



PRESS RELEASE

Board of Directors approves interim report on the year to 30 September 2010

RESULTS FOR THE PERIOD CONFIRM A SIGNIFICANT INCREASE IN THE PRINCIPLE PROFITABILITY INDICATORS

- **CONSOLIDATED REVENUES OF €1,130.2 MILLION:
+1.4% ON THE €1,114.3 MILLION ON 30 SEPTEMBER 2009**
- **GROSS OPERATING PROFIT OF €103.1 MILLION:
+51.2% COMPARED WITH THE €68.2 MILLION ON 30 SEPTEMBER 2009**
- **CONSOLIDATED OPERATING PROFIT OF €85.6 MILLION:
+71.2% ON THE €50 MILLION ON 30 SEPTEMBER 2009**
- **CONSOLIDATED NET PROFIT OF €30.7 MILLION:
+13.3% ON THE €27.1 MILLION ON 30 SEPTEMBER 2009**
- **ADJUSTED NET PROFIT, NET OF EXTRAORDINARY ITEMS,
MORE THAN DOUBLE COMPARED WITH 30 SEPTEMBER 2009**
- **FURTHER REDUCTION IN DEBT TO €369 MILLION,
AN IMPROVEMENT OF €275.5 MILLION IN TWO YEARS**

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- **FULL-YEAR FORECAST: SIGNIFICANT GROWTH IN OPERATING
AND NET PROFIT LEVELS FOR THE FULL YEAR**

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SHAREHOLDERS' MEETING: APPROVAL FOR THE APPOINTMENT OF THREE NEW DIRECTORS

Segrate, 11 November 2010 – The Board of Directors of Arnoldo Mondadori S.p.A. met today to examine and approve the interim report for the first nine months of the year to 30th September 2010, as presented by the Group's Deputy Chairman and Chief Executive, Maurizio Costa.

INCOME STATEMENT	9M09	9M10	% change
Revenues	1,114.3	1,130.2	1.4%
EBITDA	68.2	103.1	51.2%
Amortizations	-18.2	-17.5	
EBIT	50	85.6	71.2%
Financial charges	-14.5	-18.1	
Financial gains	14.5	0	
Pre-tax profit	50	67.5	35.0%
Taxation and minority interest	-22.9	-28.1	
Deferred taxes		-8.7	
Net profit	27.1	30.7	13.3%

THE MARKET SCENARIO IN THE THIRD QUARTER

There were no significant changes in the economic trends in the sectors of reference for Mondadori in the third quarter of the year. In particular, both circulation figures and advertising investments remained at lower

levels than the previous year. Despite this unfavourable context, the company has been able to achieve in the third quarter a level of gross operating profit 73.2% higher than the same period of last year, bringing the increase for the first nine months of 2010 to 51.2%

A SUMMARY OF BUSINESS PERFORMANCE

The elements that have determined such a conspicuous improvement in profitability, with just a slight increase in revenues (+1.4%), are further confirmation of what was already stated in the report for the first six months, ie:

- a good level of stability in terms of magazine circulation, with a performance clearly ahead of the market average both in Italy and in France;
- a further increase in profitability in the book business, where revenues in the third quarter were also up on 2009;
- a constant improvement of the results from the international network and the ongoing success of *Grazia* France, both in terms of circulation and advertising sales;
- the increasing contribution of the plan for the reduction of operating costs – which has already realised 85% of the target savings of €170 million over the three-year period 2009-2011 – and which will continue for the whole of next year.

Activities related to digital content have continued with even greater impulse with the stipulation of agreements with operators in production, telecoms and retail; since the beginning of September the digital area has also taken on a locomotive role, both for its own activities and in support for other business sectors, above all magazines and books.

Thanks to the introduction of a new business model and the redefinition of the organisational structure – which will become fully operational from the beginning of next year – will encourage and stimulate the involvement and cooperation of all of the business areas in response to new market opportunities.

GROUP PERFORMANCE IN THE PERIOD TO 30 SEPTEMBER 2010

II **Consolidated revenues** came to **€1,130.2 million**, an improvement of 1.4% on the €1,114.3 million of the first nine months of 2009.

Consolidated gross operating profit amounted to **€103.1 million**, an increase of 51.2% compared with the €68.2 million of last year, despite higher costs due to increased postal charges of €5.5 million.

