HALF-YEAR REPORT

June 30th 2019

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Corporate Boards

Board of Directors

Chairman	Francesco Gianni [1]
Vice Chairman	Azzurra Caltagirone
Chief Executive Officer	Albino Majore
Directors	Alessandro Caltagirone Francesco Caltagirone Tatiana Caltagirone Antonio Catricalà [1] Massimo Confortini [1] Mario Delfini Annamaria Malato [1] Valeria Ninfadoro [1] Giacomo Scribani Rossi [1]

Board of Statutory Auditors

Chairman	Matteo Tiezzi
Statutory Auditors	Antonio Staffa Maria Assunta Coluccia

Executive Responsible	Fabrizio Caprara
Independent Audit Firm	PricewaterhouseCoopers SpA

[1] *Independent Directors*

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DIRECTORS' REPORT

Introduction

This Report refers to the Condensed Consolidated Financial Statements at June 30th 2019, prepared in accordance with Article 154 ter, paragraph 3, of Legislative Decree 58/1998 as supplemented and the Consob Issuers' Regulation.

The Report was prepared in accordance with International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union and was drawn up according to IAS 34 – Interim financial reporting, applying the same accounting standards adopted in the preparation of the Consolidated Financial Statements at December 31st 2018, with the exception of those described in the paragraph "Accounting standards and amendments to standards adopted by the Group" in the Notes to the condensed consolidated half-year financial statements, to which reference is made.

The consolidated financial statements at June 30th 2019 reflect the adoption of the new IFRS 16 - Leases, entering into force from January 1st 2019. For the adoption of the new standard, the Group followed the modified retrospective transition method (i.e. with cumulative effect of the adoption recognised as an adjustment to the opening balance of retained earnings at January 1st 2019, without restating the comparative disclosure). The first half of 2019 income statement figures are therefore not immediately comparable with the corresponding amounts for the same period of the previous year. The application of the new standard resulted in at June 30th 2019:

- the recognition to property, plant and equipment of rights of use for a total of Euro 13.1 million;
- the recognition of a financial liability of Euro 13.1 million;
- an EBITDA improvement in the period of Euro 1.736 million, from the reversal of leasing charges, offset by higher amortisation and depreciation of Euro 1.663 million and increased financial charges of Euro 73 thousand.

Operational overview

The key financial results compared to the first half of 2018 are shown below.

in thousands of Euro	*H1 2019*	*H1 2018*	*cge.*	*cge.%*
OPERATING REVENUES	**66,886**	**70,372**	**(3,486)**	**(5.0%)**
CIRCULATION REVENUES	30,301	33,042	(2,741)	(8.3%)
ADVERTISING REVENUES	33,748	34,603	(855)	(2.5%)
WEB CONTENT SALES REVENUES	547	451	96	21.3%
PROMOTION REVENUES	192	283	(91)	(32.2%)
OTHER REVENUES AND INCOME	2,098	1,993	105	5.3%
OPERATING COSTS	**(67,797)**	**(72,940)**	**5,143**	**7.1%**
RAW MATERIALS, SUPPLIES & CONSUMABLES	(5,953)	(6,013)	60	1.0%
LABOUR COSTS	(30,047)	(29,759)	(288)	(1.0%)
OTHER OPERATING CHARGES	(31,797)	(37,168)	5,371	14.5%
EBITDA	**(911)**	**(2,568)**	**1,657**	**64.5%**
AMORTISATION, DEPRECIATION, WRITE-DOWNS & PROVISIONS	(3,450)	(1,436)	(2,014)	n.a.
EBIT	**(4,361)**	**(4,004)**	**(357)**	**(8.9%)**
FINANCIAL INCOME	5,890	5,645	245	4.3%
FINANCIAL CHARGES	(524)	(486)	(38)	(7.8%)
FINANCIAL RESULT	**5,366**	**5,159**	**207**	**4.0%**
PROFIT BEFORE TAXES	**1,005**	**1,155**	**(150)**	**(13.0%)**
INCOME TAXES	642	1,062	(420)	39.5%
NET PROFIT	**1,647**	**2,217**	**(570)**	**(25.7%)**
MINORITY INTEREST	-	-	-	0.0%
GROUP NET PROFIT	**1,647**	**2,217**	**(570)**	**(25.7%)**

In the first six months of 2019, the Group reported Operating Revenues of Euro 66.9 million, reducing 5% on H1 2018, following a contraction in circulation revenues (-8.3%) and advertising revenues (-2.5%).

Raw material costs decreased 1% - principally due to the lower quantities utilised in the production process, which permitted the absorption of the increase in the international price of paper.

Labour costs, including non-recurring charges of Euro 2 million (Euro 851 million in H1 2018) - due to the measures put in place by a number of Group companies - rose 1%. On a like-for-like basis, excluding these extraordinary charges, labour costs decreased 3% on the first half of 2018.

Other operating costs decreased overall by 14.5%, due to the ongoing cost-cutting by the subsidiaries, particularly regarding service costs and as a result of the adoption of the new standard IFRS 16, as outlined in the introduction.

EBITDA reported a loss of Euro 911 thousand (loss of Euro 2.6 million in H1 2018).

EBIT, after amortisation/depreciation, provisions and write-downs of Euro 3.5 million, reported a loss of Euro 4.4 million in the first half of 2019 (loss of Euro 4 million in H1 2018).

Net financial income amounted to Euro 5.4 million (Euro 5.2 million in H1 2018), principally relating to dividends received on listed shares for Euro 5.9 million.

The Group Net Profit was Euro 1.6 million (Euro 2.2 million in the first half of 2018).

The Group **Net Cash Position** at June 30th 2019 is as follows:

Euro thousands	**30.06.2019**	**31.12.2018**
Cash and cash equivalents	111,729	109,656
Non-current financial liabilities for leasing activities	(9,782)	-
Current financial liabilities for leasing activities	(3,331)	-
Current financial liabilities to banks	(7,911)	(10,557)
Net Cash Position	**90,705**	**99,099**

* The Net Cash Position in accordance with CONSOB Communication DEM 6064291 of July 28th 2006 is illustrated at Note 28 of the Notes to Condensed Consolidated Half-Year Financial Statements.

The net cash position was Euro 90.7 million, decreasing Euro 8.4 million on December 31st 2018 (Euro 99.1 million), mainly due to the recognition of non-current (Euro 9.8 million) and current (Euro 3.3 million) financial liabilities relating to the rights of use for leased assets recognised for a similar amount to the Property, plant and equipment category, in application of the new standard IFRS 16, net of dividends received on listed shares of Euro 5.9 million.

Group shareholders' equity amounted to Euro 429.2 million (Euro 415.2 million at December 31st 2018); the increase principally concerns the positive effect in the period from the fair value measurement of shares held by the Group and the net profit.

The Financial Statement ratio are as follows:

	H1 2019	H1 2018	31.12.2018
ROE* *(Net Result/Net Equity)***	0.4	0.5	(2.0)
ROI* *(EBIT/total assets)***	(0.8)	(0.7)	(3.2)
ROS* *(EBIT/Operating Revenues)***	(6.5)	(5.7)	(12.1)
Equity Ratio *(Net equity/total assets)*	0.8	0.8	0.8
Liquidity Ratio *(Current assets/Current liabilities)*	2.7	3.2	2.7
Capital Invested Ratio *(Net equity/Non-current assets)*	1.0	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 earnings ratios declined on the same period of 2018.

