

ARNOLDO MONDADORI EDITORE S.p.A.

Share capital 67,451,756.32 euros
Head Office in Milan
Administrative Offices in Segrate (MI)

Quarterly report as of 31 March 2002

Segrate, 13 May 2002

Corporate Boards

Board of Directors

Chairman

Leonardo Mondadori (*)

Senior 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 (*)

(*) Members of the Executive Committee

(**) Secretary

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 law

Board of Statutory Auditors

Chairman

Franco Iorio

Acting Statutory Auditors

Antonio Aiello

Achille Frattini

Substitute Statutory Auditors

Francesco A. Giampaolo

Gianfranco Polerani

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Report of the Board of Directors on the results for the period

The Mondadori Group's business activities

The first quarter of 2002

The first quarter of 2002 was characterised by generally weak sales partly caused by the introduction of the euro, which created uncertainty in consumer spending at the beginning of the year, and partly by the reflective nature of the international economy. In this context, the Mondadori Group reacted by introducing a strategy aimed at containing costs and implementing a series of initiatives designed to preserve profitability, which achieved excellent results. The decrease in sales was therefore not reflected in a decrease in the gross operating profit, which as a proportion of revenues increased from 11.3% in the first quarter of 2001 to 12.7% for the first three months of 2002.

Consolidated revenues totalled 334.1 million euros. On a comparable basis, deconsolidating the revenues of the Grijalbo Group from the data for 2001 and the revenues deriving from the distribution of magazine titles belonging to the Gruppo Editoriale L'Espresso (the contract for which expired in January 2002), using the net equity method of consolidation there was a decrease of 4.8% in the first three months of 2002.

Despite the decrease in revenues the **gross operating profit** amounted to 42.5 million euros compared with 42.9 million at 31 March 2001, a reduction of 0.9%. This result was achieved thanks to strict control both of personnel costs, which decreased by 4.9%, and product and management costs, which decreased by 15.9%.

Operating profit amounted to 33.4 million euros, a decrease of 2.9% compared with 34.4 million in March 2001. However, as a proportion of revenues this represents an increase from 9% to 10%.

Pre-tax profit reached 23.1 million euros, slightly lower than the figure of 24.2 million for the first three months of 2001.

Gross **cash-flow** totalled 37.8 million euros, compared with 38.3 million for the same period in 2001.

The decrease in revenues affected almost all the Group's main business activities. In particular, in the **magazine sector** there was a decrease both in terms of advertising revenues and circulation. In this sector the Mondadori Group performed better than the reference market and was able to maintain its leadership position despite the absence of new launches or initiatives.

The **book sector** registered a slight increase, despite a delay in comparison with last year in the launch of the Oscar Campaign.

The fall in revenues in the **printing sector** was attributable to a decrease in orders from foreign customers and a decrease in circulation in the magazine sector.

The **direct sector** substantially consolidated revenues in the direct marketing division (Mondolibri and Cemit), while there was a decrease in revenues in the bookshop multi-centre division caused in particular by revenues for Mondadori Retail.

The following table summarises these details:

Reclassified income statement	Millions of euros 31 March 2002	Millions of euros 31 March 2001	% change
Sales revenues	334.1	(*) 381.1	(12.3%)
Personnel costs	60.8	63.9	(4.9%)
Cost of sales and operating costs	230.8	274.3	(15.9%)
Gross operating profit	42.5	42.9	(0.9%)
<i>As a proportion of revenues</i>	<i>12.7%</i>	<i>11.3%</i>	
Technical depreciations	9.1	8.5	7.1%
Operating profit	33.4	34.4	(2.9%)
<i>As a proportion of revenues</i>	<i>10.0%</i>	<i>9.0%</i>	
Depreciations of intangible assets	5.6	5.6	-
Net financial income (charges)	0.5	0.7	(28.6%)
Net other income (charges)	(2.5)	(1.5)	(66.7%)
Net extraordinary income (charges)	(1.1)	(0.4)	n.a.
Internet activities	(1.6)	(3.4)	52.9%
Pre-tax profit	23.1	24.2	(4.5%)
<i>As a proportion of revenues</i>	<i>6.9%</i>	<i>6.3%</i>	
Gross cash flow	37.8	38.3	

(*) Sales revenues at 31 March 2001 also include revenues from Grijalbo and circulation revenues relating to the distribution of magazine titles belonging to Gruppo Editoriale L'Espresso.
For a comparable view of revenues, see table "Volume of business per geographical and business area".

