

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 First Quarter of 2012**

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 First Quarter of 2012**

Corporate Offices and Boards

Board of Directors

Chairman

Marina Berlusconi

Deputy Chairman and Chief Executive Officer

Maurizio Costa

Directors

Pier Silvio Berlusconi

Roberto Briglia

Pasquale Cannatelli

Bruno Ermolli

Martina Forneron Mondadori

Roberto Poli

Angelo Renoldi

Mario Resca

Cristina Rossello

Carlo Sangalli

Marco Spadacini

Carlo Maria Vismara (*)

(*) Secretary

Board of Statutory Auditors

Chief Statutory Auditor

Ferdinando Superti Furga

Standing Statutory Auditors

Francesco Antonio Giampaolo

Franco Carlo Papa

Substitute Statutory Auditors

Francesco Vittadini

Ezio Simonelli

Contents

Report on Operations

- Board of Directors' report on operations for the first quarter of 2012	9
- Financial and non-financial indicators	10
- Books	11
- Magazines Italy	19
- Magazines France	24
- Advertising	25
- Digital	27
- Direct	28
- Radio	29
- Corporate and other business activities	30
- Financial situation	31
- Personnel	33
- Capital expenditures	34
- Other information	34
- Foreseeable evolution	34

Consolidated balance sheet and income statement

- Consolidated balance sheet	38
- Consolidated income statement	40
- Consolidated comprehensive income statement	41

Report on Operations

Board of Directors' Report on Operations for the First Quarter of 2012

In the first quarter of 2012, the structural aspects of the ongoing economic crisis were confirmed, particularly in Europe. Negative GDP values, higher unemployment and further reductions in consumer spending made for a worsening scenario compared to the same period of 2011.

As for the markets of reference for the Mondadori Group, magazines in Italy dropped both in volumes and sale of advertising spaces. Books also showed a downtrend both in volumes and values.

In France, though to a lesser extent than in Italy, circulation and advertising figures continued the downward trend begun in the second half of 2011.

In the market scenario described above, the Mondadori Group posted consolidated sales down 7.4% in the first quarter of 2012 against the same period in 2011, in line with the results of the last quarter of 2011.

In terms of income, despite the significant drop in consolidated EBITDA due to reduced sales, the first quarter of 2012 closed with a positive net result, thanks to the low incidence of financial costs and taxes for the period.

In the coming months, on the business side, the development of the digital activities more correlated to the Group's publishing identity and business (products, brands and communities) is expected to make further progress and the restructuring process implemented in recent years will be expanded in order to adapt to a market scenario that is not showing any sign of recovery.

Here below are the financial highlights as at 31 March 2012.

Consolidated sales amounted to euro 328.1 million, down 7.4% against euro 354.3 million registered in 2011. Net of the consolidation of Emes in Mondadori France, the reduction in sales would have been 10.1%.

Consolidated EBITDA equaled euro 15.0 million, down 31.2% against euro 21.8 million in the previous year.

Consolidated EBIT totaled euro 8.9 million against euro 16.3 million registered in 2011, with amortization and depreciation of intangible and tangible assets equal to euro 6.1 million (euro 5.5 million in 2011).

Consolidated profit before taxes amounted to euro 4.5 million against euro 10.9 million of the previous year; in the quarter of reference financial costs equaled euro 4.4 million, up euro 1 million against 2011.

Consolidated net profit totaled euro 2.4 million against euro 5.0 million in the same period of 2011.

Gross cash flow in the first quarter of 2012 equaled euro 8.5 million against euro 10.5 million registered in 2011.

The **net financial position** improved from euro -335.4 million as at end of 2011 to euro -301.8 million at 31 March 2012.

Here below is a summary of the key elements regarding Mondadori's sectors of activity.

Financial and non-financial indicators

Consolidated income statement (Euro/million)	31 March 2012	31 March 2011	Var. %
Revenues from sales and services(*)	328.1	354.3	(7.4%)
Personnel (*)	73.2	68.5	6.9%
Cost of sales and management costs (**)	244.9	264.0	(7.2%)
Income (charges) from investments recognised at equity	5.0	-	n.s.
EBITDA	15.0	21.8	(31.2%)
<i>EBITDA incidence on revenues</i>	<i>4.6%</i>	<i>6.2%</i>	
Depreciation of properties, plants and machinery	2.8	2.7	3.7%
Amortisation of intangible assets	3.3	2.8	17.9%
EBIT	8.9	16.3	(45.4%)
<i>EBIT incidence on revenues</i>	<i>2.7%</i>	<i>4.6%</i>	
Net financial revenues (costs)	(4.4)	(5.4)	(18.5%)
Revenues (costs) from other investments	-	-	
Profit before taxes for the period	4.5	10.9	(58.7%)
Income tax	1.8	5.7	(68.4%)
Minority shareholders' income	(0.3)	(0.2)	50.0%
Net profit	2.4	5.0	(52.0%)

(*) On a like-for-like basis revenues from sales and services would show a 10.1% reduction, and personnel costs a 1.1% increase.

(**) 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, equal to euro 328.1 million, were down 7.4%. Here below is a breakdown of revenues by business area.

Revenues by business area (Euro/million)	31 March 2012	31 March 2011	Var. %
Books	64.2	78.0	(17.7%)
Magazines Italy	104.3	121.9	(14.4%)
Magazines France	94.3	82.6	14.2%
Advertising	42.4	49.5	(14.3%)
Direct	58.4	64.1	(8.9%)
Radio	3.2	3.3	(3.0%)
Corporate and other business activities	5.7	5.8	(1.7%)
Total aggregate revenues	372.5	405.2	(8.1%)
Intercompany revenues	(44.4)	(50.9)	(12.8%)
Total consolidated revenues	328.1	354.3	(7.4%)

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

Sales by geographical area (Euro/million)	31 March 2012	31 March 2011	Var. %
Italian domestic market	229.2	263.5	(13.0%)
France	88.5	78.6	12.6%
Other EU countries	7.5	8.1	(7.4%)
US market	0.1	0.1	-
Other countries	2.8	4.0	(30.0%)
Total consolidated revenues	328.1	354.3	(7.4%)

Books

In the first quarter of 2012 the Trade Book market posted - for the first time - a remarkable downturn, both in terms of copies (-10.8%) and value (-11.8%) against the same period of last year (source: Nielsen), a reduction that has affected all the channels: bookshops, supermarkets and e-commerce.

Bestsellers were down sharply: in the first quarter of 2012: the top ten list registered a 7.8% reduction in terms of copies and more than twice that (-16%) in terms of value. This data confirms, among other things, that the average bestseller book price has dropped.

