CALTAGIRONE EDITORE

HALF-YEAR REPORT

June 30th 2011

BLANK PAGE

Corporate Boards

Board of Directors

Chairman	Francesco Gaetano Caltagirone
Vice Chairmen	Gaetano Caltagirone Azzurra 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	Federico Malorni Maria Assunta Coluccia

Executive Responsible Roberto Di Muzio

Independent Auditors KPMG SpA

** Members of the Internal Control Committee*

BLANK PAGE

CONTENTS

BLANK PAGE

INTERIM DIRECTORS' REPORT ON OPERATIONS

Introduction

The present half-year report refers to the Condensed Consolidated Financial Statements at June 30th 2011, prepared in accordance with Article 154 *ter*, paragraph 3, of Legislative Decree 58/1998 as supplemented and the Consob Issuers' Regulation.

The present half-year report was prepared in accordance with International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union and was drawn up according to IAS 34 – Interim financial reporting, applying the same accounting principles adopted in the preparation of the Consolidated Financial Statements at December 31st 2010, with the exception of those described in the Notes in the paragraph "New accounting principles", to which reference is made.

OPERATIONAL OVERVIEW

The Caltagirone Editore Group recorded a net profit of Euro 2.3 million in the first half of 2011 (Euro 3.1 million in H1 2010).

The EBITDA decreased from Euro 12.3 million in H1 2010 to Euro 6.8 million in H1 2011. The reduction in EBITDA was principally due to contracted operating revenues - particularly advertising revenues. The Ebitda margin on Revenues was 5.9%.

The EBIT, net of amortisation, depreciation, write-downs and provisions of Euro 6.1 million recorded a profit of Euro 763 thousand (Euro 6.1 million in H1 2010).

The key financial results compared to the first half of 2010 are shown below:

In Euro thousands

INCOME STATEMENT	*H1 2011*	*H1 2010*	*Change %*
OPERATING REVENUES	**116,371**	**124,221**	**-6.3%**
CIRCULATION REVENUES	37,517	39,028	-3.9%
PROMOTIONS REVENUES	677	1,068	-36.6%
ADVERTISING REVENUES	74,059	80,015	-7.4%
OTHER INCOME AND REVENUES	4,118	4,110	0.2%
COSTS OF PRODUCTION	**(109,555)**	**(111,922)**	**-2.1%**
RAW MATERIALS, SUPPLIES & CONSUMABLE STORES	(13,545)	(12,849)	5.4%
LABOUR COSTS	(48,310)	(49,892)	-3.2%
SERVICES	(41,733)	(42,841)	-2.6%
RENT, LEASES & SIMILAR COSTS	(4,288)	(4,550)	-5.8%
OTHER OPERATING CHARGES	(1,679)	(1,790)	-6.2%
EBITDA	**6,816**	**12,299**	**-44.6%**

AMORTISATION, DEPREC. & WRITE-DOWNS	(6,053)	(6,158)	-1.7%
EBIT	**763**	**6,141**	**-87.6%**
SHARE OF COMPANIES VALUED AT EQUITY	**(1)**	**(341)**	**NA**
FINANCIAL INCOME	5,534	2,895	91.2%
FINANCIAL CHARGES	(1,528)	(1,522)	0.4%
FINANCIAL RESULT	**4,006**	**1,373**	**NA**
PROFIT BEFORE TAXES	**4,768**	**7,173**	**-33.5%**
INCOME TAXES	(2,674)	(4,164)	-35.8%
NET PROFIT	**2,094**	**3,009**	**-30.4%**
MINORITY INTEREST PROFIT	230	133	72.9%
GROUP NET PROFIT	**2,324**	**3,142**	**-26.0%**

The reduction in Operating Revenues of 6.3% follows the decrease in circulation revenues (-3.9%), promotional revenues (-36.6%) and a contraction in advertising revenues (-7.4%); these figures were affected by the continuation of the crisis which hit the overall economy and which had significant repercussions for the publishing sector.

Raw material costs increased 5.4% - principally due to international paper price increases, despite the lower quantity utilised in the production process.

Labour costs decreased on the same period of the previous year by 3.2% - showing the effects of the restructuring begun in recent periods.

Service costs decreased by 2.6% due to the reduction in copies distributed of the free newspaper Leggo and the lower amount of additional products, lower commissions paid to agents and the general cost containment exercises carried out in recent years.

Amortisation, depreciation, write-downs and provisions includes amortisation and depreciation of Euro 4.4 million, doubtful debts of approx. Euro 1 million and provisions for risks of Euro 583 thousand.

The financial management result of Euro 4 million (Euro 1.4 million in H1 2010) includes financial income of Euro 5.5 million, of which Euro 2.3 million interest income on funds held and Euro 3.2 million as dividends received on listed shares. The increase of Euro 2.6 million on H1 2010 is due to both improved returns on Group liquidity following increased interest rates and higher dividends from listed shares in portfolio.

The Group Net Cash Position at June 30th 2011 is as follows:

In Euro thousands

NET CASH POSITION*	*30/06/11*	*31/12/10*
CURRENT FINANCIAL ASSETS	3,927	4,211
CASH AND CASH EQUIVALENTS	247,585	256,987
NON-CURRENT FINANCIAL LIABILIITES	(31,296)	(33,756)
CURRENT FINANCIAL LIABILITIES	(32,617)	(18,544)
TOTAL	**187,599**	**208,898**

* The Net Cash Position in accordance with CESR recommendation of February 10th 2005 is illustrated at paragraph 29 of the Notes to Condensed Consolidated Half-Year Financial Statements.

The net cash position decreased by approx. Euro 21.3 million, principally due to investment in listed shares of approx. Euro 16.7 million and the distribution of dividends of Euro 6.3 million, net of positive operating cash flows.

The consolidated net equity of the Group decreased from Euro 762 million at December 31st 2010 to Euro 754.1 million at June 30th 2011; the decrease of Euro 7.9 million is due to the combined effect of the profit for the period (Euro +2.3 million), the distribution of the dividend (Euro -6.3 million) and the effects from the valuation at fair value of equity investments (Euro - 3.9 million).

The Balance sheet ratios are provided below:

	H1 2011	H1 2010
ROE* *(Net result/Net equity)***	0.28	0.39
ROI* *(Ebit/operating revenues)***	0.08	0.61
ROS* *(Ebit/revenues)***	0.66	4.94
Equity Ratio *(Net equity/total assets)*	0.75	0.75
Liquidity Ratio *(Current assets/Current liabilities)*	3.32	3.61
Capital Invested Ratio *(Net equity/non current assets))*	1.12	1.15

** percentage values*

*** For definitions of "Net Result" and "Operating Profit", reference is made to the table attached at page 8 of the present report*

The income ratios (ROE, ROI and ROS) report reduced profitability principally due to the reduction in operating revenues. The comparison of ROE with ROI highlights overall improved profitability thanks to a strong financial management result.

The balance sheet ratios confirm Group financial and balance sheet equilibrium, with good stability in the ratio between own funds and debt[1], a good capacity to meet short-term commitments through liquid funds[2] and finally a good equilibrium between own funds and fixed assets[3].

The Activities of the Group at June 30th 2011

- ***Publishing***

Revenues from sales recorded a total decrease of 4.7% on H1 2010. In particular, circulation revenues of Euro 38.2 million fell by 3.9%. In relation to the sales performance of the individual Group newspapers, the turnaround achieved by Il Gazzettino in terms of copies sold is highlighted, with sales up 3%.

The Group has for the moment decided not to increase the newspaper sales prices; this decision is still currently being evaluated.

The revenues from products sold together with the Group's newspapers decreased by 36.6% following the substantial shift away from add-on products; these margins however are not significant in relation to the overall result (slightly over Euro 100 thousand).

