CALTAGIRONE EDITORE

2017 ANNUAL REPORT
EIGHTEENTH FISCAL YEAR

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2017 ANNUAL REPORT | EIGHTEENTH 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 23RD 2018

AGENDA

EXTRAORDINARY SESSION:

1. Proposal to amend Article 2 of the By-Laws, in order to broaden the corporate scope.

ORDINARY SESSION:

1. Presentation of the Separate and Consolidated Financial Statements for the year ended December 31st 2017, together with the Directors' Report, Board of Statutory Auditors' Report and the Independent Auditors' Report; resolutions thereon;

2. Appointment of the Board of Directors for the three-year period 2018 - 2019 and 2020, determining the number of Board members and relative remuneration;

3. Appointment of the Board of Statutory Auditors for the three-year period 2018 - 2019 and 2020 and determination of emoluments;

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 Gianni *

VICE CHAIRMAN

Albino Majore

DIRECTORS

Tatiana Caltagirone
Antonio Catricalà *
Massimo Confortini *
Giancarlo Cremonesi *
Mario Delfini
Massimo Lapucci *
Valeria Ninfadoro *

Board of Statutory Auditors

CHAIRMAN

Antonio Staffa

STANDING AUDITORS

Federico Malorni
Maria Assunta Coluccia

Executive Responsible

Fabrizio Caprara

Independent Audit Firm

PricewaterhouseCoopers SpA

* Independent directors

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 has the power to carry out, with sole signature, all the acts of ordinary administration within the limits conferred by the Board of Directors.

Chief Executive Officer

The Chief Executive Officer has the power to carry out, with sole signature, all the acts of ordinary administration within the limits conferred by the Board of Directors.

CONTENTS

DIRECTOR'S REPORT ON THE GROUP RESULTS FOR THE YEAR ENDED DECEMBER 31ST 2017

INTRODUCTION

The present Directors' Report refers to the Consolidated and Separate Financial Statements of Caltagirone Editore SpA (hereafter also "the Group") at December 31st 2017, 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 2017.

OPERATIONAL OVERVIEW

The table below illustrates the key financial results for the year 2017 compared to the previous year.

	31.12.2017	31.12.2016	cge.	cge. %
OPERATING REVENUES	**144,772**	**152,347**	**(7,575)**	**(5.0%)**
Circulation revenues	56,167	59,312	(3,145)	(5.3%)
Promotions revenues	617	602	15	2.5%
Advertising Rrevenues	81,683	87,108	(5,425)	(6.2%)
Other revenues and income	6,305	5,325	980	18.4%
OPERATING COSTS	**(144,894)**	**(154,268)**	**9,374**	**6.1%**
Raw materials, ancillary and consumables	(13,548)	(14,674)	1,126	7.7%
Labour costs	(64,395)	(69,788)	5,393	7.7%
Other operating costs	(66,951)	(69,806)	2,855	4.1%
EBITDA	**(122)**	**(1,921)**	**1,799**	**93.6%**
Amortisation, depreciation, write-downs and provisions	(43,292)	(54,384)	11,092	20.4%
EBIT	**(43,414)**	**(56,305)**	**12,891**	**22.9%**
Financial income	4,641	5,435	(794)	(14.6%)
Financial expenses	(867)	(13,795)	12,928	93.7%
NET FINANCIAL INCOME/(EXPENSES)	**3,774**	**(8,360)**	**12,134**	**na**
LOSS BEFORE TAXES	**(39,640)**	**(64,665)**	**25,025**	**38.7%**
Income taxes	10,007	2,226	7,781	na
LOSS FOR THE YEAR	**(29,633)**	**(62,439)**	**32,806**	**52.5%**
Minority interest	-	-	-	0.0%
GROUP NET LOSS	**(29,633)**	**(62,439)**	**32,806**	**52.5%**

Euro thousands

In 2017, the Group reported Operating Revenues of Euro 144.8 million, reducing 5%, following a contraction in circulation revenues (-5.3%) and advertising revenues (-6.2%). Raw material costs decreased 7.7% - principally due to the lower quantities utilised in the production process.

Labour costs, including non-recurring charges of Euro 3.5 million (Euro 4.5 million in 2016) mainly related to the reorganisation plans put in place by a number of Group companies, reduced 7.7%. On a like-for-like basis, excluding these extraordinary charges, labour costs decreased by approx. 6.8% on the previous year.

Other operating costs decreased overall 4.1% due to the Group's reorganisation process by functional area, which generated a number of cost savings - in particular for service costs.

EBITDA in 2017, penalised by non-recurring labour costs, reports a loss of Euro 122 thousand (loss of Euro 1.9 million in 2016); excluding the extraordinary costs, the EBITDA would have been a profit of Euro 3.4 million (profit of Euro 2.6 million in 2016) due to the overall reduction in operating costs.
EBIT reports a loss of Euro 43.4 million (loss of Euro 56.3 million in 2016) and includes the write-down of indefinite life intangible assets for a total of Euro 35.1 million (Euro 45.4 million in 2016), amortisation and depreciation for Euro 6.6 million (Euro 6.5 million in 2016), provisions for risks for Euro 209 thousand (Euro 697 thousand in 2016) and doubtful debt provision for Euro 1.4 million (Euro 1.8 million in 2016).
Net financial income of Euro 3.8 million (Net financial charges of Euro 8.4 million in 2016), principally include dividends on listed shares in the period of approx. Euro 4.6 million (Euro 4.9 million in 2016), net of financial charges related to operating requirements.
The Group net loss was Euro 29.6 million (loss of Euro 62.4 million in 2016).

NET CASH POSITION

The Group Cash Financial Position at December 31st 2017 is as follows:

	31.12.2017	**31.12.2016**
Cash and cash equivalents	136,498	151,030
Non-current financial liabilities	-	(3,066)
Current financial liabilities	(8,010)	(13,534)
Net Cash Position *	**128,488**	**134,430**

Euro thousands

** The Net Cash Position in accordance with CESR recommendation of February 10th 2005 is illustrated at Note 28 of the Notes to Consolidated Financial Statements*

The Net Cash Position of Euro 128.5 million decreased Euro 5.9 million on December 31st 2016, principally due to the funding of capital expenditure and the restructuring plans, net of dividends received on listed shares.

SHAREHOLDERS' EQUITY

The Group Consolidated Shareholders' Equity amounted to Euro 448.8 million (Euro 472.3 million at December 31st 2016); the decrease mainly relates to the loss for the year, net of the increase in the fair value of equities in listed companies held by the Group.

The balance sheet and income statement ratios are provided below:

	2017	2016
ROE* *(Net Result/Net Equity)***	(6.6)	(13.2)
ROI* *(EBIT/total assets)***	(7.5)	(8.9)
ROS* *(EBIT/Operating Revenues)***	(30.0)	(36.9)
Equity Ratio *(Net equity/total assets)*	0.8	0.8
Liquidity Ratio *(Current assets/ Current liabilities)*	3.4	3.2
Capital Invested Ratio *(Net equity/Non-current assets)*	1.1	1.1

** Percentage values*

*** For definitions of "Net Result" and "EBIT", reference should be made to the income statement attached to the present report*

The balance sheet indicators confirm the Group's financial equilibrium, with strong stability, the capacity to meet short-term commitments through liquid funds and finally equilibrium between own funds and fixed assets.

The financial indicators (ROE, ROI and ROS), although negative, slightly improved on the previous year.

GROUP OPERATING PERFORMANCE

PUBLISHING

Circulation revenues of Euro 56.2 million reduced 5.3% in 2017 compared to 2016, due to the ongoing structural shifts impacting the market.

In particular, Group print newspaper sales of Euro 53.8 million decreased 6.3%; Group online copy and subscription revenues of Euro 2.4 million increased 26.5% on 2016, accounting for 4.2% of Group circulation revenues.

The latest available circulation data indicates a reduction of approx. 10.3%[1] in paper and digital copies sold in the January-December 2017 period compared with 2016.

ADVERTISING

In 2017, total Group advertising revenues decreased 6.2%.

Paper edition advertising revenues, including also third party advertising, contracted 6.9% on 2016. Internet advertising, including also third party advertising, decreased 3.9% on 2016. The contribution of this sector to overall Group advertising revenues however increased to 13.7% of total advertising revenues in the period.

1. ADS figures (Newspaper Sales Figures "Accertamento Diffusione Stampa") January - December 2017 compared with 2016.

The market in the January - December 2017 period contracted 7.7%[2] for print newspaper advertising, while internet advertising rose 1.7%[3].
In terms of web presence, the Caltagirone Editore network website to December 2017 reported 1.04 million unique average daily users Total Audience[4] (PC and mobile), growing 1.8% on the previous year.

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, 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.

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

2. FCP newspaper research institute figures - January - December 2017 compared with 2016.

3. FCP Internet research institute figures - January - December 2017 compared with 2016.

4. Audiweb figures Total Audience December 2017 (including TAL).

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.

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. It should be noted that the variable rate loans mature in 2018.

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

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.

TRANSACTIONS WITH RELATED PARTIES

The transactions with "related" parties, as set out in IAS 24, including inter-company operations, are not atypical or unusual and form part of the ordinary business activities of the companies of the Group. These operations are regulated at market conditions and take account of the characteristics of the goods and services provided and in the interest of the Group.

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

The information on transactions with related parties, including those required by Consob Communication of July 28th 2006, is shown in the Notes to the Consolidated and Separate Financial Statements.

OTHER INFORMATION

During the year, the Companies of the Caltagiorne Group did not carry out any research and development activity.

At December 31st 2017, there were 671 employees (746 at December 31st 2016), with an average number in 2017 of 696 (753 in 2016).

For segment information on the costs, revenues and investments, reference should be made to the 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.

OUTLOOK

The negative trend in circulation and advertising revenues continues both at market and company level and currently there are no signs of a turnaround in this trend. In the absence of any interruption, this negative trend will continue in the current year.

The reorganisation, started in the previous year, structuring the Group by functional area is being finalised.

The Group has maintained the initiatives targeting the growth of multi-media editions and an improved internet presence in order to expand new advertising streams and acquire new readers.

PARENT COMPANY OVERVIEW

For 2017 Caltagirone Editore SpA reports financial income of Euro 2.7 million and financial charges of Euro 35.4 million, with a net loss of Euro 36.9 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:

	2017	2016
Dividends from subsidiaries	-	690
Dividends from other companies	2,680	2,527
Other financial income	47	390
Total financial income	**2,727**	**3,607**
Losses on sale of other equity investments	-	(2,950)
Interest and financial charges from subsidiaries	(1)	(16)
Interest and financial charges from third parties	(48)	(50)
Write-down of investments in subsidiaries	(38,061)	(23,835)
Total financial charges	**(38,110)**	**(26,851)**
NET FINANCIAL INCOME/(CHARGES)	**(35,383)**	**(23,244)**
Result from operating activities	(2,001)	(1,605)
LOSS BEFORE TAXES	**(37,384)**	**(24,849)**
Income taxes	437	942
NET LOSS	**(36,947)**	**(23,907)**

Euro thousands

The dividends from other companies relate to those received on listed shares.
Other financial income represents the interest income on bank deposits accrued during the year.
The write-downs of investments in subsidiaries concern the companies Il Mattino SpA, Il Gazzettino SpA, Quotidiano di Puglia SpA, Piemme Spa, Stampa Napoli 2015 Srl, Servizi Italia 15 Srl and Leggo SpA and relates to the adjustment of the carrying amount of the investment to the Net Equity, adjusted for any write-backs emerging from the measurement of indefinite intangible assets.
The shareholders' equity of the Company at December 31st 2017 was Euro 441.5 million (Euro 475 million at December 31st 2016). The reduction is principally due to the loss for the year, net of the increase in the fair value of shares held by the company in listed companies.

NET CASH POSITION

The net cash position is as follows:

	31.12.2017	31.12.2016
Current financial assets	88,968	66,186
Cash and cash equivalents	2,327	122,220
Current financial liabilities	(2,748)	(2,748)
Net Cash Position *	**88,546**	**185,658**

Euro thousands

** The Net Cash Position in accordance with CESR recommendation of February 10th 2005 is illustrated at Note 20 of the Notes to Financial Statements*

The net cash position at 31.12.2017 was Euro 88.5 million (Euro 185.7 million at 31.12.2016); the decrease principally concerns the share capital payment of Euro 90 million to the subsidiary Finced Srl, to provide financial support to the company in order to more closely pursue its corporate scope.

PRINCIPAL EQUITY INVESTMENTS

The key results of the subsidiary companies are reported below.

IL MESSAGGERO SPA

The Company publishes the daily newspaper Il Messaggero, founded in 1878 and the historic daily newspaper of the Capital. Il Messaggero is the leading daily newspaper in the Central Italian Region.
The Company in 2017 reports a net loss of Euro 2.4 million (net loss of Euro 3.9 million in 2016), against Operating Revenues of Euro 55.9 million, reducing 9.1% on Euro 61.5 million in 2016, due to the contraction in paper and digital copy sales revenues (-5.0%), and advertising revenues (-13.6%). The reduction in operating revenues is offset by the decrease in operating costs (-10.0%), with the EBITDA increasing from Euro 1.3 million to Euro 1.7 million.

IL MATTINO SPA

The Company publishes Il Mattino, the daily newspaper of Naples and since 1892 the leading newspaper in Campania and the most popular newspaper in Southern Italy, thanks to its long tradition and extensive regional reach.
Il Mattino SpA in 2017 reported a Net Loss of Euro 3.9 million (net loss of Euro 3 million in 2016), against Operating Revenues of Euro 21.4 million compared to Euro 22.7 million in 2016 (-5.3%), following the contraction in the number of copies sold (-7.6%) and advertising revenues (-1.9%). EBITDA reports a loss of Euro 3.1 million (loss of Euro 1.5 million in 2016), due to the reduction in revenues which was only partially offset by the reduced operating costs.

IL GAZZETTINO SPA

The Company publishes the daily newspaper Il Gazzettino, founded in 1887 and the historic newspaper of Venice. Il Gazzettino is among the leading 10 daily newspapers in Italy in terms of circulation and the largest newspaper in the North-East. Entering the Caltagirone Editore Group in 2006, the newspaper in tabloid format is - as is the

case for the other Group newspapers - available also in an online and digital edition. On September 22nd 2017, the printing of the new version of Il Gazzettino was launched, produced on a new KBA rotary press in the now "standard" market format and in full colour.
Il Gazzettino SpA in 2017 reported a Net Loss of Euro 1.9 million (Net Loss of Euro 3.3 million in 2016), against Operating Revenues of Euro 27.7 million compared to Euro 29 million in 2016. Circulation revenues of Euro 15.8 million decreased 6.9% due to falling demand. Advertising revenues amounted to Euro 11.1 million, slightly increasing on 2016 (+1.5%).
EBITDA improved from a loss of Euro 2.5 million in 2016 to a loss of Euro 596 thousand in 2017; it should be noted that the 2016 result was impacted by extraordinary charges of Euro 1.5 million related to the restructuring plans.

LEGGO SPA

The Company publishes the free newspaper Leggo. Founded in March 2001, Leggo is the leading free newspaper in Italy.
The Company in 2017 reports a Net Loss of Euro 950 1thousand compared to a Net Loss of Euro 671 thousand in 2016. Advertising revenues of Euro 3.6 million reduced on the previous year (-14.4%). The EBITDA reports a loss of Euro 1.2 million (loss of Euro 816 thousand in 2016).

CORRIERE ADRIATICO SPA

The company publishes the newspaper Corriere Adriatico which, founded in 1860, occupies a dominant position in the Le Marche region. Il Corriere Adriatico joined the Group in 2004.
Corriere Adriatico SpA in 2017 reported a Net Loss of Euro 557 thousand (Net Loss of Euro 1.2 million in 2016), with Operating Revenues increasing 1.7% on 2016 to Euro 7.2 million. The EBITDA loss of Euro 634 thousand significantly improved on the 2016 loss (Euro 1.3 million), as a result of a stringent cost control policy.

QUOTIDIANO DI PUGLIA SPA

The Company publishes Il Nuovo Quotidiano di Puglia, founded in 1979 and the most widely read newspaper in the Ionico Salentina region.
In 2017, Quotidiano di Puglia SpA, which publishes the newspaper of the same name in the provinces of Lecce, Brindisi and Taranto, reported a Net Loss of Euro 369 thousand (Loss of Euro 419 thousand in 2016), with Operating Revenues of Euro 5.5 million compared to Euro 5.9 million in 2016 (down 7.3%).

PIEMME SPA

Piemme, founded in 1988, is the Group advertising agency with a portfolio comprising: Daily newspapers, each of which the undisputed leader in their respective regions, the Social Press, a modern social platform which everyday involves readers and web users, and online news websites and from March 2015 Piemme has also undertaken the local advertising on behalf of the RCS Group newspapers. Piemme is the leader on the central-south market.
The Company in 2017 reported a net loss of Euro 1.3 million (net loss of Euro 2.9 million in 2016). In 2017 advertising revenues amounted to Euro 80.2 million (Euro

86.2 million in 2016), down 7% on 2016; print advertising revenues contracted 7.8%, while internet advertising revenues reduced 3.9% and accounting for 16.3% of advertising revenues.
The company reported an EBITDA loss of Euro 132 thousand (profit of Euro 311 thousand in 2016).

OTHER INVESTMENTS

Finced Srl, a Group finance company, reported in 2017 a Net Profit of Euro 1.8 million (Net Loss of Euro 5.6 million in 2016), principally due to the receipt of dividends on listed shares.
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

On November 13th 2017, the Board of Directors of Caltagirone Editore SpA approved the provision to Finced Srl, subsidiary directly and indirectly held 100%, of a share capital payment of Euro 90 million and an interest bearing loan of Euro 13 million, in order to establish equity backing to match the corporate scope. The transaction is "excluded" from application of the Related Parties Policy adopted by Caltagirone Editore SpA (point 5.1 (a) of the Policy), as concluded with a wholly-owned subsidiary.
For other transactions between the Companies of Caltagiorne Editore SpA and other related parties, reference should be made to the Notes to the Separate and Consolidated Financial Statements.

TREASURY SHARES

The Board of Directors of Caltagirone Editore on November 13th 2017 approved suspension of the treasury share buyback programme, approved on May 17th 2017 and authorised by the Shareholders' Meeting on April 12th 2017 in accordance with Article 2357 of the Civil Code. In addition, the Board of Directors meeting of November 13, 2017 approved the sale of a total 400,000 treasury shares of Caltagirone Editore.
At the preparation date of this report, Caltagirone Editore SpA held in portfolio 2,303,799 treasury shares (1.843% of the share capital) for a value of Euro 2,224,175.

CORPORATE GOVERNANCE

The Board of Directors on March 8th 2017, in implementation of that recommended by Consob, approved a number of amendments to the Related Parties Transactions Policy, in order to ensure greater efficacy and adequacy to the company and Group operations, ownership base and structure. The procedure is published on the website of the company *http://www.caltagironeeditore.com/governance/corporate-governance/documenti-societari.*
The same Board meeting confirmed for 2017 the Executive Officer for Financial Reporting of the company as Mr. Fabrizio Caprara.
The Shareholders' AGM of April 12th 2017, following the passing of Mr. Gaetano Caltagirone and the resignation of the Independent Director Mr. Giampietro Nattino, and in view of the reduction in the number of directors from ten to nine, appointed

for the remainder of the present three-year mandate, i.e. until the approval of the 2017 Annual Accounts, Mr. Antonio Catricalà to the Board. On May 15th 2017, the Board of Directors confirmed, on the basis of information received from the interested party, the independence of the director Mr. Antonio Catricalà.
On June 9th 2017, Chiara Finanziaria Srl, an indirect subsidiary of the majority shareholder, announced its decision to pursue a voluntary Takeover Bid of the totality of Caltagirone Editore SpA shares, less the shares held directly or indirectly by Francesco Gaetano Caltagirone, Francesco Caltagirone, Alessandro Caltagirone and Azzurra Caltagirone.
On the basis of the final results announced on September 21st 2017, Chiara Finanziaria Srl declared its failure to satisfy the Threshold Condition and therefore the shares contributed were returned to the respective owners. Following the offer, therefore, Chiara Finanziaria Srl does not hold any shares of the issuer.
Following the communication in accordance with Article 102, paragraph 1 of Legislative Decree 58/1998 by Chiara Finanziaria Srl, on June 9th 2017 Mr. Francesco Gaetano Caltagirone resigned from the position of Chairman and Director, Ms. Azzurra Caltagirone from the position of Vice Chairman and Director and Mr. Alessandro Caltagirone and Mr. Francesco Caltagirone from the position of Director.
On June 13th, 2017 the Board of Directors co-opted to the Board Messrs. Giancarlo Cremonesi, Francesco Gianni, Massimo Lapucci and Valeria Ninfadoro, who declared their independence in accordance with the applicable regulation.
On June 16th 2017, the Board of Directors appointed as Chairman Mr. Francesco Gianni and as Chief Executive Officer Mr. Albino Majore, conferring their relative powers. The newly-appointed Directors Messrs. Francesco Gianni, Giancarlo Cremonesi, Massimo Lapucci and Valeria Ninfadoro, at the same Board meeting, on the basis of information received from the interested parties, confirmed their independence in accordance with the applicable regulations.
With the approval of the 2017 annual accounts, the mandate of the corporate boards expires and therefore the Shareholders' AGM is required to appoint the boards for the years 2018, 2019 and 2020.

OTHER INFORMATION

Caltagirone Editore SpA ensures the protection of personal data in accordance with current legislative provisions.
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 Remuneration Report was made available at the registered offices and on the internet site of the company *http://www.caltagironeeditore.com/governance/assemblea-azionisti/* 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 2017, the Company had 2 employees (3 at December 31st 2016).
The parent company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Italian Civil Code.

In accordance with Article 6, paragraph 1 of Legislative Decree No. 254 of December 30th 2016, the Consolidated Non-Financial Report was not prepared, as drawn up by the parent company Caltagirone SpA (parent company subject to the same obligations) with registered office in Rome Via Barberini, 28.

SUBSEQUENT EVENTS

No significant subsequent events took place.

PROPOSALS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

we propose to you the approval of the Financial Statements at December 31st 2017, 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 36,947,457.