This is equal to a figure of 9.1% as a proportion of revenues, compared with 6.1% for the same period of 2009.

Consolidated operating profit reached **€85.6 million**, a 71.2% increase on the €50 million of 30 September 2009, with amortizations and depreciations of tangible and intangible assets for a total of €17.5 million (€18.2 million in 2009). As a proportion of revenues, an increase from 4.5% in 2009 to 7.6%.

Consolidated profit before taxation amounted to **€67.5 million**, an increase of 35% on the €50 million of the first nine months of 2009, with net financial charges of €18.1 million. For an appropriate comparison with the previous year, account should be taken of a capital gain of €14.5 million in the third quarter resulting from the closure of a private placement and relative derivatives.

Consolidated net profit came to **€30.7 million**, a 13.3% increase on the €27.1 million of 30 September 2009: this result was affected by the payment of €8.7 million to clear a pending fiscal suit.

Consolidated adjusted net profit, which takes account of the net impact of the extraordinary elements outlined above (financial capital gains in 2009 and tax charges for previous years paid in 2010), was more than double that of the same period of 2009.

Gross cash flow in the first nine months of 2010 amounted to **€48.2 million**, compared with €45.3 million in 2009.

The Group's **net financial position** went from -€372.9 million on 31 December 2009 to -€369 million. The improvement compared with 30 September 2009 was of €47.9 million and €275.5 million compared with 30 September 2008.

Personnel

On 30 September 2010 staff employed by the companies of the group, on both permanent and temporary contracts, totalled, a tempo 3,717.

On a comparable basis, in other words excluding the impact of the recent consolidation of Mondolibri S.p.A., there was a reduction of 260 (-7%) compared with 31 December 2009. This is mainly attributable to the ongoing restructuring process at the parent company, as well as constant efforts to improve efficiencies at all of the companies in the group.

There was a reduction in staff numbers of 688, which corresponds to 89% of the plan 2008/2011.

The action taken to date has been conducted in full compliance with the approved restructuring plan and has made it possible, in nine months and on a comparable basis, to reduce staff by 8% in Italy and almost 5% in France.

As a consequence, the cost of contract staff, which amounted to €198.2 million (€217.9 million on 30 September 2009) was down by 9%.

Finally, it should be noted that the national contract for printing and publishing employees, which expired in March 2010, has, to date, still not been renewed.

RESULTS OF THE BUSINESS AREAS

• **BOOKS**

Market data for the first nine months of 2010 (source: Nielsen) confirm the leadership of the Mondadori Group in trade books, with an overall market share of 26.7%, with Edizioni Mondadori and Einaudi in the top two places on the list of publishers.

Revenues in the Books area at 30 September 2010 totalled **€294.5 million**, a fall of 3.8% on the €306 million of the same period of the previous year.

Sales in the third quarter, especially in September, showed signs of a recovery in market share. Of note during the period were the awards of the Premio Strega 2010 to Antonio Pennacchi for *Canale Mussolini* (Mondadori), the Premio Campiello for the novel *Accabadora* by Michela Murgia (Einaudi), and the Nobel Prize for Literature to Mario Vargas Llosa, a historic author of Einaudi, as well as the success of the new novel by Ken Follett, and a series of other important new titles that augur well for the Christmas season for all of the group's publishing houses.

To 30 September 2010 **Edizioni Mondadori** generated revenues of €85.9 million, a 2.8% fall compared with the previous year.

The autumn season was characterised by the simultaneous world publication of the new novel by Ken Follett, *La caduta dei giganti*, which immediately entered the bestsellers list with an initial print run of 500,000 copies. Among the successful titles in foreign fiction were Sophie Kinsella's, *I love mini shopping*, with sales of more than 160,000 copies and first-time author Maria Dueñas with *La notte ha cambiato rumore* che, that began with sales of 40,000 copies, confirming a great interest among readers for Spanish fiction.

In Italian fiction, *Canale Mussolini* by Antonio Pennacchi continued to perform well, selling 200,000 copies (making a total of 265,000) and the new novel by Andrea Camilleri, *L'intermittenza* (already in its fourth printing) has sold more than 150,000 copies.

