CALTAGIRONE EDITORE

HALF-YEAR REPORT

June 30th 2016

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Corporate Boards

Board of Directors

Chairman	Francesco Gaetano Caltagirone
Vice Chairman	Azzurra Caltagirone
Directors	Alessandro Caltagirone Francesco Caltagirone Tatiana Caltagirone Massimo Confortini[1-2] Mario Delfini[1] Albino Majore[1] Gianpietro Nattino[1-2]

Board of Statutory Auditors

Chairman	Antonio Staffa
Standing Auditors	Federico Malorni Maria Assunta Coluccia
Executive Responsible	Fabrizio Caprara
Independent Audit Firm	PricewaterhouseCoopers SpA

[1] *Member of the Internal Control Committee*
[2] *Member of the Independent Directors 'Committee*

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DIRECTORS' REPORT

Introduction

The present Report refers to the Condensed Consolidated Financial Statements at June 30th 2016, 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 2015, with the exception of those described in the Notes in the paragraph "Accounting standards and amendments to standards adopted by the Group", to which reference is made.

Operational overview

The key financial results compared to the first half of 2015 are shown below:

In Euro thousands

INCOME STATEMENT	***H1 2016***	***H1 2015***	***Change %***
OPERATING REVENUES	**76,069**	**80,253**	**-5.2%**
CIRCULATION REVENUES	29,195	32,295	-9.6%
PROMOTION REVENUES	342	202	69.3%
ADVERTISING REVENUES	43,940	44,906	-2.2%
OTHER OPERATING REVENUES	2,592	2,850	-9.1%
COSTS OF PRODUCTION	**(77,694)**	**(80,186)**	**-3.1%**
RAW MATERIALS, SUPPLIES &	(7,137)	(7,885)	-9.5%
LABOUR COSTS	(34,946)	(37,534)	-6.9%
OTHER OPERATING CHARGES	(35,611)	(34,767)	2.4%
EBITDA	**(1,625)**	**67**	**na**
AMORTISATION, DEPREC. & WRITE-	(4,418)	(4,817)	-8.3%
EBIT	**(6,043)**	**(4,750)**	**-27.2%**
COMPANIES VALUED AT EQUITY	**-**	**-**	**-**
FINANCIAL INCOME	5,256	5,230	0.5%
FINANCIAL CHARGES	(884)	(923)	-4.2%
FINANCIAL RESULT	**4,372**	**4,307**	**1.5%**
LOSS BEFORE TAXES	**(1,671)**	**(443)**	**na**
INCOME TAXES	1,401	1,057	32.5%
NET PROFIT/(LOSS)	**(270)**	**614**	**na**
MINORITY INTEREST	-	-	-
GROUP NET PROFIT/(LOSS)	***(270)***	***614***	***na***

We highlight, as further described below, that the results were impacted by the lost publication days following the strike by printing staff, related to the spin-off operations and restructuring of the companies of the Group.

In H1 2016, Operating revenues reduced 5.2%, following a decrease in both circulation revenues (-9.6%) and advertising revenues (-2.2%).

Raw material costs decreased 9.5% due to the lower quantities utilised in the production process.

Labour costs, including non-recurring charges of Euro 570 thousand (Euro 666 million in H1 2015) - principally due to the reorganisation plans put in place by a number of Group companies - decreased 6.9% as a result of the restructuring actions taken in preceding years.

Overall operating costs increased 2.4%, mainly due to the increase in the costs related to advertising on behalf of third parties and present to a lower extent in the first half of 2015 as this initiative only commenced in March 2015.

The EBITDA reports a loss of Euro 1.6 thousand (profit of Euro 67 thousand in H1 2015).

The EBIT, after amortisation/depreciation and write-downs of Euro 4.4 million, reported a loss of Euro 6 million in H1 2016 (loss of Euro 4.7 million in H1 2015).

The financial management result - a profit of Euro 4.4 million (Euro 4.3 million in H1 2015) - includes dividends received on listed shares of Euro 4.9 million and net financial charges of Euro 571 thousand.

The Group net loss was Euro 270 thousand (profit of Euro 614 thousand in H1 2015).

The Group **Net Cash Position** at June 30th 2016 is as follows:

In Euro thousands

NET CASH POSITION*	***30/06/16***	***31/12/15***
CURRENT FINANCIAL ASSETS	-	-
CASH AND CASH EQUIVALENTS	162,457	157,813
NON-CURRENT FINANCIAL LIABILIITES	(5,688)	(8,306)
CURRENT FINANCIAL LIABILITIES	(29,296)	(26,517)
TOTAL	**127,473**	**122,990**

* The Net Cash Position in accordance with CONSOB Communication DEM 6064291 of July 28th 2006 is illustrated at Note 29 of the Notes to Condensed Consolidated Half-Year Financial Statements.

The net cash position increased approx. Euro 4.5 million, mainly due to the dividends received on listed shares for approx. Euro 4.1 million.

The Group **Consolidated shareholders' equity** amounted to Euro 501.5 million (Euro 559.9 million at December 31st 2015); the decrease is principally due to the negative impact in the half-year of the fair value valuation of shares held by the Group.

The Balance sheet ratios are provided below:

	H1 2016	FY 2015	H1 2015
Equity Ratio*(Net equity/ Total assets)*[1]	0.74	0.76	0.76
Liquidity Ratio *(Current assets/ Current liabilities)*[2]	2.67	2.75	2.98
Capital Invested Ratio *(Net equity/Non-current assets)*[3]	1.09	1.08	1.06
ROE[4]*(Net profit/Net equity)*[5]	-0.05	-3.6	0.10
ROI[4]*(EBIIT/Total assets)*[5]	-0.89	-3.8	-0.61
ROS[4] *(EBIT/Operating Revenues)*[5]	-7.94	-17.1	-5.92

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 reduction in operating profitability - and consequently overall profitability - compared to 2015.

Group operating performance

- *Publishing*

Total newspaper sale revenues of Euro 29.2 million reduced 9.6% in the first half of 2016 compared to H1 2015, due to the systemic contraction of the market. In particular, Group circulation revenues contracted 10.3% on the first half of 2015 due to the contraction in demand and, as already described, to the lower number of newspaper publication days following the strike. Revenues for the sales of Group online copies and subscriptions increased 12% in the first half of 2016 compared to the same period of 2015, although the volume of sales is still not significant and their impact on Group circulation revenues is still marginal (3.7% of publishing revenues).

[1] Normally the equity ratio indicates an optimal structure when the result is between 0.5 and 1.
[2] Normally 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".

The latest official available circulation figures report an overall reduction of approx. 6.9%[6] of which 7.5%[7] relating to paper copies and 0.72%[8] relating to digital copies in the period January to May 2016 compared to the same period in 2015.

- *Advertising*

In the first six months of 2016 Group advertising revenues decreased 2.2%. Group newspaper advertising revenues contracted 5.3% on the first half of 2015, due both to the market performance and the strike action taken. Group internet advertising improved 4.9% on the first half of 2015.