- ***Advertising revenues***

In H1 2011, the advertising revenues from Group newspapers decreased by 7.4% - from Euro 80 million in the first half of 2010 to Euro 74.1 million in H1 2011. The performance is considered within the significant crisis which is currently affecting the advertising market. Economic weakness and an uncertain outlook have significantly affected consumption and therefore advertising investment, with the various media affected to differing degrees. In particular the general advertising sector contracted in the first five months of 2011 by approx. 2.8% on the same period of 2010; overall the press saw a contraction in investment of 5%[4] compared to the same period of 2010, with decreases for paid newspapers (-4%)[4], the free press (-51.3%)[4] and periodicals (-1.4%)[4].

[1] An optimal equity ratio is considered as between 0.5 and 1.
[2] The liquidity ratio is considered optimal when it is higher than 1.
[3] The capital invested ratio is considered good when it is higher than 1.

The Group companies' internet advertising revenues grew 29.5% on the same period of the previous year. Internet advertising (+15.6%[4]) was the only media that performed strongly in the first five months of 2011. Although internet advertising revenues are in rapid growth, the volumes in this sector are still marginal in relation to Group overall advertising revenue.

On June 8th 2011 the company Ced Digital & Servizi Srl - operating within this area - was incorporated and which as yet is not operational.

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 Company in the period did not carry out significant transactions nor significant levels of ordinary transactions requiring communication to the Supervisory Authority under the Consob Regulation concerning transactions with related parties adopted with Resolution No. 17221 of March 12th 2010.

The information on transactions with related parties, including those required by Consob communication of July 28th 2006, is shown in Note 27 of the Condensed Consolidated Half-Year Financial Statements.

Other information

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

During the half-year, the Parent Company did not purchase or sell treasury shares or shares in subsidiary companies, nor through trust companies.

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

At June 30th 2011, there were 1,072 employees (1,079 at December 31st 2010).

[4] FCP data – Assointernet – January/May 2011

Management of risks

The activities of the Caltagirone Editore Group are subject to the following financial risks: market risks (raw materials prices and the movements in listed share prices), credit risk, exchange rate risk, interest rate risk and liquidity risk. The management of the financial risks of the Group is undertaken through organisational directives which govern the management of these risks and the control of all operations which have importance in the composition of the financial and/or commercial assets and liabilities.

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).

In the first half of 2011, no market risks or uncertainties substantially differing from those evident in the 2010 annual accounts emerged and therefore the relative management strategy remains unchanged.

Principal uncertainties and going concern

Following on from that stated in the paragraph concerning management risks, the continuation of the general crisis does not however cause concern in relation to the going concern principle in that the Group relies on its own funds and no uncertainties exist that could compromise the capacity of the Group to carry out its operating activities.

Corporate Governance

The Shareholders' Meeting of April 27th 2011 completed the Board of Statutory Auditors, confirming as Standing Auditor Ms. Maria Assunta Coluccia who joined the Board on May 24th 2010 as an alternate auditor following the resignation of the Standing Auditor Mr. Carlo Schiavone at the same date.

The Board of Directors' meeting of March 15th 2011 also confirmed for 2011 the appointment of the Executive Responsible for the preparation of the accounting and corporate documents of the company in the person of Mr. Roberto Di Muzio.

2011 full year outlook and events subsequent to June 30th 2011

Deep uncertainty permeates the general sector outlook against which the Group continues to implement a rigorous cost control policy. The Group is currently developing its multimedia presence, whose ongoing improvement can tap into new advertising revenue flows and attract new readers, while focusing on improving the traditional press area - also through new investments. The purchase in the near future by Il Gazzettino of a latest generation full colour rotary press is highlighted in this regard.

In July the Caltagirone Editore Group acquired 5,280,000 Banca Monte dei Paschi di Siena SpA shares and exercised the option right on shares in portfolio, subscribing to 18,720,000 shares of the share capital increase undertaken by the bank; the total payment was Euro 11 million. Following these operations the Group holds 70 million Banca Monte dei Paschi di Siena SpA shares.

No further significant events occurred after June 30th 2011.

Rome, July 28th 2011

For the Board of Directors

The Chairman

Mr. Francesco Gaetano Caltagirone

BLANK PAGE

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30^{th} 2011

Consolidated Balance Sheet

Assets

	note	30/06/2011	31/12/2010
Non-current assets			
Intangible assets with definite life	1	2,012	2,258
Goodwill and other indefinite intangible assets	2	447,315	447,315
Property, plant and equipment	3	76,735	79,789
Equity investments valued at equity	4	859	707
Equity investments and non-current securities	5	120,199	107,728
Non-current financial assets	6	52	37
Other non-current assets	7	733	632
Deferred tax assets	8	24,501	23,861
TOTAL NON-CURRENT ASSETS		**672,406**	**662,327**
Current assets			
Inventories	9	3,002	3,316
Trade receivables	10	72,307	73,154
of which related parties		*3,238*	*1,927*
Current financial assets	11	3,927	4,211
of which related parties		*3,895*	*4,171*
Tax receivables	8	336	84
Other current assets	12	1,914	1,804
Cash and cash equivalents	13	247,585	256,987
of which related parties		*245,084*	*254,686*
TOTAL CURRENT ASSETS		**329,071**	**339,556**
TOTAL ASSETS		**1,001,477**	**1,001,883**

in Euro thousands

Shareholders' Equity & Liabilities

	note	30/06/2011	31/12/2010
Net equity			
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Other reserves		645,643	649,836
Profit for the period		2,324	6,003
Group Shareholders' Equity		**754,102**	**761,974**
Minority interest shareholders' equity		343	609
TOTAL SHAREHOLDERS´ EQUITY	**14**	**754,445**	**762,583**
Liabilities			
Non-current liabilities			
Employee provisions	**16**	38,662	40,138
Other non-current provisions	**17**	7,172	7,305
Non-current financial liabilities	**15**	31,296	33,756
Other non-current liabilities	**19**	3,666	2,746
Deferred tax liabilities	**8**	67,170	66,328
TOTAL NON-CURRENT LIABILITIES		**147,966**	**150,273**
Current liabilities			
Current provisions	**17**	5,005	5,993
Trade payables	**18**	30,371	31,201
of which related parties		*739*	*443*
Current financial liabilities	**15**	32,617	18,544
of which related parties		*15,793*	*3,684*
Current income tax payables	**8**	-	-
Other current liabilities	**19**	31,073	33,289
of which related parties		*24*	*17*
TOTAL CURRENT LIABILITIES		**99,066**	**89,027**
TOTAL LIABILITIES		**247,032**	**239,300**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,001,477**	**1,001,883**

in Euro thousands

Consolidated Income Statement

	not	*H1 2011*	*H1 2010*
Revenues			
Revenues from sales and services	20	112,253	120,111
of which related parties		*2,181*	*2,153*
Other operating revenues	21	4,118	4,110
of which related parties		*53*	*35*
TOTAL REVENUES		**116,371**	**124,221**
Costs			
Raw material costs	22	13,545	12,849
Labour costs	16	48,310	49,892
Other operating charges	23	47,700	49,181
of which related parties		*2,741*	*4,020*
TOTAL COSTS		**109,555**	**111,922**
EBITDA		**6,816**	**12,299**
Amortistion and Depreciation	24	4,438	4,675
Provisions	24	583	765
Other write-downs	24	1,032	718
EBIT		**763**	**6,141**
Net result of the share of associates	25	(1)	(341)
Financial income		5,534	2,895
of which related parties		*5,497*	*2,175*
Financial charges		(1,528)	(1,522)
of which related parties		(63)	(41)
Net financial income/(charges)	25	4,006	1,373
PROFIT BEFORE TAXES		**4,768**	**7,173**
Income taxes for the period	8	(2,674)	(4,164)
PROFIT FROM CONTINUING OPERATIONS		**2,094**	**3,009**
PROFIT FOR THE PERIOD		**2,094**	**3,009**
attributable to:			
Parent Company Shareholders		2,324	3,142
Minority interests		(230)	(133)
Earnings per share	26	0.017	0.024
Diluted earnings per share	26	0.017	0.024

