ARNOLDO MONDADORI EDITORE S.p.A.

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Head Offices in Milan
Administrative Offices in Segrate (Milan)

Half-Year Report at 30 June 2013

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Directors' Report on operations

Mondadori Group operations

In the first half of 2013 Italy continued to suffer from difficult market conditions, with no relief from an ongoing recession and GDP projections forecasting a fall of about 2% at year end. Unemployment will probably level off at approximately 12% but is expected to worsen in the next year.

Two new factors characterized the first half of the year: first, the uncertainty of the political scenario after the elections at the end of February; second, the lack of liquidity, which has spread from the banks to the private sector.

The economy is expected to recover at a moderate pace after year end, though there is still considerable uncertainty as to the timing and intensity of the recovery, which depends largely on the risk of a slackening world economy, particularly in emerging markets, in addition to the risks associated with the evolution of the financial markets.

France is also going through a difficult time, characterized by a growing unemployment rate, now very close to 11%, and falling consumer spending, at a low since 1987. GDP in the period of reference registered almost zero growth and in July, Fitch revised its rating of the country's debt downward.

As to the main sectors of activity for Mondadori Group (*) the following should be noted:

- the book market fell slightly against the previous year both in terms of value and copies (4.1% and 2.7%, respectively);
- the magazines market continued the negative performance that had characterized the first quarter, with a 12.3% slump in circulation, and 18.3% reduction in add-on sales and a 24.4% drop in advertising.

In France, magazine sales dropped significantly, though to a limited extent compared to the Italian market, both for advertising, which posted a 6.8% reduction in volume, and circulation at newsstands, down 6.4% in value.

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* Market data relative to circulation, add-on sales and advertising in Italy and France refer to May 2013. Market data in France derive from internal estimates for circulation (newsstand channel) and from Kantar Media for advertising.

Mondadori Group results for the first half of 2013 essentially confirmed the trend of the first quarter. In particular, sales were down 9.4% against the previous year, reflecting a drop in EBITDA, according to budget projections.
The difference against the previous year is also due to the **positive non-recurring items totalling euro 8.2 million** in 2012, while **non-recurring items** in 2013 **were negative for euro 19.5 million.** The latter mainly refer to restructuring costs of the magazines area, targeting the objective of reducing operating costs and regaining profitability through the re-launch of publishing products.

Below is a summary of the key financial highlights at 30 June 2013.
Consolidated net revenues totalled euro 612.3 million, down 9.4% against euro 676.2 million in 2012.

Consolidated EBITDA net of non-recurring items totalled euro 14.2 million, down 48.9% against euro 27.8 million in 2012.

Consolidated EBITDA totalled euro -5.3 million against euro +36.0 million of the previous year.

Consolidated EBIT totalled euro -17.7 million against euro +23.8 million in 2012, with amortization and depreciation of intangible and tangible assets equal to euro 12.4 million (euro 12.2 million in 2012).

Consolidated profit before taxes was negative for euro 28.2 million, against a positive performance of euro 15.6 million of the previous year. Financial charges in the period amounted to euro 10.5 million.

Consolidated net profit was negative for euro 27.1 million against a positive performance of euro 7.5 million in the same period of 2012.

Gross cash flow in the first half of 2013 was negative for euro 14.7 million against euro +19.7 million registered in 2012; the **net financial position** of euro -367.3 million is in line with that of 30 June 2012 (euro -370.0 million).

Financial and non-financial indicators

For the purpose of comparing the cost of personnel according to the provisions of the revised IAS 19 - Employee benefits, which came into force on 1 January 2013, the data regarding the first half of 2012 was recalculated. The positive effect in income statement totalled euro 22 thousand, net of relevant taxes.

