CALTAGIRONE EDITORE

2009 annual report
tenth fiscal year

Caltagirone Editore SpA

Head office Via Barberini, 28 - 00187 Rome
Share capital Euro 125,000,000
Internal Revenue Code and VAT n. 05897851001
Registered with the C.C.I.A.A. of Rome REG 935017

extraordinary and ordinary shareholders' meeting of April 26th, 2010

AGENDA

Extraordinary session

1. Proposal to amend point 2 of article 19
   of the Company By-Laws
   (Directors' Powers).

Ordinary session

1. Presentation of the Separate
   and Consolidated Financial Statements
   for the year ended December 31st 2009,
   together with the Directors' Report,
   Board of Statutory Auditors' Report
   and the Independent Auditors' Report;
   deliberations thereon.

2. Deliberations upon the sale
   and purchase of treasury shares
   in accordance with article 2357
   of the Civil Code.

The convocation was published in the following daily newspapers
Il Messaggero
Il Sole 24 Ore

extract from shareholders' agm of April 26th, 2010

The Shareholders' AGM in first call
chaired by Mr. Francesco Gaetano Caltagirone,
with the attendance of 47 Shareholders
representing 92.536.441 shares (74,029%),
approved the following resolutions:

In extraordinary session:

- to integrate article 19, paragraph 2) of the Company By-Laws "Directors' Powers".

In ordinary session:

- approval of the Board of Director's Report and the financial statements for the year ended December 31st 2009;

- distribution of a dividend of Euro 0.05 for each share outstanding;

- authorisation for the purchase of 25,000,000 treasury shares, for a maximum period of 18 months, prior revocation of resolution of April 27th, 2009.

corporate boards

Board of Directors

Chairman

Francesco Gaetano Caltagirone

Vice Chairmen

Azzurra Caltagirone
Gaetano Caltagirone

Directors

Francesco Caltagirone
Alessandro Caltagirone
Massimo Confortini *
Mario Delfini *
Massimo Garzilli *
Franco Luciano Lenti
Albino Majore *
Giampietro Nattino

Board of Statutory Auditors

Chairman

Raul Bardelli

Standing Auditors

Carlo Schiavone
Federico Malorni

Executive Responsible

Roberto Di Muzio

Independent Auditors

KPMG SpA

** Members of the Internal Control Commitee*

delegated powers

In accordance with Consob

recommendation No. 97001574

of February 20th, 1997

the nature of delegated powers to the members

of the Board of Directors is indicated

Chairman

*The Chairman has the power to carry out,
with sole signature,
all the acts of ordinary and extraordinary administration,
with the exception of those reserved
to the Shareholders' Meeting and the Board of Directors.*

Vice Chairman

*The Vice Chairman has the power to carry out,
with sole signature,
in the case of the absence or impediment
of the Chairman,
all the acts of ordinary
and extraordinary administration,
with the exception
of those reserved to the Shareholders' Meeting
and the Board of Directors.*

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CALTAGIRONE EDITORE

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INTRODUCTION

The present Directors' Report refers to the Consolidated Financial Statements of Caltagirone Editore SpA (hereafter also "the Group") at December 31st, 2009, 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").
The present Report should be read together with the Financial Statements and the relative Notes, which constitute the Annual Accounts for 2009.

GROUP OPERATIONS

Highlights

The Caltagirone Editore Group reports a net loss of Euro 39.2 million in 2009 (loss of Euro 10.98 million in 2008).

Operating revenues amounted to Euro 256.9 million, a decrease of 12.6% on Euro 294 million in 2008. The fall in turnover was principally due to the decrease in advertising revenues and to a lesser degree the reduction in circulation revenues.

The Ebitda decreased from Euro 30.9 million in 2008 to Euro 6.1 million in 2009, due in part to the restructuring charges incurred in the year of Euro 9.5 million, whose benefits however will be seen in the coming years.

The Ebitda margin on revenues was 2.4% (10.5% in 2008).

The Ebit loss of Euro 24.8 million was impacted – in addition to the reduction in Ebitda – by a goodwill write-down of the Il Gazzettino Group following an impairment test for Euro 16.06 million, amortisation and depreciation of Euro 9.9 million and risks and bad debts provisions of Euro 4.9 million.

The key financial results compared to 2008 are shown below:

Income statement	2009	2008	Change %
Circulation revenues	82,952	86,852	-4.5
Promotions revenues	3,628	6,463	-43.9
Advertising revenues	160,654	193,585	-17.0
Other operating revenues	9,634	7,138	35.0
OPERATING REVENUES	**256,868**	**294,038**	**-12.6**
Raw materials, supplies and consumable stores	(32,438)	(37,068)	-12.5
Labour costs	(111,683)	(111,400)	0.3
Services	(91,544)	(97,280)	-5.9
Rent, leases and similar costs	(9,355)	(9,852)	-5.1
Other operating charges	(5,742)	(7,541)	-23.9
EBITDA	**6,106**	**30,897**	**-80.2**
Amortisation, depreciation & provisions	(30,908)	(29,730)	4.0
EBIT	**(24,802)**	**1,167**	**n.a.**
Share of in./(charges) of companies valued at equity	**(7,106)**	**(8,122)**	**-12.5**
Financial income	7,175	18,791	-61.8
Financial charges	(16,407)	(11,180)	46.8
Financial result	**(9,232)**	**7,611**	**n.a.**
PROFIT/(LOSS) BEFORE TAXES	**(41,140)**	**656**	**n.a.**
Income taxes	1,587	(11,739)	n.a.
NET LOSS BEFORE MINORITY SHARE	**(39,553)**	**(11,083)**	**n.a.**
Minority interest profit	347	98	n.a.
NET LOSS FOR THE YEAR	**(39,206)**	**(10,985)**	**n.a.**

In Euro thousands

The fall in Operating revenues was significantly affected by the deep crisis which hit the economy in general and the publishing market in particular. The recession resulted in a contraction in consumption and a corresponding reduction in advertising revenues for all media.
Advertising, which had already slowed down in the final months of 2008, continued to decrease throughout 2009, although the reduction progressively eased from the first months of 2009. According to *Nielsen Media Research*, the advertising market shrunk by 13.4% in 2009 on 2008; the reduction for newspaper advertising was 21.6%. Specifically, advertising of traditional daily newspapers reduced by 16% and free newspapers by 26.6%.
The sharp drop in consumption also affected circulation figures for daily newspapers with a 6.5% contraction[1], principally due to the decrease in consumption but also to the greater market share of free newspapers and online viewing of newspapers. In this context the circulation revenues of the Caltagirone Editore Group newspapers contracted by approximately 4.5%.
Revenues from promotional products sold with the Group's newspapers decreased significantly following the reduced demand also for these products.
The cost of raw materials decreased by 12.5% due to the lower quantities utilised in the production process following the fall in advertising space sold and the decrease in circulation revenues.
Labour costs remained substantially in line (+0.3%) with 2008. As already stated, the 2009 financial statements include extraordinary charges of approximately Euro 9.5 million, principally related to the reorganisation plans of the Group companies.
Agreements were reached with the trade union organisations for a reduction in the workforce of *Il Messaggero* (48 units), *Il Gazzettino* (31 units), *Il Mattino* (20 units) and the Piemme Advertising Agency (9 units). The reduction in labour costs from the restructuring, already partly seen in the present year, amounts to approx. Euro 14 million. On like-for-like terms, excluding for both years the extraordinary charges, the decrease in labour costs was approximately 5.3% on 2008.
Service costs decreased by approx. Euro 5.7 million, principally due to the lower volumes of promotional products. The decrease in costs relating to these products was Euro 2.6 million on lower revenues of Euro 2.8 million, confirming the lower margin contribution of this area of activity.
Further decreases related to editorial services, transport and publishing and agent commissions.
The significant decrease in other operating costs is due to the fact that the previous year principally included extraordinary indemnity charges from third parties for approx. Euro 3 million.
The account amortisation, depreciation, write downs and provisions includes the write-down of goodwill in the Il Gazzettino Group for Euro 16.06 million following an impairment test, amortisation and depreciation for Euro 9.9 million and provisions for risks arising on some disputes in the year for Euro 1.4 million and doubtful debt provision of Euro 3.5 million.
The result of the companies valued at equity was a loss of Euro 7.1 million, principally relating to the loss recorded by the associated company Rofin 2008 Srl which in the first quarter sold on the market listed shares held in portfolio at December 31st

1. ADS average circulation data 2008-2009

2008, recording a net loss of Euro 6.7 million for the share attributable to the Caltagirone Editore Group.
Net financial charges principally include the loss of Euro 12.3 million from the sale of listed shares on the market and interest expense of Euro 2.6 million, and also include financial income of Euro 7.2 million, principally interest income of Euro 3.8 million on bank deposits and dividends of Euro 3 million deriving from shares in portfolio.
The decrease in financial income on 2008 is due to the drop in income from liquidity held following the reduction in the market rates and the curtailed funds available due to the investments carried out in the year.
Income taxes include the estimate for current income taxes and deferred tax income and charges. In the previous year, income taxes included a positive benefit of Euro 6.6 million from the recording of deferred tax assets on tax losses matured in the year.
The Group Net financial position at December 31st 2009 was a cash position of Euro 226.3 million.

Net cash position*	31.12.2009	31.12.2008
Current financial assets	5,505	29,711
Cash and cash equivalents	284,460	308,349
Non-current financial liabilities	(41,387)	(49,061)
Current financial liabilities	(22,266)	(26,446)
Total	**226,312**	**262,553**

In Euro thousands

* *The Net cash position in accordance with CESR recommendation of February 10th 2005 is illustrated at paragraph 30 of the Notes to Consolidated Financial Statements*

The reduction of Euro 36.2 million on Euro 262.6 million in 2008 relates to: the distribution of dividends for Euro 6.25 million, net investments in listed shares for approx. Euro 22 million and the covering of losses of the associated company Rofin 2008 Srl for Euro 6.7 million. Current financial assets are principally comprised of loans to the associated company Rofin 2008 Srl, held 30%.
The Caltagirone Editore Group Shareholders' equity amounted to Euro 786.7 million (Euro 822.1 million at December 31st 2008). The decrease is principally due to the loss in the year and the distribution of the dividend, which was partially offset by the valuation at fair value of the shareholdings held by the Group which increased by approx. Euro 13 million.

The Balance sheet ratios are provided below:

	2009	2008
Equity Ratio *Shareholders' equity/Total assets*	0.75	0.74
Liquidity Ratio *Current assets/Current liabilities*	3.88	4.01
Capital Invested Ratio *Net equity/Non-current assets*	**1.15**	**1.22**

Despite the Group losses, the balance sheet ratios confirm Group financial and balance sheet equilibrium, with good stability in the ratio between own funds and debt[2], a good capacity to meet short-term commitments through liquid funds[3] and finally a good equilibrium between own funds and fixed assets[4].

Group operating performance

Publishing

Circulation revenues	2009	2008	Change
Newspaper sales	82,952	86,852	-4.5%
Promotions revenues	3,628	6,463	-43.9%
Total	**86,580**	**93,315**	**-7.2%**

In Euro thousands

Circulation revenues and add-on products recorded a total decrease of 7.2% on 2008. In particular, circulation revenues of Euro 82.9 million fell by 4.5%.
In Italy, as in the other principal western economies, the newspaper market is affected by the general drop in consumption following the severe international economic crisis.
This negative performance is due to a contraction in the newspaper market both in Italy and in the principal western economies.
Revenues from add-on products to the Group newspapers decreased by approx. Euro 2.8 million. The Ebitda of these products amounted to 16.2% compared to 12.2% in 2008, representing however only a minor component of overall revenues.

2. An optimal equity ratio is considered as between 0.5 and 1.

3. The liquidity ratio is considered optimal when it is higher than 1.

4. The capital invested ratio is considered good when it is higher than 1.

Advertising revenues

	2009	2008	Change
Advertising			
Il Messaggero	73,147	89,266	-18.1%
Il Mattino	27,082	33,182	-18.4%
Il Gazzettino	24,188	29,292	-17.4%
Leggo	21,517	25,905	-16.9%
Quotidiano di Puglia	5,985	7,098	-15.7%
Corriere Adriatico	5,279	5,932	-11.0%
Total newspapers	**157,198**	**190,675**	**-17.5%**
Other advertising revenues	3,456	2,910	18.8%
Total	**160,654**	**193,585**	**-17.0%**

In Euro thousands

In 2009, Group advertising revenues decreased by 17.5% on the previous year, with contrasting performances in the quarters. In particular, in the first quarter the reduction in advertising was 28.9%, in Q2 16.7%, in Q3 12.9%, while in Q4 the decrease was 9.1% – however it should be noted that the effects of the economic crisis were already evident from the second half of 2008.
The fall off was particularly significant in newspaper advertising revenues from national advertising campaigns in comparison to newspapers concentrated on local advertising.
The drop in advertising revenues affected the entire daily newspaper market, both domestically and abroad, and this contraction – as we have already illustrated - reflects a strong decline in the market and the worldwide economic downturn.
Other advertising revenues relate principally to the advertising revenues from the TV broadcaster Telefriuli for approx. Euro 1.2 million and the internet sites of the newspapers for approx. Euro 2 million. Advertising on Internet sites is experiencing a growth phase; revenues however remain too modest to offset the losses in the other sectors.

Other activities

	2009	2008	Cge
Other revenues	9,634	7,138	35.0%
Total	**9,634**	**7,138**	

In Euro thousands

Other revenues derive from the recharging of costs, prior year income and other minor income. The increase of other revenues on the previous year is due to the presence of revenues relating to the recovery from clients for disputes resulting in losses in previous years of Euro 1.2 million and revenues for the recovery of indemnities and repayments from third parties for approx. Euro 1.1 million.

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 information on transactions with related parties, including those required by Consob communication of July 28th, 2006, is shown in Note 28 of the Consolidated Financial Statements.

Management of risks

The activities of the Caltagirone Editore Group are subject to various 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.
The Group has not used derivative financial instruments, nor do specific financial risks exist in relation to price, credit or liquidity (other than that deriving from the operating activities).

Market risk (price of raw materials – paper)
The Group is exposed to fluctuations in the price of paper - the principal raw material; this risk is managed through supply contracts with Italian and foreign companies with fixed prices and quantities for a maximum period of approximately 12 months, and through procurement from suppliers based in different geographic areas in order to avoid the risks related to an excessive concentration of suppliers and to obtain the most competitively priced supplies.

Price risk of the equity shareholdings
In relation to the risk of changes in the fair value of the equity shareholdings held as available for sale, the Group monitors the changes of share prices and for this reason constantly records the movements in the listed shares in portfolio. Based on this data, the investment and divestment policies of the Group are defined with the objective to optimise medium and long-term cash flows, also considering the distribution of dividends from the shares in portfolio. The investment and divestment strategies of the equity investments are also considered in relation to the diversification of risk.

Credit risk

The receivables at the end of the year are prevalently of a commercial nature, as indicated in the notes to the balance sheet and to which reference should be made. In general, receivables are recorded net of any write-downs, calculated on the basis of the risk of non-fulfilment by the counterparty, determined considering the information available on the clients solvency and historical insolvency data in relation to the varying expiry dates of receivables. Historically, there are no significant situations which are particularly problematic in relation to the solvency of the clients, as the policy of the Group is only to sell to clients after a prudent evaluation of their credit capacity and therefore within the established credit limits. Finally, no significant debtor positions were recorded which would equate to an excessive concentration of credit. On this basis, the credit risk to which the Group is exposed can be considered limited.

Currency risk

The Group operates exclusively in the Euro area and therefore is not exposed to exchange rate risks.

Interest rate risk

The interest rate risk relates to an uncontrolled increase of the charges deriving from variable interest rates on medium/long-term loans of Group companies. The interest rate risk to which the Group is exposed is considered limited in that the loans undertaken are contracted in Euro, which currently presents low interest rates following the monetary policies adopted by the central banks to counter the recession.

Liquidity risk

Liquidity risk is linked to the difficulty in obtaining funds to cover commitments at a given moment. The Caltagirone Editore Group has access to its own liquidity which is in the form of short-term deposits and therefore easily accessible and highly liquid. This risk therefore does not pertain to the Group.

Environment and security risk

Existing regulations and laws are rigorously applied to workplace health and security and hence govern this area of risk.

Principal uncertainties and the going concern

Further to that stated in the paragraph on business risks, the current conditions in the financial markets and the real economy do not allow accurate evaluations of the short-term outlook. This situation does not 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.

Other information

During the year, the companies of the Caltagirone Editore Group did not carry out any research and development activity.

At December 31st 2009, there were 1,109 employees (1,234 at December 31st 2008).

Caltagirone Editore SpA, as permitted by the Consolidated Income Act, takes part in a Group tax regime called the *Tax consolidation* as the parent company.

In accordance with that set out by paragraph 26 of the technical regulations on security, which comprise attachment B of Legislative Decree No. 196 of June 30th, 2003 (code for the protection of personal data), in 2009 and in compliance with law the programmed document on security was updated. This document contained adequate information relating to the security measures adopted by the company, on the treatment of personal data, on the analysis of risks and the attribution of duties and responsibility in the treatment of data, in order to minimise the risk of destruction or loss, also accidental, of personal data, of non authorised access or of non consenting treatment and not in line with the reasons for its collection. Among the other information required by law is that the above stated document must outline the necessary measures to guarantee the completeness and the availability of the data.

During the year the Parent Company did not purchase or sell treasury shares or shares in subsidiary companies, nor through trust companies. In relation to the above, in application of the Shareholders' Meeting Resolution of April 27th, 2009, a Reserve of Euro 50 million was created utilising the Share Premium Reserve, to carry out share buy-back operations. Currently the reserve has not been utilised with no purchase or sales of treasury shares.

Caltagirone Editore SpA has not formally adopted the Self-Governance Code for listed companies issued by the Corporate Governance Committee of Borsa Italiana SpA, in that the Corporate Governance system of the company is substantially in line with the code.

The Issuer, and its subsidiaries, are not subject to laws in force outside Italy which affect the Corporate Governance structure.

The Corporate Governance structure will be updated based on national and international best practice.

The Corporate Governance system is based on the central role of the Board of the Issuer in establishing strategic direction, on the transparency of the operational decisions and the effectiveness of the internal control system which is undertaken through the existing control structure within the individual companies, supervised by the Internal Control Committee.

The Corporate Governance report was prepared pursuant to article 123-bis of the Consolidated Finance Act, which provides an outline of the Corporate Governance of the Group. Information on the shareholder structure is available on the Group's website (www.caltagironeditore.com, in the corporate documents section).

The Parent Company is not subject to management and co-ordination pursuant to art. 2497 and subsequent of the Italian Civil Code.

Significant events after the year-end

The subsidiary Finced srl purchased 500,000 Assicurazioni Generali shares in the first part of the year for a total value of Euro 8.4 million.
No other significant events occurred after the end of the financial year.

Outlook

Operating activities in the first months of 2010 have not yet improved and appear similar to the final months of 2009. The general economic environment and the consumption outlook does not forecast a significant recovery in advertising revenues.
In this context, however, the implementation of the restructuring plans in order to rationalise and contain costs previously described will allow the Group to obtain significant benefits.

attachments

RECONCILIATION BETWEEN THE NET RESULT AND THE NET EQUITY OF THE PARENT COMPANY AND THE CONSOLIDATED NET RESULT AND NET

	NET PROFIT/ (LOSS)
Net profit and net equity for the year as per financial statements of the parent company	**(20,237)**
Contribution of subsidiary companies	(40,963)
Elimination of inter-company dividends	(9,000)
Elimination of inter-company (gains)/losses, net of tax effect	30,647
Minority interest share	347
NET PROFIT AND NET EQUITY AS PER THE CONSOLIDATED FINANCIAL STATEMENTS	**(39,206)**

In Euro thousands

EQUITY

NET EQUITY
696,123
86,568
–
5,930
(1,898)
786,723

LIST OF INVESTMENTS AT 31.12.2009 AS PER ART. 38 OF LEGS. DECREE

COMPANY	REGISTERED OFFICE	SHARE CAPITAL	CURRENCY
Companies included in the consolidation under the line-by-line method			
Il Messaggero SpA	Rome	42,179,500.00	Euro
Il Mattino SpA	Rome	500,000.00	Euro
Piemme SpA	Rome	2,646,540.00	Euro
Leggo SpA	Rome	1,000,000.00	Euro
Finced Srl	Rome	10,000.00	Euro
Corriere Adriatico SpA	Ancona	102,000.00	Euro
Quotidiano di Puglia SpA	Rome	1,020,000.00	Euro
Il Gazzettino SpA	Rome	5,100,491.76	Euro
Centro Stampa Veneto SpA	Rome	567,000.00	Euro
Imprese Tipografiche Venete SpA	Rome	936,000.00	Euro
P.I.M. Pubblicità Italiana Multimedia Srl	Rome	1,044,000.00	Euro
Ideco Holding SA	Lugano (Switzerland)	100,000.00	Chf
Telefriuli SpA	Tavagnacco (Udine)	1,655,300.00	Euro
Companies included in the consolidation under the Equity Method			
Rofin 2008 Srl	Rome	10,000.00	Euro
E-Care SpA	Rome	344,505.00	Euro
B2Win SpA	Rome	120,000.00	Euro
Other investments in subsidiaries			
Edi.Me. Sport Srl in liquidation	Naples	10,200.00	Euro
Noisette Serviços de Consultoria Lda	Madeira (Portugal)	5,000.00	Euro
Other investments in associated companies			
Editrice Telenuovo SpA	Verona	546,000.00	Euro
Pubblieditor Srl in liquidation	Verona	40,800.00	Euro

TYPE OF POSSESSION		
Directly	Indirectly through	
94.613%	Piemme SpA	5.387%
99.999%	Finced Srl	0.001%
–	Il Messaggero SpA	100.000%
90.000%	–	–
99.990%	Piemme SpA	0.010%
99.999%	Finced Srl	0.001%
99.951%	Finced Srl	0.049%
98.638%	–	–
–	Il Gazzettino SpA	100.000%
–	Il Gazzettino SpA	100.000%
–	Il Gazzettino SpA	100.000%
–	Il Gazzettino SpA	100.000%
–	Il Gazzettino SpA	86.020%
30.000%	–	–
24.500%	–	–
–	E-Care SpA	100.000%
–	Il Mattino SpA	99.500%
-	Finced Srl Leggo SpA	98.000% 2.000%
–	Il Gazzettino SpA	40.000%
–	Il Gazzettino SpA	40.000%

consolidated balance sheet
assets

	Note	31.12.2009	31.12.2008
Intangible assets with definite life	1	2,777	3,401
Goodwill and other indefinite intangible assets	2	447,317	463,374
Property, plant and equipment	3	87,091	95,329
Equity investments valued at cost	4	2,051	2,486
Equity investments valued at net equity	5	4,256	4,498
Equity investments and non-current securities	6	113,748	83,914
Non-current financial assets	7	32	27
Other non-current assets	8	901	991
Deferred tax assets	9	24,922	20,071
NON-CURRENT ASSETS		**683,095**	**674,091**
Inventories	10	3,713	4,783
Trade receivable	11	76,387	87,130
of which related parties		1,122	936
Current financial assets	12	5,505	29,711
of which related parties		5,435	29,217
Tax receivables	9	1,167	1,627
Other current assets	13	3,028	3,126
Cash and cash equivalents	14	284,460	308,349
CURRENT ASSETS		**374,260**	**434,726**
TOTAL ASSETS		**1,057,355**	**1,108,817**

In Euro thousands

consolidated balance sheet
liabilities and shareholders' equity

	Note	31.12.2009	31.12.2008
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Other reserves		719,794	726,931
Profit/(loss) for the year		(39,206)	(10,985)
Group Shareholders' equity		**786,723**	**822,081**
Minority interest Shareholders' equity		**1,898**	**2,599**
SHAREHOLDERS´ EQUITY	**15**	**788,621**	**824,680**
Employee provisions	17	41,060	45,245
Other non-current provisions	18	7,641	8,407
Non-current financial liabilities	16	41,387	49,061
Other non-current liabilities	20	3,100	3,437
Deferred tax liabilities	9	69,165	66,240
NON-CURRENT LIABILITIES		**162,353**	**172,390**
Current provisions	18	9,837	4,516
Trade payables	19	35,733	40,032
of which related parties		142	123
Current financial liabilities	16	22,266	26,446
Other current liabilities	20	38,545	40,753
CURRENT LIABILITIES		**106,381**	**111,747**
TOTAL LIABILITIES		**268,734**	**284,137**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**1,057,355**	**1,108,817**

In Euro thousands

consolidated income statement

	Note	2009	2008
Revenues from sales and services	21	247,234	286,899
of which related parties		413	88
Other revenues	22	9,634	7,139
of which related parties		100	1
REVENUES		**256,868**	**294,038**
Raw material costs	23	32,438	37,068
Labour costs	17	111,683	111,400
of which restructuring charges		9,530	3,499
Other operating charges	24	106,641	114,673
of which related parties		4,050	2,646
COSTS		**250,762**	**263,141**
EBITDA		**6,106**	**30,897**
Amortisation & depreciation	25	9,892	10,539
Provisions	25	1,429	3,333
Goodwill write-down	2-25	16,056	13,019
Other write-downs	25	3,531	2,839
EBIT		**(24,802)**	**1,167**
Net result of the share of associates		**(7,106)**	**(8,122)**
Financial income		7,175	18,791
of which related parties		153	–
Financial charges		(16,407)	(11,180)
of which related parties		–	2,657
Net financial income/(charges)	**26**	**(9,232)**	**7,611**
PROFIT BEFORE TAX		**(41,140)**	**656**
Income taxes for the year	**9**	**1,587**	**(11,739)**
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(39,553)**	**(11,083)**
NET PROFIT/(LOSS) FOR THE YEAR		**(39,553)**	**(11,083)**
Group net loss		(39,206)	(10,985)
Minority interest share		(347)	(98)
Earnings per share	27	(0.314)	(0.088)
Diluted earnings per share	27	(0.314)	(0.088)

In Euro thousands

comprehensive consolidated income statement

	2009	2008
NET PROFIT/(LOSS) FOR THE YEAR	**(39,553)**	**(11,083)**
Gain/(Loss) from recalculation of available-for-sale financial assets	17,902	(2,785)
Effect of actuarial gain/(loss)	(3,096)	(2,402)
Tax effect of income/(charges) recorded	(4,097)	1,427
NET INCOME/(CHARGES) DIRECTLY RECORDED IN EQUITY	**10,709**	**(3,760)**
TOTAL NET/(LOSS) FOR THE YEAR	**(28,844)**	**(14,843)**
Attributable to shareholders of the Parent Company	(28,486)	(14,745)
Attributable to minority interest	(358)	(98)

In Euro thousands

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS´ EQUITY

	SHARE CAPITAL	QUOTATION CHARGES
Balance at January 1st 2008	**125,000**	**(18,865)**
Dividends distributed	–	–
Amount set aside to BoD	–	–
Retained earnings	–	–
Total operations with Shareholders	**125,000**	**(18,865)**
Change in fair value reserve	–	–
Change in employment termination reserve	–	–
Net result	–	–
Total profit/(loss) recorded in the period	**–**	**–**
Other changes	–	–
BALANCE AT DECEMBER 31ST 2008	**125,000**	**(18,865)**
Balance at January 1st 2009	**125,000**	**(18,865)**
Dividends distributed	–	–
Retained earnings	–	–
Total operations with Shareholders	**125,000**	**(18,865)**
Change in fair value reserve	–	–
Change in employment termination reserve	–	–
Net result	–	–
Total profit/(loss) recorded in the period	**–**	**–**
Change in consolidation area	–	–
Other changes	–	–
Reclassifications	–	–
BALANCE AT DECEMBER 31ST 2009	**125,000**	**(18,865)**

In Euro thousands

FAIR VALUE RESERVE	OTHER RESERVES	NET RESULT	GROUP NET EQUITY	MINORITY INTEREST N.E.	TOTAL NET EQUITY
399	**695,523**	**61,241**	**863,298**	**2,842**	**866,140**
–	–	(25,000)	(25,000)	(139)	(25,139)
–	–	(1,484)	(1,484)	–	(1,484)
–	34,757	(34,757)	–	–	–
399	**730,280**	**–**	**836,814**	**2,703**	**839,517**
(2,019)	–	–	(2,019)	–	(2,019)
–	(1,741)	–	(1,741)	–	(1,741)
–	–	(10,985)	(10,985)	(98)	(11,083)
(2,019)	**(1,741)**	**(10,985)**	**(14,745)**	**(98)**	**(14,843)**
–	12	–	12	(6)	6
(1,620)	**728,551**	**(10,985)**	**822,081**	**2,599**	**824,680**
(1,620)	**728,551**	**(10,985)**	**822,081**	**2,599**	**824,680**
–	(6,250)	–	(6,250)	(1,000)	(7,250)
–	(10,985)	10,985	–	–	–
(1,620)	**711,316**	**–**	**815,831**	**1,599**	**817,430**
12,954	–	–	12,954	–	12,954
–	(2,234)	–	(2,234)	(11)	(2,245)
–	–	(39,206)	(39,206)	(347)	(39,553)
12,954	**(2,234)**	**(39,206)**	**(28,486)**	**(358)**	**(28,844)**
–	(657)	–	(657)	657	–
–	35	–	35	–	35
42	(42)	–	–	–	–
11,376	**708,418**	**(39,206)**	**786,723**	**1,898**	**788,621**

consolidated cash flow statement

	2009	2008
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**308,349**	**444,146**
Net loss for the year	(39,553)	(11,083)
Amortisation & depreciation	9,892	10,539
(Revaluations) and write-downs	19,689	16,503
Net result of the share of associates	7,106	8,122
Net financial income/(charges)	9,130	(10,912)
(Gains)/losses on disposals	48	2,652
Income taxes	(1,587)	11,739
Changes in employee provisions	(8,521)	(4,812)
Changes in current and non-current provisions	4,555	369
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL	**759**	**23,117**
(Increase)/Decrease in inventories	1,070	(1,008)
(Increase)/Decrease in trade receivables	7,261	8,797
Increase/(Decrease) in trade payables	(4,710)	1,066
Change in other current and non-current liabilities	(2,317)	4,003
Change in deferred and current income taxes	423	(1,953)
OPERATING CASH FLOW	**2,486**	**34,022**
Dividends received	911	–
Interest received	3,797	18,297
Interest paid	(2,340)	(4,448)
Other income/(charges) received/paid	–	–
Income taxes paid	(4,399)	(6,958)
A. CASH FLOW FROM OPERATING ACTIVITIES	**455**	**40,913**

	2009	2008
Investments in intangible fixed assets	(363)	(472)
Investments in tangible fixed assets	(733)	(834)
Investments in equity holdings and non-current securities	(43,765)	(86,092)
Sale of intangible and tangible assets	227	24
Sale of equity investments and non-current securities	20,423	34,255
Other changes in investments	180	–
B. CASH FLOW FROM INVESTING ACTIVITIES	**(24,031)**	**(53,119)**
Change in non-current financial assets & liabilities	(6,405)	(55,551)
Change in current financial assets & liabilities	13,342	(41,417)
Dividends distributed	(7,250)	(25,139)
Other net equity changes	–	(1,484)
C. CASH FLOW FROM FINANCING ACTIVITIES	**(313)**	**(123,591)**
D. EFFECT EXCHANGE DIFFERENCES ON CASH & CASH EQUIVALENTS	**–**	**–**
Change in net liquidity (A+B+C+D)	**(23,889)**	**(135,797)**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**284,460**	**308,349**

In Euro thousands

notes to the consolidated financial statements as at December 31st, 2009

Introduction

Caltagirone Editore SpA (Parent Company) is a limited liability company, listed on the Milan Stock Exchange, operating in the publishing sector with its registered office in Rome (Italy), Via Barberini, No. 28.
The shareholders with holdings above 2% of the share capital, as per the shareholders register, the communications received in accordance with article 120 of Legislative Decree No. 58 of 24th 1998, and other information available are:

1. Francesco Gaetano Caltagirone: 75,955,300 shares (60.76%).
   This investment is held:
   - Directly for 22,500,000 shares (18.0%)
   - Indirectly through the Companies:
     - Parted 1982 SpA (35.56%)
     - Gamma Srl (7.2%)
2. Gaetano Caltagirone 3,000,000 shares (2.40%)
3. Edizione Srl 2,799,000 shares (2.24%).

