



MONDADORI

Mandatory public notification (as per CONSOB Regulation N° 11971 of May 14, 1999 and subsequent modifications).

PRESS RELEASE

Board of Directors approves report on the first half of the year to 30 June 2010

- **CONSOLIDATED REVENUES OF €26.8 MILLION:
-0.5% ON €30.7 MILLION AT 30 JUNE 2009**
- **GROSS OPERATING PROFIT OF €4.6 MILLION:
+35.8% ON €40.2 MILLION AT 30 JUNE 2009**
- **CONSOLIDATED PRE-TAX PROFIT OF €30.8 MILLION:
+75% ON €17.6 MILLION AT 30 JUNE 2009**
- **CONSOLIDATED NET PROFIT OF €15.1 MILLION:
MORE THAN DOUBLE THE €7.3 MILLION AT 30 JUNE 2009**

Segrate, 29 July 2010 - The Board of Directors of Arnoldo Mondadori S.p.A. met today, under the chairmanship of Marina Berlusconi, to examine and approve the interim report for the first six months of the year to 30 June 2010, as presented by the Group's deputy chairman and chief executive, Maurizio Costa.

THE MARKET SCENARIO

In the current economic climate signals of a recovery in investments and industrial production have yet to be matched by a turnaround in consumer spending. Figures for the sectors in which Mondadori operates do, however, show that the slight recovery, which began in the first quarter, is continuing.

A BRIEF OVERVIEW OF THE PERFORMANCE OF THE MONDADORI GROUP

Mondadori's results at the end of the first half of the year show consolidated revenues in line with the first six months of 2009. The figures also show that the company outperformed the market in almost all sectors of reference and generated **a marked improvement in profitability**.

These results have been achieved thanks to a series of factors that reflect the Group's business approach:

- the sharp focus on the product and on readers' needs that has always been a distinctive characteristic of Mondadori.

Magazine circulation figures, once again better than the market, underline the importance of Mondadori's constant commitment to a portfolio of titles that are points of reference in their respective sectors, both in Italy and in France;

- a capacity to maintain, at the highest international benchmark levels, the **profitability of the Book Division**.

Despite a fall in revenues, due to a publishing schedule more focused on the second half of the year, the Division remains a pillar of the Group's business portfolio;

- determination in the development of the Group's leading brands, through its international network. Since first hitting the newsstands, almost one year ago, the success of **Grazia in France** is a demonstration of how the market can respond to products that stand out in terms of quality and content;
- a commitment to the pursuit of simplification in processes and structures aimed at ensuring a recovery of profitability from existing businesses and freeing up resources for new projects.

In line with the declared objectives, the restructuring plan and various **cost containment actions** have generated significant results.

The technological changes currently affecting the media sector, with the explosion of different platforms for the distribution of and access to digital content, are changing consumer expectations, needs and models. Publishers consequently need to provide a concrete response to such changes, both in qualitative terms and with sustainable business models.

This is why, in the first half of the year, Mondadori has been engaged in intensive efforts:

- in books, to create the basis for agreements with different operators in order to make a vast selection of the books published by the Group, both new and backlist titles, available in digital formats;
- in magazines, to develop digital versions of the titles which make the most of the characteristics and potential of the new electronic devices and to provide a fresh impulse for the sale of advertising in the digital sector.

GROUP PERFORMANCE IN THE PERIOD TO 30 JUNE 2010

The highlights of the Group's business results for the first half of the year are provided without reclassification, even if the figures for 2010 have been impacted by higher levels of development costs (mainly for *Grazia* France) and increased postal charges, imposed at the beginning of April.

Consolidated revenues to 30 June 2010 came to **€26.8 million**, essentially in line (-0.5%) with the €730.7 million recorded for the first half of 2009.

Consolidated gross operating profit to 30 June 2010 amounted to **€4.6 million**, an increase of 35.8% on €40.2 million in the previous year, despite taking account of, as indicated above, increased development costs and higher postal charges.

As a proportion of revenues this corresponds to 7.5%, compared with 5.5% for the same period of 2009.

