

ARNOLDO MONDADORI EDITORE S.p.A.

Share capital 67,451,756.32 Euros

Head Offices in Milan, Italy

Administrative Offices in Segrate (MI)

Report on the first half of 2003

Corporate Boards

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Vice Chairman and Chief Executive

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Chairman

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Acting Statutory Auditors

Antonio Aiello

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Substitute Statutory Auditors

Francesco A. Giampaolo

Francesco Vittadini

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Mondadori Group

***Report of the Board of Directors
on the first half of 2003***

The Mondadori Group's business activities

During the first half of 2003 the international economic situation continued to be very uncertain as a result of a weakness both in consumer spending and investments.

In this context, the Mondadori Group confirmed the good results obtained in the first quarter of the year, registering an increase in revenues and pre-tax profits.

Consolidated revenues for the first half of 2003 amounted €753.9 million, an increase of 4.7% compared with the figure of €720.3 million in 2002.

Gross operating profit amounted to €93.7 million, a decrease of 0.5% compared with the figure of €94.2 million in 2002, representing a decrease from 13.1% to 12.4% as a proportion of revenues. The slight decrease in the gross operating profit was due to a change in the composition of revenues compared with the previous year and to important non-recurring costs linked to the launch of the new magazine titles *Flair*, *Flair Living* and *Economy*, all of which were sustained during the six-month period.

Operating profit amounted to €75.2 million, a decrease of 2% compared with €76.7 million in 2002 that was due to depreciations which rose from €17.5 million to €18.5 million. This figure represented 10% of turnover compared with 10.6% for the previous year.

Pre-tax profits amounted to €64.1 million compared with €56.2 million in the previous year, an increase of 14.1%. Compared with the same period in the previous year the result was greatly affected by an improvement in the financial management of the Group, an improved performance of the joint-ventures valued at equity and of the internet sector, and gains registered as a result of the disposal of the Ricciardi imprint.

The Group's overall net **financial position** at the end of June amounted to +€6.3 million, compared with -€10.7 million at the same date in the previous year. During the second quarter of the year dividends of €62.4 million were paid.

The overall increase in revenues was reflected in different ways in the Group's individual business activities, as outlined below.

In the first six months of 2003 the **book division** registered an increase in sales of 8.5% compared with the same period in the previous year. Within the division, all the Group's imprints registered significant increases in sales.

In particular Einaudi registered an increase in turnover of 18.7%, while the only exception was seen in the Exhibition Organisation and Art Books sector where sales decreased as a result of a drop in business in the Important Exhibitions sector that was due to a decision to cut down on low-profit activities.

During the period the **magazine division** registered a significant increase in circulation revenues (+10.7%) thanks to sales of optional accessories, such as DVDs, music CDs and videocassettes, and to encouraging results achieved by new titles.

Advertising sales decreased by 6.9%, although this represented a slight improvement compared with the previous quarter. The reduction in revenues when presented on a comparable basis, that is without revenues from *Famiglia Cristiana* (the contract for which was not renewed in 2003) amounted to 2%.

The sector continues to feel the effects of the general economic situation, with the result that the expected recovery in advertising investments has still not materialised.

The economic situation also influenced the **printing division** which registered an increase in sales of 1.4%. The weak demand for printing continued to characterise the market, producing strong pressure on prices and increasing competition.

In the **direct sector** the Group maintained its position of market leader in mail-order sales with Mondolibri SpA, whose sales were substantially in line with the previous year, and in direct marketing with Cemit Interactive Media SpA, which registered an 11.5% increase in sales. Retail sales also increased (+21.4%) both in the franchising bookshop division and in the direct and multi-centre divisions. These positive results were helped by an increase in the number of sales outlets and by an increase in sales from existing outlets.

A more detailed analysis of the Group's various business activities is provided in the following pages.

We now move on to the consolidated economic results for the first half of 2003.

Results for the period

In the following table of the Group's reclassified income statement the data relating to the costs and revenues relative to the Group's Internet activities has, as in recent years, been entered separately.

| Consolidated reclassified income statement | Millions of euros 30 June 2003 | Millions of euros 30 June 2002 | %change |
|---|---|---|----------------|
| Income from sales | 753.9 | 720.3 | 4.7% |
| Personnel costs | 125.4 | 122.5 | 2.4% |
| Product and management costs | 534.8 | 503.6 | 6.2% |
| Gross operating profit | 93.7 | 94.2 | (0.5%) |
| <i>MOL effect on income</i> | <i>12.4%</i> | <i>13.1%</i> | |
| Depreciations of fixed assets | 18.5 | 17.5 | 5.7% |
| Operating profit | 75.2 | 76.7 | (2.0%) |
| <i>Operating result effect on income</i> | <i>10.0%</i> | <i>10.6%</i> | |
| Depreciations of intangible assets | 11.2 | 11.2 | - |
| Net financial income (charges) | 0.5 | (3.7) | n.a. |
| Other income (charges), net | 0.8 | (2.5) | n.a. |
| Extraordinary income (charges), net | 1.3 | 0.1 | n.a. |
| Internet activities | (2.5) | (3.2) | (21.9%) |
| Profit before taxation | 64.1 | 56.2 | 14.1% |
| <i>Net result effect on income</i> | <i>8.5%</i> | <i>7.8%</i> | |

Consolidated revenues amounted to €753.9 million, an increase of 4.7%.

Some data relating to the previous six-month period has been adjusted in order to make it comparable with the data for the first six months of 2003, in accordance with the resolution taken by the Shareholders' Meeting concerning the merger of Mondadori Informatica SpA into the Parent Company, which came into legal effect on 1 August 2003. As a result of this, sales figures for the Computer Publishing and New Media Division are incorporated in the Book Division, the Magazine Division and under Others.

The following table illustrates the business volumes for each business activity:

| Business volumes for each business activity | Millions of euros | | %change |
|--|--------------------------|---------------------|----------------|
| | 30 June 2003 | 30 June 2002 | |
| Books | 161.7 | 149.0 | 8.5% |
| Magazines | 429.7 | 416.7 | 3.1% |
| Printing | 214.9 | 212.0 | 1.4% |
| Direct marketing | 72.9 | 64.9 | 12.3% |
| Others | 8.1 | 10.5 | (22.9%) |
| Total sales | 887.3 | 853.1 | 4.0% |
| Intergroup sales | (133.4) | (132.8) | 0.5% |
| Total consolidated sales | 753.9 | 720.3 | 4.7% |

Consolidated revenues are broken down into the following geographical areas:

| Business volume by geographical area | Millions of euros | | % change |
|---|--------------------------|---------------------|-----------------|
| | 30 June 2003 | 30 June 2002 | |
| Italy | 696.7 | 659.6 | 5.6% |
| EU countries | 46.1 | 50.7 | (9.0%) |
| USA | 5.5 | 5.4 | 1.8% |
| Other countries | 5.6 | 4.6 | 21.7% |
| Total consolidated revenues | 753.9 | 720.3 | 4.7% |

Book division

The data released by Demoskopea show that there was a slight decrease in the book market in the first half of 2003. Compared with the same period in the previous year, the decrease amounted to 0.7% in terms of value and 1.50% in terms of copies.

Despite the difficult market context, the Mondadori Group's publishing houses registered an important performance in increasing its overall market share by 0.6%. This result is even more significant when consideration is given to the fact that the other two large Italian publishing companies registered large decreases in their market share, and that the only competitor that managed to return positive results in the first half of 2003 was Feltrinelli.

| Publisher | Market share 1st half of 2003 | Market share 1st half of 2002 | % change |
|--|--|--|-----------------|
| Mondadori | 18.9 | 18.3 | 0.7% |
| Einaudi | 5.1 | 5.2 | (0.1%) |
| Sperling & Kupfer | 2.8 | 3.0 | (0.2%) |
| Other companies of the Mondadori Group | 0.5 | 0.2 | 0.3% |
| Total for the Mondadori Group | 27.3 | 26.7 | 0.6% |
| Rizzoli Group | 13.2 | 14.8 | (1.5%) |
| Longanesi Group | 7.8 | 9.2 | (1.4%) |
| Feltrinelli | 6.2 | 5.3 | 0.8% |

Source: Demoskopea.

It should be noted that beginning with the current year Demoskopea has changed the criteria it uses for gathering information about the Italian book market by enlarging the scope of its research to include sectors that were not previously included. The main consequence of this is that the share of the main publishing houses has decreased. The data relative to the first half of 2002 has been updated to take into account the new methods used, therefore the data published in the Report on the first half of 2002, which saw the Mondadori Group accredited with a 31.4% share of the market, is no longer valid.

In the first half of 2003 the Book Division registered total sales of €161.7 million, compared with €149.0 million for the first half of the previous year, and they were made up as follows:

| Books | Millions of euros | Millions of euros | % change |
|---------------------------------------|--------------------------|--------------------------|-----------------|
| | 30 June 2003 | 30 June 2002 | |
| Edizioni Mondadori | 68.3 | 63.8 | 7.1% |
| Einaudi | 22.2 | 18.7 | 18.7% |
| Art books and exhibition organisation | 16.2 | 19.1 | (15.2%) |
| Sperling & Kupfer Group | 13.8 | 12.9 | 7.0% |
| School textbook sector | 20.0 | 18.4 | 8.7% |
| Book distribution | 21.6 | 17.4 | 24.1% |
| Total sales | 162.1 | 150.3 | 7.9% |
| Intergroup sales | (0.4) | (1.3) | (69.2%) |
| Total consolidated sales | 161.7 | 149.0 | 8.5% |

Edizioni Mondadori

During the first half of 2003 Mondadori registered sales of €68.3 million, which represents a notable increase of 7.1% compared with the same period in the previous year.

Among the factors that contributed to this increase was the positive performance of titles that come under the Various heading.

This can be seen in the fact that up to the end of June 2003, *Bis. Nuovi momenti catartici* by Oreglio was the biggest selling book from Mondadori with almost 320,000 copies sold.

This success was repeated with *Tutte le barzellette su Totti*, which was launched at the end of the first half of the year and in little more than two months has already sold 450,000 copies.

Apart from the excellent results obtained by humorous books, the overall result was also due in no small part to the Group's best selling authors, such as Follett with *Il volo del calabrone* (over 200,000 copies sold) and Grisham, with *Il re dei torti* (200,000 copies sold).

Particular mention should also be made of the success of the *Strade Blu* series which registered excellent results for new authors of the calibre of Michael Moore with *Stupid White Men* and Lucarelli/Picozzi with *Serial Killer*.

Einaudi

The first half of 2003 registered a positive performance in the bookshop sector (bookshops + large-scale retail outlets) with a 10.1% increase in net sales compared with the same period in the previous year.

The results obtained from the disposal of rights (+€2.5 million compared with the same period in 2002) were due to revenues from initiatives linked to newspapers (*La Repubblica* and *Corriere della Sera*).

Among the most significant and successful titles published during the period were *L'animale Morente* by Roth, *L'uomo Duplicato* by Saramago, *Il Lato Sinistro del Cuore* by Lucarelli, *Come Prima delle Madri* by Vinci, *Il Libro delle Illusioni* by Auster, *Little Boy Blue* by Bunker, *Il Fiore del Desiderio* by Divakaruni and *L'imitatore* by Kunzru.

At the same time, some of the books published at the end of 2002 continued to be successful, such as *Io non Ho Paura* by Ammaniti.

Art books and exhibition organisation

Sales for the first half of 2003 amounted to €16.2 million, compared with €19.1 million in the same period in 2002. This decrease was due to less activity in the Important Exhibition and commission publishing sectors.

In particular, the period saw confirmation of the excellent result achieved with *Dizionari dell'Arte*, which with the six titles published up to now has sold 250,000 both in Italy and abroad.

As for the organisation of exhibitions, the *Storie da un'eruzione* at the Museo Archeologico in Naples and *Nike. Il gioco e la vittoria* at the Colosseum has both registered excellent attendances.

In June a new four-year contract was signed for running auxiliary services for the “Soprintendenza per il Patrimonio Storico Artistico e Demoetnoantropologico” and for the “Beni Architettonici” and the “Paesaggio” at Brera and Cenacolo.

Sperling & Kupfer Group

Net sales for the Sperling & Kupfer Group for the first half of 2003 amounted to €13.8 million, a 7% increase compared with 2002.

This positive result was partly due to the success of the *6 Aprile '96* by Sveva Casati Modignani and *Io l'amavo* by the new French Author Anna Gavalda. Another important success was the excellent results obtained by foreign sales of a book that will be published in the autumn written about the internationally famous case of Safiya, the Nigerian mother who runs the risk of being stoned to death.

Educational publishing

In the first half of 2003 the division registered overall sales of €20.0 million, with an increase of 8.7% compared with the figure of €18.4 million registered in the same period in 2002.

The increase in sales is equally distributed among the Group's various publishing imprints. In particular, the most impressive result was registered in the lower- and upper-middle school area where sales increased by over 20%.

When the school textbook advertising campaign came to an end the data for set books revealed some interesting and significant results in the different market sectors, including a 30% increase in the elementary school sector where the books presented to schools under the Minerva Italica and Juvenilia imprints were the top sellers.

As for the lower- and upper-middle sectors, the number of set books adopted increased by around 6.5% compared with 2002, with a significant increase in titles published by the Group's most recent purchases, Poseidonia and Le Monnier.

Once again this year the school textbook publishing sector has been strongly conditioned by the uncertainty about the school reforms that have been announced for the immediate future but have still not been implemented. In addition, school textbook publicity activities were disturbed by problems linked to the renewal of the national labour contract for teaching staff.

The good results of the advertising campaign were confirmation of the validity of the policies introduced concerning publishing and organisation of the sales network.

Distribution

During the first half of the year net revenues from Distribution increased by 24.1% compared with the same period in the previous year, thanks to the excellent performance registered by Baldini & Castoldi.

Magazine division

The Magazine Division registered consolidated sales of €429.7 million, an increase of 3.1% compared with 2002.

| Magazines | Millions of euros | Millions of euros | % change |
|------------------------|--------------------------|--------------------------|-----------------|
| | 30 June 2003 | 30 June 2002 | |
| Circulation | 258.7 | 233.0 | 11.0% |
| Advertising | 171.0 | 183.7 | (6.9%) |
| Total magazines | 429.7 | 416.7 | 3.1% |

The following table gives an overall picture of the situation:

Circulation

| Circulation | Millions of euros | Millions of euros | % change |
|--------------------------|--------------------------|--------------------------|-----------------|
| | 30 June 2003 | 30 June 2002 | |
| Mondadori titles | 218.7 | 197.7 | 10.6% |
| Third-party titles | 40.0 | 35.3 | 13.3% |
| Total circulation | 258.7 | 233.0 | 11.0% |

The second quarter of 2003 was characterised by the launch of new titles in the spring, important investments in marketing and an improvement in the traditional titles. The results in terms of circulation revenues was undoubtedly positive, with an increase of 11%.

The three new Mondadori titles, *Flair*, *Flair Living* and *Economy*, registered excellent results both in terms of circulation and advertising with *Flair* selling on average around 200,000 copies, *Flair Living*, the top title in the furniture portfolio, 60,000 copies and the weekly *Economy* selling an average of 130,000 copies of each of the 11 issues published so far.

Economy, in particular, has enabled Mondadori to further diversify its already wide-ranging portfolio of titles in an important and highly strategic market sector.

The notable increase in sales was also due to the development of the sale of optional products, a sector where Mondadori consolidated its position of leader both in terms of quantity and quality.

The two titles that are traditionally active in this sector, *Panorama* and *TV Sorrisi e Canzoni*, were joined by many other important titles that offered optional products of a very high level aimed at their specific target readership

Among all the initiatives special mention should be made of the excellent results obtained by the “Starbene con se stessi” series of books on offer as optional products linked to *Donna Moderna*: during the first half of the year the 7 issues of the magazine + book sold over 820,000 copies.

Advertising

The advertising market also suffered from the stagnation in investments. The following table illustrates the situation in comparison with the first half of 2002, where the most noticeable difference can be seen in the decrease in printed advertising that was mainly due to the delay in a recovery in investments in the service sectors.

| Advertising market | Millions of euros 30 June 2003 | Millions of euros 30 June 2002 | % change |
|---------------------------------|-----------------------------------|-----------------------------------|---------------|
| Television | 2,301.5 | 2,335.6 | (1.5%) |
| Magazines | 567.5 | 586.5 | (3.2%) |
| Newspapers | 863.0 | 909.1 | (5.1%) |
| Radio | 157.0 | 150.5 | 4.3% |
| Placards | 97.0 | 92.2 | 5.2% |
| Cinema | 36.1 | 35.4 | 1.9% |
| Total advertising market | 4,022.1 | 4,109.3 | (2.1%) |

Source: Nielsen

While the result for the first half of 2003 for the Mondadori Group was once again rather negative, it does represent an improvement on the result registered for the first quarter of the year.

The overall result represents a 6.9% decrease compared with the first six months of 2002, with magazines outperforming newspapers.

When the revenues registered by *Famiglia Cristiana*, which this year is no longer part of the portfolio, are taken away from the result the decrease amounts to 2.0%.

The magazines that registered the best performances included *TU*, *Chi* and *Cosmopolitan*, together with the new titles launched in the first half of the year, *Flair*, *Flair Living*, *Evo* and *Economy*, which registered results far above any expectations.

In July and August there were some signs of a recovery, albeit in the short term, that had a very slight positive effect on the advertising market.

Printing division

The protracted uncertainty about the economic future continued to have negative effects on consumption, and the consequent difficulty of the advertising market meant that printing demand was once again very sluggish.

The result is that in the European market there is still an overabundance of production capacity and strong competition between the printing companies.

As for printing services, there was an improvement in the quantity of orders for the printing of commercial products (catalogues, brochures, etc.) and magazines. Demand on the Italian market for the printing of monochrome hardback books was still positive, while demand for illustrated books fell as a result of a lack of new publishing initiatives and of the effect of the appreciation of the euro in comparison with the currencies of our reference markets.

During the first half of the year the cost of paper was fairly stable with a slight tendency to decrease, confirming the weakness of the printing market.

Foreign sales were in line with June 2002, amounting to €44.4 million.

The following table illustrates the sales figures for the different types of printed products net of the cost of paper and shipping:

| Printing revenues net of paper costs | Millions of euros | Millions of euros | % change |
|--|--------------------------|--------------------------|-----------------|
| | 30 June 2003 | 30 June 2002 | |
| Magazines | 61.7 | 57.5 | 7.3% |
| Books | 36.1 | 33.8 | 6.8% |
| Catalogues and promotional material | 12.2 | 13.1 | (6.7%) |
| Directories | 2.8 | 2.8 | - |
| Total printing sales net of paper costs | 112.8 | 107.2 | 5.2% |

The performances achieved were in line with market trends, while the decrease in catalogue sales was the result of commercial choices and the depreciation in the value of sterling.