Rome, March 12th 2018

For the Board of Directors

The Chairman
Mr. Francesco Gianni

ATTACHMENTS

RECONCILIATION BETWEEN THE NET RESULT AND THE NET EQUITY OF THE PARENT COMPANY AND THE CONSOLIDATED NET RESULT AND NET EQUITY 31.12.2017

	Net Result	Net Equity
Net Result and Net Equity for the year as per financial statements of the parent company	**(36,947)**	**441,528**
Contribution of subsidiary and associated companies	1,950	(6,873)
Effect of the equity method valuation of associated companies	-	3
Adjustment to the international accounting standards IFRS/IAS	5,447	58,615
Elimination inter-company (profits) losses, net of the tax effect	(83)	(44,505)
Minority interest share of net equity	-	-
NET RESULT AND NET EQUITY AS PER THE CONSOLIDATED FINANCIAL STATEMENTS	**(29,633)**	**448,768**

Euro thousands

LIST OF INVESTMENTS AT 31.12.2017

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	99.99%	0.01%	Finced Srl
Il Messaggero SpA	Rome	1,265,385.00	Euro	99.95%	0.05%	Finced Srl
Il Mattino SpA	Rome	500,000.00	Euro	99.95%	0.05%	Finced Srl
Piemme SpA	Rome	2,643,139.00	Euro	100.00%	0.00%	Finced Srl
Leggo SpA	Rome	1,000,000.00	Euro	99.95%	0.05%	Finced Srl
Finced Srl	Rome	10,000.00	Euro	99.99%	0.01%	Piemme SpA
Corriere Adriatico SpA	Rome	200,000.00	Euro	99.95%	0.05%	Finced Srl
Quotidiano di Puglia SpA	Rome	1,020,000.00	Euro	99.95%	0.05%	Finced Srl
Servizi Italia 15 Srl	Rome	100,000.00	Euro	99.95%	0.05%	Finced Srl
Stampa Napoli 2015 Srl	Rome	10,000.00	Euro	99.95%	0.05%	Finced Srl
Stampa Roma 2015 Srl	Rome	10,000.00	Euro	99.95%	0.05%	Finced Srl
Il Gazzettino SpA	Rome	200,000.00	Euro	99.95%	0.05%	Finced Srl
Centro Stampa Veneto SpA	Rome	567,000.00	Euro	-	100.00%	Il Gazzettino SpA
Imprese Tipografiche Venete SpA	Rome	936,000.00	Euro	-	100.00%	Il Gazzettino SpA
P.I.M. Pubblicità Italiana Multimedia Srl	Rome	1,044,000.00	Euro	-	100.00%	Il Gazzettino SpA
Companies Included in the Consolidation under the Equity Method						
Rofin 2008 Srl	Rome	10,000.00	Euro	30.00%	-	-

CALTAGIRONE EDITORE

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31ST 2017

CALTAGIRONE EDITORE GROUP
CONSOLIDATED BALANCE SHEET

ASSETS	Note	31.12.2017	31.12.2016
Non-current assets			
Intangible assets with definite life	1	457	614
Intangible assets with indefinite life	2	214,803	249,903
Newspaper titles		*214,803*	*249,903*
Property, plant and equipment	3	39,433	41,994
Equity investments valued at equity	4	2	2
Equity investments and non-current securities	5	87,858	81,702
Other non-current assets	6	106	119
Deferred tax assets	7	49,014	47,364
TOTAL NON-CURRENT ASSETS		**391,673**	**421,698**
Current assets			
Inventories	8	1,324	1,732
Trade receivables	9	50,779	51,556
of which related parties		*705*	*699*
Tax receivables	7	34	218
Other current assets	10	879	2,001
Cash and cash equivalents	11	136,498	151,030
of which related parties		*718*	*351*
TOTAL CURRENT ASSETS		**189,514**	**206,537**
TOTAL ASSETS		**581,187**	**628,235**

Euro thousands

CALTAGIRONE EDITORE GROUP
CONSOLIDATED BALANCE SHEET

SHAREHOLDERS' EQUITY & LIABILITIES	Note	31.12.2017	31.12.2016
Shareholders' Equity			
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Reserves		372,266	428,638
Loss for the year		(29,633)	(62,439)
Group shareholders' equity		**448,768**	**472,334**
Minority interest shareholders' equity		-	-
TOTAL SHAREHOLDERS' EQUITY	**12**	**448,768**	**472,334**
LIABILITIES **Non-current liabilities**			
Employee provisions	13	17,353	21,393
Other non-current provisions	14	6,584	5,392
Non-current financial liabilities	15	-	3,066
Other non-current liabilities	16	1,583	1,558
Deferred tax liabilities	7	50,993	59,419
TOTAL NON-CURRENT LIABILITIES		**76,513**	**90,828**
Current liabilities			
Current provisions	14	4,002	6,926
Trade payables	17	21,472	22,106
of which related parties		*1,076*	*395*
Current financial liabilities	15	8,010	13,534
of which related parties		*365*	*2,737*
Other current liabilities	16	22,422	22,507
of which related parties		*26*	*16*
TOTAL CURRENT LIABILITIES		**55,906**	**65,073**
TOTAL LIABILITIES		**132,419**	**155,901**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**581,187**	**628,235**

Euro thousands

CALTAGIRONE EDITORE GROUP
CONSOLIDATED INCOME STATEMENT

	Note	2017	2016
Revenues			
Revenues from sales and services	18	138,467	147,022
of which related parties		*929*	*894*
Other operating revenues	19	6,305	5,325
of which related parties		*109*	*14*
TOTAL REVENUES		**144,772**	**152,347**
Costs			
Raw material costs	20	(13,548)	(14,674)
Labour costs	13	(64,395)	(69,788)
of which restructuring charges		*(3,526)*	*(4,492)*
Other operating charges	21	(66,951)	(69,806)
of which related parties		*(5,423)*	*(4,972)*
TOTAL COSTS		**(144,894)**	**(154,268)**
EBITDA		**(122)**	**(1,921)**
Amortisation & Depreciation	22	(6,612)	(6,478)
Provisions	22	(209)	(697)
Write-down intangible assets indefinite life	2-22	(35,100)	(45,374)
Write-down receivables/non-current assets	22	(1,371)	(1,835)
EBIT		**(43,414)**	**(56,305)**
Financial income		4,641	5,435
of which related parties		*4,560*	*4,943*
Financial expense		(867)	(13,795)
of which related parties		*(38)*	*(281)*
Net financial income/(charges)	**23**	**3,774**	**(8,360)**
LOSS BEFORE TAXES		**(39,640)**	**(64,665)**
Income taxes	7	10,007	2,226
LOSS FROM CONTINUING OPERATIONS		**(29,633)**	**(62,439)**
NET LOSS FOR THE YEAR		**(29,633)**	**(62,439)**
Group Net Loss		(29,633)	(62,439)
Minority interest		-	-

Euro thousands

Basic loss per share	24	(0.240)	(0.506)
Diluted loss per share	24	(0.240)	(0.506)

CALTAGIRONE EDITORE GROUP
CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

	2017	2016
Net loss for the year	**(29,633)**	**(62,439)**
Items which are not reclassified subsequently to profit/(loss) for the year		
Effect of actuarial gains/losses, net of tax effect	95	222
Items which may be reclassified subsequently to profit/(loss) for the year		
Profit/(loss) from recalculation of AFS assets, net of fiscal effect	6,113	(25,161)
TOTAL OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT	**6,208**	**(24,939)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(23,425)**	**(87,378)**
Attributable to:		
- Parent Company shareholders	(23,425)	(87,378)
- Minority interest	-	-

Euro thousands

CALTAGIRONE EDITORE GROUP

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY 2016

	Share capital	Listing charges	Treasury shares	Fair Value reserve	Other reserves	Net Result	Group net equity	Minority interest net equity	Total net equity
Balance at January 1st 2016	**125,000**	**(18,865)**	**(1,844)**	**19,708**	**456,063**	**(20,131)**	**559,931**	**-**	**559,931**
Prior year result carried forward	-	-	-	-	(20,131)	20,131	**-**	-	**-**
Acquisition of treasury shares	-	-	(219)	-	-	-	**(219)**	-	**(219)**
Total operations with shareholders	**-**	**-**	**(219)**	**-**	**(20,131)**	**20,131**	**(219)**	**-**	**(219)**
Change fair value reserve	-	-	-	(25,161)	-	-	**(25,161)**	-	**(25,161)**
Change employee reserve	-	-	-	-	222	-	**222**	-	**222**
Net loss	-	-	-	-	-	(62,439)	**(62,439)**	-	**(62,439)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(25,161)**	**222**	**(62,439)**	**(87,378)**	**-**	**(87,378)**
Balance at December 31st 2016	**125,000**	**(18,865)**	**(2,063)**	**(5,453)**	**436,154**	**(62,439)**	**472,334**	**-**	**472,334**

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STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY 2017

	Share capital	Listing charges	Treasury shares	Fair Value reserve	Other reserves	Net Result	Group net equity	Minority interest net equity	Total net equity
Balance at January 1st 2017	**125,000**	**(18,865)**	**(2,063)**	**(5,453)**	**436,154**	**(62,439)**	**472,334**	**-**	**472,334**
Prior year result carried forward	-	-	-	-	(62,439)	62,439	**-**	-	**-**
Acquisition of treasury shares	-	-	(161)	-	-	-	**(161)**	-	**(161)**
Total operations with shareholders	**-**	**-**	**(161)**	**-**	**(62,439)**	**62,439**	**(161)**	**-**	**(161)**
Change fair value reserve	-	-	-	6,113	-	-	**6,113**	-	**6,113**
Change employee reserve	-	-	-	-	95	-	**95**		**95**
Net loss	-	-	-	-	-	(29,633)	**(29,633)**	-	**(29,633)**
Total comprehensive loss for the year	**-**	**-**	**-**	**6,113**	**95**	**(29,633)**	**(23,425)**	**-**	**(23,425)**
Other changes	-	-	-	-	20	-	**20**	-	**20**
Balance at December 31st 2017	**125,000**	**(18,865)**	**(2,224)**	**660**	**373,830**	**(29,633)**	**448,768**	**-**	**448,768**

Euro thousands

CALTAGIRONE EDITORE GROUP
CONSOLIDATED CASH FLOW STATEMENT

	Note	31.12.2017	31.12.2016
CASH & CASH EQUIVALENTS AT BEGINNING YEAR	**11**	**151,030**	**157,813**
Net loss for the year		(29,633)	(62,439)
Amortisation & Depreciation		6,612	6,478
(Revaluations) and write-downs		36,471	47,209
Net financial income/(charges)		(3,774)	8,388
(Gains)/losses on disposals		-	(16)
Income taxes		(10,007)	(2,226)
Changes in employee provisions		(4,173)	(3,466)
Changes in current and non-current provisions		(1,731)	4,038
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(6,235)**	**(2,034)**
(Increase) Decrease in inventories		408	582
(Increase) Decrease in Trade receivables		(594)	2,294
Increase (Decrease) in Trade payables		(634)	(2,471)
Change in other current and non-current liabilities		1,097	(3,415)
Change in deferred and current income taxes		108	1,175
OPERATING CASH FLOW		**(5,850)**	**(3,869)**
Dividends received		4,560	4,104
Interest received		55	411
Interest paid		(532)	(1,099)
Other income (charges) received/paid		(43)	81
Income taxes paid		(74)	(1,636)

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CALTAGIRONE EDITORE GROUP
CONSOLIDATED CASH FLOW STATEMENT

continued from previous page	Note	31.12.2017	31.12.2016
A) CASH FLOW FROM OPERATING ACTIVITIES		**(1,884)**	**(2,008)**
Investments in intangible fixed assets		(190)	(408)
Investments in tangible fixed assets		(3,916)	(2,566)
Sale of intangible and tangible assets		189	20
Sale of equity investments and non-current securities		-	16,622
B) CASH FLOW FROM INVESTING ACTIVITIES		**(3,917)**	**13,668**
Change in current financial liabilities		(8,590)	(18,224)
Other changes		(141)	(219)
C) CASH FLOW FROM FINANCING ACTIVITIES		**(8,731)**	**(18,443)**
D) EFFECT EXC. DIFFS. ON CASH & CASH EQUIVALENTS		**-**	**-**
Change in net liquidity		(14,532)	(6,783)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**11**	**136,498**	**151,030**

Euro thousands

CALTAGIRONE EDITORE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31ST 2017

INTRODUCTION

Caltagirone Editore SpA (Parent Company) is a limited liability company, listed on the Milan Stock Exchange, operating in the publishing sector with its registered office in Rome (Italy), Via Barberini, No. 28.
At December 31st 2017, the shareholders with holdings above 3% 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%).
The above investment is held indirectly through the company:

- Parted 1982 SpA 44,454,550 shares (35.56%)
- Gamma Srl 9,000,750 shares (7.20%)
- FGC Finanziaria Srl 22,500,000 shares (18.00%)

Amber Capital UK LLP on behalf of Amber Active Investor LTD 6,893,872 azioni (5.15%).

On January 15, 2018 Amber Capital UK LLP communicated that they held on behalf of Amber Active Investor LTD 13,081,595 shares (10.47%).

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 2017 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, amended in line with the accounting principles utilised by the parent company in the preparation of the consolidated financial statements (IFRS).
The present consolidated financial statements were authorised for publication by the Directors on March 12th 2018.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS APPROVED BY THE EUROPEAN COMMISSION

The consolidated financial statements at December 31st 2017 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, and the Statement of changes in Shareholders' Equity, an outline of the accounting principles adopted 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 2017 financial statements of the Parent Company Caltagirone Editore SpA are also prepared in accordance with IFRS as defined above.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Accounting standards and amendments to standards adopted by the Group

From January 1st 2017, the Group adopted the following new accounting standards:

- *"Disclosure initiative Amendments to IAS 7 - Statement of cash flows"*. The endorsement by the EU took place on November 6th 2017 with Regulation No. 1990. The amendments introduced new disclosure obligations for changes to assets and liabilities from financing activities.
- *"Amendments to IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses"*. The endorsement by the EU took place on November 6th 2017 with Regulation No. 1989.

  The amendment clarifies the calculation of deferred tax assets on debt instruments measured at fair value.
- *"Annual Improvements to IFRS Standards 2014-2016 Cycle"*. The endorsement by the EU took place on November 6th 2018 with Regulation No. 182. The modifications introduced, within the normal review and clarifications on international accounting standards, concern the following standards: IFRS 1 - *First-time adoption of IFRS*, IFRS 12 - *Disclosure of interests in other entities* e IAS 28 - *Investments in associates and joint venture*.

  The amendments are applicable to financial statements relating to periods which begin January 1st 2017, or subsequently. The amendments to IFRS 1 and IAS 28 are applied to financial statements for periods beginning January 1st 2018 or subsequently; early application is permitted, choice not undertaken by the Group, only for IAS 28.

Accounting Standards and interpretations on Standards effective from the periods subsequent to 2017 and not adopted in advance by the Group

- On July 24th 2014, the IASB published IFRS 9 - *"Financial instruments"*. The document incorporates the results of the classification and measurement, derecognition, impairment and hedge accounting phases of the IASB project to replace IAS 39. The new standard replaces the previous versions of IFRS 9. As noted, the IASB in 2008 initiated a phased project for the replacement of IAS 39. In 2009, they published the first version of IFRS 9 which considers the measurement and classification of financial assets; subsequently, in 2010 the rules concerning financial liabilities and derecognition were published (this latter issue was entirely incorporated by IAS 39). In 2013, IFRS 9 was amended to include the general model of hedge accounting. In September 2015, EFRAG completed its due process for the issue of the endorsement advice, which was thereafter presented to the European Commission. This document, adopted by the European Union with Regulation No. 2067 of November 29th 2016, is applicable from periods which begin, or subsequent to, January 1st 2018.

  The new provisions of IFRS 9:
  - modifies the classification and measurement model of financial assets;
  - introduce a new method to write-down financial assets, which takes account of expected losses (so-called expected credit losses); and
  - amends the provisions on hedge accounting.

  The Group, based on an analysis of its financial assets and liabilities and, with reference to the impact of the adoption of the new standard from January 1, 2018, concludes as follows.

  i) The classification and measurement model of the financial assets and liabilities of the Group will result in the classification as "equity instruments" of the listed shares held by the Group and currently recorded as "AFS financial assets" and classified in the account "Non-current equity investments and securities"; they will continue to be measured at fair value but with counter-entry under net equity through the comprehensive income statement, without recognition through the separate profit or loss.

  ii) The new impairment model of financial assets requires recognition of impairments based on the expected losses instead of losses already incurred as per IAS 39. Based on the assessments undertaken, the Group expects an insignificant adjustment to the doubtful debt provision.

  iii) The new hedge accounting rules which will permit greater alignment of the accounting of the hedging instruments to the risk management practices of the company are not applicable to the Group as they do not hold derivative financial instruments.

  The Group, on the basis of the analysis undertaken to-date, with reference to the impact of the adoption of the new standard from January 1st, 2018, do not expect significant impacts on the net equity and on the consolidated result.

- On May 28th 2014, the IASB published "IFRS 15 - *Revenue from Contracts with Customers*". The standard is a single and complete framework for the recognition of revenues and sets the rules to be applied to all contracts with customers (with the exception of contracts which fall within the scope of the standards on leasing, on insurance contracts and on financial instruments). IFRS 15 replaces the previous standards on revenues: IAS 18 *Revenue* and IAS 11 *Construction Contracts*,

in addition to the interpretations IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue-Barter Transactions Involving Advertising Services*. The standard establishes the criteria for the recognition of revenues from the sale of products or the supply of services through the introduction of the so-called five-step model framework; in addition, specific information concerning the nature, the amount, the timing and the uncertainties relating to revenues and cash flows deriving from the underlying contracts with clients must be provided in the explanatory notes. On September 11th 2015, the IASB published the Amendments to IFRS 15, which postponed the entry into force of the standard by one year to January 1st 2018. This document, adopted by the European Union with Regulation No. 1905 of October 29th 2016 is, applicable from periods beginning on, after, January 1st 2018.
In addition, on April 12th 2016, the IASB published the document *"Clarifications to IFRS 15 Revenue from Contracts with Customers"*. This amendment does not amend the provisions within the standard but clarifies how these provisions shall be applied. In particular it is clarified (i) how to identify a performance obligation in a contract, (ii) how to determine whether an entity is a principal or an agent and (iii) how to determine the point at which revenues from the concession of licenses should be recognised. This document, adopted by the European Union with Regulation No. 1987 of November 9th 2017, is applicable from periods which begin on, or subsequent to, January 1st 2018.
IFRS 15 requires the recognition of revenues according to the following five steps:
1) identification of the contract with the client;
2) identification of the contractual commitments to transfer goods and/or services to a customer (i.e. the "performance obligations");
3) establishment of the transaction price;
4) allocation of the transaction price to the performance obligations identified on the basis of the stand-alone sales price of each good or service; and
5) recognition of revenue upon satisfaction of the relative performance obligation.

IFRS 15, in addition, supplements the financial statement disclosure to be provided in relation to the nature, amount, timing and uncertainty of revenues and the relative cash flows.
The Group, on the basis of the analysis undertaken to-date, with reference to the impact of the adoption of the new standard from January 1, 2018, does not expect significant impacts on the net equity and on the consolidated result.

- On January 13th 2016, the IASB published a new standard IFRS 16 - Leases, which replaces IAS 17. IFRS 16 is applicable from January 1st 2019. The new standard eliminates the difference in the recognition of operating and finance leases, while also presenting elements which simplify application and introduces the concept of control within the definition of leasing. In particular, in order to determine whether a contract represents leasing, IFRS 16 requires to verify whether the lessee has the right to control the use of a determined asset for a determined period of time. Advance application is permitted for entities applying also IFRS 15 Revenues from Contracts with Customers. The endorsement by the EU took place on October 31st 2017 with Regulation No. 1986. The Group is assessing the impact of any assets with the right of use and of the relative financial payable required by the new standard from January 1st 2019.

- On June 20th 2016, the IASB published amendments to IFRS 2 Share-based Payment. The document "Classifications and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)" resolves some issues relating to the accounting of share-based payments. In particular, this amendment includes some significant improvements (i) in the measurement of share-based payments settled by cash, (ii) in their classification and (iii) in the method for the recognition where there is a change from share-based payments settled by cash to share-based payments settled through capital instruments. These changes will be applied from January 1, 2018. The endorsement by the EU took place on November 6th 2018 with Regulation No. 289. The Group does not expect significant impacts on the net equity and on the consolidated result.
- On September 12th 2016, the IASB published a number of amendments to IFRS 4 Insurance Contracts. The document "Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" has the objective to resolve some inconsistencies deriving from the difference in the date of entry into force of IFRS 9 and the new accounting standard on insurance contracts. These changes will be applied from January 1, 2018. The endorsement by the EU took place on November 3rd 2017 with Regulation No. 1988. The Group does not expect significant impacts on the net equity and on the consolidated result.

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 May 18th 2017, the IASB published the new standard IFRS 17 Insurance Contracts, which replaces the current IFRS 4. The new standard on insurance contracts improves transparency on profit sources and on the quality of profits realised and ensures a high level of results comparability, introducing a single standard for the recognition of revenues which reflects the services provided. IFRS 17 applies to financial statements for periods beginning January 1st 2021 or subsequently. The Endorsement Process by EFRAG is currently in progress.
- On December 8th 2016, the IASB published the interpretation IFRIC 22 - "Foreign Currency Transaction and Advance Consideration", in order to provide clarification on the correct recognition of an operation in foreign currency, in the case of payments made or received in advance compared to the actual transaction to which the payment refers. The interpretation clarifies that the date of the transaction to be utilised for the conversion is the date in which the entity makes or receives the advance payment. IFRIC 22 is applicable to financial statements relating to years which begin on January 1st 2018 or subsequently; advanced application is permitted. Endorsement by the EU is expected in the first quarter of 2018.
- On June 7th 2017, the IASB published the interpretation IFRS 23 - "Uncertainty over Income Tax Treatments", which provides indications on how to reflect in the accounting of income taxes uncertainties on the tax treatment of a certain transaction or circumstance. IFRIC 23 applies to financial statements for periods beginning January 1st 2019 or subsequently. Endorsement by the EU is expected in the third quarter of 2018.
- On December 8th 2016, the IASB published some modifications on IAS 40 Investment Property. The document "Amendments to IAS 40: Transfers of Investment Property" has the objective to clarify the aspects relating to the treatment of the transfers

from, and to, investment properties. In particular, the modification clarifies that a transfer must take place if and only if there is a change in the use of the asset. A change in management's intention is not in itself sufficient to support a transfer. The amendments are applicable to financial statements relating to periods which begin January 1st 2018, or subsequently; advance application is permitted. Endorsement by the EU is expected in the first quarter of 2018.

- On October 12th 2017, the IASB published amendments to IFRS 9 - Financial Instruments. The document "Prepayment features with Negative Compensation (Amendments to IFRS 9)" has the objective to amend the requirements of IFRS 9 with reference to the following: (i) financial assets which contain advance payment options through negative compensation may now be measured at amortised cost or at fair value cost through other comprehensive income (FVOCI) where they satisfy the other requirements of IFRS 9; (ii) new accounting criteria introduced in the case of non-significant changes which result in the derecognition in the case of modifications or exchanges of financial liabilities at fixed rates. The amendments are applied to financial statements concerning periods beginning on January 1st 2019 or subsequently; early application is permitted. Endorsement by the EU is expected in the first quarter of 2018.
- On October 12th 2017, the IASB published some amendments to AIS 28 - Investments in associates and joint ventures. The document "Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)" has the objective to clarify some aspects where the company finances associates and joint ventures with preference shares or through loans which are not expected to be repaid in the near term ("Long-Term Interests" or "LTI"). The amendments are applied to financial statements concerning periods beginning on January 1st 2019 or subsequently; early application is permitted. The conclusion of the Endorsement Process by EFRAG is expected in the first quarter of 2018, while endorsement by the EU is expected in 2018.
- On December 12th 2017, the IAS published the "Annual Improvements to IFRS Standards 2015-2017 Cycle". The amendments introduced, within the normal rationalisation and clarification process of the international accounting standards, concern the following standards: (i) IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements: the IASB clarified how to account for the increase of an interest in a joint operation which complies with the definition of business; (ii) IAS 12 - Income Taxes: the IASB clarified that the tax effects related to the payment of dividends (including the payments related to financial instruments classified under equity) are recorded in line with the underlying transactions or events which generated the amounts subject to distribution (ex. recognition in P&L, OCI or equity); (iii) IAS 23 - Borrowing Costs: the IASB clarified that general borrowing for the calculation of financial charges to be capitalised on qualifying assets does not include borrowings which relate specifically to qualifying assets under construction or development. When these qualifying assets are available for use, the relative borrowings are considered general borrowings for the purposes of IAS 23. The amendments are applied to financial statements concerning periods beginning on January 1st 2019 or subsequently; early application is permitted. The conclusion of the Endorsement Process by EFRAG is expected in the first quarter of 2018, while endorsement by the EU is expected in 2018.
- On February 7th 2018, the IASB published amendments to IAS 19 - Employee Benefits. The document "Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)" clarifies some accounting aspects relating to amendments, curtailments or

settlements of a defined benefit plan. The amendments are applied for plan amendments, curtailments or settlements which occur from January 1st 2019 or the date in which they are applied for the first time (advanced application is permitted). The conclusion of the Endorsement Process by EFRAG is expected in the second quarter of 2018, while endorsement by the EU is expected in 2018.