The overall market in the first five months of 2016 (latest figures available) contracted 4.8%[9] for newspaper advertising and 1.9%[10] for internet advertising.

The websites of the Caltagirone Editore network reported approx. 1.01 million[11] Total Audience unique daily users (PC and mobile) in the first five months of 2016 (January - May 2016).

During the period, advertising revenues on behalf of RCS Group companies were also strong - beginning from March 2015 and reaching 5.6% of total advertising revenue.

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.

[6] ADS figures (Newspaper Circulation Figures) Daily Newspaper Sales January-February 2015/2016
[7] ADS figures (Newspaper Circulation Figures) Daily Newspaper Sales January-February 2015/2016
[8] ADS figures (Newspaper Circulation Figures) Daily Newspaper Sales January-February 2015/2016
9 FCP Stampa Research Centre figures January-May 2016 with corresponding period of 2015
[10] *FCP Assointernet research institute* figures – January – May 2016 compared with 2015
[11] *Audiweb figures: January - May 2016.*

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 2016, there were 763 employees (801 at December 31st 2015), with an average number in H1 2016 of 763.

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 2016, no market risks or uncertainties substantially differing from those evident in the 2015 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 19th 2016 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 2016 Caltagirone Editore SpA had 1,945,019 treasury shares in portfolio, comprising 1.556% of the share capital for a value of Euro 1,931,984.

Corporate Governance

The Board of Directors' meeting of March 11th 2016 appointed for 2016 the Executive Officer for Financial Reporting of the company as Mr. Fabrizio Caprara.

2016 full year outlook and events subsequent to June 30th 2016

The reorganisation initiated in the previous year continues, which will see the Group structured according to functional areas and once fully implemented will contribute to improving Group results.

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.

The renewal of Corriere Adriatico was completed at the beginning of July with innovative graphics, content and format. The new newspaper will be produced together with the national version of Il Messaggero, thereby optimising the Rome printing plant.

Rome, July 27th 2016

For the Board of Directors

The Chairman

Mr. Francesco Gaetano Caltagirone

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2016

Consolidated Balance Sheet

Assets

(in Euro thousands)	Note	*30.06.2016*	*31.12.2015*
Non-current assets			
Intangible assets with definite life	1	611	396
Intangible assets with indefinite life	2	295,277	295,277
Goodwill		*45,374*	*45,374*
Newspaper titles		*249,903*	*249,903*
Property, plant and equipment	3	42,931	45,706
Equity investments valued at equity	4	3	3
Equity investments and non-current securities	5	75,758	135,272
Non-current financial assets	6	44	42
Other non-current assets	7	80	76
Deferred tax assets	8	45,646	43,225
TOTAL NON-CURRENT ASSETS		**460,350**	**519,997**
Current assets			
Inventories	9	1,944	2,314
Trade receivables	10	48,892	55,616
of which related parties		*567*	*558*
Tax receivables	8	1,888	1,440
Other current assets	11	2,993	2,468
Cash and cash equivalents	12	162,457	157,813
of which related parties		*1,514*	*172*
TOTAL CURRENT ASSETS		**218,174**	**219,651**
TOTAL ASSETS		**678,524**	**739,648**

Consolidated Balance Sheet

Shareholders' Equity & Liabilities			
(in Euro thousands)	**Note**	***30.06.2016***	***31.12.2015***
Shareholders' Equity			
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Reserves		395,639	473,927
Loss for the period		(270)	(20,131)
Group shareholders' equity		**501,504**	**559,931**
Minority interest shareholders' equity		-	-
TOTAL SHAREHOLDERS' EQUITY	**13**	**501,504**	**559,931**
Liabilities			
Non-current liabilities			
Employee provisions	**14**	22,913	24,745
Other non-current provisions	**15**	5,278	5,634
Non-current financial liabilities	**16**	5,688	8,306
Other non-current liabilities	**17**	1,983	1,732
Deferred tax liabilities	**8**	59,363	59,354
TOTAL NON-CURRENT LIABILITIES		**95,225**	**99,771**
Current liabilities			
Current provisions	**15**	3,033	2,646
Trade payables	**18**	24,974	24,578
of which related parties		*2,873*	*2,103*
Current financial liabilities	**16**	29,296	26,517
of which related parties		*5,882*	*5,337*
Other current liabilities	**17**	24,492	26,205
of which related parties		*21*	*29*
TOTAL CURRENT LIABILITIES		**81,795**	**79,946**
TOTAL LIABILITIES		**177,020**	**179,717**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**678,524**	**739,648**

Consolidated Income Statement

(in Euro thousands)	Note		*H1 2016*		*H1 2015*
Revenues					
Revenues from sales and services	19		73,477		77,403
of which related parties		*425*		*577*	
Other operating revenues	20		2,592		2,850
of which related parties		*35*		*62*	
TOTAL REVENUES			**76,069**		**80,253**
Costs					
Raw material costs	21		(7,137)		(7,885)
Labour costs	14		(34,946)		(37,534)
of which restructuring charges		*(570)*		*(666)*	
Other operating charges	22		(35,611)		(34,767)
of which related parties		*(3,072)*		*(3,381)*	
TOTAL COSTS			**(77,694)**		**(80,186)**
EBITDA			**(1,625)**		**67**
Amortisation, depreciation, provisions & write-downs	23		(4,418)		(4,817)
EBIT			**(6,043)**		**(4,750)**
Result of companies valued at equity			**-**		**-**
Financial income			5,256		5,230
of which related parties		*4,943*		*4,283*	
Financial charges			(884)		(923)
of which related parties		*(119)*		*(82)*	
Net financial income/(charges)	24		**4,372**		**4,307**
LOSS BEFORE TAXES			**(1,671)**		**(443)**
Income taxes	8		1,401		1,057
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			**(270)**		**614**
NET PROFIT/(LOSS)			**(270)**		**614**
Group Net Profit/(loss)			(270)		614
Minority interest share			-		-
Basic earnings (loss) per share	25		(0.002)		0.005
Diluted earnings/(loss) per share	25		(0.002)		0.005

