CALTAGIRONE EDITORE

2013 ANNUAL REPORT
FOURTEENTH FISCAL YEAR

CALTAGIRONE EDITORE

2013 ANNUAL REPORT | FOURTEENTH 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

SHAREHOLDERS' MEETING OF APRIL 16TH 2014

AGENDA

EXTRAORDINARY SESSION:

1. Amendment to Article 9 of the By-Laws
   – Shareholders' Meetings –.

ORDINARY SESSION:

2. Presentation of the Separate and Consolidated Financial Statements for the year ended December 31st 2013, together with the Directors' Report, Board of Statutory Auditors' Report and the Independent Auditors' Report;
   resolutions thereon;

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

4. 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 Audit Firm

PricewaterhouseCoopers SpA

* Members of the Internal Control Committee

** Members of the Independent Directors' 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 2013

INTRODUCTION

The present Directors' Report refers to the Consolidated and Separate Financial Statements of Caltagirone Editore SpA (hereafter also "the Group") at December 31st 2013, 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 2013.

GROUP OPERATIONS

The table below illustrates the key financial results for the year 2013 compared to the previous year.

	2013	2012	Change %
Circulation revenues	75,620	73,574	2.8%
Advertising revenues	98,295	113,378	-13.3%
Promotions revenues	788	747	5.5%
Other operating revenues	6,812	7,739	-12.0%
TOTAL OPERATING REVENUES	**181,515**	**195,438**	**-7.1%**
Raw materials, supplies and consumable stores	(20,716)	(26,316)	-21.3%
Labour costs	(82,896)	(98,185)	-15.6%
Other operating costs	(79,060)	(87,099)	-9.2%
TOTAL OPERATING COSTS	**(182,672)**	**(211,600)**	**-13.7%**
EBITDA	**(1,157)**	**(16,162)**	**92.8%**
Amortisation, depreciation, provisions & write-downs	(81,422)	(46,512)	75.1%
OPERATING LOSS	**(82,579)**	**(62,674)**	**-31.8%**
Result of companies valued at equity	**(99)**	**(3,247)**	**97.0%**
Financial income	6,917	6,483	6.7%
Financial charges	(2,365)	(9,861)	-76.0%
Financial result	**4,552**	**(3,378)**	**na**
LOSS BEFORE TAXES	**(78,126)**	**(69,299)**	**-12.7%**
Income taxes	2,592	7,977	-67.5%
NET LOSS BEFORE MINORITY SHARE	**(75,534)**	**(61,322)**	**-23.2%**
Minority interest	102	344	-70.3%
GROUP NET LOSS	**(75,432)**	**(60,978)**	**-23.7%**

In Euro thousands

In 2013 Operating Revenues reduced 7.1%, principally due to the contraction in advertising revenues (-13.3%), following the prolonged economic difficulties within the country which has resulted in sharp cutbacks and consequently in advertising sector expenditure.
Raw material costs decreased by 21.3%, due principally to the lower quantity utilised in the production process following the reduction in consumption (approx. 21%), and to a marginal extent the lower paper acquisition price.
Labour costs, net of non-recurring charges of Euro 2 million (Euro 7.9 million in 2012) related to the reorganisation plans put in place by a number of Group companies, decreased by 10.3% as a result of the corporate restructurings introduced in preceding years.

Other operating costs decreased overall by 9.2%, principally due to the drop in copies distributed of the free newspaper Leggo, the reduced amount of commissions recognised to agents, the lower number of promotional products and the action taken on overhead and general costs.
The 2013 EBITDA reports a loss of Euro 1.2 million, significantly improving on 2012 (loss of Euro 16.2 million), following a reduction in operating costs.
The EBIT reports a loss of Euro 82.6 million (loss of Euro 62.7 million in 2012), principally impacted by the write-down of goodwill and newspaper titles for some Group companies totalling Euro 70.6 million, excluding the relative positive tax effect of Euro 4.2 million (Euro 34 million in 2012) on the basis of impairment tests, amortisation and depreciation of Euro 8.6 million and the write-down of receivables of approx. Euro 2 million.
The financial management result which reported a profit of Euro 4.6 million (loss of Euro 3.4 million in 2012) includes dividends received on listed shares of Euro 1.8 million and net financial income of Euro 2.8 million.
The Group Net Result reports a loss of Euro 75.4 million (loss of Euro 61 million in 2012).
The Group Net Cash Position at December 31st 2013 was Euro 137.4 million.

	31.12.2013	31.12.2012
Current financial assets	3	1,536
Cash and cash equivalents	186,633	188,902
Non-current financial payables	(18,652)	(23,749)
Current financial liabilities	(30,544)	(12,334)
Net Cash Position*	**137,440**	**154,355**

In Euro thousands

* *The Net Cash Position in accordance with CESR recommendation of February 10th 2005 is illustrated at Note 30 of the Notes to Consolidated Financial Statements*

The Net Cash Position decreased approx. Euro 16.9 million on December 31st 2012, principally due to the funding of the reorganisation plans implemented in previous years.
The Group Consolidated Shareholders' Equity reduced from Euro 670.7 million at December 31st 2012 to Euro 625.6 million at December 31st 2013; the reduction of Euro 45.1 million was due to the loss in the period and the positive effect from the fair value measurement of shares held by the Group.

The balance sheet and income statement ratios are provided below:

	2013	2012
ROE* *(Net Result/Net Equity)***	(12.1)	(9.1)
ROI* *(Operating Result/Total Assets)***	(9.8)	(7.0)
ROS* *(Operating Result/Operating Revenues)***	(45.5)	(32.1)
Equity Ratio *(Net Equity/Total Assets)*	0.74	0.75
Liquidity Ratio *(Current assets/Current liabilities)*	2.75	3.05
Capital Invested Ratio *(Net equity/Non-current assets)*	1.07	1.06

** 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 (ROE, ROI and ROS) were principally impacted by the write-downs of goodwill and newspaper titles, in addition to the reduction in Operating Revenues.
The balance sheet ratios confirm Group financial and balance sheet equilibrium, with strong stability, a good capacity to meet short-term commitments through liquid funds and finally a good equilibrium between own funds and fixed assets.

GROUP OPERATING PERFORMANCE

PUBLISHING

Circulation Revenues of Euro 75.6 million increased 2.8% on 2012, following the increase in the sales price applied from February 1st 2013 on all Group newspapers and including the forecast reduction in the number of copies sold following the increase, in addition to the now consolidated contraction of the newspaper market. The latest official available figures (ADS – Newspaper Sales Figures) of copies sold at newsstands report a reduction of 11.2%[1], highlighting the impact of the recession on the newspaper sector. Circulation revenues were however also further affected by a number of strike days by the printing staff of "Il Messaggero" and "Corriere Adriatico".
The Revenues from products sold together with Group newspapers were not significant (Euro 788 thousand), following the substantial discontinuation of these promotional activities.
The sale of subscriptions and multimedia versions – although increasing – were not significant and the percentage of total Group circulation revenues was still negligible. Group websites reports a significant increase in unique monthly users[2] (approx. 63.3% compared to 2012).

1. Accertamenti Diffusione Stampa Srl figures – comparison between December 2013 and December 2012.
2. Shinystat figures December 2013 – December 2012.

ADVERTISING

In 2013 Group newspaper advertising revenues decreased 13.3% from Euro 113.4 million in 2012 to Euro 98.3 million in 2013; revenues from the sale of space were particularly impacted by the performance of the free newspaper Leggo (-31.0%); excluding this effect the reduction in Group advertising revenues was 12.1%.
The newspaper sector advertising market in the 2013 reported a revenue contraction of 19.4%[3] compared to the same period of 2012, with a significant difference between national commercial advertising (-24.6%)[4] and local commercial advertising (-18.4%)[5].
Advertising revenues from Group websites in 2013 improved 35.9% compared to the previous year. The general internet advertising figures highlight the current check to a number of years of continuous growth (-1.8%)[6]. Although internet advertising revenues are generally improving, the volumes in this sector are still marginal in relation to 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 financial risks 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 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.

3. FCP newspaper research data – January – December 2013 with corresponding period of 2012.
4. FCP newspaper research data – January – December 2013 with corresponding period of 2012.
5. FCP newspaper research data – January – December 2013 with corresponding period of 2012.
6. Nielsen figures January – December 2013 with corresponding period of 2012.

Credit risk

Receivables at year-end principally are of a commercial nature. In general, they 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 2013, there were 924 employees (976 at December 31st 2012).
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

No significant events occurred after December 31st 2013.

OUTLOOK

The very poor performance within the advertising sector persists and against which the Group continues to implement a close cost containment policy.

PARENT COMPANY OVERVIEW

For 2013 Caltagirone Editore SpA reports financial income of Euro 24.5 million and financial charges of Euro 75.4 million, with a net loss of Euro 53.5 million, principally due to the write-down of investments in subsidiaries for Euro 73.7 million, as shown in the following table which compares the key financial results with the previous year, reclassified in accordance with Consob Communication No. 94001437 of February 23rd 1994:

	31.12.2013	31.12.2012
Dividends from other companies	670	670
Other financial income	5,030	4,269
Revaluation of investments in subsidiaries	18,785	-
Total financial income	**24,485**	**4,939**
Interest and financial charges from subsidiaries	(1,682)	(2,163)
Interest and financial charges from third parties	(34)	(2,153)
Losses on securities sales*	-	(659)
Write-down of investments in subsidiaries*	(73,672)	(20,729)
Write-down of investments in associated companies	(31)	(3,251)
Total financial charges	**(75,419)**	**(28,955)**
TOTAL FINANCIAL INCOME AND CHARGES	**(50,934)**	**(24,016)**
Result from operating activities**	(2,231)	(2,136)
LOSS BEFORE TAXES	**(53,165)**	**(26,152)**
Income taxes	(359)	(561)
NET LOSS FOR THE YEAR	**(53,524)**	**(26,713)**

In Euro thousands

* *The Losses on equity sales, the write-down of investments in subsidiaries and of investments and securities 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 revaluation of investments in subsidiaries follows the write-back of the book value of Finced Srl, as the reasons for the impairments recognised in previous years were no longer applicable.
The account interest and financial charges from subsidiaries principally comprises interest on loans received from Il Messaggero SpA (Euro 500 thousand) and Piemme SpA (Euro 263 thousand).
The write-down of investments in subsidiaries relates to the companies Corriere Adriatico SpA, Quotidiano di Puglia SpA, Leggo SpA and Il Gazzettino SpA, based on the impairment tests in relation to the losses incurred.

The shareholders' equity of the Company at December 31st 2013 was Euro 565.5 million. The reduction compared to December 31st 2012 (Euro 607.5 million) is principally due to the loss in the year, net of the positive effect of the valuation at fair value of equities in portfolio.

NET CASH POSITION

The Net Cash Position is as follows:

	31.12.2013	31.12.2012
Current financial assets	34,039	37,986
Cash and cash equivalents	181,130	183,559
Current financial liabilities	(37,909)	(100,174)
Net Cash Position*	**177,260**	**121,371**

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 increased by Euro 55.9 million, substantially following the merger by incorporation of Messaggero Partecipazioni SpA on June 3rd 2013. The necessary actions taken by a number of subsidiaries to cover losses amounted to approx. Euro 2.3 million.

PRINCIPAL EQUITY INVESTMENTS

The key results of the subsidiary companies are reported below.

IL MESSAGGERO SPA

The Company in 2013 reports a net loss of Euro 4.9 million after amortisation and depreciation of approx. Euro 8.8 million (net loss of Euro 3.7 million in 2012), against Operating Revenues of Euro 75.7 million, reducing 8.4% on 2012, principally due to the drop in advertising revenues (14.8%). The EBITDA improved from Euro 597 thousand to Euro 2.8 million, thanks to a reduction in operating costs of approx. 11.1%.

IL MATTINO SPA

Il Mattino SpA in 2013 reported a net loss of Euro 2.5 million (net loss of Euro 4.8 million in 2012), after amortisation, depreciation and provisions of approx. Euro 3.3 million, with a reduction in Operating Revenues of 5.1% to Euro 29.7 million following the contraction in advertising revenues (-10.8%). EBITDA amounted to a profit of Euro 333 thousand, improving on 2012 (loss of Euro 4.2 million), thanks to the continued operating cost reduction.

IL GAZZETTINO SPA

Il Gazzettino SpA in 2013 reported a Net Profit of Euro 731 thousand (net loss of Euro 2.4 million in 2012), with Operating Revenues substantially in line with the previous year. The EBITDA was a profit of Euro 746 thousand, improving on 2012 (loss of Euro 1.8 million), thanks to the continued reduction of operating costs. The Net Result was impacted by the write-down of a subsidiary for Euro 2.2 million, while benefitting however from dividends distributed in 2013 by subsidiaries for Euro 4 million.

LEGGO SPA

The Company in 2013 reported advertising revenues of Euro 4.6 million, reducing by approx. 26.8% compared to the previous year (Euro 6.3 million), due to the continued drop in advertising expenditure.
2013 saw a net loss of Euro 1.2 million compared to a loss of Euro 3 million in 2012, due to the implementation of a strict cost control and reduction policy.

CORRIERE ADRIATICO SPA

The Company publishes the newspaper of the same name, leader in the Marche region. Il Corriere Adriatico SpA in 2013 reported a Net Loss of Euro 1.3 million (loss of Euro 1.1 million in 2012), with Operating Revenues substantially in line with 2012. The EBITDA loss was in line with the previous year.

QUOTIDIANO DI PUGLIA SPA

In 2013 Quotidiano di Puglia SpA, which publishes the newspaper of the same name in the provinces of Lecce, Brindisi and Taranto, reported a Net Profit of Euro 9 thousand (loss of Euro 177 thousand in 2012), with Operating Revenues of Euro 7 million (Euro 7.1 million in 2012).

TELEFRIULI SPA

In 2013, Telefriuli SpA, a company which manages local television providers, reported a net loss of Euro 603 thousand (loss of Euro 106 thousand in 2012), against Operating Revenues of Euro 819 thousand (Euro 879 thousand in 2012).

PIEMME SPA

La Piemme SpA, a direct subsidiary of Caltagirone Editore SpA following the merger by incorporation in June 2013 of Messaggero Partecipazioni SpA, is the sole advertising agency for all of the Group newspapers; in 2013 a net loss of Euro 4.7 million is reported (net loss of Euro 3.6 million in 2012) against advertising revenues of Euro 97.5 million (Euro 112.8 million in 2012, -14%).
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 802 thousand, following the Company reorganisation implemented.

OTHER INVESTMENTS

The finance company Finced Srl in 2013 reported a Net Profit of Euro 4.9 million, principally due to the write-back of Euro 3.3 million of listed shares in portfolio, as the reasons for the write-down of these shares in previous years was no longer applicable.
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 Meeting resolution of April 17th 2013 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 2013 Caltagirone Editore SpA had 868,622 treasury shares in portfolio, comprising 0.69% of the share capital for a value of Euro 832,921.
At the date of the present Report treasury shares in portfolio numbered 942,269 – equal to 0.7538% of the share capital.

OTHER INFORMATION

Caltagirone Editore SpA, in adherence with the current legislative provisions, is the Titleholder of the treatment of personal data. The Board of Directors of the Company, in the meeting of March 23rd 2004, appointed a person Responsible for the treatment of personal data.
Caltagirone Editore SpA, as permitted by the Consolidated Finance Act, takes part in a Group tax regime called the "Tax Consolidation" as the parent company.
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.
The Board of Directors' meeting of March 12th 2013 also confirmed for 2013 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 Remuneration Report was made available at the registered offices and on the internet site of the Company www.caltagironeeditore.com/corporatedocuments/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 2013, the Company had 3 employees (3 at December 31st 2012).
The parent company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Italian Civil Code.

CORPORATE GOVERNANCE

The Board of Directors on November 11th 2013 approved the By-Law amendments to ensure compliance with the new gender balance regulation (the so-called "pink quota") concerning the composition of the Board of Directors and the Board of Statutory Auditors. 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/corporatedocuments/corporate governance).

PROPOSAL TO THE SHAREHOLDERS' MEETING

Dear Shareholders,
we propose to you the approval of the Financial Statements at December 31st 2013, 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 53,523,894.

Rome, March 11th 2014

For the Board of Directors

The Chairman
Mr. Francesco Gaetano Caltagirone

ATTACHMENTS

RECONCILIATION BETWEEN THE NET RESULT AND THE NET EQUITY OF THE PARENT COMPANY AND THE CONSOLIDATED NET RESULT AND NET EQUITY 31.12.2013

	Net Result	Net Equity
Net Result and Net Equity for the year as per financial statements of the parent company	**(53,524)**	**565,467**
Contribution of subsidiary and associated companies	(18,372)	47,786
Effect of the equity method valuation of associated companies	(68)	(68)
Adjustment to the international accounting standards IFRS/IAS	495	56,908
Elimination of inter-company dividends	(4,000)	-
Elimination of inter-company (gains) losses, net of tax effect	(65)	(44,386)
Minority interest share of net equity	102	(68)
NET RESULT AND NET EQUITY AS PER THE CONSOLIDATED FINANCIAL STATEMENTS	**(75,432)**	**625,639**

In Euro thousands

LIST OF INVESTMENTS AT 31.12.2013 - AS PER ART. 38 OF LEGS. DECREE 127/1991

Company	Registered office	Share Capital	Currency	Holding Direct	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	99.999%	0.001%	Finced Srl
Il Mattino SpA	Rome	500,000.00	Euro	99.999%	0.001%	Finced Srl
Piemme SpA	Rome	2,643,139.00	Euro	99.999%	0.001%	Finced Srl
Leggo SpA	Rome	1,000,000.00	Euro	99.950%	0.050%	Finced Srl
Finced Srl	Rome	10,000.00	Euro	99.990%	0.010%	Piemme SpA
Corriere Adriatico SpA	Ancona	890,000.00	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	99.950%	0.050%	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)	612,461.00	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

CALTAGIRONE EDITORE

CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31ST 2013

CALTAGIRONE EDITORE GROUP
CONSOLIDATED BALANCE SHEET

ASSETS	Notes	31.12.2013	31.12.2012
Non-current assets			
Intangible assets with definite life	1	1,285	1,711
Goodwill and other intangible assets with definite life	2	342,735	413,315
Property, plant and equipment	3	58,813	66,009
Equity investments valued at equity	4	777	845
Equity investments and non-current securities	5	139,704	108,975
Non-current financial assets	6	43	28
Other non-current assets	7	453	533
Deferred tax assets	8	43,461	41,224
TOTAL NON-CURRENT ASSETS		**587,271**	**632,640**
Current assets			
Inventories	9	2,317	3,316
Trade receivables	10	59,483	60,348
of which related parties		*1,971*	*1,474*
Current financial assets	11	3	1,536
of which related parties		-	*1,536*
Tax receivables	8	4,121	3,081
Other current assets	12	1,279	2,292
of which related parties		*4*	-
Cash and cash equivalents	13	186,633	188,902
of which related parties		*770*	*92,197*
TOTAL CURRENT ASSETS		**253,836**	**259,475**
TOTAL ASSETS		**841,107**	**892,115**

In Euro thousands

CALTAGIRONE EDITORE GROUP
CONSOLIDATED BALANCE SHEET

SHAREHOLDERS' EQUITY & LIABILITIES	Notes	31.12.2013	31.12.2012
Shareholders' equity			
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Other reserves		594,936	625,496
Loss for the year		(75,432)	(60,978)
Group Shareholders' Equity		**625,639**	**670,653**
Minority interest shareholders' equity		68	(32)
TOTAL SHAREHOLDERS' EQUITY	**14**	**625,707**	**670,621**
LIABILITIES			
Non-current liabilities			
Employee provisions	15	29,410	31,678
Other non-current provisions	16	6,684	7,414
Non-current financial payables	17	18,652	23,749
Other non-current liabilities	18	2,799	3,734
Deferred tax liabilities	8	65,480	69,814
TOTAL NON-CURRENT LIABILITIES		**123,025**	**136,389**
Current liabilities			
Current provisions	16	5,862	14,633
Trade payables	19	24,576	27,049
of which related parties		*1,230*	*651*
Current financial liabilities	17	30,544	12,334
of which related parties		*5,845*	*1,117*
Other current liabilities	18	31,393	31,089
of which related parties		*35*	*10*
TOTAL CURRENT LIABILITIES		**92,375**	**85,105**
TOTAL LIABILITIES		**215,400**	**221,494**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**841,107**	**892,115**

In Euro thousands

CALTAGIRONE EDITORE GROUP
CONSOLIDATED INCOME STATEMENT

	Notes	2013	2012
Revenues			
Revenues from sales and services	20	174,703	187,699
of which related parties		*2,109*	*1,160*
Other operating revenues	21	6,812	7,739
of which related parties		*92*	*97*
TOTAL REVENUES		**181,515**	**195,438**
Costs			
Raw material costs	22	20,716	26,316
Labour costs	15	82,896	98,185
of which restructuring charges		*1,974*	*7,937*
Other operating charges	23	79,060	87,099
of which related parties		*7,080*	*6,423*
TOTAL COSTS		**182,672**	**211,600**
EBITDA		**(1,157)**	**(16,162)**
Amortisation & Depreciation	24	8,564	8,857
Provisions	24	235	1,635
Write-down of intangible assets with an indefinite life	2-22	70,580	34,000
Doubtful debt provision	24	2,043	2,020
EBIT		**(82,579)**	**(62,674)**
Net Result of the share of associates	**4-25**	**(99)**	**(3,247)**
Financial income		6,917	6,483
of which related parties		*2,555*	*3,223*
Financial charges		(2,365)	(9,861)
of which related parties		*(219)*	*(164)*
Net financial income/(charges)	**25**	**4,552**	**(3,378)**
LOSS BEFORE TAXES		**(78,126)**	**(69,299)**
Income taxes	8	2,592	7,977
LOSS FROM CONTINUING OPERATIONS		**(75,534)**	**(61,322)**
NET LOSS FOR THE YEAR		**(75,534)**	**(61,322)**
Group net loss		(75,432)	(60,978)
Minority interest share		(102)	(344)
Basic loss per share	26	(0.603)	(0.488)
Diluted loss per share	26	(0.603)	(0.488)

In Euro thousands

CALTAGIRONE EDITORE GROUP
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

	Notes	2013	2012
Net loss for the year		**(75,534)**	**(61,322)**
Items which are not reclassified subsequently to profit/(loss) for the year			
Effect of actuarial gain/loss, net of tax effect	15	(638)	(1,682)
Items which may be reclassified subsequently to profit/(loss) for the year			
Profit/(loss) from recalculation of AFS assets, net of fiscal effect	5	31,650	16,953
TOTAL OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT		**31,012**	**15,271**
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE YEAR		**(44,522)**	**(46,051)**
Attributable to:			
- Parent Company shareholders		(44,419)	(45,703)
- Minority interest		(103)	(348)

In Euro thousands

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY 2012

	Share Capital	Quotation charges	Treasury shares	Fair value reserve	Other reserve	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 distributed	-	-	-	-	(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 scope	-	-	-	-	-	-	**-**	-	**-**
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)**
Comprehensive Profit/(Loss) for the year	**-**	**-**	**-**	**16,953**	**(1,678)**	**(60,978)**	**(45,703)**	**(348)**	**(46,051)**
Other changes	-	-	-	-	-	-	**-**	189	**189**
Balance at December 31st 2012	**125,000**	**(18,865)**	**(440)**	**(4,554)**	**630,490**	**(60,978)**	**670,653**	**(32)**	**670,621**