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	31.12.2017	31.12.2016	Activities
Caltagirone Editore SpA	Rome	Parent Com.	Parent Com.	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%	100%	publishing
Finced Srl	Rome	100%	100%	finance
Ced Digital & Servizi Srl	Rome	100%	100%	publishing
Corriere Adriatico SpA	Rome	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
Servizi Italia 15 Srl	Rome	100%	100%	services
Stampa Roma 2015 Srl	Rome	100%	100%	printing
Stampa Napoli 2015 Srl	Rome	100%	100%	printing

** Held by Il Gazzettino SpA*

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. In particular, according to IFRS 10 control over an entity exists when an investor has the ability to utilise their power to influence the results of the entity, and when having the right to variable returns from their connection with the entity invested in.
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	2017	2016
Shareholders' Equity			
Rofin 2008 Srl	Rome	30.00%	30.00%

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 12 is provided in the Notes.

CONSOLIDATION PROCEDURES

The subsidiary companies are consolidated using the line-by-line method. The criteria adopted for 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 to 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 when 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; exceptions to this 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 to 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 any minority interest 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 to 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 POLICIES

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.

INTANGIBLE ASSETS WITH INDEFINITE LIFE

NEWSPAPER TITLES

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 recoverability of their value was verified as reported below (see Note 2). Any 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 rfecognised as assets of the Group at their fair value, or, if lower, at the present value of the minimum lease payments, including any redemption amounts to be paid. The corresponding liability due to the lessor is recorded under financial payables. The leased assets are amortised based on the useful life of the asset. When there is no reasonable certainty that the Group will acquire ownership at the end of the lease, the asset is amortised over the shorter period of the duration of the lease and the useful life of the asset. The leased assets

where the lessor bears the majority of the risks and rewards relating to an asset are recorded as operating leases. The costs relating to operating leases are recorded on a straight-line basis in the income statement over the duration of the lease contract.
The principal depreciation rates applied are as follows:

	Useful life	Economic/Technical rate
Industrial buildings	30 years	3.33%
Light constructions	10 years	10%
Non automated machines and general plant	10 years	10%
Rotating press for paper in rolls	15 years	6.67%
Minor 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.

IMPAIRMENT LOSSES

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 use value, expected future financial flows are discounted back by using a pre-tax discount rate that reflects current estimated market value referring to the cost of money compared to the time and specific risks of the asset.
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.

Losses are recognised in the Income Statement under the account amortisation, depreciation and write-downs.

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.

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:

- *available for sale financial assets*: the available-for-sale assets are non-derivative financial instruments explicitly designated in this category and are classified under non-current assets unless management has the intention to sell them within 12 months from the balance sheet date. 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 may 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. Impairments are recognised to 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.
In accordance with IAS 39.38 financial assets are measured at the trading date.

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 32.

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 EXPENSES

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 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 equities held in portfolio), credit 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.

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.

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. It should be noted that the variable rate loans mature in 2018.

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 requires 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:

- 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.

VALUE OF THE GROUP

The Stock Market capitalisation of Caltagirone Editore is currently lower than the net equity of the Group (Stock Market capitalisation at December 31, 2017 of Euro 160 million compared to a Group net equity of Euro 448.8 million), significantly lower than the valuations based on the fundamentals of the Group expressed by its value in use. The capacity to generate cash flows or the establishment of specific fair values (cash and cash equivalents, financial assets available-for-sale and Publishing Titles) may justify this difference; stock market prices in fact also reflect circumstances not strictly related to the Group, with expectations focused on the short-term.

ASSETS

1. INTANGIBLE ASSETS WITH DEFINITE LIFE

Historical cost	Patents	Trademarks and Concessions	Others	Total
01.01.2016	**1,533**	**1,675**	**5,876**	**9,084**
Increases	37	30	388	**455**
31.12.2016	**1,570**	**1,705**	**6,264**	**9,539**
01.01.2017	**1,570**	**1,705**	**6,264**	**9,539**
Increases	-	19	171	**190**
Reclassifications	-	308	(168)	**140**
31.12.2017	**1,570**	**2,032**	**6,267**	**9,869**

Amortisation & loss in value	Patents	Trademarks and Concessions	Others	Total
01.01.2016	**1,533**	**1,647**	**5,508**	**8,688**
Increases	8	23	206	**237**
31.12.2016	**1,541**	**1,670**	**5,714**	**8,925**
01.01.2017	**1,541**	**1,670**	**5,714**	**8,925**
Increases	7	132	185	**324**
Reclassifications	-	-	163	**163**
31.12.2017	**1,548**	**1,802**	**6,062**	**9,412**

Net value				
01.01.2016	**-**	**28**	**368**	**396**
31.12.2016	**29**	**35**	**550**	**614**
31.12.2017	**22**	**230**	**205**	**457**

Euro thousands

At December 31st 2017, no Companies of the Group recorded the existence of inactive intangible assets or completely amortised still in use of significant value.

The amortisation rates used are shown below:

Category	Average rate
Development Costs	20.0%
Industrial patents and intel. property rights	26.5%
Trademarks, concessions and licenses	10.0%
Other	28.0%

2. INTANGIBLE ASSETS WITH INDEFINITE LIFE

The indefinite intangible assets, comprising entirely of the 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 intangible assets with indefinite life:

Historical cost	Goodwill	Newspaper titles	Total
01.01.2016	**189,596**	**286,794**	**476,390**
Increases/Decreases	-	-	**-**
31.12.2016	**189,596**	**286,794**	**476,390**
01.01.2017	**189,596**	**286,794**	**476,390**
Increases/Decreases	-	-	**-**
31.12.2017	**189,596**	**286,794**	**476,390**
Write-downs	**Goodwill**	**Newspaper titles**	**Total**
01.01.2016	**144,222**	**36,891**	**181,113**
Increases	45,374	-	**45,374**
Decreases	-	-	**-**
31.12.2016	**189,596**	**36,891**	**226,487**
01.01.2017	**189,596**	**36,891**	**226,487**
Increases	-	35,100	**35,100**
Decreases	-	-	**-**
31.12.2017	**189,596**	**71,991**	**261,587**
Net value			
01.01.2016	**45,374**	**249,903**	**295,277**
31.12.2016	**-**	**249,903**	**249,903**
31.12.2017	**-**	**214,803**	**214,803**

Euro thousands

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

	01.01.2016	Increases	Decreases	Write-downs	31.12.2016
Il Messaggero SpA	90,808	-	-	-	90,808
Il Mattino SpA	44,496	-	-	-	44,496
Quotidiano di Puglia SpA	16,031	-	-	(400)	15,631
Corriere Adriatico SpA	12,178	-	-	(600)	11,578
Il Gazzettino SpA	87,387	-	-	-	87,387
Altre testate minori	3	-	-	-	3
Total	**250,903**	**-**	**-**	**(1,000)**	**249,903**

	01.01.2017	Increases	Decreases	Write-downs	31.12.2017
Il Messaggero SpA	90,808	-	-	-	90,808
Il Mattino SpA	44,496	-	-	(2,200)	42,296
Quotidiano di Puglia SpA	15,631	-	-	(5,300)	10,331
Corriere Adriatico SpA	11,578	-	-	-	11,578
Il Gazzettino SpA	87,387	-	-	(27,600)	59,787
Altre testate minori	3	-	-	-	3
Total	**249,903**	**-**	**-**	**(35,100)**	**214,803**

Euro thousands

In relation to the valuation model utilised to establish the recoverability of the newspaper titles, in line with 2016, a verification was carried out of the recoverability of the value of the individual Newspaper Titles in accordance with the combined provisions of IAS 36 par. 10(a) and IAS 38 par. 108.

The impairment test on the individual Newspaper Titles was carried out on the basis of the recoverable value on the individual Newspapers calculated using a model in line with that used to calculate the third level fair value of IFRS 13 "Fair Value Measurement" ("IFRS 13").

The recoverable value of the Newspaper Titles was established through application of a method based on empirical multipliers. This method is one of the most widely used comparative methods in common practice for the calculation of the value of specific categories of intangible assets.

The model applied refers to, for the estimated recoverable value of the Newspaper Titles, revenue multipliers (separate for circulation and advertising revenue) and a corrective factor based on a multiple of the negative EBITDA values which may be generated by the Newspaper Title. The multiplier ratios of the revenue variables are calibrated on the basis of a "balance scorecard" which allocates a score for a series of qualitative factors contributing to the value of the newspaper titles (age, competition, circulation, price, editing, advertising attractiveness, future potential, advertising catchment area and profitability), based on an analysis of the general publishing sector performance and the competitive position of each newspaper title on its market, in addition to historical experience and managerial assessments of the qualitative profiles of each of the publishing titles.

The determination of the revenue ratios based on the overall score from the balance scorecard, for each Newspaper Title, is based on an objective criteria on the basis of which, for all ratios, the allocation of a minimum score for all qualitative factors corresponds to the extreme low-end of the parametric range and the maximum score to the extreme upper range. For the purposes of the analysis at December 31st 2017 lower scores were considered compared to those utilised at December 31st 2016. In particular, taking into account the historic and current results obtained by each Newspaper Title by operating level, among which, newspaper sales, advertising revenues and earnings, as well as medium/long-term expectations on growth of the publishing business, the modifications made related to the values attributed to the factors price and competition (in relation to the competitiveness profiles), advertising attractiveness and advertising reservoir (in relation to the growth potential of the advertising revenues), circulation and future potential.
The underlying table reports the book values of the Newspaper Titles following the impairment tests on the Newspaper Titles. The results, confirmed also by valuations made by an independent expert, resulted in a write-down of Euro 35.1 million.

Description	**Newspaper titles**		
	2017	**2016**	**Write-downs**
Il Gazzettino SpA	59,787	87,387	(27,600)
Il Messaggero SpA	90,808	90,808	-
Il Mattino SpA	42,296	44,496	(2,200)
Quotidiano di Puglia SpA	10,331	15,631	(5,300)
Corriere Adriatico SpA	11,578	11,578	-

Euro thousands

In addition to the verification of the recoverability of the value of the Newspaper Titles at December 31st 2017 through the application of the model previously illustrated, taking into account the close inter-dependence existing between the various legal entities of the Group and in line with the impairment test carried out for the year 2016, an analysis was also carried out of the future cash flows of the CGU's with reference to 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.
In order to verify the recoverability of the CGU's, an economic and financial plan of the Caltagirone Editore Group was prepared using the financial statement accounts of the CGU (including the Newspaper Titles) comprising the publishing and advertising activities.
The analysis was carried out in accordance with international accounting standard IAS 36. The value in use in 2017 was determined through the Discounted Cash Flow method, which is the discounting of the future operating cash flows generated by the CGU.
In particular, the cash flows were 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, calculated under the

perpetual return model, was added to this value. A growth rate of zero was applied for the calculation of the terminal value.
The calculation of the impairment test, based on the future cash flows estimated by Management and approved by the Board of Directors, took into account the expected performance for 2018. 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. In this regard, the forecasts made in the previous year were reviewed by the Company also on the basis of the 2017 figures.
In particular it should be noted that the reorganisation actions and costs containment programmes implemented by management over a number of years have always achieved results above those expected. On the other hand, the performance of the advertising market and the newspaper circulation figures, due to the extended period of the crisis together with the extraordinary digital information revolution, have resulted in greater and prolonged difficulties compared to those forecast by all of the main operators. Therefore, the expected cash flows utilised in the model were calculated based on the 2018 budget and the 2019-2022 plan 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 was reviewed and updated in 2018 also to take account of the matters outlined above and of the differences between the previous plan and the 2017 results. The operating costs considered in the expected cash flows were 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. From the further impairment test carried out no further write-downs emerged from the activities included in the CGU of the publishing and advertising activities.
The underlying table reports the principal parameters used in the impairment test.

Description	***Tax rate***		**WACC***		***G-rate****		**Explicit period cash flows**
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	
Value	28.82%	28.82%	6.10%	6.50%	-	-	5 years

Euro thousands

* *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"*

The results of the sensitivity analysis illustrate that - while there exists a non negligible sensibility of the estimates to changes in the g and WACC parameters considered and that, in some valuation scenarios, the differential between the estimated Enterprise Value and the book value of the NIC of the CGU would be negative (and only due to growth rate assumptions equal to 0) - in the majority of scenarios examined the results of the test confirm, in substance, the conclusions obtained with reference to the base scenario.
Further to the impairment models utilised in valuing indefinite intangible assets,

for the estimate of the effective value of the newspapers intangible assets, 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 & Building	Plant & Machinery	Commercial and industrial equipment	Other assets	Assets in progress	Total
01.01.2016	**60,164**	**97,620**	**859**	**22,299**	**16**	**180,958**
Increases	-	103	-	535	2,024	**2,662**
Decreases	-	-	(45)	(63)	-	**(108)**
31.12.2016	**60,164**	**97,653**	**814**	**22,771**	**2,040**	**183,442**
01.01.2017	**60,164**	**97,653**	**814**	**22,771**	**2,040**	**183,442**
Increases	557	-	2	521	2,836	**3,916**
Decreases	-	(121)	-	(68)	-	**(189)**
Reclassifications	-	4,876	2	(723)	(4,876)	**(721)**
31.12.2017	**60,721**	**102,408**	**818**	**22,501**	**-**	**186,448**
Depreciation & loss in value	**Land & Building**	**Plant & Machinery**	**Commercial and industrial equipment**	**Other assets**	**Assets in progress**	**Total**
01.01.2016	**24,057**	**89,167**	**837**	**21,191**	**-**	**135,252**
Increases	1,561	4,203	18	459	-	**6,241**
Decreases	-	-	(45)	-	-	**(45)**
31.12.2016	**25,618**	**93,370**	**810**	**21,650**	**-**	**141,448**
01.01.2017	**25,618**	**93,370**	**810**	**21,650**	**-**	**141,448**
Increases	1,563	4,294	3	428	-	**6,288**
Reclassifications	-	(98)	2	(625)	-	**(721)**
31.12.2017	**27,181**	**97,566**	**815**	**21,453**	**-**	**147,015**
Net value						
01.01.2016	**36,107**	**8,453**	**22**	**1,108**	**16**	**45,706**
31.12.2016	**34,546**	**4,283**	**4**	**1,121**	**2,040**	**41,994**
31.12.2017	**33,540**	**4,842**	**3**	**1,048**	**-**	**39,433**

Euro thousands

"Land and Buildings" include operating offices and facilities for the printing of newspapers.
"Plant and machinery" principally comprise the rotary presses held by the Group publishing companies; the increase in the year relates to the new "Il Gazzettino SpA" rotary press, located in the Mestre facility, entering into use during the year.

"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.
No financial expenses were capitalised.
Some plant and machinery provided as guarantees on mortgages of a subsidiary (expiry in 2018) were fully depreciated. For further information, reference should be made to Note 15.

4. EQUITY INVESTMENTS VALUED AT EQUITY

	01.01.2016	Increases/(Decreases) to Income Statement	Other changes	31.12.2016
Rofin 2008 Srl	3	-	(1)	2
Total	**3**	**-**	**(1)**	**2**

	01.01.2017	Increases/(Decreases) to Income Statement	Other changes	31.12.2017
Rofin 2008 Srl	2	-	-	2
Total	**2**	**-**	**-**	**2**

Euro thousands

The key balance sheet figures at December 31st 2017 of this investment is summarised below:

Investments in associated companies	Registered office	Share capital	Assets	Liabilities	Revenues	Net Equity	Net Result	% held
Rofin 2008 Srl	Rome	10	6	1	-	5	(2)	30.00%

Euro thousands

5. EQUITY INVESTMENTS AND NON-CURRENT SECURITIES

Equity investments and non-current securities	01.01.2016	Increases/ (Decreases)	Fair value change	31.12.2016
Investments in other companies valued at cost	1,342	(124)	-	1,218
Investments in other companies available-for-sale	133,930	(28,031)	(25,415)	80,484
Total	**135,272**	**(28,155)**	**(25,415)**	**81,702**

Equity investments and non-current securities	01.01.2017	Increases/ (Decreases)	Fair value change	31.12.2017
Investments in other companies at cost	1,218	-	-	1,218
Investments in other companies available-for-sale	80,484	-	6,156	86,640
Total	**81,702**	**-**	**6,156**	**87,858**

Euro thousands

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

Investments in other companies	%	01.01.2016	Increases/ (Decreases)	Write-downs	31.12.2016
Ansa	6.71	1,166	32	-	1,198
Altre minori	-	158	(138)	-	20
Total		**1,342**	**(106)**	**(18)**	**1,218**

Investments in other companies	%	01.01.2017	Increases/ (Decreases)	Write-downs	31.12.2017
Ansa	6.71	1,198	-	-	1,198
Altre minori	-	20	-	-	20
Total		**1,218**	**-**	**-**	**1,218**

Euro thousands

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	01.01.2016	Increases	Decreases	Share capital increases	Fair value change	31.12.2016
Assicurazioni Generali SpA	96,444	-	-	-	(15,960)	80,484
UniCredit SpA	37,486	-	(28,870)	839	(9,455)	-
Total	**133,930**	**-**	**(28,870)**	**839**	**(25,415)**	**80,484**

	01.01.2017	Increases	Decreases	Share capital increases	Fair value change	31.12.2017
Assicurazioni Generali SpA	80,484	-	-	-	6,156	86,640
Total	**80,484**	**-**	**-**	**-**	**6,156**	**86,640**

Euro thousands

Number	01.01.2016	Increases	Decreases	Share capital increases	31.12.2016
Assicurazioni Generali SpA	5,700,000	-	-	-	5,700,000
UniCredit SpA	7,300,000	-	(7,617,391)	317,391	-

	01.01.2017	Increases	Decreases	Share capital increases	31.12.2017
Assicurazioni Generali SpA	5,700,000	-	-	-	5,700,000

The valuation at fair value of these investments at December 31st 2017 was recorded to the Comprehensive Income Statement in the Shareholders' Equity reserve for Euro 6.2 million, excluding the tax effect of Euro 43 thousand.

The changes in the fair value reserve are reported below:

	01.01.2016	Increases	Decreases	31.12.2016
Fair Value reserve	19,973	-	(25,415)	(5,442)
Tax effect	(265)	254	-	(11)
Net Fair Value reserve	**19,708**	**254**	**(25,415)**	**(5,453)**
Changes in the year				**(25,161)**

	01.01.2017	Increases	Decreases	31.12.2017
Fair Value reserve	(5,442)	6,156	-	714
Tax effect	(11)	-	(43)	(54)
Net Fair Value reserve	**(5,453)**	**6,156**	**(43)**	**660**
Changes in the year				**6,113**

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. OTHER NON-CURRENT ASSETS

The account, amounting to Euro 106 thousand, principally relates to receivables for deposits due within five years.

7. 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.

Deferred tax assets	01.01.2016	Provisions	Utilisations	Change in tax rate	Other changes	31.12.2016
Tax losses carried forward	36,527	3,548	(599)	95	-	39,571
Provision for risks and charges	1,916	1,034	(497)	(2)	-	2,451
Doubtful debt provision	2,499	393	(578)	(42)	-	2,272
Other	2,283	1,025	(127)	(8)	(103)	3,070
Total	**43,225**	**6,000**	**(1,801)**	**43**	**(103)**	**47,364**

Deferred tax liabilities	01.01.2016	Provisions	Utilisations	Change in tax rate	Other changes	31.12.2016
Fair value intangible & tangible assets	20,855	-	(127)	-	-	20,728
Diff. fiscal depreciation rates	16,710	165	(1,610)	-	-	15,265
Reversal of statutory amortisation and depreciation	21,513	1,895	-	-	-	23,408
Differences accounting amortisation and depreciation	38,223	2,060	(1,610)	-	-	38,673
Other	276	13	(4)	-	(267)	18
Total	**59,354**	**2,073**	**(1,741)**	**-**	**(267)**	**59,419**
Net deferred tax liabilities	**(16,129)**	**3,927**	**(60)**	**43**	**164**	**(12,055)**

Deferred tax assets	01.01.2017	Provisions	Utilisations	Change in tax rate	Other changes	31.12.2017
Tax losses carried forward	39,571	2,557	(591)	-	-	41,537
Provision for risks and charges	2,451	567	(1,041)	-	-	1,977
Doubtful debt provision	2,272	258	(378)	-	-	2,152
Other	3,070	528	(205)	-	(45)	3,348
Total	**47,364**	**3,910**	**(2,215)**	**-**	**(45)**	**49,014**

Deferred tax liabilities	01.01.2017	Provisions	Utilisations	Change in tax rate	Other changes	31.12.2017
Fair value intangible & tangible assets	20,728	-	(7,919)	-	-	12,809
Diff. fiscal depreciation rates	15,265	165	(1,936)	-	-	13,494
Reversal of statutory amortisation and depreciation	23,408	1,895	(672)	-	-	24,631
Differences accounting amortisation and depreciation	38,673	2,060	(2,608)	-	-	38,125
Other	18	11	(2)		32	59
Total	**59,419**	**2,071**	**(10,529)**	**-**	**32**	**50,993**
Net deferred tax liabilities	**(12,055)**	**1,839**	**8,314**	**-**	**(77)**	**(1,979)**

Euro thousands

The increase of the deferred tax assets is principally due to the tax losses in the year.

Considering that deferred tax liabilities on temporary assessable differences are greater than deferred tax assets and 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 2017.