Consolidated operating profit to 30 June 2010 totalled **€42.8 million**, an increase of 53.4% on €27.9 million in the first six months of 2009, with amortizations and depreciations of tangible and intangible assets for a total of €11.8 million (€12.3 million in 2009).

As a proportion of revenues, a rise from 3.8% in 2009 to 5.9%.

Consolidated pre-tax profit came to **€30.8 million** (+75% on €17.6 million in 2009), with increased financial charges of €1.7 million.

Consolidated net profit to 30 June 2010 amounted to **€15.1 million**, more than double the figure of €7.3 million for the same period of last year.

Gross cash flow in the first six months of 2010 totalled **€26.9 million**, compared with €19.6 million in 2009.

The **net financial position** went from -€372.9 million at the end of 2009 to -€393 million at 30 June 2010; compared with the same period of the previous year, this represents an improvement of €80.9 million.

Information regarding personnel

As of 30 June 2010 the number of people employed by companies of the Group (both on temporary and permanent contracts) totalled 3,757. On a like-for-like basis, the figure would be 3,525, excluding the staff of Mondolibri, consolidated since May (with a headcount of 232).

Compared with 31 December 2009 (3,750) there is clear evidence of the effects of the Restructuring Plan, above all in Magazines, with a reduction, on a comparable basis, of 225 people (55 of whom are journalists in Italy or France).

The implementation of the Plan will continue for the whole of 2010 and will be completed in the second half of 2011.

Finally, it should be noted that the CCNL labour contract for employees of printing and publishing companies has expired and has not yet been renewed.

RESULTS OF THE BUSINESS AREAS

• Books

The Book Division recorded revenues for the first half of 2010 of **€168 million**, a fall of 8% on the €186.2 million of the same period of the previous year.

This was principally the result of changes to the publishing schedule for the most important titles, including the new novel by Ken Follett, *La caduta dei giganti*, which should be published in September.

Nielsen figures for the first six months of 2010 confirm the Group's leadership in trade books, with a 26.3% share. The single publishing houses in the Division also confirmed their positions among the top ten in Italy:

with Mondadori at the top of the list, with a market share of 13%; Einaudi with 5.4%, Piemme with 4.2% and Sperling&Kupfer with 2.2%.

During the first half of 2010 **Edizioni Mondadori** generated revenues of €55.5 million (-14.9%). Successful new titles published in the period included: *Canale Mussolini* by Antonio Pennacchi, which was published in March and went on to win the prestigious *Strega* prize; *Il palazzo della mezzanotte* by Carlos Ruiz Zafón (with sales of over 250,000 copies), consolidating his position among our key authors in the foreign fiction area; *Il fattore Scarpetta* by Patricia Cornwell, which sold more than 130,000 copies; *La compagna di scuola* (80,000 copies) by Madeleine Wickham, better known by her pseudonym Sophie Kinsella.

Of particular note were the results achieved by first-time author Alessandro D'Avenia with *Bianca come il latte, rossa come il sangue* which, in nine editions, has sold more than 100,000 copies, and *La Malapianta* by Nicola Gratteri and Antonio Nicaso, which has reached almost 100,000 copies. Also of note was the launch of the new Strade Blu Dark series, with the first two volumes of *La Trilogia di Stoccolma* by Jens Lapidus.

Mention should also be made, in general books, of the enormous success of the novel by Fabio Volo *Il tempo che vorrei* (which sold over 120,000 copies in 2010 alone, bringing total sales to 710,000 copies), and the Oscar editions of *Gomorra* by Roberto Saviano and *La solitudine dei numeri primi* by Paolo Giordano, both already among the bestselling paperbacks. In Children's books there was a very positive response to the launch of the new Oscar Junior series, with sales of more than 300,000 copies for the first 35 titles.

Einaudi generated revenues of €23.8 million, a fall of 2.9% compared with the first half of 2009. This was the result of promotional initiatives carried out in 2009, but not repeated this year, that particularly benefited *Stile Libero*, in the bookshop channel, and the *Meridiani* and *Valla* series, in the instalments channel.

Stand out new titles in the first half of 2010 included *La parola contro la camorra* by Roberto Saviano (with sales of 105,000 copies) and *Prima di morire addio* by Fred Vargas (78,000).

