HALF-YEARLY FINANCIAL REPORT AS AT 30 June 2010

(Translation from the Italian original, which remains the definitive version)

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Corporate bodies

The Board of Directors and the Board of Statutory Auditors were elected by the Ordinary Shareholders' Meeting on 14 April 2010.

The Board of Directors and the Board of Statutory Auditors will remain in office until the shareholders' meeting held to approve the 2012 separate financial statements.

Board of Directors

Chairman	Giancarlo CERUTTI
Chief Executive Officer	Donatella TREU
Directors	Luigi ABETE
	Diana BRACCO
	Francesco CAIO (1)
	Pierluigi CECCARDI
	Mario D'URSO (1)
	Antonio FAVRIN
	Giampaolo GALLI
	Piero GNUDI
	Alberto MEOMARTINI
	Nicoletta MIROGLIO (2)
	Antonello MONTANTE
	Aurelio REGINA
	Marino VAGO
Secretary to the Board	
	Gianroberto VILLA

(1) Independent Director.
(2) Appointed on 15 April 2010 to replace Marco Tani, who resigned on 14 April 2010.

Board of Statutory Auditors

Chairman	Luigi BISCOZZI
Standing statutory auditors	Demetrio MINUTO
	Maurilio FRATINO
Alternate Statutory Auditor	Maria SILVANI
	Fabio FIORENTINO

Internal Control & Audit Committee

Chairman	Marino VAGO
Members	Francesco CAIO
	Mario D'URSO

Compensation Committee

Chairwoman	Diana BRACCO
Members	Francesco CAIO
	Mario D'URSO

Representative of special-category shareholders

Angelo MIGLIETTA

Corporate financial reporting manager

Giuseppe CREA

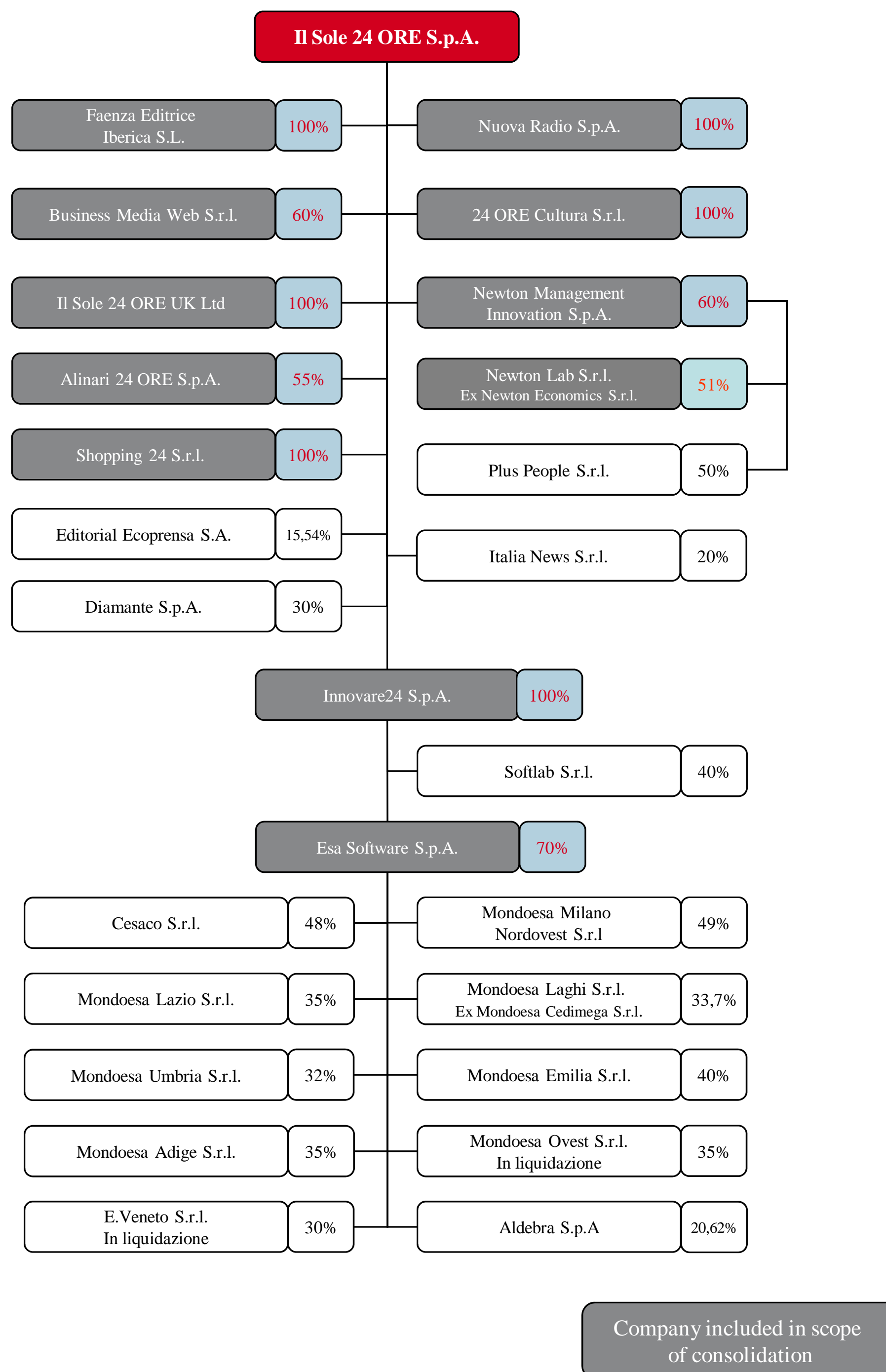
Internal control & auditing manager

Massimiliano BRULLO

Independent auditor

KPMG S.p.A. has been entrusted with the legally required audit of the separate and consolidated financial statements pursuant to Article 159 of Italian Legislative Decree no. 58 of 24 February 1998.

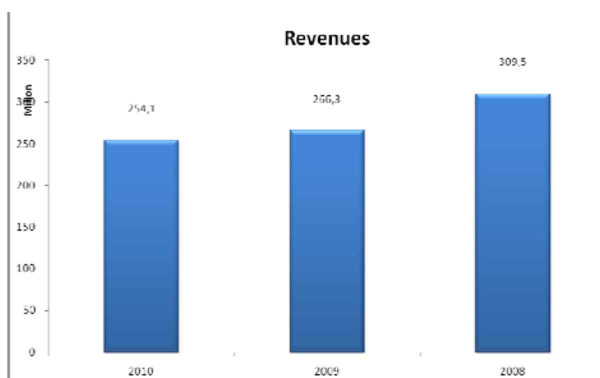
Structure of the 24 ORE Group

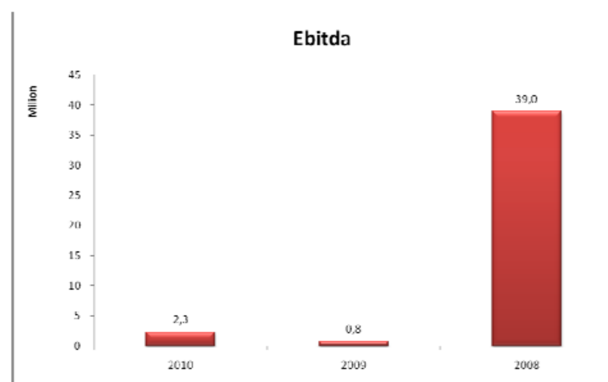


Highlights

CONSOLIDATED INCOME STATEMENT HIGHLIGHTS OF 24 ORE GROUP		
(in thousands of euro)	1st Half 2010	1st Half 2009
Revenue	254,077	266,329
Gross operating profit (loss)	2,349	763
Operating profit (loss)	(11,793)	(14,558)
Profit (loss) before tax	(11,256)	(13,050)
Profit (loss) for the year	(12,137)	(9,757)
Profit (loss) attributable to owners of the parent	(11,908)	(9,230)
Gross operating profit (loss) per share	0.02	0.01
Operating profit (loss) per share	(0.09)	(0.11)
Earnings per share attributable to owners of the parent	(0.09)	(0.07)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION HIGHLIGHTS OF 24 ORE GROUP		
(in thousands of euro)	30/06/2010	31/12/2009
Total assets	639,618	646,122
Net financial position	95,817	98,829
Equity attributable to owners of the parent	284,314	296,864
Equity per share attributable to owners of the parent	2.13	2.23
Employee headcount at end of period	2,117	2,202





MANAGEMENT REPORT FOR THE PERIOD ENDED 30 JUNE 2010

Operating performance in first half of 2010

General economic conditions remained extremely difficult, although 2Q10 confirmed the timid signs of recovery that began to appear in the first three months of the year.

The advertising market as a whole, and thus considering all media including television, ended the first six months of the year with a gain (+4.7%) from the figure for the same period of 2009 (Source: *Nielsen Media Research* – January-June 2010). Although positive, this result was partly the consequence of comparison with a particularly difficult period – the beginning of 2009.

Turning to specific media, print media sales remained particularly soft (-3.5%), with the downturn that began in 1Q10 accelerating in the April-June quarter (-5.2%). Radio performed extremely well (+14.8%), and Internet staged a strong recovery (+14.6%).

In regard to circulation, the most recent ADS figures (moving average data for the 12 months from May 2009 to April 2010) show that the number of copies sold by leading national newspapers fell by 8.9%. During the same period, Il Sole 24 ORE had a circulation of over 275 thousand copies, holding on to its position as the fourth-ranked nationally distributed daily, in spite of the cuts in promotional copies that began in April 2009.

In 1H10, the 24 ORE Group had **consolidated revenue** of €254.1 million, down 4.6% from €266.3 million in 1H09. However, this contraction falls to 2.4% net of the publications and other activities that have been shut down or sold as part of the Group restructuring plan. This result is mainly attributable to the drastic reduction in add-on products (-47.6%), the contraction in magazine circulation and lower aggregate circulation revenue.

Net of two major items of discontinuity (termination of publication of the free press newspaper 24minuti at the end of March 2009 and the impact of Consob Resolution no. 16840/09 on financial advertising, which abrogated mandatory publication of the share values of foreign funds and related notices in daily newspapers), System reported a 4% gain from 1H09, driven by the 7.6% rise in commercial advertising in the daily newspaper. If these two items are included, System revenue still grew by 0.4%.

Against the backdrop of a persistently soft market, sector-specific advertising revenue (Professionals Area) shrank by €1.4 million.

Gross operating profit stood at €2.3 million, up sharply from the €0.8 million realised in 1H09, in spite of:

- €3 million in higher mailing costs to subscribers, in direct consequence of the cancellation of subsidised postage rates for publishers, effective 1 April 2010;

- €2.4 million in higher provisions for bad debts, due to the steady lengthening in the average time necessary for collection from customers.

This improvement was realised in consequence of the reorganisation plan and actions taken to contain operating costs. More specifically:

- personnel expense contracted 6.8%, mainly due to the decrease in the average headcount of employees (-115);
- consolidated direct and operating costs fell by 4.8% as the result of sharp reductions in costs for consultants, independent contractors and freelance journalists totalling €3.1 million. Net of the previously mentioned increase in mailing costs, direct and operating costs would have fallen by 6.6%.

Although the **operating loss** stood at €11.8 million, it represented an improvement from the operating loss of €14.6 million in 1H09. Depreciation, amortisation and impairment totalled €14.8 million, in contrast with €15.5 million in 1H09. The reduction from the previous year largely reflected the termination of amortisation for certain software products.

The **loss attributable to owners of the parent** was €11.9 million, compared with a loss of €9.2 million in 1Q10, which reflected the impact of €3.3 million in lower taxes, following adjustment of tax values to book values.

The **net financial position** of the Group at 30 June 2010 was positive by €95.8 million, up slightly from the €94.4 million reported at 31 March 2010 (€98.8 million at 31 December 2009).

Changes in headcount. The cutbacks in products and activities and organisational downsizing currently underway reduced the average headcount by 115 employees (from 2,250 in 1H09 to 2,135 employees on average in 1H10).

Significant events in the first half of 2010

On 1 February 2010, the Board of Directors of Il Sole 24 ORE S.p.A. approved the project for merger into the parent of the wholly owned subsidiary Il Sole 24 ORE Business Media S.r.l.

The purpose of this operation is to simplify the current chain of control under Il Sole 24 ORE S.p.A., in accordance with the structural cost containment plan adopted by the company. The operation was completed on 28 May 2010 and took effect on 1 June 2010, while its effective legal, accounting and tax starting date was retroactive to 1 January 2010.

In January, the Group completed disposal of its equity investment in the company Blogosfere S.r.l., equal to 80% of the quota capital, for a total price of €1.6 million.

On 12 March 2010, the Board of Directors of Il Sole 24 ORE S.p.A. resolved to appoint Donatella Treu as Chief Executive Officer, granting her the authority associated with that position.

The new version of the Il Sole 24 ORE website, www.ilsole24ore.com, was launched on 24 May 2010. Its thoroughly revised architecture of content and

navigation paths were warmly received both by readers (source: Toluna, Net Promoter Score June 2010) and by advertisers.

Main consolidated income statement and statement of financial position figures of the 24 ORE Group

Consolidated Income Statement

HIGHLIGHTS OF CONSOLIDATED INCOME STATEMENT		
(in thousands of euro)	1st Half 2010	1st Half 2009
Revenue from sales and services	254,077	266,329
Other operating income	5,872	4,690
Personnel expense	(92,859)	(99,598)
Change in inventories	(3,650)	(1,953)
Purchase of raw materials and consumables	(12,711)	(16,861)
Services	(118,531)	(124,190)
Other operating costs	(24,820)	(24,760)
Provisions and provision for bad debts	(5,029)	(2,894)
Gross operating profit (loss)	**2,349**	**763**
Depreciation, amortisation and impairment losses	(14,759)	(15,531)
Gains/losses on disposal of non-current assets	617	210
Operating profit (loss)	**(11,793)**	**(14,558)**
Financial income	448	1,673
Income (expenses) from investments	89	(165)
Profit (loss) before tax	**(11,256)**	**(13,050)**
Income taxes	(881)	3,293
Profit (loss)	**(12,137)**	**(9,757)**
Profit (loss) attributable to non-controlling interests	(229)	(527)
Profit (loss) attributable to owners of the parent	**(11,908)**	**(9,230)**

Revenue totalled €254.1 million, 4.6% less than the €266.3 million reported in 1H09. Aggregate advertising revenue fell by 1.1%, or €1.1 million (while the advertising revenue of System increased by €0.3 million, and that of professional publishing decreased by €1.4 million), in addition to the lower revenue generated by sales of the daily newspaper and add-on products (aggregate decrease of €7.3 million).

Compared with the previous year, the performance of System reflected both its different scope of activity, including termination of publication of the free press newspaper *24minuti* at the end of March 2009, and the impact of Consob Resolution no. 16840/09 on financial advertising, which abrogated mandatory publication of the share values of foreign funds and related notices in daily newspapers. Net of these effects, advertising revenue was up 4.0% from 1H09, driven by the 7.6% rise in commercial advertising in the daily newspaper. System improved at a brisk pace in 2Q10, with its revenue increasing by 5.9% net of the previously mentioned items.

Revenue from the sale of daily newspapers, books and magazines totalled €74.5 mn, compared with €85.2 mn in 1H09, for a decrease of €10.7 mn, or 12.5%. The primary contributors to this trend were add-on sales, which amounted to €3.0 mn, down by €3.1 mn. The newspaper's circulation revenue decreased from €38.6 mn to €34.4 mn (-10.9%), magazine revenue amounted to €28.8 mn (-9.9%) and book revenue amounted to €8.4 mn (-2.1%).

Other revenue totalled € 80.3 mn, compared with €80.8 mn in 1H09 (-0.6%). Conference and training revenue rose (+23.9%). Conversely, revenue from services relating to distribution of real-time financial news flows decreased (-7.0%).

Other operating income totalled €5.9 mn, compared with €4.7 mn in 1H09. This item includes the recovery of costs, rental income, contingent income, contributions and other residual items.

Personnel expense totalled €92.9 mn, compared with €99.6 mn in 1H09, reflecting a reduction of €6.7 mn. This decrease was mainly the effect of the decrease in employees (to an average headcount of 2,135, compared with 2,250 in 1H09), and was tied to cutbacks in products and activities and organisational downsizing. This last programme is a component of the reorganisation plan that is currently being implemented.

Direct and operating costs amounted to € 159.7 mn, with a €9.1 mn YoY decrease (-4.8%). As previously mentioned, distribution costs were heavily impacted by the increase in mailing costs to subscribers following suspension of subsidised postal rates for publishers, effective 1 April 2010. These higher costs, totalling €1.0 mn monthly, had an aggregate negative impact of €3.0 mn on income for 1H10. Without this rate increase, the reduction in direct and operating costs would have exceeded €11 million, or 6.6% compared with the same period of the previous year. The costs for external professionals were reduced by €1.8 mn, and those for freelance journalists by €1.3 mn.

Provisions and **provisions for bad debts** totalled €5.0 mn, compared with €2.9 mn in 1H09. The increase was due to the higher provisions for bad debts, reflecting the economic downturn that lengthened the time for collections from customers.

Depreciation, amortisation and impairment losses amounted to €14.8 mn, compared with €15.5 mn in 1H09. The decrease from the previous year mainly resulted from termination of the amortisation of certain software products.

Net financial income slipped from €1.7 mn in 1H09 to €0.4 mn in 1H10. This decrease stemmed principally from the €1.4 mn reduction in interest income, reflecting changes in interest rates and lower average cash balances.

Income taxes totalled a negative €0.9 million, in contrast with a positive €3.3 mn in 1H09, which benefited from the positive effects of realignment of tax values to reflect book values.

Statement of financial position

HIGHLIGHTS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
(in thousands of euro)	30/06/2010	31/12/2009
Non-current assets	309,844	319,519
Current assets	329,774	323,611
Non-current assets held for sale	-	2,992
Total assets	**639,618**	**646,122**
Equity attributable to owners of the parent	284,314	296,864
Equity attributable to non-controlling interests	385	718
Total equity	**284,699**	**297,581**
Non-current liabilities	85,558	89,912
Current liabilities	269,360	258,156
Non-current liabilities held for sale	-	472
Total liabilities	**354,919**	**348,540**
Total equity and liabilities	**639,618**	**646,122**

Non-current assets amounted to €309.8 mn compared with €319.5 mn as at 31 December 2009, for a decrease of €9.7 mn.

The change during the period resulted principally from the €4.7 mn decrease in property, plant and equipment and the €5.8 mn decrease in intangible assets due to the negative balance between depreciation and amortisation and new investments.

Current assets amounted to €329.8 mn as compared with €323.6 mn at the beginning of 2010, for an increase of €6.2 mn. In particular, trade receivables increased from 31 December, due to the seasonal nature of Group activity and the steady lengthening of the average time required to collect from customers.

Equity totalled €284.7 mn, compared with €297.6 mn at 31 December 2009. The equity attributable to non-controlling interests was €0.4 mn.

Non-current liabilities amounted to €85.6 mn, compared with €89.9 mn at the beginning of the year, with a decrease of €4.4 mn.

Current liabilities totalled €269.4 mn, up €11.2 mn from the €258.2 million reported at 31 December 2009. The change stemmed principally from the increase in deferred income, due to the seasonal nature of subscriptions to magazines, the newspaper and electronic publishing products.

Consolidated Statement of Cash Flows

HIGHLIGHTS OF CASH FLOWS		
(in thousands of euro)	1st Half 2010	1st Half 2009
Profit (loss) attributable to owners of the parent	(11,908)	(9,230)
Adjustments	12,845	8,515
Changes in net working capital	(292)	(4,811)
Net cash used in operating activities	**645**	**(5,526)**
Investments	(5,374)	(10,331)
Disinvestments and other changes	1,819	(498)
Net cash used in investing activities	**(3,555)**	**(9,833)**
Free cash flow	**(2,910)**	**(15,359)**
Net cash from (used in) financing activities	**(2,335)**	**(9,424)**
Net decrease in cash & cash equivalents	**(5,246)**	**(24,783)**

Total cash flows were negative by €5.2 mn, marking an improvement by €19.5 mn from 1H09 cash flow (negative by €24.8 mn).

Net cash used in operating activities was a positive €0.6 mn as opposed to negative cash flow of €5.5 mn the previous year. This reflected the positive change in net working capital and changes in deferred tax liabilities and employee provisions, which more than offset the decrease in the net result for the period and depreciation and amortisation.

Net cash used in investing activities was a negative €3.6 mn, consisting mainly of operating investments, net of the sale to the subsidiary Blogosfere S.r.l. and the sales of intangible assets and business units during the first half of the year. In 1H09, this flow totalled a negative €9.8 mn.

Net cash flow used in financing activities was a negative €2.3 mn for the repayment of €1.7 mn in medium-long term loans, €0.5 mn in interest income from investments of cash, and €1.1 mn in other negative financial changes.

NET FINANCIAL POSITION		
(in thousands of euro)	30/06/2010	31/12/2009
Cash and cash equivalents	90,700	95,277
Bank overdrafts and loans - due within one year	(3,887)	(3,633)
Short-term net financial position	**86,813**	**91,644**
Non-current financial liabilities	(9,178)	(10,886)
Non-current financial assets and fair value changes in financial hedging instruments	18,182	18,071
Medium-long term net financial position	**9,004**	**7,185**
Net financial position	**95,817**	**98,829**

The **net financial position** decreased from 98.8 mn at 31 December 2009 to 95.8 mn at 30 June 2010. Cash and cash equivalents decreased, in connection with the previously commented changes in cash flows illustrated in the consolidated statement of cash flows. Medium-long term indebtedness also decreased, upon repayment of the amount due during the period for subsidised loans.

Segment reporting

During the closing months of 2009, certain organisational changes modified the business divisions comprising the Group and reassigned certain activities and responsibilities amongst these divisions and corporate functions. The principal change consisted in reducing the number of business divisions from five to four. This was accomplished by integrating the business units belonging to the former Multimedia Area (online, finance and agency) in the Publishing Area. Furthermore, the information technologies related to products, which belonged to the Corporate Area and centralised services until last year, where assigned to direct control by the Publishing and Professional Areas. These changes became effective from the beginning of 2010 for the purposes of reporting Group profits or losses. Consequently, the amounts reported for the same period in the previous year are not comparable.

In order to render the amounts for the two years comparable, the results for 1H09 have been reclassified to reflect the organisational structure in effect since 2010.

Publishing Area – Generalist publishing

Publishing is the division that heads up the daily newspaper Il Sole 24 ORE, its bundled add-on products, theme magazines such as English24 and I Viaggi del Sole, and the monthlies Ventiquattro and IL – il maschile de Il Sole 24 ORE, plus a number of primary processes (printing and distribution) also managed for other Group segments. This area includes the Radiocor press agency, real time financial reporting services, the business unit Online, which operates the site www.ilsole24ore.com, paid subscription online content and the eCommerce channel Shopping24.

PUBLISHING REVENUE BY PRODUCT

(in thousands of euro)	1st Half 2010	1st Half 2009	Change
Newspaper	83,676	90,205	-7.2%
Add-ons	3,222	6,153	-47.6%
Online	8,281	5,060	63.7%
Finance	11,575	12,419	-6.8%
Other	3,878	5,047	-23.2%
Total	**110,633**	**118,883**	**-6.9%**

Information on products, customers and operations

The editorial offices of Il Sole 24 ORE are organised according to theme sections and are located at the Milan and Rome offices and at nine other Italian offices: Florence, Genoa, Bologna, Turin, Padua, Trieste, Naples, Bari and Palermo. The last three offices are dedicated to preparation of regional inserts. The daily newspaper, in particular, has international coverage provided by correspondents

seconded to eight foreign locations (Brussels, Buenos Aires, London, Frankfurt, Shanghai, New York, Paris and Madrid). The overall editorial organisation draws on the services of 328 journalist employees, who also contribute to the contents of the portal *www.ilsole24ore.com.*

The newspaper is printed at the two owned printing centres in Milan and Carsoli (province of L'Aquila) and at the following six third-party production sites: Verona, Mechelen (Belgium), Benevento, Catania (Sicily), Cagliari (Sardinia) and Medicina (Bologna). Out of a total of 59.2 million copies printed in 1H10, 59% were printed at the owned sites and 41% at third-party sites.

Market, performance and main activities in 1H10

The aggregate revenue generated by the **Publishing Area** was €110.6 mn (-6.9% as compared with the same period of 2009) due to the divergent performance of advertising and circulation activities. The advertising revenue allocable to this area is substantially consistent with the data for the same period of 2009 (-1.2%), particularly in light of the closure of the free-press activity. The downturn stemmed primarily from the contraction in circulation revenue (-12.3%), which also reflects the steep decline in add-on product sales.

Revenue generated by the ***daily newspaper*** fell by 7.2% from 1H09. The decrease in advertising revenue reflected the crisis on the financial market and the strong growth, above market averages, during the two-year period 2007-2008. When measured for the entire period 2006-2010, Il Sole 24 ORE daily newspaper advertising revenue shows a more modest contraction than the market average (Il Sole 24 ORE -6.5%, paid daily newspapers -7.8%).

The most recent circulation data (ADS moving average May 2009-April 2010) show a -8.9% YoY reduction in the number of copies of the main paid national daily newspapers. During the same period, Il Sole 24 ORE had a circulation of about 275 thousand copies, down by 15.5% and held on to its position as the fourth largest nationally distributed newspaper (excluding sports newspapers).

The various special issues targeting professionals and businesses included the publication of inserts with the text of the decree law containing the national budget act, complemented by with a reader's guide with detailed commentary on each article of that statute. The budget act was also the object of extensive discussion in the daily newspaper, with analyses and comments on the principal changes found in it.

Beginning in May, the newspaper launched the series of guides appearing every Monday, "Le guide pratiche del lunedì." The offer a genuine cross-media system to obtain in-depth information on topics of great professional interest and helpful articles on the law and regulations affecting individuals. Once every week, a paper insert is dedicated to a topical subject. An internet forum is launched at the same time, giving readers a place to send questions to experts. The answers to their questions are given live on the Radio24 programme *Salvadanaio*. A selection of the most interesting answers is then published in the Tuesday issue of the newspaper, while all the answers given can be consulted on the Il Sole 24 ORE website over the following days.

Following tradition, the beginning of the year is an extremely important time for businesses and professionals due to the implementation of statutory changes resulting from national budget acts. To provide complete information complementing detailed page inserts illustrating the principal changes for 2010, Il Sole 24 ORE held two events: *Telefisico – La manovra e le altre novità per imprese e pofessionisti* (the Telefisco edition focusing on the latest national budget manoeuvres and other changes affecting businesses and professionals) – with over 78,000 participants and 125 venues linked by videoconference – and *Forum Lavoro 2010,* the 2010 edition of the employment forum held in collaboration with the Foundation of Labour Consultant Research, which focused on the new labour compliance obligations for businesses. The event was held at over 70 venues linked by videoconference. In response to the reform of secondary school education, *Il Sole 24 ORE* published a detailed report in March illustrating all the changes, in view of assisting families and students in choosing which high school to attend. Other publications included the guide *Lavori in Casa* (Remodelling Your Home), distributed free together with the daily newspaper, and focusing on the tax breaks available for home remodelling and energy saving initiatives. These range from the tax deductions of 36% and 55% for energy saving, to reduced VAT on work and materials, to the energy account available for installation of photovoltaic panels. *Il Sole 24 ORE* repeated previous paid publishing initiatives in 1H10, with the dual objective of covering certain topics of special interest to readers and boosting revenue. These initiatives included the instant book with CD ROM tied to the Telefisco 2010 event, and the three archives recorded on CD ROM containing all articles published in 2009 in Norme e Tributi (Laws and Tax) and L'Esperto Risponde (The Expert Answers), in Plus24 and Finanza & Mercati (Finance & Markets) and in the cultural supplement Domenica. The other paid publications include *GUIDA 730*, with an accompanying code that allows readers to access an online software programme enabling them to fill out and print their own Form 730 Italian tax return. The boxed set *Ludovico Einaudi: live in Prague* is a publishing venture dedicated to jazz lovers and fans of "Domenica." *I migliori 300 fondi 2010*, *BILANCI 2009*, *GUIDA UNICO 2009* con CD ROM" was sold together with a demo version of the VIA LIBERA operating software by Il Sole 24 ORE, forms, documentation and a selection of answers by experts. *Economia criminale: storie di capitali sporchi e società inquinate* is a piece of investigative journalism by Il Sole 24 ORE reporter Roberto Galullo, who describes the intermingling of legal and criminal economic activities in the regions of northern Italy that are considered to be the new frontier for businesses controlled by organised crime.

In the ***add-on products* market**, 1H10 confirmed the negative trend for 2009, with gross sales down by 49% on average. The contraction in sales sustained by the 24 ORE Group was in line with that of its principal competitors, and it managed to maintain its market share from the previous year. In order to combat the contraction in sales and maintain positive margins for individual initiatives, the 24 ORE Group is continuing to concentrate on launches focusing on the core target, maintaining a high standard of quality by curbing acquisition costs and communication investments. Publishing agreements with selected partners have also been made for specific initiatives.

In the ***magazine*** sector, the market for newsstand sales of magazines and magazines bundled with daily newspapers continued to contract in 1H10, both as measured by circulation (-9.4% for monthly periodicals and -2.7% for magazines bundled with leading newspapers – source: ADS) and by advertising revenue. The area's magazines experienced a decrease of -11.0% from the same period a year earlier, while it showed improvement from 1Q10, with sales moving into positive territory from the previous year. The magazines bundled with the daily newspaper track its circulation, posting a downturn of 8% (ADS moving average for April 2009-March 2010, as compared with April 2008-March 2009). The containment of marketing and production costs (resulting from reductions in the number of pages and copies printed) muted the impact of lower revenues on margins. During 1H10, the men's magazine "*IL* – Il maschile del Sole 24 ORE" continued to receive international recognition, winning awards for the magazine's infographics and design, including the *European Design Award*, publication in *ADI Design Index*, and six medals at the *SND Infografic Summit*. The magazine *Ventiquattro* implemented its restyling in January, leading it to publish a monographic issue dedicated to the 10 big challenges for 2010: health, money, technology, sustainability, women, other, youths, food, work and happiness. The restyling had a limited impact on advertising revenue, which contracted from the same period of 2009.