The deferred tax liabilities refers to temporary differences concerning amortisation and depreciation, while utilisations principally concern the write-downs made on the newspaper titles.
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 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:

	31.12.2017	**31.12.2016**
Receivables for direct taxes	295	319
Reimburse. request of direct taxes	14	14
Payables for IRES/IRAP/substitute taxes	(275)	(115)
Total	**34**	**218**

Euro thousands

The income taxes for the year are as follows:

	2017	**2016**
Current taxes	175	100
Prior year taxes	(29)	1,584
Current taxes	**146**	**1,684**
Provision for deferred tax liabilities	2,071	2,073
Utilisation of deferred tax liabilities	(10,529)	(1,741)
Change in tax rate	-	-
Deferred tax charges	**(8,458)**	**332**
Recording of deferred tax assets	(3,910)	(6,000)
Utilisation of deferred tax assets	2,215	1,801
Change in tax rate	-	(43)
Deferred tax income	**(1,695)**	**(4,242)**
Total income taxes	**(10,007)**	**(2,226)**
Current and deferred IRES tax	(9,297)	(4,368)
Current and deferred IRAP tax	(681)	558
Prior year taxes	(29)	1,584
Total income taxes	**(10,007)**	**(2,226)**

Euro thousands

The current income taxes comprise only IRAP taxes.
The analysis of the difference between the theoretical IRES and actual tax rates are as follows:

2016	Taxable	Amount	Effective rate
Loss before taxes	**(64,665)**	**(17,783)**	**27.5%**
Permanent differences increase (decrease):			
Dividends		(1,072)	
Non-deductible costs		475	
Rate adjustment		(43)	
Write-downs		12,478	
Loss on disposal of investments		2,049	
Other permanent differences		(472)	
Current and deferred IRES tax		**(4,368)**	**6.8%**

2017	Taxable	Amount	Effective rate
Loss before taxes	**(39,640)**	**(9,514)**	**24.0%**
Permanent differences increase (decrease):			
Dividends		(1,040)	
Non-deductible costs		352	
Rate adjustment		-	
Write-downs		1,272	
Loss on disposal of investments		-	
Other permanent differences		(368)	
Current and deferred IRES tax		**(9,297)**	**23.5%**

Euro thousands

8. INVENTORIES

Inventories at December 31st 2017 amount to Euro 1.3 million (Euro 1.7 million at December 31st 2016) 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 409 thousand and is included in the account Raw material costs (see Note 20).
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.

9. TRADE RECEIVABLES

The breakdown is as follows:

	31.12.2017	31.12.2016
Trade receivables	60,509	61,937
Doubtful debt provision	(10,459)	(11,080)
Trade receivables	**50,050**	**50,857**
Receivables from related parties	705	699
Advances to suppliers	24	-
Total trade receivables	**50,779**	**51,556**

Euro thousands

Trade receivables principally relate to Group advertising revenues from the advertising agency Piemme SpA (Euro 43.8 million).

The doubtful debt provision was utilised in the year for Euro 2 million and increased by Euro 1.4 million for the provisions made in the year.

The general valuation criteria of receivables, considered financial assets within the scope of IAS 39, are illustrated in the accounting policies.

In particular, receivables, as considered financial 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. Impairments are recognised to 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.

The value of trade receivables, adjusted by the relative doubtful debt provision, approximates their fair value.

The estimate of the Doubtful debt provision is made, in consideration of the highly fragmented nature of the debt positions, through an assessment of the maturity of receivables by similar type, referring to historical-statistical analysis on the probability of recovery. The write-down process requires however that individual commercial positions of significant amounts and for which an objective solvency condition is apparent are subject to individual write-downs.

The estimate of the Doubtful debt provision of Piemme SpA and of the Caltagirone Editore Group, although mainly concerning overdue receivables, was made on a reasonably conservative basis, covering also any potential losses on receivables not in dispute.

The table below shows the ageing of the trade receivables at December 31st 2016 and at December 31st 2017.

	31.12.2017	31.12.2016
Not yet due	**26,905**	**26,728**
1-30 days	4,937	5,308
30-60 days	2,669	3,385
60-90 days	1,354	1,988
Over 90 days	24,644	24,528
Overdue	**33,604**	**35,209**
Total Gross Value	**60,509**	**61,937**
Doubtful debt provision	(10,459)	(11,080)
Trade receivables	**50,050**	**50,857**

Euro thousands

10. OTHER CURRENT ASSETS

The breakdown is as follows:

	31.12.2017	31.12.2016
Employee receivables	97	101
VAT receivables	-	339
Other receivables	519	1,205
Prepaid expenses	263	356
Other current assets	**879**	**2,001**

Euro thousands

11. CASH AND CASH EQUIVALENTS

The breakdown is as follows:

	31.12.2017	31.12.2016
Bank and postal deposits	135,513	150,629
Bank and postal deposits with related parties	718	351
Cash in hand and similar	267	50
Total cash and cash equivalents	**136,498**	**151,030**

Euro thousands

The reduction in cash and cash equivalents at December 31st 2017 is essentially due to the reduced debt exposure to the credit institutions, investments in capex and company restructuring plans, net of the dividends received on holdings in listed companies.
The average interest rate on the bank deposits was 0.02% (0.2% in 2016).
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 1.4 million. A decrease in interest rates of the same level would have a corresponding negative impact.
Bank and postal deposits with related parties refer to the positions with UniCredit SpA.

SHAREHOLDERS' EQUITY & LIABILITIES

12. SHAREHOLDERS' EQUITY

	31.12.2017	31.12.2016
Share Capital	125,000	125,000
Listing charges	(18,865)	(18,865)
Treasury shares	(2,224)	(2,063)
Fair Value reserve	660	(5,453)
Other Reserves	373,830	436,154
Net loss	(29,633)	(62,439)
Group net equity	**448,768**	**472,334**
Minority interest N.E.	-	-
Total net equity	**448,768**	**472,334**

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 2017, Caltagirone Editore SpA had 2,303,799 treasury shares in portfolio, comprising 1.843% of the share capital for a value of Euro 2,224,175.
The positive fair value reserve (for greater details reference should be made to Note 5) of Euro 660 thousand, includes the net increase in the year of Euro 6.1 million, concerning the market value adjustments of available-for-sale investments.
The other reserves include:

- Share premium reserve of Euro 480.5 million;
- Legal reserve of the Parent Company of Euro 25 million, set up pursuant to Article 2430 of the Civil Code;
- Treasury Shares reserve of Euro 2.2 million;
- 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 negative amount of Euro 150 million;
- The actuarial losses reserve relating to the application of IAS 19 for post-employment benefits, negative for Euro 2 million, net of the relative tax effect. The increase in the year of Euro 95 thousand 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.

13. PERSONNEL

Post-employment benefits and employee provisions

Post-employment benefits in the Group companies with less than 50 employees represents a liability relating to the benefits recognised to employees and paid either on termination or after employment service. This liability, together with the senior management indemnity provision, is a defined benefit plan and therefore is determined applying the actuarial method.

In the Group companies with over 50 employees, in accordance with the pension reform, the employee leaving indemnity matured at December 31st 2006 represents the payable matured by the company to be paid at the end of the employment service. This payable is valued applying actuarial and financial techniques without however considering the future salaries of the employee. The assumptions relating to the determination of the plan are summarised in the table below:

	31.12.2017	31.12.2016
Annual technical discounting rate	1.30%	1.30%
Annual inflation rate	1.50%	1.50%
Annual increase in leaving indemnity	2.62%	2.62%
Annual increase in salaries	3.00%	3.00%

Values in %

The movements in the year are as follows:

	2017	2016
Net liability at beginning of year	**21,393**	**24,745**
Current cost in the period (service costs)	192	180
Interest charge (interest cost)	266	425
Actuarial gains (losses)	(133)	(314)
(Services paid)	(4,339)	(2,465)
Other changes	(26)	(1,178)
Net liability at end of year	**17,353**	**21,393**

Euro thousands

In relation to the sensitivity analyses, an increase of 0.5% to the discount rate utilised may prompt a reduction in the net liabilities of the provision of Euro 600 thousand; a similar decrease in the rate may result in an increased net liability of Euro 638 thousand.

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

	31.12.2017	31.12.2016
Nominal value of the provision	16,247	20,080
Actuarial adjustment	1,106	1,313
Total DBO	**17,353**	**21,393**

Euro thousands

Employee numbers and cost

	2017	2016
Wages and salaries	42,447	45,648
Social security charges	14,272	15,836
Post-employment benefit provision	192	180
Post-employment benefit to Complementary Fund	2,951	3,074
Other costs	4,533	5,050
Total personnel expense	**64,395**	**69,788**

Euro thousands

The account wages and salaries 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 approx. Euro 3.5 million (Euro 4.5 million at December 31st 2016).
The following table shows the average number of employees by category:

	31.12.2017	31.12.2016	Average 2017	Average 2016
Executives	20	22	20	22
Managers & white collar	186	215	203	215
Journalists	368	411	376	416
Print workers	97	98	97	100
Total	**671**	**746**	**696**	**753**

14. PROVISIONS FOR RISKS AND CHARGES

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2016	**7,641**	**187**	**452**	**8,280**
Provisions	647	-	3,904	**4,551**
Utilisations	(958)	(15)	(60)	**(1,033)**
Reclassifications	520	-	-	**520**
Balance at December 31st 2016	**7,850**	**172**	**4,296**	**12,318**
of which:				
Current portion	*2,630*	*-*	*4,296*	***6,926***
Non-current portion	*5,220*	*172*	*-*	***5,392***
Total	**7,850**	**172**	**4,296**	**12,318**
Balance at January 1st 2017	**7,850**	**172**	**4,296**	**12,318**
Provisions	209	-	2,492	**2,701**
Utilisations	(445)	(37)	(3,951)	**(4,433)**
Reclassifications	(369)	-	369	**-**
Balance at December 31st 2017	**7,245**	**135**	**3,206**	**10,586**
of which:				
Current portion	*2,046*	*-*	*1,956*	***4,002***
Non-current portion	*5,199*	*135*	*1,250*	***6,584***
Total	**7,245**	**135**	**3,206**	**10,586**

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 on all the information available at the date of preparation of these consolidated financial statements, considering the difficulty in estimating charges and the timing connected to each single case.

The agent's indemnity provision, which reflects the prudent increase in the risk connected to the termination of the mandate conferred to agents in accordance with law, refers to the company Piemme SpA, advertising agency.

The provisions for other risks principally include residual charges relating to the restructuring plans of Il Messaggero SpA, Il Gazzettino SpA and Il Mattino SpA; the relative provisions are included in labour costs.

15. FINANCIAL LIABILITIES

	31.12.2017	31.12.2016
Bank payables	-	3,066
Non-current financial liabilities	**-**	**3,066**
Bank payables	4,583	5,565
Payables to related companies	365	2,737
Short-term portion of non-current loans	3,062	5,232
Current financial liabilities	**8,010**	**13,534**

Euro thousands

The due dates of the financial liabilities are as follows:

	31.12.2017	31.12.2016
Within 3 months	4,948	8,302
Between 3 months & 1 year	3,062	5,232
Current financial liabilities	**8,010**	**13,534**
Between 1 and 2 years	-	3,066
Between 2 and 5 years	-	-
due beyond 5 years	-	-
Non-current financial liabilities	**-**	**3,066**
Total financial liabilities	**8,010**	**16,600**

Euro thousands

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

	2017	2016
Non-current financial liabilities		
Bank payables	0.3	0.3
Current financial liabilities		
Bank payables	3.0	3.0
Short-term portion of non-current loans	0.3	0.3

Values in %

Current financial liabilities include the current portion of 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 result of approx. Euro 80 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.

16. OTHER LIABILITIES

	31.12.2017	31.12.2016
Other non-current liabilities		
Other payables	95	90
Deferred income	1,488	1,468
Total	**1,583**	**1,558**
Other current liabilities		
Social security institutions	4,897	5,607
Employee payables	5,441	5,377
VAT payables	240	246
Withholding taxes	2,497	2,981
Other payables	8,885	7,784
Payables to related companies	26	16
Deferred income	436	496
Total	**22,422**	**22,507**

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.

17. TRADE PAYABLES

	31.12.2017	31.12.2016
Supplier payables	20,396	21,711
Payables to related companies	1,076	395
Total	**21,472**	**22,106**

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

18. REVENUES FROM SALES AND SERVICES

	2017	2016
Circulation revenues	56,167	59,312
Promotions	617	602
Advertising	81,683	87,108
Total revenues from sales and services	**138,467**	**147,022**
of which related parties	*929*	*894*

Euro thousands

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

19. OTHER OPERATING REVENUES

	2017	2016
Grants related to income	2	4
Recovery of expenses from third parties	1,297	566
Capital grant contributions	-	17
Rent, leases and hire charges	112	80
Subsidised tariffs	225	263
Other revenues	4,669	4,395
Total other operating revenues	**6,305**	**5,325**
of which related parties	*109*	*14*

Euro thousands

20. RAW MATERIAL COSTS

	2017	2016
Paper	9,688	10,870
Other publishing materials	3,451	3,018
Change in inventories of raw materials and goods	409	786
Total raw materials costs	**13,548**	**14,674**

Euro thousands

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

21. OTHER OPERATING COSTS

	2017	2016
Editorial services	13,030	13,585
Transport and delivery	7,964	8,165
Outside contractors	2,462	3,502
Promotions	252	538
Advertising & promotions	1,825	1,856
Commissions and agent costs	5,764	6,230
Utilities and power	2,357	2,310
Maintenance and repair costs	3,162	3,331
Consulting	3,379	3,553
Purchase of advertising space third parties	5,355	5,154
Directors and statutory auditors fees	1,921	1,875
Insurance, postal and telephone	809	862
Cleaning and security	1,190	1,024
Subcontractors and other services	2,299	2,577
Independent auditors fees	287	306
Other costs	5,690	5,030
Total service costs	**57,746**	**59,898**
Rental	5,308	5,449
Hire	739	723
Other	52	45
Total rent, lease and similar costs	**6,099**	**6,217**
Other operating charges	3,081	3,619
Other	25	72
Total other costs	**3,106**	**3,691**
Total other operating costs	**66,951**	**69,806**
of which related parties	*5,423*	*4,972*

Euro thousands

22. AMORTISATION, DEPRECIATION, PROVISIONS & WRITE-DOWNS

	2017	2016
Amortisation of intangible assets	324	237
Depreciation of property, plant & equipment	6,288	6,241
Provision for risks and charges	209	697
Write-down of intangible assets with indefinite life	35,100	45,374
Doubtful debt provision	1,371	1,765
Other write-downs	-	70
Total amortisation, depreciation, provisions & write-downs	**3,292**	**54,384**

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 9.

23. NET FINANCIAL INCOME/(CHARGES)

	2017	2016
Financial income		
Dividends	4,560	4,943
Bank deposit interest	55	411
Other financial income	26	81
Total financial income	**4,641**	**5,435**
Financial charges		
Loss on sale of investments	-	(12,271)
Interest on mortgage loans	(40)	(67)
Interest on bank accounts	(289)	(775)
Interest on leaving indemnity	(266)	(425)
Banking commissions and charges	(203)	(198)
Other financial charges	(69)	(59)
Total financial charges	**(867)**	**(13,795)**
Financial result	**3,774**	**(8,360)**

Euro thousands

The dividends included in financial income relates to the shareholding in Assicurazioni Generali SpA.

24. 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.

	2017	2016
Net Result	(29,633)	(62,439)
Number of ordinary shares outstanding (thousands)	122,740	123,045
Net earnings per share	**(0.241)**	**(0.507)**

The diluted earning per share is identical to the basic earnings per share as Caltagirone Editore SpA has only issued ordinary shares.
In 2017, no dividends were distributed.

25. OTHER CONSOLIDATED COMPREHENSIVE INCOME STATEMENT ITEMS

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

	31.12.2017			31.12.2016		
	Gross value	**Tax effect**	**Net value**	**Gross value**	**Tax effect**	**Net value**
Actuarial gains/(losses) on post-employment benefits	133	(38)	95	311	(89)	222
Gain/(loss) from recalculation of AFS financial assets, net of tax effect	6,156	(43)	6,113	(25,415)	254	(25,161)

Euro thousands

26. TRANSACTIONS WITH RELATED PARTIES

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:

2016	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions							
Trade receivables	4	-	394	301	**699**	**51,556**	1.4%
Cash and cash equivalents	-	-	-	351	**351**	**151,030**	0.2%
Trade payables	214	8	45	128	**395**	**22,106**	1.8%
Current financial liabilities	-	-	-	2,737	**2,737**	**13,534**	20.2%
Other current liabilities	-	-	16	-	**16**	**22,507**	0.1%
Income statement transactions							
Revenues	-	-	334	560	**894**	**147,022**	0.6%
Other operating income	-	-	14	-	**14**	**5,325**	0.3%
Other operating charges	700	-	4,212	60	**4,972**	**69,806**	7.1%
Financial income	-	-	-	4,943	**4,943**	**5,435**	90.9%
Financial expense	-	-	-	281	**281**	**13,795**	2.0%

2017	Parent Company	Associated companies	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions							
Trade receivables	-	-	214	491	**705**	**50,779**	1.4%
Cash and cash equivalents	-	-	-	718	**718**	**136,498**	0.5%
Trade payables	814	-	133	129	**1,076**	**21,472**	5.0%
Current financial liabilities	-	-	-	365	**365**	**8,010**	4.6%
Other current liabilities	-	-	26	-	**26**	**22,422**	0.1%
Income statement transactions							
Revenues	-	-	333	596	**929**	**138,467**	0.7%
Other operating income	-	-	109	-	**109**	**6,305**	1.7%
Other operating charges	600	-	4,715	108	**5,423**	**66,951**	8.1%
Financial income	-	-	-	4,560	**4,560**	**4,641**	98.3%
Financial expense	-	-	-	38	**38**	**867**	4.4%

Euro thousands

Trade receivables principally concern commercial transactions for the sale of advertising space.
Cash and cash equivalents, current financial liabilities and financial charges concern the operations in place at December 31st 2017 with the credit institutions UniCredit 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 relates to dividends received from Assicurazioni Generali SpA.

27. 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.

2016	Publishing and Advertising activities	Other activities	Consol. Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Sector revenues - third parties	152,274	11	62	152,347	-	152,347
Inter-segment revenues	113	690	(62)	741	(741)	-
Segment revenues	**152,387**	**701**	**-**	**153,088**	**(741)**	**152,347**
Segment EBITDA	**(301)**	**(1,620)**	**-**	**(1,921)**	**-**	**(1,921)**
Depreciation, amortisation, provisions & write-downs	(54,383)	(1)	-	(54,384)	-	(54,384)
EBIT	**(54,684)**	**(1,621)**	**-**	**(56,305)**	**-**	**(56,305)**
Net financial result	-	-	-	-	-	(8,360)
Loss before taxes	**-**	**-**	**-**	**-**	**-**	**(64,665)**
Income taxes	-	-	-	-	-	2,226
Net Loss						**(62,439)**

	Publishing and Advertising activities	Other activities	Consol. Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Segment assets	386,660	241,575	-	628,235	-	628,235
Segment liabilities	149,766	6,135	-	155,901	-	155,901
Equity investments at equity	-	2	-	2	-	2
Investments in intangible and tangible fixed assets	3,117	-	-	3,117	-	3,117

2017	Publishing and Advertising activities	Other activities	Consol. Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Sector revenues - third parties	144,750	12	10	144,772	-	144,772
Inter-segment revenues	29	500	(10)	519	(519)	-
Segment revenues	**144,779**	**512**	**-**	**145,291**	**(519)**	**144,772**
Segment EBITDA	**1,892**	**(2,014)**	**-**	**(122)**	**-**	**(122)**
Depreciation, amortisation, provisions & write-downs	(43,291)	(1)	-	(43,292)	-	(43,292)
EBIT	**(41,399)**	**(2,015)**	**-**	**(43,414)**	**-**	**(43,414)**
Net financial result	-	-	-	-	-	3,774
Loss before taxes	**-**	**-**	**-**	**-**	**-**	**(39,640)**
Income taxes	-	-	-	-	-	10,007
Net Loss						**(29,633)**

	Publishing and Advertising activities	Other activities	Consol. Adjustments	Consolidated pre-segment eliminations	Segment eliminations	Consolidated
Segment assets	350,932	230,255	-	581,187	-	581,187
Segment liabilities	125,647	6,772	-	132,419	-	132,419
Equity investments at equity	-	2	-	2	-	2
Investments in intangible and tangible fixed assets	4,106	-	-	4,106	-	4,106

Euro thousands

28. NET CASH POSITION

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

	31.12.2017	31.12.2016
A. Cash	267	50
B. Bank deposits	136,231	150,980
D. Liquidity (A)+(B)	**136,498**	**151,030**
E. Current financial receivables	**-**	**-**
F. Current bank payables	4,948	8,302
G. Current portion of non-current debt	3,062	5,232
H. Current payables to other lenders	-	-
I. Current debt (F)+(G)+(H)	**8,010**	**13,534**
J. Net current cash position (I)-(E)-(D)	**(128,488)**	**(137,496)**
K. Non-current bank payables	-	3,066
L. Non-current payables to other lenders	-	-
M. Non-current financial debt (K)+(L)	**-**	**3,066**
N. Net Cash Position (J)+(M)	**(128,488)**	**(134,430)**

Euro thousands

29. GUARANTEES AND COMMITMENTS

	31.12.2016
1. Bank and Insurance Sureties Given	38,368
2. Bank and Insurance Sureties Received	237
3. Bills at banks	-
4. Mortgages and privileges	60,000
Total	**98,605**

	31.12.2017
1. Bank and Insurance Sureties Given	38,368
2. Bank and Insurance Sureties Received	237
3. Bills at banks	-
4. Mortgages and privileges	60,000
Total	**98,605**

Euro thousands

30. 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 2017.

Company	Audit Firm	Period	Audit fees	Annual Fees *
Caltagirone Editore SpA	PWC SpA	2012/2020	41	41
Il Mattino SpA	PWC SpA	2012/2020	33	33
Piemme SpA	PWC SpA	2012/2020	29	29
Il Messaggero SpA	PWC SpA	2012/2020	38	38
Leggo SpA	PWC SpA	2012/2020	15	15
Finced Srl	PWC SpA	2012/2020	6	6
Corriere Adriatico SpA	PWC SpA	2015/2016/2017	20	20
Quotidiano di Puglia SpA	PWC SpA	2015/2016/2017	20	20
Servizi Italia '15 Srl	PWC SpA	2016/2017/2018	9	9
Il Gazzettino SpA	PWC SpA	2012/2020	30	30
ITV SpA	PWC SpA	2015/2016/2017	9	9
CSV SpA	PWC SpA	2015/2016/2017	15	15
Totale			**265**	**265**

Euro thousands

** The amount does not include the Consob contribution or expenses*

31. 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 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:

31.12.2016	Note	Level 1	Level 2	Level 3	Total
AFS Financial assets valued at fair value	7	80,484	-	-	**80,484**
Total assets		**80,484**	**-**	**-**	**80,484**

31.12.2017	Note	Level 1	Level 2	Level 3	Total
AFS Financial assets valued at fair value	7	86,640	-	-	**86,640**
Total assets		**86,640**	**-**	**-**	**86,640**

Euro thousands

In 2017 there were no transfers between the various levels.

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 Gianni, as Chairman of the Board of Directors, and Fabrizio Caprara, 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 2017.