Consolidated Comprehensive Income Statement

(in Euro thousands)	***H1 2016***	***H1 2015***
Net profit/(loss) for the period	**(270)**	**614**
Items which may be reclassified subsequently to profit/(loss)		
Profit/(loss) from recalculation of AFS assets, net of fiscal effect	(58,069)	(387)
Total other items of the Comprehensive Income Statement	**(58,069)**	**(387)**
Total comprehensive profit/(loss)	**(58,339)**	**227**
Attributable to:		
Parent Company shareholders	(58,339)	227
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
Balance at January 1st 2015	**125,000**	**(18,865)**	**(1,334)**	**26,140**	**492,796**	**(37,194)**	**586,543**		**586,543**
Prior year result carried forward					(37,194)	37,194	-		-
Acquisition of treasury shares			(225)				**(225)**		**(225)**
Total operations with shareholders	-	-	**(225)**	-	**(37,194)**	**37,194**	**(225)**	-	**(225)**
Change in fair value reserve				(387)			**(387)**		**(387)**
Net Result						614	**614**		**614**
Total comprehensive profit/(loss)	-	-	-	**(387)**	-	**614**	**227**	-	**227**
Balance at June 30th 2015	**125,000**	**(18,865)**	**(1,559)**	**25,753**	**455,602**	**614**	**586,545**	-	**586,545**
Balance at January 1st 2016	**125,000**	**(18,865)**	**(1,844)**	**19,708**	**456,063**	**(20,131)**	**559,931**		**559,931**
Prior year result carried forward					(20,131)	20,131	-		-
Acquisition of treasury shares					(88)		**(88)**		**(88)**
Total operations with shareholders	-	-	-	-	**(20,219)**	**20,131**	**(88)**	-	**(88)**
Change in fair value reserve				(58,069)			**(58,069)**		**(58,069)**
Net Result						(270)	**(270)**	-	**(270)**
Total comprehensive loss	-	-	-	**(58,069)**	-	**(270)**	**(58,339)**	-	**(58,339)**
Balance at June 30th 2016	**125,000**	**(18,865)**	**(1,844)**	**(38,361)**	**435,844**	**(270)**	**501,504**	-	**501,504**

Consolidated Cash Flow Statement

in thousands of Euro	Note	*H1 2016*	*H1 2015*
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**12**	**157,813**	**155,494**
Net loss for the period		(270)	614
Amortisation & Depreciation		3,251	3,306
(Revaluations) and write-downs		972	1,195
Net financial income/(charges)		(4,372)	(3,837)
(Gains)/losses on disposals		(12)	(491)
Income taxes		(1,401)	(1,057)
Changes in employee provisions		(1,984)	(716)
Changes in current and non-current provisions		32	(430)
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(3,784)**	**(1,416)**
(Increase) Decrease in inventories		370	255
(Increase) Decrease in Trade receivables		5,752	2,794
Increase (Decrease) in Trade payables		396	474
Change in other current and non-current liabilities		(2,157)	(5,887)
Change in deferred and current income taxes		1,127	653
OPERATING CASH FLOW		**1,704**	**(3,127)**
Dividends received		4,104	3,420
Interest received		313	456
Interest paid		(568)	(495)
Income taxes paid		(1,622)	(447)
A) CASH FLOW FROM OPERATING ACTIVITIES FINANCIAL STATEMENTS		**3,931**	**(193)**
Investments in intangible fixed assets		(317)	(57)
Investments in tangible fixed assets		(129)	(225)
Non-current investments and securities		-	(1,197)
Sale of intangible and tangible assets		34	3
Sale of equity investments and non-current securities		1,055	964
Change in non-current financial assets		(2)	(21)
Change in current financial assets		-	(4)
B) CASH FLOW FROM INVESTING ACTIVITIES INVEST.		**641**	**(537)**
Change in current financial liabilities		160	3,727
Other changes		(88)	(225)
C) CASH FLOW FROM FINANCING ACTIVITIES RE-VALUATIONS		**72**	**3,502**
D) Effect exchange differences on cash & cash equivalents		-	(177)
Change in net liquidity		**4,644**	**2,595**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**12**	**162,457**	**158,089**

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NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2016

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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 2016, the shareholders with significant holdings in accordance with Article 120 of Legislative Decree No. 58 of February 24th 1998, as per the Shareholders' Register, the communications received 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%)

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

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

The Consolidated Condensed Financial Statements at June 30th 2016 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 27th 2016.

Compliance with international accounting standards approved by the European Commission

The condensed consolidated half-year financial statements at June 30th 2016 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 2016 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 2015.

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 2015, with the exception of those described below in the notes – new accounting standards.

The 2015 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 on the basis of the specific rates applicable for 2016.

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	30.06.2016	31.12.2015	**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%	100%	publishing
Finced Srl	Rome	100%	100%	finance
Ced Digital & Servizi Srl	Rome	100%	100%	publishing
Corriere Adriatico SpA	Ancona	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%	advertising
Servizi Italia 15 S.r.l.	Rome	100%	-	services
Stampa Roma 2015 Srl	Rome	100%	-	printing
Stampa Napoli 2015 Srl	Rome	100%	-	printing

(1) Held by Il Gazzettino SpA

On March 22th 2016, the companies Stampa Roma 2015 Srl and Stampa Napoli 2015 Srl were incorporated, following the partial spin-off of the printing activities from Il Messaggero Spa and Il Mattino Spa respectively. Both operations are effective from April 1st 2016. The Group, through the above-mentioned corporate operations, which had no impact on the condensed half-year financial statements, continues the re-organisational process initiated in the previous year, with the objective to create an organisational structure based on functional areas.

Associated Companies

The consolidation scope includes the following associated company:

	Registered office	30.06.2016	31.12.2015
Rofin 2008 Srl	Rome	30.00%	30.00%

Accounting standards and amendments to standards adopted by the Group

Accounting standards and interpretations first application:

From January 1st 2016 the Group adopted the following new accounting standards:

- *"Equity Method in Separate Financial Statements (Amendments to IAS 27)"*. This document was adopted by the European Union under Regulation No. 2441 of December 18th 2015. The amendments will allow entities to use the equity method to measure investments in subsidiaries, joint ventures and associates in the separate financial statements.
- Amendments to IAS 1 "*Presentation of Financial Statements*". These amendments were adopted by the European Union under Regulation No. 2441 of December 18th 2015. The initiative is part of the Disclosure Initiative project to improve the presentation and communication of financial information in financial reports and to resolve a number of issues highlighted by operators.
- *"Annual Improvements to IFRSs: 2012-2014 Cycle".* This document was adopted by the European Union under Regulation No. 2343 of December 15th 2015. The amendments introduced concern the following standards: IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments:* Disclosure, IAS 19 Employee Benefits, IAS 34 Interim Financial Reporting.
- "*Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)";* these amendments 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.
- "*Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 Joint Arrangements)*". This document was adopted by the European Union under Regulation No. 2173 of November 24th 2015. The amendments to IFRS 11 clarify the method for recognition of holdings acquired in a joint operation.
- Amendments to IAS 16 and IAS 41 concerning Bearer Plants. According to these amendments, cultivation may be recorded at cost instead of at fair value. Otherwise, the amount continues to be recognised at fair value.