The Group's **financial position** as at 31 March 2002 showed a surplus of 176.1 million euros, slightly lower than the amount for the previous year.

Accounting principles and evaluation criteria adopted

The accounting principles and evaluation criteria adopted for drawing up the financial statements as of 31 March 2002 are the same as those adopted for the Consolidated Financial Statements at year end, with the exception that the amount of taxes due for the period has not been included, in accordance with CONSOB Regulations pertaining to Half-Yearly Reports.

Volume of business per geographical and business area

The following tables give details of sales for each business activity and geographical area.

In order to present the data in a way that can be compared with the data for the same period in the previous year, the revenues as at 31 March 2001 have been reclassified without including revenues for Grijalbo and circulation revenues relating to the distribution contract for magazine titles belonging to Gruppo Editoriale L'Espresso.

Volume of business for each business activity	Millions of euros 31 March 2002	Millions of euros 31 March 2001	% change
Books	61.3	60.6	1.2%
Magazines	194.2	208.8	(7.0%)
Printing	102.1	110.1	(7.3%)
Direct	31.0	32.5	(4.6%)
Computer publishing and new media	4.3	5.7	(24.6%)
Others	5.1	4.7	8.5%
Total sales	398.0	422.4	(5.8%)
Intergroup sales	(63.9)	(71.4)	(10.5%)
Total consolidated sales	334.1	351.0	(4.8%)

Volume of business geographical area	Millions of euros 31 March 2002	Millions of euros 31 March 2001	% change
Italy	308.6	322.4	(4.3%)
EEC countries	23.3	22.6	3.1%
USA	1.3	3.6	(63.9%)
Scandinavian countries	-	-	-
Other countries	0.9	2.4	(62.5%)
Total consolidated revenues	334.1	351.0	(4.8%)

We now move on to a description of the different business activities in which Mondadori is involved.

Book division

The performance of the book market in the first three months of 2002 was still heavily influenced by the introduction in September 2002 of law no. 198/2001, which established a ceiling of 15% as the maximum amount of discount that can be offered by all distribution channels. The discount limit has favoured bookshops, which during the period, accordance to data supplied by Demoskopea, registered an increase in value of 2.6%, while it penalised large-scale retail outlets which registered a decrease of 20% compared with the same period in the previous year.

Total revenues in the Group's book sector for the first three months of the year amounted to 61.3 million euros, compared with 60.6 million (on a comparable basis, that is without revenues from Grijalbo) for the same period in the previous year.

In the first three months of 2002, **Edizioni Mondadori** registered a slight decrease in revenues compared with 31 March 2001, which benefited from the launch of some highly successful titles from Camilleri, Gervaso, Pontiggia, Zavoli and Sgorlon.

In the first quarter of 2002, two titles published at the end of the previous year, *Non ti Muovere* by Margaret Mazzantini and *Sola Come un Gambo di Sedano* by Littizzetto, were very successful.

Another author who has confirmed his commercial potential is Valerio Massimo Manfredi with *L'ultima Legione* achieving excellent results this year.

It should be noted that this year the *Oscar Mondadori* promotional campaign will begin in May, which should result in revenues recovering sufficiently to bring sales for the first half of the year up to the same levels as those registered in the first half of 2001.

In the first quarter of 2002, sales of **Einaudi** titles registered a very positive performance in bookshops, mainly due to the good results obtained by the catalogue supply campaign and the excellent results of new titles such as *Atonement* by Mc Ewan and *Correzioni* by Franzen.