English 24 had stable newsstand sales, while its number of subscribers dipped slightly. The magazine *Viaggi del Sole* ended 1H10 with average newsstand sales that were 19% higher than in the same period of 2009. According to ADS circulation figures, the monthly travel magazine market contracted by 11% from the previous year. The positive performance of *Viaggi del Sole* was also heavily influenced by the success of certain specific issues that were positively received by the media (New York and the thematic special Weekend d'Italia).

The **online** publishing market remained extremely dynamic. The principal social networks and use of video content on the web continued growing in 1H10, attracting increasing interest by advertisers. One of the innovations that attracted the attention of publishers was the launch of the tablet produced by Apple, *iPad*, which has generated great expectations as a platform for reading magazines and daily newspapers.

The New York Times announced that beginning in 2011, it will implement a paid system for its web content, while the leading daily newspaper publishers in Italy have introduced forms of payment to access content from mobile devices. Another international development of interest is represented by Google's overtures to publishers (on the Google NewsPass system), the growing focus of leading operators on the production of massive volumes of low cost content, and the entry of Google and Apple into the mobile communication advertising world, following the acquisition of AdMob and launch of the iAd platform, respectively. Inside and outside Italy, increasing focus was dedicated to local and hyper-local information, both by the traditional media (e.g. launch of the section dedicated to New York published in the Wall Street Journal) and by numerous start-ups.

On the online advertising market, most display format advertising in Italy reported improving performance, with its value rising by 15.3% in the first half of the year (source: Osservatorio FCP-Assointernet).

Revenue for the online business unit was up 63.7% from the same period of 2009, reflecting the outstanding performance of advertising sales, both in segments that were already active in 2009 (led by the automotive segment) and especially in the financial broker segment. This last development reflected the launch of Fondi24, a new section on the *ilsole24ore.com* website dedicated to all types of investment funds.

The new version of the Il Sole 24 ORE website, *www.ilsole24ore.com,* was launched on 24 May 2010. Its thoroughly revised architecture of content and navigation paths were warmly received both by readers (source: Toluna, Net Promoter Score June 2010) and by advertisers.

An experimental project was launched in June, replacing the previous membership model for paid content on the site (the *Premium package*) with the metered model, inspired by the mechanism used by the Financial Times web site (and which The New York Times has announced it is going to imitate), adapted to the Italian situation for gradual development over the next several months. Using this approach, all readers – even those who log on anonymously – may read up to a certain number of articles every month without having to register on the site. To access additional articles in any one month, they have to register free of charge (setting up a personal account). When they go beyond the limit established for personal users, they will have to create a paid account (*Pro* or *Pro Finanza*), which offers them additional benefits (e.g. stock market prices in real time, access to the database and l'Esperto Risponde service, and advanced tools in the section mondo Finanza). The tally of articles read applies to a predefined perimeter (currently the sections Norme e Tributi, Finanza ed Economia). All readers will continue to have unlimited access to the other sections of the site, the home page and the section home pages, the quotations for stocks, bonds, funds, foreign currencies and commodities, the vertical channels (Motori24, Luxury24, Viaggi24, etc.), the photo galleries and the videos on Mediacenter24, the blogs on Agorà and Nova100, and the Shopping24 area. The flexibility of this model will make it possible to preserve a broad advertising base, while developing the customer loyalty of users who are more inclined to make extensive use of the site and cashing in on the value represented by heavy users without excluding other readers.

In terms of quantitative trends, mention should be made of the growth in *one-time visitors* to the site, who reached a daily average of 324 thousand (+12.2% as compared with 1H09) (source: Nielsen SiteCensus). The performance in terms of *pages visited* was not as vibrant, growing by only 2.1% from 1H09. The reduced propensity of marginal users to spend, and who have visited the site recently, remains consistent with the long-term trend of visits by steadily less loyal users. This phenomenon was taken into account together with certain choices that were consciously made in redesigning the site to improve the user's visit, by not forcing him or her to make an extra click to reach or fully display the content of interest.

The mobile version of the site performed very well, especially in May and June, which partly reflected the revised design of that version.

Other important events during 1H10 include the record participation during the online edition of Telefisco, the tax marathon held on *l'Esperto Risponde*, with 25% more streaming purchased than for the same event in 2009, and the higher than expected result for the product *Banca Dati On line (Online Database)*. *Shopping24* turned in a solid performance, with its turnover up 6% from 1H09.

Since the beginning of 2010, the ***Finance*** business unit has comprised the sales activities of real time financial information and press agency news (*Radiocor*). The real time financial information market was still contracting slightly in 1H10 in the banking/corporate segment, which reflected ongoing cost-cutting measures by key customers. In a market with a limited number of competitors, the acquisition of Interactive Data – the world's third largest player – by two United States private equity funds merits special mention, as well as the acquisition of Tenfore by Morningstar, and diversification on the equity market by the latter.

The business unit reported that its revenue was down by 6.8%, consistently with market trends. This contraction is attributable to the postponement of renegotiation of a major contract.

The performance of the ***Agency (Radiocor)*** bucked the trend, with revenue up 20.6%, especially for the Diversified Publishing Services product segment

The Finance BU began revising the content of its finance platforms, focusing in particular on the target market of investment funds and fixed income, in order to improve the quality of its services.

PUBLISHING AREA RESULTS			
(in thousands of euro)	1st Half 2010	1st Half 2009	Change
Circulation/other revenue	53,781	61,350	-12.3%
Revenue from advertising	56,852	57,533	-1.2%
Revenue	**110,633**	**118,883**	**-6.9%**
Gross operating profit (loss)	(4,018)	(522)	-670.4%
GOP margin %	-3.6%	-0.4%	-3.2 p.p.
Operating profit (loss)	(7,392)	(3,657)	-102.1%

System Area – Advertising sales

System is the division acting as the advertising sales agency for the Group's main media – except for sector-specific publishing, which has its own network (Business Media) – and for some third-party media.

SYSTEM AREA REVENUE			
(in thousands of euro)	1st Half 2010	1st Half 2009	Change
Captive revenue	79,661	79,496	0.2%
Non-captive revenue	5,754	5,539	3.9%
Total	**85,415**	**85,035**	**0.4%**

REVENUE BY GROUP PRODUCT			
(in thousands of euro)	1st Half 2010	1st Half 2009	Change
Publishing	50,524	54,317	-7.0%
Professional	1,475	1,603	-8.0%
Radio	6,791	6,333	7.2%
Multimedia	5,819	2,903	100.4%
Culture/Events	77	116	-33.2%
Revenue reversed to Areas	**64,687**	**65,272**	**-0.9%**
System revenue	20,727	19,763	4.9%
Total revenue for Group products	**85,415**	**85,035**	**0.4%**

Information about products, customers and operations

In Italy the advertising sales agency has a matrix organisation based on district and product/type. The various sales territories are managed by seven different local offices that are either branches or sales agencies. They are flanked by the networks specialised by medium, product or type, i.e. *Websystem,* radio, regulatory and real estate advertising, specials, and fashion-luxury-interior design. As at 30 June 2010 the sales organisation in Italy consisted of 61 employees and 126 agents.

Outside Italy, advertising sales are handled by the International Division, which maintains a presence in all major countries through a network of representatives. The subsidiary Il Sole 24 ORE UK Ltd. handles the sale of advertising space in the United Kingdom.

The System Area's active customer base (i.e. customers for which at least one advertisement was published during the year) consists of over 4,900 customers. They mostly consist of major Italian and foreign companies operating in the finance, automotive, professional services, public administration, and manufacturing sectors.

Market, performance and principal activities in 1H10

During 1H10, the advertising market, including television, grew by 4.7% as compared with the same period of 2009, topping €4.5 billion euros in revenues (Nielsen Media Research – January-June 2010). This was certainly a positive result, even if its performance during the first six months of 2009 was extremely negative as compared with the previous year (-17.0%). The growth of TV beat the market average (+7.3%): television accounted for 56% of all advertising spending, while increasing its market share by one percentage point to the detriment of print media. Indeed, print media advertising revenue continued its downward trend (-3.5%), with magazines declining by -9.1% and daily newspapers by -0.1%. The second quarter was particularly rough for newspapers, which reversed their +3.5% performance in the first three months of the year to fall by -3.2% between April and June. In particular, firms operating in the automotive sector cut their newspaper advertising (-16.9%), while firms in the apparel sector cut their magazine advertising budgets (-9.1%).

On the other hand, radio advertising did well (its growth rate rose from +12.6% in 1Q10 to the current +14.8%), driven by increased spending by telecom operators (+41.0%), distribution sector businesses (+47.7%), and financial/insurance companies (+75.8%). Advertising on the Internet continued growing at double-digit rates (+14.6%).

In comparison with the market as a whole, the market on which System operates (local net press and free press, radio, Internet without search) closed up slightly (+1.4%).

The contraction in print advertising spending had a significant impact on the general performance of the Sales Agency, which derives 77% of its revenues specifically from this source. In spite of this market situation, the System Area as a whole managed to close the first half up slightly from the previous year (+0.4%), even if it were slightly lower than the market on which it operates. This performance was impacted by closure of the free press on 31 March 2009 and the contraction in revenue from investment funds (following application of Consob Resolution no. 16840 of 2009, the requirement that foreign funds publish notices in daily newspapers was gradually eliminated). Net of these changes, the System Area reported a 4.0% increase in revenues, which was markedly better than its reference market. The reasons for its resilience are to be found in certain initiatives and commercial operations undertaken in 2Q10 and that, in addition to the new sales terms made to funds beginning in January, enabled the advertising agency to increase its market share. These include the launch of the new website *ilsole24ore.com*, which was accompanied by specific sales offers. It also acquired the advertising contract for two monthlies owned by Editrice Quadratum (La Cucina Italiana and Rolling Stone) beginning 1 April 2010.

The daily newspaper ended 1H10 down 4.7% from the previous year. This result was expected, given the crisis on the financial market over the last few years and especially in light of the extraordinary performance turned in by the daily newspaper in 2007-2008. Between 2006 and 2010, Il Sole 24 ORE realised a lower annual average loss than the daily newspaper market as a whole (Il Sole 24 ORE -6.5% - daily newspapers -7.8%). This performance was entirely attributable

to the type of service offered, especially to funds: public notice revenue rose by 7.6% in 1H10, with this performance outstripping the market, which grew by 3.9% in the first six months. During the first half, this type of service contracted by 23.9%. This performance was impacted by the decrease in financial notices, the type for which the sales agency is a market leader with a 32.7% share of advertising space, and particularly by the contraction of fund notices, which decreased by 60.8% from the same period of 2009 (€5.5 mn). Furthermore, the contraction in financial industry advertising revenue was impacted by the lower number of IPOs than in previous years, and especially by the more limited use of the press for supporting notices. Four companies were listed in 2010, including three on the AIM list of Borsa Italiana, a segment that does not impose any obligation to advertise in newspapers.

The magazines handled by the sales agency (IL, Ventiquattro, Viaggi del Sole, English24, La Cucina Italiana, Rolling Stone) tracked the negative performance of the monthly segment in which they are classified. An analysis of merchandise segments illustrates the first three included in the rankings, which represent 44% of all pages: apparel (-13%), automotive (-20%) and home (-12%). The personal gadgets segment performed well (+7%): holding fourth place in the rankings, it represents about 7% of the market.

The radio market grew by 14.8% during the first six months of 2010 (source: Nielsen). Considering the heavy loss during the same period of 2009 (-17.5%), the result for 2010, while positive, was unable to recover the sales levels it enjoyed in 2008 (€263 mn in 2008, as opposed to €249 mn in 2010). In 1H10, the revenue generated by Radio24 and Radio Margherita enabled System to grow by 7.7% from the same period of 2009. This performance was slightly worse than that of the market, but was absolutely positive considering that the Group’s radio media had closed 1H09 down by only 2%, outperforming a market that had plunged by 17.5%.

Radio24 maintained its 8% of the entire market as measured by advertising seconds, holding steady from 1H09. The top five segments, which represent 57% of total advertising seconds, grew by 14%, being driven by finance/insurance (+51%) and telecommunications (+63%), in spite of the drastic cutback in automotive sector spending (-18%).

Online media revenue posted an aggregate gain of 53.8% over their level in 2009, as compared with the overall online market, which posted a gain of 14.6% (source: Nielsen).The Group’s performance was partly determined by the new fund category. Net of this addition, its result was still positive (+4.0%), recovering mightily from the first quarter, when it had closed slightly down. On the sites of the 24 ORE Group, which account for 72% of aggregate online revenue, and considering the discontinuity represented by the new fund category, performance was positive (+96.9%), while the comparable result was +14.8%. Advertising on the sites of other publishers dipped slightly (-1.0%), due to deconsolidation of several leased sites that was only partially offset by entry on the network of new sites in 2Q10. On a comparable consolidation basis and net of the discontinuity represented by the fund category, online media revenue grew by 7.8% from the same period a year earlier.

SYSTEM AREA RESULTS			
(in thousands of euro)	1st Half 2010	1st Half 2009	Change
Circulation/other revenue	89	47	89.7%
Revenue from advertising	85,325	84,988	0.4%
Revenue	**85,415**	**85,035**	**0.4%**
Gross operating profit (loss)	(4,795)	(4,846)	1.1%
GOL margin %	-5.6%	-5.7%	0.1 p.p.
Operating profit (loss)	(4,796)	(4,848)	1.1%

Professionals Area – Professional and specialist publishing

The Professionals Area targets professionals (mainly chartered accountants, lawyers, and employment consultants), the public administration, and SMEs with broad-spectrum publishing solutions comprising magazines, books, data banks, online services, training courses, and management software. The Professionals Area comprises, among others, the product system branded Frizzera, the Pirola brand, and software under the Via Libera and Impresa24 brands. The Professionals Area also includes the software companies Innovare 24 S.p.A. and ESA Software S.p.A.

The Professionals division also manages B2B integrated communication activities targeting SMEs in specific sectors, including agrifood, retail distribution, building, and welfare, directly managing dedicated advertising sales networks.

PROFESSIONALS AREA REVENUE BY BUSINESS UNIT			
(in thousands of euro)	1st Half 2010	1st Half 2009	Change
Tax & Legal and PA	48,267	49,733	-2.9%
Sector-specific publishing	21,837	24,714	-11.6%
Software solutions	36,036	39,369	-8.5%
Training	8,128	6,430	26.4%
Other	(13)	3	-623.6%
Total	**114,254**	**120,249**	**-5.0%**

Information about products, customers and operations

The Professionals Area makes products designed to satisfy all professional needs in terms of publishing, training, management and communication of specific targets (professionals, businesses and public administrations) using multimedia product systems. As at 30 June 2010 the Area's product line was largely comprised by B2B items consisting of books (about 800 catalogue titles for the Tax & Legal and PA business unit [BU] and about 450 titles for the Business Media BU), magazines/periodicals (about 45 specialised publications for the Tax, Legal & PA BU and some 70 specialised titles for the Sector-specific Publishing BU), databases (16, all accessible online), management software (about 50 products), and training (approximately 210 initiatives during the year).

The product mix of this area is undergoing transformation, with a growing impact of products-services with more innovative content (electronic publishing, management software, online services and training) and a growing proportion of revenue from subscriptions.

These products are distributed by a multi-channel sales network: direct marketing and e-commerce, a sales agent network focused on individual targets, software partners, book stores, and sales to business managers.

Market, performance and principal activities in 1H10

The aggregate revenue of the **Professionals Area** shrank by 5% from the same period of the previous year. This was caused essentially by the disposals of activities with low or negative profit margins carried out as part of the Group restructuring plan.

To render the 1H10 data comparable with those for 1H09, the effects of disposals completed after January 2009 must be excluded: the Graphics Business Unit of Data Ufficio, sold in September 2009, Mondoesa Milano Nordovest S.r.l. and Cesaco S.r.l., which are no longer controlled by the 24 ORE Group, the Architectural Books Business Unit, sold in February 2010 to the Culture Business Unit, the ICT publications, which were also sold in February, and the SI5 system BU for the automotive segment belonging to ESA Software, which was sold at the end of May 2010.

On a comparable consolidation basis, revenue fell by 0.6%, mainly due to lower revenue from magazines (-10.9%) and lower advertising revenue from Sector-specific Publishing media (-2.0%). Net of the Sector-specific Publishing BU and on a comparable consolidation basis, the performance of Professionals Area revenues was substantially the same as in the same period a year earlier (+0.2).

Digital revenue (software, E-publishing and online services) was up 2.9%, on a comparable consolidation basis. This revenue represents more than 43% of all revenue generated by the area. In particular, E-publishing revenue rose by 4.2%. On the other hand, revenue from paper media contracted by 9.5%, on a comparable consolidation basis, mainly on account of the sales performance for magazines (-10.9%) and books (-3.8%). Advertising revenue fell by 1.7% on a comparable consolidation basis. Special mention should be made of the growth in revenue generated by the *Training* BU (+12.2%, on a comparable consolidation basis).

The revenue of the ***Tax & Legal*** business unit fell by 2.9%, mainly due to the performance of certain product lines (books -9.2% and periodicals -9.9%). The contraction in revenue reported by this business unit stemmed partly from the business cycle and partly from the contraction in revenue from magazines and books. This latter trend depends partly on a shift towards new, largely online tools of information and on the consequent streamlining of the product catalogue, aimed at maximising the profit margin of these two product lines. The magazine segment remains the principal source of revenue, generating 45.9% of total revenue, as compared with 48.7% in 2009. This segment maintained high margins, thanks

both to cross-selling policies, which increased average spending, and to specific cost-cutting measures. Magazines continue to enjoy high subscriber loyalty, supported also by the development of online publications, created for the very purpose of meeting the relevant target's increasing propensity to use electronic media and Internet.

E-publishing revenues continued growing in 1H10 (4.3%). This is underpinned by a constant and significant effort in terms of product, editorial and technological innovation in order to respond quickly and effectively to evolution of the target's usage models, and by development of system-wide product lines.

The new publication ventures undertaken by the business unit include the launch in March of the Digital Bookshop *On line Pagin@24* for e-commerce sale of books and monographs distributed in read-only PDF format. Sale of this type of product, already successfully tested, responds to the new consumer usage model, which is characterised by the growing propensity to buy electronic products instead of traditional print products. The new database *Soluzioni 24 Fisco* has been online since 17 June. Created from the integration of tax databases (Banca dati del commercialista – Accountant's Database, Nuovo tributi Lavoro Società – New Business Payroll Taxes, Sistema elettronico Frizzera – Frizzera Electronic System, and Contabilità bilancio finanza e controllo – Financial Reporting, Finance and Control Accounting) in a single off and online modular product, integrated with the PDF version of the newspaper and news taken from the Norme e Tributi (Laws & Taxes) section of *ilsole24ore.com*. The new hub of the Professionals Area was released at the end of May, representing the new point for access to the all of the online products offered by the Area. The new access procedure is largely organised by target, with presentation of the Area's entire product line in each category. An agreement was made with the Consiglio Nazionale dei Consulenti del Lavoro (National Labour Consultants Board) to create an accredited e-learning module. This new module has been on sale, both singly and bundled together with the *UnicoLavoro database*, since May 2010

Revenue for the ***Software Solutions*** business unit shrank by 8.5% from 1H09. However, this figure was not calculated on a comparable consolidation basis, due to deconsolidation in 2H09 of the Data Ufficio S.p.A. business unit, which was sold to the Buffetti Group, the sale at the end of May of the ERP SI5 system BU by ESA Software S.p.A., and deconsolidation of Cesaco S.r.l. and Mondoesa Milano Nordovest S.r.l. Excluding these effects, the business unit realised a 2.9% improvement in revenue.

The positive performance of 24 ORE brand software products merits special emphasis, with revenue increasing by 3.7% from 1H09. This performance stems not only from the high degree of subscriber loyalty to *Sistema Via Libera*, but also from the strong sales performance of the new product *Studio24 Commercialisti [= for professional accountants],* introduced in 2009, continuous growth in revenue on the corporate market (albeit at a lower pace in 2Q10 than in 1Q10), especially with the product *Impresa24*, and the gradual increase in sales of new products developed over the course of 2009, which was made possible partly by the integration and commercial exploitation of software produced by recently acquired businesses: *Via Libera Azienda [= general company management]*,

Studio24Edilizia [= specific for the building industry], *Studio24Avvocati [= for law firms]*, and *Via Libera Paghe Online [= for managing payroll]*. The number of users of the innovative solution *Via Libera Paghe Online* grew during the period. Distributed in SaaS (Software as a Service) mode, it had over 650 customers at the end of June.

In the same context, development of a new "Piattaforma Fiscale Unica" (Single Tax Platform) began at the end of 2008. Based on the most advanced technologies available, it will be used beginning 2012, with major cost savings, for development of the new versions of Group tax products. These will also be available online in SaaS mode and aimed at all the targets managed with the 24Ore, Data Ufficio and ESA brands: chartered accountants, tax assistance centres (CAF), tax substitutes and the PA. Following release of the first prototype version of the *NetWork24 service at the end of 2009*, activity proceeds according to plan for functional completion of the innovative service realised in collaboration with the subsidiary Diamante. Its purpose is to create an online platform for communication and operating collaboration between professional accountants and their clients (professionals, craftsmen, small businesses and SMEs) that use the Group's operating software. In confirmation of the excellence and level of technological innovation offered by this project, the Diamante subsidiary received major international recognition from Microsoft Corporation at the end of June, by becoming the only Italian software maker to receive the WPC Awards 2010, in the Information Worker Solutions, Office Business Applications category. In collaboration with the Softlab subsidiary, development continues on the online version of the Studio24Avvocati software, which will be distributed in SaaS (Software as a Service) mode from the beginning of 2011.

On the market for tax services provided to tax assistance centres (CAF), the Innovare24 software handled over 5 million Form 730 tax returns with its own software solutions. The customers of Innovare24 include 29 national CAF, while the subsidiary engages the participation of over 20,000 operators working in centres found all over Italy. Net of changes in the scope of consolidation, the Summa brand products sold by Innovare24 reported 0.8% growth in revenue. The forecasts for 2010 on the reference market where STR (construction industry) products are sold confirms the ongoing crisis situation, which had already been illustrated in the production estimates published by Ance. This reflects the problems afflicting the public sector, while the sale of new products is more difficult than in the past. Nonetheless, STR brand products turned in a positive performance in this context, due in particular to the provision of services and customisations, and the significant increase in assistance contracts and the sale of licenses in the large account segment. On a comparable consolidation basis, i.e. net of disposal of the SI5 system BU, the revenue trend for ESA Software S.p.A. at 30 June 2010 was substantially the on par with the same period of the previous year, following a recovery in the sale of licenses after the first quarter.

Revenue for the ***Training*** business unit was up 26.4% from 1H09, which was partly accountable to start-up of the event organisation business by the subsidiary Newton Management Innovation S.p.A. Without this discontinuity, Training BU revenue would still have risen by 9.9% from 1H09.

Among the initiatives that characterised 1H10, the “Master Full Time” courses offered by the Business School continued for a total of 16 master’s degrees, with a high rate of growth as compared with the previous year (+12.9%).

Good performance was also reported by the “Master Part-Time” courses in the weekend format targeting middle management and by the “Executive Master” courses for executives and managers, with 42 courses being held. The subjects covered by these courses were expanded to include energy, sales, luxury, culture and innovation. The catalogue of 80 online e-learning courses was also expanded, with new subjects covering managerial skills, leadership and the use of a proprietary technological platform for the virtual master's degree classrooms offered to managers.

The *Annual ed Eventi* (Annual and Events) line held 19 courses during a period that was still suffering from lower spending by businesses on communication. While the 1Q10 was characterised by a delay from the previous year (-52.4%), performance improved dramatically in 2Q10 (to -16.7%), with good prospects for the second part of the year. Special mention should be made of the first annual *Global Business Summit*, an international event organised in collaboration with Harvard Business School.

The results of the ***Sector-specific Publishing*** business unit were dominated by 11.6% fall in revenue from 1H09. Net of the effects of disposal of the Architectural Books BU and the ICT titles, the change was -4.0%, and the revenue generated by magazines contracted by 13.0%. On a comparable consolidation basis, advertising revenue decreased slightly (-2.0% from the same period of 2009), performing better than the market trend for magazines (-6.5%; source: Nielsen).

At the individual market level, the Ho.re.ca. and retail segments performed well, with revenue up by 2% and 7%, respectively.

PROFESSIONAL AREA RESULTS			
(in thousands of euro)	1st Half 2010	1st Half 2009	Change
Circulation/other revenue	99,333	103,690	-4.2%
Revenue from advertising	14,920	16,559	-9.9%
Revenue	**114,254**	**120,249**	**-5.0%**
Gross operating profit (loss)	17,166	17,779	-3.4%
GOP margin %	15.0%	14.8%	0.2 p.p.
Operating profit (loss)	11,646	10,305	13.0%

Radio Area

The Radio Area manages the national radio station Radio24, a news and talk radio with an editorial format alternating news and entertainment programmes based exclusively on speech. Every week, over 30 different programmes cover all the key areas of public interest, ranging from national and international news to business and finance; from topics concerning the family and home to sport, culture and leisure; and from wellbeing to work.

Beginning in January 2010, the Audiradio survey made major changes to its format: the figures for audiences during a quarter of an hour and during an average day are based on panel surveys and no longer on telephone surveys, which are conduced once quarterly. Due to these changes, the figures for 2010 cannot be compared with previous years. The figures available at the time this half-year report was drafted cover 1Q10 (9 January – 2 April). Social changes, customs and changes in the media world also impacted radio, which, contrary to what occurred for other media, both maintained and enhanced its position nationwide, reaching 41.8 million listeners daily, or 78% of the Italian population (+11 years). The change in survey method changed, sometimes significantly, the classification of broadcaster audiences. The three RAI radio networks reported major growth, just like the broadcasters owned by the Espresso Group – especially Radio Deejay and Radio Capital (source: Audiradio; 1Q10 – average yesterday Monday-Sunday). In 1Q10, **Radio 24** reached 2.4 million daily listeners. The composition of the audience remained predominantly male (67% men and 33% women) and adult (68% between the ages of 25 and 64), concentrated in Lombardy (28%), Veneto (13%) and Lazio (11%) (Source: Audiradio; 1Q10 – average yesterday Monday-Sunday). Consistently with its identity as a news and talk format station, Radio 24 has made several changes to its programming, by improving the afternoon section dedicated to entertainment with programmes targeting a younger audience.

Radio 24 revenue in 1H10 grew by 3.8% from the same period of 2009. Advertising revenue was up 6.0%, offsetting the slight contraction (-4.0%) during the previous year and confirming its growth trend. The remaining revenue was generated by operations and projects developed by marketing, provision of technical services, and audio/video productions performed for the other Group Areas.

Segment analysis of the entire radio market confirms that automotive remains in first place, although its revenue was down by 4%, followed by the telecommunication and distribution segments, with the latter rising from fifth to third place. The media publishing segment fell sharply, retreating from second place in the rankings to fifth place.

The new website of Radio 24 was launched in January, with a revised graphic layout and structure, and additional audio content. During 1H10, the number of page hits rose by 82% and the number of individual users rose by 61% from the same period a year earlier (source: Nielsen Site Census).

RADIO AREA RESULTS

(in thousands of euro)	1st Half 2010	1st Half 2009	Change
Circulation/other revenue	278	405	-31.3%
Revenue from advertising	6,927	6,536	6.0%
Revenue	**7,205**	**6,941**	**3.8%**
Gross operating profit (loss)	(96)	(581)	83.5%
GOL margin %	-1.3%	-8.4%	7.0 p.p.
Operating profit (loss)	(1,978)	(2,493)	20.7%

Corporate and Centralised Services Area

The Corporate Area comprises the Group management and co-ordination functions and support services, such as information systems and facility management that, together with administration, procurement and human resource management services, are charged to the business divisions according to activity-based costing.

This Area also includes certain activities that by virtue of their limited size, or pending integration in the business areas, are directly managed by Corporate units.

This Area includes Group activities in the culture segment, through 24 ORE Cultura S.r.l. and Alinari 24 ORE S.p.A. Its activity ranges from the planning and staging of art and photography exhibitions, intermediation of photographic reproduction rights, sale of objects and photographs, publication of literature books (*Scheiwiller* imprint), art and photographs sold on a catalogue or contract basis, educational products and digital image processing services.

Revenue of the Culture business unit rose by 56.9% in 1H10, reflecting the success of certain exhibitions that began in late 2009 and continued through the first several months of 2010. These include *Caravaggio Lotto Ribera* in Padua, *Giappone, Potere e splendore* ("Japan, Power and Splendour"), *Cina, Rinascita contemporanea* ("China, Contemporary Rebirth") and *I due imperi. L'aquila e il dragone ("The Two Empires. The Eagle and the Dragon")* at Palazzo Reale in Milan, and *Chirico Jodice* at the Palazzo delle Esposizioni in Rome.

CORPORATE AND CENTRALISED SERVICES AREA RESULTS

(in thousands of euro)	1st Half 2010	1st Half 2009	Change
Circulation/other revenue	3,382	2,284	48.1%
Revenue from advertising	51	331	-84.5%
Revenue	**3,433**	**2,615**	**31.3%**
Gross operating profit (loss)	(5,909)	(11,069)	46.6%
GOL margin %	-172.1%	-423.3%	251.2 p.p.
Operating profit (loss)	(9,223)	(13,866)	33.5%

Other information

Ownership status and treasury shares

As at 30 June 2010, the share capital of Il Sole 24 ORE S.p.A., fully subscribed and paid in, totalled €35,123,787.40, divided into 90,000,000 ordinary shares (67.50% of share capital) and 43,333,213 special shares (32.50% of share capital), of which 4,894,693 treasury shares, without any indication of par value.

Pursuant to Article 93 of Italian Legislative Decree no. 58 of 24 February 1998 (the Italian Consolidated Finance Act), the Confederazione Generale dell'Industria Italiana – Confindustria (the Confederation of Italian Industry), which owns all ordinary shares of Il Sole 24 ORE S.p.A., accounting for 67.50% of shares issued and 70.58% of shares outstanding, directly exercises control over Il Sole 24 ORE S.p.A..