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STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY 2013

	Share Capital	Quotation charges	Treasury shares	Fair value reserve	Other reserve	Net Profit/(Loss)	Group net equity	Minority interest N.E.	Total net equity
Balance at January 1st 2013	**125,000**	**(18,865)**	**(440)**	**(4,554)**	**630,490**	**(60,978)**	**670,653**	**(32)**	**670,621**
Dividends distributed	-	-	-	-	-	-	-	-	-
Previous year result carried forward	-	-	-	-	(60,978)	60,978	-	-	-
Acquisition of treasury shares	-	-	(393)	-	-	-	(393)	-	(393)
Change in consolidation scope	-	-	-	-	(203)	-	(203)	203	-
Total operations with shareholders	**-**	**-**	**(393)**	**-**	**(61,181)**	**60,978**	**(596)**	**203**	**(393)**
Change in fair value reserve	-	-	-	31,650	-	-	31,650	-	31,650
Change in employment termination reserve	-	-	-	-	(637)	-	(637)	(1)	(638)
Net Result	-	-	-	-	-	(75,432)	(75,432)	(102)	(75,534)
Comprehensive Profit/(Loss) for the year	**-**	**-**	**-**	**31,650**	**(637)**	**(75,432)**	**(44,419)**	**(103)**	**(44,522)**
Other changes	-	-	-	-	-	1	1	-	1
Balance at December 31st 2013	**125,000**	**(18,865)**	**(833)**	**27,096**	**568,672**	**(75,431)**	**625,639**	**68**	**625,707**

In Euro thousands

CALTAGIRONE EDITORE GROUP
CONSOLIDATED CASH FLOW STATEMENT

	Notes	31.12.2013	31.12.2012
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**13**	**188,902**	**230,294**
Net loss for the year		(75,535)	(61,322)
Amortisation & Depreciation		8,564	8,857
(Revaluations) and write-downs		72,770	36,118
Net Result of the share of associates		98	98
Net financial income/(charges)		(4,697)	(1,277)
(Gains)/Losses on disposals		(3)	4,574
Income taxes		(2,592)	(7,977)
Changes in employee provisions		(4,173)	(4,728)
Changes in current and non-current provisions		(7,806)	5,952
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(13,374)**	**(16,556)**
(Increase)/Decrease in inventories		999	350
(Increase)/Decrease in trade receivables		(1,178)	5,784
Increase/(Decrease) in trade payables		(2,535)	(2,439)
Change in other current and non-current liabilities		433	(221)
Change in deferred and current income taxes		(308)	(1,464)
OPERATING CASH FLOW		**(15,963)**	**(14,546)**
Dividends received		1,770	1,240
Interest received		5,146	4,269
Interest paid		(1,085)	(1,534)
Income taxes paid		(3,849)	(3,347)

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CALTAGIRONE EDITORE GROUP
CONSOLIDATED CASH FLOW STATEMENT

continued from previous page	Notes	31.12.2013	31.12.2012
A) CASH FLOW FROM OPERATING ACTIVITIES		**(13,981)**	**(13,918)**
Investments in intangible fixed assets		(270)	(323)
Investments in tangible fixed assets		(634)	(1,276)
Non-current investments and securities		(6)	(22,040)
Sale of intangible and tangible assets		26	171
Sale of equity investments and non-current securities		-	5,141
(Increase)/Decrease in equity investments and current securities		-	10,657
Change in non-current fin. assets		(15)	9
Change in current financial assets		-	20
B) CASH FLOW FROM INVESTING ACTIVITIES		**(899)**	**(7,641)**
Change in non-current financial liabilities		(5,097)	(5,119)
Change in current financial liabilities		18,100	(9,706)
Dividends Distributed		-	(3,746)
Other changes		(392)	(81)
C) CASH FLOW FROM FINANCING ACTIVITIES		**12,611**	**(18,652)**
D) EFFECT EXCHANGE DIFFERENCES ON CASH & CASH EQUIVALENTS		**-**	**(1,181)**
Change in net liquidity		(2,269)	(41,392)
CASH & CASH EQUIVALENTS AT END OF YEAR	**13**	**186,633**	**188,902**

In Euro thousands

CALTAGIRONE EDITORE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31ST 2013

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, 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:

Francesco Gaetano Caltagirone 75,955,300 shares (60.76%).
This investment is held:
- directly for 2,700,000 shares (2.160%)
- indirectly through the Companies:
  - Parted 1982 SpA (35.56%)
  - Gamma Srl (7.20%)
  - FGC Finanziaria Srl (15,84%)

Gaetano Caltagirone 3,000,000 shares (2.40%).
Edizione Srl 2,799,000 shares (2.24%).

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 2013 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 by the respective shareholders' meetings, were utilised for the consolidation.
The present consolidated financial statements were authorised for publication by the Directors on March 11th 2014.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION

The consolidated financial statements at December 31st 2013 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 evaluated 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 did not emerge in 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.
It is recalled that Consob. resolution No. 15519 of July 27th 2006 requires that the above financial statements report, where the amounts are significant, additional sub-accounts to those already specifically required by IAS 1 and other international accounting standards in order to show the balances and transactions with related parties as well as the relative income statement accounts relating to non-recurring or unusual operations.
The assets and liabilities are shown separately and without any offsetting.
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 2013 financial statements of the Parent Company Caltagirone Editore SpA are also prepared in accordance with IFRS as defined above.

ACCOUNTING STANDARDS AND AMENDMENTS TO STANDARDS ADOPTED BY THE GROUP

a) Accounting standards and interpretations adopted from January 1st 2013:

- IAS 1 – "Presentation of financial statements – Amendment – Comprehensive income statement": the amendments to the standard requires that for the other comprehensive income statement items the accounts which will be subsequently reclassified in the income statement are presented separately from those which will not subsequently be reclassified in the income statement.
- IAS 1 – "Presentation of Financial Statements – Amendment – Comparative Disclosure": the amendment clarifies the manner of presentation of comparative information in the case in which a Company modifies its accounting principles and retrospectively restates or reclassifies information, and in the cases in which additional balance sheets are provided to those required by the standard.
- IFRS 1 – "Presentation of financial statements – Amendment: Government Loans": the amendments to IFRS 1 concern government loans at interest rates lower than market rates and the objective is to exempt new users of the IFRS from full retrospective application of the relative provisions on transfer to IFRS. Therefore the amendments to IFRS 1 introduced a new exception to the retrospective application of the IFRS, requiring new users to comply with the provisions established by IAS 39 – Financial instruments: Recognition and measurement and of IAS 20 – Accounting for government grants and disclosure on government assistance prospectively to government loans in place on passage to IFRS.

- IFRS 1 – "Presentation of financial statements – Amendment: Serious Hyperinflation": the amendments to IFRS 1 introduce a new exception whereby entities which have undergone serious hyperinflation may utilise the fair value in replacement of cost to represent their assets and liabilities in the opening balance sheet prepared in accordance with IFRS. In addition, these amendments alter also the reference to the application dates in IFRS for the transition date.
- IAS 19 – "Employee Benefits": the principal changes introduced to the new IAS 19 concern the elimination of the option to utilise the corridor method for the recognition of actuarial profits and losses; they therefore must be recognised to the other comprehensive income statement items (an option already adopted by the Group in the preparation of previous financial statements). In addition, the cost relating to past employment services must be recognised immediately.
- Amendments to IFRS 7 – "Financial Instruments: additional disclosure – Offsetting of financial assets and liabilities": the amendments requires the disclosure in the explanatory notes of the effects or potential effects of the offsetting of financial assets and liabilities in the balance sheet; the amendment did not have any impact on the Group consolidated financial statements.
- IFRS 13 – "Fair value measurement": The new IFRS 13 defines the calculation method of the fair value of assets and liabilities where another IFRS requires or allows the calculation of the fair value; in addition, IFRS 13 establishes guidelines for disclosure in the explanatory notes of assets and liabilities measured at fair value.
- Amendments to IAS 12 – "Income taxes – deferred taxes": recovery of underlying assets: the amendments to IAS 12 establish that deferred taxes concerning tangible and intangible assets and property investments valued at fair value must be entirely reversed on disposal, providing their recovery may not be achieved through use; this amendment did not have any effects on the Group consolidated financial statements.
- IAS 16 – "Property, plant and equipment": the amendment clarifies that spare parts and replacements must be capitalised only if fulfilling the definition of property, plant and machinery, otherwise they must be classified as Inventories.
- IAS 32 – "Financial instruments: disclosures in the financial statements": the amendment eliminates an inconsistency between IAS 12 – Income Taxes and IAS 32 in the recognition of income taxes deriving from distributions to shareholders, establishing that these must be recognised to the income statement in the amount that the distribution relates to income generated from operations originally recognised to the income statement.
- IFRIC 20 – "Stripping costs in the production phase of a surface mine": the interpretation addresses the specific measurement requirements for stripping costs (costs for the removal of surface layers of rock to access a mineral deposit) in the production phase of a surface mine. The interpretation clarifies the recognition of stripping costs as an asset during the mining production phase, the initial valuation of the asset from a stripping operation and its subsequent valuation.

b) Accounting Standards and interpretations on Standards effective from the periods subsequent to 2013 and not adopted in advance by the Group:

- Amendments to IAS 32 – "Financial Instruments: disclosure – Offsetting of financial assets and liabilities": the standard clarifies that the assets and liabilities previously recognised to the financial statements may be offset only where an entity has a right not subject to the occurrence of future events and one which is exercisable both in the case of the continuation of the activities of the entity preparing the financial statements and of all other parties involved and in the case of default, insolvency or bankruptcy.

- IFRS 10 – "Consolidated Financial Statements": the standard provides a single model for the consolidated financial statements which considers control as the basis for the consolidation of all types of entities; in particular IFRS 10 establishes that an investor controls an entity in which an investment has been made when exposed to variable income streams or when possessing rights to such income streams based on the relationship with the entity, and at the same time has the capacity to affect such income steams through the exercise of its power. Therefore, an investor controls an entity subject to investment only if it simultaneously: (i) has power over the entity subject to investment; (ii) is exposed or has rights on variable income streams of the investment in the entity; (iii) has the capacity to exercise its power on the entity subject to investment to affect its income streams. In summary, IFRS 10 clarifies the concept of control and its application in circumstances of *de facto* control, potential voting rights and complex investment structures.
- IFRS 11 – "Joint Arrangements": IFRS 11 requires that joint agreements which the entity participates in are classified to one of the following two categories: (i) joint operations, in the case of joint agreements according to which each participant has rights on the assets and obligations in terms of liabilities; (ii) joint ventures, in the case of joint agreements according to which each participant has rights on the net assets of the agreement, as for example in the case of companies with legal personality. Where the agreement may be considered as a joint operation, IFRS 11 requires the pro-quota recognition of costs, revenues, assets and liabilities deriving from the agreement (proportional consolidation); in the case of joint ventures, on the other hand, IFRS 11 eliminates the previous possibility under IAS 31 to proportionally consolidate such agreements; therefore they must be recognised in the consolidated financial statements according to the equity method provided for in IAS 28.
- IFRS 12 – "Disclosure of interests in other entities": the standard requires disclosure in the explanatory notes of the investments held in other companies, including associated companies, joint ventures, special purpose vehicles and other non-consolidated corporate vehicles.
- IAS 27 Revised – "Separate Financial Statements": with the approval of IFRS 10, the application of IAS 27 was revised and limited only to the separate financial statements.
- IAS 28 Revised – "Investments in associates and joint ventures": simultaneous to the approval of the new IFRS 10, IFRS 11, IFRS 12 and IAS 27, IAS 28 was revised to incorporate the amendments introduced by the above-mentioned standards.
- Amendments to IAS 36 – "Additional disclosure on the recoverable amount of non-financial assets": the amendments to IAS 36 concern disclosure in the explanatory notes exclusively in relation to those non-financial assets which have been impaired (or for which the impairment has been eliminated), where the recoverable amount was established according to the fair value net of selling costs.

- Amendment to IAS 39 – "Novation of derivatives and continuity of hedge accounting": the amendments to IAS 39 add an exception to the previously existing provisions concerning the cessation of hedge accounting in the situations in which a derivative designated as a hedging instrument is subject to novation by an original counterparty to a central counterparty, as a result of the existence or introduction of regulations, in such a manner that the hedge accounting may continue despite the novation.

c) New accounting standards and interpretations:

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

- On November 12th 2009, the IASB published IFRS 9 – Financial instruments, which was subsequently amended. The standard, having an effective date for mandatory adoption of January 1st 2015 retrospectively, represents the completion of the first part of a project to replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities. The new standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. The most significant effect of the standard regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. Under the new standard these changes are recognised in Other comprehensive income and are not subsequently reclassified to the income statement.
- On May 20th 2013, the IASB issued IFRIC 21 – Levies, an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 provides clarification on when an entity should recognise a liability for the payment of State taxes, with the exception of those already governed by other standards (e.g. IAS 12 – Income taxes). IAS 37 establishes the criteria for the recognition of a liability, one of which is the existence of a present obligation on the entity arising from a past event (known as an obligating event). The interpretation clarifies that the obligating event, which gives rise to a liability for the payment of the tax, is described in the applicable regulation from which the payment arises. IFRIC 21 is effective from the periods beginning January 1st 2014.
- On November 21st 2013, IASB issued the document "Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits)". The amendments made to IAS 19 permit (but do not render compulsory) the deduction from the current service cost of the period the contributions paid by the employees and by third parties, which are not related to the number of years of service, in place of the allocation of these contributions over the service period.
- On December 12th 2013, IASB published the document "Annual Improvements to IFRS – 2010-2012 Cycle". These amendments mainly refer to: (i) IFRS 2, amending the definition of maturation conditions; (ii) IFRS 3, clarifying that a potential payment classified as an asset or liability must be valued at fair value at each reporting date;

(iii) IFRS 8, principally requiring disclosure concerning the criteria and evaluation factors considered in determining the level of aggregation of the operating segments within the financial statements; (iv) the Basis of Conclusions of IFRS 13, confirming the possibility to recognise short-term receivables and payables which does not explicitly state the implicit interest rate therein, at their face value, if the effect from not discounting is not significant; (v) IAS 16 and IAS 38, clarifying the manner to determine the gross book value of the assets, in the case of revaluation consequent of the application of the model of the re-determined value; (vi) IAS 24, specifying that an entity is related to a reporting entity if the entity (or a member of the Group to which it belongs) provides to the reporting entity (or its parent company) key management personnel services.

- On the same date, the IASB published the document "Annual Improvements to IFRS – 2011-2013 Cycle". These amendments mainly refer to: (i) the Basis of Conclusion of IFRS 1, clarifying the definition of IFRS "in force" for the First-time adopters; (ii) IFRS 3, clarifying the exclusion from application of joint control agreements in the financial statements relating to jointly controlled companies; (iii) IFRS 13, clarifying that the application of the exception as per paragraph 48 of the standard is extended to all contracts within the application of IAS 39, independent of the fact of whether they are within the definition of financial assets or financial liabilities as per IAS 32; (iv) IAS 40, clarifying the inter-relation between IFRS 3 and the standard.
- On November 19th 2013 IASB published the document "IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39", with the relative Basis for Conclusions and Applicable Guideline. These documents: (i) result in a substantial review of the accounting of hedging operations; (ii) in relation to IFRS 9, which requires that changes in the fair value of liabilities designated at fair value through the profit or loss, giving rise to gains or losses deriving from changes in the credit risk of the entity, are recognised in the Other Comprehensive Income Statement, which permits advance application of this regulation compared to other provisions contained in the standard; (iii) eliminates indication of January 1st 2015 as the compulsory entry into force of IFRS 9.

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 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	2013	2012	Activities
Non-current assets				
Caltagirone Editore SpA	Rome	Parent	Parent	finance
Il Messaggero SpA	Rome	100%	100%	publishing
Il Mattino SpA	Rome	100%	100%	publishing
Piemme SpA	Rome	100%	100%	advertising
Leggo SpA	Rome	100%	90%	publishing
Finced Srl	Rome	100%	100%	finance
Messaggero Partecipazioni SpA	Rome	-	100%	finance
Ced Digital & Servizi Srl	Rome	100%	100%	publishing
Corriere Adriatico SpA	Ancona	100%	100%	publishing
Quotidiano di Puglia SpA	Rome	100%	100%	publishing
Il Gazzettino SpA	Rome	100%	100%	publishing
Centro Stampa Veneto SpA*	Rome	100%	100%	printing
Imprese Tipografiche Venete SpA*	Rome	100%	100%	printing
P.I.M. Srl*	Rome	100%	100%	advertising
Telefriuli SpA*	Tavagnacco (UD)	87,50%	87,50%	television

** Held by Il Gazzettino SpA*

On June 3rd 2013 the merger by incorporation of the subsidiary Messaggero Partecipazioni SpA into Caltagirone Editore SpA took place; through this operation Caltagirone Editore now directly holds the entire investment in Piemme SpA Concessionaria di Pubblicità.

SUBSIDIARIES

Subsidiary companies are all companies in which the Group directly or indirectly exercises control. Control is exercised either due to directly or indirectly holding a majority of the voting rights, or through the exercise of a dominant influence which is expressed by the power to determine, including indirectly based on contractual or legal agreements, the financial and operating choices of the Company and thus obtaining the relative benefits, without reference to the actual holding in the Company. The existence of potential exercisable voting rights at the balance sheet date is considered in order to determine control.
Subsidiaries are consolidated from the date in which control occurs until the moment in which this control terminates.
The financial statements used for the consolidation were prepared at December 31st and are normally those prepared and approved by the Board of Directors of the individual companies, appropriately adjusted, where necessary, in accordance with the accounting principles of the Parent Company.

For the list of companies included in the consolidation scope, reference should be made to the table as per Article 38 of Legislative Decree No. 127/1991 attached to the present Report.

ASSOCIATED COMPANIES

	Registered office	2013	2012
Shareholders' Equity			
Rofin 2008 Srl	Rome	30.00%	30.00%
Editrice Telenuovo SpA	Verona	40.00%	40.00%
Publieditor Srl in liquidazione	Verona	40.00%	40.00%

Associated companies are companies in which the Group has a significant influence, which is presumed to exist when the percentage held is between 20% and 50% of the voting rights.
Companies under joint control are subject to a contractual agreement between the participants which establish the control of the business operations of the Company.
The investments in associated companies and the companies subject to joint control are valued under the equity method and are initially recorded at cost.
The equity method is as described below:

- the book value of these investments are in line with the net equity and includes the recording of the higher value attributed to the assets and liabilities and to any goodwill identified at the moment of the acquisition;
- the Group gains and losses are recorded at the date in which the significant influence begins and until the significant influence terminates; in the case where, due to losses, the Company valued under this method indicates a negative net equity, the carrying value of the investment is written down and any excess pertaining to the Group, where this latter is committed to comply with legal or implicit obligations of the investee, or in any case to cover the losses, is recorded in a specific provision; the equity changes of the companies valued under the equity method not recorded through the income statement are recorded directly as an adjustment to equity reserves;
- the significant gains and losses not realised generated on operations between the Parent Company and subsidiary companies and investments valued under the equity method are eliminated based on the share pertaining to the Group in the investee; the losses not realised are eliminated, except when they represent a reduction in value.

The list of the associated companies is provided in the notes.
The condensed financial information required by IAS 28, paragraph 37.b is provided in the notes.

CONSOLIDATION PROCEDURES

The subsidiary companies are consolidated using the line-by-line method. The criteria adopted for the line-by-line consolidation were as follows:

- the assets and liabilities and the charges and income of the companies fully consolidated are recorded line-by-line, attributing to the minority shareholders, where applicable, the share of net equity and Net Result for the period pertaining to them; this share is recorded separately in the net equity and in the consolidated income statement;
- the business combinations, in which the control of an entity is acquired, are recorded applying the "Acquisition method". The acquisition cost is represented by the fair value, at the purchase date, of assets sold, of liabilities incurred and of capital instruments issued. The assets, liabilities and contingent liabilities are recognised at their fair value at the purchase date. The difference between the purchase cost and the fair value of the assets and liabilities transferred, if positive, is recorded under intangible assets as goodwill, and if negative is recorded directly in the income statement, as income;
- the inter-group balances and transactions, including any unrealised gains with third parties, are eliminated net of the fiscal effect, if significant. The unrealised losses are not eliminated, where the transaction indicates a reduction in value of the activity transferred;
- the gains and losses deriving from the sale of an investment in a consolidated company are recorded to Group net equity as a transaction with shareholders for the amount corresponding to the difference between the sales price and the corresponding share of the consolidated net equity sold. In the case in which the sale results in the loss of control and therefore the deconsolidation of the investment, the difference between the sales price and the corresponding share of consolidated net equity sold must be recorded as a profit or loss to the income statement.

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.

The non-monetary assets and liabilities recognised at fair value are translated using the exchange rate at the transaction date.

BUSINESS COMBINATIONS

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

i. 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;

ii. 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;

iii. 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;

iv. 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 passage to IFRS, the Group decided to restate only the business combinations taking place 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

An intangible asset is a non-monetary asset, clearly identifiable and without physical substance, controllable and capable of generating future economic benefits.
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. For each intangible asset, on initial recognition the useful life is determined and re-examined annually and any changes are made in accordance with future estimates.
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 begins when the asset is available for use and is recognised on a systematic basis in relation to the residual use and thus over the

useful life of the asset. In the first year of use the amortisation takes into account the period of its use in the year. 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. 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 current obligations, by the current value of the estimated cost for the disposal of the asset.
The financial charges directly attributable to the acquisition, construction or production of an asset are capitalised as part of the cost of the asset itself until the moment in which the asset is ready for expected use or sale.
The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement in the year in which they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach.
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 according to the estimated useful life of the asset; useful life is reviewed annually and any changes, where necessary, are made on the basis of the new estimate.
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%

Land, both constructible and relating to civil and industrial buildings, is not depreciated as it has an unlimited useful life.
When the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the component approach principle.
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

Periodically, property, plant and machinery and intangible assets with definite useful life are examined for the existence of events or changes which would indicate that the book value may not be recovered. If an indication of this type exists, the recoverable amount must be determined and, in the case in which the book value exceeds the recoverable amount, these assets are written down to reflect their recoverable amount.

The recoverable amount of the intangible and tangible assets is the higher value between the present value, net of the disposal costs and their value of use. The value in use refers to the present value of estimated future cash flows of the asset or, for assets that do not independently generate sufficient cash flows, of the Group of assets that comprise the cash generating unit to which the asset belongs.
In defining the value of use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the activity.
A reduction in value is recognised in the income statement when the carrying value of the asset, or of the relative cash-generating unit to which it is allocated, is higher than the recoverable amount: 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. When the reasons for a write-down no longer exist on tangible and intangible assets other than goodwill, the book value of the asset is restated through the income statement, up to the value at which the asset would be recognised if no write-down had taken place and amortisation had been recognised.
When the reduction in value deriving from the test is higher than the value of the asset subject to the test allocated to the cash generating unit to which it belongs, the residual amount is allocated to the assets included in the cash-generating unit in proportion to their carrying value. This allocation has as its minimum limit, the highest value between:
• the relative fair value of the asset less disposal costs;
• the relative value in use, as defined above;
• zero.
The impairments are recognised in the income statement under the account amortisation, depreciation and write down costs.

