

## PRESS RELEASE

*Mandatory public notification (as per CONSOB Regulation N° 11971 of May 14, 1999 and subsequent modifications).*

*Board approves interim report for the half year to 30 June 2011*

- **CONSOLIDATED REVENUES OF €741.4 MILLION:  
+2% ON THE €726.8 MILLION TO 30 JUNE 2010**
- **GROSS OPERATING PROFIT OF €59 MILLION:  
+8.1% COMPARED WITH THE €54.6 MILLION TO 30 JUNE 2010**
- **CONSOLIDATED NET PROFIT OF €22.7 MILLION:  
+50.3% ON THE €15.1 MILLION TO 30 JUNE 2010**
- **NET FINANCIAL POSITION ESSENTIALLY IN LINE WITH 30 JUNE 2010, DESPITE DIVIDEND  
PAYMENTS FOR 2010 OF €40.3 MILLION**

*Segrate, 27 July 2011* - The Board of Directors of Arnoldo Mondadori S.p.A. met today, under the chairmanship of Marina Berlusconi, to examine and approve the interim report for the first half of the year to 30<sup>th</sup> June 2011, as presented by the Group's deputy chairman and chief executive, Maurizio Costa.

### **THE MARKET SCENARIO**

The latter months of the period saw a confirmation of economic instability in Italy resulting from a further slowdown in industrial production and consumer spending, as well as an increase in unemployment.

With regard to the sectors of reference for the Mondadori Group:

- the book market in Italy was characterised by the absence of bestsellers but nevertheless remained essentially stable compared with the previous year;
- the economic crisis had a clear impact on magazine circulation which in the first six months, both in Italy and France, was down;
- a climate of great uncertainty in both countries; with marked volatility in the Italian advertising market, with some months going well and others less so, while in France the growth trend that had persisted for some time was interrupted in the month of May.

### **GROUP PERFORMANCE FOR THE PERIOD TO 30 JUNE 2011**

The first half results of the Mondadori Group in particular show:

- a slight increase in revenues, thanks to the resilience of all the businesses and the contribution of the digital activities under development;
- an improvement in operating profitability, essentially due to the improved performance of the core business: profitability was up both for magazines and books thanks to sustained revenues and the positive effects of cost cutting measures;
- an acceleration in the development of digital activities, for the web sites of the main titles, applications, the development and loyalty building of communities, online book sales (both print and digital) and the launch of new businesses;
- a capital gain from the sale to the Hearst Group of the company's 50% stake in the company that publishes *Cosmopolitan*.

Consolidated income statement (highlights)	1H10	1H11	% change
<b>Net revenues</b>	726.8	<b>741.4</b>	<b>2.0%</b>
Personnel costs	(134.3)	(137.7)	2.5%
Cost of sales and management	(537.9)	(544.7)	1.3%
<b>EBITDA</b>	54.6	<b>59.0</b>	<b>8.1%</b>
Amortizations	(11.8)	(11.1)	(5.9%)
<b>EBIT</b>	42.8	<b>47.9</b>	<b>11.9%</b>
Net financial income (charges)	(12.0)	(10.4)	(13.3%)
<b>PROFIT BEFORE TAXATION</b>	30.8	<b>37.5</b>	<b>21.8%</b>
Tax charges	(15.3)	(14.8)	(3.3%)
Minority interest	(0.4)	-	nm
<b>NET PROFIT</b>	15.1	<b>22.7</b>	<b>50.3%</b>

**Consolidated revenues** came to **€741.4 million**, an increase of 2% on the €726.8 million for the first half of 2010. A substantial part of the increase in revenues (+€14.6 million) was the result of an increase in digital activities.

**Consolidated gross operating profit** amounted to **€59 million**, up by 8.1% on the €54.6 million of the corresponding period of last year: **excluding extraordinary items and investments for digital activities**, gross operating profit **would have been up by 8.6%** on the same period of 2010.