All Il Sole 24 ORE S.p.A. shares currently owned by Confindustria, as well as any future shares that it might acquire, are registered on a fiduciary basis in the name of Ms. Emma Marcegaglia, in her capacity as Chairwoman of Confindustria.

As at the date of the Board of Directors' meeting, based on the entries in the Shareholder Register, and taking into account the notifications received pursuant to Article 120 of the Italian Consolidated Finance Act, the following parties directly or indirectly own Company shares accounting for 2% or more of share capital:

PARTIES DIRECTLY OR DIRECTLY OWNING COMPANY SHARES ACCOUNTING FOR 2% OR MORE OF SHARE CAPITAL

Declarant	Direct shareholders	% of ordinary share capital	% of capital voting rights
Ordinary shares			
Confindustria – Confederazione Generale dell'Industria Italiana	Confindustria – Confederazione Generale dell'Industria Italiana	67.5%	67.5%
Special-category shares			
Il Sole 24 ORE SpA	Il Sole 24 ORE SpA	3.6710%	3.6710%
Edizione S.r.l.	Edizione S.r.l.	2.0000%	2.0000%

There are no shareholders exceeding the special-share ownership limit under Article 8 of the Company By-Laws.

On 28 April 2009 the Shareholders' Meeting renewed authorisation for the Board of Directors, without any time limit, to dispose of special-category treasury shares, pursuant to Article 2357-ter of the Italian Civil Code, in accordance with the terms and conditions envisaged by the Stock Option and Stock Granting Plans.

The Shareholders' Meeting has not delegated any powers to the Board of Directors either to increase share capital under Article 2443 of the Italian Civil Code or to issue participatory financial instruments.

There are no Shareholder Meeting authorisations to buy back own shares pursuant to Articles 2357 et seq. of the Italian Civil Code.

Stock granting plan for employees

On 30 October 2007, the Board of Directors and the shareholders approved a plan for the granting of free special-category shares of Il Sole 24 ORE S.p.A. open to all employees of the parent and of Nuova Radio S.p.A. for the years 2007, 2008, 2009 and 2010.

The shares are granted to all employees who, on the last day of the second month prior to the month when the shares are actually granted (the "grant date"), have an indefinite-term or fixed-term employment relationship with Il Sole 24 ORE S.p.A. or Nuova Radio S.p.A.

On 15 December 2009, for the tranche relating to 2009, employees were granted 916,783 special shares, coming on top of the 2007 and 2008 tranches, consisting of 1,074,343 shares. The number of shares in the third tranche was calculated according to the reference price (€2.055 per share), in turn calculated based on the arithmetical average of the closing prices of special-category shares recorded on the Mercato Telematico Azionario (MTA – Milan screen-based equity market) during the 30 calendar days preceding the grant date.

Therefore, as at 30 June 2010, a total of 1,991,126 special shares had been granted to employees free of charge.

Stock Option Plan

On 30 October 2007, the Board of Directors and Shareholders' Meeting of Il Sole 24 ORE S.p.A. approved the 2008-2010 Stock Option Plan ("Plan") to give certain key figures in the Company performance incentives. The plan established assignment to beneficiaries, in just one instalment, of a total number of 2,250,000 options to purchase an equal number of the Company's special-category shares.

The Plan's beneficiaries are:

a. The Chief Executive Officer of Il Sole 24 ORE S.p.A.;

b. the following business managers, who report directly to the CEO:

b.1:

i. Director of the Publishing Division;

ii. Director of the Professionals Division;

iii. Director of the System Division;

b.2:

iv. Director of the Multimedia Division;

v. Director of the Radio Division;

c. The heads of the Administration, Financial & Control and of the Human Resources functions;

d. 6 managers of other functions reporting to the CEO.

Options have been allocated to beneficiaries in the following proportions:

- 750,000 options to the Chief Executive Officer of the Company;
- (**i**) 210,000 options for each of the business managers listed at b.1. and (**ii**) 150,000 options for each of the business managers listed at b.2.;
- 105,000 options to each of the heads of the Administration, Finance & Control and of the Human Resources & Labour Relations functions;
- 60,000 options to each of the managers of the other 6 functions reporting to the CEO.

The options have been assigned in just one tranche and beneficiaries cannot exercise them before three years have passed since grant date (vesting period).

Following departure of several beneficiaries from the Group, including the CEO Claudio Calabi, at 31 December 2009 there were 1,170,000 granted and exercisable options.

The purchase price of the shares will be €5.623 per share, i.e. equal to the arithmetical average of daily closing prices of the company's special-category shares on the Milan screen-based equity market (Mercato Telematico Azionario) organised and managed by Borsa Italiana S.p.A., during the 30 (thirty) calendar days preceding the grant date of the options.

Vesting of the options is subject to the condition precedent of equalling or topping a consolidated Group gross operating profit (GOP) amount for financial years 2008-2009-2010, corresponding to the sum of forecast consolidated Group GOP amounts for the same financial years, as approved by the company's Board of Directors on 30 October 2007 (the so-called "vesting condition"). The objective will be considered to have been achieved even if the sum of actual 2008-2009-2010 GOP is 3% lower than the sum of forecast amounts mentioned above.

In this Half-Yearly Consolidated Financial Report, no costs associated with these options have been recognised because, following the economic crisis currently underway and the consequent significant change in outlook, the business plan based on which the above GOP objectives were fixed is no longer relevant.

Organisational, management and control model pursuant to Italian Legislative Decree 231 of 8 June 2001

With the application of Italian Legislative Decree 231 of 8 June 2001 as amended, which introduced a specific regime of corporate liability for certain types of crime, the Company has adopted specific in-house rules and regulations aimed at reducing the risk of illicit acts that could benefit the Company.

In particular, the Company's Board of Directors has approved a model of organisation, management and control pursuant to Legislative Decree 231/01 (hereinafter "the Model") which meets the requirements of said legislation and which has been prepared in accordance with the guidelines issued by Confindustria.

The current Model, amended in October 2009, was drafted on the basis of a detailed analysis of the Company's operations designed to identify potentially at-risk activities: on the basis of the information collected and the observations formulated, the Company has drawn up rules of conduct, principles and control methods for drafting internal procedures.

The Model includes specifications of the field of application and the target audience for the Model, and also defines the functions and powers of the Supervisory Committee, which is appointed by the Board of Directors, and establishes the information that must be provided to this committee.

The Model comprises a special part, which in turn is divided into eight sections that establish specific principles of control designed to prevent (i) crimes against the Public Administration, (ii) white collar crimes, (iii) market abuse, (iv) culpable manslaughter and bodily harm committed in breach of accident-prevention regulations and regulations for the protection of occupational hygiene and health, (v) receipt of stolen goods, money laundering and reuse (use of money, assets or profits having an illegal origin), (vi) computer crime, (vii) copyright infringement committed by Company directors, executives, employees or outsourcers, or (viii) other offences contemplated by Legislative Decree 231/2001, whose risk of perpetration has been deemed remote, possible only in theory but not in practice.

Finally, the Model contains the Code of Conduct and set of principles and ethical and conduct principles designed to prevent commission of the offences envisaged in Legislative Decree 231/2001. The Model has also defined the disciplinary system, broken down according to the various types of recipients of the Model and designed to penalise violation of the provisions of the Model.

So as to ensure the utmost efficacy of application of these rules, the Company has promoted awareness of the Model and has arranged for specific training and communication programmes illustrating its contents.

The Model is available for viewing in the section Governance of the Company’s website: *www.gruppo24ore.com.*

Disclosure on risk management and internal control systems

In the extensive number of activities where it is present, the 24 ORE Group is exposed to a series of risks. Their identification, assessment and management involve the Group’s Chief Executive Officer – also in her capacity as an executive director as per the Corporate Governance Code of Borsa Italiana S.p.A. – and the heads of business areas and central corporate functions.

As part of this process, the different types of risk (strategic, operating, legal and regulatory, financial and reporting) are classified according to assessment of their impact on achievement of objectives, the likelihood of their occurrence and the degree of effectiveness of protective actions implemented. The weighted result of application of these assessment criteria permits prioritisation of action and monitoring and identification of those responsible for managing such risks.

In addition, in order to assure a further appropriate and timely risk-management tool, the principal risks and their indicators are constantly monitored as part of the Group’s normal internal reporting process.

On occasion of the meeting of the Internal Control & Audit Committee and of the Board of Directors of Il Sole 24 ORE S.p.A. on 11 May 2010, the Executive Director responsible for supervising the internal control system presented the report identifying the Group's principal risks, based on which the Board also approved the 2010 Internal Auditing Plan.

Strategic risks

Risks connected with strategies in the traditional and multimedia publishing sectors

The publishing industry is increasingly affected by a process of transition from conventional forms of publishing to electronic/online publishing, associated with the introduction of new technologies and distribution channels. It is difficult to predict the impacts of this in terms of the market's competitive dynamics.

The Group is continuing to expand its business also to relatively new sectors and environments (such as online publishing). It has in fact made investments targeting development of this sector within all business segments, and further investments are envisaged.

An important part of future growth will depend to a significant extent on growth of digital/electronic business. Given this, any failure of these new initiatives, and also any delays in the transition process, might lead to adverse effects on the Group's income statement, balance sheet and financial position.

Operating risks

Risks connected with recent acquisitions and with the Group's integration process

The Group's present configuration stems from an integration process that is still underway. Certain of the companies that comprise the Group were recently acquired.

Acquisition deals, by nature, feature significant elements of risk. These include, but are not limited to, loss of customers and key staff by acquired companies, legal risks, or possible integration difficulties due to different corporate cultures.

Furthermore, this process features the risks typical of a corporate group's integration operations, i.e. difficulties relating to co-ordination of management and product lines, as well as the use of resources to achieve operating efficiency improvements. Although the Group has already initiated the process of integrating the existing organisational facilities, technologies and services with those of the newly acquired companies, completion of the process might be achieved with different timing and costs to those originally planned. Such a circumstance might jeopardise full exploitation of the production, distribution, and commercial synergies expected, with consequent adverse effects on the Group's business activity and on its results.

Risks connected with the advertising revenue trend

The Group generates a considerable part of its revenue through sale of advertising space in its own media (the daily newspaper "Il Sole 24 ORE," magazines, sector-specific magazines, the free newspaper, radio, and websites) and those of independent publishers.

In 1H10 advertising revenue totalled €99.2 mn and accounted for 39.1% of Group revenue (vs. 37.7% of total revenue in 1H09).

A significant share of revenue and margins therefore depends on the quality of publishing products created and on our ability to make them appealing to advertisers. Given this, the Group might have to make investments to maintain and/or increase the competitiveness of its publishing products to attract and/or maintain strong interest on the part of advertisers, with consequent effects on the Group's income statement, balance sheet and financial position.

Moreover, domestic and international macroeconomic conditions heavily influence the level of advertising sales. Given this, the present situation of global economic crisis will continue to have an extremely negative impact on the Group's income statement and financial position.

Risks connected with the newspaper's circulation trend

Advertising revenue and revenue from newsstand and subscription sales substantially depend on levels of circulation and readership. The entire paid daily press market has been riding a steadily downward trend for several years now, which is also related to ever-increasing competition from new media. The economic crisis currently underway has further exacerbated these circumstances. These trends may affect the possibility of increasing the newspaper's price and also affect its appeal to advertisers. Support of circulation would generate additional costs that might not be recovered through higher advertising revenue.

Risks connected with maintenance of the high decree of reliability and reputation of our brand and products

We believe that our brands and products have an excellent reputation thanks to the quality of contents and professionalism of our staff, in particular to that of journalistic staff in the publishing field. Events eroding that reputation or reducing customers' trust in products' quality and reliability would therefore have a negative impact on the Group's business turnover and financial position and results.

Risks connected with the relationship with some Group worker categories

The Group's business and financial position and results could suffer significantly from the effects of renewal of national and/or company-level collective agreements for some categories of workers, as well as of any cases of conflict that may occur, particularly during negotiation of such agreements.

Strikes, work slowdowns and interruptions of services and business activity, or contractual renewals that cause significant cost increases, leading to consequent operating rigidity of the Group, could therefore adversely affect its profitability and the possibility of maximising its operating efficiency.

Risks connected with the trade receivables trend

Based on the type of customers targeted by the products and services of the Group's various segments, it is not believed that there is a high risk in terms of trade receivables. It is nevertheless deemed advisable to activate operating procedures that limit sales to customers considered not to be solvent and to post specific provision for bad debts to cover any losses caused by non-collectability of receivables.

At the same time, however, the difficult contingent economic situation is leading to increased credit risk exposure, in connection with customers' extension of payment times and the potential increase in insolvencies.

Legal and regulatory risks

Risks connected with evolution of relevant regulatory framework

In conducting its business, the Group is subject, among others, to Italian Law no. 47 of 8 February 1948 ("Provisions concerning the press"), Law no. 416 of 5 August 1981 ("Rules governing publishers and support measures for publishing"), and Law no. 62 of 7 March 2001 ("New rules for publishing and publishing products"). These regulations also contemplate a series of grants and facilitations from which publishing companies can benefit.

The decree of 30 March 2010 suddenly abolished the subsidised postal rates applicable to all book, daily newspaper and magazine publications. Following the introduction of this new statute, the Group lost the possibility of using subsidised postal rates for mailing its publication products. Partly on account of the large proportion of total circulation represented by postal subscriptions, this new statute caused the distribution costs incurred by the 24ORE Group to rise by about €3 million between April and June 2010.

The evolution of this statutory framework remains uncertain, but even the most favourable scenarios lead us to rule out the possibility that a rate schedule analogous to the previous one will be implemented. This will have a negative impact on the Group's operating and financial position in 2H10 and future years.

On the other hand, the Group continues to enjoy the benefits of telephone rate subsidies that amounted to about €1 million in 2009.

Finally, the negative impact on financial advertising caused by Consob Resolution no. 16840/09 persists. This rule eliminated the obligation that foreign funds publish their fund unit values and related announcements in daily newspapers.

On the other hand, Legislative Decree no. 101 of 17 July 2009, which has been in force since 18 August 2009, not only amended the regulations governing financial advisors and salesmen, but also reintroduced what had been temporarily eliminated by Consob Resolution no. 16850/09, i.e. the obligation of publishing regulated information in domestic daily newspapers, including price sensitive information, notices of significant shareholdings and the financial disclosures which Consob, in implementation of the transparency directive, had previously replaced with exclusively online publication procedures.

Information concerning alternative performance indicators

This Half-Yearly Consolidated Financial Report complies with CONSOB memorandum no. DEM/6064293 of 28 July 2006, concerning supplementary information on corporate results via use of alternative performance indicators.

Information on atypical and/or unusual transactions

During 1H10, we did not undertake any atypical or unusual transactions as defined by the parameters established in CONSOB memorandum no. DEM/6064293 of 28 July 2006.

Events after the end of the reporting period

On 2 July 2010, the Board of Directors of Nuova Radio S.p.A. appointed Fabio Tamburini as head of the broadcaster Radio 24, which remains responsible for management of the Radiocor press agency in view of making a greater impact on information in real time.

The application for reading Il Sole 24 ORE on the *iPad* platform was launched on 12 July. Unlike most competing applications, this application is also available on the *iPhone*, can display articles in text format, and offers the possibility of creating an archive of favourite articles inside the application to facilitate retrieval of content that a user might wish to read or re-read at a later time. Over 5,000 applications were downloaded on the launch date and over 34,000 by the end of July.

Outlook

The changes in the Group's reference markets during the current financial year remains plagued by uncertainty, so that 2010 most probably represents a year of stabilisation or extremely limited growth.

In particular, the advertising market remains dominated by its scant visibility. In any event, the recovery of the commercial segment that began in the first half of the year, and the reduced weight of the service segment in the second half, which was heavily penalised by recent regulatory changes among other factors, leads us to believe that, in the absence of a new downturn on the reference markets, total advertising revenue for the entire financial year might improve slightly from its 2009 level.

In the professional segment, excluding activities in the sector-specific publishing area, forecasts call for substantial stability characterised in our professional area by the ongoing process of transition from paper templates and tools to electronic platforms.

The measures for the current year will concentrate on identifying new products, services and business models, in view of best exploiting market changes and the opportunities offered by recent technological evolutions. At the same time, we shall continue and reinforce measures aimed at containing costs and simplifying processes and organisational structures.

In particular, just as in the first half of the year, in the second half the Group will continue benefiting from the positive effects of the ongoing reorganisation plan, whose implementation is proceeding as scheduled.

Consequently, the 2010 financial year remains heavily influenced by the changes in postal rates. Notwithstanding the impact of the postal rate situation, we may presently forecast a better result for the entire 2010 financial year than that realised in the previous financial year, net of non-recurring charges.

Milan, 03 August 2010

Chairman of the Board of Directors

Giancarlo CERUTTI

CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS OF THE 24 ORE GROUP AS AT AND FOR THE PERIOD ENDED 30 JUNE 2010

Consolidated financial statements

Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
(in thousands of euro)	Note (*)	30/06/2010	31/12/2009
ASSETS			
Non-current assets			
Property, plant and equipment	(1)	85,816	90,523
Goodwill	(2)	73,111	72,867
Intangible assets	(3)	94,663	100,511
Investments in associates and joint ventures	(4)	3,162	3,098
Available-for-sale financial assets	(5)	3,172	2,903
Other non-current financial assets	(6)	19,491	19,227
Other non-current assets	(7)	747	773
Deferred tax assets	(8)	29,682	29,617
Total		**309,844**	**319,519**
Current assets			
Inventories	(9)	12,456	15,433
Trade receivables	(10)	201,655	193,537
Other receivables	(11)	12,951	12,517
Other current assets	(12)	12,013	6,847
Cash and cash equivalents	(13)	90,700	95,277
Total		**329,774**	**323,611**
Assets held for sale		-	2,992
TOTAL ASSETS		**639,618**	**646,122**

(*) Section 10 of the explanatory notes (notes to the consolidated financial statements)

As required by CONSOB (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, income statement, and statement of cash flows of the 24 ORE Group are reported in Section 12.3 and detailed in Section 12.1.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont.)			
(in thousands of euro)	Note (*)	30/06/2010	31/12/2009
EQUITY AND LIABILITIES			
Equity			
Equity attributable to owners of the parent			
Share capital	(14)	35,124	35,124
Equity reserves	(15)	180,316	180,316
Revaluation reserves	(16)	20,561	20,561
Hedging and translation reserves	(17)	(451)	(333)
Other reserves	(18)	25,063	34,961
Retained earnings	(19)	35,609	78,799
Profit (loss) attributable to owners of the parent	(20)	(11,908)	(52,564)
Total		**284,314**	**296,864**
Equity attributable to non-controlling interests			
Capital and reserves attributable to non-controlling interests		614	1,497
Profit (loss) attributable to non-controlling interests		(229)	(779)
Total		**385**	**718**
Total equity		**284,699**	**297,581**
Non-current liabilities			
Non-current financial liabilities	(21)	9,178	10,886
Employee benefit obligations	(22)	38,908	38,786
Deferred tax liabilities	(8)	18,634	20,997
Provisions for risks and charges	(23)	18,765	19,209
Other non-current liabilities	(24)	74	34
Total		**85,558**	**89,912**
Current liabilities			
Bank overdrafts and loans - due within one year	(25)	3,887	3,633
Financial liabilities held for trading	(26)	622	459
Trade payables	(27)	170,034	161,077
Other current liabilities	(28)	15,268	8,792
Other payables	(29)	79,548	84,195
Total		**269,360**	**258,156**
Liabilities held for sale		-	472
Total liabilities		**354,919**	**348,540**
TOTAL EQUITY AND LIABILITIES		**639,618**	**646,122**

(*) Section 10 of the explanatory notes (notes to the consolidated financial statements)

As required by CONSOB (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, income statement, and statement of cash flows of the 24 ORE Group are reported in Section 12.3 and detailed in Section 12.1.

Consolidated income statement

CONSOLIDATED INCOME STATEMENT			
(in thousands of euro)	Note (*)	1st Half 2010	1st Half 2009
1) Continuing operations			
Revenue from newspapers, books and magazines	(30)	74,547	85,197
Revenue from advertising	(31)	99,218	100,319
Other revenue	(32)	80,313	80,813
Total revenue		**254,077**	**266,329**
Other operating income	(33)	5,872	4,690
Personnel expense	(34)	(92,859)	(99,598)
Change in inventories	(9)	(3,650)	(1,953)
Purchase of raw materials and consumables	(35)	(12,711)	(16,861)
Services	(36)	(118,531)	(124,190)
Use of third party assets	(37)	(17,564)	(17,264)
Other operating costs	(38)	(7,256)	(7,495)
Provisions	(23)	(745)	(974)
Provisions for bad debts	(10)	(4,284)	(1,920)
Gross operating profit (loss)		**2,349**	**763**
Amortisation of intangible assets	(3)	(8,976)	(9,740)
Depreciation of property, plant and equipment	(1)	(5,783)	(5,760)
Impairment losses on property, plant and equipment and on intangible assets		-	(31)
Capital gains/(losses) on disposal of non-current assets	(39)	617	210
Operating profit (loss)		**(11,793)**	**(14,558)**
Financial income	(40)	656	2,050
Financial expenses	(40)	(208)	(377)
Total financial income		**448**	**1,673**
Other income (expenses) from investment assets and liabilities	(41)	89	-
Gains/(losses) from equity-accounted investees		-	(165)
Profit (loss) before tax		**(11,256)**	**(13,050)**
Income taxes	(42)	(881)	3,293
Net profit (loss) from continuing operations		**(12,137)**	**(9,757)**
2) Discontinued operations			
Profit (loss) from discontinued operations		**-**	**-**
Profit (loss)		**(12,137)**	**(9,757)**
Profit (loss) attributable to non-controlling interests		**(229)**	**(527)**
Profit (loss) attributable to owners of the parent		**(11,908)**	**(9,230)**
Basic EPS (€)		**(0.19)**	**(0.16)**
Diluted EPS (€)		**(0.19)**	**(0.15)**

(*) Section 10 of the explanatory notes (notes to the consolidated financial statements)

As required by Consob (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, income statement, and statement of cash flows of the 24 ORE Group are reported in Section 12.3 and detailed in Section 12.1.

Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
(in thousands of euro)	Note (*)	1st Half 2010	1st Half 2009
Profit (loss)		**(12,137)**	**(9,757)**
Other components of comprehensive income			
Effective portion of changes in fair value of cash flow hedges		(163)	(464)
Actuarial gains (losses) of defined-benefit plans		(1,826)	822
Fair value of Stock Granting		911	941
Taxes on other components of comprehensive income		440	(97)
Other components of comprehensive income after tax		**(638)**	**1,202**
Total comprehensive income (expense) for the year		**(12,775)**	**(8,555)**
Attributable to:			
Non-controlling interests		**(229)**	**(527)**
Owners of the parent		**(12,546)**	**(8,028)**
Total comprehensive income (expense) for the year		**(12,775)**	**(8,555)**

(*) Section 10 of the explanatory notes (notes to the consolidated financial statements)

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS			
(in thousands of euro)	Note (*)	1st Half 2010	1st Half 2009
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) attributable to owners of the parent	(20)	(11,908)	(9,230)
Adjustments for:			
Depreciation of property, plant and equipment	(1)	5,783	5,760
Amortisation of intangible assets	(3)	8,976	9,740
Impairment losses on other property, plant and equipment and goodwill		-	31
Impairment losses on non-current assets		-	165
(Gain) loss on sale of property, plant and equipment	(39)	61	(211)
(Gain) loss on sale of intangible assets	(39)	(118)	1
(Gain) loss on sale of business units	(39)	(559)	-
(Gain) loss on sale of investments in subsidiaries	(41)	(89)	-
Increase (decrease) in provisions for risks and charges	(23)	(443)	(573)
Increase (decrease) in employee benefits	(22)	633	(962)
Increase (decrease) in deferred tax assets/liabilities	(8)	(2,427)	(8,690)
Changes in consolidation scope of operating provisions	(22) (23)	(52)	-
Annual instalment of substitute tax		1,529	4,927
Net financial (income)	(40)	(448)	(1,673)
Cash flows from operating activities before change in working capital		**937**	**(715)**
(Increase) decrease in inventories	(9)	2,977	1,953
(Increase) decrease in trade receivables	(10)	(8,201)	(683)
Increase (decrease) in trade payables	(27)	8,879	4,798
Income taxes paid		(2,003)	(8,526)
(Increase) decrease in other assets/liabilities		(1,999)	(2,354)
Changes in scope of investing activities		54	-
Changes in net working capital		**(292)**	**(4,811)**
NET CASH USED IN OPERATING ACTIVITIES (A)		**645**	**(5,526)**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT.)

(in thousands of euro)	Note (*)	1st Half 2010	1st Half 2009
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of subsidiaries		1,241	-
Proceeds on sale of property, plant and equipment		31	453
Proceeds on sale of intangible assets		314	1
Proceeds on sale of business units		123	-
Investments in property, plant and equipment	(1)	(1,252)	(3,141)
Investments in intangible assets	(3)	(3,509)	(4,850)
Other changes in property, plant and equipment	(1)	(14)	-
Other changes in intangible assets	(3)	(24)	-
Investments in property, plant and equipment from business combinations		0	-
Increase of goodwill due to business combinations		-	44
Other increases in goodwill	(2)	(244)	-
Investments in intangible assets of business combinations		0	(0)
Purchase of investments in subsidiaries		-	(936)
Decrease of associates due to business combinations		(0)	(0)
Other decreases (increases) in investments in associates	(4)	(64)	(59)
Other decreases (increases) in other non-current assets and liabilities		66	(1,345)
Purchases of available-for-sale financial assets		(268)	-
Changes in scope of investing activities		45	-
NET CASH USED IN INVESTING ACTIVITIES (B)		**(3,555)**	**(9,833)**
FREE CASH FLOW (A + B)		**(2,910)**	**(15,359)**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT.)			
(in thousands of euro)	Note (*)	1st Half 2010	1st Half 2009
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(10,250)
Registering (repayment) of long-term bank loans	(21)	(1,709)	(1,672)
Change in other non-current financial assets		(264)	(318)
Change in financial assets/liabilities held for trading	(26)	164	467
Net financial interest received	(40)	448	1,673
Change in equity attributable to non-controlling interests		(332)	(527)
Other changes in reserves		(642)	1,202
NET CASH FROM (USED IN) FINANCING ACTIVITIES (C)		**(2,335)**	**(9,424)**
NET INCR. (DECR.) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(5,246)**	**(24,783)**
OPENING CASH AND CASH EQUIVALENTS		**92,058**	**145,299**
CLOSING CASH AND CASH EQUIVALENTS	**(13)**	**86,812**	**120,516**
INCREASE (DECREASE) FOR THE YEAR		**(5,246)**	**(24,783)**

(*) Section 10 of the explanatory notes (notes to the consolidated financial statements)

As required by CONSOB (Italian securities & exchange commission) resolution no. 15519 of 27 July 2006, the effects of related-party transactions on the statement of financial position, income statement, and statement of cash flows of the 24 ORE Group are reported in Section 12.3 and detailed in Section 12.1.

Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euro)	Share capital	Equity reserves	Revaluation reserves	Hedging and translation reserves	Other reserves	Retained earnings	Profit (loss) for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Note (*)	*(14)*	*(15)*	*(16)*	*(17)*	*(18)*	*(19)*	*(20)*			
Balance at 31 December 2008	**35,124**	**180,316**	**20,561**	**(104)**	**32,278**	**72,817**	**16,111**	**357,103**	**1,390**	**358,493**
Income/expenses recognised directly in equity										
Reserve for post-employment benefits for IFRS adjustment	-	-	-	-	822	-	-	822	-	822
Fair value changes in hedging instruments	-	-	-	(464)	-	-	-	(464)	-	(464)
Fair value of Stock Granting	-	-	-	-	941	-	-	941	-	941
Taxes on expenses and income recognised in equity	-	-	-	125	(222)	-	-	(97)	-	(97)
Income/expenses recognized directly in equity	**-**	**-**	**-**	**(339)**	**1,541**	**-**	**-**	**1,202**	**-**	**1,202**
Profit (loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(9,230)**	**(9,230)**	**(527)**	**(9,757)**
Total income/expenses allocated in the year	**-**	**-**	**-**	**(339)**	**1,541**	**-**	**(9,230)**	**(8,028)**	**(527)**	**(8,555)**
Allocation of 2008 profit	-	-	-	-	-	16,111	(16,111)	-	-	-
Dividends	-	-	-	-	-	(10,130)	-	(10,130)	(120)	(10,250)
Change in % held of investments	-	-	-	-	-	-	-	-	158	158
Other changes	-	-	-	-	-	-	-	1	-	1
Balance at 30 June 2009	**35,124**	**180,316**	**20,561**	**(443)**	**33,819**	**78,798**	**(9,230)**	**338,946**	**901**	**339,847**

(in thousands of euro)	Share capital	Equity reserves	Revaluation reserves	Hedging and translation reserves	Other reserves	Retained earnings	Profit (loss) for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
Balance at 31 December 2009	**35,124**	**180,316**	**20,561**	**(333)**	**34,961**	**78,799**	**(52,564)**	**296,864**	**718**	**297,582**
Income/expenses recognised directly in equity								-		-
Reserve for post-employment benefits for IFRS adjustment	-	-	-	-	(1,830)	-	-	(1,830)	4	(1,826)
Fair value changes in hedging instruments	-	-	-	(163)	-	-	-	(163)	-	(163)
Fair value of Stock Granting	-	-	-	-	911	-	-	911	-	911
Taxes on expenses and income recognised in equity	-	-	-	45	395	-	-	440	-	440
Income/expenses recognized directly in equity	**-**	**-**	**-**	**(118)**	**(524)**	**-**	**-**	**(642)**	**4**	**(638)**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(11,908)**	**(11,908)**	**(229)**	**(12,137)**
Total income/expenses allocated in the year	**-**	**-**	**-**	**(118)**	**(524)**	**-**	**(11,908)**	**(12,550)**	**(225)**	**(12,775)**
Allocation of 2009 profit	-	-	-	-	(9,374)	(43,190)	52,564	-	-	-
Change in % held of investments	-	-	-	-	-	-	-	-	(108)	(108)
Balance at 30 June 2010	**35,124**	**180,316**	**20,561**	**(451)**	**25,063**	**35,609**	**(11,908)**	**284,314**	**385**	**284,699**

(*) Section 10 of the explanatory notes (notes to the consolidated financial statements)

Milan, 03 August 2010

Chairman of the Board of Directors

GIANCARLO CERUTTI

Notes to the consolidated financial statements

1. General information

The 24 ORE Group (hereinafter also "Group") operates in a leadership position in the business news and information market. Its products and services are offered to the general public, professionals, businesses and financial institutions.