New accounting standards and interpretations:

At the date of the approval of the present condensed consolidated half-year financial statements, 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 July 24th 2014, the IASB published IFRS 9 – *"Financial instruments".* The document incorporates the results of the classification and measurement, derecognition, impairment and hedge accounting phases of the IASB project to replace IAS 39. The new standard replaces the previous versions of IFRS 9. As noted, the IASB in 2008 initiated a phased project for the replacement of IFRS 9. In 2009, they published the first version of IFRS 9 which considers the measurement and classification of financial assets; subsequently, in 2010 the rules concerning financial liabilities and derecognition were published (this latter issue was entirely incorporated by IAS 39). In 2013, IFRS 9 was amended to include the general model of hedge accounting. In September 2015, EFRAG completed its due process for the issue of the endorsement advice, which was thereafter presented to the European Commission. The endorsement advice recommends that all companies apply IFRS 9 from 2018, with optional application for the insurance sector. Approval by the EU is expected in the fourth quarter of 2016.
- 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 European Commission has currently suspended the Endorsement Process ahead of the issue of the definitive accounting standard by the IASB.
- On May 28th 2014, the IASB published "IFRS 15 — *Revenue from Contracts with Customers*". The standard is a single and complete framework for the recognition of revenues and sets the rules to be applied to all contracts with customers (with the exception of contracts which fall within the scope of the standards on leasing, on insurance contracts and on financial instruments). IFRS 15 replaces the previous

standards on revenues: IAS 18 *Revenue* and IAS 11 *Construction Contracts*, in addition to the interpretations IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*. 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. On September 11th 2015, the IASB published the Amendments to IFRS 15, which postponed the entry into force of the standard by one year to January 1st 2018. Earlier application is however permitted. Approval by the EU is expected in the third quarter of 2016. In addition, on April 12th 2016 IASB published the document "*Clarifications to IFRS 15 Revenue from Contracts with Customers*". This amendment does not change the provisions within the standard but clarifies how these principles should be applied. In particular, clarifications were provided (i) on how to identify a performance obligation in a contract, (ii) how to determine if an entity is a principal or an agent and (iii) how to determine when the revenue should be recognised from concession licenses. The entry into force of this amendment, whose approval by the EU is expected in the first quarter of 2017, is also fixed for January 1st 2018.

- On January 13th 2016, the IASB published the 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 calculation of operating and finance leases, while also presenting elements which simplify application. Advance application is permitted for entities applying also IFRS 15 *Revenues from Contracts with Customers*. The conclusion of EFRAG's due process is expected in the second half of 2016.
- On September 11th 2014, the IASB published the document *"Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)"*, in order to resolve a conflict between IAS 28 and IFRS 10. According to IAS 28, the profit or loss from the sale or conferment of a non-monetary asset to a joint venture or associate in exchange for a share of the capital of this latter is limited to the share held by external investors to the transaction. On the

other hand, IFRS 10 provides for the recognition of the entire profit or loss in the case of loss of control, also if the entity continues to hold a non-controlling holding, including also upon the sale or conferment of a subsidiary to a joint venture or associate. The amendments introduced provide that for the disposal/conferment of an asset or a subsidiary to a joint venture or associated company, the measurement of the profit or the loss to be recognised to the financial statements of the disposing company/conferring company depends on whether the asset or the subsidiary disposed of/conferred is a business as defined by IFRS 3. In the case in which the assets or the subsidiary disposed of/conferred are considered a business, the entity must recognise the profit of the loss on the entire share previously held; while in the contrary case, the share of profit or loss concerning the stake still held by the entity must be eliminated. In December 2015, the IASB published the Amendment which defers for an unspecified period of time the entry into force of the amendments to IFRS 10 and IAS 28.

- On December 18th 2014, the IASB published the document *"Investment Entities: Applying the Consolidation Exception* (*Amendments to* IFRS 10, IFRS 12 and IAS 28)". The amendment clarifies three issues concerning the consolidation of an investment entity. Approval by the EU is expected in the third quarter of 2016.
- On January 19th 2016, the IASB published amendments to IAS 12 Income Tax. The document "Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)" clarifies the calculation of deferred tax assets on debt instruments measured at fair value. The changes are applied from January 1st 2017. Earlier application is permitted. Approval by the EU is expected at the end of 2016.
- On January 29th 2016, the IASB published amendments to IAS 7 Statement of cash flows. The Disclosure Initiative document (Amendments to IAS 7) seeks to improve the presentation and communication of financial information in financial reports and to resolve a number of issues highlighted by operators. These changes will be applied from January 1, 2017. Approval by the EU is expected at the end of 2016.
- On June 20th 2016, the IASB published amendments to IFRS 2 *Share-based Payment.* The document "*Classifications and Measurement of Share-based Payment Transactions (Amendments to IFRS 2*)" resolves some issues relating to the recognition 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. These changes will be applied from January 1, 2018. Approval by the EU is expected at the end of 2017.

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 2016 of Euro 100 million compared to a Group net equity of Euro 501.5 million). The share price was affected by the generally weak and highly volatile financial market conditions, which significantly differ from an assessment based on the Group's underlying fundamentals expressed by the value in use. Considering that the complex economic environment was reflected previously in the cash flow estimate and discounting rate estimate used for the impairment tests at December 31st 2015, these values are confirmed, based on the capacity to generate cash flows or the determination of specific fair values, rather than stock market values which also reflect developments not strictly related to the Group, with a particular short-term focus.

It should however be considered that the total value of cash and cash equivalents, of available-for-sale financial assets and the Newspaper Titles account for 97% of the Consolidated Net Equity.

ASSETS

1. Intangible assets with definite life

Historical cost	Research & development	Patents	Trademarks and Concessions	Others	Total
01.01.2015	762	1,533	1,672	5,688	**9,655**
Increases			3	347	**350**
Decreases					**-**
31.12.2015	**762**	**1,533**	**1,675**	**6,035**	**10,005**
01.01.2016	762	1,533	1,675	6,035	**10,005**
Increases			30	287	**317**
Decreases					**-**
30.06.2016	**762**	**1,533**	**1,705**	**6,322**	**10,322**

Amortisation & loss in value	Research & development	Patents	Trademarks and Concessions	Others	Total
01.01.2015	762	1,531	1,639	5,409	**9,341**
Increases		2	8	258	**268**
Decreases					**0**
31.12.2015	**762**	**1,533**	**1,647**	**5,667**	**9,609**
01.01.2016	762	1,533	1,647	5,667	**9,609**
Increases			12	90	102
Decreases					-
30.06.2016	**762**	**1,533**	**1,659**	**5,757**	**9,711**
Net value					
01.01.2015	-	**2**	**33**	**279**	**314**
31.12.2015	-	-	**28**	**368**	**396**
30.06.2016	-	-	**46**	**565**	**611**

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%
Others	28.0%

2. Intangible assets with indefinite life

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 intangible assets with indefinite life:

Historical cost	Goodwill	Newspaper titles	Total
01.01.2015	**189,596**	**286,794**	**476,390**
Increases			-
Decreases			-
31.12.2015	**189,596**	**286,794**	**476,390**
01.01.2016	**189,596**	**286,794**	**476,390**
Increases			-
Decreases			-
30.06.2016	**189,596**	**286,794**	**476,390**

Write-downs	Goodwill	Newspaper titles	Total
01.01.2015	**123,222**	**35,891**	**159,113**
Increases	21,000	1,000	**22,000**
Decreases			-
31.12.2015	**144,222**	**36,891**	**181,113**
01.01.2016	**144,222**	**36,891**	**181,113**
Increases			-
Decreases			-
30.06.2016	**144,222**	**36,891**	**181,113**
Net value			
01.01.2015	**66,374**	**250,903**	**317,277**
31.12.2015	**45,374**	**249,903**	**295,277**
30.06.2016	**45,374**	**249,903**	**295,277**

The goodwill is allocated to each CGU of the Newspaper Titles and the advertising agency.

