	**226,487**
Increases		35,100	**35,100**
Decreases			**-**
31.12.2017	**189,596**	**71,991**	**261,587**
01.01.2018	**189,596**	**71,991**	**261,587**
Increases			-
Decreases			-
30.06.2018	**189,596**	**71,991**	**261,587**

Net value			
01.01.2017	**-**	**249,903**	**249,903**
31.12.2017	**-**	**214,803**	**214,803**
30.06.2018	**-**	**214,803**	**214,803**

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

	01.01.2017	Increases	Decreases	Write-downs	31.12.2017
Il Messaggero S.p.A.	90,808				90,808
Il Mattino SpA	44,496			(2,200)	42,296
Quotidiano di Puglia SpA	15,631			(5,300)	10,331
Corriere Adriatico SpA	11,578				11,578
Il Gazzettino S.p.A.	87,387			(27,600)	59,787
Other minor newspaper titles	3				3
Total	**249,903**	**-**	**-**	**(35,100)**	**214,803**

	01.01.2018	Increases	Decreases	Write-downs	30.06.2018
Il Messaggero S.p.A.	90,808				90,808
Il Mattino SpA	42,296				42,296
Quotidiano di Puglia SpA	10,331				10,331
Corriere Adriatico SpA	11,578				11,578
Il Gazzettino S.p.A.	59,787				59,787
Other minor newspaper titles	3				3
Total	**214,803**	**-**	**-**	**-**	**214,803**

In order to assess whether to carry out impairments tests on the Group's intangible assets with indefinite life, comprising the Newspaper Titles, an analysis was carried out to establish if the significant events (so called "trigger events") which indicate the existence of losses in value on these assets at June 30th 2018 had occurred.

In particular, in accordance with IAS 36, this analysis concerned the development of the weighted average cost of capital ("WACC") and the differences observed in the main 2018 income statement accounts compared to budget forecasts. This analysis did not indicate the need for further consideration.

In conclusion, in the absence of significant elements regarding the impairment (impairment indicators) of the intangible items, it was not considered necessary to carry out an estimate in the period of the recoverable value of the intangible assets.

3. Property, plant and equipment

Historical cost	Land & Buildings	Plant and Machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2017	60,164	97,653	814	22,771	2,040	**183,442**
Increases	557		2	521	2,836	**3,916**
Decreases		(121)		(68)		**(189)**
31.12.2017	**60,721**	**102,408**	**818**	**22,501**	**0**	**186,448**
01.01.2018	60,721	102,408	818	22,501	-	**186,448**
Increases		51		45		**96**
Decreases				(34)		**(34)**
Reclassifications				89		**89**
30.06.2018	**60,721**	**102,459**	**818**	**22,601**	**-**	**186,599**

Depreciation & loss in value	Land & Buildings	Plant and Machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2017	25,618	93,370	810	21,650	-	**141,448**
Increases	1,563	4,294	3	428		**6,288**
31.12.2017	**27,181**	**97,566**	**815**	**21,453**	**-**	**147,015**
01.01.2018	27,181	97,566	815	21,453	-	**147,015**
Increases	782	285	1	188		**1,256**
Decreases				(28)		**(28)**
Reclassifications				89		**89**
30.06.2018	**27,963**	**97,851**	**816**	**21,702**	**-**	**148,332**

Net value						
01.01.2017	**34,546**	**4,283**	**4**	**1,121**	**2,040**	**41,994**
31.12.2017	**33,540**	**4,842**	**3**	**1,048**	**-**	**39,433**
30.06.2018	**32,758**	**4,608**	**2**	**899**	**-**	**38,267**

"Land and Buildings" include operating offices and facilities for the printing of newspapers.

The account “Plant and machinery” is mainly composed of the presses belonging to Group publishing companies.

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

No financial charges were capitalised.

