

ARNOLDO MONDADORI EDITORE S.p.A.

Share capital 129,714,916,000 Lire
Head Office in Milan, Italy
Administrative Offices in Segrate (MI)

Quarterly report as of 31 March 2001



MONDADORI

Board of Directors

Chairman

Leonardo Mondadori (*)

Deputy Vice Chairman

Luca Formenton

Chief Executive

Maurizio Costa (*)

Directors

Francesco Barbaro (**)

Marina Elvira Berlusconi (*)

Pier Silvio Berlusconi

Fedele Confalonieri (*)

Roberto Poli

Giovanni Puerari

Mario Resca

Claudio Sposito (*)

Board of Statutory Auditors

Chairman

Franco Iorio

Acting Statutory Auditors

Antonio Aiello

Achille Frattini

Substitute Statutory Auditors

Francesco A. Giampaolo

Gianfranco Polerani

Powers

Chairman: powers of legal representation in dealings with third parties and legal proceedings.

Chief Executive: routine powers and power of separate signature limited to actions prescribed by mandate.

(*) Member of Executive Committee

(**) Company Secretary

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Report of the Board of Directors on the first quarter of 2001

The first quarter 2001

The first quarter of 2001 has been a positive period for the Mondadori Group with significant growth, compared with the same period of the previous year, in both margins and revenues.

Pre tax profit for the period reached 46.8 bn lire, an increase of 15.8% compared with the 40.4 bn lire in the first three months of 2000, after having paid all the losses linked to Internet activities, in line with budget forecasts.

Gross operating profit came to 83.1 bn lire, an increase of 16.9% on the 71.1 bn for the same period of the previous year. As a proportion of revenues, an increase from 10.9% in Q1 2000 to 11.3% this year.

Operating profit for the period reached 66.6 bn lire, an increase of 22.9% on the 54.2 bn for the same period last year. As a proportion of revenues, an increase from 8.3% in Q1 2000 to 9% this year.

Cash-flow totalled 74.3 bn lire, compared with 67.6 bn in the first three months of 2000, on the basis of comparable amortisations.

Consolidated revenues for the period came to 738 bn lire, an increase of 13.3% on the 651.3 bn in Q1 2000.

The growth in revenues has been the result of excellent performances in all the principal business areas. In particular in the **magazine sector**, thanks also to initiatives launched in 2000: including the *Panorama* insert *Portfolio* the monthlies *Cosmopolitan*, *Men's Health* and the titles resulting from the ACI-Mondadori joint venture. There was a marked increase in **advertising revenues**, which in the first three months of the year were up by 16.8%.

In the **books** area, that from Q1 2001 does not include revenues from retail activities, revenues that have been diverted to the Direct Division, the Edizioni Mondadori, Einaudi and Sperling & Kupfer imprints have performed particularly well.

There was also revenue growth in the **printing area**, both on account of volume growth in the domestic market and an increase in orders from foreign clients.

The result confirms the first class technological level of Mondadori Printing plant.

A number of important contracts were also brought forward.

The **retail sector** registered a significant increase thanks to the substantial investments that have led to the opening of new sales outlets.

The following is the reclassified income statement for the Group:

Consolidated reclassified income statement

bn lire	31/3/2001	31/3/2000	% change
Income from sales	738.0	651.3	13.3%
Personnel costs	123.8	117.4	5.5%
Product and management costs	531.1	462.8	14.7%
Gross operating profit	83.1	71.1	16.9%
<i>As a proportion of revenues</i>	<i>11.3%</i>	<i>10.9%</i>	
Amortisation of tangible assets	16.5	16.9	(2.4%)
Operating profit	66.6	54.2	22.9%
<i>As a proportion of revenues</i>	<i>9.0%</i>	<i>8.3%</i>	
Amortisation of intangible assets	11.0	10.3	6.8%
Net financial income (charges)	1.3	(1.3)	n.a.
Other net income (charges)	(2.7)	0.5	n.a.
Net extraordinary items (charges)	(0.7)	0.7	n.a.
Internet activity	(6.7)	(3.4)	97%
Profits before taxation	46.8	40.4	15.8%
<i>As a proportion of revenues</i>	<i>6.3%</i>	<i>6.2%</i>	
Gross cash flow	74.3	67.6	

The Group's **net financial position** at 31 March 2001 showed a surplus of 352.3 bn lire, a continual improvement on the figure at the same time last year, when the figure was 248.4 bn lire.

The improvements described, to which all the main business areas have contributed, have been achieved in a general economic context characterised by a progressive slow-down in the world economy that has also had repercussions in the domestic market.