Direct division

Direct

Mondolibri registered a decrease in sales compared with the same period in 2002 (- 1%), which was mainly due to a fall in the number of orders and in the average “club” price. However, the excellent results obtained during the first half of the year in attracting new members, together with the planned increase in prices (which for “physiologic” reasons are introduced on average 6 months after the overall market) gives rise to the belief that the situation will be reversed in the second half of the year.

In June Mondolibri completed the purchase from the Piemme publishing house of “Piemme Direct”, which specialises mainly in mail-order sales of religious books.

During the first half of 2003, despite the continuing slump in investments in the communication market, **Cemit** bucked the market trend in registering a further increase in turnover (sales increased by 11.5% compared with the same period in 2002) and maintained its position of market leader in the high quality services sector for direct marketing.

Retail

Mondadori Franchising registered another important increase in sales compared with the first half of 2002, thanks to new affiliations that came into operation in the twelve months in question (with the number of sales outlets increasing from 110 to 122), and to an increase in sales from existing bookshops that resulted from successful promotional campaigns.

As a result of this, sales are expected to increase over the next few months in comparison with the previous year.

Mondadori Retail registered an appreciable increase in sales (+14.3%) thanks to the consolidated presence of its shops throughout the country (+5.2% compared with the previous year) and to the opening of new multi-centres in Rome (at the end of 2002) and Turin (in the first quarter of 2003), which increased the total number of sales outlets to 14.

| Direct | Millions of euros 30 June 2003 | Millions of euros 30 June 2002 | % change |
|-------------------------------|---|---|-----------------|
| Mondolibri SpA (proportional) | 20.7 | 20.9 | (1.0%) |
| Cemit Interactive Media SpA | 13.6 | 12.2 | 11.5% |
| Total direct marketing | 34.3 | 33.1 | 3.6% |
| Mondadori Franchising SpA | 10.6 | 7.3 | 45.2% |
| Mondadori Retail Srl | 28.0 | 24.5 | 14.3% |
| Total retail | 38.6 | 31.8 | 21.4% |
| Total direct | 72.9 | 64.9 | 12.3% |

Internet

The current situation in the Internet sector is characterised by a slow increase in the number of users (14 million) and a delay in the introduction of broad band technology.

During the first half of this year the Mondadori Group concentrated on consolidating and maintaining the levels of traffic on its site network, favouring synergy with its *off line* titles by focussing on the editorial content and developing complementary services to the Group's printed products.

Traffic data for the first six months of the year demonstrate that the number of page views and unique visitors were substantially the same as the previous year, with good results in particular for *donnamoderna.com* and *panorama.it*.

Financial situation

The Mondadori Group's financial situation as of 30 June 2003 showed a profit of €6.3 million, as illustrated in the following table:

| Net financial position | Millions of euros | | Millions of euros |
|---|--------------------------|-------------------------|--------------------------|
| | 30 June 2003 | 31 December 2002 | 30 June 2002 |
| Short term bank deposits | 24.7 | 85.5 | 216.3 |
| Short term borrowing from banks | (29.3) | (21.3) | (42.5) |
| Financing (short and medium/long term) | (468.0) | (369.5) | (485.4) |
| | (472.6) | (305.3) | (311.6) |
| Fixed interest securities | 464.7 | 407.3 | 287.1 |
| Cash, post office accounts, net receivables from affiliates and third parties and accrued interest income | 14.2 | 7.3 | 13.8 |
| Net financial receivables (payables) | 6.3 | 109.3 | (10.7) |

| Cash flow summary | Millions of euros | Millions of euros | Millions of euros |
|--|--------------------------|--------------------------|--------------------------|
| | 30 June 2003 | 31 December | 30 June 2002 |
| | | 2002 | |
| Initial net financial position | 109.3 | 188.5 | 188.5 |
| Result of period | 64.1 | 81.1 | 56.2 |
| Depreciations | 30.0 | 60.3 | 29.2 |
| Self-finance | 94.1 | 141.4 | 85.4 |
| Changes in working capital | (37.3) | (11.7) | (60.2) |
| Net investments | (33.5) | (16.6) | (5.5) |
| Severance indemnities | 1.9 | 2.1 | 2.2 |
| Buy-back of company shares, net of sales | (11.4) | (3.3) | (0.5) |
| Other assets/liabilities | (55.1) | (25.2) | (56.8) |
| Operating surplus (requirement) | (41.3) | 86.7 | (35.4) |
| Dividends | (62.4) | (155.7) | (155.7) |
| Other capital movement | 0.7 | (10.2) | (8.1) |
| Financial surplus (requirement) | (103.0) | (79.2) | (199.2) |
| Final net financial position | 6.3 | 109.3 | (10.7) |

Interest rates

The overall worldwide economy, which was characterised by tentative signs of recovery even though future prospects are still uncertain, increased by 1.4% and 1.1% in the first and second quarters of 2003.

Thanks to repeated fiscal and monetary initiatives, the American economy showed signs of a recovery, increasing by 1.5% during the first quarter of the year while during the second quarter the GDP increased by 3.1%. This increase was mainly due to an increase in consumer spending and

company investments, together with a substantial increase in national defence spending (the biggest increase since 1951). The American Stock Exchange (Dow Jones Industrial Average) registered an increase of 7.7% in the first half of the year, while the retail price index was equal to 2.1% (compared with 2.2% in the first quarter) and the unemployment rate rose from 5.7% in January to 6.4% in June.

In the euro area the economic stagnation that has prevailed for more than two years, mainly as a result of consistently weak internal demand (both in terms of consumer spending and investments) and of the strong euro that has had a negative effect on exports, shows little sign of improving. During the first six months of the year the economy increased by 0.2% in the first quarter and 0.1% in the second, with forecasts for the second half of the year based on an increase of just over 1.0%. Germany, the traditional economic driving force of Europe, registered a 0.5% increase in GDP and unemployment of over 10%, while in Italy forecasts are for a 0.6% increase in GDP for 2003. The DJ Stoxx 50 European share index remained substantially the same as at the beginning of the year with an increase of just 0.5%, and the consumer price index in the euro area increased by 2.0% in the second quarter of the year (2.9% in Italy). In June the unemployment rate in the euro area was 8.9%.

In this macroeconomic context the dollar was considerably weakened, losing over 11% of its value compared with the euro in falling from 1.04 at the beginning of the year to 1.15 at the end of June. Sterling was also considerably weakened, losing 7% of its value since January in falling from 0.650 to 0.696 during the six-month period, while the British government continues to put off making the definitive decision as to whether or not to enter the EMU and public opinion seemingly more than ever against the idea.

As far as market interest rates are concerned, the three-month Euribor rate (act/360) increased from 2.865% at the end of December 2002 to 2.147% at the end of June 2003 (with an average value of 2.53%). During the same period the average cost of money for the Mondadori Group (including the risk cover structure for interest rates and government-supported loans) amounted to 3.093%.

As of 30 June 2003, 20% of the Group's short-term credit facilities, amounting to €558 million, were used by means of self-liquidating lines of credit (bank discount bills) and stand-by financing of less than 18 months minus a day.

The medium/long term lines of €416 million were almost totally made up of (€400 million) of a revolving multi-currency credit facility with a duration of five years (2000-2005) and subsidised loans for publishers (€16 million), in accordance with Law 416/81, made to Mondadori Electa and Mondadori Printing. As of 30 June 2003 approximately 93% of these had been used.

Mondadori International

Mondadori International, which is responsible for the Group's financial activities, closed the first half of the year with pre-tax profits of €6.1 million (€1.6 million in 2002). The Company's financial profit at 30 June 2003 amounted to €452 million (€461.0 million in 2002), after having paid €18 million for the purchase of Attica.

During 2002 the company continued with its policy of diversifying its portfolio in order to achieve a positive performance despite the difficulties and volatility of financial markets.

Personnel

As of 30 June 2003 Group companies employed 4,743 people (4,792 at 31 December 2002), while the average number of personnel during the period amounted to 4,743 (4,818 in the same period in 2002). The numbers referred to above include temporary staff.

The decrease in the average number of employees was spread throughout the various Group companies.

The following table shows details of Group personnel as of 30 June 2003:

| Personnel | 30 June 2003 | 31 December 2002 | 30 June 2002 |
|--|---------------------|-------------------------|---------------------|
| Arnoldo Mondadori Editore SpA: | | | |
| - Managers, journalists and office staff | 1,461 | 1,459 | 1,467 |
| - Manual workers | 146 | 165 | 168 |
| | 1,607 | 1,624 | 1,635 |
| Italian subsidiaries: | | | |
| - Managers, journalists and office staff | 1,675 | 1,701 | 1,697 |
| - Manual workers | 1,301 | 1,307 | 1,320 |
| | 2,976 | 3,008 | 3,017 |
| Foreign subsidiaries: | | | |
| - Managers, journalists and office staff | 38 | 37 | 37 |
| - Manual workers | 122 | 123 | 129 |
| | 160 | 160 | 166 |
| Total | 4,743 | 4,792 | 4,818 |

The cost of personnel amounted to €126.3 million, representing a slight increase compared with June 2002.

Contracts expired as of 30 June 2003:

- the remuneration part and the conditions of the National Contract for Commercial Managers;
- the remuneration part and the conditions of the National Commercial Contract.

The following contracts expire at the end of the year:

- the remuneration part and the conditions of the National Contract for Industrial Managers;
- the remuneration part and the conditions of the National Contract for Publishing Designers.

Investments

During the first half of 2003 the Group made investments of €20.1 million in technical assets, €12.1 million of which was for plant and machinery mainly in the printing division.

The majority of investments that have not yet entered production, for a value of €4.4 million, were also concerned with the printing division.

Other investments concerned the normal replacement of company cars and the purchase of new office furniture and equipment.

Disinvestments during the period amounted to €5.5 million, with more than half concerning the printing division and the residue relating to the normal turnover of other assets.

Results of Arnoldo Mondadori Editore SpA

As of 30 June 2003 Arnoldo Mondadori Editore SpA registered pre-tax profits of €61.7 million, a slight decrease compared with the same period in 2002.

This performance was influenced by the investments made during the period in the magazine division and the decrease in advertising sales.

However, revenues increased by more than 5% as a result of the excellent performances of the book division and magazine circulation figures.

Other information

The following section deals with information about the specific subjects:

Relations with linked companies

We would inform you that with reference to CONSOB communication 97001574 of 20 February 1997 and 98015375 of 27 February 1998, no operations of an atypical or unusual nature were carried out.

The operations carried out between correlated parts of the Group are based on normal market conditions: those carried out with companies of the Mondadori Group are of a commercial or financial nature, being concerned with the intergroup bank account, managed by Arnoldo Mondadori Editore SpA, relating to the various debt and credit positions of the different subsidiary and affiliated companies.

All dealings of a commercial nature with the Fininvest Group are based on normal market conditions.

For more detailed information you are referred to the Notes to the Group's financial statements

Purchase of shares in Attica Publications S.A.

In March 2003 Arnoldo Mondadori Editore S.p.A. signed an agreement to invest in the share capital of Attica Publications S.A., a Greek publishing house quoted on the Athens stock exchange.

By the terms of the agreement Mondadori purchased from the company's founders (who hold 80% of the capital, with the remaining 20% on the market) an initial 20% share, for a total investment of €18.2 million.

The agreement grants Mondadori a call option on a further 20% of Attica's share capital, which must be taken up within the next 18 months. In this way Mondadori will hold 40% of the total shares, an amount equal to the holding of the current controlling shareholder.

The Attica Group, founded in 1994 as a magazine publishing company, has been quoted on the Athens Stock Exchange since 1999. The capital deriving from the IPO was invested in the core business, with the launch of new titles and the purchase of publishing houses in the Greek market. In subsequent years the Attica Group introduced a diversification process that resulted in it developing into a multimedia operator in the media sector, with a widespread presence in numerous business activities, including the distribution of magazines, radio, film/VHS/DVD and music CDs.

The Attica Group, whose sales in 2002 amounted to over €72,000,000 with an excellent level of profitability, is currently the market leader in advertising sales and is the second most important company in terms of circulation, with a well-balanced portfolio of products in the women's, men's, television and specialist sectors that include the company's own titles and other titles published under licence from prestigious international publishers such as Hearst and the Figaro Group

Apart from a strong presence in the Greek market, Attica also has a significant presence in East Europe (Hungary, Rumania and Bulgaria), and its expansion policy in these markets is based on the launch of titles with a strong market presence that will enable them to quickly achieve important circulation figures.

Merger of the subsidiary companies Mondadori.com S.p.A. and Mondadori Informatica S.p.A.

The Extraordinary Shareholders' Meeting of 28 April 2003 approved the merger of the subsidiary companies Mondadori.com S.p.A. and Mondadori Informatica S.p.A. into Arnoldo Mondadori Editore S.p.A..

Mondadori.com was responsible for looking after the Group's internet publishing activities, which are closely linked to the main magazine titles, while Mondadori Informatica operated in the Information Technology publishing and training sector where it produced books and specialist computer magazines such as *PC Professionale*.

The aim of the operation was to simplify company structures and rationalise management and administration in order to improve operational efficiency and subsequently contain costs, by means of the synergy deriving from the integration of the business activities of the two merged companies into the parent company. The merger was subsequently completed by the signing of the relative contract, which came into effect on 1 August 2003, and since the merged companies were already entirely owned by the parent company the operation did not involve any share swap.

Significant events during the second half of the year

Preliminary agreement for the purchase of shares in Edizioni Piemme S.p.A.

On 16 July Arnoldo Mondadori Editore S.p.A. signed a preliminary agreement with the current majority shareholders, Pietro Marietti and Elisabetta Dami, to purchase 70% of the share capital of Edizioni Piemme S.p.A. for a total of €14.3 million, unless any eventual adjustments are necessary after completion of the due diligence currently under way.

Edizioni Piemme has approximately 70 employees and in 2002 registered sales of €28 million and profitability inline with the best companies in the sector. The company originally began operating in the religious publications sector before progressively concentrating on producing both fiction and non-fiction aimed specifically at the children's market. In this sector Piemme currently holds an important position in the Italian market with a share of around 11% in terms of sales, a result that has been achieved mainly thanks to the "Il Battello a Vapore" imprint and to the figure of "Geronimo Stilton", for which Piemme holds the exclusive Italian rights.

The operation will enable Mondadori to significantly strengthen its children's books portfolio, thereby consolidating its leadership with a market share that will increase from the current figure of 17% to around 28%, and it will also allow the Group to reinforce its general fiction portfolio with established authors of the calibre of Michael Connelly and Anthony De Mello.

Compulsory conversion of savings shares into ordinary shares

The Extraordinary Shareholders' Meeting of 29 July 2003 resolved on the compulsory conversion, on equal terms and without adjustment, of the total number of 151,412 savings shares in circulation into 151,412 new issue ordinary shares (dividend payable on 1 January 2003) with the same characteristics as the ordinary shares in circulation, to attribute to the holders of savings shares in the ratio of one new issue ordinary share per every one savings share.

The resolutions of the Extraordinary Shareholders' Meeting were approved, in accordance with article 146 of Legislative Decree 58/1998, by the special Meeting of shareholders with savings shares that was held on 29 July 2003 and, following an agreement reached with Borsa Italiana S.p.A., came into effect on 6 August 2003.

Background to the operation

Before the operation was completed the 151,412 savings shares with a par value of €0.26 in circulation represented 0.058% of the share capital, with an equally limited market capitalisation (around €1,167,000 calculated on the basis of the latest official price).

The small quantity of savings shares in circulation, both in terms of numbers and value, has in recent months impeded the maintenance of a regular market in these shares. Transactions of savings shares led, particularly since April 2003, to anomalous conditions consisting of:

- a tendency for the theoretical price of savings shares to rise, often when there was an extremely reduced level of potential share trading;
- a notable imbalance between the quantity of purchase and sale transactions in the market;
- a consequent anomaly between the theoretic bidding price of savings shares and both the market price of the corresponding ordinary shares and the reference price of the savings shares;
- the frequent impossibility to conclude contracts, given the lack of suitable conditions for the validation of the bidding price.

As a result of the circumstances mentioned above, Borsa Italiana S.p.A. decided in ruling 2876 of 7 May 2003 on the immediate indefinite suspension of all transactions of Arnoldo Mondadori Editore S.p.A. savings shares, and in its letter of 14 May 2003 announced the introduction of a procedure to prohibit the transaction of such savings shares on the Stock Exchange, in accordance with provisions contained in article 2.5.1 paragraph 1 letter b) and paragraph 4 letter c) of the “Regulations of markets organised and run by Borsa Italiana S.p.A.”.

Following the provisions adopted by Borsa Italiana S.p.A. the Board of Directors, in consideration of the fact that the maintenance of the category in the absence of a listing would basically mean that it would be impossible to cash-in the savings shares and acknowledging the request formulated by the Common Representative of Savings Shareholders, decided in the interests of safeguarding the category to submit approval of compulsory conversion to a Shareholders’ Meeting.

With the approval of the operation those shareholders who held savings shares were assigned (in the ratio of 1 new issue ordinary share, with a dividend payment of 1 January 2003, for every 1 savings share held) ordinary shares negotiable on the Stock Exchange to replace non-negotiable savings shares, thereby enabling the shareholders to hold in their portfolio quoted shares that can be traded in accordance with market regulations.

Probable evolution of business activities

In the first few months of the second half of the year there were no important developments in the general economic situation. In this context the Group will rely on its ability to accept and create the business opportunities necessary for achieving results in line with the previous year.

