



# MONDADORI

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

## PRESS RELEASE

Board of directors approves the Group's consolidated annual report and results for the year to 31 December 2007

- **CONSOLIDATED REVENUES OF €1,958.6 MILLION:  
+11.9% ON THE €1,750.2 MILLION OF 2006**
- **CONSOLIDATED GROSS OPERATING PROFIT OF €268.9 MILLION:  
+11.9% COMPARED WITH €240.3 MILLION IN 2006**
- **CONSOLIDATED NET PROFIT OF €112.6 MILLION:  
+3.3% ON THE €109 MILLION OF 2006**
- **NET FINANCIAL POSITION SHOWS A DEFICIT OF €35.3 MILLION  
AN IMPROVEMENT OF €19.4 MILLION**

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**Dividend proposal: €0.35 per share,  
in line with the ordinary dividend of 2006**

*Segrate, 20 marzo 2008* - The Board of Directors of Arnoldo Mondadori S.p.A. met today, under the Chairmanship of Marina Berlusconi, to examine and approve the consolidated balance sheet and management report for the year to 31<sup>st</sup> December 2007 as presented by the Group's Deputy Chairman and Chief Executive, Maurizio Costa.

During 2007 Mondadori consolidated its leadership position in Italy in an essentially stable market for books and a magazine market in which a downward trend continued, especially for add-on sales.

Organisational changes and improvements in efficiency across the group, combined with the integration of Mondadori France, nevertheless made it possible to record results for the overall performance and that of activities in France that were better than expected, in a market that, especially in terms of advertising investments, is going through a difficult phase.

**Consolidated revenues** for 2007 came to **€1,958.6 million**, an increase of 11.9% on the €1,750.2 million of 2006 (+16.8% with a like-for-like inclusion of the distribution business)<sup>1</sup>.

**Consolidated gross operating profit** amounted to **€268.9 million**, compared with €240.3 million in the previous year, an increase of 11.9%, and 13.7% as a proportion of revenues, a figure in line with that of 2006.

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<sup>1</sup> From 1 January 2007, following the contribution of the distribution activities for Italian magazines to Press-Di Distribuzione Stampa Multimedia S.r.l. (a wholly-owned subsidiary of Arnoldo Mondadori Editore S.p.A.) the method of accounting has changed from that of costs and revenues to a premium method.

A reclassification of such distribution activities, using the same method for 2006, shows that the increase in consolidated revenues would have been 16.8%. Excluding the effect of Mondadori France (included for the whole of 2007, compared with only four months in 2006 the volume of business would show an increase of 1.8%.

Net of non-recurring and extraordinary items, thanks to the performance of the various divisions, there was a 16.7% increase in the group's operating margin, despite increased investments in business development of €8.8 million.

Consolidated **operating profit** came to **€225.2 million**, an increase of 11.8% on the €201.4 million of 2006, after increased amortizations of around €4.8 million resulting from the acquisitions in France and of Messaggerie Musicali. As a proportion of revenues, the figure of 11.5% was in line with the previous year.

Consolidated **profit before taxation** amounted to **€189.5 million**, a slight rise (+0.3%) on the €189 million of 2006. This result felt the impact of higher financial charges of €23.3 million, around €13.7 million due to the higher average indebtedness during the year and the rest from increases in interest rates resulting from the general economic climate.

**Consolidated net profit** came to **€112.6 million**, an increase of 3.3% on the €109 million of 2006. There was a benefit in 2007 from lower tax charges, despite a higher level of non-taxable income in 2006 and the difference in the results of holdings consolidated on an equity basis. This is essentially the result of the net effect of the use of deferred tax liabilities and the replacement tax applied, in line with the provisions of the last government budget regarding the taxation of certain corporate assets. There was an insignificant improvement (+€0.4 million) from the application of new IRES and IRAP rates to both deferred and advance taxes.

**Gross cash flow** for came to **€156.3 million**, compared with €147.9 million in 2006.

The overall **net financial position** showed a deficit of €535.3 million on 31.12.2007, compared with a deficit of €554.7 million on 1 January 2007, an improvement of €19.4 million despite net investments of €58.9 million, share buy-backs for €10.3 million, dividend payments of €84.7 million and taxes of €86 million.