4. Investments valued at equity

	01.01.2017	Increases (Decreases) through P&L	Other changes	31.12.2017
Rofin 2008 S.r.l.	2			2
Total	**2**	**-**	**0**	**2**

	01.01.2018	Increases (Decreases) through P&L	Other movements	30.06.2018
Rofin 2008 S.r.l.	2		(1)	1
Total	**2**	**-**	**(1)**	**1**

5. Equity investments and non-current securities

Equity investments and non-current securities	01.01.2017	Increases/(Decreases)	Fair value change	31.12.2017
Investments in other companies at cost	1,218			1,218
Investments in equity instruments	80,484		6,156	86,640
Total	**81,702**	**-**	**6,156**	**87,858**

Equity investments and non-current securities	01.01.2018	Increases/(Decreases)	Fair value change	30.06.2018
Investments in other companies at cost	1,218			1,218
Investments in equity instruments	86,640	12,287	(5,522)	93,405
Total	**87,858**	**12,287**	**(5,522)**	**94,623**

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

Investments in other companies	Registered office	%	01.01.2017	Increases/(Decreases)	Write-downs	31.12.2017
Ansa		6.71	1,198			1,198
Other minor			20			20
Total			**1,218**	**-**	**-**	**1,218**

Investments in other companies			01.01.2018	Increases/(Decreases)	Write-downs	30.06.2018
Ansa		6.71	1,198			1,198
Other minor			20			20
Total			**1,218**	**-**	**-**	**1,218**

The company ANSA is the leading news agency in Italy and a leader worldwide; ANSA is a cooperative of 34 members, including the leading publishers of national newspapers, created with a mission to publish and circulate news.

The investments in other companies are valued at fair value or, where the development plans are not available, at cost, adjusting for impairments where present.

During the period, no impairment indicators were identified and therefore no impairment test was carried out.

According to the information held by the Group therefore, no indications exist that the cost differs significantly from the fair value.

The breakdown of the account "Investments in equity instruments", valued at fair value to other comprehensive income items, is as follows:

Investments in equity instruments	01.01.2017	Increases	Decreases	Fair value change	31.12.2017
Assicurazioni Generali SpA	80,484			6,156	86,640
Total	**80,484**	**-**	**-**	**6,156**	**86,640**
	01.01.2018	**Increases**	**Decreases**	**Fair value**	**30.06.2018**
Assicurazioni Generali SpA	86,640	12,287		(5,522)	93,405
Total	**86,640**	**12,287**	**-**	**(5,522)**	**93,405**

Number

	01.01.2017	Increases	Decreases	31.12.2017
Assicurazioni Generali SpA	5,700,000			5,700,000

	01.01.2018	Increases	Decreases	30.06.2018
Assicurazioni Generali SpA	5,700,000	800,000		6,500,000

The valuation at fair value of these investments at June 30th 2018 was recorded to the Comprehensive Income Statement in the Shareholders' Equity reserve for a negative Euro 5.5 million, excluding the positive tax effect of Euro 429 thousand

Fair Value reserve

	01.01.2017	Increases	Decreases	31.12.2017
Fair Value reserve	(5,442)	6,156		714
Tax effect	(11)		(43)	(54)
Fair value reserve, net of tax effect	**(5,453)**	**6,156**	**(43)**	**660**
Net changes in the period				**6,113**

	01.01.2018	Increases	Decreases	30.06.2018
Fair Value reserve	714		(5,522)	(4,808)
Tax effect	(54)	429		375
Fair value reserve, net of tax effect	**660**	**429**	**(5,522)**	**(4,433)**
Net changes in the period				**(5,093)**

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

6. Other non-current assets

The account, amounting to Euro 107 thousand, principally relates to receivables for deposits due within five years.

7. Deferred taxes, payables for current taxes and income taxes for the period

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

	01.01.2017	Provisions	Utilisations	Other changes	31.12.2017
Deferred tax assets	47,364	3,910	(2,215)	(45)	49,014
Deferred tax liabilities	59,419	2,071	(10,529)	32	50,993
Net deferred tax assets	**(12,055)**	**1,839**	**8,314**	**(77)**	**(1,979)**

	01.01.2018	Provisions	Utilisations	Other changes	30.06.2018
Deferred tax assets	49,014	2,085	(396)	388	51,091
Deferred tax liabilities	50,993	973	(442)	(34)	51,490
Net deferred tax assets	**(1,979)**	**1,112**	**46**	**422**	**(399)**

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 assets and liabilities include the tax effects on the fair value of the investments recorded to the Comprehensive Income Statement.