For the Board of Directors
Chairman

Marina Berlusconi

*Consolidated Financial Statements of the
Mondadori Group*

***Consolidated balance sheet
and income statement
as of 30 June 2003***

BALANCE SHEET

ASSETS

| (in thousands of euros) | SIX MONTHS AS AT 30 JUNE 2003 | | | SIX MONTHS AS AT | YEAR ENDED |
|--|-------------------------------|-----------|-------------------------|-----------------------|------------------|
| | Sub total | Sub total | TOTAL | 30 JUNE 2002 | 31 DECEMBER 2002 |
| | 1 | 2 | 3 | | |
| A) RECEIVABLES FROM SHAREHOLDERS FOR UNPAID SHARE CAPITAL | | | | | |
| B) NON-CURRENT ASSETS | | | | | |
| I- INTANGIBLE ASSETS | | | | | |
| 1 set-up and expansion costs | | 160 | | 1,556 | 781 |
| 2 research, development and advertising costs | | | | | |
| 3 industrial patent rights and use of original works | | 1,115 | | 964 | 1,294 |
| 4 concessions, licences and trade marks | | 127,061 | | 138,025 | 132,272 |
| 5 goodwill | | 9,902 | | 14,065 | 10,827 |
| 6 assets under construction and advances | | 5 | | 65 | 1,428 |
| 7 others | | 5,357 | | 6,851 | 6,131 |
| 8 consolidation differences | | 9,876 | | 13,414 | 11,423 |
| TOTAL | | | 153,476 | 174,940 | 164,156 |
| II- FIXED ASSETS | | | | | |
| 1 land and buildings | | 81,314 | | 86,349 | 83,142 |
| 2 plant and machinery | | 95,075 | | 88,933 | 96,298 |
| 3 industrial and commercial equipment | | 2,394 | | 2,050 | 2,071 |
| 4 other assets | | 17,628 | | 19,157 | 18,200 |
| 5 assets under construction and advances | | 6,844 | | 14,769 | 2,946 |
| TOTAL | | | 203,255 | 211,258 | 202,657 |
| III- FINANCIAL ASSETS | | | | | |
| 1 investments in : | | | | | |
| a) subsidiary companies | | 837 | | 1,530 | 186 |
| b) affiliated companies | | 71,356 | | 57,573 | 58,432 |
| c) other companies | | 862 | | 852 | 851 |
| TOTAL | | 73,055 | | 59,955 | 59,469 |
| | | | <i>within 12 months</i> | <i>over 12 months</i> | |
| 2 current receivables | | | | | |
| a) from subsidiary companies | | | | | |
| b) from affiliated companies | | | | | |
| c) from parent companies | | | | | |
| d) from other companies | 1,242 | 5,619 | 6,861 | 8,164 | 7,395 |
| TOTAL | 1,242 | 5,619 | 6,861 | 8,164 | 7,395 |
| 3 other securities | | | | 3 | 3 |
| 4 treasury stock | | 70,879 | | 56,606 | 59,472 |
| TOTAL | | | 150,795 | 124,728 | 126,339 |
| TOTAL NON-CURRENT ASSETS (B) | | | 507,526 | 510,926 | 493,152 |

ASSETS

| (in thousands of euros) | SIX MONTHS AS AT 30 JUNE 2003 | | | SIX MONTHS AS AT | YEAR ENDED |
|--|-------------------------------|-------------------------|-----------------------|------------------|------------------|
| | Sub total | Sub total | TOTAL | 30 JUNE 2002 | 31 DECEMBER 2002 |
| | 1 | 2 | 3 | | |
| C) CURRENT ASSETS | | | | | |
| I- INVENTORIES | | | | | |
| 1 raw materials | | 13,645 | | 12,007 | 12,681 |
| 2 semi-finished products, work in progress | | 18,491 | | 16,808 | 29,230 |
| 3 work in progress to order | | 7,662 | | 9,060 | 8,680 |
| 4 finished products and goods | | 81,208 | | 80,880 | 70,535 |
| 5 advances | | | | | 9 |
| TOTAL | | | 121,006 | 118,755 | 121,135 |
| | | <i>within 12 months</i> | <i>over 12 months</i> | | |
| II- RECEIVABLES | | | | | |
| 1 trade accounts | 363,488 | 12,263 | 375,751 | 378,822 | 336,965 |
| 2 due from subsidiaries | 155 | | 155 | 649 | 36 |
| 3 due from affiliated companies | 50,606 | | 50,606 | 45,814 | 46,948 |
| 4 due from parent companies | 9 | | 9 | 2 | |
| 4bis due from associated companies | 4,112 | | 4,112 | 5,630 | 2,330 |
| 5 due from third parties | 148,634 | 339 | 148,973 | 123,782 | 117,993 |
| TOTAL | 567,004 | 12,602 | 579,606 | 554,699 | 504,272 |
| III- FINANCIAL ASSETS (CURRENT) | | | | | |
| 1 investments in subsidiaries | | | | | |
| 2 investments in affiliated companies | | | | | |
| 3 other investments | | | | | |
| 4 treasury stock | | | | | |
| 5 other securities | | | 464,657 | 287,126 | 407,296 |
| TOTAL | | | 464,657 | 287,126 | 407,296 |
| IV- CASH AND EQUIVALENTS | | | | | |
| 1 cash at banks and PO | | | 25,435 | 216,969 | 85,547 |
| 2 cheques | | | | 129 | 53 |
| 3 cash and commercial papers in hand | | | 283 | 170 | 136 |
| TOTAL | | | 25,718 | 217,268 | 85,736 |
| TOTAL CURRENT ASSETS (C) | | | 1,190,987 | 1,177,848 | 1,118,439 |
| D) ACCRUED INCOME AND PREPAYMENTS | | | | | |
| 1 accrued income | | | 476 | 1,224 | 336 |
| 2 prepayments | | | 5,220 | 4,235 | 9,205 |
| 3 premium on loans | | | 726 | 1,089 | 908 |
| TOTAL ACCRUED INCOME AND PREPAYMENTS (D) | | | 6,422 | 6,548 | 10,449 |
| TOTAL ASSETS | | | 1,704,935 | 1,695,322 | 1,622,040 |

INCOME STATEMENT

| (in thousands of euros) | SIX MONTHS AS AT 30 JUNE 2003 | | | SIX MONTHS AS AT | YEAR ENDED |
|--|-------------------------------|-----------|---------|------------------|------------------|
| | Sub total | Sub total | TOTAL | 30 JUNE 2002 | 31 DECEMBER 2002 |
| | 1 | 2 | 3 | | |
| A) PRODUCTION VALUE | | | | | |
| 1 INCOME FROM SALES OF GOODS AND SERVICES | | 754,936 | | 721,005 | 1,461,065 |
| 2 CHANGES IN INVENTORY OF SEMI-FINISHED GOODS | | -56 | | -525 | 795 |
| 3 CHANGES IN WIP TO ORDER | | -1,018 | | -17 | -396 |
| 4 INCREASE IN INTERNAL INVESTMENTS | | 89 | | 93 | 158 |
| 5 OTHER INCOME AND REVENUES | | | | | |
| a) operating grants | 1,222 | | | 35 | 3,785 |
| b) other income and revenues | 18,787 | | | 22,722 | 43,161 |
| | | 20,009 | | | |
| TOTAL PRODUCTION VALUE (A) | | | 773,960 | 743,313 | 1,508,568 |
| B) PRODUCTION COSTS | | | | | |
| 6 RAW, ANCILLARY AND CONSUMABLE MATERIALS AND GOODS | | 236,554 | | 224,307 | 455,339 |
| 7 SERVICES | | 297,156 | | 282,802 | 562,037 |
| 8 USE OF THIRD PARTY ASSETS | | 11,381 | | 10,884 | 21,298 |
| 9 PERSONNEL | | | | | |
| a) wages and salaries | 89,662 | | | 88,697 | 171,582 |
| b) social contributions | 27,821 | | | 26,696 | 52,951 |
| c) severance indemnities | 7,363 | | | 7,674 | 15,072 |
| d) retirement benefits | 9 | | | 43 | 46 |
| e) other costs | 1,440 | | | 586 | 3,157 |
| TOTAL | | 126,295 | | 123,696 | 242,808 |
| 10 DEPRECIATIONS, AMORTISATION AND WRITEDOWNS | | | | | |
| a) amortisation of intangible assets | 11,294 | | | 11,549 | 23,750 |
| b) depreciation of fixed assets | 18,726 | | | 17,705 | 36,523 |
| c) other writedowns of assets | | | | | 2,748 |
| d) writedowns of doubtful accounts | 4,722 | | | 3,952 | 9,696 |
| TOTAL | | 34,742 | | 33,206 | 72,717 |
| 11 CHANGES IN INVENTORY OF RAW, ANCILLARY AND CONSUMABLE MATERIALS AND GOODS | | -1,118 | | -1,148 | -1,795 |
| 12 PROVISIONS FOR RISKS | | 1,148 | | 930 | 5,726 |
| 13 OTHER PROVISIONS | | 15 | | 24 | 48 |
| 14 OTHER OPERATING EXPENSES | | 6,288 | | 6,444 | 10,530 |
| TOTAL PRODUCTION COSTS (B) | | | 712,461 | 681,145 | 1,368,708 |
| DIFFERENCE BETWEEN PRODUCTION VALUE AND PRODUCTION COSTS (A-B) | | | 61,499 | 62,168 | 139,860 |
| C) FINANCIAL INCOME AND CHARGES | | | | | |
| 15 INCOME FROM INVESTMENTS | | | | | |
| a) Subsidiaries | | | | | |
| b) Affiliated companies | | | | | 57 |
| c) Other investments | | | | | |
| TOTAL | | | | | 57 |
| 16 OTHER FINANCIAL INCOME | | | | | |
| a) from long term receivables | | | | | |
| * Subsidiaries | | | | | |
| * Affiliated companies | | | | | |
| * Parent companies | | | | | |
| * Other companies | 57 | | | 72 | 128 |
| TOTAL | 57 | | | 72 | 128 |
| b) from long term securities | | | | | 60 |
| c) from short term securities | 9,601 | | | 6,113 | 21,402 |
| d) Other income | | | | | |
| * Subsidiaries | | | | 11 | |
| * Affiliated companies | 214 | | | 263 | 525 |
| * Parent companies | | | | | |
| * Other companies | 9,226 | | | 4,730 | 8,901 |
| TOTAL | 9,440 | | | 5,004 | 9,426 |
| TOTAL | | 19,098 | | 11,189 | 31,016 |
| 17 INTEREST AND FINANCIAL CHARGES | | | | | |
| a) Subsidiaries | 27 | | | 3 | |
| b) Affiliated companies | 201 | | | 190 | 330 |
| c) Parent companies | | | | | |
| d) Other companies | 17,794 | | | 9,051 | 34,010 |
| TOTAL | | 18,022 | | 9,244 | 34,340 |
| TOTAL FINANCIAL INCOME AND CHARGES (C) | | | 1,076 | 1,945 | -3,267 |

INCOME STATEMENT (continued)

| (in thousands of euros) | SIX MONTHS AS AT 30 JUNE 2003 | | | SIX MONTHS AS AT | YEAR ENDED |
|---|-------------------------------|-----------|--------|------------------|------------------|
| | Sub total | Sub total | TOTAL | 30 JUNE 2002 | 31 DECEMBER 2002 |
| | 1 | 2 | 3 | | |
| D) ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS | | | | | |
| 18 REVALUATIONS | | | | | |
| a) investments | 2,522 | | | 2,061 | 5,140 |
| b) other long term financial assets | | | | | |
| c) securities | | | | | |
| TOTAL | | 2,522 | | 2,061 | 5,140 |
| 19 WRITEDOWNS | | | | | |
| a) investments | 4,898 | | | 6,011 | 7,882 |
| b) other long term financial assets | | | | | |
| c) securities | | | | 5,731 | 1,266 |
| TOTAL | | 4,898 | | 11,742 | 9,148 |
| TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D) | | | -2,376 | -9,681 | -4,008 |
| E) EXTRAORDINARY ITEMS | | | | | |
| 20 INCOME | | | | | |
| a) Gains on disposals | 2,181 | | | 1,636 | 1,652 |
| b) Other long term financial assets | 1,876 | | | 970 | 1,998 |
| TOTAL | | 4,057 | | 2,606 | 3,650 |
| 21 CHARGES | | | | | |
| a) Losses on disposals | | | | | 10 |
| b) Taxation relative to prior years | 22 | | | 70 | 1,737 |
| c) Others | 170 | | | 816 | 1,342 |
| TOTAL | | 192 | | 886 | 3,089 |
| TOTAL EXTRAORDINARY INCOME AND CHARGES (E) | | | 3,865 | 1,720 | 561 |
| PROFIT BEFORE TAX | | | 64,064 | 56,152 | 133,146 |
| 22 INCOME TAX FOR THE PERIOD | | | | | 52,068 |
| 23 RESULT FOR THE PERIOD | | | | | 81,078 |
| NET PROFIT (LOSS) FOR THE PERIOD PERTAINING TO MINORITY INTERESTS | | | | | 4 |
| NET PROFIT (LOSS) FOR THE PERIOD | | | | | 81,074 |

- 1) Total of items preceeded by lowercase letters
2) Total of items preceeded by arabic numerals
3) Total of items preceeded by uppercase letters and (in certain cases) arabic numerals

For the Board of Directors

Chairman

Marina Berlusconi

Mondadori Group

Notes to the Consolidated Financial Statements

Form and content of the Consolidated Financial Statements

General policies

The financial statements for the six-month period from 1 January – 30 June 2003, including the notes which form an integral part of them, have been drawn up in accordance with accounting principles and evaluation criteria that conform to the regulations contained in the Civil Code.

The structure and content of the Balance Sheet and the Income Statement conforms to the regulations contained in Legislative Decree no. 127 of 9/4/1991.

The principles employed in drawing up the financial statements for the first half of 2003 are the same as those employed for drawing up the financial statements for the first half of 2002 and for the final report of 2002;

- the variations between assets and liabilities are highlighted in the comments on the financial statements. As for the reserves, in particular, the provisions and utilisations during the six-month period are highlighted;
- risks and losses sustained during the period were taken into consideration, even if they only became apparent after the closing date;
- the result for the first half of 2003 was calculated gross of tax, adjustments and provisions for the period in accordance with CONSOB regulation 11971 of 14/5/1999 and successive modifications. Consequently, deferred tax deriving from the application of accounting principles relative to income tax was not included;
- economic facts that are not proportional to those concerning the entire year but relevant in order to present the results of the Group in the first half of 2003, were adjusted by means of appropriate accounting practices in accordance with CONSOB recommendations concerning the content and method of drawing up reports on half-yearly financial statements and financial positions.

The significant events that took place during the first half of 2002 in the sectors where the Group operates have been commented on in the Report of the Board of Directors.

A “Reconciliation between the Holding Company’s Accounts and the Consolidated Financial Statement” has also been provided.

Consolidation area

The consolidated financial statements of the Mondadori Group include:

- the accounts of the Holding Company and those of Italian and foreign companies in which Arnoldo Mondadori Editore SpA holds, directly or indirectly, the majority of the votes allocated to the Ordinary Shareholders' Meeting. In these cases the full version consolidation method has been adopted, in accordance with Legislative decree no. 127 of 9 April 1991 and Document no. 17 of the Accounting Principles Commission set up by the Italian Accounting Profession;
- the financial statements of those Italian and foreign companies in which Arnoldo Mondadori Editore SpA holds, directly or indirectly, 50% of the share capital and controls the management: these investments have been consolidated on a proportional basis;
- the financial statements of those Italian and foreign companies in which Arnoldo Mondadori Editore SpA holds, directly or indirectly, either 50 % of the share capital but does not control the management, or a minority interest: these investments have been consolidated on a net equity basis.

The consolidation does not include those companies whose inclusion would be immaterial in representing the true, correct financial situation and results of the period year.

These companies have been valued at cost.

The companies belonging to the consolidation area of the Mondadori Group are as follows:

| Name | Legal office | Business | Currency | Share capital expressed in local currency | % held as of 30/06/03 | % held as of 31/12/02 |
|--|------------------|----------------------|----------|---|-----------------------|-----------------------|
| <i>Companies consolidated using the line-by-line method</i> | | | | | | |
| <i>Holding Company</i> | | | | | | |
| Arnoldo Mondadori Editore SpA | Milan | Publishing | Euro | 67,451,756.32 | | |
| <i>Italian subsidiaries</i> | | | | | | |
| Athena Finanziaria Srl | | | | | (*) | 100.00 |
| Cemit Interactive Media SpA | S.Mauro Torinese | Trade | Euro | 3,835,000.00 | 100.00 | 100.00 |
| Edizioni Frassinelli Srl | Milan | Publishing | Euro | 10,400.00 | 100.00 | 100.00 |
| Edumond Le Monnier SpA | Milan | Publishing | Euro | 10,608,000.00 | 100.00 | 100.00 |
| Mondadori Electa SpA | Milan | Publishing | Euro | 1,593,735.00 | 100.00 | 100.00 |
| Electa Napoli Srl | Naples | Publishing | Euro | 155,000.00 | 60.00 | 60.00 |
| Mondadori Retail Srl | Milan | Trade | Euro | 2,937,014.00 | 100.00 | 100.00 |
| Fied SpA | Milan | Financial publishing | Euro | 416,000.00 | 100.00 | 100.00 |
| Giulio Einaudi Editore SpA | Turin | Publishing | Euro | 23,920,000.00 | 100.00 | 100.00 |
| Mondadori.com SpA | Milan | Trade and Publishing | Euro | 3,000,000.00 | 100.00 | 100.00 |
| Mondadori Informatica SpA | Milan | Publishing | Euro | 1,950,000.00 | 100.00 | 100.00 |
| Mondadori Printing SpA | Milan | Printing | Euro | 45,396,000.00 | 100.00 | 100.00 |
| Mondadori Pubblicità SpA | Milan | Advertising agent | Euro | 3,120,000.00 | 100.00 | 100.00 |
| Mondadori Franchising SpA | Rimini | Trade and publishing | Euro | 1,954,000.00 | 100.00 | 100.00 |
| Sperling & Kupfer Editori SpA | Milan | Publishing | Euro | 388,800.00 | 100.00 | 100.00 |
| <i>Foreign subsidiaries</i> | | | | | | |
| Arnoweb SA | Luxembourg | Financial | Euro | 36,256,900.00 | 99.99 | 99.99 |
| Artes Graficas Toledo SA | Toledo | Printing | Euro | 5,409,000.00 | 100.00 | 100.00 |
| Mondadori International SA | Luxembourg | Financial | Euro | 393,625,900.00 | 99.99 | 99.99 |
| Mondadori Finance SA | Luxembourg | Financial | Euro | 31,000.00 | 96.76 | 96.76 |
| ABS Finance Advisory Company | Luxembourg | Financial | Euro | 125,000.00 | 99.19 | 99.19 |

(*) Athena Finanziaria Srl was wound up in the first half of 2003.