Among the other authors published during the first quarter of 2002 the following are worthy of note: *La Curva del Latte* by Orengo, *Lo Scrittore Fantasma* by Roth, *Racconti Dimenticati* by Elsa Morante, *54* by Wu Ming and *Filumena Marturano* by De Filippo.

In the three-month period, revenues from **art books and exhibition organisation** were in line with those for the same period in the previous year. The various business activities within this sector were faced with a decrease in revenues from sponsors and from museum bookshops (due to a drop in the number of visitors to museums), but it should be noted that there was a gratifying increase in revenues from co-editions of art books, exhibition catalogues and tourist guides.

The most important events in this sector included the award of auxiliary services contracts by the Vento Regional Office of Historical, Artistic and Anthropological Heritage and for the organisation of exhibition services by the Pompei Curator's Office, the successful conclusion of the "*Picasso. 200 Capolavori dal 1898 al 1972*" exhibition, which attracted over 450,000 visitors, and the successful opening of the exhibition of American art from the Whitney collection at Palazzo Reale in Milan.

Revenues from the **Sperling & Kupfer** Group registered an increase compared with 31 March 2001, mainly due to the publication of two new successful titles from King and Steel.

The good sales performance was accompanied by a policy of paying close attention to print-runs in order to contain the number of returns.

As for the **educational publishing sector**, revenues in the first three months of the year are not particularly significant because of the seasonal nature of the sector.

During the first quarter of the year, the Board of Directors of the interested companies approved the merger of Casa Editrice Le Monnier SpA and Editoriale Le Monnier SpA in Edumond SpA, an operation that will result in the setting up of a new company, Edumond Le Monnier SpA, at the beginning of the summer.

The **distribution** division confirmed the excellent quality of customer services it established in 2001.

Revenues from third-party titles, in particular those of Baldini and Castoldi, were very encouraging.

Magazine division

The Magazine Division closed the first three months of 2002 with total sales of 194.2 million euros, compared with 208.8 for the same period in 2001.

It should be noted that data for the previous year has been reclassified in order to make it comparable with data for 2002. In particular, revenues from the distribution of magazine titles belonging to Gruppo Editoriale L'Espresso have been removed.

Magazines	Millions of euros 31 March 2002	Millions of euros 31 March 2001	% change
Circulation	122.4	129.6	(5.6%)
Advertising	71.8	79.2	(9.3%)
Total magazines	194.2	208.8	(7.0%)

Circulation

The first quarter of the year saw a slight decrease in revenues for Mondadori titles compared with the same period in 2001.

This performance should be seen within the context of weak circulation figures on both national and international levels. During the period in question, the market registered a decrease in the region of 8% in terms of the number of copies. The Mondadori Group was able to contain this decrease, registering a result that was better by a few percentage points compared with the overall sector, even though there were no new title launches during this period.

Among the main titles, average circulation figures for *Panorama* were around 650,000, a decrease compared with the previous year, while *Donna Moderna* had average circulation figures of around 560,000 copies.

Starbene produced an excellent result with an increase of 8% to over 420,000 copies.

Advertising

Advertising sales in the first three months of the year were characterised by the continuing difficulties and uncertainties caused by the uncertain macroeconomic climate, which first emerged near the end of 2001.

The slow-down was even more evident when compared with the first quarter of the previous year, which was characterised by excellent advertising sales.

Some business sectors, such as finance and telecommunications, have delayed their advertising investments, penalising in particular sales for newspapers and men's magazines.

The first three months of 2002 registered a decrease of 9.3% compared with 2001, although there were some signs of a reversal of this tendency which should lead to a recovery in the second quarter.

Printing division

During the first quarter of 2002 there were no changes compared with the situation revealed in the last part of 2001.

The situation remained critical both on account of the low volume of printing orders on the market and price pressure resulting from strong competition between the various printing companies.