**Consolidated operating profit** came to **€47.9 million**, a rise of 11.9% on the €42.8 million to 30 June 2010, with amortizations and depreciations on tangible assets of €11.1 million (€11.8 million in 1H 2010).

**Consolidated pre-tax profit** amounted to **€37.5 million**, a 21.8% increase on the €30.8 million for the same period of last year, thanks to a reduction of tax charges resulting from efforts made in the last 12 months on the company's debt structure.

**Consolidated net profit** came to **€22.7 million**, an increase of 50.3% compared with the €15.1 million for the same period of the previous year.

In the first six months of 2011 **gross cash flow** amounted to **€33.8 million**, compared with €26.9 million in 1H 2010.

The Group's **net financial position** was essentially in line with the first half of last year (**-€399.2 million** on 30 June 2011 compared with -€393 million on 30 June 2010) despite the payment of €40.3 million in dividends for the 2010 financial year.

#### **Information concerning personnel**

On 30 June 2011 permanent and temporary contract staff employed by the companies of the Group amounted to 3,701, a reduction of 56 compared with the same period of last year.

On a like-for-like basis, excluding development activities, the reduction compared with the first half of 2010 would be 110. Of particular note:

- the consolidation of AME Wellness Editoriale S.r.l. (ex Mondadori Rodale S.r.l.) from 30 June 2011;
- the development of new activities in the digital area and the creation of Glaming S.r.l., as well as the activation, inside other companies of the Group, of seasonal activities in the educational publishing area and the management of museum sites.

The organisational impact of these elements, to which the efficiency gains made by Mondadori France should be added, show that rationalisation efforts and the use of early retirement incentives are proceeding in line with the company's plans and the agreements reached.

Personnel costs to 30 June 2011 amounted to €137.7 million, compared with €134.3 million for the first half of 2010. On a comparable basis – i.e. excluding the staffing costs for the digital area and eliminating the contribution of Mondolibri S.p.A., consolidated for only two months of 2010 – the overall cost would be down by 1.3% compared with 30 June 2010. On a like-for-like basis, compared with the first half of 2009 there was a reduction of 8.7%.

#### **THE BUSINESS AREAS**

##### **• BOOKS**

Book revenues in the first half of 2011 amounted to **€166.9 million**, -0.6% on the €168 million of the same period of last year. This was the result in a fall in revenues from third-party distribution, with sales in the art, exhibitions and educational sectors essentially stable.

Trade book sales, the area's main source of revenues. Were up by 1.6%, confirming the Mondadori Group's leadership in the sector with a market share of 26.4% (source: Nielsen, first half).

Edizioni Mondadori recorded first half revenues of €60.1 million, an increase of 8.3% compared with the same period of 2010. The validity of the Mondadori offer was also confirmed by the titles that were nominated for the most prestigious Italian literary prizes, including *Di Fama e di sventura* by Federica Manzon, a finalist for the Campiello prize; *Ternitti* by Mario Desiati, short-listed for the Strega prize; and *La fine del mondo storto* by Mauro Corona winner of the Bancarella prize.

In Italian fiction, there was continued success for *Nessuno si salva da solo* by Margaret Mazzantini which has sold some 300,000 copies in the last three months. In foreign fiction the outstanding titles in the period have been *Le luci di settembre* by Carlos Ruiz Zafón (190,000 copies) and *Autopsia virtuale*, the new thriller by Patricia Cornwell (135,000 copies).

The launch in March of the new brand NumeriPrimi°, an imprint offering quality paperbacks, resulted in sales of over a million copies in just four months.

Among the Group's other publishing houses, of particular note was the performance of Einaudi that ended the first half with revenues of €25.7 million, an increase of 8%.

In the digital market, since the beginning of the year the Group has published 2,300 trade e-book titles at the same time as the printed versions (600 more than in the first half of 2010), including a variety of products published as applications.

There are also high expectations for the editorial programme for the second half with the publication of new titles by Fabio Volo, John Grisham, Sophie Kinsella and Alessandro D'Avenia.