The composition of the Group and the scope of its consolidation as at 30 June 2010, with the changes that have taken place with respect to 31 December 2009, are reported in Section 9 – Scope of consolidation. The effect of changes that occurred during the first half, including business combinations and the acquisition or loss of controlling interests in subsidiaries, and illustration of all material information are set out in that section.

The companies included in the scope of consolidation as at 30 June 2010 were:

- **Il Sole 24 ORE S.p.A.,** the parent, which acts both as the holding company for majority investments in Group companies, and as an operating company, by performing core business activities (general, financial and professional news and information, press agency, etc.).
- **Innovare24 S.p.A.,** the object of which is to produce and distribute software and electronic equipment for data processing, automation and transmission.
- **Nuova Radio S.p.A.,** the broadcaster of Radio24, a news & talk radio station.
- **Il Sole 24 ORE UK Ltd.,** which sells advertising space in the United Kingdom.
- **24 ORE Cultura S.r.l.,** specialised in products dedicated to art and photography.
- **Alinari 24 ORE S.p.A.,** a company active in the photography and image sector.
- **Shopping 24 S.r.l.,** which is an e-commerce and online marketing company.
- **Newton Management Innovation S.p.A.,** a company active in training services.
- **Faenza Editrice Iberica SL,** active in the Spanish sector-specific publishing market with magazines for the ceramic sector.
- **Business Media S.r.l.,** specialised in professional B2B publishing, in sectors such as hotels and catering, information technology, electronics, building, and architecture.
- **Newton Lab S.r.l.,** a company active in training services. The company is indirectly controlled through Newton Management Innovation S.p.A.
- **Esa Software S.p.A.,** a company active in management software for small and medium enterprises and for professionals. The company is indirectly controlled through Innovare 24 S.p.A.

In January 2010 Innovare 24 S.p.A. took over its fully owned subsidiaries Data Ufficio S.p.A. and STR S.p.A. through merger.

In May 2010 Il Sole 24 ORE S.p.A. took over its fully-owned subsidiary Il Sole 24 ORE Business Media S.r.l. through merger.

The merged companies were already wholly owned and included in the scope of consolidation at 31 December 2009 and at 30 June 2010. These operations did not alter the Group's scope of consolidation.

The registered and administrative offices of Il Sole 24 ORE S.p.A. are located at Via Monte Rosa 91, Milan, Italy. Confindustria (the Confederation of Italian Industry) controls the parent.

The share capital of the parent totals €35,124 thousand, represented by 90,000,000 ordinary shares and 43,333,213 special class shares. Their breakdown is as follows:

- 90,000,000 ordinary shares owned by Confindustria, accounting for 67.5% of all shares;
- 38,438,520 special-class shares listed on the Milan Bourse screen-based equity market (MTA – Mercato Telematico Azionario) of Borsa Italiana S.p.A. in the Standard segment (Class 1), accounting for 28.8% of all shares;
- 4,894,693 special-class treasury shares, accounting for 3.7% of all shares.

Il Sole 24 ORE S.p.A. special-class stock is currently listed in the Standard (Class 1) segment on the MTA of Borsa Italiana S.p.A.

The total number of special-category shares placed on the market as at 31 December 2009 accounts for approximately 28.8% of the parent's share capital.

STOCK IDENTIFICATION CODES	
Name	Il Sole 24 ORE SpA
ISIN	IT0004269723
Alphanumerical code	S24.MI
Reuters code	S24.MI
Bloomberg code	S24 IM

This condensed consolidated half-yearly report was approved by the Board of Directors on 3 August 2010, when it also authorised its publication

2. Format, content, and International Financial Reporting Standards

These condensed half-yearly consolidated financial statements as at and for the period ended 30 June 2010 were prepared on the assumption that the Company is operated on a going concern basis and in accordance with the recognition and measurement criteria set out in international accounting standards (*International Accounting Standards – IAS and International Financial Reporting Standards – IFRS*), as amended by the applicable interpretations (issued by the *Standing Interpretations Committee – SIC* and *International Financial Reporting Interpretations Committee – IFRIC), approved and published by the International Accounting Standards Board – IASB*, approved by EC Regulation 1126/2008 of the European Commission. In view of simplifying European Union legislation and

improve its clarity and transparency, the European Commission has combined in a single text the principles set out in the previous EC Regulation 1725/2003, as amended. EC Regulation 1126/2008, which, effective as at 2 December 2008, abrogated and replaced EC Regulation 1725/2003 of the European Commission, as amended, adopted IFRS in compliance with EC Regulation 1606/2002 of the European Parliament and Council

The format and content of this set of condensed half-yearly consolidated financial statements comply with the disclosure envisaged by IAS 34 – Interim Financial Reporting. Therefore, these condensed half-yearly consolidated financial statements do not include all the information required for the annual report, and they must be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2009. Their purpose is to provided an update in reference to the last annual consolidated report, while concentrating on the new activities, events and circumstances that occurred during the period between 31 December 2009 and 30 June 2010.

Note must be made that the interim management statement for the first quarter of 2010 was not prepared applying IAS 34 and was drawn up pursuant to Article 154-ter, paragraph 5, of Italian Legislative Decree no. 58 of 24 February 1998. Article 154-ter was introduced pursuant to Article 1 of Legislative Decree no. 195 of 6 November 2007.

The accounting standards and measurement and recognition policies used to draw up the condensed half-yearly consolidated financial statements are the same accounting standards and methods used to prepare the last set of annual consolidated financial statements, except for what is indicated in Section 6 - Changes in accounting policies, errors, and changes of estimates.

We specify that the currency used to present this set of condensed half-yearly consolidated financial statements is the euro and that amounts are expressed in thousands of euro (€‘000).

3. Structure of consolidated financial statements

The Group has prepared the consolidated statement of financial position by classifying current and non-current assets and liabilities separately.

For each asset and liability item that includes amounts falling due both within and beyond 12 months from the reporting date, the amount that is expected to be recovered or paid beyond 12 months has been indicated.

The comparative figures shown in the consolidated statement of financial position refer to the annual consolidated financial statements as at 31 December 2009.

All details needed for more thorough and comprehensive disclosure are provided in the notes in the form of additional sub-classifications of the items shown in the statement of financial position.

All revenue and cost items are recognised on two statements:

- the *Separate income statement,* which shows the components of profit (loss) for the year, and its final line item is defined *Profit (Loss) for the year*;
- a second statement named the *Statement of comprehensive income*, which begins with the profit (loss) for the year illustrated in the Separate income statement and shows the items of the statement of *Other components of comprehensive income* plus the portion of the items of the statement of *Other components of comprehensive income of associates and joint ventures* measured using the equity method. The final line on the Statement of comprehensive income is defined as the *Total comprehensive income*.

The consolidated separate income statement shows all income and cost items, excluding those components that are recognised separately from the profit (loss) for the current year pursuant to specific provisions IFRS, and attribution of the portion of profit (loss) for the year attributable to the owners of the parent and the portion attributable to non-controlling interests.

The portion of the Total comprehensive income attributable to the owners of the parent and the portion attributable to the non-controlling interests is indicated in the Statement of comprehensive income.

The components that are recognised separately from the profit (loss) for the current year pursuant to specific provisions IFRS are presented in the statement of Other components of comprehensive income. These components reflect the change in:

- the translation reserve for translation of financial statements denominated in a foreign currency;
- the reserve for post-employment benefits (TFR) for the actuarial gains and losses resulting from defined benefit plans;
- the reserve for gains and losses resulting from restatement of available-for-sale financial assets;

- the reserve for the effective potion of gains and losses on cash flow hedging instruments.

The items of the statement of Other components of comprehensive income are presented gross of the tax effects associated with a single value for the aggregate amount of the taxes attributable to these items.

The amounts previously recognised on the statement of Other components of comprehensive income that are reclassified during the year as items of the profit (loss) for the year shown on the consolidated separate income statement are defined as reclassification adjustments. These adjustments are recognised under the appropriate item on the statement of Other components of comprehensive income, in order to avoid counting them twice in Total comprehensive income.

Items are classified in the separate income statement according to their nature.

The Separate income statement and Statement of comprehensive income were prepared for the half-year reporting period of the current year and are compared with the statements for the same half-year period of the previous year.

Unless stated otherwise, when the term “income statement” is used in these consolidated financial statements, it means the separate income statement.

Disclosure of cash flow is provided in the consolidated statement of cash flows, which is an integral part of these condensed half-yearly consolidated financial statements.

The indirect method has been used for presenting cash flows, according to which the period’s profit (loss) has been adjusted for the effects of:

- changes in inventories, receivables and payables generated by operating activities;
- non-cash operations;
- all other elements whose cash effects are cash flows involved in investing or financing activities.

The consolidated statement of cash flows was drawn up as at the end date of 1H10 and is compared with the figures of the 1H09 consolidated statement of cash flows.

As required by the relevant regulations, a reconciliation has also been prepared of amounts in the statement of cash flows with the equivalent items shown in the statement of financial position.

The table illustrating net financial position has been conceived on the basis of the guidance provided by the Committee of European Securities Regulators (CESR) on 10 February 2005 –“Recommendations for consistent implementation of the EU Commission’s Regulation on Prospectuses.” The table details the main components of net financial position and indicates payable/receivable positions vis-à-vis related parties.

The consolidated statement of changes in equity shows:

- the total comprehensive income for the year, with separate indication of the total amounts attributable to the owners of the parent and those attributable to non-controlling interests;
- for each equity item, any effects of retroactive application or retroactive restatement recognised pursuant to IAS 8;
- for each equity item, reconciliation of the carrying amount at the beginning and at the end of the financial year, with separate indication of the changes resulting from:
- profit or loss;
- each item of the statement of Other components of comprehensive income and
- transactions with shareholders, with separate indication of grants by shareholders, distribution of equity to shareholders, and changes in equity interest in the subsidiaries without loss of control.

The consolidated statement of changes in equity has been prepared based on the 1H10 end date compared with the figures for same period of the previous year.

At the bottom of the statement of financial position, separate income statement, statement of comprehensive income and statement of cash flows, reference is made to a specific section where a statement illustrates the sub-items for the amounts of positions or transactions with related parties, as distinguished from the reference accounts, with indication of the effects on the statement of financial position, profit or loss for the years and statement of cash flows of the Group. This indication by individual item is omitted only when it is not significant for comprehension of the Group's financial position, profit or loss for the year and cash flows.

At the bottom of the separate income statement and the statement of comprehensive income, reference is made to a specific section where a statement illustrates the sub-items (if they are of a material amount) of the components of income resulting from non-recurring events or transactions or from infrequent transactions, with indication of the effects on the statement of financial position, the profit (loss) for the year and the statement of cash flows of the Group. These income items are shown separately in the cost or revenue items to which they refer.

If atypical and/or unusual transactions – other than mergers, demergers and asset contributions – have been carried out during the year, a statement is prepared summarising key information to clarify the impact on equity, cash flows and profit (loss) associated with such transactions.

A specific table, which is an integral part of this set of condensed half-yearly consolidated financial statements, lists the Group's companies indicating their name, registered office, share capital, equity interests directly or indirectly owned by the parent and each subsidiary, and consolidation method, as well as listing equity-accounted investments.

4. Consolidation policies

The 24 ORE Group consists of the parent Il Sole 24 ORE S.p.A. and its subsidiaries.

The parent consolidates all of its investments in subsidiaries in the consolidated financial statements.

Companies are considered subsidiaries if the parent has the power to determine their financial and operating policies in order to obtain benefits for its own activity.

Investments in subsidiaries are excluded from consolidation in those cases where control can no longer be exercised as the parent has lost the power to determine their financial and operating policies. Such investments are shown at cost.

In preparing these condensed half-yearly consolidated financial statements, the parent has consolidated on a line-by-line basis its own half-yearly financial statements and those of its subsidiaries, as though they were the financial statements of a single economic entity. These financial statements were all drawn up as at 30 June 2010.

The same accounting standards have been applied to similar transactions and events that took place in similar circumstances.

Subsidiaries are included in the consolidated financial statements from the date when the parent acquires control and are no longer consolidated from the date when the parent loses control.

Subsidiaries are measured at the date of acquisition of control using the purchase method. In accordance with this method, all identifiable assets, liabilities and contingent liabilities of the acquired business that qualify for accounting recognition, are recognised at their respective fair value as at the acquisition date.

The identifiable acquired assets and assumed liabilities are measured at their fair value as at the acquisition date. The non-controlling interests in the acquired entity are measured in proportion to the percentage of the non-controlling interest in the identifiable net assets of the acquired entity.

The difference between the sum of:

- the fair value of the transferred consideration
- the proportional share of any non-controlling interest in the acquired entity
- and, for combinations carried out in several stages, the fair value at the acquisition date, of the interests in the acquired entity held by the parent before the acquisition

and the net fair value at the acquisition date of the identifiable acquired assets and the identifiable assumed liabilities is recognised as goodwill.

If the interest acquired in the net fair value of the identifiable assets acquired and the identifiable liabilities assumed at the acquisition date exceeds the sum of the items indicated above, the profit resulting from acquisition of the subsidiary at

favourable prices is recognised in the separate income statement at the acquisition date. This profit is attributed to the owners of the parent.

Any temporary differences emerging from the difference between the net fair value of identifiable assets and identifiable liabilities assumed at the acquisition date and their value recognisable for tax purposes give rise to deferred tax assets and/or liabilities if the required conditions exist.

In preparing the consolidated financial statements, the parent aggregates its financial statements and those of the subsidiaries item by item, summing the various assets, liabilities, equity, revenues and costs.

The carrying amount of the investments held by the parent and by other Group companies in each subsidiary included in the scope of consolidation is eliminated against the related portion of equity.

Any cost paid for the subsidiary over and above the interest acquired in the net fair value of its identifiable assets, liabilities and contingent liabilities qualifying for accounting recognition is recognised as goodwill. Goodwill, as an asset that produces future economic benefits, but that cannot be individually identified nor accounted for separately, is initially recognised at cost.

Reference should be made to the section “Goodwill and Business Combinations” for a detailed explanation of the policy applied for the measurement of goodwill.

If the interest acquired in the net fair value of the identifiable assets, liabilities and contingent liabilities qualifying for accounting recognition exceeds the cost of the subsidiary at the date of acquisition (generating “negative goodwill”), the excess is recognised in the income statement.

Any temporary differences emerging from the difference between the net fair value of identifiable assets, liabilities and contingent liabilities qualifying for accounting recognition and their value recognisable for tax purposes give rise to deferred tax assets and/or liabilities if the required conditions exist.

The portions of non-controlling interest in the equity of consolidated companies are recognised separately in the specific equity items relating to the non-controlling interests in capital and reserves, whereas the portion of the profit (loss) attributable to non-controlling interests is shown in the basic income statement under “Profit (loss) attributable to non-controlling interests.”

All receivables and payables and costs and revenue deriving from transactions between companies included in the scope of consolidation are eliminated. Any unrealised profits or losses on transactions between consolidated companies and included in inventories or property, plant and equipment at the balance sheet date are also eliminated. The dividends distributed by consolidated companies are also eliminated from the income statement and added back to the prior years’ profits if and to the extent that they were paid out of such earnings.

If control of a subsidiary is lost, any equity interest retained in the former subsidiary at the date control is lost is recognised at its fair value, which corresponds to:

- the fair value upon first-time recognition of a financial asset recognised in accordance with IAS 39 Financial Instruments: Recognition and Measurement, if the equity interest retained in the former subsidiary is a non-controlling interest;
- at the cost, upon first-time recognition, of an equity investment in an associate recognised in accordance with IAS 28 Investments in Associates, if the equity interest retained in the former subsidiary is an associate.

Any gain or loss resulting from the loss of control is recognised in the separate income statement and attributed to the owners of the parent.

The financial statements of foreign subsidiaries expressed in currencies other than the euro are translated:

- at the spot exchange rate on the consolidated reporting date for monetary items;
- at the exchange rate prevailing on the transaction date for non-monetary items measured at historical cost;
- at the exchange rate prevailing on the date on which the fair value was determined for non-monetary items measured at fair value.

Any exchange differences arising from recognition of non-monetary items at the consolidated reporting date are recognised in a separate equity item known as the “Hedging and translation reserve.”

5. Accounting policies

The condensed half-yearly consolidated financial statements of the 24 ORE Group have been prepared in compliance with IFRSs.

This section provides a summary of the main accounting standards applied, indicating the key accounting policies used in preparing the condensed half-yearly consolidated financial statements and any other accounting standards used if they are considered significant for comprehension of the condensed half-yearly consolidated financial statements.

5.1 – Non-current assets

Property, plant and equipment

This item includes the property, plant and equipment owned for use in production, to provide goods and services and for administrative purposes, and which are expected to be used for more than one financial year.

It also includes any spare parts that can only be used in connection with a specific non-current asset, as well as spare parts and related equipment of a certain value that are expected to be used for more than one year.

Only those components that are likely to generate future economic benefits and which have a cost that can be reliably determined are recognised as non-current assets.

Non-current assets are initially recognised at cost.

Cost includes the purchase or construction cost, ancillary charges and any costs directly attributable for bringing the asset to the place and condition necessary for it to function.

Financial expenses directly attributable to the purchase, construction or production of an item of property, plant and equipment are included in the asset’s cost if they will lead to future economic benefits and can be reliably determined. Directly attributable financial expenses directly attributable are those that would not have been incurred if there had been no expenditure for the item of property, plant and equipment to which they refer.

Routine maintenance costs are charged to the income statement.

The costs relating to components of property, plant and equipment that are used to replace parts removed from the same property, plant and equipment are accounted for as non-current assets, when it is likely that they will generate future economic benefits and their cost can be reliably determined. The carrying amount of the parts that have been removed is derecognised.

After initial recognition, the cost method is adopted, under which non-current assets are shown in the statement of financial position at cost, net of accumulated depreciation and any impairment losses.

Each non-current asset component is depreciated on a straight-line basis over its estimated useful life on the assumption that its residual value is zero. Depreciation commences when the asset is available for use.

Land is of unlimited useful life and, therefore, it is not depreciated.

Non-current assets that are not yet available for use are not depreciated.

Depreciation terminates on the more recent of two dates: when the asset is classified as held for sale (see the paragraph entitled “Non-current assets classified as held for sale”) and the date on which the asset is derecognised.

Depreciation is not interrupted just because the asset is not being used.

A non-current asset is derecognised when it is disposed of or when no future economic benefit can be expected either from its use or from its disposal.

The period and method of depreciation of each component of property, plant and equipment are reviewed at the end of each year.

A check is carried out at each reporting date to see if there are any signs that assets are impaired. If there is any indication that this is the case, an estimate is made of the asset's recoverable amount.

This impairment test is carried out by comparing the carrying amount of the asset with its recoverable amount.

The recoverable amount is the higher out of the asset's fair value, net of any selling costs, and its value in use.

Fair value is determined on the basis of the best information available at the time to reflect the amount that the company could obtain at the reporting date by disposing of the asset in an arm’s length transaction between knowledgeable, willing parties.

The value in use is calculated by estimating the net present value of the future cash flows expected to be generated by the asset being tested for impairment.

Impairment losses are recognised immediately in the income statement.

Impairment losses that have already been recognised are reviewed at the end of each period in order to evaluate whether they are still justified or should be reversed. If there is any such indication that this is the case, an estimate is made of the asset’s recoverable amount.

The original value of an asset that suffered an impairment loss in previous years is only reinstated if there is a change in the valuations used to calculate the asset's recoverable amount. If this is the case, the carrying amount of the investment is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

Reversals of impairment losses are recognised in the income statement.

Finance leases

Assets purchased under finance lease arrangements are initially recognised as property, plant and equipment at the present value of the minimum payments due under the lease contract, even if ownership of the leased asset has not been acquired, and are depreciated on a straight-line basis over their useful life. This treatment is applied because the substantial and financial nature of the contracts– and not their legal nature – must be taken into account.

The present value of the minimum payments due under the lease contract are also recognised initially as a payable in "Finance lease payables due in more than one year" under non-current liabilities.

Government grants

Government grants, including non-monetary grants measured at fair value, are not recognised until there is reasonable certainty that the conditions to obtain them will be respected and the grants will effectively be received.

Government grants related to assets, obtained in connection with non-current assets, are recognised as deferred income and then transferred to the income statement under "Other operating income", on a systematic and rational basis that spreads them appropriately over the asset's useful life.

Government grants offsetting costs or losses already incurred or to provide immediate financial support, without there being any related future costs, are recognised in the income statement as income for the year in which they become collectable.

The benefits stemming from a public loan at an interest rate lower than the going market rate have been recognised as government grants, in compliance with the policies specified above. These benefits have been calculated by measuring the difference between the loan's initial carrying amount, calculated according to the amortised cost method established by IAS 39, and the amounts received.

Goodwill and business combinations

All business combinations for which IFRS 3 is applicable are accounted for applying the purchase method. In accordance with this method, all identifiable assets, liabilities and contingent liabilities of the acquired business that qualify for accounting recognition, are recognised at their respective fair value as at the acquisition date.

The costs incurred to realise the business combination are recognised as expenses in the periods when they are incurred, with the exception of costs associated with the issuance of debt instruments, which are accounted for as an increase in the fair value of these debt instruments pursuant to IAS 39 Financial Instruments, and the costs associated with equity instruments, which are accounted for as a decrease in Equity, pursuant to IAS 32 Financial Instruments: Disclosure and Presentation.

The difference between the sum of:

- the fair value of the transferred consideration, inclusive of the fair value of the contingent consideration, which is tied to the occurrence of future events;
- the proportional share of any non-controlling interest in the acquired entity;
- and, for combinations carried out in several stages, the fair value at the acquisition date, of the interests in the acquired entity held by the parent before the acquisition

and the net fair value at the acquisition date of the identifiable acquired assets and the identifiable assumed liabilities is recognised as goodwill.

The goodwill recognised in a business combination is an asset that produces future economic benefits deriving from other assets acquired in a business combination, but that cannot be individually identified nor accounted for separately.

Goodwill is subjected to annual impairment testing. For the purposes of impairment testing, goodwill acquired as part of a business combination is allocated to the cash-generating units (CGUs) that are expected to benefit from the synergies created by the combination.

The CGUs to which the goodwill is allocated represent the minimum level inside the company where the goodwill is monitored on an operational basis, and is not the same size but rather bigger than an operating segment, as identified in section 11 Segment reporting, before the business combination.

Impairment tests are carried out more frequently if specific events or changed circumstances suggest that goodwill has suffered impairment. If goodwill is initially recognised during the current year, an impairment test is carried out prior to the end of the same year.

The recoverable amount is the greater of fair value net of any selling costs and value in use, calculated by estimating the net present value of the future cash flows expected to derive from the CGU being tested for impairment.

If the CGU’s recoverable value is lower than its carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill cannot be reversed in future years. Similarly, any impairment loss recognised during the six-month period is never eliminated at the subsequent year-end reporting date.

If the interest acquired in the net fair value of the identifiable assets acquired and the identifiable liabilities assumed at the acquisition date exceeds the sum of the items indicated above, the profit resulting from acquisition of the subsidiary at favourable prices is recognised in the separate income statement at the acquisition date. This profit is attributed to the parent.

Any temporary differences emerging from the difference between the net fair value of identifiable assets and identifiable liabilities assumed at the acquisition date and their value recognisable for tax purposes give rise to deferred tax assets and/or liabilities if the required conditions exist.

Intangible assets

Recognised intangible assets are non-monetary assets that have no physical substance, which have to be:

- identifiable, in other words separable or arising from contractual or other legal rights;
- under the company's control as a result of past events;
- likely to generate future economic benefits for the company;
- and with a cost that can be measured reliably.

If they are acquired in a business combination, groups of complementary intangible assets are recognised as a single asset, on condition that the individual assets of these assets have similar useful lives.

Initial recognition is at cost.

The cost of intangible assets not acquired through business combinations includes the purchase price and any other direct cost to prepare the asset for use.

The cost of intangible assets acquired through business combinations is their fair value at the date of acquisition. If there is no active market, fair value at the acquisition date is measured either:

- by considering the result of recent transactions for similar assets (multiples method);
- or by using measurement techniques to estimate the fair value indirectly (net estimated cash flow discounting method, royalty return method, or cost method).

The process of formation of intangible assets generated internally distinguishes between the research and development phases. No intangible asset deriving from the research phase is recognised. Intangible assets deriving from the development phase are recognised if they satisfy the conditions listed above.

Trademarks, publications and publishing rights generated internally are not recognised as intangible assets.

The cost of intangible assets generated internally is represented by the sum of the cost incurred from the date on which the intangible asset first satisfies the conditions for accounting recognition.

Financial expenses directly attributable to the purchase, construction or production of an intangible asset are included in the asset’s cost if they will lead to future economic benefits and can be determined reliably. Directly attributable financial expenses are those that would not have been incurred if there had been no expenditure for the intangible asset to which they refer.

After initial recognition, the cost method is adopted.

Intangible assets with a finite useful life are shown in the statement of financial position at cost, net of accumulated amortisation and impairment losses.

The cost of intangible assets with a finite useful life is amortised on a straight-line basis over their estimated useful life on the assumption that their residual value is zero. Amortisation commences when the asset is available for use.

Intangible assets with a finite useful life that are not yet available for use are not amortised.

The period and method of amortisation of intangible assets with a finite useful life are reviewed at the end of each financial year.

Amortisation terminates on the more recent of two dates: when the intangible asset is classified as held for sale (see the paragraph entitled "Non-current assets classified as held for sale") and the date on which the asset is derecognised.

An intangible asset is derecognised when it is disposed of or when no future economic benefit can be expected either from its use or from its disposal.

Intangible assets with an indefinite useful life are not amortised.

An intangible asset has an indefinite useful life when, based on certain determinant factors, there is no foreseeable limit to the period in which it is expected to generate net cash inflows.

Among the key factors playing a significant role in determining the existence of indefinite useful life, we have considered:

- the asset's expected utilisation;
- the productive life cycles typical of the asset, also based on information in the public domain concerning estimated useful lives of asset categories used in similar ways;
- technical, technological and any other type of obsolescence;
- the stability of the economic sector in which the asset operates and changes in demand for the products and services originated by the asset;
- actions that will presumably be taken by competitors;
- the level of maintenance costs necessary to obtain the future economic benefits expected from the asset;
- the period of control over the asset and the legal limits to its utilisation;
- the dependence of useful life on the useful life of other assets.

The useful life of intangible assets that are not amortised is reviewed at the end of each accounting period to ascertain whether the key factors mentioned above still support the assumption of an indefinite useful life.

A check is carried out at each interim and year-end reporting date in order to see whether intangible assets have suffered impairment.

Intangible assets with an indefinite useful life and those that are still not available for use are subjected to annual impairment testing, whether or not there are signs of a loss in value.

This impairment test is carried out by comparing the carrying amount of the intangible asset with its recoverable amount.

The recoverable amount is the higher of fair value net of any selling costs and value in use, determined by estimating the net present value of the future cash flows expected to derive from the intangible asset that is being tested for impairment.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the CGU to which the asset belongs is determined. This recoverable amount is then compared with the CGU's carrying amount.

If the recoverable amount of the individual intangible asset or the CGU is lower than its carrying value, an impairment loss is recognised.

Impairment losses are recognised immediately in the income statement.

Impairment losses that have already been recognised are reviewed at each end date to see if they are still justified or if they should be reduced. If there is any such indication that this is the case, an estimate is made of the asset's recoverable amount.

The original value of an intangible asset that suffered an impairment loss in previous years is only reinstated if there is a change in the valuations used to calculate the asset's recoverable amount. If this is the case, the carrying amount of the investment is increased to its recoverable amount. This recoverable amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

Reversals of impairment on intangible assets are recognised in the income statement.

Investments in associates

Associates are those companies over which the parent exercises significant influence, although without holding a controlling interest.

Investments in associates are accounted for under the equity method, excluding those classified as held for sale (see the paragraph entitled "Non-current assets classified as held for sale").

Under the equity method, an investment is initially recognised at cost.

The carrying amount is subsequently increased or decreased to reflect the investor's share of the associate's profits or losses made after the date of acquisition.

The investor's share of the associate's net result for the period is recognised in the investor's income statement.

Any dividends received from the associate reduce the carrying amount of the investment.

The carrying value of the investment is adjusted after the parent's equity interest in the associate changes due to variations changes in items on the statement of Other components of comprehensive income of the equity investment.

Any part of the investor's share of the associate's profits and losses deriving from transactions between the two companies is eliminated.

In the event that the investor's share of an associate's losses exceeds the carrying amount of its investment in that associate, the investor accounts for any further losses as liabilities, but only to the extent that the company has contracted legal or constructive liabilities on behalf of the associate.

Application of the equity method is suspended from the date on which significant influence ceases to be exercised. From that date on, the investment retained in the associate must be recognised:

- at the fair value upon first-time recognition of a financial asset recognised in accordance with IAS 39 Financial Instruments: Recognition and Measurement, if the equity interest retained in the former associate is a non-controlling interest;
- in accordance with the consolidation rules set out in IAS 27 Consolidated and Separate Financial Statements, if the equity investment kept in the former associate is transformed into a subsidiary falling in the scope of IAS 27.

Any gain or loss resulting from the loss of significant influence is recognised in the separate income statement.

Following application of the equity method, an individual review is carried out at each annual or interim reporting date to see if there is any objective evidence that investments in individual associates are impaired.

If there is an indication of a possible impairment loss, the entire carrying amount of the investment is tested for impairment, by comparing its recoverable amount with its carrying amount. The recoverable amount, which is the higher of the fair value less costs to sell and the value in use, is determined for each investment in an associate.

Fair value is the amount obtainable from the sale of the investment in the associate in an arm's-length transaction between knowledgeable and willing parties, less the costs of disposal.

The value in use is calculated by estimating the parent's interest in the future cash flows that are expected to derive from the associate, including the cash flows stemming from its operating activities and the proceeds from final disposal of the investment.

