



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 2008

- **CONSOLIDATED REVENUES OF €1,819.2 MILLION:
-7.1% ON THE €1,958.6 MILLION OF 2007**
- **CONSOLIDATED GROSS OPERATING PROFIT OF €249.2 MILLION:
-7.3% COMPARED WITH €268.9 MILLION IN 2007**
- **CONSOLIDATED NET PROFIT OF €97.1 MILLION:
-13.8% ON THE €112.6 MILLION OF 2007**
- **NET FINANCIAL POSITION SHOWS A DEFICIT OF €490.3 MILLION
AN IMPROVEMENT OF €45 MILLION**

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BOARD PROPOSES TO ALLOCATE THE NET PROFIT OF THE PARENT COMPANY TO AN EXTRAORDINARY RESERVE

Segrate, 25 March 2009 - 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 31st December 2008 as presented by the Group's Deputy Chairman and Chief Executive, Maurizio Costa.

The market scenario

As is well known, there was a further worsening of the macro-economic scenario in the last three months of 2008. Indeed, the downturn was worse than the already pessimistic forecasts and the crisis that affected the financial sector at an international level had a serious impact on the productive sectors, on employment and on consumer spending in industrialised countries, as well as slowing growth in developing countries. Confirmation of the depth of the current recession comes also from the extremely negative perceptions regarding the evolution of the situation in the short to mid-term, with an inevitable impact on investments and spending. Also in Italy, where the banking system has been less exposed to assets risks than other European countries and the United States, the crisis has, nevertheless, had a serious effect on the real economy, with a fall in GDP of 1%, something not seen since 1975.

For Mondadori and its markets of reference, the following observations can be made:

- in Italy, while there was not an acceleration in the downturn in both circulation and add-on sales, the Group's market share remained essentially unchanged. On the advertising front, investments, in the last part of the year, saw a marked fall. Meanwhile, the volume of business in the book sector, in which the Mondadori Group consolidated its position of absolute leadership, remained essentially unchanged;
- in France the downward trend in advertising continued, while magazine circulation, both newsstand sales and subscriptions, were in line with the previous year.

MANAGEMENT RESULTS AT 31 DECEMBER 2008

As communicated to the market in October 2008, Mondadori sold 80% of the share capital of Mondadori Printing S.p.A. to Gruppo Pozzoni; a comparison between the Mondadori Group's consolidated revenues and gross operating profit in December 2008 and the figures for the previous

year are consequently also represented on a like-for-like basis, excluding. Consequently, the results, both for 2007 and 2008, of printing activities sold with effect on the company's accounts from the month of November 2008 and, therefore, consolidated for only ten months of 2008.

Consolidated revenues for 2008 came to **€1,819.2 million** (-7.1% on the €1,958.6 million of 2007). On a like-for-like basis, the fall was of 6%. While, net of the add-on sales, turnover recorded a fall of 2.5%.

Consolidated gross operating profit for the year amounted to **€249.2 million** (-7.3% compared with the €268.9 million in the previous year). As a proportion of revenues, the figure is 13.7%, in line with 2007.

Excluding the activities of Mondadori Printing, the difference in operating profit was -€2.7 million (-1.2%), essentially due to: the positive business performance (+€6.5 million); a fall in add-on sales (-€13.3 million); increased investments in business development (-€7.9 million); higher organisational restructuring costs (-€4.7 million) and increased capital gains (+€16.7 million).

Consolidated operating profit came to **€203.5 million**, (-9.6% on the €225.2 million of 2007), with amortizations and depreciations of fixed assets of €31.1 million (€36.5 million in 2007) and of intangible assets of €14.6 million (€7.2 million in 2007).

As a proportion of revenues, as shift from 11.5% in 2007 to 11.2%.

Consolidated profit before taxation amounted to **€151.4 million** (-20.1% compared with the €189.5 million of 2007). Net financial charges increased by €16.4 million due to the higher cost of debt (around €6 million), lower returns on financial assets (around €8.3 million, partly due to writedowns) and financial charges for actualization of the deferred part of the payment for Mondadori Printing (€2.1 million).

Consolidated net profit on 31 December 2008 amounted to **€97.1 million** (-13.8% compared with €112.6 million in the previous year).

Gross cash flow for came to **€142.8 million**, compared with €156.3 million in 2007.

The **net financial position** went from -€535.3 million at the end of 2007 to -€490.3 million on 31 December 2008; during the period payments for tax of €80.4 million and dividends of €83.8 million were made, while the positive financial effect of the sale of 80% of Mondadori Printing S.p.A. amounted to €121.4 million.