- **MAGAZINES ITALY**

In a market that in the first six months showed none of the expected signs of recovery in the Italian and international publishing sector, the revenues of Mondadori's Magazine Italy area amounted to **€247.8 million**, essentially in line (-0.9%) with the €250 million of the same period of 2010.

This result is largely attributable to the fall in **circulation** revenues (-4.3%), while **advertising** was up by 1.8%, in a market that recorded a fall of 1.4%, sustained by the good performance of Mondadori titles (+0.5%), strong efforts by the sales network and numerous and innovative initiatives. On the **internet** front, there was an excellent performance in sales by the non-consolidated arm Mediamond (+30%).

In terms of circulation, Mondadori titles performed better than the market, which lost 5.6% in copies – despite the progressive decline in subscription copies (-14%), following the big increase in postal charges. Revenues for add-on sales in the period were stable.

Over the coming months the programme of re-launches of certain titles in the portfolio will continue, taking the total number to 10 during the year, following the launch of *Panorama Icon*, the re-design of *Donna Moderna Panoramauto*, *Casaviva* and *Ciak*, in the first half of 2011.

During the period, the web sites of Mondadori titles saw an increase in revenues of 18%, in particular *Donnamoderna.com* (+30%), which was re-launched with a new version in May, *Panorama.it* (+57%) and *Grazia.it* (+22%), completely renovated in April.

In terms of traffic, *Donnamoderna.com* recorded an excellent performance with 70 million page views (+80% on the first half of 2010) and 4 million unique users (+35% compared with the same period of last year).

- **MAGAZINES FRANCE**

The revenues of Mondadori France in the first half of 2011 amounted to **€172.4 million**, an increase of 2.4% on the €168.4 million for the same period of the previous year.

On the **advertising** side, Mondadori France recorded growth of 4.7% compared with the same period of last year, in a market that was up by 2.5% (source: Kantar Media, in terms of value).

This result is large attributable to the performance of *Grazia*, which saw advertising revenues grow by 53%, and the positive performance of the titles in the "Sciences" area.

In particular *Grazia*, with an average circulation of 180,000 copies in the period, confirmed its position as the most successful weekly in its segment and in second place in terms of the total number of advertising pages in the entire French market.

In fact, upscale women's titles now account for 32.9% of the company's total advertising revenues, up from 26% in the first half of 2010.

In terms of **circulation** revenues (69% of the total), Mondadori France recorded growth of 2.1% thanks to the focus on a portfolio of mass-circulation titles and constant attention to product quality and innovation. Of not during the period was the launch of the pocket version of *Grazia* and the growth, compared with the first half of 2010, of women's titles, in particular *Top Santé* (+10.2%), *Biba* (+8.8%) *Modes & Travaux* (+7.3%), as well as *Science & Vie* (+2.9%).

### **International activities**

Thanks to a recovery in the advertising market, in the first half of 2011 the positive trend first recorded in the first quarter continued, resulting in an increase of 45% in licensing revenues.

Compared with the first quarter, there was a confirmation of the performance of all editions, especially weeklies, that drive the revenues from advertising services for Italian clients for all the titles in the network.

In June, a new edition of *Casaviva* was launched in Ukraine, while in the second half a new edition of *Interni* will be published in Russia.

There was also a marked improvement in the contribution of the joint ventures in Russia and China compared with last year, and significantly better than the forecast, in particular as a result of a hike in advertising sales.

The Attica subsidiary continued to feel the impact of the ongoing financial crisis in Greece and saw its advertising revenues fall by 25% in Greece and 15% in the Balkans. Serbia meanwhile bucked the trend, with an increase of 8%. Thanks to the restructuring of the company, the detailed re-negotiation of all supply contracts and the excellent performance of the Group's two radio stations, the final result was in line with last year.

- **ADVERTISING**

Total advertising investments in the first half of 2011 were affected by a slowdown of 2.8% in the first five months of the year (source: Nielsen, May).

