



**FIRST QUARTER REPORT
AS OF MARCH 31st 2008**

Corporate boards

The 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*

Board of Directors Review on First Quarter 2008

The consolidated quarterly report of Caltagirone Editore Group as of March 31st 2008 was prepared in accordance with IAS/IFRS. The report is in compliance with article 154 of Legislative Decree No. 58/1998 and successive modifications.

First quarter 2008 results highlights

Caltagirone Editore Group in the first quarter of 2008 reported Operating Revenues of Euro 75.84 million, down 8.6% on Euro 82.99 million in the same period of 2007.

Ebitda in the quarter was Euro 10.96 million, down 29.8% on the first quarter of 2007. Ebitda margin was 14.5% (18.8% in the first quarter of 2007).

Ebit, after amortisation/depreciation and write-downs of Euro 3.2 million, decreased from Euro 13.14 million in the first quarter of 2007 to Euro 7.73 million in the first quarter of 2008.

<i>In Euro thousands</i>	Q 1 2008	Q 1 2007	Cge. %
Net Sales	75,840	82,991	-8.6%
of which:			
• Circulation revenues	21,663	22,465	-3.6%
• Editorial promotions	1,707	4,621	-63.1%
• Advertising	50,440	52,124	-3.2%
• Revenues from services	-	2,157	n.a.
• Other revenues	2,030	1,624	25.0%
Ebitda	10,964	15,626	-29.8%
Ebit	7,734	13,139	-41.1%

The consolidated results on a like-for-like basis are shown below, excluding the results in the first quarter of 2007 of B2Win S.p.A. which was sold in July 2007.

<i>In Euro thousands</i>	Q 1 2008	Q 1 2007 *	Cge. %

Net Sales	75,840	80,818	-6.2%
of which:			
• Circulation revenues	21,663	22,465	-3.6%
• Editorial promotions	1,707	4,621	-63.1%
• Advertising	50,440	52,124	-3.2%
• Revenues from services	-	54	n.a.
• Other revenues	2,030	1,554	30.6%
Ebitda	10,964	15,138	-27.6%
Ebit	7,734	12,677	-39.0%

* On like-for-like consolidation scope

The reduction in Operating Revenues is principally due to the decrease in revenues from editorial promotions sold with newspapers following the increased offer on the market and at the same time a smaller market for these products, in addition to a fall in advertising revenues in the first quarter of 2008, resulting from a decrease in March of approx. 13.3% on the same month of 2007, which reversed the positive trend recorded in the first two months of the year (which had recorded growth of approx. 4.3% on the first two months of 2007).

The balance sheet of Caltagirone Editore Group did not incur significant changes compared to December 31st 2007, with a Group Net Equity of Euro 872.12 million (Euro 863.30 million at December 31st 2007) and total assets of Euro 1.19 billion (Euro 1.2 billion at December 31st 2007).

Net Cash Position at March 31st 2008 was Euro 358.12 million; the increase compared to December 31st 2007 is due to the sale of shares in listed companies and the positive cash flow from ordinary operations.

Net Cash Position

<i>In Euro thousands</i>	31/03/08	31/12/07
Current financial assets	22,865	2,461
Cash and cash equivalents	455,256	444,146

Non-current financial liabilities	(95,010)	(104,410)
Short term debt	(24,991)	(31,140)
Total	358,120	311,057

Operating performance

Publishing

Circulation Revenues

<i>In Euro thousands</i>	Q 1 2008	Q 1 2007	Cge %
Sales of newspapers	21,663	22,465	-3.6%
Promotions	1,707	4,621	-63.1%
Total	23,370	27,086	-13.7%

Circulation revenues in the first quarter of 2008 amounted to Euro 21.6 million, a decrease of 3.6%. In Italy, similar to the other principal western economies, the traditional newspaper market is undergoing a structural change in the number of copies sold per person, due to a series of social and economic factors, such as the fragmentation of the traditional media, the widespread use of the internet and the availability of free newspapers.

The Group newspapers, within this difficult economic environment, maintained their leadership positions in their respective markets. In addition, the development of the internet sites of the Group's newspapers continued, considered an area with high growth potential, including working alongside the traditional newspapers to create synergies.

