

**ARNOLDO MONDADORI EDITORE S.p.A.**

Share Capital Euro 64,079,168.40

Head offices in Milan

Administrative offices in Segrate (Milan)

**Interim Report on Operations  
for the third quarter of 2011**

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## *Contents*

Board of Directors' Report on Operations for the third quarter of 2011	<b>1</b>
- Financial and non-financial indicators	<b>2</b>
- Books	<b>3</b>
- Magazines Italy	<b>8</b>
- Magazines France	<b>10</b>
- Advertising services	<b>11</b>
- Digital	<b>12</b>
- Direct & Retail	<b>14</b>
- Radio	<b>15</b>
- Corporate and other businesses	<b>16</b>
- Financial situation	<b>17</b>
- Personnel	<b>18</b>
- Capital expenditures	<b>19</b>
- Relevant events after closing	<b>19</b>
- Other information	<b>19</b>
- Foreseeable evolution	<b>20</b>
Consolidated balance sheet and income statement	<b>21</b>

## ***Board of Directors' Report on Operations***

## ***Board of Directors' Report on Operations for the third quarter of 2011***

The market scenario and particularly the EU markets showed a decided downturn in the third quarter of the year and the threat of a worsening of the already dire financial crisis was added to the already existing worries.

The lack of consensus on immediate action to counteract market problems at the European level led to an even more negative perception of the global situation and to a very pessimistic outlook on issues like growth, employment and stability.

In relation to the markets of reference for the Mondadori Group, magazines in Italy continued their downtrend and advertising also dropped; the books market remained essentially steady, though without blockbuster bestsellers and with shrinking cover prices.

Particularly relevant was the retail sales reduction, both in traditional stores and in supermarkets.

In France, magazines did not show any particular changes vis-à-vis the annual trend; specifically, advertising held until September, though it showed a bearish trend as of the beginning of October.

In the afore-mentioned market scenario, the Mondadori Group posted the following results in the first nine months of the year:

- a slightly decreasing sales volume (-1.4%) against the same period of 2010, also thanks to the increasing contribution generated by digital activities;
- still increasing EBIT (+1.5%), resulting from the steady performance of traditional businesses; non-recurrent positive items also contributed to largely compensate the costs deriving from the development of the digital business development;
- a surge in net profits (+43.6%) also thanks to tax amounts already paid in 2010 and referring to past years.

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

**Consolidated sales** amounted to euro 1,114.7 million, down 1.4% against euro 1,130.2 registered in 2010.

**Consolidated EBITDA** equalled euro 104.6 million, up 1.5% against euro 103.1 million of the previous year; on a like-for-like basis, **excluding non-recurrent factors and capital expenditures for the development of the digital activities**, EBITDA would be up 3.2% against the same period of 2010.

**Consolidated EBIT** totalled euro 87.8 million, up 2.6% against euro 85.6 million posted in 2010, with amortisation and depreciation of intangible and tangible assets for euro 16.8 million (euro 17.5 million in 2010).

**Consolidated profit before taxes** amounted to euro 71.3 million, up 5.6% against euro 67.5 million of the past year with interest due for euro 16.5 million against euro 18.1 million registered in 2010.

**Consolidated net profit** totalled euro 44.1 million, up 43.6% against euro 30.7 million of the same period of 2010, which discounted taxes relative to past years (excluding this specific factor, the increase would have been 11.9%).

**Gross cash flow** in the first nine months of 2011 equalled euro 60.8 million against euro 48.2 million of 2010.

The **net financial position** increased from euro -342.4 million as at end of 2010 to euro -380.6 million as at 30 September 2011 (euro -369.0 million as at 30 September 2010); in May dividends were paid out for a total amount of euro 40.3 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*

<b>Consolidated income statement (Euro million)</b>	<b>Third quarter</b>			<b>9 month</b>		
	<b>2011</b>	<b>2010</b>	<b>Var.</b>	<b>2011</b>	<b>2010</b>	<b>Var.</b>
Revenues from sales and services	373.3	403.4	(7.5%)	1,114.7	1,130.2	(1.4%)
Personnel	62.8	63.9	(1.7%)	200.5	198.2	1.2%
Cost of sales and management costs (*)	266.1	291.2	(8.6%)	823.1	832.2	(1.1%)
Income (charges) from investments recognised at equity	1.2	0.2	n.s.	13.5	3.3	n.s.
<b>EBITDA</b>	<b>45.6</b>	<b>48.5</b>	<b>(6.0%)</b>	<b>104.6</b>	<b>103.1</b>	<b>1.5%</b>
<i>EBITDA on revenues</i>	<i>12.2%</i>	<i>12.0%</i>		<i>9.4%</i>	<i>9.1%</i>	
Depreciation of properties, plants and machinery	2.9	2.9	-	8.5	9.1	(6.6%)
Amortisation of intangible assets	2.8	2.8	-	8.3	8.4	(1.2%)
<b>EBIT</b>	<b>39.9</b>	<b>42.8</b>	<b>(6.8%)</b>	<b>87.8</b>	<b>85.6</b>	<b>2.6%</b>
<i>EBIT on revenues</i>	<i>10.7%</i>	<i>10.6%</i>		<i>7.9%</i>	<i>7.6%</i>	
Net financial revenues (costs)	(6.1)	(6.1)	-	(16.5)	(18.1)	(8.8%)
Revenues (costs) from other investments	-	-	-	-	-	-
<b>Profit before taxes</b>	<b>33.8</b>	<b>36.7</b>	<b>(7.9%)</b>	<b>71.3</b>	<b>67.5</b>	<b>5.6%</b>
<i>Profit before taxes on revenues</i>	<i>9.1%</i>	<i>9.1%</i>		<i>6.4%</i>	<i>6.0%</i>	

Interim Report on Operations for the Third Quarter of 2011

Income tax	12.3	20.9	(41.1%)	27.1	36.3	(25.3%)
Third party profits	(0.1)	(0.2)	(50.0%)	(0.1)	(0.5)	(80.0%)
<b>Net profit</b>	<b>21.4</b>	<b>15.6</b>	<b>37.2%</b>	<b>44.1</b>	<b>30.7</b>	<b>43.6%</b>

(\*) 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).

**Consolidated revenues** amounted to euro 1,114.7 million, down 1.4%; here below is a breakdown of revenues by business area.