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

	01.01.2015	Increases	Decreases	Write-downs	31.12.2015
Il Messaggero S.p.A.	90,808				90,808
Il Mattino SpA	44,496				44,496
Quotidiano di Puglia SpA	16,031			(400)	15,631
Corriere Adriatico SpA	12,178			(600)	11,578
Il Gazzettino S.p.A.	87,387				87,387
Other minor newspaper titles	3				3
Total	**250,903**	**-**	**-**	**(1,000)**	**249,903**

	01.01.2016	Increases	Decreases	Write-downs	30.06.2016
Il Messaggero S.p.A.	90,808				90,808
Il Mattino SpA	44,496				44,496
Quotidiano di Puglia SpA	15,631				15,631

Corriere Adriatico SpA	11,578				11,578
Il Gazzettino S.p.A.	87,387				87,387
Other minor newspaper titles	3				3
Total	**249,903**	-	-	-	**249,903**

In order to assess whether to carry out impairments tests on the Group's intangible assets with indefinite life, comprising goodwill and the Newspaper Titles forming part of the cash generating unit (CGU) managed by the Group, 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 2016 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 income statement accounts reported in H1 2016 compared to 2016 budget forecasts.

In relation to the development of the WACC, an updated estimate of this rate was carried out using the same method applied for the corresponding valuation at December 31st 2015. The results indicate a WACC of 6.7%, unchanged on the estimate at December 31st 2015.

In relation to the differences between Budget and the reported results for the first half of 2016, the EBITDA, net of personnel restructuring charges during the days of strike which impacted profits, was in line with expectations.

For the extraordinary charges, it should be noted that although they will have a significant impact on costs for 2016, they will enable personnel costs savings on the forecast of the financial plan prepared for the purposes of the impairment test on Group intangible assets at December 31st 2015.

In light of that stated above, in the absence of significant elements concerning the impairment of the CGU's intangible items, it was not considered necessary to carry out an estimate in the period of the recoverable value of the intangible assets and goodwill.

3. Property, plant and equipment

Historical cost	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2015	8,838	51,323	97,687	860	22,012	0	**180,720**
Increases		3	75	3	447	16	**544**
Decreases			(142)	(4)	(160)		**(306)**
31.12.2015	**8,838**	**51,326**	**97,620**	**859**	**22,299**	**16**	**180,958**
01.01.2016	8,838	51,326	97,620	859	22,299	16	**180,958**
Increases			53			76	129
Decreases			(10)	(45)	(1)		(56)
Reclassifications					4	(4)	-
30.06.2016	**8,838**	**51,326**	**97,663**	**814**	**22,302**	**88**	**181,031**

Depreciation & loss in value	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2015	-	22,495	85,110	809	20,720	-	**129,134**
Increases		1,562	4,199	32	628		**6,421**
Decreases			(142)	(4)	(157)		**(303)**
31.12.2015	-	**24,057**	**89,167**	**837**	**21,191**	-	**135,252**
01.01.2016	-	24,057	89,167	837	21,191	-	**135,252**
Increases		785	2,093	9	2		3,149
Decreases			4	(45)			(301)
30.06.2016	-	**24,842**	**91,264**	**801**	**21,193**	-	**138,100**
Net value							
01.01.2015	**8,838**	**28,828**	**12,577**	**51**	**1,292**	**0**	**51,586**
31.12.2015	**8,838**	**27,269**	**8,453**	**22**	**1,108**	**16**	**45,706**
30.06.2016	**8,838**	**26,484**	**6,399**	**13**	**1,109**	**88**	**42,931**

4. Investments valued at equity

	01.01.2015	Increases (Decreases) through P&L	Reval (WD)	Increases/ (Decreases)	Other changes	31.12.2015
Rofin 2008 S.r.l.	3					3
Total	**3**	-	-		**0**	**3**

	01.01.2016	Increases (Decreases) through P&L	Reval (WD)	Increases /(Decreases)	Other changes	30.06.2016
Rofin 2008 S.r.l.	3					3
Total	**3**	-	-	-	-	**3**

5. Equity investments and non-current securities

Equity investments and non-current securities	01.01.2015	Increases/ (Decreases)	Write-downs	Fair value change	31.12.2015
Investments in other companies valued at cost	1,303	100	(61)		1,342
Investments in other companies available-for-sale	134,868	5,605		(6,543)	133,930
Total	**136,171**	**5,705**	**(61)**	**(6,543)**	**135,272**

Equity investments and non-current securities	01.01.2016	Increases/(Decreases)	Write-downs	Fair value change	30.06.2016
Investments in other companies valued at cost	1,342	(100)			1,242
Investments in other companies available-for-sale	133,930	(380)		(59,034)	74,516
Total	**135,272**	**(480)**	-	**(59,034)**	**75,758**

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

Investments in other companies	Registered office	%	01.01.2015	Increases /(Decreases)	Write-downs	31.12.2015
Euroqube		14.82	52		(52)	-
Ansa		6.71	1,166			1,166
E-Care		0.59	27		(9)	18
Other minor			58	100		158
Total			**1,303**	**100**	**(61)**	**1,342**

Investments in other companies		01.01.2016	Increases/ (Decreases)	Write-downs	30.06.2016
Euroqube	14.82	-			-
Ansa	6.71	1,166			1,166
E-Care	0.59	18			18
Other minor		158	(100)		58
Total		**1,342**	**(100)**	**0**	**1,242**

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	01.01.2015	Increases	Decreases	Share capital increases	Fair value change	31.12.2015
Assicurazioni Generali SpA	96,900				(456)	96,444
Unicredit SpA	37,968	12,142	(7,400)	863	(6,087)	37,486
Total	**134,868**	**12,142**	**(7,400)**	**863**	**(6,543)**	**133,930**

	01.01.2016	Increases	Decreases	Share capital increases	Fair value change	30.06.2016
Assicurazioni Generali SpA	96,444				(36,309)	60,135
Unicredit SpA	37,486		(1,219)	839	(22,725)	14,381
Total	**133,930**	**-**	**(1,219)**	**839**	**(59,034)**	**74,516**

Number

	01.01.2015	Increases	Decreases	Share capital increases	31.12.2015
Assicurazioni Generali SpA	5,700,000				5,700,000
Unicredit SpA	7,116,666	2,183,334	(2,146,000)	146,000	7,300,000

	01.01.2016	Increases	Decreases	Share capital increases	30.06.2016
Assicurazioni Generali SpA	5,700,000				5,700,000
Unicredit SpA	7,300,000		(317,391)	317,391	7,300,000

In the half-year, Unicredit SpA distributed a dividend through the allocation of 317,391 newly-issued shares (as an alternative to cash distribution), for a value of Euro 839 thousand.