Consolidated income statement (Euro/million)	**1st half 2013**	**1st half 2012**	**Var. %**
Revenues from sales and services	612.3	676.2	(9.4%)
Cost of personnel	148.0	142.0	4.2%
Cost of sales and operating costs (*)	469.8	503.3	(6.7%)
Revenues (costs) from investments valued at equity	0.2	5.1	(96.1%)
Adjustments for non-recurring items: (positive)/negative	19.5	(8.2)	
EBITDA net of non-recurring items	**14.2**	**27.8**	**(48.9%)**
EBIT	**(5.3)**	**36.0**	**n.s.**
EBIT incidence on revenues	*(0.9%)*	*5.3%*	
Depreciation of properties, plant and machinery	5.7	5.6	1.8%
Amortization of intangible assets	6.7	6.6	1.5%
EBIT	**(17.7)**	**23.8**	**n.s.**
EBIT incidence on revenues	*(2.9%)*	*3.5%*	
Net financial revenues (costs)	(10.5)	(8.2)	28.0%
Revenues (costs) from other investments	-	-	-
Profit before taxes for the period	**(28.2)**	**15.6**	**n.s.**
Income tax	(2.1)	6.5	(132.3%)
Minority shareholders' profit	(1.0)	(1.6)	(37.5%)
Net result	**(27.1)**	**7.5**	**n.s.**

(*) 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, down 9.4%, were equal to euro 612.3 million; here below is a breakdown by sector of activity.

Sales by sector of activity (Euro/million)	**1st half 2013**	**1st half 2012**	**Var. %**
Books	134.0	144.6	(7.3%)
Magazines Italy	177.9	209.9	(15.2%)
Magazines France	176.9	193.6	(8.6%)
Advertising services	76.8	96.0	(20.0%)
Direct	110.4	113.1	(2.4%)
Radio	6.8	7.6	(10.5%)
Corporate and other business	9.9	11.0	(10.0%)
Total aggregate revenues	**692.7**	**775.8**	**(10.7%)**
Intercompany revenues	(80.4)	(99.6)	(19.3%)
Total consolidated revenues	**612.3**	**676.2**	**(9.4%)**

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

Sales by geographical area (Euro/million)	**1st half 2013**	**1st half 2012**	**Var. %**
Italy	422.9	471.7	(10.3%)
France	166.8	180.0	(7.3%)
Other EU countries	16.4	16.0	2.5%
USA	0.3	0.3	-
Other countries	5.9	8.2	(28.0%)
Total consolidated revenues	**612.3**	**676.2**	**(9.4%)**

Books

Mondadori Group confirmed its leadership in the book market in Italy: the products that traditionally make up its core business are fiction, non-fiction, paperbacks and books for young readers.

The Group mainly operates through four publishing houses: Edizioni Mondadori, Giulio Einaudi Editore, Edizioni Piemme and Sperling & Kupfer; it is also present in the school textbook market and in art publications, in the provision of services for the management of museum shop concessions and in the organisation and management of exhibitions and cultural events.

Through Mondadori Education, the Group plays an important role in the Italian school textbook market, while Mondadori Electa is Italy's most prominent publisher in the sector of art and illustrated books.

The Book area also includes Distribution and Logistics, managed by the relevant divisions.

Market performance

In the first half of 2013, the Trade book market recorded a negative performance (Nielsen: -2.7% in copies and -4.1% in value).

In this market context, the Mondadori Group confirmed its leadership in the Italian trade books market with a 26% market share in value (Nielsen).

Publisher	Market share 1st half 2013	Market share 1st half 2012
Mondadori	12.8%	12.7%
Einaudi	5.7%	5.0%
Sperling & Kupfer S.p.A.	2.3%	2.9%
Piemme	3.9%	4.2%
Other Mondadori Group companies	1.3%	1.3%
Total Mondadori Group	**26.0%**	**26.1%**
RCS group	11.0%	11.1%
Gems group	9.6%	10.5%
Giunti group	6.3%	6.0%
Feltrinelli	5.0%	4.3%

Source: Nielsen Bookscan, value data

The economic performance of the Books Area

The table below summarizes the key financial highlights of the Book Area: revenues totalled euro 134 million, down 7.3% against the previous year. EBITDA and EBIT also reflected the downturn, though to a lesser degree, thanks to close attention to cost control.

(Euro/million)	1st half 2013	1st half 2012
Revenues from the sales of books	131.0	141.5
Other revenues	3.0	3.1
	134.0	**144.6**
Operating costs	(124.2)	(130.5)
EBITDA	**9.8**	**14.1**
Amortisation, depreciation and impairment	(0.6)	(0.7)
EBIT	**9.2**	**13.4**

Below is shown a detailed analysis of revenues by publishing house and corresponding comments.