There are several reasons for this, and they have already been explored in detail in the annual financial statements. They include the economic recession and the Levi Law on book prices, which took effect in Italy in September 2011 and sets limitations on the discounts that can be offered to buyers, as well as the frequency and time spans for promotions.

In the first quarter of 2012, Mondadori Group confirmed its leadership in the trade book market with a 25.7% share in value (source: Nielsen), despite the difficult market conditions and the remarkable drop in sales, down from euro 78 million to euro 64.2 million.

(Euro/million)	31 March 2012	31 March 2011
Revenues from books	63.0	76.5
Other revenues	1.2	1.5
	64.2	78.0
Operating costs	(58.5)	(65.4)
EBITDA	5.7	12.6
Amortisation and depreciation	(0.3)	(0.3)
EBIT	5.4	12.3

Here below is a breakdown of revenues by publishing house:

Books			
(Euro/million)	31 March 2012	31 March 2011	Var. %
Edizioni Mondadori	22.3	27.7	(19.5%)
Einaudi	11.6	14.2	(18.3%)
Sperling & Kupfer	6.8	7.4	(8.1%)
Edizioni Piemme	9.0	11.9	(24.4%)
Mondadori Electa	5.3	6.4	(17.2%)
Mondadori Education	2.5	2.5	-
Distribuzione Libri	5.2	7.0	(25.7%)
Other revenues	1.5	0.9	66.7%
Total consolidated revenues	64.2	78.0	(17.7%)

Edizioni Mondadori

In the first quarter of 2012, Edizioni Mondadori retained its leadership in the trade market with a 13.0% share and sales at euro 22.3 million (euro 27.7 million in 2011).

The most significant publishing initiative undertaken in the first quarter of this year by Edizioni Mondadori was the launch of the new Libellule series, featuring short stories with a high literary value by successful authors, which were sold at a price of euro 10.

The claim designed for this initiative is “*Grandi nel breve*” (Short distance champions). The series opens with the publication of stories by top level authors, including Andrea Camilleri with *Il diavolo, certamente*, more than 150,000 copies, and Francesco Guccini with *Dizionario delle cose perdute*, which sold 100,000 copies in just one month. Both books immediately vaulted into the top ten list. Then Chiara Gamberale with *L'amore quando c'era*; Raffaele La Capria with *Esercizi superficiali. Nuotando in superficie* and Alberto Cavanna with *L'uomo che non contava i giorni*.

As for Fiction, after thirteen years Mondadori renewed its most important series - Italian and Foreign Authors – by redesigning the graphics, offering a larger format and two different covers. The new design was launched concurrently with the publication of first works by two new writers: Maria Paola Colombo with *Il negativo dell'amore* and Ayad Akhtar with *La donna che mi insegnò il respiro*.

Next the launch of the next and eagerly awaited novel in the series “*Il Cimitero dei Libri Dimenticati*” by Carlos Ruiz Zafón, *Il prigioniero del cielo*, with over 200,000 copies, and the new novel by Alessandro Piperno, *Inseparabili*, short listed for the Strega Award in 2012. In this context the good performance of the 2011 Christmas gift-books is also worth mentioning; in particular, *Cose che nessuno sa* by Alessandro D'Avenia (160,000 copies) and *Come un sasso nella corrente* by Mauro Corona (80,000 copies).

In Foreign Fiction, the success of two consolidated authors was re-confirmed: Patricia Cornwell with the thriller *Nebbia rossa* (110,000 launch copies) and Madeleine Wickham, also known as Sophie Kinsella, with *Una ragazza da sposare*, (70,000 copies). An excellent performance was also registered by two titles re-proposed on the occasion of the release of the relevant movies: *The Help* by Kathryn Stockett (40,000 copies) and *La chiave di Sara* by Tatiana De Rosnay (30,000 copies).

In the Non-Fiction sector there was a particularly successful publishing initiative: the expansion of the Current Affairs Frecce series with the publication of small format paperbacks at euro 12. The initiative was launched with books by two popular authors: Giuseppe Ayala with *Troppe coincidenze* and Raffaele Cantone with *Operazione Penelope*. As for political commentary, in the first quarter of 2012 Mario Giordano's *Spudorati* (65,000 copies) hit the shelves in mid-March, after last year's success with *Sanguisughe* (150,000 copies sold).

Two popular books dealing with religious thought were also launched in the quarter: *Testimoni del messaggio cristiano* by Pope Benedict XVI (45,000 copies) and *La Vita buona. Un dialogo sulla Chiesa, la fede, l'amore, la vita e il suo senso* by Angelo Scola and Aldo Cazzullo (25,000 copies).

At the end of March a new cookbook - *Vino & Cucina* – was launched, co-authored by two popular television personalities: Antonella Clerici and Bruno Vespa, and sold over 70,000 copies.

Under the Strade Blu brand, the excellent performance of the new writer Massimiliano Verga with *Ziguli. La mia vita dolceamara con un figlio disabile*, is worthy of note, with 25,000 copies sold in just three months following the initial launch of 7,000.

Also in the latter context, the 2011 Christmas gift-books posted a positive performance and, in particular, *Volevo essere una farfalla. Come l'anoressia mi ha insegnato a vivere* by Michela Marzano, which reached over 13,000 copies in the quarter for a total of more than 35,000 copies sold.

In the Non-Fiction Miscellaneous sector, after the great success of John Peter Sloan's English lessons, *Lost in Italy* was published by the same author, with a 50,000 copies launch on 30 March, in addition to the 24 chapters of the book in the digital version.

Going up in the bestseller ranking are Veronica Pivetti's autobiography *Ho smesso di piangere. La mia odissea per uscire dalla depressione* and Flavio Insinna's *Neanche con un morso all'orecchio*, reaching 50,000 copies sold each.

Sonia Peronaci's success continues with *Le mie migliori ricette. GialloZafferano*, a new entry launched in November 2011, which sold more than 20,000 copies in the first quarter of 2012, topping 50,000 copies overall.

As for children's books, there are the new publishing projects presented at this year's Bologna Book Trade Show. They include Bianca Pitzorno's popular series and Richard Scarry's *Le prime letture*.

In addition, with regard to the 10-14 year target, Rick Riordan extended his saga's success with the fifth episode of *Percy Jackson e gli Dei dell'Olimpo - Lo scontro finale* - concluded in the spring of this year.

Another successful new series is *Chrysalide*, which targets Young Adults, with the publication of *Hunger Games* by Suzanne Collins, released in March also as a movie, a blockbuster in the United States and in the world with over 36 million copies sold.