## **THE BUSINESS AREAS**

- **Books**

In 2007 the total revenues of the Mondadori Group's Book Division came to **€445 million**, an increase of 1.3% on the €439.5 million of the previous year.

The gross operating margin, as a proportion of turnover, was **19.7%**.

The Division saw a marked confirmation in 2007 of its leadership in the book market, overtaking the already excellent result of the previous year, with a value market share of 29% just in the mid-to- large bookstores; in the large-scale retail sector, the market share of the Mondadori Group's publishing houses is estimated at more than 35%<sup>2</sup>.

There were no significant changes during the year to the overall structure of the Division and the balance between its various sectors. The trade books sector (fiction and non-fiction, for adults and children) and accounts for 61.5% of revenues; educational publishing, which is managed by Mondadori Education (a new name adopted on 1 January 2008) accounts for 20%; while books in the Art, Architecture, along with cultural heritage activities, make up 11.7% of revenues.

During 2007 the Book Division published 2,742 new titles (2,787 in 2006) and 5,242 reprints (4,937 in 2006), a total production of 54.6 million books, compared with 56.4 in 2006.

Among the Group's various publishing houses, the performance of Einaudi and Piemme has been particularly good.

In 2007 Giulio Einaudi Editore saw a 4.4% increase in revenues, to €49.9 million, compared with €47.8 million the previous year. This improvement was due to excellent bookstore sales as well as add-on sales operations.

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<sup>2</sup> Since January 2007 the measurement of sales for trade books (fiction and non-fiction) has been conducted by Nielsen Bookscan. Due to the different methodology adopted by this company and that used by Demoskopea, starting with the sample, the figures for 2007 cannot be compared with those of the previous year.

Piemme generated revenues in the period of €55.7 million, an 18% increase on the €47.2 million of the previous year. This growth was mainly in the fiction area which saw an increase of around 90%, thanks to the exceptional sales of new titles published in May by Khaled Hosseini, *Mille splendidi soli* (which sold more than 1 million copies during the year) and *Il Cacciatore di aquiloni* (more than 800,000 copies in the year), both of which were at the top of the best sellers lists for 2007.

Edizioni Mondadori generated 2007 revenues of €137.6 million, essentially in line with the €137.9 million of 2006 (-0.2%); a result which remains very positive if the further reduction in the Dan Brown effect and the fall in the sale of rights for add-on sales initiatives are taken into consideration.

2007 was a particularly difficult year for Sperling & Kupfer with a 13.7% fall in revenues to €25.3 million, from the €29.3 million of 2006.

The revenues of Mondadori Electa in 2007 came to €51.1 million, a fall of 5.2% on the €53.9 million of the previous year. This was due to the sharp fall (around 40%) in add-on sales, which was partly compensated by stability in the cultural heritage and books area. In particular, book sales increased by 11.4% compared with the previous year, with an improved performance across all lines.

The net 2007 revenues of Edmond Le Monnier (as mentioned earlier, since 1 January 2008 Mondadori Education S.p.A.), came to €87.1 million (-0.7%), compared with €87.7 million in the previous year.

The company maintained its leadership in the educational market with a share of 13.9% and an analysis of the various segments shows that Mondadori Education remains the leader, among the big publishers, in the primary and middle schools sector, and is in the number two position in the high school sector.

On the distribution and logistics front, the Division's revenues for the period amounted to €33.7 million, in line with the previous year.

The distribution of Piemme products, for the whole of 2007 (compared with just five months in 2006), had a marked impact and, over the year, saw an increase of almost 50% in the number of dispatches, while managing to keep the average days of delivery (2.1), essentially unchanged alongside further improvements in efficiency.

- **Magazines**

The Group's Magazine Division generated consolidated revenues in 2007 of **€1,047.7 million**, an increase of 20.8% on the €867.2 million of 2006.

In a difficult market scenario, Mondadori was able to improve its levels of profitability compared with the previous year, thanks to ongoing efforts to contain costs and returns. Gross operating profit as a proportion of revenues was **14.8%**.