in Euro thousands

Comprehensive Consolidated Income Statement

	H1 2011	H1 2010
Net Profit for the period	**2,094**	**3,009**
Gain/(loss) from recalculation of AFS financial assets	(3,854)	(23,256)
Total other items of the Consolidated Income Statement	**(3,854)**	**(23,256)**
Total comprehensive loss for the year	**(1,760)**	**(20,247)**
Attributable to:		
Parent Company Shareholders	(1,530)	(20,114)
Minority shareholders	(230)	(133)

in Euro thousands

Statement of Changes in Consolidated Shareholders' Equity

(in Euro thousands)	Share Capital	Quotation charges	Fair Value reserve	Other reserves	Result for period	Group net equity	Minority interest N.E.	Total net equity
Balance at January 1st 2010	**125,000**	**(18,865)**	**11,376**	**708,418**	**(39,206)**	**786,723**	**1,898**	**788,621**
Dividends distributed				(6,250)		**(6,250)**		**(6,250)**
Retained earnings				(39,206)	39,206	**-**		**-**
Change in consolidation area				979		**979**	(979)	**-**
Total operations with shareholders	**125,000**	**(18,865)**	**11,376**	**663,941**	**0**	**781,452**	**919**	**782,371**
Change in fair value reserve			(23,256)			**(23,256)**		**(23,256)**
Net profit/(loss)					3,142	**3,142**	(133)	**3,009**
Total comprehensive profit/(loss) for the year	**-**	**-**	**(23,256)**	**-**	**3,142**	**(20,114)**	**(133)**	**(20,247)**
Balance at June 30th 2010	**125,000**	**(18,865)**	**(11,880)**	**663,941**	**3,142**	**761,338**	**786**	**762,124**

(in Euro thousands)	Share Capital	Quotation charges	Fair Value reserve	Other reserves	Result for period	Group net equity	Minority interest N.E.	Total net equity
Balance at January 1st 2011	**125,000**	**(18,865)**	**(13,494)**	**663,330**	**6,003**	**761,974**	**609**	**762,583**
Dividends distributed				(6,250)		**(6,250)**		**(6,250)**
Retained earnings				6,003	(6,003)	**-**		**-**
Change in consolidation area				(92)		**(92)**	(36)	**(128)**
Total operations with shareholders	**125,000**	**(18,865)**	**(13,494)**	**662,991**	**-**	**755,632**	**573**	**756,205**
Change in fair value reserve			(3,854)			**(3,854)**		**(3,854)**
Net profit/(loss)					2,324	**2,324**	(230)	**2,094**
Total comprehensive profit/(loss) for the year	**-**	**-**	**(3,854)**	**-**	**2,324**	**(1,530)**	**(230)**	**(1,760)**
Balance at June 30th 2011	**125,000**	**(18,865)**	**(17,348)**	**662,991**	**2,324**	**754,102**	**343**	**754,445**

Consolidated Cash Flow Statement

in Euro thousands	NOTES	30/06/2011	30/06/2010
CASH AND CASH EQUIVALENTS – PREVIOUS YEAR	**13**	**256,987**	**284,460**
Net profit for the period		2,094	3,009
Amortisation and Depreciation		4,438	4,675
(Revaluations) and write-downs		912	838
Net result of the share of associates		1	341
Net financial income/(charges)		(3,885)	(2,084)
(Gains)/losses on disposals		(7)	(6)
Income taxes		2,674	4,164
Changes in employee provisions		(2,222)	(1,010)
Changes in current and non-current provisions		(1,121)	(2,295)
OPER. CASH FLOW BEFORE CHAN. IN W.CAPITAL		**2,884**	**7,632**
(Increase) Decrease in inventories		314	779
(Increase) Decrease in Trade receivables		(185)	(2,005)
Increase (Decrease) in Trade payables		(854)	(4,148)
Change in other current and non-current liabilities		(1,508)	(2,194)
Change in deferred and current income taxes		(456)	455
OPERATING CASH FLOW		**195**	**519**
Dividends received		3,202	1,925
Interest received		1,640	814
Interest paid		(602)	(585)
Income taxes paid		(1,888)	(1,512)
A) CASH FLOW FROM OPERATING ACTIVITIES		**2,547**	**1,161**
Investments in intangible fixed assets		(117)	(119)
Investments in tangible fixed assets		(1,027)	(441)
Equity investments and Non-current securities		(16,816)	(11,399)
Sale of intangible and tangible assets		1	13
Sale of equity holdings and securities		7	-
Change in non-current financial assets		(14)	5
Change in current financial assets		792	(47)
Other changes in investments		-	-
B) CASH FLOW FROM INVESTING ACTIVITIES		**(17,174)**	**(11,988)**
Change in non-current financial liabilities		(2,460)	(3,829)
Change in current financial liabilities		13,935	225
Dividends Distributed		(6,250)	(6,250)
Other changes		-	-
C) CASH FLOW FROM FINANCING ACTIVITIES		**5,225**	**(9,854)**
D) Effect exc. diffs. on cash & cash equivalents		-	-
Change in net liquidity		**(9,402)**	**(20,681)**
CASH AND CASH EQUIVALENTS - PRESENT PERIOD	**13**	**247,585**	**263,779**

BLANK PAGE

NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30th 2011

BLANK PAGE

Introduction

Caltagirone Editore SpA (Parent Company) is a limited liability company, listed on the Milan Stock Exchange, operating in the publishing sector with its registered office in Rome (Italy), Via Barberini, No. 28.

At June 30th 2011, 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 February 24th 1998, and other information available are:

- 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 44,454,550 shares (35.56%)
  - Gamma Srl 9,000,750 shares (7.2%)
- Gaetano Caltagirone 3,000,000 shares (2.40%)
- Edizione Srl 2,799,000 shares (2.24%)

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

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

The consolidated condensed financial statements at June 30th 2011 include the condensed half-year financial statements of the Parent Company and its subsidiaries (together the "Group"). For the consolidation the balance sheets and financial positions prepared by the Directors of the individual companies were utilised; during the period there were no changes to the consolidation scope, except for the inclusion of Ced Digital & servizi Srl which was not significant as the company is not currently operational.

The present half-year report was authorised for publication by the Board of Directors on July 28th 2011.

Compliance with international accounting standards approved by the European Commission

The condensed consolidated half-year financial statements at June 30th 2011 were prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting

Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC), approved by the European Commission (hereinafter “IFRS”).

In particular, the Condensed Consolidated Group Half-Year Financial Statements 2011 were prepared according to the criteria set out by IAS 34 for the preparation of interim financial statements. These financial statements contain condensed information compared to the applicable accounting standards and must be read together with the consolidated annual accounts of the Group for the year ended December 31st 2010.

The financial statements conform with the Annual Accounts in application of the updated version of IAS 1 – Presentation of Financial Statements (revised in 2007).

The accounting principles adopted in the preparation of the present Condensed Consolidated Half-Year Financial Statements are the same as those utilised for the consolidated financial statements at December 31st 2010, with the exception of those described below in the notes – new accounting principles.

The 2010 consolidated financial statements are available on request from the registered offices of the company Caltagirone Editore S.p.A. via Barberini, 28 Rome or on the internet site www.caltagironeeditore.com.

Basis of presentation

The condensed consolidated half-year financial statements consist of the Consolidated Balance Sheet, the Consolidated Income Statement, the Comprehensive Consolidated Income Statement, the Consolidated Cash Flow Statement, the Statement of changes in Consolidated 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, unusual or atypical operations.