Considering also that deferred tax liabilities on temporary assessable differences are greater than deferred tax assets and based on forecasts, it is considered that the Group will have, in the coming years, sufficient assessable income to recover the deferred tax assets recorded in the financial statements at June 30th 2018.

The payable for current taxes shows the net position for income taxes, represented by IRES and IRAP net of payments on account and other tax credits.

The income taxes for the period consist of:

	30.06.2018	30.06.2017
Current taxes	96	77
Current taxes	**96**	**77**
Provision for deferred tax liabilities	973	973
Utilisation of deferred tax liabilities	(442)	(801)
Deferred tax charges	**531**	**172**
Recording of deferred tax assets	(2,085)	(1,678)
Utilisation of deferred tax assets	396	319
Deferred tax income	**(1,689)**	**(1,359)**
Total income taxes	**(1,062)**	**(1,110)**
Current and deferred IRES tax	(1,303)	(1,333)
Current and deferred IRAP tax	241	223
Total income taxes	**(1,062)**	**(1,110)**

The current taxes comprise only IRAP taxes.

8. Inventories

Inventories at June 30th 2018 amount to Euro 1.3 million (Euro 1.3 million at December 31st 2017) 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 13 thousand and is included in the account Raw material costs (see Note 20).

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.

9. Trade receivables

The breakdown is as follows:

	30.06.2018	31.12.2017
Trade receivables	54,205	60,509
Doubtful debt provision	(10,635)	(10,459)
Trade receivables	**43,570**	**50,050**
Trade receivables - related parties	255	705
Advances to suppliers	17	24
Total trade receivables	**43,842**	**50,779**

Trade receivables principally relate to Group advertising revenues from the advertising agency Piemme SpA (Euro 37.8 million).

10. Other current assets

The breakdown is as follows:

	30.06.2018	31.12.2017
Employee receivables	78	97
Other receivables	447	519
Prepaid expenses	913	263
Total other current assets	**1,438**	**879**

11. Cash and cash equivalents

The breakdown is as follows:

	30.06.2018	31.12.2017
Bank and postal deposits	129,954	135,513
Bank deposits at related companies	-	718
Cash in hand and similar	52	267
Total cash and cash equivalents	**130,006**	**136,498**

The reduction in cash and cash equivalents at June 30th 2018 is essentially due to investments in listed shares of Euro 12.3 million, net of dividends received on listed shares of Euro 5.5 million.

SHAREHOLDERS' EQUITY & LIABILITIES

12. Shareholders' Equity

	30.06.2018	31.12.2017
Share Capital	125,000	125,000
Listing charges	(18,865)	(18,865)
Share premium reserve	480,683	480,542
Legal reserve	25,000	25,000
FTA Reserve	16,927	16,927
Treasury shares	(2,083)	(2,224)
Reserve for treasury shares	2,083	2,224
Fair Value reserve	(4,433)	660
IAS 19 post-employment benefit reserve	(1,964)	(1,964)
FTA - IFRS 9 Reserve	(570)	-
Other Reserves	1,290	1,232
Prior year results	(179,764)	(150,131)
Net Profit/(loss)	2,217	(29,633)
Group net equity	**445,521**	**448,768**
Minority interest N.E.	-	-
Total net equity	**445,521**	**448,768**

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 2018, Caltagirone Editore SpA had 2,157,932 treasury shares in portfolio, comprising 1.72% of the share capital for a value of Euro 2,083,349.

The fair value reserve, negative for Euro 4.4 million, which includes the net change for the period – a decrease of Euro 5.1 million - to adjust the market value of the investments in other companies available-for-sale.