In non-fiction there was a confirmation of the success of *I segreti del Vaticano* by Corrado Augias (160,000 copies), while in the unclassified segment the Fabio Volo phenomenon continued (with sales of over 160,000 copies of *Il tempo che vorrei* two years after it was first published, making a total of 750,000 copies). There were excellent results from the Oscar Mondadori campaign with an increase in sales of around 8% compared with the previous year. The protagonist during the summer months was the Oscar Grandi Bestsellers paperback edition of Paolo Giordano's *La solitudine dei numeri primi*, which sold 280,000 copies in just three months, returning to the top of the bestsellers list with the release of the film based on the novel.

In the third quarter of 2010 **Einaudi** improved its performance compared with the situation at 30 June 2010, with total net revenues of €33.8 million (-2% compared with the first nine months of 2009).

Among the best performing titles were: *Accabadora* by Michela Murgia (120,000 copies in 2010); *Tre secondi* by Roslund-Hellstrom (51,000); *Per l'alto mare aperto* by Eugenio Scalfari (51,000); *Il giovane Holden* by J.D. Salinger (77,000) and the recent *Mia suocera beve* by Diego De Silva with sales of more than 40,000 copies, *La vendetta* by Anne Holt (35,000). There was confirmed success for *La parola contro la camorra* by Roberto Saviano and *Prima di morire addio* by Fred Vargas. It should also be noted that the editorial plan of Einaudi foresees the publication of numerous titles in the last quarter of the year.

In the first nine months of 2010, **Sperling & Kupfer** recorded revenues of €18.4 million, a fall of 3.7% compared with the first nine months of 2009, mainly due to a fall in revenues from the sale of rights for add-on

initiatives. Of particular note was the great success of Sveva Casati Modignani's *Mister Gregory*, published at the end of the first half, which has sold almost 190,000 copies.

Cumulative revenues at **Piemme** to 30 September 2010 amounted to €34.9 million, an increase of 3.6% compared with the same period of last year.

Fiction and non-fiction lines saw an overall fall of 5.1% compared with 2009, mainly due to a different editorial programme for new titles.

The Junior sector continued its positive trend, in the Stilton line the most significant new titles were *Sesto viaggio nel Regno della Fantasia* (126,000 copies) and *Viaggio nel tempo 3* (79,000 copies). Also of significance during the period was the publication of a celebrative volume to mark the tenth anniversary of Stilton, *Caccia al libro d'oro* (45,000 copies).

Total revenues by **Mondadori Electa** were down by 17.6% on the same period of 2009, this was due to the effects of a slowdown in all of the segments in which the company operates. The fall of revenues in the bookshop channel (-29.7%) and the substantial disappearance of add-on sales were not, unlike other years, compensated by revenues on the Cultural Heritage area (-12% compared with 2009) mainly due to the loss of certain museum bookstore concessions (Brera and Cenacolo in Milan, and the Musei Civici in Venice) and Sponsorship sales (-16%). There was, however, a recovery in co-editions (sales of foreign rights), penalised by the strength of the euro against the dollar and the pound.

During the first nine months 2010 **Mondadori Education** generated revenues of €66.8 million, a fall of 1.8% on the same period of the previous year, essentially confirming its share of the textbook adoptions market. The primary school segment confirmed the results of the previous year, thanks to the five-year rule on adoptions. The first level secondary segment saw an overall fall, despite good results for new titles and new editions.

The second level secondary segment saw a slight fall but confirmed excellent results in the subjects in which Mondadori Education is the market leader. There were good results in the scientific subjects affected by the reforms in high schools. Note should also be made of trend for price reductions in both secondary levels.

• **MAGAZINES ITALY**

Magazine sales during the summer months, traditionally positive for the magazine market, were positive and resulted in a recovery in terms of circulation.

In this context Mondadori performed better than the market, both in terms of advertising sales and single copy sales through the different channels.

The revenues of Magazines Italy in the first nine months of the year came to **€362 million**, a slight fall (-1.2%) on the €366.5 million of the same period of the previous year.

Even more significant with respect to the market of reference was the increase in profitability, despite the impact of the cancellation of postal subsidies.

This encouraging performance was based on the following factors:

- a 2.9% fall in **circulation revenues**, markedly better than the performance of the competitors in a market that lost around 5% (around 9% in terms of copies);
- essential stability in **revenues from add-on sales** (+1.4%), in absolute contrast to a market that slumped by 22%;
- a moderate re-balancing in **advertising revenues** (-2.4%), even more contained on a like-for-like basis.