This is mainly due to a decline in two fundamental sectors, food and telecoms, which were both down by 9.4%. There was substantial growth in the internet (+15.6%); a slight improvement compared with recent months for TV (-2.3%) and magazines (-1.4%), while newspapers continued to fall (-4%) and radio saw a sudden and marked slump (-8.4%).

**Mondadori Pubblicità** ended the first six months with total revenues of **€117.5 million**, a slight fall (-2%) compared with the €119.9 million of the first half of 2010; this result was due to the positive performance of sale fro Mondadori titles (+0.5%) and R101, while sales for third-party publishers were in decline.

Regarding the performance in the Mondadori area:

- there was a slight increase for weeklies compared with the first half of 2010, thanks to the positive performance of *Grazia*, *Tu Style* and *Donna Moderna*; and a slight fall for monthlies (-1.4%), despite a good performance in the interiors/furniture sector;
- despite the difficult market, *R101* recorded a positive performance following the reorganisation of the network, with an increase in sales of 2.7% in May and 6.9% in June;
- in the internet, where sales are managed by the joint venture Mediamond, there was significant growth in the first half, thanks to the positive performance of Mondadori's women's portals and the news area of Mediaset with Tg.com and Sportmediaset.it. There was also an expansion of the area with the acquisition of advertising sales contracts for Meteo.it and Giornale.it.

- **DIRECT and RETAIL**

Total first half 2011 revenues in the Direct and Retail areas came to **€123.1 million**, an increase of 13% on the €108.9 million in the first half of last year, thanks to the contribution of Mondolibri, consolidated in May 2010, and the performance of the franchise network.

Revenues from the Direct area, which include the activities of Cemit Interactive Media and the mail order sales of Mondolibri, saw growth of more than 26%, also due to the change in the area of consolidation.

In Retail, in the first half of the year the Mondadori chain of stores saw sales rise by 6.8% compared with the same period of the previous year, thanks to the contribution of the Mondolibri outlets (€10.5 million in 1H 2011, compared with €1.9 million in the two months of 2010) and new affiliations in the Mondadori Franchising network (+8% compared with the same period of 2010) which offset the fall in revenues from Mondadori Retail's own stores, due to the closure of two shops in Rome, as already announced, in the second half of 2010.

- **RADIO**

As mentioned, there was a sharp downturn in revenues in the radio market in the first five months of 2011 (-8.4%), and a fall of 12% in the last three months (source: FCP Assoradio).

In this difficult context, the performance of R101 clearly bucked the trend, with net revenues of **€8.2 million**, an increase of 7.9% on the €7.6 million from the same period of last year.

This result was due to the excellent performance, following the reorganisation of the sales network and the alignment of the share of radio by the advertising sales company compared with the Group's other businesses, made possible by a reduction in the cost of advertising sales for the radio itself.

- **DIGITAL**

In the first half of 2011 the Digital area of the Mondadori Group generated from direct activities total revenues of **€8.8 million**, while the development of indirect digital activities for other business sectors (e-books, online book clubs, internet sites, subscriptions and digital advertising) generated revenues of €14.2 million; consequently, the new Digital area generated a total of €23 million, compared with €13 million in the first six months of 2010, despite the delay in the launch of gaming activities.

Of particular not among such activities were:

- www.bol.it, which had 900,000 unique users, up by 70% compared with the same period of last year and 17% compared with the month of May 2011, and the web site www.easystore.it, with more than 100,000 unique users;