With GDP growth forecasts in the region of 2.5% for 2001 (2.8% at the beginning of the year) - higher only than Denmark and Germany within Europe, inflation in Italy, at 2.8%, is higher than the Euro-zone average (2.6% in March).

Also forecasts for the reduction of the public deficit have been adjusted downwards, while employment indicators are, on the contrary, encouraging.

Accounting principles and evaluation criteria adopted

The accounting principles and evaluation criteria adopted for drawing up the financial statements as of 31 March 2001 are the same as those adopted for the Consolidated Financial Statements with the exception that the amount of taxes due for the period has not been included, in accordance with CONSOB Regulations pertaining to Interim Reports.

Division of revenues into business categories and geographical areas

The following tables give a breakdown of revenues by business category and geographical area.

With a view to showing revenues as per the new organisation of business areas following the creation of the Direct Division, that brings together direct marketing and retail, some data relating to 31 March 2000, have been reclassified.

What follows is a brief summary of the activities of the different business areas in which the Mondadori Group operates.

Revenues by business area

bn lire	31/3/2001	31/3/2000	% change
Books	135.1	134.6	0.4%
Magazines	444.7	396.2	12.3%
Printing	213.1	179.6	18.7%
Direct	63.0	57.1	10.3%
Computer Publishing and New Media	11.0	11.3	(2.7%)
Others	9.0	7.6	18.4%
Total sales	875.9	786.4	11.4%
Intercompany sales	(137.9)	(135.0)	2.1%
Total consolidated sales	738	651.4	13.3%

Revenues by geographical area

bn lire	31/3/2001	31/3/2000	% change
Italy	669.7	593.4	12.9%
EU countries	43.8	43.8	-
USA	6.9	2.4	187.5%
Scandinavian countries	1.5	0.2	n.a.
South America	11.4	9.2	23.9%
Other countries	4.7	2.4	95.8%
Total consolidated sales	738	651.4	13.3%

The Book Division

In a first quarter 2001 characterised by timid signs of growth, both in terms of value and volume, and both through the bookshop and large scale retail channel, Mondadori has consolidated its leadership position and increased its market share.

Total revenues in the Book Division, compared with those at 31 March 2000, were essentially unchanged compared with the same period of the previous year (135.1 bn lire vs. 134.6 bn). However, the figure should be seen in the light of scheduler differences that have led to lower revenues from art book publishing and exhibition organising, and the reduction of distribution revenues resulting from the disposal of the company's stake in Baldini & Castoldi.

In the first three months of the year the **Edizioni Mondadori** imprints saw an increase in their revenues from 53.4 bn lire to 58.5 bn, despite the lack of the traditional promotional sales initiative in January. This result has allowed Mondadori to further increase its market share in the bookshop channel.

At the end of March the *Oscar Mondadori* campaign was launched and the first of three volumes of the *Incas*, was published, the effects of both of which will be felt

in the coming months.

In the first quarter of 2001, net revenues from the activities managed by **Einaudi** came to 15.3 bn lire versus 13.8 bn in 2000; a good performance in the book shop channel (+25.7%), aided by a reduction in returns, was contrasted by a fall off in the instalments channel (-9.8%).

Important releases in the first three months of 2001 include: *Fantasmì* by Vincenzo Cerami, *Body Artist* by Don DeLillo, a new edition of *Il giovane Holden* by Salinger, *Non siamo capaci di ascoltarli* by Paolo Crepet, and the first volume of the *Enciclopedia della Musica Einaudi*.

Revenues deriving from **art books and exhibition organising** in the period came to 13.3 bn lire; a fall of 20.2% compared with the 16.7 bn of the previous year. This reduction, widely forecasted in the budget, is attributable to the exhibition organising activity, which, in 2000, include the exhibition *I Cento Capolavori dell'Ermitage*, while in 2001 the current exhibition *Caravaggio e i Giustiniani*, was inaugurated at the end of January, with very positive revenues from sponsors and bookshop sales.

Sperling & Kupfer closed the period with revenues of 12.3 bn lire, an increase on the same period of the previous year

thanks to a good performance in book shop sales and a targeted rationalisation of the catalogue that has reduced the number of new titles (89 versus 96 in 2000) and increased the number of reprints (145 versus 132 in 2000).

In the **school text book sector**, the first quarter of the year is traditionally a period of little significance in terms of revenues given the highly seasonal nature of sales which are concentrated in the second half of the year.

Grijalbo Mondadori saw revenues for the first quarter of 2001 grow by 20% compared with the previous year, confirming the company's market leadership in Mexico and Chile.

Results in Colombia, Venezuela and Argentina were also good, in spite of the political/economic problems in those countries.