The Consolidated Financial Statements were presented in thousands of Euro, the functional currency of the Parent Company and all of the companies included in the present consolidated financial statements.

All amounts included in the notes are expressed in thousands of Euro, except where otherwise indicated.

The assets and liabilities are shown separately and without any offsetting.

Use of estimates

The preparation of the condensed consolidated half-year financial statements require the Directors to apply accounting principles and methods that, in some circumstances, are based on difficulties and subjective valuations and estimates based on the historical experience and assumptions which are from time to time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions impact upon the amounts reported in the financial statements, such as the financial situation and balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based.

The estimates and assumptions are reviewed periodically and the effects of all variations recorded in the income statement, when they relate only to that year. When the revision relates to both current and future periods (for example the revision of the useful life of fixed assets), the changes are recorded in the period in which the revision is made and in the relative future periods.

Some valuation processes, in particular the determination of any reduction in fixed assets, are generally made on a complete basis on the preparation of the annual accounts, when all the necessary information is available, except where there are specific indications of impairment which require an immediate valuation of any loss in value.

Similarly, the actuarial valuations necessary for the determination of the employee benefit plans based on IAS 19 are normally calculated in the preparation of the annual accounts.

Income taxes are calculated on the basis of the best estimate of the expected tax rates at consolidated level for the entire year.

Consolidation scope

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

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

	Registered office	30.06.2011	31.12.2010	Activities
Caltagirone Editore SpA	Rome	Parent Com	Parent Com	Finance
Il Messaggero SpA *(1)*	Rome	100%	100%	Publishing
Il Mattino SpA	Rome	100%	100%	Publishing
Piemme SpA *(2)*	Rome	100%	100%	Advertising
Leggo SpA	Rome	90%	90%	Publishing
Finced Srl	Rome	100%	100%	Finance
Corriere Adriatico SpA	Ancona	100%	100%	Publishing
Ced digital & servizi Srl	Rome	100%	-	Publishing
Quotidiano di Puglia SpA	Rome	100%	100%	Publishing
Il Gazzettino SpA	Rome	100%	100%	Publishing
Centro Stampa Veneto SpA *(3)*	Rome	100%	100%	Publishing
Imprese Tipografiche Venete SpA *(3)*	Rome	100%	100%	Publishing
P.I.M. Srl *(3)*	Rome	100%	100%	Publishing
Ideco Holding S.A. *(3)*	Lugano	-	100%	Finance
Telefriuli SpA *(4)*	Tavagnacco (UD)	87.50%	86.02%	Television

(1) 94.6% directly held and 5.4% through Piemme SpA.; (2) Held through Messaggero SpA.; (3) Held through Il Gazzettino SpA.; (4) 87.5% held through Il Gazzettino SpA.

In the first half of 2011, Ced Digital & Servizi Srl was incorporated, a company operating in the telecommunications sector and the design and implementation of ICT, multimedia and electronic services. Il Gazzettino SpA acquired 24,521 shares of the company Telefriuli SpA, equal to 1.48% of the Share capital.

Associated companies

The consolidation scope includes the following associated companies:

	Registered office	30.06.2011	31.12.2010	30.06.2010
Rofin 2008 Srl	Rome	30.00%	30.00%	30.00%
Editrice Telenuovo SpA	Verona	39.96%	39.96%	39.96%

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.

New accounting standards

Changes to the provisions for the identification of impairments to AFS listed securities

Considering the uncertainty surrounding economic forecasts, in addition to that concerning financial market performances which are largely based on speculation (particularly in relation to the Italian stock market), the Group considered it appropriate to re-establish as 50% the reduction in book value required (30% at December 31, 2010) and as 40 months (30 months at December 31st 2010) to respectively establish "significance" and "duration" in relation to impairments on AFS securities in accordance with IAS 39.

Standards, amendments and new interpretations on Standards effective from 2011

The following amendments and interpretations did not have any effect in terms of the presentation and measurement of the Group financial statement accounts:

- amendment to IAS 32 – *Financial Instruments*: *Presentation of financial statements*, adopted with European Regulation (EU) No. 1293 issued on December 23rd 2009;
- amendments to IFRS 1 - *Limited exemption from comparative IFRS disclosure under IFRS 7 for first time adopters* and IFRS 7 – *Financial instruments*: *Disclosures*, adopted with European Regulation (EU) No. 574 issued on June 30th 2010;
- amendments to IAS 24 – *Related party disclosures* and IFRS 8 – *Operating segments*, adopted with European Regulation (EU) No. 632 issued on July 19th 2010;
- amendments to IFRIC 14 – *The limit of a defined benefit asset, minimum funding requirements and their interaction*, adopted with European Regulation (EU) No. 633 issued on July 19th 2010;

- IFRIC 19 – *Extinguishing financial liabilities with equity instruments* and the amendment to IFRS 1 – *First-time adoption of International Financial Reporting Standards,* adopted with European Regulation (EU) No. 662 issued on July 23rd 2010.

In addition, on February 18th 2011, EU regulation No. 149/2011 was published which adopts a number of improvements to *International Financial Reporting Standards* applicable from January 1, 2011.

Standards, amendments and new interpretations on Standards effective from the periods subsequent to 2011 and not adopted in advance by the Group.

At the date of the approval of the present condensed consolidated half-year Financial Statements, IASB had issued (however not yet approved by the European Union) a number of accounting standards, interpretations and amendments - some still in the consultation phase - among which we highlight:

- *IFRS 9 – Financial instruments*, within the ambit of the review of the current IAS 39;
- a number of Exposure Drafts (ED), some of which issued within the review of the current IAS 39, concerning *Amortised Cost and Impairments, the Fair Value Option for Financial Liabilities and Hedge Accounting*;
- Exposure Draft (ED) "*Measurement of non-financial liabilities*" as part of the review of the current IAS 37 in relation to the recognition and measurement of provisions and contingent liabilities and assets;
- Exposure draft (ED) "*Revenues*" in relation to the review of the current IAS 11 and IAS 18, concerning the recognition of revenues;
- Exposure draft (ED) "*Insurance contracts*" in relation to the review of the current IFRS 4 concerning the recognition of insurance contracts;
- Exposure draft (ED) "*Leasing*" in relation to the review of the current IAS 17 concerning the recognition of leases;
- Exposure draft (ED) "*Income taxes – Deferred taxation: recovery of underlying assets";*
- Exposure draft (ED) "*Improvements to IFRS*", as part of the annual improvement and general review of the international accounting standards;
- Amendment to *IAS 1 - "Presentation of financial statements: Comprehensive income statement"* in relation to the presentation of financial statements concerning the Comprehensive Income Statement;
- *IAS 19 - "Employee benefits",* as part of the review of the current international accounting standard concerning employee benefits;

- *IFRS 10 - "Consolidated Financial Statements",* in relation to the consolidation of financial statements of subsidiaries as part of the review of IAS 27 and of SIC 12 – *Consolidation – Special purpose entities*;
- *IFRS 11 - "Joint arrangements"*, as part of the review of IAS 31 – *Interests in joint ventures*;
- *IFRS 12 - "Disclosure of interests in other entitles";*
- IFRS 13 - "*Fair value measurement*".