As for Paperbacks, particularly noteworthy is the renewed 2012 Oscar campaign, completely re-designed and represented by the new mascot character, Oscar the dog.

At the end of the quarter, Nielsen sales data confirm Mondadori's leadership in the Paperback sector, with a market share up from 29.4% in the first quarter of 2011 to 29.9% in the first quarter of 2012.

The NumeriPrimi^o trademark includes *Nessuno si salva da solo* by Margaret Mazzantini and *Impero* by Alberto Angela and *Bianca come il latte, rossa come il sangue* by Alessandro D'Avenia.

Giulio Einaudi Editore

Einaudi closes the first quarter of 2012 with a 4.8% market share, down 1% against the first quarter of 2011, a period in which new important books were published, like *Libertà* by Jonathan Franzen along with a longer paperback promotion. Sales are down 18.3%, from euro 14.2 million of the previous year to euro 11.6 million of this year.

As to Foreign Fiction, the bestseller for the quarter was *Goodbye, Columbus* by Philip Roth with over 17,000 copies. Another noteworthy performance was that turned in by *IQ84. Libro 1 e 2. Aprile-Settembre* by Haruki Murakami, reaching a total of over 96,000 copies.

Italian Fiction registers a positive performance with the bestseller *Limbo* by Melania Mazzucco (over 35,000 copies), one of the new authors signed in 2012 by Einaudi. Another bright spot is *Nel tempo di mezzo* by Marcello Fois, shortlisted for the 2012 Strega Award. Stile Libero is the only trademark with more sales than last year, thanks to the good performance of 2011 Christmas gift-books; the success of *Respiro corto* by Massimo Carlotto, another new author added by Einaudi, with 51,000 copies; *Nella tana dei lupi*, the new novel by Anne Holt (26,000 copies) and the publication of books by authors relatively little known in Italy, like *La legge dell'odio* by Alberto Garlini (13,000 copies), *Il guaritore* by Antti Tuomainen (16,000 copies) and *A volte ritorno* by John Niven (11,000 copies) were all encouraging.

As for Non-Fiction, *Credere e Conoscere*, in the Vele series (11,000 copies) by Carlo Maria Martini and Ignazio Marino, was published end of March.

Sperling & Kupfer

In the first quarter of 2012, despite the difficult market scenario, Sperling & Kupfer registered a positive performance in the bookshops, increasing its market share from 2.3% in 2011 to 2.9% this year with the Sperling & Kupfer, Frassinelli and Mondadori Informatica trademarks.

Sales in the first quarter of 2012 totaled euro 6.8 million, down from euro 7.4 million registered in 2011.

In Fiction, Nicholas Sparks scored a triple triumph, with *Il meglio di me* atop the Nielsen rankings in the first three weeks of the year, *Vicino a te non ho paura*, published in the NumeriPrimi^o multi-brand series and the reprinting of the novel *Ho cercato il tuo nome*, in combination with the to-be-released movie.

The launch of *Il richiamo dell'angelo* by Guillaume Musso, published at the end of March, and *Una ragazza grande* by Danielle Steel, a consolidated author in the publisher's portfolio, proved very successful.

As for Non Fiction, an excellent performance was posted by Pierre Dukan's books for a total of 240,000 copies sold in the quarter and a steady presence since the beginning of the year with at least one title in the Nielsen top ten ranking. In these first months, in fact, in addition to *La dieta Dukan* and *Le ricette della dieta Dukan* there was also *La dieta Dukan Illustrata*, published at the end of January and always ranking in the first positions of the Various segment.

Edizioni Piemme

In the first quarter of 2012 Piemme confirmed its 3.9% market share, up 0.3% against 2011. In the children's segment, despite an 8.5% drop in terms of value in the bookshops against the same period in 2011, Piemme kept its leading role with a 16.8% market share (16.3% in the first quarter of 2011).

Sales totaled euro 9.0 million, down 24.4% against the same period in 2011 (euro 11.9 million).

As for Fiction, good performances were posted by *Non ti addormentare* (37,000 copies sold) by the new novelist S. J. Watson, and *Un giorno solo, tutta la vita* (14,000 copies) by Alyson Richman.

As for Non Fiction Miscellaneous there are Sherry Argov's *La magnifica stronza. Perché gli uomini lasciano le brave ragazze*, which sold more than 43,000 copies and David King's *Il Lupo*, which sold 28,000 copies in the new True series that publishes volumes at a price of euro 9.90.

In Non Fiction Commentary the bestseller was a religious book, one of the segments of excellence for the publisher. This is *Io ci credo*, Al Bano Carrisi's biography, with over 37,000 copies sold. A good start was also registered for *Mio fratello il Papa* by Georg Ratzinger and Michael Hesemann (22,000 copies).

As for Paperbacks, under the NumeriPrimi^o brand, the bestsellers were *Profumo di lavanda. Medjugorje, la storia continua* by Paolo Brosio (28,000 copies) and *L'uomo di neve* by Jo Nesbo (23,000 copies).

As for Juniors, the Stilton line posted a positive performance with *Le avventure di Marco Polo* (more than 52,000 copies sold) and the fantasy *Strega delle maree* (over 26,000 copies). Il Battello a Vapore confirmed the success of the GOL! Series by Luigi Garlando with three new books, each of which sold over 15,000 copies.

The Freeway line for young adults scored a success with *Firelight. La ribelle* by Sophie Jordan, with 27,000 copies sold.

Art books and exhibitions

Mondadori Electa revenues in the first quarter of 2012 totaled euro 5.3 million, down 17.2% against the same period of the previous year. The reasons for this reduction are attributable to the general negative trend in the majority of the market segments in which Mondadori Electa operates and, in particular, in the cultural heritage area.

The lower number of activities organized is ascribable to the transition that the entire segment is going through, pending the launch of new tenders for museum concessions, which have been postponed. It should also be noted that adverse weather conditions strongly reduced the number of visitors to museums in the month of February, particularly for the Colosseum, which registered 30% fewer visitors in the month.

The lower sales in the museum bookshops reflect the same lower spending trend also seen in the traditional bookshop channel, a different scheduling of exhibitions in the main museums and a different situation for the *Museo del Novecento* in Milan, which in 2011 was benefiting from post-inauguration free entry.

Mondadori Education

Mondadori Education at 31 March 2012 posted net revenues from sales equal to euro 2.5 million, in line against the same period of last year, in a season which usually has little impact on sales.