Group operating performance

- *Publishing*

Revenues from Group title paper edition sales in 2019 contracted by 8.9% on H1 2018 and by 8.3% including digital subscription and sales.

The latest available circulation data indicates a reduction of approx. 8.27%[1] in paper copies alone and an overall reduction including digital copies of 7.92%[2] in 2019 compared to the same period in 2018.

- *Advertising*

In the first six months of 2019, Group advertising revenues decreased 2.5%.

Paper edition advertising revenues, including also third-party advertising, contracted 5.6% on 2018.

Internet advertising, including also third-party advertising, increased 17.3% on 2018. The contribution of this segment to overall advertising revenues was 18.9%.

[1] Workings on ADS (Accertamento Diffusione Stampa) figures: total paid (January-May 2019 vs January-May 2018)

[2] Workings on ADS (Accertamento Diffusione Stampa) figures: total paper+digital sales (January-May 2019 vs January-May 2018)

The overall market in the first five months of 2019 (latest figures available) contracted 10.2%[3] for newspaper advertising and increased 2%[4] for internet advertising.

In terms of web presence, the Caltagirone Editore network websites to May 2019 reported 3.30 million unique average daily users Total Audience (PC and mobile)[5], up 67% on the previous year.

Related party transactions

"Related" party transactions, as set out in IAS 24, including inter-company transactions, are not atypical or unusual and form part of the ordinary business activities of the companies of the Group. They 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 related party transactions, including those required by Consob communication of July 28th 2006, is shown in Note 26 of the Condensed Consolidated Half-Year Financial Statements.

Other information

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

The parent company is not subject to management and co-ordination in accordance with the applicable regulation, as its management body has full decision-making autonomy.

At June 30th 2019, the headcount was 627 (638 at December 31st 2018); the first half average headcount was 623.

Risk Management

The activities of the Caltagirone Editore Group are subject to the following financial risks: market risks (raw materials prices and the movements in listed share prices), credit risk, interest rate risk and liquidity risk. The management of the financial risks of the Group is undertaken through organisational directives which govern the management of these risks and

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[3] FCP Assoquotidiani Research Centre figures January-May 2019 with corresponding period of 2018
[4] FCP Assointernet Research Centre figures January-May 2019 with corresponding period of 2018
[5] Audiweb figures Total Audience May 2019 (including TAL)

the control of all operations which have importance in the composition of the financial and/or commercial assets and liabilities.

In the first half of 2019, no market risks or uncertainties substantially differing from those evident in the 2018 Annual Accounts emerged and therefore the relative management strategy remains unchanged.

Principal uncertainties and going concern

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

Treasury Shares

At June 30th 2019, Caltagirone Editore SpA had 18,209,738 treasury shares in portfolio, comprising 14.57% of the share capital for a value of Euro 23,640,924.

Corporate Governance

The Board of Directors on March 8th 2019 confirmed for 2019 the Executive Officer for Financial Reporting of the company as Fabrizio Caprara.

2019 Outlook

Circulation revenues and advertising revenues continue to decline both at market and company level and no signs of a turnaround are currently evident. In the absence of fresh developments, it is reasonable to expect that the decline will continue also in the second half of the year.

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.

Subsequent events to June 30th 2019

No significant subsequent events took place.

Rome, July 29th 2019

For the Board of Directors

The Chairperson

Mr. Francesco Gianni

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CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30, 2019

Consolidated Balance Sheet

Assets

(in Euro thousands)	note	*30.06.2019*	*31.12.2018*
Non-current assets			
Intangible assets with definite life	1	429	468
Intangible assets with indefinite life	2	200,203	200,203
Newspaper titles		*200,203*	*200,203*
Property, plant and equipment	3	49,494	37,352
Equity investments and non-current securities	4	108,858	96,118
Other non-current assets	5	105	105
Deferred tax assets	6	52,118	51,202
TOTAL NON-CURRENT ASSETS		**411,207**	**385,448**
Current assets			
Inventories	7	1,831	1,743
Trade receivables	8	41,682	46,194
of which related parties		*246*	*225*
Other current assets	9	1,331	952
Cash and cash equivalents	10	111,729	109,656
TOTAL CURRENT ASSETS		**156,573**	**158,545**
TOTAL ASSETS		**567,780**	**543,993**

Consolidated Balance Sheet

Shareholders' Equity & Liabilities

(in Euro thousands)	note	*30.06.2019*	*31.12.2018*
Shareholders' Equity			
Share capital		125,000	125,000
Share capital issue costs		(18,865)	(18,865)
Reserves		321,454	317,338
Profit/(loss) for the period		1,647	(8,298)
Group shareholders' equity		**429,236**	**415,175**
Minority interest shareholders' equity		-	-
TOTAL SHAREHOLDERS' EQUITY	11	**429,236**	**415,175**
Liabilities			
Non-current liabilities			
Employee benefits	12	15,198	15,590
Non-current provisions	13	6,382	5,481
Non-current financial liabilities	14	9,782	-
of which related parties		*6,548*	*-*
Other non-current liabilities	15	1,421	1,441
Deferred tax liabilities	6	48,846	48,232
TOTAL NON-CURRENT LIABILITIES		**81,629**	**70,744**
Current liabilities			
Current provisions	13	3,643	3,805
Trade payables	16	21,510	22,243
of which related parties		*2,126*	*1,615*
Current financial liabilities	14	11,242	10,557
of which related parties		*1,972*	*-*
Current income tax payables	6	255	205
Other current liabilities	15	20,265	21,264
of which related parties		*84*	*14*
TOTAL CURRENT LIABILITIES		**56,915**	**58,074**
TOTAL LIABILITIES		**138,544**	**128,818**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**567,780**	**543,993**

Consolidated Income Statement

(in Euro thousands)	Note	*H1 2019*	*H1 2018*
Revenue	17	64,788	68,379
of which related parties		*123*	*132*
Other operating revenues	18	2,098	1,993
of which related parties		*23*	*30*
TOTAL REVENUES		**66,886**	**70,372**
Raw material costs	19	(5,953)	(6,013)
Labour costs	12	(30,047)	(29,759)
of which non-recurring charges		*(1,997)*	*(851)*
Other operating charges	20	(31,797)	(37,168)
of which related parties		*(1,094)*	*(2,776)*
TOTAL COSTS		**(67,797)**	**(72,940)**
EBITDA		**(911)**	**(2,568)**
Amortisation, depr., provisions & write-downs		(3,450)	(1,436)
EBIT		**(4,361)**	**(4,004)**
Financial income		5,890	5,645
of which related parties		*5,850*	*5,525*
Financial charges		(524)	(486)
of which related parties		*(21)*	-
Net financial income	22	**5,366**	**5,159**
PROFIT BEFORE TAXES		**1,005**	**1,155**
Income taxes	6	642	1,062
NET PROFIT		**1,647**	**2,217**
Group Net Profit		1,647	2,217
Minority interest share		-	-
Basic earnings/(loss) per share	23	0.015	0.018
Diluted earnings/(loss) per share	23	0.015	0.018