<b>Sales by sector of activity</b>	<b>9 month 2011</b>	<b>9 month 2010</b>	<b>Var.</b>
<b>(Euro million)</b>			
Books	280.5	294.5	(4.8%)
Magazines Italy	351.1	362.0	(3.0%)
Magazines France	259.6	252.6	2.8%
Advertising	165.0	170.2	(3.1%)
Digital	13.1	5.8	125.9%
Direct & Retail	182.0	175.4	3.8%
Radio	11.7	10.2	14.7%
Corporate and other business activities	16.6	14.4	15.3%
<b>Total aggregate revenues</b>	<b>1,279.6</b>	<b>1,285.1</b>	<b>(0.4%)</b>
Intercompany revenues	(164.9)	(154.9)	6.5%
<b>Total consolidated revenues</b>	<b>1,114.7</b>	<b>1,130.2</b>	<b>(1.4%)</b>

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

<b>Sales by geographical area</b>	<b>9 month 2011</b>	<b>9 month 2010</b>	<b>Var.</b>
<b>(Euro million)</b>			
Italian domestic market	836.7	856.8	(2.3%)
France	246.9	240.3	2.7%
Other EU countries	23.0	27.3	(15.8%)
US market	0.3	0.3	-
Other countries	7.8	5.5	41.8%
<b>Total consolidated revenues</b>	<b>1,114.7</b>	<b>1,130.2</b>	<b>(1.4%)</b>



**Books**

<b>(Euro million)</b>	<b>9 month 2011</b>	<b>9 month 2010</b>
Revenues from books	276.1	290.8
Other revenues	4.4	3.7
	<b>280.5</b>	<b>294.5</b>
Operating costs	(228.4)	(241.3)
<b>EBITDA</b>	<b>52.1</b>	<b>53.2</b>
Amortisation and depreciation	(1.2)	(1.4)
<b>EBIT</b>	<b>50.9</b>	<b>51.8</b>

Nielsen market data for the first nine months of 2011 showed a summer period characterised by generalised uncertainty and weak consumption, slowing sales. In this market scenario, Mondadori Group confirmed its leadership in the Trade segment with a 26.1% share. The publishing agenda for the last part of the year includes numerous new titles which are expected to contribute to a good performance in terms of market positioning.

Sales in the Books segment totalled euro 280.5 million, down 4.8% against the same period of 2010. Here below is a breakdown by single Group publishing house:

<b>Books</b>	<b>9 month 2011</b>	<b>9 month 2010</b>	<b>Var.</b>
<b>(Euro million)</b>			
Edizioni Mondadori	78.5	85.9	(8.6%)
Einaudi	35.0	33.8	3.6%
Sperling & Kupfer	17.9	18.4	(2.7%)
Edizioni Piemme	30.5	34.9	(12.6%)
Mondadori Electa	25.0	24.4	2.5%
Mondadori Education	66.5	66.8	(0.4%)
Distribuzione Libri	22.7	26.6	(14.7%)
Other revenues	4.4	3.7	18.9%
<b>Total consolidated revenues</b>	<b>280.5</b>	<b>294.5</b>	<b>(4.8%)</b>

**Edizioni Mondadori**

As at September 2011 Edizioni Mondadori posted sales equal to euro 78.5 million, down 8.6%. It should be noted that this result is partially attributable to a different scheduling compared to the previous year. In fact, in 2011 the new publishing schedule gave priority to an agenda full of new titles for the last quarter of the year.

Summer 2011 confirmed the success of various authors published by Edizioni Mondadori, including:

- ∞ Narrativa Italiana (Fiction): Margaret Mazzantini exceeded 360,000 copies sold with the novel *Nessuno si salva da solo*, published in March; Mauro Corona topped 150,000 copies and eleven reprints with *La fine del mondo storto*, winner of the *Bancarella* Prize in July;
- ∞ Foreign Fiction: Carlos Ruiz Zafón sold 240,000 copies with *Le luci di settembre*, and the awaited novel *Il Principe della Nebbia*, which completed the Fog Trilogy, of which 140,000 copies were sold in the first days of October;
- ∞ Essays: Mario Giordano topped 150,000 copies sold thanks to the excellent result registered by *Sanguisughe*; Mario Calabresi confirmed his leading position with *Cosa tiene accese le stelle*, exceeding 110,000 copies sold; Michela Marzano ranked in the first positions of bestsellers with her *Volevo essere una farfalla. Come l'anoressia mi ha insegnato a vivere*, a book dedicated to the delicate topic of anorexia, after just one month on the shelves;
- ∞ Varia: Raffaele Morelli with *La felicità è qui* topped 60,000 copies sold, a launching pad also for his book *Dimagrire senza dieta* scheduled for release in November.

In the quarter of reference, the growth of the new NumeriPrimi<sup>o</sup> line was consolidated, with its quality paperbacks, re-issuing the best-selling books of the Group's publishing houses. In this respect, a noteworthy success was reached by *Bianca come il latte, rossa come il sangue* by Alessandro D'Avenia, with over 130,000 copies sold.

As to Books for Juniors, the success of the *Percy Jackson e gli dei dell'Olimpo* saga was confirmed and there was the launch of the *Kung Fu Panda 2* books, attached to the successful release of the relevant movie.

In September, John Grisham's second thriller - *Theodore Boone. La ragazza scomparsa* – posted a great start with 45,000 copies sold on the wake of the author's first great success with *La prima indagine di Theodore Boone*.

Lastly, worth mentioning is the excellent performance of the reservations for the Christmas presents of this year which, thanks to very awaited authors like Fabio Volo, *Le prime luci del mattino*; Sophie Kinsella, in a world's preview with *Ho il tuo numero*; Licia Troisi with her new saga *I regni di Nashira*; John Grisham, Alessandro D'Avenia, Bruno Vespa, and the great excitement around the only authorised biography of Steve Jobs, allows for positive projections for Christmas 2011.

### **Giulio Einaudi Editore**

In the first nine months of this year revenues totalled euro 35 million, up 3.6% against the previous year.

Among the new titles worth mentioning are: *Giudici* by Andrea Camilleri, Giancarlo De Cataldo and Carlo Lucarelli (143,000 copies sold); *Libertà* by Jonathan Franzen (104,000 copies); *Il Leopardo* by Jo Nesbo (77,000 copies); *Ave Mary. E la Chiesa inventò la donna* by Michela Murgia (81,000 copies); *La cavalcata dei morti* by Fred

Vargas (119,000 copies); *La vita accanto* by Mariapia Veladiano (58,000 copies); *Scuote l'anima mia Eros* by Eugenio Scalfari (51,000 copies); *Il sogno del Celta* by Mario Vargas Llosa (35,000 copies); *Un calcio in bocca fa miracoli* by Marco Presta (40,000 copies).

Under the NumeriPrimi° trademark worth mentioning is the publication of Niccolò Ammaniti's success book: *Che la festa cominci* (55,000 copies).

### **Sperling & Kupfer**

As at 30 September 2011 Sperling & Kupfer posted revenues of euro 17.9 million (-2.7% against the previous year).

Production in the third quarter included for Fiction *Le luci del Sud* by Danielle Steel (45,000 copies sold); *Agent 6* by Tom Rob Smith (24,000 copies); *Ho vissuto più di un addio* by David Servan-Schreiber and Ursula Gauthier; for Non Fiction *Il linguaggio del corpo in amore. Le leggi non scritte dell'attrazione, della seduzione e dei sentimenti* by Marco Pacori and *L'alimentazione giusta per tuo figlio* by Gigliola Braga.