Mondadori Electa generated revenues during the period of €16.3 million, down 11.9% on the same period of last year. There was a marked fall in book sales (-21%), which, net of the impact of add-on sales, translates as essentially in line with the first half of 2009. In general, given the ongoing difficulties facing illustrated books and art publishing, production levels continued to be strongly contained, with another sharp fall in the number of copies distributed.

There was also a fall in revenues in the Cultural Assets sector (-9%) due to lower sales from museum bookshops resulting from the termination of concessions at the Brera Museum and the Cenacolo in Milan and the Musei Civici in Venice.

However, during the period, two important acquisitions were made: the new Museum of the Twentieth Century in Milan (due to open in November 2010) and the Maxxi Museum in Rome, which opened to the public in May. Thanks also to an increase in the number of tourists visiting the country's principal museums and monuments, in the organisation of exhibitions area in which the company is active, Mondadori Electa saw an increase in revenues compared with June 2009.

Sperling & Kupfer recorded revenues for the period of €13.9 million (-7.3%). This fall was mainly due to a reduction in the sale of rights for add-on sales initiatives. A total of 164 new titles were published during the period, compared with 187 in 2009, in line with the ongoing focus on the selection of titles for publication. Of particular note was the publication at the end of June of the new book by Sveva Casati Modignani, *Mister Gregory*, which immediately entered the Italian fiction bestsellers list and the first novels by two interesting new authors, Anne Fortier and Kate Morton.

Mondadori Education generated revenues during the period of €14.3 million (+0.7%). In the primary school area almost all of the adopted texts of last year have been confirmed, integrated with digital content for teachers, and there has been an increase in the range of extra-curricular materials, from which the company expects positive results. Catalogue sales continued to suffer in the first level secondary segment, while new titles achieved reassuring results, which augurs well for the future. Finally, the company confirmed its strong positioning in a series of subjects in the humanities in the second level secondary segment.

Edizioni Piemme ended the first half of 2010 with revenues of €24.2 million, an increase of 8.5% on 2009, thanks to the success of a series of commercial initiatives in the various sales channels and across all product lines.

In the fiction and non-fiction area new titles included *Il sussurro della montagna proibita* by Siba Shakib (47,000 copies sold). There was a slight fall in fiction sales compared with 2009, due to a reduction in supplies of titles by Khaled Hosseini, now available in paperback; while in Religion there was an excellent performance by *A un passo dal baratro* by Paolo Brosio (with sales of 60,000 copies since the beginning of 2010).

The Junior area saw an increase in sales compared with 2009 with varying trends: the brand *Il Battello a Vapore* saw revenues in line with last year, thanks to a range of well-established series, while the Stilton line saw a rise in revenues thanks to the publication of successful new titles.

• **MAGAZINES ITALY**

In the first half of the year the Italian magazine market was once again conditioned by the tail end of the crisis that affected both national and international publishers in the two-year period 2008 - 2009.

The impact was felt on the advertising front - with magazines struggling more than other media to turnaround a negative trend that has now lasted for almost two years - as well as circulation - where ongoing difficulties persisted in the first half of the year - and, finally, in add-on sales - where there was a further marked downturn.

All of which makes Mondadori's performance in the first six months quite significant, both in terms of business performance (despite the negative impact of unexpected costs resulting from the cancellation of postal subsidies for subscriptions), and revenues.

The revenues generated by the Magazine Division in Italy in the first half of 2010 amounted to **€250 million** (-1% on €252.4 million in the same period of the previous year).

These results, after the sharp downturn recorded in 2009, were generated by Mondadori titles thanks to a series of factors:

- **circulation revenues** (-4%) that **clearly outperformed the market**, with a strengthening of the Division's market share;
- an increase in revenues from **add-on sales** (+2.8%), **in marked contrast** to the market trend, where there was a fall of more than 30% (in terms of value to May). Underpinning this higher level of stability compared with the competition was the organisation of the business across different product types, the strength of certain brands and a careful selection of the initiatives;
- there was also a further moderate stabilisation in **advertising revenues, decidedly more resistant** (-1.7%) than the most qualified competitors, in a market that was down by 9.3%;
- revenues - particularly positive in the second quarter, almost in line with 2009 - benefited from a **good performance by the weekly titles**, while monthlies were decidedly weaker, with the exception of those titles currently being re-launched, including *Grazia Casa*, *Interni*, *Casa Facile*, *Cucina Moderna* and *Panorama Travel*.