| Name | Legal office | Business | Currency | Share capital expressed in local currency | % held as of 30/06/03 | % held as of 31/12/02 |
|--|--------------|----------------------|-----------|---|-----------------------|-----------------------|
| <i>Companies valued using the proportional method</i> | | | | | | |
| Mondolibri SpA | Milan | Trade and publishing | Euro | 1,040,000.00 | 50.00 | 50.00 |
| <i>Companies valued using the net equity method</i> | | | | | | |
| Aci Mondadori Srl | Milan | Publishing | Euro | 1,080,000.00 | 50.00 | 50.00 |
| Ag. Lombarda Distrib. Giornali e Riviste Srl | Milan | Trade | Euro | 400,000.00 | 50.00 | 50.00 |
| BOL Books on Line Italia SpA | Milan | Trade | Euro | 1,850,000.00 | 50.00 | 50.00 |
| Edizioni Electa Bruno Mondadori Srl | Milan | Publishing | Euro | 10,400.00 | 50.00 | 50.00 |
| Edizioni EL Srl | Trieste | Publishing | Euro | 620,000.00 | 50.00 | 50.00 |
| Gruner und Jahr / Mondadori SpA | Milan | Publishing | Euro | 2,600,000.00 | 50.00 | 50.00 |
| Harlequin Mondadori SpA | Milan | Publishing | Euro | 258,250.00 | 50.00 | 50.00 |
| Hearst Mondadori Editoriale Srl | Milan | Publishing | Euro | 99,600.00 | 50.00 | 50.00 |
| Mach 2 Libri SpA | Milan | Trade | Euro | 646,250.00 | 24.00 | 24.00 |
| Mondadori Informatica e-BisMedia Srl | Milan | Services | Euro | 920,920.00 | 100.00 | 50.00 |
| Mondadori Rodale Srl | Milan | Publishing | Euro | 90,000.00 | 50.00 | 50.00 |
| Società Europea di Edizioni SpA | Milan | Publishing | Euro | 2,533,440.00 | 41.67 | 41.67 |
| Press Tv SpA | Milan | Publishing | Euro | 1,500,000.00 | 50.00 | 50.00 |
| Digrisa SA de C.V. | | | | | (**) | 99.80 |
| Distrib.Exclusiva Grijalbo SA | Bogotá | Trade | Pesos | 1,400,000 | 50.00 | 49.99 |
| Random House Mondadori SA de CV (formerly Editorial Grijalbo SA de CV) | Mexico | Publishing | Pesos | 50,000,000 | 50.00 | 50.00 |
| Editorial Grijalbo SA | | | | | (***) | 50.00 |
| Editorial Grijalbo Ltda | Bogotá | Publishing | Pesos | 10,000,000 | 50.00 | 49.49 |
| Grijalbo Editor SA | Montevideo | Publishing | N. Pesos | 500,000 | 50.00 | 50.00 |
| Grijalbo SA | Caracas | Publishing | Bolivares | 150,000 | 50.00 | 50.00 |
| Grijalbo SA | | | | | (****) | 50.00 |
| Prisco Spain SA | Barcelona | Financial | Euro | 60,101.30 | 100.00 | 100.00 |
| Editorial Lumen SA | Barcelona | Publishing | Euro | 65,999.96 | 50.00 | 50.00 |
| Editorial Sudamericana SA | Buenos Aires | Publishing | Pesos | 1,000,000 | 50.00 | 49.38 |
| Editorial Sudamericana Chilena Ltda | Santiago | Publishing | Pesos | 1,715,059,294 | 50.00 | 50.00 |
| Editorial Sudamericana Uruguay SA | Montevideo | Publishing | Pesos | 1,200,000 | 49.85 | 49.38 |
| Grupo Editorial Random House Mondadori SL | Barcelona | Publishing | Euro | 10,000,000.00 | 50.00 | 50.00 |
| Market Self SA | Buenos Aires | Publishing | Ars | 30,200 | 25.00 | 24.78 |
| Nueva Galaxia Gutenberg SL | Barcelona | Publishing | Euro | 60,200.14 | 45.00 | 45.00 |
| Random House Mondadori SA (formerly Plaza y Janes Editores SA) | Barcelona | Publishing | Euro | 6,824,606.63 | 50.00 | 50.00 |
| Plaza y Janes Mexico SA de CV | | | | | (**) | 50.00 |

(**) Merged into Editorial Grijalbo SA de CV (Mexico) now Random House Mondadori SA de CV (Mexico).

(***) Merged into Editorial Sudamericana Chilena Ltda.

(****) Merged into Editorial Sudamericana SA (Argentina).

| Name | Legal office | Business | Currency | Share capital expressed in local currency | % held as of 30/06/03 | % held as of 31/12/02 |
|---|--------------|-------------------------|---------------|---|-----------------------|-----------------------|
| <i>Companies valued at cost</i> | | | | | | |
| Alpha Records SA | Athens | Music | Euro | 390,000 | 10.00 | - |
| AME Publishing Ltd. | New York | Services | US \$ | 50,000 | 99.99 | 99.99 |
| Arnoldo Mondadori Deutschland GmbH | Monaco | Services | Euro | 25,564.59 | 99.99 | 99.99 |
| Atimod Publishing Investments SA | Luxembourg | Financial | Euro | 10,373,800 | 99.99 | - |
| Attica Publishing Investments SA | Athens | Publishing | Euro | 4,590,000 | 20.00 | - |
| Attica Media Bulgaria Ltd | Sofia | Publishing | Lev | 155,000 | 10.20 | - |
| Balcan Publications Ltd | Cyprus | Financial | Cyprus pounds | 1,000 | 10.00 | - |
| City Servers SA | Athens | Printing | Euro | 4,337,500.00 | 4.50 | - |
| Consuledit Srl | Milan | Services | Euro | 20,000.00 | 9.54 | 9.54 |
| Consorzio Aeromobili Fininvest | Milan | Services | Euro | 520,000.00 | 3.00 | 3.00 |
| Cons Sistemi Informativi Editoriali Distributivi | Milan | Services | Euro | 103,291.38 | 10.00 | 10.00 |
| E-One SA | Athens | Internet | Euro | 2,054,292.01 | 5.00 | - |
| Editrice Portoria SpA | Milan | Publishing | Euro | 364,000.00 | 16.78 | 16.78 |
| Editrice Storia Illustrata Srl (in liq.) | Milan | Publishing | Lire | 20,000,000 | 8.39 | 8.39 |
| Emfasis SA | Athens | Publishing | Euro | 798,239.18 | 16.40 | - |
| Enallaktikes SA | Athens | Publishing | Euro | 410,858.40 | 9.80 | - |
| Euromedia Luxembourg Two SA | Luxembourg | Financial | US \$ | 42,500,000 | 11.76 | 11.76 |
| Europrint Srl | Milan | Publishing and printing | Euro | 14,976.00 | 28.23 | 28.23 |
| G. Dragounis SA | Athens | Publishing | Euro | 311,346.00 | 10.00 | - |
| Giulio Einaudi Editore SpA (under extraordinary administration.) | Turin | | Lire | 3,000,000,000 | 7.35 | 7.35 |
| Immobiliare Editori Giornali Srl | Rome | Real estate | Euro | 830,462.00 | 7.88 | 7.88 |
| International Radio Networks Holding SA | Luxembourg | Financial | Euro | 750,000.00 | 20.00 | - |
| International Radio Networks SA | Athens | Publishing | Euro | 380,000.00 | 19.94 | - |
| Ionikes Publishing SA | Athens | Publishing | Euro | 780,000.00 | 13.30 | - |
| Istud – Istituto Studi Direzionali SpA | Milan | Services | Euro | 1,136,212.00 | 0.59 | 0.59 |
| Map Media SA | Budapest | Publishing | Huf | 60,000,000 | 10.00 | - |
| Marchgrange Limited | Dublin | Financial | £ irl. | 12 | 99.99 | 99.99 |
| Mondadori Belgium SA | Brussels | Financial | Euro | 62,000.00 | 99.98 | 99.98 |
| Mondadori.Com. USA Inc. | Delaware | Services | US \$ | 4,500,000 | 99.99 | 99.99 |
| Mondadori Sistemi di Comunicazione Srl | Milan | Services | Euro | 95,000.00 | 100.00 | - |
| News Alert Investors Ilc | New York | Services | US \$ | 20,528,461 | 11.21 | 11.21 |
| PBR Publication Srl | Bucharest | Publishing | Rol | 2,000,000 | 10.00 | - |
| Prooptiki SA | Athens | Trade | Euro | 1,760,821.72 | 10.00 | - |
| Selcon Srl | Milan | Services | Euro | 20,800.00 | 17.60 | 17.60 |
| Società Editrice Il Mulino SpA | Bologna | Publishing | Euro | 1,175,000.00 | 7.05 | 7.05 |
| Tilerama SA | Athens | Publishing | Euro | 1,467,351.43 | 10.00 | - |
| Tiletheatis SA | Athens | Publishing | Euro | 2,641,500.00 | 14.34 | - |
| Veleno SpA | Milan | Trade | Euro | 5,000,000.00 | 24.00 | 24.00 |
| Venezia Accademia Società Consortile a R.L. | Venice | Services | Euro | 15,000.00 | 26.00 | 26.00 |
| Venezia Musei Società Consortile a R.L. | Venice | Services | Euro | 10,000.00 | 34.00 | 34.00 |

The main operation involving companies valued at cost concerned the purchase of the Greek Attica Group, which also operates in Eastern European countries.

Financial Statements used

The Financial Statements used in the consolidation are those drawn up by the individual companies in the Group as of 30 June 2003 in accordance with Group accounting principles.

Consolidation policies

In drawing up the Consolidated Financial Statements, assets and liabilities in the Balance Sheet, as well as profits and losses of companies included in the consolidation using the line-by-line method, have been fully assimilated.

Investments in affiliated companies have been consolidated on either a proportional or net equity basis.

The application of the above mentioned consolidation techniques involves the following adjustments:

- the net book value of investments in companies included in the consolidated area is eliminated against the related net equity;
- the positive difference between the purchase cost of investments and their net equity at the date of acquisition is booked to adjustments in the specific item on the basis of the value of the title or series. Any eventual residue is booked to intangible assets under “Consolidation differences”. Negative differences are booked to net equity under the title “Consolidation reserve”;
- the amount of capital and reserves of companies consolidated on a line-by-line basis, corresponding to minority interests, is booked to net equity under “Minority interest capital and reserves”. The share of the consolidated financial result for the year, corresponding to third party investments, is booked under “Net profit (loss) for the year pertaining to minority interest”;
- receivables and payables, together with charges and income resulting from transactions between companies included in the consolidation area are cancelled. Profits and losses resulting from transactions between these companies and included in their equity are eliminated;
- value adjustments and provisions made exclusively in application of tax regulations are eliminated.

Accounting principles and valuation methods

The accounting principles and valuation methods adopted in preparing the Consolidated Financial Statements as of 30 June 2003 are in accordance with current regulations and are based on those issued by the Italian Accounting Profession.

Historical cost has been adopted as a basic principle in most cases, except for the revaluation of fixed assets as referred to in specific legal regulations. Arnoldo Mondadori Editore S.p.A., now amalgamated, also re-valued certain of its fixed assets on the basis of a sworn expert appraisal in its 1984 financial statements.

The more significant accounting principles have been applied on a consistent basis over time and are explained below.

a) Intangible assets

Intangible assets are booked at acquisition or internal production cost, including accessory charges.

Goodwill is booked under assets if it has been bought, at a value up to the cost incurred.

The value attributed to titles and series includes part of the difference between the purchase cost of certain investments and their book net equity, and the cost incurred for buying or creating new titles and series.

The value of titles is constantly reviewed in the light of economic prospects.

Consolidation differences emerge when the consolidated financial statements are drawn up and the value of investments is eliminated, the first time, with the corresponding portion of the shareholders' equity of the investment.

Research, development and advertising costs are charged to the Income Statement in the year they are incurred, with the exception of the cost of "launch campaigns" for new products and new company activities, since their utility and capacity to generate a corresponding influx of income will be felt in future years.

Intangible assets are systematically amortised at a constant rate, for the period of their foreseeable future utility.

The period of depreciations is shown in comparison with the reference period in the following table:

| Fiscal category | Depreciation period |
|---|----------------------------|
| Set-up and expansion costs | 5 years |
| Industrial patents and right to use original work | 3 – 5 years |
| Concessions, licences, trade marks and similar | 5 – 20 years |
| Goodwill | 10 years |
| Others | 3 – 5 years |
| Consolidation differences | 10 years |

Assets whose value at the end of the financial year are notably inferior to the depreciation cost based on the methods outlined above, are written down to their residual value. If in subsequent periods the forecasts on which the writedowns were based prove to be unfounded, the original cost is restored.

b) Fixed assets

Fixed assets are valued at purchase or production cost, with the exception of some assets that have been re-valued in previous years in accordance with relevant Laws.

The balances from these revaluations are booked under net equity and are called “Revaluation reserves”.

Maintenance costs which increase the value and useful life of the assets are charged to the asset concerned, while ordinary maintenance costs are booked to the Income statement during the year in which they are incurred.

Financial leasing contracts for capital goods have been accounted for under fixed assets, according to the relevant category, at the market value of the assets in accordance with I.A.S. international accounting principle no. 17.

Fixed assets are systematically amortised every year at a constant rate, on the basis of an economic-technical rate that depends on the residual useful life of the assets, which is periodically checked in order to take into account the technical-economic condition of the assets themselves.

The annual depreciation rate is compared with the reference period in the following way:

| Fiscal category | % rate |
|-------------------------------------|---------------|
| Land and buildings | 3.00 |
| Plant and machinery | 10.00 – 25.00 |
| Industrial and commercial equipment | 25.00 |
| Other assets: | |
| - works of art | - |
| - electronic office equipment | 20.00 |
| - furniture and fixtures | 12.00 |
| - various small equipment | 25.00 |
| - motor vehicles | 20.00 – 25.00 |

The above rates are reduced by 50% for all assets that enter into service for the first time during the financial year.

Assets whose value at the end of the period are notably inferior to the depreciation cost based on the methods outlined above, are written down to their residual value.

c) Financial assets

Consistent assets in investments in affiliated companies are valued by the net equity method, for an amount equal to the corresponding part of the net equity according to the last economic-equity report approved by the companies in question, after making the adjustments required by the accounting principle adopted in preparing the Consolidated Financial Statements.

The book value also contains the highest cost paid, attributable to goodwill.

Profits and losses deriving from the application of the net equity method are booked to the Income Statement, under “Revaluation of investments” and “Investment writedowns”.

Other investments are valued at cost.

The company’s own shares bought in accordance with art. 2357 of the Civil Code and in accordance with the deliberations of the Shareholders’ Meetings of 16 March 1998, 29 April 1999, 3 May 2000 and 24 April 2001, are valued at purchase price, while those that come from the former shareholders of AMEF who exercised their right to sell their shares following the change of corporate purpose as a result of its merger with the former Arnoldo Mondadori Editore S.p.A., are

valued at the price fixed by the Shareholders' Meeting of 30 July 1991. L.I.F.O. valorization criteria are applied.

The cost is reduced if there is a long-term loss.

d) Inventory

Inventory is valued at the lower of purchase cost, including overheads, or production cost and the market value, net of any writedowns and obsolescence risk reserves.

The cost is established:

- for raw and consumable materials, based on the L.I.F.O. method;
- for work in progress and semi-finished editions, based on the average industrial cost, taking into account the progress of the work;
- for finished editions purchased for sale, based on average costs;
- for finished editions, based on the F.I.F.O. method, with the average production cost for the year progressively reduced in order to take into account obsolescence.

The following percentages are shown in comparison to the reference period:

| Year of publication | School editions | Scientific editions | Various editions |
|----------------------------|------------------------|----------------------------|-------------------------|
| First | - | - | - |
| Second | 50% | - | 33% |
| Third | 75% | 25% | 67% |
| Fourth | 94% | 50% | 90% |
| Fifth | 100% | 75% | 90% |
| Sixth and successive | 100% | 90% | 90% |

e) Receivables and payables

Receivables are booked at face value, according to their presumed production costs and net of a reserve for doubtful accounts in order to take into account their collectability. Payables are booked at their face value.

Receivables and payables in foreign currencies that are not part of the Euro area are booked at the exchange rate in force when they were due.

f) Financial activities that do not constitute assets

Financial activities that do not constitute assets, represented by other investments and fixed-income shares, are booked at the lower of purchase cost and the market value.

g) Accruals and prepayments

Accruals only refer to costs and income that are common to two or more periods. Accruals and prepayments are calculated on an accrual basis.

h) Reserves for risks and charges

The provisions for risks and charges are to cover notable losses or liabilities that certainly or probably exist, but whose amount or date of occurrence was impossible to establish when the accounts were drawn up.

The risks for which a contingent liability is only possible are disclosed in the “Notes to the Consolidated Financial Statements”, without setting up a “Reserve for risks and charges” for them.

i) Reserve for severance indemnities

The reserve for severance indemnities reflects the full amount due to employees up to the end of the period on the basis of current laws, labour contracts and any eventual company agreements in force in the individual countries where the consolidated companies operate.

l) Revenues, costs, income and charges

Revenues are recognised when ownership is transferred, which normally coincides with delivery or shipping, while for magazines delivery or shipping corresponds to the date or period indicated on the cover and to the time services are rendered or completed.

Revenues, costs, income and charges are booked in the financial statement net of returns, discounts and allowances.

m) Income taxes

Income taxes for the year referable to the companies included in the consolidation are provided on the basis of the laws in force in each country where the individual companies are resident.

Deferred tax is calculated by the companies included in the consolidation based on the temporary differences between the tangible net worth booked to the financial statement and the corresponding value recognised for fiscal purposes, applying the tax rate in force at the time the differences are identified.

Deferred and advance taxes relative to the consolidation are also itemised.

Assets for advance taxes are itemised on the basis of prudence and only if there is the reasonable certainty that, in the years in which the deductible temporary differences that resulted in the advance taxes being booked are itemised, there exists taxable income not less than the differences that are to be written off.

Liabilities for deferred taxes are entered under B2, “Reserve for risks and charges – tax reserves”, while assets for advance taxes are entered under C5, “Receivables from others”. The offset between deferred taxes and advance taxes is applied by the individual companies in the consolidation only if there is a legal right to a balance offset. In the consolidated financial statement the balances relative to the individual companies included in the consolidation are not offset if there is no legal right to this.

The charges/income that refer to the taxable/deductible differences from prior financial years are booked to extraordinary charges/income, while the part relative to the year under review is booked under E 22, “Income Taxes”.

n) Commitments and guarantees

Commitments and guarantees are booked to the suspense account at their contractual value.

o) Covering operations

Financial instruments used for covering operations – from the risk of exchange losses in foreign currency, commodity risks and the risk of fluctuations in interest rates – are itemised by booking the relevant income or charges.

Other information

With reference to the assessment notice received on 11 April 1995, with which the local direct tax office maintained, with reference to 1991, that the merger deficit in relation to the merger of AMEF (Arnoldo Mondadori Editore S.p.A.) was subject to taxation, it should be noted that the Milan Regional Tax Commission rejected the appeal by the Tax Office and that no other news was heard about the matter during the first half of 2003.

We therefore confirm that the Consolidated Financial Statements as of 30 June 2003 are correct in terms of form and substance and that the Consolidated Financial Statements provide a fair representation of the Group's economic and financial position.

Details of items in the Consolidated Financial Statements

In the following sections the amounts, which are expressed in thousands of euros, refer to the Consolidated Financial Statements as of 31 December 2002.

Assets

B) NON-CURRENT ASSETS

B.I. Intangible assets

Amounted to €153,476 thousand (€164,156 thousand). Movements of intangible assets and amortisation are as follows:

| Intangible assets | Gross value | Amortisation fund | Net book value |
|---------------------------------|--------------------|--------------------------|-----------------------|
| Balance at 31/12/2002 | 324,913 | (160,757) | 164,156 |
| Additions during the period | 679 | | 679 |
| Amortisation | | (11,294) | (11,294) |
| Reclassifications and reversals | (1,153) | 1,091 | (62) |
| Disposals and other movements | (3) | | (3) |
| Total intangible assets | 324,436 | (170,960) | 153,476 |

The capitalised costs of €679 thousand for the period mainly concern the cost of purchasing software and renovating offices and buildings.