Moreover, under the NumeriPrimi° paperback trademark: *Notte buia, niente stelle* by Stephen King (24,000 copies).

Also worthy of note for the month of October was the release of the short novel - *Un amore di marito* by Sveva Casati Modignani, which immediately made the top ten list in the Italian Fiction category.

### **Edizioni Piemme**

In the first nine months, Piemme posted net revenues of euro 30.5 million, down 12.6% against the same period in 2010.

As to Fiction worth mentioning there are the following new books: *Essere amiche a Kabul* by Deborah Rodriguez (25,000 copies sold); *Vicino, sempre più vicino* by Jennifer Weiner (22,000 copies); the esoteric thriller by Kathleen McGowan, *La stirpe di Maria Maddalena* (21,000 copies).

As to Non-fiction excellent results were posted by *Lunga è la notte* by Jerry Clark and Anthony Flacco (with over 33,000 copies sold) and the reprinting of *Falli soffrire 2.0. Gli uomini preferiscono le stonze* by Sherry Argov, which sold 47,000 copies.

With regard to Religion, good results were reached by *Il mio tesoro nascosto. La forza interiore che ispira la mia vita* by Dalila Di Lazzaro (43,000 copies sold) and *L'aldilà nei messaggi di Medjugorje* by Padre Livio Fanzaga and Diego Manetti (22,000 copies). Paperback revenues are down against the previous year, which included the launch of Khaled Hosseini's latest successful title, *Mille splendidi soli*. Among the new books to mention under the Bestseller series are: *La stella del diavolo* by Jo Nesbo (20,000 copies); *La sposa ribelle* by Hanan Al-Shaykh (19,000 copies) and, under the NumeriPrimi° logo, the three books: *A un passo dal baratro* by Paolo Brosio (57,000 copies); *Terroni* by Pino Aprile (40,000 copies) and *La lista* by Michael Connelly (35,000 copies).

The Junior segment also registered a 2.1% drop in revenues against 2010. There was a 10.5% dip in sales of the *Il Battello a Vapore* series, counterbalanced in part by the success of the six new titles released in the *GOL! Series* and of *Scooby Doo! Il dinosauro arrabbiato* and a 2.9% increase in the *Geronimo Stilton* series, with strong sales for *Settimo viaggio nel regno della fantasia* (140,000 copies); *Le avventure di Re Artù* (87,000 copies) and *Viaggio nel tempo 4* (97,000 copies).

A good performance was also registered by the launch of the *I Preistotopi* series (two titles, each with 36,000 copies sold) and the fantasy book, *Principessa del buio* (35,000 copies).

The *Freeway* series, dedicated to the young adults, is rising with the successful debut of the new title *Angeli nell'ombra* (18,000 copies sold) by Becca Fitzpatrick. Sales of the *Paperback Junior* series are also up (+11.7%).

### ***Art books and exhibitions***

Mondadori Electa overall sales volume for the first nine months of 2011 posted a 2.5% growth against the same period of 2010.

The books segment is up, particularly due to the good performance of the bookshops channel (+19.5%), which also benefited from the positive performance of the FAI campaign on the *Illustrated Guides*, while the instalments channel is still dropping steadily.

Among the new titles worthy of mention, released in the third quarter of the year is Flavio Caroli's *La storia dell'arte*, released in September and immediately re-printed, confirming the power of the author's visibility in the media, as was already demonstrated with Fabio Picchi and Reinhold Messner.

In the *Cultural Heritage* area a 1.6% growth was registered against 2010, mainly as a result of the performance of museum bookshops, which benefited from the results achieved by the new bookshop opened last December 2010 within the *Museo del '900* in Milan; the sales volumes relative to the activity regarding the organization of exhibitions, though registering an excellent performance with the *Colosseo* and *GNAM* circuits of Rome, suffered from the current difficulties in the area of Naples.

Product sales based on orders showed a 17.9% reduction against 2010, mainly attributable to the global economic slowdown.

### ***Mondadori Education***

In the first nine months of 2011, Mondadori Education posted net revenues of euro 66.5 million, in line with the data of the same period in the previous year, essentially confirming its market share in the textbooks segment.

Here below are the shares of the main players:

<b>Textbooks segment</b>	<b>2011</b>
Zanichelli-Loescher-D'Anna	15.9%
PPBM Pearson-Paravia-Esbmo	13.7%
Mondadori Education	12.8%
RCS Scuola	12.4%
Gruppo De Agostini	10.2%

Source: AIE

The primary school segment confirmed last year's trend, thanks also to the positive performance of the numerous religion books adopted in the first and second school cycle; the lower high school segment showed a slight reduction due to the fluctuating results achieved by the new books and the new editions.

The secondary high school segment, also down against the same period of the previous year, confirmed the excellent performance in the subjects in which Mondadori Education is market leader. Below expectations are the results in the scientific subjects, subject to curricular reform in 2011. The technical-professional segment held positively.

The publishing programs targeting the next 2012-2013 school campaign take into account two new elements:

- ∞ starting from the next school year, teachers may exclusively adopt mixed textbooks or textbooks which can also be downloaded from the internet;
- ∞ the reform regarding the second two-year cycle of the secondary high school is expected to be implemented following its approval in 2010.

Two new series launched in the university segment are worth mentioning: the anthology series of Italian literary classics and the series of short manuals for Communications Science.

With regard to the digital offering, production was oriented towards the development of assets that could include more works and towards the development of disciplinary web sites. These are expected to give teachers the option of offering content and services useful for lesson planning and the organization of teaching, in general.

In the Italian for foreigners segment, good performance was posted by the renewed adoption of a catalogue best seller with the publication of Qui Italia.it, a multimedia language course at the elementary level, and the consolidation of the commercial presence of the publishing house both in Italy and abroad.

The mobile offering for iPhone, including the Italian dictionary, released in December 2009, has been updated and expanded with InApps including puns and latinisms and the iPad-dedicated universal version.

To complete the Le Monnier dictionary proposal, universal Apps (for iPhone and iPad) were also released in 2011 for the Latin and etymological dictionaries.

Lastly, as of mid-September, the e-commerce functionality of [www.mondadorieducation.it](http://www.mondadorieducation.it) has become operational; the entire catalogue has been digitalized and is now available for purchase and download in pdf/A format (150 downloads in the first 3 weeks).

### ***E-Book***

In the Trade Books segment, 2,700 e-books have been made available as at 30 September 2011, including the various products published in the App world.

Thanks to the opening of the Apple iBookstore in Italy, which contributed to an increase of over 100% in the sales of e-books, sales growth projections for the end of the year seem to be confirmed, having remained steady in the first part of the year.