If the recoverable value of the associate is lower than its carrying amount, an impairment loss is recognised.

Impairment losses are recognised immediately in the income statement.

Impairment losses that have already been recognised are reviewed at each end date to see if they are still justified or if they should be reduced. If such an indication exists, the recoverable amount of that asset is estimated.

The original value of an investment in an associate that suffered an impairment loss in previous years is only reinstated if there is a change in the valuations used to calculate its recoverable amount. If this is the case, the carrying amount of the investment is increased to its recoverable amount. This recoverable amount may

not exceed the carrying amount that would have been determined had no impairment loss been recognised for the investment in prior years.

Reversals of impairment on investments in associates are recognised in the income statement.

Available-for-sale financial assets

Investments in other companies, over which the parent has neither control nor significant influence, are classified in this category.

Initial measurement of these investments is at fair value on the trading date (identifiable as the purchase cost), net of transaction costs directly attributable to the purchase.

After initial recognition:

- investments consisting of equity instruments that do not have a market price listed on an active market and whose fair value cannot be measured reliably are valued at cost;
- investments consisting of equity instruments that have a market price listed on an active market are valued at fair value; in other words, the value at which each investment could be exchanged in an arm's-length transaction between knowledgeable and independent parties. The gains and losses deriving from changes in fair value are recognised directly in the statement of comprehensive income, except for impairment losses and foreign exchange gains and losses.

An individual review is carried out at each reporting date to see if there is any objective evidence that investments have suffered an impairment loss.

If there is objective evidence that there has been an impairment loss:

- for investments valued at cost, the amount of the loss is measured as the difference between the investment's carrying amount and the present value of the expected future cash flows discounted at a current market rate of return for a similar financial asset. Impairment losses are recognised immediately in the income statement and can never be reversed. Similarly, any impairment loss recognised during the six-month period is never reversed on the subsequent year-end reporting date.
- For investments measured at fair value, the amount of the loss is measured as the difference between the investment's purchase cost and its current fair value. Any impairment losses are recognised in the income statement, as are any losses charged against equity. The latter have to be reversed and cumulatively recognised in the income statement. Impairment losses can never be reversed on the income statement. Similarly, any impairment loss recognised during the six-month period is never reversed on the subsequent year-end reporting date.

Dividends coming from investments in other companies are recognised among “Other income (expenses) from investment assets and liabilities” when the shareholders' right to receive the payment has been established.

Other non-current financial assets

This category includes all medium-/long-term receivables and financial instruments that are held to maturity.

Initial measurement of non-current financial assets is at fair value on the trading date (identifiable as the purchase cost), net of transaction costs directly attributable to the purchase.

After initial recognition, both medium-long term receivables and financial instruments held to maturity are measured at amortised cost using the effective interest method.

The effective rate of interest is the rate that exactly discounts the future cash flows expected over the estimated life of the financial instrument to its net carrying amount.

An individual review is carried out at each reporting date to see if there is any objective evidence that any non-current financial asset has suffered impairment loss.

If there is objective evidence that impairment loss has occurred, the amount of the loss is measured as the difference between the carrying value of the medium-long term receivable or the investment held to maturity and the present value of the expected future cash flows discounted at the original effective rate of interest of the financial asset concerned.

The amount of the loss is recognised immediately in the income statement.

If in a subsequent period, the amount of the impairment loss decreases and this decrease is linked to an event that took place after recognising the loss, it is reversed and reflected in the income statement.

Other non-current assets

This category includes:

- security deposits;
- tax receivables still to be refunded.

Initial recognition of the tax receivables still to be refunded and of the security deposits is at fair value at the transaction date, net of any directly attributable transaction costs.

After initial recognition, both the tax receivables still to be refunded and the security deposits are measured at amortised cost, using the effective interest method, calculated as indicated in the paragraph on "Other non-current financial assets" of the section on non-current assets.

An individual review is carried out at each reporting date to see if there is any objective evidence that other non-current assets have suffered a loss in value.

If there is objective evidence that there has been an impairment loss, the amount is determined.

The amount of the loss is measured as the difference between the carrying amount and the present value of the expected future cash flows discounted at the original effective rate of interest of the non-current asset in question.

The amount of the loss is recognised in the income statement.

If in a subsequent period, the amount of the impairment loss decreases and this decrease is linked to an event that took place after recognising the loss, it is reversed and reflected in the income statement.

Deferred tax assets

Deferred tax assets are portions of income tax that will be recovered in future years, relating to:

- deductible temporary differences;
- unutilised tax losses carried forward;
- unutilised tax receivables carried forward.

Deductible temporary differences are differences between the carrying amount of an asset or liability shown in the statement of financial position and the value that is recognised for tax purposes. When calculating the taxable income of future years, these will translate into deductibles when the carrying amount of the asset or liability is realised or extinguished.

Deferred tax assets are recognised on all deductible temporary differences and on all unutilised tax losses and tax credits carried forward, if it is probable that sufficient taxable income will be generated in future years to offset them.

Deferred tax assets are measured at the tax rates that are expected to apply during the year when the tax asset will presumably be realised, based on the measures in force at the reporting date.

Deferred tax assets are not discounted to their present value.

The tax benefit of deferred tax assets is recognised in the income statement, unless the tax stems from a transaction or event that was recognised as other component of comprehensive income or directly in equity or came from a business combination.

Deferred tax assets resulting from items that are credited or debited as other component of comprehensive income or directly to equity are also credited or debited as other component of comprehensive income or to equity.

5.2 – Current assets

Inventories

Inventories include saleable goods, such as items bought for resale and items produced internally, as well as goods that are used in their production as part of the company's normal operations, such as semi-finished goods, work in progress, raw and ancillary materials, and consumables.

Inventories are valued at the lower out of historical cost and market value.

The cost of inventories includes all purchase costs, transformation costs and any other costs incurred to bring stocks to their current position and condition.

When determining the purchase cost, account is taken of the price effectively paid, including directly applicable ancillary costs such as transport and customs duty, net of any trade discounts.

For goods already produced or being processed internally, the historical cost used is manufacturing cost.

The calculation of manufacturing cost takes into account the purchase cost, as mentioned previously, plus all production or transformation expenses, i.e. direct costs and a reasonable allocation of indirect costs for the manufacturing period in question.

The transformation costs of semi-finished goods, work in progress and finished products are obtained by means of a cost accounting system that establishes the actual cost of each job order.

Purchase cost and manufacturing cost do not include any distribution or selling expenses.

Goods purchased for resale, items produced internally, semi-finished goods and work in progress are valued based on specific identification of actual cost.

Raw and ancillary materials and consumables are measured at their weighted average cost for the period, taking the value of opening inventory into account.

If it is no longer possible to measure inventories at historical cost as explained above, due to a decrease in selling prices, deterioration of goods, or the presence of obsolete or slow-moving goods, net realisable value is used. This value is based on market trends for goods, finished products, semi-finished goods produced internally, and work in progress. In the case of raw and ancillary materials, consumables and bought-in semi-finished goods, replacement cost is used.

Each item of inventory is reviewed to check the existence of one or more events described above as cause of the reduction in the original utility or functionality, and for determining, for each class of inventory, the realisable value or the replacement cost.

Net realisable value represents the selling price under normal business conditions, net of any costs to completion and direct selling costs that can be reasonably expected.

Replacement cost represents the cost at which a certain item of inventory can be repurchased or reproduced, under normal business conditions.

The adjustment to replacement cost for raw materials is carried out directly, whereas the adjustment to net realisable value for finished products is done by setting up a suitable provision and slow-moving items, which is then deducted directly from the nominal value shown under assets.

Given the nature of the inventories, it is highly unlikely that the circumstances that caused the write-down itself will change in subsequent years.

Trade receivables

Trade receivables include amounts due from customers and advances to suppliers.

Trade receivables are initially recognised at their fair value on the transaction date, i.e. for the amount expected to be received less any directly attributable transaction costs.

After initial recognition, trade receivables are shown at their estimated realisable value. The initial recognition value of trade receivables is adjusted to the estimated realisable value through a provision for bad debts.

The adjustment to estimated realisable value is achieved by reducing the face value of the receivables, taking account of losses due to non-collection, returns and billing adjustments, discounts and allowances not accrued and any other reasons why a lower amount is likely to be received. Billing adjustments also include estimates of books and newspapers likely to be returned in the future. The losses due to non-collection are determined by analysing the individual receivables and any other present or future factors likely to affect them.

If receivables are factored definitively (i.e. on a non-recourse basis), they are derecognised and the profit or loss is recognised for the difference between the amount received and their carrying amount.

When the collection of trade receivables is deferred for more than 12 months and the transaction effectively constitutes a form of financing, the fair value of the proceeds is determined by discounting all future inflows at a hypothetical interest rate.

Advances to suppliers refer to advance payments for physical goods to which the right of access does not yet exist or for services not yet received. The right of access to physical goods arises when ownership is achieved or when the supplier makes them available in accordance with the terms agreed. Services are considered to have been received when the supplier has performed them in compliance with a service agreement.

Other receivables

Other receivables include the following:

- Italian and EU VAT credits for which a refund has been claimed, as well as the tax credits for the publishing industry and the advance tax paid on post-employment benefits (Italian acronym: “TFR”);
- payments on account and advances to employees that will not have to be reimbursed in the future as they will offset amounts to be paid, and loans to employees;
- receivables from others, on transactions that do not generate revenue. This account group also includes advances to suppliers for the purchase of property, plant and equipment and intangible assets.

Other receivables are initially recognised at their fair value on the transaction date, i.e. for the amount expected to be received less any directly attributable transaction costs.

Current tax assets

Current tax assets are only shown in this item if, and only if, the amount already paid for the current year and for previous years exceeds the amount due, unless a refund has already been requested for the latter.

Other current financial assets

This item includes short-term financial receivables.

Other current financial receivables are initially recognised at their fair value on the transaction date, i.e. the amount expected to be received less any directly attributable transaction costs.

This item also includes hedging instruments for which a hedging relationship has been established for the element being hedged.

Hedging instruments are designated derivatives whose cash flows are expected to offset changes in the cash flows of a designated element hedged. A position is designated as a hedging relationship when there is formal documentation supporting management of the risk and the related hedging strategy and when the hedge is highly effective and reliably measurable.

As financial receivables, derivatives designated as hedging instruments are initially recognised at their fair value, i.e. at the transaction price of the consideration given or received, less any directly attributable transaction costs.

Following initial recognition, recognition of hedging transactions entails an equal and opposite recognition through profit or loss of the changes in the fair value of the hedging instrument and of the element hedged.

Designated hedging relationships are considered cash flow hedges, i.e. hedges for exposure to the variability of cash flows due to a particular risk associated with a recognised asset or liability which could have an impact on the income statement.

In designated cash flow hedge relationships, the portion of the profit or loss on the hedging instrument, which is considered an effective hedge, is recognised directly on the statement of Other components of comprehensive income and on the statement of comprehensive income. The ineffective portion of the profit or loss on the hedging instrument is to be recognised on the separate income statement.

The amounts recognised in the statement of Other components of comprehensive income are restated in Profit (Loss) on the separate income statement, as a restatement adjustment, in the same year that the hedged cash flows impacted the Profit (Loss) for the year.

If the value of a financial instrument used as a designated hedging instrument and recognised as a financial asset measured at fair value is negative, it is recognised as a financial liability as indicated under “Other current financial liabilities” in the “Current liabilities” section.

Other current assets

Other current assets comprise accrued income and prepaid expenses.

Accrued income and prepaid expenses represent portions of costs or revenue that relate to two or more periods. They measure revenue and charges that have to be accounted for earlier or later than the event that gives rise to their original recognition. The fundamental condition for them to be recognised is that the amount of these portions of costs and revenue that are common to several periods varies on a time basis.

The amount to be spread over two or more periods is split on a time basis by counting the months, in order to allocate the correct portion to the current period in the case of accruals, or to postpone a portion to subsequent periods in the case of prepaid expenses.

More specifically, accrued income measures the portions of revenue due to be received in full in a future period, but partially applicable to the year to which the financial statements refer.

Prepaid expenses reflect portions of costs recognised entirely during the current period, or in previous periods, and represent the part that is being deferred to one or more future periods.

Cash and cash equivalents

These include bank and post office deposits, as well as cash in hand and cash equivalents.

Bank and post office deposits, cash in hand and cash equivalents in national functional currency are shown at face value.

Cash and deposit accounts include all movements that took place up to the reporting date. Accrued interest and related charges due at the reporting date are included, even if actual receipt takes place subsequently.

Cash collections received after the reporting date are not included in this item, even if backdated.

Cash payments made or requested after the balance sheet date are not taken into consideration.

5.3 – Non-current assets classified as held for sale

All non-current assets and disposal groups classified as held for sale are shown separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are shown separately from other assets in the statement of financial position.

The carrying amount of non-current assets and disposal groups classified as held for sale will be recovered mainly by selling them off, rather than by using them on an ongoing basis.

Non-classified assets classified as held for sale include all the assets and liabilities of a subsidiary, whose book value will largely be recovered through a sale, regardless of the fact that after the sale, the parent retains a non-controlling interest in the former subsidiary.

The carrying amount is considered as being recoverable mainly by selling off the assets when management has decided on a disposal plan. The sale is expected to be completed within one year of the reclassification and at a reasonable price with respect to the current fair value of the assets concerned.

Non-current assets classified as held for sale are measured at the lower out of their carrying amount and their fair value net of selling costs. Such assets are not depreciated.

Held-for-sale non-current assets which represent a significant autonomous business segment or geographic area, or which are investments in subsidiaries acquired solely for subsequent sale, are classified as discontinued operations.

The profit or loss resulting from discontinued operations, as well as the related capital gains or losses on the discontinued operations, which are recognised at fair value net of costs of the sale, are shown separately under a single item on the income statement.

All gains or losses deriving from non-current assets classified as held for sale, other than discontinued operations, are included in the profit (loss) from continuing operations.

The supplemental disclosure by other IFRSs does not apply to non-current assets classified as held for sale or to sold operating activities, unless IFRSs request specific information about the non-current assets classified as held for sale and the sold operating activities.

5.4 – Equity

This represents the difference between all assets and liabilities, determined according to the applied recognition and measurement criteria.

Consolidated equity is split between the portion attributable to the owners of the parent and the portion attributable to non-controlling interests.

Equity includes the items listed below:

Capital, i.e. the par value of the amount paid by shareholders on the date of establishment or for subsequent capital increases plus the value of reserves converted into share capital over time, net of the par value of any amounts due from shareholders for capital subscribed and not yet called up and for capital called up but not yet paid in.

Equity reserves, which include:

- capital injections, i.e. reserves made up of new contributions made by shareholders;
- the “share premium reserve”, i.e. the difference between the issue price of the shares and their par value.
- equity transaction costs, i.e. all costs associated with the purchase or issue of new shares, including the costs originated by the procedure for listing on a regulated market incurred by the parent during the year.

Revaluation reserves, which include:

- reserves for asset revaluations envisaged by specific laws;

- profits and losses arising from changes in the fair value of recognised available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses. Pursuant to Article 6, paragraphs 1 and 4, of Italian Legislative Decree 38/2005, these revaluation reserves, set up as a result of fair-value measurements, are not available for distribution.
- changes in the carrying amount of investments in associates caused by changes in the associate's equity. The revaluation reserve that is recognised in consequence of this change may not be distributed to shareholders, pursuant to Article 6, paragraphs 1 and 4 of Legislative Decree 38/2005. This reserve is also kept separate from the non-distributable reserve that is recognised and shown under other reserves, comprised of the profit for the year recognised on the income statement in an amount corresponding to the gains, net of the relevant tax cost, resulting from the portion of the profit of the equity investment.

Hedging and translation reserves, which include:

- the translation reserve, which contains the exchange differences generated on conversion of the monetary and non-monetary elements of foreign subsidiaries included in consolidation, which prepare their individual financial statements in a currency other than the functional currency;
- the cash flow hedging reserve, relating to the part of the profit or loss on cash flow hedging instruments that is considered an effective hedge.

The hedging reserves, which are set up following changes in the fair value of cash flow hedging instruments, are not available for distribution in accordance with Article 6, paragraphs 1 and 4, of Legislative Decree 38/2005.

Other reserves, which include:

- the legal reserve, which is an obligatory reserve under Article 2430 of the Italian Civil Code, which requires that at least 5% of the profit for the year has to be set aside in the legal reserve until it reaches one fifth of the share capital. Up to this limit, the reserve is not available for distribution;
- the reserve for grants related to assets, related to assets, for grants that are meant to supplement equity. These grants were paid until 1987, in accordance with Article 8 of Italian law 416/81, and are taxable on distribution;
- the negative goodwill reserve. This is an adjustment to equity relating to the merger by incorporation of companies in prior years.
- the fair value reserve for stock grants and stock options. This is an equity adjustment related to equity instruments assigned for transactions involving share-based payments, i.e. the corresponding entry for the cost recognised for equity instruments assigned to employees. The shares, stock options and other equity instruments assigned to employees as part of their pay package are measured at the fair value of the equity instruments assigned, calculated as at the grant date. In the interval between the grant date – i.e. the date on which the right arises to receive the shares, stock options, and equity instruments once given conditions have been met – and vesting date – i.e. the date when the conditions envisaged on the grant date have effectively materialized – no change is made to the fair value calculated on the grant date. Vesting

conditions other than market conditions are not considered in the estimate of fair value made on the grant date. These non-market conditions are instead considered when adjusting the number of equity instruments calculated on grant date, so that the amount recognised is based on the number of equity instruments that definitively qualify for vesting;

- the post-employment benefit IFRS adjustment reserve, which is to account for actuarial gains and losses on post-employment benefits. This item reflects changes in the current value of this liability as a result of the programme evolving differently from how it was initially envisaged from an actuarial point of view. The Group has adopted the rule of recognising actuarial gains and losses in the financial year that they occur, as other components of comprehensive income;
- the IFRS FTA reserve, which is made up of the adjustments deriving from the transition to the IFRSs related to the value of treasury shares. This reserve has a corresponding entry of equal value in the non-available treasury share reserve. Subsequent adjustments related to the transition to IFRS have been reclassified as retained earnings;
- the statutory reserve and other discretionary reserves envisaged by the by-laws or approved by the shareholders;
- the non-available reserve consisting of earnings recognised on the income statement representing capital gains – net of related tax effect – stemming from application of the fair-value or equity method and that do not relate to financial assets and liabilities at fair value through profit or loss, or to hedging instruments, as required by Article 6, paragraphs 1 and 2, of Italian Legislative Decree 38/2005.

Retained earnings, i.e. prior years' profits or losses that have not been distributed or allocated to other reserves. This also includes all amounts related to the IFRS FTA reserve, with the exception of amounts relating to treasury shares.

Also included in this item is the payment related to exercising the greenshoe option granted to the coordinators of the global public offering during the listing process for the purchase of special treasury shares at the offering price.

Profit (Loss) for the year, i.e. the financial performance for the year, as shown in the corresponding item of the consolidated income statement.

Equity is shown by separately indicating the portion attributable to the owners of the parent, broken down in the accounts indicated above, and the portion attributable to non-controlling interests, broken down between:

- the portion of the profit/loss for the year of consolidated subsidiaries, separately identified, attributable to non-controlling interests;
- the portion of the share capital and reserves of consolidated subsidiaries attributable to non-controlling interests, made up of the value of non-controlling interests at the date of acquisition of the investment and the non-controlling interests’ share of any changes in equity since that date.

5.5 – Non-current liabilities

Non-current financial liabilities

This caption essentially includes the amounts due to banks for medium-long term bank loans.

The initial measurement of non-current financial liabilities is at fair value as at the trading date, net of directly attributable transaction costs.

After initial recognition, non-current financial liabilities are measured at amortised cost using the effective interest method.

Employee benefit obligations

This caption comprises the post-employee benefit provision accrued for all contractual categories of employees at the reporting date.

Following the amendments made to Italian post-employment benefit ("TFR") regulations by Law no. 206 of 27 December 2006 (the 2007 National Budget Law) and by subsequent implementing decrees and regulations (i.e. the pension reform) enacted during 2007, the Group adopted the following accounting policy:

- the post-employment benefits accrued at 31 December 2006 are considered defined-benefit plans, pursuant to IAS 19 and consistently with the recognition and classification applied in previous financial years. The guaranteed employee termination benefits that are paid upon termination of the employment relationship are recognised in the period when the right accrues;
- the related liability is calculated on the basis of actuarial assumptions and of the actual debt accruing and not paid as at the end date of the period in question, applying the criteria envisaged by IAS 19 for defined-benefit plans, according to which the Group retains actuarial and investment risk.
- the discounting approach, based on demographical and financial assumptions, was implemented by applying the "accrued benefits" method with the projected unit credit method determined by professional actuaries. This method consists of measurements that express the current average value of accrued pension obligations according to the service that the worker has performed until the time when the measurement was made, considering demographic variables such as employee rotation and mortality and financial variables, such as the discount rate. In consequence of the changes introduced by the reform, the component tied to expected future pay increases was excluded from present-value calculation beginning 1 January 2007;
- the actuarial gains and losses are recognised in the post-employment benefit adjustment reserve, classified under *Other reserves,* as indicated in the Equity section, and shown in the statement of other components of comprehensive income and in the statement of comprehensive income.

For post-employment benefits accruing as from 1 January 2007, reference should be made to the Other Payables in the Current Liabilities section.

Deferred tax liabilities

Deferred tax liabilities are portions of income taxes due in future years because of taxable temporary differences.

Taxable temporary differences are differences between the carrying amount of an asset or liability shown in the statement of financial position and the value that is recognised for tax purposes. When calculating the taxable income of future years, they will translate into taxable amounts when the carrying amount of the asset or liability is realised or extinguished.

Deferred tax liabilities are recognised for all taxable temporary differences except in those cases where the liability derives from:

- initial recognition of goodwill, or
- initial recognition of an asset or liability in an operation that is not a business combination and that does not have any effect either on the reported profit (loss) for the year or that for tax purposes at the date of the operation.

Deferred tax liabilities are also recognised for the taxable temporary differences deriving from investments in associates, except in the case where the following two conditions exist simultaneously: (a) the parent is able to control when taxable temporary differences are eliminated, and (b) it is probable that the temporary differences will be eliminated in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply during the year when the tax liability will presumably be extinguished, based on the tax rates enacted at the reporting date.

Deferred tax liabilities are not discounted to present value.

The tax charge relating to deferred tax liabilities is recognised in the income statement, unless the tax derived from a transaction or event that was recognised as other component of comprehensive income or directly in equity or came from a business combination.

Deferred tax liabilities resulting from items that are credited or debited as other component of comprehensive income or directly to equity are also credited or debited as other component of comprehensive income or to equity.

Deferred tax liabilities are offset by deferred tax assets only if the two items refer to the same tax.

Provisions for risks and charges

This item includes the various provisions made for risks and charges.

These provisions are set up to cover liabilities whose amount or timing is uncertain, which arise from legal or constructive obligations, and that exist at the reporting date as the result of a past event.

These obligations, which derive from contractual provisions, legal regulations, long-standing models of corporate practice or public assumptions of responsibility, mean that the company has no real alternative than to comply.

Obligations are recognised in accounts when they effectively exist, based on a past event, and when compliance will probably mean using economic or financial resources for an amount that can be estimated with a certain degree of accuracy.

Provisions are measured at the value that represents the best estimate of the amount required to extinguish the obligation or to transfer it to third parties at the reporting date.

If discounting for the cost of money has a significant effect because of the expected timing of the obligation, the amount of the provision is equal to the present value of the outflow expected to be needed to extinguish the liability.

The financial component of the discounted provisions is recognized in the income statement under financial expenses.

The current portions of provisions for risks and charges are reclassified to "Current portions of provisions for risks and charges" in the section devoted to current liabilities.

Contingent liabilities

Contingent liabilities are obligations deriving from past events:

- whose existence will be confirmed by future events, or
- the extinction of which is unlikely to involve an outlay of economic or financial resources, or
- the amount of which cannot be estimated with sufficient accuracy.

Contingent liabilities are not recognised in the accounts, but rather described exactly in the explanatory notes to the financial statements. If possible, calculation of the financial effects, the uncertainties regarding the amount and the estimate when it is likely that the event causing the contingent liability is likely to occur are also specified in the notes.

Finance lease payments – due after one year

This category includes the amounts due for items of property, plant and equipment acquired under finance leases.

Initial recognition of these payables, as well as their subsequent measurement after initial recognition, applies the same accounting treatment as was explained in the note on leased assets in the section on non-current assets.

The current portions of finance lease obligations are reclassified to "Finance lease payments – due within one year" in the section on current liabilities.

Other non-current liabilities

This category includes guarantee deposits received and payables due after more than one year.

Guarantee deposits are initially recognised at their fair value on the transaction date, net of any directly attributable transaction costs.

5.6 – Current liabilities

Bank overdrafts and loans

This item includes the bank current accounts with an overdraft balance, as well as the current portions of amounts due to banks for medium-long term loans which are expected to be settled within twelve months of the reporting date.

Other current financial liabilities

This category includes:

- short-term financial payables;
- the financial expenses accrued on these payables.

Short-term financial payables are initially recognised at their fair value on the transaction date, i.e. for the amount expected to be paid less any directly attributable transaction costs.

Financial expenses are recognised in the same way as the other accruals in “Other current liabilities” in the section on current liabilities.

This item also includes hedging instruments for which a hedging relationship has been established for the element being hedged.

Hedging instruments are designated derivatives whose cash flows are expected to offset changes in the cash flows of a designated hedged element. Designated hedging relationships are considered cash flow hedges, i.e. hedges for exposure to the variability of cash flows due to a particular risk associated with a recognised asset or liability which could have an impact on the income statement. A position is designated as a hedging relationship when there is formal documentation supporting management of the risk and the related hedging strategy and when the hedge is highly effective and reliably measurable.

As financial liabilities, derivatives designated as hedging instruments are initially recognised at their fair value, i.e. at the transaction price of the consideration given or received, less any directly attributable transaction costs.

Following initial recognition, recognition of hedging transactions entails an equal and opposite recognition through profit or loss of the changes in the fair value of the hedging instrument and of the element hedged.

In designated cash flow hedge relationships, the portion of the profit or loss on the hedging instrument that is considered an effective hedge is recognised directly in equity and disclosed on the statement of changes in equity and in the statement of comprehensive income. The ineffective portion of the profit or loss on the hedging instrument is to be recognised on the separate income statement.

Current tax liabilities

This category includes the current direct taxes for the period and for previous years, to the extent that they have not already been paid.

The amount in the statement of financial position is shown net of advance payments of tax, withholding taxes and tax credits, unless a rebate has been claimed.

Current income taxes are measured for the amount expected to be paid to the tax authorities, applying current tax rates and regulations, or substantially enacted as at the reporting date.

Current taxes are recognised as an expense on the income statement, with the exception of taxes that result from transactions or events recognised as other component of comprehensive income or in equity, which are also charged as other component of comprehensive income or equity.

Trade payables

Trade payables include the amounts due to suppliers, the liabilities to be paid for goods and services received and invoiced, the advances received from customers for goods and services still to be rendered, and deferred income relating to products sold on a subscription basis.

The amounts due to suppliers and the advances from customers are recognised at fair value at the transaction date, i.e. at the amount formally agreed with the counterparty, net of any trade discounts and adjusted for returns or other billing adjustments.

The deferred income relating to products sold on a subscription basis is recognised in the same way as explained for deferred income in “Other current liabilities” in the section on current liabilities.

When the payment of trade payables is deferred and the transaction effectively constitutes a form of financing, after initial recognition, they are measured at amortised cost using a hypothetical interest rate.

Current portions of provisions for risks and charges

This item includes the current portions of "Provisions for risks and charges" in the section on non-current liabilities, which are expected to be settled within twelve months of the reporting date.

Other current liabilities

Other current liabilities include accrued liabilities and the deferred income other than that relating to revenues for products sold on a subscription basis, which are classified under “Trade payables” in the current liabilities section.

As already explained for accrued income and prepaid expenses, accrued liabilities and deferred income also represent portions of costs or revenue that relate to two or more years.

More specifically, accrued liabilities measure the portions of costs due to be paid in full in a future year, but partially applicable to the year to which the financial statements refer.

Deferred income reflects portions of revenue recognised entirely during the year in question, or in previous years, and represents the part that is being deferred to one or more future years.

Deferred income includes the deferral of grants related to assets obtained for investments in property, plant and equipment and intangible assets, treated in the way explained in the paragraph on grants related to assets under “Property, plant and equipment” in the section on non-current assets.

Other payables

Other payables include:

- the amounts due to social security institutions for social security charges and pension contributions;
- tax liabilities other than for direct taxes classified under “current tax liabilities” in the current liabilities section, such as the taxes payable on the basis of tax returns, for tax assessments or disputes that have been settled, for tax withheld as a withholding agent and for tax claims of any kind in the hands of collection agencies. The amount in the statement of financial position is shown net of advance payments of tax, withholding taxes and tax credits, unless a rebate has been requested for them;
- amounts due to employees for wages and salaries, expense reports to be reimbursed, accrued vacation and additional months' pay;
- dividends payable to shareholders;
- other payables that cannot be classified under any other current liability caption.

Other payables are initially recognised at their fair value on the transaction date, i.e. for the amount agreed with the counterparty, less any directly attributable transaction costs.

Because of their nature and duration, other payables do not have a set discount rate. As established by IAS 39, after initial recognition these payables are shown at their original value, as discounting would have an insignificant effect.

As from the financial year beginning 1 January 2007, this category also includes:

- amounts payable to supplementary pension funds, relating to the accrued portions of employees’ post-employment benefits and not yet paid to the funds;
- amounts payable to the central treasury fund set up with the INPS (the Italian state pension & welfare agency) relating to the accrued portions of employees’ post-employment benefits and not yet paid to the fund.

Following the pension reform mentioned above in relation to employee benefit obligations, the portions of post-employment benefits accumulated as from 1 January 2007 have been, at the employee’s discretion:

- allocated to forms of supplementary pension provision;
- held within the company, which transfers these portions of post-employment benefit to the central treasury fund set up by INPS.

