ARNOLDO MONDADORI EDITORE SpA

Share Capital Euro 67,451,756.32
Head Offices in Milan
Administrative Offices in Segrate (Milan)

Half-Year Report as at 30 June 2011

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Half-Year Report on Operations

Mondadori Group operations

A further slowdown in manufacturing and consumption was again registered in Italy in the last months of the first half of the year in question, along with an increase in unemployment. The particularly critical situation in some EU countries also intensified worries in all EU member states, with alarming impacts from a financial and national accounts perspective.

In relation to the markets of reference for the Mondadori Group the following should be noted:
- the Italian book market was characterised by the absence of bestsellers, though the market as a whole remained essentially steady against the previous year;
- the current crisis has had an impact on magazines, which posted a drop in sales in the first six months of the year in both Italy and France;
- a climate of uncertainty spread in both countries: advertising in Italy was up and down, with peaks in some months and troughs in others, while the increases registered for a few consecutive months in France stopped in May.

As to the results achieved by Mondadori Group in the first half of the year in question, the following should be noted:
- sales rose slightly, thanks to the good performance of all business activities and the contribution provided by the developing digital business;
- operating profitability improved, mainly as a consequence of the better performance of the core business: both magazines and books increased their profitability thanks to steady revenues and the positive results attained as a result of the effective implementation of cost reduction policies;
- growth in the digital business accelerated, along with the development of the websites relative to the main names, the applications, the development and increased loyalty in the communities, online sales of “physical” and “virtual” books and, last but not least, the launch of new business activities;
- the capital gain resulting from the transfer of the equal interest held in the Cosmopolitan publishing house to the Hearst Group.

Here below are the financial highlights as at 30 June 2011.

Consolidated sales amounted to euro 741.4 million, up 2% against euro 726.8 million registered in 2010. Higher revenues (+ euro 14.6 million) were essentially derived from improved performance in the digital business.

Consolidated EBITDA equalled euro 59.0 million, up 8.1% against euro 54.6 million registered in the previous year. **With the exclusion of extraordinary items and capex relative to the development of the digital business,** EBITDA **would be up 8.6%** against the same period in 2010.

Consolidated EBIT totalled euro 47.9 million, up 11.9% against euro 42.8 million in 2010, with amortisation and depreciation of tangible and intangible assets for euro 11.1 million (euro 11.8 million in 2010).

Consolidated profit before taxes amounted to euro 37.5 million, up 21.8% against euro 30.8 million of the previous year, thanks to reduced financial charges as a result of the debt restructuring actions undertaken in the last 12 months.

Consolidated net profit totalled euro 22.7 million, up 50.3% against the euro 15.1 million registered in the same period of 2010.

Gross cash flow in the first half of 2011 equalled euro 33.8 million, against euro 26.9 million registered in 2010.

The **net financial position** fell from euro -342.4 million as at 2010 year end to euro -399.2 million as at 30 June 2011 (euro -393.0 million as at 30 June 2010), as a result of dividend payouts for approximately euro 40 million.

The performance relative to each sector of activity in which Mondadori operates is analysed in detail in a section dedicated to the Group's divisions. Here below is a summary of the key elements.

Financial and non-financial indicators

The table below shows the financial highlights relative to the first half of the year under investigation, along with the previous year's data for comparison purposes.

Consolidated income statement *(Euro/million)*	**1st half 2011**	**1st half 2010**	**Var. %**
Revenues from sales and services	741.4	726.8	2.0%
Personnel	137.7	134.3	2.5%
Cost of sales and operating costs (*)	557.0	541.0	3.0%
Income (charges) from investments valued at equity	12.3	3.1	296.8%
EBITDA	**59.0**	**54.6**	**8.1%**
EBITDA on revenues	*8.0%*	*7.5%*	
Depreciation of properties, plants and machinery	5.6	6.2	(9.7%)
Amortisation of intangible assets	5.5	5.6	(1.8%)
EBIT	**47.9**	**42.8**	**11.9%**
EBIT on revenues	*6.5%*	*5.9%*	
Net financial revenues (costs)	(10.4)	(12.0)	(13.3%)
Revenues (costs) from other investments	-	-	-
Profit before taxes for the period	**37.5**	**30.8**	**21.8%**
Income tax	14.8	15.3	(3.3%)
Minority interests	-	0.4	(100.0%)
Net profit	**22.7**	**15.1**	**50.3%**

(*) This item includes the following sub-items: decrease (increase) in inventory; costs for raw, ancillary, consumption materials and goods; costs for services; other costs (revenues).

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Consolidated revenues amounted to euro 741.4 million, up 2%.

Sales by sector of activity *(Euro/million)*	**1st half 2011**	**1st half 2010**	**Var. %**
Books	166.9	168.0	(0.6%)
Magazines Italy	247.8	250.0	(0.9%)
Magazines France	172.4	168.4	2.4%
Advertising	117.5	119.9	(2.0%)
Digital	8.8	2.2	300.0%
Direct and Retail	123.1	108.9	13.0%
Radio	8.2	7.6	7.9%
Corporate and other business activities	11.2	9.7	15.5%
Total aggregate revenues	**855.9**	**834.7**	**2.5%**
Intercompany revenues	(114.5)	(107.9)	6.1%
Total consolidated revenues	**741.4**	**726.8**	**2.0%**

Consolidated revenues by geographical area are broken down in the table below.

Sales by geographical area *(Euro/million)*	**1st half 2011**	**1st half 2010**	**Var. %**
Italian domestic market	554.2	543.6	1.9%
France	164.8	160.8	2.5%
Other EU countries	17.5	18.1	(3.3%)
US market	0.2	0.2	-
Other countries	4.7	4.1	14.6%
Total consolidated revenues	**741.4**	**726.8**	**2.0%**

Books

In the first half of 2011, book sales amounted to euro 166.9 million, down 0.6% against the same period of the previous year.

(Euro/million)	**1st half 2011**	**1st half 2010**
Revenues from books	163.7	165.4
Other revenues	3.2	2.6
	166.9	**168.0**
Operating costs	(151.2)	(153.5)
EBITDA	**15.7**	**14.5**
Amortisation and depreciation	(0.7)	(0.9)
EBIT	**15.0**	**13.6**

Nielsen market data for the first half of 2011 confirmed the Group's leadership in the Trade segment, with a share of approximately 26,4%. The individual publishing houses confirmed their leadership position in Italy, with Mondadori ranking first with a market share equal to 13.1%, up 0.1 % against the same period of the previous year.

Publishing house	Market share 1st half 2011	Market share 1st half 2010
Mondadori	13.1%	13.0%
Einaudi	5.7%	5.4%
Piemme	4.0%	4.2%
Sperling & Kupfer	2.2%	2.1%
Other Mondadori Group companies	1.4%	1.7%
Total Mondadori Group	**26.4%**	**26.4%**
RCS group	11.4%	11.4%
Gems group	10.4%	10.0%
Giunti group	6.1%	5.7%
Feltrinelli	4.2%	4.5%

It should be noted that the market shares indicated above refer only to medium-large book stores and do not include hypermarkets.

Below is a detailed analysis of revenues by publishing house:

Books *(Euro/million)*	1st half 2011	1st half 2010	Var. %
Edizioni Mondadori	60.1	55.5	8.3%
Einaudi	25.7	23.8	8.0%
Mondadori Electa	16.2	16.3	(0.6%)
Sperling & Kupfer	12.9	13.9	(7.2%)
Mondadori Education	14.1	14.3	(1.4%)
Edizioni Piemme	20.6	24.2	(14.9%)
Distribution and logistics	14.1	17.4	(19.0%)
Other revenues	3.2	2.6	23.1%
Total consolidated revenues	**166.9**	**168.0**	**0.6%**

Edizioni Mondadori

In the first half of 2011 Edizioni Mondadori posted revenues of euro 60.1 million, up 8.3% against the same period of the previous year.
The validity of the Mondadori offering was also evidenced by the titles which qualified as finalists in Italy's most prestigious literary awards in 2011, including Federica Manzon's novel "*Di fama e di sventura*", short listed for the Campiello literary award; "*Ternitti"* by Mario Desiati, short listed for the Strega literary prize, and "*La fine del mondo storto"* by Mauro Corona, which won the Bancarella literary award.

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For Narrativa Italiana (Fiction) Margaret Mazzantini's string of successes continued with "*Nessuno si salva da solo"*, which sold 300,000 copies in just the last three months. Special mention is also due to the new novel "*Otel Bruni"* by Valerio Massimo Manfredi, the author's first book published in the SIS series, which sold 95,000 copies and the recent publication of Mauro Corona's *La ballata della donna ertana* (45,000 copies).
With regard to foreign fiction, the best-selling and top-ranking books in the first half of 2011 were "*Le luci di settembre"* by Carlos Ruiz Zafón (190,000 copies) and "*Autopsia virtuale"*, the new thriller by Patricia Cornwell (135,000 copies).

In the non-fiction sector, in addition to the excellent performance of "*Sanguisughe*" by Mario Giordano, which sold more than 100,000 copies, the new "*Cosa tiene accese le stelle*" by Mario Calabresi, which hit bookstore shelves in mid-May, sold over 60,000 copies. The TV format "Hotel Patria" was developed after the publishing project, and is currently reprising the book's commercial success.

Considerable success was also achieved by "*Viva l'Italia!"* by Aldo Cazzullo and "*La patria, bene o male. Almanacco essenziale dell'Italia unita (in 150 date)"* by Carlo Fruttero and Massimo Gramellini, released at the end of 2010. The first sold 100,000 copies, while the second, accompanied by the release of the iPad app version on 2 June, sold 120,000 copies.

The new NumeriPrimi° trademark was launched in March, representing the very best of the quality paperback offering from the Group's publishing houses. In four months it sold over one million copies.
As for children's books, "*La prima indagine di Theodore Boone"* by John Grisham posted a positive performance with 55,000 copies sold. This is the first book by the author dedicated to children. Worth mentioning is also the release of the third volume of the "*Percy Jackson e gli dei dell'Olimpo*, *La maledizione del Titano"* saga by Rick Riordan, which sold 50,000 copies as at the end of the period in question. Focus Junior and Oscar Junior also confirmed their success, partly as a result of the Spring promotional campaign targeting children aged 6-9.

Giulio Einaudi Editore

As at 30 June 2011 total net revenues were up 8%.
Among the new titles are: "*Libertà"* by Jonathan Franzen (99,000 copies), "*Il Leopardo"* by Jo Nesbo (48,000 copies), "*Ave Mary. E la Chiesa inventò la donna"* by Michela Murgia (57,000 copies), "*La cavalcata dei morti"* by Fred Vargas (47,000 copies), "*Scuote l'anima mia Eros"* by Eugenio Scalfari (47,000 copies), "*Il sogno del Celta"* by Mario Vargas Llosa (34,000 copies), "*Il signor Cevdet e i suoi figli"* by Orhan Pamuk (24,000 copies), "*Momenti di trascurabile felicità"* by Francesco Piccolo (45,000 copies), released at the end of 2010 and "*L'unico figlio"* by Anne Holt (30,000 copies).
As for the NumeriPrimi° offering, special mention is due to the release of "*Che la festa cominci",* the successful book by Niccolò Ammaniti (49,000 copies).

Art books and exhibitions
Mondadori Electa revenues for the first half of 2011 totalled euro 16.2 million, slightly down against euro 16.3 million registered in the first half of 2010.
Book sales held steady against the previous year, despite the difficult situation regarding illustrated books and art books. The good performance of the Geo campaign should be noted, as well as the steady performance of the Varia Mondadori line, thanks to the multiple marketing initiatives undertaken at the POS level.
In the cultural heritage area, sales dropped by 2.4% as a result of the significantly lower number of activities organised in the context of the museum concessions in the Campania region, which was partially counterbalanced by a larger number of activities developed for the archeological sites in Rome, which registered a growing tourist flow.
Despite projections, the specifications for the tenders relative to ancillary services regarding the main cultural sites have not yet been published, one year after the launch of the procedures.

Sperling & Kupfer
In the first half of 2011, Sperling & Kupfer posted revenues of euro 12.9 million (-7.2% against 2010), reflecting the absence of the positive contribution of Sveva Casati Modignani's new title in 2010 and the excellent performance of the books inspired by the TV series "*Il mondo di Patty*".
As to Fiction, the following should be noted: "*Sanctus*" by Simon Toyne (41,800 copies), in addition to the new titles by successful authors like Guillaume Musso with his "*La ragazza di carta*" (33,000 copies), Mary Higgins Clark with "*Nessuno mi crede*" (19,300 copies) and Nicholas Sparks with "*Vicino a te non ho paura*" (122,000 copies) published under the Frassinelli trademark.
In the Non-Fiction segment, the good performance of "*La dieta Dukan*" by Pierre Dukan (83,000 copies including the version with recipes) deserves special mention, topping the sales charts since February. Among the other new titles worthy of mention in the period of reference are the following NumeriPrimi° branded paperbacks: "*Donne che corrono coi lupi*" by Clarissa Pinkola Estès, "*L'ultima canzone*" by Nicholas Sparks and "*Mister Gregory*" by Sveva Casati Modignani.

Mondadori Education
As at 30 June 2011 Mondadori Education posted net revenues of euro 14.1 million, down slightly (-1.4%) against the same period of the previous year.
In the first half of 2011 the new religion scholastic programmes were introduced, leading the publishing houses to focus attention on this sector, given the permanent freeze on the adoption of new textbooks in the primary schools. Despite the unusually high number of books published by competitors, Mondadori Education retained its 20% market share, confirming its leadership in the segment.
In the first year of secondary school, the situation regarding the adoption of textbooks improved. The performance of the new edition of the first volume of the music textbook "*Fantasia e Musica*" by Rosanna Castello, was excellent with 37,000 copies sold and expectations for the year are on the order of approximately 90,000 copies for both volumes.
In the second year of secondary school a 2% increase in the adoption of textbooks was regis-

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tered. Noteworthy is the package of Sensini grammar textbooks, with sales projections on the order of 150,000 copies.
Among the new titles, an excellent performance was posted by the two-year anthology "*MeravigliosaMente*" by Beatrice Galli, Maria Letizia Quinzio and Eva Cantarella (20,000 copies) and the chemistry textbook "*Chimica per noi*" by Aurora Allegrezza, Marilena Righetti and Fabio Tottola (over 22,000 copies).
In the first half of March the new website www.mondadorieducation.it was launched, which has already registered almost 30,000 monthly hits for online school e-book sales.

Edizioni Piemme
In the first half of 2011, Edizioni Piemme posted reduced revenues against the same period in 2010, down by 14.9%.
In Novels, noteworthy is the positive performance of "*Vicino, sempre più vicino*" by Jennifer Weiner (21,000 copies), "*Profumo di spezie proibite*" by Priya Basil (21,000 copies) and the esoteric thriller "*La stirpe di Maria Maddalena*" by Kathleen McGowan (20,000 copies). Also positive was the Edizioni Piemme launch of "*Semina il vento*" by the successful author Alessandro Perissinotto (15,000 copies).

In the Non-Fiction category, the best performances were posted by: "*Lunga è la notte*" by Jerry Clark and Anthony Flacco (33,000 copies) and the reprint of "*Falli soffrire 2.0. Gli uomini preferiscono le stronze*" by Sherry Argov, which sold 39,000 copies.
As for books on religion, a good performance was posted by the new titles, including "*L'aldilà nei messaggi di Medjugorje*" by Father Livio Fanzaga and Diego Manetti (20,000 copies) and "*Il Messaggio*" by Anthony De Mello (19,000 copies).
The revenues of the Paperback line dropped slightly against the corresponding period of the previous year, though last year's performance included the launch of Khaled Hosseini's latest success, "*Mille splendidi soli*" in the Bestseller line. Among the new titles to note are: "*La sposa ribelle*" by Hanan Al-Shaykh, which sold 18,000 copies, and the following three titles: "*A un passo dal baratro*" by Paolo Brosio (50,000 copies), "*Terroni*" by Pino Aprile (27,000 copies) and "*La lista*" by Michael Connelly (26,000 copies), published under the NumeriPrimi° trademark.
As for Juniors, net revenues remained essentially steady against the previous year, but with a different performance in the two main lines. The Stilton line increased net sales by +7.7% against the first half of 2010, while sales of the Il Battello a Vapore line dropped overall, despite the success of the three new titles launched under the GOL! trademark (at the top of the sales charts for the line, each with between 23,000 and 26,000 copies sold).
In the Stilton line, noteworthy performances were posted by "*Le avventure di Re Artù*" (86,000 copies) and "*Viaggio nel tempo 4*" (82,000 copies). Excellent results were also registered by the new "I Preistotopi" line (two titles with 33,000 and 31,000 copies sold, respectively) and the fantasy tale "*Principessa del buio*" (32,000 copies).
The Freeway line for young adults is definitely on a rising trend, thanks to the good sales performance of "*Angeli nell'ombra*" (16,000 copies sold) by Becca Fitzpatrick. Sales of the Paperback Junior line held steady.

E-book

With the concurrent release of the hard copy and the e-book version for the majority of the new titles, the Divisione Libri Trade reached a total of approximately 2,000 e-books offered in the catalogue (2,300 including the titles of the Harlequin Mondadori S.p.A. joint venture), comprising the various products released in the App world.

Sales performance held steady in the first half of the year under investigation and a rising trend is expected in the second half of the year.

Distribution and logistics

The distribution activity on behalf of Third Party Publishing Houses generated revenues for euro 14.1 million, corresponding to a 19% reduction against the first half of 2010. The downward trend reflected the different situation registered in 2010, during which very successful books were released, such as "*Nel mare ci sono i coccodrilli"* by Fabio Geda and the pocket book version of "*Io sono Dio"* by Giorgio Faletti, both published by Baldini Castaldi Dalai Editore. Fewer copies were sold in 2011, and with a lower average price, partly due to the success of "*Indignatevi"* by Stéphane Hessel, published by ADD Editore at a cover price of euro 5.
As to logistics, in the first half of 2011 the number of shipments decreased by 1.6%, though the number of copies delivered increased by 3% against the same period of 2010.

Magazines Italy

(Euro/million)	**1st half 2011**	**1st half 2010**
Revenues from magazines	229,3	232,0
Other revenues	18,5	18,0
	247,8	**250,0**
Operating costs	(203,6)	(217,8)
EBITDA	**44,2**	**32,2**
Amortisation and depreciation	(0,3)	(0,3)
EBIT	**43,9**	**31,9**

In a market context which has still not shown the expected signs of recovery for the Italian and international publishing segment in the period of reference, revenues from magazines essentially remained steady against the same period of the previous year (-0.9%).

This result is mainly attributable to reduced revenues in distribution (-4.3%) and increased revenues in advertising (+1.8%), supported by effective actions by the sales network and numerous innovative initiatives, which seem to be effectively bucking the dropping market trend (-1.4%). The performance of the digital collection managed by Mediamond (+30%), a company not included in the consolidation area, was excellent.