INVESTMENTS IN COMPANIES VALUED UNDER THE EQUITY METHOD

Associated companies are companies in which the Group exercises a significant influence but does not exercise control of the financial and operating policies, as defined by IAS 28 – Investments in associates. The consolidated financial statements include the quota attributable to the Group of the results of associated companies recorded under the equity method, from the date in which the significant influence commences until the date in which the significant influence ceases.
Where the share of losses pertaining to the Group in the associated company exceeds the carrying value of the investment, the value of the investment is written down and the share of further losses is not recorded, with the exception that the Group has the obligation to cover such losses.

INVESTMENTS VALUED AT COST

These concern investments for which 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.
They principally relate to investments in non-consolidated consortiums, based on a system of cost recharging.

INVENTORIES

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.

FINANCIAL ASSETS

The financial assets are classified, on initial recognition, in one of the following categories and measured as follows:

- *AFS financial assets*: the AFS 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. These financial assets are valued at fair value and the valuation gains or losses are allocated to net equity and the Comprehensive Income Statement. They are recognised in the income statement only when the financial asset is sold, or, in the case of negative cumulative changes, when it is considered that the reduction in value already recorded under equity can not be recovered and when a long-term loss in value is established.

  The Group, taking account of the types of shares held, established that the quantitative limits utilised to identify the necessity for an impairment procedure are for a decrease in the fair value of above 50% compared to the original book value or a decrease in the fair value below the initial recording for 60 consecutive months.

  Financial assets are derecognised from the balance sheet when the right to receive the cash flows from the instrument ceases and the Group has transferred all the risks and rewards relating to the instrument and the relative control. When the fair value cannot be determined reliably, the cost value is maintained, adjusted for any losses in value. These losses for reduction in value may not be restated;
- *loans and receivables*: they are financial instruments, principally relating to loans and trade receivables, non-derivative, not listed on an active market, from which fixed or determinable payments are expected. They are stated as current assets except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current. These assets are measured at amortised cost, on the basis of the effective interest rate (identified as their nominal value). When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. The losses in value are recorded in the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost where no write-down had been applied.

  Financial assets are eliminated from the balance sheet when the right to receive the cash flows from the instrument ceases and the Group has transferred all the risks and rewards relating to the instrument and the relative control.

FINANCIAL LIABILITIES

Financial liabilities relate to loans, trade payables and other commitments to be paid, and are initially valued at fair value, net of directly allocated accessory costs, and subsequently at amortised cost, using the effective interest rate. When there is a change in the expected cash flows and it is possible to estimate them reliably, the values of liabilities are recalculated to reflect this change based on the new current value of the expected cash flows and of the internal yield initially determined.
The financial liabilities are classified under current liabilities, except when the Group has an unconditional right to defer their payment for at least 12 months after the balance sheet date.
Financial liabilities are eliminated from the balance sheet when they expire and the Group has transferred all the risks and rewards relating to the instrument.

FAIR VALUE HIERARCHY LEVELS

In relation to the financial assets and liabilities recorded in the balance sheet at fair value, IFRS 13 requires that these values are classified based on a hierarchy of levels which reflects the degree of input utilised in the determination of the fair value. The following levels are used:

level 1: determination of fair value based on prices listed on active markets for identical assets or liabilities which the entity can access at the valuation date;

level 2: determination of fair value based on other inputs than the listed prices included in "level 1" but which are directly (prices) or indirectly (derivatives of prices) observable for the assets or liabilities;

level 3: determination of the fair value based on valuation models whose input is not observable for the assets or liabilities.

For information on the fair value hierarchy level, reference should be made to Note 33.

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.

SHAREHOLDERS' EQUITY

TREASURY SHARES

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

COSTS FOR SHARE CAPITAL INCREASES

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

EMPLOYEE BENEFITS

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

In relation to 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

Provisions for risks and charges are recognised in respect of certain or probable losses or liabilities, the amount or due date of which could not be determined at year-end.

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. The revenues are recognised at the fair value of the amount received less returns, premiums and discounts. 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 expenses are recognised in accordance with the accruals concept on the basis of the interest matured on the net value of the relative financial assets and liabilities utilising the effective interest rate, therefore utilising the rate which is financially equivalent to all the cash inflows and outflows which comprise an operation.

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 Meetings approves them.

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 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.

EARNINGS/(LOSS) PER SHARE

BASIC

The basic earnings (loss) per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

DILUTED

The diluted earnings per share is calculated by dividing the result of the Group by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares. In order to calculate the diluted earnings per share, the average weighted number of shares outstanding is adjusted assuming the conversion of all shares with potential dilution effect. The diluted earnings per share is not calculated in the case of losses, as the dilution effect would result in an improvement in the earnings per share.

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 balamce 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.

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. In the case of non-significant errors, these are accounted for in the income statement in the period in which they are noted.
Changes in estimates are accounted in accordance with the prospective method in the Income Statement in the period in which the change occurs only if impacting upon this latter or in the period in which the change occurs, and subsequent periods if the change also impacts upon future periods.

ASSETS

1. INTANGIBLE ASSETS WITH DEFINITE LIFE

Historical cost	Research & development	Patents	Trademarks	Others	Total
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**
01.01.2013	**762**	**1,533**	**4,963**	**5,540**	**12,798**
Increases	-	-	22	350	**372**
Decreases	-	-	(3)	(37)	**(40)**
Reclassifications	-	-	-	-	**-**
31.12.2013	**762**	**1,533**	**4,982**	**5,853**	**13,130**

Amortisation and loss in value	Research & development	Patents	Trademarks	Others	Total
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**
01.01.2013	**762**	**1,492**	**3,842**	**4,991**	**11,087**
Increases	-	28	355	378	**761**
Decreases	-	-	(3)	-	**(3)**
Reclassifications	-	-	-	-	**-**
31.12.2013	**762**	**1,520**	**4,194**	**5,369**	**11,845**

Net value					
01.01.2012	**-**	**81**	**1,396**	**441**	**1,918**
31.12.2012	**-**	**41**	**1,121**	**549**	**1,711**
31.12.2013	**-**	**13**	**788**	**484**	**1,285**

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 2013, 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%
Others	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
01.01.2012	**189,596**	**286,794**	**476,390**
Increases	-	-	-
Decreases	-	-	-
31.12.2012	**189,596**	**286,794**	**476,390**
01.01.2013	**189,596**	**286,794**	**476,390**
Increases	-	-	-
Decreases	-	-	-
31.12.2013	**189,596**	**286,794**	**476,390**
Write-downs	**Goodwill**	**Newspaper titles**	**Total**
01.01.2012	**29,075**	**-**	**29,075**
Increases	20,400	13,600	34,000
Decreases	-	-	-
31.12.2012	**49,475**	**13,600**	**63,075**
01.01.2013	**49,475**	**13,600**	**63,075**
Increases	51,267	19,313	70,580
Decreases	-	-	-
31.12.2013	**100,742**	**32,913**	**133,655**
Net value			
01.01.2012	**160,521**	**286,794**	**447,315**
31.12.2012	**140,121**	**273,194**	**413,315**
31.12.2013	**88,854**	**253,881**	**342,735**

In Euro thousands

The breakdown of goodwill allocated to the individual Group CGU's is reported below:

	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 SpA (Advertising agency)	27,521	-	-	-	27,521
Il Mattino SpA	9,720	-	-	-	9,720
Total	**160,521**	**-**	**-**	**(20,400)**	**140,121**

	01.01.2013	Increases	Decreases	Write-downs	31.12.2013
Il Gazzettino SpA	51,267	-	-	(51,267)	-
Il Messaggero SpA	51,613	-	-	-	51,613
Piemme SpA (Advertising agency)	27,521	-	-	-	27,521
Il Mattino SpA	9,720	-	-	-	9,720
Total	**140,121**	**-**	**-**	**(51.267)**	**88,854**

In Euro thousands

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

	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**

	01.01.2013	Increases	Decreases	Write-downs	31.12.2013
Il Messaggero SpA	90,808	-	-	-	90,808
Il Mattino SpA	44,496	-	-	-	44,496
Quotidiano di Puglia SpA	22,031	-	-	(6,000)	16,031
Corriere Adriatico SpA	15,156	-	-	-	15,156
Il Gazzettino SpA	100,700	-	-	(13,313)	87,387
Other minor newspaper titles	3	-	-	-	3
Total	**273,194**	**-**	**-**	**(19,313)**	**253,881**

In Euro thousands

Overall therefore the goodwill and the newspaper titles concern the following CGU's:

CGU	Goodwill		Newspaper titles		Total	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Il Gazzettino SpA	-	51,267	87,387	100,700	87,387	151,967
Il Messaggero SpA	51,613	51,613	90,808	90,808	142,421	142,421
Piemme SpA (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	-	-	16,031	22,031	16,031	22,031
Corriere Adriatico SpA	-	-	15,156	15,156	15,156	15,156
Other minor	-	-	3	3	3	3
Total	**88,854**	**140,121**	**253,881**	**273,194**	**342,735**	**413,315**

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.

In 2013 a number of corporate restructuring actions were completed ("transfer" of the advertising agency Piemme SpA under the direct control of the Parent Company Caltagirone Editore) as part of a process which has been under development for some time and involving the relative centralisation of a number of operating and strategic decisions concerning the respective areas of Group activity. These operations principally concerned the daily newspaper advertising agency activities, the distribution method of a number of local Group newspapers – in part the manner of content organization – the development and management of the digital business of all Group newspaper titles within a special purpose entity, in addition to the centralisation of a number of functions (purchase of assets and services, technologies and software development). These developments relate also to the operating decisions taken by the Group in response to the challenging marketplace which has emerged in recent years.

Close interdependencies were therefore generated between the various Group CGU's based on existing synergies, which can be fully traced through the adoption of a single aggregate financial statement which, among other issues, enables a single "reading" of the figures according to the effective operating manner of the newspaper titles and the dedicated advertising agency.

Therefore, for a better representation of the economic and financial relations between the various Group companies, compared to the 2012 impairment test carried out on the indefinite useful life of the intangible assets of the Caltagirone Editore Group, the 2013 impairment test utilised the Enterprise Value of the Group companies (CGU's) to which the newspapers and goodwill refers, based on an overall Enterprise Value. An economic and financial plan of the Caltagirone Editore Group was therefore prepared in which the financial statement items of the Group of CGU's was drawn up, comprising the various CGU's subject to the impairment test, therefore Il Messaggero, Il Mattino, Nuovo Quotidiano di Puglia, Corriere Adriatico, Gruppo Gazzettino and Piemme.

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 2013 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 CGU (WACC). A terminal value representing the projections of the CGU's revenue capacity within the Group of CGU's, 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 impairment test also took account of the 2014 forecasted performance. In addition, for subsequent years, specific performance estimates were drawn up, taking account of the general and market environment as impacted by the current crisis, in addition to the resultant changed operating conditions.
The expected cash flows utilised in the model are calculated based on the budget and planning data 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 11th 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 CGU) is shown below:

	Goodwill	Newspaper titles	Total*	Tax rate		WACC***		g-rate****		Explicit period cash flows
				2013	2012	2013	2012	2013	2012	
Il Gazzettino SpA	-	87,387	87,387 **	31.40%	31.40%	7.50%	8.30%	0	0	5 years
Il Messaggero SpA	51,613	90,808	142,421	32.32%	32.32%	7.50%	8.30%	0	0	5 years
Il Mattino SpA	9,720	44,496	54,216	32.47%	32.47%	7.50%	8.30%	0	0	5 years
Piemme SpA (Advertising agency)	27,521	-	27,521	32.32%	32.32%	7.50%	8.30%	0	0	5 years
Quotidiano di Puglia SpA	-	16,031	16,031	32.32%	32.32%	7.50%	8.30%	0	0	5 years
Corriere Adriatico SpA	-	15,156	15,156	32.23%	32.23%	7.50%	8.30%	0	0	5 years

In Euro thousands

** Represents the sum of the goodwill and of the newspaper titles allocated to the individual CGU*
*** 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 parameter is considered net of fiscal effect and takes account of interest rate movements*
***** 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 70.6 million, excluding the relative positive fiscal effect of Euro 4.2 million (Euro 60.4 million for Il Gazzettino Group, including the fiscal effect and Euro 6 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
01.01.2012	**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**
01.01.2013	**8,606**	**51,542**	**99,550**	**1,138**	**21,790**	**2**	**182,628**
Increases	-	6	226	14	378	6	**630**
Decreases	-	-	(149)	-	(149)	(2)	**(300)**
Reclassifications	-	-	-	-	-	-	**-**
31.12.2013	**8,606**	**51,548**	**99,627**	**1,152**	**22,019**	**6**	**182,958**
Depreciation and loss in value	**Land**	**Buildings**	**Plant and machinery**	**Commercial and industrial equipment**	**Other assets**	**Assets in progress**	**Total**
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**
01.01.2013	**-**	**19,479**	**76,397**	**1,033**	**19,710**	**-**	**116,619**
Increases	-	1,602	5.406	35	760	-	**7,803**
Decreases	-	-	(148)	-	(129)	-	**(277)**
31.12.2013	**-**	**21,081**	**81,655**	**1,068**	**20,341**	**-**	**124,145**
Net value							
01.01.2012	**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**
31.12.2013	**8,606**	**30,467**	**17,972**	**84**	**1,678**	**6**	**58,813**

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.

The book value of plant and machinery provided as guarantees on liabilities amounts to Euro 11.3 million. For further information, reference should be made to Note 17.

4. EQUITY INVESTMENTS VALUED AT EQUITY

	01.01.2012	Reclassifications	Increases/ (Decreases) to Income Statement	Reval (WD)	Other changes	31.12.2012
TNV Editrice Telenuovo SpA	845	-	-	-	-	845
Rofin 2008 Srl	13	-	-	(13)	-	-
Total	**858**	**-**	**-**	**(13)**	**-**	**845**

	01.01.2013	Reclassifications	Increases/ (Decreases) to Income Statement	Reval (WD)	Other changes	31.12.2013
TNV Editrice Telenuovo SpA	845	-	(68)	-	-	7775
Rofin 2008 Srl	-	-	(31)	-	31	-
Total	**845**	**-**	**(99)**	**-**	**31**	**777**

In Euro thousands

In relation to the loss of the associated company Rofin 2008 Srl, to ensure the going concern of the Company, a provision was created by the Group.

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	Shareholders' equity	Result	% held
Rofin 2008 Srl	Rome	10	38	97	-	(59)	(102)	30.00%
TNV Editrice Telenuovo SpA	Verona	546	4,900	2,956	6,085	1,944	138	40.00%

In Euro thousands

5. EQUITY INVESTMENTS AND NON-CURRENT SECURITIES

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

Equity investments and non-current securities	01.01.2013	Increases/ (Decreases)	Write-downs	Fair value change	31.12.2013
Investments in other companies valued at cost	4,715	6	(147)		4,574
Investments in other companies available-for-sale	104,260			30,870	135,130
Total	**108,975**	**6**	**(147)**	**30,870**	**139,704**

In Euro thousands

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

Equity investments in other companies	%	01.01.2012	Increases/ (Decreases)	Write-downs	31.12.2012
Euroqube SA in liquidation	14.82	549	-	(97)	452
Ansa Scarl	6.71	1,166	-	-	1,166
E-Care SpA	15.00	2,745	300	-	3,045
Other minor	-	42	10	-	52
Total	**-**	**4,502**	**310**	**(97)**	**4,715**

Equity investments in other companies	%	01.01.2013	Increases/ (Decreases)	Write-downs	31.12.2013
Euroqube SA in liquidation	14.82	452	-	(147)	305
Ansa Scarl	6.71	1,166	-	-	1,166
E-Care SpA	15.00	3,045	-	-	3,045
Other minor	-	52	6	-	58
Total	**-**	**4,715**	**6**	**(147)**	**4,574**

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.
According to the information held by the Group therefore, no indications exist that the cost differs significantly from the fair value.

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

AFS Investments	01.01.2012	Share capital increase	Increases/ (Decreases)	Fair value change	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**

AFS Investments	01.01.2013	Share capital increase	Increases/ (Decreases)	Fair value change	31.12.2013
Assicurazioni Generali SpA	78,318	-	-	19,152	97,470
UniCredit SpA	25,942	-	-	11,718	37,660
Totale	**104,260**	**-**	**-**	**30.870**	**135,130**

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

Number	01.01.2013	Aumenti di capitale	Increases	Decreases	31.12.2013
Assicurazioni Generali SpA	5,700,000	-	-	-	5,700,000
UniCredit SpA	7,000,000	-	-	-	7,000,000

In Euro thousands

The valuation at fair value of these investments at December 31st 2013 was recorded to the Comprehensive Income Statement in the Shareholders' Equity reserve for Euro 30.9 million (excluding the tax effect).

The changes in the fair value reserve are reported below:

	01.01.2012	Increases	Decreases	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**

	01.01.2013	Increases	Decreases	31.12.2013
Fair value reserve	(3,396)	30,870		27,474
Tax effect	(1,158)	1,158	(378)	(378)
Fair value reserve, net of tax effect	**(4,554)**	**32,028**	**(378)**	**27,096**
Changes in the year				**31,650**

In Euro thousands

In relation to the disclosure required by IFRS 13, concerning the so-called "hierarchy of fair value", the shares available for sale belong to level one, as concerning financial instruments listed on an active market.

6. NON-CURRENT FINANCIAL ASSETS

The account, amounting to Euro 43 thousand, principally relates to receivables for deposits due within five years.

7. OTHER NON-CURRENT ASSETS

The account, totalling Euro 453 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:

Deferred tax assets	01.01.2012	Provisions	Utilisations	Reclassifications	Other changes	31.12.2012
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
Other	4,608	952	(2,482)	(993)	(641)	1,444
Total	**29,087**	**16,655**	**(3,877)**	**-**	**(641)**	**41,224**

Deferred tax liabilities	01.01.2012	Provisions	Utilisations	Reclassifications	Other changes	31.12.2012
Fair value intangible & tangible assets	28,662	-	(240)	-	-	28,422
Diff. fiscal depreciation rates	8,155	164	(748)	15,263	-	22,834
Reversal amortisation of intangible assets	30,623	2,078	-	(15,375)	-	17,326
Other	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)**

Deferred tax assets	01.01.2013	Provisions	Utilisations	Reclassifications	Other changes	31.12.2013
Tax losses carried forward	33,074	5,251	(2,610)	(20)	-	35,695
Provision for risks and charges	4,019	282	(1,450)	618	-	3,469
Doubtful debt provision	2,687	461	(493)	63	-	2,718
Other	1,444	813	(192)	(661)	175	1,579
Total	**41,224**	**6,807**	**(4,745)**	**-**	**175**	**43,461**

Deferred tax liabilities	01.01.2013	Provisions	Utilisations	Reclassifications	Other changes	31.12.2013
Fair value intangible & tangible assets	28,422	-	(4,420)	-	-	24,002
Diff. fiscal depreciation rates	22,834	164	(1,805)	-	-	21,193
Reversal amortisation of intangible assets	17,326	2,553	-	-	-	19,879
Other	1,232	2	(10)	-	(818)	406
Total	**69,814**	**2,719**	**(6,235)**	**-**	**(818)**	**65,480**
Net deferred tax assets	**(28,590)**	**4,088**	**1,490**	**-**	**993**	**(22,019)**

In Euro thousands

The increase of the deferred tax assets is principally due to the tax losses in the year.
Based on 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 2013.
The deferred tax liabilities refers to temporary differences concerning amortisation and depreciation, while utilisations principally concern the write-down made on the newspaper "Il Gazzettino" described in Note 2.
The other changes in the deferred tax assets and liabilities include the tax effects on the fair value of the investments and the actuarial losses recorded directly to 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:

	31.12.2013	31.12.2012
Receivables for direct taxes	3,409	4,667
Reimbursement request of direct taxes	1,458	1,458
Payables for IRES/IRAP/substitute taxes	(746)	(3,044)
Total	**4,121**	**3,081**

In Euro thousands

The income taxes for the year are as follows:

	2013	2012
Current income taxes	2,992	2,843
Income taxes of prior years	(6)	1,109
Current income taxes	**2,986**	**3,952**
Provision for deferred tax liabilities	2,719	2,247
Utilisation of deferred tax liabilities	(6,235)	(1,398)
Deferred tax charge	**(3,516)**	**849**
Recording of deferred tax assets	(6,807)	(16,655)
Utilisation of deferred tax assets	4,745	3,877
Deferred tax income	**(2,062)**	**(12,778)**
Total income taxes	**(2,592)**	**(7,977)**
Current and deferred IRES tax	(5,824)	(11,539)
Current and deferred IRAP tax	3,238	2,453
Income taxes of prior years	(6)	1,109
Total income taxes	**(2,592)**	**(7,977)**

In Euro thousands

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

2013	Assessable	Amount	Effective rate
Profit/(loss) before taxes	**(78,126)**	**(21,485)**	**27.5%**
Permanent differences increase (decrease):			
Dividends	(1,682)	(462)	
Write-down of investments	147	40	
Non-deductible costs	6,065	1,668	
Write-down of intangible assets with an indefinite life	57,267	15,748	
Share of expenses/ income from equity investments	99	27	
Other permanent differences	(4,949)	(1,361)	
Current and deferred IRES tax	**(21,179)**	**(5,824)**	**2.2%**

In Euro thousands

9. INVENTORIES

Inventories at December 31st 2013 amount to Euro 2.3 million (Euro 3.3 million at December 31st 2012) 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 999 thousand and is included in the account Raw material costs (see Note 22).
Inventories are measured at the lower of the purchase price, calculated using the weighed average cost method, and the realisable value. The net realisable value of inventories is in line with that recognised in the financial statements.
There is no inventory provided as a guarantee on liabilities.

10. TRADE RECEIVABLES

The breakdown is as follows:

	31.12.2013	31.12.2012
Trade receivables	68,394	70,946
Provisions for doubtful debts	(11,318)	(12,704)
Trade receivables	**57,076**	**58,242**
Receivables from related parties	1,971	1,474
Advances to suppliers	31	27
Trade receivables beyond 12 months	1,901	1,901
Provisions for doubtful debts beyond 12 months	(1,496)	(1,296)
Total trade receivables	**59,483**	**60,348**

In Euro thousands

Trade receivables principally relate to Group advertising revenues from the advertising agency Piemme SpA (Euro 60.7 million).

The doubtful debt provision was utilised in the year for Euro 3.4 million and increased by Euro 2 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 2013.

	31.12.2013	31.12.2012
Not yet due	**33,198**	**35,810**
1-30 days	6,956	7,302
30-60 days	2,773	3,262
60-90 days	1,996	2,312
Over 90 days	23,471	22,260
Overdue	**35,196**	**35,136**
Total Gross Value	**68,394**	**70,946**
Provisions for doubtful debts	(11,318)	(12,704)
Trade receivables	**57,076**	**58,242**

In Euro thousands

11. CURRENT FINANCIAL ASSETS

The breakdown is as follows:

	31.12.2013	31.12.2012
Financial assets from associated companies	-	1,536
Accrued interest	3	-
Total current financial assets	**3**	**1,536**
of which related parties	-	*1,536*

In Euro thousands

The decrease of Euro 1.5 million entirely concerns the waiver of the loan granted to the associated company Rofin 2008 Srl to cover the 2012 loss, as approved by the Shareholders' Meeting of April 12th 2013.