Among the most significant factors during the period were:

- the re-launch at the end of July of **Tu Style**, supported throughout August by a big advertising campaign and promotional initiatives: to date the weekly has achieved notable results (with sales of over 200.000 copies);
- strong support for **weeklies**, that made it possible in the summer season to grow newsstand revenues close to the levels of 2009;
- the launch of an intensive campaign of launches of **add-on sales**, some of which are achieving much better than expected results;
- the ongoing programme of reorganisation in editorial and management structures;
- the reinforcement of the activities of **Press-Di**, the wholly-owned Mondadori subsidiary operating in distribution and subscription management for the group's titles and third-party publishers. In addition to the numerous contracts for the distribution of newspapers and magazines acquired in recent years, since 1 October the company will also distribute the products of Sergio Bonelli Editore, leader in comic books;
- the conclusion, at the end of July, of the negotiation between Fieg and the Italian postal for an agreement on postal charges, following the cancellation from 1 April of subsidies which for many years compensated publishers for the inefficiencies of the service. The agreement will make it possible to reduce by around

50%, from 1 September, the charges resulting from the application of the new conditions for the delivery of subscription products.

Circulation

As already mentioned, the market saw an overall drop in newsstand circulation of 9% in terms of copies and around 5% in terms of value, compared with the above indicated -2.9% by Mondadori.

Among the group's weekly titles, there was a marked improvement in the performance of *Tu Style*; TV guides held up well, as did *Chi*, *Grazia* and *Donna Moderna*. For monthlies, there was an increase in circulation revenues for the titles in the interiors and cooking segments.

Add-on sales

The add-on sales market, which saw a big slump (-22%), was characterised during the period by some particular phenomena, including an increase in the number of initiatives, the maintenance of relatively high prices and a strong downturn in average sales.

In this context Mondadori confirmed also in the third quarter a performance in marked contrast to the market that is expected to continue for the rest of the year.

The various initiatives in the home video segment and collectables were markedly up on 2009; those in music and editorial products, while less brilliant, were nevertheless satisfactory. In a portfolio of articulated activities, the operations linked to the major titles, including *TV Sorrisi e Canzoni* and *Panorama*, remain fundamental

International activities

The international activities of Mondadori Magazines generated excellent result to 30 September 2010, with licensing revenues up by 46%, following the good performance of *Grazia* UK, *Grazia* Olanda and the contribution of *Grazia* Germania and *Grazia* Francia launched during the period.

Revenues for the sale of advertising in Italy for the international network more than doubled, both on account of new editions and for growth in revenues for existing titles (*Grazia* UK +10%, *Grazia* Russia +67%).

The performance of 50-50 joint ventures in Russia and China was decidedly better than last year and markedly better than the budget, particularly in terms of advertising sales.

The Attica subsidiary has felt the effects of the financial crisis in Greece and the Balkans with a fall in advertising revenues of around 22% (-20% on a like-for-like basis). A strong cost reduction programme is already being implemented in order to at least partially compensate for the fall in revenues by the end of the year.

Digital

The online advertising market grew significantly, with, in particular, an increase in display advertising of 17.7% compared with the same period of the previous year (source: Nielsen in terms of value, August 2010).

Advertising sales for Mondadori sites, managed by Mediamond, in the first nine months of 2010 saw an increase of 36%, thanks to a significant push by *DonnaModerna.com*, the positive results of which confirm the validity of the group's decision to focus on the women's market.

• **MAGAZINES FRANCE**

Mondadori France ended the first nine months of the year with total revenues of **€252.6 million** (-0.9% on the €254.8 million of the same period of last year). Excluding the operations that have affected the consolidation area (the sale of titles to the joint venture Editions Mondadori Axel Springer S.n.c., the launch of *Grazia* and the restructuring of the magazine portfolio), revenues would be up by 6.7% compared with 2009.

Circulation

Circulation revenues totalled €175.8 million, a 2.1% fall (+4.5% on a like-for-like basis, compared with the same period of last year, thanks mainly to the launch of *Grazia* and a significant increase in subscriptions). Being less exposed to economic cycles, the subscription channel, which makes up around 33% of circulation revenues, is an important asset for the group.