During the second quarter, in addition to the restyling and repositioning of *Casaviva* and *Ciak*, begun in the first quarter, the following activities were added:

- the launch of *Panorama Icon*, the new free attachment to *Panorama* dedicated to men's fashion and lifestyle, much appreciated by advertisers as a replacement of *First*;
- the restyling of *Donna Moderna*, Italy's leading women's periodical, according to the findings of an in-depth study conducted in the first months of the year, which yielded positive results in terms of both number of copies sold and sale of advertising space;
- the restyling of *Panoramauto,* which, thanks to a new editorial mix and restyled graphics, boosted sales at newsstands.

The process of renovation and restyling of the magazines will continue in the coming months with the re-launch of *Donna in forma*, *Sale&Pepe*, *Panorama Travel* and *Starbene*, increasing to 10 the number of magazines included in the Group's restyling project in the year of reference (one third of the current portfolio).

Circulation

The general market trend remains negative in terms of copies sold (-5.6%).
In this context Mondadori magazines outperformed the market, despite the progressive reduction (-14%) of copies sold through the subscription channel, as a result of the substantial increases in postal rates.

Add-on sales

The market growth until May was equal to 6.5%. The second quarter was also characterized by publishing initiatives, undertaken by dailies for promotional purposes; the very low sale price (euro 0.50-1.00) contributed to increasing circulation at the expense of the average price.
Mondadori, which bases its leadership on the diversification of its offering and, in particular, on home video and music, confirmed the same revenue trend registered in the previous year at euro 62.2 million, though with greater profitability.
The results of some specific initiatives were very positive: *Panorama "La prima visione",* the *TV Sorrisi e Canzoni "Le collane animation",* some musical series, some pure collectors' collections and some book series like the "*Classici della storia"* and the "*Diabolik" comics series*.

International

Revenues from licensing performed well, up 45%, continuing the trend registered in the first quarter, thanks particularly to the recovery of the advertising market.

All magazines confirmed the positive trend registered in the first quarter, particularly weeklies, which drove the revenues deriving from the sales of advertising space to Italian customers for the international network.

The number of Mondadori Group licensed editions is still growing. In June the Ukrainian edition of *Casaviva* was launched, while in the second part of the year the Russian edition of *Interni* is expected to be launched.

The figures from the joint ventures in Russia and China are definitely improving against last year, very much above budget expectations, thanks to the considerable increase in the sale of advertising space.

The associated company Attica, still suffering the effects of the financial crisis in Greece, posted a drop of approximately 25% in advertising revenues in Greece and of 15% in the Balkan countries. Serbia seemed to buck the trend, with an 8% increase.
The operating result is in line with the previous year's, thanks to the re-organisation of the company, an effective re-negotiation with company suppliers and an excellent trend of the two Group radio channels.

Digital
The web advertising market grew 15.6% (source: Nielsen, May).

Revenues from the Mondadori sites grew by 18%, in particular with *Donna Moderna* (+30%), *Panorama* (+57%) and *Grazia* (+22%).

Special mention is due to the development of four new sections in the www.grazia.it website, launched in April, to which four additional sections are expected to be added by the end of September 2011.
A new version of www.donnamoderna.com was launched in May, concentrating on social topics and the presence of new vertical channels, also dedicated to events.

As for circulation data, *Donna Moderna,* in particular, posted an excellent performance: 70 million page hits (+80% against 2010), 4 million users (+35% year to year).

Magazines France
Mondadori France posted sales of euro 172.4 million in the first half of 2011, up 2.4% against the same period of the previous year.

(Euro/million)	**1st half 2011**	**1st half 2010**
Revenues from periodicals	165.8	161.8
Other revenues	6.6	6.6
	172.4	**168.4**
Operating costs	(153.7)	(152.0)
EBITDA	**18.7**	**16.4**
Amortisation and depreciation	(4.8)	(5.6)
EBIT	**13.9**	**10.8**

Circulation
Revenues from circulation, accounting for 69% of total revenues, grew 2.1%.

The improved performance of Mondadori magazines is mainly attributable to the focus on a portfolio of magazines with a high circulation rate, the ongoing attention to product quality and the continuous renovation process, designed to respond to changing customer demands. In the first half of the year, Mondadori launched the pocket edition of *Grazia* and the new formats of other magazines, like *Science & Vie*, *Le Film Français*, *Auto Plus*, *Pleine Vie*, *Closer*, *Le Chasseur Français* and *Diapason*.

The growth trend in women's magazines was confirmed, in line with the trend of the previous year, including, in particular, *Top Santé* (+10.2%), *Modes & Travaux* (+7.3%) and *Science & Vie* (+2.9%).
Biba registered a 22% increase in subscriptions against the first half of 2010, ranking third in newsstand sales with an average of over 240,000 copies, up 3.7%.

Advertising
The advertising market as a whole posted a 2.5% growth in value terms (source: Kantar Media).

In the same period, Mondadori France outperformed the market, growing by 4.7% against the same period of the previous year.
This result was mainly attributable to the performance of *Grazia*, which contributed with a 53% growth in revenues, and the good performance registered by the scientific magazines.

With an average of 180,000 copies sold in the period under investigation, *Grazia* confirmed its position as the most successful magazine in its segment, ranking second by volume of pages in the entire French market. "High-end" women's magazines accounted for 32.9% of total revenues from advertising, against 26% of the first half of 2010.

Advertising services

The market
The sale of advertising space showed a negative trend in the first half of 2011. Nielsen data published in May and referred to the first five months of the year registered a 2.8% reduction. This result was principally ascribable to the downturn in the two main sectors – food and telecommunications – which registered a 9.4% drop.
Internet showed a strong growth trend (+15.6%), exceeding euro 235 million (excluding search), while TV (-2.3%) and Magazines (-1.4%) improved slightly against the previous months.
The sharply negative trend of the first quarter continued for Radio (-8.4%) and Pay Dailies (-4%), and the crisis in the sale of advertising space in Free Press (-51.3%) continues.

Fashion, beauty products and pharmaceuticals performed well, while food and telecommunications, as already mentioned, and all the other segments - including consumer goods, interior design and tourism - showed a downturn.

The latest market projections for 2011 predict a continuing negative trend.

The Company

Mondadori Pubblicità closed the first half of 2011 with a slight drop in revenues against 2010 (-2%). This result was mainly due to the improved performance of Mondadori magazines and *R101*, partially counterbalancing a negative performance of the operations regarding third party publishers.

(Euro/million)	**1st half 2011**	**1st half 2010**
Revenues from advertising	115.0	117.8
Other revenues	2.5	2.1
	117.5	**119.9**
Operating costs	(120.6)	(122.4)
EBITDA	**(3.1)**	**(2.5)**
Amortisation and depreciation	-	(0.1)
EBIT	**(3.1)**	**(2.6)**

In detail, in relation to the operations within the Mondadori perimeter:

- the weeklies are growing slightly against 2010; *Grazia*, *Tu Style* and *Donna Moderna* performed well (also thanks to the restyling completed in the month of June), which counterbalanced the result of *Panorama*, penalised by the comparison with the first half of 2010, characterised by a set of new technological initiatives specifically developed for its re-launch, and the drop of *TV Sorrisi e Canzoni,* in line with the general crisis in consumer products;
- the monthlies still performed weakly, though Interior Design magazines seemed to go against the market trend;
- *R101* performed well in the period. The re-organisation of the sales network, aimed at exploring the entire potential of Mondadori Pubblicità, allowed it to buck the trend starting in May, posting a +2.7% growth in that month and a +6.9% growth in June;
- *internet*, followed by the joint-venture Mediamond, performed well in the first half of the year, thanks to the positive performance of Mondadori women's sites and the Mediaset information area, including Tg.com and Sportmediaset.it.

Also noteworthy is the expansion of the perimeter through the acquisition of the concession of Meteo.it and Giornale.it.

Digital

The new digital business area, which the Mondadori Group established through the development of a specifically dedicated structure in the last part of 2010 and which yielded its first results during the period under investigation, is aimed at developing the different activities linked to new technology.

In the first half of 2011, the digital business area generated direct revenues for a total of euro 8.8 million, while the development of digital activities in the context of the other business areas generated revenues for euro 14.2 million.

(Euro/million)	**1st half 2011**	**1st half 2010**
Revenues	8.8	2.2
Other revenues	-	-
	8.8	**2.2**
Operating costs	(16.7)	(2.5)
EBITDA	**(7.9)**	**(0.3)**
Amortisation and depreciation	(0.1)	(0.1)
EBIT	**(8.0)**	**(0.4)**

Direct

E-commerce

The e-commerce activities developed and managed by Mondadori mainly concern the sale of books, publishing products and gifts through the www.bol.it website, generating revenues for approximately euro 7.6 million (euro 2.2 million in the months of May and June consolidated in 2010) and the sale of products of the designer fashion, interior design, design and technology brands through the www.easyshop.it website.

In relation to www.bol.it a positive item is the growth in the number of monthly single website users, which reached 900,000 units, a +70% growth against the same period of the previous year and +17% against the month of May 2011.

Conversely, as for www.easyshop.it, the delay in making the website fully operational negatively impacted results in the first half of 2011 (euro 0.2 million); though the performance was good both in terms of pages viewed and number of registered users.
In the second half of the year an offering repositioning process and a review of management processes are expected to take place.

Applications

The area referring to mobile phone applications and services is still under development, increasing its contribution in terms of growing sales (approximately euro 1 million) and margins. With specific reference to Applications, after the launch of "made in Mondadori" Virtual History Roma, which stood out for the innovative display techniques and the ongoing interest demonstrated also after its launch at the beginning of the year, a set of additional new culture-related apps were developed (The Last Supper, and others in collaboration with the Books Division like "Diabolik" and "Alexandros") along with current events news-related apps (the Pope, +150°).
In the second half of the year, new culture-related applications are expected to be developed, like Virtual History Florence, as well as some entertainment-based apps, like "Feed the Hippos" and others linked to pastimes and hobbies, like Cuisine, in co-marketing with corporate brands.

As for Value Added Services, sales grew by over 10% against 2010, thanks to the expansion of the offering and services activated with the main telco operators.

Customer Relations Management services
The CRM project, aimed at making the database available to Group customers for the ultimate purpose of finding offers increasingly in line with customer demands, is in line with the expected timing, allowing for the implementation of the first actions and an adequate process of innovation in customer relations management activities during the fourth quarter of 2011.

Glaming
In the second quarter of 2011, Glaming S.r.l. was established, owned jointly by Arnoldo Mondadori Editore S.p.A. (70%) and Fun Gaming (30%), for the remote management of public games (the operation of which is governed through specific regulations issued by the Amministrazione Autonoma dei Monopoli di Stato -AAMS- the regulatory body that governs the entire sector).
Its mission is to provide an innovative and particularly user-experience oriented gaming and entertainment offering addressed to the various targets and communities which make reference to the Mondadori publishing portfolio, making different games available -including bingo, poker (tournament and cash) and casino games under safe and controlled conditions.

Mondadori, which was registered in the provisional list of concession holders since the end of last June, expects to receive its licence in July and start operations by year end.

Indirect
In addition to the foregoing, the Group also developed other digital activities, like *e-books*, *book club on line*, internet websites, digital subscriptions and advertising, which generated revenues for a total of euro 14.2 million, up euro 10.8 million against 2010.

Direct & Retail
Overall sales regarding Direct & Retail made for euro 123.1 million against euro 108.9 million in the first half of 2010, up 13%. However, these figures are not directly comparable, because Mondolibri S.p.A. was included in the consolidation area only as of 1 May.
2010 sales were also subject to adjustments in order to identify www.bol.it revenues, re-classified under the digital segment, for the purpose of comparison with the values of the period under investigation.

(Euro/million)	**1st half 2011**	**1st half 2010**
Revenues	119.8	108.4
Other revenues	3.3	0.5
	123.1	**108.9**
Operating costs	(125.0)	(106.9)
EBITDA	**(1.9)**	**2.0**
Amortisation and depreciation	(2.9)	(2.6)
EBIT	**(4.8)**	**(0.6)**

Direct
The direct area comprises direct marketing activities performed by Cemit Interactive Media S.p.A., and sales by mail by Mondolibri S.p.A.

Overall sales increased by over 26%, also as a result of the different consolidation area.

In particular Cemit, down 8%, suffered from the choices made by some large consumer product operators in relation to the resources to dedicate to marketing activities, while Mondolibri, a company operating in the book club segment and remote sales, managed to keep the number of its members at approximately one million units and improve revenues, thanks to the implementation of an effective recruitment policy and a loyalty programme addressed to active members.

Communications and internet services increased, thanks to the customer service diversification policy implemented.

Retail
Overall revenues from the stores grew 6.8% year to year as a result of the contribution provided by Mondolibri S.p.A. (euro 10.5 million in the first half of 2011 against euro 1.9 million in the two months of 2010) and the newly franchised stores, which more than compensated for the reduction in revenues posted by proprietary stores, reflecting the closing of two important stores in Rome.

Mondadori Retail S.p.A. revenues dropped by 10.7% against the previous year, mainly as a result of the closing of the stores in Rome (Multicenter Via del Corso and Libreria Trevi) in the second half of 2010. On a like-for-like basis, the reduction in sales would equal 1.4%.

The actions aimed at increasing sales volumes continued also in the second quarter of 2011 through the expansion of the product offering under private label (Emporio Mondadori), including stationery products and other office supplies. In the multicenters the innovative project lines were also expanded (Cook&Books), along with a better specialisation in the digital product area.

Investments aimed at improving store layouts are expected in the coming months in order to better respond to emerging customer demands.

Revenues reached by Mondadori Franchising S.p.A. in the first half of 2011 grew 8% against the same period of 2010 thanks to the expansion of the network, which topped 491 franchisees compared to the 456 stores as at June 2010.
On a like-for-like basis, revenues would be in line with the previous year.

Mondadori Express, an initiative that provides stores with the most frequently requested titles in the shortest time possible, was further enhanced, in order to provide better services to the stores. Also in this area of activity, layout and product mix projects have been further developed in order to improve the overall commercial offering.

Important promotional actions have been implemented in the stores in order to stimulate purchases in a particularly weak market situation.

Mondolibri S.p.A. is currently operating with 20 proprietary book stores and 56 franchisees.

Radio

The radio market posted a significant downturn in sales, equal to 8.4%, in the first five months of 2011, with a reduction of over 12% in the last three months (source: FCP Assoradio).
In such a difficult context, Mondadori Group Radio clearly outperformed the market, with net revenues totalling euro 8.2 million, up 7.9% against the previous year.
This positive performance was mainly attributable to:

- the performance subsequent to the re-organisation of the sales network, completed in May, following a strategic decision intended to increase the sale of advertising space by leveraging on a more effectively extended presence of the sales network in the territory and by taking advantage of Mondadori Pubblicità's leading position in the press segment;
- the alignment of the portion attributed to Radio by the concessionaire compared to the other Group activities, which was made possible thanks to the reduced costs relative to the sale of advertising space in the same radio segment.

(Euro/million)	**1st half 2011**	**1st half 2010**
Revenues	8.2	7.6
Other revenues	-	-
	8.2	**7.6**
Operating costs	(8.9)	(8.2)
EBITDA	**(0.7)**	**(0.6)**
Amortisation and depreciation	(0.8)	(0.8)
EBIT	**(1.5)**	**(1.4)**

In relation to the publication of audience data it is worth pointing out that difficulties persist with regard to updates (the most recent figures published refer to the first quarter of 2010, during which R101 registered 2.5 million listeners in an average day and approximately 7 million listeners in 21 days). Audiradio, the company responsible for the conduction of audience data surveys, has halted operations and was recently wound up.

In 2011 Monradio commissioned multiclient market surveys which confirmed that R101 registered 3 million listeners in an average day, placing it among Italy's top ranking commercial radio stations. According to the above-mentioned surveys, R101 listeners are mainly aged 25-54 (70%), of which 51% are women and 49% men, and topped 11 million listeners on 7 days.

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From a publishing perspective, the restyling process of the radio channel continued over the first half of 2011, with more emotional music, new disk jockeys, new jingles and more concentration of the "adult contemporary radio" concept, that is, a radio designed for a 25-54 target. The new "R101 Forever Fun" claim clearly summarises the new publishing orientation based on entertainment, irony, humour and "light" information.

In June a new and unique brand campaign on Italian national and local dailies was launched, based on the use of satirical illustrations. The campaign represents the third step of a communications plan which was started in March in the magazines

Additional promotions are expected for the summer season, aimed at further enhancing the positioning of the radio channel and increasing its audience, including live broadcasts during the 10 days of the Venice Film Festival at the end of August, the "Spiagge 101" tour, which includes 7 stops in Italy's most popular beach resorts and live broadcasts from the Bravo Alpitour resorts for 5 weeks.

Corporate and other business

The Corporate segment includes the Parent Company functions, concentrated in service activities in favour of the Group companies, and the business units.

These services are mainly attributable to activities regarding ITC, administration, management control and planning, treasury and finance, human resources, legal and corporate affairs and public relations.
Revenues mainly referred to amounts billed to subsidiaries and affiliates, as well as other entities using the services described above.

Mondadori International

The financial assets managed by the company as at 30 June 2011 accounted for euro 34.3 million (euro 33.8 million as of end of 2010). In the period of reference the Company posted a loss equal to euro 1.1 million.

Assets as at 30 June 2011 are broken down here below:

- current accounts, cash and cash equivalents and time deposits with Italian leading banks with maturity lower than three months for a total of euro 14.4 million;
- float-rate bonds available for sale for a total of euro 19.9 million.

Financial situation

As at 30 June 2011 the Group's financial position showed a debt of euro 399.2 million, further down against the figure registered at the end of 2010 mainly as a result of dividend payouts for approximately euro 40 million.

Net financial position *(Euro/million)*	30/06/2011	31/12/2010	30/06/2010
Cash and cash equivalents	29.0	84.9	25.5
Financial assets at fair value	-	-	-
Financial assets held for sale	19.8	26.2	29.5
Assets (liabilities) in derivatives	(2.0)	(5.3)	(8.7)
Other financial assets (liabilities)	(15.9)	(9.8)	(0.5)
Loans (short and medium-long term)	(430.1)	(438.4)	(438.8)
Net financial position	**(399.2)**	**(342.4)**	**(393.0)**

The global economy slowed down in general in the second quarter of 2011, particularly in Europe, where the indexes relative to manufacturing were marked down sharply against the projections made at the beginning of the year.

The persisting sovereign debt crisis in Europe periodically triggers aggressive speculation in the financial markets of the old continent. In the last months, the attention mainly focused on the critical economic and financial situation in Greece, but also on the public debt crisis in Italy, Portugal, Spain and Ireland.