THE BUSINESS AREAS

- **Books**

Against a general background of falling consumer spending, the performance of the trade segment of the Italian book market in 2008 was essentially in line with that of 2007 (-0.6% in terms of value, for medium to large sized bookstores: source Nielsen Bookscan).

In this context the Mondadori Book Division confirmed, by a wide margin, its leadership, with a market share of 28.8%; total revenues amounted to **€434.3 million** (-2.4% on the €445 million of the previous year).

The slight downturn in revenues, largely the result of a marked fall in the sale of rights for add-on sales initiatives, would, therefore, net of add-on sales, be -1.1%.

During the period Mondadori maintained the excellent levels of profitability of the previous year, with a gross operating profit, as a proportion of revenues of 19.1%.

In 2008 the Group published 2,695 new titles (compared with 2,742 in 2007) and 5,225 reprints (5,242 in 2007), a total of 53.4 million copies, compared with 54.6 million in 2007.

Among the Group's publishing houses, Edizioni Mondadori recorded 2008 revenues of €144 million (+4.7% compared with €137.6 million the previous year). Of note during the year was the success of two first-time authors whose books sold more than one million copies: Paolo Giordano, winner of the Strega Prize with his novel *La solitudine dei numeri primi* and Roberto Saviano with the long seller *Gomorra*, first published in 2006. Also of note was the new novel by Margaret Mazzantini, *Venuto al*

mondo, which sold more than 300,000 copies. There were also good results for *Idi di marzo* by Valerio Massimo Manfredi (250,000 copies) and *Storia di neve* by Mauro Corona (100,000 copies). Einaudi generated revenues for the year of €51.7 million, an increase of 3.6% on the €49.9 million of 2007. This increase was the result of excellent sales through the bookshop and large-scale retail channels, thanks to the very positive sales of numerous books with average and high print runs. With a market share of 13.4%, Mondadori Education in 2008 maintained a significant position in the educational market and leadership in the primary school textbook segment: net sales revenues generated by the company in the period amounted to €86.1 million (-1.1% on the €87.1 million of the previous year).

- **Magazines**

The Magazine Division generated consolidated revenues in 2008 of **€949.8 million** (-9.3% on the €1,047.7 million of 2007).

Italy

Mondadori maintained in 2008 its position of absolute pre-eminence, with revenues in Italy of **€575.7 million** (-12.5% compared with €657.8 million in 2007); net of add-on sales, the fall was of 4.4%.

Performance during the year was characterised by the following phenomena

- A fall in circulation revenues of 5.1%, in line with the market of reference;
- A marked decline in add-on sales (-28.6%) in line with the sector, but with good levels of profitability;
- A fall in advertising revenues of 5.3%, in a market that fell by 7.1%: it is a downturn that was especially marked in the second half of the year.

Among women's titles, *Donna Moderna* consolidated its leadership; in newsmagazines, *Economy* saw a significant increase in its newsstand sales.

In the TV listings segment, which has been hit by a generalised fall in circulation, *TV Sorrisi e Canzoni* bucked the trend by maintaining weekly sales of more than one million copies. In the entertainment segment, *Chi* remained the most vivacious magazine with sales in line with 2007. In the up market women's segment, while *Grazia* and *Flair* recorded more limited circulation, sales were still in line with the previous year and they had a marked penetration in the advertising market. Good results were recorded by both the cooking and design titles.

France

In 2008 Mondadori France generated total revenues of **€374.1 million** (-4.1% compared with the €389.9 million of 2007).

Circulation revenues by Mondadori France, which account for 70% of the total, remained at the level of the previous year (+0.6% on a like-for-like basis, net of the sale of niche title in the *Sport e Loisirs* area), thanks also to the positive performance of the leading titles, as *Closer* that confirmed its leadership in its segment; there was a positive performance in the up market segment *Haut de gamme*, in which Mondadori has *Biba*, and as a consequence of re-designs on a number of titles in the *Femme Grand Public* segment. There was a drop, in line with the market, for TV titles.

On the add-on sales front, the initiatives launched by the company during the year generated an increase in revenues of 7.2% compared with the previous year, but with the negative contribution being the result of a market that is structurally still not ready for development.

The revenues of Mondadori France from the sale of advertising saw a downturn of 14.5% in 2008, in line with a market in considerable difficulty; on a comparable basis the fall was of 12.3%.