Among the publications that were most successful during the period were the first volume in a trilogy about Queen Elizabeth (more than 50,000 copies sold) and the ongoing success of *Q*, the novel by Luther Blissett which also in the Club edition has sold more than 40,000 copies.

The Magazine Division

Total revenues generated by the Magazine Division in the first quarter of 2001 came to 444.7 bn lire, an increase of 12.3% compared with the same period of 2000. There was an increase in both circulation (+10.0%) and advertising (16.8%) revenues.

Circulation

The first quarter showed a good level of growth in revenues for the Mondadori titles linked to the positive circulation performance of the main titles and the success of a number of initiatives: *Panorama* with the CD-ROM Encyclopaedia Omnia and *Sorrisi e Canzoni TV* with a series of music CDs "I grandi album".

Of particular note was the continued growth of *Cibi* (514,000 versus 452,000 in 2000). *Panorama* with an average circulation of 678,000 copies (+24,000 vs. 2000) has further strengthened its leadership in the newsmagazine segment.

The first quarter also saw the launch of the new joint venture Mondadori-ACI: the first results of this partnership have been the radical re-design of the two ACI house-organs (*Automobile Club* and *Hp Trasporti Club*), the launch of a new monthly

Cambio l'automobile and the re-design of *Auto oggi*.

Advertising

There was a marked increase in advertising revenues, which in the first three months of the year were up by 16.8% compared with the same period of the previous year. This is partly the result of the increase in the total number of titles, but above all it is due to the excellent performance of the market leading titles in the magazine market, while newspaper advertising is showing signs of a slow down.

Magazines

bn lire	31/3/2001	31/3/2000	% change
Circulation	291.4	265.0	10.0%
Advertising	153.3	131.2	16.8%
Total	444.7	396.2	12.3%

The Printing Division

In the first quarter of 2001 the printing market, which continues to be sustained by a high level of demand for the printing of magazines, has maintained the positive levels of the latter part of the last year.

The Printing Division of the Mondadori Group registered sales for the period of 213.1 bn lire, an 18.7% increase on the same period of 2000.

This increase is also the result of an increase in the cost of paper, consequently the real productive performance is better illustrated by sales net of paper costs and delivery as is shown in the following chart.

The increase of 12.3% has been achieved thanks to a sustained demand for magazines, following a good recovery of the reduction in sales in 2000 in the printing of books and changes to the release schedules of *Pagine Utili* in the directories area.

Revenues net of paper and delivery costs

bn lire	31/3/2001	31/3/2000	% change
Magazines	55.3	53.0	4.3%
Books	31.9	28.1	13.5%
Catalogues and promotional materials	13.0	12.3	5.7%
Directories	4.7	-	n.a.
Total printing revenues	104.9	93.4	12.3%

Direct Division

During the current year, within the Mondadori Group, a new division has been created to bring together all of the Group's direct marketing and retail activities. It has therefore been necessary to re-classify the revenue data for 31 March 2000 to take account of these changes.

Direct marketing

The Mondadori Group maintains its undisputed leadership in the reference markets with Mondolibri S.p.A. and Cemit Interactive Media S.p.A.

Mondolibri recorded a slight fall in sales that is expected to be amply recovered in the coming months thanks also to a new club, *Mondoidee*, which was launched in April.

Cemit also showed a fall off in revenues compared with 31 March 2000; however this was entirely occasional and will not prejudice growth forecasts in the coming months, also on account of postponed revenues from April and May.

Retail

Compared with the first quarter of 2000, **Mondadori Franchising** registered a substantial increase in revenues largely as a result of an increase in the number of outlets (94 vs. 67).

Ellemme, now known as **Mondadori Retail**, since the beginning of the year also manages the outlets Mondadori Informatica, through a rental agreement stipulated before defining the terms of the transfer of the company to Mondadori Retail.

For this reason and on account of the higher number of bookstores compared with 31 March 2000 (the former Le Monnier store in Florence, the Padua store and the Multicenter in Milan) revenues for the corresponding periods are not comparable.

Direct			
bn lire	31/3/2001	31/3/2000	% change
Mondolibri S.p.A. (proportional)	20.3	21.1	(3.8%)
Cemit Interactive Media S.p.A.	11.4	12.7	(10.2%)
Sub total direct marketing	31.7	33.8	(6.2%)
Mondadori Franchising S.p.A.	6.3	4.4	43.2%
Mondadori Retail S.r.l. (ex Ellemme S.r.l.)	25.0	8.2	n.a.
Mondadori Informatica S.p.A.	-	9.0	n.a.
Libreria Le Monnier S.r.l.	-	1.7	n.a.
Sub total retail	31.3	23.3	34.3%
Total	63	57.1	10.3%

Computer Publishing and New Media

For **Mondadori Informatica** the first quarter of 2001 has been characterised by a new phase in which extra emphasis will be given to the company's core business. This has led to the leasing of the retail area to Mondadori Retail, the company that manages the Group's bookstores.

