CALTAGIRONE EDITORE

2012 annual report

thirteenth fiscal year

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thirteenth fiscal year

Caltagirone Editore SpA

Head office Via Barberini, 28 - 00187 Rome (Italy)
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

ordinary shareholders' meeting of april 17th, 2013

AGENDA

1. Presentation of the Separate and Consolidated Financial Statements for the year ended December 31st 2012, together with the Directors' Report, Board of Statutory Auditors' Report and the Independent Auditors' Report; deliberations thereon;

2. Resolutions on the sale and purchase of treasury shares in accordance with Article 2357 of the Civil Code;

3. Remuneration Report in accordance with Article 123-ter paragraph 6 of Legislative Decree 58/98; resolutions thereon.

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 *
Albino Majore *
Giampietro Nattino *

Board of Statutory Auditors

Chairman

Antonio Staffa

Standing Auditors

Maria Assunta Coluccia
Federico Malorni

Executive Responsible

Roberto Di Muzio

Independent Auditors

PricewaterhouseCoopers SpA

** Members of the Internal Control Committee*

delegated powers

In accordance with Consob

recommendation No. 97001574

of February 20th, 1997

the nature of the powers delegated to the members

of the Board of Directors are reported below

Chairman

The Chairman was conferred all ordinary and extraordinary administrative powers with the exception of those reserved by law and the Company By-Laws to the Shareholders' Meeting and to the Board of Directors.

Vice Chairman

In the absence or impediment of the Chairman, the Vice Chairman Gaetano Caltagirone and in his absence or impediment, the Vice Chairman Azzurra Caltagirone, are conferred all ordinary and extraordinary administration powers with the exception of those reserved by law and the Company By-laws to the Shareholders' Meetings and to the Board of Directors.

contents

directors' report on the group results for the year ended december 31st, 2012

INTRODUCTION

The present Directors' Report refers to the Consolidated and Separate Financial Statements of Caltagirone Editore SpA (hereafter also the "Group") at December 31st 2012, 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 Consolidated and Separate Financial Statements and the relative Notes, which constitute the Annual Accounts for 2012.

GROUP OPERATIONS

The table below illustrates the key financial results for the year 2012 compared to the previous year.

	2012	2011	Change %
Circulation revenues	73,574	77,360	-4.9%
Promotions revenues	747	1,098	-32.0%
Advertising revenues	113,378	139,859	-18.9%
Other operating revenues	7,739	7,673	0.9%
TOTAL OPERATING REVENUES	**195,438**	**225,990**	**-13.5%**
Raw materials, supplies and consumable stores	(26,316)	(28,181)	-6.6%
Labour costs	(98,185)	(94,474)	3.9%
Other operating costs	(87,099)	(94,657)	-8.0%
TOTAL OPERATING COSTS	**(211,600)**	**(217,312)**	**-2.6%**
EBITDA	**(16,162)**	**8,678**	**na**
Amortisation, depreciation & provisions	(46,512)	(12,167)	na
OPERATING LOSS	**(62,674)**	**(3,489)**	**na**
Result companies valued at equity	**(3,247)**	**(2)**	**na**
Financial income	6,483	8,245	-21.4%
Financial charges	(9,861)	(36,698)	-73.1%
Financial result	**(3,378)**	**(28,453)**	**-88.1%**
LOSS BEFORE TAXES	**(69,299)**	**(31,944)**	**na**
Income taxes	7,977	754	na
NET LOSS BEFORE MINORITY SHARE	**(61,322)**	**(31,190)**	**96.6%**
Minority interest	344	453	-24.1%
GROUP NET LOSS	**(60,978)**	**(30,737)**	**98.4%**

In Euro thousands

The reduction in Operating Revenues in 2012 of 13.5% follows the decrease in circulation revenues (-4.9%) and a contraction in advertising revenues (-18.9%); these figures were impacted by the deterioration of the crisis which hit the overall economy and with significant repercussions for the publishing sector.
Raw material costs decreased 6.6% due to the drop in international paper prices and the lower quantities utilised in the production process following the decrease in copies printed.
Labour costs increased by 3.9%. The account includes non-recurring charges of approx Euro 7.9 million (Euro 2.2 million in 2011), related to the reorganisation plans implemented in some companies of the Group through agreements with the Trade Unions in order to implement a reduction in staff numbers. On a like-for-like basis,

excluding these extraordinary charges, labour costs decreased by approx. 2.1% on the previous year, absorbing the indexed journalism sector contracts.
Other operating costs decreased overall by 8%, principally due to the reduction in copies distributed of the free newspaper Leggo, the lower number of promotional products and the action taken on overhead costs.
The Ebitda was a loss of Euro 16.2 million, a decrease on the previous year (profit of Euro 8.7 million), due principally to the reduction in operating revenues, in particular advertising revenues.
The Ebit was a loss of Euro 62.6 million (loss of Euro 3.5 million in 2011) and was impacted, in addition to the reduction in the Ebitda, by the write-down of goodwill and newspaper titles for some companies of the Group totalling Euro 34 million, resulting from the impairment tests, depreciation and amortisation of Euro 8.9 million, write-down of receivables of approx Euro 2 million and provisions for risks related to disputes arising during the year of Euro 1.6 million.
The Result of Companies valued under the net equity method was a loss of Euro 3.2 million mainly relating to the associated company Rofin 2008 Srl following final tax assessments relating to investigations on previous years issued by the tax authorities.
Net financial charges of Euro 3.4 million (Euro 28.5 million in 2011), was particularly affected by the existence of losses from the sale on the market of listed shares for approx. Euro 4.6 million (Euro 12.8 million in 2011) and net exchange losses of approx. Euro 1.2 million net of dividends on listed shares received in the year for approx. Euro 1.2 million (Euro 3.2 million in 2011). Net financial charges in the previous year were impacted by write-downs on listed shareholdings totalling approx Euro 20.7 million.
Tax income was Euro 8 million (income of Euro 754 thousand in 2011) and includes the estimate for current income taxes and deferred tax income and charges. Income taxes includes a positive benefit of Euro 12 million deriving principally from the recording of deferred tax assets on tax losses matured in the year (Euro 6.4 million in 2011).
The Group Net Cash Position at December 31st 2012 was Euro 153.4 million, as follows:

	31.12.2012	31.12.2011
Current financial assets	1,536	1,548
Cash and cash equivalents	188,902	230,294
Non-current financial liabilities	(23,749)	(28,868)
Current financial liabilities	(12,334)	(22,032)
Net Cash Position*	**154,355**	**180,942**

In Euro thousands

* *The Net Cash Position in accordance with ESMA recommendation of February 10th 2005 is illustrated at Note 31 of the Notes to Consolidated Financial Statements*

The Net Cash Position decreased by approx. Euro 26.6 million, principally due to net investments in listed shares of approx. Euro 5.9 million, the distribution of dividends of Euro 3.7 million and cash needs from operating cash flows.
Group consolidated Net Equity decreased from Euro 720.4 million at December 31st

2011 to Euro 670.6 million at December 31st 2012; the decrease of Euro 49.9 million is due to the combined effect of the loss for the year, the distribution of the dividend and the negative effect derived from valuing the employee leaving indemnity in accordance with IAS 19 net of the positive effect from the valuation at fair value of equity investments.
The balance sheet and income statement ratios are provided below:

	2012	2011
ROE* *(Net Result/Net Equity)***	(9.14)	(4.33)
ROI* *(Operating Profit/Total Assets)***	(7.02)	(0.37)
ROS* *(Operating Profit/Operating Revenuesi)***	(32.1)	(1.54)
Equity Ratio *(Net Equity/Total Assets)*	0.75	0.76
Liquidity Ratio *(Current assets/Current liabilities)*	3.05	3.63
Capital Invested Ratio *(Net equity/non current assets)*	1.06	1.14

** Percentage values*

*** For definitions of "Net Result" and "Operating Profitt", reference is made to the income statement attached to the present report*

The income ratios report reduced profitability principally due to the reduction in operating revenues and write-down of goodwill.
The balance sheet ratios confirm Group financial and balance sheet equilibrium, with good stability in the ratio between equity and debt[1], a good capacity to meet short-term commitments through liquid funds[2] and finally a good equilibrium between equity and fixed assets[3].

Group operating performance

Publishing

In 2012 Group sales revenues from circulation and promotions decreased overall by 5.3% on 2011. In particular, circulation revenues of Euro 73.6 million fell by 4.9% within a daily newspaper market which reported an even greater reduction in circulation overall.
It should be noted that the Group only applied its sales price increase from February 2013.
The revenues from products sold together with Group newspapers recorded a decrease of 32% following the substantial discontinuation of these promotional activities.
In relation to the sale of subscriptions and multimedia versions, these were not significant and the percentage of total Group circulation revenues was still negligible. However the Group websites report a significant increase in daily users, particularly for Messaggero

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.

+79.8%[4], il Mattino +36.2%[4] and Leggo +15.7%[4], in comparison to a market which overall grew 8.4%[5].
In order to promote the digital versions of the newspapers, the Group subscribed, together with the leading Italian publishing groups, to the incorporation of the consortium "Edicola Italiana". The objective of the initiative is to create the most complete online paid publishing service in the Italian language, with an interface which simplifies choice, purchase, and use.
Edicola Italiana, which will operate with an independent technological and commercial partner, will be available on any tablet, personal computer or mobile device. The digital online platform will include daily newspapers, magazines and consortium publishing products. The publishers will be able to use their own "sheet" presentation or that provided by the consortium. Thanks to Edicola Italiana, it will be possible to create a direct and transparent relationship with clients and control the commercial aspects, from the definition of the prices to the payment methods.

Advertising revenues

The reduction in Group advertising revenues (-18.9%) continues to be strictly related to the current advertising sector market crisis due to the difficult economic circumstances.
The newspaper advertising sector in 2012 reports a contraction in revenues of 17.5% on 2011, following the decrease in advertising revenues from paid newspapers (-16.2%)[6] and in the free press (-54.7%)[6].
The decrease in revenues concerning the sale of advertising space in Group newspapers was impacted particularly by the drop in advertising revenues of the Leggo free newspaper (-48.6%, related also to the changed circulation area compared to 2011); net of this effect, the reduction in Group advertising revenues was 15.5%.
Internet advertising revenues grew 37.1% on the previous year. Sector internet advertising grew +5.3%[7]. Although internet advertising revenues are growing, the volumes in this sector are still not significant in relation to Group overall advertising revenue.

Risk Management

The activities of Caltagirone Editore and its subsidiaries are subject to various financial risks: market risks (raw materials prices and the movements in listed equities held in portfolio), 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.

4. Audiweb data December 2012 - December 2011 (average daily unique users).
5. Audiweb Database December 2012 (summary of audience online data).
6. FCP Newspaper Research Data – January – December 2012.
7. FCP Internet Research Data – January – December 2012.

The Group does not have any 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 of the consolidated and separate financial statements, to which reference is 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 has no currency risk exposure as it operates only in the Eurozone.

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 is not significant for 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 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, as previously highlighted, 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 Caltagiorne Group did not carry out any research and development activity.

At December 31st 2012, there were 976 employees (1,060 at December 31st 2011).

For segment information on the costs, revenues and investments, reference should be made to the Explanatory Notes to the Consolidated Financial Statements.

The reconciliation of the shareholders' equity and net profit of the Group and of the Parent Company as per Consob Communication No. 6064293 of 28/07/2006 is attached to the present report.

Significant events after the year-end

As previously outlined, at the beginning of February 2013, the Group newspapers increased their daily price to Euro 1.20 per copy. This adjustment, six years since the last increase, was undertaken in order to have the resources to continue to offer readers a quality newspaper.

No further significant events occurred after December 31st 2012.

Outlook

The general economic situation, still in a highly recessionary phase, affects advertising investment in the publishing sector and necessitates a cost reduction and control policy.

For the year 2012 Caltagirone Editore SpA reports total revenues and income of Euro 4.9 million, and a net loss of Euro 26.7 million due to write-downs on investments of Euro 24 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:

	31.12.2012	31.12.2011
Dividends from other companies	670	2,145
Other financial income	4,269	2,637
Total financial income	**4,939**	**4,782**
Interest and financial charges from subsidiaries	(2,163)	(68)
Interest and financial charges from third parties	(2,153)	(111)
Loss on securities*	(659)	(12,846)
Write-down of investments in subsidiaries**	(20,729)	(6,554)
Write-down of investments in associated companies	(3,251)	-
Write-down of investments and securities***	-	(15,930)
Total financial charges	**(28,955)**	**(35,509)**
TOTAL FINANCIAL INCOME AND CHARGES	**(24,016)**	**(30,727)**
Result from operating activities****	(2,136)	(2,323)
LOSS BEFORE TAXES	**(26,152)**	**(33,050)**
Income taxes	(561)	3,423
NET LOSS FOR THE YEAR	**(26.713)**	**(29.628)**

In Euro thousands

* *The losses on securities sold are included in the account Financial charges in the attached separate financial statements*

** *The write-down of investments in subsidiaries are included in the account Financial charges in the attached separate financial statements*

*** *The write-down in investments are included in the account Financial charges in the attached separate financial statements*

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

The dividends from other companies concern the dividends received on listed shares. Other financial income represents the interest income on bank deposits accrued during the year. The increase compared to the previous year mainly relates to the higher amount of liquidity available invested.

The account interest and financial charges from subsidiaries principally comprises interest on loans received from Il Messaggero SpA.
The account interest and financial charges from third parties principally comprises exchange differences on temporary liquidity invested in foreign currencies.
The loss on securities sold follows the sale on the market of listed shares.
The write-down of investments in subsidiaries relates to the companies Corriere Adriatico SpA, Quotidiano di Puglia SpA, Finced Srl, Leggo SpA and Il Gazzettino SpA, based on the impairment tests in relation to the losses incurred.
The write-down of investments in associated companies relates to Rofin 2008 Srl following the loss incurred in 2012.
The shareholders' equity of the Company at December 31st 2012 was Euro 607.5 million. The reduction on the Shareholders' Equity at December 31st 2011 (Euro 631.2 million) is principally due to the loss in the year, the distribution of dividends (Euro 3.7 million) net of the positive effect of the valuation at fair value of equities in portfolio (Euro 7.1 million).

Net Cash Position

The Net Cash Position is as follows:

	31.12.2012	31.12.2011
Current financial assets	37,986	84,316
Cash and cash equivalents	183,559	119,577
Current financial liabilities	(100,174)	(4,100)
Net Cash Position*	**121,371**	**199,793**

In Euro thousands

* *The Net Cash Position in accordance with CESR recommendation of February 10th 2005 is illustrated at Note 22 of the Notes to Financial Statements*

The Net Cash Position reduced by Euro 78.4 million principally due to the waiver of the Shareholder loan with the subsidiary Finced Srl for Euro 73 million and the consequent recognition in the subsidiary company of a "Capital payments" reserve in order to provide capital in line with the investments made by the Company. Dividends were also paid in the year of Euro 3.7 million and capital injections into a number of subsidiaries (Euro 4.8 million) to cover losses recorded in 2011. Finally, the Company sold listed shares on the market for a total income of approx. Euro 6.3 million.

Principal equity investments

The key results of the subsidiary companies are reported below.

Il Messaggero SpA
The Company, which publishes the newspaper Il Messaggero, in 2012 reported a net loss of Euro 3.7 million (net loss of Euro 1.7 million in 2011) and net revenues of Euro

79.9 million, a decrease of 11.7% on the previous year (Euro 90.5 million). Due to the persistent difficulties in the publishing sector, both circulation revenues and advertising revenues decreased respectively by approx. 5.4% and 16.5%.
The Ebitda consequently dropped from Euro 9.5 million in 2011 to Euro 1.8 million in 2012, in spite of the cost containment programme which in part offset the fall in revenues.
The result was also impacted by extraordinary costs of Euro 2.5 million related to the reorganisational plan for journalists based on the relative agreement with the trade unions.
At December 31st 2012, Il Messaggero SpA recorded net equity of Euro 47.8 million (Euro 207.3 million at December 31st 2011). The significant reduction in the net equity is due to the partial and proportional spin-off of the companies Il Messaggero SpA and Piemme SpA Concessionaria di Pubblicità through Notary Deed of Maurizio Misurale of Rome on November 14, 2012, filed at the Rome Company Registration Office on November 21st 2012, with simultaneous incorporation of the spun-off company Messaggero Partecipazioni SpA, a direct subsidiary of Caltagirone Editore SpA. For further information reference should be made to the section "Other Investments" in the Director's Report and to the paragraph "Consolidation scope" in the Explanatory Notes.

Il Mattino SpA
Il Mattino SpA, publisher of the newspaper of the same name, reported a value of production of Euro 31.3 million (Euro 35.7 million in 2011) and a net loss of Euro 4.8 million (loss of Euro 1.8 million in 2011).
The deterioration in the result is due in particular to the reduction in operating revenues and extraordinary costs relating to the reorganisational plan for print workers and journalists. Newspaper revenues decreased due to the reduction in copies sold and the contraction in advertising revenues.
At December 31st 2012, Il Mattino SpA recorded net equity of Euro 7.2 million (Euro 12 million at December 31st 2011).

Il Gazzettino SpA
Il Gazzettino SpA, publisher of the newspaper of the same name, reported revenues in 2012 of Euro 35.8 million, a decrease of 8.6% on Euro 39.2 million in 2011. In particular, advertising revenues decreased from Euro 17.9 million in 2011 to Euro 15.2 million in 2012, a decrease of 15.1%, lower than the contraction in 2012 of the paid newspaper advertising market. Circulation revenues of Il Gazzettino, the leading newspaper title in the Northeast market, also reported a drop in total newspapers sold from 20.7 million in 2011 to 20 million in 2012, with a decrease of 3.6% extremely contained compared to the general Italian paid newspaper market.
The fall in the Ebit from a profit of Euro 0.2 million in 2011 to a loss of Euro 2 million in 2012 is mainly due to the sharp decline in the advertising market only partially offset by a reduction in operating costs.

Leggo SpA
The Company, which publishes the free daily newspaper Leggo, reported advertising revenues of Euro 6.2 million in 2012, a decrease of approx. 47% on the previous year (Euro 11.8 million) due to the reduction in the editions printed from 15 in 2011 to 2 in 2012.

A loss of Euro 3 million is reported in 2012 compared to a loss of Euro 3.6 million in 2011. This result should be considered within the difficult advertising market which has resulted in a contraction in newspaper advertising - more pronounced in the free newspaper sector.

Corriere adriatico SpA

The Company publishes the newspaper of the same name, leader in the Marche region. Il Corriere Adriatico SpA in 2012 recorded a loss of Euro 1.1 million (loss of Euro 1.5 million in 2011) with a value of production of Euro 7.5 million (Euro 8.6 million in 2011). The Ebitda was a loss of Euro 1.5 million (loss of Euro 1.3 million in 2011). The deterioration in the Ebitda is principally due to the decrease in revenues and in particular advertising revenues impacted by the challenging market conditions.

Quotidiano di Puglia SpA

In 2012, Quotidiano di Puglia SpA., which publishes the newspaper of the same name in the provinces of Lecce, Brindisi and Taranto, recorded a loss of Euro 177 thousand (loss of Euro 15 thousand in 2011) and a value of production of Euro 7.1 million (Euro 7.9 million in 2011).

Telefriuli SpA

In 2012, Telefriuli SpA, a company which manages local television providers, reported a loss of Euro 106 thousand (loss of Euro 525 thousand in 2011), against operating revenues of Euro 879 thousand (Euro 1 million in 2011).

Piemme SpA

Piemme SpA, an indirect subsidiary through Messaggero Partecipazioni SpA, is the sole advertising agency for all of the Group newspapers, and in 2012 recorded a net loss of Euro 3.6 million (net loss of Euro 621 thousand in 2011) and net revenues of Euro 112.8 million (Euro 139.4 million in 2011), a decrease of 19% on the previous year.
The loss is principally due to the contraction in advertising revenues which were only partially offset by the reduction in operating costs. Non-recurring charges amounted to Euro 1.1 million, following the company reorganisation implemented. The difficult economic climate led to a reduction in advertising investments of 17.5% in the daily newspaper sector (FCP Newspaper Research Centre).

Other investments

The finance company Finced Srl in 2012 reported a loss of Euro 9.1 million due to the write-down and sale of listed shares on the market and tax assessments relating to previous years following tax inspections.
As already illustrated, on November 21st 2012 the company Messaggero Partecipazioni SpA was incorporated following the execution of the partial and proportional spin-off of the companies Il Messaggero SpA and Piemme SpA Concessionaria di Pubblicità and which resulted in Caltagirone Editore SpA holding, at December 31st 2012, 94.614% of the share capital of Messaggero Partecipazioni SpA. For further information, reference should be made to the Explanatory Notes.
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 Caltagiorne Editore SpA and other related parties, reference should be made to the Notes to the Separate Financial Statements and the Directors' Report of the Consolidated Financial Statements.

Treasury shares

In execution of the Shareholders AGM resolution of April 26th 2012 which authorises the purchase and/or sale of treasury sales of the Company in accordance with Article 2357 of the Civil Code, the Board of Directors of Caltagirone Editore SpA implemented the treasury share buy-back programme of Company shares on the MTA segment of Borsa Italiana.
At December 31st 2012 Caltagirone Editore SpA had 433,570 treasury shares in portfolio, comprising 0.34686% of the share capital for a value of Euro 440,382.
At the date of the present report treasury shares in portfolio numbered 544,469 – equal to 0.436% of the share capital.

Other information

Caltagirone Editore SpA, under the current legislative provisions, is considered a holder of personal data. The Board of Directors of the Company, in the meeting of March 23rd 2004, appointed a person Responsible for the handling of personal data.
Caltagirone Editore SpA, as permitted by the Consolidated Finance Act, takes part in a Group tax governance called the "Tax Consolidation" as the parent company.
The Board of Directors on May 10th 2012 appointed Mr. Francesco Gaetano Caltagirone as Chairman and Messrs. Gaetano Caltagirone and Azzurra Caltagirone as Vice Chairman. In the same meeting the following were appointed to the Internal Control Committee: Messrs. Massimo Confortini (as Chairman) Mario Delfini, Massimo Garzilli, Albino Majore and Giampietro Nattino; the Internal Control Manager was confirmed as Mr. Fabrizio Caprara.
In the same meeting the Board of Directors appointed to the Committee of Independent Directors, after verifying the independence and after consultation with the Board of Statutory Auditors, in accordance with the provisions of the regulation which governs transactions with related parties, the Directors Mr. Massimo Confortini, as Chairman and Mr. Giampietro Nattino.
The Board of Directors' meeting also confirmed for 2012 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.
The Shareholders AGM of April 26th 2012 appointed the Audit firm Pricewaterhouse Coopers SpA for the audit of the separate and consolidated financial statements for the years 2012 – 2020.
The Remuneration Report was made available at the registered offices and on the internet site of the company www.caltagironeeditore.com/corporate documents/corporate governance as required by Article 123 *ter* of the CFA, which reports the information concerning the policy adopted by the company for the remuneration of members of the management and control boards, the remuneration paid to the members of these boards and the information on investments held by these parties.
The Parent Company did not undertake research and development activity in the year and does not have any secondary offices.

At December 31st 2012, the Company had 3 employees (3 at December 31st 2011).
The parent company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Italian Civil Code.

Corporate Governance

For further information on the Corporate Governance system of Caltagirone Editore SpA and the shareholders, pursuant to Article 123 *bis* of the Consolidated Finance Act, reference should be made to the "Corporate Governance Report", prepared in accordance with the indications and recommendations of Borsa Italiana SpA and published in accordance with article 89 of the Issuers' Regulations and available on the internet site of the company (www.caltagironeeditore.com/corporate documents/corporate governance).

Significant events after the year-end

The Board of Directors on January 29th 2013 approved pursuant to Article 70, paragraph 8 and Article 71, paragraph 1-*bis* of Consob Regulation No. 11971/1999 and subsequent amendments, the exemption from publication of the required disclosure documents of the same Consob Regulation concerning significant merger, spin-off, share capital increase through conferment of assets in kind, acquisition and sales operations.
In addition, the Board of Directors of Caltagirone Editore SpA approved the merger by incorporation into Caltagirone Editore SpA of the company Messaggero Partecipazioni SpA in accordance with Article 2505 of the Civil Code and Article 19, paragraph 2 of the Company's By-laws. On the same date, the Extraordinary Shareholders' Meeting of Messaggero Partecipazioni SpA approved the merger by incorporation into Caltagirone Editore SpA.
No other significant events occurred after the end of the financial year.