Books (Euro/million)	1st half 2013	1st half 2012	Var. %
Edizioni Mondadori	47.8	46.6	2.6%
Einaudi	20.8	22.9	(9.2%)
Sperling & Kupfer S.p.A.	10.8	14.5	(25.5%)
Edizioni Piemme	19.7	18.2	8.2%
Mondadori Electa	16.5	13.8	19.6%
Mondadori Education	11.2	15.0	(25.3%)
Distribuzione Libri	4.6	11.0	(58.2%)
Other revenues	2.6	2.6	-
Total consolidated revenues	**134.0**	**144.6**	**(7.3%)**

Edizioni Mondadori

Revenues in the first half of 2013 amounted to euro 47.8 million, up 2.6% against the same period of 2012.

On 14 May 2013 the long-awaited new novel by Dan Brown - *Inferno* - was published simultaneously all over the world, ten years after the success of *Il Codice Da Vinci*, with 80 million copies sold worldwide, of which 3 million in Italy.
In just over a month the book shot to the top of the best seller list, thanks to the opening launch of 500,000 copies and two subsequent editions of 100,000 copies each, supported by a massive marketing and communication campaign that comprised both traditional and digital sales channels. The e-book version also obtained excellent results, with over 40,000 downloads after just over a month from its launch.

In the last week of June *Nel profondo di te,* by Sylvia Day, was published, the third book of the “crossfire series", an erotic trilogy (with 150,000 copies sold for the first two books), topping the sales ranking just two days after its publication, second only to Dan Brown's new novel.

Mainstream/popular fiction features a new protagonist, the British author Jojo Moyes: *Io prima di te* exceeded 40,000 copies sold, an undisputed success achieved through word of mouth.
As for literary Fiction, Luca Bianchini topped the rankings with his new ironic and moving novel - *Io che amo solo te* – which stayed steadily in the top ten with over 50,000 copies sold in just two months.
Following up her success at the beginning of 2010 with *La notte ha cambiato rumore* (over 75,000 copies sold), María Dueñas published her new novel - *Un amore più forte di me* -, the story of a brave and modern woman living in Spain from the '50s to the present.

Guida poco che devi bere, by Mauro Corona, published at the end of June with over 30,000 copies for its launch in the "Libellule" series, is an unusual manual in which the author explains to young readers how to drink without ruining one's life, based on his personal experience.

In Non-Fiction, Mario Giordano's investigative reporting book, *Tutti a casa,* topped the rankings with 40,000 copies sold in just two months.
Worth mentioning are also the book on the Resistance, *Partigia*, by the historian Sergio Luzzatto, which sold over 20,000 copies, and Giulio Andreotti's aphorisms, collected by Massimo Franco in a small volume entitled *Sono postumo di me stesso*.
The Strade Blu series published a new book by Matteo Renzi - *Oltre la rottamazione* – launched at an event organized at the Turin Book Trade Show, in which the Mayor of Florence explains, in an interview with Mario Calabresi, that "it is never the wrong time to try to change things " (48,000 copies).
Gianluca Nicoletti's *Una notte ho sognato che parlavi* also turned in a good performance. After a launch of 5,000 copies in February, the book sold more than 25,000 copies, being appreciated both by the public and the critics.

As to the other segments of Non-Fiction, *Milioni di farfalle,* by Alexander Eben, sold 40,000 copies.
Andrea Pirlo goes over his football career in his autobiography *Penso quindi gioco*, with over 50,000 copies sold in its first two months.
Four young people and a summer romance against the backdrop of Rome are the key elements of Federico Moccia's new novel - *Quell'attimo di felicità* - published on 28 June with an initial print run of more than 70,000 copies and the support of an innovative on-line marketing campaign.

In the Children's 10-14 age range, Rick Riordan confirmed his success with the publication of the first episode of the new *Gli eroi dell'Olimpo* saga, with over 60,000 copies sold in the months of May and June.
During the Children's Book Trade Show, a new publishing project dedicated to Italo Calvino was presented for the 90th anniversary of his birth, including the publication of the *Fiabe Italiane* in beautifully illustrated single volumes.
For younger children, *Skylanders* (26,000 copies sold) performed well. This is a new property, on which Mondadori has decided to invest, launching books based on the world's most popular new videogame. Based on the interaction between a toy and a videogame, this is a global phenomenon which, just one year after its launch, has made *Skylanders* the best-selling franchise category in the world.
A new series was launched under the "Geki Junior" brand, grouping all the Mondadori series dedicated to children aged 6-9.