The company, which is also penalised by its poor presence in the up-market segment, the only sector that grew compared with the previous year, did, in any case, safeguard its market share.

In terms of profitability Mondadori France in 2008 generated a gross operating profit, as a proportion of revenues, of 10.5% (12.5% net of add-on sales), thanks also to the ongoing control and reduction of costs that have generated savings in industrial distribution and labour costs.

International activities

2008 was characterised by intense number of new launches of the Mondadori Group titles in international markets, including *Flair* in Austria, *Casaviva* in Greece, Bulgaria and Serbia, *Sal e Pepe* in Romania, *Grazia Casa* in Croatia. The *Grazia* network expanded during the period to include new

editions in India and Australia, both of which generated positive results from the first months of publication.

During the year the stage was set for the launch of *Grazia* in China and *Casaviva* in India, which went ahead in the first quarter of 2009.

Overall, at the end of the year, the Mondadori titles in world markets numbered nineteen, with revenues from licensing and commissions from the sale of advertising up by 30% on 2007.

There were also positive results from the Greek subsidiary Attica, leader in circulation and advertising in Greece and with a significant presence also in Romania and Bulgaria.

- **Advertising**

Mondadori Pubblicità ended the year with revenues of **€331 million** (-5.3% on the €349.5 million of 2007). Thanks to a good performance in the first half of the year, the company was able to at least partially offset the marked downturn in the market in the second half.

In particular, in a magazine market that lost 7.3%, the company recorded sales on its portfolio of titles of **€242.6 million** (-4.8%).

In the radio market, meanwhile, which showed an overall increase of 2.3%, R101 saw its advertising revenues grow by 23.9%. There was also a significant increase in advertising sales for the Group's web sites (+27%), in a market that grew by 13.9%.

- **Grafica**

As mentioned above, the consolidated revenues from the Group's printing activities refer only to the first ten months of the year. During this period there was a marked downturn in turnover, which came to **€16.3 million** (-28.1% on the €439.9 million of 2007).

This fall was the result of, in addition to two fewer months of business, the loss of the contribution of Mondadori Education that had been present in 2007, a marked reduction in magazine paginations and a sharp fall in the market for add-on sales.

- **Direct marketing**

In 2008 **Cemit Interactive Media** recorded revenues of **€22.3 million**, a fall of 6.7% on the €23.9 million of the previous year, while maintaining an excellent level of profitability (+18.4%).

- **Retail**

Total revenues by the Retail Division in 2008 amounted to **€194.5 million** (+6.2% on the €183.2 million of 2007). During the period the Group's network of stores reached 434 units, making it Italy's most extensive network of sale outlets for editorial products.

Mondadori Retail S.p.A. generated 2008 revenues of €128 million (+2.7% on the €124.6 million of 2007). During the year, having completed the integration of the ex-Messaggerie Musicali, there was an increase in the number of outlets (up to 30 from the 29 in 2007) and a simultaneous rationalisation of the chain.

Mondadori Franchising S.p.A. generated revenues of €66.5 million (+13.7% on the €58.5 million of 2007). During the period there was an increase in the number of bookstores, from 212 in 2007 to 227 in December 2008, while the number of Edicolè outlets rose from 136 in 2007 to 177 in 2008. Of note was also the testing of and formats were, including a children's bookshop and a new form of franchising that combines the traditional bookshop and the book club.

- **Radio**

In 2008 R101 recorded net revenues of **€14.8 million** (+31% on the €11.3 million of 2007), which corresponds to gross advertising sales of **€21.8 million** (+23.9% on the €16 million of 2007), in a market that grew by just 2.3%.

In terms of ratings, the Mondadori Group's radio reached an average daily audience of 2.1 million listeners, an increase of 7%, confirming its position among the top six Italian commercial radio stations, with around 8.4 million listeners over the 7-days.

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 2008, shows a net profit of **€66.2 million** (€90 million on 31 December 2007).

FORECAST FOR THE FULL YEAR

As is known, figures for consumer spending in the first months of the current year, in all the principal economic sectors, show a further decline compared to the end of 2008 and a climate of great uncertainty means that also investments are down or, at least, postponed.

In the previous year, the Mondadori Group was able to safeguard its levels of profitability thanks to the diversification of the business and, above all, to cost cuts, in anticipation of the growing crisis.

For a 2009 that is already heavily influenced by the consequences of the general situation in the publishing sector and the impact of technological changes, the company will continue to pursue cost savings, organisational simplification and the re-engineering of processes, also through the specific allocation of dedicated investments.