The list of the equity investments reported in the attachment to the Annual Report is based also on the disclosure obligation of shareholdings held in non listed companies of more than 10% of the share capital in accordance with article 126 of Consob Regulation (National Commission for Companies and the Stock Exchange) No. 11971/1999.
At the date of the preparation of the present accounts, the ultimate holding company was FGC SpA, due to the shares held through subsidiary companies.
The present consolidated financial statements were authorised for publication by the directors on March 23rd 2010.

Compliance with international accounting standards approved by the European Commission

The consolidated financial statements at December 31st 2009 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 the preparation of the present document, account was taken of article 9 of Legislative Decree No. 28 of February 28th, 2005, of the provisions of the civil code, of Consob Resolution No. 15519 (*Regulations relating to financial statements to be issued in accordance with article 9, paragraph 3 of Legs. Decree No. 38 of February 28th, 2005*) and No. 15520 (*Modifications and amendments to the implementation rules of Legs. Decree No. 58 of 1998*) both of July 27th, 2006 as well as Consob communication No. DEM/6064293 of July 28th, 2006 (*Disclosure of issuers of shares and financial instruments in accordance with article 116 of the CFA*).

All of the financial statements of the companies consolidated fully are prepared at the same date as the consolidated financial statements and, with the exception of those of the Parent Company, were prepared according to Italian GAAP, to which the necessary adjustments were made in order to render them uniform with the Parent Company principles. The financial statements of the subsidiaries were approved by their respective Boards of Directors.

The Group did not opt for the advance adoption of the standards, interpretations and updates already approved, which are applicable after the date of the accounts.

The Group is evaluating the possible effects related to the application of the above-mentioned new standards/changes to accounting standards already in force; based on a preliminary evaluation, significant effects are not expected on the consolidated financial statements and the parent company financial statements.

Basis of presentation

The consolidated financial statements consist of the Balance Sheet, the Consolidated Income Statement, the Comprehensive Consolidated Income Statement, the Consolidated Cash Flow Statement, the Statement of changes in Shareholders' Equity 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 Consolidated Income Statement is classified on the basis of the nature of the costs and 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 or unusual operations.

The Consolidated Financial Statements are presented in Euro, the functional currency of the Parent Company, and the amounts shown in the notes to the financial statements are shown in thousands, except where indicated otherwise.

The operational and presentation currency of the Group is the Euro, which is also the operational currency of all of the companies included in the present financial statements.
The assets and liabilities are shown separately and without any offsetting.
The 2009 financial statements of the Parent Company Caltagirone Editore SpA are also prepared as per *IFRS* as defined above.

Basis of consolidation

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	2009	2008	Activities
Caltagirone Editore SpA	Rome	Parent company	Parent company	Finance
Il Messaggero SpA[1]	Rome	100.00	100.00	Editorial
Il Mattino SpA	Rome	100.00	100.00	Editorial
Piemme SpA[2]	Rome	100.00	100.00	Advertising
Leggo SpA	Rome	90.00	90.00	Editorial
Finced Srl	Rome	100.00	100.00	Finance
Corriere Adriatico SpA	Ancona	100.00	100.00	Editorial
Quotidiano di Puglia SpA	Rome	100.00	85.00	Editorial
Il Gazzettino SpA	Venice	98.64	99.91	Editorial
Centro Stampa Veneto SpA[3]	Venice	98.64	99.91	Editorial
Imprese Tipografiche Venete SpA[3]	Venice	98.64	99.91	Editorial
P.I.M. Pubblicità Italiana Multimedia Srl[3]	Milan	98.64	99.91	Editorial
Ideco Holding SA[3]	Lugano (Switzerland)	98.64	99.91	Finance
Telefriuli SpA[4]	Tavagnacco (Udine)	84.85	85.94	Television

Values in %

[1] *94.6% directly held and 5.4% through Piemme SpA*

[2] *Held through Il Messaggero SpA*

[3] *Held through Il Gazzettino SpA*

[4] *86.02% held through Il Gazzettino SpA*

In 2009 the remaining 15% of Quotidiano di Puglia SpA was acquired; the option on 1.27% of the share capital of Il Gazzettino SpA was not exercised and therefore the percentage held is 98.64%.

Subsidiary companies

All the companies in which the Group has the power to determine, directly or indirectly, the financial and operating policies of an entity, so as to obtain benefits from its activities are considered as subsidiary companies. In the evaluation of control, consideration is also taken of the potential voting rights that are effectively exercisable or convertible. The financial statements of subsidiaries are consolidated from the date in which the parent company acquires control and until the moment in which this control terminates.

Associated companies

	Registered office	2009	2008
Rofin 2008 Srl	Rome	30.00	30.00
E-Care SpA	Rome	24.50	24.50
Editrice Telenuovo SpA	Verona	39.96	39.96

Values in %

Associated companies (companies in which the Group exercises a significant influence but does not control – or jointly controlled entities – the financial and operating policies) are measured under the equity method. The profits and losses pertaining to the Group are recognised in the consolidated income statement at the date when the significant influence begins and until the date of termination.
The balance sheet date of the financial statements of the associated companies is the same as the parent company.
Where the loss pertaining to the Group exceeds the book value of the investment, the value is written down to zero and where the holding is committed to comply with legal or implicit obligations of the company or in any case to cover the losses, the excess is recorded in a specific provision.

Consolidation procedures

All of the financial statements used for the preparation of the consolidated financial statements were prepared at December 31st and adjusted, where necessary, in accordance with the accounting standards applied by the Parent Company.
The assets and liabilities, and the income and expenses, of the companies consolidated on a line-by-line basis are fully included in the consolidated financial statements; the book value of the investments is eliminated against the corresponding fraction of the net equity of the subsidiaries, allocating to the individual assets and liabilities their fair value at the date of acquisition of control. Any residual difference deriving from this elimination is recorded in the account Goodwill if positive, or charged to the Income Statement, if negative.

The results of consolidated companies acquired or sold during the year are included in the consolidated income statement from the date of acquisition or until the date of sale.
The share of the equity and of the result for the period relating to minority interests are recognised in specific accounts in the balance sheet (Minority interest capital and reserves) and income statement (Minority interest share of profit).
All inter-group balances and transactions, including any non-realised gains or losses deriving from transactions between Group companies, are eliminated net of the theoretical fiscal effect, if significant. The gains and losses not realised with associated companies are eliminated for the part pertaining to the Group.
The dividends distributed by the consolidated companies are eliminated from the income statement and aggregated to the retained earnings/accumulated losses, up to the amount of the dividends.

Foreign currency transactions

All transactions in currencies other than the Euro are recognised at the exchange rate at the date of the transaction. The assets and liabilities denominated in foreign currencies other than the operational currencies are subsequently adjusted to the exchange rate at the end of the reporting period. The positive or negative differences between the values converted at the period end exchange rate and the original exchange rate are recorded in the income statement.
The non-monetary assets and liabilities denominated in foreign currencies and recorded at historical cost are translated utilising the exchange rate at the initial date of recording of the operation.

Business combinations

All business combinations are recorded using the purchase method, which is the purchase cost equal to the fair value at the date of the exchange of the assets sold, liabilities incurred or assumed, plus directly attributable purchase costs. This cost is allocated recording the identifiable assets, liabilities and contingent liabilities of the purchase, at their fair value. Any positive difference between the purchase price and the fair value of the share of net assets acquired relating to the Group is recorded as goodwill. Any negative difference (*negative goodwill*) is recognised in the income statement at the date of acquisition.
Where the fair value of the assets, liabilities and contingent liabilities may only be determined provisionally, the business combination is initially recorded utilising the provisional values. Any adjustments deriving from the completion of the initial recording of the business combinations are recorded within 12 months from the acquisition date and from that date.
On the first time application of *IFRS*, the Group decided to only recalculate the business combinations after January 1st 2004. For the acquisitions before this date, goodwill is the amount recorded in accordance with Italian GAAP.
In relation to business combinations which provide at the moment of the purchase the control of the investment and also the simultaneous assumption of an unconditional commitment for the purchase of further quotas in the investment

from shareholders, for example through option contracts, the provisions of *IFRS 3* and *IAS 32*, paragraph 23 are applied. In this case, the current value of the price paid is recorded as a financial liability and constitutes an integral part of the total purchase price of the investment.
The transactions with minority shareholders subsequent to the acquisition of control are recorded, in the absence of a principle or interpretation which can be specifically applied to this type of transaction, in accordance with Group principles which provide for the recording of these effects based on the entity model theory. According to this theory, the shareholders are considered as a single group and the transactions between them are recorded as net equity movements. Therefore in the case of acquisitions of further holdings by minority shareholders, the difference between the price paid and the book value of the holding acquired in the net assets of the subsidiary is recorded as a decrease or increase in the reserves, while any sale to minority shareholders is recorded as a gain or loss under equity, as long as control remains. The temporary differences arising from the difference between the fair value of the identifiable assets, liabilities and contingent liabilities recognised and the fiscal value recognised, gives rise to the recording of a deferred asset and/or liability that affects the determination of the goodwill.

Accounting principles

Intangible assets with definite life

The Intangible assets with a definite life, which include patents, concessions, licences, trademarks and similar rights and software, are recorded at cost, including direct accessory costs necessary in order to render the asset available for use.
Intangible assets with definite useful lives are recognised net of the relative accumulated amortisation and any impairment in accordance with the procedures described below. Amortisation is calculated on a straight line basis over the estimated useful life of the asset and reviewed on an annual basis and any changes, where necessary, are made in accordance with future estimates. Considering the uniformity of the assets contained in the individual categories, it is considered, with the exception of specific cases, that the useful life of these assets is approximately 3-5 years. The amortisation begins when the intangible asset is available for use.
At the moment of sale or when no expected future economic benefits exist from the use of an intangible asset, it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sales value and the net book value) is recorded in the income statement in the year of the above mentioned elimination.

Goodwill

The goodwill deriving from business combinations is allocated to the cash-generating unit identified which will benefit from these operations. The goodwill relating to investments in associated companies is included in the carrying value of these companies.
After the initial recording, goodwill is not amortised but is adjusted for any loss in value, determined in accordance with the procedures described below. Any write-downs may not be subsequently re-stated.

Intangible assets with an indefinite life

Intangible assets with indefinite useful lives are those assets for which, on the basis of an analysis of all of the relevant factors, there is no foreseeable limit to the period in which the cash flow generated is limited for the Group. The newspaper titles are considered assets with indefinite useful lives.
The intangible assets with an indefinite life are initially recorded at purchase cost, determined in accordance with the same procedures indicated for intangible assets with a definite life, but are not amortised subsequently. The recovery of their value is verified adopting the same criteria for the Goodwill. Write-downs are reinstated if the reasons for their write down no longer exist.

Property, plant and equipment

Property, plant and equipment is recorded at cost, including directly allocated accessory costs and those necessary for the asset being in the condition for which it was acquired, and increased, in the presence of legal or implicit obligations, by the current value of the estimated cost for the disposal of the asset. The corresponding liability is recorded in a provision in the balance sheet under provisions for risks and charges.
The costs incurred after acquisition are recorded as an increase in the book value of the asset to which it refers when it is probable that the Group will receive the future benefits deriving from the cost incurred for the replacement of a part of property, plant and equipment and this cost can be reliably determined. All the other costs are recorded in the income statement when incurred.
When significant parts of property, plant and equipment have different useful lives, these components are recorded separately and the depreciation is applied to each component.
Property, plant and equipment is recorded net of the relative accumulated depreciation and any loss in value determined in accordance with the procedures described below. Depreciation is calculated on a straight line basis on the estimated useful life of the asset for the company, which is reviewed on an annual basis and any changes, where necessary, are recorded in accordance with future estimates. Land, both constructible and annexes to buildings, is not depreciated, in that it has an unlimited useful life, but is subject to experts' opinions for any loss in value and subsequently written down.
The property, plant and equipment acquired through finance lease contracts, where the majority of the risks and rewards relating to the ownership of an asset have been transferred to the Group, are recognised as assets of the Group at their fair value or, if lower, at the current value of the minimum lease payments, including any redemption amounts to be paid. The corresponding liability due to the lessor is recorded under financial payables. The leased assets are amortised based on the useful life of the asset. When there is no reasonable certainty that the Group will acquire ownership at the end of the lease, the asset is amortised over the shorter period of the duration of the lease and the useful life of the asset. The leased assets where the lessor bears the majority of the risks and rewards relating to an asset are recorded as operating leases. The costs relating to operating leases are recorded on a straight-line basis in the income statement over the duration of the lease contract.

The principal depreciation rates applied are as follows:

	Useful life	Economic/ technical rate
Industrial buildings	30 years	3.33%
Light structures	10 years	10.00%
Non automated machines and general plant	10 years	10.00%
Rotating press for paper in rolls	15 years	6.67%
Equipment	4 years	25.00%
Office furniture and equipment	8 years	12.50%
Transport vehicles	5 years	20.00%
Motor vehicles and similar	4 years	25.00%

At the moment of sale or when there are no expected future economic benefits from the use of property, plant and equipment, they are eliminated from the financial statements and any loss or gain (calculated as the difference between the sales value and the book value) is recorded in the income statement in the year of the above mentioned elimination.

Loss in value

At each period end, or if circumstances change or specific events require it, the book value of the property, plant and equipment and of intangible assets with a definite useful life are reviewed, in order to verify the existence of events or changes which indicate that the carrying value may not be recovered. If an indication of this type exists, their recoverable value must be determined and, where the book value exceeds the recoverable value, these assets are written down to reflect their recoverable value.
The recoverable value of goodwill, of other intangible assets with an indefinite life and intangible assets not available for use are, however, estimated annually or, when there is a change in circumstances or specific events occur.
The recoverable value is represented by the higher value between the current value less costs to sell and their value in use.
In defining the value in use, the expected future cash flows are discounted using a pre-tax rate that reflects the current market assessment of the time value of money and the specific risks of the activity. When an asset does not generate sufficient independent cash flows, the recoverable value is determined in relation to the cash-generating unit to which the asset belongs.
A loss in value is recognised in the income statement under amortisation, depreciation and write-downs, when the carrying value of the asset, or of the relative cash-generating unit to which it is allocated, is higher than the recoverable value. The losses in value of cash-generating units are firstly attributed to the reduction in the carrying value of any goodwill allocated and, thereafter, to a reduction of other assets, in proportion to their carrying value.

The restatement in value of a tangible asset is carried out in the presence of a change in the value utilised to determine the recoverable value within the limits of the net book value without considering the losses for reduction in value of the previous years.
With the exception of goodwill, a loss in value of an asset is restated, up to the amount of the previous write-downs made, when the recoverable value exceeds the written down carrying value.

Assets and liabilities held for sale and discontinued operations

The assets or group of assets and liabilities whose book value will be recovered principally through sale rather than continual usage, are presented separately from the other assets and liabilities in the balance sheet.
The assets classified as held for sale are measured at the lower between their book value and the current realisable value, less costs to sell, determined at the reclassification date. Losses in value are recognised directly in the income statement. The corresponding balance sheet values of the previous year are not reclassified. Non-current assets classified as held for sale are not amortised.
The results of the activities terminated or in the course of disposal (discontinued operations) are recorded separately in the income statement, net of the tax effect. The corresponding values relating to the previous year are reclassified and are shown separately in the income statement, net of the tax effect, for comparative purposes.

Equity investments in associated companies

The holdings in associated companies and joint ventures are valued under the equity method and the holding is included from the moment of the purchase and subsequently adjusted, for the relative share, of the changes in the net equity of the investment. Losses of the associated companies in excess of the Group share are not recorded unless the Group has an obligation to cover them.
The excess of the acquisition cost over the Group's share in the fair value of the assets, liabilities and continued liabilities at the acquisition date represents the goodwill and includes the carrying value of the investment which is periodically subject to an impairment test, and any reduction in values are recorded in the income statement.

Investments in other companies and debt instruments

The Investments in other companies considered as available for sale are measured at fair value with the recording of any gain or loss directly to shareholders' equity through the comprehensive income statement; at that moment the accumulated gains and losses are recorded in the income statement of the period.

Indicators of a possible reduction in value are for example significant difficulties of the issuer, non fulfilment or lack of payments of interest or of capital, the possibility that the issuer will become bankrupt, undergo examination procedures and the disappearance of an active market. A long-term or significant reduction in the market value of a capital instrument below its cost is considered as evidence of impairment; the analysis of impairment is therefore carried out annually on all of the capital instruments of the Group.

In relation to the identification of losses in value of listed shares classified in the available-for-sale financial assets category (AFS), consideration is made of the interpretive clarifications contained in the joint document issued by the Bank of Italy, Consob and Isvap No. 4 of March 3rd, 2010 in relation to the weight to be given to the concepts of "significant" or "prolonged" in the fair value under cost in order to declare an impairment.

Following the above stated clarifications, the company carried out a valuation with different parameters from those previously considered and the quantitative limits utilised to identify the necessity for an impairment procedure, taking account of the types of shares held, as well as the high levels of instability within the stock market from the second half of 2008, are for a decrease in the fair value at the balance sheet date of above 30% compared to the original book value or a decrease in the fair value below the initial recording for 30 consecutive months. The change in this accounting principle did not result in any effects on the financial statements as at December 31st 2009.

The fair value of the securities traded on a regulated market is based on the quotation price at the balance sheet date.

When the fair value cannot be reliably determined, these investments are valued at cost adjusted for reductions in value and the effects are recognised in the income statement. Any write-downs may not be subsequently re-stated.

Trade receivables

Trade receivables are recorded at fair value and subsequently at amortised cost, net of any loss in value. The losses in value are determined on the basis of the fair value of the estimated future cash flows, discounted on the basis of the original effective interest rate.

The trade receivables which mature within the normal commercial terms are not discounted.

Cash and cash equivalents

Cash and cash equivalents include bank deposits and cash in hand, or rather those values that are available on demand at short notice, certain in nature and with no payment expenses.

Financial liabilities and trade payables
Financial liabilities and trade payables are initially recognised at fair value, net of directly allocated transaction costs.
Thereafter, they are measured under the amortised cost criteria, using the original effective interest rate method.
Commitments deriving from contracts which contain an obligation for a company to acquire shares for cash or other financial assets are considered as financial liabilities. The value of this financial liability is equal to the fair value of the sums to be paid determined at the subscription date; the financial liability is discounted when the maturity dates of the obligation can be determined. The increase in the value of the payable due to the passing of time is recorded as a financial expense.
The trade payables which mature within the normal commercial terms are not discounted.

Inventories

Raw materials, semi-finished and finished products are recorded at cost and measured at the lower between the cost and the market value. The cost is calculated on the basis of the weighted average cost method, which includes related accessory costs.
In order to calculate the market value, the value of obsolete or slow moving inventory is written down based on the net estimate for use/sale in the future and recorded to an obsolescence provision.

Shareholders' equity

Treasury shares
The costs incurred for the purchase of treasury shares are recorded as a reduction of shareholders' equity. The gains or losses deriving from a subsequent sale are recorded as net equity movements.

Costs for share capital increases
The costs incurred for the stock exchange listing of the Parent Company Caltagirone Editore SpA, net of the relative tax effect, are recorded as a reduction of the shareholders' equity in a separate negative reserve.

Employee benefits

The liabilities relating to the benefits recognised to employees and paid on or after the employment period and relating to defined benefit plans (Employee Leaving Indemnity), net of any assets serving the plan, are determined on the basis of actuarial assumptions estimating the amount of the future benefits that the employees have matured at the balance sheet date. The liability is recognised on an accruals basis over the maturity period of the right.
In relation to employee leaving indemnity, following the amendments to Law No. 296 of December 27th, 2006 and subsequent Decrees and Regulations (*Pension Reform*) issued in the first months of 2007, it is noted that:

- the employee leaving indemnity matured at December 31st 2006 continues to be considered as a defined benefit plan.
- the employee leaving indemnity matured from January 1st 2007, for Italian companies with a number of employees above 50, is considered a defined contribution plan.

The determination of the current value of the Group commitments is made by an independent expert using the projected unit credit method. Under this method, a future projection is made of the liability to determine the probable amount to be paid on the termination of employment and then discounted, to take into account the period of time which will pass before the actual payment. The calculation takes into account the employee leaving indemnity matured and is based on actuarial assumptions which principally relate to the interest rate, which reflects the market return of primary securities with maturities similar to those for bonds[5] and the turnover of employees.

For the quota of the employee leaving indemnity allocated to the integrated pension or rather the Inps fund from the date of the option exercised by the employee, the Group is not a debtor of the employee indemnity provision matured after December 31st 2006, and therefore the actuarial calculation of the employee leaving indemnity excludes the component relating to future salary changes.

The actuarial gains and losses, defined as the differences between the carrying value of the liabilities and the current value of the Group commitments at the end of the period, due to changes in the actuarial parameters described above, are directly recorded under equity.

The financial component is however recorded in the income statement, in the account financial charges.

Provisions for risks and charges

The Provisions for risks and charges are recorded when a legal or implicit obligation exists towards a third party that derives from a past event, and a payment of resources is probable in order to satisfy the obligation and this amount can be reliably estimated. When the financial effect of the time value of money is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted using the estimated future cash flows at a pre-tax rate that reflects the current market assessment of the cost of money and, if appropriate, the specific risks of the obligation; the increase of the provision due to the passing of time is recorded as a financial charge.

Grants

The grants and contributions, from public entities and private third parties, are recognised at fair value when there is reasonable certainty that they will be received and that they will satisfy the conditions for their attainment. The grants received against specific expenses are recognised under other liabilities and credited to the income statement in the period in which the related costs mature.

5. The discounting was made using the IRS curve corresponding to the duration of the period under examination (50 years).

The grants received against specific assets whose value is recorded under fixed assets are recorded under other liabilities and credited to the income statement in relation to the depreciation period to which the asset refers.
Operating grants are fully recognised to the income statement at the moment in which they satisfy the conditions for their recognition.

Revenues

Revenues are recognised in accordance with the probability that the Group will receive economic benefits and the amount can be determined reliably. Revenues are recognised net of returns, discounts and allowances.
In particular, the revenues from the sale of goods are recognised when the significant risks and benefits of the ownership of the assets are transferred to the purchaser.
Revenues for services are recognised when the services are provided, with reference to the progress of completion of the activities.

Financial income and expenses

Financial income and expenses are recorded on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate.

Dividends

The dividends are recorded when the right of the shareholders to receive the payment arises. The dividends and dividend payments on account payable to third parties are recorded as changes in shareholders' equity at the date in which the Shareholders and Board of Directors meetings approve them respectively.

Earnings per share

Earnings per share are calculated by dividing the Group net profit for the year by the weighted average number of ordinary shares outstanding in the year.

Income taxes

Current income taxes for the period are determined on the basis of the taxable assessable income and in accordance with current fiscal law; in addition, the effects deriving from the implementation of some companies of the Group's national fiscal consolidation is applied.
Deferred tax assets and liabilities are calculated on temporary differences between the balance sheet values and the corresponding values recognised for tax purposes, applying the expected tax when the differences are reversed, determined on the basis of the current tax rates in force and in consideration of any expected changes relating to future years.

The recognition of deferred tax assets is made when their recovery is probable - that is when it is expected that there will be future assessable fiscal income sufficient to recover the asset, while deferred tax liabilities are recorded in every case.
The recovery of the deferred tax asset is reviewed at each balance sheet date.

Use of estimates

The preparation of the consolidated 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 balance sheet, the consolidated income statement and the consolidated 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 accounting principles and accounts in the financial statements which require greater subjectivity in the preparation of the estimates and for which a change in the underlying conditions of the assumptions used may have a significant impact on the consolidated financial statements of the Group are as follows:

- Goodwill and other indefinite intangible assets;
- Write-down of fixed assets;
- Depreciation of tangible fixed assets;
- Deferred taxes;
- Provisions for risks and charges;
- Allowance for doubtful accounts;
- Other write-down provisions;
- Employee benefits.

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.

Change of accounting principles, errors and change of estimates

The accounting principles adopted are amended from one period to another only if the change is required by a standard and if this contributes to providing more reliable information on the effects of the operations on the balance sheet, income statement and cash flows of the enterprise.
The changes to the accounting standards are recorded retrospectively with the recording of the effect to net equity for the more remote periods reported. The other comparative amounts indicated for each period are adjusted as if the new standard had always been applied. The prospective approach is made only when it is impractical to reconstruct the comparative information.

The application of a new or amended accounting standard is accounted for in accordance with the requirements of the standard. If the standard does not permit a transition period, the change is accounted in accordance with the retrospective method, or if impractical, with the prospective method.
In the case of significant errors, the same treatment is applied for changes in accounting standards illustrated at the previous point. In the case of non-significant errors, these are accounted for in the income statement in the period in which they are noted.
Changes in estimates are accounted in accordance with the prospective method in the income statement in the period in which the change occurs only if impacting upon this latter or in the period in which the change occurs, and subsequent periods if the change also impacts upon future periods.

Management of risks

The Group is exposed to different market risks and in particular to raw material price risk, credit risk, risk of changes in interest rates, liquidity risk, risk of change in the prices of quoted financial investments and foreign exchange risk.

Price risk (paper)
The Group is exposed to fluctuations in the price of paper – the principal raw material; the risk is managed through supply contracts with Italian and foreign companies with fixed prices and quantities for a maximum period of approximately one year, and through the provision from suppliers based in different geographic areas in order to obtain the most competitive prices.
The effects on the results for the year 2009, net of the relative tax effect, of fluctuations in the price of paper by +/-5% are shown below.

	Book value 2009	Effect on the result	
		+5%	-5%
Paper purchase costs	25,846	(887)	887

In Euro thousands

Credit risk
The Group does not have particularly significant Credit risks. The operating procedures permit a control of the risk connected to the receivable, limiting the sales of products and/or services to clients without an adequate level of credit lines or guarantees.
Trade receivables, amounting to Euro 91.2 million, principally relate to Group advertising revenues from Piemme SpA (Euro 82.2 million).

Liquidity risk

The Liquidity risk is managed by the Group through the investment of liquidity in short term operations (generally between one and three months) or readily liquid investments.