This positive performance demonstrates the appropriateness of the strategy of repositioning the portfolio of titles towards the "grand public" market that the group has been pursuing since 2007 and has been accompanied by a constant improvement in the editorial quality of the titles. These results are even more remarkable given the current situation in the magazine sector and have been recognised by the market which has, over the last two years, awarded ten prizes for editorial excellence to our products.

In terms of copies Mondadori France recorded an increase of 3% in circulation, while the market as a whole saw a fall of 1.8%. In addition to the effect of *Grazia*, the excellent performance of other titles in the portfolio should be underlined, in particular *Modes et Travaux* (+6.2%), *Science et Vie Découverte* (+5.7%), *Biba* (+5.1%), *Science et Vie Junior* (+4.8%), *L'Ami des Jardins et de la Maison* (+2.5%), *Science et Vie* (+2.4%) and *Closer* (+1.7%).

Advertising

Advertising sales were up 5.5% on the previous year, an improvement that was even more significant on a like-for-like basis (+19.1%).

This excellent performance is above all explained by the growth in advertising sales for the up market (*haut de gamme*) women's titles (the weekly *Grazia* and the monthly *Biba*) that now account for 26% of total advertising revenues.

The magazine advertising market to the end of September recorded an increase of 8.8% in page numbers (source: Kantar Media). In the same period Mondadori France recorded a very positive performance with an increase of 25.8% in pages and a 1.2 percentage point increase in market share.

Activities during the period

The strategic decisions taken in 2009, the launch of *Grazia*, the concentration in the joint venture with Axel Springer of the auto sector titles and the closure of marginal titles, have had a positive impact of the accounts in 2010.

Despite strong competition from two new titles (*Be* and *Envy*, which, however, interrupted publication at the end of September) the positive performance of *Grazia* continued with an average of 30 advertising pages in 2010 and newsstand circulation of 177,000 copies.

The activities of the joint venture Editions Mondadori Axel Springer, following the concentration of the auto sector titles, continued to show positive results, increasing newsstand sales; the editorial structure is evaluating new formulas for *Sport Auto* and *Auto Plus* and working on the development of digital activities.

The policy of cost reduction, began in recent years, continued, with particular attention on industrial costs and general expenses.

• **ADVERTISING**

Advertising investments in the first nine months of 2010 continued the generally positive trend noted in the first half of the year (+4.8% to August, source: Nielsen) showing, on the one hand, a progressive recovery in "healthy" media, including internet, radio and television, while on the other, ongoing difficulties for print media, within which newspapers (with the exception of the free press) and national commercial advertising remained essentially stable.

Magazine advertising, meanwhile, saw a fall of 8.4%, with the positive changes recorded in certain sectors, FMCGs, fashion, cosmetics and lately even furniture, only partially compensating the downturn in other segments. Despite positive August sales, a general uncertainty continues to hang over the medium in the latter part of the year characterised by different client behaviour on different titles, some of which have bucked the general trend in the market.

Mondadori Pubblicità ended the first nine months of the year with total revenues of **€170.2 million**, essentially in line, on a comparable basis, with 30 September 2009 (€181.6 million).

Marked changes in the revenue breakdown, such as the termination in November 2008 of the contract with Società Europea di Edizioni S.p.A. and the shift of online advertising sales, from January, to Mediamond, have had a negative impact on 2010 of around 7 percentage points.

After a third quarter in slight decline, the Mondadori titles have remained essentially in line with the first nine months of 2009 (-1.2%): on a like-for-like basis -2.4%.

Weeklies have held up well (+1.2%), thanks mostly to the performance of women's titles, particularly *Donna Moderna*, *Chi* and *Tu Style*, that was supported by a targeted sales campaign that resulted in a total increase in sales of 35%, coinciding with the re-launch in July (+50% in the third quarter alone). The monthlies remained below the levels of 2009.

In concert with the publisher, activities have continued in the development of digital projects, including the launch of iPad versions of *Panorama* and *Grazia*, and the realisation of new events with innovative promotional formats. These include "Fashion & Design 2.0", organised by *Grazia* and *Interni* during the Milan Fashion Week and "Milano Design Weekend", an event dedicated to the interiors sector that took place in October.