Consolidated Comprehensive Income Statement

(in Euro thousands)	**H1 2019**	**H1 2018**
Net profit for the period	**1,647**	**2,217**
Items which are not reclassified subsequently to profit/(loss) for the year		
Profit/(loss) from the valuation of Investments in equity instruments net of the tax effect	12,304	(5,093)
Total other items of the Comprehensive Income Statement	**12,304**	**(5,093)**
Total comprehensive profit/(loss)	**13,951**	**(2,876)**
Attributable to:		
Parent Company shareholders	13,951	(2,876)
Minority interest	-	-

Statement of Changes in Consolidated Shareholders' Equity

(Euro thousands)	Share capital	Listing charges	Treasury shares	Fair Value reserve	Other reserves	Result for the period	Group net equity	Minority interest N.E.	Total net equity
Balance at January 1ST 2018	**125,000**	**(18,865)**	**(2,224)**	**660**	**373,830**	**(29,633)**	**448,768**	**-**	**448,768**
Effect from application of IFRS 9					(570)		**(570)**		**(570)**
Balance at January 1, 2018 adjusted	**125,000**	**(18,865)**	**(2,224)**	**660**	**373,260**	**(29,633)**	**448,198**	**-**	**448,198**
Prior year result carried forward					(29,633)	29,633	**-**		**-**
Acquisition of treasury shares			141		54		**195**		**195**
Total operations with shareholders	**-**	**-**	**141**	**-**	**(29,579)**	**29,633**	**195**	**-**	**195**
Change in fair value reserve				(5,093)			**(5,093)**	-	**(5,093)**
Net Profit						2,217	**2,217**	-	**2,217**
Total comprehensive profit/(loss)	**-**	**-**	**-**	**(5,093)**	**-**	**2,217**	**(2,876)**	**-**	**(2,876)**
Other changes					4		**4**		**4**
June 30th 2018	**125,000**	**(18,865)**	**(2,083)**	**(4,433)**	**343,685**	**2,217**	**445,521**	**-**	**445,521**
January 1st 2019	**125,000**	**(18,865)**	**(23,641)**	**(3,002)**	**343,981**	**(8,298)**	**415,175**	**-**	**415,175**
Prior year result carried forward					(8,298)	8,298	**-**		**-**
Acquisition of treasury shares							**-**		**-**
Other changes							**-**		**-**
Total operations with shareholders	**-**	**-**	**-**	**-**	**(8,298)**	**8,298**	**-**	**-**	**-**
Change in fair value reserve				12,304			**12,304**	-	**12,304**
Net Profit						1,647	**1,647**	-	**1,647**
Total comprehensive profit	**-**	**-**	**-**	**12,304**	**-**	**1,647**	**13,951**	**-**	**13,951**
Other changes					110		**110**		**110**
Balance at June 30, 2019	**125,000**	**(18,865)**	**(23,641)**	**9,302**	**335,793**	**1,647**	**429,236**	**-**	**429,236**

Consolidated Cash Flow Statement

in thousands of Euro	NOTE	*H1 2019*	*H1 2018*
CASH & CASH EQUIVALENTS PREVIOUS YEAR	**11**	**109,656**	**136,498**
Net profit for the period		1,647	2,217
Amortisation & Depreciation		3,085	1,376
(Revaluations) and write-downs		335	14
Net financial income/(charges)		(5,366)	(5,159)
(Gains)/losses on disposals		(1)	-
Income taxes		(642)	(1,062)
Changes in employee provisions		(571)	(753)
Changes in current and non-current provisions		739	(189)
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		**(774)**	**(3,556)**
(Increase) Decrease in inventories		(88)	(13)
(Increase) Decrease in Trade receivables		4,177	6,358
Increase (Decrease) in Trade payables		(2,396)	384
Change in other current and non-current liabilities		(1,412)	(2,911)
Change in deferred and current income taxes		213	45
OPERATING CASH FLOW		**(280)**	**307**
Dividends received		5,850	5,525
Interest received		40	120
Interest paid		(345)	(287)
Income taxes paid		(258)	(38)
A) CASH FLOW FROM OPERATING ACTIVITIES		**5,007**	**5,627**
Investments in intangible fixed assets		(108)	(106)
Investments in tangible fixed assets		(180)	(96)
Non-current investments and securities		-	(12,287)
Sale of intangible and tangible assets		-	8
B) CASH FLOW FROM INVESTING ACTIVITIES		**(288)**	**(12,481)**
Change in current financial liabilities		(2,646)	167
Other changes		-	195
C) CASH FLOW FROM FINANCING ACTIVITIES		**(2,646)**	**362**
D) Effect exc. diffs. on cash & cash equivalents		-	-
Change in net liquidity		**2,073**	**(6,492)**
CASH & CASH EQUIVALENTS CURRENT YEAR	**11**	**111,729**	**130,006**

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NOTES TO THE CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

June 30, 2019

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Introduction

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

At June 30th 2019, 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 companies:

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

The company in addition holds 18,209,739 treasury shares, equal to 14.57% of the share capital.

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

The Consolidated Condensed Financial Statements at June 30th 2019 include the Condensed Half-Year Financial Statements of the Parent Company and its subsidiaries (together the "Group"). For the consolidation, the financial statements prepared by the Directors of the individual consolidated companies were used.

This half-year report was authorised for publication by the Board of Directors on July 29th 2019.

Compliance with international accounting standards approved by the European Commission

The condensed consolidated half-year financial statements at June 30th 2019 were prepared in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC), approved by the European Commission (hereinafter "IFRS").

In particular, the Condensed Consolidated Group Half-Year Financial Statements 2019 were prepared according to the criteria set out by IAS 34 for the preparation of interim financial statements. These financial statements contain condensed information compared to the applicable accounting standards and must be read together with the consolidated annual accounts of the Group for the year ended December 31st 2018.

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

The accounting standards adopted in the preparation of these Condensed Consolidated Half-Year Financial Statements are the same as those utilised for the consolidated financial statements at December 31st 2018, with the exception of those described below in the "Accounting standards and amendments to standards adopted by the Group" paragraph.

The 2018 consolidated financial statements are available on request from the registered offices of the company Caltagirone Editore S.p.A., via Barberini, 28 Rome or on the website www.caltagironeeditore.com .

Basis of presentation

The condensed consolidated half-year financial statements consist of the Consolidated Balance Sheet, the Consolidated Income Statement, the Comprehensive Consolidated Income Statement, the Statement of changes in Consolidated Shareholders' Equity, the Consolidated Cash Flow Statement 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 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 result for the period, highlights the effects of profits and losses recognised directly to equity, the statement in changes in Shareholders' Equity outlines the changes in the period to the individual accounts comprising Net Equity, while the cash flow statement is presented utilising the indirect method.

The IFRS were applied in accordance with the "Framework for the preparation and presentation of financial statements" and no matters arose which required recourse to the exceptions permitted by IAS 1, paragraph 17.