In this tumultuous context, the European Central Bank stayed the course on reducing inflationary trends and, accordingly, after an initial increase of the minimum rate on the main refinancing operations by 0.25% of last April, a second step followed in July, increasing the rate to 1.50%.

The 3-month Euribor trend in the half of reference grew steadily, from 1.00% at the beginning of the year to 1.547% of the end of June, a peak for the period. The average value for the period was equal to 1.255%. The average cost of Mondadori Group debt was instead equal to 3.465%.

After four months of nearly constant growth from the trough of 1.29 recorded in January, the Euro/Dollar exchange rate started fluctuating between 1.48 and 1.40, closing at 1.45 as at 30 June; instead, the Euro/Sterling exchange rate grew from 0.83 recorded in January to 0.90 in June with an average value of 0.87 for the period of reference.

Credit lines available to the Group as at 30 June 2011 amounted to euro 1,067.9 million, of which euro 731.7 million *committed*.

The Group's short-term loans, equal to euro 336.2 million, utilised for a total amount of euro 32.5 million as at 30 June 2011, included overdraft credit lines on current accounts and advances subject to collection.

The main medium-long term loans are:
- euro 320.0 million for a float rate bank loan with a five-year maturity and expiry in March 2014, granted by a pool of banks with international standing; the loan includes specifically a term loan for euro 150.0 million, entirely utilised as at 31 March, and a Revolving Facility for euro 170.0 million, still unutilised. Some Interest Rate Swaps contracts have been attached to the term loan for the purpose of transforming the float rate into fixed;

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- a float rate amortizing loan for euro 104 million, specifically a term loan, granted by a pool of Italy's leading banks with expiry in June 2015. In addition, an Amortizing Interest Rate Swap contract was stipulated for a nominal value of euro 40 million as at 30 June 2011;
- a float rate bullet loan for euro 50 million, specifically a term loan, granted by Mediobanca, with expiry in March 2017; an Interest Rate Swap contract was stipulated in July to supplement coverage with forward introduction at the end of July 2011.

In March 2011, the Mondadori Group re-negotiated the bilateral committed lines with Intesa Sanpaolo, obtaining an overall extension of the duration of the loans. Here below the aforementioned bilateral lines are broken down in detail as at 30 June 2011. The situation before the re-negotiation is reported in parentheses:
- float rate loan for euro 50.0 million (euro 150.0 million) with expiry in 2013, specifically a term loan, entirely utilised as at 31 March; an Interest Rate Swap contract was attached to the term loan with expiry in July 2011;
- float rate loan for euro 200.0 million (euro 100.0 million) with expiry in December 2016 (December 2015), divided into a term loan for euro 50.0 million (euro 35 million), entirely utilised for euro 35 million as at 30 June 2011 and a Revolving Facility for euro 150 million (euro 65 million), utilized for euro 20 million as at 30 June 2011.

Personnel

People

Employees with a fixed-term or permanent labour contract employed by the Group companies as at 30 June 2011, totalled 3,701 people, 56 resources less than the number of employees registered in 2010 and 110 resources less on a like-for-like basis.
In fact, for a correct valuation of personnel trends it is necessary to consider the following phenomena:
- the consolidation of AME Wellness Editoriale S.r.l. (formerly Mondadori Rodale S.r.l.) as of 30 June 2011 (20 resources);
- the development of the digital business area with the launch of new activities and the establishment of a new company (22 resources all told) as well as the launch of seasonal activities regarding school textbooks and the management of museum sites by other Group companies (12 resources).

The organisation impact of the aforementioned factors as well as the efficiency reached by Mondadori France highlighted how the rationalisation process implemented and the use of redundancy arrangements continued in line with the defined plans and agreements.

The table below illustrates employee breakdown for the Group as at 30 June 2011:

Personnel	30/06/2011	31/12/2010	30/06/2010
Arnoldo Mondadori Editore S.p.A.:			
- Managers, journalists, office staff	1,129	1,108	1,131
- Workers	91	96	97
	1,220	**1,204**	**1,228**
Italian subsidiaries:			
- Managers, journalists, office staff	1,490	1,478	1,509
- Workers	66	58	65
	1,556	**1,536**	**1,574**
Foreign subsidiaries:			
- Managers, journalists, office staff	925	909	955
- Workers	-	-	-
	925	**909**	**955**
Total	**3,701**	**3,649**	**3,757**

The cost of personnel totalled euro 137.7 million against euro 134.3 million of the first half of 2010.
On a like-for-like basis, thus excluding costs relative to the digital business area and the figures relative to the contribution of Mondolibri S.p.A., consolidated only for two months in 2010, the cost would be reduced by 1.3%.
The reduction would amount to 8.7% if we compare the figure recorded in the period of reference with that registered in the first half of 2009 under comparable consolidation conditions.

Capital expenditures

Capital expenditures in the first half of 2011 totalled euro 3.1 million and mainly include replacements of electronic office machines and furniture, furnishings and office equipment for the newly opened book stores.

Main risks and uncertainties to which the Mondadori Group is exposed

In defining the guidelines of its Internal Control System, the Mondadori Group established a Risk Management function in 2008, responsible for the implementation of a process aimed at identifying and managing the main risks and uncertainties that the Group has to face in the accomplishment of its core business.
The model of reference developed for the identification, assessment and management of risk is based on the principles of "*COSO - Enterprise Risk Management*" (COSO ERM), a standard defined by the *Committee of Sponsoring Organizations of the Treadway Commission*, one of the most authoritative and widely-adopted approaches at the Italian national and international level.

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Description of the main characteristics
In relation to the identified strategic objectives, the persons in charge of business units or heads of functions identify and assess the risks that may impact their attainment through a self-assessment process, by concurrently devising any necessary mitigating actions.
The risk factors, broken down into categories, are assessed according to parameters that relate to the probability of occurrence of the event and the relevant impact. The latter is then measured against the potential financial impact, market share, competitive advantage and reputation. The assessment is performed both at an inherent level, that is, without mitigation actions, and at a residual level, that is, taking such management actions into account.
The results are processed and summarized by Risk Management so that this function can later submit them to the top management for validation. Each risk is attributed a weighted score proportionally to the importance of the relevant Area within the Group and all the identified risks are also grouped based on their relevance, in order to calculate the Group's consolidated results.
The Internal Auditing Officer submits the results of the activity performed to the Deputy Chairman and CEO, who, in turn, in his capacity as Managing Director, illustrates them on the occasion of the meetings of the Internal Control Committee, Board of Auditors and Board of Directors. These elements represent the basis for the performance of further in-depth analyses by the functions and bodies involved.
Internal Auditing is responsible for verifying the actual implementation and effectiveness of the mitigation actions identified during the assessment phase. In addition, Risk Management, in collaboration with top management and in relation to specific risk factors, carries out a Risk Response activity to map any additional actions aimed at aligning the residual risk within a risk threshold considered acceptable (Risk Appetite).
The risk situation is updated on a yearly basis according to the criteria described thus far.
Based on the indications derived from the analyses completed to date, here below is a description of the main risks and uncertainties to which the Group is exposed.

Risks related to the economic scenario

The Italian economy
The latest available GDP data referred to the first quarter of 2011 confirmed the slow recovery of Italian economy. The growth rate in the period considered was equal to 0.1% according to the current economic situation and 1.0% on a yearly basis (source: ISTAT), delineating a situation of substantial stagnation in line with the economic scenario of the last part of 2010. The comparison with the Euro area corroborates such growth difficulties not only in relation to the main countries, including Germany (+1.5% in the previous quarter) and France (+1.0%), but also compared to the average of the area (+0.8%). For the entire Eurozone there is still an uncertainty linked to the tensions on the sovereign debt markets, particularly Greece, which is at risk of default.
There are also uncertainties in Italy, mainly due to structural weaknesses, such as the massive public debt, which is expected to lead to the implementation of a financial manoeuvre to limit spending and lower the high level of tax evasion. Consistently with GDP data, manufacturing is performing flatly with a 0.1% growth rate in the first quarter, in line with the average data measured in the July 2010 – March 2011 period. Household spending is also recovering very slowly, with families cautious due to their reduced purchasing power and persistent fears over

the condition of the labour market, in particular in relation to youth unemployment.
Therefore, based on the latest data, it is legitimate to expect a growth rate on the order of 1% for 2011, below EU average values.

Financial and credit risk

Financial risk
The financial risk reflects the Group's exposure to potential losses associated with the financial cycles deriving from ordinary business management, exchange and interest rate fluctuations and the financial structure.

Since Mondadori Group operates in several geographical regions, it is naturally exposed to risks associated with exchange and interest rate fluctuations.

The exposure to the exchange rate risk is connected to the different geographical distribution of operations, in particular in relation to the acquisition of the rights to publish foreign authors and some Group magazines in countries outside Italy, generating financial flows denominated in currencies other than the Euro (mainly US Dollars and Pound Sterling).

The Group also relies on various sources of financing in order to meet business needs; interest rate fluctuations may lead to increases or decreases in the cost of loans and, consequently, affect margins.

Consistently with the implemented risk management policies, Mondadori Group faces the risks associated with exchange and interest rate fluctuations by relying on hedge financial instruments. Despite such financial hedges, potential sudden exchange and interest rate fluctuations, also due to the current economic context, can have a negative impact on the Group's financial results.

At the equity level, the Group is aware of its responsibility for the definition of a structure of resources that enables it to consistently maintain a financial balance.

The reduction in margins, associated with the general reduced household spending and decline in the advertising market, may lead the Group to rely on loans, thus increasing its debt position and financial charges. To face such risk, the Group entirely re-negotiated its exposure vis-à-vis banks in 2009 through larger financial covenant flexibility and extension of the average debt maturity.

Risk associated with trade receivables
The economic and financial context described above may lead to a situation according to which trade receivables collection time is extended, resulting in a worsened financial position (in particular for Advertising and Books).

This potential imbalance between payment and collection conditions becomes even more onerous for those companies doing business with the Public Administration, which, however, have a limited impact at the Group level.

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At the general level, the worsening economic and financial conditions identifiable in the marketplace may further increase the risk of contract and/or counterparty default.

Business risk: competitive scenario and strategic risk

The economic context of the publishing and media sector in which the Mondadori Group operates is characterised by elements of uncertainty and stagnation, due to the flagging recovery in spending and slow advertising sales. Moreover, the huge fits and starts resulting from the swift technological-structural progress necessitate a re-thinking of the business in order to take advantage of new growth opportunities.
At the beginning of 2011, the Group, while keeping its core business as the main pillar, devised some key development strategies: the brand cross-sectional and publishing content exploration; the strong acceleration of the digital business; the focus on readers' knowledge and loyalty and the integration of operating activities and corporate cross-sectional processes.
While waiting for the positive effects of such strategic moves to be harvested in the current and upcoming years, the Group's general risk situation remains unchanged vis-à-vis the situation described in the Directors' Report on Operations submitted to the Shareholders' Meeting of 21 April 2011. Here below is a summary of the main risk factors, referred to the various Functions, with the focus on some mechanisms and conditions which were subject to significant changes.
In a context of the swift transformation of the book market, mainly due to the development of the e-book market, the **Books Trade** management reacted promptly by working out a strategic development plan, stipulating partnerships with important players (i.e. Telecom and Google) and by organising itself in such a way as to enable it to maintain a leading position in the traditional book market. In relation to the latter market, the risks of profitability concentration on a limited selection of best-selling books and the increasing competition are still high, though on a dropping trend. In this respect, Top Management relies on an extensive catalogue and effective control of the copyright market in order to promptly identify investment and diversification opportunities.
The technological and regulatory changes currently under way are the causes of the irregular performance of the **Educational** business. In compliance with the School Reform guidelines, Mondadori Educational continues to invest in innovation and product quality as well as in upgrading its know-how in terms of development and integration between hardcopy and multimedia content. The current economic uncertainty in both the Cultural Heritage and in the publishing product sale markets led Mondadori Electa to re-define its business model, orienting it towards publishing innovation and lower production costs.
Periodici Italia responded to the continuing uncertainties regarding circulation, joint sales and revenues from advertising through the development of a balanced mix between revenues from circulation and advertising, actions for the re-definition and re-launch of the magazine portfolio, focus on efficiency and process re-organisation, as well as brand and publishing content improvement.
Mondadori France consolidates the excellent performance posted by *Grazia* in terms of both circulation and advertising sales. Top management is also continuing the strategic re-positioning and focus on renewing publishing content and quality of the magazine portfolio in order to better face the current conditions of uncertainty in the French magazine market, though to a more limited extend compared to Italy.
The newly established **Digital** is actively operating in different directions, developing the Group's presence in the digital market both through independent initiatives and close collaboration with

the individual business areas according to a cross-sectional logic. According to the precisely defined strategic guidelines, the main critical factors refer to the human capital which needs to combine technical skills with the knowledge and control of publishing activities, acquisition/partnership choices and user management on the social media.
The positive results reached by **International Businesses**, despite the risks at the global level on the side of consumption and advertising sales, confirm the Group's proprietary brand appeal, particularly for *Grazia* and the upscale magazines, on a continuous geographical expansion trend through the launch of new editions.
In relation to **Advertising**, the positive trend registered in 2010 was definitely reversed in the first four-month period of 2011, showing a 2.6% drop (source: Nielsen). Among the main information media, only the web shows a growth trend (+17.6%), while all the other media are negative, even if magazines perform better than dailies, dropping by only 1%. Mondadori Pubblicità faces this scenario by implementing important mitigation actions, such as changes at the organisation and commercial level, brand extension initiatives (i.e. design of events) and better customisation of the offering, developed also through integrated and multimedia proposals.
The risk factors for **Direct** are specifically focused on technological innovation, which may have an impact on sales in the traditional channels, following new content exploration means (e-book) and on the increasing competition in the sector, as a result of the development of other book store chains and hypermarkets. Management has adopted suitable strategies, including customer loyalty and store improvement programmes, and attentively monitors the market in order to promptly and effectively respond to changes.
The business maturity, the regulatory constraints and the evolution in the market that influence CEmit and Mondolibri operations, make it difficult to attain additional development margins. As a result, the Companies are currently implementing specific actions and initiatives to consolidate and retain the currently existing customer base.
Monradio is subject to the negative trend of advertising sales in the radio channel, which in the first four months of the year posted -7.2%, definitely reversing the trend of recovery recorded in 2010. In addition to this, after a long period of *empasse*, Audiradio was recently wound up, a company owned by the main broadcasters, responsible for audience rate data processing, which is expected to further put a brake on capital expenditures. Despite the sector situation described above, Monradio continues on with the implementation of its development plans through intense communication activities, attention to multimedia content and programme renewal.

Regulatory risk
The Mondadori Group operates in a complex regulatory context. The regulatory changes may have an impact both in terms of higher charges in the internal processes of Governance & Compliance with regard to specific issues, such as Italian Legislative Decree 231/01, Italian Legislative Decree 196/03 on Privacy and Italian Law 262/05 in the matter of protection of savings and fiscal fulfilments; and on the ability to compete in some business areas, as in the case of **Mondadori Education**, whose activity is strictly linked to the reform of the school system and **Mondadori Electa**, subject, due to the nature of its Cultural Heritage business, to the changes in the criteria of assignment of add-on services at museum sites.

Risk associated with brand protection
The Mondadori Group is aware that its prestige and future growth opportunities lie in its brands, content and authors. For this reason, it considers them an asset to protect and improve. As a result, the Group's policies and activities are focused on maintaining and improving the value of such intangible assets, by preventing occurrence of events that may damage the Group's image or by promptly reacting in order to limit any negative repercussions on the Group's activities, image and results.

Relevant events occurred in the period

Renewal of the Shareholders' authorisation to purchase and sell Treasury Shares
The Shareholders' Meeting of 21 April 2011 resolved upon the renewal of the authorisation to purchase Treasury Shares following to the expiry of the preceding authorisation resolved upon on 27 April 2010.
It should be noted that the Shareholders' Meeting of 27 April 2010 authorised the purchase of Treasury Shares up to a maximum of 15% of the share capital, represented by no. 38,914,474 ordinary shares, including the shares already in the portfolio.
Taking the no. 22,367,587 shares into account (8.62% of the share capital), already directly or indirectly held, such authorisation had already attributed the faculty of purchasing up to a maximum of additional no. 16,546,887 Treasury Shares.

The Shareholders' Meeting also resolved upon the authorisation to sell the Treasury Shares purchased or already in the Company portfolio pursuant to art. 2357 ter of the Italian Civil Code.

Here below are the main elements of the authorised purchase programme:

<u>Motivations</u>
The renewal of the authorisation to purchase and sell Treasury Shares is aimed at maintaining the faculty of applying the law provisions in the matter of any additional re-purchase plans and, consequently, of picking up any investment and operational opportunities on such Treasury Shares by specifically attributing to the Board of Directors the following powers:

- to sell Treasury Shares against the exercise of option rights for the relevant purchase granted to the beneficiaries of the Stock Option Plans established by the Shareholders' Meeting;
- to use the Treasury Shares purchased or in the Company portfolio against the exercise of option rights, including conversion, deriving from financial instruments issued by the company, its subsidiaries or third parties;
- to use the Treasury Shares purchased or in the Company portfolio as compensation for the acquisition of interests within the framework of the Company's investments;
- to possibly rely on investment opportunities, if considered strategic by the Company, also in relation to available liquidity.

<u>Duration</u>
Until the approval of the 2011 financial statements.

Maximum number of purchasable Treasury Shares
In line with the preceding authorisation close to expiry, the new one refers to the purchase of a maximum number of additional n.16,546,887 Treasury Shares which, in consideration of the already directly or indirectly held Treasury Shares as indicated above, reaches a total of 15% of the Company's current share capital.
Following to the completion of the disposal process for no. 12,971,492 Treasury Shares and the consequent reduction in the Company's capital, resolved by the Extraordinary Shareholders' Meeting and described here below, the authorised purchases would amount to a total of 10.52% of the Company's share capital.

Criteria for the purchase of Treasury Shares and indication of the minimum and maximum price
Purchases shall be made on markets regulated pursuant to art. 132 of Italian Legislative Decree no. 58 of 24 February 1998 and art. 144 bis, par. 1, letter B of Consob Regulation no. 11971/99 in accordance with the operating procedures established by the rules for the organization and management of said markets, which do not allow the direct matching of buy orders with predetermined sell orders.
The minimum and maximum purchase price is determined under the same conditions established by the preceding Shareholders' Meetings' authorisations and, therefore, at a unit price not lower than the official Stock Exchange price of the day preceding the purchase transaction, reduced by 20%, and not higher than the official Stock Exchange price of the day preceding the purchase transaction, increased by 10%.
In terms of daily prices and volumes the purchase transactions would be completed in compliance with the conditions established in EEC regulation no. 2273/2003, and, specifically:

- the Company shall not purchase Treasury Shares at a price higher than the highest between the price of the latest single transaction and that of the highest single bid traded in the regulated market in which such purchase takes place;
- in terms of daily purchase volumes, the Company shall not purchase a quantity of shares higher than 25% of the daily average volume of Mondadori shares traded in the regulated market and calculated based on the daily average traded volume of Mondadori shares in the 20 trading days preceding the dates of purchase.