PROPOSAL TO THE SHAREHOLDERS' AGM

Dear Shareholders,

we propose to you the approval of the Financial Statements at December 31st 2012, consisting of the Balance Sheet, Income Statement, Comprehensive Income Statement, Statement of Changes in Shareholders' Equity and the Cash Flow Statement, as well as the relative attachments and the Directors' Report.
The Board of Directors proposes to carry forward the loss of the Parent Company Caltagirone Editore SpA of Euro 26,713,206.00 and to create a Retained earnings reserve through the transfer of Euro 3,868,658.65 from the Currency gains reserve created in previous years and subseqently realised.

Rome, March 12th 2013

For the Board of Directors

The Chairman
Francesco Gaetano Caltagirone

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

31.12.2012	Net profit/(loss)	Net equity
Net Result and Net Equity for the year as per financial statements of the Parent Company	**(26,713)**	**607,517**
Contribution of subsidiary and associated companies	(40,928)	8,809
Effect of the equity method valuation of associated companies	4	-
Adjustment to the international accounting standards IFRS/IAS	6,280	98,616
Elimination of inter-company (gains) losses, net of tax effect	35	(44,321)
Minority interest share of net equity	344	32
NET RESULT AND NET EQUITY AS PER THE CONSOLIDATED FINANCIAL STATEMENTS	**(60,978)**	**670,653**

In Euro thousands

LIST OF SIGNIFICANT INVESTMENTS AT 31.12.2012 AS PER ART. 38 OF LEGS. DECREE 127/1991

Company	Registered office	Share capital	Currency	Holding Directly	Holding Indirectly	*through*
Companies included in the Consolidation under the line-by-line method						
Ced Digital & Servizi Srl	Rome	100,000.00	Euro	99.990%	0.010%	Finced Srl
Il Messaggero SpA	Rome	1,265,385	Euro	94.613%	5.387%	Messaggero Partecipazioni SpA
Il Mattino SpA	Rome	500,000.00	Euro	99.999%	0.001%	Finced Srl
Messaggero Partecipazioni SpA	Rome	40,914,115.00	Euro	94.613%	5.387%	Messaggero Partecipazioni SpA
Piemme SpA	Rome	2,643,139.00	Euro	-	100.000%	Messaggero Partecipazioni SpA
Leggo SpA	Rome	1,000,000.00	Euro	90.000%	-	-
Finced Srl	Rome	10,000.00	Euro	99.990%	0.010%	Piemme SpA
Corriere Adriatico SpA	Ancona	2,000,000.00	Euro	99.999%	0.001%	Finced Srl
Quotidiano Di Puglia SpA	Rome	1,020,000	Euro	99.951%	0.049%	Finced Srl
Il Gazzettino SpA	Rome	2,000,000.00	Euro	99.999%	0.001%	Finced Srl
Centro Stampa Veneto SpA	Rome	567,000.00	Euro	-	100.000%	Il Gazzettino SpA
Imprese Tipografiche Venete SpA	Rome	936,000.00	Euro	-	100.000%	Il Gazzettino SpA
P.I.M. Pubblicità Italiana Multimedia Srl	Rome	1,044,000.00	Euro	-	100.000%	Il Gazzettino SpA
Telefriuli SpA	Tavagnacco (Ud)	1,655,300.00	Euro	-	87.498%	Il Gazzettino SpA
Companies included in the consolidation under the Equity Method						
Rofin 2008 Srl	Rome	10,000	Euro	30.000%	-	-
Editrice T.N.V. SpA	Verona	546,000	Euro	-	40.000%	Il Gazzettino SpA
Pubblieditor Srl in liquidation	Verona	40,800	Euro	-	40.000%	Il Gazzettino SpA

CALTAGIRONE EDITORE

consolidated financial statements
at december 31st, 2012

consolidated balance sheet
assets

ASSETS	Notes	31.12.2012	31.12.2011
Non-current assets			
Intangible assets with definite life	1	1,711	1,918
Goodwill and other indefinite intangible assets	2	413,315	447,315
Property, plant and equipment	3	66,009	73,077
Equity investments valued at net equity	4	845	858
Equity investments and non current securities	5	108,975	76,608
Non-current financial assets	6	28	37
Other non-current assets	7	533	616
Deferred tax assets	8	41,224	29,087
TOTAL NON-CURRENT ASSETS		**632,640**	**629,516**
Current assets			
Inventory	9	3,316	3,665
Trade receivables	10	60,348	68,151
of which related parties		*1,474*	*1,619*
Current investments and securities	11	-	11,970
Current financial assets	12	1,536	1,548
of which related parties		*1,536*	*1,536*
Tax receivables	8	3,081	2,229
Other current assets	13	2,292	1,797
of which related parties		-	-
Cash and cash equivalents	14	188,902	230,294
of which related parties		*92,197*	*19,130*
TOTAL CURRENT ASSETS		**259,475**	**319,654**
TOTAL ASSETS		**892,115**	**949,170**

In Euro thousands

consolidated balance sheet
liabilities and shareholders' equity

SHAREHOLDERS' EQUITY & LIABILITIES	Notes	31.12.2012	31.12.2011
Shareholders' equity			
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Other reserves		625,496	644,974
Loss for the year		(60,978)	(30,737)
Group Shareholders' Equity		**670,653**	**720,372**
Minority interest shareholders' equity		**(32)**	**127**
TOTAL SHAREHOLDERS' EQUITY	**15**	**670,621**	**720,499**
Liabilities			
Non-current liabilities			
Employee provisions	16	31,678	32,627
Other non-current provisions	17	7,414	7,126
Non-current financial liabilities	18	23,749	28,868
Other non-current liabilities	19	3,734	3,661
Deferred tax liabilities	8	69,814	68,383
TOTAL NON-CURRENT LIABILITIES		**136,389**	**140,665**
Current liabilities			
Current provisions	17	14,633	5,722
Trade payables	20	27,049	29,284
of which related parties		*651*	*158*
Current financial liabilities	18	12,334	22,032
of which related parties		*1,117*	*2,394*
Other current liabilities	19	31,089	30,968
of which related parties		*10*	*12*
TOTAL CURRENT LIABILITIES		**85,105**	**88,006**
TOTAL LIABILITIES		**221,494**	**228,671**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**892,115**	**949,170**

In Euro thousands

consolidated income statement

	Notes	2012	2011
Revenues			
Revenues from sales and services	21	187,699	218,318
of which related parties		*1,160*	*2,728*
Other operating revenues	22	7,739	7,672
of which related parties		*97*	*18*
TOTAL REVENUES		**195,438**	**225,990**
Costs			
Raw material costs	23	26,316	28,181
Labour costs	16	98,185	94,474
of which restructuring charges		*7,937*	*2,170*
Other operating charges	24	87,099	94,657
of which related parties		*6,423*	*6,300*
TOTAL COSTS		**211,600**	**217,312**
EBITDA		**(16,162)**	**8,678**
Amortisation & Depreciation	25	8,857	8,927
Provisions	25	1,635	812
Write-down intangible assets with an indefinite life	2-25	34,000	-
Doubtful debt provision	25	2,020	2,428
EBIT		**(62,674)**	**(3,489)**
Net result of the share of associates	**4**	**(3,247)**	**(2)**
Financial income		6,483	8,245
of which related parties		*3,223*	*7,009*
Financial charges		(9,861)	(36,698)
of which related parties		*(164)*	*(208)*
Net financial income/(charges)	**26**	**(3,378)**	**(28,453)**
LOSS BEFORE TAXES		**(69,299)**	**(31,944)**
Income taxes for the year	8	7,977	754
LOSS FROM CONTINUING OPERATIONS		**(61,322)**	**(31,190)**
NET LOSS FOR THE YEAR		**(61,322)**	**(31,190)**
Group net loss		(60,978)	(30,737)
Minority interest share		(344)	(453)

In Euro thousands

Earnings per share	27	(0.488)	(0.246)
Diluted earnings per share	27	(0.488)	(0.246)

consolidated comprehensive income statement

	Notes	2012	2011
NET LOSS FOR THE YEAR (A)		**(61,322)**	**(31,190)**
Effect of actuarial gain/loss, net of tax effect		(1,682)	3,665
Loss from recalculation of AFS assets, net of fiscal effect	5-11	16,953	(8,013)
TOTAL OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT (B)		**15,271**	**(4,348)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR (A)+(B)		**(46,051)**	**(35,538)**
Attributable to:			
– Parent Company shareholders		(45,703)	(35,092)
– Minority interest		(348)	(446)

In Euro thousands

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY 2011

	Share capital	Quotation charges	Treasury shares	Fair value reserve	Other reserves	Net profit/ (loss)	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 payable	-	-	-	-	(6,250)	-	(6,250)	-	(6,250)
Previous year result carried forward	-	-	-	-	6,003	(6,003)	-	-	-
Acquisition of treasury shares	-	-	(170)	-	-	-	(170)	-	(170)
Change in consolidation area	-	-	-	-	(92)	-	(92)	(35)	(127)
Total operations with shareholders	**-**	**-**	**(170)**	**0**	**(339)**	**(6,003)**	**(6,512)**	**(35)**	**(6,547)**
Change in fair value reserve	-	-	-	(8,013)	-	-	(8,013)	-	(8,013)
Change in employment termination reserve	-	-	-	-	3,658	-	3,658	7	3,665
Net result	-	-	-	-	-	(30,737)	(30,737)	(453)	(31,190)
Total profit/(loss) for the year	**-**	**-**	**-**	**(8,013)**	**3,658**	**(30,737)**	**(35,092)**	**(446)**	**(35,538)**
Other changes	-	-	-	-	2	-	2	(1)	1
Balance at December 31st, 2011	**125,000**	**(18,865)**	**(170)**	**(21,507)**	**666,651**	**(30,737)**	**720,372**	**127**	**720,499**

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STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY 2012

	Share capital	Quotation charges	Treasury shares	Fair value reserve	Other reserves	Net profit/ (loss)	Group net equity	Minority interest N.E.	Total net equity
Balance at January 1st, 2012	**125,000**	**(18,865)**	**(170)**	**(21,507)**	**666,651**	**(30,737)**	**720,372**	**127**	**720,499**
Dividends payable	-	-	-	-	(3,746)	-	(3,746)	-	(3,746)
Previous year result carried forward	-	-	-	-	(30,737)	30,737	-	-	-
Acquisition of treasury shares	-	-	(270)	-	-	-	(270)	-	(270)
Change in consolidation area	-	-	-	-	-	-	-	-	-
Total operations with shareholders	**-**	**-**	**(270)**	**-**	**(34,483)**	**30,737**	**(4,016)**	**-**	**(4,016)**
Change in fair value reserve	-	-	-	16,953	-	-	16,953	-	16,953
Change in employment termination reserve	-	-	-	-	(1,678)	-	(1,678)	(4)	(1,682)
Net result	-	-	-	-	-	(60,978)	(60,978)	(344)	(61,322)
Total profit/(loss) for the year	**-**	**-**	**-**	**16,953**	**(1,678)**	**(60,978)**	**(45,703)**	**(348)**	**(46,051)**
Other changes	-	-	-	-	2	-	-	189	189
Balance at December 31st, 2012	**125,000**	**(18,865)**	**(440)**	**(4,554)**	**630,490**	**(60,978)**	**670,653**	**(32)**	**670,621**

In Euro thousands

	Notes	31.12.2012	31.12.2011
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**14**	**230,294**	**256,986**
Net loss for the year		(61,322)	(31,190)
Amortisation & Depreciation		8,857	8,927
(Revaluations) and write-downs		36,118	23,025
Net result of the share of associates		3,247	2
Net financial income/(charges)		(1,277)	(4,990)
(Gains)/losses on disposals		4,574	12,790
Income taxes		(7,977)	(753)
Changes in employee provisions		(4,728)	(3,815)
Changes in current and non-current provisions		5,952	(450)
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(16,556)**	**3,546**
(Increase)/Decrease in inventories		350	(350)
(Increase)/Decrease in trade receivables		5,784	2,575
Increase/(Decrease) in trade payables		(2,439)	(2,088)
Change in other current and non-current liabilities		(221)	(1,493)
Change in deferred and current income taxes		(1,464)	(3,429)
OPERATING CASH FLOW		**(14,546)**	**(1,239)**
Dividends received		1,240	3,202
Interest received		4,269	4,390
Interest paid		(1,534)	(1,585)
Income taxes paid		(3,347)	(3,110)

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	Notes	31.12.2012	31.12.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		**(13,918)**	**1,658**
Investments in intangible fixed assets		(323)	(288)
Investments in tangible fixed assets		(1,276)	(1,421)
Non-current investments and securities		(22,040)	(7,034)
Sale of intangible and tangible assets		171	61
Sale of equity investments and non-current securities		5,141	30
(Increase)/Decrease in current investments and securities		10,657	(14,945)
Change in non-current financial assets		9	-
Change in current financial assets		20	2,674
B. CASH FLOW FROM INVESTING ACTIVITIES		**(7,641)**	**(20,923)**
Change in non-current financial liabilities		(5,119)	(4,912)
Change in current financial liabilities		(9,706)	3,427
Dividends Distributed		(3,746)	(6,250)
Other changes		(81)	(170)
C. CASH FLOW FROM FINANCING ACTIVITIES		**(18,652)**	**(7,905)**
D. EFFECT EXCHANGE DIFFERENCES ON CASH & CASH EQUIVALENTS		**(1,181)**	**478**
Change in net liquidity		**(41,392)**	**(26,692)**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**14**	**188.902**	**230.294**

In Euro thousands

CALTAGIRONE EDITORE

notes

to the consolidated financial statements

as at december 31st, 2012

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 the date of the preparation of the present Explanatory Notes, 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:

1. **Francesco Gaetano Caltagirone** 75,955,300 shares (60.76%).
   This investment is held:
   – directly for 6,200,000 shares (4.96%)
   – indirectly through the Companies:
      - Parted 1982 SpA (35.56%)
      - Gamma Srl (7.20%)
      - FGC Finanziaria Srl (13.04%)
2. **Gaetano Caltagirone** 3,000,000 shares (2.40%).
3. **Edizione Srl** 2,799,000 shares (2.24%).

The recording of the 2011 dividend, paid in May 2012, resulted in the payment of dividends on 3,727,591 shares, representing 2.982% of the share capital through the Credit Suisse Equity Fund.

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 consolidated financial statements at December 31st 2012 include the financial statements of the Parent Company and its subsidiaries (together the "Group"). The financial statements prepared by the Directors of the individual companies for approval, where required, by the respective shareholders' meetings, were utilised for the consolidation.

The present consolidated financial statements were authorised for publication by the directors on March 12th 2013.

Compliance with international accounting standards approved by the European Commission

The consolidated financial statements at December 31st 2012 are prepared on the going concern basis of the Parent Company and the subsidiaries and in accordance with Articles 2 and 3 of Legislative Decree 38/2005 and International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), approved by the European Commission and in force at the balance sheet date, in addition to the preceding International Accounting Standards (IAS). For simplicity, all the standards and interpretations are hereafter stated simply as "IFRS".

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 which are prepared according to IFRS, 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 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 new standards/changes to accounting standards already in force listed below in the present notes; 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 19.
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 2011 financial statements of the Parent Company Caltagirone Editore SpA are also prepared in accordance with 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	2012	2011	Activities
Caltagirone Editore SpA	Rome	Parent	Parent	finance
Il Messaggero SpA	Rome	100%	100%	editorial
Il Mattino SpA	Rome	100%	100%	editorial
Piemme SpA*	Rome	100%	100%	advertising
Leggo SpA	Rome	90%	90%	editorial
Finced Srl	Rome	100%	100%	finance
Messaggero Partecipazioni SpA	Rome	100%	-	finance
Ced Digital & Servizi Srl	Rome	100%	100%	editorial
Corriere Adriatico SpA	Ancona	100%	100%	editorial
Quotidiano di Puglia SpA	Rome	100%	100%	editorial
Il Gazzettino SpA	Rome	100%	100%	editorial
Centro Stampa Veneto SpA**	Rome	100%	100%	editorial
Imprese Tipografiche Venete SpA**	Rome	100%	100%	editorial
P.I.M. Srl**	Rome	100%	100%	editorial
Telefriuli SpA**	Tavagnacco (UD)	87.50%	87.50%	television

** Held through Messaggero Partecipazioni SpA*
*** Held through Il Gazzettino SpA*

On November 21st 2012, the company Messaggero Partecipazioni SpA was incorporated following the execution of the partial and proportional spin-off of the companies Il Messaggero SpA and Piemme SpA Concessionaria di Pubblicità through Notary Deed of Maurizio Misurale of Rome on November 14th 2012, filed at the Rome Company Registration Office on November 21st 2012. The purpose of the spin-off was in particular the holding of Il Messaggero SpA held by Piemme Concessionaria di Pubblicità SpA of 5.386% and the total holding of Il Messaggero SpA in Piemme Concessionaria di Pubblicità SpA.
The objective of the operation is to rationalise the organisation of the Group also through the imminent merger by incorporation of the company Il Messaggero Partecipazioni SpA into Caltagirone Editore SpA, already approved by the Board of Directors of this later on December 19th 2012 and by the Extraordinary Shareholders' Meeting of Messaggero Partecipazioni SpA on January 29th 2013, as described in the section subsequent events of the Director's Report. The spin-off operation was at book value and therefore had no impact on the income statement and net equity of Caltagirone Editore SpA and of the Caltagirone Editore Group.
At December 31st 2012, Caltagirone Editore held 94.614% of the share capital of the company resulting from the spin-off. The remaining 5.386% was treasury shares.

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	2012	2011
Rofin 2008 Srl	Rome	30.00%	30.00%
Editrice Telenuovo SpA	Verona	40.00%	40.00%
Publieditor Srl in liquidation	Verona	40.00%	40.00%

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. At the balance sheet date the presence of impairment indicators was evaluated in order to consider the necessity to undertake impairment tests on the investments.
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 year relating to minority interests are recognised in specific accounts in the balance sheet (Minority interest shareholders' equity) and Income Statement (Minority interest result).
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 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.

Business combinations

Business combinations are recognised according to the acquisition method. According to this method:

1. the amount transferred in a business combination is valued at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the company acquired. Accessory charges to the transaction are recorded to the income statement at the moment in which they are incurred;
2. at the acquisition date, the identifiable assets acquired and the liabilities assumed are recorded at fair value at the acquisition date; an exception are the deferred tax assets and liabilities, employee benefit assets and liabilities, liabilities or equity instruments relating to share-based payments of the entity acquired or share-based payments relating to the Group, issued in replacement of the contracts of the entity acquired, and the assets (or group of assets and liabilities) held-for-sale, which are instead valued according to the applicable standard;

3. goodwill is calculated as the excess of the amounts transferred in the business combination, of the value of minority interests' net equity and the fair value of any holding previously held in the acquired company compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, of the value of minority interest net equity and the fair value of any holding previously held in the acquired company, this excess is immediately recorded to the income statement as income deriving from the transaction concluded;
4. any amount subject to conditions established by the business combination contract are valued at fair value at the acquisition date and included in the value of the amounts transferred in the business combination for the determination of goodwill.

In the case of business combinations undertaken in a series of phases, the holding previously held in the acquired entity is revalued at fair value at the acquisition of control date and any profit or loss is recorded to the income statement.

If the initial values of a business combination are incomplete at the period-end in which the business combination took place, the Group reports in its consolidated financial statements the provisional values of the items for which the final calculations could not be made. These provisional values are adjusted in the measurement period to take account of the new information obtained on the facts and circumstances existing at the acquisition date which, if known, would have had effects on the value of assets and liabilities recognised at this 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.

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%
Other constructions	10 years	10%
Non automated machines and general plant	10 years	10%
Rotating press for paper in rolls	15 years	6.67%
Equipment	4 years	25%
Office furniture and equipment	8 years	12.5%
Transport vehicles	5 years	20%
Motor vehicles and similar	4 years	25%

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 when altered circumstances or events warrant, 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 after

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 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.

Financial assets

The financial assets are classified into the following categories:
- assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments;
- financial assets available-for-sale.

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.

Equity investments in other companies
In relation to other equity investments, these were valued at fair value or, where the development plans are not available, at cost.

Investments in other companies available-for-sale
The available-for-sale assets are non-derivative financial instruments explicitly designated in this category and are classified under non-current assets unless management has the intention to sell them within 12 months from the balance sheet date, in which case they are recognised to Current Investments and Securities.
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 until the financial asset is sold or written down; 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 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" of the fair value under cost in order to declare an impairment.
Considering the uncertainty surrounding economic forecasts, in addition to that concerning financial market performances which are largely based on speculation and the extreme volatility in particular of the Italian stock market, the Group considered it appropriate, with the support of studies, to establish as 50% the reduction in book value required and as 60 months to respectively establish "significance" and "duration" in relation to impairments on AFS securities in accordance with IAS 39.
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 are accounted at fair value and 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.
Cash and cash equivalents in foreign currencies are valued at the year-end exchange rate.

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.

Inventory

Raw materials, semi-finished and finished products are recognised at cost and measured at the lower of 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 establish the net realisable value, the value of any obsolete or slow-moving inventory is written-down based on the expected future utilisation/realisable value through the creation of a relative fund for the reduction in value of the inventory.

Net 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 the 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 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 to the Comprehensive Income Statement. 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 liability due to the passing of time is recorded as a financial charge.
In particular, the provisions for risks and charges relating to employee restructuring plans are recognised when at the balance sheet date the event which gives rise to the obligation is "binding" as the Company, through the drawing up of a formal restructuring programme, has generated within interested third parties the valid expectations that the entity will implement the afore-mentioned programme.

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 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. 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. In particular, the circulation revenues are recognised in relation to the number of copies issued by the balance sheet date, appropriately adjusted at the year-end to take into account returns based on historical data.
Revenues for services are recognised when the services are provided, with reference to the progress of completion of the activities. The advertising revenues are recognised based on the completion of the advertisement by the end of the year.

Financial income and charges

Financial income and charges are recorded on an accruals basis on the interest matured on the net value of the relative 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 or the Comprehensive 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 method that is used for changes in accounting standards illustrated previously is applied.
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.

Risk Management

The activities of Caltagirone Editore and its subsidiaries 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 does not have any derivative financial instruments, nor do specific financial risks exist in relation to price, credit or liquidity (other than that deriving from 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 and classified 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 and relate principally to publishing activities (circulation), which based on the nature of the business have reduced average realisation times, and to Advertising, as indicated in the notes to the balance sheet of the consolidated and separate financial statements, to which reference is 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 at the balance sheet date has no currency risk exposure as it currently operates only in the Eurozone.

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 is not significant for 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.

Standards, amendments and new interpretations on Standards effective from 2012

There are no amendments, interpretations, or modifications which entered into force from January 1st 2012.