There were reductions in the number of pages and print-runs both for magazines and catalogues, while book printing was mainly affected by the almost total absence of initiatives in the American market.

The reduction in the cost of paper helped to mitigate the negative effects produced by the reduction in revenues, which fell from 110.0 million euros at 31 March 2001 to 102.1 million at 31 March 2002.

The reduction was lower if revenues are considered net of the cost of paper and shipping, which gives a better picture of the production performance of the printing division, as illustrated below:

Printing revenues net of the cost of paper and shipping	Millions of euros 31 March 2002	Millions of euros 31 March 2001	% change
Magazines	27.0	28.6	(5.6%)
Books	16.4	16.5	(0.6%)
Catalogues and promotional material	6.0	6.7	(10.4%)
Directories	1.8	2.4	(25.0%)
Total printing revenues	51.3	54.2	(5.4%)

It should be noted that the reduction in revenues for Directories was due to a change in the publication dates for the different volumes of “Pagine Utili”.

During the quarter the level of use of the production equipment in the various printing works was satisfactory, as a result of offsetting the decrease in demand for printing by carrying out part of the printing that is usually sub-contracted to external third parties.

Direct division

Direct marketing

The Mondadori Group maintained its market leadership in the reference market with Mondolibri SpA and Cemit Interactive Media SpA.

Mondolibri registered good sales figures with an increase of 2.9% compared with the same period in 2001, a performance that was mainly due to the re-styling of Euroclub.

In the first three months of 2002 **Cemit**, which maintained its position of market leader in the direct marketing services sector, registered a decrease in revenues compared with 31 March 2001 mainly as a result of the following factors:

the overall reduction of investments in communication also affected direct marketing, even if the effects were less drastic than those felt in advertising;

up to now 2002 has been characterised by an increased number of companies operating in the sector compared with previous years, thereby creating greater competition particularly as far as prices are concerned.

Cemit is progressively implementing programmes concerned with up-dating the technology it uses and expanding its coverage of the country. In this context, new offices are being opened in Rome that should become operative by the end of the first half of the year.

Retail

Mondadori Franchising registered a significant increase in sales compared with the same period in 2001, thanks mainly to new affiliation agreements that came into operation during the twelve months in question. As a result of these agreements, the number of sales outlets increased from 94 to 100.

Mondadori Retail saw a significant decrease in sales caused by the general difficult of the market in which it operates.

Direct	Millions of euros 31 March 2002	Millions of euros 31 March 2001	% change
Mondolibri SpA (proportional)	10.8	10.5	2.9%
Cemit Interactive Media SpA	5.5	5.9	(6.8%)
Sub-total direct marketing	16.3	16.4	(0.6%)
Mondadori Franchising SpA	3.7	3.2	15.6%
Mondadori Retail Srl	11.0	12.9	(14.7%)
Sub-total retail	14.7	16.1	(8.7%)
Total direct	31.0	32.5	(4.6%)

Computer publishing and new media

In the first three months of 2002, Mondadori Informatica was heavily influenced by the general contraction of investments in communication and training that first became evident in the second half of 2001.

The magazine sector (particularly the advertising sales division) and the education sector were particularly badly hit by the decrease in investments made by customers, while in the book sector the volume of sales continued to fall.

Sales for the first three months of 2002 amounted to 4.3 million euros, with a decrease of over 24 percentage points compared with the corresponding period last year.

The Mondadori Informatica–e.BisMedia joint venture, which was set up last year and is dedicated to distance learning, has already completed its pre-operative phase and is continuing its development as planned.

Internet

During the first three months of the current year the subsidiary company Mondadori.com, which is responsible for the Internet activities of the Mondadori Group, continued developing and re-styling its main sites (*Donna Moderna*, *Panorama* and *Sorrisi e Canzoni TV*) and with the various strategic initiatives for the *In Auto* and *My Tech* portals.