- applications and services for mobile phones, that continue to make an important contribution to revenue and margin growth. In the apps area, after the launch of *Virtual History Roma*, a series of other cultural apps were developed (*The Last Supper* and others in collaboration with the Books area including *Diabolik* and *Alexandros*) and news (*Epoca/il Papa Santo*, *La Patria bene o male*).  
With regard to Value Added Services, there was an increase in revenues of over 10% compared with 2010, thanks to the expansion of the offer and services launched with the leading telecoms operators;
- the CRM project, which aims to aggregate the Group's various customer databases with a view to making increasingly targeted offers to customers, is in line with the programme which will enable the company to make its first moves and to develop an adequate process of innovation in the area of customer relations during the last quarter of 2011;
- during the second quarter the company also created Glaming, a company owned 70% by Arnoldo Mondadori Editore SpA and 30% by Fun Gaming, for the management of distance public gaming (an activity that is regulated by a government authority, in Italy the *Amministrazione Autonoma dei Monopoli di Stato*, or AAMS). Mondadori, which at the end of June was included in a provisional list of applicants, expects to be awarded a licence in July and to begin activities by the end of the year.

### **FORECAST FOR THE FULL YEAR**

In terms of economic growth and employment, the situation in Italy, and more generally in Europe, shows little sign of improvement. There have recently been great concerns about public finances in the whole of the Eurozone, with inevitable effects on social security and fiscal policies and, as a result, on savings and household expenditure.

The climate of great socio-economic uncertainty has also had a direct impact on investments.

Given the prevailing context, with reference markets in decline, the Mondadori Group's results for the first half of 2011 are particularly significant; where resilience in the core business and the ongoing attention to cost reductions have enabled the company to record an improved level of operating profit for the sixth consecutive quarter.

Over the coming months the commitment to the more traditional businesses will be accompanied by a greater commitment to the digital sector, with the acceleration of the offer of products and digital services and the building of customer loyalty related to the Group's brands and communities.

Conditioned by exogenous and transnational factors, it has never been more difficult than now to make forecasts about growth.

But in spite of all these considerations, the determined and focused management of the core business and the development of new opportunities is expected to enable the Mondadori Group, in the absence of unexpected phenomena, to record an improvement in profitability also for the full year, despite ongoing investments for the development of its new digital activities.

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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.*

#### Enclosures:

1. consolidated balance sheet
2. consolidated income statement
3. consolidated cash flow statement
4. balance sheet of Arnoldo Mondadori Editore S.p.A
5. separate income statement of Arnoldo Mondadori Editore S.p.A.
6. cash flow statement of Arnoldo Mondadori Editore S.p.A.

#### **Mondadori Press Office**

Tel. +39 02 75423159 - Fax +39 02 75423637  
Email: [rapportistampa@mondadori.it](mailto:rapportistampa@mondadori.it)  
[www.mondadori.it/Press](http://www.mondadori.it/Press)

#### **Mondadori Investor Relations**

Tel. +39.0275423695 - Fax +39 02 75422584  
Email: [dario.fumagalli@mondadori.it](mailto:dario.fumagalli@mondadori.it)  
[www.mondadori.it/Investor-relations](http://www.mondadori.it/Investor-relations)