Following this re-organisation, the company will focus on its publishing activities for specialised books and magazines and training.

On a like-for-like basis, revenue levels for the company remain substantially unchanged compared with the same period of last year (11 bn lire vs. 11.3 bn).

In the book area, both the traditional specialised series and new series have met with success.

The magazine area, meanwhile, recorded a positive performance in terms of circulation against a background of stagnation on the advertising side.

In the education and training area, the first quarter of the year has seen the realisation of a number of development initiatives that were begun last year. The new centre in Rome became fully operative, while, with a few weeks, - thanks to an agreement with a local operator - courses will commence at a new centre in Florence.

Internet

Guidelines for the activities of Mondadori.com for 2001 are focused on strengthening the advertising sales structure and the supply of editorial services and content to third parties operating on the Web.

At the end of the first quarter the results reached by the new sales structure of Mondadori Pubblicità are in line with the budget forecasts. Content supply is also going well and is ahead of expectations essentially as a result of agreements reached with Tiscali and Wind.

Editorial projects for the year cover the following areas:

Entertainment, with content drawn from *Sorrisi e Canzoni TV* for television, *Ciak* for the cinema, *Tutto e Superclassifica* for music;

Salute, the nucleus of which will grow out of the *Men's Health* site.

Auto, an area in which a portal is being built in co-operation with ACI-Mondadori that will supply an integrated package of services for users.

Another activity linked to the sale of ebooks has been launched in co-operation with Microsoft who provide the technology platform on which to download books in this new format.

Overall in the Internet sector the Group has produced first quarter revenues of 4 bn lire.

The Mondadori Group's financial position, at 31 March 2001, including leasing debts, shows a surplus of 352.3 billion lire, a marked

improvement on the same period of the previous year, as can be seen from the following chart:

Net financial position

bn lire	31/3/2001	31/12/2000	31/3/2000
Short term bank deposits	279.7	337.3	330.4
Short term borrowing from banks	(100.7)	(148.0)	(66.9)
Financing (short and medium/long term)	(503.3)	(568.3)	(451.0)
	(324.3)	(379)	(187.5)
Fixed interest securities	693.9	702.5	460.2
Cash, post office accounts, net financial receivables from affiliates and third parties and accrued interest income	(16.3)	11.2	(12.6)
Net financial receivables (payables)	353.3	334.7	260.1
Leasing debts	(1.0)	(2.4)	(11.7)
Net financial position	352.3	332.3	248.4

The macro-economic scenario in the first quarter of the year has been characterised above all by signs of a sharp slow down in economic growth in the U.S. and the prospect of a fall in foreign demand for European countries. This has led to a lowering of GDP growth forecasts for countries in the Euro-area.

The Federal Reserve has reduced the rate on Fed Funds from 6.5% at the end of 2000 to 5% at the end of March and 4.5% at the end of April. In Europe, the CEB has chosen not to intervene on lending rates, which remain at 4.75%, with a view to keeping inflation under control.

In this context the dollar has continued to gain against the Euro, going from 0.94 Euro at the beginning of the year (2,055 lire) to 0.88 Euro at the end of March (2,192 lire).

During the first three months of the year the Euribor 3 month rate (base 360) went down from 4.84% to 4.56% giving an average rate of 4.74%; in the same period the average cost of borrowing for Mondadori was 4.86%.

At 31 March 2001 Mondadori had unused lines of credit from banks equal to 2,000 billion lire, 800 billion of which was in the form of medium/long term credit facilities.

Short term facilities were used by means of self-liquidating lines of credit (bank discount bills) and stand-by financing of less than eighteen months minus a day.

Medium-long term credit lines are represented by around 29 bn lire from state subsidies for publishers (mainly resulting from law N° 416/81) and for the remainder by a five-year revolving credit facility (2000-2005) stipulated in July 2000. This syndicated loan, organised by Banca Commerciale Italiana and Cariverona, as at 31 March 2001, had been used for 320 bn lire.

In the first quarter of 2001 investments in technical assets were made for a total of 4.7 bn lire; while a further 9.5 bn lire was spent for a new printing machine for the Verona plant that will enter production in the second half of the year.

The following table shows the details of the changes in personnel during the first quarter, during which time there were no significant changes.