The web sites managed by Mondadori.com continue to achieve excellent results, with the average number of page views in the first three months of 2002 amounting to almost 30 million, which represents a large increase in comparison with the figures for the same period in the previous year, and more than 3 million visitors every month.

Other ad hoc initiatives such as the *EuroItalia* site, the on-line newspaper of the Euro Committee at the Ministry of Economy, the special Sanremo site produced by *Sorrisi e Canzoni TV* and the Fanta GranPremio competition produced by *InAuto*, attracted large numbers of visitors.

2002 also saw the continuation of the agreements concerning the telephone and Internet sale of content which, together with advertising revenues managed by Mondadori Pubblicità, were in line with forecasts.

In the overall Internet sector the Group registered sales of approximately 3 million euros in the first quarter of the year.

Financial position

The Mondadori Group's financial position as of 31 March 2002 showed a surplus of 176.1 million euros, a decrease compared with 31 December 2001. The details are illustrated in the following table:

Net financial position	Millions of euros 31 March 2002	Millions of euros 31 December 2001	Millions of euros 31 March 2001
Short term bank deposits	138.9	184.8	144.5
Short term borrowings from banks	(48.0)	(50.0)	(52.0)
Financing (short and medium/long term)	(284.1)	(323.8)	(260.0)
	(193.2)	(189.0)	(167.5)
Fixed interest securities	361.4	364.5	358.4
Cash, post office accounts, net receivables from affiliates and third parties and accrued interest income	7.9	13.0	(8.4)
Net financial receivables (payables)	176.1	188.5	182.5
Leasing debts	-	-	(0.5)
Net financial position	176.1	188.5	182.0

During the first three months of the year the macroeconomic scenario was characterised by some important signs of a recovery in world economy. In the USA the GDP increased by 5.8%, thanks in part to the public investment policy implemented by the government, while in Europe (or more precisely, in the Euro Area) growth forecasts for the first three months of the year were for around 0.2%-0.5%. In this case, without taking into consideration the knock-on effect of the USA economy, the economic recovery is at risk from the effects of inflation, and prices are currently higher than the economic cycle justifies.

Given the uncertainty surrounding the effective strength of the economic recovery, the Federal Reserve has up to now avoided implementing a restrictive monetary policy, while the European Central Bank is keeping the minimum curve rate for significant refinancing operations in the Eurosystem at 3.25%.

In this macroeconomic context the dollar strengthened by approximately 2% against the euro, changing from 0.90 at the beginning of the year to 0.88 at the end of March, while sterling regained the levels recorded at the beginning of January (0.61).

Three-month Euribor interest rates increased from 3.294% at the end of December 2001 to 3.448% at the end of March 2002 (with an average value of 3.36%). During the same period, the average cost of money for the Mondadori Group decreased from 3.285% at the end of December 2001 to 3.195% at the end of March 2002 (with an average cost during the quarter of 3.221%).

The Group's short-term credit facilities, amounting to 576 million euros, were used for a total of 17% as at 31 March 2002 by means of self-liquidating lines of credit (such as discount bills) and stand-by credits with a duration of less than eighteen months minus a day.

The medium/long term lines of 418 million euros were mainly made up of a revolving multi-currency credit facility (400 million) with a duration of five years (2000-2005), as well as medium/long term subsidised loans for publishers, in accordance with Law 416/81 (12 million). As at 31 March, approximately 48% of these had been used.

Technical investments

During the first quarter of 2002 the Group made investments in technical assets that came in to production for 4.3 million euros, including 2.3 million for plant and machinery for Mondadori Printing SpA, while the remaining amount was mainly concerned with furniture and electronic office equipment (1.0 million euros).