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

ASSETS

1. Intangible assets with definite life

Historical cost	Research & devel.	Patents	Trademarks	Others	Total
01/01/2010	762	1,423	4,378	6,224	**12,787**
Increases		53	163	171	**387**
31/12/2010	**762**	**1,476**	**4,541**	**6,395**	**13,174**
01/01/2011	762	1,476	4,541	6,395	**13,174**
Increases		17		79	96
Decreases				(29)	(29)
Reclassifications				(25)	(25)
30/06/2011	**762**	**1,493**	**4,541**	**6,420**	**13,216**

Amortisation and loss in value	Research & devel.	Patents	Trademarks	Others	Total
01/01/2010	762	1,219	2,339	5,690	**10,010**
Increases		164	416	326	**906**
31/12/2010	**762**	**1,383**	**2,755**	**6,016**	**10,916**
01/01/2011	762	1,383	2,755	6,016	**10,916**
Increases		26	195	67	288
30/06/2011	**762**	**1,409**	**2,950**	**6,083**	**11,204**
Net value					
01/01/2010	**-**	**204**	**2,039**	**534**	**2,777**
31/12/2010	**-**	**93**	**1,786**	**379**	**2,258**
30/06/2011	**-**	**84**	**1,591**	**337**	**2,012**

The amortisation rates used are shown below:

Category	**Average rate**
Development Costs	20.0%
Industrial patents and intel. property rights	26.5%
Trademarks, concessions and licenses	31.8%
Others	28.7%

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:

Historical cost	Goodwill	Newspaper titles	Total
01/01/2010	160,521	286,796	**447,317**
Increases			**-**
Decreases		(2)	**(2)**
31/12/2010	**160,521**	**286,794**	**447,315**
01/01/2011	160,521	286,794	**447,315**
Increases			**-**
Decreases			**-**
30/06/2011	**160,521**	**286,794**	**447,315**

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

Cgu	Goodwill		Newspaper titles		Total Cgu	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Il Gazzettino	71,667	71,667	100,700	100,700	172,367	172,367
Il Messaggero	51,613	51,613	90,808	90,808	142,421	142,421
Piemme (Advertising agency)	27,521	27,521	-	-	27,521	27,521
Il Mattino	9,720	9,720	44,496	44,496	54,216	54,216
Quotidiano di Puglia	-	-	26,131	26,131	26,131	26,131
Corriere Adriatico	-	-	24,656	24,656	24,656	24,656
Altre Minori	-	-	3	3	3	3
Total	**160,521**	**160,521**	**286,794**	**286,794**	**447,315**	**447,315**

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

	01/01/2010	Increases	Decreases	31/12/2010
Il Messaggero S.p.A	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 S.p.A.	100,700			100,700
Other minor newspaper titles	5		(2)	3
Total	**286,796**	**-**	**(2)**	**286,794**

	01/01/2011	Increases	Decreases	30/06/2011
Il Messaggero S.p.A	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 S.p.A.	100,700			100,700
Other minor newspaper titles	3			3
Total	**286,794**	**-**	**-**	**286,794**

In the absence of significant (trigger) events which indicate a loss in value of the Cash Generating Units to which the values of the newspaper titles are attributed and of the goodwill, the Group did not make an estimate of the recoverable value in the period. The last estimate remains, therefore, that made for the preparation of the consolidated financial statements at December 31st 2010.

3. Property, plant and equipment

Historical cost	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01/01/2010	8,606	51,456	98,458	1,041	20,408	165	**180,134**
Increases		69	641	2	781	107	**1,600**
Decreases			(72)	(9)	(283)	(261)	**(625)**
31/12/2010	**8,606**	**51,525**	**99,027**	**1,034**	**20,906**	**11**	**181,109**
01/01/2011	8,606	51,525	99,027	1,034	20,906	11	**181,109**
Increases			167		928	4	1,099
Decreases			(3)		(122)		(125)
30/06/2011	**8,606**	**51,525**	**99,191**	**1,034**	**21,712**	**15**	**182,083**

Depreciation and loss in value	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01/01/2010	-	14,480	59,322	968	18,273	-	**93,043**
Increases		1,676	5,951	38	957		**8,622**
Decreases			(62)	(6)	(277)		**(345)**
31/12/2010	**-**	**16,156**	**65,211**	**1,000**	**18,953**	**-**	**101,320**
01/01/2011	-	16,156	65,211	1,000	18,953	-	**101,320**
Increases		831	2,877	10	432		4,150
Decreases			(3)		(119)		(122)
30/06/2011	**-**	**16,987**	**68,085**	**1,010**	**19,266**	**-**	**105,348**

Net value	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01/01/2010	**8,606**	**36,976**	**39,136**	**73**	**2,135**	**165**	**87,091**
31/12/2010	**8,606**	**35,369**	**33,816**	**34**	**1,953**	**11**	**79,789**
30/06/2011	**8,606**	**34,538**	**31,106**	**24**	**2,446**	**15**	**76,735**

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

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.

4. Equity investments valued at net equity

	01/01/2010	Reclassifications	Increases/(decreases) to the Income statement	Reval(WD)	Other movements	31/12/2010
Editrice telenuovo SpA	595			97		**692**
Rofin 2008 S.r.l.	17		(2)			**15**
E-Care SpA	3,644	(2,745)	(340)	(1,950)	1,391	**-**
Total	**4,256**	**(2,745)**	**(342)**	**(1,853)**	**1,391**	**707**

	01/01/2011	Reclassifications	Increases/(decreases) to the Income statement	Reval(WD)	Other movements	30/06/2011
Editrice telenuovo SpA	692			153		**845**
Rofin 2008 S.r.l.	15		(1)			**14**
Total	**707**	**-**	**(1)**	**153**	**0**	**859**

The income statement effect of valuation under the equity method is a loss of Euro 1 thousand, essentially due to the loss recorded by the associated company Rofin 2008 Srl.

5. Equity investments and non-current and current securities

Equity investments and non-current securities	**01/01/2011**	**Increases (decreases)**	**30/06/2011**
Investments in subsidiary companies	5	**(5)**	-
Investments in other companies valued at cost	4,600	(24)	4,576
Investments in other AFS companies	103,123	12,500	115,623
Total	**107,728**	**12,471**	**120,199**

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

Investments in subsidiary companies	**Registered office**	**%**	**01/01/2010**	**Increases (decreases)**	**Change in consolidation area**	**Write-downs**	**31/12/2010**
Noisette Lda	Madeira (Port)	99.8	5	9	-	(9)	5
Enercom Srl in liquidation	Naples	99.5	-				-
Total			**5**	**9**	**-**	**(9)**	**5**

			01/01/2011	Increases (Decreases)	Change in consolidation area	Write-downs	30/06/2011
Noisette Lda	Madeira (Port)	99.8	5	(5)			-
Edime Sport Srl in liquidation	Naples	99.5	-				-
Total			**5**	**(5)**	**-**	**-**	**-**

The subsidiary Noisette Lda was wound up in June 2011.

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

Investments in other companies	**%**	**01/01/2010**	**Increases (Decreases)**	**Reclassifications**	**Write-downs**	**31/12/2010**
Euroqube in liquidation	14.82	833			(186)	647
Ansa	6.71	1,166				1,166
E-Care		-		2,745	-	2,745
Other minor		47			(5)	42
Total		**2,046**	**-**	**2,745**	**(191)**	**4,600**

Equity investments in other companies		**01/01/2011**	**Increases/ (decreases)**	**Reclassifications**	**Write-downs**	**30/06/2011**
Euroqube in liquidation	14.82	647			(24)	623
Ansa	6.71	1,166				1,166
E-Care		2,745				2,745
Other minor		42				42
Total		**4,600**	**-**	**-**	**(24)**	**4,576**

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

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

AFS Investments	**01/01/2010**	**Increases (decreases)**	**Valuation at fair value**	**31/12/2010**
Generali SpA	94,100	11,399	(24,502)	80,997
Monte dei Paschi di Siena SpA	19,648	8,492	(6,014)	22,126
Total	**113,748**	**19,891**	**(30,516)**	**103,123**

	01/01/2011	**Increases (Decreases)**	**Valuation at far value**	**30/06/2011**
Generali SpA	80,997	6,954	2,259	90,210
Monte dei Paschi di Siena SpA	22,126	9,783	(6,496)	25,413
Total	**103,123**	**16,737**	**(4,237)**	**115,623**

Number	**01/01/2011**	**Increases**	**Decreases**	**30/06/2011**
Generali S,p,A,	5,700,000	500,000	-	6,200,000
Monte dei Paschi di Siena SpA	26,000,000	20,000,000	-	46,000,000
Total	**31,700,000**	**20,500,000**	**-**	**52,200,000**

The increase of Euro 16.7 million is due to the purchase of 500,000 Assicurazioni Generali SpA shares (Euro 6.9 million) and 20,000,000 Banca Monte dei Paschi di Siena SpA shares (Euro 9.8 million).