12. OTHER CURRENT ASSETS

The breakdown is as follows:

	31.12.2013	31.12.2012
Employee receivables	100	111
VAT receivables	-	607
Receivables from related parties	3	-
Other receivables	711	942
Prepaid expenses	465	632
Total other current assets	**1,279**	**2,292**

In Euro thousands

The account "Other receivables" principally relates to receivables from social security institutions for Euro 205 thousand and Other receivables for Euro 431 thousand.

13. CASH AND CASH EQUIVALENTS

The breakdown is as follows:

	31.12.2013	31.12.2012
Bank and post office deposits	185,803	96,618
Bank and postal deposits with related parties	770	92,197
Cash in hand and similar	60	87
Total cash and cash equivalents	**186,633**	**188,902**

In Euro thousands

The reduction in cash and cash equivalents at December 31st 2013 was essentially due to cash needs for operating activities.

The average interest rate on the bank deposits in Euro was 2.7% (2.6% in 2012).

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.

SHAREHOLDERS' EQUITY & LIABILITIES

14. SHAREHOLDERS' EQUITY

	31.12.2013	31.12.2012
Share capital	125,000	125,000
Quotation charges	(18,865)	(18,865)
Treasury shares	(833)	(440)
Reserve for treasury shares	833	440
Fair value reserve	27,096	(4,554)
Other reserves	567,840	630,051
Net loss	(75,432)	(60,979)
Group net equity	**625,639**	**670,653**
Minority interest N.E.	68	(32)
Total net equity	**625,707**	**670,621**

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 2013 Caltagirone Editore SpA had 868,622 treasury shares in portfolio, comprising 0.6949% of the share capital, for a value of Euro 832,921.
The fair value reserve (for greater details reference should be made to Note 5) of Euro 27.1 million, includes the net changes in the year of Euro 31.7 million, concerning the market value adjustments of available-for-sale investments.
The Other Reserves include:

- share premium reserve of Euro 481.9 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 45.1 million.
- actuarial losses reserve relating to the application of IAS 19 for post-employment benefits, amounting to Euro 2.3 million, net of the relative tax effect. The decrease in the year of Euro 0.6 million is essentially due to the change in the discount rate utilised in the valuation of the provision;
- reserves relating to first-time application of IAS/IFRS of Euro 16.9 million.
- other reserves of the Parent Company of Euro 1.2 million.

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:

	31.12.2013	31.12.2012
Annual technical discounting rate	3.10%	3.30%
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%

Values in %

In relation to the senior manager indemnity provision, the annual discount rate is 2.10% and the annual compensation increase rate is 3.5%.

The movements in the year are as follows:

	2013	2012
Net liability at January 1st	**31,678**	**32,627**
Current cost in the period (service costs)	345	303
Interest charge (interest cost)	1,027	1,461
Actuarial gain/(loss)	855	2,235
(Services paid)	(4,495)	(4,948)
Net liability at December 31st	**29,410**	**31,678**

In Euro thousands

The actuarial loss relates to the change in the technical annual discounting rate.

The comparison between the employee benefit provision and the liability in accordance with Italian regulations is as follows:

	01.01.2012	31.12.2012	31.12.2013
Nominal value of the provision	35,263	31,730	28,130
Actuarial adjustment	(2,636)	(52)	1,280
Total DBO	**32,627**	**31,678**	**29,410**

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.

Employee numbers and cost

	2013	2012
Wages and salaries	55,333	61,443
Social security	18,919	20,973
Post-employment benefit	345	303
Post-employment benefit to Complementary Fund	3,729	4,156
Other costs	4,570	11,310
Total personnel costs	**82,896**	**98,185**

In Euro thousands

The account salaries and wages and social charges reflects the benefits of the restructuring and reorganisation plans undertaken in previous years, under which the workforce was re-sized (see also the average workforce reported below).
Other costs include charges concerning labour disputes, leaving incentives and the social security institution contributions from the restructuring in the year of Euro approx. 2 million.
The following table shows the average number of employees by category:

	31.12.2013	31.12.2012	Average 2013	Average 2012
Executives	25	23	24	25
Managers & white collar	304	339	318	364
Journalists	466	483	469	491
Print workers	129	131	129	143
Total	**924**	**976**	**940**	**1,023**

In Euro thousands

16. PROVISIONS FOR RISKS AND CHARGES

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 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 December 31st 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**

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2013	**10,727**	**611**	**10,709**	**22,047**
Provisions	199	36	285	520
Utilisations	(1,607)	(474)	(7,940)	(10,021)
Reclassifications	(92)	-	92	-
Balance at December 31st 2013	**9,227**	**173**	**3,146**	**12,546**
of which:				
Current portion	*2,716*		*3,146*	*5,862*
Non-current portion	*6,511*	*173*		*6,684*
Total	**9,227**	**173**	**3,146**	**12,546**

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 provision for other risks principally includes charges concerning the restructuring plans, accrued in previous years, of Il Messaggero SpA, Il Mattino SpA and Centro Stampa Veneto SpA.

17. FINANCIAL LIABILITIES

	31.12.2013	31.12.2012
Bank payables	18,652	23,749
Non-current financial payables	**18,652**	**23,749**
Bank payables	19,607	6,159
Payables to related companies	5,845	1,117
Short-term portion of non-current loans	5,092	5,032
Payables for assets in leasing	-	26
Current financial liabilities	**30,544**	**12,334**

In Euro thousands

The due dates of the financial liabilities are as follows:

	31.12.2013	31.12.2012
Within 3 months	25,452	7,276
Between 3 months & 1 year	5,092	5,058
Current financial liabilities	**30,544**	**12,334**
Between 1 and 2 years	5,139	5,085
Between 2 and 5 years	13,513	15,577
over 5 years	-	3,087
Non-current financial payables	**18,652**	**23,749**
Total financial payables	**49,196**	**36,083**

In Euro thousands

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

Non-current financial payables	2013	2012
Bank payables	1.0	2.0
Current financial payables		
Bank payables	3.0	3.0
Short-term portion of non-current loans	1.0	2.0

In Euro thousands

The non-current financial liabilities to banks are represented by a loan to finance the construction in 2005 of a printing centre located at Torre Spaccata 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 492 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.

18. OTHER LIABILITIES

	31.12.2013	31.12.2012
Other non-current liabilities		
Other payables	120	120
Deferred income	2,679	3,614
Total	**2,799**	**3,734**
Other current liabilities		
Social security institutions	6,984	7,820
Employee payables	8,003	7,931
VAT payables	485	525
Withholding taxes	3,828	4,477
Other payables	11,699	10,023
Payables to related companies	35	10
Deferred income	359	303
Total	**31,393**	**31,089**

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.

19. TRADE PAYABLES

	31.12.2013	31.12.2012
Supplier payables	23,346	26,356
Payables to related companies	1,230	693
Total	**24,576**	**27,049**

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 reported above approximates their fair value.
There are no payables due over 12 months.

INCOME STATEMENT

20. REVENUES FROM SALES AND SERVICES

	2013	2012
Circulation revenues	75,620	73,574
Promotion revenues	788	747
Advertising	98,295	113,378
Total revenues from sales and services	**174,703**	**187,699**
of which related parties	*2,109*	*1,160*

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.

21. OTHER OPERATING REVENUES

	2013	2012
Operating grants	249	1,048
Recovery of expenses from third parties	2,207	2,684
Capital grant contributions	338	338
Rent, leases and hire charges	144	144
Gains on disposal of assets	4	11
Reimbursements and claims	596	736
Subsidised tariffs	484	595
Other revenues	2,790	2,183
Total other operating revenues	**6,812**	**7,739**
of which related parties	*92*	*97*

In Euro thousands

22. RAW MATERIAL COSTS

	2013	2012
Paper	15,924	21,587
Other publishing materials	3,792	4,377
Other	1	2
Change in inventory of raw materials and goods	999	350
Total raw materials costs	**20,716**	**26,316**

In Euro thousands

For further details on the cost movements of raw materials, reference should be made to the Directors' Report.

23. OTHER OPERATING COSTS

	2013	2012
Editorial services	15,645	16,489
Transport and delivery	10,865	13,076
Outside contractors	5,418	8,088
Promotions	669	493
Advertising & promotions	1,870	2,644
Commissions and agent costs	7,118	8,885
Utilities and power	2,690	2,791
Maintenance and repair costs	2,991	3,817
Consulting	4,157	3,373
Purchase of advertising space third parties	287	298
Directors and statutory auditors fees	1,907	2,186
Insurance, postal and telephone	1,396	1,774
Cleaning and security	852	965
Subcontractors and other services	2,523	2,147
Independent auditors fees	319	285
Other costs	7,765	8,265
Total service costs	**66,472**	**75,576**
Rental	6,444	6,403
Hire	1,308	1,220
Other	11	32
Total rent, lease and hire costs	**7,763**	**7,655**
Other operating charges	4,696	3,495
Other	129	373
Total other costs	**4,825**	**3,868**
Total other operating costs	**79,060**	**87,099**
of which related parties	*7,080*	*6,423*

In Euro thousands

24. AMORTISATION, DEPRECIATION, PROVISIONS & WRITE-DOWNS

	2013	2012
Amortisation of intangible assets	761	699
Depreciation of tangible assets	7,803	8,158
Provision for risks and charges	235	1,635
Writedown of intangible assets with an indefinite life	70,580	34,000
Doubtful debt provision	2,043	2,020
Total depreciation, amortisation, provisions & write-downs	**81,422**	**46,512**

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 and the doubtful debt provision, reference should be made respectively to Notes 2 and 10.

25. NET FINANCIAL RESULT AND SHARE OF INVESTMENTS VALUED UNDER THE EQUITY METHOD

	2013	2012
Losses on investments at Equity		
Rofin 2008 Srl	(31)	(3,247)
Editrice Telenuovo SpA	(68)	-
Total	**(99)**	**(3,247)**
Financial income		
Dividends	1,770	1,240
Bank deposit interest	5,066	4,269
Exchange gains	-	860
Other financial income	81	114
Total	**6,917**	**6,483**
Financial charges		
Loss on sale of investments	-	(4,568)
Write-down of investments	(147)	(97)
Loan interest	(270)	(584)
Interest on bank accounts	(656)	(750)
Interest on leaving indemnity	(1,027)	(1,461)
Banking commissions and charges	(192)	(200)
Exchange losses	-	(2,041)
Other financial expenses	(73)	(160)
Total	**(2,365)**	**(9,861)**
Financial result	**4,552**	**(3,378)**

In Euro thousands

The dividends included in the financial income relate to the shareholdings in Assicurazioni Generali SpA and UniCredit SpA.

26. EARNINGS PER SHARE

The basic earnings/(loss) per share is calculated by dividing the Group Net Result for the year by the weighted average number of ordinary shares outstanding in the year.

	2013	2012
Net Result (Euro thousands)	(75,432)	(60,978)
Number of ordinary shares outstanding (thousands)	125,000	125,000
Net earnings per share	**(0,603)**	**(0,488)**

The diluted earnings per share is identical to the basic earnings per share as Caltagirone Editore SpA has only issued ordinary shares.
In 2013 no dividends were distributed.

27. OTHER CONSOLIDATED COMPREHENSIVE INCOME STATEMENT ITEMS

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

	31.12.2013			31.12.2012		
	Gross value	**Tax effect**	**Net value**	**Gross value**	**Tax effect**	**Net value**
Actuarial gains/(losses) post-employment benefits	(880)	242	(638)	(2,320)	638	(1,682)
Gain/(loss) from recalculation of AFS financial assets, net of fiscal effect	30,870	780	31,650	18,821	(1,868)	16,953

In Euro thousands

28. TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH COMPANIES UNDER COMMON CONTROL

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

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

31.12.2012	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total financial statement accounts	% on total account items
Balance Sheet transactions							
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%
Income Statement 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%

31.12.2013	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total financial statement accounts	% on total account items
Balance Sheet transactions							
Trade receivables	-	840	775	356	**1,971**	**59,483**	3.31%
Current assets	-	-	4	-	**4**	**1,279**	0.31%
Cash and cash equivalents	-	-	-	770	**770**	**186,633**	0.41%
Trade payables	820	-	116	294	**1,230**	**24,576**	5.00%
Current financial liabilities	-	-	-	5,845	**5,845**	**30,544**	19.14%
Other current liabilities	-	-	35		**35**	**31,393**	0.11%
Income Statement transactions							
Revenues	-	-	723	1,386	**2,109**	**174,703**	1.21%
Other operating revenues	-	-	84	8	**92**	**6,812**	1.35%
Other operating costs	-	-	6,494	586	**7,080**	**79,060**	8.96%
Financial income	-	-	-	2,555	**2,555**	**6,917**	36.94%
Financial charges	-	-	-	219	**219**	**2,365**	9.26%

In Euro thousands

Trade receivables principally concern commercial transactions for the sale of advertising space.

Cash and cash equivalents and current financial liabilities and financial charges concern the operations in place at December 31st 2013 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 principally include rental costs by the Parent Company and Other Group companies 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.

29. BUSINESS SEGMENT INFORMATION

The disclosures required in accordance with IFRS 8 on the segment information are provided below. The Caltagirone Editore Group, in consideration of the economic and financial relations between the various Group companies and the interdependence between the publishing activities of the various Group newspapers and the advertising activity carried out by the Group agency, described in Note 2, operates within a single sector, defined as a distinctly identifiable part of the Group, which provides a set of related products and services and is subject to differing risks and benefits from the other sectors of Group activity. This vision is used by Management to carry out an analysis of operational performance and for the specific management of related risks. The Group operates exclusively in Italy and bases sector performance on turnover volumes and EBITDA from ordinary operations.

2012	Publishing and Advertising activities	Other activities	Consolidated Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Sector revenues – third parties	193,740	1,694	4	195,438	-	195,438
Inter-segment revenues	88,916	2,285	(4)	91,197	(91,197)	-
Segment revenues	**282,656**	**3,979**	**-**	**286,635**	**(91,197)**	**195,438**
Segment EBITDA	**(14,272)**	**(1,890)**	**-**	**(16,162)**	**-**	**(16,162)**
Depreciation, amortisation, provisions & write-downs	25,232	21,280	-	46,512	-	46,512
EBIT	**(39,504)**	**(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)**

	Publishing and Advertising activities	Other activities	Consolidated Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Segment assets	487,482	377,077	27,556	892,115	-	892,115
Segment liabilities	211,094	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	1,635	168	-	1,803	-	1,803

2013	Publishing and Advertising activities	Other activities	Consolidated Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Sector revenues – third parties	179,457	2,055	3	181,515	-	181,515
Inter-segment revenues	77,593	2,339	(3)	79,929	(79,929)	-
Segment revenues	**257,050**	**4,394**	**-**	**261,444**	**(79,929)**	**181,515**
Segment EBITDA	**1,331**	**(2,488)**	**-**	**(1,157)**	**-**	**(1,157)**
Depreciation, amortisation, provisions & write-downs	10,329	65,093	6,000	81,422	-	81,422
EBIT	**(8,998)**	**(67,581)**	**(6,000)**	**(82,579)**	**-**	**(82,579)**
Net financial income/(charges)	-	-	-	-	-	4,552
Net Result of the share of associates	-	-	-	-	-	(99)
Loss before taxes	**-**	**-**	**-**	**-**	**-**	**(78,126)**
Income taxes	-	-	-	-	-	2,592
Net Loss						**(75,534)**

	Publishing and Advertising activities	Other activities	Consolidated Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Segment assets	478,165	346,494	16,448	841,107	-	841,107
Segment liabilities	210,497	5,739	(836)	215,400	-	215,400
Equity investments valued at net equity	-	760	17	777	-	777
Investments in intangible and tangible fixed assets	934	68	-	1,002	-	1,002

In Euro thousands

30. NET CASH POSITION

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

	31.12.2013	31.12.2012
A. Cash	60	87
B. Bank deposits	186,573	188,815
D. Liquidity (A)+(B)	**186,633**	**188,902**
E. Current financial receivables	**3**	**1,536**
F. Bank payables – current portion	25,452	7,276
G. Current portion of long-term loans	5,092	5,032
H. Current payables to other lenders	-	26
I. Current debt (F)+(G)+(H)	**30,544**	**12,334**
J. Net current cash position (I)-(E)-(D)	**(156,092)**	**(178,104)**
K. Non-current bank payables	18,652	23,749
L. Non-current payables to other lenders	-	-
M. Non-current financial debt (K)+(L)	**18,652**	**23,749**
N. Net Cash Position (J)+(M)	**(137,440)**	**(154,355)**

In Euro thousands

31. GUARANTEES AND COMMITMENTS

	31.12.2012
1. Bank and Insurance Sureties Given	38,379
2. Bank and Insurance Sureties Received	60
3. Bills at banks	-
4. Mortgages and privileges	60,000
TOTAL	**98,439**

	31.12.2013
1. Bank and Insurance Sureties Given	38,638
2. Bank and Insurance Sureties Received	82
3. Bills at banks	-
4. Mortgages and privileges	60,000
TOTAL	**98,720**

In Euro thousands

The positions reported are commented upon at Note 17.

32. 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 2013.

Company	Period	Audit service charges	Annual Fees Nominal*
Caltagirone Editore SpA	2012/2020	29,000	29,000
Il Mattino SpA	2012/2020	29,500	29,500
Piemme SpA	2012/2020	25,500	25,500
Il Messaggero SpA	2012/2020	34,500	34,500
Leggo SpA	2012/2020	14,200	14,200
Finced Srl	2012/2020	5,000	5,000
Corriere Adriatico SpA	2012/2020	18,000	18,000
Quotidiano di Puglia SpA	2012/2013/2014	24,000	24,000
Il Gazzettino SpA	2012/2020	27,500	27,500
Imprese Tipografiche Venete SpA	2012/2013/2014	8,300	8,300
Centro Stampa Veneto SpA	2012/2013/2014	13,500	13,500
Telefriuli 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

** The amount does not include the revaluation of fees and the Consob contribution*

33. HIERARCHY OF FAIR VALUE ACCORDING TO IFRS 13

In relation to financial instruments recorded at fair value, IFRS 13 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 valued at fair value	7	104,260	-	-	104,260
Total Assets		**104,260**	**-**	**-**	**104,260**

31.12.2013	Note	Level 1	Level 2	Level 3	Total
AFS Financial assets valued at fair value	7	135,130	-	-	135,130
Total Assets		**135,130**	**-**	**-**	**135,130**

In Euro thousands

In 2013 no transfers occurred between the various levels and no changes took place in level 3.

CALTAGIRONE EDITORE

Società per Azioni - Cap.Soc. Euro 125.000.000

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 2013.

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 11th 2014

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

CALTAGIRONE EDITORE

FINANCIAL STATEMENTS
AT DECEMBER 31ST 2013

CALTAGIRONE EDITORE SPA
BALANCE SHEET
ASSETS

ASSETS	Notes	31.12.2013	31.12.2012
Non-current assets			
Property, plant and equipment	1	6,748	9,076
Equity investments valued at cost	2		
subsidiary companies		*327,466,813*	*440,507,250*
associated companies		-	-
other companies		*3,044,983*	*3,044,983*
Equity investments and non-current securities	3	57,291,250	46,029,000
Deferred tax assets	4	30,226,217	27,309,496
TOTAL NON-CURRENT ASSETS		**418,036,011**	**516,899,805**
Current assets			
Trade receivables	5	868,037	288,076
of which related parties		*868,037*	*288,076*
Current financial assets	6	34,038,934	37,985,914
of which related parties		*34,038,934*	*37,985,914*
Tax receivables	4	1,915,379	871,191
Other current assets	7	2,787,661	3,553,310
of which related parties		*2,768,446*	*3,052,711*
Cash and cash equivalents	8	181,130,506	183,559,478
of which related parties		*657,810*	*87,817,027*
TOTAL CURRENT ASSETS		**220,740,517**	**226,257,969**
TOTAL ASSETS		**638,776,528**	**743,157,774**

In Euro

CALTAGIRONE EDITORE SPA
BALANCE SHEET
SHAREHOLDERS' EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY & LIABILITIES	Notes	31.12.2013	31.12.2012
Net Equity			
Share capital		125,000,000	125,000,000
Share capital issue costs		(18,864,965)	(18,864,965)
Other reserves		512,856,219	528,095,522
Loss for the year		(53,523,894)	(26,713,206)
TOTAL SHAREHOLDERS' EQUITY	**9**	**565,467,360**	**607,517,351**
LIABILITIES			
Non-current liabilities			
Employee provisions	10	79,549	71,293
Deferred tax liabilities	4	151,079	2,221
TOTAL NON-CURRENT LIABILITIES		**230,628**	**73,514**
Current liabilities			
Current provisions	11	17,799	5,075,452
Trade payables	12	2,709,278	1,753,878
of which related parties		*2,623,973*	*1,635,078*
Current financial liabilities	13	37,909,340	100,173,794
of which related parties		*37,909,267*	*100,173,794*
Current income tax payables	4	97,293	25,467
Other current liabilities	14	32,344,830	28,538,318
of which related parties		*25,706,191*	*23,199,170*
TOTAL CURRENT LIABILITIES		**73,078,540**	**135,566,909**
TOTAL LIABILITIES		**73,309,168**	**135,640,423**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**638,776,528**	**743,157,774**

In Euro

CALTAGIRONE EDITORE SPA
INCOME STATEMENT

	Notes	2013	2012
Other operating revenues	15	710,143	892,564
of which related parties		*701,306*	*813,105*
TOTAL OPERATING REVENUES		**710,143**	**892,564**
Labour costs	10	518,682	554,621
Other operating charges	16	2,420,161	2,471,414
of which related parties		*1,433,357*	*1,415,972*
TOTAL OPERATING COSTS		**2,938,843**	**3,026,035**
EBITDA		**(2,228,700)**	**(2,133,471)**
Amortisation, depreciation, provisions & write-downs	17	2,329	2,783
EBIT		**(2,231,029)**	**(2,136,254)**
Financial income		24,485,379	4,938,960
of which related parties		*1,433,083*	*2,651,327*
Financial charges		75,419,221	28,955,374
of which related parties		*1,710,050*	*2,175,697*
Net financial income/(charges)	**18**	**(50,933,842)**	**(24,016,414)**
LOSS BEFORE TAXES		**(53,164,871)**	**(26,152,668)**
Income taxes	4	359,023	560,538
LOSS FROM CONTINUING OPERATIONS		**(53,523,894)**	**(26,713,206)**
NET LOSS FOR THE PERIOD		**(53,523,894)**	**(26,713,206)**

In Euro

CALTAGIRONE EDITORE SPA
COMPREHENSIVE INCOME STATEMENT

	Notes	31.12.2013	31.12.2012
Net loss for the year		**(53,523,894)**	**(26,713,206)**
Items which are not subsequently reclassified to the profit (loss) for the year			
Effect of actuarial gains/losses, net of tax effect	10	3,317	(3,653)
Items which may be subsequently reclassified to the profit (loss) for the year			
Profit/(Loss) from recalculation of AFS assets, net of fiscal effect	3	11,107,142	7,068,500
TOTAL OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT		**11,110,459**	**7,068,500**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(42,413,435)**	**(19,644,706)**