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

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

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

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

Use of estimates

The preparation of the condensed consolidated half-year financial statements 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 financial situation and balance sheet, the income statement and the cash flow statement, and on the disclosures in the notes to the accounts. The final outcome of the accounts in the financial statements, which use the above-mentioned estimates and assumptions, may differ from those reported in the financial statements due to the uncertainty which characterises the assumptions and conditions upon which the estimates are based.

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

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

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

Income taxes are calculated according to the specific rates applicable for 2019.

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:

	Reg. office	30.06.2019	31.12.2018	Activities
Caltagirone Editore SpA	Rome	Parent	Parent	finance
Il Messaggero SpA	Rome	100%	100%	publishing
Il Mattino SpA	Rome	100%	100%	publishing
Piemme SpA	Rome	100%	100%	advertising
Leggo Srl	Rome	100%	100%	publishing
Finced Srl	Rome	100%	100%	finance
Ced Digital & Servizi Srl	Rome	100%	100%	publishing
Corriere Adriatico Srl	Rome	100%	100%	publishing
Quotidiano di Puglia Srl	Rome	100%	100%	publishing
Il Gazzettino SpA	Rome	100%	100%	publishing
Stampa Venezia Srl *(1)*	Rome	100%	100%	printing
Imprese Tipografiche Venete Srl *(1)*	Rome	100%	100%	printing
P.I.M. Srl *(1)*	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

(1) Held by Il Gazzettino SpA

Accounting standards and amendments to standards adopted by the Group

a) From January 1st 2019, the Group adopted the following new accounting standards:

- "IFRS 16 - "*Leases*", endorsed by the EU on October 31st 2017 with Regulation No. 1986. IFRS 16 replaces IAS 17 *Leases*, in addition to the interpretations IFRIC 4-*Determining whether an arrangement contains a lease*, SIC 15-*Operating leases - Incentives* and SIC 27-*Evaluating the substance of transactions in the legal form of a lease*. The standard provides a new definition of leases and introduces a criterion based on control to distinguish leasing contracts from service supply contracts. In particular, in order to determine whether a contract represents a lease, 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. The standard is applied to financial statements for years beginning January 1st 2019 or subsequently, and with regards to accounting recognition sets out a single lease recognition model for the lessee, requiring generally the recognition of a right-of-use asset and of a lease liability, which represents the obligation to pay the capital portion of leasing charges. The amendments introduced by the new standard with regards to the lessor are however not particularly significant.

Lessee

Identification of leasing

At the inception date of the contract (the initial between that for the signing of the contract and that on which the parties commit to comply with the contractual terms), and subsequently on any change to the contractual terms and conditions, the company verifies whether such contains or represents a lease. In particular, a contract contains or represents a lease where the right to control the use of the identified asset is transferred for an established period of time in exchange for consideration. In order to assess whether a contract contains or represents a lease, the company:

- assesses whether, with regards to the identified asset, it holds the right to substantially obtain all of the economic benefits related with its usage throughout the entire usage period;
- verifies whether the contract refers to the use of a specific asset, explicitly or implicitly, which is physically separate or substantially represents the entire capacity of a physically separate asset. Where the supplier has a substantial right to replacement, the asset is not identified;
- verifies whether it has the right to manage the use of the asset. The company is considered to enjoy this right where it has the right to take the main decisions with regards to changing the usage means and purposes of the asset.

For the contracts containing a number of leasing and non-leasing components and therefore within the scope of other accounting standards, the individual components to which the respective accounting standards are applied are separated.

The leasing duration begins when the lessor makes the asset available to the lessee (commencement date) and is established in view of the non-cancellation period of the contract, i.e. the period during which the parties have legally enforceable rights and obligations and including also the rent-free period. To this duration, the following is added:

- the period covered by a renewal option, where the company is reasonably certain of exercising this option;
- the periods subsequent to the resolution date (“termination option”), where the company is reasonably certain of not exercising this option.

The termination options held only by the lessor are not considered.

The reasonable certainty of exercising or otherwise a renewal or termination option as per the contract is verified by the company at the commencement date, considering all the facts and circumstances generating an economic incentive to exercise or otherwise the option, and is subsequently reverified where significant events or changes to circumstances which may impact its establishment, and which are under the control of the company, occur.

Recognition of leasing

At the commencement date of the leasing, the company records the Right of Use (ROU) to assets and the leasing liability.

The asset consisting of the right of use is initially valued at cost, including the amount of the initial valuation of the leased liability, adjusted for payments due for leases undertaken at the commencement date or before, plus initial direct costs incurred and an estimate of the costs which the lessee is expected to incur for the dismantling or removal of the underlying asset or for the refurbishment of the underlying asset or of the site at which it is located, net of the leasing incentives received.

The leasing liabilities are valued at the present value of the payments due for leasing not paid at the commencement date. For discounting purposes, the company utilises, where possible and where stated in the contract, an implied leasing interest rate or alternatively the incremental borrowing rate (IBR). The leasing payments due included in the valuation of the liability include the fixed payments, the variable payments which depend on an index or a rate, the amount expected to be paid as a guarantee on the residual value, the exercise price of a purchase option (that the company has a reasonable certainty of exercising), the payments due in a renewal period (where the company has a reasonable certainty of exercising the option) and the early termination penalty (unless the company is reasonably certain of not terminating the lease early).

Subsequently, right of use assets are amortised on a straight-line basis for the entire contractual duration, unless the contract itself stipulates the transfer of ownership on conclusion of the lease or where the leasing cost reflects the fact that the lessee shall exercise the purchase option. In this latter case, amortisation should take place over the lessor between the useful life of the asset and the duration of contract. The estimated useful lives of assets for the usage right are calculated according to the same criterion applied to the relative fixed asset accounts. In addition, the right of use assets are reduced by any impairments and adjusted to reflect the remeasurement of the lease liabilities.

The leased liabilities, subsequent to the initial valuation at the commencement date, are valued at amortised cost according to the effective interest criterion and remeasured in the case of changes to future payments due for the leases deriving from a change in the index or rate, in the case of a change to the amount which the company expects to pay as guarantee on the residual value or where the company changes its assessment with regards to the exercise or otherwise of a purchase, renewal or termination option. Where the lease liabilities are remeasured, the lessee correspondingly alters the right of use asset. Where the book value of the asset for the right of use is reduced to zero, the change is recognised to the net profit/(loss) for the year.

In the balance sheet, the company presents the assets for the right of use under fixed assets, in the same account in which these assets would be presented if owned, with the lease liabilities among financial liabilities. The interest charges on the lease liabilities constituting a component of the financial charges are recognised to the income statement and the accumulated amortisation of the right of use assets is presented separately.

Initial application of IFRS 16

The Caltagirone Editore Group applied IFRS 16 from January 1st 2019; in this regard, a detailed analysis was carried out to ascertain the impacts from the introduction of this new standard. The "Modified Retrospective" transition approach has been adopted, involving the recognition of the right of use at the initial application date at an amount equal to the lease liabilities. From the analyses carried out, relating to the impacts deriving from the application of IFRS 16, an increase in the right-of-use asset of approx. Euro 13.1 million and a corresponding negative effect on the net financial debt of approx. Euro 13.1 million is reported.