Standards, amendments and new interpretations on Standards effective from the periods subsequent to 2012 and not adopted in advance by the Group

- Amendments to IAS 1 – Presentation of Financial Statements – disclosure in the financial statements of the other components in the comprehensive income statement, adopted with Regulation (EU) 475/2012 published on June 5th 2012;
- Amendment to IAS 12 – Income Taxes – deferred taxes relating to property investments valued at fair value, adopted with Regulation (EU) 1255/2012 published on December 11th 2012;
- Amendment to IAS 19 – Employee benefits – elimination of the corridor method, adopted with Regulation (EU) 475/2012 published on June 5th 2012;
- Amendment to IAS 27 – Separate Financial Statements, adopted with Regulation (EU) 1254/2012 published on December 11th 2012;
- IAS 28 – Investments in associates and joint ventures, within the review process of the current standard concerning joint ventures, adopted with Regulation (EU) 1254/2012 published on December 11th 2012;
- Amendment to IFRS 1 – Presentation of financial statements, method to utilise fair value for the valuation of assets and liabilities in opening balance sheets for entities which are subject to hyper-inflation, adopted with Regulation (EU) 1255/2012 published on December 11th 2012;
- Amendments to IFRS 7 – Financial Instruments: additional disclosure – Transfer of financial assets, adopted with Regulation (EU) published on November 22nd 2011;
- 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, adopted with Regulation (EU) 1254/2012 published on December 11th 2012;

- IFRS 11 – Joint arrangements, as part of the review of IAS 31 – Interests in joint ventures, adopted with Regulation (EU) 1254/2012 published on December 11th 2012;
- IFRS 12 – Disclosure of interests in other entities, adopted with Regulation (EU) 1254/2012 published on December 11th 2012;
- IFRS 13 – Fair value measurement adopted with Regulation (EU) 1255/2012 published on December 11th 2012;

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 and development	Patents	Trademarks	Other	Total
01.01.2011	**762**	**1,476**	**4,541**	**6,395**	**13,174**
Increases	-	46	2	239	287
Decreases	-	-	-	(139)	(139)
31.12.2011	**762**	**1,522**	**4,543**	**6,495**	**13,322**
01.01.2012	**762**	**1,522**	**4,543**	**6,495**	**13,322**
Increases	-	11	52	429	492
Decreases	-	-	-	-	-
Reclassifications	-	-	368	(1,384)	(1,016)
31.12.2012	**762**	**1,533**	**4,963**	**5,540**	**12,798**

Amortisation and loss in value	Research and development	Patents	Trademarks	Other	Total
01.01.2011	**762**	**1,383**	**2,755**	**6,016**	**10,9166**
Increases	-	58	392	177	627
Decreases	-	-	-	(139)	(139)
31.12.2011	**762**	**1,441**	**3,147**	**6,054**	**11,404**
01.01.2012	**762**	**1,441**	**3,147**	**6,054**	**11,404**
Increases	-	51	350	298	699
Decreases	-	-	-	-	-
Reclassifications	-	-	345	(1,361)	(1,016)
31.12.2012	**762**	**1,492**	**3,842**	**4,991**	**11,087**

Net value					
01.01.2011	**-**	**93**	**1,786**	**379**	**2,258**
31.12.2011	**-**	**81**	**1,396**	**441**	**1,918**
31.12.2012	**-**	**41**	**1,121**	**549**	**1,711**

In Euro thousands

The account Trademarks and concessions relates to the television concession of Telefriuli SpA. It was recognised on the allocation of the purchase price of the Group Il Gazzettino and is amortised over 10 years. At December 31st 2012, the Group had not undertaken any impairment tests as there were no impairment indicators.
At December 31st 2012, 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	20.0%
Industrial patents and intel. property rights	26.5%
Trademarks, concessions and licenses	10.0%
Other	28.0%

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
01.01.2011	**189,596**	**286,794**	**476,390**
Increases	-	-	-
01.01.2011	**189,596**	**286,794**	**476,390**
01.01.2012	**189.596**	**286.794**	**476.390**
Increases	-	-	-
Decreases	-	-	-
31.12.2012	**189,596**	**286,794**	**476,390**

continued on next page

In Euro thousands

continued from previous page

Write-downs	Goodwill	Newspaper titles	Total
01.01.2011	**29,075**	**-**	**29,075**
Increases	-	-	-
Decreases	-	-	-
31.12.2011	**29,075**	**-**	**29,075**
01.01.2012	**29,075**	**-**	**29,075**
Increases	20,400	13,600	34,000
Decreases	-	-	-
31.12.2012	**49,475**	**13,600**	**63,075**
Net value			
01.01.2011	**160,521**	**286,794**	**447,315**
31.12.2011	**160,521**	**286,794**	**447,315**
31.12.2012	**140,121**	**273,194**	**413,315**

In Euro thousands

The breakdown of the relative goodwill allocated to the individual cash generating units (hereafter also CGU) identified is shown below:

	01.01.2011	Increases	Decreases	Write-downs	31.12.2011
Il Gazzettino SpA	71,667	-	-	-	71,667
Il Messaggero SpA	51,613	-	-	-	51,613
Piemme (Advertising agency)	27,521	-	-	-	27,521
Il Mattino SpA	9,720	-	-	-	9,720
Total	**160,521**	**-**	**-**	**-**	**160,521**

	01.01.2012	Increases	Decreases	Write-downs	31.12.2012
Il Gazzettino SpA	71,667	-	-	(20,400)	51,267
Il Messaggero SpA	51,613	-	-	-	51,613
Piemme (Advertising agency)	27,521	-	-	-	27,521
Il Mattino SpA	9,720	-	-	-	9,720
Total	**160,521**	**-**	**-**	**(20,400)**	**140,121**

In Euro thousands

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

	01.01.2011	Increases	Decreases	Write-downs	31.12.2011
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	3	-	-	-	3
Totale	**286.794**	**-**	**-**	**-**	**286.794**

	01.01.2012	Increases	Decreases	Write-downs	31.12.2012
Il Messaggero SpA	90,808	-	-	-	90,808
Il Mattino SpA	44,496	-	-	-	44,496
Quotidiano di Puglia SpA	26,131	-	-	(4,100)	22,031
Corriere Adriatico SpA	24,656	-	-	(9,500)	15,156
Il Gazzettino SpA	100,700	-	-	-	100,700
Other minor newspaper titles	3	-	-	-	3
Total	**286,794**	**-**	**-**	**(13,600)**	**273,194**

In Euro thousands

The CGU, defined as the smallest identifiable group of assets which generate cash inflows which are sufficiently independent from the cash inflows generated by other assets or group of assets, are identified as the newspaper title operating companies concerning the individual newspapers and to which the Goodwill paid on acquisition was allocated.
The Goodwill and the newspapers are allocated to the following CGU's:

CGU	Goodwill		Newspaper titles		Total CGU	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Il Gazzettino SpA	51,267	71,667	100,700	100,700	151,967	172,367
Il Messaggero SpA	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 SpA	9,720	9,720	44,496	44,496	54,216	54,216
Quotidiano di Puglia SpA	-	-	22,031	26,131	22,031	26,131
Corriere Adriatico SpA	-	-	15,156	24,656	15,156	24,656
Other minor	-	-	3	3	3	3
Total	**140,121**	**160,521**	**273,194**	**286,794**	**413,315**	**447,315**

In Euro thousands

The Goodwill relating to Il Gazzettino includes the tax calculated due to the fair value recognition of assets concerning the acquisition of the group Il Gazzettino in 2006.
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 in 2012 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 period of 5 years and then discounted based on the cost of capital of the individual CGU (WACC). A terminal value representing the projections of the CGU's revenue capacity, calculated under the perpetual return model, is added to this value. A growth rate of zero was applied for the calculation of the terminal value.
The forecasts for 2013 were considered in the implementation of 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 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 plans and forecasts. The operating costs considered in the 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 five-year projections formulated by Management and approved by the Board of Directors on March 12th 2013.
The estimates and the budget data used in the application of the above indicated 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 will be constantly monitored by the Group.
The sensitivity analysis in relation to the parameters utilised for the impairment test did not result in significant effects on the results of the valuations carried out and was based on estimated movements in the rate/g-rate.

The principal parameters used in the determination of the value in use (separately for each “Cash Generating Unit”) is shown below:

	Goodwill	News paper titles	Total CGU*	Tax rate		WACC***		g-rate****		Explicit period cash flows
				2012	2011	2012	2011	2012	2011	
Il Gazzettino SpA	51,267	100,700	151,967**	31.40%	31.40%	8.30%	8.00%	0	0.7	5 years
Il Messaggero SpA	51,613	90,808	142,421	31.40%	31.40%	8.30%	8.00%	0	0.7	5 years
Il Mattino SpA	9,720	44,496	54,216	31.40%	31.40%	8.30%	8.00%	0	0.7	5 years
Piemme (Advertising agency)	27,521	-	27,521	31.40%	31.40%	8.30%	8.00%	0	0.7	5 years
Quotidiano di Puglia SpA	-	2,031	22,031	31.40%	31.40%	8.30%	8.00%	0	0.7	5 years
Corriere Adriatico SpA	-	15,156	15,156	31.40%	31.40%	8.30%	8.00%	0	0.7	5 years

In Euro thousands

** Represents the sum of the Goodwill and of the newspaper titles allocated to the individual Cash Generating Unit*

*** The Goodwill and newspaper titles are recorded gross of the theoretical tax effect on the fair value of the group assets acquired*

**** The WACC represents the average weighted cost of capital of the entity taking into account the specific risks relating to the operating sectors considered. This rate used is net of the tax effect.le*

***** The g-rate concerns the expected growth rate in order to calculate the “Terminal Value”*

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, also confirmed by valuations made by an independent expert, resulted in the recording of a loss in value for a total of Euro 34 million (Euro 20.4 million for Il Gazzettino Group, Euro 9.5 million for Corriere Adriatico and Euro 4.1 million for Quotidiano di Puglia). However, in the valuation of the newspapers, elements which lie outside the typical economic considerations are also considered and which relate to the number of readers and the circulation on the market, issues which determine the effective value of the newspaper and the price.

3. Property, plant and equipment

Historical cost	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2011	**8,606**	**51,525**	**99,027**	**1,034**	**20,906**	**11**	**181,109**
Increases	-	-	319	20	1,205	51	1,595
Decreases	-	-	(134)	(13)	(659)	-	(806)
31.12.2011	**8,606**	**51,525**	**99,212**	**1,041**	**21,452**	**62**	**181,898**
01.01.2012	**8,606**	**51,525**	**99,212**	**1,041**	**21,452**	**62**	**181,898**
Increases	-	-	313	100	694	281	1,388
Decreases	-	-	(188)	-	(366)	(114)	(668)
Reclassifications	-	17	213	(3)	10	(227)	10
31.12.2012	**8,606**	**51,542**	**99,550**	**1,138**	**21,790**	**2**	**182,628**

Depreciation and loss in value	Land	Buildings	Plant and machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2011	**-**	**16,156**	**65,211**	**1,000**	**18,953**	**-**	**101,320**
Increases	-	1,663	5,769	22	846	-	8,300
Decreases	-	-	(133)	(11)	(655)	-	(799)
31.12.2011	**-**	**17,819**	**70,847**	**1,011**	**19,144**	**-**	**108,821**
01.01.2012	**-**	**17,819**	**70,847**	**1,011**	**19,144**	**-**	**108,821**
Increases	-	1,643	5,652	25	838	-	8,158
Decreases	-	-	(103)	-	(267)	-	(370)
Reclassifications	-	17	1	(3)	(5)	-	10
31.12.2012	**-**	**19,479**	**76,397**	**1,033**	**19,710**	**-**	**116,619**
Net value							
01.01.2011	**8,606**	**35,369**	**33,816**	**34**	**1,953**	**11**	**79,789**
31.12.2011	**8,606**	**33,706**	**28,365**	**30**	**2,308**	**62**	**73,077**
31.12.2012	**8,606**	**32,063**	**23,153**	**105**	**2,080**	**2**	**66,009**

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 assets mentioned above are assets not of significant value and 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 finance lease 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 the fair value and depreciated; at December 31st 2012 the net book value amounted to Euro 9 thousand.
The book value of plant and machinery provided as guarantees on liabilities amounts to Euro 14.16 million. For further information, reference should be made to Note 18.

4. Equity investments valued at net equity

	01.01.2011	Increases/(Decreases) to Income Statement	Reval(WD)	31.12.2011
TNV Editrice Telenuovo SpA	692	-	153	845
Rofin 2008 Srl	15	(2)	-	13
Total	**707**	**(2)**	**153**	**858**

	01.01.2011	Increases/(Decreases) to Income Statement	Reval(WD)	31.12.2011
TNV Editrice Telenuovo SpA	845	-	-	845
Rofin 2008 Srl	13	-	(13)	-
Total	**858**	**-**	**(13)**	**845**

In Euro thousands

The investment in the associated company Rofin 2008 Srl was completely written down and, to ensure the going concern of the company, a provision was created by the Group of Euro 3.2 million (reference should be made to Note 26).

The key financial data relating to the last available financial statements of the above investments is summarised below:

Investments in associated companies	Registered office	Share capital	Assets	Liabilities	Revenues	Net equity	Loss	% held
Rofin 2008 Srl	Rome	10	43	10,822	-	(10,779)	(10,822)	30.00%
TNV Editrice Telenuovo SpA	Verona	546	4,918	3,113	5,519	1,805	(307)	40.00%
Publieditor Srl in liquidazione	Verona	41	444	930	-	(486)	(34)	40.00%

In Euro thousands

5. Non-current investments and securities

Equity investments and non-current securities	01.01.2011	Increases/ (Decreases)	Write-downs	Fair value change	Reclassifications	31.12.2011
Investments in subsidiary companies	5	-	(5)	-	-	-
Investments in other companies valued at cost	4,600	(30)	(68)	-	-	4,502
Investments in other companies AFS	103,123	9,053	-	(28,100)	(11,970)	72,106
Total	**107,728**	**9,023**	**(73)**	**(28,100)**	**(11,970)**	**76,608**

Non-current equity investments and securities	01.01.2012	Increases/ (Decreases)	Write-downs	Fair value change	Reclassifications	31.12.2012
Investments in other companies valued at cost	4,502	310	(97)	-	-	4,715
Investments in other companies AFS	72,106	13,333	-	18,821	-	104,260
Total	**76,608**	**13,643**	**(97)**	**18,821**	**-**	**108,975**

In Euro thousands

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

Equity investments in other companies	**%**	**01.01.2011**	**Increases/ (Decreases)**	**Write-downs**	**01.01.2011**
Euroqube in liquidation	14,82	647	(30)	(68)	549
Ansa	6,71	1,166	-	-	1,166
E-Care	-	2,745	-	-	2,745
Other minor	-	42	-	-	42
Total	**-**	**4,600**	**(30)**	**(68)**	**4,502**

Equity investments in other companies	**%**	**01.01.2012**	**Increases/ (Decreases)**	**Write-downs**	**01.01.2012**
Euroqube in liquidation	14,82	549	-	(97)	452
Ansa	6,71	1,166	-	-	1,166
E-Care	-	2,745	300	-	3,045
Other minor	-	42	10	-	52
Total	**-**	**4,502**	**310**	**(97)**	**4,715**

In Euro thousands

The company E-Care is a provider of Business Solutions, involved in development and innovation for its customers, through the provision of End to End CRM outsourcing and operating process solutions.

The company Ansa is the leading news agency in Italy and a leader worldwide; Ansa is a cooperative of 34 members, including the leading publishers of national newspapers, created with a mission to publish and circulate news.

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

During the year, no impairment indicators were identified and therefore no impairment test was carried out.

Based on the information available to the Group, the cost approximates their fair value.

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

AFS Investments	01.01.2011	Share capital increase	Increases/ (Decreases)	Valuation at fair value	Reclassifications	31.12.2011
Banca Monte dei Paschi di Siena SpA	22,126	8,349	(6,250)	(12,255)	(11,970)	-
Assicurazioni Generali SpA	80,997	-	6,954	(15,845)	-	72,106
Total	**103,123**	**8,349**	**704**	**(28,100)**	**(11,970)**	**72,106**

AFS Investments	01.01.2012	Share capital increase	Increases/ (Decreases)	Valuation at fair value	Reclassifications	31.12.2012
Assicurazioni Generali SpA	72,106	-	(8,397)	14,609	-	78,318
UniCredit SpA	-	-	21,730	4,212	-	25,942
Total	**72,106**	**-**	**13,333**	**18,821**	**-**	**104,260**

In Euro thousands

Number	01.01.2011	Share capital increase	Increases	Decreases	Reclassifications	31.12.2011
Banca Monte dei Paschi di Siena SpA	26,000,000	18,720,000	25,280,000	(22,500,000)	(47,500,000)	-
Assicurazioni Generali SpA	5,700,000	-	500,000	-	-	6,200,000

	01.01.2012	Share capital increase	Increases	Decreases	Reclassifications	31.12.2012
Assicurazioni Generali SpA	6,200,000	-	-	(500,000)	-	5,700,000
UniCredit SpA	-	6,500,000	500,000	-	-	7,000,000

The increase of Euro 21.7 million is due to the subscription of 6,500,000 shares relating to the capital increase of UniCredit SpA and to the purchase on the market of 500,000 shares of the company. The decrease of Euro 8.4 million concerns the sale on the market of 500,000 Assicurazioni Generali SpA shares, with a loss of Euro 3.3 million.
The valuation at fair value of these investments at December 31st 2012 was recorded to the Comprehensive Income Statement in the Shareholders' Equity reserve for Euro 18.8 million.

The changes in the fair value reserve are reported below:

	01.01.2011	Increases	Decreases	Release to the income statement	31.12.2011
Fair value reserve	(14,790)	-	(28,100)	20,673	(22,217)
Tax effect	1,296	744	(1,330)	-	710
Fair value reserve, net of tax effect	**(13,494)**	**744**	**(29,430)**	**20,673**	**(21,507)**
Changes in the year					**(8,013)**

	01.01.2012	Increases	Decreases	Release to the income statement	31.12.2012
Fair value reserve	(22,217)	18,821	-	-	(3,396)
Tax effect	710	-	(1,868)	-	(1,158)
Fair value reserve, net of tax effect	**(21,507)**	**18,821**	**(1,868)**	**-**	**(4,554)**
Changes in the year					**16,953**

In Euro thousands

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

7. Other non-current assets

The account, totalling Euro 533 thousand, is composed principally of the receivable of Telefriuli SpA from the Communication Ministry for grants to local television providers under Ministerial Decree No. 378/1999.

8. 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:

	01.01.2011	Provisions	Utilisations	Reclassifications	Other changes	31.12.2011
Deferred tax assets						
Tax losses carried forward	13,286	6,360	(213)	-	-	19,433
Provision for risks and charges	2,475	326	(492)	-	-	2,309
Doubtful debt provision	3,400	610	(1,273)	-	-	2,737
Others	4,700	1,301	(104)	-	(1,289)	4,608
Total	**23,861**	**8,597**	**(2,082)**	**-**	**(1,289)**	**29,087**
Deferred tax liabilities						
Fair value intangible & tangible assets	28,902	-	(240)	-	-	28,662
Diff. fiscal depreciation rates	8,327	49	(221)	-	-	8,155
Reversal amortistion intangible assets	28,834	2,193	(404)	-	-	30,623
Others	265	40	(45)	-	683	943
Total	**66,328**	**2,282**	**(910)**	**-**	**683**	**68,383**
Net deferred tax assets	**(42,467)**	**6,315**	**(1,172)**	**-**	**(1,972)**	**(39,296)**

	01.01.2012	Provisions	Utilisations	Reclassifications	Other changes	31.12.2012
Deferred tax assets						
Tax losses carried forward	19,433	13,785	-	(144)	-	33,074
Provision for risks and charges	2,309	1,436	(863)	1,137	-	4,019
Doubtful debt provision	2,737	482	(532)	-	-	2,687
Others	4,608	952	(2,482)	(993)	(641)	1,444
Total	**29,087**	**16,655**	**(3,877)**	**-**	**(641)**	**41,224**
Deferred tax liabilities						
Fair value intangible & tangible assets	28,662	-	(240)	-	-	28,422
Diff. fiscal depreciation rates	8,155	164	(748)	15,263	-	22,834
Reversal amortistion intangible assets	30,623	2,078	-	(15,375)	-	17,326
Others	943	5	(410)	112	582	1,232
Total	**68,383**	**2,247**	**(1,398)**	**-**	**582**	**69,814**
Net deferred tax assets	**(39,296)**	**14,408**	**(2,479)**	**-**	**(1,223)**	**(28,590)**

In Euro thousands

The increase of the deferred tax assets is principally due to the tax loss provisions in the year. The positive effect is also highlighted of approximately Euro 5 million deriving from the application of Decree Law No. 201/2011 (so-called Monti Decree) which recognised the right of reimbursement of IRES income tax (in consideration of the non-deductibility of IRAP relating to costs incurred for employees and similar costs for the years 2007-2011).
Based on the 2013-2017 forecasts, it is considered that the Group will have, in the coming years, sufficient assessable income to recover the deferred tax assets recorded in the financial statements at December 31st 2012.
The deferred tax provision relates to temporary timing differences on amortisation and depreciation.
The other changes in the deferred tax assets and liabilities include the estimates of the tax effects on the fair value of the investments and the actuarial losses recorded directly to the Comprehensive Income Statement.
The net position for income taxes, represented by the payments on account and other tax credits, net of income taxes payable, is calculated as follows:

	31.12.2012	31.12.2011
Receivables for direct taxes	2,877	1,254
Reimbursement request of direct taxes	1,458	1,458
Other receivables	1,790	732
Payables for IRES/IRAP/substitute taxes	(3,044)	(1,215)
Total	**3,081**	**2,229**

In Euro thousands

The income taxes for the year are as follows:

	2012	2011
Current income taxes	2,843	3,934
Income taxes of prior years	1,109	455
Current income taxes	**3,952**	**4,389**
Provision for deferred tax liabilities	2,247	2,282
Utilisation of deferred tax liabilities	(1,398)	(862)
Change in tax rate	-	(48)
Deferred tax charges	**849**	**1,372**
Recording of deferred tax assets	(16,655)	(8,597)
Utilisation of deferred tax assets	3,877	2,082
Deferred tax income	**(12,778)**	**(6,515)**
Total income taxes	**(7,977)**	**(754)**

In Euro thousands

	31.12.2012	31.12.2011
Current and deferred IRES tax	(11,539)	(4,856)
Current and deferred IRAP tax	2,453	3,647
Income taxes of prior years	1,109	455
Total income taxes	**(7,977)**	**(754)**

In Euro thousands

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

	Assessable	2012 Amount	Effective rate
Risultato ante imposte	**(69.299)**	**(19.057)**	**27,5%**
Permanent differences increase (decrease)			
Dividends	(1,177)	(324)	
Write-down of investments	97	27	
Non-deductible costs	3,390	932	
Write-down of indefinite intangible assets	34,000	9,350	
Share of expenses/income from equity investments	3,247	893	
Other permanent differences	(12,217)	(3,360)	
Total current and deferred IRES tax	**(41,959)**	**(11,539)**	**16.7%**

In Euro thousands

9. Inventory

Inventories at December 31st 2012 amount to Euro 3.32 million (Euro 3.67 million at December 31st 2011) and consist exclusively of raw materials (principally paper and ink), ancillary and consumables.
The change of inventory recorded in the income statement amounts to a decrease of Euro 350 thousand 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 weighed average cost method, and the realisable value. The net realisable value of inventories amounts to Euro 3.32 million. There is no inventory provided as a guarantee on liabilities.

10. Trade receivables

The breakdown is as follows:

	31.12.2012	31.12.2011
Trade receivables	70,946	78,790
Provisions for doubtful debts	(12,704)	(13,008)
Trade receivables	**58,242**	**65,782**
Receivables from related parties	1,474	1,619
Advances to suppliers	27	145
Trade receivables beyond 12 months	1,901	1,901
Provision for doubtful debt >12	(1,296)	(1,296)
Total trade receivables	**60,348**	**68,151**

In Euro thousands

Trade receivables principally relate to Group advertising revenues from Piemme SpA (Euro 61.9 million).
The doubtful debt provision was utilised in the year for Euro 2.32 million and increased by Euro 2.02 million for the provisions made in the year.
The value of trade receivables, adjusted by the relative doubtful debt provision, approximates their fair value.
The table below shows the ageing of the trade receivables at December 31st 2012 and at December 31st 2011.

	31.12.2012	31.12.2011
Not yet due	**35,810**	**44,682**
1-30 days	7,302	5,896
30-60 days	3,262	4,087
60-90 days	2,312	2,443
Over 90 days	22,260	21,682
Overdue	**35,136**	**34,108**
Total Gross Value	**70,946**	**78,790**
Provisions for doubtful debts	(12,704)	(13,008)
Trade receivables	**58,242**	**65,782**

In Euro thousands

The amount of receivables due beyond 90 days is not a result of payment problems, but relates to receivables of an advertising agency with historic average payment times of approx. 100 days.

11. Current investments and securities

In January 2012, Banca Monte dei Paschi di Siena SpA shares totalling 47,500,000 were sold on the market for a total value of Euro 10.7 million, with a loss of Euro 1.3 million.

12. Current financial assets

The breakdown is as follows:

	31.12.2012	31.12.2011
Financial assets from associated companies	1,536	1,536
Accrued interest	-	12
Total current financial assets	**1,536**	**1,548**
of which related parties	*1,536*	*1,536*

In Euro thousands

Euro 1.5 million refers entirely to the non-interest bearing loan granted to the associated company Rofin 2008 Srl.

13. Other current assets

The breakdown is as follows:

	31.12.2012	31.12.2011
Employee receivables	111	231
VAT receivables	607	318
Receivables from related parties	-	-
Other accounts receivable	942	538
Prepaid expenses	632	710
Total other current assets	**2,292**	**1,797**

In Euro thousands

The account Other receivables principally relates to receivables from social security institutions for Euro 286 thousand and Other receivables for Euro 539 thousand.