### ***Distribution and logistics***

The activity in the first nine months of the year showed reduced revenues by 14.7% against the same period of the previous year, following to a downtrend in sales of Baldini e Castoldi Dalai Editore, partially offset by the positive performance of Edizioni EL (+5.4%).

Compared to the first nine months of 2010, logistics showed reduced shipments by 4.4%, but essentially a steady number of copies (-0.7%).

## ***Magazines Italy***

<b>(Euro million)</b>	<b>9 month 2011</b>	<b>9 month 2010</b>
Revenues from magazines	324.3	335.0
Other revenues	26.8	27.0
	<b>351.1</b>	<b>362.0</b>
Operating costs	(298.8)	(319.0)
<b>EBITDA</b>	<b>52.3</b>	<b>43.0</b>
Amortisation and depreciation	(0.5)	(0.5)
<b>EBIT</b>	<b>51.8</b>	<b>42.5</b>

In a market scenario which has been generally registering a worsening performance of Italian and international publishing, the revenues of the Magazines Italy segment, which

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includes, in addition to the revenues from circulation and revenues from advertising of Mondadori titles, also the revenues from the circulation of magazines of third publishers, posted a 3% reduction against 2010.

This result is ascribable to reduced revenues from circulation (-4.8%), mainly due to a reduction in investments made in the subscription channel, and add-on sales (-5.2%); advertising in the publishing house's magazines showed a slight downturn (-0.7%) against 2010, though with a better market performance (-1.8%; Source: Nielsen as at August), while advertising revenue is growing steadily on the web and in the international network magazines.

Revenues from advertising held steady thanks to the numerous and innovative initiatives, including event organisation.

After various re-stylings and re-positionings in the first semester (*Casaviva*, *Ciak*, *Donna Moderna*, *Panorama Icon*, *Panoramauto* of the Aci-Mondadori joint venture), this activity continued also over the third quarter with actions aimed at:

- ∞ a complete restyling of *Donna In Forma*, which has been transformed into *Donna Moderna Wellness*, a new magazine dedicated to body and mind wellness;
- ∞ a restyling of *Sale e Pepe* and *Panorama Travel*.

Initial results indicate that both readers and investors reacted very positively to the initiative.

### ***Circulation***

The summer season did not prove particularly favourable with regard to newsstand sales of magazines.

The overall number of copies circulated in August (September data are not yet available) in the market of reference of the Mondadori magazines dropped 4.8% despite the positive performance of some new magazines. If these items were excluded, sales would have dropped by 7% (Source: in-house estimates). In terms of values, Mondadori posted -4.8%.

### ***Add-on sales***

Since the beginning of the year the market has been characterised by some particularly successful publishing initiatives implemented on dailies, some with a predominantly promotional purpose and at a very low price (euro 0.50-1.00). In terms of values, the overall market as at August was in line with last year's results.

Mondadori, which bases its leadership on product diversification and, specifically, on home videos and music, posted revenues slightly below market averages (-5.2%), maintaining its leadership (35%) and ensuring high profitability, in line with the Group's result for the previous year.

The results of some specific initiatives proved very successful: the feature film series with *Panorama*, the animated series of *TV Sorrisi e Canzoni*, some music series (Gigi D'Alessio, Zuccherò, to mention just two), some pure collectors' series (Hello Kitty) and some book series, like the Classics of History and the Diabolik series.

### ***International***

The excellent performance of revenues from the International segment continued (+30%), driven by a significant growth of advertising revenues (+60%).

Revenues from licensing were also very positive (+26%), mainly for the German, Dutch and Chinese editions.

The number of Mondadori Group licensed editions is still growing, thanks to the launches of *CasaViva* in Ukraine, *Grazia* in Bosnia-Herzegovina and Macedonia and the re-launch of *Interni* in Russia.

The figures of the joint ventures in Russia and China are improving, thanks particularly to the significant growth in advertising.

Attica, the Greek associate, posted reduced revenues due to the worsening of the financial crisis in that country, which had a particularly negative impact on advertising.

However, thanks to the positive performance of the radio station and some ancillary series, the company re-organisation and an accurate re-negotiation with all company suppliers, the company's economic result improved against the previous year.

### ***Digital***

The January-September period showed revenues from advertising for the Mondadori web sites up 37% against 2010 after a particularly brilliant quarter, exceeding expectations by over 50% and well above the market (Nielsen as at August +13.5%) thanks to the performance of the three main web sites: [www.donnamoderna.com](http://www.donnamoderna.com) (+31%), [www.grazia.it](http://www.grazia.it) (+54%) and [www.panorama.it](http://www.panorama.it) (+84%).

In addition to the launch of the new web site in July - [www.panorama-auto.it](http://www.panorama-auto.it) – in the third quarter a wide range of theme-based blogs were developed as well as an intensive plan for participation in the events linked to fashion week and the fashion industry in general was worked out. Web site multimediality is increasing thanks to the launch of new video and animated infographics initiatives, meeting advertising requirements, which are currently showing an increasing demand for impact content.



## ***Magazines France***

Mondadori France closed the first nine months with sales at euro 259.6 million, up 2.8% against the same period of 2010.

<b>(Euro million)</b>	<b>9 month 2011</b>	<b>9 month 2010</b>
Revenues from magazines	250.1	243.1
Other revenues	9.5	9.5
	<b>259.6</b>	<b>252.6</b>
Operating costs	(234.1)	(234.2)
<b>EBITDA</b>	<b>25.5</b>	<b>18.4</b>
Amortisation and depreciation	(7.3)	(8.1)
<b>EBIT</b>	<b>18.2</b>	<b>10.3</b>

EBITDA totalled euro 25.5 million, up 38.6% against euro 18.4 million of last September, due to both the increase in sales and the cost abatement policy which characterised the period.

Due to the envisaged difficulties for the quarter in the advertising market, the growth result at year end is expected to be partially penalised.

## ***Circulation***

Revenues from circulation, which accounted for approximately 69% of total revenues, rose by 2.4%; this performance is particularly relevant considering the difficult economic situation in the magazine market, which has been posting steady losses for several years in France as well (-4.2%; Source: in-house estimate, newsstand channel data as at September).

In this context Mondadori France launched new formats at the beginning of the year for the magazines *Science & Vie*, *Le Film Français*, *Le Chasseur Français*, *Pleine Vie*, *Diapason* and *L'Ami des Jardins*, as well as *Grazia* pocket edition.

The 3.0% growth (Source: DFP DSH 2010-2011) in *Grazia* circulation, which topped 183,000 copies, confirmed the effectiveness of the decision.

The sales of science publications confirmed the success of the magazine *Science & Vie* (543,000 copies/month); moreover, the brand extension policy is continuing with the launch, made last March 2011, of a new quarterly magazine, *Guerres & Histoire*, attached to the magazine *Science & Vie*.