The company chose not to apply IFRS 16 to short-term leases (i.e. those not beyond 12 months), to low value leases or where the asset is new or of a total contractual value of equal or less than Euro 5,000. For these types of contracts, the company recognises the payments due as costs on a straight-like basis, or with a differing systematic criterion, where more representative. In the case of short leases, such are considered as new leases where contractual amendments or changes to the duration are made.

- "Annual Improvements to IFRS Standards 2015-2017 Cycle", endorsed by the EU on March 14th 2019 with Regulation No. 412. The amendments introduced, applied to financial statements for years beginning January 1st 2019, or subsequently and 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.

- Amendments to IAS 19 – *Employee benefits.* The document "Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)", endorsed by the EU on March 13th 2019 with Regulation No. 402, 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.
- Amendments to IAS 28 – *Investments in associates and joint ventures.* The document "Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)" endorsed by the EU on February 8th 2019 with Regulation No. 237, 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"). In particular, the amendment clarifies that these type of receivables, although representing an extension of the net investment in these investees to which IAS 28 is applied, are however subject to the impairment provisions of IFRS 9. The amendments are applied to financial statements concerning periods beginning on January 1st 2019 or subsequently.
- *IFRIC 23 Uncertainty over Income Tax Treatments,* endorsed by the EU on October 23rd 2018 with Regulation No. 1595, which provides indications on how to reflect in the accounting of income taxes uncertainties on the tax treatment of certain

matters. IFRIC 23 applies to financial statements for periods beginning January 1st 2019 or subsequently.

- Amendments to IFRS 9 – *Financial Instruments.* The document "Prepayment features with Negative Compensation (Amendments to IFRS 9)", endorsed by the EU on March 22nd 2018 with regulation No. 498, 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-substantial 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 1, 2019 or subsequently.

With the exception of that previously commented upon with regards to IFRS 16, the adoption of the new standards applicable from January 1st 2019 did not have significant effects.

b) New accounting standards and interpretations:

At the date of the approval of these condensed consolidated half-year 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 - in relation to 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 March 29th 2018, the IASB published the reviewed version of the Conceptual Framework for Financial Reporting. The main changes on the 2010 version concern a new chapter regarding measurement, improved definitions and guidance, in particular with regards to defining liabilities, and the clarification of important concepts such as stewardship, prudence and upon measurement uncertainties. Endorsement by the EU is expected in 2019.

- On October 22nd 2018, the IASB published amendments to IFRS 3 - Financial Instruments. The “Amendment to FRS 3 Business Combinations” document introduced a much more restrictive definition of business than that contained in the present version of IFRS 3, in addition to a process to be followed to verify whether a transaction qualifies as a “business combination” or simply as the acquisition of an asset. The amendment should be applied to acquisitions occurring from January 1st 2020. Endorsement by the EU is expected in 2019.
- On October 31st 2018, the IASB published the document “*Amendments to IAS 1 and IAS 8: Definition of Material*” with the objective to refine and align the definition of “Material” present in some IFRS, so that such is also consistent with the new Conceptual Framework for Financial Reporting approved in March 2018. The amendments are applied to financial statements concerning periods beginning on January 1st 2020. Earlier application is permitted. Endorsement by the EU is expected in 2019.

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

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 June 30th 2019 of Euro 143.8 million compared to a Group net equity of Euro 429.2 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, equity instruments 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
01.01.2018	**1,570**	**2,032**	**6,267**	**9,869**
Increases		39	234	**273**
Decreases		(1,445)	(759)	**(2,204)**
31.12.2018	**1,570**	**626**	**5,742**	**7,938**
01.01.2019	**1,570**	**626**	**5,742**	**7,938**
Increases		2	106	**108**
Decreases				**0**
30.06.2019	**1,570**	**628**	**5,848**	**8,046**

Amortisation & loss in value	Patents	Trademarks and Concessions	Others	Total
01.01.2018	**1,548**	**1,802**	**6,062**	**9,412**
Increases	7	130	122	**259**
Decreases		(1,445)	(756)	**(2,201)**
31.12.2018	**1,555**	**487**	**5,428**	**7,470**
01.01.2019	**1,555**	**487**	**5,428**	**7,470**
Increases	4	62	81	147
Decreases				0
30.06.2019	**1,559**	**549**	**5,509**	**7,617**
Net value				
01.01.2018	**22**	**230**	**205**	**457**
31.12.2018	**15**	**139**	**314**	**468**
30.06.2019	**11**	**79**	**339**	**429**

At June 30th 2019, no companies of the Group recorded the existence of inactive or completely amortised intangible assets 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**
01.01.2018	**189,596**	**286,794**	**476,390**
Increases			**-**
Decreases			**-**
31.12.2018	**189,596**	**286,794**	**476,390**
01.01.2019	**189,596**	**286,794**	**476,390**
Increases			-
Decreases			-
30.06.2019	**189,596**	**286,794**	**476,390**

Write-downs	**Goodwill**	**Newspaper titles**	**Total**
01.01.2018	**189,596**	**71,991**	**261,587**
Increases		14,600	**14,600**
Decreases			**-**
31.12.2018	**189,596**	**86,591**	**276,187**
01.01.2019	**189,596**	**86,591**	**276,187**
Increases			-
Decreases			-
30.06.2019	**189,596**	**86,591**	**276,187**

Net value			
01.01.2018	**-**	**214,803**	**214,803**
31.12.2018	**-**	**200,203**	**200,203**
30.06.2019	**-**	**200,203**	**200,203**

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

	01.01.2018	**Increases/(Decreases)**	**Write-downs**	**31.12.2018**
Il Messaggero S.p.A.	90,808			90,808
Il Mattino SpA	42,296		(6,800)	35,496
Quotidiano di Puglia SpA	10,331		(1,400)	8,931
Corriere Adriatico SpA	11,578			11,578
Il Gazzettino S.p.A.	59,787		(6,400)	53,387
Other minor newspaper titles	3			3
Total	**214,803**	**-**	**(14,600)**	**200,203**

	01.01.2019	**Increases/(Decreases)**	**Write-downs**	**30.06.2019**
Il Messaggero S.p.A.	90,808			90,808
Il Mattino SpA	35,496			35,496
Quotidiano di Puglia SpA	8,931			8,931
Corriere Adriatico SpA	11,578			11,578
Il Gazzettino S.p.A.	53,387			53,387
Other minor newspaper titles	3			3
Total	**200,203**	**-**	**-**	**200,203**

In order to assess whether to carry out impairments tests on the Group's intangible assets with indefinite life, comprising the Newspaper Titles, an analysis was carried out to establish if the significant events (so called "trigger events") which indicate the existence of losses in value on these assets at June 30th 2019 had occurred.

In particular, in accordance with IAS 36, this analysis concerned the development of the weighted average cost of capital ("WACC") and the differences observed in the main 2019 income statement accounts compared to budget forecasts. This analysis did not indicate the need for further consideration.

In conclusion, in the absence of significant elements regarding the impairment (impairment indicators) of the intangible items, it was not considered necessary to carry out an estimate in the period of the recoverable value of the intangible assets.