The year was also affected by the inclusion of Mondadori France (twelve months in 2007 compared with only four in 2006) and by the contribution of distribution activities, in Italy, to Press-Di Distribuzione Stampa Multimedia S.r.l.: a reclassification on a like-for-like basis of the distribution business and net of the impact of Mondadori France, revenues for the period would be essentially in line with the previous year.

### **Italy**

The revenues of the Magazine Division Italy came to **€657.8 million**, in line with the €657.9 million of the previous year, net of the effect of the abovementioned Press-Di.

The performance during the year was characterised by the following:

- a fall in circulation revenues (-3.7%) where there was a drop in the number of copies sold, also as a consequence of a number of titles being closed down;
- an excellent performance in add-on sales, in a market in marked decline (-19.4% in terms of volume), with revenues which increased by 3.4% compared with the previous year;

- a fall (-1,7%) in advertising revenues which were penalised by a reduction in the amount of space sold, and only partially compensated by rate rises;
- the launch of two titles with high advertising potential, *First*, a monthly supplement to *Panorama*, and *Grazia Casa* which completes Mondadori's offer in the interiors segment;
- the closure of the monthly *Per Me* and the sale of the weekly *Star+TV*, penalised by both overcrowding in their respective segments and poor advertising sales;
- the development of internet activities which affected a number of titles. In this context, online advertising sales saw an above market average increase of 54%;
- strong operation cost controls, especially in the technical, commercial and editorial areas, which led to a marked recovery in efficiency.

On the circulation side, Mondadori's performance was slightly better than the market, which overall saw a fall in terms of copies of around 4.7%, confirming the company's absolute leadership in the sector (38%).

In women's titles *Donna Moderna* confirmed its strength by maintaining circulation revenues. In the male lifestyle and newsmagazine area, *Panorama* saw a fall in circulation of around 3%, while confirming its consolidated leadership in the segment. *First*, meanwhile, made a significant contribution to the weekly title's advertising revenues; positive results were also recorded by *Panorama Travel*, *Economy* and *PC Professionale*.

In the TV-entertainment and family segments (which saw a fall of 6% in copies) Mondadori titles had the best performance in the reference market. *TV Sorrisi e Canzoni* continues to sell around twice as many copies as its direct competitor and continues to generate revenues with add-on sales initiatives.

*Chi* maintained its circulation revenues while recording a significant increase in advertising sales.

The up market segment maintained its 2006 level, thanks to a stable performance by *Grazia* and growth in the design-architecture and cooking segments, which compensated for a downturn in interiors.

In terms of add-on sales, there was acceleration in the downturn in the market as a whole (-19.4%) even though the phenomenon continued to make a significant contribution to the revenues of publishing companies.

In such a difficult context, which has also affected newspapers, Mondadori was able to buck the trend with revenues that increased by 3.4% on 2006, confirming the company's leadership with a market share of 36%.

In the distribution of editorial and multimedia products, in its first year of business Press-Di generated results that were widely ahead of expectations, thanks to the fine-tuning of the organisational structure and operations, increased efficiencies generated during the year and the expansion of services to new third-party clients.

On the digital side, the excellent performance of the *Donna Moderna*, *Panorama*, *MyTech* e *Cosmopolitan* sites made it possible to increase advertising revenues by 54%, in a market that grew by 42.7%.

## France

Mondadori France ended its first full year as part of the Mondadori Group with consolidated revenues of **€389.9 million**.

During the year a number of actions were taken aimed at:

- carrying out a complete review of all titles, starting with the most important, and consolidating leadership positions;
- encouraging greater integration with the Italian parent company;
- redefining the area for online activities and testing the market for add-on sales;
- redefining the organisational model and cost structure.

In terms of circulation Mondadori France recorded positive results: in particular, the weekly *Closer* (+28% on the previous year) improved its position at the top of its segment; *Auto Plus* continued the positive trend with an increase of 11%; in a difficult, *Télé Star* performed well, thanks to the successful launch of the first add-on sales operation in the French magazine market.

The advertising market in France saw an overall slowdown in investments (-3.6%, source: Secodip) with a fall in space sold compared with the previous year, due to the election held in the

first half and new opportunities for retailers to advertise on television, something that was previously not permitted by law.