14. Cash and cash equivalents

The breakdown is as follows:

	31.12.2012	31.12.2011
Bank and post office deposits	96,618	211,084
Bank and postal deposits with related parties	92,197	19,130
Cash in hand and similar	87	80
Total cash and cash equivalents	**188,902**	**230,294**

In Euro thousands

The reduction in cash and cash equivalents at December 31st 2012 is essentially due to the distribution of dividends for Euro 3.7 million, net investments in listed shares for Euro 5.9 million and cash needs generated from operating activity.
The average interest rate on the bank deposits in Euro was 2.6% (1.9% in 2011).
In relation to the variable rate of liquidity, an annual interest rate increase of 1%, at like-for-like terms, would have a positive impact on the net profit of approx. Euro 1.9 million. A decrease in interest rates of the same level would have a corresponding negative impact.
Bank and postal deposits with related parties refer principally to the positions with UniCredit SpA.

liabilities and shareholders' equity

15. Shareholders' Equity

	31.12.2012	31.12.2011
Share Capital	125,000	125,000
Quotation charges	(18,865)	(18,865)
Treasury shares	(440)	(170)
Reserve for treasury shares	440	170
Fair value reserve	(4,554)	(21,507)
Other reserves	630,051	666,481
Net loss	(60,979)	(30,737)
Group net equity	**670,653**	**720,372**
Minority interest N.E.	(32)	127
Total net equity	**670,621**	**720,499**

In Euro thousands

The share capital amounts to Euro 125 million, consisting of 125 million ordinary shares at a nominal value of Euro 1 each.
All of the ordinary shares issued are fully paid-in. There are no shares subject to guarantees or restrictions on the distribution of dividends. At December 31st 2012 Caltagirone Editore SpA had 433,570 treasury shares in portfolio, comprising 0.3468% of the share capital, for a value of Euro 440,382.
The fair value reserve (for greater details reference should be made to Note 5), negative for Euro 4.55 million, includes the net changes in the year of Euro 16.95 million, concerning the market value adjustments of investments in other companies held-for-sale.
The Other Reserves include:

- share premium reserve of Euro 482.3 million;
- legal reserve of the Parent Company of Euro 25 million, set up pursuant to Article 2430 of the Civil Code;
- consolidation reserves, consisting of the higher value of the Group's share of net equity compared to the cost of some equity investments and retained earnings for a total amount of Euro 103.3 million;
- actuarial losses reserve relating to the application of IAS 19 for post-employment benefits, amounting to Euro 1.7 million, net of the relative tax effect. The decrease in the year of Euro 1.7 million is essentially due to the change in the discount rate utilised in the valuation of the provision;

• reserves relating to the application of IAS standards of Euro 16.9 million;
• other reserves of the Parent Company of Euro 4.2 million.

Liabilities

16. Personnel

Post-employment benefits and employee provisions

Post-employment benefits 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, together with the senior management indemnity provision, 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:

	31.12.2012	31.12.2011
Annual technical discounting rate	3.30%	4.60%
Annual inflation rate	2.20%	2.20%
Annual increase in employee leaving indemnity	3.15%	3.15%
Annual increase in salaries	3.00%	3.00%

In relation to the senior manager indemnity provision, the annual discount rate is 2.70% and the annual compensation increase rate is 3.5%.

In relation to the choice of the discounting rate, with reference to the current high degree of volatility on the financial markets, and indications provided by the National Association of Actuaries, it was decided to utilise as a benchmark the Eurozone Iboxx Corporate A index with duration in line with the average financial duration of the liabilities subject to evaluation compared to the Eurozone Iboxx Corporate AA index utilised for the valuation in the previous year. The application of the index utilised at December 31st 2011 would not have resulted in a significant increase in the liability.

The movements in the year are as follows:

	2012	2011
Net liability at January 1st	**32,627**	**40,138**
Current cost in the year (service costs)	303	243
Interest charge (interest cost)	1,461	1,359
Actuarial gains/(losses)	2,235	(5,168)
(Services paid)	(4,948)	(3,945)
Net liability at December 31st	**31,678**	**32,627**

In Euro thousands

The significant change in the actuarial gain/loss is related to the choice and the application of an annual technical discount rate considered closer to the reality for the Group.
The comparison between the employee benefit provision and the liability in accordance with Italian regulations is as follows:

	01.01.2011	31.12.2011	31.12.2012
Nominal value of the provision	37,741	35,263	31,730
Actuarial adjustment	2,397	(2,636)	(52)
Total DBO	**40,138**	**32,627**	**31,678**

In Euro thousands

As illustrated in the movement, the change between the liability determined in accordance with Italian regulations and IFRS is essentially due to the change in the discount rate utilised, as described previously.

Employee cost and numbers

	2012	2011
Wages and salaries	61,443	63,998
Social security	20,973	21,649
Post-employment prov.	303	243
Employee leaving indemnity to complementary fund	4,156	4,360
Other costs	11,310	4,224
Total personnel costs	**98,185**	**94,474**

In Euro thousands

Other costs include charges concerning labour disputes, leaving incentives and the social security institution contributions from the restructuring in the year of Euro 7.9 million.
The following table shows the average number of employees by category:

	31.12.2012	31.12.2011	Average 2012	Average 2011
Executives	23	27	25	28
Managers & white collar	339	376	364	386
Journalists	483	509	491	505
Print workers	131	148	143	152
Total	**976**	**1,060**	**1,023**	**1,071**

17. Provisions for risks and charges

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at 01.01.2011	**11,097**	**446**	**1,755**	**13,298**
Provisions	812	-	1,346	2,158
Utilisations	(1,111)	(76)	(1,421)	(2,608)
Balance at 31.12.2011	**10,798**	**370**	**1,680**	**12,848**
of which:				
current portion	*4,288*	*-*	*1,434*	*5,722*
non-current portion	*6,510*	*370*	*246*	*7,126*
Total	**10,798**	**370**	**1,680**	**12,848**
Balance at 01.01.2012	**10,798**	**370**	**1,680**	**12,848**
Provisions	1,085	268	10,094	11,447
Utilisations	(1,156)	(27)	(1,065)	(2,248)
Balance at 31.12.2012	**10,727**	**611**	**10,709**	**22,047**
of which:				
current portion	*3,868*	*268*	*10,497*	*14,633*
non-current portion	*6,859*	*343*	*212*	*7,414*
Total	**10,727**	**611**	**10,709**	**22,047**

In Euro thousands

The provision for legal disputes refers principally to the provisions made by the companies Il Messaggero SpA, Il Mattino SpA and Il Gazzettino SpA against liabilities deriving from damages requested for slander and from employees. The provision was estimated taking into consideration the nature of the business, based on experience in similar cases and of all the information available at the date of the preparation of the

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 provisions for other risks principally include charges relating to the restructuring plans of Il Messaggero SpA, Il Mattino SpA and Centro Stampa Veneto SpA; the provisions are included under other labour costs. The provision includes also a liability for approx. Euro 1.5 million concerning penalities from tax assessments for previous years following the audit by the Tax Agency on the subsidiary Finced and currently being drawn up.

18. Financial liabilities

	31.12.2012	31.12.2011
Payables for assets in leasing	-	27
Amounts due to banks	23,749	28,841
Non-current financial liabilities	**23,749**	**28,868**
Amounts due to banks	6,159	14,682
Payables to related companies	1,117	2,394
Short-term portion of non-current loans	5,032	4,761
Payables for assets in leasing	26	195
Current financial liabilities	**12,334**	**22,032**

In Euro thousands

The due dates of the financial liabilities are as follows:

	31.12.2012	31.12.2011
Within 3 months	7,276	11,644
Between 3 months & 1 year	5,058	10,388
Current financial payables	**12,334**	**22,032**
Between 1 and 2 years	5,085	4,906
Between 2 and 5 years	15,577	15,379
Over 5 years	3,087	8,583
Non-current financial payables	**23,749**	**28,868**
Total financial payables	**36,083**	**50,900**

In Euro thousands

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

	2012	2011
Non-current financial payables		
Amounts owing to banks	2.0	2.3
Other financial payables	-	2.2
Current financial payables		
Amounts owing to banks	3.0	3.4
Short-term portion of non-current loans	2.0	2.3

Values in %

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. In addition, a special privileged guarantee was given on the factory assets amounting to Euro 60 million, in addition to a bank surety of the Parent Company of Euro 37.9 million.
In relation to the variable rate of financial liabilities, an annual interest rate increase of 1%, at like-for-like terms, would have a negative impact on the net profit of approx. Euro 361 thousand. A decrease in interest rates of the same level would have a corresponding positive impact.
The value of the financial liabilities approximates their fair value.

19. Other Liabilities

	2012	2011
Other non-current liabilities		
Other payables	120	114
Deferred income	3,614	3,547
Total	**3,734**	**3,661**
Other current liabilities		
Social security institution	7,820	8,143
Employee payables	7,931	8,656
VAT payables	525	547
Withholding taxes	4,477	4,091
Other payables	10,023	9,284
Payables to related companies	10	12
Deferred income	303	235
Total	**31,089**	**30,968**

In Euro thousands

Other payables include Euro 4.9 million as the amount available to the Board of Directors in accordance with Article 25 of the By-laws which establishes the allocation to this account of 2% of net profit.

20. Trade payables

	31.12.2012	31.12.2011
Accounts payable to suppliers	26,356	29,126
Payables to related companies	693	158
	27,049	**29,284**

In Euro thousands

Trade payables principally refer to operating subsidiaries in the publishing sector and relate to the purchase of raw materials, services and capital expenditures. The book value of the trade payables approximates their fair value.
There are no payables due over 12 months.

21. Revenues from sales and services

	2012	2011
Circulation revenues	73,574	77,360
Promotions revenues	747	1,098
Advertising	113,378	139,860
Total revenues from sales and services	**187,699**	**218,318**
of which related parties	*1,160*	*2,728*

In Euro thousands

Sales and advertising revenues of the principal newspaper titles, both entirely realised in Italy, were affected by the economic-financial crisis of recent years. The performances are commented upon in detail in the Directors' Report to which reference is made.

22. Other operating revenues

	2012	2011
Operating grants	1,048	314
Recovery of expenses from third parties	2,684	1,715
Capital grant contributions	338	338
Rent, leases and hire charges	144	120
Gains on disposal of assets	11	57
Reimbursements and claims	736	689
Subsidised tariffs	595	716
Other revenues	2,183	3,723
Total other operating revenues	**7,739**	**7,672**
of which related parties	*97*	*18*

In Euro thousands

23. Raw material costs

	2012	2011
Paper	21,587	23,797
Other publishing materials	4,377	4,731
Other	2	3
Change in inventory of raw materials and goods	350	(350)
Total raw materials costs	**26,316**	**28,181**

In Euro thousands

The movement in paper costs is related to the increase in the unitary prices in the first half of 2012 and the reduction in quantities used in production. For further information, reference should be made to the Directors' Report.

14. *Other operating costs*

	2012	2011
Editorial services	16,489	17,458
Transport and delivery	13,076	16,061
Outside contractors	8,088	9,349
Promotions	493	806
Advertising & promotions	2,644	3,647
Commissions and agent costs	8,885	9,101
Utilities and power	2,791	2,440
Maintenance and repair costs	3,817	3,774
Consulting	3,373	3,358
Purchase of advertising space third parties	298	166
Directors and statutory auditors fees	2,186	2,467
Insurance, postal and telephone	1,774	1,821
Cleaning and security	965	905
Subcontractors and other services	2,147	2,321
Independent auditors fees	285	412
Other costs	8,265	8,280
Total service costs	**75,576**	**82,366**
Rental	6,403	6,439
Hire	1,220	1,879
Others	32	100
Total rent, lease and hire costs	**7,655**	**8,418**
Other operating charges	3,495	3,732
Others	373	141
Total other costs	**3,868**	**3,873**
Total other operating costs	**87,099**	**94,657**
of which related parties	*6,423*	*6,300*

In Euro thousands

25. *Amortisation, depreciation & provisions*

	2012	2011
Amortisation of intangible assets	699	627
Depreciation of tangible assets	8,158	8,300
Provision for risks and charges	1,635	812
Intangible assets with an indefinite life	34,000	-
Doubtful debt provision	2,020	2,428
Deprec., amortisation, provisions & write-downs	**46,512**	**12,167**

In Euro thousands

The depreciation of tangible fixed assets principally relates to the depreciation on printing and rotary plant.
In relation to the write-down of intangible assets with indefinite life reference should be made to Note 2.

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

	2012	2011
Losses on investments at equity		
Rofin 2008 Srl	(3,247)	(2)
Total	**(3,247)**	**(2)**
Financial income		
Dividends	1,240	3,202
Interest on bank deposits	4,269	4,365
Exchange gains	860	478
Revaluations of investments	-	153
Other financial income	114	47
Total	**6,483**	**8,245**
Financial charges		
Loss on sale of investments	(4,568)	(12,846)
Write-down of investments	(97)	(20,750)
Loan interest	(584)	(843)
Interest on bank accounts	(750)	(540)
Interest on leaving indemnity	(1,461)	(1,359)
Banking commissions and charges	(200)	(243)
Exchange losses	(2,041)	-
Other financial expenses	(160)	(117)
Total	**(9,861)**	**(36,698)**
Net financial income (charges)	**(3,378)**	**(28,453)**

In Euro thousands

The dividends included in the financial income relate to the shareholding in Assicurazioni Generali SpA.
The loss on the sale of investments concerns the sale on the market of listed shares, as commented upon previously at Notes 4 and 11.

27. Earnings per share

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

	2012	2011
Net Result	(60,978)	(30,737)
Number of ordinary shares outstanding (000)	125,000	125,000
Net Earnings per share	**(0.488)**	**(0.246)**

The diluted earning per share is identical to the basic earnings per share as Caltagirone Editore SpA has only issued ordinary shares.
In 2012, dividends were distributed of Euro 0.03 per share, totaling Euro 3.75 million.

28. Other Consolidated Comprehensive Income Statement items

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

	31.12.2012			31.12.2011		
	Gross value	**Tax effect**	**Net value**	**Gross value**	**Tax effect**	**Net value**
Actuarial gain/loss on leaving indemnity	(2,319)	638	(1,681)	5,055	(1,390)	3,665
Gain/(loss) from recalculation of available-for-sale financial assets, net of fiscal effect	18,821	(1,868)	16,953	(7,427)	(586)	(8,013)

In Euro thousands

29. Transactions with related parties

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

There are no atypical or unusual transactions which are not within the normal business operations. The following tables report the values.

31.12.2011	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total account item	% on total account items
Year-end balance							
Trade receivables	-	840	-	779	1,619	68,151	2.38%
Current financial assets	-	1,536	-		1,536	1,548	99.22%
Cash and cash equivalents	-	-	-	19,130	19,130	230,294	8.31%
Trade payables	-	-	-	158	158	29,284	0.54%
Current financial liabilities	-	-	-	2,394	2,394	22,032	10.87%
Other current liabilities	-	-	-	12	12	30,968	0.04%
P&L transactions							
Revenues	-	-	502	2,226	2,728	218,318	1.25%
Other operating revenues	-	-	7	11	18	7,672	0.23%
Other operating costs	1,013	-	4,837	450	6,300	94,657	6.66%
Financial income	-	-	-	7,009	7,009	8,245	85.01%
Financial charges	-	-	-	208	208	36,698	0.57%

31.12.2012	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total account item	% on total account items
Year-end balance							
Trade receivables	-	840	-	634	1,474	60,348	2.44%
Current financial assets	-	1,536	-	-	1,536	1,536	100.00%
Cash and cash equivalents	-	-	-	92,197	92,197	188,902	48.81%
Trade payables	605	-	-	46	651	27,049	2.41%
Current financial liabilities	-	-	-	1,117	1,117	12,334	9.06%
Other current liabilities	-	-	-	10	10	31,090	0.03%
P&L transactions							
Revenues	-	-	606	554	1,160	187,699	0.62%
Other operating revenues	-	-	97	-	97	7,739	1.25%
Other operating costs	-	-	6,317	106	6,423	87,099	7.37%
Financial income	-	-	-	3,223	3,223	6,483	49.71%
Financial charges	-	-	-	164	164	9,862	1.66%

In Euro thousands

Trade receivables principally relate to the subsidiary Gazzettino SpA and the associated company Pubblieditor Srl in liquidation.
The account other current financial assets include the non-interest bearing shareholder loan provided by the Parent Company to the associated company Rofin 2008 Srl.
Cash and cash equivalents and current financial liabilities and financial charges concern the operations in place at December 31st 2012 with the credit institutions UniCredit SpA and Banca Finnat Euramerica SpA.
Trade payables to Parent Companies refer to the invoices received from Caltagirone SpA for services performed during the year.
Operating revenues principally concern the advertising carried out with Group newspapers by companies under common control.
Operating costs also include rental costs by the Parent Company and Il Messaggero SpA for their respective head offices from companies under common control.
The account financial income concerns dividends received from Assicurazioni Generali SpA and interest income on bank deposits at UniCredit SpA.

30. Business segment information

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

2011	Newspapers	Advertising revenues	Other activities	Consolidated adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Sector revenues – third parties	84,097	141,353	535	5	225,990	-	225,990
Inter-segment revenues	108,279	858	1,648	(148)	110,637	(110,637)	-
Segment revenues	**192,376**	**142,211**	**2,183**	**(143)**	**336,627**	**(110,637)**	**225,990**
Segment Ebitda	**7,940**	**3,628**	**(2,747)**	**(143)**	**8,678**	**-**	**8,678**
Depreciation, amortisation, provisions & write-downs	9,123	2,741	446	(143)	12,167	-	12,167
Ebit	**(1,183)**	**887**	**(3,193)**	**-**	**(3,489)**	**-**	**(3,489)**
Net financial income/(charges)	-	-	-	-	-	-	(28,453)
Net result of the share of associates	-	-	-	-	-	-	(2)
Loss before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**(31,944)**
Income taxes	-	-	-	-	-	-	754
Net loss	**-**	**-**	**-**	**-**	**-**	**-**	**(31,190)**
Segment assets	545,044	75,941	302,031	26,154	949,170	-	949,170
Segment liabilities	206,706	16,397	6,804	(1,236)	228,671	-	228,671
Equity investments valued at net equity	845	-	13	-	858	-	858
Investments in intangible and tangible fixed assets	1,542	188	151	-	1,881	-	1,881

2012	Newspapers	Advertising revenues	Other activities	Consolidated adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Sector revenues – third parties	79,513	114,227	1,694	4	195,438	-	195,438
Inter-segment revenues	88,014	902	2,285	(4)	91,197	(91,197)	-
Segment revenues	**167,527**	**115,129**	**3,979**	**-**	**286,635**	**(91,197)**	**195,438**
Segment Ebitda	**(12,599)**	**(1,673)**	**(1,890)**	**-**	**(16,162)**	**-**	**(16,162)**
Depreciation, amortisation, provisions & write-downs	22,003	3,229	21,280	-	46,512	-	46,512
Ebit	**(34,602)**	**(4,902)**	**(23,170)**	**-**	**(62,674)**	**-**	**(62,674)**
Net financial income/(charges)	-	-	-	-	-	-	(3,379)
Net result of the share of associates	-	-	-	-	-	-	(3,247)
Loss before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**(69,300)**
Income taxes	-	-	-	-	-	-	7,977
Net loss	**-**	**-**	**-**	**-**	**-**	**-**	**(61,323)**
Segment assets	418,659	68,823	377,077	27,556	892,115	-	892,115
Segment liabilities	192,723	18,371	10,212	188	221,494	-	221,494
Equity investments valued at net equity	845	-	(3,234)	3,234	845	-	845
Investments in intangible and tangible fixed assets	1,472	163	168	-	1,803	-	1,803

In Euro thousands

The write-down of the goodwill in the year, as further described in Note 2, is attributable exclusively to the publishing sector.

31. Net Cash Position

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

	31.12.2012	31.12.2011
A. Cash	87	80
B. Bank deposits	188,815	230,214
D. Liquidity (A)+(B)	**188,902**	**230,294**
E. Current financial receivables	**1,536**	**1,548**
F. Bank payables – current portion	7,276	17,076
G. Current portion of long-term loans	5,032	4,761
H. Current payables to other lenders	26	195
I. Current debt (F)+(G)+(H)	**12,334**	**22,032**
J. Net current cash position (I)-(E)-(D)	**(178,104)**	**(209,810)**
K. Non-current bank payables	23,749	28,841
L. Non-current payables to other lenders	-	27
M. Non-current financial debt (K)+(L)	**23,749**	**28,868**
N. Net cash position (J)+(M)	**(154,355)**	**(180,942)**

In Euro thousands

32. Guarantees and commitments

At December 31st 2012, the Group provided guarantees or commitments to third parties for Euro 98 million, while at December 31st 2011 guarantees and commitments totaled Euro 138 million. The change in the year relates to the cancellation of the mortgages and privileges granted against the loan received from Mediocredito SpA and completely extinguished.

	31.12.2012	31.12.2011
Bank and insurance sureties given	38,379	38,584
Bank and insurance sureties received	60	60
Bills at banks	-	2,230
Mortgages and privileges	60,000	97,510
Total	**98,439**	**138,384**

In Euro thousands

33. Other information

Assignments conferred to the audit firm and related remuneration

The table below shows the payments made to the audit firm PricewaterhouseCoopers SpA in accordance with Article 149 of Consob Resolution No. 11971/99 in 2012.

Company	Independent Auditor	Period	Audit service charges	Annual Fees
Caltagirone Editore SpA	PWC SpA	2012/2020	29,000	29,000
Il Mattino SpA	PWC SpA	2012/2020	29,500	29,500
Piemme SpA	PWC SpA	2012/2020	25,500	25,500
Il Messaggero SpA	PWC SpA	2012/2020	34,500	34,500
Leggo SpA	PWC SpA	2012/2020	14,200	14,200
Finced Srl	PWC SpA	2012/2020	5,000	5,000
Corriere Adriatico SpA	PWC SpA	2012/2020	18,000	18,000
Quotidiano di Puglia SpA	PWC SpA	2012/2013/2014	24,000	24,000
Il Gazzettino SpA	PWC SpA	2012/2020	27,500	27,500
ITV SpA	PWC SpA	2012/2013/2014	8,300	8,300
CSV SpA	PWC SpA	2012/2013/2014	13,500	13,500
Telefriuli SpA	PWC SpA	2012/2013/2014	11,000	11,000
Total			**240,000**	**240,000**
Caltagirone Editore SpA				29,000
Subsidiaries				211,000
Total				**240.000**

In Euro thousands

34. Hierarchy of fair value according to IFRS 7

In relation to financial instruments recorded at fair value, IFRS 7 requires that these values are classified based on a hierarchy of levels which reflects the sources of the input utilised in the determination of the fair value. Therefore the following hierarchy levels are established:

- level 1 – determination of fair value based on prices listed in active markets by class of asset or liability subject to valuation;
- level 2 – determination of fair value based on input other than the listed prices included at “level 1” but which are directly observable (prices) and indirectly (derivatives from prices) on the market; instruments not characterised by sufficient level of liquidity or which do not express in a continuous manner a “binding” market listing are included in this category;
- level 3 – determination of the fair value based on valuation models whose input is not based on observable market data.

The following table shows the hierarchy level for the assets and liabilities which are valued at fair value:

31.12.2012	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
AFS financial assets at fair value	7	104,260	-	-	104,260
Totale assets		**104,260**	**-**	**-**	**104,260**

Valori in migliaia di euro

In 2012 no transfers occurred between the various levels and no changes took place in “level 3”.

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 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 consolidated financial statements for 2012.

