



CALTAGIRONE EDITORE SPA
INTERIM REPORT
September 30, 2008

Corporate Boards

Board of Directors

Chairman Francesco Gaetano Caltagirone

Vice Chairmen Gaetano Caltagirone
Azzurra Caltagirone

Directors Francesco Caltagirone
Massimo Confortini *
Mario Delfini *
Massimo Garzilli *
Albino Majore *
Giampietro Nattino *

Board of Statutory Auditors

Chairman Giampiero Tasco

Standing Auditors Carlo Schiavone
Maria Assunta Coluccia

Executive Responsible Roberto Di Muzio

Independent Auditors KPMG SpA

* *Members of the Internal Control Committee*

INTRODUCTION

The present interim report at September 30th 2008 was prepared in accordance with IAS/IFRS. The report is in compliance with article 154, paragraph 3 of Legislative Decree 58/1998, as supplemented.

Highlights

Caltagirone Editore Group in the first nine months of 2008 reported Operating Revenues of Euro 217.9 million, down 8.8% from Euro 239.0 million in the same period of 2007. The fall in turnover was due to a drop in advertising, circulation and promotional product revenues.

In addition, sales in the corresponding period of the previous year included Euro 4.1 million contribution of B2Win SpA, a company sold in July 2007. Therefore, on a like-for-like consolidation scope, the fall in operating revenues was 7.2%.

Ebitda was Euro 25.6 million, a decrease of 31.8% on the first nine months of 2007. On a like-for-like consolidation scope, excluding therefore from H1- 2007 Ebitda B2Win contribution of Euro 699 thousand, the decrease would have been 30.4%. Ebitda margin reached 11.7% (15.7% in the first nine months of 2007).

Ebit, after amortisation/depreciation and write-downs of Euro 10.2 million, fell from Euro 27.6 million in the first nine months of 2007 to Euro 15.4 million in the same period of 2008.

The key financial results compared to the first nine months of 2007 are shown below:

<i>In Euro thousands</i>	<i>YTD 08</i>	<i>YTD 07</i>	<i>Change %</i>
Circulation revenues	66,859	69,384	-3,6%
Promotions revenues	4,674	9,262	-49,5%
Advertising revenues	140,996	150,342	-6,2%
Other operating revenues	5,460	10,029	-45,5%
Total Revenues	217,989	239,017	-8,8%

Raw material costs	(27,963)	(28,985)	-3,5%
Labour costs	(82,013)	(84,413)	-2,8%
Other operating charges	(82,451)	(88,160)	-6,5%
Total operating costs	(192,427)	(201,558)	-4,5%
EBITDA	25,562	37,459	-31,8%
Amortisation, depreciation and provisions	(10,173)	(9,865)	-3,1%
EBIT	15,389	27,594	-44,2%
Financial result	6,485	11,302	-42,6%
Profit before taxes	21,874	38,896	-43,8%
Group net profit	21,820	37,980	-42,5%
Minority interest share	54	916	-94,1%

The fall in Operating Revenues is due to the current difficult market, both domestically and internationally. The financial crisis and recessionary fears have intensified uncertainties, causing a drop in consumption and cutbacks in advertising spending - especially on daily newspapers.

In particular, circulation revenues of the newspapers of the Caltagirone Editore Group contracted by approx. 3.6% due to a fall in consumption, but also as a result of the increasing popularity of free newspapers and online newspapers.

Revenues from promotional products sold with the group's newspapers recorded a significant decrease following the reduced demand for these products.

In relation to advertising revenues, the decrease deriving from the above-mentioned factors are only marginally offset from advertising on Internet sites, currently experiencing strong growth.

Other operating revenues in the first nine months of 2007 included the turnover of B2Win SpA (Euro 4.1 million), a company sold in July 2007.

The cost of raw materials decreased by 3.5% due to the reduction in the international price of paper in the first nine months of 2008 and the lower quantities utilised in the production process following the fall in sales.

Labour costs decreased by approx. 2.8% on the first nine months of 2007. In 2007 this figure included the charge, amounting to Euro 1.6 million, deriving from the application of IAS 19 following the employee leaving indemnity reform on the actuarial valuation; in addition, labour costs in 2008 includes non structural charges (settlements) of approx. Euro 1 million. However, on a like-for-like basis, the decrease in labour costs was 1.8% on the first

nine months of 2007, benefiting from the restructuring undertaken in the previous year, although in the presence of salary increases related to the agreement.

The other operating costs decreased by approx. 6.5% on the same period in the previous year. The reduction is largely due to the strong decrease in costs relating to the purchase of add-on products. The decrease in costs relating to these products was Euro 3.8 million on lower revenues of Euro 4.6 million, confirming the lower margin contribution of this area of activity.

Amortisation, depreciation, write downs and provisions record higher depreciation relating to investments made by some Group companies.

Net financial income of Euro 6.5 million includes bank deposit interest of Euro 14.2 million and the equity share of associated companies of approx. Euro 700 thousand, less borrowing costs of Euro 6.6 million and losses of approx. Euro 1.8 million realised on the sale of shares in listed companies under common control.

Net Cash Position

Net Cash Position on September 30th 2008 amounted to Euro 313.7 million, an increase from Euro 311 million as of December 31st 2007. Such figure includes operating cash flow for the period, approx. Euro 34.2 million inflow from the sale of shares in listed companies, Euro 25 million dividends distribution and the purchase of shares in Banca Monte dei Paschi SpA for Euro 32.3 million.