The trend in revenues in the first months of the year and the objective difficulty in foreseeing developments and the evolution in consumer spending and investments, especially in advertising, over the coming months, suggest a prudent approach in forecasting the company's performance in 2009, which, in any case, is not expected to be at the same level as the previous year.

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PROPOSAL FOR THE ALLOCATION OF THE NET PROFIT FOR THE YEAR 2008

The Board of Directors will propose to the Annual General Meeting of the Shareholders, to be held on 29 April 2009 (on first calling, or 30 April on second calling), the allocation of the entire net profit for the year to 31 December 2008 of Arnoldo Mondadori Editore S.p.A., amounting to €66,197,031.51 to an extraordinary reserve.

Given the lack of clear signs of an improvement in the market, the Board's proposal to not distribute a dividend for 2008 is aimed at allowing Mondadori to maintain its financial solidity, maintain the necessary levels of investment in products, finance the reorganisation process, and to ensure that the company is ready to take advantage of possible opportunities deriving from a recovery in the economic cycle.

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PROPOSAL TO THE SHAREHOLDERS FOR A STOCK OPTION PLAN FOR THE THREE-YEAR PERIOD 2009-2011

Following the termination of the Stock Option plan for the previous three-year period 2006-2008, the Board of Directors have resolved, following the recommendations of the Remuneration Committee, to propose to the Annual General Meeting of the Shareholders, to be held on 29 April 2009 (on first calling, or 30 April on second calling) a Stock Option Plan for the three-year period 2009-2011, as per Art 114 *bis* of Legislative Decree, 58/1998.

The purpose of the Plan is essentially to give the company and its subsidiaries access to a tool with which to promote loyalty and render the management more directly involved in the results.

In conformity with art. 114 *bis* of legislative decree N°58 of 24 February 1998, the fundamental characteristics of the Plan to be approved by the shareholders are as follows:

Participants in the Plan

Participants in the Plan will be identified by the Board of Directors from: managers of the company or its subsidiaries with functions critical for the attainment of the group's strategic objectives; directors of the company and its subsidiaries; journalists of the company and its subsidiaries with the position of editor or co-editor; managers of the holding company who carry out their function in the interest of the company.

Participants may therefore also include "relevant subjects" belonging to the categories, as at Art. 152 *sexies*, para. 1, C.1), C2) of CONSOB Regulation 11971/1999.

Implementation of the Plan

The Plan is organised in annual allocations to the participants of options, which are personal and non-transferable, for the acquisition of shares of the company, held in the portfolio or through subsidiary companies. Implementation of the plan is subordinate to the attainment of the company's performance objectives as determined by the Board of directors following the recommendations of the Remuneration Committee. Exercise of the allocated options will be further subordinate to a lock-up period and will be possible only within a defined period.

Criteria for the determination of the purchase price of shares

The price of such shares will be calculated on the basis of the arithmetical average of the reference price of Mondadori ordinary shares, in the period measured by the Borsa Italiana that goes from the date of allocation to the same day of the previous month.

Subject to the approval by the AGM, Board of directors will define, in the light of the above, Regulations for the implementation of the Stock Option Plan.

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RE-ATTRIBUTION OF POWERS AS PER ARTT. 2443 AND 2420 TER OF THE CIVIL CODE

Following the expiry of the five-year attribution of powers made by the Shareholders' Meeting of 2004, the forthcoming AGM (the extraordinary part), to be held on 29 April 2009 (on first calling, or 30 April on second calling), will be asked to approve the re-attribution of powers to the Board of Directors to resolve capital increases and the issue of convertible bonds, as per artt. 2443 and 2420 ter of the Civil Code.

The new powers are in line with the previous expiring powers, both in terms of duration (five years, in accordance with current legislation) and for the maximum sums (a nominal €78 million and €260 million respectively).