In Euro

CALTAGIRONE EDITORE SPA

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 distributed	-	-	-	-	(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)
Net Result	-	-	-	-	-	(26,713,206)	(26,713,206)
Total comprehensive profit (loss) for the year	**-**	**-**	**-**	**7,068,500**	**(3,653)**	**(26,713,206)**	**(19,648,359)**
Other changes	-	-	-	-	(1)	-	(1)
Balance at December 31st 2012	**125,000,000**	**(18,864,965)**	**(440,382)**	**(429,974)**	**528,965,878**	**(26,713,206)**	**607,517,351**

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CALTAGIRONE EDITORE SPA

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2013

	Share capital	Quotation charges	Treasury shares	Fair value reserve	Other reserves	Net Profit/(Loss)	Total Net Equity
Balance at January 1st 2013	**125,000,000**	**(18,864,965)**	**(440,382)**	**(429,974)**	**528,965,878**	**(26,713,206)**	**607,517,351**
Dividends distributed	-	-	-	-	-	-	-
Previous year results carried forward	-	-	-	-	(26,713,206)	26,713,206	-
Treasury shares in portfolio	-	-	(392,540)	-	-	-	(392,540)
Other changes	-	-	-	-	755,983	-	755,983
Total operations with shareholders	**125,000,000**	**(18,864,965)**	**(832,922)**	**(429,974)**	**503,008,655**	**-**	**607,880,794**
Change in fair value reserve	-	-	-	11,107,142	-	-	11,107,142
Change in employment termination reserve	-	-	-	-	3,317	-	3,317
Net Result	-	-	-	-	-	(53,523,894)	(53,523,894)
Total comprehensive profit (loss) for the year	**-**	**-**	**-**	**11,107,142**	**3,317**	**(53,523,894)**	**(42,413,435)**
Other changes	-	-	-	-	(1)	-	(1)
Balance at December 31st 2013	**125,000,000**	**(18,864,965)**	**(832,922)**	**10,677,168**	**503,011,973**	**(53,523,894)**	**565,467,360**

In Euro

CALTAGIRONE EDITORE SPA
CASH FLOW STATEMENT

	Notes	31.12.2013	31.12.2012
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**8**	**183,559,478**	**119,577,489**
Net loss for the year		(53,523,894)	(26,713,206)
Amortisation & Depreciation		2,328	2,783
(Revaluations) and write-downs		54,918,401	23,980,309
Net financial income/(charges)		(3,984,557)	(623,342)
of which related parties		*946,967*	*(475,630)*
(Gains)/losses on disposals		-	659,446
Income taxes		359,022	560,539
Changes in employee provisions		9,221	11,740
Changes in current and non-current provisions		(1,697,950)	-
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(3,917,429)**	**(2,121,731)**
(Increase)/Decrease in trade receivables		(579,963)	409,304
Increase/(Decrease) in trade payables		127,887	(517,756)
Change in other current and non-current liabilities		4,405,624	10,858,539
Change in deferred and current income taxes		(3,881,791)	(11,795,183)
OPERATING CASH FLOW		**(3,845,672)**	**(3,166,827)**
Dividends received		670,000	670,000
of which related parties		*670,000*	*670,000*
Interest received		5,030,604	4,264,227
of which related parties		*93,083*	*1,981,327*
Interest paid		(886,182)	(182,828)
of which related parties		*(882,539)*	*(71,107)*
Income taxes paid		(75,595)	-

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CALTAGIRONE EDITORE SPA
CASH FLOW STATEMENT

continued from previous page	Notes	31.12.2013	31.12.2012
A) CASH FLOW FROM OPERATING ACTIVITIES		**893,155**	**1,584,572**
Investments in tangible fixed assets		-	(2,191)
Non-current investments and securities		(3,161,377)	(3,524,132)
Sale of intangible and tangible assets		-	-
Sale of equity investments and non-current securities		500	215,053
(Increases)/Decreases in equity investments and current securities		-	6,270,553
Change in current financial assets		140,430	(30,582,960)
Other changes in investments		34,877	-
B) CASH FLOW FROM INVESTING ACTIVITIES		**(2,985,570)**	**(27,623,677)**
Change in current financial liabilities		(700,000)	96,074,029
Dividends Distributed		-	(3,746,036)
Other changes		363,443	(270,389)
C) CASH FLOW FROM FINANCING ACTIVITIES		**(336,557)**	**92,057,604**
D) EFFECT EXCHANGE DIFFERENCES ON CASH & CASH EQUIVALENTS		**-**	**(2,036,510)**
Change in net liquidity		(2,428,972)	63,981,989
CASH AND CASH EQUIVALENTS AT END OF YEAR	**8**	**181,130,506**	**183,559,478**

In Euro

CALTAGIRONE EDITORE

NOTES TO THE FINANCIAL STATEMENTS AT DECEMBER 31ST 2013

INTRODUCTION

Caltagirone Editore SpA (Parent Company) is a limited liability Company with its registered office at Rome (Italy), Via Barberini, 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:

Francesco Gaetano Caltagirone 75,955,300 shares (60.76%).
This investment is held:
- directly for 2,700,000 shares (2.160%)
- indirectly through the Companies:
  - Parted 1982 SpA (35.56%)
  - Gamma Srl (7.20%)
  - FGC Finanziaria Srl (15,84%)

Gaetano Caltagirone 3,000,000 shares (2.40%).
Edizione Srl 2,799,000 shares (2.24%).

The present financial statements were authorised for publication by the Directors on March 11th 2014.
At the date of the preparation of the present accounts, the ultimate holding company is FGC SpA, with registered office at Via Barberini 28 Rome, due to the shares held through subsidiary companies.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION

The financial statements at December 31st 2013 were prepared on the going concern basis and in accordance with Article 2 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". In the preparation of the present document, account was taken of Article 9 of Legislative Decree No. 38 of February 28th 2005, of the provisions of the civil code, of CONSOB Resolution No. 15519 ("Regulations relating to financial statements to be issued in accordance with Article 9, paragraph 3 of Legs. Decree No. 38/2005") and No. 15520 ("Modifications and amendments to the implementation rules of Legs. Decree No. 58/1998"), both of July 27th 2006, as well as Consob communication No. DEM/6064293 of July 28th 2006 ("Disclosure of issuers of shares and financial instruments in accordance with article 116 of the CFA").

BASIS OF PRESENTATION

The Financial Statements at December 31st 2013 are presented in Euro and all the amounts refer to units of the currency, except where indicated otherwise. They 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 Explanatory Notes. In relation to the presentation of the financial statements, the Company has chosen the following options:

- the current and non-current assets and current and non-current liabilities are presented as separate classifications in the Balance Sheet;
- the Income Statement and the Comprehensive Income Statement are classified on the basis of the nature of the costs;
- the Comprehensive income statement, beginning with the Net Result, highlights the effect of profits and losses recorded directly to net equity;
- the statement of changes in shareholders' equity is based on changes in equity;
- the cash flow statement is presented using the indirect method.

The historic cost is the general criteria adopted, with the exception of the financial statement accounts measured at fair value according to the individual IFRS, as described in the measurement criteria below.

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.

It is recalled that Consob. resolution No. 15519 of July 27th 2006 requires that the above financial statements report, where the amounts are significant, additional sub-accounts to those already specifically required by IAS 1 and other international accounting standards in order to show the balances and transactions with related parties as well as the relative income statement accounts relating to non-recurring or unusual operations.

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

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 2012.

ACCOUNTING STANDARDS AND AMENDMENTS TO STANDARDS ADOPTED BY THE COMPANY

a) Accounting standards and interpretations adopted from January 1st 2013:

- IAS 1 – "Presentation of financial statements – Amendment – Comprehensive income statement": the amendments to the standard requires that for the other comprehensive income statement items the accounts which will be subsequently reclassified in the income statement are presented separately from those which will not subsequently be reclassified in the income statement.
- IAS 1 – "Presentation of Financial Statements – Amendment – Comparative Disclosure": the amendment clarifies the manner of presentation of comparative information in the case in which a company modifies its accounting principles and retrospectively restates or reclassifies information, and in the cases in which additional balance sheets are provided to those required by the standard.
- IFRS 1 – "Presentation of financial statements – Amendment: Government Loans": the amendments to IFRS 1 concern government loans at interest rates lower than market rates and the objective is to exempt new users of the IFRS from full retrospective application of the relative provisions on transfer to IFRS. Therefore the amendments to IFRS 1 introduced a new exception to the retrospective application of the IFRS, requiring new users to comply with the provisions established by IAS 39 – Financial instruments: Recognition and measurement and of IAS 20 – Accounting for government grants and disclosure on government assistance prospectively to government loans in place on passage to IFRS.

- IFRS 1 – "Presentation of financial statements – Amendment: Serious Hyperinflation": the amendments to IFRS 1 introduce a new exception whereby entities which have undergone serious hyperinflation may utilise the fair value in replacement of cost to represent their assets and liabilities in the opening balance sheet prepared in accordance with IFRS. In addition, these amendments alter also the reference to the application dates in IFRS for the transition date.
- IAS 19 – "Employee Benefits": the principal changes introduced to the new IAS 19 concern the elimination of the option to utilise the corridor method for the recognition of actuarial profits and losses; they therefore must be recognised to the other comprehensive income statement items (an option already adopted by the Company in the preparation of previous financial statements). In addition, the cost relating to past employment services must be recognised immediately.
- Amendments to IFRS 7 – "Financial Instruments: additional disclosure – Offsetting of financial assets and liabilities": the amendments requires the disclosure in the explanatory notes of the effects or potential effects of the offsetting of financial assets and liabilities in the balance sheet; the amendment did not have any impact on the Company financial statements.
- IFRS 13 – "Fair value measurement": The new IFRS 13 defines the calculation method of the fair value of assets and liabilities where another IFRS requires or allows the calculation of the fair value; in addition, IFRS 13 establishes guidelines for disclosure in the explanatory notes of assets and liabilities measured at fair value.
- Amendments to IAS 12 – "Income taxes – deferred taxes": recovery of underlying assets: the amendments to IAS 12 establish that deferred taxes concerning tangible and intangible assets and property investments valued at fair value must be entirely reversed on disposal, providing their recovery may not be achieved through use; this amendment did not have any effects on the Company financial statements.
- IAS 16 – "Property, plant and equipment": the amendment clarifies that spare parts and replacements must be capitalised only if fulfilling the definition of property, plant and machinery, otherwise they must be classified as Inventories.
- IAS 32 – "Financial instruments: disclosures in the financial statements": the amendment eliminates an inconsistency between IAS 12 – Income Taxes and IAS 32 in the recognition of income taxes deriving from distributions to shareholders, establishing that these must be recognised to the income statement in the amount that the distribution relates to income generated from operations originally recognised to the income statement.
- IFRIC 20 – "Stripping costs in the production phase of a surface mine": the interpretation addresses the specific measurement requirements for stripping costs (costs for the removal of surface layers of rock to access a mineral deposit) in the production phase of a surface mine. The interpretation clarifies the recognition of stripping costs as an asset during the mining production phase, the initial valuation of the asset from a stripping operation and its subsequent valuation.

b) Accounting Standards and interpretations on Standards effective from the periods subsequent to 2013 and not adopted in advance by the Company:

- Amendments to IAS 32 – "Financial Instruments: disclosure – Offsetting of financial assets and liabilities": the standard clarifies that the assets and liabilities previously recognised to the financial statements may be offset only where an entity has a right not subject to the occurrence of future events and one which is exercisable both in the case of the continuation of the activities of the entity preparing the financial statements and of all other parties involved and in the case of default, insolvency or bankruptcy.

- IFRS 10 – "Consolidated Financial Statements": the standard provides a single model for the consolidated financial statements which considers control as the basis for the consolidation of all types of entities; in particular IFRS 10 establishes that an investor controls an entity in which an investment has been made when exposed to variable income streams or when possessing rights to such income streams based on the relationship with the entity, and at the same time has the capacity to affect such income steams through the exercise of its power. Therefore, an investor controls an entity subject to investment only if it simultaneously: (i) has power over the entity subject to investment; (ii) is exposed or has rights on variable income streams of the investment in the entity; (iii) has the capacity to exercise its power on the entity subject to investment to affect its income streams. In summary, IFRS 10 clarifies the concept of control and its application in circumstances of *de facto* control, potential voting rights and complex investment structures.
- IFRS 11 – "Joint Arrangements": IFRS 11 requires that joint agreements which the entity participates in are classified to one of the following two categories: (i) joint operations, in the case of joint agreements according to which each participant has rights on the assets and obligations in terms of liabilities; (ii) joint ventures, in the case of joint agreements according to which each participant has rights on the net assets of the agreement, as for example in the case of companies with legal personality. Where the agreement may be considered as a joint operation, IFRS 11 requires the pro-quota recognition of costs, revenues, assets and liabilities deriving from the agreement (proportional consolidation); in the case of joint ventures, on the other hand, IFRS 11 eliminates the previous possibility under IAS 31 to proportionally consolidate such agreements; therefore they must be recognised in the consolidated financial statements according to the equity method provided for in IAS 28.
- IFRS 12 – "Disclosure of interests in other entities": the standard requires disclosure in the explanatory notes of the investments held in other companies, including associated companies, joint ventures, special purpose vehicles and other non-consolidated corporate vehicles.
- IAS 27 Revised – "Separate Financial Statements": with the approval of IFRS 10, the application of IAS 27 was revised and limited only to the separate financial statements.
- IAS 28 Revised – "Investments in associates and joint ventures": simultaneous to the approval of the new IFRS 10, IFRS 11, IFRS 12 and IAS 27, IAS 28 was revised to incorporate the amendments introduced by the above-mentioned standards.
- Amendments to IAS 36 – "Additional disclosure on the recoverable amount of non-financial assets": the amendments to IAS 36 concern disclosure in the explanatory notes exclusively in relation to those non-financial assets which have been impaired (or for which the impairment has been eliminated), where the

recoverable amount was established according to the fair value net of selling costs.

- Amendment to IAS 39 – "Novation of derivatives and continuity of hedge accounting": the amendments to IAS 39 add an exception to the previously existing provisions concerning the cessation of hedge accounting in the situations in which a derivative designated as a hedging instrument is subject to novation by an original counterparty to a central counterparty, as a result of the existence or introduction of regulations, in such a manner that the hedge accounting may continue despite the novation.

c) New accounting standards and interpretations:

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

- On November 12th 2009, the IASB published IFRS 9 – Financial instruments, which was subsequently amended. The standard, having an effective date for mandatory adoption of January 1st 2015 retrospectively, represents the completion of the first part of a project to replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities. The new standard uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. The most significant effect of the standard regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. Under the new standard these changes are recognised in Other comprehensive income and are not subsequently reclassified to the income statement.
- On May 20th 2013, the IASB issued IFRIC 21 – Levies, an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 provides clarification on when an entity should recognise a liability for the payment of State taxes, with the exception of those already governed by other standards (e.g. IAS 12 – Income taxes). IAS 37 establishes the criteria for the recognition of a liability, one of which is the existence of a present obligation on the entity arising from a past event (known as an obligating event). The interpretation clarifies that the obligating event, which gives rise to a liability for the payment of the tax, is described in the applicable regulation from which the payment arises. IFRIC 21 is effective from the periods beginning January 1st 2014.
- On November 21st 2013, IASB issued the document "Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 Employee Benefits)". The amendments made to IAS 19 permit (but do not render compulsory) the deduction from the current service cost of the period the contributions paid by the employees and by third parties, which are not related to the number of years of service, in place of the allocation of these contributions over the service period.
- On December 12th 2013, IASB published the document "Annual Improvements to

IFRS – 2010-2012 Cycle". These amendments mainly refer to: (i) IFRS 2, amending the definition of maturation conditions; (ii) IFRS 3, clarifying that a potential payment classified as an asset or liability must be valued at fair value at each reporting date; (iii) IFRS 8, principally requiring disclosure concerning the criteria and evaluation factors considered in determining the level of aggregation of the operating segments within the financial statements; (iv) the Basis of Conclusions of IFRS 13, confirming the possibility to recognise short-term receivables and payables which does not explicitly state the implicit interest rate therein, at their face value, if the effect from not discounting is not significant; (v) IAS 16 and IAS 38, clarifying the manner to determine the gross book value of the assets, in the case of revaluation consequent of the application of the model of the re-determined value; (vi) IAS 24, specifying that an entity is related to a reporting entity if the entity (or a member of the Group to which it belongs) provides to the reporting entity (or its parent company) key management personnel services.

- On the same date, the IASB published the document "Annual Improvements to IFRS – 2011-2013 Cycle". These amendments mainly refer to: (i) the Basis of Conclusion of IFRS 1, clarifying the definition of IFRS "in force" for the First-time adopters; (ii) IFRS 3, clarifying the exclusion from application of joint control agreements in the financial statements relating to jointly controlled companies; (iii) IFRS 13, clarifying that the application of the exception as per paragraph 48 of the standard is extended to all contracts within the application of IAS 39, independent of the fact of whether they are within the definition of financial assets or financial liabilities as per IAS 32; (iv) IAS 40, clarifying the inter-relation between IFRS 3 and the standard.
- On November 19th 2013 IASB published the document "IFRS 9 Financial Instruments – Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39", with the relative Basis for Conclusions and Applicable Guideline. These documents: (i) result in a substantial review of the accounting of hedging operations; (ii) in relation to IFRS 9, which requires that changes in the fair value of liabilities designated at fair value through the profit or loss, giving rise to gains or losses deriving from changes in the credit risk of the entity, are recognised in the Other Comprehensive Income Statement, which permits advance application of this regulation compared to other provisions contained in the standard; (iii) eliminates indication of January 1st 2015 as the compulsory entry into force of IFRS 9.

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 new standards/changes to accounting standards already in force listed below; based on a preliminary evaluation, significant effects are not expected on the financial statements.

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.
The non-monetary assets and liabilities recognised at fair value are translated using the exchange rate at the transaction date.

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 obligations, by the present value of the estimated cost for the disposal of the asset.
The financial charges directly attributable to the acquisition, construction or production of an asset are capitalised as part of the cost of the asset itself until the moment in which the asset is ready for expected use or sale.
The expenses incurred for the maintenance and repairs of an ordinary and/or cyclical nature are directly charged to the income statement in the year in which they are incurred. The capitalisation of the costs relating to the expansion, modernisation or improvement of owned tangible assets or of those held in leasing, is made only when they satisfy the requirements to be separately classified as an asset or part of an asset in accordance with the component approach.
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 according to the estimated useful life of the asset; useful life is reviewed annually and any changes, where necessary, are made on the basis of the new estimate.
The estimated useful lives of property, plant and equipment are as follows:

	Useful life	Economic/technical rate
Equipment	4 years	25%
Office furniture and equipment	8 years	12.50%

Land, both constructible and relating to civil and industrial buildings, is not depreciated as it has an unlimited useful life.
When the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the "component approach" principle.
At the moment of the sale or when no expected future economic benefits exist from the use of a tangible asset, it is eliminated from the financial statements and any gain or loss (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.

FINANCIAL ASSETS

The financial assets are classified, on initial recognition, in one of the following categories and measured as follows:

- *AFS financial assets:* the AFS 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. These financial assets are valued at fair value and the valuation gains or losses are allocated to net equity and the Comprehensive Income Statement. They are recognised in the income statement only when the financial asset is sold, or, in the case of negative cumulative changes, when it is considered that the reduction in value already recorded under equity cannot be recovered and when a long-term loss in value is established.
  The Company, taking account of the types of shares held, established that the quantitative limits utilised to identify the necessity for an impairment procedure are for a decrease in the fair value at the balance sheet date of above 50% compared to the original book value or a decrease in the fair value below the initial recording for 60 consecutive months.
  Financial assets available-for-sale are derecognised from the balance sheet when the right to receive the cash flows from the instrument ceases and the Company has transferred all the risks and rewards relating to the instrument and the relative control. When the fair value cannot be determined reliably, the cost value is maintained, adjusted for any losses in value. These losses for reduction in value may not be restated;
- *loans and receivables:* they are financial instruments, principally relating to loans and trade receivables, non-derivative, not listed on an active market, from which

fixed or determinable payments are expected. They are stated as current assets except for amounts due beyond 12 months from the balance sheet date, which are classified as non-current. These assets are measured at amortised cost, on the basis of the effective interest rate (identified as their nominal value). When there is an indication of a reduction in value, the asset is reduced to the value of the discounted future cash flows obtainable. The losses in value are recorded in the income statement. When, in subsequent periods, the reasons for the write-down no longer exist, the value of the assets is restated up to the value deriving from the application of the amortised cost where no write-down had been applied.
Financial assets are eliminated from the balance sheet when the right to receive the cash flows from the instrument ceases and the Company has transferred all the risks and rewards relating to the instrument and the relative control.

FINANCIAL LIABILITIES

Financial liabilities are those concerning loans, trade payables and other obligations. On initial recognition, they are recorded at fair value, net of directly attributable accessory transaction costs. Thereafter, they are measured at amortised cost, using the effective interest rate. When there is a change in the expected cash flows and it is possible to estimate them reliably, the values of liabilities are recalculated to reflect this change based on the new current value of the expected cash flows and of the internal yield initially determined.
The financial liabilities are classified under current liabilities, except when the Company has an unconditional right to defer their payment for at least 12 months after the balance sheet date.
Financial liabilities are eliminated from the balance sheet when they expire and the Company has transferred all the risks and rewards relating to the instrument.

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.

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, 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

Provisions for risks and charges are recognised in respect of certain or probable losses or liabilities, the amount or due date of which could not be determined at year-end.

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.

REVENUES

Revenues are recognised in accordance with the probability that the Company will receive economic benefits and the amount can be determined reliably. The revenues

are recognised at the fair value of the amount received less returns, premiums and discounts. 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 recognised in accordance with the accruals concept on the basis of the interest matured on the net value of the relative financial assets and liabilities utilising the effective interest rate, therefore utilising the rate which is financially equivalent to all the cash inflows and outflows which comprise an operation.

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' Meetings approves them.

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 Group is the consolidating company of the following subsidiaries: Il Messaggero SpA, Il Mattino SpA, Finced Srl, Piemme SpA, Corriere Adriatico SpA, Quotidiano di Puglia SpA, Il Gazzettino SpA, Imprese Tipografiche Venete SpA , Leggo SpA, Ced Digital Servizi Srl, Messaggero Partecipazioni SpA, Centro Stampa Veneto SpA, Telefriuli SpA and Pim 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 consoildation described above.
The recovery of the deferred tax asset is reviewed at each balance sheet date.

RISK MANAGEMENT

The Company is exposed to various market risks and in particular to liquidity risk, risk of change in the prices of listed 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.

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.

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. In the case of non-significant errors, these are accounted for in the income statement in the period in which they are noted.

Changes in estimates are accounted in accordance with the prospective method in the Income Statement in the period in which the change occurs only if impacting upon this latter or in the period in which the change occurs, and subsequent periods if the change also impacts upon future periods.