Disposal of a portion of Treasury Shares held in the Company's portfolio and corresponding to 5% of the share capital

As indicated above, Arnoldo Mondadori Editore S.p.A. directly or indirectly holds a total of no. 22,367,587 Treasury Shares, corresponding to 8.62% of the Company's share capital, of which no. 17,850,101 shares are directly owned, equal to 6.88% of the Company's share capital and purchased at an average price of euro 6.1697, and no. 4,517,486 shares are indirectly owned through its subsidiary Mondadori International S.p.A.

The Extraordinary Shareholders' Meeting of 21 April 2011 resolved upon the disposal of no. 12,971,492 Treasury Shares with a nominal unit value of euro 0.26, corresponding to 5% of the Company's share capital, keeping in its portfolio, also for the purpose of the stock option plans in place, the additional no. 4,878,609 shares, in addition to the no. 4,517,486 owned by Mondadori International S.p.A.
The proposal to dispose of such portion of the Treasury Shares held in the Company's portfolio derives from the consideration that in recent years the events that had led to the resolution by the

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Shareholders to authorize the purchase of Treasury Shares, such as their use for stock exchange transactions or financial instrument conversion, did not occur.

Following to the said disposal and the consequent reduction in the number of shares representing the Company's share capital, the Company's equity structure is optimised with a positive impact in terms of increased earnings per share and dividend per share concurrently maintaining the necessary robustness to support the Company's future growth objectives.

In terms of the impact on accounting, in compliance with international accounting standards, the registered Treasury Shares reducing the Company's equity are decreased by approximately euro 80,030,000 due to the reduction in the Company's share capital for a nominal value of euro 3,372,587.92 – corresponding to no. 12,971,492 shares with a nominal unit value of euro 0.26 subject to disposal – and the reduction in the share premium reserve item by approximately euro 76,658,000.

The reduction in the Company's share capital approved by the Shareholders' Meeting shall become effective subject to the lapse of the term of 90 days after the date of registration of the relevant resolutions without objections raised pursuant to art. 2445 of the Italian Civil Code.

Purchases of Treasury Shares in the first half of 2011

In the first half of 2011, no Treasury Shares have been either purchased or sold.
As at 30 June 2011 the number of Treasury Shares held, for a total book value of euro 145 million, remained unchanged at no. 22,367,587, corresponding to 8.62% of the Company's share capital, of which no. 17,850,101 are directly owned by Arnoldo Mondadori Editore S.p.A. and no. 4,517,486 are owned by the subsidiary Mondadori International S.p.A.

In July, a total of no. 1,000,000 Treasury Shares, corresponding to 0.38% of the Company's share capital, for a price of euro 2,302,358 have been purchased in the Mercato Telematico Azionario (Italian Telematic Stock Exchange).

Following to the aforementioned transactions, Arnoldo Mondadori Editore S.p.A. directly owns no. 18,850,101 Treasury Shares (7.2660% of the Company's share capital) and considering the additional no. 4,517,486 shares owned by its subsidiary Mondadori International S.p.A, the overall number of Treasury Shares owned account for no. 23,367,587 (9.0073% of the Company's share capital).

Relevant events occurred after closure

No significant events have occurred after closure.

Other information

Here below is information provided in relation to the following specific items:

Transactions with related parties

In compliance with art. 2391 bis of the Italian Civil Code and according to the general principles established in the "Regulation in the matter of transactions with related parties" issued by Consob through Resolution no. 17221 of 12 March 2010 and subsequent changes (the "Consob Regulation"), the Board of Directors approved the "Procedures regarding transactions with related parties" (the "Mondadori Procedures") on 25 November 2010, subject to the opinion in favour of a Committee exclusively composed of directors qualified as independent pursuant to the Governance Code implemented by Borsa Italiana S.p.A.

These Procedures, which replace the preceding internal regulation adopted by the Board of Directors in this specific matter as of 1 January 2011, include the rules, roles, responsibilities and activities put in place in order to ensure the substantial transparency and correctness of the procedures regarding the transactions with the related parties performed by the Company directly or through its subsidiaries.

The "Procedures regarding transactions with related parties" are available in the www.mondadori.it website under Governance, governance system, regulations and procedures.

With reference to the provisions set out in art. 5, par. 8 of Consob Regulation, the following information regarding the period under investigation is hereby provided:

- no transactions have been completed for a higher value than that identified in the Mondadori Procedures pursuant to the provisions set out in the Consob Regulation;
- no transactions have been completed with the related parties which have had a relevant impact on the Company's equity or results.

Referred to Legislative Decree no. 173 of 3 November 2008, which amended art. 2427 of the Italian Civil Code introducing nos. 22 *bis* and *ter*, there were no atypical o inusual operations, unrelated to the normal company activity.
The transactions completed with related parties were accomplished under market conditions and transactions of a commercial and financial nature; those completed with subsidiary and associated companies had commercial nature, and the intercompany current account, managed by Arnoldo Mondadori Editore S.p.A., receive the debt and credit positions of the Group's subsidiary and associated companies.

For further details reference should be made to the Explanatory Notes to the Group's Consolidated Half-Year Report.

Relationship between Parent Company's net equity and results and Group consolidated net equity and results

The following table shows a combined comparison between Arnoldo Mondadori Editore S.p.A.'s net equity and results and the Group's consolidated net equity and results.

(Euro/thousand)	**Net equity**	**Net result for the period**
Balance as per Parent Company's financial statements	**534,302**	**55,601**
Dividends received by the Parent Company from subsidiary and associated companies	-	(37,949)
Cancellation of intercompany profits	(8,156)	122
Equity and financial contribution from associated companies	(31,771)	290
Equity and financial contribution from subsidiary companies, net of the aforementioned items	70,440	4,653
Balance as per Group's consolidated financial statements	**564,815**	**22,717**

Foreseeable evolution

The situation in terms of growth and employment in Italy and also in Europe is not expected to improve. In recent times, alarming worries regarding the situation of the public accounts for the entire Eurozone have intensified, with an irrepressible impact on social security and tax-related policies and, last but not least, on household propensity to saving and spending.
This scenario, characterised by strong uncertainties regarding the evolution of the socio-economic situation, had immediate repercussions also on companies' willingness to invest.

Mondadori Group results for the first half of 2011 are particularly relevant in relation to the afore described general bearish economic climate; the relevance of the core business and the attention to cost reduction enabled the Group to obtain a growing EBIT rate for the sixth quarter in a row.

In the coming months the commitment to the most traditional activities shall be accompanied by an increased focus on the digital area, with an acceleration of the product offering, including digital services and loyalty programmes for the customers attached to the Group's brands and communities.

Predicting market trends has never been so difficult, since now external and cross-border phenomena play an increasingly important role.
Though perfectly aware of the situation described above, the determination in the management of the core business and in the development of new opportunities, excluding additional massive changes in the markets, should allow the Mondadori Group to reach improved profitability levels by year end without deferring capital expenditures deemed necessary for the development of the new digital business.

For the Board of Directors
The Chairman
Marina Berlusconi

Group's Abbreviated Consolidated Financial Statements as at 30 June 2011

Group's Consolidated Balance Sheet

Assets *(Euro/thousand)*	Note	**30 June 2011**	**31 December 2010**
Intangible assets	9	**897,719**	**901,468**
Property investments	10	**2,788**	**2,383**
Land and buildings		10,351	10,680
Plants and machinery		12,493	5,513
Other tangible assets		30,743	39,766
Properties, plants and machinery	11	**53,587**	**55,959**
Investments valued at equity		125,931	131,464
Other investments		1,572	222
Total investments	12	**127,503**	**131,686**
Non-current financial assets	19	**1,596**	**1,889**
Anticipated tax assets	13	**40,827**	**45,679**
Other non-current assets	14	**1,321**	**1,390**
Total non-current assets		**1,125,341**	**1,140,454**
Tax receivables	15	**34,472**	**28,709**
Other current assets	16	**87,525**	**81,667**
Inventory	17	**134,946**	**131,484**
Trade receivables	18	**363,791**	**385,207**
Other current financial assets	19	**33,974**	**31,942**
Cash and other cash equivalents	19	**29,019**	**84,901**
Total current assets		**683,727**	**743,910**
Assets held for sale or transferred		**-**	**-**
Total assets		**1,809,068**	**1,884,364**

Group's Consolidated Balance Sheet

Liabilities *(Euro/thousand)*	Note	**30 June 2011**	**31 December 2010**
Share capital		**67,452**	**67,452**
Share premium reserve		**286,857**	**286,857**
Treasury shares		**(144,968)**	**(144,968)**
Other reserves and result carried forward		**332,757**	**327,771**
Profit (loss) for the period		**22,717**	**42,101**
Group's net equity	20	**564,815**	**579,213**
Minority interests	20	**1,598**	**1,750**
Total net equity		**566,413**	**580,963**
Provisions	21	**37,796**	**43,416**
Post-employment benefits	22	**53,193**	**53,159**
Non-current financial liabilities	19	**407,440**	**418,468**
Deferred tax liabilities	13	**93,498**	**91,189**
Other non-current liabilities		**-**	**-**
Total non-current liabilities		**591,927**	**606,232**
Income tax payables	23	**25,175**	**22,619**
Other current payables	24	**235,298**	**250,966**
Trade payables	25	**333,867**	**380,895**
Payables t/w banks and other financial liabilities	19	**56,388**	**42,689**
Total current liabilities		**650,728**	**697,169**
Liabilities held for sale or transferred		**-**	**-**
Total liabilities		**1,809,068**	**1,884,364**

Group's Consolidated Income Statement

(Euro/thousand)	Note	**1st half 2011**	**1st half 2010**
Revenues from sales and services	26	**741,411**	**726,785**
Inventory decrease (increase)	17	(3,305)	1,350
Costs of raw, ancillary, consumption materials and goods	27	114,352	113,532
Costs of services	28	425,928	401,980
Personnel	29	137,711	134,263
Sundry costs (revenues)	30	20,083	24,246
Revenues (costs) from investments valued at equity	31	12,344	3,137
EBITDA		**58,986**	**54,551**
Depreciation and impairment loss of properties, plants and machinery	10-11	5,559	6,158
Amortisation and impairment loss of intangible assets	9	5,477	5,567
EBIT		**47,950**	**42,826**
Financial revenues (costs)	32	(10,395)	(11,999)
Revenues (costs) from other investments		-	-
Pre-tax result		**37,555**	**30,827**
Income tax	33	14,813	15,344
Results from operations		**22,742**	**15,483**
Revenues (costs) from assets /liabilities held for sale or transferred		-	-
Net result		**22,742**	**15,483**
Attributable to:			
- Minority interests		**25**	**384**
- Holding company's shareholders		**22,717**	**15,099**

Earnings per share (in euros)	34	0.10	0.06
Diluted earnings per share (in euros)	34	0.10	0.06

Group's Consolidated Comprehensive Income Statement

(Euro/thousand)	**30 June 2011**	**30 June 2010**
Net result before minority interests	**22,742**	**15,483**
Profit (loss) deriving from the conversion of foreign companies' financial statements	(3)	46
Other profits (loss) from companies valued at equity	(1,825)	(281)
Effective portion of profit (loss) on cash flow hedge instruments	3,220	(3,906)
Profit (loss) deriving from assets held for sale (*fair value*)	1,035	(2,662)
Tax impact on other profit (loss)	-	-
Total other profit (loss) net of taxes	2,427	(6,803)
Comprehensive result for the period	**25,169**	**8,680**
Attributable to:		
- Minority interests	**25**	**384**
- Holding company's shareholders	**25,144**	**8,296**

For the Board of Directors
The Chairman
Marina Berlusconi

Table of variations in the Group's Consolidated Net Equity as at 30 June 2010

(Euro/thousand)	Note	Share capital	Share premium reserve	Treasury shares	Stock options reserve	Cash flow hedge reserve	Fair value reserve	Conversion reserve	Other reserves	Profit (loss) for the period	Total Group Net Equity	Minority Interests Net Equity	Total
Balance as at 1 January 2010		**67,452**	**286,857**	**(138,840)**	**6,701**	**(4,660)**	**(257)**	**(567)**	**293,484**	**34,333**	**544,503**	**1,778**	**546,281**
- Result allocation									34,333	(34,333)	-		-
- Dividend payout											-	(567)	(567)
- Variations in the consolidation area											-		-
- Transactions on treasury shares				(6,127)							(6,127)		(6,127)
- Stock options					78				177		255		255
- Other transactions									140		140		140
- Comprehensive profit (loss)						(3,906)	(2,662)	(235)		15,099	8,296	384	8,680
Balance as at 30 June 2010		**67,452**	**286,857**	**(144,967)**	**6,779**	**(8,566)**	**(2,919)**	**(802)**	**328,134**	**15,099**	**547,067**	**1,595**	**548,662**

Table of variations in the Group's Consolidated Net Equity as at 30 June 2011

(Euro/thousand)	Note	Share capital	Share premium reserve	Treasury shares	Stock options reserve	Cash flow hedge reserve	Fair value reserve	Conversion reserve	Other reserves	Profit (loss) for the period	Total Group Net Equity	Minority Interests Net Equity	Total
Balance as at 1 January 2011		**67,452**	**286,857**	**(144,968)**	**7,125**	**(5,235)**	**(1,793)**	**(610)**	**328,284**	**42,101**	**579,213**	**1,750**	**580,963**
- Result allocation									1,800	(1,800)	-		-
- Dividend payout	20									(40,301)	(40,301)	(533)	(40,834)
- Variations in the consolidation area											-		-
- Transactions on treasury shares											-		-
- Stock options					(1,487)				1,815		328		328
- Other transactions									431		431	356	787
- Comprehensive profit (loss)						3,220	1,035	(1,828)		22,717	25,144	25	25,169
Balance as at 30 June 2011		**67,452**	**286,857**	**(144,968)**	**5,638**	**(2,015)**	**(758)**	**(2,438)**	**332,330**	**22,717**	**564,815**	**1,598**	**566,413**

For the Board of Directors
The Chairman
Marina Berlusconi

Group's Consolidated Cash Flow Statement

(Euro/thousand)	Note	1st half 2011	1st half 2010
Net result for the period		22,717	15,099
Adjustments			
Amortisation, depreciation and impairments	9-10-11	11,036	11,725
Income tax for the period		14,813	15,344
Stock options		328	255
Fund provisions (utilisation) and post-employment benefits		(4,325)	(212)
Capital loss (gain) from the transfer of intangible assets, properties, plants and machinery, investments		(176)	(148)
Capital loss (gain) from financial assets valuation	32	725	(706)
(Revenues) costs of companies valued at equity	31	(12,344)	(3,137)
Net financial costs on loans and transactions with derivatives		8,221	9,593
Cash flow generations from operations		**40,995**	**47,813**
Trade receivable (increase) decrease		25,226	26,600
Inventory (increase) decrease		(280)	2,207
Trade payable increase (decrease)		(43,258)	(28,498)
Income tax payments	15-23	(1,287)	(1,639)
Advances and post-employment benefits	22	(1,699)	(7,488)
Net difference for other assets/liabilities		(36,208)	(35,266)
Cash flow generated (absorbed) by operations		**(16,511)**	**3,729**
Price collected (paid) net of cash transferred / acquired	8	(66)	1,955
(Purchase) disposal of intangible assets		(8,856)	(5,232)
(Purchase) disposal of properties, plants and machinery		(1,263)	(3,042)
(Purchase) disposal of investments		14,928	4,120
(Purchase) disposal of financial assets		1,791	(16,387)
Cash flow generated (absorbed) by investment activities		**6,534**	**(18,586)**
Net difference in financial liabilities	19	1,495	(60,059)
Payment of net financial costs on loans and transactions with derivatives		(7,099)	(13,075)
(Purchase) transfer of treasury shares		-	(6,127)
Dividends paid out		(40,301)	-
Cash flow generated (absorbed) by the financing activity		**(45,905)**	**(79,261)**
Increase (decrease) of cash and cash equivalents		**(55,882)**	**(94,118)**
Cash and cash equivalents at the beginning of the period	19	**84,901**	**119,627**
Cash and cash equivalents at the end of the period	19	**29,019**	**25,509**
Cash composition and other cash equivalents			
Cash, cheques and securities		1,304	1,264
Bank and postal deposits		27,715	24,245
	19	**29,019**	**25,509**

For the Board of Directors
The Chairman
Marina Berlusconi

Six monthly financial report to 30 June 2011
Interim abbreviated consolidated balance sheet - Balance sheet highlights
Figures are in €,000

Group's Consolidated Balance Sheet Pursuant to Consob Regulation no. 15519 of 27 July 2006

Assets *(Euro/thousand)*	Note	**30 June 2011**	of which related parties (note 37)	**31 December 2010**	of which related parties (note 37)
Intangible assets	9	**897,719**	-	**901,468**	-
Investments	10	**2,788**	-	**2,383**	-
Land and buildings		10,351	-	10,680	-
Plants and machinery		12,493	-	5,513	-
Other tangible assets		30,743	-	39,766	-
Investments, plants and machinery	11	**53,587**	0	**55,959**	0
Investments valued at equity		125,931	-	131,464	-
Other investments		1,572	-	222	-
Total investments	12	**127,503**	0	**131,686**	0
Non-current financial assets	19	**1,596**	-	**1,889**	-
Anticipated tax assets	13	**40,827**	-	**45,679**	-
Other non-current assets	14	**1,321**	-	**1,390**	-
Total non-current assets		**1,125,341**	**0**	**1,140,454**	**0**
Tax receivables	15	**34,472**	2,368	**28,709**	2,481
Other current assets	16	**87,525**	-	**81,667**	-
Inventory	17	**134,946**	-	**131,484**	-
Trade receivables	18	**363,791**	35,789	**385,207**	39,155
Other current financial assets	19	**33,974**	7,483	**31,942**	1,399
Cash and other cash equivalents	19	**29,019**	-	**84,901**	-
Total current assets		**683,727**	**45,640**	**743,910**	**43,035**
Assets held for sale or transferred		**-**	**-**	**-**	-
Total assets		**1,809,068**	**45,640**	**1,884,364**	**43,035**

Six monthly financial report to 30 June 2011
Interim abbreviated consolidated balance sheet - Balance sheet highlights
Figures are in €,000

Group's Consolidated Balance Sheet Pursuant to Consob Regulation no. 15519 of 27 July 2006