Both those portions of post-employment benefits allocated, as from 1 January 2007, to supplementary pension provision and those allocated, as of the same date, to the central treasury fund with INPS, are recognised as post-employment benefits and classified among defined-contribution plans.

As required by IAS 19, contributions to be paid to a defined-contribution plan are accounted for on an accruals basis as amounts payable to supplementary pension funds and/or to the INPS treasury fund, against service rendered by employees. More specifically, the liability for benefit portions payable to the INPS treasury fund does not include the cost of revaluation, which is instead incumbent on INPS.

Finance lease payments – due within one year

This item includes the current portions of “Finance lease payments”, in the section on non-current liabilities, which are expected to be settled within 12 months of the reporting date.

5.7 – Effects of fluctuations in foreign exchange rates

At each reporting date, all monetary elements in foreign currency, i.e. all assets and liabilities that will be collected or paid in a fixed or determinable quantity of foreign currency, are translated at the end-of-period spot exchange rate.

Exchange differences deriving from the translation of monetary elements at a different rate from the one used at the time of initial recognition during the period or in previous financial statements are taken to profit or loss in the period when they arise, except for exchange differences deriving from a monetary element that forms part of an investment in a foreign associate.

Exchange differences deriving from a monetary element that forms part of an equity investment in a foreign associate are recognized in an equity reserve and held there until the investment is sold. They are reported on the statement of other components of comprehensive income and on the statement of comprehensive income. The total amount of the exchange differences recognised in a special equity reserve is taken to profit or loss at the time that the gain or loss on sale of the investment is recognised.

At each reporting date, all non-monetary elements measured at historical cost in a foreign currency are translated at the exchange rate in force on the date of the transaction. All non-monetary elements measured at fair value in a foreign currency are translated at the exchange rate in force on the date that the fair value was determined.

When the carrying amount of a non-monetary element expressed in foreign currency is determined by comparing two or more amounts, the exchange rate applied to the amounts used for comparison with the original carrying value is the rate prevailing at the time the comparison is made.

This means that if any exchange differences that arise are recognised in profit or loss, in the same way as for monetary elements.

If a designated fair value hedging relationship has been set up between a hedging instrument and an element being hedged in foreign currency, the accounting

treatment applied is the same as for hedges, as explained under "Other current financial assets" in the section on current assets.

5.8 – Revenue

Revenue from the sale of goods is recognised in the income statement when:

- a significant portion of the risks and benefits of ownership of the goods have been transferred to the buyer;
- the revenue amount can be measured reliably;
- there is no longer any effective control over the goods sold;
- it is probable that there will be economic benefits from the transaction;
- related transaction costs can be reliably determined.

Revenue from the provision of services is recognised in the income statement with reference to the stage of completion of the transaction at the reporting date when:

- the revenue amount can be reliably measured;
- it is probable that there will be economic benefits from the transaction;
- the stage of completion of the transaction can be reliably measured;
- the costs incurred and to be incurred can be reliably calculated.

More specifically:

- revenue from the sale of goods is considered earned when ownership is transferred, which is generally considered as coinciding with shipment, both for daily newspapers and magazines sold individually, and for book publications that are sold on firm-sale basis (i.e. no returns). Revenue is recognised net of a reasonable estimate of returns;
- revenue from the sale of newspapers and magazines on a subscription basis is recognised over the period of the subscription;
- revenue from the sale of advertising space is recognised on the basis of the date of publication of the notice or advertisement;
- revenue from the sale of services with a contractual duration, such as online, master-course, and database subscription services, is recognised over the period of the contract;
- revenue from the sale of software products is recognised at the time title to the licenses changes hands;
- revenue for software implementation and maintenance services is recognised according to the state of completion.

Costs and revenue relating to the same transaction or to another event are recognised simultaneously, applying the matching principle.

When revenue components are significant, their nature and amount are shown separately.

The notes to the condensed half-yearly consolidated financial statements include comments concerning operations that are subject to cyclicality or seasonality.

5.9 – Costs

Costs are recognised in the income statement when a decrease in future economic benefits has taken place involving a decrease in assets or an increase in liabilities that can be reliably measured.

In particular, a cost is recognised immediately when and to the extent that:

- an expense does not result in any future economic benefit;
- future economic benefits do not qualify, or cease to qualify, for recognition as assets in the statement of financial position;
- a liability is incurred without an asset being recognised.

When cost components are significant, their nature and amount are shown separately.

5.10 – Earnings per share

Basic earnings per share (EPS), shown in the income statement for each period presented, is calculated by dividing the profit or loss attributable to the ordinary and special owners of the parent by the weighted average number of shares outstanding during the year.

Diluted EPS, again reported on the income statement for each period presented, is calculated by adjusting – in order to take account of all potential shares – both the earnings attributable to ordinary and special owners of the parent and the weighted average number of ordinary and special shares outstanding during the financial year.

The dilutive effects of potential ordinary and special shares are those that reduce earnings or increase losses per share as a consequence of:

- conversion of convertible instruments into ordinary and special shares;
- exercise of options or warrants on ordinary shares;
- issuance of new ordinary shares upon verification of certain conditions.

6. Changes in accounting policies, errors, and changes in estimates

The accounting policies adopted in these condensed half-yearly consolidated financial statements have been changed with respect to those used in the previous consolidated annual financial statements only if this change – which will be reflected in the next set of consolidated annual financial statements – is required by an official accounting standard, or helps to provide more pertinent and reliable information on the effects of transactions on the entity's financial position, results of operations, and cash flows.

The changes in accounting policies are recognised:

- in accordance with the provisions of specific transitory measures (if any) of that policy;
- retroactively, if the accounting policy does not contain transitory provisions, or if the policy is changed voluntarily, recording the effect to opening equity for the earliest of the financial years being presented. Other comparative figures for each prior year are also adjusted as if the new policy had always been applied.

The prospective approach is used only when it is impracticable to reconstruct comparative information for preceding financial years.

In the case of material errors, the same policy is applied as for changes in the accounting standards illustrated in the preceding section. In the case of non-material errors, accounting adjustments are made to the income statement in the period when the error is found.

Changes in accounting estimates made in previous interim periods or financial years are recognised prospectively in the income statement in the interim period when the change occurs if it affects only that period, or at year-end and in future financial years if the change also affects those years.

These are the Group's first condensed half-yearly consolidated financial statements in which IFRS 3 Business Combinations, and the revised versions of IAS 27 Consolidated and Separate Financial Statements and IAS 28 Investments in Associates have been applied at the reporting date. These financial reporting standards contain specific transitory provisions governing their prospective application starting in the financial years that began on 1 July 2009 or thereafter.

7. Risk management

In order to provide disclosures that improve the reader's understanding of the impact of financial instruments on the Group's financial position, results of operations and cash flows, supplementary information is provided to facilitate evaluation of the magnitude of the related risks.

The risks related to the financial instruments used by the Group are:

- market risk, i.e. the risk of a financial instrument's fair value or cash flows fluctuating following changes in market prices. This risk can be further broken down into:
  - foreign exchange risk, i.e. the risk that the value of a financial instrument might fluctuate as a result of movements in exchange rates;
  - interest rate risk on fair value, i.e. the risk that the value or future cash flows of a financial instrument might fluctuate as a result of changes in market interest rates;
  - price risk, i.e. the risk that the fair value of a financial instrument or its future cash flows might fluctuate as a result of changes in market prices;
- credit risk, i.e. the risk that one of the parties to a financial instrument not fulfil an obligation and causes a financial loss to the other;
- liquidity risk, i.e. the risk of having problems in accessing funds to meet the commitments deriving from financial instruments.

Financial risk management is performed following a principle of prudence and of minimisation of the risks connected with financial assets and liabilities. The investment of surplus cash or the raising of necessary resources is carried out with the priority objective of neutralising the risk of loss of capital, avoiding speculation, and interest rate fluctuations, avoiding exposure of the operating result to any unexpected increases in financial expenses.

The Group constantly monitors the financial risks to which it is exposed, in order to assess any negative impact and initiate appropriate mitigation action. The Board of Directors has the overall responsibility for creating and supervising the Group's risk management system, as well as for the development and control of risk management policies.

The Group's risk management policies are intended to identify and analyse the risks to which the Group is exposed, defining appropriate limits and the monitoring systems for such risks. Policies and related systems are periodically reviewed in consideration of changes in market conditions and in Group activities.

Financial management of subsidiaries takes place through specific intercompany current accounts on which any cash surpluses are deposited or on which the parent provides the financial resources needed for the subsidiaries to conduct their business operations. The aim is also to optimise the impact on the income statement of the financial income and expenses accruing on these current accounts.

Centralised management of the Group's finances also makes it possible to control and co-ordinate the operations of each subsidiary efficiently, also via more

effective financial planning and control. This also provides useful input to ensure the best possible handling of the Group's relationships with its main banks and credit institutions and to help monitor the Group's financial risk and treasury movements in a systematic way.

Market risk

Market risk is the risk that the fair market value or future cash flows of a financial instrument fluctuate following changes in market prices, due in turn to changes in interest rates, exchange rates, or in the market prices of equities. The objective of market-risk management is to manage the Group's exposure to the risk and keep it within appropriate limits, whilst also optimising the return of the investments to which such risk relates.

The Group uses derivative instruments during the normal course of its financial activity and also takes on financial liabilities to manage market risk. It performs these activities in accordance with the guidelines established by the Board of Directors. The Group performs hedging transactions to manage the volatility of results relating to financial instruments.

Foreign exchange risk

The Group is marginally exposed to foreign exchange risk on purchases denominated in currencies other than the functional currency of the various Group entities.

These transactions mainly refer to the following exchange rates: EUR/USD, EUR/GBP, and EUR/CHF.

The Group in any case has the policy of hedging foreign exchange risk for specific purchases of investment assets denominated in currencies other than the functional currency in order to preserve the margin of return projected for such investments. It is the Group's policy to undertake full hedging, where possible, of significant exposures arising from receivables and payables denominated in currencies other than the euro.

Interest risk

The Group's operating profit (loss) is exposed to fluctuations in market interest rates, with special reference to net financial expenses relating to facilitated medium-long term variable-rate loans.

The return of financial investments, consisting of short-term cash investments with a maturity of not more than three months, is not affected by changes in interest rates.

To manage interest risk, the Group uses interest-rate derivatives – mainly interest rate swaps (IRSs) – to eliminate or mitigate, at acceptable economic conditions, the impact of interest rate fluctuations on profit performance.

As at 30 June 2010, 100% of exposure calculated for this risk in connection with medium-long term liabilities was hedged.

The main way of raising financial resources from third parties the Group currently uses is medium-long term facilitated loans, also because of the interest subsidies they envisage, which substantially reduce the cost of financial resources.

In 2005, the parent agreed three facilitated loans under Italian Law 62/2001 (Contributions to the Publishing Industry), with maturity date at 30 June 2015:

- a loan of €6,976 thousand from Credito Emiliano (100% used);
- two loans from Intesa Sanpaolo in the amounts of €3,595 thousand (100% used) and €8,199 thousand (a loan issued according to project completion status and partly used out of a total authorised amount of €10,530 thousand).

These loans are to be repaid in fixed amounts of principal every six months and were agreed at a floating rate of interest linked to 6-month Euribor.

As part of the Group's risk management policy, hedge contracts are in place to mitigate the risk of fluctuations in the interest rates on these loans.

On 17 January 2006, the parent entered into three “Payer Interest Rate Swaps – Forward Start” (i.e. the hedge takes effect after the date the IRS contract is signed) for which it pays a fixed rate that transforms the interest rate on the underlying loan from floating to fixed, with an exchange of interest flows as from 30 June 2008 to 30 June 2015 (the maturity date).

Each IRS follows the trend of the repayment plan and of the interest settlement dates for the loan to which it refers. The value of the IRS hedging the loan for which the amount is defined on the basis of project completion status – and that had initially been signed for an amount equal to the maximum authorised loan amount – was also aligned during the year with the amount actually paid out, proceeding with a partial unwinding.

A delayed start to the IRSs was decided so as to benefit during the first 18 months of the loans from the expected positive differential between the expected trend of the 6-month Euribor and the fixed rate quoted in the IRSs.

The IRSs made it possible to convert the floating rate of the loans into a fixed rate of approximately 3.20%.

The Group has evaluated the effectiveness of the hedges, using the hedge accounting methodology based on the cash flow hedge model. This refers to hedging of exposure to the variability of cash flows, attributable to the particular risk associated with the underlying liability.

Based on this methodology, after determining the fair value of the derivative, the value of the effective part of the hedge is recognised in a special equity reserve, whereas the value of the ineffective part of the hedge is recognised in the income statement.

The effectiveness of the hedging relationship is measured by comparing the change in the clean fair value of the derivative with that of a hypothetical swap representing a synthetic fixed-rate bond at the market conditions existing when the hedge was agreed.

The ex ante effectiveness of the hedge of the instrument has been evaluated by analysing critical items and by measuring the fair value of the hedging derivative and of the hypothetical derivative.

The retrospective effectiveness of the hedge (ex post effectiveness test) is evaluated regularly by calculating the change in the fair value of the hedging derivative compared with that of the hypothetical derivative, determined by the fluctuation that has occurred between the current interest rate curve compared with the rate curve at the date when the swap was agreed (cumulative based test).

The hedge is considered retrospectively effective if the ratio between the two variances, in absolute terms, lies within a range of 80-125%. This test is performed on a cumulative basis, performing calculations as at the date of the test and as at the start date.

Price risk

The main raw material used by the Group that could be exposed to significant price risk is paper.

Paper is handled centrally for all of the Group's business units by means of careful procurement planning and inventory management. In line with best market practice, supply contracts are made with leading Italian and foreign paper companies for fixed quantities at fixed prices for the maximum period that the market currently permits, i.e. about one year.

The Group does not use hedges such as paper swaps, as they offer limited liquidity in terms both of counter-parties and of maturities.

Credit risk

Credit risk is the risk of a customer or of one of the counterparties of a financial instrument causing a financial loss by not honouring an obligation.

In the case of the Group, credit risk mainly relates to trade receivables from sales of products and services by the various business units, as well as to financial receivables in connection with the investment of surplus cash.

Considering the type of customers that the Group has for its products and services, management does not believe there is a high level of trade credit risk. As there is no high concentration of this risk, the policy is to limit sales to any customers that are considered insolvent or are unable to provide adequate guarantees.

Customer credit risk is controlled by grouping customers by type and business area, considering whether customers are advertising agencies, financial companies and institutions, public entities, professionals and natural persons, distributors and bookstores, or other customers. Other factors examined are geographical location, business sector, credit age, the due dates of invoices issued, and previous payment behaviour.

In the face of this risk, a specific provision for bad debts is made to cover any losses caused by non-collectability.

As regards financial receivables, it is believed that the Group is not exposed to significant risk as it invests surplus cash only with banks of premier standing,

mainly using short-term investment instruments with maturities of not more than 3 months (on demand or term deposits).

Liquidity risk

Liquidity risk is the risk of the Group having difficulty in meeting obligations associated with financial liabilities and therefore of having difficulty in accessing, at economical conditions, the financial resources necessary for its operations.

In managing the liquidity risk, the Group's approach is to ensure, as far as possible, that there are always sufficient financial reserves to meet its obligations at maturity.

Besides the trend in market interest rates, the main factors determining Group liquidity are the cash flows generated or absorbed by operating and investing activities and the flows relating to repayment of financial liabilities and collection of income relating to financial investments.

The Group has taken a series of actions designed to optimise management of financial resources and mitigate the liquidity risk. More specifically:

- centralised management of Group liquidity through constant withdrawal of cash surpluses from subsidiaries and through coverage of the latters' requirements with resources provided by the parent;
- maintenance of an adequate reserve of available liquidity;
- availability of adequate short-term lines of credit;
- planning of the future financial position, also as regards the incidence of medium-long term debt on the overall net financial position;
- utilisation of an appropriate internal control system to assess available liquidity in relation to operational planning.

For coverage of any short-term financial requirements, as at 30 June 2010 the Group had the following credit facilities:

- €35.7 million relating to current-account overdrafts, subject to collection and unsecured, paid at an average interest rate of 3.44%;
- €32.9 million relating to revocable lines of credit that can be used for short-term temporary financial requirements, at an average cost equal to Euribor + 0.23%.

Management believes that the present financial resources and the credit lines available as mentioned above are sufficient to cover requirements relating to investing activity, management of working capital, and to ongoing repayment of medium-long term loans.

8. Principal reasons for uncertainties in estimates

Estimates are used mainly to recognise impairment losses on assets, to calculate probable future returns of publications that have been distributed, to determine the extent to which receivables and inventories should be written down, and to quantify the amounts to be provisioned for probable risks.

Estimates are also used in the actuarial calculation of post-employment benefits, for quantification of income taxes, and for calculation of the fair value of financial instruments, the useful life of assets, and the recoverability of advance taxes.

In accordance with IAS 34, the interim measurements of figures shown in the condensed half-yearly financial statements can be based on estimates to a greater extent than measurements of annual consolidated year-end figures. The valuation procedures used for this purpose are designed to ensure that the information provided is reliable and that all significant financial information relevant for comprehension of the Group's statement of financial position or income are illustrated.

These estimates and assumptions are reviewed at least once a year and the effects of each change are immediately reflected in the income statement.

In particular, publication returns are estimated using statistical techniques and updated monthly on the basis of actual figures received. The estimate of legal risks also takes the nature of the litigation into account.

9. Scope of consolidation

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS						
Company name	Business	Headquarters	Currency	Share capital paid in	% of consolidation	Held by
Nuova Radio S.p.A.	Radio station	Milan	EUR	16,120,000	100.0%	Il Sole 24 ORE SpA
Innovare 24 S.p.A.	Software solutions	Milan	EUR	5,672,000	100.0%	Il Sole 24 ORE SpA
24 ORE Cultura S.r.l.	Art products	Milan	EUR	1,049,920	100.0%	Il Sole 24 ORE SpA
Il Sole 24 ORE UK Ltd	Sale of advertising space	London	EUR	50,000	100.0%	Il Sole 24 ORE SpA
Alinari 24 ORE S.p.A.	Photographs and exhibitions	Florence	EUR	1,500,000	55.0%	Il Sole 24 ORE SpA
Newton Management Innovation S.p.A.	Training services	Milan	EUR	160,000	60.0%	Il Sole 24 ORE SpA
Shopping 24 S.r.l.	Commercio elettronico	Milan	EUR	10,000	100.0%	Il Sole 24 ORE SpA
Esa Software S.p.A.	Software solutions	Rimini	EUR	1,560,000	100.0%	Innovare 24 S.p.A.
Faenza Editrice Iberica S.L.	Publishing – ceramic sector	Spain	EUR	3,000	100.0%	Il Sole 24 ORE SpA
Business Media web S.r.l.	Internet	Bologna	EUR	100,000	60.0%	Il Sole 24 ORE SpA
Newton Lab S.r.l	Training services	Turin	EUR	20,000	30.6%	Newton Management Innovation S.p.A.

ASSOCIATES CONSOLIDATED AT EQUITY						
Company name	Business	Headquarters	Currency	Share capital paid in	% of consolidation	Held by
Diamante S.p.A.	Software solutions	Verona	EUR	680,000	30.0%	Il Sole 24 ORE SpA
Italia news S.r.l.	Multimedia publishing	Bologna	EUR	100,000	20.0%	Il Sole 24 ORE SpA
Softlab S.r.l.	Software solutions	Ferrara	EUR	90,000	40.0%	Innovare 24 S.p.A.
Plus People S.r.l.	Training services	Milan	EUR	2,500	30.0%	Newton Management Innovation S.p.A.
Mondoesa Emilia S.r.l.	Software solutions	Parma	EUR	20,800	40.0%	Esa Software S.p.A.
Mondoesa Lazio S.r.l.	Software solutions	Frosinone	EUR	20,800	35.0%	Esa Software S.p.A.
Mondoesa Laghi S.r.l.	Software solutions	Venegono inferiore (VA)	EUR	79,500	33.70%	Esa Software S.p.A.
Mondoesa Adige S.r.l.	Software solutions	Verona	EUR	50,000	35.0%	Esa Software S.p.A.
Mondoesa Umbria S.r.l.	Software solutions	Gubbio (PG)	EUR	35,000	32.0%	Esa Software S.p.A.
Mondoesa Ovest S.r.l. in liquidation	Software solutions	Fossano (CN)	EUR	50,000	35.0%	Esa Software S.p.A.
Mondoesa Milano Nordovest S.r.l.	Software solutions	Milan	EUR	76,500	49.0%	Esa Software S.p.A.
E.veneto S.r.l. in liquidation	Software solutions	Costabissara (VI)	EUR	10,000	30.0%	Esa Software S.p.A.
Cesaco S.r.l. (1)	Software solutions	Vicenza	EUR	90,000	48.0%	Esa Software S.p.A.
Aldebra S.p.A.	Software solutions	Trent	EUR	1,137,148	20.6%	Esa Software S.p.A.

(1) Consolidated according to the equity method from January 2010

Investments in subsidiaries

In January 2010 Innovare 24 S.p.A. merged with its wholly owned subsidiaries Data Ufficio S.p.A. and STR S.p.A. In May 2010 il Sole 24 ORE S.p.A. merged with its wholly owned subsidiary Il Sole 24 ORE Business Media S.r.l.

The merged companies were already wholly owned and included in the scope of consolidation at 31 December 2009 and at 30 June 2010. These operations did not alter the Group’s scope of consolidation.

The changes in the scope of consolidation, compared with financial statements as at 31 December 2009 relate to:

Cesaco S.r.l. Equity investment owned by the subsidiary ESA Software S.p.A. On 11 January a 12% share of the capital was sold, consequently reducing the owner's interest from 60% to 48%. Since that sale, the company has been consolidated according to the equity method.

Blogosfere S.r.l. In the consolidated financial statements as at 31 December 2009, the equity investment was consolidated on a line-by-line basis and classified as held for sale, following sale of the entire ownership interest, equal 80% of the capital, completed on 29 January 2010.

Investments in associates and joint ventures

Changes of investments in associates and joint ventures occurring in 1H10 are shown in the relevant section of the notes to the Statement of Financial Position. No new equity interests were acquired.

Minority investments

Minority interests increased from the beginning of the year, following acquisition of 19% of Sorma S.p.A. by the subsidiary ESA Software S.p.A.

10. Notes to the consolidated financial statements

Non-current assets

(1) Property, plant and equipment

As at 30 June 2010 the carrying amount of property, plant and equipment was €85,816 thousand. The following changes took place:

PROPERTY, PLANT AND EQUIPMENT								
(in thousands of euro)	Opening balance	Purchases	Disposals	Depreciation	Reclassifications	Impairment	Changes in consolidated companies	Closing balance
Historical cost:								
Land	2,870	-	-	-	-	-	-	2,870
Buildings	31,174	2	(57)	-	-	-	-	31,119
Plant and equipment	120,690	423	(493)	-	18	-	(117)	120,521
Industrial and commercial equipment	52,979	827	(142)	-	52	-	(776)	52,941
Other assets	97	-	-	-	(54)	-	-	43
Total historical cost	**207,810**	**1,252**	**(693)**	**-**	**17**	**-**	**(893)**	**207,493**
Accumulated depreciation:								
Buildings	(14,469)	-	19	(557)	-	-	-	(15,006)
Plant and equipment	(59,881)	-	450	(3,594)	-	-	82	(62,943)
Industrial and commercial equipment	(42,896)	-	132	(1,632)	(3)	-	713	(43,686)
Other assets	(41)	-	-	-	-	-	-	(41)
Total accumulated depreciation	**(117,287)**	**-**	**601**	**(5,783)**	**(3)**	**-**	**795**	**(121,677)**
Property, plant and equipment:								
Land	2,870	-	-	-	-	-	-	2,870
Buildings	16,705	2	(38)	(557)	-	-	-	16,113
Plant and equipment	60,809	423	(43)	(3,594)	18	-	(35)	57,578
Industrial and commercial equipment	10,083	827	(11)	(1,632)	49	-	(63)	9,254
Other assets	55	-	-	-	(54)	-	-	1
Total	**90,523**	**1,252**	**(92)**	**(5,783)**	**14**	**-**	**(97)**	**85,816**

During 1H10 investments totalling €1,252 thousand were made relating to:

- €2 thousand for buildings, such as temporary buildings for the Carsoli plant;
- €423 thousand in plant and machinery, of which we highlight leasehold improvements (€191 thousand), mainly relating to the new Rome office, at Piazza Indipendenza (€126 thousand), and on the Carsoli plant, owned by the Group (€24 thousand). Other investments were made in radio equipment (€152 thousand);

- €827 thousand for industrial and commercial equipment, and particularly €689 thousand for hardware.

The disposals for €92 thousand were largely represented by €38 thousand euro in fixed assets for the property on Via Busto Arsizio in Milan, €28 thousand for production equipment and machinery at the Milan plant and €11 thousand in disposals of hardware and furnishings.

Depreciation on property, plant and equipment, based on their estimated useful life, totalled €5,783 thousand. Assets purchased during the year are depreciated as from the start of use.

The following table shows the useful life of the assets included in balance sheet categories. This has not changed since the previous financial year:

USEFUL LIFE OF PROPERTY, PLANT AND MACHINERY		
Asset category	Useful life	Rate
Land	Indefinite	-
Buildings		
Industrial buildings	30-33 years	3% -3.33%
Temporary buildings	10-12 years	8.33% -10%
Plant and equipment		
Generic plant	10-20 years	5%-10%
Plant (leasehold improvements)	3-15 years	6.66%-33.33%
Rotary printing presses	15 years	6.50%
Finishing machinery	15 years	6.50%
Electronic photocomposition and photo-reproduction systems	3-5 years	20%-33.33%
Radio broadcasting plant	10 years	10.00%
Other assets		
Hardware	4-5 years	20%-25%
Furniture and fittings	5-8 years	12%-20%
Electronic office machinery	5 years	20.00%
Air-conditioning systems	5-20 years	5%-20%
Internal means of transport	5-10 years	10%-20%
Sundry tools & minor equipment items	4 years	25.00%

(2) Goodwill

The goodwill recognised on the statement of financial position amounted to €73,111 thousand, up €244 thousand from 31 December 2009, following adjustment of the variable portion of the price for purchase of STR S.p.A.

GOODWILL					
(in thousands of euro)	Opening balance	Increase due to change in scope of consolidation	Impairment	Other changes	Closing balance
Magazine 24	513	-	-	-	513
Tax & legal	15,469	-	-	-	15,469
Sector-specific publishing	2,371	-	-	-	2,371
Software solutions	52,349	-	-	244	52,593
Training	2,165	-	-	-	2,165
Total	**72,867**	**-**	**-**	**244**	**73,111**

The assumptions used for impairment testing for consolidated annual financial statements as at 31 December 2009 were still valid in the light of the 1H10 trend. Given this, no trigger events emerged such as to require performance of impairment tests at the date of these half-yearly consolidated financial statements.

(3) Intangible assets

Intangible assets amounted to €94,663 thousand. The following changes took place during 1H10:

INTANGIBLE ASSETS								
(in thousands of euro)	Opening balance	Purchases	Disposals	Amortisation	Reclassifications	Impairment	Changes in consolidated companies	Closing balance
Historical cost:								
Publications	37,326	-	-	-	-	-	69	37,395
Trademarks	3,181	-	-	-	2	-	-	3,183
Radio broadcasting frequencies	104,884	673	(377)	-	-	-	-	105,179
Other intangible assets	152,701	2,794	(277)	-	383	-	(1,011)	154,591
Intangible assets in progress & down payments	1,778	42	-	-	(352)	-	-	1,468
Total historical cost	**299,870**	**3,509**	**(654)**	**-**	**33**	**-**	**(942)**	**301,815**
Accumulated amortisation:								
Publications	(22,369)	-	-	(1,011)	-	-	(69)	(23,449)
Trademarks	(980)	-	-	(78)	(1)	-	-	(1,059)
Radio broadcasting frequencies	(74,092)	-	182	(1,717)	-	-	-	(75,627)
Other intangible assets	(101,918)	-	277	(6,170)	(8)	-	801	(107,017)
Total accumulated amortisation	**(199,359)**	**-**	**459**	**(8,976)**	**(9)**	**-**	**732**	**(207,152)**
Intangible assets:								
Publications	14,957	-	-	(1,011)	-	-	-	13,946
Trademarks	2,201	-	-	(78)	2	-	-	2,124
Radio broadcasting frequencies	30,792	673	(195)	(1,717)	-	-	-	29,552
Other intangible assets	50,783	2,794	-	(6,170)	375	-	(210)	47,574
Intangible assets in progress & down payments	1,778	42	-	-	(352)	-	-	1,468
Total	**100,510**	**3,509**	**(195)**	**(8,976)**	**24**	**-**	**(210)**	**94,663**

Radio frequencies amounted to €29,552 thousand, with investments in 1H10 of €673 thousand.

Investments in other intangible assets amounted to €2,794 thousand. They mainly related to software investments – for infrastructure and platforms relating to the CRM project and for software projects for the Professionals and Publishing areas.

Intangible assets in progress totalled €1,468 thousand and largely consisted of investments for the development of new construction industry software modules

by the Software Solution BU, which will be sold by the end of 2010, and information system projects for management of assets.

The amortisation of intangible assets, based on their estimated useful life, totalled €8,976 thousand. Assets purchased during the year are amortised as from the start of use.

The following table shows the useful life of the assets included in the various categories shown in this condensed statement of financial position:

USEFUL LIFE OF INTANGIBLE ASSETS

Asset category	Useful life	Rate
Publications		
Agrigiornale del Commercio	10 years	10.00%
Colture Protette	10 years	10.00%
Contoterzista	10 years	10.00%
Frutticoltura	10 years	10.00%
Informatore Zootecnico	10 years	10.00%
Macchine & Motori	10 years	10.00%
Suinicoltura	10 years	10.00%
Terra e Vita	10 years	10.00%
Vignevini	10 years	10.00%
Area	20 years	5.00%
Materia	5 years	20.00%
Bargiornale	20 years	5.00%
GDO Week	20 years	5.00%
Other food publications	20 years	5.00%
01 Net.it (online publication)	20 years	5.00%
Applicando	20 years	5.00%
Eurosat	3 years	33.30%
Millecanali	3 years	33.30%
Other ICT publications	20 years	5.00%
Mark up	20 years	5.00%
Ambiente Cucina	20 years	5.00%
Ceramica	20 years	5.00%
Other building publications	20 years	5.00%
New marketing initiatives – ICT/Food	Indefinite	-
Motta Architettura trademark	Indefinite	-
Specialist publishing trademarks	10 years	10.00%
Application software & management solutions		
Data Ufficio	until 2011	20% -33%
STR	3-5 years	20% - 33%
Esa Software	2 - 7 years	14.3% - 50%
Marchio Esa	15 years	6.67%
Specific intangibles – Esa Software	10 years	10.00%
Radio broadcasting frequencies	until 2018	1% - 9%
Other intangible assets	3-5 years	20% - 33%

Similarly to what we have reported for goodwill, during 1H10 no trigger events emerged such as to require performance of impairment tests at the date of these half-yearly consolidated financial statements.