ASSETS

1. PROPERTY, PLANT AND EQUIPMENT

Historical cost	Equipment	Other assets	Total
01.01.2012	**27,766**	**213,333**	**241,099**
Increases	2,191	-	**2,191**
Decreases	-	-	**-**
Reclassifications	-	-	**-**
31.12.2012	**29,957**	**213,333**	**243,290**
01.01.2013	**29,957**	**213,333**	**243,290**
Increases	-	-	**-**
Decreases	-	-	**-**
Reclassifications	-	-	**-**
31.12.2013	**29,957**	**213,333**	**243,290**

Depreciation and loss in value	Equipment	Other assets	Total
01.01.2012	**18,097**	**213,333**	**231,430**
Increases	2,784	-	**2,784**
Decreases	-	-	**-**
Reclassifications	-	-	**-**
31.12.2012	**20,881**	**213,333**	**234,214**
01.01.2013	**20,881**	**213,333**	**234,214**
Increases	2,329	-	**2,329**
Decreases	-	-	**-**
Reclassifications	(1)	-	**(1)**
31.12.2013	**23,209**	**213,333**	**236,542**
Net value			
01.01.2012	**9,669**	**-**	**9,669**
31.12.2012	**9,076**	**-**	**9,076**
31.12.2013	**6,748**	**-**	**6,748**

In Euro

2. INVESTMENTS VALUED AT COST

The movements in the account are as follows:

Investments in subsidiaries	Registered office	Share capital	%	Book value 01.01.2012	Increases/ (Decreases)	Revaluations/ (Write-downs)	Book value 31.12.2012	Share of Net equity at 31.12.2012	Difference compared to book value at 31.12.2012
Il Mattino SpA	Rome	500,000	99.99	23,590,822	-	-	23,590,822	7,205,527	16,385,295
Leggo SpA	Rome	1,000,000	90.00	-	900,000	(900,000)	-	(1,841,582)	1,841,582
Finced Srl	Rome	10,000	99.99	-	73,750,380	(2,786,172)	70,964,208	64,623,838	6,340,370
Corriere Adriatico SpA	Ancona	2,000,000	99.99	23,714,408	1,083,688	(9,385,096)	15,413,000	895,148	14,517,852
Quotidiano di Puglia SpA	Rome	1,020,000	99.95	28,445,915	-	(3,646,915)	24,799,000	1,850,203	22,948,797
Il Gazzettino SpA	Rome	2,000,000	99.99	137,624,493	1,632,620	(2,406,449)	136,850,664	(407,612)	137,258,276
Il Messaggero SpA	Rome	1,265,385	94.61	168,789,566	(147,411,197)	-	21,378,369	45,227,012	(23,848,643)
Ced Digital & Servizi Srl	Rome	100,000	99.99	99,990	-	-	99,990	206,590	(106,600)
Messaggero Partecipazioni SpA	Rome	40,914,115	94.61	-	147,411,197	-	147,411,197	147,654,042	-
Total				**382,265,194**	**77,366,688**	**(19,124,632)**	**440,507,250**		

Investments in subsidiaries	Registered office	Share capital	%	Book value 01.01.2013	Increases/ (Decreases)	Revaluations/ (Write-downs)	Book value 31.12.2013	Share of Net equity at 31.12.2013	Difference compared to book value at 31.12.2013
Il Mattino SpA	Rome	500,000	99.99	23,590,822	-	-	23,590,822	4,687,657	18,903,165
Leggo SpA	Rome	1,000,000	99.95	-	2,307,722	(1,439,854)	867,868	867,868	-
Finced Srl	Rome	10,000	99.99	70,964,208	-	18,784,777	89,748,985	69,562,752	20,186,233
Corriere Adriatico SpA	Ancona	890,000	99.99	15,413,000	1,038,722	(1,263,722)	15,188,000	597,570	14,590,430
Quotidiano di Puglia SpA	Rome	1,020,000	99.95	24,799,000	-	(6,725,000)	18,074,000	1,858,747	16,215,253
Il Gazzettino SpA	Rome	2,000,000	99.99	136,850,664	-	(64,244,000)	72,606,664	323,114	72,283,550
Il Messaggero SpA	Rome	1,265,385	99.99	21,378,369	13,939,267	-	35,317,636	42,888,977	(7,571,341)
Ced Digital & Servizi Srl	Rome	100,000	99.99	99,990	-	-	99,990	212,783	(112,793)
Messaggero Partecipazioni SpA	Rome	40,914,115	94.61	147,411,197	(147,411,197)	-	-	-	-
Piemme SpA	Rome	2,643,139	99.99	-	71,972,848	-	71,972,848	34,511,423	37,461,425
Total				**440,507,250**	**(130,125,486)**	**(54,887,799)**	**327,466,813**		

In Euro

The value of the investment in Leggo SpA changed as follows:

a) the increase of Euro 2,308,222 relates for Euro 1,000,000 to the recapitalisation of the share capital following the loss recorded in 2012, for Euro 204,620 to the coverage of the 2012 residual loss and for Euro 1,103,602 to the coverage of the loss for the first nine months of 2013;

b) the decrease of Euro 500 concerns the sale of a share to the subsidiary Finced Srl;

c) the write-down of Euro 1,439,854 follows the alignment of the book value of the investment to the Net Equity of the subsidiary at December 31st 2013.

The value of the investment in Finced Srl increased Euro 18,784,777, following the write-back as the reasons for the impairments in previous years are no longer applicable.

Following the Shareholders' Meeting of Corriere Adriatico, the loss for the first nine months of 2013 of Euro 1,038,722 was covered, with recognition to the Income Statement.
The further write-down of the investments relating to the subsidiaries Corriere Adriatico SpA (Euro 225,000), Quotidiano di Puglia SpA (Euro 6,725,000) and Gazzettino SpA (Euro 64,244,000) are consequent of the impairment tests made to determine the equity values and therefore verify the present values (for further details on the methods and assumptions utilised in the impairment tests, reference should be made to Note 2 of the explanatory notes of the Group Consolidated Financial Statements).
On June 3rd 2013, with deed of Notary Maurizio Misurale of Rome, file No. 194862, Messaggero Partecipazioni SpA was merged by incorporation. Following the operation Caltagirone Editore SpA has increased the shareholding and value of the investment in Il Messaggero SpA by Euro 13,939,266 and in Piemme SpA by Euro 71,972,848. The merger of Messaggero Partecipazioni SpA generated a merger surplus of Euro 755,983, recognised to the account "Other Reserves" of Net Equity.
A 2012 pro-forma balance sheet and income statement was not prepared for comparative purposes as Messaggero Partecipazioni SpA was a non-operative holding company and therefore the effects of the merger on the balance sheet and the income statement for 2013 were limited to certain financial statement accounts (essentially equity investments and inter-company transactions) and concern also those which would be generated in the case of the backdating for accounting purposes of the mergers to 2012.
The balances of the merged entity transferred following the merger are reported below:

Assets	
Investments	85,912,114
Receivables from holding companies	71,879,102
Receivables from subsidiaries	11,077,586
Cash and cash equivalents	34,878
Total assets	**168,903,680**
Liabilities	
Payables to holding companies	267,772
Payables to suppliers	1,120
Payables to subsidiaries	20,413,908
Other payables	53,701
Cancellation of the Messaggero Partecipazioni investment	147,411,197
Total Liabilities	**168,147,697**
Total Shareholders' Equity	**755,983**

In Euro thousands

The subsidiaries indirectly held are as follows:

Equity investments in indirect subsidiaries	Registered office	Share capital	Controlling interest %	Shareholders' Equity	Result for the year
Centro Stampa Veneto SpA	Rome	567,000	100.00	670,575	**360,341**
Imprese Tipografiche Venete SpA	Rome	936,000	100.00	3,370,145	**196,120**
P.I.M. Pubblicità Italiana Multimedia Srl	Rome	1,044,000	100.00	5,723,186	**33,762**
Telefriuli SpA	Tavagnacco (UD)	612,461	87.50	16,075	**(603,562)**

In Euro

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

Investments in associated companies			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)**	**-**	**-**

Investments in associated companies			01.01.2013	Increases/ (Decreases)	Write-downs	Reclassifications	31.12.2013
Rofin 2008 Srl	Rome	30.00	-	12,803	(12,803)	-	-
Total			**-**	**12,803**	**(12,803)**	**-**	**-**

In Euro

The key figures relating to the associated companies are reported below:

Investments in associated companies	Registered office	Share capital	% control of the Company	Shareholders' Equity	Result or the year
Rofin 2008 Srl	Rome	10,000	30.00	(59,329)	(102,006)

In Euro

The value of the investment in Rofin 2008 Srl increased with the recapitalisation of the share capital following the loss recorded in 2012; the write-down of the investment relates to the share of the loss for 2012 totaling Euro 30,602. 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 11).

The other companies are:

Equity investments in other companies			01.01.2012	Increases/ (Decreases)	Reclassifications	31.12.2012
E-Care	Rome	15.00	2,745,000	299,983	-	3,044,983
Total			**2,745,000**	**299,983**	**-**	**3,044,983**

Equity investments in other companies			01.01.2013	Increases/ (Decreases)	Reclassifications	31.12.2013
E-Care	Rome	15.00	3,044,983	-	-	3,044,983
Total			**3,044,983**	**-**	**-**	**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.
In relation to the holdings reported above, during the year no impairment indicators were identified and therefore no impairment test was carried out.
According to the information held by the Company therefore, no indications exist that the cost differs significantly from the fair value.

3. EQUITY INVESTMENTS AND NON-CURRENT SECURITIES

The breakdown is as follows:

AFS Investments	01.01.2012	Reclassifications	Increases/ (Decreases)	Fair value change	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**

AFS Investments	01.01.2013	Reclassifications	Increases/ (Decreases)	Fair value change	31.12.2013
Assicurazioni Generali SpA	46,029,000	-	-	11,256,000	57,285,000
Banca Popolare di Vicenza	-	-	6,250	-	6,250
Total	**46,029,000**	**-**	**6,250**	**11,256,000**	**57,291,250**
Number	**01.01.2013**	**Reclassifications**	**Increases**		**31.12.2013**
Assicurazioni Generali SpA	-	3,350,000	-	-	3,350,000
Banca Popolare di Vicenza	-	-	100	-	100

In Euro

During the year 100 Banca Popolare di Vicenza shares were purchased for a total of Euro 6,250.

The changes in the fair value reserve are reported below:

Fair value reserve	01.01.2013	Increases	Decreases	Release to the income statement	31.12.2013
Fair value reserve	(429,974)	11,256,000	-	-	10,826,026
Tax effect	-	-	(148,858)	-	(148,858)
Fair value reserve, net of tax effect	**(429,974)**	**11,256,000**	**(148,858)**	**-**	**10,677,168**
Changes in the year					**11,107,142**

In Euro

In relation to the disclosure required by IFRS 13, concerning the so-called "hierarchy of fair value", the shares available for sale belong to level one, as defined by paragraph 27 A (IFRS 13) concerning financial instruments listed on an active market.

4. DEFERRED 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:

	01.01.2012	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
Other	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						
Other	3,607	-	-	-	(1,386)	2,221
Total	**3,607**	**-**	**-**	**-**	**(1,386)**	**2,221**
Net deferred tax assets	**16,865,798**	**799,032**	**(1,316,686)**	**-**	**10,959,131**	**27,307,275**

	01.01.2013	Provisions	Utilisations	Reclassifications	Other changes	31.12.2013
Deferred tax assets						
Tax losses carried forward	27,252,092	8,351	(293,486)	-	3,210,380	30,177,337
Write-down of investments	503	-	-	-	-	503
Other	56,901	14,300	(22,825)	-	-	48,376
Total	**27,309,496**	**22,651**	**(316,311)**	**-**	**3,210,380**	**30,226,216**
Deferred tax liabilities						
Other	2,221	-	-	-	148,858	151,079
Total	**2,221**	**-**	**-**	**-**	**148,858**	**151,079**
Net deferred tax assets	**27,307,275**	**22,651.00**	**(316,311)**	**-**	**3,061,522**	**30,075,137**

In Euro

The other changes in deferred tax assets and liabilities include the deferred tax assets recorded due to the losses incurred by the subsidiaries within the tax consolidation.
Based on the 2014-2018 forecasts, sufficient assessable income will be realised to recover the deferred tax assets recorded in the financial statements at December 31st 2013, also under the tax consolidation in force.
The balance sheet includes receivables for current taxes of Euro 1,915,379, consisting of the receivable from the tax consolidation of Euro 904,694, tax receivables of Euro 13,739, withholding taxes on interest income for Euro 996,732 and the IRAP receivable of Euro 214.
The income taxes for the year consist of:

	2013	2012
IRES current income taxes	-	-
IRAP current taxes	114,526	42,884
Current taxes	**114,526**	**42,884**
Income taxes of prior years	**(49,164)**	**-**
Provision for deferred tax liabilities	-	-
Utilisation of deferred tax liabilities	-	-
Deferred tax charge	**-**	**-**
Recording of deferred tax assets	(22,651)	(799,032)
Utilisation of deferred tax assets	316,312	1,316,686
Deferred tax income	**293,661**	**517,654**
Total income taxes	**359,023**	**560,538**

In Euro

The breakdown of income taxes is as follows:

	31.12.2013	31.12.2012
Prior year IRES	(49,164)	-
Current and deferred IRES tax	293,661	517,654
Current and deferred IRAP tax	114,526	42,884
Total	**359,023**	**560,538**

In Euro

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

IRES income taxes 2013	**Amount**	**Tax**
Loss before taxes	**(53,164,871)**	**27.50%**
Theoretical tax charge	**-**	**(14,620,340)**
Permanent differences increase/(decrease):		
Dividends	(636,500)	
Write-down of equity investments	73,703,178	
Revaluations of investments	(18,784,777)	
Others	(49,171)	
Total assessable IRES tax	**1,067,859**	
Current and deferred IRES tax	**293,661**	

In Euro

5. TRADE RECEIVABLES

The breakdown is as follows:

	31.12.2013	**31.12.2012**
Receivables from related parties	10,710	7,356
Receivables from subsidiaries	857,327	280,720
Total trade receivables	**868,037**	**288,076**

In Euro

Receivables from subsidiaries related to invoices issued for administrative, financial and tax assistance services, respectively for Euro 73,200 to Il Mattino SpA, Euro 72,900 to Piemme SpA and Euro 36,600 to Il Gazzettino SpA and related to invoices issued for interest on loans granted for Euro 664,336 to Il Messaggero SpA and for Euro 10,290 to Leggo SpA.
There are no receivables due over 12 months. The value of the receivables reported above approximates their fair value.

6. CURRENT FINANCIAL ASSETS

The breakdown is as follows:

	31.12.2013	**31.12.2012**
Financial assets from subsidiaries	34,038,934	36,449,913
Financial assets from associated companies	-	1,536,001
Total current financial assets	**34,038,934**	**37,985,914**

In Euro

The balance of Euro 34,038,934 represents non-interest bearing loans due within one year renewable on request, granted respectively to Il Mattino SpA (Euro 25,659,986), Il Gazzettino SpA (Euro 6,565,580) and Leggo SpA (Euro 1,813,368).
The value of current financial assets approximates their fair value.

7. OTHER CURRENT ASSETS

The breakdown is as follows:

	31.12.2013	31.12.2012
Receivables from subsidiaries	2,768,446	3,052,711
Receivables from third parties	19,215	500,599
Total current assets	**2,787,661**	**3,553,310**

In Euro

The receivables from subsidiaries due within one year relate to the companies within the national tax consolidation, of which Euro 454,898 from Imprese Tipografiche Venete SpA and Euro 53,885 from Ced Digital & Servizi Srl.
The account also includes the VAT receivable of Euro 662,936 transferred from the subsidiary companies within the VAT consolidation. Specifically, it concerns for Euro 388,191 Il Messaggero SpA, for Euro 80,341 Il Mattino SpA, for Euro 9,658 Leggo SpA, for Euro 29,637 Piemme SpA, for Euro 8,320 Quotidiano di Puglia SpA, for Euro 1,780 Imprese Tipografiche Venete SpA, for Euro 16,300 Pim SpA, for Euro 128,071 Il Gazzettino SpA and for Euro 636 Telefriuli SpA.
In addition, the balance includes Euro 493,035 from Finced Srl and Euro 1,103,692 from Il Mattino SpA concerning payments made by Caltagirone Editore SpA as the tax consolidating company, 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.

8. CASH AND CASH EQUIVALENTS

The breakdown is as follows:

	31.12.2013	31.12.2012
Bank and post office deposits	181,129,937	183,558,668
Cash in hand and similar	569	810
Total cash and cash equivalents	**181,130,506**	**183,559,478**
of which related parties	*657,810*	*87,817,027*

In Euro

Euro 657,810 concerns the bank deposits at related companies concerning for Euro 601,843 UniCredit SpA and for Euro 55,967 Banca Finnat Euramerica SpA.
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 2.7%.

LIABILITIES AND SHAREHOLDERS' EQUITY

9. SHAREHOLDERS' EQUITY

	31.12.2013	31.12.2012
Share capital	125,000,000	125,000,000
Quotation charges	(18,864,965)	(18,864,965)
Treasury shares	(832,922)	(440,382)
Net Fair value reserve	10,677,168	(429,974)
Other reserves	503,011,973	528,965,878
Net Loss	(53,523,894)	(26,713,206)
Total net equity	**565,467,360**	**607,517,351**

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 2013 Caltagirone Editore SpA had 868,622 treasury shares in portfolio, comprising 0.69490% of the share capital for a value of Euro 832,922.

The Other Reserves consist of:

	31.12.2013	31.12.2012
Legal reserve	25,000,000	25,000,000
Share premium reserve	481,933,643	482,326,183
Reserve for treasury shares	832,922	440,382
Capital reserves excluding net exchange gains	3,868,658	3,868,658
Cedfin merger reserve	423,291	423,291
Messaggero Partecipazioni merger reserve	755,983	-
IAS leaving indemnity reserve	871	(2,447)
Treasury shares sales gains reserves	33,704	33,704
IAS non recognised asset reversal reserve	16,876,107	16,876,107
Retained earnings/(accum. losses)	(26,713,206)	-
Total	**503,011,973**	**528,965,878**

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 31.12.12	Amount 31.12.13	Possibility of utilisation	Quota available	Summary of utilisation in the previous three years	
					For coverage	For other reasons
Share capital	125,000	125,000	-	-	-	-
Share capital issue costs	(18,865)	(18,865)	-	-	-	-
Share premium reserve	482,326	481,934	A B C	481,934	29,623	9,295 *
Legal reserve	25,000	25,000	B	-	-	-
Capital reserve excl. exchange gains						
(Other reserves)	3,770	-	A B C	-	-	-
2011 Exchange gains reserve	98	-	-	-	-	-
IAS Reserve	16,037	26,755	-	-	-	
Merger reserves						
(Other reserves)	423	1,179	A B C	1,179	-	-
Retained earnings	-	(22,845)	-	-	32,802	1,463 ***
Treasury share reserve	440	833	-	-	-	-
	634,231	**618,991**	**-**	**-**	**-**	**-**
Total available				**483,113**		**10,757**
Non-distributable quota				**(18,865) ****		
Non-distributable quota				**-**		
Residual distributable quota				**464,248**		

In Euro

Key:
A: for share capital increase
B: to cover losses
C: for distribution to shareholders

** Utilisations for dividends and constitution of treasury shares buy-back reserve*
*** Art. 2433 C.C.*
**** Utilisations for distribution of dividends*

LIABILITIES

10. 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:

	31.12.2013	31.12.2012
Annual technical discounting rate	3.10%	3.30%
Annual inflation rate	2.20%	2.20%
Annual increase in post-employment benefits	3.15%	3.15%
Annual increase in salaries	3.00%	3.00%

Values in %

The movements in the year are as follows:

	31.12.2013	31.12.2012
Net liability at January 1st	**71,293**	**54,514**
Current cost for the year	9,220	9,232
Interest charge (income), net	2,353	2,508
Actuarial gain/(loss)	(3,317)	5,039
Net liability at December 31st	**79,549**	**71,293**

In Euro

The change in the actuarial profit/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 2012.

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

	01.01.2012	31.12.2012	31.12.2013
Nominal value of the provision	63,462	73,546	83,177
Actuarial adjustment	(8,948)	(2,253)	(3,628)
Totale TFR	**54,514**	**71,293**	**79,549**

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

	2013	2012
Wages and salaries	125,540	123,695
Social security	37,423	36,910
Post-employment benefit prov.	9,220	9,232
Other costs	346,499	384,784
Total labour costs	**518,682**	**554,621**

In Euro

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

	31.12.2013	31.12.2012	Average 2013	Average 2012
Managers & white collar	3	3	3	3
Journalists	3	6	4	6
Total	**6**	**9**	**7**	**9**

11. CURRENT PROVISIONS

The amount of Euro 17,799 concerns the provision for risks and future charges concerning equity deficits of the investment in Rofin 2008 Srl. 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 subsidiary.
The decrease in the provision compared to December 31st 2012 is due to the coverage of the losses of the subsidiaries Rofin 2008 Srl and Leggo SpA.

12. TRADE PAYABLES

	31.12.2013	31.12.2012
Supplier payables	85,305	118,800
Payables to subsidiaries	1,791,100	1,009,204
Payables to holding companies	820,000	605,000
Payables to other Group companies	12,873	20,874
Total	**2,709,278**	**1,753,878**
of which related parties	*2,623,973*	*1,635,078*

In Euro

At December 31st 2013, supplier payables amounted to Euro 85,305 (Euro 118,800 at December 31st 2012) fully payable within one year, of which Euro 63,170 are for invoices to be received.

The payables to subsidiaries relate to invoices received from Piemme SpA (Euro 27,313) for services provided, from Quotidiano di Puglia SpA (Euro 55,826), from Il Messaggero SpA (Euro 1,217,653), from Corriere Adriatico SpA (Euro 19,667) and from Piemme SpA (Euro 470,639) for interest on loans received at normal market conditions.
The payable to parent companies concerns the invoices received by 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 2013 approximates their fair value.