Liabilities *(Euro/thousand)*	Note	**30 June 2011**	of which related parties (note 37)	**31 December 2010**	of which related parties (note 37)
Share capital		**67,452**	-	**67,452**	-
Share premium reserve		**286,857**	-	**286,857**	-
Treasury shares		**(144,968)**	-	**(144,968)**	-
Other reserves and result carried forward		**332,757**	-	**327,771**	-
Profit (loss) for the period		**22,717**	-	**42,101**	-
Group's net equity	20	**564,815**	**0**	**579,213**	**0**
Minority interests	20	**1,598**	-	**1,750**	-
Total net equity		**566,413**	**0**	**580,963**	**0**
Provisions	21	**37,796**	-	**43,416**	-
Post-employment benefits	22	**53,193**	-	**53,159**	-
Non-current financial liabilities	19	**407,440**	50,000	**418,468**	50,000
Deferred tax liabilities	13	**93,498**	-	**91,189**	-
Other non-current liabilities		**-**	-	**-**	-
Total non-current liabilities		**591,927**	**50,000**	**606,232**	**50,000**
Income tax payables	23	**25,175**	11,928	**22,619**	18,487
Other current payables	24	**235,298**	-	**250,966**	-
Trade payables	25	**333,867**	71,637	**380,895**	90,891
Payables t/w banks and other financial liabilities	19	**56,388**	3,754	**42,689**	8,831
Total current liabilities		**650,728**	**87,319**	**697,169**	**118,209**
Liabilities held for sale or transferred		**-**	**-**	**-**	-
Total liabilities		**1,809,068**	**137,319**	**1,884,364**	**168,209**

Grou's Consolidated Income Statement Pursuant to Consob Regulation no. 15519 of 27 July 2006

(Euro/thousand)	Note	1st half 2011	of which related parties (note 37)	of which extraordinary costs (revenues) (note 36)	1st half 2010	of which related parties (note 37)	of which extraordinary costs (revenues) (note 36)
Revenues from sales and services	26	**741,411**	**30,043**	**-**	**726,785**	**35,078**	**-**
Inventory decrease (increase)	17	(3,305)	-	-	1,350	-	-
Costs of raw, ancillary, consumption materials and goods	27	114,352	6,564	-	113,532	10,510	-
Costs of services	28	425,928	107,021	-	401,980	107,863	-
Personnel	29	137,711	-	-	134,263	-	-
Sundry costs (revenues)	30	20,083	(3,466)	-	24,246	(3,981)	-
Revenues (costs) from investments valued at equity	31	12,344	-	-	3,137	-	-
EBITDA		**58,986**	**(80,076)**	**0**	**54,551**	**(79,314)**	**0**
Depreciation and impairment loss on investments, plants and machinery	10-11	5,559	-	-	6,158	-	-
Amortisation and impairment loss on intangible assets	9	5,477	-	-	5,567	-	-
EBIT		**47,950**	**(80,076)**	**0**	**42,826**	**(79,314)**	**0**
Financial revenues (costs)	32	(10,395)	(607)	-	(11,999)	(28)	-
Revenues (costs) from other investments		-	-	-	-	-	-
Pre-tax result		**37,555**	**(80,683)**	**0**	**30,827**	**(79,342)**	**0**
Income tax	33	14,813	-	-	15,344	-	-
Result from operations		**22,742**	**(80,683)**	**0**	**15,483**	**(79,342)**	**0**
Revenues (costs) from assets/liabilities held for sale or transferred		-	-	-	-	-	-
Net result		**22,742**	**(80,683)**	**0**	**15,483**	**(79,342)**	**0**
Attributable to:							
- Minority interests		**25**		-	**384**		-
- Holding company's shareholders		**22,717**		-	**15,099**		-

Accounting Principles and Explanatory Notes

1. General information

The main corporate purpose of Arnoldo Mondadori Editore SpA and the companies in which it has direct and indirect investments ("Mondadori Group" or the "Group") is to carry out business activities connected with the book and magazine publishing sectors, radio broadcasting activities and the sale of advertising.

The Group is also involved in retailing through a chain of its own shops and franchising outlets located throughout Italy, direct marketing and mail-order sales of editorial products.

In 2011, Mondadori extended its product and service offering through the use of cutting-edge technology.

Arnoldo Mondadori Editore SpA has its registered office in via Bianca di Savoia 12, Milan, Italy, while its main administrative offices are in Segrate, Milan, in Strada privata Mondadori.

The parent company, Arnoldo Mondadori Editore SpA, is listed on the MTA (Italian telematic share market) of Borsa Italiana SpA.

The publication of Mondadori Group's interim consolidated financial statements for the period ended 30 June 2011 was authorised by Board of Directors' resolution dated 27 July 2011.

2. Form and content

The Group's interim consolidated report includes the Group's consolidated interim summary financial statements and was drafted in compliance with IAS 34 and art. 154 ter of the Finance Consolidation Act and therefore does not include all supplementary information requested in the annual report and should be construed jointly with the Group's consolidated financial statements ended as at 31 December 2010.

The tables included in these financial statements were drafted according to the following criteria:

- current and non-current assets and current and non-current liabilities are shown separately in the consolidated balance sheet;
- in the consolidated separate income statement, the analysis of costs is carried out on the basis of the nature of the costs, due to the Group's decision that this method is more representative than an analysis by function;
- the consolidated comprehensive income statement contains revenue and cost items that are not recognised under profit (loss) for the period as required or allowed by the other IAS/IFRS accounting standards;
- the cash flow statement has been prepared using the indirect method.

With reference to the requirements of Consob Resolution 15519 of 27 July 2006 concerning the tables used in financial statements, specific supplementary tables were included to highlight significant transactions with “Related parties” and “Extraordinary transactions”.

The amounts shown in the tables and in the notes are expressed in thousands of euros, unless specifically indicated.

3. Consolidation area

The changes made to the consolidation area during the first half of 2011 are detailed here below:

- AME Editoriale Wellness S.r.l. (formerly Mondadori Rodale S.r.l.) was added to the companies consolidated according to the global integration method, which was previously consolidated based on equity until 30 June 2011. For further information reference should also be made to Note 8.1;
- As of end of June the entire interest held in the joint venture Hearst Mondadori Editoriale S.r.l., equal to 50% of the Company’s share capital, was transferred. For further information reference should also be made to Note 8.2;
- In relation to minority interests, the acquisitions of distributors of French periodicals and those in relation to the management of radio equipment are worthy of note.

4. Drafting criteria

The Mondadori Group’s Interim Abbreviated Financial Statements were drafted on the understanding of business continuity, adopting the same accounting principles used for the preparation of the consolidated financial statements for the year ended as at 31 December 2010, except for those which went into effect as of 1 January 2011, as specified here below:

IAS 24 – Related party disclosures

The revised version of IAS 24 – Related party disclosures – came into effect as of 1 January 2011.

The adoption of this standard did not have any effect in relation to the items included in these financial statements and had no impact on the content of the relevant disclosures.

The following amendments, improvements and interpretations, effective as of 1 January 2011, regulate events and cases not present in the Group as at the date of closure of these mid-year financial statements, but which may have accounting effects on future transactions or agreements:

- Amendment to IAS 32 – Financial Instruments Presentation: Classification of rights issues;
- Amendment to IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments;
- Improvements to IAS/IFRS (2010).

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5. Use of estimates

The drafting of the Group’s interim abbreviated consolidated financial statements and the relevant notes required the use of estimates and assumptions based on subjective judgements, statistics and available information; the final figures may also significantly differ from such estimates according to eventual changes in the criteria used in the determination of such estimates.

For more information about the main accounting estimates, reference should be made to the “Annual Report” drafted as at 31 December 2010.

6. Seasonal nature of business activities

Due to the seasonal nature of the school textbook publishing sector, revenues and profits for the second half of the year are expected to be higher than those for the first six months.
Revenues resulting from the adoption of textbooks by schools are concentrated in the second half of the year, coinciding with the beginning of the school year.

7. Segment information

The information required by IFRS 8 reflects the Group organisational structure, which includes the following Divisions: Books, Italian Magazines and French Magazines, Advertising, Direct Marketing and Retail and Radio Broadcasting and Central Units.

This structure provides a clear representation of the Group’s differentiation in terms of products sold and services rendered and is used as the basis for corporate reporting in the definition of corporate strategies and plans, as well as in the valuation of investment opportunities and allocation of resources.

Information relating to segment reporting is included in the notes here below.

8. Business combinations, acquisitions and disposals

Here below is a summary of the most significant transactions completed in the first six months of 2011.

8.1 Acquisition of 50% of Mondadori Rodale S.r.l.

At the end of June 2011, Arnoldo Mondadori Editore S.p.A. acquired from Rodale Inc. 50% of Mondadori Rodale S.r.l., a publishing house producing *Starbene* and *Men’s Health* magazines, according to a license agreement, bringing its share to 100%.

This transaction was completed upon the payment of a price equal to euro 250,000 and pursuant to IFRS 3R it falls into the category of a business combination, since it allows the Mondadori Group to exercise exclusive control on the company.

The application of the aforementioned accounting standard and according to the economic entity theory, a goodwill payment equal to euro 61,000 was agreed upon.
The valuation of the previously owned interest was unchanged.
The table below illustrates the amounts recognised by each class of assets and liabilities as of the date of the acquisition.

Amounts in euro/thousand		**Book value**
Non-current assets		56.0
Current assets		3,230.0
Non-current liabilities		(779.0)
Current liabilities		(2,252.0)
Cash and cash equivalents		184.0
Net assets acquired	A	439.0
Price paid (compared to 100%)	B	500.0
Goodwill	**B-A**	**61.0**

8.2 Transfer of the interest owned in Hearst Mondadori Editoriale S.r.l.

At the end of June 2011, Mondadori transferred to HMI International Holdings Llc the entire interest owned in Hearst Mondadori Editoriale S.r.l., equal to 50%, against the payment of a price of euro 10 million, securing a capital gain of approximately euro 9.9 million.

9. Intangible assets

Intangible assets did not change substantially in the period of reference.
As inferrable from the tables below, investments and disposals, limited in their amounts, were mainly concentrated in the radio segment.

Intangible assets with a finite useful life include the magazines published by Mondadori Group France, comprising *Télestar*, *Closer*, *Pleine Vie*, *Le Chasseur Français*.

Here below is a table reporting 2010 figures and the figures relative to the first half of 2011.

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Intangible assets with a finite useful life *(euro/thousand)*	Magazines	Charges for taking over store lease contracts	*Software*	Licenses, patents and rights	Other intangible assets	Intangible assets in progress and advances	Total
Historical cost as at 31/12/2009	222,503	31,821	22,962	1,225	4,549	-	283,060
Acquisitions	-	-	1,256	61	99	719	2,135
Disposals	(400)	(85)	(5,750)	(225)	(334)	-	(6,794)
Changes in the consolidation area	-	-	919	-	-	-	919
Other changes	(103)	-	-	(15)	-	-	(118)
Historical cost as at 31/12/2010	222,000	31,736	19,387	1,046	4,314	719	279,202
Accumulated amortisation and impairment loss as at 31/12/2009	20,632	8,668	19,819	1,162	3,645	-	53,926
Amortisation	7,177	1,797	1,927	35	297	-	11,233
Impairment/reversal of impairment	900	-	-	-	-	-	900
Disposals	(33)	(85)	(5,732)	(225)	(334)	-	(6,409)
Changes in the consolidation area	-	-	682	-	-	-	682
Other changes	(103)	-	-	(13)	(2)	-	(118)
Accumulated amortisation and impairment loss as at 31/12/2010	28,573	10,380	16,696	959	3,606	0	60,214
Net value as at 31/12/2009	201,871	23,153	3,143	63	904	0	229,134
Net value as at 31/12/2010	**193,427**	**21,356**	**2,691**	**87**	**708**	**719**	**218,988**

Intangible assets with a finite useful life *(ero/thousand)*	Magazines	Charges for taking over store lease contracts	*Software*	Licenses, patents and rights	Other intangible assets	Intangible assets in progress and advances	Total
Historical cost as at 31/12/2009	222,000	31,736	19,387	1,046	4,314	719	279,202
Acquisitions	-	-	784	7	-	183	974
Disposals	-	-	(347)	-	-	-	(347)
Changes in the consolidation area	-	-	-	-	36	-	36
Other changes	-	-	407	-	334	(595)	146
Historical cost as at 30/06/2011	222,000	31,736	20,231	1,053	4,684	307	280,011
Accumulated amortisation and impairment loss as at 31/12/2010	28,573	10,380	16,696	959	3,606	-	60,214
Amortisation	3,581	899	826	20	151	-	5,477
Impairment/reversal of impairment	-	-	-	-	-	-	0
Disposals	-	-	(347)	-	-	-	(347)
Changes in the consolidation area	-	-		-	33	-	33
Other changes	-	-	(1)	-	334	-	333
Accumulated amortisation and impairment loss as at 30/06/2011	32,154	11,279	17,174	979	4,124	0	65,710
Net value as at 31/12/2010	193,427	21,356	2,691	87	708	719	218,988
Net value as at 30/06/2011	**189,846**	**20,457**	**3,057**	**74**	**560**	**307**	**214,301**

Intangible assets with an indefinite useful life include the magazines acquired by Silvio Berlusconi Editore S.p.A., (comprising *TV Sorrisi e Canzoni*, *Chi*, *Telepiù*) and by Elemond S.p.A. (*Interni* and *Casabella*); the imprints and book series published by Einaudi, Sperling & Kupfer, Piemme, the educational publishing houses; the radio frequencies of *R101* and goodwill regarding the relevant Cash Generating Units.

The table below shows 2010 figures and the figures of the first half of 2011.

Intangible assets with an indefinite useful life *(euro/thousand)*	Magazines	Series	Imprints	Radio frequencies	Goodwill	Total
Historical cost as at 31/12/2009	98,158	31,509	6,470	126,361	431,903	694,401
Investments	-	-	60	1,676	7,601	9,337
Disposals	-	-	-	(341)	(652)	(993)
Changes in the consolidation area	-	-	-	-	-	0
Other changes	-	-	-	-	(3,655)	(3,655)
Historical cost as at 31/12/2010	98,158	31,509	6,530	127,696	435,197	699,090
Impairment as at 31/12/2009	10,226	-	2,014	2,910	4,102	19,252
Impairment/reversal of impairment	-	-	812	-	200	1,012
Other changes	-	-	1	-	(3,655)	(3,654)
Impairment loss as at 31/12/2010	10,226	0	2,827	2,910	647	16,610
Net value as at 31/12/2009	87,932	31,509	4,456	123,451	427,801	675,149
Net value as at 31/12/2010	**87,932**	**31,509**	**3,703**	**124,786**	**434,550**	**682,480**

Intangible assets with an indefinite useful life *(euro/thousand)*	Magazines	Series	Imprints	Radio frequencies	Goodwill	Total
Historical cost as at 31/12/2010	98,158	31,509	6,530	127,696	435,197	699,090
Investments	-	-	-	1,160	61	1,221
Disposals	-	-	-	(283)	-	(283)
Changes in the consolidation area	-	-	-	-	-	0
Other changes	-	-	-	-	-	0
Historical cost as at 30/06/2011	98,158	31,509	6,530	128,573	435,258	700,028
Impairment as at 31/12/2010	10,226	-	2,827	2,910	647	16,610
Impairment/reversal of impairment	-	-	-	-	-	0
Other changes	-	-	-	-	-	0
Impairment loss as at 30/06/2011	10,226	0	2,827	2,910	647	16,610
Net value as at 31/12/2010	87,932	31,509	3,703	124,786	434,550	682,480
Net value as at 30/06/2011	**87,932**	**31,509**	**3,703**	**125,663**	**434,611**	**683,418**

There are no restrictions or liens on the availability and use of the intangible assets recognised in these financial statements.

Amortisation, impairment and reversal of impairment of intangible assets
The following table shows the amounts recognised in the "Amortisation, impairment and reversal of impairment of intangible assets" item under income statement resulting from the amortisation of intangible assets with both finite and indefinite useful life.

Accumulated amortisation and impairment loss of intangible assets *(euro/thousand)*	**1st half 2011**	**1st half 2010**
Magazines	3,581	3,586
Charges for taking over store lease contracts	899	899
Software	826	916
Licenses, patents and rights	20	21
Other intangible assets	151	145
Total accumulated amortisation and impairment loss of intangible assets	**5,477**	**5,567**
Impairment of intangible assets	-	-
Reversal of impairment of intangible assets	-	-
Total impairment (reversal of impairment) of intangible assets	**0**	**0**
Total accumulated amortisation and impairment loss of intangible assets	**5,477**	**5,567**

Impairment test process
Upon drafting these interim financial statements, Top Management verified the up-to-dateness of the forecasts included in the three/five-year budget plans used to estimate the fair value and the value in use as at 31 December 2010 in order to determine the possible reversal of impairment on the magazines, series, imprints, interest and goodwill.

The analysis conducted confirmed the assumptions adopted in the preparation of the plans. For more information and for the description of the impairment test process used by the Group reference should be made to the "Annual Report".

Here below is a detailed analysis, updated to 30 June 2011, of the value of assets, broken down by Cash Generating Unit:

Cash Generating Unit *(euro/thousand)*	Magazines	Series	Imprints	Radio frequencies	Goodwill	Location	Total
Group of Cash Generating Unit magazines from former Silvio Berlusconi Editore	83,579				731		84,310
Group of Cash Generating Unit magazines from former Elemond	2,246		12		311		2,569
Cash Generating Unit Einaudi		2,991			286		3,277
Cash Generating Unit Sperling & Kupfer		1,817			731		2,548
Cash Generating Unit Mondadori Education		18,933			12,042		30,975
Cash Generating Unit Piemme		7,768	519		5,059		13,346
Group of Cash Generating Unit *R101*			372	125,663			126,035
Group of Cash Generating Unit Mondadori France	189,845				407,788		597,633
Group of Cash Generating Unit location retail						20,457	20,457
Other Cash Generating Units	2,108		2,800		7,663		12,571
	277,778	**31,509**	**3,703**	**125,663**	**434,611**	**20,457**	**893,721**

10. Property investments

Changes in the period in the "Property investment" item refer to capex aimed at increasing the value of the already owned properties and the relevant amortisation and depreciation, equal to euro 45,000.

It should also be noted that there are no restrictions on the use of the assets classified under property investments.

11. Properties, plants and equipment

The following tables show the changes in 2010 and the first half of 2011.

Investments, limited to euro 3,101 thousand, mainly referred to furniture, fittings and office automation equipment in replacement of obsolete assets.