It should also be noted that three Mondadori magazines rank in the top five for increase in the copies sold (Source: DFP DSH 2010-2011): *Modes & Travaux* (+11.0%), *Top Santé* (11.2%) and *Biba* (+7.4%).

Arnoldo Mondadori Editore S.p.A.  
 Head Offices: via Bianca di Savoia 12 -Milan-  
 Administrative Offices: via Mondadori -Segrate (Milan)-

Conversely, the sales of the TV weeklies registered a bearish trend: *TéléStar* (-2.9%), despite its market segment best performance and *Télé Poche* (-6.5%).

Also the sales of *Closer* are dropping (-7.7%), though the magazine is still the first ranking “féminin people” in the French market with 432,000 copies/week.

With the EMAS Mondadori joint venture Mondadori France is leader in automotive magazines with steady sales equal to 1.6 million copies/month.

### ***Advertising***

In its whole, the advertising market posted a 0.5% value increase in the first nine months of the year (Source: Kantar Media).

In the same period, Mondadori France outperformed the market with a 5.7% revenue increase compared to the past year, reaching euro 62.7 million. This result is mainly attributable to the excellent sales performance of *Grazia* weekly magazine (+52%) and *Biba* monthly magazine (+11%).

In the last twelve months (October 2010-September 2011) *Grazia* topped 2,436 advertising pages, up 63%, thus ranking second in terms of advertising pages in the French magazine market.

The high-end women’s magazines currently account for 33.5% of total revenues from advertising (25.9% in the same period of 2010).

### ***Advertising services***

#### ***The market***

Revenues from advertising in the first eight months of 2011 generally confirmed the negative trend which already had emerged in the first half of the year (Source: Nielsen, as at August -4%).

In particular, it should be noted that for the first time since the beginning of the crisis in 2008, Dailies showed difficulties, with -8.3% (and, in particular free press with -49.7%), as did Radio -5.5% and Television -4.7%.

As to magazines, the reduction was limited to 1.8%, thanks to the good performance of sectors like Fashion, Beauty, Pharmaceuticals and the persisting difficulties of other industry segments.

A reverse trend is registered for the Internet (+13.5%), confirming its position as the strongest advertising media.

***The Company***

<b>(Euro million)</b>	<b>9 month 2011</b>	<b>9 month 2010</b>
Revenues from advertising	161.8	167.6
Other revenues	3.2	2.6
	<b>165.0</b>	<b>170.2</b>
Operating costs	(169.6)	(174.2)
<b>EBITDA</b>	<b>(4.6)</b>	<b>(4.0)</b>
Amortisation and depreciation	(0.1)	(0.1)
<b>EBIT</b>	<b>(4.7)</b>	<b>(4.1)</b>

Mondadori Magazines posted a slight decrease, equal to 0.7%; a particularly positive performance was instead posted by *Grazia*, *Donna Moderna* and *Tu Style* and the Monthlies remained in line with 2010 thanks to good results by the Interior Design magazines.

In agreement with the publisher, the events dedicated to fashion continued, including Pitti and Milano Fashion & Design, which this year saw the participation of *Grazia* and *Interni* and Radio *R101* as testimonials of an exhibition which was particularly well received by the sponsors and the public.

As to the Radio, the new organisation of Mondadori Pubblicità, which was started in May and was mainly focused on the possibility of exploring the sales potential of the entire network of the concessionaire, was successful in achieving better results than those posted in 2010, despite a bearish market trend of -5.5% (Source: Nielsen as at August).

Very positive were figures resulting from the revenues from advertising on the Internet, generated by the Mediamond joint venture (+65.9%) thanks to the excellent results of the web sites linked to Mondadori magazines - [www.donnamoderna.com](http://www.donnamoderna.com) and [www.grazia.it](http://www.grazia.it) and Mediaset information web sites - [www.tg.com](http://www.tg.com) and [www.sportmediaset.it](http://www.sportmediaset.it).

In brief, the concessionaire closed the first nine months of the year with revenues from advertising slightly down against 2010 (-3.1%). This result was mainly affected by the negative performance of activities performed on behalf of third publishers.

## **Digital**

Digital, the new business area in which the Mondadori Group has begun operating recently - starting from the past financial year - currently leveraging on the specifically designed structure developed in the last part of 2010, continued its development objective in the diversification of the activities linked to new technology.

In the first nine months of 2011, revenues from direct activities accounted for euro 13.1 million, while the development of the digital activities in the context of other business sectors reached sales on the order of euro 19.9 million.

<b>(Euro million)</b>	<b>9 month 2011</b>	<b>9 month 2010</b>
Revenues from advertising	11.4	5.8
Other revenues	1.7	-
	<b>13.1</b>	<b>5.8</b>
Operating costs	(24.8)	(6.4)
<b>EBITDA</b>	<b>(11.7)</b>	<b>(0.6)</b>
Amortisation and depreciation	(0.2)	(0.1)
<b>EBIT</b>	<b>(11.9)</b>	<b>(0.7)</b>

## **Direct activities**

### E-commerce

E-commerce, including the sale of books, publishing products and gadgets, through the www.bol.it web site, posted revenues of approximately euro 11.1 million in the first nine months of the year (euro 5.8 million for the May-September period subject to consolidation in 2010).

The www.bol.it web site is still showing persistent growth in the number of orders against 2010 (above 30%) thanks to a progressive increase in the number of visitors, which topped over 1 million users on a monthly basis (+50% on a Y/Y basis).

In September, special attention was drawn to the offer of school textbooks with service innovations, which contributed to a substantial growth against the previous year.

The Easy Shop activity, an e-commerce web site mainly dedicated to fashion, is in the process of a strategic revision considering the competitive dynamics of the market of reference.

### Application

The area regarding applications and services for mobile telephony is progressing. In the first nine months 4 applications have been designed - Virtual History Roma, Virtual History Cenacolo, Virtual History Firenze and Diabolik - which topped the iTunes rankings for their sectors.

In the last quarter Feed the Hyppo was launched, the first game produced by Mondadori and available for iPad and iPhone.

#### Customer Relations Management Services

The Mondadori project for the development of a CRM (Customer Relations Management) system, aimed at sharing the various Group customer databases is progressing according to the envisaged timing.

In the last quarter of 2011, activities targeting the profiling and definition of the commercial actions, as well as activities for the generation of additional information to supplement the profiles and clusters, are expected to be started.

In the second quarter of 2012 it is expected to be fully operational, ahead of the budget plans.

#### Glaming

In the second quarter Glaming S.r.l. was established, a company 70% owned by Arnoldo Mondadori Editore S.p.A. and 30% by Fun Gaming S.r.l., for the purpose of remote management of public games (regulated according to the standards of the Independent Administration of the State Monopolies, the authority responsible for the entire sector).