Interest rate risk

The exposure of the Group to interest rate changes is not particularly significant as this risk is principally related to medium/long-term loans with variable interest rates. The Group operations of this kind relate to bank loans.

Currency risk

The Group, operating exclusively in the Euro Zone, is normally not exposed to foreign exchange currency movements. In some circumstances, however, foreign currency operations are undertaken which expose the Group to contained foreign currency risk.

New accounting standards and interpretations

From January 1st 2009, the following international accounting standards applicable to the Group entered into force:

IAS 1 revised - Presentation of Financial Statements

The *revised IAS 1* requires, as well as the traditional financial statements, the presentation of a "statement of comprehensive income" which shows both the results of the income statement (defined as the result of the changes generated from transactions with non shareholders) and the income statement results recorded directly to net equity (other comprehensive income). The standard allows the company to present this result in a single "comprehensive income statement" or in separate statements presented consecutively:

- a first separate statement ("Income statement") which shows the profit (loss) components of the period; and
- a second statement ("Comprehensive income statement recorded in the period") which, beginning with the profit (loss) in the period, includes the other comprehensive income statement components (other comprehensive income).

The Group opted for the presentation through the two separate statements called respectively the "Income statement" and the "Comprehensive income statement".

IAS 23 revised - Borrowing costs

The *revised IAS 23* eliminates the option of recording immediately to the income statement borrowing costs directly attributable to the acquisition, production or construction of assets according for which a certain period of time normally passes before the assets become available for use or for sale (qualifying assets), requiring instead the capitalisation as part of the cost of the asset. The application of this standard did not have any accounting effects, in that these factors are not applicable to the Group.

IAS 38 revised - Intangible assets

IAS 38 revised establishes the recognition to the income statement of promotional and advertising costs. In addition, it establishes in the case in which the enterprise incurs charges with future economic benefits without the recording of intangible assets, these should be recorded in the income statement when the enterprise has the right to utilise the asset, if this relates to the acquisition of assets, or in which the service is rendered, if it relates to the acquisition of services. The application of this standard did not have any accounting effects, in that these factors are not applicable to the Group.

IFRS 8 - Operating segments

IFRS 8, which replaces *IAS 14*, substantially requires the identification and recording of operating segment results under the Management approach, or rather under the methodology utilised by management in the internal reporting used to evaluate the performance and allocate resources between the segments. The adoption of the new standard did not have any impacts on the Group in that the manner of presentation of the results of the segment utilised previously was substantially in line with that of the new standard.

IFRIC 14 on IAS 19 - Limit on a defined benefit asset, minimum funding requirements

The interpretation provides general guidelines on measuring the limit established by *IAS 19* for the recognition of the assets servicing the plans and provides an explanation on the accounting effects caused by the presence of a minimum funding requirement clause in the plan. The application of this standard did not have any accounting effects for the Group.

Amendment to IFRS 7 - Financial Instruments: disclosures

The amendment, which must be applied from January 1st, 2009, was issued to increase the disclosure level required in the case of valuation at fair value and to expand the existing standards in relation to disclosure on liquidity risks of financial instruments. In particular, the amendment requires a disclosure of the determination of the fair value of financial instruments by hierarchical valuation levels. The adoption of the standard did not have any impact on the valuation and recording of any accounts in the financial statements, but only on the type of information presented in the relative notes.

For those newly issued amendments, standards and interpretations which have not yet been approved by the European Union, but concern current or potential issues relevant to the Group, the company is evaluating the potential impact on the financial statements from their application, taking into account their efficacy.

assets

1. Intangible assets with definite life

	Development and research	Patents	Trademarks	Others	Total
Historical cost					
1.1.2008	**751**	**956**	**4,316**	**5,668**	**11,691**
Increases	–	142	40	469	651
Decreases	–	–	–	–	–
Reclassifications	–	228	–	(81)	147
31.12.2008	**751**	**1,326**	**4,356**	**6,056**	**12,489**

	Development and research	Patents	Trademarks	Others	Total
Historical cost					
1.1.2009	**751**	**1,326**	**4,356**	**6,056**	**12,489**
Increases	11	97	22	217	347
Decreases	–	–	–	(49)	(49)
Reclassifications	–	–	–	–	–
31.12.2009	**762**	**1,423**	**4,378**	**6,224**	**12,787**

In Euro thousands

	Development and research	Patents	Trademarks	Others	Total
Amortisation and loss in value 1.1.2008	**744**	**904**	**1,641**	**4,717**	**8,006**
Increases	5	149	363	565	1,082
Decreases	–	–	–	–	–
31.12.2008	**749**	**1,053**	**2,004**	**5,282**	**9,088**
Amortisation and loss in value 1.1.2009	**749**	**1,053**	**2,004**	**5,282**	**9,088**
Increases	13	166	335	428	942
Decreases	–	–	–	(20)	(20)
31.12.2009	**762**	**1,219**	**2,339**	**5,690**	**10,010**
Net value 1.1.2008	**7**	**52**	**2,675**	**951**	**3,685**
31.12.2008	**2**	**273**	**2,352**	**774**	**3,401**
31.12.2009	**–**	**204**	**2,039**	**534**	**2,777**

In Euro thousands

The account Brands and concessions relates to the television concession of Telefriuli SpA.
At December 31st 2009, no Companies of the group recorded the existence of inactive intangible assets or completely amortised still in use of significant value.
The amortisation rates used are shown below:

Category	Average rate
Development costs	20.00
Industrial patents and intellectual property rights	34.30
Trademarks, concessions and licenses	27.30
Others	26.30

Values in %

2. Goodwill and other indefinite intangible assets

The indefinite intangible assets, comprising of goodwill and newspaper titles, are not amortised, but annually subject to verifications to determine the existence of any loss in value.
The table below shows the movements in the indefinite intangible assets:

	Goodwill	Newspaper titles	Total
Historical cost 1.1.2008	**190,421**	**286,798**	**477,219**
Increases	–	–	–
Decreases	–	(1)	(1)
Write-downs	(13,019)	–	(13,019)
Other changes	(825)	–	(825)
31.12.2008	**176,577**	**286,797**	**463,374**
Historical cost 1.1.2009	**176,577**	**286,797**	**463,374**
Increases	–	–	–
Decreases	–	(1)	(1)
Write-downs	(16,056)	–	(16,056)
Other changes	–	–	–
31.12.2009	**160,521**	**286,796**	**447,317**

In Euro thousands

The goodwill was allocated to the following cash-generating units:

	31.12.2009	31.12.2008
Il Gazzettino SpA	71,667	87,723
Il Messaggero SpA	51,613	51,613
Piemme SpA (*advertising agency*)	27,521	27,521
Il Mattino SpA	9,720	9,720
Total	**160,521**	**176,577**

In Euro thousands

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

	1.1.2008	Increases	Decreases	Change in consolidation scope	Write-downs	31.12.2008
Il Messaggero SpA	90,808	–	–	–	–	90,808
Il Mattino SpA	44,496	–	–	–	–	44,496
Quotidiano di Puglia SpA	26,131	–	–	–	–	26,131
Corriere Adriatico SpA	24,656	–	–	–	–	24,656
Il Gazzettino SpA	100,700	–	–	–	–	100,700
Other minor newspaper titles	7	–	(1)	–	–	6
Total	**286,798**	**–**	**(1)**	**–**	**–**	**286,797**

	1.1.2009	Increases	Decreases	Change in consolidation scope	Write-downs	31.12.2009
Il Messaggero SpA	90,808	–	–	–	–	90,808
Il Mattino SpA	44,496	–	–	–	–	44,496
Quotidiano di Puglia SpA	26,131	–	–	–	–	26,131
Corriere Adriatico SpA	24,656	–	–	–	–	24,656
Il Gazzettino SpA	100,700	–	–	–	–	100,700
Other minor newspaper titles	6	–	(1)	–	–	5
Total	**286,797**	**–**	**(1)**	**–**	**–**	**286,796**

In Euro thousands

The estimate of the recoverable value of the goodwill and of the newspaper titles is based on the higher of the value in use and the fair value less sales costs, in accordance with *IAS 36*. The value in use is determined through the Discounted Cash Flow method, which is the discounting of the future operating cash flows generated by the Cash Generating Unit (CGU). In particular, the cash flows are estimated for a specific period and then discounted based on the cost of capital of the single CGU's. The terminal value is added to this amount, which represents the infinite projections of the CGU revenue capacity, calculated estimating the realisable value of the CGU on the basis of comparable transaction multiples in the time period from 2005 to 2009 on the national and international market; both the values are discounted at an appropriate rate.
The forecasts for 2010 were considered in carrying out the impairment tests. For subsequent years, specific forecasts for the performance of the business were drawn up, taking account therefore of the economic-financial context and the changed environment following the current crisis, as well as the related different operating conditions.

The expected cash flows utilised in the model are calculated based on the budget and planning data of the operating Companies and represent the best estimate of the amounts and the timing for which the future cash flows are expected to occur based on the long-term plan which is updated annually. The expected sales growth is based on management forecasts. The operating costs considered in relation to expected cash flows are also determined based on management estimates for the coming five years and take account of the positive effects of the restructuring plan already in place.
The projection of cash flows is estimated through extrapolation of the projections formulated by Management and approved by the Board of Directors.
The estimates and the budget data used in the application of the above parameters are determined by Group management based on past experience and forecasts relating to the development of the relative markets.
The internal and external factors which may lead to the verification of a loss in value are constantly monitored by the Group.
The sensitivity analysis in relation to the parameters utilised for the impairment test does not show any significant effects on the valuation carried out with a 1% increase in the interest rate.
The principal parameters used in the determination of the value in use (separately for each *Cash Generating Unit*) is shown below:

	Goodwill	Newspaper titles	Total Cash generating unit[1]	Tax rate	Growth rate terminal value[2]	WACC[3]	Explicit period cash flows
Il Gazzettino SpA	71,667	100,700	172,367[4]	31.4%	2%	7.2%	5 years
Il Messaggero SpA	51,613	90,808	142,421	31.4%	2%	7.2%	5 years
Il Mattino SpA	9,720	44,496	54,216	31.4%	2%	7.2%	5 years
Piemme SpA (*advertising agency*)	27,521	–	27,521	31.4%	2%	7.2%	5 years
Quotidiano di Puglia SpA	–	26,131	26,131	31.4%	2%	7.2%	5 years
Corriere Adriatico SpA	–	24,656	24.656	31.4%	2%	7.2%	5 years

In Euro thousands

[1] *Represents the sum of the goodwill and of the newspaper titles allocated to the individual Cash Generating Unit*

[2] *The growth rate is forecast to be in line with inflation*

[3] *The WACC represents the average weighted cost of capital of the company*

[4] *The goodwill is recorded gross of the theoretical tax effect on the fair value of the activities of the company acquired, equal to Euro 35.52 million*

In accordance with *IAS 36*, an Impairment Test was carried out on the goodwill and on the Newspaper Titles recorded in the financial statements and the relative results led to the recording of a loss in value in the goodwill relating to the Il Gazzettino Group of Euro 16.06 million.

3. Property, plant and equipment

	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
Historical cost 1.1.2008	**8,556**	**51,435**	**98,895**	**1,033**	**21,041**	**656**	**181,616**
Increases	–	48	1,157	9	599	10	1,823
Decreases	–	–	(1,091)	–	(457)	(7)	(1,555)
Reclassifications	11	(11)	292	(1)	(435)	(649)	(793)
31.12.2008	**8,567**	**51,472**	**99,253**	**1,041**	**20,748**	**10**	**181,091**

	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
Historical cost 1.1.2009	**8,567**	**51,472**	**99,253**	**1,041**	**20,748**	**10**	**181,091**
Increases	–	33	193	–	655	181	1,062
Decreases	–	–	(994)	(26)	(999)	–	(2,019)
Reclassifications	39	(49)	6	26	4	(26)	–
31.12.2009	**8,606**	**51,456**	**98,458**	**1,041**	**20,408**	**165**	**180,134**

In Euro thousands

	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
Depreciation and loss in value 1.1.2008	**–**	**11,122**	**48,805**	**873**	**17,674**	**–**	**78,474**
Increases	–	1,678	6,255	65	1,459	–	9,457
Decreases	–	–	(1,091)	–	(431)	–	(1,522)
Reclassifications	–	–	9	(1)	(655)	–	(647)
31.12.2008	**–**	**12,800**	**53,978**	**937**	**18,047**	**–**	**85,762**
Depreciation and loss in value 1.1.2009	**–**	**12,800**	**53,978**	**937**	**18,047**	**–**	**85,762**
Increases	–	1,680	6,031	52	1,187	–	8,950
Decreases	–	–	(686)	(21)	(962)	–	(1,669)
Reclassifications	–	–	(1)	–	1	–	–
31.12.2009	**–**	**14,480**	**59,322**	**968**	**18,273**	**–**	**93,043**
Net value 1.1.2008	**8,556**	**40,313**	**50,090**	**160**	**3,367**	**656**	**103,142**
31.12.2008	**8,567**	**38,672**	**45,275**	**104**	**2,701**	**10**	**95,329**
31.12.2009	**8,606**	**36,976**	**39,136**	**73**	**2,135**	**165**	**87,091**

In Euro thousands

The account Plant and machinery is substantially composed of the presses belonging to Group publishing Companies.
The account Other assets includes, in addition to computers, servers and network appliances, leasehold improvements and restructuring relating to rented offices. Depreciation is calculated based on the duration of the contract, which is lower than the useful life of the asset.
The values of property, plant and equipment fully depreciated and still in use are as follows:

	31.12.2009
Buildings	380
Plant and machinery	10,410
Other plant and equipment	390
Rotary and printing presses	5,140
Production and commercial equipment	690
EDP	3,930
Furniture, furnishings and office equipment	2,960
Motor vehicles and internal transport	380
Other minor assets	4,110

In Euro thousands

The assets above are still in use due to the ordinary maintenance carried out in the course of the year and previous years. No financial expenses were capitalised.
In 2008, the company Il Messaggero SpA signed a leasing contract for the acquisition of electronic photocomposition and photo production systems. This contract has a duration period of 60 months for a total cost of Euro 909 thousand. The assets were recorded under tangible fixed assets at consolidated level and depreciated; at December 31st 2009 the net book value amounted to Euro 549 thousand.
The book value of plant and machinery provided as guarantees on liabilities amounts to Euro 22.8 million. For further information, reference should be made to note 16.

4. Equity investments valued at cost

The movements in the account are as follows:

Investments in subsidiary companies	Locations	%	1.1.2008	Increases/ (Decreases)	Write-downs	31.12.2008
Noisette Serviços de Consultoria Lda	Madeira (Portugal)	99.8%	5	–	–	5
Edi.Me. Sport Srl in liquidation	Naples	99.5%	1	–	(1)	–
Total			**6**	**–**	**(1)**	**5**

	Locations	%	1.1.2009	Increases/ (Decreases)	Write-downs	31.12.2009
Noisette Serviços de Consultoria Lda	Madeira (Portugal)	99.8%	5	–	–	5
Edi.Me. Sport Srl in liquidation	Naples	99.5%	–	–	–	–
Total			**5**	**–**	**–**	**5**

In Euro thousands

Equity investments in other companies	%	1.1.2008	Increases/ (Decreases)	Write-downs	31.12.2008
Euroqube SA	14.82%	1,891	–	(625)	1,266
Ansa Scarl	6.71%	1,166	–	–	1,166
Sviluppo Quotidiani Srl	33.34%	15	–	(15)	–
Other minor	–	49	–	–	49
Total	**–**	**3,121**	**–**	**(640)**	**2,481**

	%	1.1.2009	Increases/ (Decreases)	Write-downs	31.12.2009
Euroqube SA in liquidation	14.82	1,266	(180)	(253)	833
Ansa Scarl	6.71	1,166	–	–	1,166
Other minor	–	49	(1)	(1)	47
Total	**–**	**2,481**	**(181)**	**(254)**	**2,046**

In Euro thousands

The investments in other companies are recorded at purchase cost, as the fair value cannot be reliably determined, since no information on the development of the activities was available.

5. Investments in associated companies

Investments in associated companies	1.1.2009	Increases/ (Decreases) to the income statement	Reval/ (Write-downs)	Other movement	31.12.2009
Rofin 2008 Srl	–	(6,682)	–	6,699	17
E-Care SpA	4,056	(424)	–	12	3,644
Editrice Telenuovo SpA	443	–	152	–	595
Total	**4,499**	**(7,106)**	**152**	**6,711**	**4,256**

In Euro thousands

The valuation under the equity method was a loss of Euro 7.1 million, due principally for Euro 6.7 million to the loss of Rofin 2008 Srl. This principally follows the losses realised by Rofin Srl from the sale on the market of Assicurazioni Generali SpA shares.

The key balance sheet data of these investments is summarised below:

Investments in associated companies	Location	Share capital	% held	Net equity	Net profit/(loss)
Rofin 2008 Srl	Rome	10	30.00%	58	(22,275)
E-Care SpA	Rome	344	24.50%	7,137	(1,308)
Editrice Telenuovo SpA	Verona	546	39.96%	1,499	382

In Euro thousands

6. Investments in other companies and non current securities

The breakdown of the equity investments and non-current securities is as follows:

Investments available-for-sale	1.1.2008	Increases/ (Decreases)	Change in consolidation area	Valuation at fair value	31.12.2008
Assicurazioni Generali SpA	37,510	(5,750)	–	3,322	35,082
Banca Monte dei Paschi di Siena SpA	–	54,330	–	(5,498)	48,832
Total	**37,510**	**48,580**	**–**	**(2,176)**	**83,914**

	1.1.2009	Increases/ (Decreases)	Change in consolidation area	Valuation at fair value	31.12.2009
Assicurazioni Generali SpA	35,082	42,134	2,075	14,809	94,100
Banca Monte dei Paschi di Siena SpA	48,832	(32,277)	–	3,093	19,648
Total	**83,914**	**9,857**	**2,075**	**17,902**	**113,748**

In Euro thousands

Number of shares

Investments in other companies available-for-sale	1.1.2009	Increases	(Decreases)	31.12.2009
Assicurazioni Generali SpA	1,800,000	3,222,000	(22,000)	5,000,000
Banca Monte dei Paschi di Siena SpA	32,000,000	–	(16,000,000)	16,000,000

In relation to the holding in Assicurazioni Generali SpA, in 2009, 3,090,000 shares were acquired for a total of Euro 42.1 million, as well as the free assignment of 132,000 shares as dividend. Also 22,000 shares were sold for a total value of Euro 386 thousand, recording a loss of Euro 72 thousand.
In relation to the holding in Banca Monte dei Paschi di Siena SpA, the decrease of Euro 32.28 million relates to the sale of 16,000,000 shares by the subsidiary Finced Srl; the sale generated a loss of Euro 12.20 million.
The fair value change in these investments, as per the official stock exchange prices at December 31st 2009, is recorded in a separate equity reserve, net of the relative tax effect.
In relation to the disclosure required by *IFRS 7*, concerning the so-called "hierarchy of fair value", the shares available for sale belong to level one, as defined by paragraph 27 A (*IFRS 7*) concerning financial instruments listed on an active market.

7. Non-current financial assets

The account, amounting to Euro 32 thousand, principally relates to receivables for deposits due within five years.

8. Other non-current assets

The account relates to the advance tax paid on the employee leaving indemnity for Euro 25 thousand and other receivables for Euro 876 thousand, principally relating to the receivable of Telefriuli SpA from the Ministry of Communications for the contributions to the local television broadcasters as per Ministerial Decree 378/1999.

9. Deferred and current income taxes

The deferred taxes refer to temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.
The movements are shown below of the deferred tax assets and liabilities:

	1.1.2008	Provisions	Utilisations	Reclassifications	Other changes	31.12.2008
Deferred tax assets						
Tax losses carried forward	15,417	825	(4,889)	(2,320)	–	9,033
Provision for risks and charges	2,864	949	(344)	(880)	–	2,589
Maintenance	233	3	(79)	(14)	–	143
Write-downs of receivables and equity investments	622	639	(1,387)	2,906	–	2,780
Others	2,079	97	(570)	308	3,612	5,526
Total	**21,215**	**2,513**	**(7,269)**	**–**	**3,612**	**20,071**
Deferred tax liabilities						
Fair value intangible & tangible assets	29,625	–	–	–	–	29,625
Differences fiscal depreciation rates	8,896	48	(229)	–	–	8,715
Gains	742	–	(600)	–	–	142
Goodwill amortisation	23,380	2,321	(439)	–	–	25,262
Others	1,342	3	(197)	–	1,348	2,496
Total	**63,985**	**2,372**	**(1,465)**	**–**	**1,348**	**66,240**
Net deferred tax liabilities	**(42,770)**	**141**	**(5,804)**	**–**	**2,264**	**(46,169)**

	1.1.2009	Provisions	Utilisations	Reclassifications	Other changes	31.12.2009
Deferred tax assets						
Tax losses carried forward	9,033	6,646	(1,317)	–	165	14,527
Provision for risks and charges	2,589	891	(710)	–	–	2,770
Maintenance	143	–	(67)	(76)	–	–
Doubtful debt provision	2,780	856	(527)	606	–	3,715
Other	5,526	2,280	(671)	(530)	(2,695)	3,910
Total	**20,071**	**10,673**	**(3,292)**	**–**	**(2,530)**	**24,922**
Deferred tax liabilities						
Fair value intangible & tangible assets	29,625	–	(240)	(1,254)	–	28,131
Differences fiscal depreciation rates	8,715	48	(225)	(50)	–	8,488
Gains	142	–	(38)	(104)	–	–
Goodwill amortisation	25,262	2,193	(404)	–	–	27,051
Other	2,496	40	(17)	1,408	1,568	5,495
Total	**66,240**	**2,281**	**(924)**	**–**	**1,568**	**69,165**
Net deferred tax liabilities	**(46,169)**	**8,392**	**(2,368)**	**–**	**(4,098)**	**(44,243)**

In Euro thousands

The increase of the deferred tax asset is principally due to the recording of the asset on tax losses in the year.
The increase in the deferred tax liability is principally due to the temporary differences relating to amortisation/depreciation.
The other changes in the deferred tax assets and liabilities include the tax effects on the fair value of the investments and the actuarial losses recorded directly to equity.
The due date of the deferred tax assets is as follows:

	Tax losses	Deferred taxes	2010	2011	2012	2013	2014	Unlimited
Deferred tax assets								
Carried in the balance sheet	52,826	14,527	333	895	2,543	–	6,440	4,316
Not carried in the balance sheet	1,365	375	276	–	–	99	–	–
Total	**54,191**	**14,902**	**609**	**895**	**2,543**	**99**	**6,440**	**4,316**
Deferred tax assets								
Provision for risks and charges		2,770	2,170	283	279	–	–	38
Doubtful debt provision		3,715	3,620	–	–	–	–	95
Other		3,910	1,337	259	207	131	74	1,902
Total		**10,395**	**7,127**	**542**	**486**	**131**	**74**	**2,035**

In Euro thousands

Assets include the receivables for current taxes, which shows the net position for income taxes, represented by the payments on account and other tax credits, net of income taxes payable:

	31.12.2009	31.12.2008
Receivables for direct taxes	1,361	2,139
Reimbursement request of direct taxes	151	151
Other receivables	512	1,168
Payables for Ires/Irap/substitute taxes	(857)	(1,831)
Total	**1,167**	**1,627**

In Euro thousands

The income taxes for the year consist of:

	2009	2008
Current income tax	4,437	6,076
Current income tax	**4,437**	**6,076**
Provision for deferred tax liabilities	2,281	2,372
Utilisation of deferred tax liabilities	(924)	(1,465)
Deferred tax charge	**1,357**	**907**
Recording of deferred tax assets	(10,673)	(2,513)
Utilisation of deferred tax assets	3,292	7,269
Deferred tax income	**(7,381)**	**4,756**
Total income taxes	**(1,587)**	**11,739**

In Euro thousands

The analysis of the difference between the theoretical and actual tax rates are as follows:

Ires income taxes	**2009**	
	Amount	**Rate**
Loss before taxes	**(41,140)**	**27.5%**
Theoretical tax charge		**(11,314)**
Permanent differences increase/(decrease):		
Dividends	(2,837)	
Goodwill write-down	16,056	
Tax losses carried forward	(2,033)	
Gains exempt	117	
Non-deductible costs	2,049	
Share of income from equity investments	7,106	
Others	(56)	
Total	**(20,738)**	
Actual tax charge	**(5,703)**	

In Euro thousands

Irap regional tax	2009	
	Amount	Rate
Difference between value and cost of production	**6,106**	**3.90%**
Personnel costs not deductible for Irap purposes	111,683	
Other increases	26,937	
Other decreases	(5,665)	
Irap deductions	(29,547)	
Other changes for Irap purposes	(3,976)	
Total	**105,538**	
Current & deferred Irap	**4,116**	**67.41%**

In Euro thousands

10. Inventories

The inventories at December 31st 2009 amount to Euro 3.71 million (Euro 4.78 million at December 31st 2008) and consist exclusively of raw materials, ancillary and consumables. Raw materials consist prevalently of paper and ink and principally refer to Il Messaggero SpA (Euro 1.76 million), Il Mattino SpA (Euro 973 thousand) and Il Gazzettino SpA (Euro 431 thousand).
The cost of inventory recorded in the income statement is Euro 1.07 million and is included in the account raw material costs (see Note 23).
Inventories are measured at the lower of the purchase price, calculated using the weighted average cost method, and the realisable value. The net realisable value of inventories amounts to Euro 3.71 million.
There is no inventory provided as a guarantee on liabilities.

11. Trade receivable

This account can be broken down as follows:

	31.12.2009	31.12.2008
Trade receivables	91,289	103,231
Provisions for doubtful debts	(18,031)	(17,091)
Trade receivables	**73,258**	**86,140**
Receivables from other Group companies	1,122	936
Advances to suppliers	84	54
Trade receivables beyond 12 months	1,923	–
Total trade receivables	**76,387**	**87,130**

In Euro thousands

Trade receivables principally relate to Group advertising revenues from Piemme SpA (Euro 82.3 million).

The doubtful debt provision was utilised in the year for Euro 2.58 million and increased by Euro 3.52 million for the provisions made in the year.
The table below shows the ageing of the trade receivables at December 31st 2009 and at December 31st 2008.

	31.12.2009	31.12.2008
Due within	**47,270**	**50,199**
1-30 days	11,393	12,862
30-60 days	4,397	6,865
60-90 days	2,536	3,697
Over 90 days	25,693	29,608
Overdue	**44,019**	**53,032**
Total gross value	**91,289**	**103,231**
Provisions for doubtful debts	(18,031)	(17,091)
Trade receivables	**73,258**	**86,140**

In Euro thousands

The amount of receivables due beyond 90 days are not related to the current financial tensions, but are receivables relating to the advertising agency whose payment times have historically been on average 100 days.

12. Current financial assets

This account can be broken down as follows:

	31.12.2009	31.12.2008
Financial assets from subsidiaries	4	14
Financial assets from associated companies	5,431	29,203
Accrued interest	70	494
Total current financial assets	**5,505**	**29,711**

In Euro thousands

The amount of Euro 5.4 million entirely refers to the loan, interest bearing, granted to the associated company Rofin 2008 Srl. The decrease on December 31st 2008 relates to the partial payment received of Euro 17.1 million, as well as the partial release of Euro 6.7 million.
The accrued interest refers to the interest income matured on long-term bank deposits.

12. Other current assets

This account can be broken down as follows:

	31.12.2009	31.12.2008
Employee receivables	154	168
VAT receivables	–	962
Other receivables	1,735	526
Prepaid expenses	1,139	1,470
Total other current assets	**3,028**	**3,126**

In Euro thousands

Other receivables consist of deposits of Euro 86 thousand, social security receivables of Euro 1.25 million, withholding tax on interest of Euro 3 thousand and various other receivables of Euro 390 thousand.
The prepaid expenses relate to rental (Euro 382 thousand), insurance (Euro 183 thousand) and others (Euro 574 thousand).

14. Cash and cash equivalents

This account can be broken down as follows:

	31.12.2009	31.12.2008
Bank and postal deposits	284,282	308,120
Cash in hand and similar	178	229
Total	**284,460**	**308,349**

In Euro thousands

The reduction in Bank deposits in 2009 is essentially due to the distribution of dividends for approx. Euro 6 million and net investments in listed shares for Euro 22.1 million, net of Group operating activities.
The average interest rate on the bank deposits in Euro was 1.15%.

liabilities and shareholders' equity

15. Shareholders' equity

Share capital

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.

Other reserves

Other reserves include the Share premium reserve of Euro 471.02 million, the Legal reserve of the Parent Company of Euro 25 million created as per article 2430 of the Civil Code and the reserve for the purchase of treasury shares (Euro 50 million) created following the Shareholders' meeting resolution of April 27th 2009. This reserve has not yet been utilised.
The Consolidation reserve, consisting of the higher value of the Group's share of Net equity compared to the cost of some equity investments and retained earnings is also included in this account.
The other reserves include the actuarial losses relating to the application of *IAS 19* for the Employee Leaving Indemnity, amounting to Euro 3.03 million, net of the relative tax effect. The decrease in the year of Euro 2.2 million is essentially due to the curtailment relating to the restructuring of personnel and the interest rate movements.