The action taken by Mondadori in response to a still difficult market was organised along two main lines: the first aimed at reaping the benefits of the restructuring plan, and the second focused on sustaining the development of the product portfolio.

In terms of **circulation**, in a market which saw a downturn of 9.3% (in terms of volume to May), Mondadori **confirmed and strengthened its leadership**, with a market share of 35.8% at the newsstands; there was a slight upturn for *Tu Style*, with a stable circulation of around 200,000 copies, making it one of the best-selling women's weeklies; both *Chi* and *Donna Moderna* performed well in their markets of reference; there was significant growth for *Grazia*; the new editorial formulas of *Casa Facile* and *Interni*; and satisfactory results for the monthlies *Salute!*, *Oroscopo* and *Giochi*, all of which are supplements to *TV Sorrisi e Canzoni*.

International activities

Thanks to the positive performance of the UK, Dutch and German editions of *Grazia*, licensing revenues increased in the first half of 2010 by 42%, while advertising sales in Italy for the network doubled, both thanks to the inclusion of new editions and an increase in revenues for existing titles, in particular in Russia, China and Great Britain.

The Attica subsidiary was affected by the financial crisis in Greece and the Balkans and saw a fall in advertising revenues of around 18% (-11% on a like-for-like basis). Energetic action is currently underway on the cost side, the results of which will be seen from the second half, with a positive effect on the company's results.

Digital

There was a marked increase in online advertising and, in particular, display advertising was up by 11.6% compared with the same period of the previous year (source: Nielsen in terms of value, to May 2010).

Mondadori has created a new sales company, Mediamond, with a sales force dedicated to online advertising in order to improve the effectiveness of the offer. The decision to focus on the women's market has already generated encouraging results and the new site of *GraziaMagazine.it* and the positive performance of *DonnaModerna.com* have given a new impulse to the sale of advertising on Mondadori sites.

- **MAGAZINES FRANCE**

The strategic decisions taken in France in 2009 - the launch of *Grazia*, the extension of the Editions Mondadori Axel Springer joint venture, and the review of the portfolio of titles - have had a favourable impact on the first half of 2010.

Mondadori France generated revenues of **€168.4 million**, a slight fall (-1.2%) on €170.5 million in the same period of 2009; excluding the titles sold and the contribution of *Grazia France* revenues were up by 6.6%.

Circulation revenues, which account for 70% of the total, were **up by 2%** on a like-for-like basis. The change is due to, on the one hand, a slight fall in newsstand sales, in a market that was down by 3% in May (internal figures, in terms of volume), and, on the other, to an increase in subscriptions, which make up an increasingly significant part of circulation revenues, which are less exposed to economic cycles. These results were obtained thanks to careful portfolio management, along with an ongoing focus on product quality. The contribution of *Grazia* was of particular importance, raising the rate of growth, net of titles sold or transferred, to +5.3%

There was a **marked improvement in advertising sales** in the first half of the year compared with 2009. Mondadori France saw advertising sales increase by 21.2%, excluding the titles no longer consolidated, and by a total of 5.8%, thanks to the contribution of *Grazia*.

In a market that grew by 3.1% (Source: Kantar Media, in terms of volume, to May), thanks to the contribution of important new launches in the women's weekly segment, Mondadori recorded growth of 22.7%, **with a significant increase in the company's market share**, taking it close to the level of its direct competitor.

These results are even more positive if we remember that growth was generated in the high-margin upmarket segment, which now accounts for 22.4% of the advertising revenues of Mondadori France (6.5% in 2009).

The policy of cost reductions carried out over recent years continues also this year and, in addition to the restructuring, the project for the transfer of the company's offices to new premises has taken on increasing importance. The move, to Montrouge, in the Paris metropolitan area, will take place in January 2011 and will have a positive impact in terms of costs, organisation and efficiency.