13. Personnel

Employee benefit plans

The movements in the Employee benefits provision were as follows:

	30.06.2018	31.12.2017
Net liability at beginning of period	17,353	21,393
Current cost in the period (service cost)	120	192
Interest charge (interest cost)	199	266
Actuarial profits/(losses)	-	(133)
(Services paid)	(866)	(4,339)
Other changes	(7)	(26)

Net liability at end of period	**16,799**	**17,353**

Employee numbers and cost

	30.06.2018	**30.06.2017**
Salaries and wages	20,724	21,960
Social security charges	6,691	7,430
Post-employment benefit provision	120	206
Post-employment benefit to Complementary Fund	1,187	1,161
Other costs	1,406	2,371
Total personnel expense	**30,128**	**33,128**

The account wages and salaries and social charges reflects the benefits of the restructuring and reorganisation plans undertaken in previous years, under which the workforce was re-sized (see also the average workforce reported below).

Other costs include charges concerning labour disputes, leaving incentives and the social security institution contributions from the restructuring also carried out in the first half of 2018 of Euro 851 thousand (Euro 1.6 million in H1 2017).

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

	30.06.2018	**31.12.2017**	**Average 2018**	**Average 2017**
Executives	20	20	20	20
Managers & white collar	188	186	187	203
Journalists	358	368	361	376
Print workers	92	97	96	97
Total	**658**	**671**	**664**	**696**

14. Provisions for risks and charges (current and non-current)

	Legal disputes	**Agents' indemnity**	**Other risks**	**Total**
Balance at January 1st 2017	7,850	172	4,296	**12,318**
Provisions	209		2,492	**2,701**
Utilisations	(445)	(37)	(3,951)	**(4,433)**
Balance at December 31st 2017	**7,245**	**135**	**3,206**	**10,586**
Of which:				
Current portion	2,046		1,956	**4,002**
Non-current portion	5,199	135	1,250	**6,584**
Total	**7,245**	**135**	**3,206**	**10,586**
Balance at January 1st 2018	7,245	135	3,206	**10,586**

Provisions	15		470	**485**
Utilisations	(93)	(19)	(561)	**(673)**
Balance at June 30th 2018	**7,167**	**116**	**3,115**	**10,398**
Of which:				
Current portion	2,003		2,277	**4,280**
Non-current portion	5,164	116	838	**6,118**
Total	**7,167**	**116**	**3,115**	**10,398**

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 on all the information available at the date of preparation of these condensed consolidated half-year 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 provisions for other risks principally include charges relating to the restructuring plans of Il Messaggero SpA, Il Mattino SpA and Servizi Italia ’15 Srl; the relative provisions are included in labour costs.

15. Current financial liabilities

	30.06.2018	31.12.2017
Bank payables	7,742	4,583
Bank payables – related parties	-	365
Short-term portion of non-current loans	436	3,062
Current financial liabilities	**8,178**	**8,010**

16. Other current and non-current liabilities

	30.06.2018	31.12.2017
Other non-current liabilities		
Other payables	87	95
Deferred income	305	1,488
Total	**392**	**1,583**
Other current liabilities		
Social security institutions	3,054	4,897
Employee payables	7,227	5,441
VAT payables	463	240
Withholding taxes	1,543	2,497
Other payables	7,410	8,885
Payables to related companies	50	26
Deferred income	1,512	436
Total	**21,259**	**22,422**

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.

17. Trade payables

	30.06.2018	31.12.2017
Trade payables	20,462	20,396
Payables to related companies	1,394	1,076
Total	**21,856**	**21,472**

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

18. Revenues

	H1 2018	H1 2017
Circulation revenues	33,042	35,669
Promotions	283	464
Advertising	33,918	37,977
Total Revenues	**67,243**	**74,110**
of which related parties	*132*	*487*

19. Other operating revenues

	H1 2018	H1 2017
Recovery of expenses from third parties	726	800
Capital grant contributions	36	36
Prior year income	69	21
Other revenues	2,298	1,539
Total other operating revenues	**3,129**	**2,396**
of which related parties	*30*	*26*

20. Raw material costs

	H1 2018	H1 2017
Paper	4,764	5,072
Other publishing materials	1,262	1,914
Change in inventory of raw materials and goods	(13)	(297)
Total raw materials costs	**6,013**	**6,689**