Encl. 1

**Consolidated balance sheet (in €m)**

Assets	30 June 2011	31 December 2010
<b>Intangible assets</b>	<b>897.7</b>	<b>901.5</b>
<b>Fixed assets</b>	<b>2.8</b>	<b>2.4</b>
Land and buildings	10.4	10.7
Plant and machinery	12.5	5.5
Other assets	30.7	39.8
<b>Property, plant and machinery</b>	<b>53.6</b>	<b>56.0</b>
Investments booked using net equity method	125.9	131.5
Other investments	1.6	0.2
<b>Total investments</b>	<b>127.5</b>	<b>131.7</b>
<b>Non-current financial assets</b>	<b>1.6</b>	<b>1.9</b>
<i>Advanced taxes</i>	<b>40.8</b>	<b>45.7</b>
<b>Other non-current assets</b>	<b>1.3</b>	<b>1.3</b>
<b>Total non-current assets</b>	<b>1,125.3</b>	<b>1,140.5</b>
<b>Tax credits</b>	<b>34.5</b>	<b>28.7</b>
<b>Other current assets</b>	<b>87.6</b>	<b>81.7</b>
<b>Inventories</b>	<b>134.9</b>	<b>131.5</b>
<b>Trade receivables</b>	<b>363.8</b>	<b>385.2</b>
<b>Stocks and other current financial assets</b>	<b>34.0</b>	<b>31.9</b>
<b>Cash and equivalents</b>	<b>29.0</b>	<b>84.9</b>
<b>Total current assets</b>	<b>683.8</b>	<b>743.9</b>
<b>Assets destined to be sold or closed</b>	-	-
<b>Total assets</b>	<b>1,809.1</b>	<b>1,884.4</b>
Liabilities	30 June 2011	31 December 2010
<b>Share capital</b>	<b>67.5</b>	<b>67.5</b>
<b>Share premium reserve</b>	<b>286.9</b>	<b>286.9</b>
<b>Other reserves and results carried forward</b>	<b>187.7</b>	<b>182.7</b>
<b>Profit (loss) for the period</b>	<b>22.7</b>	<b>42.1</b>
<b>Total Group shareholders' equity</b>	<b>900.5</b>	<b>903.9</b>
<b>Minority capital and reserves</b>	<b>1.6</b>	<b>1.8</b>
<b>Total shareholders' equity</b>	<b>566.4</b>	<b>581.0</b>
<b>Reserves</b>	<b>37.8</b>	<b>43.4</b>
<b>Severance payments</b>	<b>53.2</b>	<b>53.2</b>
<b>Non-current financial liabilities</b>	<b>407.4</b>	<b>418.4</b>
<b>Deferred tax liabilities</b>	<b>93.5</b>	<b>91.2</b>
<b>Other non-current liabilities</b>	-	-
<b>Total non-current liabilities</b>	<b>591.9</b>	<b>606.2</b>
<b>Income taxes payable</b>	<b>25.2</b>	<b>22.6</b>
<b>Other current liabilities</b>	<b>235.3</b>	<b>251.0</b>
<b>Trade liabilities</b>	<b>333.9</b>	<b>380.9</b>
<b>Bank debts and other financial liabilities</b>	<b>56.4</b>	<b>42.7</b>
<b>Total current liabilities</b>	<b>650.8</b>	<b>697.2</b>
<b>Liabilities deriving from sales or closures</b>	-	-
<b>Total liabilities</b>	<b>1,809.1</b>	<b>1,884.4</b>

Encl. 2

**Consolidated income statement (in €m)**

	<b>1<sup>st</sup> Half 2011</b>	<b>1<sup>st</sup> Half 2010</b>	<b>% change</b>
Income from sales of goods and services	741.4	726.8	2.0%
Personnel costs	137.7	134.3	2.5%
Cost of sales and management (*)	557.0	541.0	3.0%
Income (charges) from investments calculated on a net equity basis	12.3	3.1	n.s.
<b>Gross operating profit</b>	<b>59.0</b>	<b>54.6</b>	<b>8.1%</b>
- as a proportion of revenues	8.0%	7.5%	
Depreciation of property, plant and machinery	5.6	6.2	(9.7%)
Depreciation of intangible assets	5.5	5.6	(1.8%)
<b>Operating profit</b>	<b>47.9</b>	<b>42.8</b>	<b>11.9%</b>
- as a proportion of revenues	6.5%	5.9%	
Net financial income (charges)	(10.4)	(12.0)	(13.3%)
Other financial income (charges)	-	-	-
<b>Profit for the period before taxation</b>	<b>37.5</b>	<b>30.8</b>	<b>21.8%</b>
Tax charges (income)	14.8	15.3	(3.3%)
Minority interest	-	0.4	n.s.
<b>Net profit</b>	<b>22.7</b>	<b>15.1</b>	<b>50.3%</b>

(\*) 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 cash flow statement (in €m)**