Fair value reserve

The fair value reserve of Euro 11.4 million includes all the market value changes of the investments in other companies available-for-sale.

16. Financial liabilities

	31.12.2009	31.12.2008
Non-current financial payables		
Payables for assets in leasing	405	580
Bank payables	38,392	43,412
Other lenders	2,590	5,069
Total	**41,387**	**49,061**
Current financial payables		
Bank payables	14,981	18,618
Short-term portion of non-current loans	4,631	3,844
Payables for assets in leasing	175	166
Other lenders	2,479	3,818
Total	**22,266**	**26,446**

In Euro thousands

The due dates of the financial liabilities are as follows:

	31.12.2009	31.12.2008
Within 3 months	10,351	10,517
Between 3 months & 1 year	11,915	15,929
Current financial payables	**22,266**	**26,446**
Between 1 and 2 years	6,131	11,105
Between 2 and 5 years	16,371	14,735
Over 5 years	18,885	23,221
Non-current financial payables	**41,387**	**49,061**
Total financial payables	**63,653**	**75,507**

In Euro thousands

The interest rates at the balance sheet date on the financial liabilities are as follows:

	2009	2008
Non-current financial payables		
Bank payables	3.2	5.5
Other financial payables	1.9	5.5
Current financial payables		
Bank payables	2.8	5.5
Short-term portion of non-current loans	2.0	5.5
Other financial payables	2.0	0.7

Values in %

The non-current bank payables are represented by a loan to finance the construction in 2005 of a printing centre located at Torrespaccata in Rome. The loan is at a variable interest rate (Euribor at 6 months + spread 0.5%) amounting to Euro 60 million, granted by San Paolo - IMI 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 43.4 million.
The payables to other lenders relates to two loans provided by Mediocredito Lombardo to the Parent Company Caltagirone Editore SpA and to Il Mattino SpA for Euro 11.62 million and Euro 9.81 million respectively.
For the loans to the Parent Company and Il Mattino SpA, the final repayment is due in 2011. The interest rate applied on these loans is a variable Euribor at 6 months +spread 0.70%.
As guarantee on these loans, mortgages were provided on the land and buildings of the factory of Il Mattino SpA at Caivano amounting to Euro 37.51 million and special privileges on the factory assets amounting to Euro 17.17 million.

17. Personnel

Employee leaving indemnity and employee provisions
The employee leaving indemnity in the Group companies with less than 50 employees represents a liability relating to the benefits recognised to employees and paid either on termination or after employment service. This liability is a defined benefit plan and therefore is determined applying the actuarial method.
In the Group companies with over 50 employees, in accordance with the pension reform, the employee leaving indemnity matured at December 31st 2006 represents the payable matured by the company to be paid at the end of the employment service. This payable is valued applying actuarial and financial techniques without however considering the future salaries of the employee.

The assumptions relating to the determination of the plan are summarised in the table below:

	2009	2008
Annual technical discounting rate	1.91	4.19
Annual inflation rate	2.60	3.00
Annual increase in employee leaving indemnity	3.07	3.34
Annual increase in salaries	3.83	3.83

Values in %

The discounting was made using the IRS curve corresponding to the duration of the period under examination (50 years).
The movements in the year are as follows:

	2009	2008
Net liability at January 1st	**45,245**	**46,185**
Current cost for the period	660	458
Interest charge/(income), net	1,239	1,442
Actuarial profits/(losses)	3,096	2,402
(Services paid)	(8,996)	(5,242)
Other changes	(184)	–
Net liability at December 31st	**41,060**	**45,245**

In Euro thousands

The comparison with the liability in accordance with Italian regulations is as follows:

	1.1.2008	31.12.2008	31.12.2009
Nominal value of the provision	50,339	46,950	39,625
Actuarial adjustment	(4,154)	(1,705)	1,435
Total Employee leaving indemnity	**46,185**	**45,245**	**41,060**

In Euro thousands

As illustrated in the movement, the change between the liability determined in accordance with Italian regulations and *IFRS* was principally impacted by the curtailment on use of the provision with the restructuring of personnel and interest rates.

Cost and personnel numbers

	2009	2008
Salaries and wages	70,867	76,224
Social security expenses	23,725	24,948
Employee leaving indemnity prov.	660	458
Employee leaving indemnity to complementary fund	4,813	5,008
Other costs	11,618	4,762
Total	**111,683**	**111,400**

In Euro thousands

The other costs include the costs relating to the restructuring plan of personnel for Euro 9.5 million.
The following table shows the average number of employees by category:

	31.12.2009	31.12.2008	Average 2009	Average 2008
Executives	27	27	27	27
Managers & white collar	392	413	405	421
Journalists	539	632	606	637
Print workers	151	162	152	168
Total	**1,109**	**1,234**	**1,190**	**1,253**

18. Provisions for risks and charges

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2008	**9,820**	**509**	**2,225**	**12,554**
Provisions	1,740	–	1,593	3,333
Utilisations	(1,527)	(5)	(1,432)	(2,964)
Reclassifications	112	–	(112)	–
Balance at December 31st 2008	**10,145**	**504**	**2,274**	**12,923**
Of which:				
current portion	2,496	–	2,020	4,516
non-current portion	7,649	504	254	8,407
Total	**10,145**	**504**	**2,274**	**12,923**

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2009	**10,145**	**504**	**2,274**	**12,923**
Provisions	2,645	–	3,699	6,344
Utilisations	(1,413)	(45)	(331)	(1,789)
Reclassifications	462	–	(462)	–
Balance at December 31st 2009	**11,839**	**459**	**5,180**	**17,478**
Of which:				
current portion	4,796		5,041	9,837
non-current portion	7,043	459	139	7,641
Total	**11,839**	**459**	**5,180**	**17,478**

In Euro thousands

The provision for legal disputes refers principally to the provisions made by the companies Il Messaggero SpA, Il Mattino SpA, Il Gazzettino SpA and P.I.M. Srl against liabilities deriving from damages requested for slander and from employees. The provision was estimated taking into consideration the nature of the business, based on experience in similar cases and of all the information available at the date of the preparation of the consolidated financial statements, considering the difficulty in estimating charges and the timing connected to each single case.
The agent's indemnity provision, which reflects the prudent increase in the risk connected to the termination of the mandate conferred to agents in accordance with law, refers to the company Piemme SpA, advertising agency.
The other provisions principally include charges relating to the restructuring plans of Il Messaggero SpA, Il Gazzettino SpA and Il Mattino SpA.

19. Trade payables

	31.12.2009	31.12.2009
Trade payables	35,591	39,909
Payables to Group companies	142	123
Total	**35,733**	**40,032**

In Euro thousands

Trade payables principally refer to operating subsidiaries in the publishing sector, Il Messaggero SpA, Il Gazzettino SpA, Il Mattino SpA, Piemme SpA, Leggo SpA and Centro Stampa Veneto SpA, and relate to the purchase of raw materials and capital expenditures.
There are no payables due over 12 months.

20. Other liabilities

	31.12.2009	31.12.2008
Other non-current liabilities		
Other payables	80	85
Deferred income	3,020	3,352
Total	**3,100**	**3,437**
Other current liabilities		
Social security institutions	10,167	9,408
Employee payables	9,827	10,865
VAT payables	1,326	1,105
Payables for withholding taxes	4,515	4,474
Other payables	11,224	13,578
Accruals	1,382	1,241
Deferred income	104	82
Total	**38,545**	**40,753**

In Euro thousands

income statement

21. Revenues from sales and services

	2009	2008
Circulation revenues	82,952	86,852
Promotions revenues	3,628	6,463
Advertising	160,654	193,584
Total	**247,234**	**286,899**

In Euro thousands

The sales relating to the principal newspapers and the revenues from advertising are commented upon in the Directors' Report on operations.

22. Other operating revenues

	2009	2008
Operating grants	502	539
Recovery of expenses from third parties	1,762	1,926
Capital grant contributions	386	386
Gains on disposal of assets	39	7
Reimbursements and claims	448	613
Subsidised tariffs	973	1,078
Other revenues	5,524	2,590
Total	**9,634**	**7,139**

In Euro thousands

The increase of other revenues on the previous year is due to the presence of revenues relating to the recovery from clients for disputes resulting in losses in previous years of Euro 1.2 million and revenues for the recovery of indemnities and repayments from third parties for approx. Euro 1.1 million.

23. Raw material costs

	2009	2008
Paper	25,846	31,342
Other publishing materials	5,517	6,723
Other	5	30
Change in inventory of raw materials and goods	1,070	(1,027)
Total	**32,438**	**37,068**

In Euro thousands

Raw material costs, referring to paper price movements, are commented upon in the Directors' Report on operations.

24. Other operating charges

	2009	2008
Editorial services	18,592	19,680
Transport and delivery	17,523	18,395
Outside contractors	11,829	11,331
Promotions	3,040	5,676
Advertising & promotions	3,891	3,502
Commissions and agent costs	9,485	10,715
Utilities and power	3,510	3,928
Maintenance and repair costs	3,771	4,400
Consulting	4,081	4,651
Purchase of advertising space third parties	130	82
Directors and Statutory Auditors fees	2,754	2,302
Insurance, postal and telephone	2,167	2,467
Cleaning and security	948	975
Subcontractors and other services	3,050	2,770
Independent Auditors fees	382	339
Other costs	6,391	6,067
Service costs	**91,544**	**97,280**
Rental	6,630	6,592
Hire	2,611	3,142
Other	114	118
Rent, lease and hire costs	**9,355**	**9,852**
Losses on asset disposals	102	2
Other operating charges	5,421	3,846
Other	219	3,693
Other costs	**5,742**	**7,541**
Total	**106,641**	**114,673**

In Euro thousands

25. Amortisation, depreciation & provisions

	2009	2008
Amortisation of intangible assets	942	1,084
Depreciation of tangible assets	8,950	9,455
Provision for risks and charges	1,429	3,333
Goodwill write-down	16,056	13,019
Doubtful debts	3,517	2,839
Other write-downs	14	–
Total	**30,908**	**29,730**

In Euro thousands

The write-down of goodwill, valued through an impairment test, refers exclusively to the Il Gazzettino Group.
The depreciation of the tangible fixed assets principally relates to the depreciation on printing and rotary plant.

26. Net financial income/(charges)

	2009	2008
Losses on investments at equity		
E-Care SpA	(321)	(275)
B2Win SpA	(103)	(168)
Rofin 2008 Srl	(6,682)	(7,679)
Total	**(7,106)**	**(8,122)**
Financial income		
Dividends	2,987	–
Interest on bank deposits	3,789	18,718
Revaluations of investments	153	–
Other financial income	246	73
Total	**7,175**	**18,791**
Financial charges		
Loss on sale of investments	(12,352)	(2,657)
Write-down of equity investments	(255)	(645)
Loan interest	(1,621)	(3,283)
Interest on bank current accounts	(513)	(1,243)
Interest on leaving indemnity	(1,239)	(1,442)
Banking commissions and charges	(168)	(206)
Other financial expenses	(259)	(1,704)
Total	**(16,407)**	**(11,180)**
Net financial income/(charges)	**(16,338)**	**(511)**

In Euro thousands

The dividends included in the financial income relate to the shareholdings in Banca Monte dei Paschi di Siena SpA and Assicurazioni Generali SpA.
The loss on the sale of investments relate to the sale on the market, at current values, of 16,000,000 Banca Monte dei Paschi di Siena SpA shares (Euro 12.2 million) and 22,000 Assicurazioni Generali SpA shares (Euro 72 thousand).

27. Earnings per share

The basic earnings per share is calculated by dividing the Group net result for the year by the weighted average number of ordinary shares outstanding in the year.

		2009	2008
Net result	*thousands of Euros*	(39,206)	(10,985)
Number of ordinary shares outstanding	*thousands*	125,000	125,000
Net earnings per share	*Euro per share*	**(0.314)**	**(0.088)**

The diluted earnings per share is identical to the basic earnings per share as Caltagirone Editore SpA has only issued ordinary shares.
In 2009, dividends were distributed of Euro 0.05 per share, totalling Euro 6.25 million.

28. Transactions with related parties

Transactions with companies under common control
The transactions of Group companies with related parties generally relate to normal operations and are regulated at market conditions. They principally relate to the exchange of goods, the provision of services, and the provision and use of financial resources by associated companies and subsidiaries excluded from the consolidation scope, as well as with other companies belonging to the Caltagirone Group or under common control.
There are no atypical or unusual transactions which are not within the normal business operations. Where such operations exist, detailed information is provided in the present paragraph.
The table below shows the operations considered significant, or rather those above Euro 100 thousand:

	Receivables	Financial receivables	Trade payables	Revenues	Costs	Financial charges
Editrice Telenuovo SpA	–	–	–	–	–	153
Pubblieditor Srl in liquidation	840	–	–	–	–	–
Vianini Lavori SpA	–	–	–	–	136	–
Intermedia Srl	202	–	–	364	–	–
Ical SpA	–	–	–	–	2,422	–
Unione Generale Immobiliare SpA	–	–	–	–	1,220	–
Rofin 2008 Srl	–	5,431	–	–	–	–
Other minor	80	4	142	149	272	–
Total	**1,122**	**5,435**	**142**	**513**	**4,050**	**153**
% on total in accounts	**1.47%**	**98.73%**	**0.40%**	**0.20%**	**1.62%**	**2.13%**

In Euro thousands

The company Il Gazzettino SpA undertakes commercial transactions with the associated company Pubblieditor Srl in liquidation.

The account Financial receivables only includes the non interest-bearing shareholder loan provided by the Parent Company to the associated company Rofin 2008 Srl.
Operating costs also includes rental costs by the Parent Company and Il Messaggero SpA for their respective head offices from companies under common control.
The account Financial income relates to the revaluation of the holdings in Editrice Telenuovo SpA.

Transactions with Directors, Statutory Auditors and the management of Group companies

The table below shows the payments made to the members of the Board of Directors and Board of Statutory Auditors relating to 2009 and in accordance with article 78 of Consob Resolution No. 11971/99.

Name	Surname	Office held	Period in which office held	Expiry of office	Emoluments for office	Other remuneration
Francesco Gaetano	Caltagirone	Chairman	Full year	31.12.2011	–	400,000
Gaetano	Caltagirone	Vice Chairman	Full year	31.12.2011	–	–
Azzurra	Caltagirone	Vice Chairman	Full year	31.12.2011	200,000	410,000
Francesco	Caltagirone	Director	Full year	31.12.2011	–	–
Alessandro	Caltagirone	Director	23.6.2009-31.12.2009	31.12.2011	–	11,715
Mario	Delfini	Director	Full year	31.12.2011	4,000	130,000
Albino	Majore	Director	Full year	31.12.2011	4,000	1,174,003
Massimo	Garzilli	Director	23.6.2009-31.12.2009	31.12.2011	3,000	375,000
Giampietro	Nattino	Director	Full year	31.12.2011	3,000	5,000
Massimo	Confortini	Director	Full year	31.12.2011	4,000	25,000
Franco Luciano	Lenti	Director	Full year	31.12.2011	3,000	–
Raul	Bardelli	Chairman Board Statutory Auditor	Full year	31.12.2011	13,500	–
Carlo	Schiavone	Statutory Auditor	Full year	31.12.2011	11,000	–
Federico	Malorni	Statutory Auditor	Full year	31.12.2011	10,000	8,458

In Euro

The emoluments for the office held include the remuneration deliberated by the Shareholders' Meeting of Caltagirone Editore SpA in accordance with article 2389 of the Civil Code, third paragraph. The Board of Directors, from January 1st 2007, established the annual remuneration of the Vice Chairman at Euro 200,000.
Included in other remuneration are the emoluments for offices held in subsidiary companies and remuneration for salaries and similar.
There are no stock option plans for the directors of the Company.
No other transactions with Directors, Statutory Auditors and the management of Group companies were undertaken.

29. Business segment information

The disclosures required in accordance with *IFRS 8* on the segment information are provided below. The Caltagirone Editore Group has adopted the sector of operating activity as the primary disclosure of information, defined as a separate and distinctly identifiable part of the Group, which provides related products and services and that is subject to risks and benefits different than those of the other sectors of activity of the Group. This break-down is used by Management to carry out an analysis of operational performance and for the specific management of risks related to each sector. The Group operates exclusively in Italy.

2008	**Newspapers**	**Advertising revenues**	**Other activities**	**Consol. Adjustments**	**Consolidated pre-segment eliminations**	**Segment eliminations**	**Consolidated**
Sector revenues	98,908	194,524	694	(88)	294,038	–	294,038
Inter-segment revenues	154,970	3,467	1,194	88	159,719	(159,719)	–
Segment revenues	**253,878**	**197,991**	**1,888**	**–**	**453,757**	**(159,719)**	**294,038**
Segment Ebitda	**23,502**	**9,220**	**(1,825)**	**–**	**30,897**	**–**	**30,897**
Amortisation, depreciation, write-downs and provisions	12,981	3,270	13,479	–	29,730	–	29,730
EBIT	**10,521**	**5,950**	**(15,304)**	**–**	**1,167**	**–**	**1,167**
Net financial income/(charges)	–	–	–	–	–	–	7,611
Net result of the share of associates	–	–	–	–	–	–	(8,122)
Profit before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**656**
Income taxes	–	–	–	–	–	–	11,739
Net loss	**–**	**–**	**–**	**–**	**–**	**–**	**(11,083)**
Segment assets	552,678	133,513	387,580	35,046	1,108,817	–	1,108,817
Segment liabilities	249,538	21,759	14,671	(1,831)	284,137	–	284,137
Investments valued at net equity	442	–	(5,511)	9,567	4,498	–	4,498
Investments in intangible and tangible fixed assets	1,895	413	164	–	2,472	–	2,472

2009	Newspapers	Advertising revenues	Other activities	Consol. Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Sector revenues	93,901	162,054	768	145	256,868	–	256,868
Inter-segment revenues	125,030	1,288	976	(145)	127,149	(127,149)	–
Segment revenues	**218,931**	**163,342**	**1,744**	**–**	**384,017**	**(127,149)**	**256,868**
Segment Ebitda	**1,828**	**6,100**	**(1,822)**	**–**	**6,106**	**–**	**6,106**
Amortisation, depreciation, write-downs and provisions	10,702	3,759	16,447	–	30,908	–	30,908
EBIT	**(8,874)**	**2,341**	**(18,269)**	**–**	**(24,802)**	**–**	**(24,802)**
Net financial income/(charges)	–	–	–	–	–	–	(9,232)
Net result of the share of associates	–	–	–	–	–	–	(7,106)
Loss before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**(41,140)**
Income taxes	–	–	–	–	–	–	1,587
Net loss	**–**	**–**	**–**	**–**	**–**	**–**	**(39,553)**
Segment assets	558,326	89,872	380,949	28,208	1,057,355	–	1,057,355
Segment liabilities	237,414	18,273	14,084	(1,037)	268,734	–	268,734
Investments valued at net equity	595	–	1,771	1,890	4,256	–	4,256
Investments in intangible and tangible fixed assets	1,161	235	27	–	1,423	–	1,423

In Euro thousands

30. Net cash

The Net cash position, in accordance with the CESR recommendation of February 10th 2005, is as follows:

	31.12.2009	31.12.2008
A. Cash	178	229
B. Bank deposits	284,282	308,120
D. Liquidity (A+B)	**284,460**	**308,349**
E. Current financial receivables	**5,505**	**29,710**
F. Bank payables – current portion	14,981	18,618
G. Current portion of long-term loans	4,631	3,844
H. Current payables to other lenders	2,654	3,983
I. Current debt (F+G+H)	**22,266**	**26,445**
J. NET CURRENT CASH (I-E-D)	**(267,699)**	**(311,614)**
K. Non-current bank payables	38,392	43,412
M. Non-current payables to other lenders	2,995	5,649
N. NON-CURRENT FINANCIAL DEBT (K+M)	**41,387**	**49,061**
O. NET CASH POSITION (J+N)	**(226,312)**	**(262,553)**

In Euro thousands

31. Commitments and guarantees

At December 31st 2009 the Group has given guarantees or commitments to third parties for Euro 64 million.

	31.12.2009
Bank and insurance sureties given	1,014
Bills at banks	2,208
Mortgage and priviledges	60,572
Total	**63,794**

In Euro thousands

32. Other information

Assignments conferred to the independent audit firm and related remuneration
The table below shows the payments made to the independent audit firm KPMG SpA in accordance with article 149 of Consob Resolution No. 11971/99 in 2009.

Company	Independent Auditors	Period	Audit service charges	Other activities	Annual fees
Caltagirone Editore SpA	KPMG SpA	2006-2011	43,713	1,000	44,713
Subsidiary companies	KPMG SpA	–	317,692	19,345	337,037
Total			**361,405**	**20,345**	**381,750**

In Euro

No atypical or unusual transactions took place during the year.

Declaration of the Consolidated Financial Statements as per art. 81 - ter of Consob Regulation No. 11971 of May 14th 1999 and subsequent modifications and integrations

1. The undersigned Francesco Gaetano Caltagirone, as Chairman of the Board of Directors, and Roberto Di Muzio, executive responsible for the preparation of the corporate accounting documents of Caltagirone Editore S.p.A., affirm, and also in consideration of article 154-*bis*, paragraphs 3, 4 and 5 of Legislative Decree No. 58 of February 24th 1998:

   - the accuracy of the information on company operations and
   - the effective application,

   of the administrative and accounting procedures for the compilation of the consolidated financial statements for the year ended December 31st 2009.

2. The activity was undertaken evaluating the organisational structure and the execution, control and monitoring processes of the business activities necessary for the preparation of the consolidated financial statements. In relation to this, no important matters arose.

3. In addition, we declare that

   3.1 the consolidated financial statements at December 31st 2009:

   a) were prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and also in accordance with article 9 of Legislative Decree 38/2005;

   b) correspond to the underlying accounting documents and records;

   c) provide a true and fair representation of the balance sheet, financial position and results of the issuer and of the companies included in the consolidation.

   3.2 The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Rome, March 23rd 2010

The Chairman | The Executive Responsible

Registered Office in Rome 00187 via Barberini, 28 - tel. 06/45.412.200(ric.aut.) - FAX 06/45.412.299
Rome Company Registration 15311/00 - C.C.I.A.A. Rome 935017 – Tax & VAT No. 05897851001

CALTAGIRONE EDITORE

financial statements
at December 31st, 2009

directors' report on operations for the year ended december 31st, 2009

Dear Shareholders,

for the year 2009 Caltagirone Editore SpA reports total revenues and income of Euro 13 million, and a net loss of Euro 20.2 million due to write-downs on investments of Euro 30.6 million as shown in the following table which compares the key financial results with the previous year, reclassified in accordance with the Consob communication No. 94001437 of February 23rd 1994:

	31.12.2009	31.12.2008
Dividends from subsidiaries	9,000	2,816
Dividends from other companies	1,377	–
Other financial income	2,668	12,645
Total financial income	**13,045**	**15,461**
Interest and financial charges from subsidiaries	(60)	(184)
Interest and financial charges from third parties	(214)	(1,858)
Write-downs of equity investments and securities*	(30,647)	(21,641)
Total financial charges	**(30,921)**	**(23,683)**
Total financial income and charges	**(17,876)**	**(8,222)**
Result from operating activities**	(1,982)	(2,226)
Profit/(loss) before taxes	**(19,858)**	**(10,448)**
Income taxes for the year	(379)	(2,892)
Net profit/(loss) for the year	**(20,237)**	**(13,340)**

In Euro thousands

* *The write-downs in investments are included in the account financial charges in the attached financial statements*

** *The result from operating activities corresponds to the Operating result in the attached financial statements*

The dividends from shareholdings in subsidiaries refers to Leggo SpA, while those from other companies relate to Banca Monte dei Paschi di Siena SpA (Euro 208 thousand) and Assicurazioni Generali SpA (Euro 1.17 million) - these latter partially represented by free assignments of shares.
Other financial income represents the interest income on bank deposits accrued during the year. The reduction on the previous years is essentially due to the decrease in the income from liquidity following the reduction in market rates.
The account Interest and other financial charges is principally composed of interest charges on loans.
The write-down of the investments and securities for Euro 16.06 million refers to Il Gazzettino SpA, whose write-down was determined through an impairment test applied on the goodwill recorded on the acquisition of the Il Gazzettino Group. The remaining write-downs relate to the subsidiaries Finced Srl and Corriere Adriatico SpA, respectively for Euro 6.4 million and Euro 1.5 million and the coverage of losses of the associated company Rofin 2008 Srl for Euro 6.7 million.
The Shareholders' equity of the Company at December 31st 2009 was Euro 696.12 million. The reduction in equity on December 31st 2008 (Euro 715.3 million) is due to the loss recorded in the year and dividends distributed, partially offset by the positive effect of the fair value valuation at year-end of shares in portfolio of Euro 7.4 million.

Net cash position

The Net cash position is as follows:

Net cash position*	31.12.2009	31.12.2008
Current financial assets	69,102	116,382
Cash and cash equivalents	174,525	182,554
Non-current financial liabilities	(1,404)	(2,748)
Current financial liabilities	(5,659)	(6,144)
Total	**236,564**	**290,044**

In Euro thousands

* *The Net cash position in accordance with CESR recommendation of February 10th 2005 is illustrated at paragraph 20 of the Notes to Consolidated Financial Statements*

The decrease in the Net cash position is substantially due to the investment in shares and other holdings for Euro 44.7 million, the payment of dividends for Euro 6.25 million, net of dividends received of Euro 9.4 million and the coverage of the loss of the subsidiary Finced Srl and the associated company Rofin 2008 Srl, respectively for approximately Euro 6.4 million and Euro 6.7 million.
Caltagirone Editore SpA manages the equity investments held in the operating companies.

The Company directly controls Il Messaggero SpA, Il Mattino SpA, Il Gazzettino SpA, Quotidiano di Puglia SpA, Corriere Adriatico SpA, Leggo SpA and Finced Srl, and indirectly controls Piemme SpA, Centro Stampa Veneto SpA, Imprese Tipografiche Venete SpA, P.I.M. Srl, Telefriuli SpA and Ideco Holding SA.
The company holds 30% of the share capital of Rofin 2008 Srl and 24.5% of E-Care SpA, the second largest Italian operator in the management of *call centres*.

Principal equity investments

The principal information and results relating to the subsidiary companies, which are reflected in the consolidated financial statements, is reported below. Further information is contained in the sections relating to the operating segments.

Il Messaggero SpA
The Company, which publishes the newspaper *Il Messaggero* in Rome, in 2009 recorded a net loss of Euro 4.92 million (loss of Euro 165 thousand in 2008) and a value of production of Euro 103.9 million (Euro 116.9 million in 2008).
The Ebitda was Euro 6.50 million (Euro 13.45 million in 2008). The decrease is due principally to the reduction in revenues; in particular, the circulation revenues decreased by 6%; the related product revenues contracted by approximately 50%. Advertising revenues of Euro 58.03 million reduced by 17.6%. The general contraction in revenues is due to the financial and economic crisis which hit all productive sectors domestically and internationally and in particular the publishing sector.
Following the significant contraction in revenues, the Company put in place a restructuring plan from April. The entire plan led to the recording in the financial statements of extraordinary non-recurring charges of approx. Euro 4.19 million with a consequent negative effect on the Ebitda.
At December 31st 2009, the net equity of Il Messaggero SpA was Euro 206.5 million.

Il Mattino SpA
Il Mattino SpA, publisher of the newspaper of the same name, reported a value of production of Euro 40.4 million in 2009 (Euro 46.3 million in 2008) and a net loss of Euro 2.4 million (Euro -379 thousand in 2008).
The Ebitda amounted to Euro 2.7 million (Euro 4.7 million in 2008), while the margin on the value of production amounted to 6.8% (10.12% in 2008).
Operating revenues decreased by approx. 12.8% due to the reduction in circulation and advertising revenues. The drop concerned the entire advertising market and in particular local and national newspaper retail advertising.
In relation to operating costs, Il Mattino also implemented a restructuring plan which led to the recording of non-recurring extraordinary charges of Euro 1.7 million.

Il Gazzettino SpA

Il Gazzettino SpA, publisher of the newspaper of the same name, reported revenues of Euro 41.6 million in 2009 (Euro 51.0 million in 2008) and a net loss of Euro 5.3 million (Euro -239 thousand in 2008). The Ebitda reported a loss of Euro 2.2 million compared to a profit of Euro 3.8 million in 2008. The decrease in the Ebitda of Euro 6.6 million is in part due to the contraction of all of the revenue components (advertising and circulation) but also due to non-recurring extraordinary charges of approx. Euro 1.7 million, comprised of labour costs, due to the implementation of the employee restructuring plan.

The circulation revenues of *Il Gazzettino*, leader in the North East market, decreased from total newspaper sales revenues of Euro 22.4 million in 2008 to Euro 21.5 million in 2009, a contraction of 4.01%, however lower than the decrease of 5.7% in the previous year, also thanks to the launch from October 2009 of a new reduced format and new graphics, in one size and with a greater concentration on local news.

In this difficult context, the revenues from promotional products sold with the newspapers recorded a decrease of 8.6%, also due to the reduced demand for these products.

In relation to the advertising revenues of Euro 41.6 million, the decrease on 2008 was 18.4%, slightly above the reduction in the overall market.