The publishing program is about to be completed and this year it is particularly demanding and dominated by the implementation of the secondary high school reform, involving the last three years of school. Compared to the 196 texts published in the first quarter of 2011, production focused on the subjects of history, Italian literature, physics, mathematics, IT technology, law and business economics, with 245 new titles in 2012.

In the first three months of the year, the publishing house also concentrated on the growing physical-digital integration, combining the hardcopy of each book with both offline multimedia supports and new online assets. As to the latter aspect, at the beginning of the year the multi-disciplinary Campus portals were launched, providing teachers with access to all the digital assets of the books grouped by subject (currently for Italian literature, History, IT technology, Latin and Greek), by registering with the website and logging in with a personal password.

In the lower secondary school, the most important news is the launch of the Digit publishing line, combining hardcopy and digital, interactive and customizable version of the same work. This operation allowed for the reprinting of books published in past editions and introduces new books covering all the main subjects.

As to primary school, waiting for the next textbook buying campaign, scheduled for 2014, the publication of supplementary texts continued, including vacation exercise books and exercise books for mathematics and Italian. The publication of the first Devoto Junior dictionary is also an interesting initiative: the hardcopy comes with an interactive CD-ROM with more than 25,000 sound entries.

The first indications from promotional activities reveal great changes in the three years of the secondary high school affected by the reform.

E-Book

As for e-books, the first quarter of 2012 was very positive for the Mondadori trade publishers: downloads in the first quarter of 2012 exceeded the value registered for all of 2011, thanks to a broader offering that included new products in addition to the simple digital version of the hardcopy.

Among the bestsellers in the quarter of reference for Edizioni Mondadori there were the books by Douglas Adams and the Diabolik series; for Einaudi the books by Haruki Murakami and for Sperling the books by Pierre Dukan, always in the top ten of the iBookstores. The promotional activities undertaken in collaboration with the stores were also worthy of note, like Amazon Daily Deals, which featured *Inseparabili*, Alessandro Piperno's new book.

Distribution and logistics

In the first quarter 4.3 million copies of new books and 7.1 million copies of reorders were shipped. A procedure to review warehouse logistics operating procedures was launched, with the objective of optimizing operating efficiency.

Magazines Italy

<i>(Euro/million)</i>	31 March 2012	31 March 2011
Revenues from magazines	95.9	113.1
Other revenues	8.4	8.8
	104.3	121.9
Operating costs	(96.8)	(107.7)
EBITDA	7.5	14.2
Amortisation and depreciation	(0.2)	(0.1)
EBIT	7.3	14.1

The difficult macro-economic context is still heavily impacting the market of magazines in Italy, negatively affecting revenues from advertising (magazines -11%; source: Nielsen - February), circulation (copies circulated -9.1% and -12.5% on a like-for-like basis; internal source) and add-ons (-24.8%; internal source at value).

Mondadori posted a 14.4% drop in revenues, from euro 121.9 million to euro 104.3 million.

In particular :

- revenues from circulation, -9.1%, were penalized by a considerable reduction in the number of copies sold in the pack add-on offers (-30%) and subscriptions, as well as by reduced investments supporting some magazines, which particularly weighed on overall performance in the first three months;
- revenues from the sale of add-ons, -25.8%, mainly as a result of a different scheduling of the initiatives regarding collectables and books as well as reduced sales in the home video segments;
- revenues from advertising, -11.2%, deriving, in particular, from the negative performance of family weeklies (*TV Sorrisi e Canzoni*) and men's magazines (*Panorama*), while revenues from advertising in the International segment and on the websites are up by 50%.

Mondadori magazines

The copies circulated by Mondadori are down 12.5%, a reduction in line with the segment of reference, and excluding the magazines not included in the first quarter of 2011.

The particularly negative performance of circulation in the first quarter of 2012 is accounted for by some specific time-related factors:

- economic crisis: since August 2011, consumer spending has dropped dramatically (Prometeia estimated a -3% reduction in 2012), which is further impacting purchases of magazines and add-ons;
- new ADS: starting from the second quarter of 2012 the certification rules are expected to change for the circulation of magazines and dailies with the publication of data as actual numbers and no longer as fluctuating averages. All publishers have already adjusted their planning and monthly scheduling policies regarding marketing investments, which resulted in lower circulation in the first quarter, when magazine support activities were typically concentrated;
- postal rates: in October 2011, following the implementation of the FIEG/Poste Italiane agreement underwritten in 2010 and the cancellation of the government subsidy on postal rates for subscriptions, fees increased by another 17%. This increase resulted in a further reduction in the investments supporting this channel and, consequently, lower circulation and revenues;
- launch of budget magazines: in the last quarter of 2011 and the first quarter of 2012 the competition launched magazines at very aggressive prices, with a negative impact on the circulation of some Mondadori magazines.

With regard to the activities put in place by the publishing house to support its magazines and react to the afore described market trend, the Group re-launched *Chi* at the end of March with a completely new graphic skin, boosting it with a strong communication campaign and a discount price.

In the upcoming months similar initiatives are expected to be developed for *Panorama*, *TV Sorrisi e Canzoni*, *Starbene* and *Grazia*. At the end of 2012 the makeover program, started at the end of 2010 and applied to all the magazines in the Mondadori portfolio, is expected to be completed.

Add-on sales

The market of add-on sales (DVDs, CDs, Books and gadgets attached to magazines) in the first months of 2012 dropped sharply (-24.8% in terms of values; internal source) and Mondadori reflects the current market scenario.

Market performance in the first quarter of 2012 reflects both the current, generally negative economic scenario and the comparison with the previous year, when the start proved particularly positive thanks to the launch of budget-priced books in attachment to the dailies

and, in relation to Mondadori, the particularly excellent result of the Hello Kitty collectables and the animated feature film series attached to *TV Sorrisi e Canzoni*.

The performance of collectables (the area definitely most penalized by the general reduction in spending) and home videos had a particular impact on Mondadori results, because, in addition to the already mentioned market difficulties, new competitors have penetrated the market and rapidly developed on the e-commerce side, with extremely aggressive pricing policies that have immediately been picked up in the offline trade. As to music and books, the different scheduling of initiatives affected their performance in the quarter.

Press-Di Distribuzione Stampa e Multimedia

Press-Di Distribuzione Stampa e Multimedia, Italy's second ranking Distributor by market share in Newsstands and leader in the Hypermarkets and Subscriptions segments, is the Mondadori Group distribution company, active in the circulation and sale of magazines, dailies and multimedia products.