	<b>30 June 2011</b>	<b>30 June 2010</b>
Net profit for the period	22.7	15.1
<i>Adjustments</i>		
Depreciations, amortization and impairment	11.1	11.8
Tax charges	14.8	15.3
<i>Stock options</i>	0.3	0.3
Charges to provisions and leaving entitlements	(4.3)	(0.4)
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(0.2)	(0.1)
Capital losses (gains) on valuations of financial assets	0.7	(0.7)
(Income) charges from companies booked at net equity	(12.3)	(3.1)
Net financial charges on loans and derivative operations	8.2	9.6
<b>Adjusted net profit from operating activities</b>	<b>41.0</b>	<b>47.8</b>
(Increase) decrease in trade receivables	25.2	26.6
(Increase) decrease in inventories	(0.3)	2.2
Increase (decrease) in trade payables	(43.2)	(28.5)
Income tax payments	(1.3)	(1.6)
Payment of advances and leaving entitlements	(1.7)	(7.5)
Net changes in other current assets/liabilities	(36.2)	(35.3)
<b>Cash flow from (used in) operating activities</b>	<b>(16.5)</b>	<b>3.7</b>
Payment of business combination net of cash acquired	(0.1)	2.0
(Investments in) disposals of intangible assets	(8.8)	(5.2)
(Investments in) disposals of property, plant and equipment	(1.3)	(3.0)
(Investments in) disposals of equity investments	14.9	4.1
(Investments in) disposals of financial assets	1.8	(16.5)
<b>Cash flow from (used in) investment activities</b>	<b>6.5</b>	<b>(18.6)</b>
Net changes in financial liabilities	1.5	(60.0)
Net financial charges on loans and derivative operations	(7.1)	(13.1)
(Purchase) disposal of treasury stock	-	(6.1)
Dividends paid	(40.3)	-
<b>Cash flow from (used in) financial activities</b>	<b>(45.9)</b>	<b>(79.2)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(55.9)</b>	<b>(94.1)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>84.9</b>	<b>119.6</b>
<b>Cash and cash equivalents at end of period</b>	<b>29.0</b>	<b>25.5</b>
<b>Composition of cash and cash equivalents at beginning of period</b>		
Cash, cheques and valuables in hand	1.3	1.3
Bank and post office deposits	27.7	24.2
	<b>29.0</b>	<b>25.5</b>



Encl. 4

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

<b>Assets</b>	<b>30 June 2011</b>	<b>31 December 2010</b>
<b>Intangible assets</b>	<b>91.4</b>	<b>91.1</b>
<b>Fixed assets</b>	<b>2.8</b>	<b>2.4</b>
Land and buildings	8.0	8.3
Plant and machinery	4.8	4.8
Other assets	3.8	3.9
Property, plant and machinery	<b>16.6</b>	<b>17.0</b>
<b>Investments</b>	<b>638.4</b>	<b>642.4</b>
<b>Non-current financial assets</b>	<b>51.1</b>	<b>50.6</b>
Advanced taxes	17.8	20.8
Other non-current assets	0.7	0.5
<b>Total non-current assets</b>	<b>818.8</b>	<b>824.8</b>
<b>Tax credits</b>	<b>22.8</b>	<b>14.9</b>
<b>Other current assets</b>	<b>43.6</b>	<b>39.1</b>
Inventories	25.4	31.6
Trade receivables	197.0	222.6
Stocks and other current financial assets	139.0	93.7
Cash and equivalents	9.9	73.4
<b>Total current assets</b>	<b>437.7</b>	<b>475.3</b>
<b>Assets destined to be sold or closed</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>1,256.5</b>	<b>1,300.1</b>
<b>Liabilities</b>	<b>30 June 2011</b>	<b>31 December 2010</b>
<b>Share capital</b>	<b>67.5</b>	<b>67.5</b>
Share premium reserve	286.9	286.9
Treasury stock	(110.1)	(110.1)
Other reserves and results carried forward	234.4	222.1
Profit (loss) for the period	55.6	51.7
<b>Total shareholders' equity</b>	<b>534.3</b>	<b>518.1</b>
<b>Share capital</b>	<b>27.1</b>	<b>27.5</b>
Share premium reserve	24.2	24.4
Treasury stock	255.8	265.0
Other reserves and results carried forward	20.6	19.9
Profit (loss) for the period	-	-
<b>Total non-current liabilities</b>	<b>327.7</b>	<b>336.8</b>
<b>Income taxes payable</b>	<b>21.2</b>	<b>14.3</b>
<b>Other current liabilities</b>	<b>64.8</b>	<b>69.5</b>
Trade liabilities	157.2	174.0
Bank debts and other financial liabilities	151.3	187.4
<b>Total current liabilities</b>	<b>394.5</b>	<b>445.2</b>
<b>Liabilities deriving from sales or closures</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,256.5</b>	<b>1,300.1</b>