3. Property, plant and equipment

Historical cost	Land & Buildings	Plant and Machinery	Commercial and industrial equipment	Right of use assets	Other assets	Total
01.01.2018	60,721	102,408	818	-	22,501	**186,448**
Increases		24			514	**538**
Decreases					(2,092)	**(2,092)**
Reclassifications	(508)	(4,273)	(12)	-		**(4,793)**
31.12.2018	**60,213**	**98,159**	**806**	**-**	**20,923**	**180,101**
01.01.2019	60,213	98,159	806	-	20,923	**180,101**
Increases				14,776	180	**14,956**
Decreases					(12)	**(12)**
Reclassifications	(127)				10	**(117)**
30.06.2019	**60,086**	**98,159**	**806**	**14,776**	**21,101**	**194,928**

Depreciation & loss in value	Land & Buildings	Plant and Machinery	Commercial and industrial equipment	Right of use assets	Other assets	Total
01.01.2018	27,181	97,566	815	-	21,453	**147,015**
Increases	1,561	568	1		418	**2,548**
Decreases					(2,021)	**(2,021)**
Reclassifications	(508)	(4,273)	(12)	0		**(4,793)**
31.12.2018	**28,234**	**93,861**	**804**	**0**	**19,850**	**142,749**
01.01.2019	28,234	93,861	804	-	19,850	**142,749**
Increases	779	286	1	1,663	210	**2,939**
Decreases					(12)	**(12)**
Reclassifications	(242)					**(242)**
30.06.2019	**28,771**	**94,147**	**805**	**1,663**	**20,048**	**145,434**
Net value						
01.01.2018	**33,540**	**4,842**	**3**	**-**	**1,048**	**39,433**
31.12.2018	**31,979**	**4,298**	**2**	**-**	**1,073**	**37,352**
30.06.2019	**31,315**	**4,012**	**1**	**13,113**	**1,053**	**49,494**

"Land and Buildings" include operating offices and facilities for the printing of newspapers.

The account “Plant and machinery” is mainly composed of the presses belonging to Group publishing companies.

“Right of use assets” almost exclusively comprise the lease contracts for offices and press rooms, whose total discounted value is recognised to property, plant and equipment as per IFRS 16.

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

No financial charges were capitalised.

4. Equity investments and non-current securities

Equity investments and non-current securities	01.01.2018	Increases/(Decreases)	Fair value change	31.12.2018
Investments in other companies at cost	1,218			1,218
Investments in equity instruments	86,640	12,299	(4,039)	94,900
Total	**87,858**	**12,299**	**(4,039)**	**96,118**

Equity investments and non-current securities	01.01.2019	Increases/(Decreases)	Fair value change	30.06.2019
Investments in other companies at cost	1,218			1,218
Investments in equity instruments	94,900		12,740	107,640
Total	**96,118**	**-**	**12,740**	**108,858**

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

Investments in other companies	%	01.01.2018	Increases/(Decreases)	31.12.2018
Ansa	6.71	1,198		1,198
Other minor		20		20
Total		**1,218**	**-**	**1,218**

Investments in other companies		01.01.2019	Increases/(Decreases)	30.06.2019
Ansa	6.71	1,198		1,198
Other minor		20		20
Total		**1,218**	**-**	**1,218**

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 period, 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 equity instruments", valued at fair value to other comprehensive income items, is as follows:

Investments in equity instruments	**01.01.2018**	**Increases**	**Decreases**	**Fair value change**	**31.12.2018**
Assicurazioni Generali SpA	86,640	12,299		(4,039)	94,900
Total	**86,640**	**12,299**	**-**	**(4,039)**	**94,900**
	01.01.2019	**Increases**	**Decreases**	**Fair value change**	**30.06.2019**
Assicurazioni Generali SpA	94,900			12,740	107,640
Total	**94,900**	**-**	**-**	**12,740**	**107,640**

Number

	01.01.2018	**Increases**	**Decreases**	**31.12.2018**
Assicurazioni Generali SpA	5,700,000	800,000		6,500,000
	01.01.2019	**Increases**	**Decreases**	**30.06.2019**
Assicurazioni Generali SpA	6,500,000			6,500,000

The valuation at fair value of these investments at June 30th 2019 was recorded to the Comprehensive Income Statement in the Shareholders' Equity reserve for a positive Euro 12.7 million, excluding the negative tax effect of Euro 436 thousand.

Fair Value reserve

	01.01.2018	**Increases**	**Decreases**	**31.12.2018**
Fair Value reserve	714		(4,039)	(3,325)
Tax effect	(54)		377	323
Fair value reserve, net of tax effect	**660**	**-**	**(3,662)**	**(3,002)**
Net changes in the period				**(3,662)**
	01.01.2019	**Increases**	**Decreases**	**30.06.2019**
Fair Value reserve	(3,325)		12,740	9,415
Tax effect	323		(436)	(113)
Fair value reserve, net of tax effect	**(3,002)**	**-**	**12,304**	**9,302**
Net changes in the period				**12,304**

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

5. Other non-current assets

The account, amounting to Euro 105 thousand, principally relates to receivables for deposits due within five years.

6. Deferred taxes, payables for current taxes and income taxes for the period

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

	01.01.2018	Provisions	Utilisations	Other changes	31.12.2018
Deferred tax assets	49,014	3,523	(1,597)	262	51,202
Deferred tax liabilities	50,993	2,060	(4,797)	(24)	48,232
Net deferred tax assets	**(1,979)**	**1,463**	**3,200**	**286**	**2,970**

	01.01.2019	Provisions	Utilisations	Other changes	30.06.2019
Deferred tax assets	51,202	1,947	(680)	(351)	52,118
Deferred tax liabilities	48,232	972	(442)	84	48,846
Net deferred tax assets	**2,970**	**975**	**(238)**	**(435)**	**3,272**

The increase in deferred tax assets compared to the previous period is principally due to the recognition of tax losses in the half-year.

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

The other changes in the deferred tax assets and liabilities include the tax effects on the fair value of the investments recorded to the Comprehensive Income Statement.

Taking account of the timing differences 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 June 30th 2019.

The payable for current taxes of Euro 255 thousand shows the net position for income taxes, represented by IRES and IRAP net of payments on account and other tax credits.

The income taxes for the period consist of:

	30.06.2019	30.06.2018
Current taxes	95	96
Current taxes	**95**	**96**
Provision for deferred tax liabilities	972	973
Utilisation of deferred tax liabilities	(442)	(442)
Deferred tax charges	**530**	**531**
Recording of deferred tax assets	(1,947)	(2,085)
Utilisation of deferred tax assets	680	396
Deferred tax income	**(1,267)**	**(1,689)**
Total income taxes	**(642)**	**(1,062)**
Current and deferred IRES tax	(907)	(1,303)
Current and deferred IRAP tax	265	241
Total income taxes	**(642)**	**(1,062)**

The current taxes comprise only IRAP taxes.

7. Inventories

Inventories at June 30th 2019 amount to Euro 1.8 million (Euro 1.3 million at December 31st 2018) 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 89 thousand and is included in the account Raw material costs (see Note 19).