The valuation at fair value of these investments at June 30th 2016 was recorded to the Comprehensive Income Statement in the Shareholders' Equity reserve for Euro 59 million, excluding the positive tax effect of Euro 965 thousand.

Fair Value reserve

	01.01.2015	Increases	Decreases	31.12.2015
Fair Value reserve	26,515		(6,542)	19,973
Tax effect	(375)	110		(265)
Fair value reserve, net of tax effect	**26,140**	**110**	**(6,542)**	**19,708**
Changes in the period				**(6,432)**

	01.01.2016	Increases	Decreases	30.06.2016
Fair Value reserve	19,973		(59,034)	(39,061)
Tax effect	(265)	965		700
Fair value reserve, net of tax effect	**19,708**	**965**	**(59,034)**	**(38,361)**
Changes in the period				**(58,069)**

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 44 thousand, principally relates to receivables for deposits due within five years.

7. Other non-current assets

The account, equal to Euro 80 thousand, comprises various assets of minor value.

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:

	01.01.2015	Provisions	Utilizations	Change in consolidation scope	Other changes	31.12.2015
Deferred tax assets	47,751	3,254	(2,072)	(5,588)	(120)	43,225
Deferred tax liabilities	66,282	2,060	(1,909)	(6,972)	(107)	59,354
Net deferred tax assets	**(18,531)**	**1,194**	**(163)**	**1,384**	**(13)**	**(16,129)**

	01.01.2016	Provisions	Utilizations	Change in consolidation scope	Other changes	30.06.2016
Deferred tax assets	43,225	2,354	(633)		700	45,646
Deferred tax liabilities	59,354	1,030	(759)		(262)	59,363
Net deferred tax assets	**(16,129)**	**1,324**	**126**	**-**	**962**	**(13,717)**

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 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:

	30.06.2016	31.12.2015
Receivables for direct taxes	2,115	1,912
Reimbursement request of direct taxes	14	38
Payables for IRES/IRAP/substitute taxes	(241)	(510)
Total	**1,888**	**1,440**

The income taxes for the year consist of:

	30.06.2016	30.06.2015
Current taxes	44	84
Prior year taxes	5	16
Current taxes	**49**	**100**
Provision for deferred tax liabilities	1,030	1,146
Utilisation of deferred tax liabilities	(759)	(962)
Deferred tax charges	**271**	**184**
Recording of deferred tax assets	(2,354)	(2,086)
Utilisation of deferred tax assets	633	745
Deferred tax income	**(1,721)**	**(1,341)**
Total income taxes	**(1,401)**	**(1,057)**

Current and deferred IRES tax	(1,649)	(1,344)
Current and deferred IRAP tax	248	287
Total income taxes	**(1,401)**	**(1,057)**

The current income taxes comprise only IRAP taxes.

9. Inventories

Inventories at June 30th 2016 amount to Euro 1.9 million (Euro 2.3 million at December 31st 2015) and consist exclusively of raw materials (principally paper and ink), ancillary and consumables.

The change of inventory recorded in the income statement amounts to an increase of Euro 574 thousand and is included in the account Raw material costs (see Note 21).

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.

10. Trade receivables

The breakdown is as follows:

	30.06.2016	31.12.2015
Trade receivables	58,452	65,404
Doubtful debt provision	(10,525)	(10,774)

Trade receivables	**47,927**	**54,630**
Receivables from related parties	567	558
Advances to suppliers	19	49
Trade receivables beyond 12 months	1,959	1,959
Doubtful debt provision beyond 12 months	(1,580)	(1,580)
Total trade receivables	**48,892**	**55,616**

Trade receivables principally relate to Group advertising revenues from the advertising agency Piemme SpA (Euro 42.9 million).

The doubtful debt provision was utilised in the year for Euro 1.2 million and increased by Euro 972 thousand for the provisions made in the period.

The general valuation criteria of receivables, considered financial assets within the scope of IAS 39, are illustrated in the accounting policies.

In particular, receivables, as considered financial assets, are measured at amortised cost, on the basis of the effective interest rate (identified as their nominal value).

When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. Impairments are recognized to the income statement.

When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost where no write-down had been applied.

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

The estimate of the Doubtful debt provision is made, in consideration of the highly fragmented nature of the debt positions, through an assessment of the maturity of receivables by similar type, referring to historical-statistical analysis on the probability of recovery. The write-down process requires however that individual commercial positions of significant amounts and for which an objective solvency condition is apparent are subject to individual write-downs.

The estimate of the Doubtful debt provision of Piemme SpA and of the Caltagirone Editore Group, although mainly concerning overdue receivables, was made on a reasonably conservative basis, covering also any potential losses on receivables not in dispute.

11. Other current assets

The breakdown is as follows:

	30.06.2016	31.12.2015
Employee receivables	432	426
VAT receivables	83	48
Other receivables	1,552	1,516
Prepaid expenses	926	478
Total other current assets	**2,993**	**2,468**

12. Cash and cash equivalents

The breakdown is as follows:

	30.06.2016	31.12.2015
Bank and postal deposits	160,731	157,603
Bank and postal deposits with related parties	1,514	172
Cheques	144	-
Cash in hand and similar	68	38
Total cash and cash equivalents	**162,457**	**157,813**

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 1.62 million. A decrease in interest rates of the same level would have a corresponding negative impact. The average interest rate on the bank deposits was 0.2%.

SHAREHOLDERS' EQUITY & LIABILITIES

13. Shareholders' Equity

	30.06.2016	31.12.2015
Share Capital	125,000	125,000
Listing charges	(18,865)	(18,865)
Treasury shares	(1,932)	(1,844)
Fair Value reserve	(38,361)	19,708
Other Reserves	435,932	456,063
Net Loss	(270)	(20,131)
Group net equity	**501,504**	**559,931**
Minority interest N.E.	-	-
Total net equity	**501,504**	**559,931**

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 2016 Caltagirone Editore SpA had 1,945,019 treasury shares in portfolio, comprising 1.556% of the share capital for a value of Euro 1,931,984.

The fair value reserve, negative for Euro 38.4 million, includes the net change for the period – a decrease of Euro 58.1 million - to adjust the market value of the investments in other companies available-for-sale;

The Other Reserves include:

- Share premium reserve of Euro 480.8 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 87.7 million;
- Treasury Shares reserve of Euro 1.9 million;
- The actuarial losses reserve relating to the application of IAS 19 for post-employment benefits, negative for Euro 2.2 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.