In this context Mondadori France generated advertising revenues of €115 million, closing the year in line with the performance of the market, after having recovered during the summer the shortfall of the first half of the year.

### **International activities**

On the international side the development of the “Grazia International Network” continued with the launch of *Grazia* in Russia and Holland: the revenues of the network grew by 35%, including not only licensing fees, but also the contribution of advertising sales in Italy for the foreign editions and syndication activities.

2007 also confirmed the prospects for other Mondadori brands in addition to *Grazia*., *Sale&Pepe* in Serbia and *Interni* in Russia, as well as *Casaviva*, the first international edition of which was launched in Thailand in 2006.

Mondadori also formalised an agreement with SEEC Media Group Ltd. to create a joint venture in China for the launch of *Grazia* in 2008. During the current year the Mondadori title will also be published in Australia, following a licensing agreement reached with the Australian publisher ACP Magazines.

There was an excellent performance by Attica, thanks to a positive trend in circulation for TV guides and the exceptional performance of add-on sales of DVDs. During 2007 the expansion of the Greek company’s activities continued in the Balkans, the effects of which will be seen in this year.

- **Advertising**

**Mondadori Pubblicità** closed 2007 with revenues of **€349.5 million**, and increase of 1.9% on the €342.9 million of the previous year, thanks to a marked upturn in the fourth quarter compared to the same period of the previous year.

There were no significant changes to the portfolio during the period, excluding the addition of *Famiglia Cristiana* and the exit of the Disney titles.

Advertising sales during the period were characterised by a positive performance in the fashion sector, with a positive impact on women’s and family titles: of these *Grazia* (+3.5%) and *Chi* (+7.4%). The situation was more stable among titles for men, in which the strengths of the tried and tested *Panorama* “system” were confirmed, strengthened further by *First* and *Travel*; the up scale design and architecture segment also performed well (in particular *Interni* and *Casabella*), while for the magazines managed in joint-ventures, of particular note was the positive performance (+8%) of *Focus* (Gruner+Jahr/Mondadori).

Sales for R101, sustained by the marked increase in listeners, were up by 24.8%, decidedly ahead of the market (+8%).

- **Printing**

The 2007 revenues of the Printing Division came to **€439,9 million**, compared with €447.9 million in the previous year, a fall of 1.8%,.

Captive revenues totalled €279.2 million, and increase of 7.7%, while third-party revenues (€160.7 million) saw a fall of 14.8%, above all as a result of the decline in the add-on sale of editorial products with magazines and newspapers.

The foreign market for rotary printed commercial products was stable in terms of volume and in this context there was a positive consolidation of the company’s position with its main clients despite the European competitive scenario being affected by increased competition and price tensions.

The market for monochrome books, both hardcover and paperbacks. Linked to add-on sales initiatives by magazines and newspapers saw a marked fall compared to previous years. Meanwhile the performance of trade books was very positive, the foreign illustrated book market was stable, even though increased competition from the Far East continues to increase the pressure on prices.

Since 2007, four monthlies published by Mondadori France have been printed by Mondadori Printing; and further synergies have been developed for the supply of paper.

During the year there was a marked increase in energy costs due to the trend in oil prices, which increased by 5.7 % on 2006.

There was a slight increase in the cost of paper, continuing a trend that had been noted the previous year.

- **Direct marketing**

In 2007 the Direct Marketing sector, through the activities of **Cemit Interactive Media S.p.A.**, recorded revenues of **€23.9 million**, in line (-0.4%) with the €24 million of the previous year. After the fall off of business in the communication area due to the introduction of new privacy legislation in 2005, the company has brilliantly conducted a reorganisation of its structure and processes, refocusing its business on customer loyalty, an area in which Cemit continues to be the only operator able to offer a complete range of services.

- **Retail**

The total revenues of the Retail Division in 2007 came to **€183.2 million**, an increase of 33.4% on the €137.3 million of 2006.

**Mondadori Retail** generated revenues in the period of €124.7 million, an increase of 38.6% on the previous year, thanks to the opening of three bookstores in shopping malls in Lonato (BS), Rome and Nola (NA), the new Multicenter in Piazza Duomo in Milan and the contribution made by the incorporation of the two Mondadori Shop S.p.A. stores (formerly Messaggerie Musicali S.p.A.).