Inventories are measured at the lower of the purchase price, calculated using the weighed average cost method, and the realisable value. There is no inventory provided as a guarantee on liabilities.

8. Trade receivables

The breakdown is as follows:

	30.06.2019	31.12.2018
Trade receivables	49,121	54,166
Doubtful debt provision	(7,702)	(8,204)
Trade receivables	**41,419**	**45,962**
Trade receivables - related parties	246	225
Advances to suppliers	17	7
Total trade receivables	**41,682**	**46,194**

Trade receivables principally relate to Group advertising revenues from the advertising agency Piemme SpA (Euro 35.6 million).

9. Other current assets

The breakdown is as follows:

	30.06.2019	31.12.2018
Employee receivables	49	65
VAT receivables	76	75
Other receivables	308	451
Prepaid expenses	898	361
Total other current assets	**1,331**	**952**

10. Cash and cash equivalents

The breakdown is as follows:

	30.06.2019	31.12.2018
Bank and postal deposits	111,680	109,609
Cash in hand and similar	49	47
Total cash and cash equivalents	**111,729**	**109,656**

The increase in cash and cash equivalents at June 30th 2019 is essentially due to the receipt of dividends on listed shares of Euro 5.9 million and is net of operating cash flows and the partial reduction of current bank payables.

SHAREHOLDERS’ EQUITY & LIABILITIES

11. Shareholders’ Equity

	30.06.2019	31.12.2018
Share Capital	125,000	125,000
Listing charges	(18,865)	(18,865)
Share premium reserve	459,126	459,126
Legal reserve	25,000	25,000
FTA Reserve	16,927	16,927
Treasury shares	(23,641)	(23,641)
Reserve for treasury shares	23,641	23,641
Fair Value reserve	9,302	(3,002)
IAS 19 post-employment benefit reserve	(1,739)	(1,739)
Other Reserves	1,283	1,283
Prior year results	(188,445)	(180,257)
Net Profit/(loss)	1,647	(8,298)
Group net equity	**429,236**	**415,175**
Minority interest N.E.	-	-
Total net equity	**429,236**	**415,175**

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 June 30th 2019, Caltagirone Editore SpA had 18,209,738 treasury shares in portfolio, comprising 14.57% of the share capital.

The fair value reserve, positive for Euro 9.3 million, which includes the net change for the period – an increase of Euro 12.3 million - to adjust the market value of the Investments in equity instruments.

12. Employee benefits

Employee benefit plans

The movements in the Employee benefits provision were as follows:

	30.06.2019	31.12.2018
Net liability at beginning of period	15,590	17,353
Current cost in the period (service costs)	89	181
Interest charge (interest cost)	179	214
Actuarial profits/(losses)	-	(323)
(Services paid)	(660)	(1,835)
Net liability at end of period	**15,198**	**15,590**

Employee numbers and cost

	30.06.2019	30.06.2018
Salaries and wages	20,167	20,724
Social security charges	6,356	6,691
Employee provisions	1,243	1,307
Other costs	2,281	1,037
Total personnel expense	**30,047**	**29,759**

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 also carried out in the first half of 2019 of Euro 2 million (Euro 851 thousand in H1 2018).

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

	30.06.2019	31.12.2018	Average 2019	Average 2018
Executives	17	19	17	20
Managers & white collar	174	178	168	186
Journalists	348	349	350	358
Print workers	88	92	88	92
Total	**627**	**638**	**623**	**656**

13. Provisions for risks and charges (current and non-current)

	Legal disputes	Agents' indemnity	Other risks	Total
Balance at January 1st 2018	7,245	135	3,206	**10,586**
Provisions	196		500	**696**
Utilisations	(117)	(64)	(1,815)	**(1,996)**
Balance at December 31, 2018	**7,324**	**71**	**1,891**	**9,286**
of which:				
Current portion	1,964		1,841	**3,805**
Non-current portion	5,360	71	50	**5,481**
Total	**7,324**	**71**	**1,891**	**9,286**
Balance at January 1st 2019	7,324	71	1,891	**9,286**
Provisions	1,075		54	**1,129**
Utilisations	(79)	(1)	(310)	**(390)**
Balance at June 30, 2019	**8,320**	**70**	**1,635**	**10,025**
of which:				
Current portion	2,008		1,635	**3,643**
Non-current portion	6,312	70		**6,382**
Total	**8,320**	**70**	**1,635**	**10,025**

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 condensed consolidated half-year 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 by some companies of the Group.

14. Non-current and current financial liabilities

	30.06.2019	31.12.2018
Payables for leasing assets	9,782	-
Non-current financial liabilities	**9,782**	**-**
Bank payables	7,911	10,557
Payables for leasing assets	3,331	-
Current financial liabilities	**11,242**	**10,557**

Non-current and current financial liabilities increased by Euro 13.1 million compared to December 31, 2018 on the basis of the new accounting standard IFRS 16 Leases which governs the accounting treatment of lease contracts.

15. Other current and non-current liabilities

	30.06.2019	31.12.2018
Other non-current liabilities		
Other payables	175	86
Deferred income	1,246	1,355
Total	**1,421**	**1,441**
Other current liabilities		

Social security institutions	2,520	4,480
Employee payables	7,184	5,059
VAT payables	643	924
Withholding taxes	1,582	2,196
Other payables	7,776	8,163
Payables to related companies	84	14
Deferred income	476	428
Total	**20,265**	**21,264**

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 for the full year.

16. Trade payables

	30.06.2019	31.12.2018
Trade payables	19,384	20,628
Payables to related companies	2,126	1,615
Total	**21,510**	**22,243**

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

17. Revenues

	30.06.2019	30.06.2018
Advertising	33,748	34,603
Circulation revenues	30,301	33,042
Web content sales	547	451
Promotions	192	283
Total Revenues	**64,788**	**68,379**
of which related parties	*123*	*132*

18. Other operating revenues

	30.06.2019	30.06.2018
Recovery of expenses from third parties	565	726
Subsidised tariffs	124	116
Prior year income	100	69
Rental income	60	130
Capital grant contributions	35	36
Other revenues	1,214	916
Total other operating revenues	**2,098**	**1,993**
of which related parties	*23*	*30*

In accordance with Law 124/2017, the account "Subsidised tariffs" include the telephone subsidies under Article 28 of Law 416/81.