21. Other operating costs

	H1 2018	H1 2017
Distribution fees	7,354	7,933
Editorial services	6,181	6,474
Transport and delivery	3,559	3,828
Commissions and agent costs	2,779	2,970
Consultancy	1,810	1,608
Maintenance and repair costs	1,657	1,612
Directors and statutory auditors fees	972	905
Outside contractors	926	1,007
Utilities and power	892	1,034
Advertising & promotions	837	909
Cleaning and security	823	796
Insurance, postal and telephone	645	656
Independent auditors fees	150	159
Promotions	115	78
Misc. services	3,789	3,780
Total service costs	**32,488**	**33,748**
Rental	2,611	2,703
Hire	328	379
Total rent, lease and similar costs	**2,939**	**3,082**
Other operating charges	1,372	1,606
Total other costs	**1,372**	**1,606**
Total other operating costs	**36,799**	**38,436**
of which related parties	*2,776*	*2,845*

22. Amortisation, depreciation, provisions & write-downs

	H1 2018	H1 2017
Amortisation of intangible assets	121	106
Depreciation of property, plant & equipment	1,256	3.069
Provision for risks and charges	45	43
Doubtful debt provision	14	480
Total amortisation, depreciation, provisions & write-downs	**1,436**	**3,698**

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

23. Net financial result

Financial income	H1 2018	H1 2017
Dividends	5,525	4,560
Interest income from bank deposits	17	37
Other financial income	103	17
Total	**5,645**	**4,614**
of which related parties	*5,525*	*4,560*
Financial charges	**30.06.2018**	**30.06.2017**
Interest on mortgage loans	9	20
Interest on bank accounts	103	116
Interest on leaving indemnity	199	233
Banking commissions and charges	143	96
Other financial expenses	32	33
Total	**486**	**498**
of which related parties	-	*19*
Financial result	**5,159**	**4,116**

The dividends included in financial income relates to the shareholding in Assicurazioni Generali SpA.

24. Earnings per share

The basic earnings 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 2018	H1 2017
Net Result	2,217	6
Number of ordinary shares in circulation (000's)	122,773	122,764
Basic earnings per share	**0.018**	**0.000**

The diluted result 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 2018 no dividends were distributed.

25. Other comprehensive income statement items

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

	H1 2018			H1 2017		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Profit/(loss) from the valuation of Investments in equity instruments net of the tax effect	(5,521)	428	(5,093)	1,653	(12)	1,641

26. Related party transactions

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 the control of the common parent FGC SpA.

There are no atypical or unusual transactions which are not within the normal business operations. The following tables report the values.

The following tables report the values:

31.12.2017	Parent Company	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions						
Trade receivables		214	491	**705**	**50,779**	1.4%
Cash and cash equivalents			718	**718**	**136,498**	0.5%
Trade payables	814	133	129	**1,076**	**21,472**	5.0%
Current financial liabilities			365	**365**	**8,010**	4.6%
Other current liabilities		26		**26**	**22,422**	0.1%
Income statement transactions						
Revenues		333	596	**929**	**138,467**	0.7%
Other operating revenues		109		**109**	**6,305**	1.7%
Other operating charges	600	4,715	108	**5,423**	**66,951**	8.1%
Financial income			4,560	**4,560**	**4,641**	98.3%
Financial charges			38	**38**	**867**	4.4%

30.06.2018	Parent Company	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions						
Trade receivables		224		**224**	**43,842**	0.5%
Trade payables	1,246	120	28	**1,394**	**21,856**	6.4%
Other current liabilities		50		**50**	**21,659**	0.2%
Income statement transactions						
Revenues		132		**132**	**67,243**	0.2%
Other operating income		30		**30**	**3,129**	1.0%
Other operating charges	300	2,401	75	**2,776**	**36,799**	7.5%
Financial income			5,525	**5,525**	**5,645**	97.9%

Trade receivables principally concern commercial transactions for the sale of advertising space.

Trade payables to Parent Companies refer to the invoices received from Caltagirone SpA for services performed during the first half of 2018 and previously.

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

Operating costs principally include rental costs by the Parent Company and Other group companies for their respective head offices to companies under the control of the common parent FGC SpA.

The account financial income relates to dividends received from Assicurazioni Generali SpA.