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

3. It is also declared that:

3.1 the Consolidated Financial Statements:

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

   b) correspond to the underlying accounting documents and records;

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

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

Rome, March 12th 2018

The Chairman	**The Executive Responsible**
Mr. Francesco Gianni	Mr. Fabrizio Caprara

CALTAGIRONE EDITORE

FINANCIAL STATEMENTS
DECEMBER 31ST 2017

CALTAGIRONE EDITORE SPA
BALANCE SHEET

ASSETS	Note	31.12.2017	31.12.2016
Non-current assets			
Property, plant and equipment	1	650	1,765
Equity investments valued at cost	2		
subsidiary companies		*299,509,946*	*239,889,125*
associated companies		*3,000*	*3,000*
other companies		*10*	*10*
Equity investments and non-current securities	3	50,920,000	47,302,001
Deferred tax assets	4	37,904,995	35,821,000
TOTAL NON-CURRENT ASSETS		**388,338,601**	**323,016,901**
Current assets			
Trade receivables	5	1,126,507	636,431
of which related parties		*1,122,948*	*622,200*
Current financial assets	6	88,967,557	66,186,294
of which related parties		*88,967,557*	*66,186,294*
Tax receivables	4	169,009	116,888
Other current assets	7	3,913,071	2,778,360
of which related parties		*3,770,254*	*2,776,096*
Cash and cash equivalents	8	2,327,332	122,219,635
of which related parties		*27,713*	*224,669*
TOTAL CURRENT ASSETS		**96,503,476**	**191,937,608**
TOTAL ASSETS		**484,842,077**	**514,954,509**

In Euro

CALTAGIRONE EDITORE SPA
BALANCE SHEET

SHAREHOLDERS' EQUITY & LIABILITIES	Note	31.12.2017	31.12.2016
Shareholders' Equity			
Share capital		125,000,000	125,000,000
Share capital issue costs		(18,864,965)	(18,864,965)
Other reserves		372,340,606	392,814,995
Loss for the year		(36,947,457)	(23,906,890)
TOTAL SHAREHOLDERS' EQUITY	**9**	**441,528,184**	**475,043,140**
LIABILITIES			
Non-current liabilities			
Employee provisions	10	92,530	118,789
Deferred tax liabilities	4	53,742	10,521
TOTAL NON-CURRENT LIABILITIES		**146,272**	**129,310**
Current liabilities			
Current provisions	11	366,572	206,139
Trade payables	12	1,105,937	419,849
of which related parties		*860,985*	*258,527*
Current financial liabilities	13	2,748,395	2,748,395
of which related parties		*2,748,395*	*2,748,395*
Current income tax payables	4	2,132	3,557
Other current liabilities	14	38,944,585	36,404,119
of which related parties		*33,404,079*	*30,800,493*
TOTAL CURRENT LIABILITIES		**43,167,621**	**39,782,059**
TOTAL LIABILITIES		**43,313,893**	**39,911,369**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**484,842,077**	**514,954,509**

In Euro

CALTAGIRONE EDITORE SPA
INCOME STATEMENT

	Note	2017	2016
Other operating revenues	15	512,001	701,357
of which related parties		*511,077*	*701,357*
TOTAL OPERATING REVENUES		**512,001**	**701,357**
Labour costs	10	(254,841)	(227,997)
Other operating charges	16	(2,257,361)	(2,077,490)
of which related parties		*(999,264)*	*(1,107,048)*
TOTAL OPERATING COSTS		**(2,512,202)**	**(2,305,487)**
EBITDA		**(2,000,201)**	**(1,604,130)**
Amortisation, Depreciation, Provisions & Write-downs	17	(1,115)	(1,357)
EBIT		**(2,001,316)**	**(1,605,487)**
Financial income		2,727,241	3,607,165
of which related parties		*2,680,748*	*3,216,882*
Financial charges		(38,110,354)	(26,850,514)
of which related parties		*(5,944)*	*(59,056)*
Net financial income/(charges)	**18**	**(35,383,113)**	**(23,243,349)**
LOSS BEFORE TAXES		**(37,384,429)**	**(24,848,836)**
Income taxes	4	436,972	941,946
LOSS FROM CONTINUING OPERATIONS		**(36,947,457)**	**(23,906,890)**
NET LOSS FOR THE YEAR		**(36,947,457)**	**(23,906,890)**

In Euro

CALTAGIRONE EDITORE SPA
COMPREHENSIVE INCOME STATEMENT

	Note	2017	2016
Net loss for the year		**(36,947,457)**	**(23,906,890)**
Items which may not be subsequently reclassified to the profit (loss) for the year			
Effect of actuarial gains/losses, net of tax effect	10	2,430	(3,904)
Items which may be reclassified subsequently to the profit (loss) for the year			
Profit/(loss) from recalculation of AFS assets, net of fiscal effect	11	3,574,584	(9,286,440)
TOTAL OTHER ITEMS OF THE COMPREHENSIVE INCOME STATEMENT		**3,577,014**	**(9,290,344)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(33,370,443)**	**(33,197,234)**

In Euro

CALTAGIRONE EDITORE SPA

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2016

	Share capital	Listing charges	Treasury shares	Fair Value reserve	Other reserves	Net Loss	Total Net Equity
Balance at January 1st 2016	**125,000,000**	**(18,864,965)**	**(1,843,878)**	**10,119,350**	**408,839,375**	**(14,790,371)**	**508,459,511**
Previous year results carried forward	-	-	-	-	(14,790,371)	14,790,371	**-**
Treasury shares in portfolio	-	-	(219,132)	-	-	-	**(219,132)**
Total operations with shareholders	**125,000,000**	**(18,864,965)**	**(2,063,010)**	**10,119,350**	**394,049,004**	**-**	**508,240,379**
Change fair value reserve	-	-	-	(9,286,440)	-	-	**(9,286,440)**
Change employee reserve	-	-	-	-	(3,904)	-	**(3,904)**
Net loss	-	-	-	-	-	(23,906,890)	**(23,906,890)**
Comprehensive loss for the year	**-**	**-**	**-**	**(9,286,440)**	**(3,904)**	**(23,906,890)**	**(33,197,234)**
Other changes	-	-	-	-	(5)	-	**(5)**
Balance at December 31st 2016	**125,000,000**	**(18,864,965)**	**(2,063,010)**	**832,910**	**394,045,095**	**(23,906,890)**	**475,043,140**

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2017

	Share capital	Listing charges	Treasury shares	Fair Value reserve	Other reserves	Net Loss	Total Net Equity
Balance at January 1st 2017	**125,000,000**	**(18,864,965)**	**(2,063,010)**	**832,910**	**394,045,095**	**(23,906,890)**	**475,043,140**
Previous year results carried forward	-	-	-	-	(23,906,890)	23,906,890	-
Treasury shares in portfolio	-	-	(161,165)	-	16,653	-	(144,512)
Total operations with shareholders	**125,000,000**	**(18,864,965)**	**(2,224,175)**	**832,910**	**370,154,858**	**-**	**474,898,628**
Change fair value reserve	-	-	-	3,574,584	-	-	**3,574,584**
Change employee reserve	-	-	-	-	2,430	-	**2,430**
Net loss	-	-	-	-	-	(36,947,457)	**(36,947,457)**
Comprehensive loss for the year	**-**	**-**	**-**	**3,574,584**	**2,430**	**(36,947,457)**	**(33,370,443)**
Other changes	-	-	-	-	(1)	-	**(1)**
Balance at December 31st 2017	**125,000,000**	**(18,864,965)**	**(2,224,175)**	**4,407,494**	**370,157,287**	**(36,947,457)**	**441,528,184**

In Euro

CALTAGIRONE EDITORE SPA
CASH FLOW STATEMENT

	Note	31.12.2017	31.12.2016
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**10**	**122,219,635**	**145,500,321**
Net loss for the year		(36,947,457)	(23,906,890)
Amortisation & Depreciation		1,115	1,357
(Revaluations) and write-downs		38,061,866	23,834,266
Net financial income/(charges)		(2,678,753)	(590,917)
of which related parties		*(2,679,571)*	*(3,157,826)*
Income taxes		(436,972)	(941,946)
Changes in employee provisions		(24,388)	9,433
Changes in current and non-current provisions		(49,485)	(257,279)
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(2,074,074)**	**(1,851,976)**
(Increase) Decrease in Trade receivables		(489,328)	(234,275)
Increase (Decrease) in Trade payables		675,950	(1,604,898)
Change in other current and non-current liabilities		1,393,666	2,603,224
Change in deferred and current income taxes		(1,689,661)	(2,252,596)
OPERATING CASH FLOW		**(2,183,447)**	**(3,340,521)**
Dividends received		2,680,000	2,601,931
of which related parties		*2,680,000*	*2,601,931*
Interest received		46,493	390,283
of which related parties		*748*	-
Interest paid		(36,806)	(49,675)
of which related parties		*(1,177)*	*(44,593)*

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CALTAGIRONE EDITORE SPA
CASH FLOW STATEMENT

continued from previous page	**Note**	**31.12.2017**	**31.12.2016**
A) CASH FLOW FROM OPERATING ACTIVITIES		**506,240**	**(397,982)**
Non-current investments and securities		(90,092,149)	(2,070,970)
Sale of equity investments and non-current securities		-	2,297,604
Change in current financial assets		(30,161,882)	(18,894,049)
B) CASH FLOW FROM INVESTING ACTIVITIES		**(120,254,031)**	**(18,667,415)**
Change in current financial liabilities		-	(3,996,157)
Other changes		(144,512)	(219,132)
C) CASH FLOW FROM FINANCING ACTIVITIES		**(144,512)**	**(4,215,289)**
D) EFFECT EXC. DIFFS. ON CASH & CASH EQUIVALENTS	**-**	**-**	
Change in net liquidity		(119,892,303)	(23,280,686)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**10**	**2,327,332**	**122,219,635**

In Euro

CALTAGIRONE EDITORE

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31ST 2017

INTRODUCTION

Caltagirone Editore SpA (Parent Company) is a limited liability company with its registered office at Rome (Italy), Via Barberini, No. 28.
At December 31st 2017, the shareholders with holdings above 3% 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%).
The above investment is held indirectly through the company:
- Parted 1982 SpA 44,454,550 shares (35.56%)
- Gamma Srl 9,000,750 shares (7.20%)
- FGC Finanziaria Srl 22,500,000 shares (18.00%)

Amber Capital UK LLP on behalf of Amber Active Investor LTD 6,893,872 azioni (5.15%).

On January 15, 2018 Amber Capital UK LLP communicated that they held on behalf of Amber Active Investor LTD 13,081,595 shares (10.47%).
The present financial statements were authorised for publication by the Directors on March 12th 2018.
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 2017 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 2017 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 2016.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Accounting standards and amendments to standards adopted by the Company
From January 1st 2017 the Company adopted the following new accounting standards:

- *"Disclosure initiative Amendments to IAS 7 - Statement of cash flows"*. The endorsement by the EU took place on November 6th 2017 with Regulation No. 1990. The amendments introduced new disclosure obligations for changes to assets and liabilities from financing activities.
- *"Amendments to IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses"*. The endorsement by the EU took place on November 6th 2017 with Regulation No. 1989.
  The amendment clarifies the calculation of deferred tax assets on debt instruments measured at fair value.
- *"Annual Improvements to IFRS Standards 2014-2016 Cycle"*. The endorsement by the EU took place on February 7th 2018 with Regulation No. 182. The modifications introduced, within the normal review and clarifications on international accounting standards, concern the following standards: IFRS 1 - *First-time adoption of IFRS*, IFRS 12 - *Disclosure of interests in other entities* e IAS 28 - *Investments in associates and joint venture*.
  The amendments are applicable to financial statements relating to periods which begin January 1st 2017, or subsequently. The amendments to IFRS 1 and IAS 28 are applied to financial statements for periods beginning January 1st 2018 or subsequently; early application is permitted, choice not undertaken by the Company, only for IAS 28.

Accounting Standards and interpretations on Standards effective from the periods subsequent to 2017 and not adopted in advance by the Company

- On July 24th 2014, the IASB published IFRS 9 - *"Financial instruments".* The document incorporates the results of the classification and measurement, derecognition, impairment and hedge accounting phases of the IASB project to replace IAS 39. The new standard replaces the previous versions of IFRS 9. As noted, the IASB in 2008 initiated a phased project for the replacement of IAS 39. In 2009, they published the first version of IFRS 9 which considers the measurement and classification of financial assets; subsequently, in 2010 the rules concerning financial liabilities and derecognition were published (this latter issue was entirely incorporated by IAS 39). In 2013, IFRS 9 was amended to include the general model of hedge accounting. In September 2015, EFRAG completed its due process for the issue of the endorsement advice, which was thereafter presented to the European Commission. This document, adopted by the European Union with Regulation No. 2067 of November 29th 2016, is applicable from periods which begin, or subsequent to, January 1st 2018.

  The new provisions of IFRS 9:
  - modifies the classification and measurement model of financial assets;
  - introduce a new method to write-down financial assets, which takes account of expected losses (so-called expected credit losses); and
  - amends the provisions on hedge accounting.

  The Company, based on an analysis of its financial assets and liabilities and, with reference to the impact of the adoption of the new standard from January 1, 2018, concludes as follows.

  iv) The classification and measurement model of the financial assets and liabilities of the Company will result in the classification as "equity instruments" of the listed shares held by the Company and currently recorded as "AFS financial assets" and classified in the account "Non-current equity investments and securities"; they will continue to be measured at fair value but with counter-entry under net equity through the comprehensive income statement, without recognition through the separate profit or loss.

  v) The new impairment model of financial assets requires recognition of impairments based on the expected losses instead of losses already incurred as per IAS 39. Based on the assessments undertaken, the Company expects an insignificant adjustment to the doubtful debt provision.

  vi) The new hedge accounting rules which will permit greater alignment of the accounting of the hedging instruments to the risk management practices of the company are not applicable to the Company as they do not hold derivative financial instruments.

  The Company, on the basis of the analysis undertaken to-date, with reference to the impact of the adoption of the new standard from January 1, 2018, does not expect significant impacts on the net equity and on the result.

- On May 28th 2014, the IASB published "IFRS 15 - *Revenue from Contracts with Customers*". The standard is a single and complete framework for the recognition of revenues and sets the rules to be applied to all contracts with customers (with the exception of contracts which fall within the scope of the standards on leasing, on insurance contracts and on financial instruments). IFRS 15 replaces the previous standards on revenues: IAS 18 *Revenue* and IAS 11 *Construction Contracts*, in addition to the interpretations IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for* *the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue-Barter Transactions Involving Advertising Services*. The standard establishes the criteria for the recognition of revenues from the sale of products or the supply of services through the introduction of the so-called five-step model framework; in addition, specific information concerning the nature, the amount, the timing and the uncertainties relating to revenues and cash flows deriving from the underlying contracts with clients must be provided in the explanatory notes. On September 11th 2015, the IASB published the Amendments to IFRS 15, which postponed the entry into force of the standard by one year to January 1st 2018. This document, adopted by the European Union with Regulation No. 1905 of October 29th 2016, is applicable from periods beginning on, or subsequent to, January 1st 2018.

In addition, on April 12th 2016, the IASB published the document "*Clarifications to IFRS 15 Revenue from Contracts with Customers*". This amendment does not amend the provisions within the standard but clarifies how these provisions shall be applied. In particular it is clarified (i) how to identify a performance obligation in a contract, (ii) how to determine whether an entity is a principal or an agent and (iii) how to determine the point at which revenues from the concession of licenses should be recognised. This document, adopted by the European Union with Regulation No. 2067 of November 9th 2017, is applicable from periods which begin on, or subsequent to, January 1st 2018.

IFRS 15 requires the recognition of revenues according to the following five steps:

1) identification of the contract with the client;
2) identification of the contractual commitments to transfer goods and/or services to a customer (i.e. the "performance obligations");
3) establishment of the transaction price;
4) allocation of the transaction price to the performance obligations identified on the basis of the stand-alone sales price of each good or service; and
5) recognition of revenue upon satisfaction of the relative performance obligation.

IFRS 15, in addition, supplements the financial statement disclosure to be provided in relation to the nature, amount, timing and uncertainty of revenues and the relative cash flows.

The Company, on the basis of the analysis undertaken to-date, with reference to the impact of the adoption of the new standard from January 1st 2018, does not expect significant impacts on the net equity and on the result.

- On January 13th 2016, the IASB published a new standard IFRS 16 - Leases, which replaces IAS 17. IFRS 16 is applicable from January 1st 2019. The new standard eliminates the difference in the recognition of operating and finance leases, while also presenting elements which simplify application and introduces the concept of control within the definition of leasing. In particular, in order to determine whether a contract represents leasing, IFRS 16 requires to verify whether the lessee has the right to control the use of a determined asset for a determined period of time. Advance application is permitted for entities applying also IFRS 15 Revenues from Contracts with Customers. The endorsement by the EU took place on October 31st 2017 with Regulation No. 1986. The Company is assessing the impact of any assets with the right of use and of the relative financial payable required by the new standard from January 1st 2019.
- On June 20th 2016, the IASB published amendments to IFRS 2 Share-based Payment. The document "Classifications and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)" resolves some issues relating to the accounting of share-based payments. In particular, this amendment includes some

significant improvements (i) in the measurement of share-based payments settled by cash, (ii) in their classification and (iii) in the method for the recognition where there is a change from share-based payments settled by cash to share-based payments settled through capital instruments. These changes will be applied from January 1st 2018. The endorsement by the EU took place on February 26th 2018 with Regulation No. 289. The Company does not expect significant impacts on the net equity and on the consolidated result.
- On September 12th 2016, the IASB published a number of amendments to IFRS 4 Insurance Contracts. The document "Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" has the objective to resolve some inconsistencies deriving from the difference in the date of entry into force of IFRS 9 and the new accounting standard on insurance contracts. These changes will be applied from January 1, 2018. The endorsement by the EU took place on November 3rd 2017 with Regulation No. 1988. The Company, based on the analysis undertaken does not expect significant impacts on the net equity and on the consolidated result.

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 May 18th 2017, the IASB published the new standard IFRS 17 Insurance Contracts, which replaces the current IFRS 4. The new standard on insurance contracts improves transparency on profit sources and on the quality of profits realised and ensures a high level of results comparability, introducing a single standard for the recognition of revenues which reflects the services provided. IFRS 17 applies to financial statements for periods beginning January 1st 2021 or subsequently. The Endorsement Process by EFRAG is currently in progress.
- On December 8th 2016, the IASB published the interpretation IFRIC 22 - "Foreign Currency Transaction and Advance Consideration", in order to provide clarification on the correct recognition of an operation in foreign currency, in the case of payments made or received in advance compared to the actual transaction to which the payment refers. The interpretation clarifies that the date of the transaction to be utilised for the conversion is the date in which the entity makes or receives the advance payment. IFRIC 22 is applicable to financial statements relating to years which begin on January 1st 2018 or subsequently; advanced application is permitted. Endorsement by the EU is expected in the first quarter of 2018.
- On June 7th 2017, the IASB published the interpretation IFRS 23 - "Uncertainty over Income Tax Treatments", which provides indications on how to reflect in the accounting of income taxes uncertainties on the tax treatment of a certain transaction or circumstance. IFRIC 23 applies to financial statements for periods beginning January 1st 2019 or subsequently. Endorsement by the EU is expected in the third quarter of 2018.
- On December 8th 2016, the IASB published some modifications on IAS 40 Investment Property. The document "Amendments to IAS 40: Transfers of Investment Property" has the objective to clarify the aspects relating to the treatment of the transfers from, and to, investment properties. In particular, the modification clarifies that a transfer must take place if and only if there is a change in the use of the asset. A change in

management's intention is not in itself sufficient to support a transfer. The amendments are applicable to financial statements relating to periods which begin January 1st 2018, or subsequently; advance application is permitted. Endorsement by the EU is expected in the first quarter of 2018.

- On October 12th 2017 the IASB published amendments to IFRS 9 - Financial Instruments. The document "Prepayment features with Negative Compensation (Amendments to IFRS 9)" has the objective to amend the requirements of IFRS 9 with reference to the following: (i) financial assets which contain advance payment options through negative compensation may now be measured at amortised cost or at fair value cost through other comprehensive income (FVOCI) where they satisfy the other requirements of IFRS 9; (ii) new accounting criteria introduced in the case of non-significant changes which result in the derecognition in the case of modifications or exchanges of financial liabilities at fixed rates. The amendments are applied to financial statements concerning periods beginning on January 1st 2019 or subsequently; early application is permitted. Endorsement by the EU is expected in the first quarter of 2018.
- On October 12th 2017, the IASB published some amendments to AIS 28 - Investments in associates and joint ventures. The document "Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)" has the objective to clarify some aspects where the company finances associates and joint ventures with preference shares or through loans which are not expected to be repaid in the near term ("Long-Term Interests" or "LTI"). The amendments are applied to financial statements concerning periods beginning on January 1st 2019 or subsequently; early application is permitted. The conclusion of the Endorsement Process by EFRAG is expected in the first quarter of 2018, while endorsement by the EU is expected in 2018.
- On December 12th 2017, the IAS published the "Annual Improvements to IFRS Standards 2015-2017 Cycle". The amendments introduced, within the normal rationalisation and clarification process of the international accounting standards, concern the following standards: (i) IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements: the IASB clarified how to account for the increase of an interest in a joint operation which complies with the definition of business; (ii) IAS 12 - Income Taxes: the IASB clarified that the tax effects related to the payment of dividends (including the payments related to financial instruments classified under equity) are recorded in line with the underlying transactions or events which generated the amounts subject to distribution (ex. recognition in P&L, OCI or equity); (iii) IAS 23 - Borrowing Costs: the IASB clarified that general borrowing for the calculation of financial charges to be capitalised on qualifying assets does not include borrowings which relate specifically to qualifying assets under construction or development. When these qualifying assets are available for use, the relative borrowings are considered general borrowings for the purposes of IAS 23. The amendments are applied to financial statements concerning periods beginning on January 1st 2019 or subsequently; early application is permitted. The conclusion of the Endorsement Process by EFRAG is expected in the first quarter of 2018, while endorsement by the EU is expected in 2018.
- On February 7th 2018, the IASB published amendments to IAS 19 - Employee Benefits. The document "Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)" clarifies some accounting aspects relating to amendments, curtailments or settlements of a defined benefit plan. The amendments are applied for plan amendments, curtailments or settlements which occur from January 1st 2019 or the

date in which they are applied for the first time (advanced application is permitted). The conclusion of the Endorsement Process by EFRAG is expected in the second quarter of 2018, while endorsement by the EU is expected in 2018.

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 POLICIES

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
Minor 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 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 net 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:

- *available for sale financial assets*: the available-for-sale assets are non-derivative financial instruments explicitly designated in this category and are classified under non-current assets unless management has the intention to sell them within 12 months from the balance sheet date. 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 may not 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. Impairments are recognised to 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.

  In accordance with IAS 39.38 financial assets are measured at the trading date.

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.

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 22.

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.

SHAREHOLDERS' EQUITY

Treasury shares

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

Costs for share capital increases

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

EMPLOYEE BENEFITS

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

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

The actuarial gains and losses, defined as the differences between the carrying value of the liabilities and the current value of the Company commitments at the end of the period, due to changes in the actuarial parameters described above, are directly recorded to the Comprehensive Income Statement. The financial component is however recorded in the Income Statement, in the account financial charges.

PROVISIONS FOR RISKS AND CHARGES

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, Centro Stampa Veneto SpA and Pim SpA, Stampa Roma 2015 Srl, Stampa Napoli 2015 Srl, Servizi Italia 15 Srl.

Caltagirone Editore SpA acts therefore as the consolidating company and calculates a single assessable base for the Group of companies adhering to the national tax consolidation and therefore benefits from the possibility of offsetting assessable income with assessable losses in a single tax declaration. The assessable amount and the losses for the period were transferred and recorded by the subsidiaries to the consolidating company in the year in which they matured; any future fiscal benefits (deferred tax assets) are therefore recorded directly by the consolidating company.
Deferred tax assets and liabilities are calculated on temporary differences between the balance sheet values and the corresponding values recognised for tax purposes, applying the expected tax when the differences are reversed, determined on the basis of the current tax rates in force or to be applied in the near future.
The recognition of deferred tax assets is made when their recovery is probable - that is when it is expected that there will be future assessable fiscal income sufficient to recover the asset, also in consideration of the tax consolidation described above.
The recovery of the deferred tax asset is reviewed at each balance sheet date.