The residual amount as of 30 June 2003 is made up as follows:

| Intangible assets | Set-up and expansion costs | Patents and use of original work | Concessions, licences, trademarks | Goodwill | Assets under construction | Others | Consolidation differences | Total |
|--|----------------------------|----------------------------------|-----------------------------------|--------------|---------------------------|--------------|---------------------------|----------------|
| Start-up costs/changes in statutes | 20 | | | | | | | 20 |
| Capital increase/reconstruction | 92 | | | | | | | 92 |
| Set-up costs | 48 | | | | | | | 48 |
| Patents/rights | | 355 | | | | | | 355 |
| Software | | 760 | | | | | | 760 |
| Titles and publishing brands | | | 102,658 | | | | | 102,658 |
| Series | | | 24,351 | | | | | 24,351 |
| Licences | | | 52 | | | | | 52 |
| Goodwill | | | | 9,902 | | | | 9,902 |
| Assets under construction and advances | | | | | 5 | | | 5 |
| Cost of software purchase | | | | | | 2,077 | | 2,077 |
| Building, office and other renovation | | | | | | 2,632 | | 2,632 |
| Leasehold acquisition costs | | | | | | | | |
| Others | | | | | | 648 | | 648 |
| Consolidation differences | | | | | | | 9,876 | 9,876 |
| Total intangible assets | 160 | 1,115 | 127,061 | 9,902 | 5 | 5,357 | 9,876 | 153,476 |

The titles acquired in 1994 from Silvio Berlusconi Editore are amortised over a period of 20 years in accordance with the recommendations expressed by the National Board of Accountants.

This value is periodically reviewed in the light of economic prospects

Residual goodwill is mainly due to the purchase of “Mursia Scuola” for €3,977 thousand, the purchase of book selling activities by means of franchising agreements for €291 thousand, the purchase of the company division responsible for the retail outlets owned by Mondadori Retail Srl for €3,812 thousand and the purchase of the former Silvio Berlusconi Editore for €1,610 thousand.

Consolidation differences concern the purchase of the Elemond Group for €2,001 thousand, the Sperling & Kupfer Group for €914 thousand and the Le Monnier Group for €6,961 thousand.

B.II. Fixed assets

Amounted to €203,255 thousand (€202,657 thousand) and are made up as follows:

| Fixed assets | Opening balance | Additions | Disposals | Changes in work in progress | Changes in consolidation area | Other changes | Closing balance | Amortisation reserve | Net closing balance |
|-------------------------------|------------------------|------------------|------------------|------------------------------------|--------------------------------------|----------------------|------------------------|-----------------------------|----------------------------|
| | (=) | (+) | (-) | (+0-) | | (+0-) | (=) | (-) | (=) |
| Land and buildings | 142,320 | 293 | - | - | - | - | 142,613 | (61,299) | 81,314 |
| Plant and machinery | 353,143 | 12,076 | (2,547) | - | - | - | 362,672 | (267,597) | 95,075 |
| Equipment | 8,226 | 675 | (93) | - | - | (5) | 8,803 | (6,409) | 2,394 |
| Furniture and office machines | 58,272 | 2,038 | (2,360) | - | - | (23) | 57,927 | (42,633) | 15,294 |
| Motor vehicles | 6,847 | 671 | (493) | - | - | - | 7,025 | (4,691) | 2,334 |
| Assets under construction | 2,946 | - | - | 3,898 | - | - | 6,844 | - | 6,844 |
| Total fixed assets | 571,754 | 15,753 | (5,493) | 3,898 | 0 | (28) | 585,884 | (382,629) | 203,255 |

Investments made during the period, equal to €15,753 thousand, were concerned with Mondadori Printing SpA and Artes Graficas Toledo SA (€12,482 thousand), Arnoldo Mondadori Editore SpA (€1,618 thousand), Edumond Le Monnier SpA (€124 thousand) and other companies in the Group.

Investments made during the period by Mondadori Printing SpA and Artes Graficas Toledo SA were mainly for the purchase of new printing and rotary equipment to replace obsolete machinery, while other Group companies invested mainly in office automation (personal computer and local networks), as a result of the normal turnover of these assets and in order to equip new sales outlets.

Disposals during the period concerned Mondadori Printing SpA and Artes Graficas Toledo SA (€3,581 thousand), Arnoldo Mondadori Editore SpA (€2,351 thousand) and other companies in the Group.

The gross value of the fixed assets shown in the Consolidated Financial Statement includes the following amounts relating to revaluations carried out in accordance with current laws:

| Revaluations | Law no. 576/1975 | Law no. 72/1983 | Voluntary revaluation in 1984 | Law no. 408/1990 | Law no. 413/1991 |
|--------------------------------|-----------------------------|----------------------------|--|-----------------------------|-----------------------------|
| Land and buildings | 68 | 3,615 | 39,780 | 163 | 7,957 |
| Plant and machinery | 1,217 | 2,931 | 4,895 | - | - |
| Furniture and office equipment | - | 8 | 41 | - | - |
| Other assets | - | 6 | - | - | - |
| Total revaluation | 1,285 | 6,560 | 44,716 | 163 | 7,957 |

Movements of accumulated depreciations were as follows:

| Accumulated depreciations | Balance at 31/12/2002 | Depreciation for period | Disposals | Variations in consolidation area | Other changes | Balance at 30/06/2003 |
|----------------------------------|----------------------------------|------------------------------------|------------------|---|--------------------------|----------------------------------|
| | (=) | (+) | (-) | (+o-) | (+o-) | (=) |
| Land and buildings | 59,178 | 2,121 | - | | | 61,299 |
| Plant and machinery | 256,845 | 13,100 | (2,331) | | (17) | 267,597 |
| Equipment | 6,155 | 353 | (93) | | (6) | 6,409 |
| Furniture and office equipment | 42,308 | 2,693 | (2,320) | | (48) | 42,633 |
| Motor vehicles | 4,611 | 459 | (333) | | (46) | 4,691 |
| Total | 369,097 | 18,726 | (5,077) | 0 | (117) | 382,629 |

B.III. Non-current financial assets

B.III.1) Investments amounted to €73,055 thousand (€59,469 thousand) and were made up as follows:

| | Thousands of euros 30 June 2003 | Thousands of euros 31 December 2002 |
|----------------------------------|--|--|
| Investments valued at net equity | 47,623 | 52,390 |
| Investments valued at cost | 25,432 | 7,079 |
| Total investments | 73,055 | 59,469 |

Movements during the year were as follows:

| | Valued at net equity | Valued at cost | Total |
|--|-----------------------------|-----------------------|---------------|
| Balance at 31 December 2002 | 52,390 | 7,079 | 59,469 |
| Movements during the year: | | | |
| - result of equity investments | (1,652) | | (1,652) |
| - acquisitions, start-ups and increases in capital | 2,199 | 18,364 | 20,563 |
| - dividends | (4,815) | | (4,815) |
| - change from net equity to cost | - | - | - |
| - changes to investments in working capital | - | - | - |
| - writedowns, disposals and other adjustments | (499) | (11) | (510) |
| Total investments | 47,623 | 25,432 | 73,055 |

The increase was mainly due to the investment in Atimod Publishing Investments, which owns the shares in the Greek Attica Group, quoted on the Athens Stock Exchange.

The main activity of this Group is the publication of magazines for both the Greek and East European markets.

The following table shows details of the balance at 30 June 2003:

| | Thousands of euros 30 June 2003 | Thousands of euros 31 December 2002 |
|---|------------------------------------|--|
| Investments in subsidiary companies: | | |
| - Ame Publishing Ltd | 33 | 33 |
| - Mondadori Sistemi di Comunicazione Srl | 95 | - |
| - A. M. Deutschland Gmbh | 20 | 20 |
| - Marchgrange Ltd | 0 | 15 |
| - Prisco Spain SA | 54 | 56 |
| - Mondadori Informatica e-Bismedia Srl | 573 | - |
| - Mondadori.com Inc | 0 | 0 |
| - Mondadori Belgium SA | 62 | 62 |
| Total investments in subsidiary companies | 837 | 186 |
| Investments in affiliated companies: | | |
| - Gruner und Jahr/Mondadori SpA | 3,457 | 5,493 |
| - Mach 2 Libri SpA | 2,304 | 1,628 |
| - Agenzia Lombarda Distribuzione Giornali e Riviste Srl | 286 | 304 |
| - Harlequin Mondadori SpA | 272 | 658 |
| - Hearst Mondadori Editoriale Srl | 269 | 143 |
| - Mondadori Rodale Srl | 623 | 870 |
| - Edizioni Electa Bruno Mondadori Srl | 84 | 191 |
| - Edizioni EL Srl | 1,556 | 1,711 |
| - Editrice Portoria SpA | 0 | 0 |
| - Grupo Editorial Random House Mondadori SL | 27,896 | 31,308 |
| - Società Europea Edizioni SpA | 9,362 | 8,738 |
| - Mondadori Informatica e-Bismedia Srl | - | 460 |
| - Books on line Italia SpA | 449 | 830 |
| - Aci Mondadori Srl | 61 | 0 |
| - Veleno SpA | 1,022 | 1,022 |
| - Press Tv Srl | 377 | 0 |
| - Euromedia Luxembourg Two Sa | 5,071 | 5,071 |
| - Venezia Musei Scarl | 3 | 3 |
| - Venezia Accademia Scarl | 4 | 0 |
| - Consorzio Forma | 1 | 1 |
| - Consorzio Covar | 1 | 1 |
| - Atimod Publishing Investments | 18,258 | - |
| Total investments in affiliated companies | 71,356 | 58,432 |
| Investments in other companies: | | |
| - Società Editrice Il Mulino SpA | 113 | 113 |
| - Consuledit Srl | 1 | 1 |
| - Consorzio Aeromobili Fininvest | 15 | 15 |
| - Cons Sistemi Informativi Editoriali Distributivi | 10 | 10 |
| - Immobiliare Editori Giornali Srl | 52 | 52 |
| - Istud – Istituto Studi Direzionali SpA | 7 | 7 |
| - Europrint Srl | 649 | 649 |
| - Novamusa Scarl | 2 | 2 |
| - Novamusa Valdemone Scarl | 6 | - |
| - Novamusa Val di Noto Scarl | 5 | - |
| - Consorzio Fridriciano | 2 | 2 |
| Total investments in other companies | 862 | 851 |
| Total investments | 73,055 | 59,469 |

The investment in Atimod Publishing Investments has been booked at cost.

B.III.2.d) Other receivables amounted to €6,861 thousand (€7,395 thousand), representing a decrease compared with 31 December 2002 as a result of the use of tax credits for severance indemnities for the advanced payment of tax on severance pay.

| | Thousands of euros 30 June 2003 | | Thousands of euros 31 December 2002 | |
|-------------------------------------|--|----------------|--|----------------|
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| Guarantee deposits | 398 | 348 | 66 | 854 |
| Earnest money | 206 | 207 | 206 | 207 |
| Tax credits for severance indemnity | 629 | 5,006 | 561 | 5,443 |
| Loans | 9 | - | 35 | - |
| Others | - | 58 | - | 23 |
| Total other receivables | 1,242 | 5,619 | 868 | 6,527 |

B.III.4) Treasury stock amounted to €70,879 thousand (€59,472 thousand) and is represented by shares in Arnoldo Mondadori Editore SpA.

Movements of treasury stock concern acquisitions totalling €11,448 thousand and disposals totalling €41 thousand. At 30 June 2003 the portfolio of treasury stock amounted to 4.188% of the share capital.

The average book value of the treasury stock portfolio at 30 June 2003 was in line with the current Stock Market quotation.

C) *WORKING CAPITAL*

C.I. Inventory

“Inventory” amounted to €121,006 thousand (€121,135 thousand), net of writedowns for €11,593 thousand (€11,711 thousand).

| | Thousands of euros 30 June 2003 | Thousands of euros 31 December 2002 |
|--|------------------------------------|--|
| Raw, ancillary and consumable materials | 14,085 | 13,109 |
| Writedowns of raw, ancillary and consumable materials | (440) | (428) |
| Total raw, ancillary and consumable materials | 13,645 | 12,681 |
| Work in progress and semi-finished goods | 19,792 | 30,531 |
| Writedowns of work in progress and semi-finished goods | (1,301) | (1,301) |
| Total work in progress and semi-finished goods | 18,491 | 29,230 |
| Work in progress to order | 7,662 | 8,680 |
| Writedowns of work in progress to order | - | - |
| Total work in progress to order | 7,662 | 8,680 |
| Finished products and goods | 91,060 | 80,517 |
| Writedowns of finished products and goods | (9,852) | (9,982) |
| Total finished products and goods | 81,208 | 70,535 |
| Advances | - | 9 |
| Total inventory | 121,006 | 121,135 |

The most significant variations compared with 31 December 2002 refer to “Work in progress” and “Finished products and goods”, due to the seasonal nature of some business sectors. The balance for the period is in line with the balance for the same period in 2002.

During the period all the companies in the Group constantly monitored supplies and print runs and carried out a detailed analysis of the saleability of finished products, the use of raw materials and the feasibility of completing the work in progress.

As a consequence of this, various pulping and sell-off operations were carried out and when the financial statements were drawn up a writedown reserve was created, which for “Finished products and goods” included the direct writedown allowed by fiscal regulations, in order to rectify the “Inventory” value.

| Movements in warehouse writedowns | Thousands of euros | | | | |
|---|--------------------|--------------------------------------|------------|--------------|---------------|
| | 31.12.2002 | Changes in consolidation area/others | Provisions | Utilisations | 30.06.2003 |
| Writedowns of raw materials | 428 | - | 12 | - | 440 |
| Writedowns of work in progress and semi-finished products | 1,301 | - | - | - | 1,301 |
| Writedowns of work in progress to order | - | - | - | - | - |
| Writedowns of finished products and goods | 9,982 | - | 86 | (216) | 9,852 |
| Total | 11,711 | 0 | 98 | (216) | 11,593 |

Movements of “Finished products and goods” in the writedown reserve concern various companies in the Mondadori Group. None of these amounts were particularly significant.

C.II. Receivables

Trade and other receivables amounted to €579,606 thousand (€504,272 thousand), and included the following:

C.II.1) Trade receivables amounted to €375,751 thousand (€336,965 thousand) and can be broken down in the following way:

| | Thousands of euros 30 June 2003 | | Thousands of euros 31 December 2002 | |
|-----------------------------------|------------------------------------|----------------|--|----------------|
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| Book clients | 103,394 | 86 | 102,349 | 106 |
| Magazine clients | 69,189 | - | 50,217 | - |
| School clients | 23,355 | - | 13,260 | - |
| Instalment clients | 9,889 | 11,926 | 10,572 | 13,110 |
| Advertising clients | 157,811 | - | 140,168 | - |
| Printing work clients | 45,625 | - | 53,983 | - |
| Subscription clients and various | 26,093 | - | 24,854 | - |
| Direct marketing services clients | 18,455 | - | 17,312 | - |
| Invoices to be issued | 14,015 | - | 6,456 | - |
| Credit notes to be issued | (2,728) | - | (4,666) | - |
| Returned goods client account | (75,359) | - | (65,298) | - |
| Trade receivables | 708 | 251 | 800 | 364 |
| Fiscal receivables writedowns | (5,411) | - | (4,980) | - |
| Taxed receivables writedown | (21,024) | - | (21,131) | - |
| Interest in arrears risk reserve | (524) | - | (511) | - |
| Total trade receivables | 363,488 | 12,263 | 323,385 | 13,580 |

The changes in comparison with 31 December 2002 reflect the seasonal nature of some sectors of the business. In June “School clients” receivables were higher than in December since first shipment of new texts is made in that month.

While in other sectors receivables increased as a result of increases in sales, receivables from “Printing work clients” and “Instalment clients” decreased as result of decrease in sales in these areas.

Amounts due after 12 months (and within 5 years) mainly relate to Giulio Einaudi Editore SpA for instalment clients.

The receivable writedown reserve, the movements of which are illustrated in the table that follows, was decided by each of the companies of the Group influenced by some Group companies after analysing the state of receivables in dispute according to how long each of them had existed and what the real chance of collectability was.

The reserve was utilised when there were losses on receivables booked to the Income Statement of the various Group companies.

| Movements in writedowns of receivables | Thousands of euros | | | | |
|---|---------------------------|---|-------------------|---------------------|-------------------|
| | 31.12.2002 | Changes in consolidation area/others | Provisions | Utilisations | 30.06.2003 |
| Writedowns of fiscal receivables | 4,980 | 51 | 1,426 | (1,046) | 5,411 |
| Writedowns of taxed receivables | 21,131 | (51) | 3,283 | (3,339) | 21,024 |
| Total | 26,111 | 0 | 4,709 | (4,385) | 26,435 |

C.II.2) Receivables from subsidiary companies amounted to €155 thousand (€36 thousand), as illustrated in the following table:

| | Thousands of euros | | Thousands of euros | |
|--|---------------------------|----------------|---------------------------|----------------|
| | 30 June 2003 | | 31 December 2002 | |
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| Commercial receivables: | | | | |
| - Mondadori Sistemi di Comunicazione SpA | 45 | - | - | - |
| - Mondadori Informatica e-Bismedia Srl | 17 | - | - | - |
| - Ame Publishing | 93 | - | 11 | - |
| - Mondadori.com Usa | - | - | 11 | - |
| Financial receivables: | | | | |
| - Marchgrange Limited | - | - | 14 | - |
| Total receivables from subsidiary companies | 155 | 0 | 36 | 0 |

Commercial transactions with subsidiary companies are carried out according to market conditions. Financial receivables are represented by intergroup current accounts and are regulated at interest rates in line with market values.

C.II.3) Receivables from affiliated companies amounted to €50,606 thousand (€46,948 thousand). The most significant increase concerned the balance with Mach 2 Libri SpA due to the excellent performance of Large-scale Retail Outlets.

| | Thousands of euros 30 June 2003 | | Thousands of euros 31 December 2002 | |
|---|------------------------------------|-------------------|--|-------------------|
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| Commercial receivables: | | | | |
| - Editrice Portoria SpA | 68 | - | 68 | - |
| - Gruner und Jahr/Mondadori SpA | 1,609 | - | 1,613 | - |
| - Mach 2 Libri SpA | 14,163 | - | 10,722 | - |
| - Agenzia Lombarda Distribuzione Giornali e Riviste Srl | 1,296 | - | 235 | - |
| - Harlequin Mondadori SpA | 372 | - | 952 | - |
| - Hearst Mondadori Editoriale Srl | 1,254 | - | 1,278 | - |
| - Mondadori Rodale Srl | 3,459 | - | 3,580 | - |
| - Edizioni Electa Bruno Mondadori Srl | 552 | - | 315 | - |
| - Edizioni EL Srl | 894 | - | 560 | - |
| - Grupo Editorial Random House Mondadori SL | 294 | - | 603 | - |
| - Società Europea Edizioni SpA | 3,475 | - | 3,174 | - |
| - Mondadori Informatica e-Bismedia Srl | - | - | 71 | - |
| - Press Tv Srl | 2,291 | - | 2,348 | - |
| - Books on line Italia SpA | 703 | - | 784 | - |
| - Aci Mondadori Srl | 2,577 | - | 2,548 | - |
| - Mondolibri SpA | 3,624 | - | 3,671 | - |
| - Venezia Musei Scarl | 145 | - | 312 | - |
| Financial receivables: | | | | |
| - Editrice Portoria SpA | 131 | - | 131 | - |
| - Venezia Accademia Scarl | 24 | - | 21 | - |
| - Hearst Mondadori Editoriale Srl | 109 | - | 291 | - |
| - Mondadori Rodale Srl | 490 | - | - | - |
| - Aci Mondadori Srl | 1,705 | - | 2,012 | - |
| - Grupo Editorial Random House Mondadori SL | 10,963 | - | 10,979 | - |
| - Edizioni Electa Bruno Mondadori Srl | 408 | - | 680 | - |
| Total receivables from affiliated companies | 50,606 | 0 | 46,948 | 0 |

Commercial transactions with subsidiary companies are carried out according to market conditions. Financial receivables are represented by intergroup current accounts and are regulated at interest rates in line with market values.