The company's mission is to provide a modern and particularly detailed offering, including games and entertainment, resulting in a better user experience and aimed at the different targets and communities which make reference to the Mondadori publishing portfolio, by making various games available under safe and reliable conditions.

On 28 September Mondadori obtained the necessary licenses from Independent Administration of the State Monopolies. The testing activities for the Games platforms are currently being carried out by the competent authorities (Independent Administration of the State Monopolies).

The progressive launch of the Games offering including, among others, bingo, poker, casino and also live and skill games, is expected for the second half of November.

#### ***Indirect activities***

In addition to the foregoing, the Group developed new digital activities, such as e-books, on line book clubs, Internet web sites, digital subscription and advertising, which are financially represented in the various businesses for a total sales amount of euro 19.9 million, up from euro 16.4 million posted in 2010.

#### ***Direct & Retail***

The overall turnover of the Direct & Retail area reached euro 182 million in the first nine months of 2011 against euro 175.4 million of the same period of 2010, showing a 3.8% increase.

It should be noted that with respect to the values posted in the past year, Mondolibri S.p.A. was consolidated as of 1 May 2010.

<b>(Euro million)</b>	<b>9 month 2011</b>	<b>9 month 2010</b>
Revenues	177.2	173.6
Other revenues	4.8	1.8
	<b>182.0</b>	<b>175.4</b>
Operating costs	(181.7)	(172.0)
<b>EBITDA</b>	<b>0.3</b>	<b>3.4</b>
Amortisation and depreciation	(4.4)	(4.1)
<b>EBIT</b>	<b>(4.1)</b>	<b>(0.7)</b>

On 1 July 2011 Mondolibri S.p.A. and Mondadori Franchising S.p.A. merged into Mondadori Retail S.p.A., which changed its name into Mondadori Direct S.p.A.; the process of company aggregation gave rise to several initiatives aimed at improving the overall efficiency of the network and developing additional new cross-sectional projects in the upcoming future.

Following the re-organisation process, the Direct & Retail area is now divided into two legal entities: Cemit Interactive Media S.p.A., operating in direct marketing and value added communications services for businesses and Mondadori Direct S.p.A., which includes the management of mail order book club sales (books, music, travel), the management of the direct libraries and those in franchising and the multicentres.

### ***Direct***

The activity level is affected by the current negative economic scenario and, in particular, the drop in the direct marketing activities of some large commodities operators, which have always represented a substantial part of Cemit's business.

Despite the reduction in sales by over 20%, the company managed to mitigate the impact on its financial result through the adoption of a more efficient cost control policy and investments in new digital communications activities, thus extending its product portfolio.

In particular, the communications activity and the Internet services are growing.

### ***Retail***

The overall amount of revenues generated by the stores are in line with the previous year, thanks to new affiliations in the chain of franchisees, which compensated the reduction of revenues registered by proprietary stores due to the closure of some important locations in the centre of Rome and Turin.

The networks increased to 608 points of sale (570 as at end of September 2010).

The management of direct stores posted reduced revenues by 11.5% against the previous year, mainly due to the closure of the afore mentioned sale points. On a like-for-like basis, the reduction of sales would have been equal to 3.3%.

The actions targeted to improve store layouts are continuing, with the objective of creating a new balance in the structure of the point of sale offering, and a brand corner policy has been recently implemented along with the introduction of new Mondadori branded product lines.

Revenues from the franchised bookstores in the first nine months of 2011 rose 12.8% against the same period in the past year, thanks to the new affiliations, which increased the number of points of sale to 499 compared to 463 as at September 2010.

On a like-for-like basis, revenues would be in line with those of the previous year.

Mondadori Express activity progressed considerably, providing stores with the most frequently requested titles in the shortest time possible..

The book clubs managed by the Mondolibri division of Mondadori Direct S.p.A. continued their activities, with approximately one million subscribers in total. Sales for the period registered the impact of the significant promotions on books, made necessary as a result of the difficult economic scenario and competition with the emerging internet operators. Mondolibri is also present in the territory with 18 proprietary bookstores and 58 in franchising.

### ***Radio***

The Radio market posted a downturn in sales equal to 5.5% (Source: Nielsen as at August) against the previous year, showing a more consistent reduction in the first semester (-8.4%), offset by a clear recovery in the summer months (+11%), but accompanied by an additional drop in September (-6%). (Source: FCP Assoradio).

R101 revenues from advertising significantly outperformed the market, generating net revenues up 14.7% in the first nine months of 2011 against the same period of 2010. It registered a more limited increase in the first half of the year (+7.9%) and a more substantial growth in the last three months (+27%).

This result is partially attributable to the re-organisation of the commercial network: the transition from a network dedicated to R101 advertising sales to the latter's expansion to Mondadori Pubblicità's entire sales force enabled it to acquire numerous new customers who had never invested in the radio market before.

The marketing activity was particularly fruitful during the summer months of 2011; in addition to the traditional "Spiaggia 101" Tour, which this year again brought R101 music and entertainment into various important Italian seaside resorts, other prominent events were organised in the territory, which leveraged on the radio media with live broadcasting from several Italian regions.

R101 was also the official radio for the Italian dates of the concerts of some internationally renowned artists and, for the first time, the official radio of the Venice film festival.

In autumn, the program schedule was further enriched by the launch of new programs and new anchorpeople, talents from the world of entertainment and radio.

<b>(Euro million)</b>	<b>9 month 2011</b>	<b>9 month 2010</b>
Revenues	11.7	10.2
Other revenues	-	-
	<b>11.7</b>	<b>10.2</b>
Operating costs	(12.8)	(11.4)
<b>EBITDA</b>	<b>(1.1)</b>	<b>(1.2)</b>
Amortisation and depreciation	(1.2)	(1.3)
<b>EBIT</b>	<b>(2.3)</b>	<b>(2.5)</b>

### ***Corporate and other businesses***

The Corporate segment includes the Parent Company functions, concentrated in service activities in favour of the Group companies, and the business units, in addition to the structures in charge of managing the Group's financial assets.

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 above described.

### ***Financial situation***

As at 30 September 2011 Mondadori Group's financial position showed a debt of euro 380.6 million, as illustrated in the table below.

<b>Net Financial Position</b>	<b>30 September 2011</b>	<b>31 December 2010</b>	<b>30 September 2010</b>
<b>(Euro million)</b>			
Cash and cash equivalents	38.7	84.9	56.8
Financial assets at fair value	-	-	-
Financial assets available for sale	15.6	26.2	29.6
Assets (liabilities) in derivatives	(10.0)	(5.3)	(9.8)
Other financial assets (liabilities)	0.3	(9.8)	(7.2)
Loans (short and medium-long term)	(425.2)	(438.4)	(438.4)
<b>Net Financial Position</b>	<b>(380.6)</b>	<b>(342.4)</b>	<b>(369.0)</b>



The third quarter of 2011 was characterised by a severe worsening in the global economy and the crisis of the financial markets, resulting in the downgrading of growth projections.