27. Business segment information

The disclosures required in accordance with IFRS 8 on the segment information are provided below. The Caltagirone Editore Group, in consideration of the economic and financial relations between the various Group companies and the interdependence between the publishing activities of the various Group newspapers and the advertising activity carried out by the Group agency, operates within a single sector, defined as a distinctly identifiable part of the Group, which provides a set of related products and services and is subject to differing risks and benefits from the other sectors of Group activity. This vision is used by Management to carry out an analysis of operational performance and for the specific management of related risks. The Group operates exclusively in Italy and bases sector performance on turnover volumes and EBITDA from ordinary operations.

In Euro thousands	*Newspapers and Advertising*	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
30.06.2017						
Sector revenues – third parties	76,365	6		76,371	-	76,371
Inter-segment revenues	-	345		345	(345)	-
Segment revenues	**76,365**	**351**	**-**	**76,716**	**(345)**	**76,371**
Segment EBITDA	(759)	(763)		**(1,522)**		**(1,522)**
Depreciation, amortisation, provisions & write-downs	3,697	1		3,698		3,698
EBIT	**(4,456)**	**(764)**	**-**	**(5,220)**	**-**	**(5,220)**
Financial management result						4,116
Profit before taxes						**(1,104)**
Income taxes						1,110
Net Profit/(loss)						**6**

	Newspapers and Advertising	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
Segment assets	384,761	236,576		621,337		621,337
Segment liabilities	140,503	6,989		147,492		147,492
Equity investments valued at net equity		2		2		2
Investments in intangible and tangible fixed assets	1,700			1,700		1,700

In Euro thousands	*Newspapers and Advertising*	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
30.06.2018						
Sector revenues – third parties	70,368	4		70,372	-	70,372
Inter-segment revenues	53	250		303	(303)	-
Segment revenues	**70,421**	**254**	**-**	**70,675**	**(303)**	**70,372**
Segment EBITDA	(1,642)	(926)		**(2,568)**		**(2,568)**
Depreciation, amortisation, provisions & write-downs	1,436			1,436		1,436
EBIT	**(3,078)**	**(926)**	**-**	**(4,004)**	**-**	**(4,004)**
Financial management result						5,159
Profit before taxes						**1,155**
Income taxes						1,062
Net Profit/(loss)						**2,217**

	Newspapers and Advertising	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
Segment assets	346,309	229,646		575,955		575,955
Segment liabilities	123,061	7,373		130,434		130,434
Equity investments at equity		1		1		1
Investments in intangible and tangible fixed assets	202			202		202

28. Net cash position

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

In Euro thousands	**30.06.2018**	**31.12.2017**	**30.06.2017**
A. Cash	52	267	305
B. Bank deposits	129,954	136,231	147,295
D. Liquidity (A)+(B)	**130,006**	**136,498**	**147,600**
E. Current financial receivables	**-**	**-**	**-**
F. Current bank payables	7,742	4,948	6,365
G. Current portion of non-current debt	436	3,062	5,246
H. Current payables to other lenders	-	-	9
I. Current debt (F)+(G)+(H)	**8,178**	**8,010**	**11,620**
J. Net current cash position (I)-(E)-(D)	**(121,828)**	**(128,488)**	**(135,980)**
K. Non-current bank payables	-	-	437
L. Non-current payables to other lenders	-	-	-
M. Non-current financial debt (K)+(L)	**-**	**-**	**437**

N. Net Cash Position (J)+(M)	**(121,828)**	**(128,488)**	**(135,543)**

29. 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 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:

Dec 31st 2017	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in equity instruments	5	86,640			**86,640**
Total assets		**86,640**	**-**	**-**	**86,640**

June 30th 2018	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments in equity instruments	5	93,405			**93,405**
Total assets		**93,405**	**-**	**-**	**93,405**

In the first half of 2018 there were no transfers between the various levels.

CALTAGIRONE EDITORE

Declaration on the Condensed Consolidated Half-Year Financial Statements as per Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent modifications and integrations

1. The undersigned Francesco Gianni, as Chairman of the Board of Directors, and Fabrizio Caprara, 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 2018.

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 declared 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 19th 2002;

b) corresponds 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 30th 2018

The Chairman	The Executive Responsible
Mr. Francesco Gianni	Mr. Fabrizio Caprara

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