Personnel	31/3/2001	31/12/2000	Change
Arnoldo Mondadori Editore S.p.A.:			
- Managers, journalists and office staff	1,431	1,431	-
- Workers	178	182	(4)
	1,609	1,613	(4)
Italian subsidiaries:			
- Managers, journalists and office staff	1,656	1,675	(19)
- Workers	1,356	1,382	(26)
	3,012	3,057	(45)
Foreign subsidiaries:			
- Managers, journalists and office staff	311	314	(3)
- Workers	178	180	(2)
	489	494	(5)
Total	5,110	5,164	(54)

In the months after the closing of the first quarter, the positive performance in the various areas of the Group's activities continued. The trend allows for a full-year forecast of an improvement on the results of the last year, both in terms of revenues and profitability.

In terms of advertising sales, the excellent results of the first months of the year and the projections based on orders allow for a forecast of a satisfying improvement for the full year, above the market average.

Important events after 31 March 2001 include the signing of a letter of intent with the US-based Random House to establish a 50-50 joint venture for the two Groups' book publishing activities in Spain and Latin America. Following normal due diligence, a contract will be signed that foresees the merger of Grijalbo (Mondadori) with Plaza & Janes (Random House) which will create the world's second largest Spanish-language publisher.

For the Board of Directors
Leonardo Mondadori
Chairman

Mondadori Group
Balance Sheet and Income Statement in Lire

(in millions of lire)	3 Months as at 31 March 2001			Year ended 31 December 2000	3 Months as at 31 March 2000
	Sub Total 1	Sub Total 2	Total 3		
C. Current assets					
I- Inventories					
1 raw, ancillary and consumable materials		26,043		31,714	24,620
2 semifinished products, work in progress		41,082		52,718	36,235
3 work in progress to order		24,292		15,261	17,657
4 finished products and goods		186,594		162,994	166,092
5 advances				53	
Total			278,011	262,740	244,604
	<i>within 12 months</i>	<i>over 12 months</i>			
II- Receivables					
1 trade accounts	710,822	26,118	736,940	765,115	670,953
2 due from subsidiaries	7,449		7,449	7,509	8,639
3 due from affiliated companies	59,508		59,508	56,364	44,693
4 due from parent companies	41		41	12	162
5 due from third parties	183,404	728	184,132	190,706	167,413
Total	961,224	26,846	988,070	1,019,706	891,860
III- Financial assets (current)					
1 investments in subsidiaries					
2 investments in affiliated companies				4,108	
3 other investments					
4 treasury stock					
5 other securities			693,901	702,488	460,222
Total			693,901	706,596	460,222
IV- Cash and Equivalents					
1 cash at banks and P.O.			280,017	337,268	331,080
2 cheques			168	74	
3 cash and commercial papers in hand			287	296	496
Total			280,472	337,638	331,576
Total current assets C.			2,240,454	2,326,680	1,928,262
D. Accrued income and prepayments					
1 accrued income			3,073	1,310	1,061
2 prepayments			10,767	16,967	6,371
3 premium on loans			2,989	3,164	680
Total accrued income and prepayments D.			16,829	21,441	8,112
Total assets			3,176,335	3,286,739	2,873,104

Balance sheet

Liabilities

(in millions of lire)	3 Months as at 31 March 2001			Year ended 31 December 2000	3 Months as at 31 March 2000
	Sub Total 1	Sub Total 2	Total 3		
A. Shareholders' equity					
I- Share capital			129,715	129,715	129,351
II- Share premium reserve			434,082	435,762	424,604
III- Revaluation reserve			32,358	32,358	32,358
IV- Legal reserve			25,870	25,870	25,819
V- Reserve for treasury stock			122,141	120,461	128,132
VI- Statutory reserve					
VII- Other reserves:					
1) Extraordinary reserve		288,722		288,722	32,522
2) Reserve Law 675 of 12/8/1977		680		680	680
3) Conferral reserve Law 904 of 16/12/1977		1,454		1,454	1,454
4) Capital account contribution reserve		9,782		9,782	9,782
5) Reserve Law 124/93 art. 13		51		51	28
6) Other reserves		4,178		-29,406	-23,921
			304,867	271,283	20,545
VIII- Profit (loss) carried forward			108,446		341,506
IX- Profit (loss) for the year					
1) Pre-tax profit for the period			46,792		40,412
2) Net profit for the year				137,272	
Consolidated Group Shareholders' equity			1,204,271	1,152,721	1,142,727
Minority interests			15,349	15,334	15,084
Total Shareholders' equity A.			1,219,620	1,168,055	1,157,811
B. Reserve for risks and charges					
1 retirement benefits and similar		1,929		2,026	2,213
2 income taxes		46,131		46,836	46,676
3 other		54,171		54,339	53,534
Total reserve for risk and charges B.			102,231	103,201	102,423
C. Reserve for severance indemnities					
			191,113	190,366	187,180
D. Debts and other payables					
1 bonds					
2 convertible bonds					
3 due to banks	575,893	28,070	603,963	716,264	517,953
4 due to third parties					
5 advances	75,809		75,809	68,642	67,464
6 trade accounts	596,232	970	597,202	642,451	529,103
7 debts represented by credit instruments					
8 due to subsidiaries	908		908	1,420	1,003
9 due to affiliated companies	61,953		61,953	75,667	27,743
10 due to parent companies	640		640	606	170
11 income taxes payable	34,980	331	35,311	42,955	30,447
12 due to pension funds and social security entities	26,793		26,793	32,125	24,982
13 others	222,876	2,731	225,607	219,176	209,514
Total debts and other payables D.	1,596,084	32,102	1,628,186	1,799,306	1,408,379