Looking forward to the release of the second film based on the saga, expected in November 2013, the Hunger Games trilogy by Suzanne Collins in paperback format in the Oscar Grandi Bestsellers series was re-launched with 70,000 copies (the hardcover edition of the Hunger Games trilogy sold 350,000 copies in Italy).

As to Paperbacks, Mondadori is making strides against the persisting negative trend in the market (-7.4% in value in the first half of 2013) through the implementation of a massive campaign aimed at enhancing the value of its Oscar catalogue.
The result posted by the tie-in edition of the novel *Il grande Gatsby* - not included in the copyright catalogue - by F. Scott Fitzgerald (35,000 copies) is worth noting, along with the complete makeover of the Agatha Christie catalogue, the ongoing work for the exploitation and expansion of the books by George R.R. Martin (who has now become a best seller in the Italian paperback market) and, above all, the launch of the paperback edition of the *Cinquanta sfumature* trilogy, published in June in three separate books at the price of euro 5 with an initial overall circulation of over half a million copies, which immediately jumped to the top of Nielsen rankings.

In the NumeriPrimi° paperback trade series, Alessandro D'Avenia's *Bianca come il latte, rossa come il sangue* performed very well, also thanks to the release of the movie of the same name, with 160,000 copies sold in the period.
The promotion of the mass-market segment also continued, with 20 titles issued at the price of euro 5.90 in the Smart Collection series.

Giulio Einaudi editore
Einaudi closed the first half of 2013 with overall revenues at euro 20.8 million, down 9.2% against euro 22.9 million of the previous year. In the first half of 2013, the publishing house increased its market share from 5% to 5.7% according to Nielsen's publisher rankings.

The Paperback line is the fastest growing category in terms of sales compared to 2012. The result reflects the excellent performance of the promotional campaign launched at the beginning of the year, resulting in a 76% sales increase and steady sales in June, despite a lower number of titles offered compared to 2012. Despite falling sales in the paperback market in value (-7.4%), Einaudi increased its market share from 10.2% to 13.5%, confirming its second position.

Foreign Fiction posted positive results in terms of sales, due both to the continuing success of some 2012 publications and the good performance of a number of new titles issued this year, including *A sud del confine, a ovest del sole* by Haruki Murakami, a best seller in the segment with 33,000 copies, released simultaneously with other six backlist titles proposed in uniform paperback edition. *Il posto dei miracoli* by Grace McCleen, a new entry for Einaudi, and *Le rane*, the latest novel by the Nobel prize winner in literature, Mo Yan, also performed well.

In Italian Fiction, the following titles were worthy of note: *Non so niente di te* (53,000 copies sold) by Paola Mastrocola, one of the new authors signed in 2013; *Geologia di un padre,* by Valerio Magrelli and *Il regno di Op,* by Paola Natalicchio. However, compared to 2012, the series suffered from the absence of a strong leader, like *Il rumore dei baci a vuoto,* by Luciano Ligabue (approximately 146,000 copies).

The best-selling books in the Stile Libero series were: *Il sogno di volare,* by Carlo Lucarelli, with 67,000 copies, *Cocaina* by Massimo Carlotto, Gianrico Carofiglio and Giancarlo De Cataldo, with over 83,000 copies, *Il cacciatore di teste,* by Jo Nesbo, and *Io vi maledico* by Concita De Gregorio.
Sales in the Non-Fiction segment were up year to year, also thanks to the release of *Il mondo fino a ieri*, the new title by the science writer Jared Diamond.

Sperling & Kupfer S.p.A.
Sperling & Kupfer is the group publishing house that controls the Sperling & Kupfer, Frassinelli and Mondadori Informatica trademarks, focusing on the Fiction book offering for the female public, Non Fiction books and books intended mainly for professional use.

Net revenues at June 2013 amounted to euro 10.8 million, down 25.5% against the corresponding period of last year (euro 14.5 million in 2012).
The market share registered by Nielsen in the period of reference was equal to 2.3%, against 2.9% of the past year.