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. It is also declared that:

3.1 the Consolidated 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) correspond 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 Directors' Report, prepared using a standard format for both the individual and consolidated financial statements, 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 12th 2013

The Chairman	**The Executive Responsible**
Mr. Francesco Gaetano Caltagirone	Mr. Roberto Di Muzio

CALTAGIRONE EDITORE

financial statements
at December 31st, 2012

balance sheet
assets

ASSETS	Notes	31.12.2012	31.12.2011
Non-current assets			
Property, plant and equipment	1	9,076	9,669
Equity investments valued at cost	2		
subsidiary companies		*440,507,250*	*382,265,194*
associated companies		*-*	*17,356*
other companies		*3,044,983*	*2,745,000*
Equity investments and non-current securities	3	46,029,000	38,960,500
Deferred tax assets	4	27,309,496	16,869,405
TOTAL NON-CURRENT ASSETS		**516,899,805**	**440,867,124**
Current assets			
Trade receivables	5	288,076	697,378
of which related parties		*288,076*	*690,000*
Equity investments and current securities	6	-	6,930,000
Current financial assets	7	37,985,914	84,315,566
of which related parties		*37,985,914*	*84,304,061*
Tax receivables	4	871,191	54,458
Other current assets	8	3,553,310	2,459,302
of which related parties		*3,052,711*	*2,247,791*
Cash and cash equivalents	9	183,559,478	119,577,489
of which related parties		*87,817,027*	*19,045,862*
TOTAL CURRENT ASSETS		**226,257,969**	**214,034,193**
TOTAL ASSETS		**743,157,774**	**654,901,317**

In Euro

balance sheet
shareholders' equity and liabilities

SHAREHOLDERS' EQUITY & LIABILITIES	Notes	31.12.2012	31.12.2011
Net equity			
Share capital		125,000,000	125,000,000
Share capital issue costs		(18,864,965)	(18,864,965)
Other reserves		528,095,522	554,674,675
Loss for the year		(26,713,206)	(29,627,574)
TOTAL SHAREHOLDERS' EQUITY	**10**	**607,517,351**	**631,182,136**
Liabilities			
Non-current liabilities			
Employee provisions	11	71,293	54,514
Deferred tax liabilities	4	2,221	3,607
TOTAL NON-CURRENT LIABILITIES		**73,514**	**58,121**
Current liabilities			
Current provisions	12	5,075,452	2,725,782
Trade payables	13	1,753,878	180,086
of which related parties		*1,635,078*	*42,761*
Current financial liabilities	14	100,173,794	4,099,765
of which related parties		*100,173,794*	*4,099,715*
Current income tax payables	4	25,467	-
Other current liabilities	15	28,538,318	16,655,427
of which related parties		*23,199,170*	*11,268,763*
TOTAL CURRENT LIABILITIES		**135,566,909**	**23,661,060**
TOTAL LIABILITIES		**135,640,423**	**23,719,181**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**743,157,774**	**654,901,317**

In Euro

income statement

	Notes	31.12.2012	31.12.2011
Other operating revenues	16	892,564	700,845
of which related parties		*813,105*	*700,845*
TOTAL OPERATING REVENUES		**892,564**	**700,845**
Labour costs	11	554,621	603,016
Other operating charges	17	2,471,414	2,415,142
of which related parties		*1,415,972*	*1,449,226*
TOTAL OPERATING COSTS		**3,026,035**	**3,018,158**
EBITDA		**(2,133,471)**	**(2,317,313)**
Amortisation, depreciation, provisions & write-downs	18	2,783	5,732
EBIT		**(2,136,254)**	**(2,323,045)**
Financial income		4,938,960	4,781,776
of which related parties		*2,651,327*	*4,479,532*
Financial charges		28,955,374	35,509,127
of which related parties		*2,175,697*	*79,330*
Net financial income/(charges)	**19**	**(24,016,414)**	**(30,727,351)**
LOSS BEFORE TAXES		**(26,152,668)**	**(33,050,396)**
Income taxes for the year	4	560,538	(3,422,822)
LOSS FROM CONTINUING OPERATIONS		**(26,713,206)**	**(29,627,574)**
NET LOSS FOR THE YEAR		**(26,713,206)**	**(29,627,574)**

In Euro

comprehensive income statement

	Notes	31.12.2012	31.12.2011
NET LOSS FOR THE YEAR		**(26,713,206)**	**(29,627,574)**
Gain/(loss) from recalculation of AFS financial assets, net of fiscal effect	10	7,068,500	(1,081,532)
Effect of actuarial gain/loss, net of tax effect		(3,653)	6,262
NET INCOME/(CHARGES) RECORDED IN EQUITY		**7,064,847**	**(1,075,270)**
TOTAL NET LOSS FOR THE YEAR		**(19,648,359)**	**(30,702,844)**

In Euro

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2011

	Share capital	Quotation charges	Treasury shares	Fair value reserve	Other reserves	Net profit/(loss)	Total Net equity
Balance at January 1st, 2011	**125,000,000**	**(18,864,965)**	**-**	**(6,416,942)**	**574,671,168**	**(6,084,288)**	**668,304,973**
Dividends payable	-	-	-	-	(6,250,000)	-	(6,250,000)
Previous year results carried forward	-	-	-	-	(6,084,288)	6,084,288	-
Treasury shares in portfolio	-	-	(169,993)	-	-	-	(169,993)
Total operations with shareholders	**125,000,000**	**(18,864,965)**	**(169,993)**	**(6,416,942)**	**562,336,880**	**-**	**661,884,980**
Change in fair value reserve	-	-	-	(1,081,532)	-	-	(1,081,532)
Change in employment termination reserve	-	-	-	-	6,262	-	6,262
Net result	-	-	-	-	-	(29,627,574)	(29,627,574)
Total profit/(loss) for the year	**-**	**-**	**-**	**(1,081,532)**	**6,262**	**(29,627,574)**	**(30,702,844)**
BALANCE AT DECEMBER 31st, 2011	**125,000,000**	**(18,864,965)**	**(169,993)**	**(7,498,474)**	**562,343,142**	**(29,627,574)**	**631,182,136**

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2012

	Share capital	Quotation charges	Treasury shares	Fair value reserve	Other reserves	Net profit/(loss)	Total Net equity
Balance at January 1st, 2012	**125,000,000**	**(18,864,965)**	**(169,993)**	**(7,498,474)**	**562,343,142**	**(29,627,574)**	**631,182,136**
Dividends payable	-	-	-	-	(3,746,036)	-	(3,746,036)
Previous year results carried forward	-	-	-	-	(29,627,574)	29,627,574	-
Treasury shares in portfolio	-	-	(270,389)	-	-	-	(270,389)
Total operations with shareholders	**125,000,000**	**(18,864,965)**	**(440,382)**	**(7,498,474)**	**528,969,532**	**-**	**627,165,711**
Change in fair value reserve	-	-	-	7,068,500	-	-	7,068,500
Change in employment termination reserve	-	-	-	-	(3,653)	-	(3,653)
Other changes					(1)		(1)
Net result	-	-	-	-	-	(26,713,206)	(26,713,206)
Total profit/(loss) for the year	**-**	**-**	**-**	**7,068,500**	**(3,654)**	**(26,713,206)**	**(19,648,359)**
BALANCE AT DECEMBER 31st, 2012	**125,000,000**	**(18,864,965)**	**(440,382)**	**(429,974)**	**528,965,878**	**(26,713,206)**	**607,517,351**

In Euro

cash flow statement

	Notes	31.12.2012	31.12.2011
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**10**	**119,577,489**	**148,085,756**
Net loss for the year		(26,713,206)	(29,627,574)
Amortisation & depreciation		2,783	5,732
(Revaluations) and write-downs		23,980,309	22,483,668
Net financial income/(charges)		(623,342)	(4,592,199)
of which related parties		*(475,630)*	*(4,400,202)*
(Gains)/losses on disposals		659,446	12,835,882
Income taxes		560,539	(3,422,822)
Changes in employee provisions		11,740	9,784
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(2,121,731)**	**(2,307,529)**
(Increase)/Decrease in trade receivables		409,304	150,118
Increase/(Decrease) in trade payables		(517,756)	(309,983)
Change in other current and non-current liabilities		10,858,539	309,462
Change in deferred and current income taxes		(11,795,183)	(2,883,629)
OPERATING CASH FLOW		**(3,166,827)**	**(5,041,561)**
Dividends received		670,000	2,144,500
of which related parties		*670,000*	*2,144,500*
Interest received		4,264,227	2,517,183
of which related parties		*1,981,327*	*2,324,695*
Interest paid		(182,828)	(88,534)
of which related parties		*(71,107)*	*(60,346)*

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	Notes	31.12.2012	31.12.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		**1,584,572**	**(468,412)**
Investments in tangible fixed assets		(2,191)	-
Non-current investments and securities		(3,524,132)	(4,873,529)
Sale of equity investments and non-current securities		215,053	92,500
(Increase)/Decrease in equity investments and current securities		6,270,553	(5,161,647)
Change in current financial assets		(30,582,960)	(10,156,334)
B. CASH FLOW FROM INVESTING ACTIVITIES		**(27,623,677)**	**(20,099,010)**
Change in current financial liabilities		96,074,029	(1,619,103)
Dividends distributed		(3,746,036)	(6,250,000)
Other changes		(270,389)	(169,993)
C. CASH FLOW FROM FINANCING ACTIVITIES		**92,057,604**	**(8,039,096)**
D. EFFECT EXCHANGE DIFFERENCES ON CASH & CASH EQUIVALENTS		**(2,036,510)**	**98,251**
Change in net liquidity		**63,981,989**	**(28,508,267)**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**10**	**183,559,478**	**119,577,489**

In Euro

CALTAGIRONE EDITORE

notes

to the financial statements

as at December 31st, 2012

Introduction

Caltagirone Editore SpA (Parent Company) is a limited liability company with its registered office at Rome (Italy), Via Barberini, No. 28.

At the date of the present report, 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:

1. **Francesco Gaetano Caltagirone** 75,955,300 shares (60.76%).
   This investment is held:
   – directly for 6,200,000 shares (4.960%)
   – indirectly through the Companies:
     - Parted 1982 SpA (35.56%)
     - Gamma Srl (7.20%)
     - FGC Finanziaria Srl (13.09%)
2. **Gaetano Caltagirone** 3,000,000 shares (2.40%).
3. **Edizione Srl** 2,799,000 shares (2.24%).

In relation to the identification of the shareholders with holdings above 2% of the share capital, in the recording of the 2011 dividend payment, paid in May 2012, among others, dividends were paid on a total of 3,727,591 shares belonging to the Credit Suisse Equity Fund, representing 2.982% of the share capital.

The present financial statements were authorised for publication by the Directors on March 12th 2013.

Compliance with international accounting standards approved by the European Commission

The financial statements at December 31st 2012 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").

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.

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 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.

The accounting principles and criteria applied in the present financial statements are in line with those adopted in the financial statements for the year ended December 31st 2011, with the exception of the principles adopted from January 1st 2012. In this regard the following is reported:

Standards, amendments and new interpretations on Standards effective from 2012

There are no amendments, interpretations, or modifications which entered into force from January 1st 2012.

Standards, amendments and new interpretations on Standards effective from the periods subsequent to 2012 and not adopted in advance by the company

- Amendments to IAS 1 – Presentation of Financial Statements - disclosure in the financial statements of the other components in the comprehensive income statement, adopted with Regulation (EU) 475/2012 published on June 5th 2012;
- amendment to IAS 12 – Income Taxes - deferred taxes relating to property investments valued at fair value, adopted with Regulation (EU) 1255/2012 published on December 11th 2012;
- amendment to IAS 19 – Employee benefits - elimination of the corridor method, adopted with Regulation (EU) 475/2012 published on June 5th 2012;
- amendment to IAS 27 – Separate Financial Statements, adopted with Regulation (EU) 1254/2012 published on December 11th 2012;
- IAS 28 – Investments in associates and joint ventures, within the review process of the current standard concerning joint ventures, adopted with Regulation (EU) 1254/2012 published on December 11th 2012;
- amendment to IFRS 1 – Presentation of financial statements, method to utilise fair value for the valuation of assets and liabilities in opening balance sheets for entities which are subject to hyper-inflation, adopted with Regulation (EU) 1255/2012 published on December 11th 2012;
- amendments to IFRS 7 – Financial Instruments: additional disclosure – Transfer of financial assets, adopted with Regulation (EU) published on November 22nd 2011;
- 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, adopted with Regulation (EU) 1254/2012 published on December 11th 2012;
- IFRS 11 – Joint arrangements, as part of the review of IAS 31 – Interests in joint ventures, adopted with Regulation (EU) 1254/2012 published on December 11th 2012;
- IFRS 12 – Disclosure of interests in other entities, adopted with Regulation (EU) 1254/2012 published on December 11th 2012;
- IFRS 13 – Fair value measurement adopted with Regulation (EU) 1255/2012 published on December 11th 2012.

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

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

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%
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 under impairment tests.
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.

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 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.

Financial assets

The financial assets are classified into the following categories:
- assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments;
- financial assets available-for-sale.

Investments in other companies and debt instruments
The available-for-sale assets are non-derivative financial instruments explicitly designated in this category and are classified under non-current assets unless management has the intention to sell them within 12 months from the balance sheet date, in which case they are recognised to Current Investments and Securities.
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 until the financial asset is sold or written down; 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 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 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" of the fair value under cost in order to declare an impairment.
Considering the uncertainty surrounding economic forecasts, in addition to that concerning financial market performances, the Group considered it appropriate to establish as 50% the reduction in book value required and as 60 months to respectively establish "significance" and "duration" in relation to impairments on AFS securities in accordance with IAS 39.
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 are accounted at fair value and 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.
The determination of the current value of the Company 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 and the turnover of employees.
The actuarial gains and losses, defined as the differences between the carrying value of the liabilities and the current value of the Company commitments at the end of the period, due to changes in the actuarial parameters described above, are directly recorded to the Comprehensive Income Statement. 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 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.

Revenues

Revenues are recognised net of returns, discounts and allowances.
Revenues for services are recognised when the services are provided, with reference to the progress of completion of the activities.

Financial income and charges

Financial income and charges are recorded on an accruals basis of the interest matured on the net value of the relative 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.

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 accordance with Article 117/129 of the Income Tax Act, in which the Company 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, Leggo SpA, Ced Digital Servizi Srl, Messaggero Partecipazioni SpA, Centro Stampa Veneto SpA and Telefriuli SpA.
Caltagirone Editore SpA acts therefore as the consolidating company and calculates a single assessable base for the group of companies adhering to the national tax consolidation and therefore benefits from the possibility of offsetting assessable income with assessable losses in a single tax declaration. The assessable amount and the losses for the period were transferred and recorded by the subsidiaries to the consolidating company in the year in which they matured; any future fiscal benefits (deferred tax assets) are therefore recorded directly by the consolidating company.
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 or to be applied in the near future.
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, also in consideration of the tax consolidation described above.
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;
- deferred tax assets and liabilities;
- provisions for risks and charges;
- other write-down provisions.

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.

Risk Management

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.

Currency risk
The Company at the reporting date was not exposed to exchange rate risk as operations and revenues exclusively relate to Italy, in addition to costs.

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 is not significant.

assets

1. *Property, plant and equipment*

Historical cost	Equipment	Other assets	Total
01.01.2011	**27,766**	**213,333**	**241,099**
Increases	-	-	-
Decreases	-	-	-
31.12.2011	**27,766**	**213,333**	**241,099**
01.01.2012	**27,766**	**213,333**	**241,099**
Increases	2,191	-	2,191
Decreases	-	-	-
31.12.2012	**29,957**	**213,333**	**243,290**

Depreciation and loss in value	Equipment	Other assets	Total
01.01.2011	**15,086**	**213,333**	**228,419**
Increases	3,011	-	3,011
Decreases	-	-	-
31.12.2011	**18,097**	**213,333**	**231,430**
01.01.2012	**18,097**	**213,333**	**231,430**
Increases	2,783	-	2,783
Decreases	-	-	-
Reclassifications	1	-	1
31.12.2012	**20,881**	**213,333**	**234,214**

Net value			
01.01.2011	**12,680**	**-**	**12,680**
31.12.2011	**9,669**	**-**	**9,669**
31.12.2012	**9,076**	**-**	**9,076**

In Euro

2. Investments valued at cost

The movements in the account are as follows:

Investments in subsidiary companies	Registered office	Share Capital	%	Book value 01.01.2011	Increases/ (Decreases)	Write-downs	Book value 31.12.2011
Il Mattino SpA	Rome	500,000	99.99	23,590,822	-	-	23,590,822
Leggo SpA	Rome	1,000,000	90.00	662,869	-	(662,869)	-
Finced Srl	Rome	10,000	99.99	9,999	-	(9,999)	-
Corriere Adriatico SpA	Ancona	2,000,000	99.99	22,863,391	2,373,588	(1,522,571)	23,714,408
Quotidiano di Puglia SpA	Rome	1,020,000	99.95	28,445,915	-	-	28,445,915
Il Gazzettino SpA	Venice	2,000,000	99.99	136,939,449	2,317,664	(1,632,620)	137,624,493
Il Messaggero SpA	Rome	42,179,500	94.61	168,789,566	-	-	168,789,566
Ced digital & servizi Srl	Rome	100,000	99.99	-	99,990	-	99,990
Total				**381,302,011**	**4,791,242**	**(3,828,059)**	**382,265,194**

	Registered office	Share Capital	%	Book value 01.01.2012	Increases/ (Decreases)	Write-downs	Book value 31.12.2012
Il Mattino SpA	Rome	500,000	99.99	23,590,822	-	-	23,590,822
Leggo SpA	Rome	1,000,000	90.00	-	900,000	(900,000)	-
Finced Srl	Rome	10,000	99.99	-	73,750,380	(2,786,172)	70,964,208
Corriere Adriatico SpA	Ancona	2,000,000	99.99	23,714,408	1,083,688	(9,385,096)	15,413,000
Quotidiano di Puglia SpA	Rome	1,020,000	99.95	28,445,915	-	(3,646,915)	24,799,000
Il Gazzettino SpA	Rome	2,000,000	99.99	137,624,493	1,632,620	(2,406,449)	136,850,664
Il Messaggero SpA	Rome	1,265,385	94.61	168,789,566	(147,411,197)	-	21,378,369
Ced digital & servizi Srl	Rome	100,000	99.99	99,990	-	-	99,990
Messaggero Partecipazioni SpA	Rome	40,914,115	94.61	-	147,411,197	-	147,411,197
Total				**382,265,194**	**77,366,688**	**(19,124,632)**	**440,507,250**

In Euro

The value of the investment in Leggo SpA increased with the recapitalisation following the loss recorded in 2011; the write-down of the investment relates to the loss in 2012 of Euro 2,741,582 (share of the Company). This amount was expensed to the income statement after the utilisation of the residual provision for risks on investments at December 31st 2011. The amount exceeding the book value of the investment was recorded to a liability provision within the provisions for risks and future charges (see Note 12).
The value of the investment in Finced Srl increased with the recapitalisation of the share capital and simultaneous cover of the losses recorded in 2011 of Euro 757,680; the value also increased for Euro 72,992,700 following the capital payment on account

through the waiver of the non-interest bearing loan, in order to provide the subsidiary with sufficient capital for the investments made. The write-down of Euro 2,786,172 refers to the losses of the subsidiary in 2012.
The value of the investment in Corriere Adriatico SpA increased with the capital payments, made to cover the losses incurred by the subsidiary at December 31st 2011 of Euro 1,522,571, and decreased due to the repayment of Euro 438,883 of liabilities arising during the year and concerning events prior to the acquisition of the investment.
The write-down of the investments relating to the subsidiaries Corriere Adriatico SpA (Euro 9,385,096) and Quotidiano di Puglia SpA (Euro 3,646,915) are consequent of the impairment tests made to determine the equity values and therefore verify the current values (for further details on the methods and assumptions utilised in the impairment tests, reference should be made to Note 2 in the explanatory notes of the Group Consolidated Financial Statements). The value of the investment in Il Gazzettino SpA increased due to the recaptialisation and the coverage of losses recorded in 2011 for a total of Euro 1,632,620 and decreased due to the coverage of the loss of the subsidiary in 2012 for Euro 2,406,449. In addition, based on the results of the impairment test, it was not necessary to undertake further write-downs in consideration of the equity value determined.
In addition, following the impairment tests made on the CGU Il Messaggero, Piemme and Il Mattino, no loss in values of the investments were recorded.
The value of the investment in Il Messaggero SpA decreased by Euro 147,411,197 following the partial and proportional spin-off in 2012. In particular, on November 21th 2012, the company Messaggero Partecipazioni SpA was incorporated following the execution of the partial and proportional spin-off of the companies Il Messaggero SpA and Piemme SpA Concessionaria di Pubblicità through Notary Deed of Maurizio Misurale of Rome on November 14th 2012, filed at the Rome Company Registration Office on November 21st 2012. The purpose of the spin-off was in particular the holding of Il Messaggero SpA held by Piemme Concessionaria di Pubblicità SpA of 5.386% and the total holding of Il Messaggero SpA in Piemme Concessionaria di Pubblicità SpA. The objective of the operation is to rationalise the organisation of the Group also through the imminent merger by incorporation of the company Il Messaggero Partecipazioni SpA into Caltagirone Editore SpA, already approved by the Board of Directors of this later on December 19th 2012 and by the Extraordinary Shareholders' Meeting of Messaggero Partecipazioni SpA on January 29th 2013. The spin-off operation was at book values and therefore had no impact on the financial statements. Following the spin-off, the company Messaggero Partecipazioni SpA was incorporated, in which Caltagirone Editore SpA holds a 94.6135% stake. The balances transferred by the companies spun off to the beneficiary company are reported below.

Assets	
Equity investments	85,915,196
Receivables from holding companies	72,199,528
Treasury shares	8,392,359
Total assets	**166,507,083**
Liabilities	
Payables to group companies	10,604,476
Total Liabilities	**10,604,476**
Total Shareholders' Equity	**155,902,607**

In Euro

The subsidiaries indirectly held are as follows:

Equity investments in indirect subsidiaries	Registered office	Share capital	% of control of the Group	Net Equity	Result for the year
Piemme SpA	Rome	2,643,139	100.00	39,182,999	(3,629,458)
Centro Stampa Veneto SpA	Rome	567,000	100.00	310,234	(1,124,628)
Imprese Tipografiche Venete SpA	Rome	936,000	100.00	6,174,026	722,865
P.I.M. Pubblicità Italiana Multimedia Srl	Rome	1,044,000	100.00	6,692,529	80,673
Telefriuli SpA	Tavagnacco (UD)	1,655,300	87.50	619,637	(105,975)

In Euro

The investments in associated companies directly held by Caltagirone Editore SpA are as follows:

Investments in associated companies	Registered office		01.01.2011	Increases/ (Decreases)	Write-downs	Reclassifications	31.12.2011
Rofin 2008 Srl	Rome	30.00	17,356	-	-	-	17,356
Total			**17,356**	**-**	**-**	**-**	**17,356**

Investments in associated companies	Registered office		01.01.2012	Increases/ (Decreases)	Write-downs	Reclassifications	31.12.2012
Rofin 2008 Srl	Rome	30.00	17,356	-	(17,356)	-	-
Total			**17,356**	**-**	**(17,356)**	**-**	**-**

In Euro

The write-down of Euro 17,356 of the associated company Rofin S.r.l. concerns the loss in 2012 of Euro 3,251,226. The amount exceeding the book value of the investment was recorded to a liability provision within the provisions for risks and future charges (see Note 12).
The other companies are:

Equity investments in other companies	Registered office		01.01.2011	Increases/ (Decreases)	Reclassifications	31.12.2011
E-Care SpA	Rome	15.00	2,745,000	-	-	2,745,000
Total			**2,745,000**	**-**	**-**	**2,745,000**

Equity investments in other companies	Registered office		01.01.2011	Increases/ (Decreases)	Reclassifications	31.12.2011
E-Care SpA	Rome	15.00	2,745,000	299,983	-	3,044,983
Total			**2,745,000**	**299,983**	**-**	**3,044,983**

In Euro

The company E-Care is a provider of Business Solutions, involved in development and innovation for its customers, through the provision of End to End CRM outsourcing and operating process solutions.
The investment in E-Care SpA increased by Euro 299,983 following the subscription of the paid-in share capital increase approved by the company.
The cost approximates the fair value.

3. Non-current equity investments and securities

The breakdown is as follows:

AFS Investments	01.01.2011	Share capital increase	Increases/ (Decreases)	Valuation at fair value	Reclassifications	31.12.2011
Banca Monte dei Paschi di Siena SpA	22,125,999	8,349,120	(16,033,566)	(7,511,553)	(6,930,000)	-
Assicurazioni Generali SpA	47,603,500	-	-	(8,643,000)	-	38,960,500
Total	**69,729,499**	**8,349,120**	**(16,033,566)**	**(16,154,553)**	**(6,930,000)**	**38,960,500**

	01.01.2012	Share capital increase	Increases/ (Decreases)	Valuation at fair value	Reclassifications	31.12.2012
Assicurazioni Generali SpA	38,960,500	-	-	7,068,500	-	46,029,000
Total	**38,960,500**	**-**	**-**	**7,068,500**	**-**	**46,029,000**

In Euro

Number	01.01.2012	Share capital increase	Increases	Decreases	Reclassifications	31.12.2012
Assicurazioni Generali SpA	3,350,000	-	-	-	-	3,350,000

In Euro

The changes in the fair value reserve are reported below:

Fair value reserve	01.01.2012	Increases	Decreases	Release to the Income Statement	31.12.2012
Fair value reserve	(7,498,474)	7,068,500	-	-	(429,974)
Tax effect	-	-	-	-	-
Fair value reserve, net of tax effect	**(7,498,474)**	**7,068,500**	**-**	**-**	**(429,974)**
Changes in the year					**7,068,500**

In Euro

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 tax assets and liabilities and current 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:

	01.01.2011	Provisions	Utilisations	Reclassifications	Other changes	31.12.2011
Deferred tax assets						
Tax losses carried forward	9,186,497	3,543,839	(27,128)	-	2,842,947	15,546,155
Write-down of investments	503	-	-	-	-	503
Others	2,215,515	-	-	-	(892,768)	1,322,747
Total	**11,402,515**	**3,543,839**	**(27,128)**	**-**	**1,950,179**	**16,869,405**
Deferred tax liabilities						
Others	37,195	-	-	-	(33,588)	3,607
Total	**37,195**	**-**	**-**	**-**	**(33,588)**	**3,607**
Net deferred tax assets	**11,365,320**	**3,543,839**	**(27,128)**	**-**	**1,983,767**	**16,865,798**

	01.01.2012	Provisions	Utilisations	Reclassifications	Other changes	31.12.2012
Deferred tax assets						
Tax losses carried forward	15,546,155	778,048	(128,887)	99,031	10,957,745	27,252,092
Write-down of investments	503	-	-	-	-	503
Others	1,322,747	20,984	(1,187,799)	(99,031)	-	56,901
Total	**16,869,405**	**799,032**	**(1,316,686)**	**-**	**10,957,745**	**27,309,496**
Deferred tax liabilities						
Exchange differences	-	-	-	-	-	-
Others	3,607	-	-	-	(1,386)	2,221
Total	**3,607**	**-**	**-**	**-**	**(1,386)**	**2,221**
Net deferred tax assets	**16,865,798**	**799,032,00**	**(1,316,686)**	**-**	**10,959,131**	**27,307,275**

In Euro

The other changes in deferred tax assets and liabilities include the effects of the actuarial losses recorded directly to the Comprehensive Income Statement as well as deferred tax assets recorded due to the losses incurred by the subsidiaries within the tax consolidation.