RISK MANAGEMENT

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

Liquidity risk

Liquidity risk is linked to the difficulty in obtaining funds to cover commitments at a given moment. Caltagirone Editore holds sufficient liquidity so as not to be impacted by this 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.

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 & 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.

VALUE OF THE COMPANY

The Stock Market capitalisation of Caltagirone Editore is currently lower than the net equity of the Group (Stock Market capitalisation at December 31, 2017 of Euro 160 million compared to a Group net equity of Euro 448.8 million), significantly lower than the valuations based on the fundamentals of the Group expressed by its value in use.
The capacity to generate cash flows or the establishment of specific fair values (cash and cash equivalents, financial assets available-for-sale and Publishing Titles) may justify this difference; stock market prices in fact also reflect circumstances not strictly related to the Group, with expectations focused on the short-term.

ASSETS

1. PROPERTY, PLANT AND EQUIPMENT

Historical cost	Equipment	Other assets	Total
01.01.2016	**29,956**	**213,333**	**243,290**
Increases/Decreases	-	-	**-**
Reclassifications	-	-	**-**
31.12.2016	**29,956**	**213,333**	**243,290**
01.01.2017	**29,956**	**213,333**	**243,289**
Increases/Decreases	-	-	**-**
Reclassifications	-	-	**-**
31.12.2017	**29,956**	**213,333**	**243,289**

Depreciation & loss in value	Equipment	Other assets	Total
01.01.2016	**26,834**	**213,333**	**240,167**
Increases/Decreases	1,115	-	**1,115**
Reclassifications	-	-	**-**
31.12.2016	**27,949**	**213,333**	**241,282**
01.01.2017	**27,949**	**213,333**	**241,282**
Increases/Decreases	1,357	-	**1,357**
Reclassifications	-	-	**-**
31.12.2017	**29,306**	**213,333**	**242,639**

Valore netto			
01.01.2016	**3,122**	**-**	**3,123**
31.12.2016	**2,007**	**-**	**2,007**
31.12.2017	**650**	**-**	**650**

In Euro

2. INVESTMENTS VALUED AT COST

The movements in the account are as follows:

Investments in subsidiaries	Registered Office	Share capital	%	Book value 01.01.2016	Increases/ (Decreases)	Revaluations/ (Write-downs)	Book value 31.12.2016	Share of Net Equity 31.12.2016	Difference compared to book value 31.12.2016
Il Mattino SpA	Rome	500,000	99.95	26,588,597	(10,095)	-	26,578,502	(1,889,025)	28,467,527
Leggo SpA	Rome	1,000,000	99.95	-	999,500	(670,274)	329,226	329,226	-
Finced Srl	Rome	10,000	99.99	90,706,368	-	(18,686,288)	72,020,080	72,020,080	-
Corriere Adriatico SpA	Rome	200,000	99.95	10,124,414	818,244	(937,875)	10,004,783	(1,022,184)	11,026,966
Quotidiano di Puglia SpA	Rome	1,020,000	99.95	16,849,403	-	(354,489)	16,494,914	826,752	15,668,162
Il Gazzettino SpA	Rome	200,000	99.95	74,965,657	1,252,626	-	76,218,283	(2,135,906)	78,354,188
Il Messaggero SpA	Rome	1,265,385	99.95	35,297,555	(3,629,184)	-	31,668,371	27,974,688	3,693,683
Ced digital & servizi Srl	Rome	100,000	99.99	99,990	-	-	99,990	173,648	(73,658)
Piemme SpA	Rome	2,643,139	99.99	5,714,848	-	(2,866,527)	2,848,321	2,848,321	-
Servizi Italia 15 Srl	Rome	100,000	99.95	99,950	1,199	(101,149)	-	(49,128)	49,128
Stampa Rome 2015 Srl	Rome	10,000	99.95	-	3,628,185	(1,530)	3,626,655	3,626,655	-
Stampa Napoli 2015 Srl	Rome	10,000	99.95	-	9,995	(9,995)	-	(157,010)	157,010
Total				**260,446,782**	**3,070,470**	**(23,628,127)**	**238,889,124**		

Investments in subsidiaries	Registered Office	Share capital	%	Book value 01.01.2017	Increases/ (Decreases)	Revaluations/ (Write-downs)	Book value 31.12.2017	Share of Net Equity 31.12.2017	Difference compared to book value 31.12.2017
Il Mattino SpA	Rome	500,000	99.95	26,578,502	2,985,452	(15,313,930)	14,250,024	(2,779,508)	17,029,532
Leggo SpA	Rome	1,000,000	99.95	329,226	670,274	(949,846)	49,654	49,654	-
Finced Srl	Rome	10,000	99.99	72,020,080	89,991,000	-	162,011,080	163,772,872	(1,761,792)
Corriere Adriatico SpA	Rome	200,000	99.95	10,004,783	1,222,084	-	11,226,867	(357,060)	11,583,927
Quotidiano di Puglia SpA	Rome	1,020,000	99.95	16,494,914	-	(5,748,059)	10,746,855	458,002	10,288,853
Il Gazzettino SpA	Rome	200,000	99.95	76,218,283	2,335,805	(14,314,286)	64,239,802	(1,748,175)	65,987,977
Il Messaggero SpA	Rome	1,265,385	99.95	31,668,371	-	-	31,668,371	25,614,827	6,053,544
Ced digital & servizi Srl	Rome	100,000	99.99	99,990	-	-	99,990	721,443	(621,453)
Piemme SpA	Rome	2,643,139	99.99	2,848,321	-	(1,257,672)	1,590,649	1,590,649	-
Servizi Italia 15 Srl	Rome	100,000	99.95	-	101,149	(101,149)	-	(226,193)	226,193
Stampa Rome 2015 Srl	Rome	10,000	99.95	3,626,655	-	-	3,626,655	3,878,637	(251,982)
Stampa Napoli 2015 Srl	Rome	10,000	99.95	-	9,995	(9,995)	-	(140,379)	140,379
Total				**239,889,124**	**97,315,759**	**(37,694,937)**	**299,509,946**		

In Euro

The increase in investments related to payments made in the year to cover losses, respectively to Il Mattino SpA (Euro 2,985,452), Leggo SpA (Euro 670,274), Corriere Adriatico SpA (Euro 1,222,084), Il Gazzettino SpA (Euro 2,335,805), Servizi Italia 15 Srl (Euro 101,149) and Stampa Napoli 2015 Srl (Euro 9,995).

With regards to the increase in the investment in Finced Srl of Euro 90 million, on November 13th 2017 the Board of Directors of Caltagirone Editore SpA approved the provision to the subsidiary of a share capital payment of Euro 90 million and an interest bearing loan of Euro 13 million, in order to provide the subsidiary with equity backing to match the corporate scope.

The write-down of investments concerns the subsidiaries Il Mattino SpA (Euro 15,313,930), Leggo SpA (Euro 949,846), Quotidiano di Puglia SpA (Euro 5,748,059), Il Gazzettino SpA (Euro 14,314,287), Piemme SpA (Euro 1,257,672), Servizi Italia 15 Srl (Euro 101,149) and Stampa Napoli 2015 Srl (Euro 9,995) and follow the execution of impairment tests, in which the recoverable value was approximated to the adjusted Net Equity of any gains emerging in the valuation of the Newspaper Titles (for greater details concerning the methodology and the underlying assumptions of the impairment tests, reference should be made to note 2 of the Explanatory Notes to the Group Consolidated Financial Statements).

The subsidiaries indirectly held through Il Gazzettino SpA are as follows:

Equity investments in indirect subsidiaries	Registered office	Share capital	% of control of the Group	Net Equity	Net Result
Centro Stampa Veneto SpA	Rome	567,000	100.00	835,422	**(119,519)**
Imprese Tipografiche Venete SpA	Rome	936,000	100.00	2,616,664	**245,606**
P.I.M. Pubblicità Italiana Multimedia Srl	Rome	1,044,000	100.00	7,332,184	**319,608**

In Euro

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

Investments in associates	Registered office	%	01.01.2016	Increases/ (Decreases)	Reclassifications	31.12.2016
Rofin 2008 Srl	Rome	30.00	3,000	-	-	3,000
Total			**3,000**	**-**	**-**	**3,000**

Investments in associates	Registered office	%	01.01.2017	Increases/ (Decreases)	Reclassifications	31.12.2017
Rofin 2008 Srl	Rome	30.00	3,000	-	-	3,000
Total			**3,000**	**-**	**-**	**3,000**

In Euro

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

Investments in associates	Registered office	Share capital	% of control of the Group	Net Equity	Net Result
Rofin 2008 Srl	Rome	10,000	30.00	6,970	**(1,563)**

In Euro

The investments in other companies consist of:

Investments in other companies			01.01.2016	Increases/ (Decreases)	Revaluations/ (Write-downs)	31.12.2016
E-Care SpA	Rome	15.00	18,787	-	(18,787)	-
Banca Popolare di Vicenza			6,250	-	(6,240)	10
Total			**25,037**	**-**	**(25,027)**	**10**

Investments in other companies	01.01.2017	Increases/ (Decreases)	Revaluations/ (Write-downs)	31.12.2017
Banca Popolare di Vicenza	10	-	-	10
Total	**10**	**-**	**-**	**10**

In Euro

3. EQUITY INVESTMENTS AND NON-CURRENT SECURITIES

The breakdown is as follows:

AFS Investments	01.01.2016	Reclassifications	Increases/ (Decreases)	Fair value change	31.12.2016
Assicurazioni Generali SpA	56,682,000	-	-	(9,380,000)	47,302,000
UniCredit SpA	5,135,000	-	(5,135,000)	-	-
Total	**61,817,000**	**-**	**(5,135,000)**	**(9,380,000)**	**47,302,000**

AFS Investments	01.01.2017	Reclassifications	Increases/ (Decreases)	Fair value change	31.12.2017
Assicurazioni Generali SpA	47,302,000	-	-	3,618,000	50,920,000
Total	**47,302,000**	**-**	**-**	**3,618,000**	**50,920,000**

Number	01.01.2016	Reclassifications	Increases/(Decreases)	31.12.2016
Assicurazioni Generali SpA	3,350,000	-	-	3,350,000
UniCredit SpA	1,000,000	-	(1,000,000)	-

Number	01.01.2017	Reclassifications	Increases/(Decreases)	31.12.2017
Assicurazioni Generali SpA	3,350,000	-	-	3,350,000

In Euro

The changes in the fair value reserve are reported below:

Fair Value reserve	01.01.2016	Reclassifications	Increases	Decreases	31.12.2016
Fair Value reserve	10,248,026	-	-	(9,405,000)	843,026
Tax effect	(128,676)	-	118,560	-	(10,116)
Fair Value Reserve, net of tax effect	**10,119,350**	**-**	**118,560**	**(9,405,000)**	**832,910**

Fair Value reserve	01.01.2017	Reclassifications	Increases	Decreases	31.12.2017
Fair Value reserve	843,026	-	-	3,618,000	4,461,026
Tax effect	(10,116)	-	-	(43,416)	(53,532)
Fair Value Reserve, net of tax effect	**832,910**	**-**	**-**	**3,574,584**	**4,407,494**
Fair Value Reserve, net of tax effect					**3,574,584**

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), as 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:

	01.01.2016	Provisions	Utilizations	Other changes	31.12.2016
Deferred tax assets					
Tax losses carried forward	32,122,117	945,311	-	2,969,574	35,764,002
Other	58,783	11,760	(15,125)	1,580	56,998
Total	**32,180,900**	**957,071**	**(15,125)**	**2,698,154**	**35,821,000**
Imposte differite sul reddito					
Other	129,081	-	-	(118,560)	10,521
Total	**129,081**	**-**	**-**	**(118,560)**	**10,521**
Net deferred tax assets	**32,051,819**	**957,071**	**(15,125)**	**2,816,714**	**35,810,479**

	01.01.2017	Provisions	Utilizations	Other changes	31.12.2017
Deferred tax assets					
Tax losses carried forward	35,764,002	429,549	-	1,687,685	37,881,236
Other	56,998	23,760	(56,225)	(774)	23,759
Total	**35,821,000**	**453,309**	**(56,225)**	**1,686,911**	**37,904,995**
Imposte differite sul reddito					
Other	10,521	-	(405)	43,626	53,742
Total	**10,521**	**-**	**(405)**	**43,626**	**53,742**
Net deferred tax assets	**35,810,479**	**453,309**	**(55,820)**	**1,643,285**	**37,851,253**

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.
The balance sheet includes receivables for current taxes, including tax credits of Euro 155,433, withholding taxes on interest income for Euro 12,088 and the IRAP receivable of Euro 1,488.

The income taxes for the year consist of:

	2017	2016
Prior year taxes	(39,483)	-
Current taxes	**(39,483)**	**-**
Utilisation of deferred tax liabilities	(405)	-
Deferred tax charges	**(405)**	**-**
Recording of deferred tax assets	(453,309)	(957,071)
Utilisation of deferred tax assets	56,225	15,125
Deferred tax income	**(397,084)**	**(941,946)**
Total income taxes	**(436,972)**	**(941,946)**

In Euro

The breakdown of income taxes is as follows:

	2017	2016
Prior year taxes	(39,483)	-
Current and deferred IRES tax	(397,489)	(941,946)
Total	**(436,972)**	**(941,946)**

In Euro

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

IRES	**2017**		**2016**	
	Amount	**Tax**	**Amount**	**Tax**
Loss before taxes	**(37,384,429)**	**24.00%**	**(24,848,836)**	**24.00%**
Theoretical tax charge	**-**	**(8,972,263)**	**-**	**(5,963,721)**
Permanent differences increase (decrease):				
Dividends		(611,040)		(734,829)
Write-down of equity investments		9,134,848		5,720,224
Loss on sale of investments		-		27,588
Other		11,483		8,791
Current and deferred IRES tax		**(436,972)**		**(941,946)**

In Euro

5. TRADE RECEIVABLES

The breakdown is as follows:

	31.12.2017	31.12.2016
Receivables from third parties	3,559	14,231
Receivables from related parties	1,122,948	622,200
Total trade receivables	**1,126,507**	**636,431**

In Euro

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:

	31.12.2017	31.12.2016
Financial receivables - subsidiaries	88,967,557	66,186,294
Total current financial assets	**88,967,557**	**66,186,294**

In Euro

The balance of Euro 88,967,557 represents interest bearing loans due within one year, renewable on request, granted respectively to Mattino SpA (Euro 26,052,281), Piemme SpA (Euro 20,099,998), Il Gazzettino SpA (Euro 6,429,810), Leggo SpA (Euro 3,487,646), Corriere Adriatico SpA (Euro 2,446,516), Il Messaggero SpA (Euro 14,192,900), Stampa Napoli 2015 Srl (Euro 2,478,795) and Stampa Roma 2015 Srl (Euro 779,610). The balance includes an interest bearing loan granted in 2017 to the subsidiary Finced Srl (Euro 13,000,000), as previously illustrated.
The value of current financial assets approximates their fair value.

7. OTHER CURRENT ASSETS

The breakdown is as follows:

	31.12.2017	31.12.2016
Receivables from subsidiaries	3,770,254	2,776,096
Receivables from third parties	142,817	2,264
Total current assets	**3,913,071**	**2,778,360**

In Euro

The receivables from subsidiaries due within one year relate to transactions under the national tax consolidation and the VAT positions transferred by the subsidiaries as part of the VAT consolidation, as follows:

	31.12.2017	31.12.2016
Itv	232,772	129,207
Ced Digital Srl	228,181	43,386
Pim SpA	2,676	-
Stampa Roma 2015 Srl	1,260,727	603,335
Total tax consolidation	**1,724,356**	**775,928**
Il Messaggero SpA	19,495	-
Il Mattino SpA	12,973	-
Leggo SpA	7,022	8,520
Quotidiano di Puglia SpA	25,230	-
Corriere Adriatico SpA	25,964	-
Pim SpA	11,732	13,339
Centro Stampa Veneto SpA	2,007	-
Il Gazzettino SpA	106,762	-
Stampa Roma 2015 Srl	24,185	-
Piemme SpA	-	167,779
Ced Digital Srl	-	2
Total consolidated VAT	**235,370**	**189,640**
Finced Srl	509,314	509,314
Il Mattino SpA	1,301,214	1,301,214
Total other receivables	**1,810,528**	**1,810,528**
Total	**3,770,254**	**2,776,096**

In Euro

The other receivables from Finced Srl and Il Mattino SpA concern payments made by Caltagirone Editore SpA as the tax consolidating company, in relation to tax disputes from previous years.
The value of other current assets approximates their fair value.

8. CASH AND CASH EQUIVALENTS

The breakdown is as follows:

	31.12.2017	31.12.2016
Bank and postal deposits	2,326,344	122,218,729
Cash in hand and similar	988	906
Total cash and cash equivalents	**2,327,332**	**122,219,635**
of which related parties	*27,713*	*224,669*

In Euro

The decrease of Euro 120 million in cash and cash equivalents is due to the share capital payment made to the subsidiary Finced Srl, of Euro 90 million, as previously outlined, in addition to the loans granted to the subsidiaries, of which Euro 13 million also to Finced.
The amount of Euro 27,713 relates to bank deposits held with related companies concerning UniCredit 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 result of approx. Euro 233 thousand. A decrease in interest rates of the same level would have a corresponding negative impact.
The average interest rate on bank deposits was 0.02% (0.2% in 2016).

LIABILITIES AND SHAREHOLDERS' EQUITY

9. SHAREHOLDERS' EQUITY

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 2017 Caltagirone Editore SpA had 2,303,799 treasury shares in portfolio, comprising 1.843% of the share capital for a value of Euro 2,224,175.

	31.12.2017	31.12.2016
Share Capital	125,000,000	125,000,000
Listing charges	(18,864,965)	(18,864,965)
Treasury Shares	(2,224,175)	(2,063,010)
Net Fair Value reserve	4,407,494	832,910
Other Reserves	370,157,287	394,045,095
Net loss	(36,947,457)	(23,906,890)
Total net equity	**441,528,184**	**475,043,140**

In Euro

The Other Reserves consist of:

	31.12.2017	31.12.2016
Legal reserve	25,000,000	25,000,000
Share premium reserve	480,542,390	480,703,555
Reserve for treasury shares	2,224,175	2,063,010
Cedfin merger reserve	423,291	423,291
Messaggero Partecipazioni merger reserve	755,983	755,983
IAS leaving indemnity reserve	521	(1,912)
Treasury shares sales gains reserves	50,356	33,704
IAS non-recognised asset reversal reserve	16,876,107	16,876,107
Retained earnings/(accum. losses)	(155,715,536)	(131,808,643)
Total	**370,157,287**	**394,045,095**

In Euro

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

SHAREHOLDERS' EQUITY DISCLOSURE AT DECEMBER 31ST 2016

Nature/ Description	Amount 31.12.16	Amount 31.12.17	Possibility of use	Quota available	Summary utilisation in the previous three years		of which until 2007
					to cover losses	for other reasons	
Share Capital	125,000	125,000	-	-	-	-	-
Share capital issue costs	(18,865)	(18,865)	-	-	-	-	-
Share premium reserve	480,704	480,542	A B C	480,542		948 *	480,542
Legal Reserve	25,000	25,000	B	-	-	-	25,000
IAS Reserve	15,678	19,110	-	-	-	-	-
Merger reserves (Other Reserves)	1,179	1,179	A B C	1,179	-	-	423
Retained earnings (accumulated losses)	(131,809)	(155,716)	A B C	-	79,347	-	-
Treasury share reserve	2,063	2,224	-	-	-	-	-
	498,950	**478,476**					
Total available				**481,722**		**948**	
Non-distributable amount				**(127,067) ****			
Residual distributable amount				**354,655**			

In Euro

Legend:
A: Share capital increase
B: Coverage of losses
C: Distribution to shareholders

** Utilisations for dividends and constitution of treasury shares buy-back reserve*
*** Article 2433 of the Civil Code*

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:

	31.12.2017	31.12.2016
Annual technical discounting rate (Post. Em. Ben.)	1.30%	1.30%
Annual inflation rate	1.50%	1.50%
Annual increase in leaving indemnity	2.62%	2.62%
Annual increase in salaries	3.00%	3.00%

Values in %

The movements in the year are as follows:

	31.12.2017	31.12.2016
Net liability at January 1st	**118,789**	**101,835**
Current cost for the year	4,789	9,433
Interest charge (income), net	1,544	2,037
Services paid	(29,177)	-
Actuarial gains (losses)	(3,415)	5,484
Net liability at December 31st	**92,530**	**118,789**

In Euro

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

	31.12.2017	31.12.2016
Nominal value of the provision	87,008	108,380
Actuarial adjustment	5,522	10,409
Total	**92,530**	**118,789**

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

	2017	2016
Wages and salaries	139,856	132,412
Social security charges	46,566	42,856
Post-employment benefit provision	4,789	9,432
Other costs	63,630	43,297
Total personnel expense	**254,841**	**230,013**

In Euro

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

	31.12.2017	31.12.2016	Average 2017	Average 2016
Managers & white collar	2	3	3	3
Journalists	2	2	3	2
Total	**4**	**5**	**6**	**5**

11. CURRENT PROVISIONS

The amount of Euro 366,572 concerns the provision for risks and future charges on the equity deficit of the investments in Stampa Napoli 2015 Srl (Euro 140,379) and Servizi Italia 15 Srl (Euro 226,193). 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.

12.TRADE PAYABLES

	31.12.2017	31.12.2016
Trade payables	244,952	161,322
Payables to subsidiaries	28,339	32,103
Payables to holding companies	813,500	213,500
Payables to other Group companies	19,146	12,924
Total	**1,105,937**	**419,849**
of which related parties	*860,985*	*258,527*

In Euro

At December 31st 2017, trade payables amounted to Euro 244,952 (Euro 161,322 at December 31st 2016) and fully payable within one year, of which Euro 89,933 for invoices to receive.

The payables to subsidiaries relate to invoices received from Quotidiano di Puglia SpA (Euro 102) and from Servizi Italia 15 Srl (Euro 36) for interest on loans received at normal market conditions. The balance includes Euro 28,200 for invoices to be received from Piemme SpA, for expenses advanced by the subsidiary.

The payable to parent companies concerns invoices received and to be received by Caltagirone SpA for services provided during the year.

Payables to other Group companies concern the companies under common control

There are no payables due over 12 months.

The value of payables at December 31st 2017 approximates their fair value.

13. CURRENT FINANCIAL LIABILITIES

	31.12.2017	31.12.2016
Current financial payables		
Payable to subsidiaries	2,748,395	2,748,395
Total	**2,748,395**	**2,748,395**

In Euro

The balance of Euro 2,748,395 concerns the payables relating to loans at market rates granted by Il Quotidiano di Puglia SpA (Euro 2,030,000) and Servizi Italia 15 Srl (Euro 718,395).