Leggo SpA

The Company, which publishes the daily newspaper *Leggo*, recorded a value of production of Euro 17.7 million in 2009, a decrease of approximately 16.63% on the previous year (Euro 21.21 million).

The year 2009 recorded a loss of Euro 2.7 million, compared to a loss of Euro 1.56 million in 2008. The Company's result was recorded within a difficult global market with a contraction in consumption and particularly a reduction in advertising.

The Ebitda was a loss of Euro 3.77 million compared to a loss of Euro 2.9 million in 2008.

Piemme SpA

La Piemme SpA, a subsidiary of Il Messaggero SpA, is the sole advertising agency for all of the Group newspapers, and in 2009 recorded a net profit of Euro 1.6 million (Euro 2.5 million in 2008) and total revenues of Euro 161.3 million (Euro 194.5 million in 2008), a decrease of 17% on the previous year.

The reduction on the previous year is principally due to the contraction of advertising revenues. The difficult economic environment led to a reduction in advertising, with a reduction of 13% for the entire advertising market and 17% for daily newspapers (Nielsen Data).

Corriere Adriatico SpA

The Company publishes the newspaper of the same name, leader in the Marche region.

Il Corriere Adriatico SpA in 2009 recorded a net loss of Euro 1.5 million (Euro -943 thousand in 2008) and a value of production of Euro 9.03 million (Euro 9.56 million in 2008). The Ebitda was a loss of Euro 1.25 million (loss of Euro 514 thousand in 2008). The deterioration of the Ebitda is principally due to a reduction in ordinary revenues (-5.05%) but also due to higher outsourced printing costs, only partially reabsorbed by lower labour costs and lower maintenance costs.

Quotidiano di Puglia SpA

In 2009, Quotidiano di Puglia SpA., which publishes the well-established newspaper of the same name in the provinces of Lecce, Brindisi and Taranto, recorded a profit of Euro 196 thousand (Euro 179 thousand in 2008) and a value of production of Euro 8.84 million (Euro 10.7 million in 2008). The result was substantially in line with the previous year.

Other investments

The financial company Finced Srl reported a loss of Euro 7.4 million following the losses realised on the sale of Monte dei Paschi di Siena SpA shares, only in part offset by the dividends received from the investments in listed companies.

For information relating to the market trends and performances of the principal subsidiaries and the business strategies, reference should be made to the Directors' Report accompanying the consolidated financial statements.

Transactions with related parties

For the transactions between the companies of the Caltagiorne Editore Group and other related parties, reference should be made to the notes to the financial statements.

Management of risks

The activities of Caltagirone Editore SpA are subject to various financial risks: market risks due to the movements in listed share prices, 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.

The Company has not used derivative financial instruments, nor do specific financial risks exist in relation to price, credit or liquidity (other than that deriving from the operating activities).

Price risk of the equity shareholdings
In relation to the risk of changes in the fair value of the equity shareholdings held as available for sale, the Company monitors the changes of share prices and for this reason constantly records the movements in the listed shares in portfolio. Based on this data, the investment and divestment policies of the Group are defined with the objective to optimise medium and long-term cash flows, also considering the distribution of dividends from the shares in portfolio. The investment and divestment strategies of the equity investments are also considered in relation to the diversification of risk.

Currency risk
The Company operates exclusively in the Euro area and therefore is not exposed to exchange rate risks.

Interest rate risk
The interest rate risk relates to an uncontrolled increase of the charges deriving from variable interest rates on medium/long-term loans. The interest rate risk to which the Company is exposed is considered limited in that the loans undertaken are contracted in Euro, which currently presents low interest rates following the monetary policies adopted by the central banks to counter the recession.

Liquidity risk
Liquidity risk is linked to the difficulty in obtaining funds to cover commitments at a given moment. Caltagirone Editore SpA has access to its own liquidity which is in the form of short-term deposits and therefore easily accessible and highly liquid. It is therefore considered that this risk does not exist.

Principal uncertainties and going concern

Further to that stated in the paragraph on business risks, the current conditions in the financial markets and the real economy do not allow accurate evaluations of the short-term outlook. This situation does not 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.

Other information

In accordance with article 79 of Consob Resolution No. 11971, which implements Legislative Decree 58/98, the investments held in the Company by the members of the Board of Directors and Board of Statutory Auditors are reported in the attachment.

Caltagirone Editore SpA, in adherence with the current legislative provisions, is the Titleholder of the treatment of personal data. The Board of Directors of the Company, in the meeting of March 23rd 2004, appointed a person Responsible for the treatment of personal data.

The Board of Directors, in accordance with article 154-bis of the Consolidated Finance Act, on May 12th 2009 appointed the executive responsible for the preparation of corporate accounting documents for the year and who holds the necessary professional requisites for the assignment.

In accordance with point 19 of the Technical Regulations in relation to minimum security (Attachment B of Legislative Decree No. 196 of June 30th 2003), the Company has prepared the programmed security document.

During the year, the Company did not purchase or sell treasury shares or shares in subsidiary companies, nor through trust companies. Therefore in application of the Shareholders' Meeting Resolution, a Reserve of Euro 50 million was constituted on April 27th, 2009 utilising the Share premium reserve, to carry out the share buy-back operations. Currently the reserve has not been utilised with no purchase or sales of treasury shares.

The Company did not undertake research and development activity in the year and does not have any secondary offices.

At December 31st 2009, the Company had 3 employees (2 at December 31st 2008).

The Company is not subject to management and co-ordination pursuant to art. 2497 and subsequent of the Italian Civil Code.

Corporate Governance Report

The Company's Corporate Governance model, although of reduced necessity for a holding company such as Caltagirone Editore SpA and also taking into account the specific controls in the subsidiary companies, has the objective of controlling and managing the business risks and for the correct and transparent communication to the market.

Caltagirone Editore SpA has not formally adopted the *Self-Governance Code for listed companies* issued by the Corporate Governance Committee of Borsa Italiana SpA, in that the Corporate Governance system of the company is substantially in line with the code.

The Issuer, and its subsidiaries, are not subject to laws in force outside Italy which affect the Corporate Governance structure.

The Corporate Governance structure will be updated based on national and international best practice.

The Corporate Governance system is based on the central role of the Board of the Issuer in establishing strategic direction, on the transparency of the operational decisions and the effectiveness of the internal control system which is undertaken through the existing control structure within the individual companies, supervised by the Internal Control Committee.

The Corporate Governance report was prepared pursuant to article 123-bis of the Consolidated Finance Act, which provides an outline of the Corporate Governance of the Group. Information on the shareholder structure and the Corporate Governance Report are available on the Group's website (www.caltagironeditore.com).

Subsequent events after year end and outlook

At the beginning of the current year no significant events arose; the activities continued in line with the market conditions as at December 31st 2009.

PROPOSAL TO THE SHAREHOLDERS' MEETING

The Board of Directors proposes to cover the losses reported of Euro 20,236,666 through the utilisation of retained earnings from the years to 2007.
Finally, the Board of Directors proposed the distribution of a dividend of Euro 6,250,000, Euro 0.05 for each of the 125,000,000 shares outstanding, through the utilisation of the same reserve.

Rome, March 23rd 2010

attachments

SHARES HELD IN THE ISSUER AND ITS SUBSIDIARIES
Publication in accordance with article 79 of Consob Resolution 11971/99

NAME	COMPANY	TYPE OF SHARE	TYPE HELD
Caltagirone Francesco Gaetano	Caltagirone Editore SpA	Ordin. Ordin.	Full ownership rights Indirect through subsidiaries
Caltagirone Gaetano	Caltagirone Editore SpA	Ordin. Ordin.	Full ownership rights Indirect through spouse
Caltagirone Azzurra	Caltagirone Editore SpA	Ordin.	Full ownership rights
Caltagirone Francesco	Caltagirone Editore SpA	Ordin.	Indirectly through subsidiaries Full ownership rights
Caltagirone Alessandro	Caltagirone Editore SpA	Ordin.	Full ownership rights
Delfini Mario	Caltagirone Editore SpA	Ordin. Ordin.	Full ownership rights Indirect through spouse
Majore Albino	Caltagirone Editore SpA	Ordin.	Full ownership rights
Lenti Franco Luciano	Caltagirone Editore SpA	Ordin.	Full ownership rights
Bardelli Raul	Caltagirone Editore SpA	Ordin. Ordin.	Full ownership rights Indirect through spouse
Tasco Giampiero	Caltagirone Editore SpA	Ordin.	Full ownership rights
Schiavone Carlo	Caltagirone Editore SpA	Ordin.	Full ownership rights

NUMBER OF SHARES HELD AT 31.12.2008	OPERATION CODE	NUMBER OF SHARES ACQUIRED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT 31.12.2009
22,500,000	–	–	–	22,500,000
59,455,300	Purchased	–	6,000,000	53,455,300
				75,955,300
3,000,000	–	–	–	3,000,000
60,000	–	–	60,000	–
				3,000,000
1,869,901	–	–	–	1,869,901
1,900,000	–	–	–	1,900,000
–	Purchased	50,000	–	50,000
				1,950,000
1,800,000	–	–	–	1,800,000
150	–	–	–	150
150	–	–	–	150
				300
15,000	–	–	–	15,000
61,000	Purchased on Stock Exchange	2,000	–	63,000
21,600	Purchased on Stock Exchange	–	–	21,600
2,600	Purchased on Stock Exchange	–	–	2,600
				24,200
15,600	–	–	–	15,600
4,000	–	–	–	4,000

LIST OF SIGNIFICANT INVESTMENTS AT 31.12.2009 AS PER ART. 120 OF

Publication in accordance with article 126 of the Consob Resolution 11971 of May 14th, 1999

COMPANY	REG. OFFICE	SHARE CAPITAL	CURRENCY
Centro Stampa Veneto SpA	Rome	567,000	Euro
Corriere Adriatico SpA	Ancona	102,000	Euro
E-Care SpA	Rome	344,505	Euro
Edi.Me. Sport Srl in liquidation	Naples	10,200	Euro
Editrice Telenuovo SpA	Verona	546,000	Euro
Euroqube SA in liquidation	Belgium	84,861,115	Euro
Finced Srl	Rome	10,000	Euro
Ideco Holding SA	Lugano (Switzerland)	100,000	Chf
Il Gazzettino SpA	Rome	5,100,492	Euro
Il Mattino SpA	Rome	500,000	Euro
Il Messaggero SpA	Rome	42,179,500	Euro
Imprese Tipografiche Venete SpA	Rome	936,000	Euro
Leggo SpA	Rome	1,000,000	Euro
Noisette Serviços de Consultoria Lda	Madeira (Portugal)	5,000	Euro
Piemme SpA	Rome	2,646,540	Euro
P.I.M. Pubblicità Italiana Multimedia Srl	Rome	1,044,000	Euro
Pubblieditor Srl in liquidation	Verona	40,800	Euro
Quotidiano di Puglia SpA	Rome	1,020,000	Euro
Rofin 2008 Srl	Rome	10,000	Euro
Telefriuli SpA	Tavagnacco (Udine)	1,655,300	Euro

LEGS. DECREE NO. 58 OF 24.2.1998

HOLDING		
Direct	Indirect through	
–	Il Gazzettino SpA	100.000%
99.999%	Finced Srl	0.001%
24.500%	–	–
–	Il Mattino SpA	99.500%
–	Il Gazzettino SpA	40.000%
–	Il Messaggero SpA	14.820%
99.990%	Piemme SpA	0.010%
–	Il Gazzettino SpA	100.000%
98.638%	–	–
99.999%	Finced Srl	0.001%
94.613%	Piemme SpA	5.387%
–	Il Gazzettino SpA	100.000%
90.000%	–	–
–	Finced Srl Leggo SpA	98.000% 2.000%
–	Il Messaggero SpA	100.000%
–	Il Gazzettino SpA	100.000%
–	Il Gazzettino SpA	40.000%
99.951%	Finced Srl	0.049%
30.000%	–	–
–	Il Gazzettino SpA	86.020%

balance sheet
assets

	Note	31.12.2009	31.12.2008
Intangible assets with definite life	1	5,443	8,165
Property, plant and equipment	2	8,800	9,803
Equity investments valued at cost:	3		
subsidiary companies		381,793,266	398,441,004
associated companies		6,553,356	6,536,000
Equity investments and non-current securities	3	78,931,000	24,416,000
Deferred tax assets	4	9,881,562	3,361,844
NON-CURRENT ASSETS		**477,173,427**	**432,772,816**
Trade receivables	5	35,187	46,792
of which related parties		35,187	46,792
Current financial assets	6	69,102,273	116,381,975
of which related parties		69,057,245	116,057,140
Tax receivables	4	218,621	298,702
Other current assets	7	286,951	727,520
of which related parties		277,613	713,352
Cash and cash equivalents	8	174,525,060	182,553,791
CURRENT ASSETS		**244,168,092**	**300,008,780**
TOTAL ASSETS		**721,341,519**	**732,781,596**

In Euro

balance sheet
shareholders' equity and liabilities

	Note	31.12.2009	31.12.2008
Share capital		125,000,000	125,000,000
Share capital issue costs		(18,864,965)	(18,864,965)
Other reserves		610,224,253	622,467,286
Loss for the year		(20,236,666)	(13,340,037)
SHAREHOLDERS´ EQUITY	**9**	**696,122,622**	**715,262,284**
Employee provisions	11	41,648	29,128
Non-current financial liabilities	10	1,404,153	2,748,110
Deferred tax liabilities	4	4,353,976	653,517
NON-CURRENT LIABILITIES		**5,799,777**	**3,430,755**
Trade payables	12	228,049	193,236
of which related parties		97,442	91,556
Current financial liabilities	10	5,658,672	6,144,356
of which related parties		4,314,715	3,413,000
Current income tax payables	4	2,131	518,263
Other current liabilities	13	13,530,268	7,232,702
of which related parties		8,166,558	1,715,813
CURRENT LIABILITIES		**19,419,120**	**14,088,557**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**721,341,519**	**732,781,596**

In Euro

income statement

	Note	2009	2008
Other revenues	14	10,849	14,067
of which related parties		10,765	10,606
REVENUES		**10,849**	**14,067**
Labour costs	11	563,995	533,652
Other operating charges	15	1,422,851	1,648,546
of which related parties		516,404	472,570
COSTS		**1,986,846**	**2,182,198**
EBITDA		**(1,975,997)**	**(2,168,131)**
Amortisation, depreciation and provisions	16	5,163	58,241
EBIT		**(1,981,160)**	**(2,226,372)**
Financial income		13,044,799	15,461,086
of which related parties		9,176,684	2,849,733
Financial charges		30,921,296	23,679,940
of which related parties		30,706,612	21,822,184
Write-downs of financial assets		–	3,000
Net financial income/(charges)	**17**	**(17,876,497)**	**(8,221,854)**
PROFIT/(LOSS) BEFORE TAX		**(19,857,657)**	**(10,448,226)**
Income taxes for the year	4	379,009	2,891,811
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(20,236,666)**	**(13,340,037)**
NET PROFIT/(LOSS) FOR THE YEAR		**(20,236,666)**	**(13,340,037)**

In Euro

comprehensive income statement

	2009	2008
NET PROFIT/(LOSS) RECORDED IN THE INCOME STATEMENT	**(20,236,666)**	**(13,340,037)**
Net profit/(Loss) from recalculation of available-for-sale financial assets	11,051,523	2,363,309
Effect of actuarial gain/(loss)	(4,060)	(2,377)
Tax effect on income/(charges)	(3,700,459)	(649,256)
NET INCOME/(CHARGES) RECORDED IN EQUITY	**7,347,004**	**1,711,676**
NET PROFIT/(LOSS) FOR THE YEAR	**(12,889,662)**	**(11,628,361)**

In Euro thousands

STATEMENT OF CHANGE IN SHAREHOLDERS´ EQUITY

	SHARE CAPITAL	QUOTATION CHARGES
Balance at January 1st 2008	**125,000,000**	**(18,864,965)**
Dividends distributed	–	–
Amount set aside to BoD	–	–
Retained earnings	–	–
Total operations with Shareholders	**125,000,000**	**(18,864,965)**
Change in employee termination reserve	–	–
Change in fair value reserve	–	–
Net result	–	–
Net profit/(loss) recorded in period	**–**	**–**
BALANCE AT DECEMBER 31ST 2008	**125,000,000**	**(18,864,965)**
Balance at January 1st 2009	**125,000,000**	**(18,864,965)**
Dividends distributed	–	–
Retained earnings	–	–
Total operations with Shareholders	**125,000,000**	**(18,864,965)**
Change in employee termination reserve	–	–
Change in fair value reserve	–	–
Net result	–	–
Net profit/(loss) recorded in period	**–**	**–**
BALANCE AT DECEMBER 31ST 2009	**125,000,000**	**(18,864,965)**

In Euro thousands

FAIR VALUE RESERVE	OTHER RESERVES	NET RESULT	TOTAL NET EQUITY
–	**573,055,372**	**74,184,792**	**753,375,199**
–	–	(25,000,000)	(25,000,000)
–	–	–	(1,484,554)
–	47,700,238	(47,700,238)	–
–	**620,755,610**	**–**	**726,890,647**
–	(1,723)	–	(1,723)
1,713,399	–	–	1,713,399
–	–	(13,340,037)	(13,340,037)
1,713,399	**(1,723)**	**(13,340,037)**	**(11,628,361)**
1,713,399	**620,753,877**	**(13,340,037)**	**715,262,284**
1,713,399	**620,753,877**	**(13,340,037)**	**715,262,284**
–	(6,250,000)	–	(6,250,000)
–	(13,340,037)	13,340,037	–
1,713,399	**601,163,850**	**–**	**709,012,284**
–	(4,060)	–	(4,060)
7,351,064	–	–	7,351,064
–	–	(20,236,666)	(20,236,666)
7,351,064	**(4,060)**	**(20,236,666)**	**(12,889,662)**
9,064,463	**601,159,790**	**(20,236,666)**	**696,122,622**

cash flow statement

	2009	2008
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**182.554**	**265.091**
Profit/(Loss) for the year	(20,237)	(13,340)
Amortisation & depreciation	5	58
(Revaluations) and write-downs	30,647	21,641
of which related parties	30,647	21,641
Net financial income/(charges)	(12,770)	(13,419)
of which related parties	(21,530)	(2,665)
Income taxes	379	2,892
Changes in employee provisions	9	(6)
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL	**(1,967)**	**(2,174)**
(Increase)/Decrease in trade receivables	36	77
Increase/(Decrease) in trade payables	27	(285)
Change in other current and non-current liabilities	6,737	248
Change in deferred and current income taxes	(7,334)	(749)
OPERATING CASH FLOW	**(2,501)**	**(2,883)**
Dividends received	9,433	21,856
of which related parties	(9,000)	21,856
Interest received	2,430	12,286
of which related parties	152	34
Interest paid	(171)	(451)
of which related parties	(52)	(185)
A. CASH FLOW FROM OPERATING ACTIVITIES	**9,191**	**30,808**

	2009	2008
Investments in tangible fixed assets	(1)	–
Equity investments and non-current securities	(44,709)	(22,806)
B. CASH FLOW FROM INVESTING ACTIVITIES	**(44,710)**	**(22,806)**
Change in non-current financial assets & liabilities	(73)	(51,013)
Change in current financial assets & liabilities	33,813	(13,042)
Dividends distributed	(6,250)	(25,000)
Other changes	–	(1,484)
C. CASH FLOW FROM FINANCING ACTIVITIES	**27,490**	**(90,539)**
D. EFFECT EXCHANGE DIFFERENCES ON CASH & CASH EQUIVALENTS	**–**	**–**
Change in net liquidity (A+B+C+D)	**(8,029)**	**(82,537)**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**174,525**	**182,554**

In Euro thousands

notes to the financial statements as at December 31st 2009

Introduction

Caltagirone Editore SpA (Parent Company) is a limited liability company with its registered office at Rome (Italy), Via Barberini, No. 28.
The Shareholders with holdings above 2% of the Share capital, as per the Shareholders register, the communications received in accordance with article 120 of Legislative Decree No. 58 of 24th 1998, and other information available are:

1. Francesco Gaetano Caltagirone: 75,955,300 shares (60.76%).
   This investment is held:
   - Directly for 22,500,000 shares (18.0%);
   - Indirectly through the Companies:
     – Parted 1982 SpA (35.56%),
     – Gamma Srl (7.2%);
2. Gaetano Caltagirone 3,000,000 shares (2.40%);
3. Edizione Srl 2,799,000 shares (2.24%).

The present financial statements were authorised for publication by the directors on March 23rd 2010.

Compliance with international accounting standards approved by the European Commission

The financial statements at December 31st 2009 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 the preparation of the present document, account was taken of article 9 of Legislative Decree No. 38 of February 28th 2005, of the provisions of the civil code, of Consob Resolution No. 15519 (*Regulations relating to financial statements to be issued in accordance with article 9, paragraph 3 of Legs. Decree No. 38 of February 28th, 2005*) and No. 15520 (*Modifications and amendments to the implementation rules of Legs. Decree No. 58 of 1998*) both of July 27th 2006 as well as Consob communication No. DEM/6064293 of July 28th 2006 (*Disclosure of issuers of shares and financial instruments in accordance with article 116 of the CFA*).

The Company did not opt for the advance adoption of the standards, interpretations and updates already approved which are applicable after the date of the accounts.
The Company is evaluating the possible effects related to the application of the above-mentioned new standards/changes to accounting standards already in force; based on a preliminary evaluation, significant effects are not expected on the Financial Statements of the Company.

Basis of presentation

The Financial statements consist of the Balance sheet, the Income statement, the Comprehensive income statement, the Cash flow statement, the Statement of changes in Shareholders' equity and the 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 is classified on the basis of the nature of the costs and 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 or unusual operations. These accounts are not reported separately in the present Financial statements as the amounts are not significant.
The Assets and Liabilities are shown separately and without any offsetting.
The Financial statements are presented in Euro and all the amounts refer to units of the currency, except where indicated otherwise.

Foreign currency transactions

All transactions in currencies other than the Euro are recognised at the exchange rate at the date of the transaction. The assets and liabilities denominated in foreign currencies other than the operational currencies are subsequently adjusted to the exchange rate at the end of the reporting period. The positive or negative differences between the values translated at the period end exchange rate and the original exchange rate are recognised in the income statement. The non-monetary assets and liabilities denominated in foreign currencies and recorded at historical cost are translated utilising the exchange rate at the initial date of recording of the operation.

Accounting principles

Intangible assets with definite life

The Intangible assets with a definite life, which include patents, concessions, licences, trademarks and similar rights and software, are recorded at cost, including direct accessory costs necessary in order to render the asset available for use.
Intangible assets with definite useful lives are recognised net of the relative accumulated amortisation and any impairment in accordance with the procedures described below. Amortisation is calculated on a straight line basis over the estimated useful life of the asset and reviewed on an annual basis and any changes, where necessary, are made in accordance with future estimates. Considering the uniformity of the assets contained in the individual categories, it is considered, with the exception of specific cases, that the useful life of these assets is approximately 3-5 years. The amortisation begins when the intangible asset is available for use.
At the moment of sale or when no expected future economic benefits exist from the use of an intangible asset, it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sales value and the net book value) is recorded in the income statement in the year of the above mentioned elimination.

Property, plant and equipment

Property, plant and equipment is recorded at cost, including directly allocated accessory costs and those necessary for the asset being in the condition for which it was acquired, and increased, in the presence of legal or implicit obligations, by the current value of the estimated cost for the disposal of the asset. The corresponding liability is recorded in a provision in the balance sheet under provisions for risks and charges.
When significant parts of property, plant and equipment have different useful lives, these components are recorded separately.
Property, plant and equipment is recorded net of the relative accumulated depreciation and any loss in value determined in accordance with the procedures described below. Depreciation is calculated on a straight line basis on the estimated useful life of the asset for the company, that is reviewed on an annual basis and any changes, where necessary, are recorded in accordance with future estimates. Land, both constructible and annexes to buildings, is not depreciated, in that it has an unlimited useful life.
The principal depreciation rates applied are as follows:

	Useful life	Economic/ technical rate
Equipment	4 years	25.00%
Office furniture and equipment	8 years	12.50%

At the moment of sale or when there are no expected future economic benefits from the use of the property, plant and equipment, they are eliminated from the financial statements and any loss or gain (calculated as the difference between the sales value and the book value) is recorded in the income statement in the year of the above mentioned elimination.

Investments in subsidiaries and associates

All the companies in which Caltagirone Editore SpA has the power to determine, directly or indirectly, the financial and operating policies of the entity, so as to obtain benefits from its activities are considered as subsidiary companies.
Investments in associated companies refer to those in which Caltagirone Editore SpA has a significant influence.
In the evaluation of control and significant influence, consideration is also taken of the potential voting rights that are effectively exercisable or convertible.
The above-mentioned equity investments are recognised at cost adjusted for any loss in value.
Losses in value are recognised in the income statement and can be restated where the reasons for their write-down no longer exist. Where the loss pertaining to the Company exceeds the book value of the investment, and where the holding is committed to comply with legal or implicit obligations of the Company or in any case to cover the losses, the book value is written down and any excess is recorded in a specific risk provision.
The exercise price of purchase options signed by the parent company with minority Shareholders at the same time as the acquisition of the control is considered an integral part of the total purchase cost of the investment in a subsidiary. In fact, the subscription by the parent company of the purchase options, subsequent to the acquisition of control constitutes a right for the minority Shareholders of the Company to sell their shares at a fixed and determinable price. The Parent Company (potential acquirer) does not have the power of the effective exercise of the options subscribed, which rests with the minority shareholders and, therefore, has a commitment (obligation) to make a payment in the event of the exercise of the purchase option.
The value of this obligation is recorded in accordance with *IAS 32*, paragraph 23 as the current value of the future amounts to be paid for the exercise price of the option.

Assets and liabilities held for sale and extraordinary operations

The assets or group of assets and liabilities whose book value will be recovered principally through sale rather than continual usage, are presented separately from the other assets and liabilities in the balance sheet.
The assets classified as held for sale are measured at the lower between their book value and the current realisable value, less costs to sell, determined at the reclassification date. Losses in value are recognised directly in the income statement. The corresponding balance sheet values of the previous year are not reclassified.
The results of the activities terminated or in the course of disposal (discontinued operations) are recorded separately in the income statement, net of the tax effect. The corresponding values relating to the previous year are reclassified and are shown separately in the income statement, net of the tax effect, for comparative purposes.

Investments in other companies and debt instruments
The Investments in other companies considered as available for sale are measured at fair value with the recording of any gain or loss directly to shareholders' equity through the comprehensive income statement; when the financial assets are sold or written down, the accumulated gains and losses are recorded in the income statement of the period.
Indicators of a possible reduction in value are for example significant difficulties of the issuer, non fulfilment or lack of payments of interest or of capital, the possibility that the issuer will become bankrupt, undergo examination procedures and the disappearance of an active market. A long-term or significant reduction in the market value of a capital instrument below its cost is considered as evidence of impairment; the analysis of impairment is therefore carried out annually on all of the capital instruments of the Company.
In relation to the identification of losses in value of listed shares classified in the available-for-sale financial assets category (AFS), consideration is made of the interpretive clarifications contained in the joint document issued by the Bank of Italy, Consob and Isvap No. 4 of March 3rd, 2010 in relation to the weight to be given to the concepts of "significant" or "prolonged" in the fair value which must be shown in order to declare an impairment.
Following the above stated clarifications, the company carried out a valuation with different parameters from those previously considered and the quantitative limits utilised to identify the necessity for an impairment procedure, taking account of the types of shares held, as well as the high levels of instability within the stock market from the second half of 2008, are for a decrease in the fair value at the balance sheet date of above 30% compared to the original book value or a decrease in the fair value below the initial recording for 30 consecutive months. The change in this standard did not result in any effects on the financial statements as at December 31st 2009.
The fair value of the securities traded on a regulated market is based on the quotation price at the balance sheet date.
When the fair value cannot be reliably determined, these investments are valued at cost adjusted for reductions in value and the effects are recognised in the income statement. Any write-downs may not be subsequently re-stated.

Trade receivables
Trade receivables are recorded at fair value and subsequently at amortised cost, net of any loss in value. The losses in value are determined on the basis of the fair value of the estimated future cash flows, discounted on the basis of the original effective interest rate.
The trade receivables which mature within the normal commercial terms are not discounted.

Cash and cash equivalents
Cash and cash equivalents include bank deposits and cash in hand, or rather those values that are available on demand at short notice, certain in nature and with no payment expenses.

Financial liabilities and trade payables
Financial liabilities and trade payables are initially recognised at fair value, net of directly allocated transaction costs.
Thereafter, they are measured under the amortised cost criteria, using the original effective interest rate method.
Commitments deriving from contracts which contain an obligation for a company to acquire shares for cash or other financial assets are considered as financial liabilities. The value of this financial liability is equal to the fair value of the sums to be paid determined at the subscription date; the financial liability is discounted when the maturity dates of the obligation can be determined. The increase in the value of the payable due to the passing of time is recorded as a financial expense.
The trade payables which mature within the normal commercial terms are not discounted.

Shareholders' equity

Treasury shares
The costs incurred for the purchase of treasury shares are recorded as a reduction of Shareholders' equity. The gains or losses deriving from a subsequent sale are recorded as net equity movements.