The fair value change in these investments at June 30th 2011 is recorded in a separate equity reserve for Euro 3.9 million, net of the relative positive tax effect of Euro 381 thousand.

If the Group had not amended the parameters utilised to identify a significant or a permanent loss in value of the AFS investments, the Assicurazioni Generali SpA shares would not have been subject to any impairment recognised to the income statement, while the Banca Monte dei Paschi di Siena SpA shares would have been written down in the income statement for Euro 13.5 million, equal to the Fair Value Reserve at June 30th 2011. The valuation of AFS securities would not have been affected if the amendments to the parameters had been adopted for the preparation of the financial statements at December 31st 2010.

The valuation of the Banca Monte dei Paschi di Siena SpA shares at June 30th 2011 includes the value of the option rights concerning the 26 million shares held by Caltagirone Editore SpA.

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.

6. Non-current financial assets

The account, amounting to Euro 52 thousand, principally relates to receivables for deposits due within five years.

7. Other non-current assets

The account, amounting to Euro 733 thousand, relates to the advance tax paid on post-employment benefits for Euro 25 thousand and other receivables for Euro 607 thousand, principally relating to the receivable of Telefriuli S.p.A. from the Ministry of Communications for the contributions to the local television broadcasters as per Ministerial Decree 378/1999.

8. Deferred taxes, receivables for current taxes and income taxes for the period

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

	01/01/2010	Provisions	Utilisations	Other changes	31/12/2010
Deferred tax assets	24,922	1,864	(4,489)	1,564	23,861
Deferred tax liabilities	69,165	2,301	(820)	(4,318)	66,328
Net deferred tax liabilities	**(44,243)**	**(437)**	**(3,669)**	**5,882**	**(42,467)**

	01/01/2011	Provisions	Utilisations	Other changes	30/06/2011
Deferred tax assets	23,861	1,317	(1,245)	568	24,501

Deferred tax liabilities	66,328	1,141	(481)	182	67,170
Net deferred tax liabilities	**(42,467)**	**176**	**(764)**	**386**	**(42,669)**

The change in net deferred tax assets on the previous period is principally due to the recording of deferred tax assets on tax losses recorded in the half-year and deriving from the tax consolidation, net of the decrease related to the utilisation of tax losses by Piemme SpA and Centro Stampa Veneto SpA.

The account other changes relate to specific fiscal calculations on the adjustments to fair value of the AFS shareholdings recorded to equity.

The deferred taxes movements refer to temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes.

The net position for income taxes, represented by the payments on account and other tax credits, net of income taxes payable, is calculated as follows:

	30/06/2011	31/12/2010
Receivables for direct taxes	1,492	882
Reimbursement request of direct taxes	354	151
Other receivables	207	207
Payables for IRES/IRAP/substitute taxes	(1,717)	(1,156)
Total	**336**	**84**

The income taxes for the period consist of:

	30/06/2011	30/06/2010
Current income taxes	2,086	2,375
Current income taxes	**2,086**	**2,375**
Provision for deferred tax liabilities	1,141	1,140
Utilisation of deferred tax liabilities	(432)	(431)
Change in tax rate	(49)	-
Deferred tax charge	**660**	**709**
Recording of deferred tax assets	(1,317)	(1,009)
Utilisation of deferred tax assets	1,245	2,089
Deferred tax income	**(72)**	**1,080**
Total income taxes	**2,674**	**4,164**

The current income taxes comprise only IRAP taxes.

9. Inventories

The inventories at June 30th 2011 amount to Euro 3 million (Euro 3.32 million at December 31st 2010) and consist exclusively of raw materials, ancillary and consumables. Raw materials consist prevalently of paper and ink and relate for Euro 1.33 million to Il Messaggero SpA., for Euro 574 thousand to the companies of Il Gazzettino SpA, for Euro

865 thousand to Il Mattino SpA, for Euro 63 thousand to Corriere Adriatico Spa and for Euro 169 thousand to Quotidiano di Puglia SpA.

The cost of inventory recorded in the income statement is Euro 314 thousand and is included in the account "Raw material costs" (see Note 22).

Inventories are measured at the lower of the purchase price, calculated using the weighted average cost method, and the realisable value.

There is no inventory provided as a guarantee on liabilities.

10. Trade receivables

This account can be broken down as follows:

	30/06/2011	31/12/2010
Trade receivables	83,035	86,355
Provisions for doubtful debts	(15,868)	(16,906)
Trade receivables	**67,167**	**69,449**
Receivables from related parties	3,238	1,927
Advances to suppliers	-	6
Trade receivables beyond 12 months	1,902	1,772
Total trade receivables	**72,307**	**73,154**

Trade receivables principally relate to the Group advertising revenues of Piemme SpA.

11. Current financial assets

This account can be broken down as follows:

	30/06/2011	31/12/2010
Financial assets from subsidiaries	5	11
Financial assets from associated companies	3,891	3,891
Financial assets from related parties	-	269
Accrued interest	31	40
Total current financial assets	**3,927**	**4,211**
of which related parties	3,895	4,171

Euro 3.9 million refers entirely to the non-interest bearing loan granted to the associated company Rofin 2008 Srl.

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:

	30/06/2011	31/12/2010
Employee receivables	232	135
VAT receivables	48	455
Other receivables	798	570
Prepaid expenses	836	644
Total other current assets	**1,914**	**1,804**

The prepaid expenses relate to rental (Euro 18 thousand), insurance (Euro 101 thousand) and others (Euro 717 thousand).

13. Cash and cash equivalents

This account can be broken down as follows:

	30/06/2011	31/12/2010
Bank and post office deposits	2,147	2,162
Bank and post office deposits with related parties	245,084	254,686
Cash and cash equivalents on hand	354	139
Total cash and cash equivalents	**247,585**	**256,987**

The reduction in bank deposits in the first half of 2011 is due to the distribution of dividends for approx. Euro 6.25 million and investments in listed shares for Euro 16.7 million, net of Group operating activities.

LIABILITIES AND SHAREHOLDERS' EQUITY

14. Shareholders' Equity

For the movements in the Consolidated Shareholders' Equity, reference should be made to the Financial Statements. The movements in the Shareholders' Equity accounts relate to the shareholders' meeting resolutions of April 27th 2010, as well as the valuation at fair value of the holdings in Banca Monte dei Paschi di Siena SpA and in Assicurazioni Generali SpA.

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 period.

Dividends

The dividend issued in the period was Euro 0.05 per share. This dividend was approved by the Shareholders' Meeting of April 27th 2011.

Other reserves

	30/06/2011	31/12/2010
Legal reserve	25,000	25,000
Share premium reserve	466,234	471,022
Reserve for treasury shares	50,000	50,000
Net exchange gains reserve	3,770	3,770
Merger reserve Cedfin	424	424
Fair Value reserve	(17,348)	(13,494)
IAS 19 Leaving indemnity reserve	(3,652)	(3,652)
Treasury shares sales gains reserves	34	34
IAS non recognised asset reversal reserve	16,876	16,876
Other IAS reserves	(93,589)	(91,491)
Retained earnings	197,894	191,347
Total	**645,643**	**649,836**

The fair value reserve includes all the market value changes at the reporting date of the present half-year financial statements of the investments in other companies AFS until these investments are maintained in the accounts. The change in the period, equal to Euro 3.9 million, net of the fiscal effect, is due to the valuation of the investment in the companies Banca Monte dei Paschi di Siena SpA and Assicurazioni Generali SpA at June 30th 2011.