Personnel

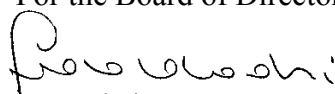
The following table shows movements in Group personnel in the first quarter of the year:

Personnel	31 March 2002	31 December 2001	% change
Arnoldo Mondadori Editore SpA:			
- Management, journalists and office staff	1,402	1,427	(25)
- Manual workers	169	176	(7)
	1,571	1,603	(32)
Italian subsidiaries:			
- Management, journalists and office staff	1,673	1,676	(3)
- Manual workers	1,314	1,335	(21)
	2,987	3,011	(24)
Foreign subsidiaries:			
- Management, journalists and office staff	37	38	(1)
- Manual workers	130	130	-
	167	168	(1)
Total	4,725	4,782	(57)

Probable evolution of business activities

In the months following the end of the first quarter of the year, the performances of various sectors of the Group have shown signs of improvement. However, 2002 would still appear to be a difficult year from the point of view of sales, which up to now have benefited from five uninterrupted years of growth. Since the Group intends to continue its policy of strictly containing costs, it follows that the final result for the whole of 2002 will confirm the excellent results of 2001.

For the Board of Directors



Chairman

Leonardo Mondadori

***Mondadori Group
Balance Sheet and Income Statement***

BALANCE SHEET

ASSETS

(in thousands of euros)	AS OF 31 MARCH 2002			AS OF	AS OF
	Sub total	Sub total	TOTAL	31 MARCH 2001	31 DECEMBER 2001
	1	2	3		
A) RECEIVABLES FROM SHAREHOLDERS FOR UNPAID SHARE CAPITAL					
B) NON-CURRENT ASSETS					
I- INTANGIBLE ASSETS					
1 set-up and expansion costs		1,943		3,239	2,335
2 research, development and advertising costs					
3 industrial patent rights and use of original works		853		682	948
4 concessions, licences and trade marks		140,621		151,909	143,225
5 goodwill		13,899		17,809	14,897
6 assets under construction and advances		64		112	165
7 others		8,650		9,440	9,108
8 consolidation differences		14,098		16,860	14,955
TOTAL			180,128	200,051	185,633
II- FIXED ASSETS					
1 land and buildings		85,849		83,750	86,851
2 plant and machinery		89,879		51,908	94,193
3 industrial and commercial equipment		1,732		2,679	1,585
4 other assets		19,310		19,401	19,554
5 assets under construction and advances		13,205		18,378	8,681
TOTAL			209,975	176,116	210,864
III- FINANCIAL ASSETS					
1 investments in :					
a) subsidiary companies		9,878		2,544	10,054
b) affiliated companies		57,946		21,603	62,491
c) other companies		905		1,226	903
TOTAL		68,729		25,373	73,448
			<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	992	7,385	8,377	10,028	8,516
TOTAL	992	7,385	8,377	10,028	8,516
3 other securities			3	3	3
4 treasury stock			56,244	63,080	56,150
TOTAL			133,353	98,484	138,117
TOTAL NON-CURRENT ASSETS (B)			523,456	474,651	534,614