Costs for share capital increases
The costs incurred for the stock exchange listing, net of the relative tax effect, are recorded as a reduction of the shareholders' equity in a separate negative reserve.

Employee benefits

The liabilities relating to the benefits recognised to employees and paid on or after the employment period and relating to defined benefit plans (Employee Leaving Indemnity), net of any assets serving the plan, are determined on the basis of actuarial assumptions estimating the amount of the future benefits that the employees have matured at the balance sheet date. The liability is recognised on an accruals basis over the maturity period of the right.

Provisions for risks and charges

The provisions for risks and charges are recorded when a legal or implicit obligation exists towards a third party that derives from a past event, and a payment of resources is probable in order to satisfy the obligation and when this amount can be reliably estimated. When the financial effect of the time value of money is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted using the estimated future cash flows at a pre-tax rate that reflects the current market assessment of the cost of money and, if appropriate, the specific risks of the obligation; the increase of the provision due to the passing of time is recorded as a financial charge.

Grants

The grants and contributions, from public entities and private third parties, are recognised at fair value when there is reasonable certainty that they will be received and that they will satisfy the conditions for their attainment.
The grants received against specific expenses are recognised under other liabilities and credited to the income statement in the period in which the related costs mature.
The grants received against specific assets whose value is recorded under fixed assets are recorded under other liabilities and credited to the income statement in relation to the depreciation period to which the asset refers.
Operating grants are fully recognised to the income statement at the moment in which they satisfy the conditions for their recognition.

Revenues

Revenues are recognised net of returns, discounts and allowances.
In particular, the revenues from the sale of goods are recognised when the significant risks and benefits of the ownership of the assets are transferred to the purchaser.
Revenues for services are recognised when the services are provided, with reference to the progress of completion of the activities.

Interest

Financial income and expenses are recorded on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate.

Dividends

The dividends are recorded when the right of the shareholders to receive the payment arises. The dividends and dividend payments on account to third parties are recorded as changes in Shareholders' equity at the date in which the Shareholders and Board of Directors meetings approve them respectively.

Income taxes

Current income taxes for the period are determined on the basis of the taxable assessable income and in accordance with current legislation; consideration is also taken of the effects deriving from the national fiscal consolidation, in which the Group is the consolidating company of the following subsidiaries: Il Messaggero SpA, Il Mattino SpA, Finced Srl, Piemme SpA, Corriere Adriatico SpA, Quotidiano di Puglia SpA, Il Gazzettino SpA, Imprese Tipografiche Venete SpA and Leggo SpA.
Deferred tax assets and liabilities are calculated on temporary differences between the balance sheet values and the corresponding values recognised for tax purposes, applying the expected tax when the differences are reversed, determined on the basis

of the current tax rates in force and in consideration of any expected changes relating to future years.
The recognition of deferred tax assets is made when their recovery is probable – that is when it is expected that there will be future assessable fiscal income sufficient to recover the asset.
The recovery of the deferred tax asset is reviewed at each balance sheet date.

Use of estimates

The preparation of the 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 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 accounting standards and accounts in the financial statements which require greater subjectivity in the preparation of the estimates and for which a change in the underlying conditions of the assumptions used may have a significant impact on the financial statements of the Company are as follows:
- Write-down of fixed assets;
- Depreciation of tangible fixed assets;
- Deferred tax assets and liabilities;
- Provisions for risks and charges;
- Allowance for doubtful accounts;
- Other write-down provisions;
- Employee benefits.

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.

Management of risks

The Company is exposed to different market risks and in particular to risk of changes in interest rates, liquidity risk, risk of change in the prices of quoted financial investments and foreign exchange risk.

Price risk of the equity shareholdings
In relation to the risk of changes in the fair value of the equity shareholdings held as available for sale, the Company monitors the changes of share prices and for this reason constantly records the movements in the listed shares in portfolio. Based on this data, the investment and divestment policies of the Group are defined with the objective to optimise medium and long-term cash flows, also considering the distribution

of dividends from the shares in portfolio. The investment and divestment strategies of the equity investments are also considered in relation to the diversification of risk.

Foreign exchange risk

The Company operates exclusively in the Euro area and therefore is not exposed to exchange rate risks.

Interest rate risk

The interest rate risk relates to an uncontrolled increase of the charges deriving from variable interest rates on medium/long-term loans. The interest rate risk to which the Company is exposed is considered limited in that the loans undertaken are contracted in Euro, which currently presents low interest rates following the monetary policies adopted by the central banks to counter the recession.

Liquidity risk

Liquidity risk is linked to the difficulty in obtaining funds to cover commitments at a given moment. Caltagirone Editore has access to its own liquidity which is in the form of short-term deposits and therefore easily accessible and highly liquid. It is therefore considered that this risk does not exist.

New accounting standards and interpretations

From January 1st 2009, the following international accounting standards applicable to the Group entered into force:

IAS 1 revised - Presentation of Financial Statements

The *revised IAS 1* requires, as well as the traditional financial statements, the presentation of a "statement of comprehensive income" which shows both the results of the income statement (defined as the result of the changes generated from transactions with non shareholders) and the income statement results recorded directly to net equity (other comprehensive income). The standard allows the company to present this result in a single "Comprehensive income statement" or in separate statements presented consecutively:

- a first separate statement ("Income statement") which shows the profit (loss) components of the period; and
- a second statement ("Comprehensive income statement recorded in the period") which, beginning with the profit (loss) in the period, includes the other Comprehensive income statement components (other comprehensive income).

The Company opted for the presentation through the two separate statements called respectively the "Income statement" and the "Comprehensive income statement".

IAS 23 revised -Borrowing costs

The *revised IAS 23* eliminates the option of recording immediately to the income statement borrowing costs directly attributable to the acquisition, production or construction of assets according for which a certain period of time normally passes before the assets become available for use or for sale (qualifying assets), requiring instead the capitalisation as part of the cost of the asset. The application of this standard did not have any accounting effects, in that these factors are not applicable to the Company.

IAS 38 revised - Intangible assets

IAS 38 revised establishes the recognition to the income statement of promotional and advertising costs. In addition, it establishes in the case in which the enterprise incurs charges with future economic benefits without the recording of intangible assets, these should be recorded in the income statement when the enterprise has the right to utilise the asset, if this relates to the acquisition of assets, or in which the service is rendered, if it relates to the acquisition of services. The application of this standard did not have any accounting effects, in that these factors are not applicable to the Company.

IFRS 8 -Operating segments

IFRS 8, which replaces *IAS 14*, substantially requires the identification and recording of operating segment results under the "management approach", or rather under the methodology utilised by management in the internal reporting used to evaluate the performance and allocate resources between the segments. The adoption of the new standard did not have any impacts on the Company in that the manner of presentation of the results of the segment utilised previously was substantially in line with that of the new standard.

IFRIC 14 on IAS 19 - Limit on a defined benefit asset, minimum funding requirements

The interpretation provides general guidelines on measuring the limit established by *IAS 19* for the recognition of the assets servicing the plans and provides an explanation on the accounting effects caused by the presence of a minimum funding requirement clause in the plan. The application of this standard did not have any accounting effects for the Company.

Amendment to IFRS 7 - Financial instruments: disclosures

The amendment, which must be applied from January 1st, 2009, was issued to increase the disclosure level required in the case of valuation at fair value and to expand the existing standards in relation to disclosure on liquidity risks of financial instruments. In particular, the amendment requires a disclosure of the determination of the fair value of financial instruments by hierarchical valuation levels. The adoption of the standard did not have any impact on the valuation and recording of any accounts in the financial statements, but only on the type of information presented in the relative notes.

For those newly issued amendments, standards and interpretations which have not yet been approved by the European Union, but concern current or potential issues relevant to the Company, the potential impact on the financial statements from their application is being evaluated, taking into account their efficacy.

assets

1. Intangible assets with definite life

	Others	Total
Historical cost 1.1.2008	**19,051**	**19,051**
Increases	–	–
Decreases	–	–
Write-downs	–	–
Reclassifications	–	–
31.12.2008	**19,051**	**19,051**
Historical cost 1.1.2009	**19,051**	**19,051**
Increases	–	–
Decreases	–	–
Write-downs	–	–
Reclassifications	–	–
31.12.2009	**19,051**	**19,051**

In Euro

	Others	Total
Amortisation and loss in value 1.1.2008	**8,165**	**8,165**
Increases	2,721	2,721
Decreases	–	–
Reclassifications	–	–
31.12.2008	**10,886**	**10,886**
Amortisation and loss in value 1.1.2009	**10,886**	**10,886**
Increases	2,722	2,722
Decreases	–	–
Reclassifications	–	–
31.12.2009	**13,608**	**13,608**
Net value 1.1.2008	**10,886**	**10,886**
31.12.2008	**8,165**	**8,165**
31.12.2009	**5,443**	**5,443**

In Euro

2. Property, plant and equipment

	Equipment	Other assets	Total
Historical cost 1.1.2008	**19,828**	**213,333**	**233,161**
Increases	–	–	–
Decreases	–	–	–
Reclassifications	–	–	–
31.12.2008	**19,828**	**213,333**	**233,161**
Historical cost 1.1.2009	**19,828**	**213,333**	**233,161**
Increases	1,438	–	1,438
Decreases	–	–	–
Reclassifications	–	–	–
31.12.2009	**21,266**	**213,333**	**234,599**
Amortisation and loss in value 1.1.2008	**7,840**	**159,999**	**167,839**
Increases	2,185	53,334	55,519
Decreases	–	–	–
Reclassifications	–	–	–
31.12.2008	**10,025**	**213,333**	**223,358**
Amortisation and loss in value 1.1.2009	**10,025**	**213,333**	**223,358**
Increases	2,441	–	2,441
Decreases	–	–	–
Reclassifications	–	–	–
31.12.2009	**12,466**	**213,333**	**225,799**
Net value 1.1.2008	**11,988**	**53,334**	**65,322**
31.12.2008	**9,803**	**–**	**9,803**
31.12.2009	**8,800**	**–**	**8,800**

In Euro

3. Equity investments valued at cost

The movements in the account are as follows:

Investments in subsidiary companies	Location	%	1.1.2008	Increases/ (Decreases)	Write-downs	31.12.2008
Il Mattino SpA	Rome	99.99%	23,590,822	–	–	23,590,822
Leggo SpA	Rome	90.00%	662,869	–	–	662,869
Finced Srl	Rome	99.99%	9,999	–	–	9,999
Corriere Adriatico SpA	Ancona	100.00%	23,723,462	749,996	(942,915)	23,530,543
Quotidiano di Puglia SpA	Rome	85.00%	27,200,000	–	–	27,200,000
Il Gazzettino SpA	Venice	99.91%	194,588,046	(26,911,841)	(13,019,000)	154,657,205
Il Messaggero SpA	Rome	94.61%	168,789,566	–	–	168,789,566
Total			**438,564,764**	**(26,161,845)**	**(13,961,915)**	**398,441,004**

	Location	%	1.1.2009	Increases/ (Decreases)	Write-downs	31.12.2009
Il Mattino SpA	Rome	99.99%	23,590,822	–	–	23,590,822
Leggo SpA	Rome	90.00%	662,869	–	–	662,869
Finced Srl	Rome	99.99%	9,999	6,402,208	(6,402,208)	9,999
Corriere Adriatico SpA	Ancona	100.00%	23,530,543	942,910	(1,506,150)	22,967,303
Quotidiano di Puglia SpA	Rome	99.95%	27,200,000	1,245,915	–	28,445,915
Il Gazzettino SpA	Rome	98.64%	154,657,205	(1,274,413)	(16,056,000)	137,326,792
Il Messaggero SpA	Rome	94.61%	168,789,566	–	–	168,789,566
Total			**398,441,004**	**7,316,620**	**(23,964,358)**	**381,793,266**

In Euro

The movements in the value of the investment in Corriere Adriatico SpA were as follows: the increases for the paid-in share capital, made at the beginning of the year, to cover the losses of the subsidiary at December 31st 2008 of Euro 942,910 and decreases due to the write-down following the covering of the losses in the year 2009 of Euro 1,506,150.

The decrease in value of the Il Gazzettino SpA holding was calculated principally from the write-down of Euro 16,056,000 following the impairment test on the goodwill recorded on acquisition; reference is made to the Notes to the Consolidated financial statements at December 31st 2009 for further information on the impairment test.

This decrease of Euro 1,274,413 relates to the non exercise of the pre-emptive rights on 124,992 shares, amounting to 1.27% of the share capital.

The increased value in the holding Quotidiano di Puglia SpA follows the purchase of 305 shares, 15% of the share capital, for a total of Euro 1,245,915. After the acquisition the holding increased to 99.951%.

The covering of the losses of Finced Srl was achieved through the partial waiver of the shareholder loan.
The other subsidiaries indirectly held are as follows:

Equity investments in indirect subsidiaries	Location	Share capital	% of control of the Group	Net equity	Result for the year
Piemme SpA	Rome	2,646,540	100.00%	42,052,377	1,649,077
Centro Stampa Veneto SpA	Rome	567,000	100.00%	885,725	336,417
Imprese Tipografiche Venete SpA	Rome	936,000	100.00%	4,094,151	506,109
P.I.M. Pubblicità Italiana Multimedia Srl	Rome	1,044,000	100.00%	5,658,922	(158,295)
Telefriuli SpA	Tavagnacco (Udine)	1,655,300	86.02%	1,631,655	47,868

In Euro

The associated companies directly and indirectly held by Caltagirone Editore SpA are as follows:

Investments in associated companies	Location	Share capital	% of control of the Group	Net equity	Result for the year
E-Care SpA	Rome	344,505	24.50%	7,136,922	(1,307,768)
B2Win SpA	Rome	1,000,000	24.50%	17,642	(421,282)
Rofin 2008 Srl	Rome	10,000	30.00%	57,855	(22,274,490)

In Euro

In relation to the holding in Rofin 2008 Srl, Caltagirone Editore on May 11th 2009 covered it's share of the loss for Euro 6,682,347 through partial waiver of the loan. At the end of the year, the coverage of the loss was recorded to the Income statement in the account Losses on investments.
The further loss recorded by the associated company Rofin 2008 Srl relates to the loss on the sale of 4,500,000 Assicurazioni Generali SpA shares.

Equity investments in other companies
The breakdown is as follows:

Investments available-for-sale	1.1.2009	Increases/ (Decreases)	Valuation at fair value	31.12.2009
Monte dei Paschi di Siena SpA	24,416,000	–	(4,768,000)	19,648,000
Assicurazioni Generali SpA	–	43,463,477	15,819,523	59,283,000
Total	**24,416,000**	**43,463,477**	**11,051,523**	**78,931,000**

In Euro

The holding in Banca Monte dei Paschi Siena SpA consists of 16,000,000 shares, unchanged on the previous year.
In 2009, 3,090,000 Assicurazioni Generali SpA shares were purchased on the market for an amount of Euro 42,520,037. A dividend was distributed of Euro 943,440 through the free assignment of 60,000 shares. Therefore, at December 31st 2009, the holding consisted of 3,150,000 shares.
The fair value of these investments, for a total amount of Euro 11.05 million, based on the Official Share Prices of Borsa Italiana at December 31st 2009, are recorded in a separate equity reserve. These effects will remain suspended in the Shareholders' equity until the sale of the shares.
In relation to the disclosure required by *IFRS 7*, concerning the so-called "hierarchy of fair value", the shares available for sale belong to level one, as defined by paragraph 27 A (*IFRS 7*) concerning financial instruments listed on an active market.

4. Deferred and current income taxes

The Deferred tax assets refer to losses carried forward and temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.
The movements are shown below of the deferred tax assets and liabilities:

	1.1.2009	Provisions	Utilisations	Others charges	31.12.2009
Deferred tax assets					
Tax losses carried forward	2,047,698	–	–	6,578,634	8,626,332
Write-down of equity investments	503	–	–	–	503
Other	1,313,643	25,209	(84,126)	1	1,254,727
Total	**3,361,844**	**25,209**	**(84,126)**	**6,578,635**	**9,881,562**
Deferred tax liabilities					
Other	653,517	4,350,369	(649,910)	–	4,353,976
Total	**653,517**	**4,350,369**	**(649,910)**	**–**	**4,353,976**
Net deferred tax asset	**2,708,327**	**4,325,160**	**565,784**	**–**	**5,527,586**

In Euro

The Other changes relate to deferred tax assets calculated on the tax bases of the companies included in the tax consolidation.
The Balance sheet includes receivables for current taxes of Euro 216,760, consisting of the receivable from the fiscal consolidation of Euro 56,031 and other tax credits.

The income taxes for the year consist of:

	2009	2008
Ires current income taxes	205,357	692,756
Irap current income taxes	59,261	516,132
Current income tax	**264,618**	**1,208,888**
Income taxes of prior years	55,474	(469)
Income taxes of prior years	**55,474**	**(469)**
Provision for deferred tax liabilities	–	–
Utilisation of deferred tax liabilities	–	–
Deferred tax charge	**–**	**–**
Recording of deferred tax assets	(25,209)	(524,428)
Utilisation of deferred tax assets	84,126	2,207,820
Deferred tax assets	**58,917**	**1,683,392**
Total income taxes	**379,009**	**2,891,811**

In Euro

The breakdown of income taxes is as follows:

	2009
Current and deferred Ires tax	307,623
Current and deferred Irap tax	71,386
Total	**379,009**

In Euro

The analysis of the difference between the theoretical and actual tax rates are as follows:

Ires income taxes	**2009**	
	Amount	**Rate**
Profit/(Loss) before taxes	**(19,857,657)**	**27.50%**
Theoretical tax charge		**(5,460,856)**
Permanent differences increase/(decrease):		
Dividends	(9,857,618)	
Write-down of equity investments	30,646,706	
Others	187,198	
Total	**1,118,629**	
Actual tax charge	**307,623**	

In Euro

5. Trade receivables

This account can be broken down as follows:

	31.12.2009	31.12.2008
Receivables from third parties	10,580	6,363
Receivables from subsidiaries	24,607	40,429
Total	**35,187**	**46,792**

In Euro

Trade receivables relate to a company under common control for rental charges. The Receivables from subsidiaries derive from invoices for interest on loans granted. There are no receivables due over 12 months.

6. Current financial assets

This account can be broken down as follows:

	31.12.2009	31.12.2008
Financial assets from subsidiaries	63,626,595	86,853,788
Financial assets from associated companies	5,430,649	29,203,352
Financial assets from third parties	45,029	324,835
Total	**69,102,273**	**116,381,975**

In Euro

The balance of Euro 63,626,595 represents non-interest bearing loans due within one year renewable on request, granted respectively to Finced Srl (Euro 36,366,595) and Il Mattino SpA (Euro 17,660,000) and an interest bearing loan to Il Gazzettino SpA (Euro 9,600,000) at current market rates.
The amount of Euro 5,430,649 entirely refers to the loan, interest bearing, granted to the associated company Rofin 2008 Srl.
The amount of Euro 45,029 relates to accrued interest on time deposits.

7. Other current assets

This account can be broken down as follows:

	31.12.2009	31.12.2008
Receivables from subsidiaries	277,613	713,352
Receivables – third parties	9,338	14,168
Total	**286,951**	**727,520**

In Euro

Receivables from subsidiaries within one year entirely relate to Imprese Tipografiche Venete SpA, following the national tax consolidation.
The receivables from third parties include receivables from social security institutions and VAT.

8. Cash and cash equivalents

This account can be broken down as follows:

	31.12.2009	31.12.2008
Bank and postal deposits	174,522,385	182,553,445
Cash in hand and similar	2,675	346
Total	**174,525,060**	**182,553,791**

In Euro

The reduction in cash and cash equivalents is substantially due to the investment in shares and other holdings for Euro 44.7 million, dividends distributed for Euro 6.25 million, net of dividends received for Euro 9.4 million and the partial settlement of loans by Rofin 2008 Srl.
The average rate for funds in the year was 1.30%.

liabilities and shareholders' equity

9. Shareholders' equity

Share capital
The Share capital amounts to Euro 125 million, consisting of 125 million ordinary shares at a nominal value of Euro 1 each. The number of ordinary shares outstanding did not change during the year.
All of the ordinary shares issued are fully paid-in. There are no shares subject to guarantees or restrictions on the distribution of dividends.

Other reserves
In accordance with the Shareholders' meeting resolution of April 27th, 2009, a reserve was created of Euro 50,000,000 for the purchase of treasury shares, through the utilisation of the Share premium reserve. Currently the reserve has not been utilised as no treasury share operations have been undertaken.
The Other reserves include the Share premium reserve of Euro 471,021,681, the Legal reserve of Euro 25,000,000 created as per article 2430 of the Civil Code and the net exchange gains reserve, created by the Shareholders' resolution of April 26th 2006, of Euro 3,770,408, equal to the value of the net exchange gains deriving from the valuation of assets and liabilities in foreign currencies at December 31st 2005.
The account includes the reserve created following the merger of Cedfin Srl and the reserves for actuarial gains and losses in application of *IAS 19* for the Employee leaving indemnity net of the fiscal effect.

Fair value reserve
The Fair value reserve includes all the market value changes of the investments in other companies available-for-sale until these investments are maintained in the accounts. The reserve is net of the tax effect.
The analysis of the individual equity accounts indicating whether they are distributable and their utilisation in the previous years is shown in the table below:

Schedule of equity accounts at 31.12.2009	Amount	Possibility of utilisation	Quota available	Summary of utilisations made in the three previous years	
				for coverage	*for other*
Share capital	125,000	–	–	–	–
Share capital issue costs	(18,865)	–	–	–	–
Share premium reserve	471,022	A B C	471,022	–	53,824 [1]
Legal reserve	25,000	B	–	–	–
(Other reserves)	3,770	A B C	3,770	–	–
IAS Reserve	25,971	–	–	–	–
Merger reserve/(Other reserves)	423	A B C	423	–	–
Retained earnings	34,038	A B C	15,173 [2]	–	19,590 [3]
Treasury share reserve	50,000				
Total available	**716,359**	**–**	**490,388**	**–**	**73,414**
Non-distributable quota	–	–	20,237 [4]	–	–
Residual quota distributable	**–**	**–**	**470,151**	**–**	**–**

In Euro thousands

A For share capital increase
B To cover losses
C For distribution to shareholders

[1] *Utilisation for treasury share reserve (Euro 50,000,000 in 2009) and dividend distribution (Euro 3,823,829 in 2006)*

[2] *Art. 2443 of the Civil Code*

[3] *Utilisation for dividend distribution in 2009 (Euro 6,250,000) and coverage of losses in 2008 (Euro 13,340,037)*

[4] *Taking account of the 2009 result*

Liabilities

10. Financial liabilities

	31.12.2009	31.12.2008
Non-current financial payables		
Other lenders for loans	1,404,153	2,748,110
Total	**1,404,153**	**2,748,110**
Current financial payables		
Payable to subsidiaries	4,314,715	3,413,000
Other lenders	1,343,957	2,731,356
Total	**5,658,672**	**6,144,356**

In Euro

The due date of the non-current liabilities is as follows:

	31.12.2009	31.12.2008
Between 1 and 5 years	1,404,153	2,748,110
Total	**1,404,153**	**2,748,110**

In Euro

There are no financial liabilities over five years.
The interest rates at the balance sheet date on the non-current liabilities are as follows:

	2009
Non-current financial liabilities	
Other lenders for loans	1.90
Current financial liabilities	
Short-term portion of non-current loans	1.90
Other financial payables	2.04

Values in %

The Non-current financial payables to other lenders relates entirely to a loan provided in 2000 by Mediocredito Lombardo of Euro 11.62 million. The final repayment is due in 2011. The interest rate applied on these loans is a variable Euribor at 6 months +spread 0.70%.
As guarantee for this loan, a mortgage was provided on the buildings of the subsidiary Il Mattino SpA at Caivano for a total amount of Euro 20.34 million.
The Current financial payables to subsidiaries refer entirely to a loan received from Quotidiano di Puglia SpA.
The Current payables to other lenders relates to the short-term portion of loans with Mediocredito Lombardo described above.
The reduction of the current financial payables is related to the waiver of the option on 124,992 Il Gazzettino SpA shares expired on March 31st 2009.

11. Personnel

Employee leaving indemnity and employee provisions
The Employee leaving indemnity represents a liability relating to the benefits recognised to employees and paid either on termination or after employment service. This liability is a defined benefit plan and therefore is determined applying the actuarial method.

The assumptions relating to the determination of the plan are summarised in the table below:

	31.12.2009	31.12.2008
Annual technical discounting rate	1.91	4.19
Annual inflation rate	2.60	3.00
Annual increase in employee leaving indemnity	3.07	3.34
Annual increase in salaries	3.83	3.83

Values in %

The discounting was made using the IRS curve corresponding to the duration of the period under examination (50 years).
The movements in the year are as follows:

	2009	2008
Net liability at January 1st	**29,128**	**32,663**
Current cost for the year	7,374	5,254
Interest charge/(income), net	1,086	1,030
Actuarial profits/(losses)	4,060	2,581
(Services paid)	–	(12,400)
Net liability at December 31st	**41,648**	**29,128**

In Euro

The comparison with the liability in accordance with Italian regulations is as follows:

	1.1.2008	31.12.2008	31.12.2009
Nominal value of the provision	43,018	36,845	44,843
Actuarial adjustment	(10,355)	(7,717)	(3,195)
Total Employee leaving indemnity	**32,663**	**29,128**	**41,648**

In Euro

As illustrated in the movement, the change between the liability determined in accordance with Italian regulations and *IFRS* was principally impacted by the interest rates.

Cost and personnel numbers

	2009	2008
Salaries and wages	122,572	116,598
Social security expenses	42,775	41,557
Employee leaving indemnity prov.	7,374	5,254
Other costs	391,274	370,243
Total	**563,995**	**533,652**

In Euro

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

	31.12.2009	31.12.2008	Average 2009	Average 2008
Managers & white collar	3	2	3	2
Journalists	6	4	6	4
Total	**9**	**6**	**9**	**6**

12. Trade payables

	31.12.2009	31.12.2008
Trade payables	130,607	101,680
Payables to subsidiaries	10,976	67,289
Payables to holding companies	63,282	–
Payables to other Group companies	23,184	24,267
Total	**228,049**	**193,236**

In Euro

At December 31st 2009, trade payables amounted to Euro 130,607 (Euro 101,680 at December 31st 2008) fully payable within one year, of which Euro 50,494 are for invoices to be received.
The payables to subsidiaries relate to invoices received from Piemme SpA (Euro 2,640) for services rendered and from Quotidiano di Puglia SpA (Euro 8,336) for interest on loans received at normal market conditions.
Euro 63,282 relates to a payable to the parent company Caltagirone SpA for recharged costs.
Payables to other Group companies refer to the company under common control for rental charges.
There are no payables due over 12 months.

13. Other liabilities

Other current liabilities	**31.12.2009**	**31.12.2008**
Social security institutions	10,299	7,684
Employee payables	11,622	9,345
Payables to subsidiaries	8,166,558	1,715,813
Other payables	5,341,789	5,499,860
Total	**13,530,268**	**7,232,702**

In Euro

The Other payables to subsidiaries refer to transactions with the companies in the fiscal consolidation. For further information, reference should be made to note 18 (Transactions with related parties).

The account Other payables of Euro 5,341,789 includes Euro 4,873,306 as amounts available to the Board of Directors in accordance with article 25 of the Company By-Laws, which provides for the allocation of 2% of the net profits to this account.

The additional amounts represent emoluments to Directors and Statutory Auditors and personnel tax payables.

income statement

14. Other operating revenues

	2009	2008
Other operating revenues	10,849	14,067
Total	**10,849**	**14,067**

In Euro

15. Other operating charges

	2009	2008
Labour costs	563,995	533,652
Rent, leases and similar costs	372,354	333,811
Services	807,098	844,276
Other operating charges	243,399	470,458
Total	**1,986,846**	**2,182,197**

In Euro

Total labour costs in 2009 amount to Euro 563,995, of which Euro 122,572 for salaries, Euro 42,775 for social security costs, Euro 7,374 for employee leaving indemnity and Euro 391,274 for consultants.
The costs Rent, leases and similar refer entirely to the headquarters of the Company, provided by a company under common control at market rents.
The account Services includes the remuneration of the Board of Statutory Auditors for Euro 34,500, the Board of Directors for Euro 221,000 and the Audit firm for Euro 44,713.

16. Amortisation, depreciation & provisions

	2009	2008
Depreciation of tangible assets	2,441	55,519
Amortisation of intangible assets	2,722	2,722
Total	**5,163**	**58,241**

In Euro

17. Net financial income/(charges)

Financial income	2009	2008
Dividends from subsidiaries	9,000,000	2,816,121
Dividends from other companies	1,376,440	–
Other income	168,794	–
Interest income from bank deposits	2,322,881	12,611,353
Interest income from subsidiaries and associated companies	176,684	33,612
Total	**13,044,799**	**15,461,086**

In Euro

Euro 9,000,000 relates to dividends from the subsidiary Leggo SpA. The account Dividends from other companies includes dividends from Assicurazioni Generali SpA (Euro 1,168,440) and Banca Monte dei Paschi di Siena SpA (Euro 208,000).
The Interest income on bank deposits of Euro 2,322,881 is representative of the return on the liquidity invested.