19. Raw material costs

	30.06.2019	30.06.2018
Paper	4,926	4,764
Other publishing materials	1,114	1,262
Change in inventory of raw materials and goods	(87)	(13)
Total raw materials costs	**5,953**	**6,013**

20. Other operating costs

	30.06.2019	30.06.2018
Distribution fees	6,594	7,354
Editorial services	5,179	6,012
Transport and delivery	3,141	3,559
Commissions and agent costs	2,684	2,779
Consultancy	1,439	1,800
Maintenance and repair costs	1,558	1,657
Directors and statutory auditors fees	991	972
Outside contractors	797	926
Utilities and power	765	858
Advertising & promotions	712	837
Cleaning and security	670	772
Insurance, postal and telephone	622	635
Independent auditors fees	157	150
Promotions	90	115
Misc. services	4,074	4,430
Total service costs	**29,473**	**32,856**
Rental	602	2,635
Hire	303	304
Total rent, lease and hire costs	**905**	**2,939**
Other operating charges	1,419	1,373
Total other costs	**1,419**	**1,373**
Total other operating costs	**31,797**	**37,168**
of which related parties	*1,094*	*2,776*

21. Amortisation, depreciation, provisions & write-downs

	30.06.2019	30.06.2018
Amortisation of intangible assets	147	121
Depreciation of property, plant & equipment	1,276	1,256
Amortisation for leased assets	1,663	-
Provision for risks and charges	30	45
Doubtful debt provision	334	14
Total amortisation, depreciation, provisions & write-downs	**3,450**	**1,436**

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

22. Net financial result

Financial income	30.06.2019	30.06.2018
Dividends	5,850	5,525
Interest income from bank deposits	2	17
Other financial income	38	103
Total	**5,890**	**5,645**
Financial charges		
Interest on mortgage loans	-	(9)
Interest on bank accounts	(136)	(103)
Financial charges on post-em. bens.	(179)	(199)
Banking commissions and charges	(111)	(143)
Int. on leased assets IFRS 16	(73)	-
Other financial expenses	(25)	(32)
Total	**(524)**	**(486)**
Financial result	**5,366**	**5,159**

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

23. Earnings per share

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

	30.06.2019	30.06.2018
Net Result	1,647	2,217
Number of ordinary shares in circulation (000's)	106,790	122,773
Basic earnings/(loss) per share	**0.015**	**0.018**

The diluted result per share is identical to the basic result per share as at the date of the present financial statements there were no securities which may be converted into shares.

In 2019 no dividends were distributed.

24. Other comprehensive income statement items

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

	30.06.2019			30.06.2018		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Profit/(loss) from the valuation of Investments in equity instruments	12,740	(436)	12,304	(5,521)	428	(5,093)

25. Related party transactions

Transactions with companies under common control

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

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

31.12.2018	Parent Company	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions						
Trade receivables		201	24	**225**	**46,194**	0.5%
Trade payables	1,545	70		**1,615**	**22,243**	7.3%
Other current liabilities		14		**14**	**21,264**	0.1%
Income statement transactions						
Revenues		259	73	**332**	**139,174**	0.2%
Other operating revenues		120		**120**	**4,790**	2.5%
Other operating charges	600	4,646	78	**5,324**	**72,781**	7.3%
Financial income			5,525	**5,525**	**5,699**	96.9%

30.06.2019	Parent Company	Companies under common control	Other related parties	Total related parties	Total book value	% on total account items
Balance sheet transactions						
Trade receivables		166	80	**246**	**41,682**	0.6%
Trade payables	1,978	148		**2,126**	**21,510**	9.9%
Non-current financial liabilities		6,548		**6,548**	**9,782**	66.9%
Current financial liabilities		1,972		**1,972**	**11,242**	17.5%
Other current liabilities		84		**84**	**20,265**	0.4%

Income statement transactions					
Revenues	115	8	**123**	**64,788**	0.2%
Other operating income	23		**23**	**2,098**	1.1%
Other operating charges	1,094		**1,094**	**31,797**	3.4%
Financial income		5,850	**5,850**	**5,890**	99.3%
Financial charges	21		**21**	**524**	4.0%

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

Trade payables to Parent Companies refer to the invoices received from Caltagirone SpA for services performed during the first half of 2019 and previously.

Operating revenues principally concern the advertising carried out with Group newspapers by companies under common control.

Operating costs principally include the rental costs due within one year of the group companies for their respective head offices to companies under the control of the common parent FGC SpA.

The account financial income relates to dividends received from Assicurazioni Generali SpA.

26. 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, 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.

30.06.2018	Publishing	Other Activities	Unallocated items and eliminations	Caltagirone Editore Group
Segment revenues	**70,475**	**232**	**(335)**	**70,372**
Inter-segment revenues	(85)	(250)	335	-
Operating grants	70,390	(18)		70,372
Segment EBITDA	**(1,642)**	**(927)**		**(2,568)**
Amort., deprec., provisions & write-downs	(1,436)	(0)		(1,436)
EBIT	**(3,077)**	**(927)**		**(4,004)**
Financial management			5,159	5,159
Profit before taxes				**1,155**
Income taxes				1,062
Net profit from continuing activities				**2,217**
Total Assets	**313,161**	**262,795**		**575,955**
Total Liabilities	**123,427**	**7,008**		**130,434**
Investments valued at equity	**-**	**1**		**1**
Tangible and intangible asset investment	**202**	**-**		**202**

30.06.2019	Publishing	Other Activities	Unallocated items and eliminations	Caltagirone Editore Group
Segment revenues	**66,848**	**300**	**(262)**	**66,886**
Inter-segment revenues	(12)	(250)	262	-
Operating grants	66,836	50		66,886
Segment EBITDA	**(221)**	**(690)**		**(911)**
Amort., deprec., provisions & write-downs	(3,349)	(101)		(3,450)
EBIT	**(3,570)**	**(791)**		**(4,361)**
Financial management			5,366	5,366
Profit before taxes				**1,005**
Income taxes				642
Net profit from continuing activities				**1,647**
Total Assets	**302,941**	**264,839**		**567,780**
Total Liabilities	**128,166**	**10,377**		**138,544**
Tangible and intangible asset investment	**288**	**-**		**288**

27. Net financial position

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

In thousands of Euro	30.06.2019	31.12.2018	30.06.2018
A. Cash	49	47	52
B. Bank deposits	111,680	109,609	129,954
D. Liquidity (A)+(B)	**111,729**	**109,656**	**130,006**
E. Current financial receivables	**-**	**-**	**-**
F. Current bank payables		10,557	7,742
G. Current portion of non-current debt		-	436
H. Current payables to other lenders	9,782	-	-
I. Current debt (F)+(G)+(H)	**9,782**	**10,557**	**8,178**
J. Net current cash position (I)-(E)-(D)	**(101,947)**	**(99,099)**	**(121,828)**
K. Non-current bank payables	7,911	-	-
L. Non-current payables to other lenders	3,331	-	-
M. Non-current financial debt (K)+(L)	**11,242**	**-**	**-**
N. Net Cash Position (J)+(M)	**(90,705)**	**(99,099)**	**(121,828)**

28. 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:

Dec 31, 18	Note	Level 1	Level 2	Level 3	Total
Investments in equity instruments	4	94,900			**94,900**
Total assets		**94,900**	**-**	**-**	**94,900**

June 30, 19	Note	Level 1	Level 2	Level 3	Total
Investments in equity instruments	4	107,640			**107,640**
Total assets		**107,640**	**-**	**-**	**107,640**

In the first half of 2019 there were no transfers between the various levels.

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

1. The undersigned Francesco 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 condensed consolidated half-year financial statements for the first half-year of 2019.

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

    In relation to this, no important matters arose.

3. It is also declared that:

3.1 the condensed consolidated half-year financial statements:

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

b) corresponds to the underlying accounting documents and records;

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

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

Rome, July 29th 2019

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

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