BALANCE SHEET LIABILITIES

(in thousands of euros)	AS OF 31 MARCH 2002			AS OF	AS OF
	Sub total	Sub total	TOTAL	31 MARCH 2001	31 DECEMBER 2001
	1	2	3		
A) SHAREHOLDERS' EQUITY					
I- SHARE CAPITAL			67,452	66,992	67,452
II- SHARE PREMIUM RESERVE			231,022	224,184	231,116
III- REVALUATION RESERVE			16,712	16,712	16,712
IV- LEGAL RESERVE			13,398	13,361	13,398
V- RESERVE FOR TREASURY STOCK			56,244	63,081	56,150
VI- STATUTORY RESERVE					
VII- OTHER RESERVES					
1) Extraordinary reserve		42,311		38,586	42,311
2) Reserve Law 675 of 12/8/1997		351		351	351
3) Conferral reserve Law 904 of 16/12/1997		751		751	751
4) Capital account contribution reserve		5,052		5,052	5,052
5) Reserve Law 124/93 art. 13		38		26	38
6) Other reserves		7,267		7,267	7,267
			55,770	52,033	55,770
VIII- PROFIT (LOSS) CARRIED FORWARD			176,309	161,425	102,312
IX- PROFIT (LOSS) FOR THE PERIOD					
1) gross profit for the period			23,107	24,166	
2) profit for the year					73,882
CONSOLIDATED GROUPSHAREHOLDERS' EQUITY			640,014	621,954	616,792
MINORITY INTEREST			727	7,927	522
TOTAL SHAREHOLDERS' EQUITY (A)			640,741	629,881	617,314
B) RESERVE FOR RISKS AND CHARGES					
1 retirement benefits		931		996	959
2 income taxes		27,397		23,825	27,563
3 other		28,855		27,977	28,748
TOTAL RESERVE FOR RISKS AND CHARGES (B)			57,183	52,798	57,270
C) RESERVE FOR SEVERANCE INDEMNITIES			101,446	98,702	99,643
		<i>within 12 months</i>	<i>oltre 12 mesi</i>		
D) DEBTS AND OTHER PAYABLES					
1 bonds					
2 convertible bonds					
3 due to banks	314,559	17,468	332,027	311,921	373,779
4 due to third parties					
5 advances	36,135		36,135	39,152	31,109
6 trade accounts	267,847		267,847	308,429	331,339
7 debts represented by credit instruments					
8 due to subsidiaries	719		719	469	672
9 due to affiliated companies	30,783		30,783	31,996	41,414
10 due to parent companies				331	
11 income taxes payable	21,413		21,413	18,237	26,012
12 due to pension funds and social security entities	13,337		13,337	13,837	15,411
13 other liabilities	112,936	1,449	114,385	116,516	96,636
TOTAL DEBTS AND OTHER PAYABLES (D)	797,729	18,917	816,646	840,888	916,372
E) ACCRUED LIABILITIES AND DEFERRED INCOME					
1 accrued liabilities			6,309	11,146	5,902
2 deferred income			7,683	7,025	5,530
3 discounts on loans					
TOTAL ACCRUED LIABILITIES AND DEFERRED INCOME (E)			13,992	18,171	11,432
TOTAL LIABILITIES			1,630,008	1,640,440	1,702,031
MEMORANDUM ACCOUNTS					
1 GUARANTEES AND SURETIES					
a) in favour of subsidiaries					
b) in favour of affiliated companies					2,673
c) in favour of third parties					26,000
2 COMMITMENTS					51,751
3 RISKS					
4 OTHERS					84,233
TOTAL MEMORANDUM ACCOUNTS					164,657
1) Total of items preceeded by lowercase letters and (in certain cases) by arabic numerals.				For the Board of Directors	
2) Total of items preceeded by arabic numerals and (in certain cases) by lowercase letters.				Chairman	
3) Total of items preceeded by romanic numerals and uppercase letters.				Leonardo Mondadori	