Based on the 2013-2017 forecasts, sufficient assessable income will be realised to recover the deferred tax assets recorded in the financial statements at December 31st 2012, also under the tax consolidation in force.
The balance sheet includes receivables for current taxes of Euro 871,191, consisting of the receivable from the fiscal consolidation of Euro 35,239, tax credits of Euro 13,739, withholding taxes on interest income for Euro 803,654 and the IRAP receivable of Euro 18,559.
The income taxes for the year consist of:

	2012	2011
IRES current income taxes	-	-
IRAP current taxes	42,884	48,317
Current taxes	**42,884**	**48,317**
Income taxes of prior years	-	45,572
Income taxes of prior years	**-**	**45,572**
Provision for deferred tax liabilities	-	-
Utilisation of deferred tax liabilities	-	-
Deferred tax charges	**-**	**-**
Recording of deferred tax assets	(799,032)	(3,543,839)
Utilisation of deferred tax assets	1,316,686	27,128
Deferred tax income	**517,654**	**(3,516,711)**
Total income taxes	**560,538**	**(3,422,822)**

In Euro

The breakdown of income taxes is as follows:

	31.12.2012	31.12.2011
Current and deferred IRES tax	517,654	3,471,298
Current and deferred IRAP tax	42,884	(48,476)
Total	**560,538**	**3,422,822**

In Euro

The analysis of the difference between the theoretical and actual tax rates in relation to IRES are as follows:

IRES	2012	
	Amount	Amount
Profit/(loss) before taxes	**(26,152,668)**	**27.50%**
Theoretical tax charge	**-**	**(7,191,984)**
Permanent differences increase/(decrease):		
Dividends	(636,500)	
Write-down of equity investments	23,980,309	
Non- deductible costs	768,753	
Other permanent differences	3,922,485	
Total assessable IRES tax	**1,882,379**	
Current and deferred IRES tax		**517,654**

In Euro

5. Trade receivables

The breakdown is as follows:

	31.12.2012	31.12.2011
Receivables from third parties	-	7,378
Receivables from related parties	7,356	-
Receivables from subsidiaries	280,720	690,000
Total trade receivables	**288,076**	**697,378**

In Euro

Receivables from subsidiaries concern invoices issued for administrative, financial and tax assistance services respectively of Euro 72,600 from Il Mattino SpA and of Euro 208,120 from Piemme SpA.
There are no receivables due over 12 months. The value of the receivables reported above approximates their fair value.

6. *Current investments and securities*

The balance at December 31st 2012 was zero following the total sale on the market of the Banca Monte dei Paschi di Siena SpA shares.

7. *Current financial assets*

The breakdown is as follows:

	31.12.2012	31.12.2011
Financial assets from subsidiaries	36,449,913	82,768,060
Financial assets from associated companies	1,536,001	1,536,001
Financial assets from third parties	-	11,505
Total current financial assets	**37,985,914**	**84,315,566**

In Euro

The balance of Euro 36,449,913 represents non-interest bearing loans due within one year renewable on request, granted respectively to Finced Srl (Euro 4,000,000), Il Mattino SpA (Euro 25,659,986) and Il Gazzettino SpA (Euro 6,565,580).
Euro 1,536,001, unchanged on the previous year, refers entirely to the non-interest bearing loan granted to the associated company Rofin 2008 Srl. The value of current financial assets approximates their fair value.

8. *Other current assets*

The breakdown is as follows:

	31.12.2012	31.12.2011
Receivables from subsidiaries	3,052,711	2,247,791
Receivables – third parties	500,599	211,511
Total current assets	**3,553,310**	**2,459,302**

In Euro

The receivables from subsidiaries due within one year relate to the companies within the national tax consolidation, of which Euro 312,417 from Imprese Tipografiche Venete SpA, Euro 66,369 from Messaggero Partecipazioni SpA and Euro 49,408 from Ced Digital & Servizi Srl.
The account also includes the VAT receivable of Euro 1,027,790 transferred from the subsidiary companies within the VAT consolidation. In particular concerning for Euro 996,072 Piemme SpA, for Euro 5,727 Quotidiano di Puglia SpA, for Euro 11,459 Corriere Adriatico SpA and for Euro 14,532 Imprese Tipografiche Venete SpA.
In addition, the balance includes Euro 493,035 from Finced Srl and Euro 1,103,692 from Il Mattino SpA concerning payments made to the tax authorities in relation to the tax disputes of the subsidiaries, for which however an appeal was presented by the Parent Company as consolidating company.
The receivables from third parties include receivables from social security institutions and VAT. The value of other current assets approximates their fair value.

9. Cash and cash equivalents

The breakdown is as follows:

	31.12.2012	31.12.2011
Bank and post office deposits	183,558,668	119,577,319
Cash in hand and similar	810	170
Total cash and cash equivalents	**183,559,478**	**119,577,489**
of which related parties	*87,817,027*	*19,045,862*

In Euro

Euro 87,817,027 concerns the bank deposits at related companies concerning for Euro 87,657,360 UniCredit SpA and for Euro 159,666 Banca Finnat Euramerica SpA. The increase in cash and cash equivalents of Euro 63.9 million relates to the concentration of the Group liquidity at the parent company, in order to optimise financial management.
In relation to the variable rate of liquidity, an annual interest rate increase of 1%, at like-for-like terms, would have a positive impact on the net profit of approx. Euro 1.8 million. A decrease in interest rates of the same level would have a corresponding negative impact.
The average rate for funds in the year was 2.59%.

10. Shareholders' Equity

	31.12.2012	31.12.2011
Share Capital	125,000,000	125,000,000
Quotation charges	(18,864,965)	(18,864,965)
Treasury shares	(440,382)	(169,993)
Net Fair Value reserve	(429,974)	(7,498,474)
Other reserves	528,965,878	562,343,142
Net loss	(26,713,206)	(29,627,574)
Total net equity	**607,517,351**	**631,182,136**

In Euro

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.
All of the ordinary shares issued are fully paid-in. There are no shares subject to guarantees or restrictions on the distribution of dividends.
At December 31st 2012 Caltagirone Editore SpA had 433,570 treasury shares in portfolio, comprising 0.3467% of the share capital, for a value of Euro 440,382.
The Other Reserves consist of:

	2012	2011
Legal reserve	25,000,000	25,000,000
Share premium reserve	482,326,183	516,064,188
Reserve for treasury shares	440,382	169,993
Capital reserves excluding net exchange gains	3,868,658	3,770,408
Merger reserve Cedfin	423,291	423,291
IAS leaving indemnity reserve	(2,447)	1,206
Treasury shares sales gains reserves	33,704	33,704
IAS non recognised asset reversal reserve	16,876,107	16,876,107
Retained earnings	-	4,245
Total	**528,965,878**	**562,343,142**

In Euro

The Shareholders' Equity disclosure document with breakdown by individual accounts concerning the availability and usage in previous years is reported below.

Nature/ description	**Amount 31.12.11**	**Amount 31.12.12**	**Possibility of utilisation**	**Quota available**	**Summary of utilisation in the previous three years**	
					for coverage	***for other reason***
Share Capital	125,000	125,000	-	-	-	-
Share capital issue costs	(18,865)	(18,865)	-	-	-	-
Share premium reserve	516,064	482,326	A B C	482,326	29,623	8,974*
Legal reserve	25,000	25,000	B	-	-	-
Capital reserve excl. exchange gains (Other reserves)	3,770	3,770	A B C	3,770	-	-
Reserve for exchange gains 2011		98	-	-	-	-
IAS Reserve	9,243	16,037	-	-	-	-
Merger reserves (Other reserves)	423	423	A B C	423	-	-
Retained earnings	4	0	A B C	0	26,325	7,713****
Treasury share reserve	170	440	-	-	-	-
	660,810	**634,231**	-	-	-	-
Total available				**486,520**		**16,686**
Non-distributable quota				(26,713)**		
Non-distributable quota				(18,865)***		
Residual distributable				**440,942**		

In Euro thousands

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

* *Utilisation 2010 dividends paid in 2011 (Euro 4,787,500) dividendis for 2011 paid in 2012 (Euro 3,746,036) and creation Treasury Reserve (Euro 169,993) in 2011 and in 2012 (Euro 270,389)*
** *Taking account of 2012 result*
*** *Art. 2433 c.c.*
**** *Utilisation for dividend in 2010, 2011 and 2012 (Euro 7,712,500) and coverage of losses in 2009, 2010 and 2011 (Euro 26,325,199)*

Liabilities *11. Personnel*

Post-employment benefits and employee provisions

Post-employment benefits represent 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 under the applicable accounting standards.

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

	31.12.2012	31.12.2011
Annual technical discounting rate	3.30%	4.60%
Annual inflation rate	2.20%	2.20%
Annual increase in employee leaving indemnity	3.15%	3.15%
Annual increase in salaries	3.00%	3.00%

The movements in the year are as follows:

	31.12.2012	31.12.2011
Net liability at January 1st	**54,514**	**53,366**
Current cost for the year	9,232	7,934
Interest charge/(income), net	2,508	1,846
Actuarial gains/(losses)	5,039	(8,632)
(Services paid)	-	-
Net liability at December 31st	**71,293**	**54,514**

In Euro

The change in the actuarial gains/losses relates to the choice and application of a discount rate considered more in line with the Company situation, which takes account of the changes in the market rates compared to 2011.

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

	01.01.2011	31.12.2011	31.12.2012
Nominal value of the provision	53,582	63,462	73,546
Actuarial adjustment	(216)	(8,948)	(2,253)
Total employee leaving indemnity	**53,366**	**54,514**	**71,293**

In Euro

As illustrated in the movement, the change between the liability determined in accordance with Italian regulations and IFRS is essentially due to the change in the discount rate utilised, as described previously.

Employee numbers and cost

	2012	2011
Wages and salaries	123,695	125,313
Social security	36,910	39,494
Post-employment prov.	9,232	7,934
Other costs	384,784	430,275
Total labour costs	**554,621**	**603,016**

In Euro

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

	31.12.2012	31.12.2011	Average 2012	Average 2011
Managers & white collar	3	3	3	3
Journalists	6	6	6	6
Total	**9**	**9**	**9**	**9**

12. Current provisions

The amount of Euro 5,075,452 concerns the provision for risks and charges concerning the equity deficits of the investments in Leggo SpA for Euro 1,841,582 and Rofin Srl for Euro 3,233,870. These amounts comprise the excess compared to the book value of the investment, attributable to the company according to its share, following the write-downs of the losses in the current year recorded by the subsidiaries.

13. Trade payables

	31.12.2012	31.12.2011
Amounts payable to suppliers	118,800	137,325
Payables to subsidiaries	1,009,204	21,521
Payables to holding companies	605,000	-
Payables to other Group companies	20,874	21,240
Total	**1,753,878**	**180,086**
of which related parties	*1,635,078*	*42,761*

In Euro

At December 31st 2012, trade payables amounted to Euro 118,800 (Euro 137,325 at December 31st 2011) fully payable within one year, of which Euro 80,000 are for invoices to be received.
The payables to subsidiaries relate to invoices received from Piemme SpA (Euro 6,655) for services provided, from Quotidiano di Puglia SpA (Euro 32,920), from Il Messaggero SpA (Euro 717,366) and from Messaggero Partecipazioni SpA (Euro 252,262) for interest on loans received at normal market conditions.
The payable to parent companies concerns the invoices received from Caltagirone SpA for services provided during the year.
Payables to other Group companies concern the companies under common control for services provided.
There are no payables due over 12 months.
The value of payables at December 31st 2012 approximates their fair value.

14. Current financial liabilities

	31.12.2012	31.12.2011
Current financial payables		
Payable to subsidiaries	100,173,794	4,099,715
Bank payables	-	50
Total	**100,173,794**	**4,099,765**

In Euro

The balance of Euro 100,173,794 concerns the payables relating to loans at market rates granted by Il Messaggero SpA (Euro 25,674,552), Messaggero Partecipazioni SpA (Euro 70,225,448) and Quotidiano di Puglia SpA (Euro 3,699,715).

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

	2012	2011
Current financial liabilities		
Payable to subsidiaries	3.15%	1.63%
Other financial payables	-	2.12%

15. *Other current liabilities*

	31.12.2012	31.12.2011
Other current liabilities		
Social security payables	10,030	12,127
Employee payables	15,636	13,356
Payables to subsidiaries	23,199,170	11,268,764
Other payables	5,313,482	5,361,180
Total	**28,538,318**	**16,655,427**

In Euro

The other payables to subsidiaries refer to transactions with the companies in the fiscal consolidation. The breakdown is presented in the table below:

Centro Stampa Veneto SpA	114,804
Il Messaggero SpA	4,697,419
Il Mattino SpA	3,466,131
Leggo SpA	3,900,532
Il Gazzettino SpA	3,820,814
Piemme SpA	1,245,655
Finced Srl	3,408,756
Corriere Adriatico SpA	1,916,887
Quotidiano di Puglia SpA	445,309
Telefriuli SpA	153,352
P.I.M. Srl	29,509
Total	**23,199,170**

In Euro

The account Other payables of Euro 5,313,482 includes Euro 4,873,606 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 other amounts concern emoluments due to Directors and Statutory Auditors and personnel withholding tax payables.

income statement

16. Other operating revenues

	2012	2011
Other operating revenues	79,459	-
Other revenues and income from related parties	813,105	700,845
Total revenues from sales and services	**892,564**	**700,845**

In Euro

The other operating revenues concern administrative, financial and tax assistance services provided to Group companies.

17. Other operating costs

	2012	2011
Rent, leases and similar costs	324,357	363,900
Cost of services	2,078,387	1,979,228
Miscellaneous operating costs	68,670	72,014
Total other operating costs	**2,471,414**	**2,415,142**
of which related parties	*1,415,972*	*1,449,226*

In Euro

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 41,000, the Board of Directors for Euro 304,320 and the audit firm for Euro 30,964. The account also includes the fee to Caltagirone SpA for administrative, financial and tax assistance services (Euro 1,000,000).

18. *Amortisation, depreciation & provisions*

	2012	2011
Depreciation of tangible assets	2,783	3,011
Amortisation of intangible assets	-	2,721
Depreciation, amortisation, provisions & write-downs	**2,783**	**5,732**

In Euro

19. *Net financial income/(charges)*

	2012	2011
Dividends from other Companies	-	2,144,500
Other income from related Companies	670,000	10,337
Interest income from bank deposits	4,264,227	2,528,688
Exchange gains	4,733	98,251
Total financial income	**4,938,960**	**4,781,776**
of which related parties	*2,651,327*	*2,501,096*

In Euro

The account Other income from related Companies concerns the dividend from the investment in Assicurazioni Generali SpA.
Interest income on bank deposits of Euro 4,264,227 concerns the return on invested liquidity, of which Euro 1,980,189 from the related company UniCredit SpA and Euro 1,138 from the related company Banca Finnat Euramerica SpA.

	2012	2011
Loss on disposal of investments	659,446	12,846,219
Write-down of equity inv. and securities	23,980,309	22,483,668
Loan interest	-	22,607
Interest on bank current accounts	4,528	2,207
Banking commissions and charges	23,484	6,701
Interest expense from subsidiaries	2,162,656	67,753
Financial charges from discounting	2,508	1,846
Exchange losses	2,041,243	-
Others	81,200	78,126
Total financial charges	**28,955,374**	**35,509,127**
of which related parties	*2,175,650*	*79,330*

In Euro

The loss on the sale of investments entirely concerns the sale on the market of 27,500,000 Banca Monte dei Paschi di Siena SpA shares.
The write-down of equity investments concerns the subsidiaries Corriere Adriatico SpA (Euro 9,385,096), Il Gazzettino SpA (Euro 2,406,449), Leggo SpA (Euro 2,504,451), Quotidiano di Puglia SpA (Euro 3,646,915), Finced Srl (Euro 2,786,172) and the associated company Rofin 2008 Srl (Euro 3,251,226).
The interest charges from subsidiaries concerns the loans received at market rates, of which Euro 1,806,366 from Il Messaggero SpA, Euro 252,262 from Il Messaggero Partecipazioni SpA, Euro 69,667 from Quotidiano di Puglia SpA and Euro 34,361 from Finced Srl.

20. Transactions with related parties

Transactions with companies under common control
The transactions of the company with related parties, including inter-group operations, 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.

31.12.2011	Parent Company	Subsidiary companies	Associated companies	Companies under common control	Other related parties	Total related parties	Total account item	% on total account items
Year-end balance								
Trade receivables	-	690,000	-	-	-	**690,000**	**697,378**	98.94%
Current financial assets	-	82,768,060	1,536,001	-	-	**84,304,061**	**84,315,566**	99.99%
Other current assets	-	2,247,791	-	-	-	**2,247,791**	**2,459,302**	91.40%
Cash and cash equivalents	-	-	-	-	19,045,862	**19,045,862**	**119,577,489**	15.93%
Trade payables	-	42,761	-	-	-	**42,761**	**180,086**	23.74%
Current financial liabilities	-	4,099,715	-	-	-	**4,099,715**	**4,099,765**	100.00%
Other current liabilities	-	11,268,763	-	-	-	**11,268,763**	**16,655,427**	67.66%
P&L transactions								
Other operating revenues	-	690,000	-	10,845	-	**700,845**	**700,845**	100.00%
Other operating costs	1,000,000	20,900	-	361,743	66,583	**1,449,226**	**2,415,142**	60.01%
Financial income	-	10,337	-	-	4,469,195	**4,479,532**	**4,781,776**	93.68%
Financial charges	-	67,878	-	-	11,452	**79,330**	**35,509,127**	0.22%

31.12.2012	Parent Company	Subsidiary companies	Associated companies	Companies under common control	Other related parties	Total related parties	Total account item	% on total account items
Year-end balance								
Trade receivables	-	280,720	-	7,356	-	**288,076**	**288,076**	100.00%
Current financial assets	-	36,449,914	1,536,000	-	-	**37,985,914**	**37,985,914**	100.00%
Other current assets	-	3,052,711	-	-	-	**3,052,711**	**3,553,310**	85.91%
Cash and cash equivalents	-	-	-	-	87,817,027	**87,817,027**	**183,559,478**	47.84%
Trade payables	605,000	1,009,203	-	20,875	-	**1,635,078**	**1,753,878**	93.23%
Current financial liabilities	-	100,173,794	-	-	-	**100,173,794**	**100,173,794**	100.00%
Other current liabilities	-	23,199,170	-	-	-	**23,199,170**	**28,538,318**	81.29%
P&L transactions								
Other operating revenues	-	802,000	-	11,105	-	**813,105**	**892,564**	91.10%
Other operating costs	1,000,000	24,200	-	391,772	-	**1,415,972**	**2,471,414**	57.29%
Financial income	-	-	-	2,651,327	-	**2,651,327**	**4,938,960**	53.68%
Financial charges	-	2,162,656	-	13,041	-	2,175,697	17,027,573	12.78%

In Euro

For further information on the breakdown of the individual accounts reported above, reference should be made to the comments concerning each area of the financial statements.

21. *Net Cash Position*

	31.12.2012	31.12.2011
A. Cash	810	170
B. Bank deposits	183,558,668	119,577,319
D. Liquidity (A)+(B)	**183,559,478**	**119,577,489**
E. Current financial receivables	**37,985,914**	**84,315,566**
F. Bank payables – current portion	-	50
G. Current portion of long-term loans	-	-
H. Current payables to other lenders	100,173,794	4,099,715
I. Current debt (F)+(G)+(H)	**100,173,794**	**4,099,765**
J. Net current cash position (I)-(E)-(D)	**(121,371,598)**	**(199,793,290)**
K. Non-current bank payables	-	-
L. Non-current payables to other lenders	-	-
M. Non-current financial debt (K)+(L)	**-**	**-**
N. Net Cash position (J)+(M)	**(121,371,598)**	**(199,793,290)**

In Euro

22. *Other information*

Assignments conferred to the audit firm and related remuneration

The table below shows the payments made to the audit firm PricewaterhouseCoopers SpA in accordance with Article 149 of Consob Resolution No. 11971/99 in 2012.

Company	Independent Auditors	Period	Audit service charges
Caltagirone Editore SpA	PricewaterhouseCoopers SpA	2012/2020	29,000

In Euro

LIST OF SIGNIFICANT INVESTMENTS AT 31.12.2012 AS PER ART. 120 OF LEGS. DECREE NO. 58 OF 24.02.1998

Company	Registered office	Share capital	Currency	Holding Direct	Indirectly	*held*
Ced Digital & Servizi Srl	Rome	100,000	Euro	99.990%	0.010%	Finced Srl
Centro Stampa Veneto SpA	Rome	567,000	Euro	-	100.000%	Il Gazzettino SpA
Corriere Adriatico SpA	Ancona	2,000,000	Euro	99.950%	0.050%	Finced Srl
Consorzio Edicola Italia	Rome	60,000	Euro	-	16.667%	Ced Digital & Servizi Srl
E-Care SpA	Rome	2,565,769.70	Euro	14.998%	-	
Editrice T.N.V. SpA	Verona	546,000	Euro	-	40.000%	Il Gazzettino SpA
Euroqube S.A. in liquidation	Belgium	84,861,115	Euro	-	14.820%	Il Messaggero SpA
Finced Srl	Rome	10,000	Euro	99.990%	0.010%	Piemme SpA
Il Gazzettino SpA	Rome	2,000,000	Euro	99.950%	0.050%	Finced Srl
Il Mattino SpA	Rome	500,000	Euro	99.999%	0.001%	Finced Srl
Il Messaggero SpA	Rome	1,265,385	Euro	94.613%	5.387%	Messaggero Partecipazioni SpA
Imprese Tipografiche Venete SpA	Rome	936,000	Euro	-	100.00%	Il Gazzettino SpA
Leggo SpA	Rome	1,000,000	Euro	90.000%	-	
Messaggero Partecipazioni SpA	Rome	40,914,115	Euro	94.613%	5.387%	Messaggero Partecipazioni SpA
Piemme SpA	Rome	2,643,139	Euro	-	100.00%	Messaggero Partecipazioni SpA
P.I.M. Pubblicità Italiana Multimedia Srl	Rome	1,044,000	Euro	-	100.00%	Il Gazzettino SpA
Pubblieditor Srl in liquidation	Verona	40,800	Euro	-	40.00%	Il Gazzettino SpA
Quotidiano di Puglia SpA	Rome	1,020,000	Euro	99.951%	0.049%	Finced Srl
Rofin Srl	Rome	10,000	Euro	30.000%	-	
Telefriuli SpA	Tavagnacco (UD)	1,655,300	Euro	-	87.498%	Il Gazzettino SpA

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 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 financial statements for 2012.

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. It is also declared that:

3.1 the 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) correspond to the underlying accounting documents and records;

c) provide a true and correct representation of the balance sheet, financial situation and result for the year of the issuer.

3.2 The Directors' Report, prepared using a standard format for both the individual and consolidated financial statements, includes a reliable analysis on the performance and operating result as well as the situation of the issuer, together with a description of the principal risks and uncertainties to which they are exposed.

Rome, March 12th 2013

The Chairman	**The Executive Responsible**
Mr. Francesco Gaetano Caltagirone	Mr. Roberto Di Muzio

CALTAGIRONE EDITORE SPA

Registered office in Rome – Via Barberini, No. 28

Share capital Euro 125,000,000 fully paid-in

Rome Company Registration Office No.: 15311/00

Tax and VAT No.: 05897851001

* * *

Board of Statutory Auditors' Report

to the Shareholders' Meeting

on the activities undertaken in the 2012 financial year

(in accordance with Article 153 of Legislative Decree No. 58 of February 24, 1998

and Article 2429, paragraph 2 of the Civil Code)

Dear Shareholders,

in 2012 we verified, in accordance with Articles 149 and 150 of Legislative Decree No. 58 of February 24, 1998, in addition to the indications contained in Consob communications concerning controls and activities of the Board of Statutory Auditors, compliance with Law and the By-laws, the principles of correct administration, the adequacy of the organisational structure of the company as within our remit, the internal control system and the administrative-accounting system, and its ability to correctly represent the operational events and the adequacy of the directions provided to subsidiaries, in accordance with Article 114, paragraph 2 of the CFA.