On a like-for-like basis, excluding for 2007 the revenues of Mondadori Shop S.p.A. and in 2006 the sales of big clients, the increase would be 10.6%.

Having brilliantly refocused the book offer, the performance of Messaggerie Musicali was particularly positive, generating revenues of €35.5 million.

**Mondadori Franchising** saw significant growth in 2007, recording an increase in revenues of 23.7% to €58.5 million: the number of outlets rose from 266 in 2006 to 349 (of which 141 with the new Edicolè formula).

- **Radio**

The Radio Division's revenues for 2007 came to **€11.3 million**, an increase of 21.5% on the €9.3 million of 2006.

During the year Radio R101 saw a further improvement in the quality of the product, enriching the schedule with new programmes and new presenters. At the same time brand-building and content communication efforts continued along with the significant implementation of the signal distribution for national coverage continued, thanks to frequency acquisitions made during the year (in particular in the Lazio, Campania, Emilia Romagna, Veneto and Puglia regions) increasing the level of coverage to 90%.

Audiradio figures for 2007 show a progressive increase in the number of listeners to R101 to an average daily level of more than 2 million. Compared with 2006, R101 recorded the best performance in the public and private radio market, with an increase of more than 40% in the daily average. Over the 7 days, listening figures, at more than 8.4 million, put the station among Italy's top six commercial stations, after just two years.

### **RESULTS OF THE PARENT COMPANY ARNOLDO MONDADORI EDITORE S.P.A.**

The Annual Report of the parent company, Arnoldo Mondadori Editore SpA, for the year to 31 December 2007, shows a net profit of €90 million, in line with the €90.2 million of the previous year.

### **DIVIDEND PROPOSAL**

The Board of Directors agreed to propose to the Annual General Meeting of the Shareholders, called for 22 April 2008 (or 23 April on second calling), a gross dividend, before tax, of €0.35 for each ordinary share in circulation on the date of coupon detachment.

In line with the terms outlined by the regulations for markets organised and managed by Borsa Italiana S.p.A., dividends will be payable from 22 May 2007 (coupon detachment: 19 May 2008).

### **FORECAST FOR THE FULL YEAR**

Economic forecasts for 2008 continue to evolve, with negative indicators for production, consumer spending and the industrial costs.

The situation is complicated by the ongoing liquidity crisis making it both expensive and difficult to finance development while encouraging the recourse to low risk investment. In addition, differing monetary policies in Europe and the United States have led to acceleration in the strength of the euro, with inevitable consequences for companies involved in international trade.

In this context, in which the Italian economy would appear to be among the most exposed and fragile, the Mondadori Group will pay particular attention to managing its core business, which is less susceptible to such factors, and the international activities that reduce the dependence on the domestic market. During the year the development will continue of the international network, digital activities and the product portfolio in France.

The current situation makes it especially difficult to make forecasts for companies' 2008 results, however Mondadori's track record in recent years makes it possible to hypothesise operating results for the current year, net of development costs and extraordinary items, in line with the positive results of 2007.

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As per article IA.2.9.3 n.4 of Italian Market Regulations document, bonded loans expiring over the 18 months from 31 December 2007 are hereby indicated:

- date of issue: 20/10/2003;
- amount: €109,900,000, corresponding to 1,099 bonds of €100,000 each, convertible in ordinary shares of Arnoldo Mondadori Editore S.p.A.;
- issued by: Mondadori International S.A., a wholly-owned subsidiary of da Arnoldo Mondadori Editore S.p.A.;
- guarantor: Arnoldo Mondadori Editore S.p.A.;
- date of expiry: 20/10/2008.