Financial charges	2009	2008
Write-down of equity inv. and securities	30,646,706	21,637,563
Loan interest	111,297	284,376
Interest on bank current accounts	2,770	21,661
Banking commissions and charges	4,534	14,922
Interest expense from subsidiaries	59,906	184,621
Financial charges from discounting	1,086	1,536,797
Other	95,000	–
Total	**30,921,299**	**23,679,940**

In Euro

The Write-down of Euro 30,646,706 refers to the reduction in value following the impairment test of Il Gazzettino SpA for Euro 16.06 million and the losses of the subsidiaries Corriere Adriatico SpA (Euro 1,506,150), Finced Srl (Euro 6,402,209) and the associated company Rofin 2008 Srl (Euro 6,682,347).
The Interest expense from subsidiaries entirely relates to Quotidiano di Puglia SpA for interest bearing loans.

18. Transactions with related parties

Transactions with companies under common control
The transactions of the Company with related parties, including inter-group operations, were carried out in the interest of the Company and generally relate to normal operations and are regulated at market conditions and principally relate to the exchange of goods, the provision of services, the provision and use of financial resources of associated companies and subsidiaries 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. Where such operations exist, detailed information is provided in the present paragraph.

	Trade receivables	Financial receivables	Other receivables	Trade payables	Financial payables	Other payables
Caltagirone SpA	–	–	–	63,282	–	–
Il Messaggero SpA	–	–	–	–	–	639,953
Leggo SpA	–	–	–	–	–	1,337,263
Finced Srl	–	36,366,595	–	–	–	3,758,147
Il Mattino SpA	–	17,660,000	–	–	–	364,950
Piemme SpA	–	–	–	2,640	–	22,377
Mantegna '87 Srl	–	–	–	16,584	–	–
Vianini Lavori SpA	–	–	–	6,600	–	–
Corriere Adriatico SpA	–	–	–	–	–	718,390
Quotidiano di Puglia SpA	–	–	–	8,336	4,314,715	117,443
Imprese Tipografiche Venete SpA	–	–	277,613	–	–	–
Il Gazzettino SpA	24,607	9,600,000	–	–	–	1,208,035
Rofin 2008 Srl	–	5,430,650	–	–	–	–
A.D.Fid. Srl	10,580	–	–	–	–	–
Total	**35,187**	**69,057,245**	**277,613**	**97,442**	**4,314,715**	**8,166,558**

In Euro

	Operating revenues	Operating costs	Financial income	Financial charges
Caltagirone SpA	–	63,282	–	–
Vianini Lavori SpA	–	20,400	–	–
Mantegna '87 Srl	–	45,008	–	–
Quotidiano di Puglia SpA	–	–	–	59,906
Piemme SpA	–	14,300	–	–
Ical SpA	–	370,345	–	–
Leggo SpA	–	–	9,000,000	–
Finced Srl	–	3,069	–	–
Il Gazzettino SpA	–	–	176,684	–
A.D.Fid. Srl	10,765	–	–	–
Total	**10,765**	**516,404**	**9,176,684**	**59,906**

In Euro

Financial receivables from subsidiaries relate to non interest-bearing loans granted.

Transactions with Directors, Statutory Auditors and the management of Group companies

The table below shows the payments made to the members of the Board of Directors and Board of Statutory Auditors relating to 2009 and in accordance with article 78 of Consob Resolution No. 11971/99.

Name	Surname	Office held	Period in which office held	Expiry of office	Emoluments for office	Other remuneration
Francesco Gaetano	Caltagirone	Chairman	Full year	31.12.2011	–	400,000
Gaetano	Caltagirone	Vice Chairman	Full year	31.12.2011	–	–
Azzurra	Caltagirone	Vice Chairman	Full year	31.12.2011	200,000	410,000
Francesco	Caltagirone	Director	Full year	31.12.2011	–	–
Alessandro	Caltagirone	Director	23.6.2009-31.12.2009	31.12.2011	–	11,715
Mario	Delfini	Director	Full year	31.12.2011	4,000	130,000
Albino	Majore	Director	Full year	31.12.2011	4,000	1,174,003
Massimo	Garzilli	Director	23.6.2009-31.12.2009	31.12.2011	3,000	375,000
Giampietro	Nattino	Director	Full year	31.12.2011	3,000	5,000
Massimo	Confortini	Director	Full year	31.12.2011	4,000	25,000
Franco Luciano	Lenti	Director	Full year	31.12.2011	3,000	–
Raul	Bardelli	Chairman Board Statutory Auditor	Full year	31.12.2011	13,500	–
Carlo	Schiavone	Statutory Auditor	Full year	31.12.2011	11,000	–
Federico	Malorni	Statutory Auditor	Full year	31.12.2011	10,000	8,458

In Euro

The emoluments for offices held include the remuneration resolved by the Shareholders' Meeting of Caltagirone Editore SpA in accordance with article 2389 of the Civil Code, third paragraph. The Board of Directors, from January 1st 2007, established the annual remuneration of the Vice Chairman at Euro 200,000.
Included in other remuneration are the emoluments for offices held in subsidiary companies and remuneration for salaries and similar.
There are no stock option plans for the directors of the company.
No other transactions with Directors, Statutory Auditors and the management of Group companies were undertaken.

19. Business segment information

In accordance with *IFRS 8*, Caltagirone Editore SpA, as holding company, operates in the financial sector, exclusively within Italy and therefore no geographic sectors were identified.

20. Net cash position

	31.12.2009	31.12.2008
A. Bank deposits	174,525	182,554
B. Current financial receivables	69,102	116,382
C. Current payables to other lenders	5,659	6,144
D. NET CURRENT CASH POSITION (C-B-A)	**(237,968)**	**(292,791)**
E. Non-current payables to other lenders	1,404	2,748
I. NET CASH POSITION (D+E)	**(236,564)**	**(290,044)**

In Euro thousands

Assignments conferred to the independent Audit firm and related remuneration
The table below shows the payments made to the independent Audit firm KPMG SpA in accordance with article 149 of Consob Resolution No. 11971/99 in 2009.

Company	Independent Auditors	Period	Audit service charges	Other activities	Remuneration
Caltagirone Editore SpA	KPMG SpA	2006-2011	43,713	1,000	44,713

In Euro

No atypical or unusual transactions took place during the year.

Declaration of the Financial Statements as per art. 81 - ter of Consob Regulation No. 11971 of May 14th 1999 and subsequent modifications and integrations

1. The undersigned Francesco Gaetano Caltagirone, as Chairman of the Board of Directors, and Roberto Di Muzio, executive responsible for the preparation of the corporate accounting documents of Caltagirone Editore S.p.A., affirm, and also in consideration of article 154-*bis*, paragraphs 3, 4 and 5 of Legislative Decree No. 58 of February 24th 1998:

    - the accuracy of the information on company operations and
    - the effective application,

    of the administrative and accounting procedures for the compilation of the financial statements for the year ended December 31st 2009.

2. The activity was undertaken evaluating the organisational structure and the execution, control and monitoring processes of the business activities necessary for the preparation of the financial statements. In relation to this, no important matters arose.

3. In addition, we certify that

    3.1 the financial statements for 2009:

    a) were prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and also in accordance with article 9 of Legislative Decree 38/2005;

    b) correspond to the underlying accounting documents and records;

    c) provide a true and fair representation of the balance sheet, financial position and results of the issuer.

    3.2 the Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Roma, March 23rd 2010

The Chairman

The Executive Responsible

report of the board of statutory auditors

PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE NO. 58/1998 OF FEBRUARY 24TH, 1998

Dear Shareholders,

The present report, prepared in accordance with article 153 of Legislative Decree No. 58/1998 (hereafter TUF), in compliance with the Consob provisions concerning corporate controls and the activities of Boards of Statutory Auditors, relates to the activities of the Board of Statutory Auditors of Caltagirone Editore SpA in the year ended December 31st, 2009.

1. In carrying out its activities of supervision and control, the Board of Statutory Auditors:
   a. verified compliance with law and the by-laws of the Company;
   b. periodically obtained from the Directors information on the activities carried out and on the operations of greatest economic, financial and balance sheet significance resolved upon and implemented in the year. Based on the information available, the Board can reasonably state that these operations were in compliance with law and the corporate objectives and were not imprudent, reckless or such as to compromise the integrity of the Company's assets;
   c. confirmed the inexistence of atypical and unusual transactions with Group companies, with third parties or with related parties. The Board of Directors provided sufficient information on the effects of the ordinary operations of greatest economic, financial and balance sheet significance with subsidiaries and with related parties. The Board noted the inexistence of inter-group transactions or with related parties which conflicted with the interests of the Company;
   d. obtained information in relation to and supervised the effectiveness of the Company's organisational structure, adherence to principles of best practice and the adequacy of directives issued by the Company to the subsidiary companies in accordance with article 114, paragraph 2 of the TUF;
   e. examined the adequacy of the internal control and administrative-accounting systems, as well as the reliability of this latter to correctly represent the operating events through:
      i. examination of the declarations of the Chairman and the Executive Responsible for the preparation of the corporate accounting documents, pursuant to article 154 bis of the TUF;

ii. meetings with the corporate boards of the subsidiary companies in accordance with paragraphs 1 and 2 of article 151 of the TUF;
iii. discussion of the work carried out by the Independent Audit Company;
iv. continuous interaction with the Internal Control Manager and attendance at the Internal Control Committee meetings.
In the course of the activities carried out, no anomalies which may be considered as indicators of significant inadequacies in the internal control system emerged;

f. held periodic meetings with the managers of the Independent Audit Company in accordance with article 150, paragraph 3 of the TUF and no significant information or facts arose that requires inclusion in the present report;
g. examined the implementation of the corporate governance system adopted by Caltagirone Editore SpA which partially implements the Self-Governance Code promoted by Borsa Italiana SpA. The Board, among other matters, verified the independence of three members of the Board of Directors. The Board of Statutory Auditors also verified the independence of its members;
h. in relation to the provisions of Legislative Decree No. 231/2001 concerning the administrative responsibility of Entities, the Company, considering its nature as a holding company and its essential structure, considers that the risks deriving from actions of parties which undertake representation, administration and management functions are greatly reduced.
The Board, since its appointment on April 27th, 2009, met 3 times, attended 1 Shareholders' Meeting, 3 Board of Directors' meetings and met with the statutory auditors of the subsidiary companies. The Chairman of the Board of Statutory Auditors also attended three meetings of the Internal Control Committee - on September 30th, October 20th and November 10th, 2009.

2. In relation to meetings with the Independent Audit Company, the Board of Statutory Auditors reports that:
a. the Shareholders' AGM of April 27th, 2006 appointed, in accordance with article 155 of the TUF, KPMG SpA for 6 fiscal years as the independent accounting and audit company for the tax declarations of the Group. No other offices are held which affect the independence of the Independent Audit Company;
b. on April 9th, 2010, KPMG SpA issued – in accordance with article 156 of the TUF – reports stating that the individual and consolidated financial statements for the year ended December 31st, 2009 were prepared with clarity and represent in a true and fair manner the balance sheet, financial position, the results, the changes in Shareholders' equity and the cash flows of Caltagirone Editore SpA and the Group;
c. no opinions were issued by the Independent Audit Company in accordance with law without the relative requirements for their issuance.

3. No treasury shares were purchased during the year following the resolution of the Shareholders' AGM of April 27th, 2009 which authorised their purchase.

4. During the year no notifications in accordance with article 2408 were received and the Board is not aware of facts or petitions which would merit reporting to the Shareholders' Meeting. In the course of the activities carried out and based on the information obtained, no significant omissions, matters, irregularities or circumstances that would require reporting to the Supervisory Authority or mention in the present report were noted.
   It was not necessary to call the Shareholders' meeting and/or the Corporate Boards.

5. Finally, the Board of Statutory Auditors does not have any further observations to report and expresses its favourable opinion with regard to the approval of the financial statements at December 31st, 2009, accompanied by the Directors' Report and the proposal to distribute a dividend by the Board of Directors.

Rome, April 9th 2010

The Board of Statutory Auditors

Mr. Raul Bardelli
Mr. Federico Malorni
Mr. Carlo Schiavone

MR. RAUL BARDELLI • CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS

N°	Name of company	Office held	Expiry
1	Anfed Agri SpA società agricola	Statutory Auditor	Financial statements at 31.12.2009
2	Thames Srl	Statutory Auditor	Financial statements at 31.12.2011
3	Caltagirone Editore SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
	Total no. of offices held	**3**	
	No.of offices held in issuing companies	**1**	

MR. FEDERICO MALORNI • STATUTORY AUDITOR

N°	Name of company	Office held	Expiry
1	Acamar SpA	Statutory Auditor	Financial statements at 31.12.2009
2	Alfacem Srl	Statutory Auditor	Financial statements at 31.12.2010
3	A. Pontecorvo e C. SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
4	Aventina SpA	Statutory Auditor	Financial statements at 31.12.2009
5	Azufin SpA	Chairman of the Board of Statutory Auditors	Financial statements at 30.11.2012
6	Caltagirone Editore SpA	Statutory Auditor	Financial statements at 31.12.2011*
7	Capitolium SpA	Statutory Auditor	Financial statements at 31.12.2010
8	Casa di cura Paideia SpA	Statutory Auditor	Financial statements at 31.12.2011
9	Casa di cura Valle Fiorita Srl	Statutory Auditor	Financial statements at 31.12.2011
10	Cementir Delta SpA	Statutory Auditor	Financial statements at 31.12.2011
11	Centro Stampa Veneto SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
12	Edilizia Commerciale SpA	Statutory Auditor	Financial statements at 30.6.2010
13	E.G.A. Srl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
14	Energia SpA	Statutory Auditor	Financial statements at 31.12.2011
15	FGC SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2010
16	Finanziaria Italia SpA	Statutory Auditor	Financial statements at 31.12.2010
17	Flavia Srl	Statutory Auditor	Financial statements at 31.12.2009
18	Fontenova Srl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2010
19	Gila 2007 Srl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
20	Golf Parco di Roma SpA	Statutory Auditor	Financial statements at 31.12.2010
21	Guida Monaci SpA	Statutory Auditor	Financial statements at 31.12.2011
22	Icip SpA	Statutory Auditor	Financial statements at 31.12.2011
23	I.EL.ET. SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
24	Immobiliare Caltagirone - Ical SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
25	Immobiliare Delta SpA	Statutory Auditor	Financial statements at 31.12.2009
26	Immobiliare Medio Tevere SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
27	Iniziative San Domenico Srl	Statutory Auditor	Financial statements at 31.12.2009
28	Intercem SpA	Statutory Auditor	Financial statements at 31.12.2011
29	Italiana Costruzioni SpA	Statutory Auditor	Financial statements at 31.12.2010
30	Italpolitecnica Srl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2008**

MR. FEDERICO MALORNI • STATUTORY AUDITOR

N°	Name of company	Office held	Expiry
31	Leggo SpA	Statutory Auditor	Financial statements at 31.12.2011
32	Mantegna '87 Srl	Statutory Auditor	Financial statements at 31.12.2009
33	Meridionale Petroli Srl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
34	Nacost SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2010
35	Nuova Tiberina Beni Immobili SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
36	Pantheon 2000 SpA	Statutory Auditor	Financial statements at 31.12.2009
37	Petroli 2000 Srl	Statutory Auditor	Financial statements at 31.12.2009
38	Piacenza Park SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
39	PR.IM. SpA	Statutory Auditor	Financial statements at 31.12.2009
40	Punta Tragara Srl	Statutory Auditor	Financial statements at 31.12.2010
41	RO.MI.S. Srl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
42	SA.E PI. Srl	Statutory Auditor	Financial statements at 31.12.2010
43	S.A.R.I. SpA	Chairman of the Board of Statutory Auditors	Financial statements at 30.11.2011
44	S.E.A.D. 1980 SpA	Statutory Auditor	Financial statements at 31.12.2011
45	S.I.A. 1975 SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
46	Sintesi 2007 Srl	Statutory Auditor	Financial statements at 31.12.2009
47	Società Agricola Tenuta del Terriccio a rl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
48	Valesia Srl	Statutory Auditor	Financial statements at 31.12.2010
49	Valle Valente Srl	Statutory Auditor	Financial statements at 31.12.2011
50	Valorizzazioni Immobiliari Srl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
51	Venetia Palace Gestioni SpA	Statutory Auditor	Financial statements at 31.12.2010
52	Venetia Palace SpA	Statutory Auditor	Financial statements at 31.12.2010
53	Viafin Srl	Statutory Auditor	Financial statements at 31.12.2009
54	Vianini Ingegneria SpA	Statutory Auditor	Financial statements at 31.12.2011
55	Yell Industries Srl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2010
	Total no. of offices held	**55**	
	No.of offices held in issuing companies	**1**	

** Listed*
*** Extended*

MR. CARLO SCHIAVONE • STATUTORY AUDITOR

N°	Name of company	Office held	Expiry
1	Alfacem Srl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2010
2	Apifin Srl	Statutory Auditor	Financial statements at 31.12.2011
3	Api Real Estate Srl	Statutory Auditor	Financial statements at 31.12.2011
4	Betontir SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2010
5	Caltagirone SpA	Statutory Auditor	Financial statements at 31.12.2010*
6	Caltagirone Editore SpA	Statutory Auditor	Financial statements at 31.12.2011*
7	Capitolium SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2010
8	Cementir Holding SpA	Statutory Auditor	Financial statements at 31.12.2010*
9	Cementir Delta SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
10	Cementir Italia Srl	Statutory Auditor	Financial statements at 31.12.2009
11	Co.e.m. SpA	Statutory Auditor	Financial statements at 31.12.2009
12	Echetlo Srl	Statutory Auditor	Financial statements at 31.12.2010
13	Energia SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
14	Energy Production Industry Company Srl	Statutory Auditor	Financial statements at 31.12.2011
15	Festival SpA	Statutory Auditor	Financial statements at 31.12.2011
16	Finanziaria Italia 2005 SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
17	Finbra Real Estate Srl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
18	Fincal SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
19	Intercem SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
20	I.R.E.P. SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2010
21	Mantegna '87 Srl	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
22	MPS Immobiliare SpA	Statutory Auditor	Until Shareholders' Meeting of 16.4.2010
23	Pantheon 2000 SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
24	Parco di Roma SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2010
25	Se.pro. Srl	Statutory Auditor	Financial statements at 31.12.2010
26	S.I.M.E. SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2009
27	Società per Azioni Iniziative Imm. Provera e Carrassi "IPC" SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011

MR. CARLO SCHIAVONE • STATUTORY AUDITOR

N°	Name of company	Office held	Expiry
28	Società per Azioni Ingg. Provera e Carrassi Impresa di Costruzioni SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
29	Società per Azioni Immobiliare Guido D'Arezzo	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
30	So.co.ge.im. SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2011
31	Unione Generale Imm.re SpA	Chairman of the Board of Statutory Auditors	Financial statements at 31.12.2010
32	S.A.R.I. SpA	Sole Director	Financial statements at 30.11.2011
33	Victoria Felix Srl	Sole Director	Until revocation
	Total no. of offices held	**33**	
	No.of offices held in issuing companies	**3**	

** Listed*

CALTAGIRONE EDITORE

subsidiaries financial statements

assets

	31.12.2009	31.12.2008
A. RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**–**	**–**
B. FIXED ASSETS		
I. Intangible assets		
5) Goodwill	69,014,147	72,646,470
7) Other	168,375	311,438
Total intangible assets	**69,182,522**	**72,957,908**
II. Tangible assets		
1) Land and buildings	19,628,229	20,383,356
2) Plant and machinery	31,903,780	35,971,188
3) Industrial and commercial equipment	56,794	62,253
4) Other fixed assets	700,105	798,094
5) Assets in progress and advances	242,156	58,39
Total tangible assets	**52,531,064**	**57,273,281**
III. Financial assets		
1) Equity investments:		
a) subsidiaries	71,972,862	71,972,862
d) other companies	1,276,536	1,709,953
Total equity investments	73,249,398	73,682,815
2) Receivables:		
– due within one year		
d) others	52,740	57,039
Total receivables	52,740	57,039
Total financial assets	**73,302,138**	**73,739,854**
TOTAL B. FIXED ASSETS	**195,015,724**	**203,971,043**

	31.12.2009	31.12.2008
C. CURRENT ASSETS		
I. Inventories		
1) Raw materials, ancillary and consumables	1,752,968	2,681,867
Total inventories	**1,752,968**	**2,681,867**
II. Receivables		
1) Trade receivables:		
– due within one year	1,802,975	1,739,108
2) Subsidiaries:		
– due within one year	23,100,350	60,063,185
3) Group companies:		
– due within one year	1,685,529	1,483,020
4) Holding companies	639,953	106
4 bis) Taxes receivable	160,101	754,924
4 ter) Deferred tax	3,387,536	2,633,609
5) Others:		
– due within one year	1,358,028	192,652
Total receivables	**32,134,472**	**66,866,604**
IV. Cash and cash equivalents		
1) Banking and postal deposits	98,590,330	70,727,327
3) Cash and cash equivalents	3,218	2,898
Total cash and cash equivalents	**98,593,548**	**70,730,225**
TOTAL C. CURRENT ASSETS	**132,480,988**	**140,278,696**
D. PREPAYEMENTS AND ACCRUED INCOME		
1) Accrued income	24,236	45,309
2) Prepayments	216,147	190,033
TOTAL D. PREPAYMENTS AND ACCRUED INCOME	**240,383**	**235,342**
TOTAL ASSETS	**327,737,095**	**344,485,081**

In Euro

liabilities

	31.12.2009	31.12.2008
A. SHAREHOLDERS´ EQUITY		
I. Share capital	**42,179,500**	**42,179,500**
IV. Legal reserve	**8,435,900**	**8,435,900**
VII. Other reserves		
– Merger with S.E.M. surplus	209,600	209,600
– Shareholders' equity reduction reserve	62,112	62,112
– Reserve Law 266/05	11,000,328	11,000,328
– Other reserves ex Caltanet	42,406,963	42,406,963
Total other reserves	**53,679,003**	**53,679,003**
VIII. Retained earnings	**107,104,770**	**107,270,129**
IX. Profit/(Loss) for the year	**(4,922,949)**	**(165,359)**
TOTAL A. SHAREHOLDERS´ EQUITY	**206,476,224**	**211,399,173**
B. PROVISIONS FOR RISKS AND CHARGES		
2) Tax provisions, includ. deferred tax liability	20,548,476	20,996,217
3) Other	7,023,427	4,373,427
TOTAL B. PROVISIONS FOR RISKS AND CHARGES	**27,571,903**	**25,369,644**
C. EMPLOYEE LEAVING INDEMNITY	**16,812,431**	**19,972,141**
D. PAYABLES		
4) Bank borrowings:		
– due within one year	11,413,891	11,964,614
– due over one year	38,391,678	43,412,056
Total bank borrowings	49,805,569	55,376,670
7) Trade payables:		
– due within one year	12,865,645	14,707,252
9) Subsidiaries:		
– due within one year	100,891	19,805
10) Group companies:		
– due within one year	403,757	1,244,786

	31.12.2009	31.12.2008
12) Tax payables:		
– due within one year	1,733,033	1,707,598
13) Payables to social security institutions:		
– due within one year	4,361,827	4,557,033
14) Other payables:		
– due within one year	7,591,138	10,111,098
– due over one year	5,549	5,549
Total other payables	7,596,687	10,116,647
TOTAL D. PAYABLES	**76,867,409**	**87,729,791**
E. ACCRUALS AND DEFERRED INCOME		
2) Deferred income	9,128	14,332
TOTAL E. ACCRUALS AND DEFERRED INCOME	**9,128**	**14,332**
TOTAL LIABILITIES	**327,737,095**	**344,485,081**
MEMORANDUM ACCOUNT		
Guarantees given directly or indirectly in favour of third parties:		
– sureties given to third parties	17,323	17,323
– bank collateral and pledges	43,400,000	43,400,000
Third-party guarantees:		
– third parties	60,000	60,000
Goods held by third parties:		
– paper held in warehouses and printers	1	1
– equipment at printers	1	1
Third-party owned assets:		
– leased printing machinery	580,398	746,089
TOTAL MEMORANDUM ACCOUNT	**44,057,723**	**44,223,414**

In Euro

IL MESSAGGERO SPA

income statement

	2009	2008
A. VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	99,812,843	112,921,843
5) Other revenues and income:		
a) other revenues and income	3,715,369	3,567,447
b) operating grants	342,917	423,471
TOTAL A. VALUE OF PRODUCTION	**103,871,129**	**116,912,761**
B. COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(13,801,065)	(17,469,259)
7) Services	(33,441,973)	(33,362,655)
8) Rents, lease and similar costs	(2,855,502)	(2,812,131)
9) Personnel costs:		
a) salaries and wages	(28,087,409)	(30,031,127)
b) social security charges	(9,501,633)	(9,877,854)
c) employee leaving indemnity	(2,552,738)	(2,767,633)
e) other costs	(3,630,843)	(3,619,578)
Total personnel costs	(43,772,623)	(46,296,192)
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	(3,788,531)	(3,878,901)
b) depreciation of tangible assets	(5,189,054)	(5,325,002)
Total amortisation, depreciation and write-downs	(8,977,585)	(9,203,903)
11) Change in inventory of raw materials ancillary, consumables and goods	(928,899)	751,379
12) Provisions for risks	–	(500,000)
14) Other operating costs	(2,572,024)	(4,276,863)
TOTAL B. COSTS OF PRODUCTION	**(106,349,671)**	**(113,169,624)**
DIFFERENCE (A-B) BETWEEN VALUE AND COST OF PRODUCTION	**(2,478,542)**	**3,743,137**

	2009	2008
C. FINANCIAL INCOME AND CHARGES		
16) Other financial income:		
d) income other than above:		
2) group companies	–	10,358
4) others	828,193	2,843,182
Total other financial income	828,193	2,853,540
17) Interest and other financial charges:		
4) others	(1,614,866)	(3,078,479)
17 bis) Exchange losses	(547)	(1,652)
TOTAL C. FINANCIAL INCOME AND CHARGES	**(787,220)**	**(226,591)**
D. ADJUSTMENT OF FINANCIAL ASSETS		
19 a) Write-downs of equity investments	(253,302)	(626,201)
TOTAL D. ADJUSTMENT OF FINANCIAL ASSETS	**(253,302)**	**(626,201)**
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income:		
a) gains on disposals	24,651	5,537
b) other extraordinary income	1,876,797	371,060
Total income	1,901,448	376,597
21) Charges:		
b) prior years taxes	(9,878)	–
c) other extraordinary charges	(3,150,000)	(503,075)
Total charges	(3,159,878)	(503,075)
TOTAL E. EXTRAORDINARY INCOME AND CHARGES	**(1,258,430)**	**(126,478)**
PROFIT BEFORE TAXES	**(4,777,494)**	**2,763,867**
22) Income taxes		
a) Ires	639,819	–
b) Irap	(1,986,941)	(2,468,212)
– deferred tax charge	447,740	1,057,149
– deferred tax assets	753,927	(1,518,163)
Total income taxes	(145,455)	(2,929,226)
23) NET PROFIT FOR THE YEAR	**(4,922,949)**	**(165,359)**

In Euro

P I E M M E   S P A

assets

	31.12.2009	31.12.2008
A. RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**–**	**–**
B. FIXED ASSETS		
I. Intangible assets		
7) Other	289,349	440,225
Total intangible assets	**289,349**	**440,225**
II. Tangible assets		
4) Other fixed assets	491,722	661,719
Total tangible assets	**491,722**	**661,719**
III. Financial assets		
1) Equity investments:		
b) associated companies	40	40
c) holding companies	22,334,693	22,334,693
Total financial assets	**22,334,733**	**22,334,733**
TOTAL B. FIXED ASSETS	**23,115,804**	**23,436,677**

	31.12.2009	31.12.2008
C. CURRENT ASSETS		
II. Receivables		
1) Trade receivables:		
– due within one year	69,317,935	79,622,277
3) Group companies:		
– due within one year	81,253	240,853
4) Holding companies:		
– due within one year	211,864	63,396
4 bis) Taxes receivable	224,192	700,462
4 ter) Deferred tax	6,989,358	7,180,691
5) Others:		
– due within one year	299,511	229,839
– due over one year	116,313	124,150
Total others	415,824	353,989
Total receivables	**77,240,426**	**88,161,668**
IV. Cash and cash equivalents		
1) Banking and postal deposits	3,652,886	35,447,552
3) Cash and cash equivalents	159,708	208,778
Total cash and cash equivalents	**3,812,594**	**35,656,330**
TOTAL C. CURRENT ASSETS	**81,053,020**	**123,817,998**
D. PREPAYEMENTS AND ACCRUED INCOME	**82,924**	**146,672**
TOTAL ASSETS	**104,251,748**	**147,401,347**