In the developed countries, high unemployment rates and sharp reductions in spending resulted in a slowdown in consumption and led to a generalised attitude of diffidence. In the emerging countries economic growth continued at high levels, though it also showed some signs of slowing down. Globally, the world's major rating agencies bearishly corrected their projections on global economic growth, both for 2011 and for the following year.

The instability of the financial markets created additional problems for the sovereign debt of various European countries, which had already been under attack from unrelenting speculation in the preceding semester aimed at European banks, heavily exposed to the most indebted governments. Investors fled from risky positions towards "sheltered assets" (typically gold, the Swiss franc and US treasury bills) and this led to massive reductions in stock and bond prices.

After having raised the prime lending rate (minimum refinancing rate) to 1.50% in July, the European Central Bank adopted targeted measures designed to sustain banks' liquidity, enhance the solidity of the European Financial Institutes and mitigate the financial market volatility. For this purpose, in addition to increasing the loan options to the banks, it purchased member nation bonds in the secondary market.

The 3-month Euribor listings in the first nine months grew progressively, from approximately 1.00% to 1.55% as at 30 September, peaking at approximately 1.61% at the end of July. The mean value stood at 1.36%. The average cost of the Group's debt in the same period was equal to 3.32%.

After four months of nearly growth from its January trough of 1.29, the Euro/Dollar exchange rate fluctuated between 1.48 and 1.40 until September, when it dropped to 1.35; a similar performance was registered for the Euro/Sterling exchange rate: from the 0.83 trough registered in January, it peaked at 0.90 at the end of June and then dropped to 0.86 in September.

Overall, the credit lines available to the Group as at 30 September 2011 totalled euro 1,097.9 million, of which euro 781.7 committed.

The Group's short-term loans, equal to euro 316.2 million and utilised for euro 36.1 million as at 30 September 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 30 September, 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;

- ∞ float rate loan for euro 50.0 million with expiry in May 2013, specifically a term loan, entirely utilised as at 30 September;
- ∞ float rate loan for euro 200.0 million with expiry in December 2016, divided into a term loan for euro 50.0 million and a Revolving Facility for euro 150.0 million, still unutilised as at 30 September. An Interest Rate Swap contract was stipulated on a portion of the term loan in September 2011 with expiry in January 2014;
- ∞ 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 Interest Rate Swap Amortizing contract for a nominal value of euro 40 million was stipulated as at 30 September;
- ∞ a float rate bullet loan for euro 50 million, specifically a term loan, granted by Mediobanca, with expiry in March 2017. In addition, an Interest Rate Swap contract was stipulated in July to supplement coverage with forward introduction at the end of July 2011;
- ∞ a float rate bullet loan for euro 50 million, specifically a Revolving Credit Facility, granted by Mediobanca in the month of July 2011 with expiry in December 2017, utilised for euro 15 million as at 30 September 2011.

### ***Mondadori International***

The Company financial assets as at 30 September 2011 totalled euro 30.8 million (euro 33.8 as at end of 2010). The Company registered a loss equal to euro 1.8 million in the quarter of reference.

As at 30 September 2011, the financial assets breakdown was as follows:

- ∞ current accounts, assets similar to cash equivalents and time deposits with Italian leading banks with maximum maturity below three months for euro 15.1 million;
- ∞ float rate bonds available for sale for 15.7 million.

### ***Personnel***

Employees with a fixed-term or permanent labour contract employed by the Group companies as at 30 September 2011 totalled 3,720 people, basically unchanged from the levels registered in the same period of the previous year (3,717 units).

The personnel figures also include the activities envisaged for the development of the new Digital Business Unit, the establishment of a new company operating in the web environment (Glaming), the permanent labour contracts underwritten with some sales personnel in the museum bookshops and the consolidation of AME Editoriale Wellness S.r.l.

Considering the afore mentioned differences, the Group's personnel count would be lower by 52 units against the same period of the previous year, equal to approximately -1.4%.

Lastly, it is necessary to also consider that the September count reflected, as usual, the presence of seasonal recruitments, linked to the circulation of school textbooks, which are terminated within year end.

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

<b>Personnel</b>	<b>30 September 2011</b>	<b>31 December 2010</b>	<b>30 September 2010</b>
Arnoldo Mondadori Editore SpA:			
- Managers, journalists, office staff	1,131	1,108	1,109
- Workers	91	96	97
	<b>1,222</b>	<b>1,204</b>	<b>1,206</b>
Italian subsidiaries:			
- Managers, journalists, office staff	1,489	1,478	1,505
- Workers	76	58	75
	<b>1,565</b>	<b>1,536</b>	<b>1,580</b>
Foreign subsidiaries:			
- Managers, journalists, office staff	933	909	931
- Workers	-	-	-
	<b>933</b>	<b>909</b>	<b>931</b>
<b>Total</b>	<b>3,720</b>	<b>3,649</b>	<b>3,717</b>

### ***Capital expenditures***

Capital expenditures in the first nine months of 2011 totalled euro 6.7 million and mainly include furniture, furnishings, office equipment and radio device equipment.

### ***Relevant events after closing***

There are no relevant events that have occurred after the closing of the third quarter.

### ***Other information***

The interim report as at 30 September 2011 was prepared in compliance with IAS/IFRS accounting standards and the evaluation criteria adopted are in line with those used as at 31 December 2010.

The document provides the information required by art. 154 ter, par. 5, of Italian Legislative Decree no. 58/1998, as introduced by Italian Legislative Decree 195/2007. For the purposes of facilitating valid comparisons between the figures contained in this document and those in previous interim reports and of continuity in its disclosures to the market, this report as at 30 September 2011 is in the same format as previous quarterly reports.

As a result, international accounting principle no. 34 in the matter of interim financial reporting was not applied.

***Foreseeable evolution***

The third quarter of the year was characterized by heightened concern about the economy, particularly in the Eurozone, along with uncertainty regarding the solidity of public accounts in the member States.

The above, with the added difficulties of the credit system, worsened the situation in manufacturing, consumption and investment, which had been under pressure for a long time; unemployment, especially youth unemployment, also reached very high levels.

The general economic crisis did not skip over the Mondadori markets of reference, though the company has so far managed to tackle the situation by increasingly focusing on product quality and process efficiency, without neglecting the ongoing cost reduction policy.

With reference to year-end projections, it is possible to confirm, with even greater conviction, the statements in the half-year report regarding the difficulty of making accurate projections, even in the short term.

It should nevertheless be said that current data regarding the month of October seem to show generally worsening market indicators and, therefore, developments in the fourth quarter will be critical to registering an operating profit for the Group in line with that of the past year.