(in millions of lire)	3 Months as at 31 March 2001			Year ended 31 December 2000	3 Months as at 31 March 2000
	Sub Total 1	Sub Total 2	Total 3		
E. Accrued liabilities and deferred income					
1 accrued liabilities		21,582		13,302	8,945
2 deferred income		13,603		12,509	8,366
3 discounts on loans					
Total accrued liabilities and deferred income E.			35,185	25,811	17,311
Total liabilities			3,176,335	3,286,739	2,873,104
Memorandum accounts					
1 Guarantees and sureties					
a) in favour of subsidiaries					
b) in favour of affiliated companies				15,100	
c) in favour of third parties				49,113	
2 Commitments				120,743	
3 Risks					
4 Others				159,781	
Total memorandum accounts				344,737	

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

For the Board of Directors
Leonardo Mondadori
Chairman

Income statement

(in millions of lire)	3 Months as at 31 March 2001			3 Months as at 31 March 2000	Year ended 31 December 2000
	Sub Total 1	Sub Total 2	Total 3		
A. Production value					
1		739,149		651,575	2,876,778
2		11,636		1,347	16,487
3		9,031		2,778	505
4		5		125	286
5					
a) operating grants	29			2	290
b) other income and revenues	21,621			19,305	91,050
		21,650			
Total production value A.			781,471	675,132	2,985,396
B. Production costs					
6		262,397		217,030	944,858
7		289,010		250,395	1,113,446
8		10,540		12,013	37,890
9					
a) wages and salaries	89,483			82,568	336,924
b) social contributions	27,183			26,634	106,829
c) severance indemnities	6,945			7,060	29,060
d) retirement benefits and similar	13				58
e) other costs	1,674			2,530	7,073
Total		125,298		118,792	479,944
10					
a) amortisation of intangible assets	11,445			10,550	45,407
b) depreciation of fixed assets	16,691			16,918	63,933
c) other writedowns of assets					
d) writedowns of doubtful accounts	2,935			3,552	17,252
Total		31,071		31,020	126,592
11		5,704		165	-6,661
12		1,275		509	9,051
13		4			49
14		6,237		4,691	27,369
Total production costs B.			731,536	634,615	2,732,538
Difference between production value and production costs A. - B			49,935	40,517	252,858

(in millions of lire)	3 Months as at 31 March 2001			3 Months as at	Year ended
	Sub Total 1	Sub Total 2	Total 3	31 March 2000	31 December 2000
C. Financial income and charges					
15 Income from investments					
a) Subsidiaries					
b) Affiliated companies					
c) Other investments					68
Total					68
16 Other financial income					
a) from long term receivables					
• Subsidiaries					
• Affiliated companies					
• Parent companies					
• Other companies				93	290
Total	92			93	290
b) from long term securities					1,652
c) from short term securities	11,943			5,745	46,572
d) other income					
• Subsidiaries	13			17	63
• Affiliated companies	68			30	239
• Parent companies					
• Other companies	5,993			1,418	15,454
Total	6,074			1,465	15,756
Total		18,109		7,303	64,270
17 Interest and other financial charges					
a) Subsidiaries	4			130	10
b) Affiliated companies	162			77	425
c) Parent companies					
d) Other companies	10,802			8,350	44,494
Total		10,968		8,557	44,929
Total financial income and (charges) C.			7,141	-1,254	19,409
D. Adjustments to the value of financial assets					
18 Revaluations					
a) investments	1,571			1,255	8,667
b) other long term financial assets					
c) securities					
Total		1,571		1,255	8,667
19 Writedowns					
a) investments	7,029			783	12,150
b) other long term financial assets					
c) securities	5,814				9,997
Total		12,843		783	22,147
Total adjustments to the value of financial assets D.			-11,272	472	-13,480

(follows)