C.II.4) Receivables from parent companies amounted to €9 thousand (zero at 31 December 2002), and concern operations carried out according to market conditions.

C.II.4 bis) Receivables from associated companies amounted to €4,112 thousand (€2,330 thousand), as illustrated in the following table:

| | Thousands of euros | | Thousands of euros | |
|--|--------------------|----------------|--------------------|----------------|
| | 30 June 2003 | | 31 December 2002 | |
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| Commercial receivables: | | | | |
| - Pagine Italia SpA | 3,066 | - | 1,018 | - |
| - RTI SpA | 576 | - | 970 | - |
| - Publitalia 80 SpA | - | - | 133 | - |
| - Medusa Video Srl | 59 | - | 17 | - |
| - Promoservice Italia Srl | 222 | - | 145 | - |
| - Mediaset SpA | 1 | - | 24 | - |
| - Ground Immobiliare | - | - | 5 | - |
| - Il Teatro Manzoni SpA | - | - | 1 | - |
| - Mediolanum SpA | 36 | - | - | - |
| - Mediolanum Gestione Fondi SpA | 53 | - | 11 | - |
| - Mediatrade SpA | 2 | - | 2 | - |
| - Banca Mediolanum SpA | 78 | - | 3 | - |
| - Medusa Film SpA | 19 | - | 1 | - |
| Total receivables from associated companies | 4,112 | 0 | 2,330 | 0 |

Commercial transactions with associated companies are carried out according to normal market conditions. As of 30 June 2003 there were no financial receivables.

C.II.5) Other receivables amounted to €148,973 thousand (€117,993 thousand). A comparison with the situation at 31 December 2002 is of little value due to the fact that in June receivables from tax authorities were influenced by recent advance tax payments.

| | Thousands of euros | | Thousands of euros | |
|--|--------------------|----------------|--------------------|----------------|
| | 30 June 2003 | | 31 December 2002 | |
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| Receivables from tax authorities for VAT to be recovered | 11,048 | - | 10,588 | - |
| Receivables from tax authorities for IRPEG/ILOR reimbursements | 246 | - | 234 | - |
| Receivables from tax authorities for IRPEG/ILOR | 288 | - | 90 | - |
| Receivables from tax authorities for IRPEG advances | 18,644 | - | 1,120 | - |
| Receivables from tax authorities for IRAP advances | 6,792 | - | 127 | - |
| Receivables from tax authorities for tax paid in advanced | 46,420 | - | 46,350 | - |
| Receivables from tax authorities for withholding tax | 23 | - | 1,382 | - |
| Other receivables from tax authorities | 237 | - | 157 | - |
| Advances to agents | 4,877 | - | 1,526 | - |
| Advances to authors and collaborators | 39,494 | - | 38,810 | - |
| Advances to suppliers | 3,315 | - | 1,976 | - |
| Advances to personnel | 1,246 | 339 | 738 | 359 |
| Receivables for insurance indemnities | - | - | - | - |
| Receivables from social security institutions | 418 | - | 117 | - |
| Receivables for deposits | 334 | - | 329 | - |
| Financial receivables | 7,917 | - | 7,977 | - |
| Others | 7,335 | - | 6,113 | - |
| Total other receivables | 148,634 | 339 | 117,634 | 359 |

There are no receivables due in more than five years.

C.III. Financial activities that do not constitute assets

These amounted to €464,657 thousand (€407,296 thousand) and are represented by **other shares** entered in the Balance Sheet of Mondadori International SA.

The amount includes investments in the Sicav Luxembourg ABS Finance Fund for €289,800 thousand. Mondadori International SA holds 58.2% of Sicav, with the remaining part held by Mediaset Investment SA and Trefinance SA (Fininvest Group).

C.IV. Cash and banks

The total of liquid assets amounted to €25,718 thousand (€85,736 thousand).

These are represented by:

- deposits in bank accounts held by Group companies with banks for €24,653 thousand and in post office accounts for €782 thousand;
- cheques and cash for €283 thousand, for small day-to-day payments.

D) ACCRUED INCOME AND PREPAYMENTS

Amounted to €6,422 thousand (€10,449 thousand), in line with the amount in the previous year:

| | Thousands of euros 30 June 2003 | Thousands of euros 31 December 2002 |
|---|------------------------------------|--|
| Interest earned | 440 | 317 |
| Others | 36 | 19 |
| Total accrued income | 476 | 336 |
| Interest paid | 1 | - |
| Lease payments and rents | 589 | 540 |
| Insurance | 659 | 533 |
| Third party publications for sale | 846 | 6,955 |
| Commission, rights | 313 | 12 |
| Others | 2,812 | 1,165 |
| Total prepayments | 5,220 | 9,205 |
| Premium on loans | 726 | 908 |
| Total prepayments and accrued income | 6,422 | 10,449 |

The items that make up “Accrued income and prepayments” are mainly concerned with the distribution activities of the Parent Company on behalf of joint-ventures and third-party publishers. The most significant change concerns “Third-party publications for sale” as a result of the seasonal nature of some sectors of the business.

“Accrued income and prepayments” include amounts that mature after 12 months but within five years.

Notes to the Consolidated Financial Statements

It should be noted that all amounts are expressed in thousands of euros while the amounts in brackets refer to data from the Financial Statements at 31 December 2002.

Liabilities

A) SHAREHOLDERS' EQUITY

Amounted to €534,315 thousand (€531,931 thousand).

The share capital, fully subscribed and paid up, as of 30 June 2003 is represented by 259,278,420 ordinary shares and 151,412 savings shares with a par valued of 0.26 euros.

As illustrated in the Report on the period, 151,412 savings shares were converted by the Extraordinary Shareholders' Meeting of 29 July 2003 into an equal number of newly issued ordinary shares, which have the same characteristics as those shares already in circulation.

A more detailed explanation of the composition and movements of the items in the Shareholders' Equity can be found in the section entitled "Changes in Shareholders' Equity".

B) RESERVE FOR RISKS AND CHARGES

Amounted to €42,409 thousand (€51,962 thousand) and is made up as follows:

| | Thousands of euros | Thousands of euros |
|--|--------------------|--------------------|
| | 30 June 2003 | 31 December 2002 |
| Retirement reserve and similar obligations | 950 | 938 |
| Tax reserve | 15,032 | 23,100 |
| Others: | | |
| - legal risks | 8,831 | 9,301 |
| - investment risks | 973 | 1,936 |
| - commitments to advertising agents | 6,650 | 6,600 |
| - risks for authors, collaborators and agents | 1,660 | 1,660 |
| - other risks | 8,313 | 8,427 |
| Total reserve for risks and other charges | 42,409 | 51,962 |

The item “Retirement reserve and similar obligations” includes indemnities for freelance journalists and the relative contributions. During the period provisions for €12 thousand.

The “Tax reserve” item represents deferred tax, calculated on the capital gains of each company in the Group, the payment of which may be postponed in accordance with current fiscal law, and provisions recovered from the consolidation entries.

The “Legal risks reserve” is calculated on the basis of an analysis of potential liabilities arising from lawsuits involving former employees, collaborators or third parties in general taken out against companies belonging to the Group, and is considered to be adequate to meet any such eventualities. During the period there were provisions for €625 thousand and utilisations for €1,095 thousand.

The “Investment risk reserve” represents a further reserve that is necessary after an investment has been written off due to a negative net shareholders’ equity.

The “Commitments to advertising agency” item is made up of provisions made by Group companies to cover any eventual losses on advertising receivables sustained by Mondadori Pubblicità SpA. During the period this item increased by €498 thousand of provisions and decreased by €448 thousand for utilisations.

C) SEVERANCE INDEMNITIES

These amounted to €103,681 thousand (€101,789 thousand) and the changes during the period were as follows:

| | Thousands of euros 30 June 2003 | Thousands of euros 31 December 2002 |
|--|--|--|
| Total severance indemnities at beginning of the period | 101,789 | 99,643 |
| Movements during the year: | | |
| - provisions | 7,363 | 15,072 |
| - payments | (3,638) | (9,203) |
| - contribution to pension fund as per Law 297/82 | (380) | (1,031) |
| - transfers to/from other companies | (71) | 347 |
| - utilisation for pension funds | (593) | (652) |
| - utilisation for advances | (789) | (1,719) |
| - variations in consolidation area | - | (668) |
| Total severance indemnities at end of year | 103,681 | 101,789 |

D) PAYABLES

Trade and other payables amounted to €1,013,508 thousand (€923,346 thousand). These are made up as follows:

D.3) Amounts due to banks amounted to €497,311 thousand (€390,795 thousand), and concerned current account overdrafts for €29,315 thousand and loans for €467,996 thousand.

| Interest rate | | Thousands of euros | | Thousands of euros | |
|---|-----------------|--------------------|----------------|--------------------|----------------|
| | | 30 June 2003 | | 31 December 2002 | |
| | | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| Secured loans: | | | | | |
| - IMI | 3.950 – 2.950 | 2,640 | 5,362 | 2,594 | 6,693 |
| - Mediocredito | 7.000 | - | - | 39 | - |
| - Mediocredito Lombardo | 2.8793 | 83 | 653 | 82 | 696 |
| - Mediocredito Trentino | 4.600 | 338 | 2,843 | 167 | 3,014 |
| Unsecured loans: | | | | | |
| - Ministero Industria Commercio e Artigianato | 0.9075 - 0.8850 | - | 2,528 | - | 2,528 |
| - Pool Comit/Eurorev | 2.409 | 370,000 | - | 270,000 | - |
| - Credito Bergamasco | 2.338 | 30,000 | - | 30,000 | - |
| - San Paolo IMI | | - | - | - | - |
| - Credito Emiliano | 2.490 | 52,000 | - | 52,000 | - |
| - Mediocredito Lombardo | 3.150 | 218 | 1,331 | 215 | 1,441 |
| Total payables on loans | | 455,279 | 12,717 | 355,097 | 14,372 |

Accrued payments due for a period longer than 5 years amounted to €2,407 thousand.

As of 30 June 2003, mortgages on assets owned by the Group for a total of €8,858 thousand were granted as guarantees for loans.

D.5) Advances amounted to €33,163 thousand (€35,247 thousand) and include advances from customers for subscriptions for magazines for €26,229 thousand, shipping expenses advanced by foreign subscribers for €109 thousand and various advances from suppliers for €6,825 thousand.

D.6) Trade payables amounted to €323,039 thousand (€314,461 thousand), €175 thousand of which are all due after 12 months but within 5 years.

D.8) The amounts due to subsidiary companies amounted to €6 thousand (€195 thousand) and are illustrated in the following table:

| | Thousands of euros | | Thousands of euros | |
|--|--------------------|----------------|--------------------|----------------|
| | 30 June 2003 | | 31 December 2002 | |
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| Commercial payables: | | | | |
| - Mondadori Informatica e-Bismedia Srl | 6 | - | - | - |
| - Ame Publishing Ltd | - | - | 195 | - |
| Total amounts due to subsidiary companies | 6 | 0 | 195 | 0 |

Commercial transactions with subsidiary companies are carried out according to market conditions.

D.9) The amounts due to affiliated companies of €39,283 thousand (€48,162 thousand) are illustrated in the following table:

| | Thousands of euros | | Thousands of euros | |
|---|--------------------|----------------|--------------------|----------------|
| | 30 June 2003 | | 31 December 2002 | |
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| Commercial payables: | | | | |
| - Editrice Portoria SpA | 120 | - | 120 | - |
| - Gruner und Jahr/Mondadori SpA | 9,464 | - | 11,979 | - |
| - Mach 2 Libri SpA | 140 | - | 361 | - |
| - Agenzia Lombarda Distribuzione Giornali e Riviste Srl | - | - | 126 | - |
| - Venezia Accademia Scarl | 106 | - | 73 | - |
| - Venezia Musei Scarl | 168 | - | 208 | - |
| - Hearst Mondadori Editoriale Srl | 1,167 | - | 2,579 | - |
| - Mondadori Rodale Srl | 8,210 | - | 7,460 | - |
| - Harlequin Mondadori Srl | 791 | - | - | - |
| - Edizioni Electa Bruno Mondadori Srl | - | - | 2 | - |
| - Edizioni EL Srl | 2,392 | - | 2,712 | - |
| - Grupo Editorial Random House Mondadori SL | 5 | - | 14 | - |
| - Società Europea Edizioni SpA | 5,068 | - | 4,703 | - |
| - Mondadori Informatica e-Bismedia Srl | - | - | 63 | - |
| - Aci Mondadori Srl | 3,475 | - | 3,283 | - |
| - Press Tv SpA | 1,100 | - | 749 | - |
| - Mondolibri SpA | 137 | - | 287 | - |
| Financial payables: | | | | |
| - Mondadori Rodale Srl | - | - | 282 | - |
| - Gruner und Jahr/Mondadori SpA | 2,404 | - | 6,837 | - |
| - Press Tv SpA | 263 | - | - | - |
| - Euromedia Luxembourg Two Sa | 2,384 | - | 2,384 | - |
| - Harlequin Mondadori SpA | 1,889 | - | 3,940 | - |
| Total amounts due to affiliated companies | 39,283 | 0 | 48,162 | 0 |

The variation compared with 31 December 2002 was due to the seasonal nature of some business sectors, while the balance was in line with the data for June 2002.

Commercial transactions with subsidiary companies are carried out according to market conditions. Financial payables are represented by intergroup current accounts and are regulated at interest rates in line with market values.

D.10) Payables to parent companies amounted to €6 thousand (€9 thousand) for commercial operations carried out according to market conditions.

D.10 bis) Payables to associated companies amounted to €6,608 thousand (€5,184 thousand) and are illustrated in the following table:

| | Thousands of euros | | Thousands of euros | |
|--|--------------------|----------------|--------------------|----------------|
| | 30 June 2003 | | 31 December 2002 | |
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| Commercial payables: | | | | |
| - Pagine Italia SpA | - | - | 63 | - |
| - RTI SpA | 260 | - | 394 | - |
| - Publitalia 80 SpA | 5,226 | - | 3,496 | - |
| - Medusa Video Srl | 101 | - | 465 | - |
| - Promoservice Italia Srl | 48 | - | 24 | - |
| - Eis Srl | 42 | - | 58 | - |
| - Eis Roma Srl | 4 | - | 4 | - |
| - Elettronica Industriale SpA | - | - | 8 | - |
| - Albacom SpA | - | - | 3 | - |
| - Mediatrade SpA | - | - | 103 | - |
| - Consorzio Aeromobili Fininvest | - | - | 17 | - |
| - Medusa Film SpA | 823 | - | 396 | - |
| - Isim SpA | 13 | - | 13 | - |
| - Radio e Reti Srl | 91 | - | 140 | - |
| Total amounts due to associated companies | 6,608 | 0 | 5,184 | 0 |

The most significant amount, due to Publitalia 80 SpA, concerned television advertising on the Mediaset network.

Commercial transactions with subsidiary companies are carried out according to market conditions. As of 30 June 2003 there were no financial payables due.

D.11) Income tax payables amounted to €9,004 thousand (€17,263 thousand). A comparison with the data at 31 December 2002 is of little significance since at 30 June 2003 the tax burden for the six-month period had not been calculated.

| | Thousands of euros | | Thousands of euros | |
|---|--------------------|----------------|--------------------|----------------|
| | 30 June 2003 | | 31 December 2002 | |
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| IRPEG on income for the period | 539 | - | 4,314 | - |
| IRAP for the period | 20 | - | 1,041 | - |
| Withholding taxes on wages and salaries | 7,530 | - | 9,382 | - |
| Substitutive tax | 16 | - | 1,807 | - |
| Other taxes withheld | 899 | - | 719 | - |
| Total income taxes payable | 9,004 | 0 | 17,263 | 0 |

D.12) The amounts due to pension funds and social security institutions of €15,202 thousand (€16,619 thousand) include:

| | Thousands of euros | | Thousands of euros | |
|--|--------------------|----------------|--------------------|----------------|
| | 30 June 2003 | | 31 December 2002 | |
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| INPS contributions | 6,464 | - | 5,955 | - |
| INAIL contributions | 9 | - | 58 | - |
| INPDAI and INPGI contributions | 1,907 | - | 2,284 | - |
| PREVINDAI contributions | 444 | - | 211 | - |
| ENASARCO contributions | 261 | - | 401 | - |
| Contributions for holidays in lieu | 4,620 | - | 3,864 | - |
| Others | 1,497 | - | 3,846 | - |
| Total amounts due to pension funds and social security institutions | 15,202 | 0 | 16,619 | 0 |

D.13) Other liabilities amounted to €89,886 thousand (€95,411 thousand) and include:

| | Thousands of euros | | Thousands of euros | |
|--|--------------------|----------------|--------------------|----------------|
| | 30 June 2003 | | 31 December 2002 | |
| | Within 12 months | Over 12 months | Within 12 months | Over 12 months |
| Payroll and other amounts due to personnel | 28,350 | - | 25,462 | - |
| Authors and collaborators | 31,954 | - | 33,856 | - |
| Agents | 10,404 | 3,649 | 16,512 | 3,646 |
| Subscriber and instalment customers | 9,496 | - | 10,272 | - |
| Loans payable | 137 | 67 | 503 | 50 |
| Dividends for shareholders | 229 | - | 8 | - |
| Others | 5,600 | - | 5,102 | - |
| Total other liabilities | 86,170 | 3,716 | 91,715 | 3,696 |

The most significant changes refer to “Payables to agents” for commissions in the school sector that generally are due in the second half of the year. “Payables to subscribers and instalments customers” relate to the Group’s commitment for subscriptions taken out but not yet collected at the date of the financial statements and for instalment works that have been ordered. Subscriptions that have been taken out and paid for are shown under “Advances”.

There are no payables due for periods longer than 5 years.