15. Financial liabilities

	30/06/2011	31/12/2010
Payables for assets in leasing	125	221
Bank payables	31,171	33,535
Non-current financial payables	**31,296**	**33,756**
Bank payables	10,541	7,303
Payables to related parties	15,794	3,684
Short-term portion of non-current loans	4,784	4,782
Payables for assets in leasing	189	185
Other lenders	1,309	2,590
Current financial payables	**32,617**	**18,544**

The non-current financial liabilities to banks 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 Intesa Sanpaolo SpA to the company S.E.M. SpA, incorporated in 2006 into Il Messaggero SpA. The first capital repayment was made in December 2005 while the final repayment is due in June 2018. Furthermore, a special privileged guarantee was given on the factory assets amounting to Euro 60 million, in addition to a bank surety for a similar amount.

The current 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 for these loans, mortgages were provided on the buildings of Il Mattino SpA at Caivano for a total amount of Euro 37.51 million.

16. Personnel

Employee benefit provision

The movement in the Employee benefit provision was as follows:

	30/06/2011	31/12/2010
Net liability at January 1 st	40,138	41,060
Current cost for the period	198	593
Interest charge (income), net	746	1,049
Actuarial profits (losses)	-	862
(Services paid)	(2,420)	(3,426)
Net liability at June 30th	**38,662**	**40,138**

The employee benefit provision includes the Senior Management Indemnity Provision as this provision has similar characteristics to the employee leaving indemnity provision as set out in the civil code.

The change between the liability determined at nominal value and that under IFRS was principally caused by interest rates.

Cost and employee numbers

	30/06/2011	30/06/2010
Salaries and wages	33,194	33,759
Social security expenses	11,237	11,458
Employee leaving indemnity prov.	198	268
Employee indemnity to Complementary Fund	2,130	2,109
Other costs	1,551	2,298
Total personnel costs	**48,310**	**49,892**

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

	30.06.2011	31.12.2010	Average 30.06.2011	Average 31.12.2010
Executives	29	27	28	27
Managers & white collar	385	388	392	394
Journalists	506	510	503	152
Print workers	152	154	153	515
Total	**1,072**	**1,079**	**1,076**	**1,088**

17. Provisions for risks and charges

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2010	11,839	459	5,180	**17,478**
Provisions	1,473		315	**1,788**
Utilisations	(2,215)	(13)	(3,740)	**(5,968)**
Balance at December 31 st 2010	**11,097**	**446**	**1,755**	**13,298**
of which:				
Current portion	4,323		1,670	**5,993**
Non-current portion	6,774	446	85	**7,305**
Total	**11,097**	**446**	**1,755**	**13,298**
Balance at January 1st 2011	11,097	446	1,755	**13,298**
Provisions	483		100	**583**
Utilisations	(736)	(76)	(892)	**(1,704)**
Balance at June 30th 2011	**10,844**	**370**	**963**	**12,177**
of which:				
Current portion	4,127		878	**5,005**
Non-current portion	6,717	370	85	**7,172**
Total	**10,844**	**370**	**963**	**12,177**

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 present half-year report, 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.

18. Trade payables

	30/06/2011	31/12/2010
Trade payables	29,632	30,758
Payables to related companies	739	443
	30,371	**31,201**

Trade payables principally refer to operating subsidiaries in the publishing sector Il Messaggero SpA, Il Mattino SpA, Piemme SpA, Leggo SpA, il Gazzettino 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.

19. Other Liabilities

	30/06/2011	31/12/2010
Other non-current liabilities		
Other payables	125	84
Deferred income	3,541	2,662
Total	**3,666**	**2,746**
Other current liabilities		
Social security institutions	5,736	8,479
Employee payables	11,741	9,598
VAT payables	620	558
Payables for withholding taxes	2,931	3,898
Other payables	9,959	9,501
Payables to related companies	24	17
Accruals	-	1,030
Deferred income	62	208
Total	**31,073**	**33,289**

The increase on December 31st 2010 of employee payables principally relates to the accrual of vacation days matured. The other non-current liabilities include deferred income principally relating to the grants received by Il Mattino SpA, in accordance with Law No. 488/1992.

INCOME STATEMENT

20. Revenues from sales and services

	H1 2011	H1 2010
Circulation revenues	37,517	39,028
Promotions revenues	677	1,068
Advertising	74,059	80,015
Total revenues from sales and services	**112,253**	**120,111**
of which related parties	2,181	2,153

As outlined in detail in the Directors' Report, the decrease in revenues is principally due to the economic and financial crisis which has hit also the publishing market, both in terms of volumes sold and advertising.

21. Other operating revenues

	H1 2011	H1 2010
Operating grants	126	229
Recovery of expenses from third parties	1,042	1,190
Capital grant contributions	231	255
Gains on disposal of assets	-	5
Prior year income	475	410
Other revenues	2,244	2,021
Total other operating revenues	**4,118**	**4,110**
of which related parties	53	35

22. Raw material costs

	H1 2011	H1 2010
Paper	11,299	10,103
Other publishing materials	1,930	1,966
Other	2	1
Change in inventory of raw materials and goods	314	779
Total raw materials costs	**13,545**	**12,849**

As outlined in detail in the directors' report, the international price of paper rose significantly in the first half of 2011.

23. Other operating costs

	H1 2011	H1 2010
Editorial services	8,488	8,441
Transport and delivery	8,253	8,359
Outside contractors	5,461	5,829
Promotions revenues	434	686
Advertising & promotions	1,974	2,056
Commissions and agent costs	4,637	4,885
Utilities and power	1,418	1,578
Maintenance and repair costs	1,987	1,964
Consulting	1,573	1,739
Purchase of advertising space third parties	26	20
Directors and statutory auditors fees	978	960
Insurance, postal and telephone	947	968
Other expenses	5,557	5,356
Total service costs	**41,733**	**42,841**
Rental	3,289	3,317
Hire	999	1,233
Total rent, lease and hire costs	**4,288**	**4,550**
Other operating charges	1,641	1,751
Other	38	39
Total other costs	**1,679**	**1,790**
Total other operating costs	**47,700**	**49,181**
of which related parties	2,741	4,020

Editorial promotion costs reduced, in line with revenues, due to the different type and unitary cost of promotions in the first half of 2011.

24. Amortisation, depreciation, provisions & write-downs

	H1 2011	H1 2010
Amortisation of intangible assets	288	404
Depreciation of tangible assets	4,150	4,271
Provision for risks and charges	583	765
Doubtful debt provision	1,032	718
Total deprec., amortisation, provisions & write-downs	**6,053**	**6,158**

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

25. Net financial management result and valuation of investments at Equity

Valuation of investments at Equity	H1 2011	H1 2010
E-Care	-	(41)
B2win	-	(299)
Rofin 2008	(1)	(1)
Total valuation of investments at Equity	**(1)**	**(341)**

	H1 2011	H1 2010
Financial income		
Dividends	3,202	1,925
Interest income from bank deposits	2,150	841
Revaluations of investments	153	97
Other financial income	29	32
Total	**5,534**	**2,895**
of which related parties	5,497	2,175
Financial charges		
Loss on sale of investments	9	11
Write-down of equity investments	33	217
Loan interest	382	387
Interest on bank current accounts	218	182
Interest on leaving indemnity	746	591
Banking commissions and charges	75	74
Other financial expenses	65	60
Total	**1,528**	**1,522**
of which related parties	63	41
Net financial income/(charges)	**4,006**	**1,373**

The increase in the interest income on loans is due to higher interest rates.