<i>In Euro thousands</i>	30/09/08	31/12/07
Current financial assets	35,349	2,461
Cash and cash equivalents	394,601	444,146
Non-current financial liabilities	(93,604)	(104,410)
Current financial liabilities	(22,614)	(31,140)
	313,732	311,057

Current financial assets principally relate to loans granted of Euro 35.1 million to the related party ROFIN 2008 Srl, which holds 4,500,000 Assicurazioni Generali SpA shares and in which the parent company has a 30% holding.

Third Quarter 2008

Eliminato: ¶
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<i>In Euro thousands</i>	Q3 2008	Q3 2007	Cge. %
Net Sales	62,603	70,631	-11.4%
of which:			
• Circulation revenues	23,686	24,182	-2.1%
• Promotions revenues	275	1,684	-83.7%
• Advertising revenues	36,900	42,239	-12.6
• Other Revenues	1,742	2,526	-68.9
Ebitda	2,800	7,729	-63.8%
Ebit	(412)	3,744	na

In the third quarter of 2008, the Caltagirone Editore Group recorded revenues of Euro 62.6 million, a decrease on the same period of the previous year, following the decrease in revenues from advertising as the international economic and financial crisis intensified in the July – September period.

Operating performance

Publishing

Circulation Revenues

<i>In Euro thousands</i>	Jan - Sep 2008	Jan - Sep 2007	Cge. %	Q3 2008	Q3 2007	Cge. %
Sales of newspapers	66,859	69,384	-3.6%	23,686	24,182	-2.1%
Promotions revenues	4,674	9,262	-49.5%	275	1,684	-83.7%
Total	71,533	78,646	-9.0%	23,961	25,866	-7.4%

Circulation revenues and add-on products recorded a total decrease of 9% on the first nine months of 2007.

In particular, circulation revenues of Euro 66.86 million fell by 3.6%. This decrease is due to a contraction in the newspaper market both in Italy and in the principal western economies.

In spite of the difficult market conditions, Group newspapers maintained their market share, reaching an average readership of approx. 5.6 million in the period¹, including the readership of the free newspaper Leggo of approx. 2.3 million².

Revenues from promotional products sold with newspapers decreased significantly as the Group, taking into account the difficult market conditions, preferred higher quality promotional initiatives recording a margin on these products of Euro 658 thousand (Euro 1.4 million in the same period of 2007).

The Group continued its strategy to develop and promote the internet sites, considering the internet as a high growth area.

Advertising revenues

<i>In Euro thousands</i>	Jan - Sep 2008	Jan - Sep 2007	Cge. %	Q3 2008	Q3 2007	Cge. %
Advertising						
• Il Messaggero	65,737	73,668	-10.8%	17,164	20,897	-17.9%
• Il Mattino	24,201	26,123	-7.4%	6,316	7,170	-11.9%
• Il Gazzettino	20,734	21,122	-1.8%	5,651	6,327	-10.7%
• Leggo	18,689	18,980	-1.5%	3,906	4,625	-15.5%
• Quotidiano di Puglia	5,229	5,064	3.3%	1,497	1,631	-8.2%
• Corriere Adriatico	4,297	4,284	0.3%	1,185	1,263	-6.2%
Total newspapers	138,887	149,241	-6.9%	35,719	41,913	-14.8%
• Other advertising revenues	2,109	1,101	91.5%	1,181	326	na
Total	140,996	150,342	-6.2%	36,900	42,239	-12.6%

¹ Daily average number of readers – Audipress 2008/1 “Survey on newspaper and magazine readership in Italy”

² Daily average number of readers – Audipress 2008/1 “Survey on newspaper and magazine readership in Italy”

In the first nine months of 2008, advertising revenues decreased by 6.2% on the same period in the previous year, with contrasting performances for the various newspapers. There was a decrease in newspaper advertising revenues from national advertising campaigns while newspapers concentrated on local advertising remains stable.

This data, as we have already described, reflects a serious crisis following the worldwide economic downturn, causing uncertainty, contraction in consumption and a cut-back in advertising by companies. In particular, there was a strong decline in advertising in the automobile sector, the financial - insurance sectors and the large retail sector. The results of *Nuovo Quotidiano di Puglia* and the *Corriere Adriatico* were therefore noteworthy, reporting increases of 3.3% and 0.3% respectively in the nine months thanks to advertising revenues more concentrated on local advertising and also the greater use of colour advertising space offered.

In the first nine months of 2008, the "Other advertising revenues" relate principally to the advertising revenues from the TV broadcaster Telefriuli for approx. Euro 1 million and the internet sites of the newspapers for the remaining Euro 1 million.

Other activities

<i>In Euro thousands</i>	Jan - Sep 2008	Jan - Sep 2007	Cge. %
Revenues from services	-	4,087	na
Other revenues	5,460	5,942	-8.1%
Total	5,460	10,029	-45.5%

The decrease of service revenues, as already reported, is due to the sale of the company B2Win SpA in July 2007, which contributed revenues of Euro 4.1 million in the first half of 2007.

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

Outlook for fourth quarter of 2008 and other information

The current data available, also in relation to the general economic outlook and consumer spending, indicates that the trend for the full year will be in line with the first nine months of 2008.

Rome, November 12th 2008

For the Board of Directors
The Chairman

Francesco Gaetano Caltagirone

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