The customer portfolio includes both publishers belonging to the Mondadori Group and independent publishers, the latter with a share exceeding 50% of total sales. Among the most important in the Newsstands and Hypermarkets segments are Disney and RBA for magazines and Libero, Il Giornale and Avvenire for dailies; in the Subscriptions segment, Disney, Condè Nast and Quadratum lead the pack.

In the first quarter of 2012 the markets in which our Company is operating posted a generally negative performance in terms of copies and values against the same period last year. Since ADS data is not yet available for the period, here below are internal estimates processed on the basis of statistical panels:

Dailies: Newsstands/Hypermarkets: -5%; Subscriptions: -5%

Magazines: Newsstands/Hypermarkets: -5%; Subscriptions: -7%

The overall reduction in the number of copies circulated in all the different channels of Magazines was equal to 9.1%, but on a like-for-like basis, without considering the magazines which were not present in the market one year ago, the drop would be even more remarkable at -12.5%.

In this highly complex scenario, the Company has decided to consolidate its competitive position through the acquisition of the circulation of new publishers, the annual volume of which exceeds euro 6 million, and the consolidation of the partnership with the Sprea Group, started at the end of 2011.

Sales in the first quarter of 2012 amounted to euro 160.4 million (euro 185.9 at 31 March 2011), down 13.7% against the previous year. Net revenues at 31 March 2012 were equal to euro 17.1 million, down 6.2% on a year on year basis. In particular, revenues related to services offered to publishers decreased (-5.9%), while revenues related to newsstand circulation and subscriptions are in line with 2011.

International

As a whole, revenues in the first quarter of 2012 were up 8% against the previous year and, in particular:

- in the licensing segment, the international development of *Grazia* continues: after the launch of *Grazia Slovenia* (March 2012), the nineteenth international edition is expected to be launched in South Africa by Media 24, the country's main publisher, in May;
- in the advertising segment, thanks to a dedicated team focused on the fashion industry and interior design, the sale of advertising spaces in Italy for the *Grazia* versions published in France, UK, Germany and Russia rose by approximately 20%;

Mondadori is also present in the markets of Greece, Bulgaria and Serbia through its shareholding in Attica Publications, and in China and Russia in joint ventures with local partners.

Attica Publications: leading publisher in the Greek market with eighteen magazines and three radio stations.

Despite the grim economic scenario in Greece, Attica is currently performing in line with expectations thanks to the benefits reaped from the reorganization plan implemented in 2011.

After the disposal of the Rumanian activities completed at the end of 2011, following the decision to focus on the markets of Bulgaria and Serbia (where it publishes seven and six magazines, respectively), in the first quarter of 2012 Attica transferred to Marquard Media the 50% share it held in the Hungarian company MAP.

China: Mondadori has a 50% equity interest in Mondadori Seec Advertising Co. Ltd, an agency holding exclusive rights to the sale of advertising spaces in the local edition of *Grazia*.

The magazine, launched in February 2009, confirmed the excellent performance posted in 2011, closing the first quarter of 2012 with revenues up 55% against the same period of the previous year. Given the aggressive growth and the potential of the Chinese market, Mondadori is currently studying a series of new projects, the first of which are expected to be developed in the upcoming months.

Russia: *Grazia Russia* just celebrated its fifth anniversary and in the first quarter of 2012 revenues were up 30% against the same period of the previous year.

Properties

In the first quarter of 2012, the Group Properties associated with the main magazines posted very positive performances with regard to both Circulation and Sales from Advertising, +30% against March 20 and above the market values at + 12.5% in the two-month period against the same period of the previous year (Nielsen: source Fcp-Assointernet including display, performance and classified/directories).

Publisher net revenues rose even more significantly (+50%), considering the reduced share acknowledged to the agency, which had been increased in 2010 to compensate for the establishment of Mediamond SpA (a joint venture between Mondadori Pubblicità SpA and Publitalia '80 SpA) with a team dedicated to the digital market.

The www.donnamoderna.com website generated revenues up 16.3% and growing traffic (page views: +5% and single users: +23%); in March the network registered a number of page views equal to 65 million (+24% against 2011) and approximately 4.8 million users (+19% against the previous year).

The www.grazia.it website posted skyrocketing revenues (+79.1%) and traffic (more than tripled page views and single users: +94%).

The www.panorama.it website shows a 56.5% growth in revenues and a 30% increase in the number of single users.

The www.panoramauto.it website posted rising revenues and an excellent performance in March in terms of page views, exceeding 9.3 million, and single users above 300,000; during the week of the Geneva Automotive Trade Show the website ranked second, topped only by Quattroruote in terms of traffic.

Magazines France

Mondadori France closed the first quarter of 2012 with consolidated revenues at euro 94.3 million, up 14.2% against the previous year (euro 82.6 million). On a like-for-like basis (considering the consolidation of the EMAS joint venture), revenues would have increased by 1.1%. EBITDA totaled euro 7.3 million, up 12.3% (euro 6.5 million in 2011) thanks to the ongoing implementation of the cost control policies and the good performance of all magazines.

<i>(Euro/million)</i>	31 March 2012	31 March 2011
Revenues from magazines	91.8	79.7
Other revenues	2.5	2.9
	94.3	82.6
Operating costs	(87.0)	(76.1)
EBITDA	7.3	6.5
Amortisation and depreciation	(2.9)	(2.4)
EBIT	4.4	4.1

Circulation

Revenues from circulation, including both newsstand sales and subscriptions, remained steady at the consolidated level (-0.6% on a like-for-like basis) accounting for 71% of total revenues.

In particular, subscriptions represent an important asset for Mondadori France (34.3% of total revenues), up 3.1% against the same period in 2011, while newsstand sales were down 4.2%, in line with the market of reference, which registered a -4.4% drop.

Innovation and the publishing quality confirm as key factors for the good performance of Mondadori France magazines; in the first quarter of the year important makeovers were completed for *Biba*, *Modes & Travaux* and *Auto Journal*.

The brand extension policy continued through the launch of the quarterly *AutoPlus Classiques*, the change in the release of *AutoPlus Occasion*, which is now a monthly magazine, and that of *Science&Vie*, and *Les Cahiers de Science&Vie*, with 8 copies per year instead of 6, thanks to a new, high-end graphic skin and, lastly, *Science&Vie Guerre et Histoire*, which, after the successful launch in 2011, increased the number of yearly issues from 4 to 6.

Advertising

Revenues from advertising rose on a like-for-like basis by 2.7% against the previous year, outperforming the market of reference, which posted 0.7% growth.

This excellent result is mainly attributable to the outstanding performance of the top end women's magazines: the weekly *Grazia* (+14.7%) and the monthly *Biba* (+21.3%).