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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 2008 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 2.30 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)

Assets	31 December 2008	31 December 2007
Intangible assets	930.9	943.8
Fixed assets	2.6	1.5
Land and buildings	18.3	73.8
Plant and machinery	10.3	87.4
Other assets	32.2	48.4
Property, plant and machinery	60.8	209.6
Investments booked using net equity method	140.8	127.0
Other investments	0.2	0.3
Total investments	141.0	127.3
Non-current financial assets	2.0	3.7
Advanced taxes	38.9	39.7
Other non-current assets	2.8	3.1
Total non-current assets	1,179.0	1,328.7
Tax credits	20.1	28.7
Other current assets	90.3	77.6
Inventories	123.4	150.9
Trade receivables	417.3	486.9
Stocks and other current financial assets	68.5	144.9
Cash and equivalents	330.5	225.1
Total current assets	1,050.1	1,114.1
Assets destined to be sold or closed	-	-
Total assets	2,229.1	2,442.8
Liabilities	31 December 2008	31 December 2007
Share capital	67.5	67.5
Share premium reserve	286.9	286.9
Other reserves and results carried forward	55.7	37.6
Profit (loss) for the period	97.1	112.6
Total Group shareholders' equity	507.2	504.6
Minority capital and reserves	1.9	1.9
Total shareholders' equity	509.1	506.5
Reserves	39.7	33.3
Severance payments	61.4	90.6
Non-current financial liabilities	674.0	741.2
Deferred tax liabilities	88.9	88.2
Other non-current liabilities	-	-
Total non-current liabilities	864.0	953.3
Income taxes payable	23.6	44.3
Other current liabilities	258.8	293.1
Trade liabilities	356.3	477.8
Bank debts and other financial liabilities	217.3	167.8
Total current liabilities	856.0	983.0
Liabilities deriving from sales or closures	-	-
Total liabilities	2,229.1	2,442.8

Encl. 2

Consolidated income statement (in €m)

	FY 2008	FY 2007	% change
Income from sales of goods and services	1,819.2	1,958.6	(7.1%)
Personnel costs	356.4	372.9	(4.4%)
Cost of sales and management (*)	1,219.0	1,326.1	(8.1%)
Income (charges) from investments calculated on a net equity basis	5.4	9.3	(41.9%)
Gross operating profit	249.2	268.9	(7.3%)
- as a proportion of revenues	13.7%	13.7%	
Depreciation of property, plant and machinery	31.1	36.5	(14.8%)
Depreciation of intangible assets	14.6	7.2	102.8%
Operating profit	203.5	225.2	(9.6%)
- as a proportion of revenues	11.2%	11.5%	
Net financial income (charges)	(52.1)	(35.7)	45.9%
Other financial income (charges)	-	-	
Profit for the period before taxation	151.4	189.5	(20.1%)
Tax charges (income)	53.6	76.1	(29.6%)
Minority interest	(0.7)	(0.8)	(12.5%)
Net profit	97.1	112.6	(13.8%)

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

Encl. 3

Consolidated cash flow statement (in €m)

	31 December 2008	31 December 2007
Net profit for the period	97.1	112.6
Adjustments		
Depreciations, amortisation and impairment	45.7	43.7
Stock options	1.5	2.3
Charges to provisions and leaving entitlements	16.3	7.5
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(38.3)	(16.8)
Capital losses (gains) on disposals of financial assets	13.5	(2.8)
Capital losses (gains) on valuations of financial assets	(5.4)	(9.3)
Adjusted net profit from operating activities	130.4	137.2
(Increase) decrease in trade receivables	(31.1)	(7.9)
(Increase) decrease in inventories	13.0	(9.9)
Increase (decrease) in trade payables	(12.6)	41.9
Net changes in income tax receivables/payables	(12.3)	(0.9)
Payment of advances and leaving entitlements	(8.3)	(14.9)
Net changes in deferred tax assets/liabilities	1.4	(7.6)
Net changes in other current assets/liabilities	(38.7)	8.5
Cash flow from (used in) operating activities	41.8	146.4
Payment of business combination net of cash acquired	112.8	(0.1)
(Investments in) disposals of intangible assets	4.4	(33.1)
(Investments in) disposals of property, plant and equipment	(18.2)	(5.6)
(Investments in) disposals of equity investments	5.0	1.9
(Investments in) disposals of financial assets	18.8	64.5
Cash flow from (used in) investment activities	122.8	27.6
Net changes in financial liabilities	24.6	40.6
(Purchase) disposal of treasury stock	-	(10.3)
Dividends paid	(83.8)	(84.7)
Cash flow from (used in) financial activities	(59.2)	(54.4)
Increase (decrease) in cash and cash equivalents	105.4	119.6
Cash and cash equivalents at beginning of period	225.1	105.5
Cash and cash equivalents at end of period	330.5	225.1
Composition of cash and cash equivalents at beginning of period		
Cash, cheques and valuables in hand	1.1	2.5
Bank and post office deposits	329.4	222.6
	330.5	225.1