For the Board of Directors  
The Chairman  
Marina Berlusconi

The Executive Manager responsible for the drafting of the corporate accounting documentation - Carlo Maria Vismara - hereby declares, pursuant to Art. 154 bis, par. 2, of the Finance Consolidation Act, that the accounting documentation contained in this Interim Report corresponds to the Company's accounting entries, books and results.

The Executive Manager responsible for the drafting of the corporate accounting documentation

Carlo Maria Vismara

## ***Consolidated balance sheet and income statement***

**Consolidated balance sheet**  
(Euro thousands)

<b>Assets</b>	<b>30 September 2011</b>	<b>31 December 2010</b>
<b>Intangible assets</b>	<b>895,439</b>	<b>901,468</b>
<b>Investments</b>	<b>2,763</b>	<b>2,383</b>
Land and buildings	10,272	10,680
Plant and machinery	12,385	5,513
Other fixed assets	30,922	39,766
<b>Property, plant and machinery</b>	<b>53,579</b>	<b>55,959</b>
Investments booked at equity	128,411	131,464
Other investments	1,575	222
<b>Total investments</b>	<b>129,986</b>	<b>131,686</b>
<b>Non-current financial assets</b>	<b>498</b>	<b>1,889</b>
<b>Advanced tax assets</b>	<b>40,306</b>	<b>45,679</b>
<b>Other non-current assets</b>	<b>1,094</b>	<b>1,390</b>
<b>Total non-current assets</b>	<b>1,123,665</b>	<b>1,140,454</b>
Tax credits	30,934	28,709
Other current assets	90,940	81,667
Inventory	136,249	131,484
Trade receivables	350,554	385,207
Stocks and other current financial assets	35,006	31,942
Cash and cash equivalents	38,695	84,901
<b>Total current assets</b>	<b>682,378</b>	<b>743,910</b>
<b>Assets held for sale or transferred</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>1,806,043</b>	<b>1,884,364</b>

**Consolidated balance sheet**  
**(Euro thousands)**

<b>Liabilities</b>	<b>30 September 2011</b>	<b>31 December 2010</b>
Share capital	64,079	67,452
Share premium reserve	210,200	286,857
Treasury shares	(74,935)	(144,968)
Other reserves and results carried forward	328,005	327,771
Profit (loss) for the period	44,123	42,101
<b>Group net equity</b>	<b>571,472</b>	<b>579,213</b>
Minority share capital and reserves	2,071	1,750
<b>Total equity</b>	<b>573,543</b>	<b>580,963</b>
Reserves	38,332	43,416
Post-employment benefits	53,347	53,159
Non-current financial liabilities	409,402	418,468
Deferred tax liabilities	92,529	91,189
Other non-current liabilities	-	-
<b>Total non-current liabilities</b>	<b>593,610</b>	<b>606,232</b>
Income tax	24,701	22,619
Other current liabilities	249,367	250,966
Trade payables	319,394	380,895
Payables t/w banks and other financial liabilities	45,428	42,689
<b>Total current liabilities</b>	<b>638,890</b>	<b>697,169</b>
<b>Liabilities held for sale or transferred</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>1,806,043</b>	<b>1,884,364</b>

**Consolidated income statement**  
**(Euro thousands)**

	9 month 2011	9 month 2010
<b>Revenues from sales and services</b>	<b>1,114,716</b>	<b>1,130,206</b>
Decrease (increase) in inventory	(4,137)	5,310
Costs for raw materials, consumables and goods	170,864	170,734
Costs for services	629,751	615,058
Cost of personnel	200,477	198,155
Other costs (income)	26,684	41,195
Income (costs) from investments booked at equity	13,500	3,316
<b>EBITDA</b>	<b>104,577</b>	<b>103,070</b>
Depreciation and impairment of property, plant and machinery	8,537	9,065
Amortisation and impairment of intangible assets	8,229	8,393
<b>EBIT</b>	<b>87,811</b>	<b>85,612</b>
Financial income (costs)	(16,502)	(18,149)
Income (costs) from other investments	-	(5)
<b>Pre-tax profit</b>	<b>71,309</b>	<b>67,458</b>
Income tax	27,108	36,240
<b>Profit from continuing activities</b>	<b>44,201</b>	<b>31,218</b>
Income (costs) from assets/liabilities held for sale or closed	-	-
Minority shareholders' profit	(78)	(535)
<b>Net profit</b>	<b>44,123</b>	<b>30,683</b>
Net earnings per share (in Euros)	0.19	0.13
Net earnings per share (diluted) (in Euros)	0.19	0.13



***Comprehensive consolidated income statement***  
**(Euro thousands)**

	<b>9 month 2011</b>	<b>9 month 2010</b>
<b>Net profit before minority Shareholders' interest</b>	<b>44,201</b>	<b>31,218</b>
Profit (loss) deriving from the conversion of the financial statements of foreign companies	(5)	20
Other profit (loss) from companies valued at equity	(1,667)	(1,075)
Effective part of profit (loss) on cash flow hedge instruments	(4,560)	(5,031)
Profit (loss) deriving from assets held for sale (fair value)	(1,903)	(1,974)
Tax effect on other profit (loss)	-	-
<b>Total other profit (loss) net of tax effect</b>	<b>(8,135)</b>	<b>(8,060)</b>
<b>Comprehensive result for the period</b>	<b>36,066</b>	<b>23,158</b>
Attributable to:		
- Parent Company Shareholders	35,988	22,623
- Minority Shareholders	78	535

For the Board of Directors  
The Chairman  
Marina Berlusconi

**Consolidated income statement**  
**(Euro thousands)**

	<b>3 month 2011</b>	<b>3 month 2010</b>
<b>Revenues from sales and services</b>	<b>373,305</b>	<b>403,421</b>
Decrease (increase) in inventory	(832)	3,960
Purchases of raw, ancillary, consumption materials and goods	56,512	57,202
Purchases of services	203,823	213,078
Cost of personnel	62,766	63,892
Other costs (revenues)	6,601	16,949
Revenues (costs) from investments booked at equity	1,156	179
<b>EBITDA</b>	<b>45,591</b>	<b>48,519</b>
Amortisation and value impairment of property, plants and machinery	2,978	2,907
Amortisation of intangible assets	2,752	2,826
<b>EBIT</b>	<b>39,861</b>	<b>42,786</b>
Financial revenues (costs)	(6,107)	(6,150)
Revenues (costs) from other investments	-	(5)
<b>Pre-tax result</b>	<b>33,754</b>	<b>36,631</b>
Income tax	12,295	20,896
<b>Result from continuing activities</b>	<b>21,459</b>	<b>15,735</b>
Revenues (costs) from assets /liabilities held for sale or transferred	-	-
Minority shareholders' result	(53)	(151)
<b>Net result</b>	<b>21,406</b>	<b>15,584</b>

For the Board of Directors

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The Chairman  
Marina Berlusconi