Digital

In the first quarter of the year Mondadori continued to invest in the digital sector.

The main activities included:

- the development of a shared technological platform for all French websites;
- the launch of the iPad version of *AutoPlus* in February 2012;
- the introduction of Mondadori France magazines in the various digital newsstands present in the market (Relay.fr, Lekiosque.fr, Zinio.com);
- the launch of a web series on *Grazia* to reveal the backstage activities of the Parisienne Fashion Week, which posted an excellent performance in March with 2.9 Single Users.

Lastly, with regard to the Auto Reflex portal (car ads), new professional customers are currently being acquired at a fast pace, thanks also to a media plan to support and develop the website's visibility with the public at large.

Advertising services

The market

The sale of advertising spaces was also down in the first two months of 2012 (-5.7%; source: Nielsen) against 2011, confirming reduced investments in advertising in all the channels, except for the internet.

Television showed a sharp downturn (-6.9%), even if with strong differences between generalistic and digital channels, with the latter growing in terms of audience and revenues from advertising.

As for Printed Media, dailies were down -5.3%, while magazines plummeted -11%; as to other media, radio also posted a negative performance (-5.1%).

Similarly to 2011, reduced investments in advertising particularly hit Interior Design, Consumer Goods and Automotive; Fashion (-7%) and Beauty Products (-8%) also showed a negative trend, unlike 2011 in which they performed well. Conversely, Pharmaceuticals, Media/Publishing and Finance are currently performing positively.

The Company

Mondadori Pubblicità closed the first quarter of 2012 with overall revenues down 14.3% against the same period of 2011.

<i>(Euro/million)</i>	31 March 2012	31 March 2011
Revenues from advertising	41.3	49.0
Other revenues	1.1	0.5
	42.4	49.5
Operating costs	(45.1)	(51.9)
EBITDA	(2.7)	(2.4)
Amortisation and depreciation	-	-
EBIT	(2.7)	(2.4)

As to Mondadori Magazines:

- the Weeklies (-18.2%) showed the effects of the economic crisis and the uncertainties of the advertising market; at the beginning of 2012, the family target magazines and the men's magazines posted an increasingly negative performance;
- Monthlies were also down, though to a lesser extent (-9.3%), thanks to the success of *Panorama Icon*; *Interni* also posted a good performance despite the poor showing of the Interior Design segment in general in the first quarter of 2012.

It should be noted that Mondadori's negative performance in the Monthlies segment can be attributed to the company's scarce presence in women's fashion magazines which, in addition to their importance in terms of value, are currently posting a positive performance at the market level.

Comprehensively, Mondadori magazines closed the first quarter with a 12.7% reduction in a particularly complicated competitive scenario and with investors paying increasing attention to pricing.

In these months Mondadori Pubblicità is focusing on keeping average prices in line with 2011, particularly for *Panorama*, *Grazia* and *Chi*.

Revenues from advertising in the Radio segment grew 3.4%, despite a negative market start in February, down 5.1% (source: Nielsen); specifically, R101 revenues were down slightly compared to 2011, while the performance of Radio Kiss Kiss was particularly positive (+11.2%).

With reference to the activities carried out by the agency in the first quarter of 2012, the first edition in 2012 of the Milan Fashion Design was particularly successful, with the participation of 17 fashion brands and 12 main partners and sponsors. The event enabled Mondadori Pubblicità to consolidate activities in the territory through cultural initiatives promoted by the Municipality of Milan.

In 2012 the agency will organize other events to attract new customers, ensuring positive margins.

As for Internet, the excellent performance of the joint venture Mediamond was distinctly against the market trend, registering a 40% overall growth against 2011 thanks to the positive performance of *Donna Moderna* (+16.3%), *Grazia* (+79.1%) and *Panorama* (+56.5%) for the Mondadori Group brands and the steady growth of TgCom (+27.3%) and Sport Mediaset (+19.5%) of the RTI Group.

Comprehensively, the perimeter of the websites covered by Mediamond increased in 2012, with the addition of RTI's Videomediaset and Skuola.net.

Digital

The digital activities for the quarter included the following:

- as for publishing, e-book properties, subscriptions and on-line advertising in the business segments of reference: Books, Magazines Italy and Magazines France;
- as for e-commerce, the activities are carried out through the www.bol.it website and on-line book club in Direct;
- as for diversification and investment activities to support the business, gaming, application and CRM, in other Business Activities.

Taken together, all the activities listed above generated revenues equal to euro 10.9 million and a negative EBITDA for euro 6.1 million in the first quarter of 2012.

Direct

Overall sales for the Direct area in the first quarter of 2012 totaled euro 58.4 million, down 8.9% against the same period of the previous year, re-calculated in order to include e-commerce activities of the www.bol.it website in the perimeter of reference.

<i>(Euro/million)</i>	31 March 2012	31 March 2011
Revenues	54.7	62.3
Other revenues	3.7	1.8
	58.4	64.1
Operating costs	(59.7)	(66.5)
EBITDA	(1.3)	(2.4)
Amortisation and depreciation	(1.4)	(1.5)
EBIT	(2.7)	(3.9)

Given the problematic economic scenario, amplified in the book market by a generalized drop in the average price and a lower amount of promotions, specific actions were implemented to recover profitability and identify new revenue sources.

In particular, the bookshop network was rationalized, including the shutting down of the Milano Berchet unit and some other minor points of sale; the Emporio Mondadori branded product range was extended (in addition to paper products and stationery products, small leather accessories and gifts) together with the BoxForYou range, by offering them also in the bookshops outside the Mondadori network and in the hypermarkets, and, lastly, corner shops were developed inside larger stores in collaboration with external partners.

Revenues from the proprietary bookshop chain were down more than 13%, while multcenters limited the downtrend at 2.5%, with an equal number of points of sale.

Franchised points of sale registered a 7% reduction in revenues.

With regard to book clubs, the conversion of the points of sale to franchising continued. This contributed to the approximately 23% drop in revenues.

The Direct area includes the activities of the book clubs, which posted revenues in line with 2011, and Cemit, which in the first quarter of 2012 generated revenues for euro 5 million, down 3.8%, while the market of investments in Direct Mail was down -5% (source: Nielsen).

The actions undertaken to face the challenges posed by the current situation are targeted to diversify the offering, reinforcing the Company's presence in direct digital communication

thanks to a dedicated team and the development of face-to-face activities combined with the traditional mailing recruitment as well as cost containment through the re-organization of the divisions.

Radio

In the first quarter of 2012 the Italian radio market posted revenues down 5.1% (source: Nielsen). However, the Mondadori Group radio stations outperformed the sector, with revenues at euro 3.2 million in the first three months of 2012, down only slightly compared to the same period in 2011.