13. CURRENT FINANCIAL LIABILITIES

	31.12.2013	**31.12.2012**
Current financial payables		
Payable to subsidiaries	37,909,267	100,173,794
Bank payables	73	-
Total	**37,909,340**	**100,173,794**

In Euro

The balance of Euro 37,909,340 concerns the payables relating to loans at market rates granted by Il Messaggero SpA (Euro 14,714,552), Il Quotidiano di Puglia SpA (Euro 2,999,715), Piemme SpA (Euro 19,595,000) and Corriere Adriatico (Euro 600,000).
The interest rates at the balance sheet date on the current liabilities are as follows:

	2013	**2012**
Current financial liabilities		
Payable to subsidiaries	2.50	3.15

Values in %

14. OTHER CURRENT LIABILITIES

	31.12.2013	31.12.2012
Other current liabilities		
Social security payables	9,606	10,030
Employee payables	18,251	15,636
Payables to subsidiaries	25,706,191	23,199,170
Other payables	6,610,782	5,313,482
Total	**32,344,830**	**28,538,318**

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:

	2013	2012
Centro Stampa Veneto SpA	91,595	114,804
Il Messaggero SpA	5,356,211	4,697,419
Il Mattino SpA	3,968,193	3,466,131
Leggo SpA	4,305,929	3,900,532
Il Gazzettino SpA	4,198,905	3,820,814
Piemme SpA	817,289	1,245,655
Finced Srl	3,402,260	3,408,756
Corriere Adriatico SpA	2,816,347	1,916,887
Quotidiano di Puglia SpA	457,549	445,309
Telefriuli SpA	277,354	153,352
Ced Digital & Servizi Srl	11,590	-
P.I.M. Srl	2,969	29,509
Total	**25,706,191**	**23,199,170**

In Euro

The account "Other payables" of Euro 6,610,782 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

15. OTHER OPERATING REVENUES

	2013	2012
Other operating revenues	8,837	79,459
Other revenues and income from related parties	701,306	813,105
Total revenues from sales and services	**710,143**	**892,564**

In Euro

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

16. OTHER OPERATING COSTS

	2013	2012
Rent, leases and similar costs	364,408	324,357
Service costs	2,017,280	2,078,387
Other operating charges	38,473	68,670
Total other operating costs	**2,420,161**	**2,471,414**
of which related parties	*1,433,357*	*1,415,971*

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 37,040, the Board of Directors for Euro 304,760 and the audit firm for Euro 36,686. The account also includes the fee to Caltagirone SpA for administrative, financial and tax assistance services (Euro 1,000,000).

17. AMORTISATION, DEPRECIATION, PROVISIONS & WRITE-DOWNS

	2013	2012
Depreciation of tangible assets	2,329	2,783
Total depreciation, amortisation, provisions & write-downs	**2,329**	**2,783**

In Euro

18. NET FINANCIAL INCOME/(CHARGES)

	2013	2012
Other income from related companies	670,000	670,000
Bank deposit interest	4,983,658	4,264,227
Interest income subsidiary and associated companies	46,944	-
Revaluations of equity investments	18,784,777	-
Exchange gains	-	4,733
Total financial income	**24,485,379**	**4,938,960**
of which related parties	*1,433,083*	*2,651,327*

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 4,983,658 concerns the return on invested liquidity, of which Euro 716,094 from the related company UniCredit SpA and Euro 45 from the related company Banca Finnat Euramerica SpA.

Interest income from subsidiaries and associated companies amounted to Euro 46,944 and concerns the loan granted to Leggo SpA until December 17th 2013, the date of conversion into a non-interest bearing.

The revaluation of the investment entirely relates to Finced Srl, as previously described in Note 2.

	2013	2012
Loss on disposal of investments	-	659,446
Write-down of equity inv. and securities	73,703,178	23,980,309
Interest on bank accounts	488	4,528
Banking commissions and charges	30,886	23,484
Interest expense from subsidiaries	1,682,194	2,162,656
Financial charges from discounting	2,353	2,508
Exchange losses	-	2,041,243
Other	122	81,200
Total financial charges	**75,419,221**	**28,955,374**
of which related parties	*1,710,050*	*2,175,650*

In Euro

The write-down of equity investments concerns the subsidiaries Corriere Adriatico SpA (Euro 1,263,722), Il Gazzettino SpA (Euro 64,244,000), Leggo SpA (Euro 1,439,854), Quotidiano di Puglia SpA (Euro 6,725,000) and the associated company Rofin 2008 Srl (Euro 30,602). For further information reference should be made to Note 2.
The interest charges from subsidiaries concerns the loans received at market rates, of which Euro 500,287 from Il Messaggero SpA, Euro 827,313 from Il Messaggero Partecipazioni SpA, Euro 83,194 from Quotidiano di Puglia SpA, Euro 8,067 from Corriere Adriatico SpA and Euro 263,333 from Piemme SpA.

19. 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.

31.12.2012	Parent Company	Subsidiaries	Associated companies	Companies under common control	Other related parties	Total related parties	Total account item	% on total account items
Balance Sheet transactions								
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%**

31.12.2013	Parent Company	Subsidiaries	Associated companies	Companies under common control	Other related parties	Total related parties	Total account item	% on total account items
Balance Sheet transactions								
Trade receivables	-	857,326	-	10,711	-	**868,037**	**868,037**	**100.00%**
Current financial assets	-	34,038,934	-	-	-	**34,038,934**	**34,038,934**	**100.00%**
Other current assets	-	2,768,446	-	-	-	**2,768,446**	**2,787,661**	**99.31%**
Cash and cash equivalents	-	-	-	-	657,810	**657,810**	**181,130,506**	**0.36%**
Trade payables	820,000	1,791,100	-	12,873	-	**2,623,973**	**2,709,278**	**96.85%**
Current financial liabilities	-	37,909,267	-	-	-	**37,909,267**	**37,909,340**	**100.00%**
Other current liabilities	-	25,706,191	-	-	-	**25,706,191**	**32,344,830**	**79.48%**
P&L transactions								
Other operating revenues	-	690,000	-	11,306	-	**701,306**	**710,143**	**98.76%**
Other operating costs	1,000,000	22,550	-	410,807	-	**1,433,357**	**2,420,161**	**59.23%**
Financial income	-	46,944	-	-	1,386,139	**1,433,083**	**24,485,379**	**5.85%**
Financial charges	-	1,682,194	-	-	27,856	**1,710,050**	**75,419,221**	**2.27%**

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.

20. NET CASH POSITION

	31.12.2013	31.12.2012
A. Cash	569	810
B. Bank deposits	181,129,937	183,558,668
D. Liquidity (A)+(B)	**181,130,506**	**183,559,478**
E. Current financial receivables	**34,038,934**	**37,985,914**
F. Bank payables – current portion	-	-
G. Current portion of long-term loans	-	-
H. Current payables to other lenders	37,909,340	100,173,794
I. Current debt (F)+(G)+(H)	**37,909,340**	**100,173,794**
J. Net current cash position (I)-(E)-(D)	**(177,260,100)**	**(121,371,598)**
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)	**(177,260,100)**	**(121,371,598)**

In Euro

21. 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 2013.

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

In Euro

** The amount does not include the revaluation of fees and the Consob contribution*

CALTAGIRONE EDITORE
Società per Azioni - Cap.Soc. Euro 125.000.000

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 2013.

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 11th 2014

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

CALTAGIRONE EDITORE

SUBSIDIARIES
FINANCIAL STATEMENTS

IL MESSAGGERO SPA
ASSETS

	31.12.2013	31.12.2012
A) RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**-**	**-**
B) FIXED ASSETS		
I - INTANGIBLE ASSETS		
5) Goodwill	54,484,853	58,117,176
6) Assets in progress and advances	-	48,945
7) Other	261,597	390,646
TOTAL	**54,746,450**	**58,556,767**
II - TANGIBLE ASSETS		
1) Land and buildings	18,025,939	18,647,837
2) Plant and machinery	16,048,368	20,086,507
3) Industrial and commercial equipment	63,651	75,195
4) Other fixed assets	643,095	880,130
5) Assets in progress and advances	5,520	-
TOTAL	**34,786,573**	**39,689,669**
III - FINANCIAL ASSETS		
1) Equity investments *d) other companies*	*749,436*	*895,870*
Total equity investments	**749,436**	**895,870**
2) Receivables *- due within one year* *d) others*	*36,129*	*50,719*
Total receivables	**36,129**	**50,719**
TOTAL FINANCIAL ASSETS	**785,565**	**946,589**
TOTAL FIXED ASSETS (B)	**90,318,588**	**99,193,025**

	31.12.2013	31.12.2012
C) CURRENT ASSETS		
I - INVENTORIES		
1) Raw materials, ancillary and consumables	975,321	1,576,418
TOTAL INVENTORIES	**975,321**	**1,576,418**
II - RECEIVABLES		
1) Trade receivables		
- due within one year	*1,698,969*	*1,872,241*
4) Holding companies		
- due within one year	*21,288,416*	*31,264,456*
4-bis) Taxes receivable	159,256	530,157
4-ter) Deferred tax	3,037,805	3,276,003
5) Others		
Group companies		
- due within one year	*15,398,979*	*6,028,151*
Other parties		
- due within one year	*291,425*	*382,612*
Total other receivables	**15,690,404**	**6,410,763**
TOTAL RECEIVABLES	**41,874,850**	**43,353,620**
III - CURRENT FINANCIAL ASSETS		
TOTAL CURRENT FINANCIAL ASSETS	**-**	**-**
IV - CASH AND CASH EQUIVALENTS		
1) Banking and postal deposits	22,055	33,080
3) Cash and cash equivalents	2,792	2,979
TOTAL CASH AND CASH EQUIVALENTS	**24,847**	**36,059**
TOTAL CURRENT ASSETS (C)	**42,875,018**	**44,966,097**
D) PREPAYEMENTS AND ACCRUED INCOME		
2) Prepayments	65,996	122,831
TOTAL PREPAYEMENTS AND ACCRUED INCOME (D)	**65,996**	**122,831**
TOTAL ASSETS	**133,259,602**	**144,281,953**

In Euro

IL MESSAGGERO SPA
LIABILITIES

	31.12.2013	31.12.2012
A) SHAREHOLDERS' EQUITY		
I - SHARE CAPITAL	**1,265,385**	**1,265,385**
IV - LEGAL RESERVE	**150,015**	**150,015**
VII - OTHER RESERVES		
- Reserve Law 266/05	*2,229,686*	*2,229,686*
TOTAL OTHER RESERVES	**2,229,686**	**2,229,686**
VIII - RETAINED EARNINGS	**44,158,540**	**47,844,390**
IX - PROFIT/(LOSS) FOR THE YEAR	**(4,910,360)**	**(3,685,849)**
TOTAL SHAREHOLDERS' EQUITY (A)	**42,893,266**	**47,803,627**
B) PROVISIONS FOR RISKS AND CHARGES		
2) Tax provisions, includ. deferred tax liability	18,018,653	19,318,809
3) Other	5,508,888	6,798,639
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	**23,527,541**	**26,117,448**
C) EMPLOYEE LEAVING INDEMNITY	**11,631,199**	**13,007,659**
D) PAYABLES		
4) Bank borrowings		
- due within one year	*15,281,645*	*7,017,468*
- due over one year	*18,651,553*	*23,749,048*
Total bank borrowings	**33,933,198**	**30,766,516**
7) Trade payables		
- due within one year	*7,646,686*	*10,161,175*
11) Holding companies		
- due within one year	*1,052,528*	*175,121*
12) Tax payables		
- due within one year	*1,224,292*	*1,321,195*
13) Payables to social security institutions		
- due within one year	*3,103,781*	*3,799,826*
14) Other payables		
Group companies		
- due within one year	*837,317*	*4,225,211*
Other parties		
- due within one year	*7,315,779*	*6,859,109*
- due over one year	*5,549*	*5,549*
Total other payables	**8,158,645**	**11,089,869**
TOTAL PAYABLES (D)	**55,119,130**	**57,313,702**

	31.12.2013	31.12.2012
E) ACCRUALS AND DEFERRED INCOME		
2) Deferred income	88,466	39,517
TOTAL ACCRUALS AND DEFERRED INCOME (E)	**88,466**	**39,517**
TOTALE LIABILITIES	**133,259,602**	**144,281,953**
MEMORANDUM ACCOUNT		
Guarantees given directly or indirectly in favour of third parties		
- sureties given to third parties	*296,858*	*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		
- leased printing machinery	-	*26,279*
TOTAL MEMORANDUM ACCOUNT	**60,296,860**	**60,043,066**

In Euro

IL MESSAGGERO SPA
INCOME STATEMENT

	2013	2012
A) VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	72,155,219	78,063,829
5) Other revenues and income		
a) other revenues and income	*3,324,068*	*3,917,991*
b) operating grants	*193,311*	*643,634*
TOTAL VALUE OF PRODUCTION (A)	**75,672,598**	**82,625,454**
B) COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(10,029,586)	(12,325,407)
7) Services	(25,741,463)	(29,815,575)
8) Rents, lease and similar costs	(2,489,023)	(2,627,993)
9) Personnel costs		
a) salaries and wages	*(21,128,512)*	*(23,153,226)*
b) social security charges	*(7,366,749)*	*(7,860,891)*
c) employee leaving indemnity	*(1,812,700)*	*(2,147,581)*
e) other costs	*(1,854,351)*	*(2,413,943)*
Total personnel costs	**(32,162,312)**	**(35,575,641)**
10) Amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	*(3,811,873)*	*(3,804,780)*
b) depreciation of tangible assets	*(4,983,958)*	*(4,993,367)*
Total amortisation, depreciation and write-downs	**(8,795,831)**	**(8,798,147)**
11) Change in inventory of raw materials ancillary, consumables and goods	(601,097)	(344,751)
14) Other operating costs	(1,893,886)	(1,338,897)
TOTAL COSTS OF PRODUCTION (B)	**(81,713,198)**	**(90,826,411)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A+B)	**(6,040,600)**	**(8,200,957)**

	2013	2012
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) income other than above		
3 - Holding companies	*500,287*	*1,806,366*
4 - others	*1,251*	*833*
TOTAL OTHER FINANCIAL INCOME	**501,538**	**1,807,199**
17) Interest and other financial charges		
2 - Group companies	*-*	*-6,541*
3 - Holding companies	*(111,045)*	*-*
4 - others	*(439,362)*	*(875,899)*
TOTAL	**(550,407)**	**(882,440)**
17-bis) Exchange losses	115	854,856
TOTAL FINANCIAL INCOME AND CHARGES (C) (16+17+17bis)	**(48,754)**	**1,779,615**
D) ADJUSTMENT OF FINANCIAL ASSETS		
19) a) Write-downs of equity investments	(146,434)	(97,144)
TOTAL ADJUSTMENT OF FINANCIAL ASSETS (D)	**(146,434)**	**(97,144)**
E) EXTRAORDINARY INCOME AND CHARGES		
20) Income		
a) gains on disposals	*3,300*	*3,690*
b) other extraordinary income	*240,168*	*1,289,740*
TOTAL INCOME	**243,468**	**1,293,430**
21) Charges		
b) prior years taxes	*(313,293)*	*(218)*
c) other extraordinary charges	*(153,926)*	*(2,461,431)*
TOTAL CHARGES	**(467,219)**	**(2,461,649)**
TOTAL EXTRAORDINARY INCOME AND CHARGES (E) (20+21)	**(223,751)**	**(1,168,219)**
PROFIT BEFORE TAXES (A+B+C+D+E)	**(6,459,539)**	**(7,686,705)**
22) Income taxes		
a) Current taxes		
- IRES	*1,826,612*	*3,407,048*
- IRAP	*(1,339,391)*	*(1,376,980)*
b) deferred tax charge	*1,300,156*	*409,889*
c) deferred tax assets	*(238,198)*	*1,560,899*
Total income taxes	**1,549,179**	**4,000,856**
NET PROFIT FOR THE YEAR	**(4,910,360)**	**(3,685,849)**

In Euro

PIEMME SPA
ASSETS

	31.12.2013	31.12.2012
A) RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**-**	**-**
B) FIXED ASSETS		
I - INTANGIBLE ASSETS		
7) Other	193,170	123,809
TOTAL INTANGIBLE ASSETS	**193,170**	**123,809**
II - TANGIBLE ASSETS		
4) Other fixed assets	306,517	202,031
TOTAL TANGIBLE ASSETS	**306,517**	**202,031**
III - FINANCIAL ASSETS		
b) Equity investments in associated companies	7,340	7,340
TOTAL FINANCIAL ASSETS	**7,340**	**7,340**
TOTALE FIXED ASSETS (B)	**507,027**	**333,180**

	31.12.2013	31.12.2012
C) CURRENT ASSETS		
I - INVENTORIES	**-**	**-**
II - RECEIVABLES		
1) Trade receivables		
- due within one year	*51,830,439*	*52,708,543*
3) Group companies		
- due within one year	*1,942,348*	*2,304,613*
4) Holding companies		
- due within one year	*20,910,242*	*7,578,996*
4-bis) Taxes receivable	361,609	528,040
4-ter) Deferred tax	5,555,333	5,902,490
5) Others		
- due within one year	*180,939*	*167,932*
- due over one year	*71,854*	*81,715*
TOTAL RECEIVABLES	**80,852,764**	**69,272,329**
III - CURRENT FINANCIAL ASSETS	**-**	**-**
IV - CASH AND CASH EQUIVALENTS		
1) Banking and postal deposits	932,864	540,041
3) Cash and cash equivalents	44,804	66,061
TOTAL CASH AND CASH EQUIVALENTS	**977,668**	**606,102**
TOTAL CURRENT ASSETS (C)	**81,830,432**	**69,878,431**
D) PREPAYEMENTS AND ACCRUED INCOME	**149,353**	**108,799**
TOTAL ASSETS	**82,486,812**	**70,320.410**

In Euro

PIEMME SPA
LIABILITIES

	31.12.2013	31.12.2012
A) SHAREHOLDERS' EQUITY		
I - SHARE CAPITAL	**2,643,139**	**2,643,139**
IV - LEGAL RESERVE	**528,000**	**528,000**
VII - OTHER RESERVES	**26,764,624**	**26,764,624**
VIII - RETAINED EARNINGS	**13,497,509**	**13,497,509**
IX - RETAINED LOSSES	**(4,250,273)**	**(620,815)**
X - PROFIT/(LOSS) FOR THE YEAR	**(4,668,125)**	**(3,629,459)**
TOTAL SHAREHOLDERS' EQUITY (A)	**34,514,874**	**39,182,998**
B) PROVISIONS FOR RISKS AND CHARGES		
3) Other	548,042	1,423,933
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	**548,042**	**1,423,933**
C) EMPLOYEE LEAVING INDEMNITY	**1,289,148**	**2,200,760**
D) PAYABLES		
4) Bank borrowings		
- due within one year	*8,492,833*	*2,839,494*
7) Trade payables		
- due within one year	*6,120,943*	*6,653,304*
10) Group companies		
- due within one year	*27,645,472*	*12,276,740*
11) Holding companies		
- due within one year	*103,908*	*1,229,978*
12) Tax payables		
- due within one year	*869,321*	*1,107,180*
13) Payables to social security institutions		
- due within one year	*528,559*	*648,222*
14) Others		
- due within one year	*1,340,761*	*1,128,756*
TOTALE PAYABLES (D)	**45,101,797**	**25,883,674**

	31.12.2013	31.12.2012
E) PREPAYEMENTS AND ACCRUED INCOME	**1,032,951**	**1,629,044**
TOTAL LIABILITIES	**82,486,812**	**70,320,409**
MEMORANDUM ACCOUNT		
3) Commitments, risks and other memorandum accounts		
c) secured guarantees given to third parties for obligations of the Company	*415,151*	*409,532*
TOTAL MEMORANDUM ACCOUNT	**415,151**	**409,532**

In Euro

PIEMME SPA
INCOME STATEMENT

	2013	2012
A) VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	97,541,497	112,841,242
5) Other revenues and income	1,757,009	1,672,667
TOTAL VALUE OF PRODUCTION (A)	**99,298,506**	**114,513,909**
B) COSTS OF PRODUCTION		
6) Purchase of advertising space	(75,321,588)	(87,300,570)
7) Services	(14,875,679)	(16,587,596)
8) Rents, lease and similar costs	(2,386,157)	(2,570,791)
9) Personnel costs		
a) salaries and wages	*(5,247,137)*	*(6,199,322)*
b) social security charges	*(1,564,335)*	*(1,936,366)*
c) employee leaving indemnity	*(29,929)*	*(88,895)*
d) pension and similar rights	*(417,409)*	*(482,050)*
e) other costs	*(802,081)*	*(1,080,328)*
Total personnel costs	**(8,060,891)**	**(9,786,961)**
10) Amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	*(135,728)*	*(101,300)*
b) depreciation of tangible assets	*(99,527)*	*(100,335)*
d) write downs current receivables	*(1,832,757)*	*(2,016,296)*
Total amortisation, depreciation and write-downs	**(2,068,012)**	**(2,217,931)**
12) Provisions for risks	(105,000)	(758,000)
14) Other operating costs	(648,586)	(477,805)
TOTAL COSTS OF PRODUCTION (B)	**(103,465,913)**	**(119,699,654)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A+B)	**(4,167,407)**	**(5,185,745)**

	2013	2012
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) Other income from		
4 - Holding companies	*459,740*	*10,899*
5 - other	*79,933*	*48,246*
TOTALE	**539,673**	**59,145**
17) Interest and other financial charges		
c) Group companies	*-*	*(12,518)*
e) other	*(431,022)*	*(336,515)*
TOTAL	**(431,022)**	**(349,033)**
TOTAL FINANCIAL INCOME AND CHARGES (C) (16+17)	**108,651**	**(289,888)**
E) EXTRAORDINARY INCOME AND CHARGES		
20) Income		
a) gains on disposals	*206*	*-*
b) other extraordinary income	*354,058*	*239,046*
TOTAL INCOME	**354,264**	**239,046**
21) Charges		
a) losses on disposals	*(1,716)*	*(17,127)*
b) prior years taxes	*(27,269)*	*(2,565)*
c) other extraordinary charges	*(1,638,265)*	*(69,775)*
TOTAL CHARGES	**(1,667,250)**	**(89,467)**
TOTAL EXTRAORDINARY INCOME AND CHARGES (E)	**(1,312,986)**	**149,579**
PROFIT BEFORE TAXES (A+B+C+D+E)	**(5,371,742)**	**(5,326,054)**
a) current taxes	*(152,572)*	*(206,808)*
b) deferred tax	*(319,888)*	*632,395*
c) income from tax consolidation	*1,176,077*	*1,271,008*
Total income taxes	**703,617**	**1,696,595**
NET PROFIT FOR THE YEAR	**(4,668,125)**	**(3,629,459)**

In Euro

IL MATTINO SPA
ASSETS

	31.12.2013	31.12.2012
A) RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**-**	**-**
B) FIXED ASSETS		
I - INTANGIBLE ASSETS		
1) Research, development and advertising costs	-	12,000
2) Concessions, licenses, trademarks and similar costs	8,610	25,363
4) Newspapers titles	31,163,350	32,645,200
TOTAL INTANGIBLE ASSETS	**31,171,960**	**32,682,563**
II - TANGIBLE ASSETS		
1) Land and buildings	5,903,689	6,169,853
2) Plant and machinery	1,227,592	2,311,666
4) Other fixed assets	299,436	421,010
5) Assets in progress and advances	560	-
TOTAL TANGIBLE ASSETS	**7,431,278**	**8,902,530**
III - FINANCIAL ASSETS		
1) Equity investments		
d) other companies	*364,796*	*364,796*
TOTAL FINANCIAL ASSETS	**364,796**	**364,796**
TOTAL FIXED ASSETS (B)	**38,968,034**	**41,949,889**