In addition, in accordance with Article 19 of Legislative Decree No. 39 of January 27, 2010, the Board of Statutory Auditors supervised:

a) the financial disclosure process;

b) the efficacy of the internal control, internal audit and risk management systems;

c) the audit of the statutory annual accounts and of the consolidated annual accounts;

d) the independence of the Independent Audit Firm, in particular in relation to the provision of non audit services to the entity subject to audit.

The Independent Audit Firm confirmed that no significant deficiencies arose in the internal control system in relation to the financial disclosure process; they also declared their independence as per Article 17, paragraph 9, letter a).

The Board verified the publication on the website of the Annual Transparency Report, in accordance with Article 18 of the above-stated decree.

In relation to the activities we hereby fulfil in accordance with Article 153 of Legislative Decree No. 58 of February 24, 1998 the obligation of the Board of Statutory Auditors to report to the shareholders' meeting, called for the approval of the financial statements, on the supervisory activities carried out, on the omissions or significant censurable facts, as well as the establishing of the faculty to make proposals in relation to the financial statements, their approval and related matters.

During the year 2012, the Board of Statutory Auditors attended the meetings of the Board of Directors and the Shareholders' Meetings and observed compliance with law and the Company By-laws, including the correct exercise of the powers conferred to the Directors.

The Board of Directors met 5 times to discuss the activities undertaken and to approve resolutions.

In particular, during the meetings, the Board of Directors were informed by the Executive Bodies on the management activities and on the principal operations, also in relation to the subsidiary companies, which permitted us to verify that the management was undertaken in accordance with the corporate objects; in particular the formulation of the decision making process adopted by the Board of Directors appears to us to ensure the provision of adequate information.

The Board of Statutory Auditors met 5 times in the undertaking of its periodic verifications, in which it exchanged information with senior management and with the external auditors (pursuant to article 150, third paragraph, of Legislative Decree 58/98). No significant matters arose on the operations or on matters relating to conflicts of interest.

The activities undertaken verified the adequacy and reliability of the organisational structure of the Company, as well as of the administrative-accounting system and the compliance with current administrative principles.

The financial statements for the year ended December 31, 2012 were audited by PricewaterhouseCoopers SpA, which issued its Independent Auditors' Report in accordance with Article 14 of Legs. Decree 39/2010 on 26/3/2013, without any exceptions or significant issues to report.

In relation to the accounting principles utilised for the preparation of the financial statements, reference should be made to the Independent Auditors' Report.

We also report that:

Atypical or unusual transactions

- the transactions undertaken by the Company are, in our opinion, in compliance with law and the company By-laws and were not imprudent, risk related, contrary to the resolutions made by the Shareholders' Meeting or such as to compromise the integrity of the company assets;
- the company did not undertake, to our knowledge, any atypical or unusual operations with companies of the Group, related parties or third parties.

Transactions with related parties

- the Company complied with, in the identification of related parties, the indications contained in Accounting Standard IAS 24, in addition to the "Transactions with related parties regulation" adopted by Consob resolution No. 17221 of March 12, 2010 and subsequent modifications and supplementations, also through the approval by the Board of Directors at the meeting of November 5, 2010, of the "Conduct principles for significant transactions and procedures for related party transactions" document, in addition to the "Transactions with related parties" document;
- the transactions undertaken with companies under common control and with other related parties are operations of a commercial and financial nature, which the Board of Directors comprehensively outlined in the Directors' Report;
- the Directors' Report illustrates the transactions undertaken with group companies, companies under common control and other related parties;
- we have not noted the existence of atypical and/or unusual operations with related parties and having a significant impact on the economic, equity and financial position of the Company.

Other significant operations

The Board of Directors, following the authorisation granted by the Shareholder's Meeting on 26.4.2012 purchased, in 2012, 301,445 treasury shares, equal to 0.2412% of the share capital.

At 31.12.2012 the company held in portfolio 433,570 treasury shares, equal to 0.3469% of the share capital.

- No significant operations were carried out, except for those previously illustrated.

IT-Accounting system

- the accounting and administrative system was adequate, reliable and appropriate to represent the economic, equity and financial situation necessary for a correct management, also in view of the information obtained from the Executive Responsible.

Internal Control System

- the internal control system is reviewed by the Board of Statutory Auditors in order to contribute improvements and efficiencies;
- the Board evaluated the adequacy of the internal control system which, as presently structured, responds to the needs and range of operations carried out directly and through the subsidiary companies; therefore corrective actions are currently not advised.

Management model Law 262/05

- the declarations on the separate and consolidated financial statements were issued by the Executive Responsible and by the appointed corporate board in accordance with Article 154 *bis* of the CFA, in accordance with Article 81 *ter* of CONSOB Regulation No. 11971 of May 14, 1999 and subsequent amendments;
- in issuing the declaration of the Executive responsible, having carried out the controls considered necessary, no critical aspects were highlighted.

Legislative Decree No. 231 of June 8, 2001

- the company, considering its nature merely as a holding company and the essential organisational structure, the legal risks as per Legislative Decree 231/2001 are greatly reduced and therefore did not adopt the Organisational Model established by the above-stated decree.

Self-Governance and Corporate Governance Code

- the Company has not formally adopted the Self-Governance Code of Listed Companies issued by the Corporate Governance Committee of Borsa Italiana SpA;

however, the corporate governance system of the company is substantially in line with the code;

- the Board of Directors approved on March 12, 2013 the Corporate Governance Report, prepared in accordance with Article 123-*bis* of the CFA;
- on May 10, 2012, the Board of Directors renewed the Committee for transactions with related parties as required by the Consob Regulation, comprising exclusively of independent directors in accordance with Article 148, paragraph 3 of the CFA.
- neither an Appointments Committee or a Remuneration Committee were set up, as described in the "Corporate Governance" Report and the Remuneration Report in accordance with Article 125-*ter* of the CFA, approved by the Board of Directors;
- the Board of Directors on May 10, 2012 appointed the members of the Internal Control Committee and confirmed the Internal Control Manager;
- 2 independent directors are present; this number is considered adequate in view of the composition of the Board.

Other information

the information as per Article 149 *duodecies* of the Consob Issuers' Regulation is provided at point sub 22) of the notes to the parent company financial statements, to which reference should be made concerning the fees paid to the Independent Audit Firm; For 2012, no additional assignments to those indicated in the above-stated point were conferred, nor assignments to parties belonging to the same network of the Independent Audit Firm.

Opinions issued by the Board of Statutory Auditors

- during the year, the Board of Statutory Auditors provided the following favourable opinions:

• on the remuneration of the Directors with specific offices, pursuant to Article 2389, third paragraph, of the civil code.

- on the appointment of Mr. Roberto Di Muzio as Executive responsible for the preparation of corporate accounting documents.

Other communications of the Board of Statutory Auditors

The Board also:

- announces no claims or petitions were received as per article 2408 of the Civil Code;
- did not note any censorable, omissions or irregularities to report to the Shareholders' Meeting;
- verified its independence in accordance with Article 147 *ter*, fourth paragraph of the CFA and the correct application of the assessment criteria adopted by the Board of Directors to evaluate the independence of its members;
- verified the independence of each standing member of the Board, in line with that established by the Civil Code and by the Consolidated Finance Act;

Financial Statements at December 31, 2012

Information

- with reference to ensuring the proper implementation of accounting procedures and the correct recording of the events in the accounting documents, as well as the verification of the correspondence between the information in the annual accounts and the underlying accounting records and documents and conformity of the financial statements with law, we state that these duties have been conferred to the Independent Audit Firm; for our part, we have supervised the general format of the annual accounts under examination;
- the Directors' Report provides exhaustive information on the operational activities and development of the Company, of the strategies and of the inter-company transactions; their examination established the correspondence of the content with

the annual accounts data, as established also by the Independent Auditor's Report of PricewaterhouseCoopers SpA.

This contains an indication of the principal risks to which the Company is exposed and indication of the elements which may affect the performance of the company.

- the Notes to the financial statements, in addition, illustrate the accounting principles adopted, which are adequate in relation to the activities and the operations undertaken and the other information required by law;
- no operations on derivative financial instruments were carried out.

Accounting principles and policies

- the Company prepared its Consolidated and Separate Financial Statements at December 31, 2012 in accordance with IAS/IFRS (International Accounting Standards and International Financial Reporting Standards), issued by the International Accounting Standards Board (IASB) and approved by the European Union;
- the Directors' Report contains disclosure concerning the performance of the Group and of Caltagirone Editore SpA and must be read together with the related Financial Statements and Explanatory Notes;
- the Board of directors has adequately illustrated the individual accounts in the financial statements, the changes compared to the previous year and the reasons behind such, as well as the valuation criteria and the accounting principles adopted, which are in line with the legal provisions and take account of the documents issued by the Italian Accounting Profession.
- the Group, supported by studies, considered it appropriate to re-establish as 50% the reduction in book value required and as 60 months to respectively establish "significance" and "duration" in relation to impairments on AFS securities in accordance with IAS 39 (IFRS 9).

The valuation at fair value of the Assicurazioni Generali SpA shares resulted in a positive effect of approx. Euro 7 million, allocated to the Fair Value Reserve.

Accounting data

- the Board, without replacing the activities of the Independent Audit Firm, reviewed the general preparation of the financial statements, excluding each and every analytical control on its content, and verified the observance with regulatory procedures regarding the formation of the financial statements; the Board evaluated the adequacy of the information provided in the Directors' Report, as well as with reference to the operations with subsidiary companies, with other companies under common control and with related parties; the board believes that this information, together with that provided in the Notes, provides a fair representation on the qualitative and quantitative characteristics of the operations carried out in the year;
- the financial statements as at December 31, 2012 report a loss of Euro 26,713,206 and were prepared in accordance with the provisions of law and the company By-laws.

Based on the controls carried out directly and on the information exchanged with the Independent Audit Firm and taking account of the report issued by the company, which expressed an opinion without reservation on the financial statements, we have no objections in approving the financial statements at December 31, 2012 and the carrying forward of the loss.

Consolidated financial statements

Finally we report that the consolidated financial statements of the Caltagirone Editore SpA Group, which record a Group loss of Euro 60,978 thousand, were prepared based on IFRS international accounting standards adopted by the European Union; in particular, the financial statements and the notes thereto were prepared according to the provisions of Legislative Decree 38/2005.

Also in the preparation of the consolidated financial statements for 2012, in compliance with the provisions of the joint Bank of Italy/Consob/Isvap document No. 4 of March 3, 2010 the same parameters defining the concepts of ”significance” and of “duration” of a reduction of the book value of the AFS securities in accordance with IAS 39 (IFRS 9) were applied as those utilised in the preparation of the separate financial statements, with the previously indicated effects.

The Company carried out an impairment test on the intangible assets with indefinite life recognised to the consolidated financial statements; this resulted in a write-down of approx. Euro 34 million to the consolidated financial statements concerning the newspapers il Gazzettino, il Nuovo Quotidiano di Puglia and il Corriere Adriatico.

The Independent Audit Firm prepared its report dated 26/3/2013, which states that the consolidated financial statements of the Caltagirone Editore SpA Group for 2012 were prepared with clarity and represent in a true and correct manner the balance sheet and financial situation, the results and the cash flows of the Group.

The Consolidated Directors’ Report, prepared jointly with that of Caltagirone Editore SpA, provides exhaustive information on the operational activities and development of the Company, of the strategies and of the inter-company transactions; their examination established the correspondence of the content with the consolidated annual accounts data, as established also by the Independent Auditor’s Report of PricewaterhouseCoopers SpA.

Rome, 26.03.2013

Board of Statutory Auditors

Mr. Antonio Staffa

Ms. Maria Assunta Coluccia

Mr. Federico Malorni

CALTAGIRONE EDITORE

subsidiaries
financial statements

assets

	31.12.2012	31.12.2011
A. RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**-**	**-**
B. FIXED ASSETS		
I. Intangible assets		
5) Goodwill	58,117,176	61,749,500
6) Assets in progress and advances	48,945	132,150
7) Other	390,646	271,057
Total	**58,556,767**	**62,152,707**
II. Tangible assets		
1) Land and buildings	18,647,837	18,117,975
2) Plant and machinery	20,086,507	23,873,868
3) Industrial and commercial equipment	75,195	10,082
4) Other fixed assets	880,130	914,177
5) Assets in progress and advances	-	12,910
Total	**39,689,669**	**42,929,012**
III. Financial assets		
1) Equity investments		
a) subsidiaries	*-*	*71,972,862*
d) other companies	*895,870*	*993,014*
Total equity investments	895,870	72,965,876
2) Receivables		
– due within one year		
d) others	*50,719*	*51,126*
Total receivables	50,719	51,126
Total	**946,589**	**73,017,002**
TOTAL FIXED ASSETS (B)	**99,193,025**	**178,098,721**

	31.12.2012	31.12.2011
C. CURRENT ASSETS		
I. Inventories		
5) Raw materials, consumables and supplies	1,576,418	1,921,169
Totale	**1,576,418**	**1,921,169**
II. Receivables		
1) Trade receivables		
– due within one year	*1,872,241*	*1,492,752*
2) Subsidiaries		
– due within one year	*-*	*15,315,936*
3) Group companies		
– due within one year	*6,028,151*	*1,460,687*
4) Holding companies		
– due within one year	*31,264,456*	*613,288*
4-bis) Taxes receivable	530,157	228,852
4-ter) Deferred tax	3,276,003	1,715,104
5) Others		
– due within one year	*382,612*	*187,421*
TOTAL RECEIVABLES	**43,353,620**	**21,014,040**
IV. Cash and cash equivalents		
1) Banking and postal deposits	33,080	109,485,157
3) Cash and cash equivalents	2,979	2,614
Total	**36,059**	**109,487,771**
TOTAL CURRENT ASSETS (C)	**44,966,097**	**132,422,980**
D. PREPAYEMENTS AND ACCRUED INCOME		
2) Accrued income	122,831	141,203
Total	**122,831**	**141,203**
TOTAL ASSETS	**144,281,953**	**310,662,904**

In Euro

liabilities

	31.12.2012	31.12.2011
A. SHAREHOLDERS' EQUITY		
I. Share capital	**1,265,385**	**42,179,500**
IV. Legal reserve	**150,015**	**8,435,900**
VII. Other reserves		
– Merger with S.E.M. surplus.	-	209,600
– Shareholders' equity reduction reserve	-	62,112
– Reserve Law 266/05	2,229,686	11,000,328
– Other reserves ex Caltanet	-	42,406,963
TOTAL OTHER RESERVES	**2,229,686**	**53,679,003**
VIII. Retained earnings	**47,844,390**	**104,661,911**
IX. Profit/(Loss) for the year	**(3,685,849)**	**(1,663,283)**
TOTAL SHAREHOLDERS' EQUITY (A)	**47,803,627**	**207,293,031**
B. PROVISIONS FOR RISKS AND CHARGES		
2) Tax provisions, includ. deferred tax liability	19,318,809	20,128,698
3) Other	6,798,639	4,933,715
TOTAL (B)	**26,117,448**	**25,062,413**
C. EMPLOYEE LEAVING INDEMNITY	**13,007,659**	**14,028,214**
D. PAYABLES		
4) Bank borrowings		
– due within one year	*7,017,468*	*11,712,882*
– due over one year	*23,749,048*	*28,841,392*
Total bank borrowings	**30,766,516**	**40,554,274**
7) Trade payables		
– due within one year	*10,161,175*	*11,689,100*
10) Group companies		
– due within one year	*4,225,211*	*581,452*
11) Holding companies		
– due within one year	*175,121*	*732,433*

	31.12.2012	31.12.2011
12) Tax payables		
– *due within one year*	*1,321,195*	*1,326,044*
13) Payables to social security institutions		
– *due within one year*	*3,799,826*	*3,726,597*
14) Other payables		
– *due within one year*	*6,859,109*	*5,611,599*
– *due over one year*	*5,549*	*5,549*
Total other payables	**6,864,658**	**5,617,148**
TOTAL (D)	**57,313,702**	**64,227,048**
E. ACCRUALS AND DEFERRED INCOME		
2) Deferred income	39,517	52,198
TOTAL (E)	**39,517**	**52,198**
TOTAL LIABILITIES	**144,281,953**	**310,662,904**
MEMORANDUM ACCOUNT		
Guarantees given directly or indirectly in favour of third parties		
– *sureties given to third parties*	*16,785*	*16,785*
– *bank collateral and pledges*	*60,000,000*	*60,000,000*
Goods held by third parties		
– *paper held in warehouses and printers*	*1*	*1*
– *equipment at printers*	*1*	*1*
Third-party owned assets		
– *equipment leased printing machinery*	*26,279*	*220,849*
TOTAL MEMORANDUM ACCOUNT	**60,043,066**	**60,237,636**

In Euro

income statement

	2012	2011
A. VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	78,063,829	88,318,233
5) Other revenues and income		
a) other revenues and income	*3,917,991*	*3,911,570*
b) operating grants	*643,634*	*269,224*
TOTAL VALUE OF PRODUCTION (A)	**82,625,454**	**92,499,027**
B. COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(12,325,407)	(13,840,366)
7) Services	(29,815,575)	(30,680,416)
8) Rents, lease and similar costs	(2,627,993)	(2,628,147)
9) Personnel costs		
a) salaries and wages	*(23,153,226)*	*(23,587,305)*
b) social security charges	*(7,860,891)*	*(8,018,827)*
c) employee leaving indemnity	*(2,147,581)*	*(2,243,475)*
e) other costs	*(2,413,943)*	*(1,632,804)*
Total personnel costs	**(35,575,641)**	**(35,482,411)**
10) Amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	*(3,804,780)*	*(3,711,885)*
b) depreciation of tangible assets	*(4,993,367)*	*(5,052,400)*
Total amortisation, depreciation and write-downs	**(8,798,147)**	**(8,764,285)**
11) Change in inventory of raw materials ancillary, consumables and goods	(344,751)	530,356
14) Other operating costs	(1,338,897)	(1,590,964)
TOTAL COSTS OF PRODUCTION (B)	**(90,826,411)**	**(92,456,233)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A)-(B)	**(8,200,957)**	**42,794**

	2012	2011
C. FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) income other than above		
2 - Group companies	*-*	*3,099*
3 - Holding companies	*1,806,366*	*-*
4 - others	*833*	*1,767,149*
Total other financial income	**1,807,199**	**1,770,248**
17) Interest and other financial charges		
2 - Group companies	*(6,541)*	*-*
4 - others	*(875,899)*	*(1,011,182)*
Total	**(882,440)**	**(1,011,182)**
17-bis) Exchange losses	854,856	380,208
TOTAL FINANCIAL INCOME AND CHARGES (C) (15)+(16)-(17)+-(17bis)	**1,779,615**	**1,139,274**
D. ADJUSTMENT OF FINANCIAL ASSETS		
19) a) Write-downs of equity investments	(97,144)	(67,950)
TOTAL ADJUSTMENT OF FINANCIAL ASSETS (D)	**(97,144)**	**(67,950)**
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income		
a) gains on disposals	*3,690*	*33,180*
b) other extraordinary income	*1,289,740*	*171,196*
Total income	**1,293,430**	**204,376**
21) Charges		
b) prior years taxes	*(218)*	*(400,435)*
c) other extraordinary charges	*(2,461,431)*	*(1,061,813)*
Total charges	**(2,461,649)**	**(1,462,248)**
TOTAL EXTRAORDINARY INCOME AND CHARGES (E) (20)-(21)	**(1,168,219)**	**(1,257,872)**
PROFIT BEFORE TAXES (A)-(B)+-(C)+-(D)+-(E)	(7,686,705)	(143,754)
22) Income taxes		
a) IRES	*3,407,048*	*(175,408)*
b) IRAP	*(1,376,980)*	*(1,788,423)*
– deferred tax charge	*409,889*	*458,374*
– deferred tax assets	*1,560,899*	*(14,072)*
Total income taxes	**4,000,856**	**(1,519,529)**
NET PROFIT FOR THE YEAR	**(3,685,849)**	**(1,663,283)**

In Euro

assets

	31.12.2012	31.12.2011
A. RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**-**	**-**
B. FIXED ASSETS		
I. Intangible assets		
7) Other	123,809	154,358
Total intangible assets	**123,809**	**154,358**
II. Tangible assets		
4) Other fixed assets	202,031	233,967
Total tangible assets	**202,031**	**233,967**
III. Financial assets		
b) associated companies	7,340	40
c) holding companies	-	22,334,693
Total financial assets	**7,340**	**22,334,733**
TOTAL FIXED ASSETS (B)	**333,180**	**22,723,058**

	31.12.2012	31.12.2011
C. CURRENT ASSETS		
II. Receivables		
1) Trade receivables		
– due within one year	*52,708,543*	*63,005,595*
3) Group companies		
– due within one year	*2,304,613*	*1,338,284*
4) Holding companies		
– due within one year	*7,578,996*	*646,094*
4-bis) Taxes receivable	528,040	268,123
4-ter) Deferred tax	5,902,490	5,270,095
5) Others		
– due within one year	*167,932*	*265,517*
– due over one year	*81,715*	*81,715*
Total receivables	**69,272,329**	**70,875,423**
IV. Cash and cash equivalents		
1) Banking and postal deposits	540,041	178,778
3) Cash and cash equivalents	66,061	64,127
Total cash and cash equivalents	**606,102**	**242,905**
TOTAL CURRENT ASSETS (C)	**69,878,431**	**71,118,3280**
D. PREPAYEMENTS AND ACCRUED INCOME	**108,799**	**111,196**
TOTAL ASSETS	**70,320,410**	**93,952,582**

In Euro

PIEMME SPA

liabilities

	31.12.2012	31.12.2011
A. SHAREHOLDERS' EQUITY		
I. Share capital	**2,643,139**	**2,646,540**
IV. Legal reserve	**528,000**	**529,308**
VII. Other reserves	**26,764,624**	**26,830,923**
VIII. Retained earnings	**12,876,694**	**13,525,551**
IX. Profit/(Loss) for the year	**(3,629,458)**	**(620,815)**
TOTAL SHAREHOLDERS' EQUITY (A)	**39,182,999**	**42,911,507**
B. PROVISIONS FOR RISKS AND CHARGES		
3) Other	1,423,933	495,409
TOTAL (B)	**1,423,933**	**495,409**
C. EMPLOYEE LEAVING INDEMNITY	**2,200,760**	**3,043,842**

	31.12.2012	31.12.2011
D. PAYABLES		
4) Bank borrowings		
– due within one year	*2,839,494*	*4,180,356*
7) Trade payables		
– due within one year	*6,653,304*	*5,679,783*
10) Group companies		
– due within one year	*12,276,740*	*17,556,118*
11) Holding companies		
– due within one year	*1,229,978*	*15,401,723*
12) Tax payables:ì		
– due within one year	*1,107,180*	*1,033,968*
13) Payables to social security institutions		
– due within one year	*648,222*	*725,4247*
14) Others		
– due within one year	*1,128,756*	*1,701,241*
TOTAL PAYABLES (D)	**25,883,674**	**46,278,613**
E. PREPAYEMENTS AND ACCRUED INCOME	**1,629,044**	**1,223,211**
TOTAL LIABILITIES	**70,320,410**	**93,952,582**
MEMORANDUM ACCOUNT		
3) Commitments, risks and other memorandum accounts		
c) secured guarantees given to third parties for obligations of the company	*409,532*	*411,757*
TOTAL MEMORANDUM ACCOUNT	**409,532**	**411,757**

In Euro

P I E M M E   S P A

income statement

	2012	2011
A. VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	112,841,242	139,421,636
5) Other revenues and income	1,672,667	1,699,996
TOTAL VALUE OF PRODUCTION (A)	**114,513,909**	**141,121,632**
B. COSTS OF PRODUCTION		
6) Purchase of advertising space	(87,300,570)	(108,107,599)
7) Services	(16,878,446)	(17,304,586)
8) Rents, lease and similar costs	(2,570,791)	(2,577,269)
9) Personnel costs		
a) salaries and wages	*(6,199,322)*	*(7,153,586)*
b) social security charges	*(1,936,366)*	*(2,251,426)*
c) employee leaving indemnity	*(88,895)*	*(116,873)*
d) pension and similar rights	*(482,050)*	*(558,486)*
e) other costs	*(1,080,328)*	*(137,800)*
Total personnel costs	**(9,786,961)**	**(10,218,171)**
10) Amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	*(101,300)*	*(138,522)*
b) depreciation of tangible assets	*(100,335)*	*(166,239)*
d) pension and similar rights	*(2,016,296)*	*(2,370,340)*
Total amortisation, depreciation and write-downs	**(2,217,931)**	**(2,675,101)**
12) Provisions for risks	(758,000)	(66,000)
14) Other operating costs	(186,954)	(119,428)
TOTAL COSTS OF PRODUCTION (B)	**(119,699,653)**	**(141,068,154)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A)-(B)	**(5,185,744)**	**53,478**