<i>(Euro/million)</i>	31 March 2012	31 March 2011
Revenues	3.2	3.3
Other revenues	-	-
	3.2	3.3
Operating costs	(4.0)	(4.3)
EBITDA	(0.8)	(1.0)
Amortisation and depreciation	(0.4)	(0.4)
EBIT	(1.2)	(1.4)

From a publishing perspective, the first quarter of 2012 was characterized by an ongoing process of renovation of the radio stations: new programs, new announcers and an improved program schedule, particularly on weekends. Since January, “Stile Libero” has been on the air every day. This is the most surprising and irreverent program of the entire schedule, directed by Marco Santin and Giorgio Gherarducci of the Gialappa’s band, with Flavia Cercato. The focus is on the concept of “adult contemporary radio”, specifically for a 25-54 target. The “R101 Forever Fun” claim perfectly sums up the new policy, based on entertainment, irony, fun and light information.

The marketing activities in this first part of the year concentrated on the organization and sponsorship of events in the territory: the winter tour of “Quota 101” in the main ski resorts in Italy; the “Stramilano” city Marathon and, for the first time, this year R101 will also be official sponsor of the “Giro d’Italia” bicycle race.

R101 also continued to strengthen its positioning as an online music channel, thus developing digital along with the traditional activities, extending the variety of the offer with the goal of reaching different audience groups, gaining a deeper relationship with the fans and attracting advertisers with new promotional spaces.

Currently, there are five theme-based web radio channels (dedicated to the most popular songs of the ’70s, ’80s, ’90s, ’00s and a selection of the best pop music of the last 40 years),

which can be listened to on the Radio's website and on next generation smartphones, thanks to dedicated apps.

In the digital area, R101 is also present on the main social networks - Facebook, Twitter, FriendFeed and YouTube - with official fan pages and proprietary channels, which are essential media for daily communication with its vast audience. The website, recently enhanced with a new Home Page and a new web TV offering the radio station's entire video production, shows significant web traffic data (over 200,000 single visitors and about 3 million page visits per month) while the Radio's official Facebook page recently reached about 165,000 fans.

The latest Audiweb/Nielsen Net View data rank *R101* as one of the leading Radio domains in terms of both users and traffic.

Corporate and other business

The Corporate segment includes the Parent Company functions, concentrated on 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 mainly consist of activities regarding ITC, administration, management control and planning, treasury and finance, human resources, legal and corporate affairs, public relations and the digital diversification and investment activities to support the business.

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 31 March 2012 accounted for euro 32.7 million (euro 30.9 million at 31 December 2011). In the quarter of reference the Company posted income equal to euro 0.1 million.

Assets as at 31 March 2012 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 19.5 million;
- float-rate bonds available for sale for a total of euro 13.2 million.

Financial position

Mondadori Group's financial position at 31 March 2012 showed an improvement against the beginning of the financial year, also thanks to the exercise of a put option on 20% of Mondadori Printing S.p.A. share capital, which resulted in a collection of euro 19.2 million.

Net financial position (Euro/million)	31 March 2012	31 December 2011	31 March 2011
Cash and cash equivalents	109.7	82.9	82.6
Financial assets at fair value	-	-	-
Financial assets available for sale	13.2	15.7	20.9
Assets (liabilities) in derivatives	(13.0)	(11.6)	0.8
Other financial assets (liabilities)	14.4	3.7	(11.4)
Loans (short and medium-long term)	(426.1)	(426.1)	(413.6)
Net financial position	(301.8)	(335.4)	(320.7)

Interest and exchange rate trends

In the first three months of 2012, global economic activity seems to be set at modest levels; expectations for the first half of this year are negative and recovery depends on different critical factors, which make it difficult to predict its size and duration.

This is particularly true in Europe, where there are evident signs of recession, also as a result of the actions undertaken in the attempt to mitigate the pressure on the markets. Demand for spending and investments is falling steadily, affected both by limited spending after the payment of taxes and squeezes in the labour market.

Monetary policies are still being developed by the main central banks to control financial activities. Specifically, the European Central Bank adopted measures concretely aimed at injecting liquidity into the credit system by providing financing at particularly favorable rates, which the different national credit institutes benefited from.

In the first quarter of 2012, the 3-month Euribor accurately reflected the critical scenario; after reaching its peak at the beginning of the year at 1.343%, the rate went continuously down to a trough of 0.777% on 31 March 2012. The average value for the period was equal to 1.043%. The average cost of the Mondadori Group debt in the same period of reference was 3.33%.

The Euro/Dollar exchange rate stabilized, though with significant fluctuations, around an average value of 1.31; from the trough of 1.27 in mid-January to the final value of approximately 1.34 at 30 March 2012.

Similarly volatile was the Euro/Sterling exchange rate in the first quarter of 2012. However, in this case the initial, final and average values did not differ much, and the average exchange rate for the period was about 0.83.

The overall credit lines available to the Group at 31 March 2012 amounted to euro 1,107.4 million, of which euro 781.6 committed.

The Group's short-term loans, equal to euro 325.8 million, not used at 31 March 2012, 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 expiry in December 2014, granted by a pool of leading banks with international standing; the loan specifically includes a term loan for euro 150.0 million, entirely utilised 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;
- a float rate term loan for euro 50.0 million, granted by Intesa Sanpaolo, with expiry in May 2013, entirely utilized at 31 March 2012;
- a float rate loan for euro 200.0 million, granted by Intesa Sanpaolo with expiry in December 2016, broken down into a Term Loan for euro 50.0 million and a Revolving Facility for euro 150.0 million, unutilized at 31 March 2012; an Interest Rate Swap contract with expiry in January 2014 is attached to part of the Term Loan;
- a float rate amortising loan for euro 104 million, specifically a Term Loan, granted by a pool of leading Italian banks with expiry in June 2015; an Interest Rate Swap Amortising contract is attached to part of the loan;

- 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 attached to the term loan for the purpose of transforming the float rate into fixed;
- a float rate bullet loan for euro 50 million, specifically a Revolving Credit Facility, granted by Mediobanca in July 2011 with expiry in December 2017, utilised for euro 15 million at 31 March 2012.

Personnel **People**

Employees with a fixed-term or permanent labor contract employed by the Group companies as at 31 March 2012 totaled 3,764 people, a reduction of 30 employees against the same period in the previous year under a like-for-like basis.

The number of employees referred to the same period of last year, totaling 3,674 employees, did not include 120 people belonging to AME Editoriale Wellness Srl, Glaming Srl and Emas Snc (France), companies now consolidated within the Group.