In **radio**, the positive trend of R101 continued, up 6.2% in the first nine months of the year, and progressively recovering compared with the trend in the market in recent months. The figure is even more significant when account is taken of the comparison with an excellent first quarter in 2009, 7 percentage points ahead of the market. Sales were also good for Radio KissKiss, which began in March of last year.

• **DIRECT and RETAIL**

The Direct and Retail area generated revenues in the first nine months of 2010 of **€181.2 million**, a 29.2% increase on the €140.2 million of the same period of 2009.

It should be pointed out that the figures for last year did not include Mondolibri S.p.A., which has only been consolidated since April 2010; on a comparable basis, the increase was of around 7%.

Direct

Cemit saw a 25% increase in revenues, in a market that grew by just 2%.

Since May 2010, Cemit has been joined by Mondolibri, which with its seven thematic book clubs operates in mail-order sales with around 800,000 members.

The revenues of the book clubs were down by 6% compared with 2009; though this was compensated by growth in the e-commerce channel through the Bol.it web site (+34%).

Retail

Retail sales which, from May also include sales from the Mondolibri book shops, grew by 12.1% (5% on a like-for-like basis) compared with the same period of last year.

This increase in turnover was largely due to the expansion of the network, which now totals 570 book shops and multcenters, including both directly owned and franchised stores and *Edicolè* outlets

• **RADIO**

Advertising for R101 generated total net revenues in the period of €10.2 million (+5.2% on the €9.7 million in the first nine months of 2009). These are essentially the company's share of the gross advertising revenues of around **€14.7 million**, up by 6.2% on the same period of last year.

In particular, in September, R101 recorded growth in advertising sales of 5.3% compared with 2009, in a market of reference that was down (-0.5%; +11.2% cumulative to the end of September: source FCP Assoradio).

The figure, overall lower than the market average, is however positive when account is taken of the fact that in the period display advertising on R101 (which makes up 91% of the radio station's advertising) grew by 10% on 2009. The fall is therefore entirely attributable to a lower number of special initiatives compared with the first nine months of last year.

R101 is currently examining new projects to be introduced in the early part of next year aimed at further improving the station's positioning in its targets, revamping the schedule and continuing to build the audience.

EXPECTATIONS FOR THE FULL YEAR

The third quarter saw a confirmation of the indications outlined in the half yearly report: all of the businesses achieved better revenue performance than the market benchmarks and, at the same time, continued to pursue the development of new activities.

Reorganisation objectives were also achieved, both in terms of simplifying processes and reducing operating costs.

These have resulted in a substantial recovery of profitability, which, failing any particular changes in market trends, we expect to continue during the last months of the year, allowing the company to significantly increase its operating profit for 2010, despite higher costs resulting from increased postal charges.

Also the estimate for net profit for the year, the improved operating performance should compensate for the impact of extraordinary items (positive in 2009 and negative in 2010) making it possible to post a significantly better final result than last year.

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SHAREHOLDERS MEETING: APPROVAL OF THE APPOINTMENT OF THREE NEW DIRECTORS

A Shareholders' Meeting, held prior to the board of directors meeting, approved the enlargement of the board from 11 to 14 members, appointing as directors Roberto Briglia, as an executive director given his role as Group Editorial Director, and Angelo Renoldi, professor of economics and business administration at the University of Bergamo and Carlo Sangalli, chairman of Confcommercio (the Italian association of retailers) as independent non-executive directors.

The board of directors verified the requisites of independence, foreseen by the Code of Conduct for listed companies, of both Renoldi and Sangalli. The other independent non-executive directors already in office are Martina Mondadori, Marco Spadacini, Mario Resca and Umberto Veronesi.

The appointments, approved by the Shareholders, therefore will result in the enlargement of the independent component of the board, in line with the progressive reinforcement of the role of the same, as defined, in particular, by soon to be introduced Consob regulations regarding operations with related parties. These appointments will also further consolidate and support respect for the functions and activities of the board of directors' internal committees.

The board of directors itself has consequently redefined the composition of the Internal Control Committee and the Remuneration Committee. In particular, the Internal Control Committee is entirely made up of independent non-executive directors, Marco Spadacini, Angelo Renoldi and Mario Resca; and the

Remuneration Committee by the independent directors Marco Spadacini and Carlo Sangalli and the non-executive director Bruno Ermolli.