Encl. 5

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

	<b>1<sup>st</sup> Half 2011</b>	<b>1<sup>st</sup> Half 2010</b>
Income from sales of goods and services	376.6	378.0
Personnel costs	59.4	62.3
Cost of sales and running costs (*)	287.4	285.9
<b>Gross operating profit</b>	<b>29.8</b>	<b>29.8</b>
Depreciation of property, plant and machinery	1.7	1.7
Depreciation of intangible assets	0.2	0.1
<b>Operating profit</b>	<b>27.9</b>	<b>28.0</b>
Financial income (charges)	(3.5)	(3.0)
Investment income (charges)	42.0	31.4
<b>Profit before taxation</b>	<b>66.4</b>	<b>56.4</b>
Income taxes	10.8	12.1
<b>Net profit</b>	<b>55.6</b>	<b>44.3</b>

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

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

	<b>30 June 2011</b>	<b>30 June 2010</b>
Net profit for the period	55.6	44.3
<i>Adjustments</i>		
Depreciations, amortization and writedowns	7.7	10.2
Tax charges for the period	10.8	12.1
Stock options	0.3	0.2
Charges to provisions and leaving entitlements	(0.8)	(3.6)
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(9.9)	(0.1)
Income from investments – dividends	(37.9)	(39.7)
Financial charges on loans and derivative operations	3.6	3.1
<b>Adjusted net profit from operating activities</b>	<b>29.4</b>	<b>26.5</b>
(Increase) decrease in trade receivables	25.4	16.9
(Increase) decrease in inventories	7.4	6.3
Increase (decrease) trade payables	(16.8)	(125.9)
Income tax payments	-	(8.7)
Increase (decrease) in provisions and leaving entitlements	(3.5)	(6.3)
Net changes in other assets/liabilities	(14.7)	25.9
<b>Cash flow from (used in) operating activities</b>	<b>27.2</b>	<b>(65.3)</b>
(Investments in) disposals of intangible assets	(0.5)	(0.1)
(Investments in) disposals of property, plant and equipment	(1.7)	(0.7)
(Investments in) disposals of equity investments	8.1	(9.8)
Income from investments – dividends	37.9	39.6
(Investments in) disposals of securities and other non-current financial assets	(45.3)	(82.1)
<b>Cash flow from (used in) investment activities</b>	<b>(1.5)</b>	<b>(53.1)</b>
(Increase) decrease in payables to banks	(36.1)	(42.9)
(Purchase) sale of treasury stock	-	(6.1)
Net changes in other non-current financial assets/liabilities	(9.0)	151.8
Financial income (charges) on loans and derivatives operations	(3.8)	(3.2)
Dividends paid	(40.3)	-
<b>Cash flow from (used in) financial activities</b>	<b>(89.2)</b>	<b>99.6</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(63.5)</b>	<b>(18.8)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>73.4</b>	<b>35.4</b>
<b>Cash and cash equivalents at end of period</b>	<b>9.9</b>	<b>16.6</b>
<b>Composition of cash and cash equivalents at beginning of period</b>		
Cash, cheques and valuables in hand	-	0.1
Bank and post office deposits	9.9	16.5
	<b>9.9</b>	<b>16.6</b>