INCOME STATEMENT

(in thousands of euros)	AS OF MARCH 2002			AS OF	AS OF
	Sub total	Sub total	TOTAL	31 MARCH 2001	31 DECEMBER 2001
	1	2	3		
A) PRODUCTION VALUE					
1 INCOME FROM SALES OF GOODS AND SERVICES		334,792		381,739	1,560,829
2 CHANGES IN INVENTORY OF SEMI-FINISHED GOODS		1,913		6,009	2,467
3 CHANGES IN WIP TO ORDER		-171		4,664	1,070
4 INCREASE IN INTERNAL INVESTMENTS		22		3	394
5 OTHER INCOME AND REVENUES					
a) operating grants	11			15	60
b) other income and revenues	9,495			11,166	49,278
		9,506			
TOTAL PRODUCTION VALUE (A)			346,062	403,596	1,614,098
B) PRODUCTION COSTS					
6 RAW, ANCILLARY AND CONSUMABLE MATERIALS AND GOODS		103,851		135,517	527,646
7 SERVICES		130,067		149,261	582,900
8 USE OF THIRD PARTY ASSETS		5,379		5,443	21,482
9 PERSONNEL					
a) wages and salaries	43,929			46,214	170,181
b) social contributions	13,368			14,039	52,581
c) severance indemnities	3,854			3,587	14,607
d) retirement benefits	50			7	15
e) other costs	287			865	4,634
TOTAL		61,488		64,712	242,018
10 DEPRECIATIONS, AMORTISATION AND WRITEDOWNS					
a) amortisation of intangible assets	5,763			5,830	23,825
b) depreciation of fixed assets	9,228			8,620	33,363
c) other writedowns of assets					244
d) writedowns of doubtful accounts	1,387			1,516	10,217
TOTAL		16,378		15,966	67,649
11 CHANGES IN INVENTORY OF RAW, ANCILLARY AND CONSUMABLE MATERIALS AND GOODS		-953		2,946	5,143
12 PROVISIONS FOR RISKS		72		658	5,175
13 OTHER PROVISIONS		111		2	58
14 OTHER OPERATING EXPENSES		3,327		3,221	14,699
TOTAL PRODUCTION COSTS (B)			319,720	377,726	1,466,770
DIFFERENCE BETWEEN PRODUCTION VALE AND PRODUCTION COSTS (A-B)			26,342	25,870	147,328
C) FINANCIAL INCOME AND CHARGES					
15 INCOME FROM INVESTMENTS					
a) Subsidiaries					
b) Affiliated companies					109
c) Other investments					37
TOTAL					146
16 OTHER FINANCIAL INCOME					
a) from long term receivables					
* Subsidiaries					
* Affiliated companies					
* Parent companies					
* Other companies	40			48	134
TOTAL	40			48	134
b) from long term securities					
c) from short term securities	2,946			6,168	18,041
d) Other income					
* Subsidiaries	7			7	31
* Affiliated companies	134			35	349
* Parent companies					
* Other companies	1,639			3,095	9,183
TOTAL	1,780			3,137	9,563
TOTAL		4,766		9,353	27,738
17 INTEREST AND FINANCIAL CHARGES					
a) Subsidiaries	1			2	7
b) Affiliated companies	72			84	420
c) Parent companies					
d) Other companies	4,049			5,579	22,484
TOTAL		4,122		5,665	22,911
TOTAL FINANCIAL INCOME AND (CHARGES) (C)			644	3,688	4,973

INCOME STATEMENT (contd.)

(in thousands of euros)	as of 31 march 2002			AS OF	AS OF
	Sub total	Sub total	TOTAL	31 MARCH 2001	31 DECEMBER 2001
	1	2	3		
D) ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS					
18 REVALUATIONS					
a) investments	727			811	5,406
b) other long term financial assets					
c) securities					
TOTAL		727		811	5,406
19 WRITEDOWNS					
a) investments	3,453			3,711	21,898
b) other long term financial assets					
c) securities	99			3,003	4,131
TOTAL		3,552		6,714	26,029
TOTAL ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS (D)			-2,825	-5,903	-20,623
E) EXTRAORDINARY ITEMS					
20 INCOME					
a) Gains on disposals	52			410	754
b) Other long term financial assets	927			116	20,075
TOTAL		979		526	20,829
21 CHARGES					
a) Losses on disposals					1,826
b) Taxation relative to prior years					645
c) Others	2,033			15	1,969
TOTAL		2,033		15	4,440
TOTAL EXTRAORDINARY INCOME AND (CHARGES) (E)			-1,054	511	16,389
PROFIT BEFORE TAX			23,107	24,166	148,067
22 INCOME TAX FOR THE PERIOD					74,174
23 RESULT FOR THE PERIOD					73,893
NET PROFIT (LOSS) FOR THE PERIOD PERTAINING TO MINORITY INTERESTS					11
NET PROFIT (LOSS) FOR THE PERIOD					73,882

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

Chairman

Leonardo Mondadori