14. Personnel

Employee benefit plans

The movements in the Employee benefits provision were as follows:

	30.06.2016	31.12.2015
Net liability at beginning of period	24,745	28,011
Current cost in the period (service costs)	174	138
Interest charge (interest cost)	152	428
Actuarial profits/(losses)	-	(585)
(Services paid)	(1,638)	(3,217)
Reclassifications	(520)	-
Other changes	-	(30)
Net liability at end of period	**22,913**	**24,745**

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 2016	H1 2015
Wages and salaries	23,588	25,185
Social security charges	8,349	8,995
Post-employment benefit	174	154
Post-employment benefit to Complementary Fund	1,374	1,538
Other costs	1,461	1,662
Total personnel costs	**34,946**	**37,534**

The "Other costs" include restructuring charges of Euro 570 thousand (Euro 666 thousand in H1 2015, considering also leaving incentives) for the reorganisation and restructuring processes in place.

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

	30.06.2016	31.12.2015	Average 2016	Average 2015
Executives	22	22	22	22
Managers & white collar	219	238	219	243
Journalists	419	431	418	438
Print workers	103	110	104	116
Total	**763**	**801**	**763**	**819**

15. Provisions for risks and charges

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2015	7,570	182	1,161	**8,913**
Provisions	452	187	37	**676**
Utilisations	(381)	(182)	(746)	**(1,309)**
Balance at December 31st 2015	**7,641**	**187**	**452**	**8,280**
of which:				
Current portion	2,194		452	**2,646**
Non-current portion	5,447	187	0	**5,634**
Total	**7,641**	**187**	**452**	**8,280**
Balance at January 1st 2016	7,641	187	452	**8,280**
Provisions	195			**195**
Utilisations	(664)	(8)	(12)	**(684)**
Reclassifications	520			**520**
Balance at June 30th 2016	**7,692**	**179**	**440**	**8,311**
of which:				
Current portion	2,593		440	**3,033**
Non-current portion	5,099	179		**5,278**
Total	**7,692**	**179**	**440**	**8,311**

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 condensed half-year consolidated financial statements, considering the difficulty in estimating charges and the timing connected to each single case.

16. Current and non-current financial liabilities

	30.06.2016	31.12.2015
Bank payables	5,688	8,306
Non-current financial payables	**5,688**	**8,306**
Bank payables	18,195	15,985
Payables to related companies	5,882	5,337
Short-term portion of non-current loans	5,219	5,195
Current financial liabilities	**29,296**	**26,517**

The non-current financial liabilities to banks are represented by a loan to finance the construction in 2005 of a printing centre located at Torre Spaccata in Rome. The loan is at a variable interest rate (Euribor at 6 months + spread 0.5%) amounting to Euro 60 million, granted by Intesa Sanpaolo SpA to the company S.E.M. SpA, incorporated in 2006 into Il Messaggero SpA. The first capital repayment was made in December 2005 while the final repayment is due in June 2018. In addition, a special privileged guarantee was given on the factory assets amounting to Euro 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 350 thousand. A decrease in interest rates of the same level would have a corresponding positive impact.

The value of the financial liabilities approximates their fair value.

17. Other current and non-current liabilities

	30.06.2016	31.12.2015
Other non-current liabilities		
Other payables	378	113
Deferred income	1,605	1,619
Total	**1,983**	**1,732**
Other current liabilities		
Social security institutions	4,100	6,668
Employee payables	8,243	6,126
VAT payables	974	288
Withholding taxes	2,335	3,351
Other payables	8,310	9,168
Payables to related companies	21	29
Deferred income	509	575
Total	**24,492**	**26,205**

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.

18. Trade payables

	30.06.2016	31.12.2015
Trade payables	22,101	22,475
Payables to related companies	2,873	2,103
Total	**24,974**	**24,578**

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

19. Revenues from sales and services

	H1 2016	H1 2015
Circulation revenues	29,195	32,295
Promotions	342	202
Advertising	43,940	44,906
Total revenues from sales and services	**73,477**	**77,403**
of which related parties	*425*	*577*

Revenues are commented upon in detail in the Directors' Report, to which reference is made.

20. Other operating income

	H1 2016	H1 2015
Operating grants	-	12
Recovery of expenses from third parties	510	1,086
Capital grant contributions	37	37
Prior year income	164	257
Other revenue	1,881	1,458
Total other operating revenues	**2,592**	**2,850**
of which related parties	*35*	*62*

21. Raw material costs

	H1 2016	H1 2015
Paper	5,143	5,886
Other publishing materials	1,420	1,743
Change in inventory of raw materials and goods	574	256
Total raw materials costs	**7,137**	**7,885**

22. Other operating charges

	H1 2016	H1 2015
Editorial services	6,434	6,667
Transport and delivery	3,884	4,106
Outside contractors	2,540	2,742
Advertising & promotions	1,503	582
Commissions and agent costs	3,241	3,306
Utilities and power	1,192	1,191
Maintenance and repair costs	1,686	1,226
Consultancy	1,846	1,667
Purchase of advertising space third parties	2,447	1,683
Directors and statutory auditors fees	968	1,093
Insurance, postal and telephone	404	446
Other costs	4,581	5,174
Total service costs	**30,726**	**29,883**
Rental	2,791	2,993
Hire	390	383
Total rent, lease and hire costs	**3,181**	**3,376**
Other operating charges	1,695	1,476
Others	9	32
Total other costs	**1,704**	**1,508**
Total other operating costs	**35,611**	**34,767**
of which related parties	*3,072*	*3,381*

23. Amortisation, depreciation, provisions & write-downs

	H1 2016	H1 2015
Amortisation of intangible assets	102	104
Depreciation of property, plant & equipment	3,149	3,201
Provision for risks and charges	195	338
Doubtful debt provision	972	1,174
Total amortisation, depreciation, provisions & write-downs	**4,418**	**4,817**

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

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

Financial income	H1 2016	H1 2015
Dividends	4,943	4,283
Interest income from bank deposits	270	445
Gains on investments	-	491
Other financial income	43	11
Total	**5,256**	**5,230**
of which related parties	*4,943*	*4,283*

Financial charges	H1 2016	H1 2015
Loss on sale of investments	164	-
Write-down of investments	-	21
Loan interest	37	73
Interest on bank accounts	402	280
Interest on leaving indemnity	152	229
Banking commissions and charges	98	107
Exchange losses	-	177
Other financial expenses	31	36
Total	**884**	**923**
of which related parties	*119*	*82*

Financial result	**4,372**	**4,307**

The dividends included in financial income relates to the shareholding in Assicurazioni Generali SpA for Euro 4.1 million and Unicredit SpA for Euro 0.8 million (dividend on 317,391 newly issued shares).

25. 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 2016	H1 2015
Net Result	(270)	614
Number of ordinary shares outstanding (thousands)	123,097	123,556
Basic earnings (loss) per share	**-0.002**	**0.005**

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 2016 no dividends were distributed.

26. Other comprehensive income statement items

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

	30.06.2016			30.06.2015		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Financial instruments	(59,034)	965	(58,069)	(360)	(27)	(387)

27. 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.