(4) Investments in associates

Investments in associates amounted to €3,161 thousand as compared with €3,098 thousand at the beginning of the year due to the following changes:

INVESTMENTS IN ASSOCIATES						
(in thousands of euro)	Opening balance	Acquisitions	Impairment	Changes in consolidated companies	Other changes	Closing balance
Diamante S.p.A.	1,290	-	-	-	-	1,290
Aldebra S.p.A.	582	-	-	-	1	583
Softlab S.r.l.	400	-	-	-	-	400
Mondoesa Laghi S.r.l.	215	-	-	-	-	215
Mondoesa Umbria S.r.l.	182	-	-	-	-	182
Mondoesa Lazio S.r.l.	181	-	-	-	-	181
Mondoesa Milano Nordovest S.r.l.	121	-	-	-	-	121
Mondoesa Adige S.r.l.	91	-	-	-	-	91
Cesaco S.r.l.	-	-	-	62	-	62
Italia news S.r.l.	20	-	-	-	-	20
Mondoesa Emilia S.r.l.	8	-	-	-	-	8
Plus People S.r.l.	5	-	-	-	-	5
E.veneto S.r.l. in liquidation	3	-	-	-	-	3
Mondoesa Ovest S.r.l. in liquidation	-	-	-	-	-	-
Total	**3,098**	**-**	**-**	**62**	**1**	**3,161**

Cesaco S.r.l. was classified as an associate because the Group no longer controls it, having sold 12% of the associate’s share capital and consequently reducing its shareholding to 48%.

(5) Available-for-sale financial assets

This item relates to non-controlling investments and amounted to €3,171 thousand, with the following breakdown:

NON-CONTROLLING INVESTMENTS						
(in thousands of euro)	Opening balance	Acquisitions	Impairment	Changes in consolidated companies	Other changes	Closing balance
Editorial Ecoprensa S.A.	2,266	-	-	-	-	2,266
Ansa Soc. Coop a r.l.	370	-	-	-	-	370
Sorma S.p.A.	-	268	-	-	-	268
Actinvest Group S.r.l.	225	-	-	-	-	225
Mondoesa Sud s.r.l.	27	-	-	-	-	27
C.S.I.E.D.	10	-	-	-	-	10
Immobiliare Editoriale Giornali S.r.l.	3	-	-	-	-	3
S.F.C. Soc. Consortile per azioni	1	-	-	-	-	1
Audiradio S.r.l.	1	-	-	-	-	1

The subsidiary ESA Software S.p.A. acquired 19% of the capital of Sorma S.p.A. in 1H10. This acquisition was connected with sale of the ERP SI5 system BU of ESA Software S.p.A.

(6) Other non-current financial assets

Non-current financial assets are shown in the statement of financial position at an amount of €19,491 thousand, with an increase of €264 thousand from the previous financial year.

This item is principally comprised of €18,804 thousand relating to a with-profits endowment policy with a guaranteed minimum yield of 3% agreed with Monte Paschi Vita and with maturity on 1 April 2014.

(7) Other non-current assets

These assets consist of security deposits.

(8) (8) Deferred tax assets and liabilities

These items show the impact of deferred tax assets and liabilities. These are respectively calculated on the deductible and taxable differences that temporarily emerge between financially reported amounts and their tax value.

The amounts of deferred tax assets and liabilities as at 30 June 2010 and 31 December 2009 are shown below:

DEFERRED TAX ASSETS			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Deferred tax assets	**29,682**	**29,617**	**65**

DEFERRED TAX LIABILITIES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Deferred tax liabilities	**18,634**	**20,997**	**(2,362)**

DEFERRED TAX ASSETS AND LIABILITIES			
(in thousands of euro)	Deferred tax assets	Deferred tax liabilities	Net
Balance at 31/12/2009	29,617	(20,997)	8,621
Other effects on the income statement	(375)	2,362	1,987
Other effects recognised in equity	440	-	440
Balance at 30/06/2010	**29,682**	**(18,634)**	**11,048**

The table below shows the changes for the year:

DEFERRED TAX ASSETS AND LIABILITIES – GROUP						
(in thousands of euro)	Assets		Liabilities		Net	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Property, plant and equipment	73	73	(34)	(34)	39	39
Intangible assets	8,165	8,165	(18,704)	(20,093)	(10,539)	(11,929)
Receivables and provisions	9,195	8,755	(1,462)	(1,476)	7,733	7,280
Other	3,435	3,435	(721)	(687)	2,715	2,749
Past losses	10,482	10,482	618	-	11,100	10,482
Deferred tax assets/liabilities	**31,350**	**30,910**	**(20,302)**	**(22,290)**	**11,048**	**8,621**
Change in tax rate	-	-	-	-	-	-
Netting of taxes	(1,668)	(1,293)	1,668	1,293	-	-
Net deferred tax assets/liabilities	**29,682**	**29,617**	**(18,634)**	**(20,997)**	**11,048**	**8,621**

The following table shows the detail of deferred tax assets and liabilities as at 30 June 2010 and 31 December 2009:

CHANGES IN DEFERRED TAX ASSETS/LIABILITIES – GROUP					
(in thousands of euro)	30/06/2010	31/12/2009	Recognised in the Income statement	Recognised in Equity	Change in consolidation scope
Property, plant and equipment	39	39	-		-
Intangible assets	(10,539)	(11,929)	1,389		-
Receivables and provisions	7,294	7,280	14		-
Other	3,154	2,749	(34)	440	-
Past losses	11,100	10,482	618		-
Deferred tax assets/liabilities	**11,048**	**8,621**	**1,987**	**440**	**-**
Change in tax rate	-	-	-	-	-
Net deferred tax assets/liabilities	**11,048**	**8,621**	**1,987**	**440**	**-**

The balance of deferred tax assets and deferred tax liabilities increased by €1,987 thousand.

The increase in this balance is attributable to the restoration of tax liabilities. These stemmed principally from the reduction, following amortisation and impairment, in the value of the intangible assets recognised on the consolidated financial statements and the marginal increase in deferred tax assets set aside in provisions on losses for the year.

Current assets

(9) Inventories

INVENTORIES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Paper	5,593	9,010	(3,417)
Ink	151	97	54
Photographic material	369	374	(5)
Raw materials	4	4	-
Raw and ancillary materials and consumables	**6,117**	**9,485**	**(3,368)**
Work in progress and semi-finished products	**14**	**57**	**(43)**
Books	5,575	5,176	399
Software	51	58	(7)
CDs	120	54	66
Other products	2,105	2,120	(15)
Provision for obsolete & slow-moving finished products	(1,883)	(1,897)	14
Finished goods and merchandise	**5,968**	**5,511**	**457**
Software purchased for resale	13	20	(7)
Third-party books purchased for resale	115	116	(1)
Other merchandise bought in	296	303	(7)
Provision for obsolete & slow-moving merchandise	(67)	(59)	(8)
Finished products and merchandise	**357**	**380**	**(23)**
Total	**12,456**	**15,433**	**(2,977)**

Inventories are shown net of provision for obsolete and slow-moving goods, which featured the following movements:

PROVISIONS FOR OBSOLETE AND SLOW-MOVING GOODS				
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Closing balance
Provisions for obsolete and slow-moving finished products	(1,897)	(212)	226	(1,883)
Provision for obsolete and slow-moving merchandise	(59)	(15)	6	(67)
Total	**(1,956)**	**(227)**	**233**	**(1,950)**

(10) Trade receivables

Trade receivables stem from the normal course of continuing operations and featured the following breakdown:

TRADE RECEIVABLES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Trade receivables	222,278	212,083	10,196
Provision for returns to be received	(5,787)	(5,271)	(516)
Provision for bad debts	(25,168)	(24,044)	(1,124)
Net trade receivables	**191,323**	**182,768**	**8,556**
Ordinary advances to suppliers	6,887	6,587	299
Agents and agencies	3,441	4,177	(736)
Minor customers, associates, and affiliates	5	5	-
Total	**201,655**	**193,537**	**8,119**

The amount of trade receivables is shown net of provision for returns to be received and for bad debts. Changes in these provisions were as follows:

PROVISION FOR RETURNS TO BE RECEIVED AND PROVISION FOR BAD DEBTS					
(in thousands of euro)	Opening balance	Provisions	Use of provisions	Reclassifications and other changes	Closing balance
Provision for returns to be received	(5,271)	(2,347)	1,831	-	(5,787)
Provision for bad debts	(24,044)	(4,284)	3,159	2	(25,168)
Total	**(29,315)**	**(6,632)**	**4,990**	**2**	**(30,955)**

(11) Other receivables

OTHER RECEIVABLES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Current income tax	6,643	6,750	(107)
Tax receivables	932	2,199	(1,267)
Employee-related receivables	686	656	30
Other receivables	4,690	2,912	1,778
Total	**12,951**	**12,517**	**434**

Current income tax refers to IRES prepayments of €3,357 thousand euro (€3,422 thousand at 31 December 2009), IRAP prepayments of €2,626 thousand (€2,697 thousand at 31 December 2009) and tax withholding of €660 thousand (€631 thousand at 31 December 2009).

The detail of tax receivables is shown below:

TAX RECEIVABLES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
VAT receivables	555	1,863	(1,308)
Tax credit for research and development costs pursuant to Law 296/06	262	262	-
Other	115	74	41
Total	**932**	**2,199**	**(1,267)**

Receivables from employees, in the amount of €686 thousand, relate to expense allowances and loans to employees.

Other receivables, in the amount of €4,690 thousand as at 30 June 2010, mainly refer to the following:

OTHER RECEIVABLES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Receivables from Italian Post Office	1,200	380	820
Advances to agents	986	114	872
Receivables from social security institutions	400	40	360
Receivable for sale of equity interest in Faenza Industrie Grafiche S.r.l.	352	352	-
Receivable for sale of Grafica Data Ufficio business unit	335	335	-
Receivables for European projects	201	364	(163)
Receivable for sale of Sorma business unit	134	-	134
Insurance receivables	3	33	(30)
Receivable from Priverno S.r.l. for broadcast frequency transaction	-	360	(360)
Receivables from Italian Post Office	-	267	(267)
Other	1,079	667	412
Total	**4,690**	**2,912**	**1,778**

(12) Other current assets

These consist principally of prepaid expenses, which are broken down as follows:

PREPAID EXPENSES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Agents' commissions	5,009	2,799	2,210
Administrative and commercial services	1,664	524	1,140
IT services	1,364	618	746
License fees	687	296	391
Hardware and software maintenance fees	607	328	279
Royalty and copyright costs	538	172	366
Property lease payments	444	87	357
Other production services	376	186	190
Employee insurance premiums	321	850	(529)
Insurance premiums	403	392	11
Information and data expenses	124	113	11
MPS life insurance policy	30	212	(182)
Miscellaneous	453	271	182
Total	**12,010**	**6,848**	**5,161**

(13) Cash and cash equivalents

Cash and cash equivalents amounted to €90,700 thousand, decreasing by €4,577 thousand from the previous year. They consist of cash in hand, cash equivalents, and on demand or short-term bank deposits that are effectively available and immediately convertible into cash.

Cash and cash equivalents totalling €86,812 are reported on the statement of cash flows at 30 June 2010 (€120,516 thousand at 30 June 2009), net of current account overdrafts and instalments (€3,887 thousand) due within 12 months on bank borrowings (€3,375 thousand at 30 June 2009).

Equity

(14) Share capital

Share capital, fully subscribed and paid in, amounts to €35,123,787, divided into 133,333,213 shares, of which 90,000,000 ordinary shares (67.50% of share capital) and 43,333,213 special shares (32.50%), of which 4,894,693 treasury shares.

Share capital and the number of treasury shares did not feature any changes from the last annual consolidated statement of financial position at 31 December 2009.

(15) Equity reserves

Equity reserves, which amounted to €180,316, remained the same as those in the last annual consolidated statement of financial position at 31 December 2009.

(16) Revaluation reserves

REVALUATION RESERVES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Revaluation reserve – Law 342/00	18,786	18,786	-
Revaluation reserve – Law 350/03	1,775	1,775	-
Total	**20,561**	**20,561**	**-**

(17) Hedging and translation reserves

The hedging and translation reserve came to a negative €451 thousand and covers the fair value of interest rate swaps, which were set up to hedge the risk of fluctuations in interest rates on three facilitated loans, net of related deferred tax assets. More specifically, the portion of fair value forming the reserve in question concerns the IRS contracts classified as cash flow hedges, the value of which amounts to a €622 thousand (pre-tax) and which are considered effective for the purposes of IAS 39.

(18) Other reserves

OTHER RESERVES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Negative goodwill	11,272	11,272	-
Reserve for grants related to assets under Law 416/81	-	9,374	(9,374)
Legal reserve	7,025	7,025	-
Stock granting reserve	6,548	5,636	912
Post-employment benefit reserve (IFRS adjustment)	(169)	1,266	(1,435)
Other	388	388	-
Total	**25,063**	**34,961**	**(9,898)**

The "Other – reserves" item decreased from €34,961 thousand to €25,063 thousand due to:

- a decrease of €1,435 thousand due to the accounting treatment of post-employment benefit obligations;
- an increase of €912 thousand for the fair value of shares distributed to employees to execute the bonus stock granting plan resolved by the Board of Directors of Il Sole 24 Ore S.p.A. on 30 October 2007;
- elimination of the Reserve for grants related to assets under Law 416/81, partially covering the loss for the 2009 financial year.

(19) Retained earnings

Retained earnings decreased from €78,799 thousand to €35,609 thousand. The €43,189 thousand decrease is due to the portion of the loss for the previous year net of the hedge effected by using the Reserve for grants related to assets under Law 416/81.

(20) Loss for the year

The first half ended with a loss of €12,137 thousand. The loss attributable to owners of the parent was €11,908 thousand.

Non-current liabilities

(21) Non-current financial liabilities

Non-current financial liabilities amounted to €9,178 thousand (€10,886 thousand for the prior year) and principally relate to the long-term portion of the facilitated loans received by the parent under Italian publishing industry law and by the subsidiary Esa Software S.p.A. under the technological innovation law, as summarised in the following table:

MEDIUM-LONG TERM LOANS							
Bank	Facilitation	Amount paid out	Interest rate	Date of maturity	Current portion	M/L-term portion	Residual value at 30/06/2010
Unicredit Banca d'Impresa S.p.A.	Law 416/81 Publishing Industry	7,747	3.05%	30/06/2011	1,035	-	1,035
Credito Emiliano S.p.A.	Law 62/2001 Publishing Industry	6,976	6-mo. Euribor + 0.875%	30/06/2015	734	2,937	3,671
Intesa Sanpaolo S.p.A.	Law 62/2001 Publishing Industry	3,595	6-mo. Euribor + 0.85%	30/06/2015	378	1,514	1,892
Intesa Sanpaolo S.p.A.	Law 62/2001 Publishing Industry	8,199	6-mo. Euribor + 0.85%	30/06/2015	1,025	4,099	5,124
Minis. Ind. Att. Comm. (MICA)	Law 46/82 Tech. innovation	739	3.00%	23/02/2015	74	322	396
Minis. Attivita Prod. (MAP)	Law 46/82 Tech. innovation	423	2.25%	20/05/2018	40	305	345
Total		**27,679**			**3,286**	**9,177**	**12,463**

For the fixed-rate loans, no guarantees have been given, nor have covenants been requested.

Conversely, the floating-rate loans (6-month Euribor + spread) have been hedged against interest rate fluctuations by using specific derivatives, as already described in Section 7 - Risk management. These loans are not backed by collateral, but include specific covenants, which to date have always been met.

The decrease of €1,708 thousand compared with the figure as at 31 December 2009 was due to repayment of semi-annual instalments on the loans.

(22) Employee benefit obligations

EMPLOYEE BENEFIT OBLIGATIONS						
(in thousands of euro)	Opening balance	Cost of labour	Financial income/(expenses)	Actuarial gains (losses)	Uses and other changes	Closing balance
Post-employment benefits	38,786	45	370	1,722	(2,016)	38,908
Total	**38,786**	**45**	**370**	**1,722**	**(2,016)**	**38,908**

Demographic assumptions:

- the SIM and SIF 2002 tables (mortality rates by individual age for Italian males and females based on 2002 census data) were used for mortality rates;
- the annual probabilities of elimination for reasons other than death have been directly deduced from recent statistics of employee eliminations in the companies being evaluated by means of suitable equalisations;
- the annual probability of a post-employment benefit advance being requested has been set at 2.44%, based on historical data of the companies being evaluated.

Economic and financial assumptions:

- the discount rate was determined as the average of the Euro swap, bid and ask rates at 31 December 2009;
- as regards the inflation rate, necessary for revaluation of post-employment provisions made, the rate applied was 2%;
- the percentage of accrued post-employment benefits requested in advance was set at 66.75% based on historical figures.

(23) Provisions for risks and charges

PROVISIONS FOR RISKS AND CHARGES

(in thousands of euro)	Opening balance	Additions	Use of provisions	Closing balance
Provision for legal disputes	7,607	351	(327)	7,631
Provision for sundry risks	5,389	-	(498)	4,890
Provision for agent indemnities	6,213	394	(363)	6,244
Total	**19,209**	**745**	**(1,188)**	**18,765**

Provisions for legal disputes (€7,631 thousand) cover litigation risks known at the reporting date. These risks relate in particular to personnel lawsuits (€1,690 thousand), lawsuits against the newspaper (€1,730 thousand), disputes with social security institutions (€3,744 thousand), forecast legal expenses (€372 thousand), and other litigation (€95 thousand).

Provision for sundry risks (€4,890 thousand) is to cover the residual risks relating to the contractual obligations connected with construction of the building in Via Monte Rosa, Milan (€2,665 thousand) and other risks of a contractual nature (€2,225 thousand).

Agents' indemnities are provisions to cover the risks deriving from early termination of the contract and those relating to discontinuation of the agency relationship as per Article 1751 of the Italian Civil Code.

(24) Other non-current liabilities

This item totals €74 thousand and is comprised by security deposits.

Current liabilities

(25) Bank overdrafts and loans – due within one year

These amounted to €3,887 thousand (€3,633 thousand at the beginning of the year) and mainly related to the short-term portion (€ 3,286 thousand) of medium-long term loans.

(26) Financial liabilities held for trading

Financial liabilities held for trading totalled €622 thousand (€459 thousand at 31 December 2009) and refer to the fair value of derivative hedging instruments.

(27) Trade payables

TRADE PAYABLES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Suppliers	91,057	97,279	(6,222)
Deferred income	69,166	54,542	14,624
Amounts payable to associates	81	175	(94)
Amounts payable to non-controlling interests	-	3	(3)
Other trade payables	9,730	9,079	651
Total	**170,034**	**161,077**	**8,957**

The breakdown of deferred income is shown below:

DEFERRED INCOME			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Sale of magazines	21,865	21,666	199
Il Sole 24 ORE newspaper subscriptions	17,003	15,360	1,643
Online publications by subscription	16,923	12,880	4,043
Software by subscription	8,064	1,664	6,400
IT services	5,312	2,972	2,340
Total	**69,166**	**54,542**	**14,624**

Other trade payables totalled €9,730 thousand (€9,079 thousand at 31 December 2009), including €7,679 thousand for payables to agents (€7,287 thousand at 31 December 2009).

(28) Other current liabilities

OTHER CURRENT LIABILITIES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Deferred income	12,491	8,493	3,998
Accrued liabilities	94	23	71
Current tax liabilities	2,683	276	2,407
Total	**15,268**	**8,792**	**6,476**

The breakdown of deferred income is shown below:

OTHER DEFERRED INCOME			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Annual service contracts	6,425	3,397	3,028
Conferences	2,088	2,913	(825)
Sales of software licenses	1,800	341	1,459
Annual portion of grants related to assets	788	389	399
Rental income	262	231	31
Interest on m/l financial payables to third parties	-	225	(225)
Other deferred income	1,129	997	132
Total	**12,491**	**8,493**	**3,998**

(29) Other payables

OTHER PAYABLES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Holiday accruals	14,176	11,830	2,346
Social security institutions	15,920	19,056	(3,136)
Tax payables	8,531	9,279	(748)
Other employee payables	11,560	17,127	(5,567)
13th and 14th-month salaries accrued and not yet paid	5,467	3,488	1,979
Miscellaneous payables	23,896	23,415	481
Total	**79,548**	**84,196**	**(4,648)**

Tax payables mainly refer to withholding tax on payroll and on freelancers' invoices.

The breakdown of these liabilities is shown below:

MISCELLANEOUS PAYABLES			
(in thousands of euro)	30/06/2010	31/12/2009	Change
Payable for ESA Software S.p.A. acquisition	18,096	18,120	(24)
Payable for Data Ufficio S.p.A. acquisition	3,000	3,000	-
Payable for STR S.p.A. acquisition	893	649	244
Other payables	1,907	1,646	261
Total	**23,896**	**23,415**	**481**

The payables for acquisition of the STR S.p.A. and Data Ufficio S.p.A. equity investments are related to the estimates of the balancing payment to be made to the selling shareholders. The payable for the Esa Software S.p.A. acquisition is related to the estimate of the price to be paid for the remaining 30% stake, in relation to the put option granted to the seller and the call option granted to the 24 ORE Group.

Consolidated Income Statement

(30) Revenue from newspapers, books and magazines

REVENUE FROM NEWSPAPERS, BOOKS AND MAGAZINES				
(in thousands of euro)	1st Half 2010	1st Half 2009	Change	Change %
Newspaper	34,376	38,568	(4,192)	-10.9%
Magazines	28,756	31,912	(3,156)	-9.9%
Add-ons	3,029	6,153	(3,124)	-50.8%
Books	8,385	8,564	(179)	-2.1%
Total	**74,547**	**85,197**	**(10,651)**	**-12.5%**

(31) Revenue from advertising

Revenue from advertising amounted to €99,218 thousand, with a decrease of €1,101 thousand, or 1.1% YoY.

(32) Other revenue

OTHER REVENUE				
(in thousands of euro)	1st Half 2010	1st Half 2009	Change	Change %
Software	31,904	33,193	(1,289)	-3.9%
Digital publications	16,422	15,789	633	4.0%
IT products	12,569	13,519	(950)	-7.0%
Revenue from other products and services	9,557	10,352	(795)	-7.7%
Revenue from conferences and training	9,861	7,960	1,901	23.9%
Total	**80,313**	**80,813**	**(500)**	**-0.6%**

(33) Other operating income

OTHER OPERATING INCOME				
(in thousands of euro)	1st Half 2010	1st Half 2009	Change	Change %
Prior year income	2,232	1,032	1,200	116.3%
Sundry expense recoveries	1,299	1,280	19	1.5%
Rental income	1,487	1,360	128	9.4%
Grants	305	421	(116)	-27.5%
Other	548	596	(48)	-8.1%
Total	**5,872**	**4,690**	**1,183**	**25.2%**

(34) Personnel expense

PERSONNEL EXPENSE				
(in thousands of euro)	1st Half 2010	1st Half 2009	Change	Change %
Wages & salaries	(62,433)	(66,536)	4,103	6.2%
Social security charges & pension contributions	(20,504)	(21,375)	871	4.1%
Post-employment benefits	(4,355)	(4,856)	501	10.3%
Holiday accruals	(3,089)	(2,000)	(1,089)	-54.4%
Overtime	(1,505)	(1,720)	215	12.5%
Other personnel expense	(973)	(3,110)	2,137	68.7%
Total	**(92,859)**	**(99,598)**	**6,738**	**6.8%**

Personnel expense decreased by €6,738 thousand, due to staff cutbacks that were made as part of restructuring plans implemented at the end of 2009 and the disposal of certain business units.

(35) Purchases of raw materials and consumables

PURCHASES OF RAW MATERIALS AND CONSUMABLES				
(in thousands of euro)	1st Half 2010	1st Half 2009	Change	Change %
Paper	(7,918)	(12,037)	4,119	34.2%
Goods for resale	(2,377)	(2,087)	(290)	-13.9%
Photographic material and ink	(837)	(910)	73	8.0%
Plant maintenance materials	(634)	(711)	77	10.8%
Stationery & printed materials	(175)	(265)	90	34.0%
Spare parts	(177)	(199)	22	11.1%
Fuel	(216)	(222)	6	2.7%
Packaging materials	(71)	(99)	28	28.3%
Other sundry costs	(307)	(332)	25	7.5%
Total	**(12,711)**	**(16,861)**	**4,150**	**24.6%**

(36) Services

SERVICES				
(in thousands of euro)	1st Half 2010	1st Half 2009	Change	Change %
Distribution	(18,765)	(17,845)	(920)	-5.2%
Printing	(13,143)	(16,124)	2,981	18.5%
Commissions & other selling expenses	(18,695)	(17,585)	(1,110)	-6.3%
Advisory services-freelancers	(12,511)	(14,284)	1,773	12.4%
Advertising & promotion	(8,781)	(9,415)	634	6.7%
Editorial costs	(9,613)	(10,936)	1,323	12.1%
Set-up costs	(3,369)	(3,924)	555	14.1%
News purchase	(3,376)	(3,689)	313	8.5%
Advertising costs for publishers	(4,490)	(3,860)	(630)	-16.3%
Utilities (telephone, electricity, water, etc.)	(3,346)	(3,732)	386	10.3%
Miscellaneous production costs	(3,374)	(2,669)	(705)	-26.4%
Personnel expense refunds (employees, freelancers, agency workers and interns)	(2,586)	(2,887)	301	10.4%
Conferences	(3,743)	(3,207)	(536)	-16.7%
Maintenance & repairs	(2,447)	(2,640)	193	7.3%
General facility services	(2,350)	(2,711)	361	13.3%
Packing costs	(1,130)	(1,420)	290	20.4%
Employee services (canteen, meal vouchers, and training courses, etc.)	(1,764)	(1,864)	100	5.4%
Press agencies	(1,295)	(1,559)	264	16.9%
Product warehousing costs	(1,040)	(1,075)	35	3.3%
Insurance	(737)	(1,330)	593	44.6%
Software development	(1,493)	(815)	(678)	-83.2%
Bank expenses	(290)	(415)	125	30.1%
Transmission	(193)	(207)	14	6.8%
Total	**(118,531)**	**(124,191)**	**5,662**	**4.6%**

(37) Use of third party assets

USE OF THIRD PARTY ASSETS				
(in thousands of euro)	1st Half 2010	1st Half 2009	Change	Change %
Rental costs	(9,657)	(9,519)	(138)	-1.4%
Royalties	(2,221)	(1,785)	(436)	-24.4%
Copyright royalties	(1,925)	(2,221)	296	13.3%
Car rental for company/private use	(2,288)	(2,257)	(31)	-1.4%
Rental of radio transmission equipment	(650)	(594)	(56)	-9.4%
Other fees	(647)	(642)	(5)	-0.8%
Hardware leasing/rental costs	(59)	(102)	43	42.3%
Other sundry costs	(116)	(145)	29	20.0%
Total	**(17,564)**	**(17,264)**	**(298)**	**-1.7%**

(38) Other operating costs

OTHER OPERATING COSTS				
(in thousands of euro)	1st Half 2010	1st Half 2009	Change	Change %
VAT borne by publisher	(1,285)	(1,478)	193	13.1%
Prior year costs	(2,601)	(3,081)	480	15.6%
Purchase of newspapers and magazines	(496)	(598)	102	17.1%
Entertainment expenses	(595)	(394)	(201)	-51.0%
Miscellaneous taxes (excluding income tax)	(458)	(304)	(154)	-50.7%
Association membership dues	(380)	(395)	15	3.8%
Purchase of books and magazines for promotional purposes	(187)	(1)	(186)	insig.
Other miscellaneous expenses	(1,254)	(1,245)	(9)	-0.7%
Total	**(7,256)**	**(7,495)**	**240**	**3.2%**

(39) Gains/losses on disposal of non-current assets

These capital gains and losses are realised on the disposal of non-current assets and liabilities. In 1H10 they amounted to €617 thousand.

They mainly refer to the gains realised on the disposal of business units in the sector-specific Information Technology Publishing division (€113 thousand) and the SI5 application of ESA Software S.p.A. (€445 thousand).

The remainder consisted in gains on the disposal of plant and equipment.

(40) Financial income/(expenses)

FINANCIAL INCOME/(EXPENSES)				
(in thousands of euro)	1st Half 2010	1st Half 2009	Change	Change %
Financial income from investment of surplus cash	536	1,936	(1,400)	-72.3%
Other financial income	116	102	14	13.7%
Foreign exchange gains	4	12	(8)	-65.0%
Total income	**656**	**2,050**	**(1,394)**	**-68.0%**
Foreign exchange losses	(37)	(29)	(8)	-27.6%
Financial expenses on short-term borrowings	(19)	(51)	32	62.6%
Financial expenses on medium-/long-term borrowings	(15)	(245)	230	93.8%
Other financial expenses	(137)	(51)	(86)	-167.8%
Total expenses	**(208)**	**(377)**	**168**	**44.6%**
Total	**448**	**1,673**	**(1,226)**	**-73.3%**

Net financial income amounted to €448 thousand and is broken down as follows:

- financial income of €656 thousand on cash resources and on short-term cash investment. It was €1,394 thousand lower than in 1H09 because of lower average liquidity in the period and the decline in interest rates;
- financial expenses in the amount of €208 thousand related to medium and long-term facilitated loans and other financial expenses.

(41) Other income from investment assets and liabilities

This item totals €89 thousand and refers to the sale of Blogosfere S.r.l.