The extension of the Editions Mondadori Axel Springer joint venture, with the contribution of all of the company's titles in the car sector, is already producing positive results, above all with the new formula of *L'Auto-Journal*, which, in the first five months saw 21.4% increase in circulation and interesting further developments are in the pipeline, particularly for the digital versions of the car titles.

The results of *Grazia* continue to be excellent - even after the launch of two competing titles (*Envy* and *Be*) - with an average of 29.5 advertising pages per issue and newsstand sales of 177,000 copies from the launch to the present.

- **ADVERTISING**

Advertising investments in Italy in the first five months of 2010 (Source: Nielsen - in terms of value) were up (+3.8%), but continued to show a varied capacity to react, both in terms of the speed and scale of recovery, by the different media as they emerge from different levels of crisis during 2009.

After the second quarter, the improved state of health of online and radio advertising was underlined, there was a progressive recovery in television, while in print media, magazines continued to suffer significantly (-9.3%) while newspapers remained essentially stable. There were however cautious signals of an improvement in investments in FMCGs and cosmetics, and, to a lesser extent in fashion and interiors.

Mondadori Pubblicità ended the first half with total revenues of **€119.9 million**, in line with 2009 on a like-for-like basis in terms of media (i.e. excluding online and newspapers, no longer in the portfolio in 2010). The marked changes in the breakdown of revenues, including the termination of the contract with Società Europea di Edizione S.p.A. in November, and the switch of online advertising sales from January to the new sales company, Mediamond, have had a negative impact in 2010 of around 5 percentage points.

During the first six months of 2010 sales for Mondadori magazines - characterised by an intense and focused policy of re-launches and an innovative range of technologically enriching activities - recorded a marked advantage compared with the main competitors, thanks to improved sales in the second quarter, with a slight fall compared with the first half of 2009 (-1.6%).

After a clear upturn (over 4.5%) in the second quarter, **Mondadori weeklies** recorded growth of **2.7%**. There was a convincing and progressive consolidation in the women's segment (particularly with *Donna Moderna*, *Chi* and *Tu Style*); a big success in terms of advertising for the re-launch of *Panorama*; and a performance

that was below that of 2009 for monthly titles, in a market that remained somewhat “unconvinced” by this type of product.

In the **radio** segment, it should be underlined that R101 closed the first six months of 2010 with growth of 8.6%, compared with the same period of last year, thanks to a second quarter that was up by more than 12%. Meanwhile, sales for Radio Kiss Kiss, which began in March 2009, continued with constant success.

- **DIRECT and RETAIL**

Mondadori's Direct & Retail Division generated total first half revenues in 2010 of **€111.3 million**, an increase of 18.9% on the €93.6 million on the first half of 2009.

It is worth remembering that the figures for last year did not include Mondolibri. Consequently, on a like-for-like basis, growth during the period was around 4%.

Investments in direct marketing in Italy were up by 5.8% in the first five months of the year (Source: Nielsen, in terms of value). In this context **Cemit** grew in line with the market, developing new opportunities in all of the sectors in which it has operated for years in the role of integrating processes for direct marketing and by expanding its market through a process of internationalisation.

In May 2010 Cemit was joined in the direct sales business by Mondolibri, which, with its six thematic book clubs, has around 800,000 members. Revenues from this business were down by around 6% compared with the first half of 2009, a period when the business was not consolidated.

Mondolibri is also one of the leading national operators in e-book sales, conducted through the web site Bol.it, where revenues were up by 43%, well above the trend in the market as a whole.

The revenues of the Retail Division, which since May include those generated by the outlets of Mondolibri S.p.A., were up by 6.4% (4.1% on a like-for-like basis) compared with the same period of the previous year. This increase was, however, substantially attributable to the development of the network, which now has a total of 564 outlets.

Mondadori Retail (33 own stores, bookstores and Multicenters) towards the end of the first half placed a special emphasis on redefining the offer of the Multicenter formula, making changes to the product mix and reviewing the lay out of the stores in order to make them more accessible.

Sales (+2.5% compared with the first half of 2009) grew sharply in stationery (+19.3%), performed very well for editorial products (+6.4%) and were stable for digital goods (-0.3%). Despite the opening of three new stores in Palermo, Rome and Turin, in the second half of 2009, there was an increase in staff of just 12, in line with the rationalisation policy implemented last year.