E) ACCRUED LIABILITIES AND DEFERRED INCOME

These amounted to €10,665 thousand (€12,655 thousand) and are made up as follows:

| | Thousands of euros 30 June 2003 | Thousands of euros 31 December 2002 |
|--|------------------------------------|--|
| Interest payable | 1,850 | 1,412 |
| Deferred payroll expenses | 912 | 2,364 |
| Others | 2,156 | 2,970 |
| Total accrued liabilities | 4,918 | 6,746 |
| Interest receivable | 941 | 1,159 |
| Rent payable | 1,240 | 1,340 |
| Others | 3,566 | 3,410 |
| Total deferred income | 5,747 | 5,909 |
| Premium on loans | - | - |
| Total accrued liabilities and deferred income | 10,665 | 12,655 |

“Interest payable” mainly concern short-term loans taken out by Arnoldo Mondadori Editore SpA.

“Interest receivables” represent financial amounts calculated by Giulio Einaudi Editore SpA for instalment sales.

Memorandum accounts

Guarantees, sureties and endorsements

Amounted to €89,967 thousand (€35,015 thousand).

They include letters of patronage for €2,717 thousand, sureties issued by banks to the Tax Authorities for prize-giving operations and competitions and to the VAT offices for a total of €83,377 thousand, and other guarantees for €2,732 thousand.

Commitments

Amounted to €28,426 thousand (€29,610 thousand).

These refer to fixed term contracts for sales of foreign currency for €22,089 thousand and commodity swap contracts for €6,337 thousand.

Others

Amounted to €92,405 thousand (€87,375 thousand) and refer to third-party goods on deposit for distribution and sale for €88,693 thousand and third-party paper for processing.

Commitments and risks

For a correct valuation of the Group's balance sheet and financial position at 30/06/2003 the following commitments were not included in the memorandum accounts:

commitments by Arnoldo Mondadori Editore SpA for €4,600 thousand per year for the rent of the Head Office in Segrate under lease until 30 June 2008, subject to contractual rent reviews;

commitments by Mondadori Printing SpA to purchase new equipment for €5,232 thousand;

synthetic swap operations in force concerning the entire annual gross average debt (325 million euros). The objective of these operations is to protect the Group from the risk of increases in market interest rates by reducing the impact on the income statement of financial charges and making any future financial charges as stable as possible by reducing their volatility. The operations have a five-year duration (May 2002 – May 2007) and involve JPMorgan – Chase. Given the sharp fall in interest rates during the first half of the year, at 30 June 2003 financial charges on synthetic swap operations for €0.5 million were provided for.

Notes on the items in the consolidated Income Statement

In the following sections the amounts in brackets, which are expressed in thousands of euros, refer to the Consolidated statement as of 30 June 2002.

A) PRODUCTION VALUE

A.1) Sales of goods and services

Amounted to €754,936 thousand (€721,005 thousand), an increase of 4.7% compared with 30 June 2002.

Sales of “Books”, “Magazines” and “Direct marketing” are shown net of VAT borne by the publisher for €2,757 thousand, €7,202 thousand and €195 thousand, respectively.

Details of income and sales by geographical area are given in the Report of the Board of Directors on the Results of the period.

The Mondadori Group billed the Fininvest Group for €6,076 thousand, including €5,700 thousand to Pagine Italia SpA mainly for printing operations and €154 thousand to Banca Mediolanum SpA for the sale of art books.

A.2) Changes in inventory of work in progress, semi-finished and finished products

Amounted to -€56 thousand (-€525 thousand). Details of the changes are given in the Balance Sheet under “Inventory”.

A.3) Changes in work in progress to order

Amounted to -€1,018 thousand (-€17 thousand). Details of the changes are given in the Balance Sheet under “Inventory”.

A.4) Increase in non-current assets for internal work

During the first half of the year labour costs of €89 thousand (€93 thousand) were booked under fixed assets.

A.5) Other income and revenues

Amounted to €20,009 thousand (€22,757 thousand) and included the recovery of development and distribution costs for magazines (€2,110 thousand compared with €2,466 thousand), income from the recovery of postal charges (€743 thousand compared with €1,270 thousand), personnel costs (€291 thousand compared with €434 thousand) and income from the billing of production rejects and from the sale of paper by the Group's manufacturing divisions (€2,461 thousand compared with €2,345 thousand).

| | Thousands of euros | Thousands of euros |
|--|------------------------------------|------------------------------------|
| | 1st half of 2003 | 1st half of 2002 |
| Expenses recovered from third parties | 10,281 | 17,006 |
| Capital gains of disposals of assets | 258 | 696 |
| Supplier bonuses and other third party contributions | 1,549 | 1,510 |
| Rents | 433 | 258 |
| Instalments | 477 | 493 |
| Contingent assets | 741 | 662 |
| Contributions in financial accounts | 1,222 | 35 |
| Others | 5,048 | 2,097 |
| Total other income and revenues | 20,009 | 22,757 |

The Mondadori Group billed the Fininvest Group for €115 thousand, including €19 thousand to Logilab SpA, €30 thousand to Mediolanum SpA and €59 thousand to RTI Reti Televisive SpA mainly for the recovery of costs.

B) PRODUCTION COSTS

B.6) Raw, ancillary and consumable materials and goods

Amounted to €236,554 thousand (€224,307 thousand) and are made up as follows:

| | Thousands of euros | Thousands of euros |
|--|------------------------------------|------------------------------------|
| | 1st half of 2003 | 1st half of 2002 |
| Paper | 99,220 | 102,643 |
| Electricity, water, gas, fuel | 7,242 | 7,690 |
| Other production materials | 17,295 | 14,033 |
| Total purchase of raw and ancillary materials | 123,757 | 124,366 |
| Goods for sale | 88,589 | 78,578 |
| Consumption and maintenance materials | 23,366 | 21,016 |
| Others | 842 | 347 |
| Total purchase of consumable materials and goods | 112,797 | 99,941 |
| Total cost of raw, ancillary and consumable materials and goods | 236,554 | 224,307 |

The changes compared with the first half of 2002 are mainly concerned with the increase in the purchase of “Goods for sale”, while a minor role was played by the new sales outlets opened during the last twelve months by Mondadori Retail SpA and the various supplement sales initiatives introduced by the Parent Company’s main magazine titles.

The Mondadori Group purchased goods from the Fininvest Group for a total of €685 thousand, including €614 thousand to RTI Reti Televisive SpA for the distribution of the magazine “La macchina del tempo”, €3 thousand to Medusa Video Srl and €68 thousand to Medusa Film Srl.

B.7) Services

Amounted to €297,156 thousand (€282,802 thousand). The increase in costs can be explained by higher industrial costs, linked to the increase in production, higher costs for rights and royalties, linked to the sales of CDs and videocassettes with magazines, and higher advertising costs, linked to the launch of new titles.

“Directors’ and statutory auditors’ fees” are made up of fees paid to Directors and Statutory Auditors for €1,142 thousand and €154 thousand respectively.

The Mondadori Group purchased services from companies in the Fininvest Group for a total of €13,417 thousand, including €12,284 thousand to Publitalia 80 SpA for advertising space, €227 thousand to RTI Reti Televisive SpA for advertising space in the magazine “La macchina del tempo” and rights, €683 thousand to Medusa Film SpA for the purchase of rights and €113 thousand to Radio e Reti Srl for advertising space.

| | Thousands of euros 1st half of 2003 | Thousands of euros 1st half of 2002 |
|---|---|---|
| Commissions | 18,634 | 22,130 |
| Rights and royalties | 59,101 | 53,142 |
| Third-party consultancy and collaboration | 25,588 | 23,214 |
| | 103,323 | 98,486 |
| Third-party processing | 59,276 | 52,003 |
| Purchase of advertising space | 33,652 | 37,222 |
| Transport and shipping | 26,802 | 25,780 |
| Advertising services | 27,699 | 24,769 |
| Other services | 17,358 | 15,768 |
| Post office and telephone | 5,986 | 6,743 |
| Travel and other expense reimbursements | 5,185 | 5,427 |
| Job order services | 4,996 | 4,694 |
| Maintenance | 4,000 | 3,992 |
| Canteen and cleaning services | 2,811 | 2,832 |
| Insurance | 2,004 | 1,627 |
| Market research | 2,768 | 1,956 |
| Directors' and statutory auditors' fees | 1,296 | 1,503 |
| Total cost for services | 297,156 | 282,802 |

B.8) Use of third-party assets

Amounted to €11,381 thousand (€10,884 thousand) and include:

| | Thousands of euros 1st half of 2003 | Thousands of euros 1st half of 2002 |
|--|---|---|
| Rent | 8,348 | 7,751 |
| Lease payments | 3,012 | 2,700 |
| Others | 21 | 433 |
| Total cost of use of third-party assets | 11,381 | 10,884 |

The Mondadori Group has costs for the use of third-party assets referring to the Fininvest Group for a total of €5 thousand, concerning data processing fees paid to Fininvest SpA.

B.9) Personnel costs

Personnel costs amounted to €126,295 thousand (€123,696 thousand), with the increase due to the different categories of personnel. At 30 June 2003 the Group employed 4,743 people, while the average number of employees during the period was 4,743.

| Average number of employees | 1st half of 2003 | 1st half of 2002 |
|------------------------------------|------------------------------------|------------------------------------|
| Managers | 168 | 166 |
| Journalists | 454 | 448 |
| Office workers | 2,562 | 2,567 |
| Manual workers | 1,559 | 1,626 |
| Total | 4,743 | 4,807 |

B.10) Depreciations and writedowns

Amounted to €34,742 thousand (€33,206 thousand). Details are given in the Balance Sheet under “Intangible assets” and “Fixed assets” for depreciations and under “Trade payables” for writedowns.

B.11) Changes in inventory of raw, ancillary and consumable materials and goods

Amounted to – €1,118 thousand (– €1,148 thousand). A comment on “Inventory” can be found in the relative item in the Balance Sheet.

B.12) Provisions for risks

Amounted to €1,148 thousand (€930 thousand) and include provisions booked to the liability risk reserve. Details can be found in the Balance Sheet under “Reserve for risks and charges”.

B.13) Other provisions

Amounted to €15 thousand (€24 thousand) and are represented by depreciations on capital goods utilised by the Parent Company pertaining to the company rental contract.

B.14) Other operating costs

Amounted to €6,288 thousand (€6,444 thousand). The details for the different items included here have not changed in any significant way in comparison with the previous period.

The most significant are:

- the cost of “Settlements and reimbursements” attributed mainly to the Parent Company (€1,169 thousand) for legal expenses, and to Mondadori Printing SpA (€150 thousand) for delays or production problems;
- losses on bad debts booked to the Income Statement of Arnoldo Mondadori Editore SpA for €1,359 thousand, Mondolibri SpA for €1,638 thousand, Mondadori Pubblicità SpA for €801 thousand, Edmond Le Monnier SpA for €319 thousand, Giulio Einaudi Editore SpA for €194 thousand and other Group companies for the residue.

| | Thousands of euros | Thousands of euros |
|---|------------------------------------|------------------------------------|
| | 1st half of 2003 | 1st half of 2002 |
| Settlements and reimbursements | 1,762 | 2,686 |
| Bad debts | 4,688 | 3,297 |
| Contributions and grants | 1,097 | 1,039 |
| Capital losses | 104 | 108 |
| Contingent liabilities | 461 | 629 |
| Information material, entertainment expenses and others | 3,123 | 3,138 |
| Utilisation of risk reserve | (6,082) | (5,453) |
| Sub total | 5,153 | 5,444 |
| Taxes and dues | 1,135 | 1,000 |
| Total cost of other operating costs | 6,288 | 6,444 |

C) *FINANCIAL INCOME AND CHARGES*

C.16) *Other financial income*

Amounted to €19,098 thousand (€11,189 thousand) and is made up as follows:

| | Thousands of euros 1 st half of 2003 | Thousands of euros 1 st half of 2002 |
|---|--|--|
| Financial income from long-term receivables | 57 | 72 |
| Financial income from capital gains | - | - |
| Financial income from short-term securities | 9,601 | 6,113 |
| Interest from banks | 401 | 2,466 |
| Interest from subsidiary companies | - | 11 |
| Interest from affiliated companies | 214 | 263 |
| Interest from customers | 73 | 118 |
| Exchange gains | 1,490 | 1,204 |
| Others | 7,262 | 942 |
| Total other financial income | 19,098 | 11,189 |

In comparison with the previous year, the most significant variations concern “Financial income from short-term securities” that refers to the liquidity of Mondadori International Sa. and “Others”, which mainly concern profits from operations to cover risks from interest rate changes.

C.17) *Interest and other financial charges*

Amounted to €18,022 thousand (€9,244 thousand).

| | Thousands of euros 1 st half of 2003 | Thousands of euros 1 st half of 2002 |
|---|--|--|
| Interest to banks | 354 | 650 |
| Interest to subsidiary companies | 27 | 3 |
| Interest to affiliated companies | 201 | 190 |
| Interest on loans | 5,444 | 6,067 |
| Exchange losses | 1,382 | 516 |
| Losses on share disposals | 8,827 | 1,961 |
| Utilisation of share writedown reserve | (6,781) | (1,470) |
| Others | 8,568 | 1,327 |
| Total interest and other financial charges | 18,022 | 9,244 |

In comparison with the previous year, the most important variations concern the capital losses sustained by Mondadori International Sa as a result of the disposal of its stake in Sicav, the losses. Since the loss pertaining to 2002 was provided for in the previous year, the relative share writedown reserve was used.

“Others” mainly refers to losses from operations to cover risks from interest rate changes.

D) ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS

D.18) Revaluations

As a result of the application of the net equity consolidation method, the affiliated companies were re-valued at €2,522 thousand (€2,061 thousand), as illustrated in the table below:

| | Thousands of euros 1 st half of 2003 | Thousands of euros 1 st half of 2002 |
|---|--|--|
| - Harlequin Mondadori SpA | 114 | 177 |
| - Mondadori Rodale Srl | 290 | 250 |
| - Società Europea Edizioni SpA | 415 | - |
| - Mach 2 Libri SpA | 95 | 88 |
| - Gruner und Jahr/Mondadori SpA | 1,286 | 1,318 |
| - Agenzia Lombarda Distribuzione Giornali e Riviste Srl | 41 | 39 |
| - Hearst Mondadori Srl | 126 | 14 |
| - Edizioni EL Srl | 155 | 175 |
| Total revaluations | 2,522 | 2,061 |

D.19) Writedowns

Amounted to €4,898 thousand (€11,742 thousand) and are made up as follows:

| | Thousands of euros | Thousands of euros |
|---|------------------------------------|------------------------------------|
| | 1st half of 2003 | 1st half of 2002 |
| Affiliated companies | | |
| - Società Europea Edizioni SpA | - | 1,360 |
| - Mondadori Informatica - e-Bismedia Srl | 348 | 327 |
| - Books on line Italia SpA | 362 | 642 |
| - Grupo Editorial Random House Mondadori SL | 3,223 | 1,923 |
| - Prisco Spain SA | 2 | 3 |
| - Aci Mondadori Srl | 385 | 593 |
| - Press Tv SpA | 423 | - |
| - Edizioni Electa Bruno Mondadori Srl | 127 | 40 |
| | <hr/> | <hr/> |
| | 4,870 | 4,888 |
| Companies valued at cost: | | |
| - Veleno SpA | - | 170 |
| - Mondadori.com Inc | - | 900 |
| - Venezia Accademia Scarl | 13 | - |
| - Marchgrange | 15 | - |
| - Europrint SpA | - | 53 |
| | <hr/> | <hr/> |
| | 28 | 1,123 |
| - Stocks | - | 5,731 |
| | <hr/> | <hr/> |
| Total writedowns | 4,898 | 11,742 |

E) EXTRAORDINARY INCOME AND CHARGES

E.20) Income

Amounted to €4,057 thousand (€2,606 thousand) and is made up as follows:

| | Thousands of euros | Thousands of euros |
|-----------------------------------|------------------------------------|------------------------------------|
| | 1st half of 2003 | 1st half of 2002 |
| Gains on disposals | 2,181 | 1,636 |
| Others | 1,876 | 970 |
| | <hr/> | <hr/> |
| Total extraordinary income | 4,057 | 2,606 |

The “Gains on disposals” were due to the disposal of Casa Editrice Ricciardi.

“Others” include contingent assets of an extraordinary nature and adjustments of the results registered at 31 December 2002 of companies valued by the net equity method.

E.21) Charges

Amounted to €192 thousand (€886 thousand) and are made up as follows:

| | Thousands of euros | Thousands of euros |
|------------------------------------|------------------------------------|------------------------------------|
| | 1st half of 2003 | 1st half of 2002 |
| Losses on disposals | - | - |
| Tax for previous year | 22 | 70 |
| Others | 170 | 816 |
| Total extraordinary charges | 192 | 886 |

“Others” include contingent assets of an extraordinary nature and adjustments of the results registered at 31 December 2002 of companies valued by the net equity method.