Encl. 4

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

ASSETS	31 DECEMBER 2008	31 DECEMBER 2007	
Intangible assets	92.4	91.8	
Fixed assets	2.6	1.5	
Land and buildings	9.3	9.7	
Plant and machinery	6.7	6.2	
Other assets	4.3	5.8	
Property, plant and machinery	20.3	21.7	
Investments	684.8	760.6	
Non-current financial assets	-	-	
Advanced taxes	16.5	15.1	
Other non-current assets	0.5	0.8	
Total non-current assets	817.1	891.5	
Tax credits	2.7	10.7	
Other current assets	53.6	39.0	
Inventories	34.7	40.0	
Trade receivables	224.6	241.1	
Stocks and other current financial assets	108.9	103.3	
Cash and equivalents	113.0	96.0	
Total current assets	537.5	530.1	
Assets destined to be sold or closed	-	-	
Total assets	1,354.6	1,421.6	
LIABILITIES	NOTES	31 DECEMBER 2008	31 DECEMBER 2007
Share capital		67.5	67.5
Share premium reserve		286.8	286.8
Treasury stock		(104.0)	(104.0)
Other reserves and results carried forward		100.3	92.5
Profit (loss) for the period		66.2	90.0
Total shareholders' equity		416.8	432.8
Reserves		23.5	19.8
Severance payments		34.1	36.1
Non-current financial liabilities		371.3	296.4
Deferred tax liabilities		18.5	17.8
Other non-current liabilities		-	-
Total non-current liabilities		447.4	370.1
Income taxes payable		14.6	29.5
Other current liabilities		72.1	70.7
Trade liabilities		162.6	184.3
Bank debts and other financial liabilities		241.1	334.2
Total current liabilities		490.4	618.7
Liabilities deriving from sales or closures		-	-
Total liabilities		1,354.6	1,421.6

Encl. 5

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

	NOTES	FY 2008	FY 2007
Income from sales of goods and services		865.1	949.3
Decrease (increase) in inventories		4.4	3.5
Cost of raw, ancillary and consumable materials and goods		180.1	184.9
Cost of services		445.5	520.6
Personnel costs		130.5	135.0
Various charges (income)		6.7	(13.0)
Gross operating profit		97.9	118.3
Depreciation of property, plant and machinery		4.2	4.5
Depreciation of intangible assets		0.3	0.3
Operating profit		93.4	113.5
Financial income (charges)		(24.3)	(19.8)
Investment income (charges)		21.9	39.2
Profit before taxation		91.0	132.9
Income taxes		24.8	42.9
Net profit		66.2	90.0

Encl. 6

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

	31 December 2008	31 December 2007
Net profit for the period	66.2	90.0
<i>Adjustments</i>		
Depreciations, amortisation and writedowns	35.4	19.5
Stock options	1.1	1.8
Charges to provisions and leaving entitlements	10.8	5.3
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(1.4)	(12.3)
Income from investments – dividends	(51.5)	(53.9)
Adjusted net profit from operating activities	60.6	50.4
(Increase) decrease in trade receivables	13.3	(4.6)
(Increase) decrease in inventories	4.4	3.5
Increase (decrease) trade payables	(22.3)	(22.3)
Net changes in income tax receivables/payables	(6.9)	(0.7)
Net changes in other assets/liabilities	(11.4)	(11.1)
Net changes in deferred tax assets/liabilities	(0.6)	5.3
Increase (decrease) in provisions and leaving entitlements	(4.0)	(5.6)
Cash flow from (used in) operating activities	33.1	14.9
(Investments in) disposals of intangible assets	(1.0)	(0.2)
(Investments in) disposals of property, plant and equipment	(3.3)	8.0
(Investments in) disposals of equity investments	46.7	(25.6)
Income from investments – dividends	51.5	53.9
(Investments in) disposals of securities and other financial assets	(5.6)	(48.6)
Cash flow from (used in) investment activities	88.3	(12.5)
(Increase) decrease in payables to banks	(95.5)	114.9
(Purchase) sale of treasury stock	-	(10.3)
Net changes in other financial assets/liabilities	74.9	0.1
Dividends paid	(83.8)	(84.7)
Cash flow from (used in) financial activities	(104.4)	20.0
Increase (decrease) In cash and cash equivalents	17.0	22.4
Cash and cash equivalents at beginning of period	96.0	73.6
Cash and cash equivalents at end of period	113.0	96.0
Composition of cash and cash equivalents		
Cash, cheques and valuables in hand	-	-
Bank and post office deposits	113.0	96.0
	113.0	96.0