	2012	2011
C. FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) Other income from		
4 - Holding companies	*10,899*	*-*
5 - other	*48,246*	*55,089*
Total	**59,145**	**55,089**
17) Interest and other financial charges		
c) Group companies	*(12,518)*	*(22,193)*
e) other	*(336,515)*	*(290,505)*
Total interest and other financial charges	**(349,033)**	**(312,698)**
TOTAL FINANCIAL INCOME AND CHARGES (C)	**(289,888)**	**(257,609)**
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income		
a) gains on disposals	*-*	*-*
b) other extraordinary income	*239,046*	*298,365*
Total income	**239,046**	**298,365**
21) Charges		
a) losses on disposals	*(17,127)*	*(433)*
b) prior years taxes	*-*	*-*
c) other extraordinary charges	*(72,340)*	*(82,371)*
Total charges	**(89,467)**	**(82,804)**
TOTAL EXTRAORDINARY INCOME AND CHARGES (E)	**149,579**	**215,561**
PROFIT BEFORE TAXES	(5,326,053)	11,430
22) Income taxes		
a) current taxes	*(206,808)*	*(481,133)*
b) deferred tax	*632,395*	*(698,392)*
c) income from tax consolidation	*1,271,008*	*547,280*
Total income taxes	**1,696,595**	**(632,245)**
26) NET PROFIT FOR THE YEAR	**(3,629,458)**	**(620,815)**

In Euro

IL MATTINO SPA

assets

	31.12.2012	31.12.2011
A. RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**-**	**-**
B. FIXED ASSETS		
I. Intangible assets		
1) Research, development and advertising costs	12,000	24,000
2) Concessions, licenses, trademarks and similar costs	25,363	900
4) Newspapers titles	32,645,200	34,127,050
Total intangible assets	**32,682,563**	**34,151,950**
II. Tangible assets		
1) Land and buildings	6,169,853	6,442,276
2) Plant and machinery	2,311,666	3,355,163
3) Industrial and commercial equipment	-	288
4) Other fixed assets	421,010	438,385
5) Assets in progress and advances	-	38,498
Total tangible assets	**8,902,530**	**10,274,609**
III. Financial assets		
1) Equity investments		
d) other companies	*364,796*	*364,796*
Total equity investments	364,796	364,796
Total financial assets	**364,796**	**364,796**
TOTAL FIXED ASSETS (B)	**41,949,889**	**44,791,355**

	31.12.2012	31.12.2011
C. CURRENT ASSETS		
I. Inventories		
5) Raw materials, ancillary and consumables	861,728	806,197
Total inventories	**861,728**	**806,197**
II. Receivables		
1) Trade receivables		
– due within one year	*1,586,438*	*1,691,421*
– due over one year	*604,663*	*604,663*
2) Holding companies		
– due within one year	*3,489,662*	*548,224*
3) Group companies:		
– due within one year	*4,648,346*	*5,582,580*
4-bis) Taxes receivable		
– due within one year	*213,575*	*215,743*
– due over one year	*1,458,079*	*1,458,079*
4-ter) Deferred tax	1,276,459	883,158
5) Others		
– due within one year	*109,521*	*94,413*
– due over one year	*31,242*	*38,881*
Total	**140,763**	**133,294**
TOTAL RECEIVABLES	**13,417,983**	**11,117,162**
IV. Cash and cash equivalents		
1) Banking and postal deposits e cassa	21,579	544,848
Total cash and cash equivalents	**21,579**	**544,848**
TOTAL CURRENT ASSETS (C)	**14,301,290**	**12,468,207**
D. PREPAYEMENTS AND ACCRUED INCOME	**178,491**	**193,265**
TOTAL ASSETS	**56,429,670**	**57,452,827**

In Euro

liabilities

	31.12.2012	31.12.2011
A. SHAREHOLDERS' EQUITY		
I. Share capital	**500,000**	**500,000**
III. Revaluation reserve	**297,473**	**297,473**
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	**(270,176)**	**1,510,850**
IX. Profit/(Loss) for the year	**(4,771,065)**	**(1,781,025)**
TOTAL SHAREHOLDERS' EQUITY (A)	**7,206,248**	**11,977,313**
B. PROVISIONS FOR RISKS AND CHARGES		
1) Provision for risks	4,175,360	2,077,410
2) Tax provisions, includ. deferred tax liability	3,515,645	3,688,839
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	**7,691,005**	**5,766,249**
C. EMPLOYEE LEAVING INDEMNITY	**5,958,674**	**6,879,962**

	31.12.2012	31.12.2011
D. PAYABLES		
4) Bank borrowings		
– due within one year	*788,364*	*3,872,447*
7) Trade payables		
– due within one year	*2,851,193*	*3,363,629*
10) Associated companies		
– due within one year	*199,272*	*147,718*
11) Holding companies		
– due within one year	*1,199,810*	*1,247,210*
– due over one year	*25,659,986*	*18,660,000*
12) Tax payables		
– due within one year	*863,288*	*880,128*
13) Payables to social security institutions		
– due within one year	*810,019*	*1,009,817*
14) Other payables		
– due within one year	*1,170,389*	*1,279,460*
TOTAL PAYABLES (D)	**33,542,320**	**30,460,410**
E. PREPAYEMENTS AND ACCRUED INCOME		
2) Deferred income	2,031,422	2,368,894
TOTAL (E)	**2,031,422**	**2,368,894**
TOTAL LIABILITIES	**56,429,670**	**57,452,827**
MEMORANDUM ACCOUNT		
Guarantees given directly or indirectly in favour of third parties:		
– mortgage on new factory	-	*17,172,190*
Sureties or mortgages received		
– third parties	*1,033,513*	*997,313*
TOTAL MEMORANDUM ACCOUNT	**1,033,513**	**18,169,503**

In Euro

income statement

	2012	2011
A. VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	30,275,008	34,469,461
5) Other revenues and income	1,672,667	1,699,996
a) other revenues and income	*422,244*	*812,106*
b) operating grants	*624,103*	*468,297*
TOTAL VALUE OF PRODUCTION (A)	**31,321,356**	**35,749,864**
B. COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(4,569,089)	(4,767,477)
7) Services	(10,525,192)	(10,746,070)
8) Rents, lease and similar costs	(962,144)	(937,688)
9) Personnel costs		
a) salaries and wages	*(10,913,758)*	*(11,361,349)*
b) social security charges	*(3,928,297)*	*(4,056,948)*
c) employee leaving indemnity	*(933,562)*	*(1,027,105)*
e) other costs	*(546,049)*	*(227,946)*
Total personnel costs	**(16,321,666)**	**(16,673,348)**
10) Amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	*(1,520,114)*	*(1,575,584)*
b) depreciation of tangible assets	*(1,545,521)*	*(1,510,119)*
d) write-downs current receivables	-	*(200,000)*
Total amortisation, depreciation and write-downs	**(3,065,635)**	**(3,285,703)**
11) Change in inventory of raw materials ancillary, consumables and goods	55,530	(119,106)
12) Provisions for risks	(95,316)	(106,248)
14) Other operating costs	(735,336)	(702,400)
TOTAL COSTS OF PRODUCTION (B)	**(36,218,846)**	**(37,338,040)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A)-(B)	**(4,897,490)**	**(1,588,176)**

	2012	2011
C. FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) income other than above		
4 - others	*948*	*6,090*
Total	**948**	**6,090**
17) Interest and other financial charges		
4) others	*(140,636)*	*(125,742)*
Total	**(140,636)**	**(125,742)**
TOTAL FINANCIAL INCOME AND CHARGES (C) (15)+(16)-(17)	**(139,688)**	**(119,651)**
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income		
a) gains on disposals	*6,177*	*13,849*
b) other extraordinary income	*74,836*	*91,760*
Total income	**81,013**	**105,609**
21) Charges		
a) losses on disposals	*-*	*-*
b) other extraordinary charges	*(2,720,204)*	*(48,748)*
Total charges	**(2,720,204)**	**(48,748)**
TOTAL EXTRAORDINARY INCOME AND CHARGES	**(2,639,191)**	**56,861**
PROFIT BEFORE TAXES (A)-(B)+(C)+(D)+(E)	(7,676,369)	(1,650,966)
22) Income taxes		
a) current taxes	*(206,808)*	*(481,133)*
IRAP	*(381,641)*	*(595,307)*
b) deferred tax charge	*173,194*	*49,874*
c) deferred tax income	*393,301*	*(28,221)*
e) income tax receivable on losses from tax consolidation	*2,720,450*	*443,595*
Total income taxes	**2,905,304**	**(130,059)**
NET PROFIT FOR THE YEAR	**(4,771,065)**	**(1,781,025)**

In Euro

L E G G O   S P A

assets

	31.12.2012	31.12.2011
A. RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**-**	**-**
B. FIXEDASSETS		
I. Intangible assets		
7) Other	22,505	46,669
Total intangible assets	**22,505**	**46,669**
II. Tangible assets		
2) Plant and machinery	2,573	4,206
3) Industrial and commercial equipment	22,234	10,916
4) Other fixed assets	47,665	77,474
5) Assets in progress and advances	2,466	2,466
Total tangible assets	**74,938**	**95,062**
III. Financial assets		
2) Receivables		
d) others	*3,892*	*4,232*
Total receivables	3,892	4,232
Total financial assets	**3,892**	**4,232**
TOTAL FIXED ASSETS (B)	**101,335**	**145,963**

	31.12.2012	31.12.2011
C. CURRENT ASSETS		
II. Receivables		
1) Trade receivables		
– due within one year	*-*	*36,284*
3) Group companies		
– due within one year	*130,991*	*1,250,643*
4) Holding companies		
– due within one year	*3,900,533*	*2,880,199*
4-bis) Taxes receivable		
– due within one year	*63,545*	*62,644*
4-ter) Deferred tax	59,300	42,024
5) Others		
– due within one year	*1,530*	*15,448*
Total	**1,530**	**15,448**
TOTAL RECEIVABLES	**4,155,899**	**4,287,242**
IV. Cash and cash equivalents		
1) Banking and postal deposits	5,422	6,583
3) Cash and cash equivalents	432	374
Total cash and cash equivalents	**5,854**	**6,957**
TOTAL CURRENT ASSETS (C)	**4,161,753**	**4,294,199**
D. PREPAYEMENTS AND ACCRUED INCOME		
2) Prepayments	4,009	38,542
Total	**4,009**	**38,542**
TOTAL ASSETS	**4,267,097**	**4,478,704**

In Euro

liabilities

	31.12.2012	31.12.2011
A. SHAREHOLDERS' EQUITY		
I. Share capital	1,000,000	1,000,000
IV. Legal reserve	-	200,000
VIII. Retained earnings	-	1,521,963
IX. Profit/(Loss) for the year	(3,046,202)	(3,612,606)
TOTAL SHAREHOLDERS' EQUITY (A)	(2,046,202)	(890,643)
B. PROVISIONS FOR RISKS AND CHARGES	-	-
C. EMPLOYEE LEAVING INDEMNITY	364,974	492,409

	31.12.2012	31.12.2011
D. PAYABLES		
3) Bank borrowings		
– due within one year	*200,742*	*1,202,644*
6) Trade payables		
– due within one year	*839,758*	*1,803,111*
9) Group companies		
– due within one year	*290,592*	*1,411,000*
10) Holding companies		
– due within one year	*4,223,831*	*93,504*
11) Tax payables		
– due within one year	*123,309*	*87,933*
12) Payables to social security institutions		
– due within one year	*225,560*	*219,907*
13) Other payables		
– due within one year	*44,533*	*53,917*
Total other payables	**44,533**	**53,917**
TOTAL PAYABLES (D)	**5,948,325**	**4,872,016**
E. PREPAYEMENTS AND ACCRUED INCOME		
2) Deferred income	-	4,922
TOTAL PREPAYEMENTS AND ACCRUED INCOME (E)	**-**	**4,922**
TOTAL LIABILITIES	**4,267,097**	**4,478,704**
MEMORANDUM ACCOUNT		
Commitments, risks and other memorandum accounts	-	5,324
TOTAL MEMORANDUM ACCOUNT	**-**	**5,324**

In Euro

L E G G O   S P A

income statement

	2012	2011
A. VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	6,279,896	11,838,631
5) Other revenues and income	240,323	160,886
TOTAL VALUE OF PRODUCTION (A)	**6,520,219**	**11,999,517**
B. COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(2,602,639)	(2,936,522)
7) Services	(4,815,609)	(10,210,571)
8) Rents, lease and similar costs	(596,834)	(1,225,218)
9) Personnel costs		
a) salaries and wages	*(1,533,146)*	*(1,801,466)*
b) social security charges	*(469,212)*	*(485,341)*
c) employee leaving indemnity	*(144,254)*	*(156,145)*
e) other costs	*(233,035)*	*(70,213)*
Total personnel costs	**(2,379,647)**	**(2,513,165)**
10) Amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	*(24,165)*	*(24,614)*
b) depreciation of tangible assets	*(22,150)*	*(21,663)*
Total amortisation, depreciation and write-downs	**(46,315)**	**(46,277)**
14) Other operating costs	(93,802)	(108,456)
TOTAL COSTS OF PRODUCTION (B)	**(10,534,846)**	**(17,040,209)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A)-(B)	**(4,014,627)**	**(5,040,692)**

	2012	2011
C. FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) income other than above		
4 - others	*95*	*49,983*
Total other financial income	**95**	**49,983**
17) Interest and other financial charges		
b) Group companies	*-*	*(3,099)*
d) others	*(40,763)*	*(29,005)*
Total interest and other financial charges	**(40,763)**	**(32,104)**
TOTAL FINANCIAL INCOME AND CHARGES (C) (15)+(16)-(17)	**(40,668)**	**17,879**
D. ADJUSTMENT OF FINANCIAL ASSETS		
19) a) write-down of equity investments	-	(89)
Total (D)	**-**	**(89)**
E. EXTRAORDINARY INCOME AND CHARGES		
20) Income		
a) gains on disposals	*42*	*-*
b) other extraordinary income	*536*	*46,930*
Total	**578**	**46,930**
21) Charges		
c) other extraordinary charges	*(125,925)*	*-*
Total	**(125,925)**	**-**
TOTAL EXTRAORDINARY INCOME AND CHARGES (E)	**(125,347)**	**46,930**
PROFIT BEFORE TAXES (A)-(B)+(C)+(D)+(E)	(4,180,642)	(4,975,972)
22) Income taxes		
a) IRES	*1,117,164*	*1,363,388*
c) deferred tax assets	*17,276*	*(22)*
Total income taxes	**1,134,440**	**1,363,366**
NET PROFIT FOR THE YEAR	**(3,046,202)**	**(3,612,606)**

In Euro

assets

	31.12.2012	31.12.2011
A. RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**-**	**-**
B. FIXED ASSETS		
I. Intangible assets		
3) Industrial patents and intellectual property rights	1,701	5,101
5) Goodwill	13,530,112	15,033,458
7) Other	8,122	-
Total intangible assets	**13,539,935**	**15,038,559**
II. Tangible assets		
1) Land and buildings	694,089	727,091
2) Plant and machinery	9,095	18,608
4) Other fixed assets	183,487	250,454
Total tangible assets	**886,671**	**996,153**
III. Financial assets		
1) Equity investments		
a) subsidiaries	*7,453,097*	*7,453,097*
b) associated companies	*844,949*	*844,949*
d) other companies	*398,717*	*398,717*
Total financial assets	8,696,763	8,696,763
TOTAL FIXED ASSETS (B)	**23,123,369**	**24,731,475**

	31.12.2012	31.12.2011
C. CURRENT ASSETS		
I. Inventories		
1) Raw materials, ancillary and consumables	324,473	382,489
Total inventories	**324,473**	**382,489**
II. Receivables		
1) Trade receivables		
– due within one year	*1,197,989*	*1,158,482*
2) Subsidiaries		
– due within one year	*756,486*	*602,520*
3) Associated companies		
– due within one year	*840,207*	*840,207*
4) Holding companies		
– due within one year	*3,820,814*	*1,977,253*
4 bis) Taxes receivable		
– due within one year	*108,804*	*-*
– due over one year	*24,795*	*24,795*
4 ter) Deferred tax		
– due within one year	*205,026*	*278,750*
– due over one year	*879,181*	*748,097*
5) Others		
– due within one year	*59,706*	*127,506*
– due over one year	*64,806*	*94,949*
6) Group companies		
– due within one year	*5,877,137*	*6,887,222*
TOTAL RECEIVABLES	**13,834,951**	**12,739,781**
IV. Cash and cash equivalents		
1) Banking and postal deposits	21,719	68,481
3) Cash and cash equivalents	10,068	5,406
Total cash and cash equivalents	**31,787**	**73,887**
TOTAL CURRENT ASSETS (C)	**14,191,211**	**13,196,157**
D. PREPAYEMENTS AND ACCRUED INCOME	**135,868**	**141,569**
TOTAL ASSETS	**37,450,448**	**38,069,201**

In Euro

liabilities

	31.12.2012	31.12.2011
A. SHAREHOLDERS' EQUITY		
I. Share capital	**2,000,000**	**2,000,000**
IX. Profit/(Loss) for the year		
– *Loss for the year*	*(2,407,653)*	*(1,632,620)*
TOTAL SHAREHOLDERS' EQUITY (A)	**(407,653)**	**367,380**
B. PROVISIONS FOR RISKS AND CHARGES		
1) Pensions and similar obligations	270,372	492,110
3) Other	2,976,000	3,336,000
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	**3,246,372**	**3,828,110**
C. EMPLOYEE LEAVING INDEMNITY	**5,280,346**	**5,335,982**

	31.12.2012	31.12.2011
D. PAYABLES		
3) Payables to shareholders for financing		
– due within one year	*6,567,380*	*4,600,000*
4) Bank borrowings		
– due within one year	*649,292*	*1,930,850*
7) Trade payables		
– due within one year	*3,174,750*	*3,858,387*
9) Subsidiaries		
– due within one year	*13,682,623*	*12,734,430*
11) Associated companies		
– due within one year	*-*	*81,177*
12) Tax payables		
– due within one year	*929,582*	*917,322*
13) Payables to social security institutions:		
– due within one year	*1,436,242*	*1,448,633*
14) Other payables		
– due within one year	*2,591,626*	*2,840,976*
15) Group companies		
– due within one year	*184,053*	*13,608*
Total payables	**29,215,546**	**28,425,383**
E. PREPAYEMENTS AND ACCRUED INCOME	**115,837**	**112,346**
TOTAL LIABILITIES	**37,450,448**	**38,069,201**

In Euro

I L G A Z Z E T T I N O S P A

income statement

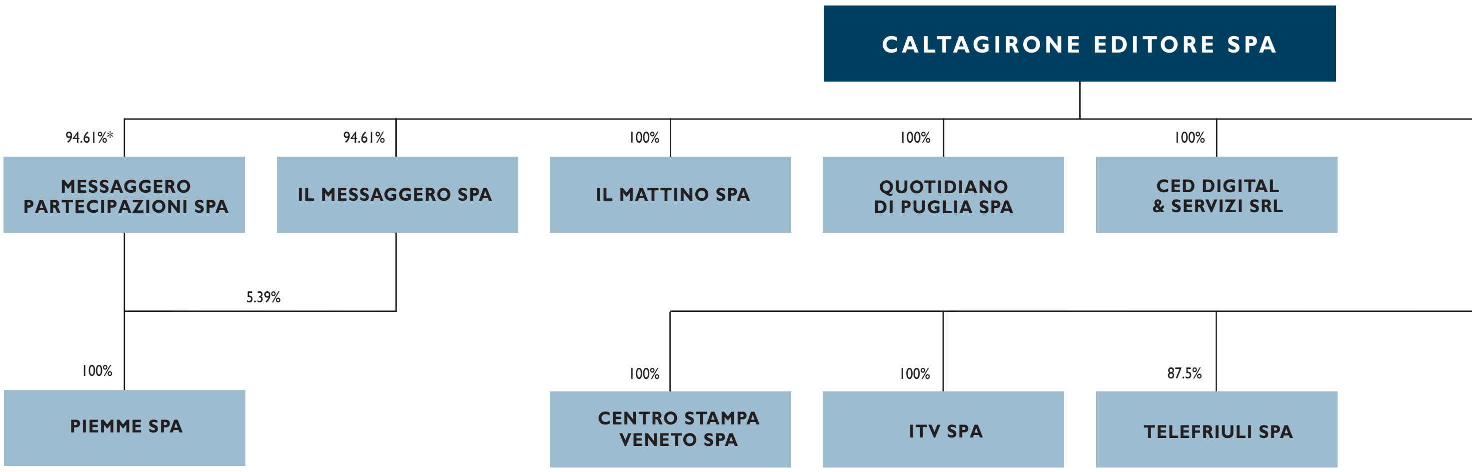
	2012	2011
A. VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	35,803,391	39,180,583
5) Other revenues and income		
– *other revenues and income*	*1,696,152*	*1,563,432*
TOTAL VALUE OF PRODUCTION (A)	**37,499,543**	**40,744,015**
B. COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(3,347,821)	(3,615,515)
7) Services	(18,906,472)	(19,296,049)
8) Rents, lease and similar costs	(1,105,766)	(1,096,186)
9) Personnel costs		
a) salaries and wages	*(10,971,077)*	*(10,951,071)*
b) social security charges	*(3,276,879)*	*(3,208,279)*
c) employee leaving indemnity	*(961,851)*	*(1,004,610)*
e) other costs	*(14,196)*	*(145,723)*
10) Amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	*(1,507,484)*	*(1,507,264)*
b) depreciation of tangible assets	*(173,430)*	*(179,039)*
11) Change in inventory of raw materials ancillary, consumables and goods	(58,737)	(33,200)
12) Provisions for risks	(163,086)	(515,156)
14) Other operating costs	(540,894)	(533,497)
TOTAL COSTS OF PRODUCTION (B)	**(41,027,694)**	**(42,085,589)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A)-(B)	**(3,528,151)**	**(1,341,574)**

	2012	2011
C. FINANCIAL INCOME AND CHARGES		
16) (+) Other financial income		
d) income other than above		
– others	*150*	*986*
17) (-) Interest and other financial charges		
a) subsidiaries	*(106,209)*	*(85,003)*
b) holding companies	*(95,397)*	*(134,697)*
TOTAL FINANCIAL INCOME AND CHARGES (C)	**(201,456)**	**(218,714)**
D. ADJUSTMENT OF FINANCIAL ASSETS		
18) (+) Revaluation		
a) of equity investments	*-*	*153,237*
TOTAL ADJUSTMENT OF FINANCIAL ASSETS (D)	**-**	**153,237**
E. EXTRAORDINARY INCOME AND CHARGES		
20) (+) Income		
a) income	*858*	*8,543*
b) gains on asset sales	*-*	*10,221*
21) (-) Charges		
a) charges	*-*	*(90,681)*
TOTAL EXTRAORDINARY INCOME AND CHARGES (E)	**858**	**(71,917)**
PROFIT BEFORE TAXES	(3,728,749)	(1,478,968)
22) (-) Income taxes		
a) current taxes	*1,263,736*	*112,355*
b) deferred tax charge	*57,360*	*(266,007)*
Total income taxes	**1,321,096**	**(153,652)**
23) NET PROFIT FOR THE YEAR	**(2,407,653)**	**(1,632,620)**

In Euro

Caltagirone Editore Group

CONTROLLED COMPANIES AND MAIN INVESTMENTS
AT DECEMBER 31ST, 2012



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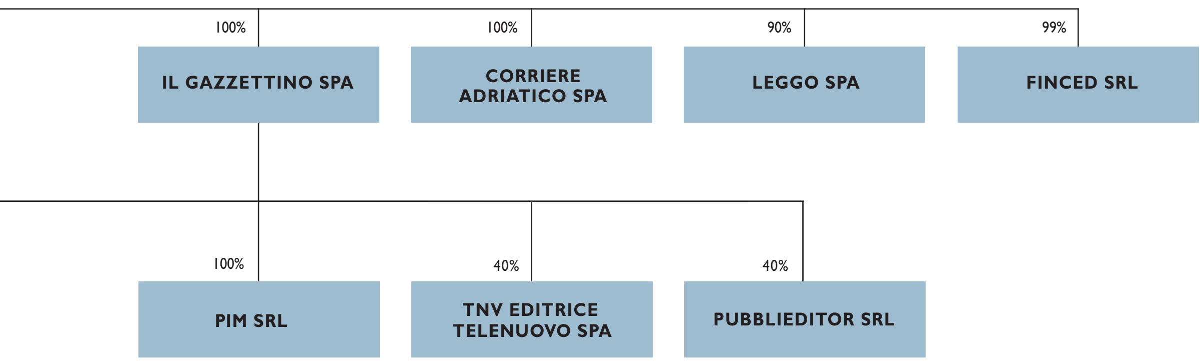
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