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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.*

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*The results of 2007 will be outlined by the deputy chairman and chief executive, Maurizio Costa, and the CFO, Carlo Maria Vismara, at a meeting with the financial community to be held today at 3.00 pm at the company's headquarters in Segrate.*

#### Enclosures:

*It should be noted that the full external auditing of the enclosed figures has not yet been completed..*

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

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Encl. 1

Consolidated balance sheet (in €m)

	31.12.2007	31.12.2006
<b>Assets</b>		
<b>Intangible assets</b>	<b>943.8</b>	<b>918.1</b>
<b>Fixed assets</b>	<b>1.5</b>	<b>4.7</b>
Land and buildings	73.8	86.9
Plant and machinery	87.4	98.0
Other assets	48.4	37.0
<b>Property, plant and machinery</b>	<b>209.6</b>	<b>221.9</b>
Investments booked using net equity method	127.0	120.2
Other investments	0.3	2.2
<b>Total investments</b>	<b>127.3</b>	<b>122.4</b>
<b>Non-current financial assets</b>	<b>3.7</b>	<b>1.5</b>
Advanced taxes	39.7	46.1
<b>Other non-current assets</b>	<b>3.1</b>	<b>3.6</b>
<b>Total non-current assets</b>	<b>1,328.7</b>	<b>1,318.3</b>
<b>Tax credits</b>	<b>28.7</b>	<b>29.9</b>
<b>Other current assets</b>	<b>77.6</b>	<b>72.2</b>
<b>Inventories</b>	<b>150.9</b>	<b>141.1</b>
<b>Trade receivables</b>	<b>486.9</b>	<b>479.0</b>
<b>Stocks and other current financial assets</b>	<b>144.9</b>	<b>206.7</b>
<b>Cash and equivalents</b>	<b>225.1</b>	<b>105.5</b>
<b>Total current assets</b>	<b>1,114.1</b>	<b>1,034.4</b>
<b>Assets destined to be sold or closed</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>2,442.8</b>	<b>2,352.7</b>
<b>Passivo</b>		
<b>Share capital</b>	<b>67.5</b>	<b>67.5</b>
<b>Share premium reserve</b>	<b>286.9</b>	<b>285.5</b>
<b>Other reserves and results carried forward</b>	<b>37.6</b>	<b>20.4</b>
<b>Profit (loss) for the period</b>	<b>112.6</b>	<b>109.0</b>
<b>Total Group shareholders' equity</b>	<b>504.6</b>	<b>482.4</b>
<b>Minority capital and reserves</b>	<b>1.9</b>	<b>4.0</b>
<b>Total shareholders' equity</b>	<b>506.5</b>	<b>486.4</b>
<b>Reserves</b>	<b>33.3</b>	<b>35.2</b>
<b>Severance payments</b>	<b>90.6</b>	<b>104.2</b>
<b>Non-current financial liabilities</b>	<b>741.2</b>	<b>744.7</b>
<b>Deferred tax liabilities</b>	<b>88.2</b>	<b>102.2</b>
<b>Other non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Total non-current liabilities</b>	<b>953.3</b>	<b>986.3</b>
<b>Income taxes payable</b>	<b>44.3</b>	<b>49.7</b>
<b>Other current liabilities</b>	<b>293.1</b>	<b>272.2</b>
<b>Trade liabilities</b>	<b>477.8</b>	<b>434.3</b>
<b>Bank debts and other financial liabilities</b>	<b>167.8</b>	<b>123.8</b>
<b>Total current liabilities</b>	<b>983.0</b>	<b>880.0</b>
<b>Liabilities deriving from sales or closures</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>2,442.8</b>	<b>2,352.7</b>



Encl. 2

**Consolidated income statement** (in €m)

<b>Consolidated income statement</b>	<b>31 December 2007</b>	<b>31 December 2006</b>	<b>% change</b>
Income from sales of goods and services	1,958.6	1,750.2	11.9%
Personnel costs	372.9	302.1	23.4%
Cost of sales and management (*)	1,326.1	1,216.2	9.0%
Income (charges) from investments calculated on a net equity basis	9.3	8.4	10.7%
<b>Gross operating profit</b>	<b>268.9</b>	<b>240.3</b>	<b>11.9%</b>
- as a proportion of revenues	13.7%	13.7%	
Depreciation of property, plant and machinery	36.5	34.9	4.6%
Depreciation of intangible assets	7.2	4.0	80.0%
<b>Operating profit</b>	<b>225.2</b>	<b>201.4</b>	<b>11.8%</b>
- as a proportion of revenues	11.5%	11.5%	
Net financial income (charges)	(35.7)	(12.4)	n.s.
Other financial income (charges)	-	-	-
<b>Profit for the period before taxation</b>	<b>189.5</b>	<b>189.0</b>	<b>0.3%</b>
Tax charges (income)	76.1	78.9	(3.5%)
Minority interest	(0.8)	(1.1)	(27.3%)
<b>Net profit</b>	<b>112.6</b>	<b>109.0</b>	<b>3.3%</b>