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Properties, plants and equipment *(euro/thousand)*	**Land**	**Instrumental buildings**	**Plants and equipment**	**Other tangible assets**	**Total**
Historical cost as at 31/12/2009	1,434	19,434	33,229	129,750	183,847
Investments	-	8	720	18,780	19,508
Disposals	-	-	(6,826)	(18,335)	(25,161)
Changes in the consolidation area	-	-	2,226	5,800	8,026
Other changes	-	7	-	-	7
Historical cost as at 31/12/2010	1,434	19,449	29,349	135,995	186,227
Accumulated depreciation and impairment Losses as at 31/12/2009	-	9,494	26,045	100,003	135,542
Depreciation	-	709	2,606	9,421	12,736
Impairment/(reversal of impairment)	-	-	-	-	0
Disposals	-	-	(6,826)	(18,059)	(24,885)
Changes in the consolidation area	-	-	2,011	4,864	6,875
Other changes	-	-	-	-	0
Accumulated depreciation and impairment losses as at 31/12/2010	0	10,203	23,836	96,229	130,268
Net value as at 31/12/2009	1,434	9,940	7,184	29,747	48,305
Net value as at 31/12/2010	**1,434**	**9,246**	**5,513**	**39,766**	**55,959**

Properties, plants and equipment *(euro/thousand)*	**Land**	**Instrumental buildings**	**Plants and equipment**	**Other tangible assets**	**Total**
Historical cost as at 31/12/2010	1,434	19,449	29,349	135,995	186,227
Investments	-	22	280	2,799	3,101
Disposals	-	-	(41)	(1,184)	(1,225)
Changes in the consolidation area	-	-	-	187	187
Other changes	-	-	7,836	(7,753)	83
Historical cost as at 30/06/2011	1,434	19,471	37,424	130,044	188,373
Accumulated depreciation and impairment Losses as at 31/12/2010	-	10,203	23,836	96,229	130,268
Depreciation	-	351	1,135	4,028	5,514
Impairment/(reversal of impairment)	-	-	-	-	0
Disposals	-	-	(39)	(1,034)	(1,073)
Changes in the consolidation area	-	-	-	175	175
Other changes	-	-	(1)	(97)	(98)
Accumulated depreciation and impairment losses as at 30/06/2011	0	10,554	24,931	99,301	134,786
Net value as at 31/12/2010	1,434	9,246	5,513	39,766	55,959
Net value as at 30/06/2011	**1,434**	**8,917**	**12,493**	**30,743**	**53,587**

Depreciation of properties, plants and equipment

The overall amount of depreciation for the period recognised in the "Depreciation and impairment of properties, plants and equipment" item under income statement totalled euro 5,514 thousand, down against the first half of 2010 as a result of the limited purchases completed in the last financial years.

Depreciation of properties, plants and equipment *(euro/thousand)*	**1st half 2011**	**1st half 2010**
Instrumental buildings	351	354
Plants and machinery	1,135	1,087
Equipment	1,433	1,374
Electronic office machines	1,056	1,073
Furniture and fittings	799	1,193
Vehicles and transport vehicles	159	295
Leasehold improvements	566	577
Other tangible assets	15	19
Total depreciation of properties, plants and equipment	**5,514**	**5,972**
Impairments of tangible assets	-	142
Value recovery of tangible assets		-
Total impairments (recovery) of tangible assets	**0**	**142**
Total depreciation and loss of value of tangible assets	**5,514**	**6,114**

Leased assets

It should be noted that compared to the situation as at 31 December 2010, no new contracts have been stipulated nor have any expired. In addition, such contracts do not place any restrictions or liens on the distribution of dividends, underwriting of other leasing contracts or finance agreements.

12. Investments

Investments amounted to euro 127,503 thousand. "Other Investments" include some investments in consortia relative to magazine circulation in France.

"Investments valued at equity" include changes better described in Note 8, to which reference should be made.

Investments *(euro/thousand)*	**30/06/2011**	**31/12/2010**
Investments valued at equity	125,931	131,464
Investments in other companies	1,572	222
Total investments	**127,503**	**131,686**

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The following table shows the changes in the investments valued at equity. The results for the period are outlined in Note 31.

Investments valued at equity **Detail** *(euro/thousand)*	**30/06/2011**	**31/12/2010**
Investments in joint ventures:		
- Gruner + Jahr/Mondadori S.p.A.	2,753	3,939
- Milano Distribuzione Media S.r.l.	252	217
- Harlequin Mondadori S.p.A.	473	643
- Hearst Mondadori Editoriale S.r.l.	-	300
- Mondadori Rodale S.r.l.	-	134
- Edizioni EL S.r.l.	2,656	3,120
- Random House Mondadori Group	51,898	51,910
- Attica Publications Group	30,381	31,431
- ACI - Mondadori S.p.A.	728	807
- Mediamond S.p.A.	917	721
- Mondadori Independent Media LLC	595	854
- Mondadori Seec Advertising Co. Ltd	-	-
- Editions Mondadori Axel Springer S.n.c.	9,371	11,847
Total investments in joint ventures	**100,024**	**105,923**
Investments in associated companies:		
- Mach 2 Libri S.p.A.	6,409	6,831
- Mach 2 Press S.r.l.	672	792
- Società Europea Edizioni S.p.A.	6,550	6,737
- Mondadori Printing S.p.A.	12,165	11,065
- Venezia Musei Società per i servizi museali S.c. a r.l.	7	7
- Venezia Accademia Società per i servizi museali S.c. a r.l.	2	2
- Campania Arte S.c. a r.l.	22	22
- Consorzio Covar (in liquidazione)	2	2
- Consorzio Forma	1	1
- Roccella S.c. a r.l.	21	21
- Novamusa Val di Noto S.c. a r.l.	18	18
- Novamusa Valdemone S.c. a r.l.	21	21
- Novamusa Val di Mazara S.c. a r.l.	17	17
- Consorzio Editoriale Fridericiana	-	5
Total investments in associated companies	**25,907**	**25,541**
Total investments valued at equity	**125.931**	**131.464**

In relation to the impairment test, reference should be made to the considerations contained in Note 9. With regard to the investment in the Attica Group, listed on the Athens Stock Exchange, it should be noted that the value of the listing is not considered to be representative of the fair value since the float is limited and the trades during the period of reference show irrelevant volumes by quantity and amount.

13. Anticipated tax assets and deferred tax liabilities

The following tables detail “Anticipated tax assets” and “Deferred tax liabilities”.
“Anticipated tax assets” decreased as a result of the utilisation of some funds subject to taxation mainly recognised under liabilities in the balance sheet as at 31 December 2010; “Deferred tax liabilities” rose as a result of the difference between balance sheet items and the intangible assets tax values.

(euro/thousand)	**30/06/2011**	**31/12/2010**
Anticipated IRES	38,172	42,870
Anticipated IRAP	2,655	2,809
Total anticipated tax assets	**40,827**	**45,679**
Deferred IRES	88,801	86,732
Deferred IRAP	4,697	4,457
Total deferred tax liabilities	**93,498**	**91,189**

14. Other non-current assets

“Other non-current assets” are essentially in line with the balance amount of end of 2010 (euro 1,321 thousand against euro 1,390 thousand).

15. Tax receivables

The increase in “Tax receivables” (euro 34,472 thousand against euro 28,709 thousand) is due to a VAT receivable accrued during the first semester, which more than compensated the IRES receivable recognised by the companies not included in the tax consolidation regime.
Such receivable was recognised to decrease the debt deriving from the tax charge amount for the six-month period of reference.

16. Other current activities

“Other current activities” rose from euro 81,667 thousand as at 31 December 2010 to euro 87,525 thousand as at 30.06.2011. This increase is mainly attributable to the seasonal nature of some specific businesses. In particular, Books and School Textbooks, showing a credit position towards agents and part of the authors as at the end of the first semester as a result of the advance amounts paid and not yet covered by sales.

17. Inventory

As to “Inventory” (euro 134,946 thousand in 2011 against euro 131,484 thousand in 2010) the seasonal considerations outlined above still apply specifically for some specific segments whose production is concentrated in the first half of the year.

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Provisions against inventory are made by taking into account the level of obsolescence and, consequently, the saleability of finished products. Provisions for impairments were partially used for pulping during the period of reference.

No inventory was used to secure liabilities.

18. Trade receivables

“Trade receivables” (euro 363,791 thousand against euro 385,207 thousand in 2010) were substiantially affected by the seasonal nature of some specific businesses. In fact, based on a like-for-like basis with the period ended as at 30 June 2010, “Trade receivables” rose by 1.2%.

Trade receivables *(euro/thousand)*	**30/06/2011**	**31/12/2010**
Receivables from customers	328,002	346,052
Receivables from associated companies	33,811	37,038
Receivables from parent companies	-	5
Receivables from affiliated companies	1,978	2,112
Total trade receivables	**363,791**	**385,207**

Details of receivables from associated, parent and affiliated companies are contained in the “Transactions with related parties”.
Trade transactions with these companies are carried out under standard market conditions.

With reference to trade receivables impairments, each Group company carries out an accurate analysis of its debt positions in order to calculate the amount to be allocated. The impairment provisions amounted to a total of euro 39,015 thousand as at closure of the period.

It should be noted that there are no trade receivables due over five years.

19. Financial situation

Financial assets essentially include investments in liquidity in Mondadori International S.p.A. for a total of euro 34.3 million, while the rest comprises financial receivables from associated or third companies or financial accrued income and deferred expenses.

In March, the existing loan structure with Intesa SanPaolo was subject to a process of re-negotiation, which led to an extension of the relevant maturity to December 2016 and a revision of the allocation between term loan and revolving loan.

In May a new loan contract was stipulated with GE Capital for euro 7.5 million with maturity in May 2016, which was entirely used by Arnoldo Mondadori Editore S.p.A.

As at 30 June, the actual interest rate on the existing loans was equal to 2.133%.

Indebtedness (euro/thousand)	31/12/2010	Increases	Decreases	30/06/2011
Pool/Club Deal loans	150,000	-	-	150,000
Bilateral loan 2015	75,000	-	(25,000)	50,000
Bilateral loan 2016	35,000	15,000	-	50,000
Bilateral loan 2016 Rev.	-	20,000	-	20,000
Pool Popolari loan	130,000	-	(26,000)	104,000
Mediobanca loan	50,000	-	-	50,000
GE Capital loan	-	7,500	-	7,500
Total	**440,000**	**42,500**	**(51,000)**	**431,500**

It should be noted that the financial covenants (Net Financial Position / 12-month rolling EBITDA) existing to date on the loans, including the new contracts stipulated in 2011, have all been complied with.
Here below is the net financial position in accordance with Consob recommendations. If the balance of "Non-current financial assets" were added, the net financial position would show a deficit of euro 399,238 thousand.

	Net financial position (euro/thousand)	30/06/2011	31/12/2010
A	Cash	1,304	1,180
	-Bank deposits	26,576	82,400
	-Postal deposits	1,139	1,321
B	Other cash and cash equivalents	27,715	83,721
C	**Cash and cash equivalents and other financial assets (A+B)**	**29,019**	**84,901**
D	Securities held for trading		-
	-Financial receivables from associated companies	7,483	1,399
	-Financial assets valued at fair value	-	-
	-Financial assets held for sale	19,768	26,197
	-Derivative instruments and other financial assets	6,723	4,346
E	Receivables and other current financial activities	33,974	31,942
F	**Current financial assets (D+E)**	**33,974**	**31,942**
G	Current payables to banks	22,090	786
	-Bonds		-
	-Mortgages		-
	-Loans	26,012	26,044
H	Current part of non-current payables	26,012	26,044
	-Financial payables to associated companies	3,754	8,831
	-Derivative instruments and other financial liabilities	4,532	7,028
I	Other current financial payables	8,286	15,859
L	**Payables to banks and other financial liabilities (G+H+I)**	**56,388**	**42,689**
M	**Current net financial position (C+F-L)**	**6,605**	**74,154**
	-Bonds		-
	-Mortgages		-
	-Loans	404,085	412,384
N	Part of non-current payables	404,085	412,384
O	Other non-current financial payables	3,355	6,084
P	**Non-current financial payables (N+O)**	**407,440**	**418,468**
Q	**Net financial position (M-P)**	**(400,835)**	**(344,314)**

20. Shareholders' equity

Changes in "Shareholders' equity" during the period are mainly attributable to a dividend payout for a total amount of euro 40,301 thousand. Other changes refer to the recognition of profits/losses on financial instruments valued at fair value and according to the cash flow hedge principle and other movements relating to conversion of accounts in currencies other than the euro and stock options.

It should be noted that the share capital of the parent company Arnoldo Mondadori Editore S.p.A. remained unchanged and that the entity controlling the Mondadori Group is Fininvest S.p.A.

Reserves attributable to Minority interests refer to Edizioni Piemme S.p.A. and Glaming S.r.l.

21. Provisions

"Provisions" (euro 37,796 thousand against euro 43,416 thousand) registered a drop mainly as a result of personnel outlays related to early retirement programmes and restructuring operations, the conclusion of some litigations and the utilisation of the amount allocated as at end 2010 to pay for contracts, which generated the budgeted expenses for the period.

22. Post-employment benefits

This item includes post-employment benefits, the indemnities due to agents and other indemnities, as specified in the table below.

Post-employment benefits (euro/thousand)	30/06/2011	31/12/2010
Provision for employee post-employment benefits	46,533	46,298
Provisions for agents' termination indemnity	6,218	6,436
Provisions for retirement indemnity and similar obligations	442	425
Total post-employment benefits	**53,193**	**53,159**

With reference to the supplementary retirement programmes, the first item is deemed to decrease along with the turnover. However, during the period it slightly increased as a result of the larger consolidation area considered.
The second item is essentially in line despite the termination of the labour contract with some senior agents in the educational and instalment segments.

Employee post-employment benefits and agents' termination indemnities were determined in accordance with IAS 19 and IAS 37, respectively, by applying an actuarial method; the parameters used are in line with those at 31 December 2010.

23. Income tax

Income tax comprises the payable amount recognised as at end of 2010 plus the payable amount for estimated taxes at 30 June 2011, for a total of euro 25,175 thousand.

24. Other current liabilities

This item improved considerably (euro 235,298 thousand against euro 250,966 thousand). This change was largely due to the seasonal nature of the school textbooks segment in particular and of Books in general, where costs of commissions and rights are mainly concentrated in the second half of the year.

25. Trade payables

The same considerations made for "Trade receivables" apply to "Trade payables": the seasonal nature of some businesses is also reflected on the payables to suppliers, decreasing this item's balance amount from euro 380,895 thousand as at 31 December 2010 to euro 333,867 thousand as at 30 June 2011.

For more details about payables to associated, parent and affiliated companies, reference should be made to "Transactions with related parties".

Trade transactions with related parties are carried out under standard market conditions.

It should be noted that there are no trade payables due over 5 years.

26. Revenues from sales and services

"Revenues from sales and services", equal to euro 741,411 thousand, rose 2% against the values as at 30 June 2010. This figure included Mondadori S.p.A. revenues as of 1 May. As a result, on a like-for-like basis revenues would essentially be in line with the preceding year.
For more detailed information reference should be made to the "Interim Report on Operations".

27. Cost of raw, ancillary, consumption materials and goods

The lower costs incurred for the purchase of raw materials and goods are mainly attributable to production materials, due to the attention focussed on the printing runs of books and magazines.

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Cost of raw, ancillary, consumption materials and goods *(euro/thousand)*	**1st half 2011**	**1st half 2010**
Paper	25,200	21,262
Electricity, water, gas and fuel	3,536	2,948
Other production materials	2,409	3,005
Total cost of raw, ancillary materials	**31,145**	**27,215**
Goods for sale	75,600	76,127
Consumption and maintenance materials	1,434	1,751
Other	6,173	8,439
Total cost of consumption materials and goods	**83,207**	**86,317**
Total cost of raw, ancillary, consumption materials and goods	**114,352**	**113,532**

28. Cost of services

"Cost of services" increased substantially mainly as a result of the impact of Mondolibri S.p.A., which in 2010 was consolidated only for two months and, in part, also due to the costs linked to the start-up of new activities in the digital segment.

The table below is a detailed analysis of costs of services.

Cost of services *(euro/thousand)*	**1st half 2011**	**1st half 2010**
Rights and royalties	58,477	57,370
Third party consulting and collaborations	41,450	38,125
Commissions	20,089	18,510
Third party processing	136,839	132,606
Transport and shipping	32,693	29,025
Purchase of advertising space and publicity expense	32,716	30,436
Travel and other expense reimbursement	6,015	5,790
Maintenance	3,626	3,643
Warehousing and porter costs	5,859	4,934
Postal expenses and telephone	6,363	5,136
Catering and cleaning services	4,463	3,905
Market research	2,354	2,689
Insurance	1,792	1,867
Subscription management	24,197	23,170
Publisher's share	15,637	16,185
Job order services	2,764	3,495
Bank services and commissions	999	958
Directors' and statutory auditors' fees	2,068	1,968
Other services	27,527	22,168
Total cost of services	**425,928**	**401,980**

It should also be noted that "Directors' and statutory auditors' fees" include fees due to directors and statutory auditors for euro 1,834 thousand and euro 234 thousand, respectively.

29. Personnel

"Personnel" costs were equal to euro 137,711 thousand against euro 134,263 thousand as at 30 June 2010, and on a like-for-like basis, excluding the figures for Mondolibri S.p.A., consolidated in 2010 only for two months, remained essentially unchanged.

For a clearer picture of the changes, the following table provides details regarding the Group employees.

Headcount	Exact number 1st half 2011	Exact number 1st half 2010	Average 1st half 2011	Average 1st half 2010
Managers	155	145	156	143
Journalists	812	806	797	846
Employees and middle managers	2,577	2,644	2,573	2.551
Workers	157	162	151	144
Total	**3,701**	**3,757**	**3,677**	**3,684**

30. Other expenses (income)

"Other expenses (income)" include revenues not deriving from the Group's core activities, as well as charges and general expenses, other taxes, provisions and utilisations.

The reduction in the negative balance (euro 20,083 thousand against euro 24,246 thousand of 2010) is largely due to lower costs for leases following to savings obtained by Mondadori France and the shutdown of two proprietary book stores in the centre of Rome.

31. Result from investments valued at equity

The table below includes details of the results achieved in 2011 and in 2010 by the companies valued at equity.

The 2010 balance includes the proceeds recognised upon the acquisition of the control stakes in Mondolibri S.p.A. on the portion already owned for a total of euro 2,690 thousand; the 2011 balance benefited from the surplus obtained following to the transfer of the interest held in the Hearst Mondadori Editoriale S.r.l. joint venture for a total of euro 9,923 thousand.

Net of the aforementioned effects, the contribution from the associated companies in the period of reference rose, thanks specifically to the good performance of the joint ventures in Russia and China and the limited negative balance of the publishers of *Il Giornale*.