(42) Income taxes

The main income-tax components for the periods ended on 30 June 2010 and 30 June 2009 were as follows:

INCOME TAXES			
(in thousands of euro)	1st Half 2010	1st Half 2009	Change
IRES (corporate income tax)	(108)	464	(572)
IRAP (regional business tax)	(2,685)	(2,592)	(93)
Substitute taxes	-	(3,288)	3,288
Foreign income tax	(75)	(64)	(11)
Total	**(2,868)**	**(5,480)**	**2,612**
Deferred tax assets/liabilities arising from accounting/tax alignment	-	6,704	(6,704)
Other deferred tax assets/liabilities	1,987	2,069	(82)
Deferred tax assets/liabilities	**1,987**	**8,773**	**(6,786)**
Total	**(881)**	**3,293**	**(4,174)**

Income taxes for 1H10 totalled €881 thousand, compared with income of €3,293 thousand in 1H09. Compared with the same period a year earlier, the €4,174 thousand increase in the tax burden stemmed from:

- €563 thousand in income tax on the higher income before tax;
- €3,416 thousand for the non-recurring charge to adjust statutory carrying values to tax values in 1H10;
- €195 thousand in taxes on higher non-deductible expenses.

There are no material differences in the tax rates applied to the various companies of the Group. No foreign company benefits from preferential tax treatment. For the foreign shareholdings, Italian taxes have been allocated and are to be paid upon the distribution of dividends.

No company has calculated taxes on reserves taxable on distribution as there are no plans for their distribution.

The following table shows the reconciliation between the parent's theoretical tax rate applicable and the effective tax rate.

RECONCILIATION OF APPLICABLE AND EFFECTIVE TAX RATE						
(in thousands of euro)	1st Half 2010	%	1st Half 2009	%	Difference	%
Profit (loss) before tax	**(11,256)**		**(13,051)**			
Theoretical income taxes	**(3,535)**	**31.4%**	**(4,098)**	**31.4%**	**563**	**0.0%**
Tax effect of permanent differences	**4,415**	**-**	**4,221**	**-**	**194**	**-**
Personnel expense	2,502	-	2,818	-	(316)	-
Non-deductible financial expenses	-	0.0%	-	0.0%	-	0.0%
Charges on investments	-	0.0%	-	0.0%	-	0.0%
Car & telephone costs	163	-	85	-	78	-
Non-deductible depreciation & amortisation	131	-	-	0.0%	131	-
Difference between taxable bases for IRES (corporate income tax) and IRAP (regional productivity tax)	133	-	(177)	1.4%	310	-
Other permanent differences (additions)	1,522	-	2,289	-	(767)	4.0%
Income from investments	-	0.0%	(725)	5.6%	725	-
Grants	235	-	-	0.0%	235	-
Other permanent differences (deductions)	(271)	2.4%	(69)	0.5%	(202)	1.9%
Goodwill impairment		0.0%		0.0%	-	0.0%
Prior-year income taxes	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
Tax effect of different foreign tax rates	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
Deferred taxes not provisioned	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
Use of tax losses	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
Tax differences previously not recognised	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
Alignment with new tax rates	**-**	**0.0%**	**-**	**0.0%**	**-**	**0.0%**
Effect of realignment	**-**	**0.0%**	**(3,416)**	**26.2%**	**3,416**	**-**
Reported income taxes	**881**	**-**	**(3,293)**	**25.2%**	**4,174**	**-**

The biggest divergences between the theoretical and effective tax rate relate to:

- the different taxable base for IRAP (regional business tax), which, in practice, does not allow deduction of personnel expense, finance expense, and losses on bad debts. This results in a disproportionate tax base and, therefore, an increase in the tax rate in the event of a decline in earnings. It should also be noted that the statutory IRAP tax rate may be increased or decreased in the various regions of Italy where the Group operates;
- the impact of costs considered non-deductible.

11. Segment reporting

Segment reporting has been prepared in such a way as to provide the information necessary to evaluate the nature and financial effects of operating activities and of the economic environments concerned.

The operating segments for which separate information is provided have been identified based on business operating activities (a) generating revenues and costs, (b) whose results are regularly reviewed at the highest operating decision-making level to decide on resource allocation and assess results, and (c) for which discrete financial information is available.

In terms of identifying an operating segment, separate segment information is disclosed when the following quantitative levels are exceeded:

- the segment's reported revenue, from both external customers and inter-segment sales, accounts for at least 10% of the combined total revenues of all operating segments;
- its reported profit or loss accounts for at least 10% of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that reported a profit and (ii) the combined reported loss of all operating segments that reported a loss;
- its assets account for at least 10% of the combined assets of all operating segments.

If the above quantitative thresholds have not been exceeded, but corporate management has deemed it useful to provide separate disclosure to aid evaluation of the nature and financial effects of the related operating activities, further operating segments have been subjected to detailed disclosure.

During the closing months of 2009, certain organisational changes modified the business divisions comprising the Group and reassigned certain activities and responsibilities amongst these divisions and corporate functions. The principal change consisted in reducing the number of business divisions from five to four. This was accomplished by integrating the business units belonging to the former Multimedia Area (online, finance and agency) in the Publishing Area. Furthermore, the information technologies related to products, which belonged to the Corporate Area and centralised services until last year, were assigned to direct control by the Publishing and Professional Areas. These changes became effective from the beginning of 2010 for the purposes of reporting Group profits or losses. Consequently, the amounts reported for the same period in the previous year are not comparable.

In order to render the amounts for the two years comparable, the results for 1H09 have been reclassified to reflect the organisational structure in effect since 2010.

Based on the above criteria, the operating segments for which the Group provides separate reporting are as follows:

- **Publishing** is the division that heads up the daily newspaper Il Sole 24 ORE, its bundled add-on products, theme magazines such as English24, I Viaggi del

Sole, the monthly Ventiquattro and IL – il maschile de Il Sole 24 ORE, plus a number of primary processes (printing and distribution) also managed for other Group segments. This area includes the Radiocor press agency, real time financial reporting services, the business unit Online, which operates the site www.ilsole24ore.com, paid subscription online content and the eCommerce channel Shopping24;

- **System,** which acts as the advertising sales agency for the Group's main media – except for sector-specific publishing, which has its own network (Business Media) – and for some third-party media;
- **Tax, Legal & PA,** which develops and sells systems of print and electronic products generally connected with magazines published by the Group dedicated to the themes of tax, accounting and reporting, employment, law and public administration, economics and management;
- **Sector-specific Publishing,** which manages the B2B integrated communication activity targeting SMEs in specific sectors, including agrifood, retail distribution, building, ICT and welfare, directly managing dedicated advertising sales forces;
- **Software Solutions,** which creates and markets software covering the operating, accounting, regulatory and tax compliance of professionals, the PA, and SMEs with software marketed under the Via Libera and Impresa24 brands, and that comprises the software companies ESA Software S.p.A., Data Ufficio S.p.A., and STR S.p.A.;
- **Training,** which markets training and refresher services, also customised, targeting professionals, companies and young university graduates;
- The **Radio Area** manages the national radio station Radio24, a news & talk radio with an editorial format alternating news and entertainment programmes based exclusively on speech.

The following information is provided:

- revenue from external customers, as regularly presented to the highest operating decision-making level, for evaluation of segment profit or loss;
- inter-segment revenues, as regularly presented to the highest operating decision-making level, for evaluation of segment profit or loss
- impairment and depreciation, as regularly presented to the highest operating decision-making level, for evaluation of segment profit or loss;
- measurement of segment profits and losses, consisting of GOP (gross operating profit) and Operating Profit;
- the total assets for each segment are not shown as the amount shown in the last annual financial statements has not changed significantly.

The accounting policies used to recognise segment revenue, profits or losses, and assets are consistent with the accounting standards adopted to prepare the Group's consolidated financial report.

Information broken down on a regional basis is not provided, insofar as the Group's activities are concentrated primarily in Italy, with its activities in other countries being immaterial. In regard to disclosures about company customers,

there are no external customers who individually represent more than 10% of the Group's total trading revenues.

INCOME STATEMENT BY SEGMENT								
SEGMENT	Non-captive revenue	Revenue between segments	Tot. Revenue	GOP/GOL	Depreciation & Amortisation	Impairment	Gains/losses	Operating profit (loss)
PUBLISHING								
1st Half 2010	52,930	57,703	110,633	(4,018)	(3,346)	-	(28)	(7,392)
1st Half 2009	60,614	58,270	118,883	(522)	(3,138)	-	2	(3,657)
SYSTEM								
1st Half 2010	85,387	28	85,415	(4,795)	(1)	-	-	(4,796)
1st Half 2009	85,024	10	85,035	(4,846)	(2)	-	-	(4,848)
TAX, LEGAL & PA								
1st Half 2010	48,142	131	48,273	11,863	(4)	-	-	11,859
1st Half 2009	49,729	26	49,755	13,095	(4)	-	-	13,091
SECTOR-SPECIFIC PUBLISHING								
1st Half 2010	20,574	1,297	21,872	(1,876)	(1,223)	-	163	(2,937)
1st Half 2009	23,271	1,477	24,748	(2,376)	(1,524)	-	-	(3,900)
SOFTWARE SOLUTIONS								
1st Half 2010	36,034	85	36,118	5,079	(4,217)	-	447	1,309
1st Half 2009	39,330	139	39,468	6,580	(5,379)	(31)	17	1,187
TRAINING								
1st Half 2010	7,640	469	8,110	1,401	(76)	-	-	1,326
1st Half 2007 2009	6,087	364	6,452	815	(48)	-	-	767
PROFESSIONALS								
1st Half 2010	(13)	-	(13)	699	(610)	-	-	89
1st Half 2009	3	-	3	(335)	(505)	-	-	(840)
RADIO								
1st Half 2010	136	7,069	7,205	(96)	(2,006)	-	123	(1,978)
1st Half 2009	261	6,681	6,941	(581)	(1,913)	-	1	(2,493)
CORPORATE AND CENTRALISED SERVICES								
1st Half 2010	3,246	187	3,433	(5,909)	(3,276)	-	(38)	(9,223)
1st Half 2009	2,010	605	2,615	(11,069)	(2,987)	-	190	(13,866)
CONSOLIDATED								
1st Half 2010	254,077	(0)	254,077	2,349	(14,759)	-	617	(11,793)
1st Half 2009	266,329	(0)	266,329	762	(15,500)	(31)	210	(14,559)

12. *Other information*

12.1 Related-party transactions

Related-party transactions are limited to those with subsidiaries and associates concerning commercial, administrative and financial services. These transactions form part of normal business operations and of the core business of each of the companies involved, and are regulated at market conditions.

RELATED PARTY TRANSACTIONS

Company	Trade receivables	Financial receivables	Trade payables (net of deferred income)	Financial liabilities	Revenue and operating income	Costs	Financial income	Financial expenses
Confederazione Generale dell'Industria Italiana (Confederation of Italian Industry)	17	-	-	-	60	-	-	-
Total ultimate parent entity	**17**	**-**	**-**	**-**	**60**	**-**	**-**	**-**
Nuova Radio S.p.A.	1,079	555	(331)	-	1,083	(7,045)	8	-
Innovare 24 S.p.A.	113	2,878	(181)	-	132	(418)	7	-
24 Ore Cultura S.r.l.	36	3,550	(8)	-	769	(8)	12	-
Alinari 24 Ore S.p.A.	32	3,305	(37)	-	23	(37)	10	-
Il Sole 24 Ore UK Ltd.	-	-	(256)	-		(433)	1,000	-
Faenza Editrice Iberica S.l.u.	9	100	(19)	-	3	(6)	-	-
Newton Managment Innovation S.p.A.	2	-	(2)	-	3	(24)	-	-
Newton LAB S.r.l.	-	-	(16)	-	-	(23)	-	-
Esa Software S.p.A.	9	270	-	-	13	(30)	3	-
Business Media web S.r.l.	26	-	(242)	-	-	(190)	-	-
Shopping 24 S.r.l.	-	40	-	-	-	-	-	-
Total subsidiaries	**1,306**	**10,697**	**(1,093)**	**-**	**2,026**	**(8,214)**	**1,040**	**-**
Italia News S.r.l.	-	-	(351)			(696)	-	-
Editorial Ecoprensa S.A.	-	-	-	-	-	-	-	-
Diamante S.p.A.	-	-	(36)	-	1	(139)	-	-
Softlab S.r.l.	-	-	(26)	-	-	(81)	-	-
Plus People S.r.l.	-	-		-	-	-	-	-
Total associates	**-**	**-**	**(413)**	**-**	**1**	**(916)**	**-**	**-**
Sipi S.r.l.	156	-	(80)	-	175	(86)	-	-
Total other related parties	**156**	**-**	**(80)**	**-**	**175**	**(86)**	**-**	**-**
Total related parties	**1,479**	**10,697**	**(1,586)**	**-**	**2,262**	**(9,216)**	**1,040**	**-**

Financial receivables relate to:

- current account relationships with the subsidiaries Nuova Radio S.p.A., Innovare 24 S.p.A., 24 Ore Cultura S.r.l., Alinari 24 Ore S.p.A., ESA Software S.p.A. and Shopping 24 S.r.l. to maximise the earnings on Group cash deposits. To its receivable balances, the parent applies an interest rate of 1-month Euribor/365 basis.

- receivables from Faenza Editrice Iberica S.l.u. for unpaid dividends.

Trade receivables related to:

- amounts receivable from the parent, Confederazione Generale dell'Industria Italiana, for subscriptions and online products;
- receivables from the subsidiaries Nuova Radio S.p.A., Innovare 24 S.p.A., 24 Ore Cultura S.r.l. and Alinari 24 Ore S.p.A., for charge-backs of centralised service costs;
- receivables from the related company Sipi S.r.l. for the sale of advertising space and publications.

Trade payables mainly referred to:

- payables to subsidiaries: Nuova Radio S.p.A. for return of the publisher's percentage on sale of radio advertising time; Innovare 24 S.p.A. for operations services, production and sale of products, royalties and customisation of software products; Il Sole 24 ORE UK Ltd. for the sale of advertising space in the United Kingdom; Business Media Web S.r.l. for return of the publisher's percentage on sale of advertising space and the provision of web services;
- payables to the associates Italia News S.r.l. for advertising fees, and to Diamante S.p.A. and Softlab S.r.l. for software development and related royalties;
- amounts payable to the related company SIPI S.r.l. for advertising fees.

Operating revenue and income mainly referred to:

- the sale of the Motta Architettura business unit to 24 Ore Cultura S.r.l.;
- the lease to Nuova Radio S.p.A. of premises at Via Monte Rosa 91 in Milan;
- charge-back of centralised services to Group companies;
- sale of advertising space in proprietary publications;

Costs mainly refer to:

- the publisher's percentage of advertising revenue for Nuova Radio S.p.A., Il Sole 24 ORE Business Media S.r.l., Italia News S.r.l., and SIPI S.r.l.;
- commission expenses arising from sale of advertising space in the United Kingdom by Il Sole 24 Ore UK Ltd.;
- charge-backs of support services for centralised, production and marketing activities by Group companies;
- charge-backs of development costs and software royalties.

Financial income refers to the dividend received from Il Sole 24 ORE UK Ltd. and interest income on the financial receivables mentioned above.

12.2 Subsequent events

On 2 July 2010, the Board of Directors of Nuova Radio S.p.A. appointed Fabio Tamburini as head of the broadcaster Radio 24, which remains responsible for management of the Radiocor press agency in view of making a greater impact on information in real time.

The application for reading Il Sole 24 ORE on the *iPad* platform was launched on 12 July. Unlike most competing applications, this application is also available on

the *iPhone*, can display articles in text format, and offers the possibility of creating an archive of favourite articles inside the application to facilitate retrieval of content that a user might wish to read or re-read at a later time. Over 5,000 applications were downloaded on the launch date and over 34,000 by the end of July.

12.3 Disclosures pursuant to CONSOB resolution no. 15519 of 27 July 2006

Consolidated statement of financial position pursuant to CONSOB resolution no. 15519 of 27 July 2006

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euro)	Note (*)	30/06/2010	of which related parties	31/12/2009	of which related parties
ASSETS					
Non-current assets					
Property, plant and equipment	(1)	85,816	-	90,523	-
Goodwill	(2)	73,111	-	72,867	-
Intangible assets	(3)	94,663	-	100,511	-
Investments in associates and joint ventures	(4)	3,162	-	3,098	-
Available-for-sale financial assets	(5)	3,172	-	2,903	-
Other non-current financial assets	(6)	19,491	-	19,227	-
Other non-current assets	(7)	747	-	773	-
Deferred tax assets	(8)	29,682	-	29,617	-
Total		**309,844**	**-**	**319,519**	**-**
Current assets					
Inventories	(9)	12,456	-	15,433	-
Trade receivables	(10)	201,655	173	193,537	144
Other receivables	(11)	12,951	-	12,517	-
Other current financial assets		(0)	-	(0)	-
Other current assets	(12)	12,013	-	6,847	-
Cash and cash equivalents	(13)	90,700	-	95,277	-
Assets held for sale		-	-	2,992	-
Total		**329,774**	**173**	**326,603**	**144**
TOTAL ASSETS		**639,618**	**173**	**646,122**	**144**

(*) Section 10 of the explanatory notes (notes to the consolidated financial statements)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont.)

(in thousands of euro)	Note (*)	30/06/2010	of which related parties	31/12/2009	of which related parties
EQUITY AND LIABILITIES					
A) Equity					
Total equity					
Share capital	(14)	35,124	-	35,124	-
Equity reserves	(15)	180,316	-	180,316	-
Revaluation reserves	(16)	20,561	-	20,561	-
Hedging and translation reserves	(17)	(451)	-	(333)	-
Other reserves	(18)	25,063	-	34,961	-
Retained earnings	(19)	35,609	-	78,799	-
Profit (Loss) for the year	(20)	(11,908)	-	(52,564)	-
Total equity		**284,314**	**-**	**296,864**	**-**
Equity attributable to non-controlling interests					
Capital and reserves attributable to non-controlling interests		614	-	1,497	-
Profit (loss) attributable to non-controlling interests		(229)	-	(779)	-
Total equity attributable to non-controlling interests		**385**	**-**	**718**	**-**
Total		**284,699**	**-**	**297,581**	**-**
B) Non-current liabilities					
Non-current financial liabilities	(21)	9,178	-	10,886	-
Employee benefit obligations	(22)	38,908	-	38,786	-
Deferred tax liabilities	(8)	18,634	-	20,997	-
Provisions for risks and charges	(23)	18,765	-	19,209	-
Other non-current liabilities	(24)	74	-	34	-
Total		**85,558**	**-**	**89,912**	**-**
C) Current liabilities					
Bank overdrafts and loans - due within one year	(25)	3,887	-	3,633	-
Financial liabilities held for trading	(26)	622	-	459	-
Trade payables	(27)	170,034	493	161,077	1,406
Other current liabilities	(28)	15,268	-	8,792	-
Other payables	(29)	79,548	-	84,196	-
Total		**269,360**	**493**	**258,156**	**1,406**
D) Non-current liabilities held for sale		**-**	**493**	**472**	**1,406**
Total liabilities		**354,919**	**493**	**348,540**	**1,406**
TOTAL EQUITY AND LIABILITIES		**639,618**	**493**	**646,122**	**1,406**

(*) Section 10 of the explanatory notes (notes to the consolidated financial statements)

Consolidated Income Statement pursuant to CONSOB Resolution no. 15519 of 27 July 2006

SEPARATE INCOME STATEMENT

(in thousands of euro)	Note (*)	1st Half 2010	of which related parties	1st Half 2009	of which related parties
1) Continuing operations					
Revenue from newspapers, books and magazines	(30)	74,547	61	85,197	44
Revenue from advertising	(31)	99,218	175	100,319	131
Other revenue	(32)	80,313	-	80,813	1
Total revenue		**254,077**	**236**	**266,329**	**176**
Other operating income	(33)	5,872	-	4,690	-
Personnel expense	(34)	(92,859)	-	(99,598)	-
Change in inventories	(9)	(3,650)	-	(1,953)	-
Purchase of raw materials and consumables	(35)	(12,711)	-	(16,861)	-
Services	(36)	(118,531)	(1,002)	(124,190)	(1,086)
Use of third party assets	(37)	(17,564)	-	(17,264)	-
Other operating costs	(38)	(7,256)	-	(7,495)	-
Provisions	(23)	(745)	-	(974)	-
Provisions for bad debts	(10)	(4,284)	-	(1,920)	-
Gross operating profit (loss)		**2,349**	**(766)**	**763**	**(910)**
Amortisation of intangible assets	(3)	(8,976)	-	(9,740)	-
Depreciation of property, plant and equipment	(1)	(5,783)	-	(5,760)	-
Impairment losses on property, plant and equipment and on intangible assets		-	-	(31)	-
Capital gains/(losses) on disposal of non-current assets	(39)	617	-	210	-
Operating profit (loss)		**(11,793)**	**(766)**	**(14,558)**	**(910)**
Financial income	(40)	656	-	2,050	-
Financial expenses	(40)	(208)	-	(377)	-
Total financial income		**448**	**-**	**1,673**	**-**
Other income from investment assets and liabilities	(41)	89	-	-	-
Gains/(losses) from equity-accounted investees		-	-	(165)	-
Profit (loss) before tax		**(11,256)**	**(766)**	**(13,050)**	**(910)**
Income taxes	(42)	(881)	-	3,293	-
Net profit (loss) from continuing operations		**(12.137)**	**(766)**	**(9,757)**	**(910)**
2) Discontinued operations		**-**	**-**	**-**	**-**
Profit (loss)		**(12,137)**	**(766)**	**(9,757)**	**(910)**
Profit (loss) attributable to minority interest		**(229)**	**-**	**(527)**	**-**
Profit attributable to owners		**(11,908)**	**(766)**	**(9,230)**	**(910)**

(*) Section 10 of the explanatory notes (notes to the consolidated financial statements)

Consolidated Statement of Cash Flows pursuant to CONSOB Resolution no. 15519 of 27 July 2006

CONSOLIDATED STATEMENT OF CASH FLOWS					
(in thousands of euro)	Note (*)	1st Half 2010	of which related parties	1st Half 2009	of which related parties
A) CASH FLOWS FROM OPERATING ACTIVITIES					
Profit (loss) attributable to owners of the parent	(20)	(11,908)	-	(9,230)	-
Depreciation of property, plant and equipment	(1)	5,783	-	5,760	-
Amortisation of intangible assets	(3)	8,976	-	9,740	-
Impairment losses on other fixed assets and goodwill		-	-	31	-
Impairment losses on non-current assets		-	-	165	-
(Gain) loss on sale of property, plant and equipment	(39)	61	-	(211)	-
(Gain) loss on sale of intangible assets	(39)	(118)	-	-	-
(Gain) loss on sale of business units	(39)	(559)	-	-	-
(Gain) loss on sale of investments in subsidiaries	(41)	(89)	-	-	-
Increase (decrease) in provisions for risks and charges	(23)	(443)	-	(573)	-
Increase (decrease) in employee benefits	(22)	633	-	(962)	-
Increase (decrease) in deferred tax assets/liabilities	(8)	(2,427)	-	(8,690)	-
Changes in consolidation scope of operating provisions	(22) (23)	(52)	-	-	-
Annual instalment of substitute tax		1,529	-	4,927	-
Net financial income	(40)	(448)	-	(1,673)	-
Cash flows from ordinary activities prior to change in net working capital		**937**	**-**	**(715)**	**-**
(Increase) decrease in inventories	(9)	2,977	-	1,953	-
(Increase) decrease in trade receivables	(10)	(8,201)	(172)	(683)	143
Increase (decrease) in trade payables	(27)	8,879	(913)	4,798	167
Income taxes paid		(2,003)	-	(8,526)	-
(Increase) decrease in other assets/liabilities		(1,999)	-	(2,354)	-
Changes in consolidated companies		54	-	-	-
Changes in net working capital		**(292)**	**(1,085)**	**(4,811)**	**310**
NET CASH USED IN OPERATING ACTIVITIES (A)		**645**	**(1,085)**	**(5,526)**	**310**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT.)

(in thousands of euro)	Note (*)	1st Half 2010	of which related parties	1st Half 2009	of which related parties
B) CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds of sale of subsidiaries		1,241	-	-	-
Proceeds on sale of property, plant and equipment		31	-	453	-
Proceeds on sale of intangible assets		314	-	1	-
Proceeds on sale of business units		123		-	-
Investments in property, plant and equipment	(1)	(1,252)	-	(3,141)	-
Investments in intangible assets	(3)	(3,509)	-	(4,850)	-
Other changes in property, plant and equipment	(1)	(14)	-	-	-
Other changes in intangible assets	(3)	(24)	-	-	-
Increase of goodwill due to business combinations		-	-	44	-
Other increases in goodwill	(2)	(244)		-	-
Investments in intangible assets of business combinations		0	-	-	-
Purchase of investments in subsidiaries		-	-	(936)	-
Decrease of associates due to business combinations		(0)	-	-	-
Other decreases (increases) in investments in associates		(64)	-	(59)	-
Other decreases (increases) in other non-current assets and liabilities		66	-	(1,345)	-
Purchases of available-for-sale financial assets		(268)	-	-	-
Changes in consolidated companies		45		-	
NET CASH USED IN INVESTING ACTIVITIES (B)		**(3,555)**	**-**	**(9,833)**	**-**
FREE CASH FLOW (A + B)		**(2,902)**	**-**	**(15,359)**	**-**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT.)					
(in thousands of euro)	Note (*)	1st Half 2010	of which related parties	1st Half 2009	of which related parties
C) CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		-	-	(10,250)	-
Registering (repayment) of long-term bank loans	(21)	(1,709)	-	(1,672)	-
Change in other non-current financial assets		(264)	-	(318)	-
Change in financial assets/liabilities held for trading	(26)	164	-	467	-
Net financial interest received	(40)	448	-	1,673	-
Change in equity attributable to non-controlling interests		(332)	-	(527)	-
Other changes in reserves		(642)	-	1,202	-
NET CASH FROM (USED IN) FINANCING ACTIVITIES (C)		**(2,335)**	**-**	**(9,424)**	**-**
INCR. NET INCR. (DECR.) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(5,246)**	**-**	**(24,783)**	**-**
OPENING CASH AND CASH EQUIVALENTS		**92,058**	**-**	**145,299**	**-**
CLOSING CASH AND CASH EQUIVALENTS	**(13)**	**86,812**	**-**	**120,516**	**-**
INCREASE (DECREASE) FOR THE YEAR		**(5,246)**	**-**	**(24,783)**	**-**

(*) Section 10 of the explanatory notes (notes to the consolidated financial statements)

12.4 Seasonality of Group business

The Group's business is subject to seasonality, consisting of a slowdown in revenues – both from circulation and, above all, advertising – in the summertime. Given this, first-half performance cannot be considered representative of the Group's full-year operating performance.

RESULTS OF RECENT HALF-YEAR PERIODS			
(in thousands of euro)	1st Half 2009	2nd Half 2009	1st Half 2010
Revenue	266,329	236,374	254,077
Gross operating profit (loss)	762	(25,448)	2,349
Operating profit (loss)	(14,559)	(52,911)	(11,793)

The figures illustrated above are merely provided for reference purposes and may not be used in forecasting future results.

Financial performance is affected by seasonality relating not only to the operating trend indicated above, but also to the dynamics of the taking out and renewal of subscriptions for the newspaper and magazines, which are concentrated in the first part of the year.

12.5 Net financial position

The following table details the components of the net financial position:

NET FINANCIAL POSITION		
(in thousands of euro)	30/06/2010	31/12/2009
Cash and cash equivalents	90,700	95,277
Bank overdrafts and loans - due within one year	(3,887)	(3,633)
Short-term net financial position	**86,813**	**91,644**
Non-current financial liabilities	(9,178)	(10,886)
Non-current financial assets and fair value changes in financial hedging instruments	18,182	18,071
Medium-long term net financial position	**9,004**	**7,185**
Net financial position	**95,817**	**98,829**

12.6 Employees

The average number of employees by contractual category was as follows:

EMPLOYEES				
AVERAGE HEADCOUNT	1st Half 2010		1st Half 2009	
	Number	%	Number	%
Managers	105.3	4.9	114.8	5.1
Journalists	444.4	20.8	471.2	20.9
White Collars	1,452.2	68.0	1,498.3	66.6
Blue-collars	133.5	6.3	166.7	7.4
Total	**2,135.3**	**100.0**	**2,250.9**	**100.0**

Milan, 03 August 2010

Chairman of the Board of Directors

GIANCARLO CERUTTI

Certification of condensed half-yearly financial statements pursuant to Article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 as amended

1. The undersigned Donatella Treu, in her capacity as Chief Executive Officer, and Giuseppe Crea, in his capacity as Corporate Financial Reporting Manager of Il Sole 24 ORE S.p.A., hereby certify, pursuant to, inter alia, the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998 [the Italian Consolidated Law on Finance]:

- the adequacy in relation to the entity's characteristics; and
- the effective application of administrative and accounting procedures for preparation of the condensed half-yearly consolidated financial statements during the first half of 2010.

2. The adequacy of the administrative and accounting procedures used to prepare the condensed half-yearly consolidated financial statements as at and for the period ended 30 June 2010 has been assessed based on the methodological rules defined by Il Sole 24 Ore S.p.A. and consistent with the "Internal Control – Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is a benchmark framework for the internal control system generally accepted internationally.

3. They further certify that:

3.1. The condensed half-year consolidated financial statements:

- have been drafted in compliance with the applicable International Financial Reporting Standards recognised in the European Union pursuant to EC Regulation 1606/2002 of the European Parliament and Council of 19 July 2002;
- are consistent with the corporate books and accounting records;
- give a fair and true view of the financial position and results of operations of the issuer and of the companies included in the scope of consolidation.

3.2. The interim management report includes a reliable analysis of references to the important events occurring in the first six months of the financial year and their impact on the condensed half-yearly consolidated financial statements, as well as a description of the principal risks and uncertainties for the remaining six months of the financial year. The interim management report also comprises a reliable analysis of information concerning significant related-party transactions.

Milan, 03 August 2010

Chief Executive Officer	Corporate financial reporting manager
Donatella TREU	Giuseppe CREA