Mondadori Franchising generated revenues in the first half of €33.1 million, an increase of 6.8%, thanks to the expansion of the number of affiliates in the chain of book shops and the Edicolò formula (250 and 206 respectively).

Mondolibri, which operates 23 book shops directly and has 52 in franchising, generated May and June revenues (the period of consolidation) of €1.9 million.

- **RADIO**

In the first five months of the year the radio market grew by 14.6% compared with 2009, highlighting a trend of continuous growth and distinguishing itself as one of the best-performing media (Source: Nielsen, in terms of value).

Advertising sales for R101 during the first half of 2010 came to **€7.6 million** (+8.6%), with fewer special initiatives than in the same period of the previous year.

In terms of ratings, the new Audiradio survey rewarded R101, which in the first quarter of 2010 had a daily average of some 2.5 million listeners and 7 million over 21 days, an important breakthrough that confirms the Mondadori Group's radio station as one of the leading national networks.

EXPECTATIONS FOR THE FULL YEAR

In the first six months of the year the volume of the Mondadori Group's business was in line with that of the previous year, while, at the same time, there was a significant improvement in profitability, despite ongoing investments for the development of both the products in the international network and digital content, in the book and magazine sectors.

In addition to the positive revenue performance by the businesses, the company's was also able to count on the increasingly effective containment of operating and structural costs. The only negative impact came from

higher postal charges, after exceptional increases, from the beginning of April, resulting from the cancellation of state subsidies on the cost of postage for subscriptions.

It is therefore reasonable to suppose that, net of unforeseen circumstances and with ongoing stability in the trends in the company's markets of reference, Mondadori will be able, for the full year, to further improve the already positive levels of operating profitability recorded in the first half.

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The executive responsible for the preparation of the company's accounts, Carlo Maria Vismara, declares that, as per art. 2, 154 bis of the Single Finance Text, the accounting information contained in this release corresponds to that contained in the company's formal accounts.

Enclosures:

- consolidated balance sheet (1)
- consolidated income statement (2)
- cash flow statement (3)
- balance sheet of Arnoldo Mondadori Editore S.p.A. (4)
- separate consolidated income statement of Arnoldo Mondadori Editore S.p.A. (5)
- cash flow statement of Arnoldo Mondadori Editore S.p.. (6)

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Encl. 1

Consolidated balance sheet (in €m)

Assets	30 June 2010	31 December 2009
Intangible assets	908.5	904.3
Fixed assets	2.4	2.5
Land and buildings	11.0	11.4
Plant and machinery	6.4	7.2
Other assets	29.5	29.7
Property, plant and machinery	46.9	48.3
Investments booked using net equity method	135.9	143.3
Other investments	0.2	0.2
Total investments	136.1	143.5
Non-current financial assets	0.5	0.5
Advanced taxes	45.3	46.2
Other non-current assets	4.8	2.9
Total non-current assets	1,144.5	1,148.2
Tax credits	16.3	23.6
Other current assets	95.4	87.0
Inventories	129.3	124.0
Trade receivables	359.4	378.3
Stocks and other current financial assets	51.9	41.4
Cash and equivalents	25.5	119.6
Total current assets	677.8	773.9
Assets destined for sale or closure	-	-
Total assets	1,822.3	1,922.1
Liabilities	30 June 2010	31 December 2009
Share capital	67.5	67.5
Share premium reserve	286.8	286.8
Treasury stock	(145.0)	(138.8)
Other reserves and results carried forward	322.7	294.7
Profit (loss) for the period	15.1	34.3
Total Group shareholders' equity	547.1	544.5
Minority capital and reserves	1.6	1.8
Total shareholders' equity	548.7	546.3
Reserves	48.8	58.4
Severance payments	55.6	59.0
Non-current financial liabilities	447.6	382.2
Deferred tax liabilities	90.5	89.1
Other non-current liabilities	-	0.1
Total non-current liabilities	642.5	588.8
Income taxes payable	28.9	20.4
Other current liabilities	235.0	256.7
Trade liabilities	343.9	357.7
Bank debts and other financial liabilities	23.3	152.2
Total current liabilities	631.1	787.0
Liabilities deriving from sales or closures	-	-
Total liabilities	1,822.3	1,922.1