	31.12.2013	31.12.2012
C) CURRENT ASSETS		
I - INVENTORIES		
1) Raw materials, ancillary and consumables	620,879	861,728
TOTAL INVENTORIES	**620,879**	**861,728**
II - Receivables		
1) Trade receivables		
- due within one year	*1,499,835*	*1,586,438*
- due over one year	*404,663*	*604,663*
2) Holding companies		
- due within one year	*3,991,724*	*3,489,662*
4-bis) Taxes receivable		
- due within one year	*19,456*	*213,575*
- due over one year	*1,458,079*	*1,458,079*
4-ter) Deferred tax	947,082	1,276,459
5) Others		
- due within one year	-	*109,521*
- due over one year	*27,968*	*31,242*
6) Group companies		
- due within one year	*5,784,140*	*4,648,346*
TOTAL RECEIVABLES	**14,132,946**	**13,417,983**
III - CURRENT FINANCIAL ASSETS		
TOTAL CURRENT FINANCIAL ASSETS	**-**	**-**
IV - CASH AND CASH EQUIVALENTS		
1) Banking and postal deposits e cassa	29,039	21,579
TOTAL CASH AND CASH EQUIVALENTS	**29,039**	**21,579**
TOTAL CURRENT ASSETS (C)	**14,782,864**	**14,301,290**
D) PREPAYEMENTS AND ACCRUED INCOME		
2) Prepayements	100,211	178,491
TOTAL PREPAYEMENTS AND ACCRUED INCOME (D)	**100,211**	**178,491**
TOTAL ASSETS	**53,851,108**	**56,429,670**

In Euro

IL MATTINO SPA
LIABILITIES

	31.12.2013	31.12.2012
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	**26,764,624**	**26,764,624**
- 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	**(5,041,241)**	**(270,176)**
IX - PROFIT/(LOSS) FOR THE YEAR	**(2,518,122)**	**(4,771,065)**
TOTAL SHAREHOLDERS' EQUITY (A)	**4,688,126**	**7,206,248**
B) PROVISIONS FOR RISKS AND CHARGES		
1) Provision for risks	1,800,854	4,175,360
2) Tax provisions, includ. deferred tax liability	3,173,737	3,515,645
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	**4,974,591**	**7,691,005**
C) EMPLOYEE LEAVING INDEMNITY	**4,718,179**	**5,958,674**
D) PAYABLES		
4) Bank borrowings		
- due within one year	*3,858,142*	*788,364*
7) Other lenders		
- due within one year	*3,884,072*	*2,851,193*
11) Holding companies		
- due within one year	*26,940,738*	*26,859,796*
12) Tax payables		
- due within one year	*709,782*	*863,288*
13) Payables to social security institutions		
- due within one year	*842,952*	*810,019*
14) Other payables		
- due within one year	*1,245,663*	*1,170,389*
15) Group companies		
- due within one year	*284,710*	*199,272*
TOTAL PAYABLES (D)	**37,766,059**	**33,542,320**

	31.12.2013	31.12.2012
E) PREPAYEMENTS AND ACCRUED INCOME		
2) Prepayements	1,704,155	2,031,422
TOTAL PREPAYEMENTS AND ACCRUED INCOME (E)	**1,704,155**	**2,031,422**
TOTALE LIABILITIES	**53,851,108**	**56,429,670**
MEMORANDUM ACCOUNT		
Guarantees given directly or indirectly in favour of third parties		
- third parties	*1,033,513*	*1,033,513*
TOTAL MEMORANDUM ACCOUNT	**1,033,513**	**1,033,513**

In Euro

IL MATTINO SPA
INCOME STATEMENT

	2013	2012
A) VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	28,967,344	30,275,008
5) Other revenues and income		
a) other revenues and income	*306,089*	*422,244*
b) operating grants	*447,750*	*624,103*
TOTAL VALUE OF PRODUCTION (A)	**29,721,183**	**31,321,356**
B) COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(3,414,147)	(4,569,089)
7) Services	(10,192,923)	(10,525,192)
8) Rents, lease and similar costs	(969,004)	(962,144)
9) Personnel costs		
a) salaries and wages	*(9,092,723)*	*(10,913,758)*
b) social security charges	*(3,193,495)*	*(3,928,297)*
c) employee leaving indemnity	*(694,854)*	*(933,562)*
e) other costs	*(814,272)*	*(546,049)*
Total personnel costs	**(13,795,344)**	**(16,321,666)**
10) Amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	*(1,527,824)*	*(1,520,114)*
b) depreciation of tangible assets	*(1,549,293)*	*(1,545,521)*
d) write-downs current receivables	*(200,000)*	-
Total amortisation, depreciation and write-downs	**(3,277,116)**	**(3,065,635)**
12) Provisions for risks	(1,420)	(95,316)
14) Other operating costs	(775,895)	(735,336)
TOTAL COSTS OF PRODUCTION (B)	**(32,666,699)**	**(36,218,846)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A+B)	**(2,945,515)**	**(4,897,490)**

	2013	2012
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) income other than above		
4 - others	*1,010*	*948*
TOTAL	**1,010**	**948**
17) Interest and other financial charges		
4 - others	*(88,484)*	*(140,636)*
TOTAL	**(88,484)**	**(140,636)**
TOTAL FINANCIAL INCOME AND CHARGESI (C) (16+17)	**(87,474)**	**(139,688)**
D) ADJUSTMENT OF FINANCIAL ASSETS		
TOTAL ADJUSTMENT OF FINANCIAL ASSETS (D)	**-**	**-**
E) EXTRAORDINARY INCOME AND CHARGES		
20) Income		
a) gains on disposals	*331*	*6,177*
b) other extraordinary income	*210,762*	*74,836*
TOTAL INCOME	**211,093**	**81,013**
21) Charges		
b) other extraordinary charges	*(127,855)*	*(2,720,204)*
TOTAL CHARGES	**(127,855)**	**(2,720,204)**
TOTAL EXTRAORDINARY INCOME AND CHARGES (E)	**83,238**	**(2,639,191)**
PROFIT BEFORE TAXES (A+B+C+D+E)	**(2,949,752)**	**(7,676,369)**
22) Income taxes:		
a) current taxes		
- IRAP	*(431,006)*	*(381,641)*
b) deferred tax charge	341,908	173,194
c) deferred tax income	(329,377)	393,301
e) income tax receivable on losses from tax consolidation	850,105	2,720,450
Total income taxes	**431,630**	**2,905,304**
NET PROFIT FOR THE YEAR	**(2,518,122)**	**(4,771,065)**

In Euro

LEGGO SPA
ASSETS

	31.12.2013	31.12.2012
A) RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**-**	**-**
B) FIXED ASSETS		
I - INTANGIBLE ASSETS		
7) Other	-	22,505
TOTAL INTANGIBLE ASSETS	**-**	**22,505**
II - TANGIBLE ASSETS		
2) Plant and machinery	1,066	2,573
3) Industrial and commercial equipment	14,950	22,234
4) Other fixed assets	35,385	47,665
5) Assets in progress and advances	-	2,466
TOTAL TANGIBLE ASSETS	**51,401**	**74,938**
III - FINANCIAL ASSETS		
2) Receivables		
d) others	*3,892*	*3,892*
TOTAL RECEIVABLES	**3,892**	**3,892**
TOTAL FINANCIAL ASSETS	**3,892**	**3,892**
TOTAL FIXED ASSETS (B)	**55,293**	**101,335**

	31.12.2013	31.12.2012
C) CURRENT ASSETS		
I - INVENTORIES		
TOTAL INVENTORIES	**-**	**-**
II - RECEIVABLES		
1) Trade receivables		
- due within one year	*32,953*	*-*
4) Holding companies		
- due within one year	*4,305,930*	*3,900,533*
4-bis) Taxes receivable		
- due within one year	*24,991*	*63,545*
4-ter) Deferred tax	52,925	59,300
5) Others		
Group companies		
- due within one year	*75,482*	*130,991*
Other parties		
- due within one year	*594*	*1,530*
Total other receivables	**76,076**	**132,521**
TOTAL RECEIVABLES	**4,492,875**	**4,155,899**
III - CURRENT FINANCIAL ASSETS		
TOTAL CURRENT FINANCIAL ASSETS	**-**	**-**
IV - CASH AND CASH EQUIVALENTS		
1) Banking and postal deposits	4,809	5,422
3) Cash and cash equivalents	198	432
TOTAL CASH AND CASH EQUIVALENTS	**5,007**	**5,854**
TOTAL CURRENT ASSETS (C)	**4,497,882**	**4,161,753**
D) PREPAYEMENTS AND ACCRUED INCOME		
2) Prepayments	3,924	4,009
TOTAL PREPAYEMENTS AND ACCRUED INCOME (D)	**3,924**	**4,009**
TOTAL ASSETS	**4,557,099**	**4,267,097**

In Euro

LEGGO SPA
LIABILITIES

	31.12.2013	31.12.2012
A) SHAREHOLDERS' EQUITY		
I - SHARE CAPITAL	**1,000,000**	**1,000,000**
VII - OTHER RESERVES	**-**	**-**
- reserve to cover losses	1,104,154	-
IX - PROFIT/(LOSS) FOR THE YEAR	**(1,235,852)**	**(3,046,202)**
TOTAL SHAREHOLDERS' EQUITY (A)	**868,302**	**(2,046,202)**
B) PROVISIONS FOR RISKS AND CHARGES	**-**	**-**
C) EMPLOYEE LEAVING INDEMNITY	**353,389**	**364,974**
D) PAYABLES		
4) Bank borrowings		
- due within one year	*152,540*	*200,742*
7) Trade payables		
- due within one year	*521,825*	*839,758*
11) Holding companies		
- due within one year	*1,833,317*	*4,223,831*
12) Tax payables		
- due within one year	*65,211*	*123,309*
13) Payables to social security institutions		
- due within one year	*169,000*	*225,560*
14) Other payables		
Group companies		
- due within one year	*554,540*	*290,592*
Other parties		
- due within one year	*38,556*	*44,533*
TOTAL PAYABLES (D)	**3,334,989**	**5,948,325**

	31.12.2013	31.12.2012
E) PREPAYEMENTS AND ACCRUED INCOME		
2) Deferred income	419	-
TOTAL PREPAYEMENTS AND ACCRUED INCOME (E)	**419**	**2,031,422**
TOTAL LIABILITIES	**4,557,099**	**4,267,097**

In Euro

LEGGO SPA
INCOME STATEMENT

	2013	2012
A) VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	4,596,779	6,279,896
5) Other revenues and income	190,766	240,323
TOTAL VALUE OF PRODUCTION (A)	**4,787,545**	**6,520,219**
B) COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(922,692)	(2,602,639)
7) Services	(2,693,030)	(4,815,609)
8) Rents, lease and similar costs	(820,580)	(596,834)
9) Personnel costs		
a) salaries and wages	*(1,273,381)*	*(1,533,146)*
b) social security charges	*(361,779)*	*(469,212)*
c) employee leaving indemnity	*(99,500)*	*(144,254)*
e) other costs	*(27,264)*	*(233,035)*
Total personnel costs	**(1,761,924)**	**(2,379,647)**
10) Amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	*(22,505)*	*(24,165)*
b) depreciation of tangible assets	*(23,536)*	*(22,150)*
Total amortisation, depreciation and write-downs	**(46,041)**	**(46,315)**
14) Other operating costs	(105,193)	(93,802)
TOTAL COSTS OF PRODUCTION (B)	**(6,349,460)**	**(10,534,846)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A+B)	**(1,561,915)**	**(4,014,627)**

	2013	2012
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) income other than above		
4 - others	-	*95*
TOTAL OTHER FINANCIAL INCOME	**-**	**95**
17) Interest and other financial charges		
c) Holding companies	*(46,944)*	-
d) others	*(39,219)*	*(40,763)*
TOTAL INTEREST AND OTHER FINANCIAL CHARGES	**(86,163)**	**(40,763)**
TOTAL FINANCIAL INCOME AND CHARGES (C) (16+17)	**(86,163)**	**(40,668)**
D) ADJUSTMENT OF FINANCIAL ASSETS	**-**	**-**
E) EXTRAORDINARY INCOME AND CHARGES		
20) Income		
a) gains on disposals	-	*42*
b) other extraordinary income	-	*536*
TOTAL	**-**	**578**
21) Charges		
b) prior year income taxes	*(200)*	-
c) other extraordinary charges	*(16,574)*	*(125,925)*
TOTAL	**(16,774)**	**(125,925)**
TOTAL EXTRAORDINARY INCOME AND CHARGES (E)	**(16,774)**	**(125,347)**
PROFIT BEFORE TAXES (A+B+C+D+E)	**(1,664,852)**	**(4,180,642)**
22) Income taxes		
a) Current taxes		
- IRES	*435,375*	*1,117,164*
- IRAP	-	-
b) deferred tax assets	*(6,375)*	*17,276*
Total income taxes	**429,000**	**1,134,440**
NET PROFIT FOR THE YEAR	**(1,235,852)**	**(3,046,202)**

In Euro

IL GAZZETTINO SPA
ASSETS

	31.12.2013	31.12.2012
A) RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL	**-**	**-**
B) FIXED ASSETS		
I - INTANGIBLE ASSETS		
3) Industrial patents and intellectual property rights	-	1,701
5) Goodwill	12,026,767	13,530,112
7) Other	6,645	8,122
TOTAL INTANGIBLE ASSETS	**12,033,412**	**13,539,935**
II - TANGIBLE ASSETS		
1) Land and buildings	661,087	694,089
2) Plant and machinery	4,200	9,095
4) Other fixed assets	123,734	183,487
TOTAL TANGIBLE ASSETS	**789,021**	**886,671**
III - Financial assets		
1) Equity investments		
a) subsidiaries	*5,287,965*	*7,453,097*
b) associated companies	*844,949*	*844,949*
d) other companies	*398,717*	*398,717*
TOTAL FINANCIAL ASSETS	**6,531,631**	**8,696,763**
TOTAL FIXED ASSETS (B)	**19,354,064**	**23,123,369**

	31.12.2013	31.12.2012
C) CURRENT ASSETS		
I - Inventories		
1) Raw materials, ancillary and consumables	210,242	324,473
TOTAL INVENTORIES	**210,242**	**324,473**
II - RECEIVABLES		
1) Trade receivables	1,478,940	1,197,989
- due within one year	-	-
2) Subsidiaries	727,908	756,486
- due within one year	-	-
3) Associated companies	840,207	840,207
- due within one year	-	-
4) Holding companies	4,198,905	3,820,814
- due within one year	-	-
4-bis) Taxes receivable	-	133,599
- due within one year	-	*24,795*
4-ter) Deferred tax	891,015	1,084,207
- due within one year	*751,187*	*879,181*
5) Others		
Group companies	5,498,786	5,877,137
- due within one year	-	-
Others	118,187	124,512
- due within one year	*45,973*	*64,806*
TOTAL RECEIVABLES	**13,753,948**	**13,834,951**
- due within one year	*797,160*	*968,782*
IV - CASH AND CASH EQUIVALENTS		
1) Banking and postal deposits	18,564	21,719
3) Cash and cash equivalents	4,001	10,068
TOTAL CASH AND CASH EQUIVALENTS	**22,565**	**31,787**
TOTAL CURRENT ASSETS (C)	**13,986,755**	**14,191,211**
D) PREPAYEMENTS AND ACCRUED INCOME		
- Prepayements	104,798	135,868
TOTAL PREPAYEMENTS AND ACCRUED INCOME (D)	**104,798**	**135,868**
TOTAL ASSETS	**33,445,617**	**37,450,448**

In Euro

IL GAZZETTINO SPA
LIABILITIES

	31.12.2013	31.12.2012
A) SHAREHOLDERS' EQUITY		
I - SHARE CAPITAL	**2,000,000**	**2,000,000**
VIII - RETAINED EARNINGS (LOSSES)	**(2,407,653)**	**-**
IX - PROFIT/(LOSS) FOR THE YEAR	**730,798**	**(2,407,653)**
TOTAL SHAREHOLDERS' EQUITY (A)	**323,145**	**(407,653)**
B) PROVISIONS FOR RISKS AND CHARGES		
1) Pensions and similar obligations	309,351	270,372
3) Other	2,191,000	2,976,000
TOTAL PROVISIONS FOR RISKS AND CHARGES (B)	**2,500,351**	**3,246,372**
C) EMPLOYEE LEAVING INDEMNITY	**5,261,534**	**5,280,346**
D) PAYABLES		
3) Payables to shareholders for financing		
- due within one year	*6,567,380*	*6,567,380*
4) Bank borrowings		
- due within one year	*1,047,424*	*649,292*
7) Trade payables		
- due within one year	*2,847,417*	*3,174,750*
9) Subsidiaries		
- due within one year	*9,408,624*	*13,682,623*
11) Holding companies		
- due within one year	*164,671*	*-*
12) Tax payables		
- due within one year	*1,041,196*	*951,582*
13) Payables to social security institutions		
- due within one year	*1,454,350*	*1,436,242*
14) Other payables		
other Group companies		
- due within one year	*318,614*	*184,053*
others		
- due within one year	*2,438,815*	*2,569,624*
TOTAL PAYABLES (D)	**25,288,491**	**29,215,546**

	31.12.2013	31.12.2012
E) PREPAYEMENTS AND ACCRUED INCOME		
- Prepayements	72,096	115,837
TOTAL PREPAYEMENTS AND ACCRUED INCOME (E)	**72,096**	**115,837**
TOTAL LIABILITIES	**33,445,617**	**37,450,448**

In Euro

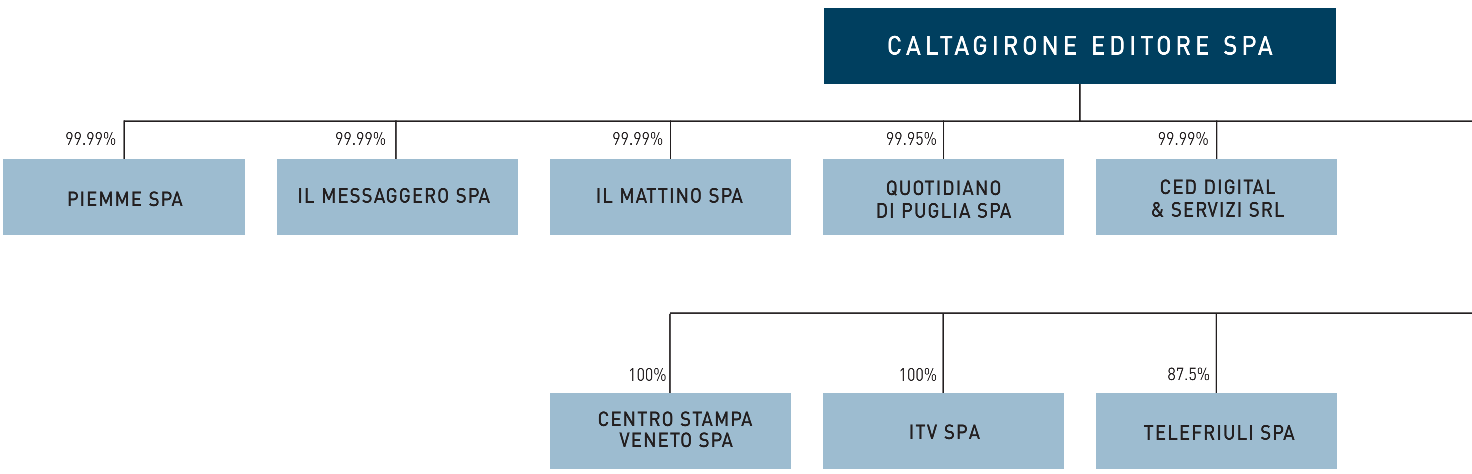
IL GAZZETTINO SPA
INCOME STATEMENT

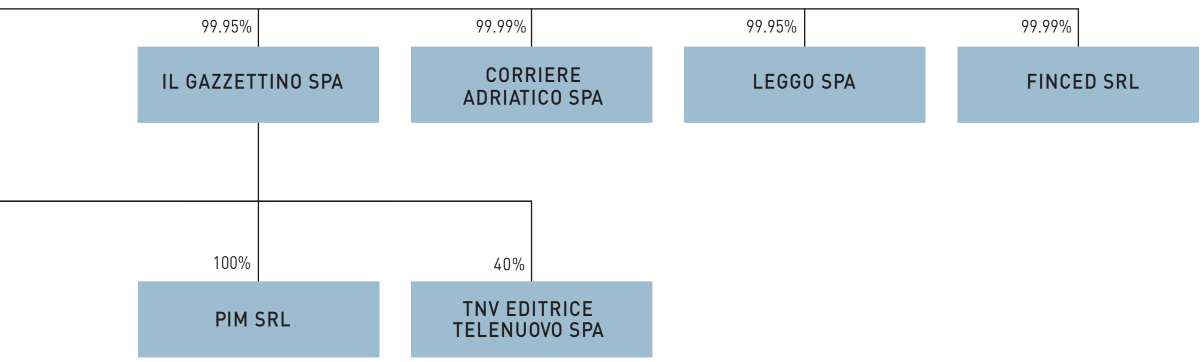
	2013	2012
A) VALUE OF PRODUCTION		
1) Revenues from sales and supply of services	35,620,686	35,803,391
5) Other revenues and income	1,706,801	1,696,543
TOTAL VALUE OF PRODUCTION (A)	**37,327,487**	**37,499,543**
B) COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods	(2,703,867)	(3,347,821)
7) Services	(17,138,217)	(18,906,472)
8) Rents, lease and similar costs	(949,538)	(1,105,766)
9) Personnel costs		
a) salaries and wages	*(10,898,332)*	*(10,971,077)*
b) social security charges	*(3,253,395)*	*(3,276,879)*
c) employee leaving indemnity	*(883,918)*	*(961,851)*
e) other costs	*(33,500)*	*(14,196)*
10) Amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	*(1,506,523)*	*(1,507,484)*
b) depreciation of tangible assets	*(118,929)*	*(173,430)*
11) Change in inventory of raw materials ancillary, consumables and goods	(114,274)	(58,737)
12) Provisions for risks	(78,000)	(163,086)
14) Other operating costs	(567,607)	(540,895)
TOTAL COSTS OF PRODUCTION (B)	**(38,246,100)**	**(41,027,694)**
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A+B)	**(918,613)**	**(3,528,151)**

	2013	2012
C) FINANCIAL INCOME AND CHARGES		
15) Financial income from investments		
a) subsidiaries companies	*4,000,000*	-
16) Other financial income		
d) income other than above		
- others	*79*	*150*
17) Interest and other financial charges		
a) others	*(71,661)*	*(106,209)*
b) Holding companies	*(36,847)*	*(95,397)*
TOTAL FINANCIAL INCOME AND CHARGES (C) (15+16+17)	**3,891,571**	**(201,456)**
D) ADJUSTMENT OF FINANCIAL ASSETS		
19) Write-down	(2,165,132)	-
TOTAL ADJUSTMENT OF FINANCIAL ASSETS (D)	**(2,165,132)**	**-**
E) EXTRAORDINARY INCOME AND CHARGES		
20) Income		
a) income	-	*858*
21) Charges		
c) prior year income taxes	*(1,248)*	-
TOTAL EXTRAORDINARY INCOME AND CHARGES (E)	**(1,248)**	**858**
PROFIT BEFORE TAXES (A+B+C+D+E)	**806,578**	**(3,728,749)**
22) Income taxes		
a) current taxes	*117,412*	*1,263,736*
b) deferred tax charge	*(193,192)*	*57,360*
Total income taxes	**(75,780)**	**1,321,096**
NET PROFIT FOR THE YEAR	**730,798**	**(2,407,653)**

In Euro

CALTAGIRONE EDITORE GROUP
CONTROLLED COMPANIES AND MAIN INVESTMENTS AT DECEMBER 31ST, 2013

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