Income (expenses) from investments valued at equity *(euro/thousand)*	1st half 2011	1st half 2010
- Hearst Mondadori Editoriale S.r.l.	(223)	53
- Gruner und Jahr/Mondadori S.p.A.	439	518
- Harlequin Mondadori S.p.A.	275	271
- MDM Milano Distribuzione Media S.r.l.	35	91
- ACI Mondadori S.p.A.	(79)	(81)
- Mondadori Rodale S.r.l.	55	(258)
- Gruppo Attica Publications	(100)	(8)
- Società Europea di Edizioni S.p.A.	(925)	(1,723)
- Gruppo Random House Mondadori	551	207
- Edizioni Electa Bruno Mondadori S.r.l. in liquidazione	-	26
- Mach 2 Libri S.p.A.	109	124
- Mach 2 Press S.r.l.	(120)	5
- Edizioni EL S.r.l.	309	413
- Mondadori Indipendent Media Llc	(295)	(530)
- Mondolibri S.p.A.	-	(344)
- Consorzio Editoriale Fridericiana	-	-
- Mondadori SEEC	(8)	(299)
- Editions Mondadori Axel Springer Snc	1,352	1,446
- Mediamond S.p.A.	(54)	(390)
- Mondadori Printing S.p.A.	1,100	926
Income from the acquisition of the control stakes in Mondolibri S.p.A.	-	2,690
Capital gain (loss) from the transfer/liquidation of investments	9,923	-
Total income (expenses) from investments valued at equity	**12,344**	**3,137**

32. Financial income (expenses)

This item under income statement improved against the first semester of 2010 thanks to a reduction in the cost of money.

This item is broken down here below:

Financial income (expenses) *(euro/thousand)*	1st half 2011	1st half 2010
Interest income and other financial income	3,329	1,075
Interest expense and other financial expenses	(12,890)	(13,926)
Profit (loss) on foreign exchange transactions	(109)	146
Income (expenses) from financial assets	(725)	706
Total financial income (expenses)	**(10,395)**	**(11,999)**

33. Income tax

The tax burden of the first half of 2011 was slightly lower than the tax burden of the same period of 2010, considering also the benefit deriving from the tax consolidation regime.

Conversely, the tax rate shows a more substantial reduction, due to the different incidence on some balances not relevant for tax purposes and an improvement in the results of associated companies, reported net of taxation.

Income tax *(euro/thousand)*	**1st half 2011**	**1st half 2010**
IRES	5,919	7,476
IRAP	4,574	4,630
Total current taxes	**10,493**	**12,106**
Deferred/(anticipated) taxes for IRES	6,797	3,571
Deferred/(anticipated) taxes for IRAP	393	292
Total deferred /(anticipated) taxes	**7,190**	**3,863**
Other tax items	(2,870)	(625)
Total income tax	**14,813**	**15,344**

34. Earnings per share

Basic earnings per share are calculated by dividing net profit for the period attributable to the Group by the weighted average number of ordinary shares outstanding during the period.

	1st half 2011	**1st half 2010**
Net profit for the period (euro/000)	22,717	15,099
Weighted average of ordinary shares outstanding (no./000)	237,062	237,630
Basic earnings per share (euro)	**0.10**	**0.06**

Diluted earnings per share are calculated by dividing net profit for the period attirbutable to the Group by the the weighted average number of ordinary shares outstanding during the period, considering any diluted effects.

	1st half 2011	**1st half 2010**
Net profit for the period (euro/000)	22,717	15,099
Weighted average of ordinary shares outstanding (no./000)	237,062	237,630
Number of options with diluted effect (/000)	-	-
Diluted earnings per share (euro)	**0.10**	**0.06**

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35. Commitments and contingent liabilities

As at 30 June 2011 the Mondadori Group had made commitments amounting to euro 161,203 thousand and, as at the end of the last financial year, these were almost entirely represented by sureties issued for VAT reimbursement claims and competitions and prizes.

36. Non-recurring expenses (income)

In accordance with Consob Resolution No. 15519 of 27 July 2006, the Mondadori Group did not report non-recurring expenses (income) during the period.

37. Related parties

Transactions carried out with related parties, including intercompany transactions, cannot be qualified as either atypical or unusual, since they are part of the normal business activities of the Group companies. Such transactions, when they are not carried out under standard market conditions or if they are dictated by specific regulations, have in any case been regulated according to market conditions.

Transactions with parent companies, associated and affiliated companies

Here below are the details regarding the economic and financial effects of transactions with parent, associated and affiliated companies, comparing the figures of 2011 with both the first half of 2010 and the full year 2010.

Transactions with related parties: data as at 30 June 2011

(Euro/thousand)	Trade receivables	Financial receivables	Tax receivables	Trade payables	Financial payables	Tax payables	Revenues	Purchases of raw materials	Purchases of services	Sundry costs (revenues)	Financial revenues (costs)
Holding company:											
- Fininvest S.p.A.	-	-	2,368	2	-	11,928	-	-	5	4	-
Subsidiaries											
- Gruner + Jahr/Mondadori S.p.A.	5,415	87	-	6,689	52	-	1,453	19	2,787	(276)	(10)
- Mach 2 Libri S.p.A.	18,026	18	-	50	-	-	15,149	-	31	4	-
- MDM Milano Distribuzione Media S.r.l.	603	-	-	-	-	-	-	-	8	(40)	-
- Venezia Musei Società per i servizi museali S.c.a r.l.	260	-	-	-	-	-	-	-	-	-	-
- Hearst Mondadori Editoriale S.r.l.	-	-	-	-	-	-	623	-	2,455	(242)	(5)
- Harlequin Mondadori S.p.A.	846	-	-	-	1,499	-	206	2,480	-	(58)	(18)
- Mondadori Rodale S.r.l.	-	-	-	-	-	-	666	-	2,362	(314)	(10)
- Gruppo Attica Publications	128	-	-	23	-	-	47	-	21	-	-
- Edizioni EL S.r.l.	876	-	-	4,210	-	-	442	3,399	9	(339)	-
- Gruppo Random House Mondadori	297	-	-	89	-	-	109	-	2	-	-
- Società Europea di Edizioni S.p.A.	1,060	-	-	2,707	-	-	1,903	136	-	1	-
- ACI-Mondadori S.p.A.	431	-	-	1,026	1,128	-	703	3	879	(116)	(5)
- Consorzio COVAR (in liquidation)	4	-	-	-	-	-	-	-	-	-	-
- Roccella S.c.a r.l. (in liquidation)	-	160	-	60	-	-	-	-	-	-	-
- Campania Arte S.c.a r.l.	18	134	-	19	-	-	-	-	-	1	-
- Editions Mondadori Axel Springer S.n.c.	1,990	4,915	-	902	124	-	4,140	1	566	(1,864)	10
- Mondadori Independent Media LLC	34	-	-	-	-	-	31	-	-	-	-
- Venezia Accademia Società per i servizi museali S.c.a r.l.	9	25	-	39	-	-	8	3	48	-	-
- Mondadori Printing S.p.A.	1,404	-	-	50,503	-	-	1,106	176	87,875	(1)	(1)
- Artes Graficas Toledo S.A.	-	-	-	569	-	-	-	-	-	-	-
- Mediamond S.p.A.	2,300	-	-	579	951	-	2,259	-	148	(261)	(2)
- Mondadori Seec Advertising Co. Ltd	110	2,144	-	150	-	-	75	-	96	-	-
- Mach 2 Press S.r.l.	-	-	-	104	-	-	-	-	569	-	-
Total subsidiaries	**33,811**	**7,483**	**0**	**67,719**	**3,754**	**0**	**28,920**	**6,217**	**97,856**	**(3,505)**	**(41)**

Transactions with related parties: data as at 30 June 2011

(Euro/thousand)	Trade receivables	Financial receivables	Tax receivables	Trade payables	Financial payables	Tax payables	Revenues	Purchases of raw materials	Purchases of services	Sundry costs (revenues)	Financial revenues (costs)
Associated companies:											
- RTI - Reti Televisive Italiane S.p.A.	842	-	-	1,979	-	-	609	95	293	-	-
- Publitalia '80 S.p.A.	-	-	-	1,122	-	-	-	-	7,939	-	-
- Digitalia '08 S.r.l.	120	-	-	-	-	-	250	-	79	-	-
- Fininvest Gestione Servizi S.p.A.	-	-	-	-	-	-	-	-	-	-	-
- Il Teatro Manzoni S.p.A.	-	-	-	-	-	-	-	-	-	-	-
- Banca Mediolanum S.p.A.	75	-	-	-	-	-	80	-	-	-	-
- Medusa Film S.p.A.	11	-	-	556	-	-	31	252	445	-	-
- Alba Servizi Aerotrasporti S.p.A.	-	-	-	35	-	-	-	-	-	35	-
- Consorzio Servizi Vigilanza	-	-	-	-	-	-	-	-	-	-	-
- Radio e Reti S.r.l.	9	-	-	-	-	-	-	-	-	-	-
- Isim S.p.A.	-	-	-	2	-	-	-	-	-	-	-
- Videotime S.p.A.	-	-	-	-	-	-	-	-	-	-	-
- Mediaset S.p.A.	-	-	-	45	-	-	-	-	76	-	-
- A.C. Milan S.p.A.	-	-	-	-	-	-	-	-	-	-	-
- Elettronica Industriale S.p.A.	-	-	-	-	-	-	-	-	-	-	-
- Media Shopping S.p.A.	128	-	-	5	-	-	153	-	4	-	-
- Publieurope Ltd	748	-	-	-	-	-	-	-	-	-	-
- The Space Cinema 2 S.p.A.	26	-	-	-	-	-	-	-	-	-	-
- Taodue S.r.l.	19	-	-	-	-	-	-	-	-	-	-
- Milan Entertainment S.r.l.	-	-	-	-	-	-	-	-	-	-	-
- Boing S.p.A.	-	-	-	-	-	-	-	-	-	-	-
- Mediobanca S.p.A.	-	-	-	-	50,000	-	-	-	-	-	-
Total associated companies	**1,978**	**0**	**0**	**3,744**	**50,000**	**0**	**1,123**	**347**	**8,836**	**35**	**0**
Other related parties:											
- Sin&ergetica S.r.l.	-	-	-	172	-	-	-	-	324	-	(566)
Total related parties	**35,789**	**7,483**	**2,368**	**71,637**	**53,754**	**11,928**	**30,043**	**6,564**	**107,021**	**(3.466)**	**(607)**
% impact on financial statements items	**9.8%**	**21.0%**	**6.9%**	**21.5%**	**11.6%**	**47.4%**	**4.1%**	**5.7%**	**25.1%**	**n.s.**	**5.8%**

Transactions with related parties: financial data as at 31 December 2010 and financial data as at 30 June 2010

(Euro/thousand)	Trade receivables	Financial receivables	Tax receivables	Trade payables	Financial payables	Tax payables	Revenues	Purchases of raw materials	Purchases of services	Sundry costs (revenues)	Financial revenues (costs)
Holding company:											
- Fininvest S.p.A.	5	-	2,481	7	-	18.487	-	-	142	4	-
Subsidiaries											
- Gruner + Jahr/Mondadori S.p.A.	4,978	-	-	6,833	154	-	1,478	1	3,307	(354)	(5)
- Mach 2 Libri S.p.A.	20,416	-	-	14	-	-	15,586	3	356	-	-
- MDM Milano Distribuzione Media S.r.l.	992	-	-	-	-	-	-	-	161	-	-
- Venezia Musei Società per i servizi museali S.c.a r.l.	31	-	-	-	-	-	-	-	41	-	-
- Hearst Mondadori Editoriale S.r.l.	327	332	-	2,615	-	-	474	-	2,180	(176)	(3)
- Harlequin Mondadori S.p.A.	1,733	183	-	-	5,462	-	236	3,860	1	(35)	(12)
- Mondadori Rodale S.r.l.	705	554	-	3,209	-	-	1,401	-	2,423	(245)	(5)
- Gruppo Attica Publications	91	-	-	6	-	-	55	-	24	-	-
- Edizioni Electa Bruno Mondadori S.r.l.	-	-	-	-	-	-	3	-	-	-	-
- Edizioni EL S.r.l.	919	-	-	4,911	-	-	443	3,443	12	(337)	-
- Gruppo Random House Mondadori	176	-	-	15	-	-	114	-	3	-	-
- Società Europea di Edizioni S.p.A.	1,010	-	-	5,436	-	-	2,484	-	3	(436)	-
- ACI-Mondadori S.p.A.	521	-	-	1,390	589	-	732	3	724	(90)	(6)
- Consorzio COVAR (in liquidation)	4	-	-	-	-	-	-	-	-	-	-
- Mondolibri S.p.A. (associated until 30/04/2010)	-	-	-	-	-	-	2,539	89	1,405	(152)	-
- Roccella S.c.a r.l. (in liquidation)	-	160	-	60	-	-	-	-	-	-	-
- Campania Arte S.c.a r.l.	65	134	-	68	-	-	-	-	-	-	-
- Editions Mondadori Axel Springer S.n.c.	2,096	11	-	877	2,361	-	3,810	2	258	(2,018)	1
- Mondadori Independent Media LLC	65	-	-	1	-	-	38	-	-	-	-
- Venezia Accademia Società per i servizi museali S.c.a r.l.	-	25	-	44	-	-	5	6	71	-	-
- Mondadori Printing S.p.A.	927	-	-	56,608	-	-	1,221	2,789	86,840	38	-
- Artes Graficas Toledo S.A.	-	-	-	569	-	-	-	-	911	-	-
- Consorzio Fridericiana	-	-	-	5	-	-	-	-	-	-	-
- Mediamond S.p.A.	1,872	-	-	235	265	-	1,693	-	290	(205)	2
- Mondadori Seec Advertising Co. Ltd	110	-	-	87	-	-	30	-	99	-	-
- Mach 2 Press S.r.l.	-	-	-	433	-	-	-	-	76	-	-
Total subsidiaries	**37,038**	**1,399**	**0**	**83,416**	**8,831**	**0**	**32,342**	**10,196**	**99,185**	**(4,010)**	**(28)**

Transactions with related parties: financial data as at 31 December 2010 and financial data as at 30 June 2010

(Euro/thousand)	Trade receivables	Financial receivables	Tax receivables	Trade payables	Financial payables	Tax payables	Revenues	Purchases of raw materials	Purchases of services	Sundry costs (revenues)	Financial revenues (costs)
Associated companies:											
- RTI - Reti Televisive Italiane S.p.A.	829	-	-	2,318	-	-	1,256	6	159	2	-
- Publitalia '80 S.p.A.	9	-	-	3,739	-	-	-	-	8,017	-	-
- Digitalia '08 S.r.l.	300	-	-	76	-	-	233	-	76	-	-
- Fininvest Gestione Servizi S.p.A.	3	-	-	-	-	-	-	-	-	21	-
- Il Teatro Manzoni S.p.A.	2	-	-	8	-	-	-	-	-	-	-
- Banca Mediolanum S.p.A.	18	-	-	-	-	-	139	-	-	-	-
- Medusa Film S.p.A.	26	-	-	247	-	-	18	308	184	-	-
- Alba Servizi Aerotrasporti S.p.A.	-	-	-	19	-	-	-	-	-	-	-
- Consorzio Servizi Vigilanza	-	-	-	-	-	-	30	-	-	-	-
- Radio e Reti S.r.l.	9	-	-	-	-	-	-	-	-	-	-
- Isim S.p.A.	-	-	-	2	-	-	-	-	-	-	-
- Videotime S.p.A.	12	-	-	-	-	-	-	-	-	-	-
- Mediaset S.p.A.	41	-	-	60	-	-	6	-	75	-	-
- A.C. Milan S.p.A.	-	-	-	-	-	-	-	-	-	2	-
- Elettronica Industriale S.p.A.	5	-	-	-	-	-	-	-	-	-	-
- Media Shopping S.p.A.	74	-	-	50	-	-	160	-	25	-	-
- Publieurope Ltd	778	-	-	630	-	-	879	-	-	-	-
- The Space Cinema 2 S.p.A.	-	-	-	-	-	-	6	-	-	-	-
- The Space Cinema 1 S.p.A.	-	-	-	-	-	-	9	-	-	-	-
- Boing S.p.A.	6	-	-	-	-	-	-	-	-	-	-
- Mediobanca S.p.A.	-	-	-	-	50,000	-	-	-	-	-	-
Total associated companies	**2,112**	**0**	**0**	**7,149**	**50,000**	**0**	**2,736**	**314**	**8,536**	**25**	**0**
Other related parties:											
- Sin&ergetica S.r.l.	-	-	-	319	-	-	-	-	-	-	-
Total related parties	**39,155**	**1,399**	**2,481**	**90,891**	**58,831**	**18,487**	**35,078**	**10,510**	**107,863**	**(3,981)**	**(28)**
% impact on financial statements items	**10.2%**	**4.1%**	**8.6%**	**23.9%**	**12.8%**	**81.7%**	**4.8%**	**9.3%**	**26.8%**	**n.s.**	**0.2%**

38. Operating segments

General information
In compliance with IFRS 8, the following is a description of the organisational structure of the Group, including the following business areas:
- Books;
- Magazines, with the further distinction between Magazines Italy, Advertising and Magazines France;
- Digital;
- Direct & Retail;
- Radio;
- Central functions.

Periodic corporate reporting is based on this structure and used by management to define actions and strategies, to evaluate investment opportunities and the allocation of resources.

The structure is also related to the different types of products and/or services from which the Group generates revenues and margins:
- The Books segment generates revenues from the sale of books (non-fiction, fiction, educational, art and other books), revenues from the sale of publishing rights to third parties and revenues from the management of museums;
- The Magazines segment, in Italy and France, generates revenues from the sale of magazines (newsstands, subscription and other minor sale channels), royalties from third party publishers for the publication under licence of proprietary magazines, revenues from so-called add-on sales and revenues from advertising; advertising sales of the Italian company Mondadori Pubblicità are outlined separately, because it also generates significant revenues from third party publisher activities, in addition to operating in such capacity on behalf of the parent company and Monradio for Radio R101;
- The Digital segment generates revenues from e-commerce activities and development of digital products;
- The Direct & Retail segment generates revenues from direct marketing activities and mail order sales, as well as from a chain of proprietary and franchised retail outlets;
- The Radio segment generates revenues from the broadcast of commercials on the Group's radio station R101;
- Lastly, the Corporate segment and other businesses generate revenues from service activities carried out by the Parent Company in favour of associated companies or companies that do not belong to the Group.

Six monthly financial report to 30 June 2011
Interim abbreviated consolidated balance sheet - Notes
Figures are in €,000

Economic and equity information, concerning fiscal and financial management, are attributed to the latter segment, in line with the reporting structure and also because any different allocation would not be justifiable.

Reclassification of previously reported information
In the period of reference the Mondadori Group started selling products and services in a more organic and structured way through the use of cutting-edge technology. This resulted in the identification of a new business, called Digital.

Since the Group was already present in the digital business through e-commerce activities in 2010 and, specifically through the website - www.bol.it – in order to provide a consistent picture of the two periods on a like-for-like basis, it was deemed necessary to re-process the income statement of the first half of 2010 relative to the Direct & Retail segment, because it included the aforementioned business unit.