Encl. 2

Consolidated income statement (in €m)

	30 June 2010	30 June 2009	% change
Income from sales of goods and services	726.8	730.7	(0.5%)
Personnel costs	134.3	143.1	(6.1%)
Cost of sales and management (*)	541.0	543.8	(0.5%)
Income (charges) from investments calculated on a net equity basis	3.1	(3.6)	n.s.
Gross operating profit	54.6	40.2	35.8%
- as a proportion of revenues	7.5%	5.5%	
Depreciation of property, plant and machinery	6.2	6.0	3.3%
Depreciation of intangible assets	5.6	6.3	(11.1%)
Operating profit	42.8	27.9	53.4%
- as a proportion of revenues	5.9%	3.8%	
Net financial income (charges)	(12.0)	(10.3)	16.5%
Other financial income (charges)	-	-	-
Profit for the period before taxation	30.8	17.6	75.0%
Tax charges (income)	15.3	10.0	53.0%
Minority interest	0.4	0.3	33.3%
Net profit	15.1	7.3	106.8%

(*) Includes the following items: decrease (increase) in inventories; cost of raw, ancillary and consumable materials and goods; cost of services; various charges (income).

Encl. 3

Consolidated cash flow statement (in €m)

	30 June 2010	30 June 2009
Net profit for the period	15.1	7.3
Adjustments		
Depreciations, amortisation and impairment	11.8	12.3
Stock options	0.3	0.4
Charges to provisions and leaving entitlements	(0.4)	(7.6)
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(0.1)	(0.4)
Capital losses (gains) on valuations of financial assets	(0.7)	(1.3)
(Income) charges from companies booked at net equity	(3.1)	3.6
Adjusted net profit from operating activities	22.9	14.3
(Increase) decrease in trade receivables	26.6	9.8
(Increase) decrease in inventories	2.2	(4.0)
Increase (decrease) in trade payables	(28.5)	(8.9)
Net changes in income tax receivables/payables	18.7	(1.0)
Payment of advances and leaving entitlements	(7.5)	(2.4)
Net changes in deferred tax assets/liabilities	3.9	5.1
Net changes in other current assets/liabilities	(44.2)	0.7
Cash flow from (used in) operating activities	(5.9)	13.6
Fees received (paid) net of cash acquired (disposed of)	2.0	-
(Investments in) disposals of intangible assets	(5.2)	(0.9)
(Investments in) disposals of property, plant and equipment	(3.0)	5.0
(Investments in) disposals of equity investments	4.1	0.6
(Investments in) disposals of financial assets	(16.5)	14.7
Cash flow from (used in) investment activities	(18.6)	19.4
Net changes in financial liabilities	(63.5)	(210.6)
(Purchase) disposal of treasury stock	(6.1)	-
Dividends paid	-	-
Cash flow from (used in) financial activities	(69.6)	(210.6)
Increase (decrease) in cash and cash equivalents	(94.1)	(177.6)
Cash and cash equivalents at beginning of period	119.6	330.5
Cash and cash equivalents at end of period	25.5	152.9
Composition of cash and cash equivalents at beginning of period		
Cash, cheques and valuables in hand	1.3	1.4
Bank and post office deposits	24.2	151.5
	25.5	152.9

Encl. 4

Balance sheet of Arnoldo Mondadori Editore S.p.A. (in €m)