31.12.2015 (Euro '000)	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions							
Trade receivables	4		83	471	558	55,616	1.0%
Cash and cash equivalents				172	172	157,813	0.1%
Trade payables	1,830		106	167	2,103	24,578	8.6%
Current financial liabilities				5,337	5,337	26,517	20.1%
Other current liabilities				29	29	26,205	0.1%
Income statement transactions							
Revenues	23		277	496	796	156,885	0.5%
Other operating revenues			98		98	6,148	1.6%
Other operating costs	1,000		5,090	328	6,418	71,327	9.0%
Financial income				4,283	4,283	10,713	40.0%
Financial charges				258	258	2,032	12.7%

30.06.2016	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions							
Trade receivables	13		234	320	567	48,892	1.2%
Cash and cash equivalents				1,514	1,514	162,457	0.9%
Trade payables	2,330	13	334	196	2,873	24,974	11.5%

Current financial liabilities				5,882	**5,882**	**29,296**	20.1%
Other current liabilities			21		**21**	**24,492**	0.1%
Income statement transactions							
Revenues	9		161	255	**425**	**73,477**	0.6%
Other operating revenues			35		**35**	**2,892**	1.2%
Other operating costs	500		2,572		**3,072**	**35,711**	8.6%
Financial income				4,943	**4,943**	**5,256**	94.0%
Financial charges				119	**119**	**884**	13.5%

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

Cash and cash equivalents and current financial liabilities and financial charges concern the operations in place at June 30th 2016 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 year.

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 from companies under common control.

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

28. 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 and Advertising*	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
H1 2015						
Sector revenues – third parties	78,743	1,511	(1)	80,253	-	80,253
Inter-segment revenues	-	926	(36)	890	(890)	-
Segment revenues	**78,743**	**2,437**	**(37)**	**81,143**	**(890)**	**80,253**
Segment EBITDA	742	(638)	(37)	**67**		**67**
Depreciation, amortisation, provisions & write-downs	4,787	30		4,817		4,817
EBIT	**(4,045)**	**(668)**	**- 37**	**(4,750)**	-	**(4,750)**
Results of the financial management						4,307
Net result of the share of associates						-
Loss before taxes						**(443)**
Income taxes						1,057
Net Profit						**614**

	Newspapers and Advertising	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
Segment assets	443,822	328,967		772,789		772,789
Segment liabilities	178,182	8,062		186,244		186,244
Equity investments valued at net equity		2		2		2
Investments in intangible and tangible fixed assets	351	30		381		381

In thousands of Euro	*Newspapers and Advertising*	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
H1 2016						
Sector revenues – third parties	76,008	6	55	76,069	-	76,069
Inter-segment revenues	56	345	(55)	346	(346)	-
Segment revenues	**76,064**	**351**	**0**	**76,415**	**(346)**	**76,069**
Segment EBITDA	(747)	(878)		**(1,625)**		**(1,625)**
Depreciation, amortisation, provisions & write-downs	4,417	1		4,418		4,418
EBIT	**(5,164)**	**(879)**	-	**(6,043)**	-	**(6,043)**
Results of the financial management						4,372
Net result of the share of associates						-
Loss before taxes						**(1,671)**
Income taxes						1,401
Net Loss						**(270)**

	Newspapers and Advertising	*Other activities*	*Consol. Adjustments*	*Consolidated pre-segment eliminations*	*Segment eliminations*	*Consolidated*
Segment assets	409,371	269,153		678,524		678,524
Segment liabilities	168,345	8,675		177,020		177,020
Equity investments valued at net equity		3		3		3
Investments in intangible and tangible fixed assets	680			680		680

29. Net Financial Position

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

In thousands of Euro	30.06.2016	30.06.2015
A. Cash	212	55
B. Bank deposits	162,245	158,034
D. Liquidity (A)+(B)	**162,457**	**158,089**
E. Current financial receivables	**-**	**4**
F. Bank payables – current portion	24,077	16,944
G. Current portion of long-term loans	5,219	5,171
H. Current payables to other lenders	-	-
I. Current debt (F)+(G)+(H)	**29,296**	**22,115**
J. Net current cash position (I)-(E)-(D)	**(133,161)**	**(135,978)**
K. Non-current bank payables	5,688	10,916
L. Non-current payables to other lenders	-	-
M. Non-current financial debt (K)+(L)	**5,688**	**10,916**
N. Net Cash Position (J)+(M)	**(127,473)**	**(125,062)**

30. 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 15	Note	Level 1	Level 2	Level 3	Total
AFS Financial assets valued at fair value	7	133,930			133,930
Total assets		**133,930**	-	-	**133,930**

(Euro '000) June 30th 16	Note	Level 1	Level 2	Level 3	Total
AFS Financial assets valued at fair value	7	74,516			74,516
Total assets		**74,516**	-	-	**74,516**

In the first half of 2016 there were no transfers between the various levels.

DECLARATION OF THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

CALTAGIRONE EDITORE

Società per Azioni - Cap.Soc. Euro 125.000.000

Attestazione del bilancio consolidato semestrale abbreviato ai sensi dell'art. 81-ter del Regolamento Consob n.11971 del 14 maggio 1999 e successive modifiche e integrazioni.

1. I sottoscritti Cav. Lav. Francesco Gaetano Caltagirone, Presidente del Consiglio di Amministrazione e Dott. Fabrizio Caprara, Dirigente preposto alla redazione dei documenti contabili societari della Caltagirone Editore S.p.A. attestano, tenuto anche conto di quanto previsto dall'art. 154-bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:

    - l'adeguatezza in relazione alle caratteristiche dell'impresa e
    - l'effettiva applicazione,

    delle procedure amministrative e contabili per la formazione del bilancio consolidato semestrale abbreviato, nel corso del primo semestre 2016.

2. L'attività è stata svolta valutando la struttura organizzativa e i processi di esecuzione, controllo e monitoraggio delle attività aziendali necessarie per la formazione del bilancio consolidato semestrale abbreviato.
    Al riguardo non sono emersi aspetti di rilievo.

3. Si attesta, inoltre, che:

3.1 il bilancio consolidato semestrale abbreviato:

a) è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità Europea ai sensi del regolamento (CE) n. 1606/2002 del Parlamento Europeo e del Consiglio, del 19 luglio 2002;
b) corrisponde alle risultanze dei libri e delle scritture contabili;
c) è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento.

3.2 La relazione intermedia sulla gestione comprende un'analisi attendibile dei riferimenti agli eventi importanti che si sono verificati nei primi sei mesi dell'esercizio e alla loro incidenza sul bilancio consolidato semestrale abbreviato, unitamente a una descrizione dei principali rischi e incertezze per i sei mesi restanti dell'esercizio.
La relazione intermedia sulla gestione comprende, altresì, un'analisi attendibile delle informazioni sulle operazioni con parti correlate.

Roma, 27 luglio 2016

Il Presidente	**Il Dirigente Preposto**
F.to Francesco Gaetano Caltagirone	F.to Fabrizio Caprara

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