For the Board of Directors
The Chairman
Marina Berlusconi

Sector Information: figures as at 30 June 2011

(Euro/thousand)	Books	Magazines Italy	Magazines France	Advertising	Digital	Direct & Retail	Radio	Corporate & other business	Consolidation adjustments	Consolidated result
Revenues from sales and services from external customers	**140,460**	**183,531**	**172,399**	**114,803**	**8,471**	**118,966**	**351**	**2,430**	**-**	**741,411**
Revenues from sales and services from other sectors	**26,471**	**64,279**	**-**	**2,704**	**284**	**4,155**	**7,853**	**8,724**	**(114,470)**	**0**
Revenues (costs) from investments under Net Equity	1,244	9,627	1,352	(54)	-	-	-	175	-	12,344
EBITDA	**15,746**	**44,219**	**18,688**	**(3,090)**	**(7,920)**	**(1,920)**	**(703)**	**(6,210)**	**176**	**58,986**
EBIT	**14,999**	**43,898**	**13,858**	**(3,139)**	**(8,051)**	**(4,797)**	**(1,504)**	**(7,490)**	**176**	**47,950**
Financial revenues (costs)	-	-	-	-	-	-	-	(10,395)	-	(10,395)
Result before taxes and Minority interests	**14,999**	**43,898**	**13,858**	**(3,139)**	**(8,051)**	**(4,797)**	**(1,504)**	**(17,885)**	**176**	**37,555**
Income tax	-	-	-	-	-	-	-	14,813	-	14,813
Minority interests	246	-	-	-	(221)	-	-	-	-	25
Net result	**14,753**	**43,898**	**13,858**	**(3,139)**	**(7,830)**	**(4,797)**	**(1,504)**	**(32,698)**	**176**	**22,717**
Amortisation, depreciation and write-downs	747	321	4,830	49	131	2,877	801	1,280	-	11,036
Non-monetary costs	4,115	3,686	1,374	1,050	25	2,053	31	200	-	12,534
Extraordinary revenues (costs)	-	-	-	-	-	-	-	-	-	0
Investments	375	311	800	40	845	986	1,851	1,103	-	6,311
Investments accounted for under Net Equity	61,547	35,381	9,371	917	-	-	-	18,715	-	125,931
Total assets	366,718	256,726	707,624	118,920	7,135	140,102	142,298	190,977	(121,432)	1,809,068
Total liabilities	146,281	211,237	151,002	112,492	11,929	90,785	7,609	620,865	(109,545)	1,242,655

	Revenues from sales and services	Fixed assets
Italy	554,219	345,058
France	164,780	609,036
Other EU countries	17,454	-
USA	206	-
Other countries	4,752	-
Consolidated result	**741,411**	**954,094**

Sector information: figures as at 30 June 2010 and 31 December 2010

(Euro/thousand)	Books	Magazines Italy	Magazines France	Advertising	Digital	Direct & Retail	Radio	Corporate & other business	Consolidation adjustments	Consolidated result
Revenues from sales and services from external customers	**141,530**	**185,820**	**168,357**	**117,946**	**2,339**	**107,723**	**195**	**2,875**	**-**	**726,785**
Revenues from sales and services from other sectors	**26,486**	**64,164**	**-**	**1,957**	**-**	**1,199**	**7,374**	**6,702**	**(107,882)**	**0**
Revenues (costs) from investments under Net Equity	1,041	(509)	1,446	(390)	-	2,346	-	(797)	-	3,137
EBITDA	**14,464**	**32,236**	**16,405**	**(2,486)**	**(283)**	**2,049**	**(586)**	**(6,652)**	**(596)**	**54,551**
EBIT	**13,561**	**31,862**	**10,830**	**(2,560)**	**(351)**	**(584)**	**(1,437)**	**(7,899)**	**(596)**	**42,826**
Financial revenues (costs)	-	-	-	-	-	-	-	(11,999)	-	(11,999)
Result before taxes and Minority interests	**13,561**	**31,862**	**10,830**	**(2,560)**	**(351)**	**(584)**	**(1,437)**	**(19,898)**	**(596)**	**30,827**
Income tax	-	-	-	-	-	-	-	15,344	-	15,344
Minority interests	384	-	-	-	-	-	-	-	-	384
Net result	**13,177**	**31,862**	**10,830**	**(2,560)**	**(351)**	**(584)**	**(1,437)**	**(35,242)**	**(596)**	**15,099**
Amortisation, depreciation and write-downs	903	374	5,575	74	68	2,633	851	1,247	-	11,725
Non-monetary costs	3,555	2,920	1,414	1,526	73	1,811	23	204	-	11,526
Extraordinary revenues (costs)	-	-	-	-	-	-	-	-	-	0
Investments	448	1,084	455	23	108	10,812	2,104	725	-	15,759
Investments accounted for under Net Equity	62,620	38,474	11,847	721	-	-	-	17,802	-	131,464
Total assets	377,741	258,675	713,411	111,289	7,012	137,516	139,804	242,496	(103,580)	1,884,364
Total liabilities	159,310	230,422	160,105	114,651	7,347	115,703	6,435	613,008	(103,580)	1,303,401

	Revenues from sales and services	Fixed assets
Italy	543,590	346,207
France	160,820	613,603
Other EU countries	18,043	-
USA	202	-
Other countries	4,130	-
Consolidated result	**726,785**	**959,810**

Table of Investments pursuant to art. 120 of Italian Legislative Decree no. 58/1998

Table of investments
ARNOLDO MONDADORI EDITORE S.p.A.
Here below is the table of investments (over 10% of the company's capital) owned by Arnoldo Mondadori Editore S.p.A. either directly or indirectly through subsidiaries.

As at 30 June 2011

COMPANY NAME	COMPANY CAPITAL		% OF INTEREST	CONTROL CRITERIA	MEMBER	SHARE %	OFFICES	TAX CODE	DATE OF ESTABLISHMENT
ACI-Mondadori S.p.A. (Italy)	EUR	590,290	50%	direct	Arnoldo Mondadori Editore S.p.A.	50%	Milan - via Bianca di Savoia 12	13277400159	17-11-2000
AME Editoriale Wellness S.r.l. (formerly Mondadori-Rodale S.r.l.) (Italy)	EUR	90,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	13066890156	25/02/2000
Aranova Freedom S.c.a r.l. (Italy)	EUR	19,200	16.67%	indirect	Monradio S.r.l.	16.67%	Bologna, Via Guinizzelli 3	02532501208	24/01/2005
Campania Arte S.c.a r.l. (Italy)	EUR	100,000	22%	indirect	Mondadori Electa S.p.A.	22%	Rome - Via Tunisi 4	09086401008	18/07/2006
Cemit Interactive Media S.p.A. (Italy)	EUR	3,835,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	San Mauro Torinese (TO) - via Toscana 9	04742700018	13/12/1984
Editrice Portoria S.p.A. in failure (Italy)	EUR	364,000	16.786%	direct	Arnoldo Mondadori Editore S.p.A.	16.786%	Milan - via Chiossetto 1	02305160158	26/03/1975
Edizioni EL S.r.l. (Italy)	EUR	620,000	50%	indirect	Giulio Einaudi Editore S.p.A.	50%	Triest - San Dorligo della Valle - via J. Ressel 5	00627340326	07/05/1984
Edizioni Piemme S.p.A. (Italy)	EUR	566,661	90%	direct	Arnoldo Mondadori Editore S.p.A.	90%	Milan - via Bianca di Savoia 12	00798930053	29/09/1982
Electa S.r.l. (Italy)	EUR	20,000	100%	indirect	Mondadori Electa S.p.A.	100%	Milan - via Bianca di Savoia 12	07136630964	08/09/2010
Giulio Einaudi Editore S.p.A. (Italy)	EUR	23,920,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Turin - via U. Biancamano 2	08367150151	03/06/1986
Glaming S.r.l. (Italy)	EUR	20,000	70%	direct	Arnoldo Mondadori Editore S.p.A.	70%	Milan - via Bianca di Savoia 12	07428570969	21/04/2011
Gruner + Jahr/Mondadori S.p.A. (Italy)	EUR	2,600,000	50%	direct	Arnoldo Mondadori Editore S.p.A.	50%	Milan - Via Luisa Battistotti Sassi 11/a	09440000157	10/09/1988
Harlequin Mondadori S.p.A. (Italy)	EUR	258,250	50%	direct	Arnoldo Mondadori Editore S.p.A.	50%	Milan - via Marco D'Aviano 2	05946780151	15/10/1980
Mach 2 Libri S.p.A. (Italy)	EUR	646,250	34.91%	direct indirect	Arnoldo Mondadori Editore S.p.A. Sperling & Kupfer Ed. S.p.A.	30.91% 4%	Peschiera Borromeo (MI) - via Galileo Galilei 1	03782990158	06/05/1983
Mach 2 Press S.r.l. (Italy)	EUR	200,000	40%	indirect	Press-di Distribuzione Stampa e Multimedia S.r.l.	40%	Peschiera Borromeo (MI) - via Galileo Galilei 1	07014150960	27/04/2010
MDM Milan Distribuzione Media S.r.l. (Italy)	EUR	520,000	20%	indirect	Press-di Distribuzione Stampa e Multimedia S.r.l.	20%	Milan - via Carlo Cazzaniga 19	10463540152	02/10/1991
Mediamond S.p.A. (Italy)	EUR	1,500,000	50%	indirect	Mondadori Pubblicità S.p.A.	50%	Milan - via Bianca di Savoia 12	06703540960	30/07/2009
Mondadori Education S.p.A. (Italy)	EUR	10,608,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	03261490969	1-10-2001
Mondadori Electa S.p.A. (Italy)	EUR	1,593,735	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Trentacoste 7	01829090123	23/02/1989
Mondadori Franchising S.p.A. (Italy)	EUR	1,954,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Verucchio (RN) - Fraz. di Villa Verucchio - via Statale Marecchia n. 51-51/a	08853520156	28/05/1987
Mondadori Iniziative Editoriali S.p.A. (Italy)	EUR	500,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	03619240967	08/07/2002
Mondadori International S.p.A. (Italy)	EUR	350,736,076	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - Via Bianca di Savoia 12	07231790960	18/09/1970
Mondadori Printing S.p.A. (Italy)	EUR	45,396,000	20%	direct	Arnoldo Mondadori Editore S.p.A.	20%	Cisano Bergamasco (BG) - Via Luigi e Pietro Pozzoni 11	12319410150	28/11/1997
Mondadori Pubblicità S.p.A. (Italy)	EUR	3,120,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	08696660151	12/02/1987
Mondadori Retail S.p.A. (Italy)	EUR	2,700,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	00212560239	19/11/1946
Mondolibri S.p.A. (Italy)	EUR	1,040,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Lampedusa n. 13	12853650153	25/06/1999
Monradio S.r.l. (Italy)	EUR	3,030,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	04571350968	15/10/2004
Novamusa Val di Mazara S.c.a r.l. (Italy)	EUR	90,000	20%	indirect	Mondadori Electa S.p.A.	20%	Messina - Via Acireale Z.I.R.	02812180830	20/04/2005
Novamusa Valdemone S.c.a r.l. (Italy)	EUR	90,000	20%	indirect	Mondadori Electa S.p.A.	20%	Messina - Via Acireale Z.I.R.	02704680830	16/04/2003
Novamusa Valdinoto S.c.a r.l. (Italy)	EUR	90,000	20%	indirect	Mondadori Electa S.p.A.	20%	Messina - Via Acireale Z.I.R.	02704670831	16/04/2003
press-di Distribuzione Stampa e Multimedia S.r.l. (Italy)	EUR	1,095,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	03864370964	19/02/2003
Roccella S.c.a r.l. in liquidation (Italy)	EUR	100,000	49.5%	indirect	Mondadori Electa S.p.A.	49,5%	Naples - via Santa Lucia 39	05053571211	21/03/2005
Società Europea di Edizioni S.p.A. (Italy)	EUR	2,528,875	36.89838%	direct	Arnoldo Mondadori Editore S.p.A.	36.89838%	Milan - via G. Negri 4	01790590150	27/02/1974
Sperling & Kupfer Editori S.p.A. (Italy)	EUR	1,555,800	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	00802780155	03/11/1927
Sporting Clu b Verona S.r.l. - Società Sportiva Dilettantistica (Italy)	EUR	100,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	07231600961	3/12/2010
Venice Accademia Società per i servizi museali S.c.a r.l. (Italy)	EUR	10,000	25%	indirect	Mondadori Electa S.p.A.	25%	Venice - via L. Einaudi 74	03808820272	11/01/2008
Venice Musei Società per i servizi museali S.c.a r.l. (Italy)	EUR	10,000	34%	indirect	Mondadori Electa S.p.A.	34%	Venice - via L. Einaudi 74	03534350271	22/04/2004

Table of investments
ARNOLDO MONDADORI EDITORE S.p.A.
Here below is the table of investments (over 10% of the company's capital) owned by Arnoldo Mondadori Editore S.p.A. either directly or indirectly through subsidiaries.

As at 30 June 2011

COMPANY NAME	COMPANY CAPITAL		% OF INTEREST	CONTROL CRITERIA	MEMBER	SHARE %	OFFICES	TAX CODE	DATE OF ESTABLISHMENT
ABS Finance Fund Sicav (Luxembourg)	EUR	1,544,829.98	70.57%	indirect	Mondadori International S.p.A.	70.57%	Luxembourg - 19-21 Boulevard du Prince Henri		03/02/1999
Attica Publications SA (Greece)	EUR	4,590,000	41.987%	indirect	Mondadori International S.p.A.	41.987%	Greece - Athens - Maroussi, 40 Kifissias Avenue		01/08/1994
Editions Mondadori Axel Springer SNC (France)	EUR	152,500	50%	indirect	Mondadori France SAS	50%	France - Montrouge Cedex - 8, rue Francois Ory		9-12-1999
Editions Taitbout SA (France)	EUR	3,048,980	99.997%	indirect	Mondadori France SAS	99.997%	France - Montrouge Cedex - 8, rue Francois Ory		31-1-1989
Mondadori France SAS (France) (formerly AME France S.à r.l.)	EUR	50,000,000	100%	indirect	Mondadori International S.p.A.	100%	France - Montrouge Cedex - 8, rue Francois Ory		23/06/2004
Mondadori Indipendent Media LLC (Russia)	ROUBLE	67,465,000	50%	indirect	Mondadori International S.p.A.	50%	Russia - Moscow - 3, Bldg. 1, Polkovaya Str.		26/12/2007
Mondadori Magazines France SAS (France)	EUR	56,957,458	100%	indirect	Mondadori France SAS	100%	France - Montrouge Cedex - 8, rue Francois Ory		30-3-2004
Mondadori Seec (Beijing) Advertising Co. Ltd	CNY	40,000,000	50%	indirect	Mondadori Pubblicità S.p.A.	50%	China - Beijing - Chaoyang District - Fan Li Plaza, 22, Chaowai Avenue, Level 10, Room B2		26/09/2008
Prisco Spain SA (Spain)	EUR	60,101.30	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Spain - Barcelona, Calle Travessera de Gracia 47/49		6-12-1988
Random House Mondadori SA (Spain)	EUR	6,824,600.63	50%	indirect direct indirect	Mondadori International S.p.A. Arnoldo Mondadori Editore S.p.A. Prisco S.p.A.in SA	33.99% 6.01% 10%	Spain - Barcelona, Calle Travessera de Gracia 47/49		5-08-1959
Star Presse Hollande BV (The Netherlands)	EUR	18,151.21	100%	indirect	Mondadori France SAS	100%	The Netherlands - Amsterdam - Rokin 55		28-9-1994

Statement of the Group's abbreviated consolidated financial statements pursuant to art. 81-ter of Consob Resolution no. 11971 of 14 May 1999 and subsequent changes and supplements

Statement of the Group's interim abbreviated consolidated financial statements pursuant to Art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent changes and supplements

1. The undersigned Maurizio Costa in his capacity as Deputy Chairman and CEO and Carlo Maria Vismara in his capacity as Executive Manager responsible for the drafting of the corporate accounting documentation of Arnoldo Mondadori Editore S.p.A., also in compliance with the provisions set out in art. 154-bis, par. 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998, hereby declare:
   - the adequacy in relation to the Group's characteristics and
   - the effective application

   of the administrative and accounting procedures for the drafting of the Group's interim abbreviated consolidated financial statements for the first half of 2011.

2. The valuation of the adequacy of the administrative and accounting procedures for the drafting of the Group's interim abbreviated consolidated financial statements as at 30 June 2011 was carried out based on a specific process defined by Arnoldo Mondadori Editore consistently with the *Internal Control – Integrated Framework* model issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, which groups together a set of general principles of reference for internal control generally accepted at the international level.

3. We also hereby declare that:

   3.1 the Group's consolidated summary half-year report as at 30 June 2011:
   - a) was drafted in compliance with the applicable international accounting standards acknowledged at the EU level pursuant to EC regulation no. 1606/2002 of the EU Parliament and Council of 19 July 2002 and, specifically, IAS 34 – Interim Financial Reporting, as well as the provisions set out for the implementation of art. 9 of Italian Legislative Decree n. 38/2005;
   - b) reflects the accounting books and entries;
   - c) provides a true and fair description of the financial position and results of operations of the Company and the businesses included in the consolidation area.

   3.2 The half-year report on operations includes references to relevant events that have occurred in the first half of the year, their impact on the summary half year financial statements and a description of the main risks and uncertainties for the remaining six months of the fiscal year under investigation. This interim report also includes a reliable analysis of the information regarding relevant transactions with related parties.

27 July 2011

The Deputy Chairman and CEO

(Maurizio Costa)

The Executive Manager responsible for
the drafting of corporate accounting documents
(Carlo Maria Vismara)

Report from the Independent Auditing Firm

Deloitte.

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AUDITORS' REVIEW REPORT ON THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2011

To the Shareholders of
ARNOLDO MONDADORI EDITORE S.p.A.

1. We have reviewed the Group's interim consolidated financial statements of Arnoldo Mondadori Editore S.p.A. and subsidiaries (the "Mondadori Group"), which comprise the Group's consolidated statement of balance sheet as of June 30, 2011, and the Group's Consolidated Income Statement, Group's Consolidated Statement of Comprehensive Income and Statement of Changes in Consolidated Shareholder's Equity and Group's Consolidated Cash-flow Statement for the six-month period then ended, and the related explanatory notes. The Company's directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-yearly condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

   As far as comparative figures related to the year ended December 31, 2010 and the six-month period ended June 30, 2010 presented in the half year condensed report reference should be made to our auditors' report dated March 30, 2011 and dated August 4, 2010, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the Group's interim consolidated financial statements of Mondadori Group as of June 30, 2010 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Patrizia Arienti
Partner

Milan, Italy
August 4, 2011

This report has been translated into the English language solely for the convenience of international readers