Also the increased number of employees in Arnoldo Mondadori Editore SpA is mainly due to the incorporation of the proprietary magazines of the aforementioned company AME Editoriale Wellness Srl and other aggregation and organizational development operations.

In general, this confirms the continuity of the Company policy designed to increase efficiency in order to cut down on labor costs, the effects of which also extend beyond the formal completion of the 2011 Restructuring Plan.

The table below illustrates employee breakdown for the Group as at 31 March 2012:

Personnel	31 March 2012	31 December 2011	31 March 2011
Arnoldo Mondadori Editore SpA:			
- Managers, journalists, office staff	1,168	1,153	1,127
- Workers	84	90	92
	1,252	1,243	1,219
Italian subsidiaries:			
- Managers, journalists, office staff	1,446	1,452	1,465
- Workers	57	57	58
	1,503	1,509	1,523
Foreign subsidiaries:			
- Managers, journalists, office staff	1,009	912	932
- Workers	-	-	-
	1,009	912	932
Total	3,764	3,664	3,674

Capital expenditures

Capital expenditures in the first quarter of 2012 totaled euro 0.6 million and mainly include furniture, furnishings and office equipment.

Other information

The interim report as at 31 March 2012 was prepared in compliance with IAS/IFRS accounting standards and the evaluation criteria adopted are in line with those used as at 31 December 2011.

The document provides the information required by art. 154 ter, par. 5 of Italian Legislative Decree N. 58/1998.

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 31 March 2012 is in the same format as previous quarterly reports.

As a result, international accounting principle n. 34 in the matter of interim financial reporting was not applied.

Foreseeable evolution

The first three months of the year unfortunately confirmed the most pessimistic forecasts on the current economic crisis and the results of the economic and financial measures implemented by the various governments, mainly in Europe, on manufacturing, investments and spending.

To date it is not possible to make any reliable estimates of the time it will take for the markets to recover fully. In relation to the Mondadori Group perimeter, business volumes were generally down, against the already depleted values registered in the last quarter of 2011.

With reference to the activities the Group will concentrate on in the upcoming months, priority will be given to those specified in the 2011 financial statements. These include retention of the Group's leadership position in Italy, performance consolidation in France and international business expansion for the brands; development of the digital activities in combination with the core business; increasingly stringent cost control policies to extend the results achieved in the past three years.

Also, in terms of foreseeable results for 2012, reference should be made to the specifications provided in the 2011 financial statements. Since it is not possible to foresee any change in the market trend in the short period, it is also not possible for the Group to assume the attainment of the same levels of profitability reached in the past year.

For the Board of Directors
The Chairman
Marina Berlusconi

Consolidated balance sheet

*Consolidated income statement and comprehensive
income statement*

Consolidated balance sheet

Assets (Euro/000)	31 March 2012	31 December 2011
Intangible assets	944,525	947,303
Investments	2,778	2,761
Land and buildings	10,037	10,215
Plant and machinery	11,913	12,405
Other fixed assets	29,025	30,651
Property, plant and machinery	50,975	53,271
Investments booked at equity	111,847	126,134
Other investments	995	995
Total investments	112,842	127,129
Non-current financial assets	6,925	6,925
Advanced tax assets	46,005	48,137
Other non-current assets	1,171	1,052
Total non-current assets	1,165,221	1,186,578
Tax credits	40,538	40,831
Other current assets	92,700	80,280
Inventory	137,036	137,066
Trade receivables	314,557	360,369
Stocks and other current financial assets	31,953	24,583
Cash and cash equivalents	109,701	82,942
Total current assets	726,485	726,071
Assets held for sale or transferred	-	-
Total assets	1,891,706	1,912,649

Consolidated balance sheet

Liabilities (Euro/000)	31 March 2012	31 December 2011
Share capital	64,079	64,079
Share premium reserve	210,200	210,200
Treasury shares	(71,691)	(70,456)
Other reserves and results carried forward	369,630	320,367
Profit (loss) for the period	2,435	49,621
Group equity, net	574,653	573,811
Minority shareholders' capital and reserves	35,411	35,068
Total equity	610,064	608,879
Provisions	45,759	47,443
Post-employment benefits	53,422	53,508
Non-current financial liabilities	414,263	412,812
Deferred tax liabilities	103,824	103,259
Other non-current liabilities	-	-
Total non-current liabilities	617,268	617,022
Income tax	20,056	22,938
Other current liabilities	267,963	259,932
Trade payables	340,283	366,837
Payables t/w banks and other financial liabilities	36,072	37,041
Total current liabilities	664,374	686,748
Liabilities held for sale or transferred	-	-
Total liabilities	1,891,706	1,912,649

Consolidated income statement

(Euro/000)	31 March 2012	31 March 2011
Revenues from sales and services	328,059	354,268
Decrease (increase) in inventory	(70)	(4,376)
Costs for raw materials, consumables and goods	44,603	49,106
Costs for services	198,888	211,234
Cost of personnel	73,225	68,466
Other costs (income)	1,414	8,106
Income (costs) from investments booked at equity	5,026	40
EBITDA	15,025	21,772
Depreciation and impairment of property, plant and machinery	2,777	2,742
Amortisation and impairment of intangible assets	3,284	2,720
EBIT	8,964	16,310
Financial income (costs)	(4,441)	(5,432)
Income (costs) from other investments	-	-
Pre-tax income	4,523	10,878
Income tax	1,749	5,663
Profit from continuing activities	2,774	5,215
Income (costs) from assets/liabilities held for sale or closed	-	-
Minority shareholders' income	(339)	(200)
Net income	2,435	5,015
Net earnings per share (in Euro)	0.010	0.021
Net earnings per share (diluted) (in Euro)	0.010	0.021

Consolidated comprehensive income statement

(Euro/000)	31 March 2012	31 March 2011
Net profit before minority Shareholders' interest	2,774	5,215
Income (loss) deriving from the conversion of the financial statements of foreign companies	-	(2)
Other income (loss) from companies valued at equity	(51)	(1,606)
Effective part of income (loss) on cash flow hedge instruments	(1,362)	6,092
Income (loss) deriving from assets held for sale (<i>fair value</i>)	797	758
Tax effect on other income (loss)	251	-
Total other income (loss) net of tax effect	(365)	5,242
Comprehensive result for the period	2,409	10,457
Attributable to:		
- Parent Company Shareholders	2,070	10,257
- Minority Shareholders	339	200

For the Board of Directors
The Chairman
Marina Berlusconi