Revenues from products sold jointly with the newspapers of the Group decreased by approximately Euro 2.9 million contributing approx. Euro 247 thousand to Ebitda (Euro 710 thousand in the first quarter of 2007).

Advertising Revenues

<i>In Euro thousands</i>	Q 1 2008	Q 1 2007	Cge. %
Advertising			
• Il Messaggero	23,970	25,950	-7.6%
• Il Mattino	8,624	9,335	-7.6%
• Il Gazzettino	7,341	7,203	1.9%
• Leggo	6,742	6,247	7.9%
• Quotidiano di Puglia	1,781	1,580	12.7%
• Corriere Adriatico	1,541	1,417	8.8%
Total newspapers	49,999	44,529	-3.3%
• Others	441	392	12.5%
Total	50,440	52,124	-3.23%

In the first quarter of 2008 advertising revenues decreased by 3.3% on the same period in the previous year, with contrasting performances within the period: the first two months experienced growth of 4.3% on the first two months of 2007, while March experienced a 13.3% drop on March 2007.

This decrease was in part caused by the imminent elections, which temporarily blocked the advertising investments of the principal public administrations and some important private companies, in particular in the “Utilities” and “Auto” sectors. In addition, March 2007 was strongly impacted by the positive effects of the so-called Bersani Decree, in particular in the “Mobile telephone” sector.

In this market environment, noteworthy results were achieved by *Leggo*, national leader in the free press with over 2 million daily readers, which continues at high growth rates (+7.9% compared to the first quarter of 2007) and by the newspapers *Corriere Adriatico* and *Quotidiano di Puglia*, which were less affected by advertising at national level due to their revenue mix.

Finally, *Il Gazzettino* recorded growth in advertising revenues of 1.9% thanks to the positive effects of the contribution of the advertising agency *Piemme S.p.A*, which has been responsible for the newspapers advertising since May 2007.

Other activities

<i>In Euro thousands</i>	Q 1 2008	Q 1 2007	Cge %
Revenues from services	-	2.157	n.a.
Other revenues	2.030	1.624	25.0%
Total	2.030	3.781	-46.3%

The decrease of service revenues is due to the sale of the company B2Win S.p.A. in July 2007, which contributed revenues of Euro 2.10 million in the first quarter of 2007.

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

Notes to income statement accounts

<i>In Euro thousands</i>	Q 1 2008	Q 1 2007	Cge %
Newspaper sales	21,663	22,465	-3.6%
Editorial promotions	1,707	4,621	-63.1%
Advertising	50,440	52,124	-3.2%
Other revenues	2,030	3,781	-46.3%
Total Revenues	75,840	82,991	-8.6%
Raw material costs	(9,194)	(9,351)	-1.7%
Labour costs	(28,046)	(27,727)	1.2%
Other operating expenses	(27,636)	(30,287)	-8.7%
Total operating costs	(64,876)	(67,365)	-3.7%
Ebitda	10,964	15,626	-29.8%
Amortisation, depreciation & provisions	(3,230)	(2,487)	29.9%
EBIT	7,734	13,139	-41.1%
Share of income/(charge) of companies valued at equity	(64)	-	n.a.
Financial result	1,530	2,292	-33.2%
Profit before taxes	9,200	15,431	-40.4%

Group profit	9,213	15,142	-39.2%
Minority share	(13)	289	-104.5%

Labour costs were substantially unchanged compared to the first quarter of 2007, while the effects will shortly be seen of the restructuring which commenced during 2007. However, there were increases from normal contractual salary agreements.

Other operating costs decreased principally as a result of the lower number of joint promotional initiatives with the newspapers in the first quarter of 2008.

The net financial management result decreased by 33.2%, from Euro 2.3 million in the first quarter of 2007 to Euro 1.5 million in the first quarter of 2008, following losses realised of approx. Euro 1.8 million on the sale of listed shares of companies under common control.

Outlook for following quarters

It is currently difficult to forecast advertising revenue performance for the entire year, due to the current uncertainties within the domestic economy.

Rome, May 13th 2008

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