Assets	30 June 2010	31 December 2009
Intangible assets	91.5	91.5
Fixed assets	2.4	2.5
Land and buildings	8.6	8.9
Plant and machinery	5.1	5.5
Other assets	3.3	3.4
Property, plant and machinery	17.0	17.8
Investments	644.2	604.7
Non-current financial assets	50.0	-
<i>Advanced taxes</i>	19.8	21.6
Other non-current assets	1.4	0.4
Total non-current assets	826.3	738.5
Tax credits	8.0	6.4
Other current assets	47.4	119.6
Inventories	24.9	31.3
Trade receivables	187.9	204.4
Stocks and other current financial assets	136.6	104.5
Cash and equivalents	16.6	35.4
Total current assets	421.4	501.6
Assets destined to be sold or closed	-	-
Total assets	1,247.7	1,240.1
Liabilities	30 June 2010	31 December 2009
Share capital	67.5	67.5
Share premium reserve	286.9	286.9
Treasury stock	(110.1)	(104.0)
Other reserves and results carried forward	221.0	167.6
Profit (loss) for the period	44.3	53.2
Total net liabilities	509.6	471.2
Reserves	32.4	36.4
Severance payments	26.9	32.5
Non-current financial liabilities	291.9	140.0
Deferred tax liabilities	19.6	19.0
Other non-current liabilities	-	-
Total non-current liabilities	370.8	227.9
Income taxes payable	25.5	17.6
Other current liabilities	62.1	74.9
Trade liabilities	154.0	159.9
Bank debts and other financial liabilities	125.7	288.6
Total current liabilities	367.3	541.0
Liabilities deriving from sales or closures	-	-
Total liabilities	1,247.7	1,240.1

Encl. 5

Separate income statement for Arnoldo Mondadori Editore S.p.A. (in €m)

	30 June 2010	30 June 2009
Income from sales of goods and services	378.0	394.2
Personnel costs	62.3	65.5
Cost of sales and management (*)	285.9	297.8
Gross operating profit	29.8	30.9
Depreciation of property, plant and machinery	1.7	2.0
Depreciation of intangible assets	0.1	0.1
Operating profit	28.0	28.8
Net financial income (charges)	(3.0)	(8.3)
Other financial income (charges)	31.4	34.3
Profit for the period before taxation	56.4	54.8
Tax charges (income)	12.1	8.3
Net profit	44.3	46.5

(*) Includes the following items: decrease (increase) in inventories; cost of raw, ancillary and consumable materials and goods; cost of services; various charges (income).

Encl. 6

Cash flow statement for Arnoldo Mondadori Editore S.p.A (in €m)

	30 June 2010	30 June 2009
Net profit for the period	44.3	46.5
<i>Adjustments</i>		
Depreciations, amortisation and writedowns	10.2	11.3
Stock options	0.2	0.3
Charges to provisions and leaving entitlements	(3.6)	(5.6)
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	-	-
Losses (gains) from the sale of financial assets	-	-
Losses (gains) from the valuations of financial assets	-	-
(Income-dividends) charges from investments	(39.7)	(43.4)
Adjusted net profit from operating activities	11.4	9.1
(Increase) decrease in trade receivables	16.8	20.6
(Increase) decrease in inventories	6.3	8.2
Increase (decrease) in trade payables	(125.9)	(0.1)
Net changes in income tax receivables/payables	6.2	1.6
Payment of advances and leaving entitlements	20.7	(2.6)
Net changes in deferred tax assets/liabilities	2.3	2.4
Net changes in other current assets/liabilities	(6.3)	11.3
Cash flow from (used in) operating activities	(68.5)	50.5
(Investments in) disposals of intangible assets	(0.1)	(0.1)
(Investments in) disposals of property, plant and equipment	(0.7)	(0.7)
(Investments in) disposals of equity investments	(9.8)	(2.6)
(Investments in) disposals of financial assets	39.6	43.4
(Investments in) disposals of securities and other non-current financial assets	(82.1)	(20.4)
Cash flow from (used in) investment activities	(53.1)	19.6
(Increase) decrease in payables to banks	(42.9)	(56.8)
(Purchase) sale of treasury stock	(6.1)	-
Net changes in other non-current financial assets/liabilities	151.8	(75.1)
Dividends paid	-	-
Cash flow from (used in) financial activities	102.8	(131.9)
Increase (decrease) in cash and cash equivalents	(18.8)	(61.8)
Cash and cash equivalents at beginning of period	35.4	113.0
Cash and cash equivalents at end of period	16.6	51.2
Composition of cash and cash equivalents at beginning of period		
Cash, cheques and valuables in hand	0.1	0.1
Bank and post office deposits	16.5	51.1
	16.6	51.2