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

	2017	2016
Current financial liabilities		
Payable to subsidiaries	0.02	0.15

Values in %

14. OTHER CURRENT LIABILITIES

	31.12.2017	31.12.2016
Other current liabilities		
Social security institutions	13,218	14,495
Employee payables	23,793	27,202
Payables to subsidiaries	33,404,079	30,800,493
Other payables	5,503,495	5,561,929
Totale	**38,944,585**	**36,404,119**

In Euro

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

	31.12.2017	31.12.2016
Il Messaggero SpA	5,596,486	5,337,009
Il Mattino SpA	5,953,214	5,110,923
Leggo SpA	4,664,771	4,372,597
Il Gazzettino SpA	5,415,228	4,585,917
Piemme SpA	3,141,689	2,645,220
Finced Srl	2,860,170	3,292,199
Corriere Adriatico SpA	3,200,175	2,988,117
Quotidiano di Puglia SpA	660,502	472,265
Centro Stampa Veneto SpA	171,298	171,298
Pim SpA	-	13,352
Stampa Napoli 2015 Srl	22,180	37,714
Servizi Italia 15 Srl	1,548,449	1,569,274
Total tax consolidation	**33,234,162**	**30,595,885**
Il Messaggero SpA	-	1,796
Il Mattino SpA	-	14,022
Quotidiano di Puglia SpA	-	40,537
Corriere Adriatico SpA	-	48,355
Piemme SpA	106,270	-
Imprese Tipografiche Venete SpA	680	10,582
Centro Stampa Veneto SpA	-	24,158
Il Gazzettino SpA	-	65,158
Ced Digital Srl	18,752	-
Servizi Italia 15 Srl	19,385	-
Stampa Napoli 2015 Srl	24,830	-
Total consolidated VAT	**169,917**	**204,608**
Total	**33,404,079**	**30,800,493**

In Euro

The account “Other payables” of Euro 5,503,495 includes Euro 4,873,306 as amounts available to the Board of Directors in accordance with Article 25 of the Company By-Laws, which provides for the allocation of 2% of the net profits to this account. The other amounts concern emoluments due to Directors and Statutory Auditors and personnel withholding tax payables.

INCOME STATEMENT

15. OTHER OPERATING REVENUES

	2017	2016
Other operating revenues	924	-
Other revenues and income from related parties	511,077	701,357
Total revenues from sales and services	**512,001**	**701,357**

In Euro

The other revenues and income from related parties concern administrative, financial and tax assistance services provided to Group companies.

16. OTHER OPERATING COSTS

	2017	2016
Rent, leases and similar costs	359,821	364,252
Services	1,825,529	1,632,648
Other operating expenses	72,011	80,590
Total other operating costs	**2,257,361**	**2,077,490**
of which related parties	*999,264*	*1,107,048*

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 57,920, the Board of Directors for Euro 377,916 and the Audit Firm for Euro 30,575 (excluding the Consob contribution and expenses). The account also includes the fee to Caltagirone SpA for administrative, financial and tax assistance services.

17. AMORTISATION, DEPRECIATION, PROVISIONS & WRITE-DOWNS

	2017	2016
Depreciation of property, plant & equipment	1,115	1,357
Total amortisation, depreciation, provisions & write-downs	**1,115**	**1,357**

In Euro

18. NET FINANCIAL INCOME/(CHARGES)

	2017	2016
Dividends from subsidiaries	-	689,931
Dividends from other companies	2,680,000	2,526,951
Bank deposit interest	46,493	390,283
Interest income subsidiary and associates	748	-
Total financial income	**2,727,241**	**3,607,165**
of which related parties	*2,680,748*	*3,216,882*

In Euro

Dividends from other companies refer to Assicurazioni Generali SpA.
The interest income on bank deposits relates to the return on invested liquidity.
Interest income from subsidiaries and associates relates to the market rate loan granted to the subsidiary Finced Srl.

	2017	2016
Loss on disposal of investments	-	2,950,074
Write-down of investments/securities	38,061,866	23,834,266
Interest on bank accounts	467	476
Banking commissions and charges	25,656	27,505
Interest expense from subsidiaries	821	16,156
Financial charges from discounting	1,544	2,037
Other	20,000	20,000
Total financial charges	**38,110,354**	**26,850,514**
of which related parties	*5,944*	*59,056*

In Euro

The write-down of investments relates to the subsidiaries Il Mattino SpA (Euro 15,313,930), Leggo SpA (Euro 949,846), Quotidiano di Puglia SpA (Euro 5,748,059), Il Gazzettino SpA (Euro 14,314,287), Piemme SpA (Euro 1,257,672), Servizi Italia 15 Srl (Euro 327,698) and Stampa Napoli 2015 Srl (Euro 150,374). For further details, reference should be made to Note No. 2 and No. 11.
The interest charges from subsidiaries concerns the loans received at market rates from Quotidiano di Puglia SpA (Euro 606) and Servizi Italia 15 Srl (Euro 215).

19. TRANSACTIONS WITH RELATED PARTIES

The transactions of the company with related parties, including inter-group operations, generally relate to normal operations and are regulated at market conditions, where not indicated otherwise, 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.

31.12.2016	Parent Company	Subsidiaries	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions							
Trade receivables	-	622,200	-	-	**622,200**	**636,431**	**97.76%**
Current financial assets	-	66,186,294	-	-	**66,186,294**	**66,186,294**	**100.00%**
Other current assets	-	2,776,096	-	-	**2,776,096**	**2,778,360**	**99.92%**
Cash and cash equivalents	-	-	-	224,669	**224,669**	**122,219,635**	**0.18%**
Trade payables	213,500	32,103	12,924	-	**258,527**	**419,849**	**61.58%**
Current financial liabilities	-	2,748,395	-	-	**2,748,395**	**2,748,395**	**100.00%**
Other current liabilities	-	30,800,493	-	-	**30,800,493**	**36,404,119**	**84.61%**
Income statement transactions							
Other operating revenues	-	690,000	11,357	-	**701,357**	**701,357**	**100.00%**
Other operating costs	700,000	23,100	383,948	-	**1,107,048**	**2,077,490**	**53.29%**
Financial income	-	689,931	-	2,526,951	**3,216,882**	**3,607,165**	**89.18%**
Financial expense	-	16,156	-	42,900	**59,056**	**26,850,514**	**0.22%**

31.12.2017	Parent Company	Subsidiaries	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions							
Trade receivables	-	1,122,948	-	-	**1,122,948**	**1,126,507**	**99.68%**
Current financial assets	-	88,967,557	-	-	**88,967,557**	**88,967,557**	**100.00%**
Other current assets	-	3,770,254	-	-	**3,770,254**	**3,913,071**	**96.35%**
Cash and cash equivalents	-	-	-	27,713	**27,713**	**2,327,332**	**1.19%**
Trade payables	813,500	28,339	19,146	-	**860,985**	**1,105,937**	**77.85%**
Current financial liabilitiesi	-	2,748,395	-	-	**2,748,395**	**2,748,395**	**100.00%**
Other current liabilities	-	33,404,079	-	-	**33,404,079**	**38,944,585**	**85.77%**
Income statement transactions							
Other operating revenues	-	500,000	11,077	-	**511,077**	**512,001**	**99.82%**
Other operating costs	600,000	40,499	358,765	-	**999,264**	**2,257,361**	**44.27%**
Financial income	-	748	-	2,680,000	**2,680,748**	**2,727,241**	**98.30%**
Financial expense	-	821	-	5,123	**5,944**	**38,110,354**	**0.02%**

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

	31.12.2017	31.12.2016
A. Cash	988	906
B. Bank deposits	2,326,344	122,218,729
D. Liquidity (A)+(B)	**2,327,332**	**122,219,635**
E. Current financial receivables	**88,967,557**	**67,185,794**
F. Current bank payables	-	-
G. Current portion of non-current debt	-	-
H. Current payables to other lenders	2,748,395	2,748,395
I. Current debt (F)+(G)+(H)	**2,748,395**	**2,748,395**
J. Net current cash position (I)-(E)-(D)	**(88,546,494)**	**(186,657,034)**
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)	**(88,546,494)**	**(186,657,034)**

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 2017.

Company	Independent Audit Firm	Period	Audit service charges*
Caltagirone Editore SpA	PricewaterhouseCoopers SpA	2012/2020	40,575

In Euro

** The amount does not include the Consob contribution and expenses*

22. GUARANTEES AND COMMITMENTS

The company, at December 31st 2017, had issued bank sureties and guarantees totalling Euro 38,942,000 (unchanged on December 31st 2016).

23. 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 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:

31.12.2016	Note	Level 1	Level 2	Level 3	Total
AFS Financial assets valued at fair value	3	47,302,001	-	-	**47,302,001**
Total assets		**47,302,001**	**-**	**-**	**47,302,001**

31.12.2017	Note	Level 1	Level 2	Level 3	Total
AFS Financial assets valued at fair value	3	50,920,000	-	-	**50,920,000**
Total assets		**50,920,000**	**-**	**-**	**50,920,000**

Euro thousands

In 2017 there were no transfers between the various levels.

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 Gianni, as Chairman of the Board of Directors, and Fabrizio Caprara, 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 2017.

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

3. It is also declared that:

3.1 the financial statements:

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

   b) correspond to the underlying accounting documents and records;

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

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

Rome, March 12th 2018

The Chairman	**The Executive Responsible**
Mr. Francesco Gianni	Mr. Fabrizio Caprara

Register n. 201296 Deed n. 73068

MINUTES OF THE EXTRAORDINARY AND ORDINARY SHAREHOLDERS' MEETING

ITALIAN REPUBLIC

The year two thousand and eighteen, on the twenty-third day of April in Rome,
via Barberini n. 28 at the time of 12.05 PM.

April 23, 2018

On the request of **"CALTAGIRONE EDITORE Società per Azioni"**, with registered office in Rome (RM), Via Barberini n. 28, Tax and Rome Company Registration Office n. 5897851001, Chamber of Commerce n. 935017, share capital of euro 125,000,000 fully paid-in, certified email address: caltagironeeditore@legalmail.it, I, Mr. Maurizio Misurale, Notary in Rome, with offices in Via Lucina n. 17, registered in the District Notary Role of Rome, Velletri and Civitavecchia, at the place and time stated above, have assisted in the Minutes of the Extraordinary and Ordinary Shareholders' Meeting of the above stated company today called at this time and place.
I declare present Mr. Francesco Gianni, born in Ravenna on February 9, 1951 and domiciled for the purposes of office at the registered office in Rome, via Barberini n. 28, Chairman of the Board of Directors of the Company, whose identity I as Notary and certain of.
Mr. Francesco Gianni undertakes the Chairmanship of the Shareholders' Meeting and declares that:

- the Shareholders' Meeting Call Notice was published on the company website and in the newspaper "Il Messaggero" in accordance with law;
- of the Board of Directors, in addition to the Chairman, the Directors Albino Majore, Tatiana Caltagirone, Massimo Confortini, Mario Delfini and Valeria Ninfadoro are present;
- of the Board of Statutory Auditors, Mr. Antonio Staffa, Chairman, Ms. Maria Assunta Coluccia and Mr. Federico Malorni, Standing Auditors, are present;
- Mr. Fabrizio Caprara Executive Officer for Financial Reporting is present;
- 7 Shareholders, holders of 37,761,250 shares and through proxies 15 Shareholders holding 67,921,123 shares, and therefore a total of 22 Shareholders for 105,682,373 shares of euro 1.00 each (comprising 86.06% of the 125,000,000 shares comprising the share capital) are present, as stated in the attendance sheet of the Board of Directors, of the Board of Statutory Auditors and that of the Shareholders which, signed by the attendees, is attached to the present deed under the letters **"A"** and **"B"**;
- Mr. Domenico Sorrentino, Representative designated by the Company to receive the proxy votes in accordance with the applicable regulation, received the proxy of the Shareholder Lombardi Gianfranco for 5,030 shares.

The Chairman states that the proxies are correct and requests attendees to communicate any inconsistencies concerning the right to vote in accordance with law. The Shareholders' Meeting did not express any objections.
The Chairman also declares that:

- in relation to the matters on the Agenda, the disclosure requirements established by applicable law and regulations were discharged;
- the Illustrative Report concerning the change to the corporate scope, the Illustrative Report concerning the matters on the Agenda, in addition to the Annual Financial Report, the Corporate Governance and Ownership Structure Report and the Remuneration Report were made available to the public at the registered offices and published on the Company website in accordance with law.

The Chairman clarified that a copy of the documentation was available to those present at the meeting at the desk located near the entrance to the room.
The Chairman proposes to not read the documents concerning the Agenda as this documentation has been made available to the public in accordance with law and to limit the reading to the Board of Directors proposals.
He therefore asks if there are any objections among Shareholders' Meeting attendees and notes that no objections are raised in this regard.
The Chairman also informed that:

- there are no shareholding agreements between shareholders relating to the exercise of rights pertaining to shares or the transfer thereof;
- the share capital amounts to euro 125,000,000, comprising a corresponding number of shares of par value of euro 1.00; 122,803,985 shares have voting rights, with the 2,196,015 treasury shares equal to 1.757% of the share capital excluded from voting rights;
- shareholders number 23,402 according to the latest Register;
- the Shareholders with holdings of greater than 3% were:
  1) Francesco Gaetano CALTAGIRONE with an indirect holding through the subsidiaries "GAMMA Srl", "FGC FINANZIARIA Srl" and "PARTED 1982 SpA", for a total of 75,955,300 shares, equal to 60.76% of the share capital;
  2) AMBER CAPITAL UK LLP, on behalf of Amber Active Investor LTD, holder of 13,162,708 shares, or 10.530% of share capital;
- the shares were filed in accordance with the by-laws and the applicable legal provisions;
- a request for the presentation of new matters on the Agenda or additional proposals on matters already on the Agenda was not received by Shareholders representing at least 2.5% of the share capital with voting rights, in accordance with the applicable regulation;
- no questions were sent to the Company before the Shareholders' Meeting in accordance with the conditions set out in the call notice;
- members of the financial press and the Independent Audit Firm "PriceWaterhouseCoopers SpA" are present in the hall and it is requested if there are any objections to such presence by attendees of the Shareholders' Meeting; there are no objections;
- details of attendees of the Shareholders' Meeting are collated and handled by the Company exclusively for the execution of the obligatory Shareholders' Meeting and corporate requirements.

Both the separate and consolidated financial statements, with the relative reports of the Directors and Board of Statutory Auditors, accompanied by the reports of the Audit Firm "PriceWaterhouseCoopers SpA" are attached to the present minutes under the letters **"C-D-E-F-G-H"**.
The Chairman therefore declares the present Shareholders' Meeting properly constituted and valid to resolve upon the matters on the Agenda, which are read:

Extraordinary Session

- Amendment of Article 2 of the By-Laws in order to expand the objects clause.

Ordinary Session

1. Presentation of the Separate and Consolidated Financial Statements for the year ended December 31, 2017, together with the Directors' Report, Board of Statutory Auditors' Report and the Independent Auditors' Report; resolutions thereon.
2. Appointment of the Board of Directors for the three-year period 2018 - 2019 and 2020, determining the number of Board members and relative remuneration.
3. Appointment of the Board of Statutory Auditors for the three-year period 2018 - 2019 and 2020 and determination of emoluments.
4. Remuneration Report in accordance with Article 123-ter paragraph 6 of Legislative Decree 58/98; resolutions thereon.

The Chairman then proceeded to the sole order of business on the agenda for the extraordinary session of the meeting. He explained the main contents of the amendments to the By-Laws, remarking that in the light of the stagnation that currently prevailed on the construction market, the Board of Directors has deemed it to be in the interests of the company and of all of its stakeholders to propose that the Shareholders approve certain amendments to the objects clause aimed at permitting the Company to begin the process of diversifying its business, with respect to its role as holding company and parent of the Group of the same name. In fact, the Board of Directors considered it expedient for the Company to expand its focus, by evolving from a holding company with interests solely in companies operating in the publishing, advertising and Internet sectors into a holding company with interests in companies and entities also operating in other lines of business.
The amendment proposed to Article 2 of the By-Laws will where approved, continued the Chairman, significantly extend the corporate scope and assign the right to withdrawal for shareholders not in agreement with adoption of the motion, as per Article 2437, paragraph 1, letter a) of the Civil Code.
Finally, as announced on March 20, 2018, the Chairman reported that the liquidation value of any shares for which the right of withdrawal was to be exercised had been determined to be euro 1.343 per share, in accordance with applicable legislation. The Chairman then asked if anyone wished to speak.
Mr. Arturo Albano, proxy representative of the shareholder Amber Capital, holder of 13,162,708 shares, asked for and was granted permission to speak. He then read out the document reproduced below, as requested by the shareholder's representative, in its entirety:
"Amber Capital is an institutional investor that has been doing business in Italy for over 15 years. We invest in companies with a sound industrial profile, solid fundamentals and market valuations that represent a discount on their intrinsic value. We seek to establish constructive dialogue with the management and boards of directors of all companies in which we invest, in an attempt to provide, in a manner respectful of our respective roles, a contribution benefiting from our international expertise and experience with regard to possible improvements in company strategies and corporate governance, in pursuit of the goal of raising market value to match intrinsic value.
Accordingly, we invested in Caltagirone Editore because we believed that the company's market price did not reflect its true value. When the majority shareholder made a public takeover bid for all of the company's shares at the price of euro 1 a share, I must admit that we were surprised to learn that the Board of Directors - including most of the independent directors, with the support of esteemed financial advisors - had unanimously deemed the price offered to be fair. We believe that the Board of Directors and its advisors have adopted a very conservative valuation, considering that at the time of the bid the net cash at hand and Generali shareholding alone were worth euro 1.75 per share. We would like the opportunity to discuss the matter with the directors and advisors who gave the fairness opinion in order to attempt to understand how they reached their conclusions.
Clearly, the different valuation - regardless of the matter of the liquidity of the shares, which is a subjective element that depends in part on the size and investment time horizon of the individual investors concerned - lies entirely in the value attributed to the publishing business.
Over the past seven years the publishing business has declined considerably, offset only in part by the rationalisation and optimization of costs. Looking at performance in recent years, it is clear that the publishing business is not generating positive cash flow, but even the very considerable losses posted in the income statement - mostly due to impairment losses recognised on goodwill and accelerated depreciation - have had a very limited impact on net financial position. We believe - and the company itself confirms - that the restructuring process, while not yet completed, may contribute positively to restoring the Group to financial equilibrium.
Management also seem well aware of the need to expedite the digitalisation of information - something on which they are already working - in order to increase advertising revenues and attract new readers.
We are convinced that the right approach for a company operating in the media sector such as Caltagirone Editore is to combine with other players to consolidate the market, while investing in content.
It is precisely because of our conviction that the media business, where soundly managed with an eye towards consolidation, has significant potential, that we were perplexed (and not entirely convinced) by the proposal to expand the objects clause before us today.

We believe that in its current formulation the proposal is insufficiently clear, essentially because while we currently can be sure that we are shareholders of a company operating in the media sector, once this amendment to the objects clause has been approved, we will no longer enjoy this certainty, because the Board of Directors could then potentially decide to invest in endeavours of all kinds, some of which may never be of interest to us as institutional investors. The statement - which almost might be interpreted as a warning - that Caltagirone Editore may conduct business dealings "with and for the benefit of Group companies, including in pursuit of optimisation of intra-Group cash flows" is equally worrisome and unclear. An expression of this sort implies that related-party transactions may be undertaken, leading the company into completely new segments of the market. Our request for clarification also extends to this specific point, namely the rationale for the proposed amendment, in the hope that management can help us understand which lines of business might be considered attractive to the Company and where it imagines the Company will be operating in the next three, five and ten years."

Mr. Moreno Giacomelli, holder of 558,500 shares, asked for and was granted permission to speak. He then stated that he concurred with what had been said by the representative of Amber Capital, and further remarked that the proposed amendment to the By-Laws is overly generic in that it does not specify the businesses on which the Group intends focus and thus does not permit the shareholders to vote in an informed manner, thereby undermining their decision-making rights.

In response to the representative of the shareholder Amber Capital and to the shareholder Mr. Giacomelli, the Chairman stated that he was unable to provide a detailed answer to the requests regarding the calculation of the price of the public takeover bid since the transaction had not been successfully completed due to a lack of a positive response to the bid by the market.

Turning to the proposal to amend the objects clause, the Chairman clarified that the proposal was in no way intended to alter the Group's mission. The Chairman stressed that the Group is investing in digital technology and rationalisation to revitalise and expand its publishing business. It is undeniable, continued the Chairman, that the Group's market of operation is complex and rapidly changing, and that the Group therefore needs to be made more flexible. In fact, the proposed amendment to the objects clause is designed to increase the Group's manoeuvring room. He went on to remind those present that over the years the Group's governing body had always proved itself to be responsible and reliable and had never made any unwise decisions. As for dealings with other Group companies, the Chairman stressed that such transactions are governed by thorough laws and regulations, emphasising that the Company complies scrupulously with all rules and regulations. After concluding his response to the above questions, the Chairman then read out the Board of Directors' proposal as reproduced below:

Considering that stated above, the Board of Directors proposes that:

"The Extraordinary Shareholders' Meeting of Caltagirone Editore SpA, having examined the proposal of the Board of Directors, approves:

- the amendment of Article 2 of the By-Laws, as proposed by the Board of Directors, according to the content and the text of the Illustrative Report prepared by the Board as per Article 72 of CONSOB motion n. 11971/1999 (Issuers' Regulation), adopting the new text of the annexed By-Laws;
- authorisation of the Board of Directors to dispose of any treasury shares purchased as a consequence of the exercise of the right of withdrawal, upon the conclusion of the liquidation process pursuant to Article 2437-*quater* of the Italian Civil Code, without any time limits, for a price to be set in accordance with applicable provisions of laws and regulations, including Community regulations and/or according to the limits established by Consob market practice permitted by law;
- the conferring of mandate to the Chairman and the Chief Executive Officer, individually and with the faculty to avail of, in full or in part, special powers of attorney, for the complete execution of the above motion, granting to them all powers to undertake that necessary and for the execution of the formalities required and consequent legislative and regulatory obligations, including filing of the motion at the Companies Office, and all other filings, communications and disclosures, with the faculty to introduce additional non-substantial amendments, supplements or cancellations which may be required or considered useful or beneficial, also on filing at the Companies Office, and in general all that required for the complete, efficient and proper execution of the motion

and to appoint and authorise the Chairman and the Chief Executive Officer in office, individually, with the power to sub-delegate and to avail of, in full or in part, special powers of attorney, to file and publish, in accordance with law the updated text of the By-Laws with the changes made by them in accordance with the above motions".

The Chairman put the Board of Directors' various proposals to a vote separately:

- to amend Article 2 of the By-Laws, as proposed by the Board of Directors, according to the content and the text of the Illustrative Report prepared by the Board as per Article 72 of CONSOB motion n. 11971/1999 (Issuers' Regulation), adopting the new text of the annexed By-Laws.

With the vote against of 14,841,779 shares and the vote in favour of 90,840,594 shares, the Shareholders' Meeting approved the proposal by a majority of its members.

- to authorise the Board of Directors to dispose of any treasury shares purchased as a consequence of the exercise of the right of withdrawal, upon the conclusion of the liquidation process pursuant to Article 2437-*quater* of the Italian Civil Code, without any time limits, for a price to be set in accordance with applicable provisions of laws and regulations, including Community regulations and/or according to the limits established by Consob market practice permitted by law.

With the vote against of 14,841,779 shares and the vote in favour of 90,840,594 shares, the Shareholders' Meeting approved the proposal by a majority of its members.

- to authorise the Chairman and Chief Executive Officer, in office, separately between them, to see to the full implementation of the foregoing resolution, with the power to avail themselves of attorneys-in-fact, for part or all of such implementation.