Income statement

(in millions of lire)	3 Months as at 31 March 2001			3 Months as at 31 March 2000	Year ended 31 December 2000
	Sub Total 1	Sub Total 2	Total 3		
E. Extraordinary items					
20 Income					
a) Gains on disposals	794			678	5,689
b) Other	224				987
Total		1,018		678	6,676
21 Charges					
a) Losses on disposals					707
b) Taxation relative to prior years				1	794
c) Other	30				3,904
Total		30		1	5,405
Total extraordinary income and (charges) E.			988	677	1,271
Profit before tax			46,792	40,412	260,058
22 Income tax for the year					122,003
23 Result for the year					138,055
Net profit (loss) for the year pertaining to minority interests					783
Net profit (loss) for the year					137,272

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

For the Board of Directors
Leonardo Mondadori
Chairman

Mondadori Group
Balance Sheet and Income Statement in Euros

(€ 000)	3 Months as at 31 March 2001			Year ended 31 December 2000	3 Months as at 31 March 2000
	Sub Total 1	Sub Total 2	Total 3		
C. Current assets					
I- Inventories					
1 raw, ancillary and consumable materials		13,450		16,379	12,715
2 semifinished products, work in progress		21,217		27,227	18,714
3 work in progress to order		12,546		7,882	9,119
4 finished products and goods		96,368		84,179	85,779
5 advances				27	
Total			143,581	135,694	126,327
	<i>within 12 months</i>	<i>over 12 months</i>			
II- Receivables					
1 trade accounts	367,109	13,489	380,598	395,149	346,518
2 due from subsidiaries	3,847		3,847	3,878	4,461
3 due from affiliated companies	30,733		30,733	29,110	23,082
4 due from parent companies	21		21	6	84
5 due from third parties	94,720	376	95,096	98,491	86,462
Total	496,430	13,865	510,295	526,634	460,607
III- Financial assets (current)					
1 investments in subsidiaries					
2 investments in affiliated companies				2,122	
3 other investments					
4 treasury stock					
5 other securities			358,370	362,805	237,685
Total			358,370	364,927	237,685
IV- Cash and Equivalents					
1 cash at banks and P.O.			144,617	174,184	170,989
2 cheques			87	38	
3 cash and commercial papers in hand			148	153	256
Total			144,852	174,375	171,245
Total current assets C.			1,157,097	1,201,631	995,864
D. Accrued income and prepayments					
1 accrued income			1,587	677	548
2 prepayments			5,561	8,763	3,290
3 premium on loans			1,543	1,634	351
Total accrued income and prepayments D.			8,691	11,074	4,189
Total assets			1,640,440	1,697,460	1,483,834

Balance sheet

Liabilities

(€ 000)	3 Months as at 31 March 2001			Year ended 31 December 2000	3 Months as at 31 March 2000
	Sub Total 1	Sub Total 2	Total 3		
A. Shareholders' equity					
I- Share capital			66,992	66,992	66,804
II- Share premium reserve			224,184	225,053	219,290
III- Revaluation reserve			16,712	16,712	16,712
IV- Legal reserve			13,361	13,361	13,334
V- Reserve for treasury stock			63,081	62,213	66,175
VI- Statutory reserves:					
VII- Other reserve					
1) Extraordinary reserve		149,112		149,112	16,796
2) Reserve Law 675 of 12/8/1977		351		351	351
3) Conferral reserve Law 904 of 16/12/1977		751		751	751
4) Capital account contribution reserve		5,052		5,052	5,052
5) Reserve Law 124/93 art. 13		26		26	14
6) Other reserves		2,158		-15,187	-12,354
			157,450	140,105	10,610
VIII- Profit (loss) carried forward			56,008		176,373
IX- Profit (loss) for the year					
1) Pre-tax profit for the period			24,166		20,871
2) Net profit for the year				70,895	
Consolidated Group Shareholders' equity			621,954	595,331	590,169
Minority interests			7,927	7,919	7,790
Total Shareholders' equity A.			629,881	603,250	597,959
B. Reserve for risks and charges					
1 retirement benefits and similar		996		1,046	1,143
2 income taxes		23,825		24,189	24,106
3 other		27,977		28,064	27,648
Total reserve for risks and charges B.			52,798	53,299	52,897
C. Reserve for severance indemnities					
			98,702	98,316	96,670
D. Debts and other payables					
1 bonds					
2 convertible bonds					
3 due to banks	297,424	14,497	311,921	369,920	267,500
4 due to third parties					
5 advances	39,152		39,152	35,451	34,842
6 trade accounts	307,928	501	308,429	331,798	273,259
7 debts represented by credit instruments					
8 due to subsidiaries	469		469	733	518
9 due to affiliated companies	31,996		31,996	39,079	14,328
10 due to parent companies	331		331	313	88
11 income taxes payable	18,066	171	18,237	22,184	15,725
12 due to pension funds and social security entities	13,837		13,837	16,591	12,902
13 other liabilities	115,106	1,410	116,516	113,196	108,205
Total debts and other payables D.	824,309	16,579	840,888	929,265	727,367