In Euro

P I E M M E   S P A

liabilities

	31.12.2009	31.12.2008
A. SHAREHOLDERS´ EQUITY		
I. Share capital	**2,646,540**	**2,646,540**
IV. Legal reserve	**529,308**	**520,000**
VII. Other reserves	**26,830,923**	**26,830,923**
VIII. Retained earnings	**10,396,529**	**7,931,569**
IX. Profit/(Loss) for the year	**1,649,077**	**2,474,268**
TOTAL A. SHAREHOLDERS´ EQUITY	**42,052,377**	**40,403,300**
B. PROVISIONS FOR RISKS AND CHARGES		
3) Other	598,342	757,483
TOTAL B. PROVISIONS FOR RISKS AND CHARGES	**598,342**	**757,483**
C. EMPLOYEE LEAVING INDEMNITY	**3,225,165**	**3,712,612**

	31.12.2009	31.12.2008
D. PAYABLES		
4) Bank borrowings:		
– due within one year	366,641	2,494,587
7) Trade payables:		
– due within one year	6,930,450	8,151,854
10) Group companies:		
– due within one year	21,687,860	26,284,095
11) Holding companies:		
– due within one year	23,189,110	60,070,001
12) Tax payables:		
– due within one year	1,830,429	1,260,046
13) Payables to social security institutions:		
– due within one year	870,757	825,201
14) Others:		
– due within one year	2,124,846	2,204,163
TOTAL D. PAYABLES	**57,000,093**	**101,289,947**
E. ACCRUALS AND DEFERRED INCOME	**1,375,771**	**1,238,005**
TOTAL LIABILITIES	**104,251,748**	**147,401,347**
MEMORANDUM ACCOUNT		
3) Commitments, risks and other memorandum accounts:		
c) secured guarantees given to third parties for obligations of the company	402,042	405,657
f) other		
– bills discounted	2,208,073	3,019,795
TOTAL MEMORANDUM ACCOUNT	**2,610,115**	**3,425,452**

In Euro

P I E M M E   S P A

income statement

	2009	2008
A. VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	159,773,556	192,763,972
5) Other revenues and income	1,484,946	1,709,065
TOTAL A. VALUE OF PRODUCTION	**161,258,502**	**194,473,037**
B. COSTS OF PRODUCTION		
6) Purchase of advertising space	(124,203,560)	(154,613,330)
7) Services	(18,525,531)	(19,468,362)
8) Rents, lease and similar costs	(2,661,585)	(2,691,994)
9) Personnel costs:		
a) salaries and wages	(7,132,791)	(7,406,581)
b) social security charges	(2,191,804)	(2,262,527)
c) employee leaving indemnity	(74,046)	(97,493)
d) pension and similar rights	(588,038)	(610,446)
d) other costs	(368,496)	(281,300)
Total personnel costs	(10,355,175)	(10,658,347)
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	(296,939)	(321,654)
b) depreciation of tangible assets	(258,254)	(309,179)
d) doubtful debt provision	(3,109,950)	(2,638,810)
Total amortisation, depreciation and write-downs	(3,665,143)	(3,269,643)
12) Provisions for risks	(94,000)	–
14) Other operating costs	(202,262)	(162,278)
TOTAL B. COSTS OF PRODUCTION	**(159,707,256)**	**(190,863,954)**
DIFFERENCE (A-B) BETWEEN VALUE AND COST OF PRODUCTION	**1,551,246**	**3,609,083**

	2009	2008
C. FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) other income from:		
– other	510,515	1,610,288
17) Interest and other financial charges:		
c) Group companies	(6,745)	(54,180)
e) other	(354,578)	(648,940)
Total interest and other financial charges	**(361,323)**	**(703,120)**
TOTAL C. FINANCIAL INCOME AND CHARGES	**149,192**	**907,168**
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income:		
a) gains on disposals	583	1,000
b) other extraordinary income	853,600	125,694
Total income	**854,183**	**126,694**
21) Charges:		
a) losses on disposals	(946)	(2,025)
b) prior years taxes	(12,655)	(49,565)
c) other extraordinary charges	(107,565)	(59,986)
Total charges	**(121,166)**	**(111,576)**
TOTAL E. EXTRAORDINARY INCOME AND CHARGES	**733,017**	**15,118**
PROFIT BEFORE TAXES	**2,433,455**	**4,531,369**
22) Income taxes:		
a) current taxes	(593,045)	(653,875)
c) deferred tax	(191,333)	(1,403,226)
Total income taxes	**(784,378)**	**(2,057,101)**
23) NET PROFIT FOR THE YEAR	**1,649,077**	**2,474,268**

In Euro

assets

	31.12.2009	31.12.2008
A. RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**–**	**–**
B. FIXED ASSETS		
I. Intangible assets		
2) Research, development and advertising costs	49,000	2,000
3) Concessions, licenses, trademarks and similar costs	10,937	958
4) Newspapers titles	37,090,750	38,572,600
6) Assets in progress and advances	–	30,000
Total intangible assets	**37,150,687**	**38,605,558**
II. Tangible assets		
1) Land and buildings	6,972,880	7,217,189
2) Plant and machinery	5,612,814	6,782,815
3) Industrial and commercial equipment	1,438	2,225
4) Other fixed assets	277,863	335,748
5) Assets in progress and advances	7,250	–
Total tangible assets	**12,872,245**	**14,337,977**
III. Financial assets		
1) Equity investments:		
d) other companies	364,796	366,063
Total equity investments	364,796	366,063
2) Receivables:		
– due within one year		
a) subsidiaries	4,430	14,132
Total receivables	4,430	14,132
Total financial assets	**369,225**	**380,194**
TOTAL B. FIXED ASSETS	**50,392,158**	**53,323,729**

	31.12.2009	31.12.2008
C. CURRENT ASSETS		
I. Inventories		
1) Raw materials, ancillary and consumables	972,662	969,985
Total inventories	**972,662**	**969,985**
II. Receivables		
1) Trade receivables:		
– due within one year	384,545	2,376,092
– due over one year	1,922,932	621
Total trade receivables	2,307,477	2,376,713
3) Group companies:		
– due within one year	7,161,090	7,608,073
4) Holding companies:		
– due within one year	364,950	186
4 bis) Taxes receivable:		
– due within one year	225,527	288,576
– due over one year	151,256	151,256
Total taxes receivable	376,783	439,832
4 ter) Deferred tax	1,033,150	817,001
5) Others:		
– due within one year	47,256	59,470
– due over one year	38,697	45,121
Total others	85,953	104,591
Total receivables	**11,329,403**	**11,346,395**
IV. Cash and cash equivalents		
1) Banking and postal deposits	554,505	586,147
Total cash and cash equivalents	**554,505**	**586,147**
TOTAL C. CURRENT ASSETS	**12,856,570**	**12,902,527**
D. PREPAYEMENTS AND ACCRUED INCOME	**218,294**	**255,595**
TOTAL ASSETS	**63,467,022**	**66,481,851**

In Euro

liabilities

	31.12.2009	31.12.2008
A. SHAREHOLDERS´ EQUITY		
I. Share capital	**500,000**	**500,000**
III. Revaluation reserve	**2,711,834**	**2,711,834**
IV. Legal reserve	**107,681**	**107,681**
VII. Other reserves		
– capital grants as per Law 488/92	740,238	740,238
– capital grants as per Law 67/87	6,251,358	6,251,358
– share capital paid-in	4,350,000	4,350,000
– profit reserve reinvested	739	739
Total other reserves	**11,342,334**	**11,342,334**
VIII. Retained earnings	**271,876**	**651,023**
IX. Profit/(Loss) for the year	**(2,414,361)**	**(379,147)**
TOTAL A. SHAREHOLDERS´ EQUITY	**12,519,364**	**14,933,725**
B. PROVISIONS FOR RISKS AND CHARGES		
1) Provision for risks	2,427,100	2,522,370
2) Tax provisions, includ. deferred tax liability	3,773,635	3,828,631
TOTAL B. PROVISIONS FOR RISKS AND CHARGES	**6,200,735**	**6,351,001**
C. EMPLOYEE LEAVING INDEMNITY	**7,380,316**	**9,765,307**

	31.12.2009	31.12.2008
D. PAYABLES		
4) Bank borrowings:		
– due within one year	4,264,034	5,237,387
5) Other lenders:		
– due within one year	1,134,896	1,086,243
– due over one year	1,185,616	2,320,513
Total other lenders	**2,320,512**	**3,406,756**
7) Trade payables:		
– due within one year	4,484,739	4,961,393
10) Group companies:		
– due within one year	612,886	527,717
11) Holding companies:		
– due within one year	–	204,088
– due over one year	17,660,000	13,410,000
Total holding companies	**17,660,000**	**13,614,088**
12) Tax payables:		
– due within one year	921,197	1,004,410
13) Payables to social security institutions:		
– due within one year	2,198,447	1,231,247
14) Other payables:		
– due within one year	1,850,479	2,058,517
TOTAL D. PAYABLES	**34,312,295**	**32,041,514**
E. ACCRUALS AND DEFERRED INCOME	**3,054,311**	**3,390,303**
TOTAL LIABILITIES	**63,467,022**	**66,481,851**
MEMORANDUM ACCOUNT		
Guarantees given directly or indirectly in favour of third parties:		
– mortgage on new factory	17,172,190	17,172,190
– sureties given to third parties	587,561	99,561
Sureties or mortgages received:		
– third parties	939,070	905,350
TOTAL MEMORANDUM ACCOUNT	**18,698,821**	**18,665,101**

In Euro

income statement

	2009	2008
A. VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	38,649,828	44,220,836
5) Other revenues and income:		
a) other revenues and income	1,103,095	1,499,898
b) operating grants	610,128	582,083
Total other revenues and income	1,713,223	2,081,981
TOTAL A. VALUE OF PRODUCTION	**40,363,051**	**46,302,818**
B. COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(5,614,882)	(6,777,494)
7) Services	(11,653,732)	(12,442,732)
8) Rents, lease and similar costs	(946,233)	(929,550)
9) Personnel costs:		
a) salaries and wages	(12,515,019)	(14,118,644)
b) social security charges	(4,360,597)	(4,771,401)
c) employee leaving indemnity	(1,028,049)	(1,253,355)
e) other costs	(698,567)	(840,625)
Total personnel costs	(18,602,232)	(20,984,025)
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	(1,506,745)	(1,526,277)
b) depreciation of tangible assets	(1,767,252)	(1,800,242)
Total amortisation, depreciation and write-downs	(3,273,997)	(3,326,519)
11) Change in inventory of raw materials ancillary, consumables and goods	2,677	240,603
12) Provisions for risks	(465,000)	(769,317)
14) Other operating costs	(804,163)	(720,867)
TOTAL B. COSTS OF PRODUCTION	**(41,357,562)**	**(45,709,902)**
DIFFERENCE (A-B) BETWEEN VALUE AND COST OF PRODUCTION	**(994,511)**	**592,916**

	2009	2008
C. FINANCIAL INCOME AND CHARGES		
16) Other financial income:		
d) income other than above:		
4) others	1,646	2,055
17) Interest and other financial charges:		
4) others	(200,464)	(525,731)
TOTAL C. FINANCIAL INCOME AND CHARGES	**(198,818)**	**(523,677)**
D. ADJUSTMENT OF FINANCIAL ASSETS		
19) Write-downs of equity investments	(1,267)	(4,421)
TOTAL D. ADJUSTMENT OF FINANCIAL ASSETS	**(1,267)**	**(4,421)**
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income:		
a) gains on disposals	10,000	–
b) other extraordinary income	277,718	754,665
Total income	287,718	754,665
21) Charges:		
a) losses on disposals	–	(325)
b) other extraordinary charges	(1,422,388)	(84,225)
Total charges	(1,422,388)	(84,550)
TOTAL E. EXTRAORDINARY INCOME AND CHARGES	**(1,134,669)**	**670,115**
PROFIT BEFORE TAXES	**(2,329,265)**	**734,933**
22) Income taxes:		
a) current taxes		
Ires	–	(219,240)
Irap	(706,062)	(880,209)
b) deferred tax charge	54,996	48,369
c) deferred tax income	216,149	(63,000)
e) income tax receivable on losses from tax consolidation	349,821	–
Total income taxes	(85,096)	(1,114,080)
23) NET PROFIT FOR THE YEAR	**(2,414,361)**	**(379,147)**

In Euro

assets

	31.12.2009	31.12.2008
A. RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**–**	**–**
B. FIXED ASSETS		
I. Intangible assets		
5) Goodwill	1,169	2,338
7) Other	1,144	20,341
Total intangible assets	**2,313**	**22,679**
II. Tangible assets		
2) Plant and machinery	10,475	9,849
3) Industrial and commercial equipment	4,787	17,809
4) Other fixed assets	11,866	31,245
Total tangible assets	**27,128**	**58,903**
III. Financial assets		
1) Equity investments:		
c) other companies	180	180
Total equity investments	180	180
2) Receivables:		
d) others	4,383	4,383
Total receivables	4,383	4,383
Total financial assets	**4,563**	**4,563**
TOTAL B. FIXED ASSETS	**34,004**	**86,145**

	31.12.2009	31.12.2008
C. CURRENT ASSETS		
II. Receivables		
1) Trade receivables:		
– due within one year	20,000	20,000
3) Group companies:		
– due within one year	3,711,451	4,626,038
4) Holding companies:		
– due within one year	1,337,262	562,522
4 bis) Taxes receivable:		
– due within one year	85,272	283,880
4 ter) Deferred tax	48,646	55,246
5) Others:		
– due within one year	4,583	4,314
Total receivables	**5,207,214**	**5,552,000**
IV. Cash and cash equivalents		
1) Banking and postal deposits	5,554,199	17,951,059
3) Cash and cash equivalents	849	900
Total cash and cash equivalents	**5,555,048**	**17,951,959**
TOTAL C. CURRENT ASSETS	**10,762,262**	**23,503,959**
D. PREPAYEMENTS AND ACCRUED INCOME		
1) Accrued income	–	38,484
2) Prepayments	378,116	837,234
TOTAL D. PREPAYMENTS AND ACCRUED INCOME	**378,116**	**875,718**
TOTAL ASSETS	**11,174,382**	**24,465,822**

In Euro

L E G G O   S P A

liabilities

	31.12.2009	31.12.2008
A. SHAREHOLDERS´ EQUITY		
I. Share capital	1,000,000	1,000,000
IV. Legal reserve	200,000	200,000
VIII. Retained earnings	6,441,776	18,000,476
IX. Profit/(Loss) for the year	(2,679,030)	(1,558,700)
TOTAL A. SHAREHOLDERS´ EQUITY	4,962,746	17,641,776
B. PROVISIONS FOR RISKS AND CHARGES	–	–
C. EMPLOYEE LEAVING INDEMNITY	554,339	542,678

	31.12.2009	31.12.2008
D. PAYABLES		
4) Bank borrowings:		
– due within one year	697,435	452,443
7) Trade payables:		
– due within one year	3,309,066	4,211,771
10) Group companies:		
– due within one year	1,300,982	1,249,185
12) Tax payables:		
– due within one year	79,491	82,249
13) Payables to social security institutions:		
– due within one year	191,601	196,386
14) Other payables:		
– due within one year	74,291	84,934
TOTAL D. PAYABLES	**5,652,866**	**6,276,968**
E. ACCRUALS AND DEFERRED INCOME		
2) Deferred income	4,431	4,400
TOTAL E. ACCRUALS AND DEFERRED INCOME	**4,431**	**4,400**
TOTAL LIABILITIES	**11,174,382**	**24,465,822**
MEMORANDUM ACCOUNT		
Commitments and others risks with third parties	7,424	7,424
TOTAL MEMORANDUM ACCOUNT	**7,424**	**7,424**

In Euro

income statement

	2009	2008
A. VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	17,503,273	20,952,517
5) Other revenues and income	182,292	261,910
TOTAL A. VALUE OF PRODUCTION	**17,685,565**	**21,214,427**
B. COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(4,131,008)	(4,924,751)
7) Services	(13,029,457)	(14,587,725)
8) Rents, lease and similar costs	(1,751,712)	(2,091,719)
9) Personnel costs:		
a) salaries and wages	(1,734,032)	(1,746,873)
b) social security charges	(466,709)	(463,273)
c) employee leaving indemnity	(140,600)	(139,757)
e) other costs	(40,282)	(44,502)
Total personnel costs	(2,381,623)	(2,394,405)
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	(21,716)	(36,741)
b) depreciation of tangible assets	(36,776)	(48,933)
Total amortisation, depreciation and write-downs	(58,492)	(85,674)
14) Other operating costs	(161,714)	(115,968)
TOTAL B. COSTS OF PRODUCTION	**(21,514,006)**	**(24,200,242)**
DIFFERENCE (A-B) BETWEEN VALUE AND COST OF PRODUCTION	**(3,828,441)**	**(2,985,815)**

	2009	2008
C. FINANCIAL INCOME AND CHARGES		
16) Other financial income:		
d) income other than above:		
4) others	192,867	947,168
Total other financial income	192,867	947,168
17) Interest and other financial charges:		
b) Group companies	–	(10,358)
d) others	(22,704)	(25,062)
Total interest and other financial charges	(22,704)	(35,420)
TOTAL C. FINANCIAL INCOME AND CHARGES	**170,163**	**911,748**
D. ADJUSTMENT OF FINANCIAL ASSETS	**–**	**–**
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income:		
b) other extraordinary income	4	2,008
21) Charges:		
c) other extraordinary charges	–	(41,401)
TOTAL E. EXTRAORDINARY INCOME AND CHARGES	**4**	**(39,393)**
PROFIT BEFORE TAXES	**(3,658,274)**	**(2,113,460)**
22) Income taxes:		
a) Ires	985,844	561,360
c) Deferred tax assets	(6,600)	(6,600)
Total income taxes	979,244	554,760
23) NET PROFIT FOR THE YEAR	**(2,679,030)**	**(1,558,700)**

In Euro

assets

	31.12.2009	31.12.2008
A. RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**–**	**–**
B. FIXED ASSETS		
I. Intangible assets		
3) Industrial patents and intellectual property rights	4,015	33,578
5) Goodwill	18,040,150	19,543,495
7) Other	19,446	66,473
Total intangible assets	**18,063,611**	**19,643,546**
II. Tangible assets		
1) Land and buildings	802,120	848,580
2) Plant and machinery	29,993	45,448
4) Other fixed assets	368,430	386,330
Total tangible assets	**1,200,543**	**1,280,358**
III. Financial assets		
1) Equity investments:		
a) subsidiaries	7,374,292	7,374,292
b) associated companies	594,948	442,212
d) other companies	404,717	404,717
Total equity investments	8,373,957	8,221,221
Total financial assets	**8,373,957**	**8,221,221**
TOTAL B. FIXED ASSETS	**27,638,111**	**29,145,125**

	31.12.2009	31.12.2008
C. CURRENT ASSETS		
I. Inventories		
1) Raw materials, ancillary and consumables	430,582	425,368
Total inventories	**430,582**	**425,368**
II. Receivables		
1) Trade receivables:		
– due within one year	1,388,747	1,472,514
2) Subsidiaries:		
– due within one year	778,802	1,259,115
3) Associated companies:		
– due within one year	840,207	840,207
4) Holding companies:		
– due within one year	1,208,035	19,459
4 bis) Taxes receivable:		
– due within one year	288,599	724,588
– due over one year	24,795	39,825
Total taxes receivable	313,394	764,413
4 ter) Deferred tax		
– due within one year	1,564,041	987,615
– due over one year	784,372	716,248
Total deferred tax	2,348,413	1,703,863
5) Others:		
– due within one year	237,525	173,269
– due over one year	139,110	117,312
Total others	376,635	290,581
6) Group companies:		
– due within one year	7,442,382	8,707,690
Total receivables	**14,696,615**	**15,057,842**
IV. Cash and cash equivalents		
1) Banking and postal deposits	66,123	374,299
3) Cash and cash equivalents	7,954	8,682
Total cash and cash equivalents	**74,077**	**382,981**
TOTAL C. CURRENT ASSETS	**14,252,997**	**14,992,806**
D. PREPAYEMENTS AND ACCRUED INCOME	**132,971**	**75,914**
TOTAL ASSETS	**42,024,079**	**44,213,845**

In Euro

liabilities

	31.12.2009	31.12.2008
A. SHAREHOLDERS´ EQUITY		
I. Share capital	**5,100,492**	**5,100,492**
II. Share premium reserve	**7,284**	**7,284**
IV. Legal reserve	**1,020,098**	**1,020,098**
VIII. Retained earnings	**(239,520)**	**–**
IX. Profit/(Loss) for the year	**(5,275,180)**	**(239,520)**
TOTAL A. SHAREHOLDERS´ EQUITY	**613,174**	**5,888,354**
B. PROVISIONS FOR RISKS AND CHARGES		
1) Pensions and similar obligations	486,002	307,750
3) Others	4,446,000	2,496,000
TOTAL B. PROVISIONS FOR RISKS AND CHARGES	**4,932,002**	**2,803,750**
C. EMPLOYEE LEAVING INDEMNITY	**6,052,065**	**7,389,307**

	31.12.2009	31.12.2008
D. PAYABLES		
4) Bank borrowings:		
– due within one year	1,616,879	593,002
7) Trade payables:		
– due within one year	4,723,750	4,713,958
9) Subsidiaries:		
– due within one year	9,013,154	6,979,556
10) Associated companies:		
– due within one year	–	181,680
11) Holding companies:		
– due within one year	9,624,607	9,633,612
12) Tax payables:		
– due within one year	1,013,642	1,144,009
13) Payables to social security institutions:		
– due within one year	1,469,267	1,519,227
14) Other payables:		
– due within one year	2,913,701	3,352,525
TOTAL D. PAYABLES	**30,375,000**	**28,117,569**
E. ACCRUALS AND DEFERRED INCOME	**51,838**	**14,865**
TOTAL LIABILITIES	**42,024,079**	**44,213,845**
MEMORANDUM ACCOUNT		
Purchase commitments	156,820	156,820
TOTAL MEMORANDUM ACCOUNT	**156,820**	**156,820**

In Euro

income statement

	2009	2008
A. VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	41,650,867	50,976,220
5) Other revenues and income:		
a) other revenues and income	1,142,823	1,269,119
TOTAL A.VALUE OF PRODUCTION	**42,793,690**	**52,245,339**
B. COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(4,435,767)	(5,159,952)
7) Services	(22,002,640)	(24,165,193)
8) Rents, lease and similar costs	(1,119,248)	(1,110,873)
9) Personnel costs:		
a) salaries and wages	(12,086,464)	(12,973,024)
b) social security charges	(3,539,074)	(3,780,529)
c) employee leaving indemnity	(1,037,012)	(1,130,875)
e) other costs	(7,037)	(3,513)
Total personnel costs	(16,669,587)	(17,887,941)
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible fixed assets	(1,579,935)	(1,580,008)
b) depreciation of tangible assets	(215,755)	(244,207)
Total amortisation, depreciation and write-downs	(1,795,690)	(1,824,215)
11) Change in inventory of raw materials ancillary, consumables and goods	5,214	(21,430)
12) Provisions for risks	(910,028)	(1,054,526)
14) Other operating costs	(675,680)	(610,351)
TOTAL B. COSTS OF PRODUCTION	**(47,603,426)**	**(51,834,481)**
DIFFERENCE (A-B) BETWEEN VALUE AND COST OF PRODUCTION	**(4,809,736)**	**410,858**

	2009	2008
C. FINANCIAL INCOME AND CHARGES		
16) Other financial income:		
d) income other than above:		
1) subsidiaries	3,206	9,877
2) holding companies	–	24,590
4) others	2,118	765,020
Total other financial income	5,324	799,487
17) Interest and other financial charges:		
1) subsidiaries	(78,785)	(175,030)
2) holding companies	(176,684)	(33,612)
4) others	(38,202)	(121,933)
Total interest and other financial charges	(293,671)	(330,575)
TOTAL C. FINANCIAL INCOME AND CHARGES	**(288,347)**	**468,912**
D. ADJUSTMENT OF FINANCIAL ASSETS		
18) Revaluation:		
a) of equity investments	152,737	–
19) Write-down:		
a) of equity investments	–	(3,952)
TOTAL D. ADJUSTMENT OF FINANCIAL ASSETS	**152,737**	**(3,952)**
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income:		
a) income	4,850	–
b) gains on asset sales	2,500	–
Total income	7,350	–
21) Charges:		
a) charges	(1,660,000)	(77,008)
c) prior years taxes	–	(5,944)
Total charges	(1,660,000)	(82,952)
TOTAL E. EXTRAORDINARY INCOME AND CHARGES	**(1,652,650)**	**(82,952)**
PROFIT BEFORE TAXES	**(6,597,996)**	**792,866**
22) Income taxes:		
a) current taxes	746,390	(715,000)
b) deferred tax charge	576,426	(317,386)
Total income taxes	1,322,816	(1,032,386)
23) NET PROFIT FOR THE YEAR	**(5,275,180)**	**(239,520)**

In Euro

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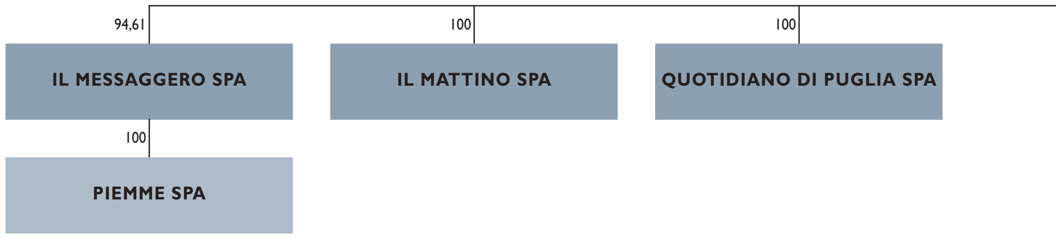

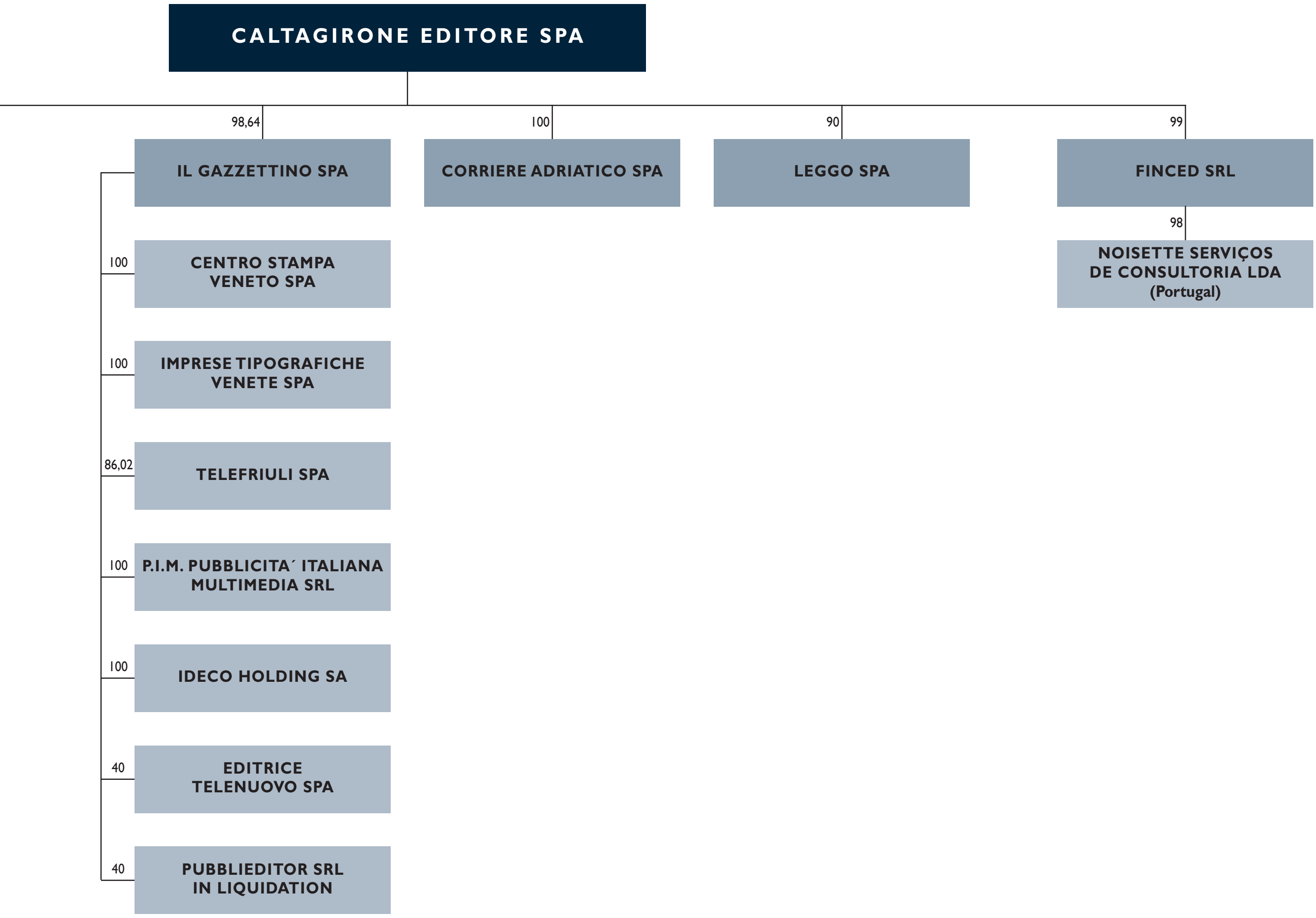
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