With the vote against of 14,841,779 shares and the vote in favour of 90,840,594 shares, the Shareholders' Meeting approved the proposal by a majority of its members. The By-Laws, as updated and amended as a result of the above resolution, modified solely in respect of Art. 2, are appended to these minutes as Appendix **I**.

The Chairman, in relation to the first matter on the Agenda concerning the presentation of the separate and consolidated financial statements, proceeds to the reading the proposals of the Board of Directors, as decided on opening the Shareholder' Meeting:

"*Dear Shareholders*,

we propose to you the approval of the Financial Statements at December 31, 2017, 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 Caltagirone Editore SpA of euro 36,974,457.

Before putting the Board of Directors' proposal to a vote by the Shareholders' Meeting, the Chairman then asked Chief Executive Officer Albino Majore to discuss the Group's performance in 2017.

Mr. Albino Majore remarked that the Group had operating revenues of euro 144.7 million, down by 5% on the previous year. Operating costs were down by 6.1% due to the reorganisation initiatives taken. As a result, EBITDA had essentially reached break-even, up from a loss of approximately euro 2 million in the previous year. It also bears remarking, the Chief Executive Officer continued, that EBITDA includes non-structural, non-recurring labour costs of euro 3.5 million, net of which it is positive. Despite the essential break-even at the level of operating margin, the pre-tax result amounted to a loss of euro 39.6 million, due to depreciation, amortisation, impairment and provisions of euro 43.3 million, most of which can be attributed to the results of the impairment testing performed on the values of publications in accordance with the applicable accounting standards. The net loss at the consolidated level amounted to euro 29.6 million. The Chief Executive Officer went on to stress that after 2008 the advertising market - and particularly the market for print publications - had entered a period of structural crisis and severe decline. Alongside this, a structural and general decline in the number of copies of newspapers sold had a profound impact on the Group's revenues. Given this scenario, human resources had to be thoroughly restructured and reorganised, a process that led to a reduction of the related expenses by over euro 50 million. This reduction was made possible not only by decreasing the headcount but also by taking an innovative approach to reorganising the workforce based on specific job description, involving the application of specific contracts for each job type and the resultant savings on overall costs. The decrease in the other operating costs is consistent with the decrease in revenues.

If one analyses the last ten years (2007-2017), the picture that emerges is one of a state of deep crisis in the industry, driven above all by declining consumer spending, a phenomenon that continued at greater length in Italy than in other European countries and with a corresponding decrease in advertising spend. In addition, the advertising market in Italy is dominated by television as the medium most in demand for advertising investment, with market share of over 60%, a fact that drives down investments in other media - and in newspapers in particular. Finally, the Chief Executive Officer stressed that these criticalities are in addition to the fact that the current widespread and easy availability of information in various types of communications media (Internet, telephone and television) deprives newspapers of their specific role, and there is increasingly less demand for newspapers to act as middlemen as a result of this cultural shift.
Mr. Majore went on to remark that at the operational level *Il Gazzettino* required a new printing press and this decision could no longer be postponed since the existing equipment was more than 25 years old, obsolete and the printing format was not compatible with that used by the Group's other publications. The solution identified allowed equipment to be obtained for the newspaper by purchasing it abroad for a reasonable price due to the market crisis. As a result of this investment, *Il Gazzettino* now has access to a format comparable to those used by the Group's other publications and in full color as per market demands.
Mr. Majore concluded his remarks to the meeting by emphasising that at the level of the individual financial statements the loss amounted to euro 39.6 million, primarily owing to the impairment losses recognised on the carrying amounts of the interests in the subsidiaries.
Once the Chief Executive Officer had finished speaking, he asked whether any of the shareholders present wished to address the meeting.
The shareholder Moreno Giacomelli, holder of 558,500 shares, asked to speak, observing that the Group's main competitors seemed to be doing better. In particular, *Il Sole 24 Ore* turned a profit in 2017, the RCS Group pared back its debt and the Poligrafici Editoriale Group - which he believed to be most comparable to the Caltagirone Editore Group - appears to have a less costly organisation. The shareholder, Mr. Giacomelli, dwelt for a moment on the Group's overheads, and in particular on the costs of its lease agreements. He asked whether it was possible to save money by rationalising the various places of business of the Group's companies. He also asked for clarification regarding transactions involving treasury shares, given that since November 2017 the Group had only been selling shares, not buying them, a situation which he regarded as inefficient from a cost standpoint.
After asking the Chairman to respond to the shareholders, the Chief Executive Officer prefaced his remarks by stating that the matter of real-estate costs had already been covered by questions put to the Shareholders' Meeting and Board of Directors in 2016 and 2017 and the Company had already provided a thorough written response. He also noted that the expiry dates of the lease agreements had to be respected. He went on to point out that, with regard to the offices of *Il Messaggero*, the entire ground floor of the building on Via del Tritone is occupied by commercial businesses outside of the Group and that administration and pre-printing also for the other group titles had been reorganized at the same offices in order to optimize the use of space. As for *Il Mattino*, he noted that in keeping with the recent significant reduction in headcount a new location had been found in the Torre Francesco building in the Naples office park, owned by a company subject to common control. This new office location will lower costs by more than euro 700,000. Turning to the comparison made by Mr. Giacomelli to the performances of other Groups in the same sector, Chief Executive Officer Majore responded that such comparisons are always very difficult since each company has its own history and there are too many variables at play for truly significant comparisons.
The Chairman addressed the meeting to answer the question regarding treasury shares, remarking that the Shareholders' Meeting had authorised the Board of Directors to purchase and sell treasury shares and that the increase in price seen in recent months had led the Board to believe that it was a good time to sell.

The shareholder Giacomelli spoke again, asking why *Il Messaggero* had seen such a significant decline in advertising revenues. Chief Executive Officer Majore explained that the developments in the "legal advertising" situation during the year had had a particularly significant impact on the advertising revenues of Il Messaggero. He then went on to note that the crisis in the advertising market is affecting above all advertising at the "national" level, rather than at the "local" level. Accordingly, *Il Messaggero*, which is the Group publication with national circulation, was most severely affected.

After the questions had been answered, the Chairman put the Board of Directors' various proposals to a vote separately:

- Approval of the 2017 Financial Statements, accompanied by the relative reports.

With the vote against of 1,673,577 shares and the vote in favour of 104,008,796 shares, the Shareholders' Meeting approved the proposal by a majority of its members.

- Carrying forward of the loss for the year of Caltagirone Editore SpA of euro 36,974,457.

With the vote against of 1,115,077 shares and the vote in favour of 104,567,296 shares, the Shareholders' Meeting approved the proposal by a majority of its members.

In relation to the second matter on the Agenda:
"Appointment of the Board of Directors for the three-year period 2018 - 2019 and 2020, determining the number of Board members and relative remuneration".
Mr. Domenico Sorrentino, acting as proxy representative of Mr. Gianfranco Lombardi, holder of 5,030 shares, left the room since he had not received instructions on this and the subsequent item n. three on the agenda.
The Chairman, in taking the floor, reports that the with the approval of the 2017 financial statements the three year mandate of the current Board of Directors concludes, and therefore the Shareholders' Meeting has been called to proceed with the new appointment for the three-year period 2018-2020, establishing the number of members in accordance with the By-Laws of between 3 and 15 members, as well as the relative remuneration.
The renewal of the Board of Directors must take place in compliance with the gender balance regulation, which reserves not less than one-third of places on the board to the under-represented gender.
In this regard, the Chairman notes that two slates of candidates for the Board of Directors had been submitted, namely:

- the slate submitted by the shareholder Parted 1982 S.p.A, which holds a 35.564% stake, as shown in the slide projected onto the screen, including Messrs.:

Francesco Gianni, Alessandro Caltagirone, Azzurra Caltagirone, Francesco Caltagirone, Tatiana Caltagirone, Antonio Catricalà, Massimo Confortini, Mario Delfini, Albino Majore, Annamaria Malato and Valeria Ninfadoro.

- the slate submitted by Amber Capital UK LLP as manager of the fund Amber Active Investors Ltd, which holds a 10.53% stake, as shown in the slide projected onto the screen, including:

Giacomo Scribani Rossi and Luciano Duccio Castelli.
The Chairman noted that the shareholder that had submitted the slate had determined that the candidates had no connections to the majority shareholder, as required by applicable legislation.
Both of the slates submitted, continued the Chairman, were accompanied by the documentation mandated by the law and By-Laws, and had been made available to the public according to the timetable and in the manner specified in applicable legislation.
On conclusion of voting, as established in the By-Laws, the first candidate on the minority slate which obtains the largest number of votes and which is not related in any manner, even indirectly, with the slate which has the highest number of votes, is elected Director; the other members of the Board of Directors are taken in a progressive order from the slate which obtained the highest number of votes. Where the result of voting does not satisfy the applicable gender equality laws and regulations, the first listed candidate belonging to the under-represented gender replaces the last selected member on the slate which has received the highest number of votes. If the gender equality quota has not been met through this method, the Shareholders' Meeting votes by statutory majority.
Finally, the Chairman remarked that on the basis of the declarations received, the candidates Francesco Gianni, Antonio Catricalà, Massimo Confortini, Annamaria Malato, Valeria Ninfadoro, Giacomo Scribani Rossi and Luciano Duccio Castelli met the independence requirements established by applicable legislation.
In order to proceed therefore with the motions concerning the appointment of the Board of Directors, it will be necessary to carry out the voting concerning:
a) establishment of the number of Directors;
b) determination of the relative remuneration;
c) appointment of the members of the Board of Directors.

The Chairman therefore requests if there are any proposals concerning the composition of the new Board of Directors.
The representative of the Shareholder Parted 1982 Spar proposes the establishment of the number of Directors as 12.
The Chairman then put to a vote the proposal submitted by the representative of the shareholder Parted 1982 SpA.
With the vote against of 1,132,980 shares and the vote in favour of 105,544,363 shares, the Shareholders' Meeting approved the proposal by a majority of its members. The Chairman therefore, based on the voting, declares that the Shareholders' Meeting has established the number of Directors as 12.
He then asks if there are any proposals concerning the determination of the relative remuneration.
The representative of the Shareholder Parted 1982 SpA proposes in relation to the establishment of the remuneration the allocation to each Director of a fee of euro 1,000.00 for each attendance at Board meetings.
The Chairman then put to a vote the proposal submitted by the representative of the shareholder Parted 1982 SpA.
With the vote against of 1,132,980 shares and the vote in favour of 105,544,363 shares, the Shareholders' Meeting approved the proposal by a majority of its members.
The Chairman then proceeded to put to separate votes the candidates for the Board of Directors, as presented in the slates in question and shown in the slide projected onto the screen.
The Shareholders' Meeting was asked to vote for the slate submitted by Parted 1982 SpA:
this slate received 90,823,155 votes, accounting for 85.9438% of the share capital represented.
The Shareholders' Meeting, continued the Chairman, was then called on to vote for the slate submitted by Amber Capital UK LLP as manager of the fund Amber Active Investors Ltd.:
this slate received 14,854,188 votes, accounting for 14.0562% of the share capital represented.
The Chairman asked any shareholders who had voted against or abstained from the voting on the two slate to identify themselves; there were no votes against and no shareholders had abstained.
The Chairman declares that the Board of Directors is appointed for the 2018, 2019 and 2020 three-year period and however until the Shareholders' Meeting called to approve the 2020 Annual Accounts, in the persons of:

- Caltagirone Alessandro born in Rome on 27/12/1969 - tax code CLTLSN69T27H501N;
- Caltagirone Azzurra born in Rome on 10/03/1973 - tax code CLTZRR73C50H501B;
- Caltagirone Francesco born in Rome on October 29, 1968 - tax code CLTFNC68R29H501B;
- Caltagirone Tatiana born in Rome on 3/07/1967, tax code CLTTTN67L43H501D;
- Catricalà Antonio born in Catanzaro 7/02/1952, tax code CTRNTN52B07C352T;
- Confortini Massimo born in Avezzano on 16/02/1954 - tax code CNFMSM54B16A515X;
- Delfini Mario born in Rome on 19/04/1940 - tax code DLFMRA40D19H501F;
- Gianni Francesco born in Ravenna on 9/02/1951 - tax code GNNFNC51B09H199R;
- Ninfadoro Valeria born in Foggia on 21/11/1969 - tax code NNFVLR69S61D643D;
- Majore Albino born in Rome on 14/03/1945 - tax code MJRLBN45C14H501E;
- Malato Annamaria born in Tivoli (RM), on 24/08/1968, tax code MLTNMR68M64L182P;
- Scribani Rossi Giacomo born in Rome on November 28, 1967 tax code SCRGCM6728H501Q.

All domiciled for the purpose of office in Rome, Via Barberini n. 28

In relation to the third matter on the Agenda:
"Appointment of the Board of Statutory Auditors for the 2018, 2019 and 2020 three-year and establishment of the relative emoluments", the Chairman notes that with the approval of the 2017 financial statements, the mandate of the Board of Statutory Auditors currently in office also concludes. The Shareholders' Meeting is therefore invited to appoint the Board of Statutory Auditors for the 2018, 2019 and 2020 period and to establish the relative emoluments.
The composition of the Board of Statutory Auditors must comply with the applicable gender equality laws and regulations.
On a related note, the Chairman observed that two slates of candidates for the Board of Statutory Auditors had been received, as reproduced below:

- a slate submitted by the shareholder Parted 1982 S.p.A, which holds a 35.564% stake, as shown in the slide projected onto the screen, including Messrs.

Antonio Staffa, Maria Assunta Coluccia and Federico Malorni (candidates for the office of statutory auditor); Patrizia Amoretti and Vincenzo Sportelli (candidates for the office of alternate auditor).

- A slate submitted by Amber Capital UK LLP as manager of the fund Amber Active Investors Ltd, which holds a 10.53% stake, as shown in the slide projected onto the screen, including: Matteo Tiezzi (statutory auditor) and Luisa Renna (alternate auditor).

The Chairman states that on conclusion of voting, as per the By-Laws, the first two candidates of the slate which obtains the largest number of votes are elected as statutory auditors ("the Majority Slate") and the first candidate of the slate presented and voted by the shareholders which are not related, even indirectly, to the majority shareholders, which is second in terms of number of votes (the "Minority Slate"), is elected Chairman of the Board of Statutory Auditors.

Also elected are:

- one Alternate Auditor among the candidates indicated in the section "Alternate Auditors" of the Majority Slate in progressive order;
- one Alternate Auditor among the candidates indicated in the section "Alternate Auditors" of the Minority Slate in progressive order.

The Chairman then put to a separate vote the candidates for the Board of Statutory Auditors, according to the slates submitted and shown in the slide projected onto the screen.

The Shareholders' Meeting was then asked to vote for the slate submitted by Parted 1982 SpA. This slate received 90,823,855 votes, accounting for 85.9438% of share capital represented.

The Shareholders' Meeting was next asked to vote for the slate submitted by Amber Capital UK LLP as manager of the fund Amber Active Investors Ltd.

This slate received 14,854,188 votes, accounting for 14.0562% of the share capital represented.

The Chairman asked any shareholders who had voted against or abstained from the voting on the two slate to identify themselves; there were no votes against and no shareholders had abstained.

In light of that stated above, the Board of Statutory Auditors was therefore appointed for the three year period 2018 - 2019 and 2020 and however until the Shareholders' Meeting which will be called to approve the 2020 Annual Accounts, in the persons of:

- Matteo Tiezzi born in Vignola (MO) on 10/05/1966, tax code TZZMTT66E10L885I, Chairman, domiciled for the purposes of office at Strada Gherbella 294/a, 41126 Modena;
- Antonio Staffa born in Rome on April 19, 1943, tax code STFNTN43D19H501P, Statutory Auditor, domiciled for the purposes of office at via Giuseppe Ferrari, 35 00195 Rome;
- Maria Assunta Coluccia born in Rome on 27/01/1966 - tax code CLCMSS66A67H501Y, Statutory Auditor, domiciled for the purposes of office at Claudio Monteverdi, n. 16 00198 Rome;
- Luisa Renna born in Gallipoli (LE) on 24/12/1979, tax code RNNLSU79T64D883U, Alternate Auditor, domiciled for the purposes of office at Strada Gherbella 294/a, 41126 Modena;
- Patrizia Amoretti born in Rome on 20/03/1970, tax code MRTPRZ70C60H501Q, Alternate Auditor, domiciled for the purpose of office in via Claudio Monteverdi, n. 16 00198 Rome.

The Chairman invites the Shareholders' Meeting to set the fees to be paid to the appointed Board of Statutory Auditors.

The representative of the shareholder Parted 1982 SpA addressed the meeting, proposing that the members of the Board of Statutory Auditors just elected be granted annual remuneration, of euro 10,500.00 for the Chairman and euro 7,000.00 for each of the two statutory auditors. They also proposed a fee of euro 1,000.00 for each attendance of the Board of Directors meetings.

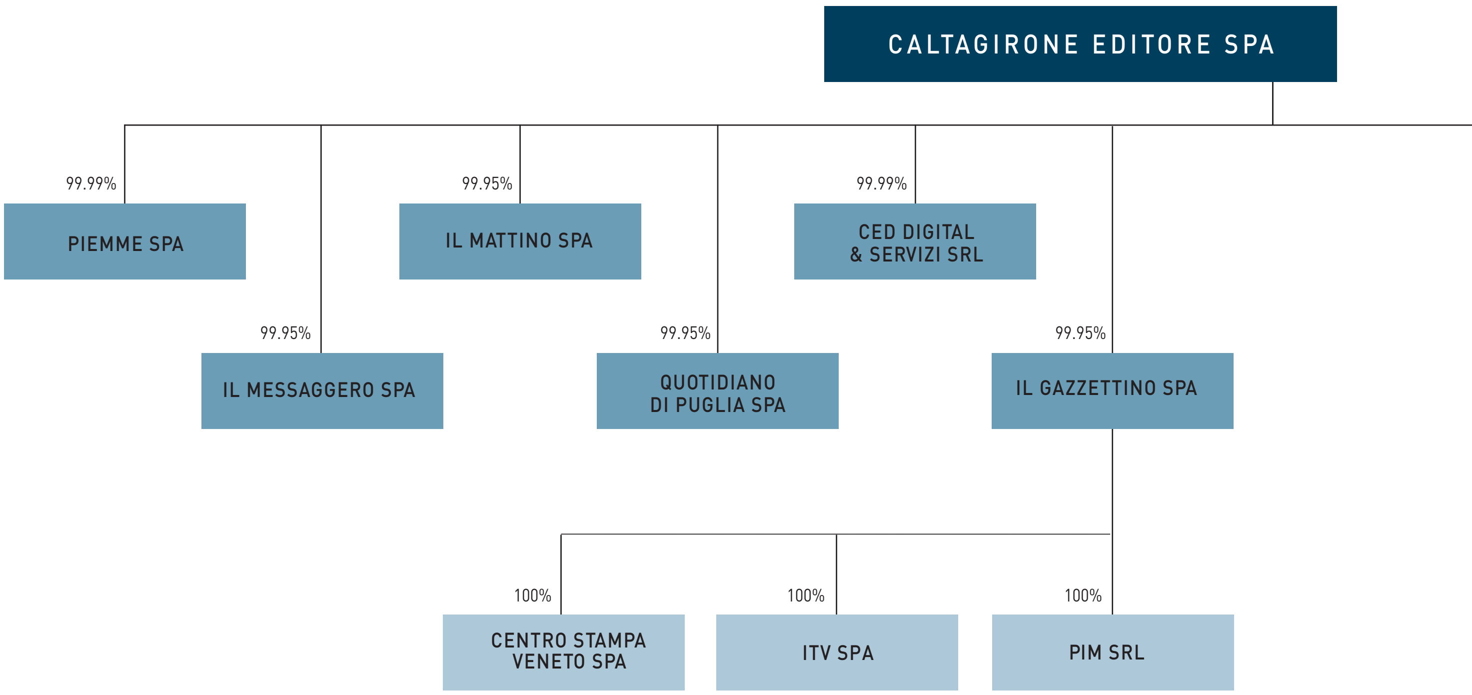
The Chairman then put to a vote the proposal submitted by the representative of the shareholder Parted 1982 SpA.

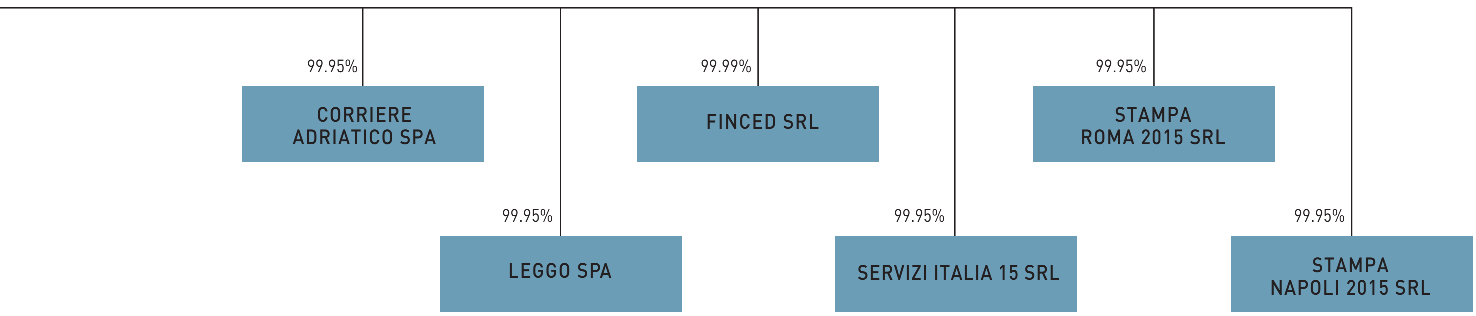
With the vote against of 1,127,486 shares and the vote in favour of 104,549,857 shares, the Shareholders' Meeting approved the proposal by a majority of its members. Mr. Domenico Sorrentino, representing 5,030 shares by proxy, then returned to the room.

In relation to the fourth matter on the Agenda:
"Remuneration Report in accordance with Article 123-ter paragraph 6 of Legislative Decree 58/98; resolutions thereon".
The Chairman reports that in compliance with the applicable regulation, the Shareholders' Meeting is invited to express a favourable or opposing opinion but not binding on the section of the report on the remuneration policy of members of the Board of Directors and Control Boards. The Board of Directors prepared and approved on March 12, 2018 the Remuneration Report which establishes the general guidelines implemented by Caltagirone Editore SpA in this regard. The report was made available at the registered offices and published on the company website in the terms established by the applicable regulation.
The Chairman therefore asks the Shareholders' Meeting if any persons wish to contribute, and as there are no responses puts to the vote section I of the Remuneration Report concerning the policy adopted by the Company in this regard, opting not to read it as decided on opening the Meeting.
With the vote against of 14,854,188 shares and the vote in favour of 90,828,185 shares, the Shareholders' Meeting approved the proposal by a majority of its members.

As no further matters are to be resolved upon and no one has requested the floor, the Shareholders' Meeting is closed at 13.30.
The person appearing before me exempts me from reading the attachments, declaring to be fully aware of their content.
I received the present deed, written in part by automated means by persons known to me and in part by me and having read such to the person appearing before me, who on my asking declares that all complies with his wishes and signs such.

CALTAGIRONE EDITORE GROUP
CONTROLLED COMPANIES AND MAIN INVESTMENTS AT DECEMBER 31ST, 2017

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