Encl. 3

**Consolidated cash flow statement (in €m)**

<b>Cash flow statement</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
Net profit for the period	112.6	109.0
Adjustments		
Depreciations, amortisation and impairment	43.7	38.9
Stock options	2.3	2.4
Charges to provisions and leaving entitlements	7.5	18.1
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(16.8)	(2.3)
Capital losses (gains) on disposals of financial assets	-	(0.9)
Capital losses (gains) on valuations of financial assets	(2.8)	(9.0)
(Income) charges from companies booked at net equity	(9.3)	(8.4)
<b>Adjusted net profit from operating activities</b>	<b>137.2</b>	<b>147.8</b>
(Increase) decrease in trade receivables	(7.9)	22.4
(Increase) decrease in inventories	(9.9)	(4.0)
Increase (decrease) in trade payables	41.9	(30.8)
Net changes in income tax receivables/payables	(0.9)	23.6
Payment of advances and leaving entitlements	(14.9)	(16.6)
Net changes in deferred tax assets/liabilities	(7.6)	7.3
Net changes in other current assets/liabilities	8.5	1.4
<b>Cash flow from (used in) operating activities</b>	<b>146.4</b>	<b>151.1</b>
Payment of business combination net of cash acquired	(0.1)	(555.6)
(Investments in) disposals of intangible assets	(33.1)	(17.1)
(Investments in) disposals of property, plant and equipment	(5.6)	(41.2)
(Investments in) disposals of equity investments	1.9	7.0
(Investments in) disposals of financial assets	64.5	287.4
<b>Cash flow from (used in) investment activities</b>	<b>27.6</b>	<b>(319.5)</b>
Net changes in financial liabilities	40.6	335.8
(Purchase) disposal of treasury stock	(10.3)	9.6
Dividends paid	(84.7)	(144.6)
<b>Cash flow from (used in) financial activities</b>	<b>(54.4)</b>	<b>200.8</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>119.6</b>	<b>32.4</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>105.5</b>	<b>73.1</b>
<b>Cash and cash equivalents at end of period</b>	<b>225.1</b>	<b>105.5</b>
<b>Composition of cash and cash equivalents at beginning of period</b>		
Cash, cheques and valuables in hand	2.5	2.2
Bank and post office deposits	222.6	103.3
	<b>225.1</b>	<b>105.5</b>

Encl. 4

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

<i>ASSETS</i>	<b>31.12.2007</b>	<b>31.12.2006</b>
Intangible assets	91.8	91.7
Fixed assets	1.5	1.6
Land and buildings	9.7	18.9
Plant and machinery	6.2	5.4
Other assets	5.8	6.0
Property, plant and machinery	<b>21.7</b>	<b>30.3</b>
Investments	760.6	748.4
Non-current financial assets	-	0
<b>Advanced taxes</b>	15.1	16.5
Other non-current assets	0.8	1.3
<b>Total non-current assets</b>	<b>891.5</b>	<b>889.8</b>
Tax credits	10.7	16.8
Other current assets	39.0	43.5
Inventories	40.0	43.9
Trade receivables	241.1	241.2
Stocks and other current financial assets	103.3	54.7
Cash and equivalents	96.0	73.6
<b>Total current assets</b>	<b>530.1</b>	<b>473.7</b>
Assets destined to be sold or closed	-	-
<b>Total assets</b>	<b>1,421.6</b>	<b>1,363.5</b>
<i>LIABILITIES</i>	<b>31.12.2007</b>	<b>31.12.2006</b>
Share capital	67.5	67.5
Share premium reserve	286.8	285.5
Treasury stock	(104.0)	(93.2)
Other reserves and results carried forward	92.5	85.6
Profit (loss) for the period	90.0	90.2
<b>Total shareholders' equity</b>	<b>432.8</b>	<b>435.6</b>
Reserves	19.8	10.4
Severance payments	36.1	45.2
Non-current financial liabilities	296.4	296.2
Deferred tax liabilities	17.8	13.9
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>370.1</b>	<b>365.7</b>
Income taxes payable	29.5	36.3
Other current liabilities	70.7	98.5
Trade liabilities	184.3	208.1
Bank debts and other financial liabilities	334.2	219.3
<b>Total current liabilities</b>	<b>618.7</b>	<b>562.2</b>
Liabilities deriving from sales or closures	-	-
<b>Total liabilities</b>	<b>1,421.6</b>	<b>1,363.5</b>