Mondadori Group

***Reconciliation between the shareholders' equity and net profit
of the Holding Company and the consolidated shareholders'
equity and net profit***

Reconciliation between the shareholders' equity and net profit of the Holding Company and the consolidated shareholders' equity and net profit

The reconciliation of the shareholders' equity and net profit shown in the financial statements of Arnoldo Mondadori Editore SpA at 30 June 2003 and those shown in the consolidated financial statements is as follows:

| | Shareholders' equity | Net result |
|--|----------------------|--------------------------------------|
| | Thousands of euros | for the period Thousands of euros |
| Balances as per Holding Company's financial statements | 542,724 | 61,739 |
| Different accounting principles between financial statements and consolidated | | |
| - Advanced depreciations | 14,955 | (847) |
| - Leasing | 7,899 | (1,128) |
| - Valuation by net equity method of companies not included in the consolidation | (8,240) | (4,633) |
| Dividends received by consolidated companies | - | (7,691) |
| Writedowns of consolidated companies | 13,481 | 7,984 |
| Elimination of intercompany profits | (2,194) | 279 |
| Elimination of effects of intergroup company operations | (105,692) | 10,895 |
| Contribution to assets and income, net of information contained in previous items, of consolidated companies | 71,382 | (2,534) |
| Consolidated Financial Statements | 534,315 | 64,064 |

Mondadori Group

Changes in shareholders' equity

Changes in consolidated equity as at 31 December 2002

| Thousands of euros | Share capital | Share premium | Law no. 72 | Law no. 413/91 | Legal reserve | Treasury stock | Extra. reserve |
|---|---------------|----------------|---------------|----------------|---------------|----------------|----------------|
| Balance at 1/1/2002 | 67,452 | 231,116 | 12,023 | 4,689 | 13,398 | 56,150 | 42,311 |
| Movements: | | | | | | | |
| - Changes in consolidation area | - | - | - | - | - | - | - |
| - Destination profit | - | - | - | - | 92 | - | 27,693 |
| - Payment of dividends | - | - | - | - | - | - | (69,721) |
| - Reclassifications | - | (3,322) | - | - | - | 3,322 | (283) |
| - Currency translation increases (decrease) | - | - | - | - | - | - | - |
| - Other movements | - | (1) | - | - | - | - | - |
| - Net profit for the year | - | - | - | - | - | - | - |
| Balance at 31/12/2002 | 67,452 | 227,793 | 12,023 | 4,689 | 13,490 | 59,472 | - |

Changes in consolidated equity as at 30 June 2003

| Thousands of euros | Share capital | Share premium | Law no. 72 | Law no. 413/91 | Legal reserve | Treasury stock | Extra. Reserve |
|---|---------------|----------------|---------------|----------------|---------------|----------------|----------------|
| Balances at 1/1/2003 | 67,452 | 227,793 | 12,023 | 4,689 | 13,490 | 59,472 | - |
| Movements: | | | | | | | |
| - Changes in consolidation area | - | - | - | - | - | - | - |
| - Destination profit | - | - | - | - | - | - | 9,264 |
| - Payment of dividends | - | - | - | - | - | - | - |
| - Reclassifications | - | (11,407) | - | - | - | 11,407 | - |
| - Currency translation increases (decrease) | - | - | - | - | - | - | - |
| - Other movements | - | - | - | - | - | - | - |
| - Net profit for the year | - | - | - | - | - | - | - |
| Balances at 30/06/2003 | 67,452 | 216,386 | 12,023 | 4,689 | 13,490 | 70,879 | 9,264 |

| Law no. 675 | Law no. 124/93 | Law no. 904 | Govt. grants | Merger reserve | Other reserves | Profit (loss) carried forward | Profit (loss) for year | Total shareholders' equity |
|----------------|-------------------|----------------|--------------|-------------------|-------------------|-------------------------------------|---------------------------|----------------------------------|
| 351 | 38 | 751 | 5,052 | 0 | 7,267 | 102,312 | 73,882 | 616,792 |
| - | - | - | - | - | - | - | - | - |
| - | 15 | - | - | - | - | (9,157) | (18,643) | - |
| - | - | - | - | - | - | (30,712) | (55,239) | (155,672) |
| - | - | - | 283 | - | - | - | - | - |
| - | - | - | - | - | (10,314) | - | - | (10,314) |
| - | - | - | - | 478 | - | (426) | - | 51 |
| - | - | - | - | - | - | - | 81,074 | 81,074 |
| 351 | 53 | 751 | 5,335 | 478 | (3,047) | 62,017 | 81,074 | 531,931 |

| Law no. 675 | Law no. 124/93 | Law no. 904 | Govt. grants | Merger reserve | Other reserves | Profit (loss) carried forward | Profit (loss) for year | Total shareholders' equity |
|----------------|-------------------|----------------|--------------|-------------------|-------------------|-------------------------------------|---------------------------|----------------------------------|
| 351 | 53 | 751 | 5,335 | 478 | (3,047) | 62,017 | 81,074 | 531,931 |
| - | - | - | - | - | - | - | - | - |
| - | 20 | - | - | - | - | 9,380 | (18,664) | - |
| - | - | - | - | - | - | - | (62,410) | (62,410) |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | (190) | - | - | (190) |
| - | - | - | - | - | - | 920 | - | 920 |
| - | - | - | - | - | - | - | 64,064 | 64,064 |
| 351 | 73 | 751 | 5,335 | 478 | (3,237) | 72,317 | 64,064 | 534,315 |

Mondadori Group

Reclassified consolidated balance sheet

Reclassified consolidated balance sheet and income statement

| Reclassified consolidated balance sheet | Millions of euros 30 June 2003 | Millions of euros 31 December 2002 | Millions of euros 30 June 2002 |
|--|---|---|-----------------------------------|
| Intangible assets | 153.5 | 164.2 | 174.9 |
| Fixed assets | 203.3 | 202.7 | 211.3 |
| Financial assets | 150.8 | 126.3 | 124.7 |
| Inventories | 121.0 | 121.1 | 118.8 |
| Receivables and other assets | 562.9 | 491.1 | 504.3 |
| Cash and banks | 513.5 | 516.6 | 561.3 |
| Total assets | 1,705.0 | 1,622.0 | 1,695.3 |
| Shareholders' equity | 534.3 | 531.9 | 509.1 |
| Minority interests | 0.4 | 0.4 | 0.3 |
| Reserves for risks and charges | 42.5 | 52.0 | 47.6 |
| Reserve for severance indemnities | 103.7 | 101.8 | 101.9 |
| Other payables and liabilities | 516.9 | 528.6 | 464.4 |
| Financial payables | 507.2 | 407.3 | 572.0 |
| Total liabilities | 1,705.0 | 1,622.0 | 1,695.3 |
| Reclassified consolidated income statement | Millions of euros 30 June 2003 | Millions of euros 30 June 2002 | % change |
| Income from sales | 753.9 | 720.3 | 4.7% |
| Personnel costs | 125.4 | 122.5 | 2.4% |
| Product and operating costs | 534.8 | 503.6 | 6.2% |
| Gross operating profit | 93.7 | 94.2 | (0.5%) |
| <i>MOL effect on income</i> | <i>12.4%</i> | <i>13.1%</i> | |
| Depreciation of fixed assets | 18.5 | 17.5 | 5.7% |
| Operating profit | 75.2 | 76.7 | (2.0%) |
| <i>Effect of operating profit on income</i> | <i>10.0%</i> | <i>10.6%</i> | |
| Depreciation of intangible assets | 11.2 | 11.2 | - |
| Net financial income (charges) | 0.5 | (3.7) | n.a. |
| Other income (charges), net | 0.8 | (2.5) | n.a. |
| Extraordinary income (charges), net | 1.3 | 0.1 | n.a. |
| Internet | (2.5) | (3.2) | (21.9%) |
| Profit before taxation | 64.1 | 56.2 | 14.1% |
| <i>Effect of net profit for the year on income</i> | <i>8.5%</i> | <i>7.8%</i> | |

Mondadori Group

Appendices

Table of prominent investments in accordance with art. 120 of Legs. Decree no. 58/1998

In accordance with art. 126 of the regulations approved by CONSOB deliberation no. 11971 of 14/05/1999

| Name (country where registered) | Share capital | Total % of shares held | Share modality |
|--|------------------|------------------------|-----------------|
| ACI-Mondadori Srl (Italy) | EUR 1,080,000 | 50% | Direct |
| Agenzia Lombarda Distribuzione Giornali e Riviste Srl (Italy) | EUR 400,000 | 50% | Direct |
| Athena Finanziaria Srl on liq. (Italy) | EUR 10,500 | 100% | Direct |
| BOL Books on Line Italia SpA (Italy) | EUR 1,084,000 | 50% | Direct |
| Cemit Interactive Media SpA (Italy) | EUR 3,835,000 | 100% | Direct |
| Editrice Portoria SpA (Italy) | EUR 364,000 | 16.785% | Direct |
| Edizioni EL Srl (Italy) | EUR 620,000 | 50% | Indirect |
| Edizioni Electa Bruno Mondadori Srl (Italy) | EUR 10,400 | 50% | Indirect |
| Edizioni Frassinelli Srl (Italy) | EUR 10,400 | 100% | Indirect |
| Edumond Le Monnier SpA (Italy) (formerly Edumond SpA) | EUR 10,608,000 | 100% | Direct |
| Electa Napoli Srl (Italy) | EUR 155,000 | 60% | Indirect |
| Fied SpA (Italy) | EUR 416,000 | 100% | Direct |
| Giulio Einaudi Editore SpA (Italy) | EUR 23,920,000 | 100% | Direct |
| Gruner und Jahr/Mondadori SpA (Italy) | EUR 2,600,000 | 50% | Direct |
| Harlequin Mondadori SpA (Italy) | EUR 258,250 | 50% | Direct |
| Hearst Mondadori Editoriale Srl (Italy) | EUR 99,600 | 50% | Direct |
| Mach 2 Libri SpA (Italy) | EUR 646,250 | 24% | Direct/Indirect |
| Mondadori Electa SpA (Italy) (formerly Elemond SpA) | EUR 1,593,735 | 100% | Direct |
| Mondadori Franchising SpA (Italy) | EUR 1,954,000 | 100% | Direct |
| Mondadori Informatica SpA (Italy) | EUR 1,950,000 | 100% | Direct |
| Mondadori Informatica-e.Bismedia Srl (Italy) | EUR 920,920 | 100% | Indirect |
| Mondadori Printing SpA (Italy) | EUR 45,396,000 | 100% | Direct/Indirect |
| Mondadori Pubblicità SpA (Italy) | EUR 3,120,000 | 100% | Direct |
| Mondadori Retail Srl (formerly Ellemme Srl) (Italy) | EUR 2,937,014 | 100% | Direct |
| Mondadori Sistemi di comunicazione Srl (Italy) | EUR 95,000 | 100% | Direct |
| Mondadori.com SpA (Italy) | EUR 3,000,000 | 100% | Direct |
| Mondadori-Rodale Srl (Italy) | EUR 90,000 | 50% | Direct |
| Mondolibri SpA (Italy) | EUR 1,040,000 | 50% | Direct |
| Press Tv SpA (Italy) | EUR 1,500,000 | 50% | Direct |
| Società Europea di Edizioni SpA (Italy) | EUR 2,533,440 | 41.665% | Direct/Indirect |
| Sperling & Kupfer Editori SpA (Italy) | EUR 388,800 | 100% | Direct |
| Veleno SpA in liquidation (Italy) | EUR 5,000,000 | 24% | Direct |
| Venezia Accademia Società Consortile a rl (Italy) | EUR 15,000 | 26% | Indirect |
| Venezia Musei Società Consortile a rl (Italy) | EUR 10,000 | 34% | Indirect |
| ABS Finance Advisory Company SA | EUR 125,000 | 99.2% | Indirect |
| ABS Finance Fund Sicav (Luxembourg) | EUR 4,916,208.07 | 54.21% | Indirect |
| Ame Publishing Ltd. (USA) | USD 50,000 | 100% | Indirect |
| Arnoldo Mondadori Deutschland GmbH (Germany) | EUR 25,564.59 | 100% | Indirect |
| Arnoweb SA (Luxembourg) | EUR 36,256,900 | 99.9998% | Direct |
| Artes Graficas Toledo SA (Spain) | EUR 5,409,000 | 100% | Indirect |
| Atimod Publishing Investments SA (Luxembourg) | EUR 10,373,800 | 100% | Direct/Indirect |
| Attica Publications SA | EUR 4,590,000 | 20% | Indirect |
| Euromedia Luxembourg Two SA (Luxembourg) | USD 42,500,000 | 11.765% | Indirect |
| Grupo Editorial Random House Mondadori SL (Spain) | EUR 10,000,000 | 50.00% | Direct/Indirect |
| Marchgrange Limited (Ireland) | GBP 12 | 100% | Indirect |
| Mondadori Belgium SA (Belgium) | EUR 62,000 | 99.984% | Direct |
| Mondadori Finance SA (Luxembourg) | EUR 31,000 | 96.77% | Indirect |
| Mondadori International SA (Luxembourg) | EUR 393,625,900 | 99.99% | Direct |
| Mondadori.com USA Inc. (USA) | USD 4,500,000 | 100% | Indirect |
| News Alert Investors LLC (USA) | USD 20,528,461 | 11.21% | Indirect |
| Prisco Spain SA (Spain) (formerly Prisco Int. NV – Dutch Antilles) | EUR 60,101.30 | 100% | Direct |

In accordance with art. 120 of Legs. Decree no. 58/1998

reference date 30 June 2003

| Shareholder | Shares held | Legal office | Tax reg.n number | Comp. reg.n date |
|--|------------------|--|------------------|------------------|
| Arnoldo Mondadori Editore SpA | 50% | Milan - Via Bianca di Savoia 12 | 13277400159 | 17/11/2000 |
| Arnoldo Mondadori Editore SpA | 50% | Milan - Via Senato 18 | 10463540152 | 02/10/1991 |
| Arnoldo Mondadori Editore SpA | 100% | Bagno a Ripoli (FI) – Loc. Grassina, Via Meucci 2 | 04346290481 | 24/12/1991 |
| Arnoldo Mondadori Editore SpA | 50% | Milan – Via Lampedusa 13 | 13074160154 | 22/02/2000 |
| Arnoldo Mondadori Editore SpA | 100% | San Mauro Torinese (TO) - via Toscana 9 | 04742700018 | 13/12/1984 |
| Arnoldo Mondadori Editore SpA | 16.785% | Milan - via Chiossetto 1 | 02305160158 | 26/03/1975 |
| Giulio Einaudi Editore SpA | 50% | Trieste - San Dorligo della Valle - via J. Ressel 5 | 00627340326 | 07/05/1984 |
| Edumond Le Monnier SpA | 50% | Milan – via Trentacoste 7 | 06976090156 | 05/05/1983 |
| Sperling & Kupfer Editori SpA | 100% | Milan - via Borgonuovo 24 | 07254880151 | 12/01/1984 |
| Arnoldo Mondadori Editore SpA | 100% | Milan, Via Bianca di Savoia 12 | 03261490969 | 01/10/2001 |
| Mondadori Electa SpA | 60% | Naples – via Francesco Caracciolo 13 | 04230890636 | 27/09/1983 |
| Arnoldo Mondadori Editore SpA | 100% | Milan - via Bianca di Savoia 12 | 04591640158 | 26/10/1979 |
| Arnoldo Mondadori Editore SpA | 100% | Turin - via U. Biancamano 2 | 08367150151 | 03/06/1986 |
| Arnoldo Mondadori Editore SpA | 50% | Milan – Corso Monforte 54 | 09440000157 | 10/09/1988 |
| Arnoldo Mondadori Editore SpA | 50% | Milan – Corso Concordia 7 | 05946780151 | 15/10/1980 |
| Arnoldo Mondadori Editore SpA | 50% | Milan - via Bianca di Savoia 12 | 12980290154 | 17/12/1999 |
| Arnoldo Mondadori Editore SpA | 20% | Milan - via Quaranta 40 | 03782990158 | 06/05/1983 |
| Sperling & Kupfer Editori SpA | 4% | | | |
| Arnoldo Mondadori Editore SpA | 100% | Milan – via Trentacoste 7 | 01829090123 | 23/02/1989 |
| Arnoldo Mondadori Editore SpA | 100% | Verucchio (RN) – Fraz.Villa Verucchio - Via St.Marecchia 51-51/a | 08853520156 | 28/05/1987 |
| Arnoldo Mondadori Editore SpA | 100% | Milan - via Bianca di Savoia 12 | 09341220151 | 24/06/1988 |
| Mondadori Informatica SpA | 100% | Milan - via Bianca di Savoia 12 | 13430930159 | 11/04/2001 |
| Arnoldo Mondadori Editore SpA | 57.05% | Milan - via Bianca di Savoia 12 | 12319410150 | 28/11/1997 |
| Arnoldo Mondadori Editore SpA | 100% | Milan - via Bianca di Savoia 12 | 08696660151 | 12/02/1987 |
| Arnoldo Mondadori Editore SpA | 100% | Milan - via Bianca di Savoia 12 | 00212560239 | 19/11/1946 |
| Arnoldo Mondadori Editore SpA | 100% | Milan - via Bianca di Savoia 12 | 03864370964 | 19/02/2003 |
| Arnoldo Mondadori Editore SpA | 100% | Milan - via Bianca di Savoia 12 | 06746360582 | 09/11/1984 |
| Arnoldo Mondadori Editore SpA | 50% | Milan - via Bianca di Savoia 12 | 13066890156 | 25/02/2000 |
| Arnoldo Mondadori Editore SpA | 50% | Milan - via Lampedusa 13 | 12853650153 | 25/06/1999 |
| Arnoldo Mondadori Editore SpA | 50% | Milan - Via Bianca di Savoia 12 | 03619240967 | 08/07/2002 |
| Arnoldo Mondadori Editore SpA Fied SpA | 33.125% 8.54% | Milano - via G. Negri 4 | 01790590150 | 27/02/1974 |
| Arnoldo Mondadori Editore SpA | 100% | Milan - via Borgonuovo 24 | 00802780155 | 03/11/1927 |
| Arnoldo Mondadori Editore SpA | 24% | Milan - Via Paleocapa 3 | 13203780153 | 27/07/2000 |
| Mondadori Electa SpA | 26% | Venezia Mestre - Via Manin 51 | 03377400274 | 21/03/2002 |
| Mondadori Electa SpA | 34% | Venezia Mestre - Via Manin 51 | 03233710270 | 9/05/2000 |
| Mondadori International SA | 99.2% | Luxembourg - 19-21 Boulevard du Prince Henri | | 12/12/2002 |
| Mondadori International SA | 54.21% | Luxembourg - 19-21 Boulevard du Prince Henri | | 03/02/1999 |
| Mondadori International SA | 100% | U.S.A. - New York N.Y. - 740 Broadway | | 01/02/1982 |
| Mondadori International SA | 100% | Germany - Monaco - Tal 21 | | 14/05/1970 |
| Arnoldo Mondadori Editore SpA | 99.9998% | Luxembourg - 31 Boulevard du Prince Henri | | 16/12/1999 |
| Mondadori Printing SpA | 100% | Spain – Toledo – C/Jarama S/N – Poligono Industrial | | 03/10/1974 |
| Mondadori International SA | 99.99991% | Luxembourg - 19-21 Boulevard du Prince Henri | | 03/03/2003 |
| Arnoldo Mondadori Editore SpA | 0.00009% | | | |
| Atimod Publishing Investments SA | 20% | Greece – Atene - Maroussi, 40 Kifissias Avenue | | 03/08/1994 |
| Amoweb SA | 11.765% | Luxembourg – 140 Boulevard de la Petrusse | | 13/03/2000 |
| Amoweb SA | 33.99% | Spain – Barcellona, Calle Travessera de Gracia 47/49 | | 07/03/1991 |
| Arnoldo Mondadori Editore SpA | 6.01% | | | |
| Prisco Spain SA | 10% | | | |
| Mondadori International SA | 100% | Ireland – Dublin – Earlsfort Terrace | | 13/12/1999 |
| Arnoldo Mondadori Editore SpA | 99.984% | Belgium – Brussels – Avenue Louise 109 | | 22/03/2001 |
| Mondadori International SA | 96.77% | Luxembourg - 19-21 Boulevard du Prince Henri | | 12/12/2002 |
| Arnoldo Mondadori Editore SpA | 99.99% | Luxembourg - 19-21 Boulevard du Prince Henri | | 18/09/1970 |
| Amoweb SA | 100% | USA-Delaware–1013 Centre Rd Wilmington 19805, New Castle Country | | 16/09/1999 |
| Mondadori.com USA Inc. | 11.21% | USA - New York 10022 - 575 Lexington Avenue, Suite 410 | | 1999 |
| Arnoldo Mondadori Editore SpA | 100% | Spain – Barcellona, Calle Travessera de Gracia 47/49 | | 06/12/1988 |