The dividends included in financial income relate to the holding in Assicurazioni Generali SpA for Euro 2.6 million and the holding in Banca Monte dei Paschi di Siena for Euro 0.6 million.

26. Earnings per share

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

	30/06/2011	30/06/2010
Net Profit	2,094	3,009
Number of ordinary shares outstanding (000)	125,000	125,000
Basic earnings per share	**0.017**	**0.024**

In 2011, dividends were distributed of Euro 0.05 per share, totalling Euro 6.25 million.

The diluted earnings (loss) per share is identical to the basic result per share as Caltagirone Editore SpA has only issued ordinary shares.

27. Transactions with related parties

Transactions with companies under common control

The transactions of Group companies with related parties generally relate to normal operations and are regulated at market conditions. They principally relate to the exchange of goods, the provision of services, and the provision and use of financial resources by associated companies and subsidiaries excluded from the consolidation scope, as well as with other companies belonging to the Caltagirone Group or under common control.

There are no atypical or unusual transactions which are not within the normal business operations. 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 250 thousand:

	Trade receivables	Financial receivables	Cash and cash equivalents	Trade payables	Financial payables	Other payables
Pubblieditor Srl in liquidation	840					
Intermedia Srl	331					
Acea SpA	203					
Caltagirone SpA				600		
Rofin 2008 S.r.l.		3,891				
Monte dei Paschi di Siena SpA	1,533		245,064		5,921	
Banca Finnat Spa					9,872	
Other minor	331	4	20	139		24
Total	**3,238**	**3,895**	**245,084**	**739**	**15,793**	**24**
% on total in accounts	**4.48%**	**99.19%**	**98.99%**	**2.43%**	**48.42%**	**0.08%**

	Operating revenues	Operating costs	Financial income	Financial charges
Fabrica Immobiliare Sgr		401		
Intermedia Srl	299			
Ical SpA		1,226		
ugi SpA		310		
Caltagirone SpA		500		
Assicurazioni Generali SpA			2,565	
Monte dei Paschi di Siena SpA	1,697		2,779	
Other minor	185	304	153	63
Total	**2,181**	**2,741**	**5,497**	**63**
% on total in accounts	**1.87%**	**2.50%**	**99.33%**	**4.12%**

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

Financial receivables includes principally the non-interest bearing shareholder loan provided by the Parent Company to the associated company Rofin 2008 Srl and the accrued income on the interest on deposits with Banca Monte dei Paschi di Siena SpA.

Cash and cash equivalents and financial payables concern the operations in place at June 30th 2011 with the credit institutions Monte dei Paschi di Siena SpA and Banca Finnat Euramerica SpA.

Operating revenues concern the advertising carried out with Group newspapers by Monte dei Paschi di Siena SpA.

Operating costs also includes rental costs by the Parent Company and Il Messaggero S.p.A. for their respective head offices from companies under common control.

The account financial income relates to dividends received from Assicurazioni Generali SpA and Banca Monte dei Paschi di Siena SpA.

28. Business segment information

The disclosures required in accordance with IFRS 8 on 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.

in thousands of Euro	***Newspapers***	***Advertising revenues***	***Other activities***	***Consol. Adjustments***	***Consolidated pre-segment eliminations***	***Segment eliminations***	***Consolidated***
H1 2010							
Sector revenues – third parties	105,457	81,285	627		187,369	-	-
Inter-segment revenues	62,449	416	368	(85)	63,148	(63,148)	-
Segment revenues	**43,008**	**80,869**	**259**	**85**	**124,221**		**124,221**
Segment Ebitda	10,345	3,091	(1,137)		12,299		**12,299**
Depreciation, amortisation, provisions & write-downs	5,050	905	203		6,158		6,158
Ebit	**5,295**	**2,186**	**(1,340)**	**-**	**6,141**	**-**	**6,141**
Net financial income/(charges)							1,373
Net result of the share of associates							(341)
Profit before taxes							**7,173**
Income tax							4,164
Net profit							**3,009**

	Newspapers	***Advertising revenues***	***Other activities***	***Consol. Adjustments***	***Consolidated pre-segment eliminations***	***Segment eliminations***	***Consolidated***
Segment assets	551,742	86,282	347,864	27,595	1,013,483		1,013,483

Segment liabilities	222,238	19,084	11,689	(1,652)	251,359		251,359
Equity investments valued at net equity	692		1,429	1,891	4,012		4,012
Investments in intangible and tangible fixed assets	373	55	218		646		646

in thousands of Euro	***Newspapers***	***Advertising revenues***	***Other activities***	***Consol. Adjustments***	***Consolidated pre-segment eliminations***	***Segment eliminations***	***Consolidated***
H1 2011							
Sector revenues – third parties	98,823	75,275	628		174,726	-	-
Inter-segment revenues	57,522	433	448	(48)	58,355		58,355
Segment revenues	**41,301**	**74,842**	**180**	**48**	**116,371**		**116,371**
Segment Ebitda	6,052	2,525	(1,761)		6,816		**6,816**
Depreciation, amortisation, provisions & write-downs	4,694	1,138	221		6,053		6,053
Ebit	**1,358**	**1,387**	**(1,982)**	**-**	**763**	**-**	**763**
Net financial income/(charges)							4,006
Net result of the share of associates							(1)
Profit before taxes							**4,768**
Income tax							2,674
Net profit							**2,094**

	Newspapers	***Advertising revenues***	***Other activities***	***Consol. Adjustments***	***Consolidated pre-segment eliminations***	***Segment eliminations***	***Consolidated***
Segment assets	549,463	80,944	345,866	25,204	1,001,477		1,001,477
Segment liabilities	213,055	17,774	18,355	(2,152)	247,032		247,032
Equity investments valued at net equity	845		14		859		859
Investments in intangible and tangible fixed assets	1,024	57	61		1,142		1,142

The sectors of activity in which the group operates are not significantly affected by seasonal factors.

29. Net cash position

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

in thousands of Euro	30/06/2011	30/06/2010
A. Cash	354	182
B. Bank deposits	247,231	263,597
D. Liquidity (A)+(B)	**247,585**	**263,779**
E. Current financial receivables	**3,927**	**5,471**
F. Bank payables – current portion	26,334	15,031
G. Current portion of long-term loans	4,784	4,747
H. Current payables to other lenders	1,499	2,714
I. Current debt (F)+(G)+(H)	**32,617**	**22,492**
J. Net current cash position (I)-(E)-(D)	**(218,895)**	**(246,758)**
K. Non-current bank payables	31,171	35,934
L. Non-current payables to other lenders	125	1,624
M. Non-current financial debt (K)+(L)	**31,296**	**37,558**
N. Net cash position (J)+(M)	**(187,599)**	**(209,200)**

In relation to payables and receivables with related parties reference is made to Note 27.

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

1. The undersigned Francesco 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 and 4, of Legislative Decree No. 58 of February 24th 1998:

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

    of the administrative and accounting procedures for the compilation of the condensed consolidated half-year financial statements for the first half-year of 2011.

2. The activity was undertaken evaluating the organisational structure and the execution, control and monitoring processes of the business activities necessary for the preparation of the condensed consolidated half-year financial statements.

    In relation to this, no important matters arose.

3. It is also declared that:

3.1 the condensed consolidated half-year financial statements:

a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19th 2002;

b) corresponds to the underlying accounting documents and records;

c) provide a true and correct representation of the economic, balance sheet and financial situation of the issuer and of the companies included in the consolidation.

3.2 the Interim Directors' Report on operations includes an analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. The interim directors' report also includes a reliable analysis of the information on transactions with related parties.

Rome, July 28th 2011

The Chairman
Mr. Francesco Gaetano Caltagirone

The Executive Responsible
Mr. Roberto Di Muzio