Encl. 5

**Income statement for Arnoldo Mondadori Editore S.p.A. (in €m)**

	<b>2007</b>	<b>2006</b>
<b>Income from sales of goods and services</b>	<b>949.3</b>	<b>1.021.5</b>
Decrease (increase) in inventories	3.5	(1.7)
Cost of raw, ancillary and consumable materials and goods	184.9	232.3
Cost of services	520.6	542.8
Personnel costs	135.0	128.4
Various charges (income)	(13.0)	(8.2)
<b>Gross operating profit</b>	<b>118.3</b>	<b>127.9</b>
Depreciation of property, plant and machinery	4.5	4.8
Depreciation of intangible assets	0.3	1.3
<b>Operating profit</b>	<b>113.5</b>	<b>121.8</b>
Financial income (charges)	(19.8)	(12.8)
Investment income (charges)	39.2	29.2
<b>Profit before taxation</b>	<b>132.9</b>	<b>138.2</b>
Income taxes	42.9	48.0
<b>Net profit</b>	<b>90.0</b>	<b>90.2</b>

Encl. 6

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

<b>Cash flow statement</b>	<b>31 December 2007</b>	<b>31 December 2006</b>
Net profit for the period	90.0	90.2
<i>Adjustments</i>		
Depreciations, amortisation and writedowns	19.5	9.0
Stock options	1.8	1.7
Charges to provisions and leaving entitlements	5.3	8.9
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(12.3)	(0.5)
Income from investments – dividends	(53.9)	(32.1)
<b>Adjusted net profit from operating activities</b>	<b>50.4</b>	<b>77.2</b>
(Increase) decrease in trade receivables	(4.6)	(10.6)
(Increase) decrease in inventories	3.5	(1.3)
Increase (decrease) trade payables	(22.3)	2.8
Net changes in income tax receivables/payables	(0.7)	24.2
Net changes in current and non-current assets/liabilities	(11.1)	(6.4)
Net changes in deferred tax assets/liabilities	5.3	1.7
Increase (decrease) in provisions and leaving entitlements	(5.6)	(6.1)
<b>Cash flow from (used in) operating activities</b>	<b>14.9</b>	<b>81.5</b>
(Investments in) disposals of intangible assets	(0.2)	(0.3)
(Investments in) disposals of property, plant and equipment	8.0	(7.0)
(Investments in) disposals of equity investments	(25.6)	(52.0)
Income from investments – dividends	53.9	32.1
(Investments in) disposals of securities and other non-current financial assets	(48.6)	46.3
<b>Cash flow from (used in) investment activities</b>	<b>(12.5)</b>	<b>19.1</b>
(Increase) decrease in payables to banks	114.9	64.4
(Purchase) sale of treasury stock	(10.3)	9.7
Net changes in other non-current financial assets/liabilities	0.1	0.1
Dividends paid	(84.7)	(144.6)
<b>Cash flow from (used in) financial activities</b>	<b>20.0</b>	<b>(70.4)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>22.4</b>	<b>30.2</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>73.6</b>	<b>43.4</b>
<b>Cash and cash equivalents at end of period</b>	<b>96.0</b>	<b>73.6</b>
<b>Composition of cash and cash equivalents at beginning of period</b>		
Cash, cheques and valuables in hand	-	-
Bank and post office deposits	96.0	73.6
	<b>96.0</b>	<b>73.6</b>