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The executive responsible for the preparation of the company's accounts, Carlo Maria Vismara, declares that, as per art. 2, 154 bis of the Single Finance Text, the accounting information contained in this release corresponds to that contained in the company's formal accounts.

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The report for the period to 30 September 2010 is made available, as per current legislation, at the company's corporate headquarters, Borsa Italiana S.p.A. and on the web site www.mondadori.it

Enclosures:

- consolidated balance sheet (1)
- separated consolidated income statement (2)
- separated consolidated income statement for the third quarter 2010 (3)

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Encl. 1

Consolidated balance sheet (in €m)

Assets	30 September 2010	31 December 2009
Intangible assets	906.0	904.3
Fixed assets	2.4	2.5
Land and buildings	10.9	11.4
Plant and machinery	6.0	7.2
Other assets	29.4	29.7
Property, plant and machinery	46.3	48.3
Investments booked using net equity method	136.0	143.3
Other investments	0.2	0.2
Total investments	136.2	143.5
Non-current financial assets	0.5	0.5
Advanced taxes	45.5	46.2
Other non-current assets	5.0	2.9
Total non-current assets	1,141.9	1,148.2
Tax credits	27.9	23.6
Other current assets	88.3	87.0
Inventories	125.3	124.0
Trade receivables	351.7	378.3
Stocks and other current financial assets	36.4	41.4
Cash and equivalents	56.8	119.6
Total current assets	686.4	773.9
Assets destined to be sold or closed	-	-
Total assets	1,828.3	1,922.1
Liabilities	30 September 2010	31 December 2009
Share capital	67.5	67.5
Share premium reserve	286.9	286.9
Other reserves and results carried forward	176.6	155.8
Profit (loss) for the period	30.7	34.3
Total Group shareholders' equity	561.7	544.5
Minority capital and reserves	1.7	1.8
Total shareholders' equity	563.4	546.3
Reserves	48.0	58.4
Severance payments	54.2	59.0
Non-current financial liabilities	422.4	382.2
Deferred tax liabilities	91.1	89.1
Other non-current liabilities	-	0.1
Total non-current liabilities	615.7	588.8
Income taxes payable	27.9	20.4
Other current liabilities	246.6	256.7
Trade liabilities	334.5	357.7
Bank debts and other financial liabilities	40.2	152.2
Total current liabilities	649.2	787.0
Liabilities deriving from sales or closures	-	-
Total liabilities	1,828.3	1,922.1

Encl. 2

Consolidated income statement (in €m)

	Period to 30 September 2010	Period to 30 September 2009
Income from sales of goods and services	1,130.2	1,114.3
Personnel costs	198.2	217.9
Cost of sales and management (*)	832.2	822.9
Income (charges) from investments calculated on a net equity basis	3.3	(5.3)
Gross operating profit	103.1	68.2
Depreciation of property, plant and machinery	9.1	9.0
Depreciation of intangible assets	8.4	9.2
Operating profit	85.6	50.0
Net financial income (charges)	(18.1)	-
Other financial income (charges)	-	-
Profit for the period before taxation	67.5	50.0
Tax charges (income)	36.3	22.4
Profit from current activities	31.2	27.6
Income (charges) from assets/liabilities destined for sale or closure	-	-
Profit attributable to minority interest	(0.5)	(0.5)
Net profit	30.7	27.1

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

Encl. 3

Consolidated income statement for the third quarter 2010 (in €m)

	Q3 2010	Q3 2009
Income from sales of goods and services	403.4	383.5
Personnel costs	63.9	74.8
Cost of sales and management (*)	291.2	279.0
Income (charges) from investments calculated on a net equity basis	0.2	(1.7)
Gross operating profit	48.5	28.0
Depreciation of property, plant and machinery	2.9	3.0
Depreciation of intangible assets	2.8	2.9
Operating profit	42.8	22.1
Net financial income (charges)	(6.1)	10.3
Other financial income (charges)	-	-
Profit for the period before taxation	36.7	32.4
Tax charges (income)	20.9	12.4
Profit from current activities	15.8	20.0
Income (charges) from assets/liabilities destined for sale or closure	-	-
Profit attributable to minority interest	(0.2)	(0.2)
Net profit	15.6	19.8

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