(€ 000)	3 Months as at 31 March 2001			Year ended 31 December 2000	3 Months as at 31 March 2000
	Sub Total 1	Sub Total 2	Total 3		
E. Accrued liabilities and deferred income					
1 accrued liabilities		11,146		6,870	4,620
2 deferred income		7,025		6,460	4,321
3 discounts on loans					
Total accrued liabilities and deferred income E.			18,171	13,330	8,941
Total liabilities			1,640,440	1,697,460	1,483,834
Memorandum accounts					
1 Guarantees and sureties					
a) in favour of subsidiaries					
b) in favour of affiliated companies				7,798	
c) in favour of third parties				25,365	
2 Commitments				62,359	
3 Risks					
4 Others				82,520	
Total memorandum accounts				178,042	

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

For the Board of Directors
Leonardo Mondadori
Chairman

Income statement

(€ 000)	3 Months as at 31 March 2001			3 Months as at 31 March 2000	Year ended 31 December 2000
	Sub Total 1	Sub Total 2	Total 3		
A. Production value					
1		381,739		336,510	1,485,732
2		6,009		696	8,515
3		4,664		1,435	261
4		3		65	148
5					
a) operating grants	15			1	150
b) other income and revenues	11,166			9,970	47,023
		11,181			
Total production value A.			403,596	348,677	1,541,829
B. Production costs					
6		135,517		112,087	487,978
7		149,261		129,318	575,047
8		5,443		6,204	19,569
9					
a) wages and salaries	46,214			42,643	174,007
b) social contributions	14,039			13,755	55,173
c) severance indemnities	3,587			3,646	15,008
d) retirement benefits and similar	7				30
e) other costs	865			1,307	3,653
Total		64,712		61,351	247,871
10					
a) amortisation of intangible assets	5,911			5,449	23,451
b) depreciation of fixed assets	8,620			8,737	33,019
c) other writedowns of assets					
d) writedowns of doubtful accounts	1,516			1,834	8,910
Total		16,047		16,020	65,380
11		2,946		85	-3,440
12		658		263	4,674
13		2			25
14		3,221		2,423	14,135
Total production costs B.			377,807	327,751	1,411,239
Difference between production value and production costs A. - B.			25,789	20,926	130,590

(€ 000)	3 Months as at 31 March 2001			3 Months as at	Year ended
	Sub Total 1	Sub Total 2	Total 3	31 March 2000	31 December 2000
C. Financial income and charges					
15	Income from investments				
	a) Subsidiaries				
	b) Affiliated companies				
	c) Other investments				35
Total					35
16	Other financial income				
	a) from long term receivables				
	• Subsidiaries				
	• Affiliated companies				
	• Parent companies				
	• Other companies				150
Total					48
	b) from long term securities				853
	c) from short term securities				24,052
	d) other income				
	• Subsidiaries				33
	• Affiliated companies				123
	• Parent companies				
	• Other companies				7,981
Total					8,137
Total					33,192
17	Interest and other financial charges				
	a) Subsidiaries				5
	b) Affiliated companies				219
	c) Parent companies				
	d) Other companies				22,979
Total					23,203
Total financial income and (charges) C.			3,688	-648	10,024
D. Adjustments to the value of financial assets					
18	Revaluations				
	a) investments				4,476
	b) other long term financial assets				
	c) securities				
Total					4,476
19	Writedowns				
	a) investments				6,275
	b) other long term financial assets				
	c) securities				5,163
Total					11,438
Total adjustments to the value of financial assets D.			-5,822	244	-6,962

(follow)

Income statement

(€ 000)	3 Months as at 31 March 2001			3 Months as at 31 March 2000	Year ended 31 December 2000
	Sub Total 1	Sub Total 2	Total 3		
E. Extraordinary items					
20 Income					
a) Gains on disposals	410			350	2,938
b) Other	116				510
Total		526		350	3,448
21 Charges					
a) Losses on disposals					365
b) Taxation relative to prior years				1	410
c) Other	15				2,017
Total		15		1	2,792
Total extraordinary income and (charges) E.			511	349	655
Profit before tax			24,166	20,871	134,308
22 Income tax for the year					63,009
23 Result for the year					71,299
Net profit (loss) for the year pertaining to minority interests					404
Net profit (loss) for the year					70,895

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

For the Board of Directors
Leonardo Mondadori
Chairman