In the Fiction segment, *La risposta è nelle stelle,* by Nicholas Sparks, topped the rankings with 98,200 copies sold, followed by the success of *Joyland,* by Stephen King, also in the top ten of the best seller list (78,700 copies sold). *Noi siamo infinito*, the January release by Stephen Chbosky, confirmed its success, topping 54,700 copies sold and with a movie to be based on it. Other established authors in the publisher's stable, like Guillaume Musso and Danielle Steel, also performed well.

In Non-Fiction, Pierre Dukan's excellent performance, for a total of 129,000 copies sold at June 2013, is worth mentioning, thanks to the repositioning of the title with the release at the end of March of the new edition of *La dieta Dukan,* and the new book published in May, *Il grande libro illustrato delle ricette Dukan*.

In Paperbacks, the new Pickwick paperback series, combining the two paperback catalogues of Sperling and Piemme, made its debut with an initial offering of 70 titles.

Edizioni Piemme

Piemme is a publishing house famous for its undisputed leadership in children's books, holder of the Stilton and Il Battello a Vapore trademarks in Italy, along with a consolidated and recognisable offering of mainstream books in all the main Trade segments.

Net revenues in the first half of 2013 amounted to euro 19.7 million, up 8.2% against euro 18.2 million of the previous year.
The market share in bookshops (source:Nielsen) accounted for 3.9% in value, down from 4.2% of the past year.

In Fiction, the most important new entry was *E l'eco rispose*, the new novel by Khaled Hosseini, released on 21 June (453,000 copies sold), which immediately climbed to the top of the best selling book rankings. *Le colpe dei padri,* by Alessandro Perissinotto, which took second place at the 2013 Strega Prize, was also worthy of mention (31,000 copies sold).

In the Non-Fiction segment, the best-selling book was *Illuminati* by Adam Kadmon with 54,500 copies sold. Other titles of a religious nature are: *Francesco. Insieme* by Andrea Tornielli, released on the occasion of the election of the new Pope with 33,700 copies sold and *Il segno dell'esorcista,* by Padre Amorth, with 23,000 copies.

The Junior category posted great results with the Stilton brand, both in the high-price series including *Viaggio nel tempo 6,* with 71,700 copies sold, and in the new medium-price series with *I Cosmotopi* (three new titles averaging 22,800 copies sold) and *Le storie da ridere* (including the new books released at the beginning of the year *Lo strano caso dei brufoli blu* with 24,000 copies sold and *Il mistero delle sette matriosche* with 22,000 copies sold).
Il Battello a Vapore confirmed the success of the GOL! series, by Luigi Garlando (with three new titles averaging 14,900 copies sold).

The release in May of two catalogue books by Khaled Hosseini in the NumeriPrimi° series was also worthy of note, with 90,000 copies sold.

Art books and exhibitions

In the first half of 2013 Mondadori Electa posted sales for euro 16.5 million, up against euro 13.8 million of 2012.

The main reasons for this growth were the great success of some exhibits and the excellent revenues registered in museum bookshops.
These benefit from the results of the new bookshop opened at the Colosseum, entirely restyled and inaugurated on 4 February, and at the Venice Biennial Visual Arts Exhibition, inaugurated at the beginning of June (last year the Edition dedicated to architecture was inaugurated in August), which is currently posting a good performance compared to the corresponding edition in 2011.

Books posted falling sales against the previous year, above all in bookshops, also as a result of the difficulties that this channel is currently experiencing in general.

In this negative context, the following success stories stood out: *Le tre minestre*, the latest book by Andrea Vitali (almost 70,000 copies sold, for many weeks in the top twenty of the best seller lists) and *Mappe,* by Aleksandra Mizielinski and Daniel Mizielinski, an illustrated book for children which won the Andersen Prize as the best popular book and was re-printed after only two months.
A positive performance was also posted by the clients publishing segment.

Mondadori Education

Mondadori Education posted net revenues from sales equal to euro 11.2 million at 30 June 2013, down 25.3% against the same period of the previous year, as a result of delayed supplies from some wholesalers, which placed their orders later this year.

In school textbooks for 2013-2014 all three segments registered a slight improvement: primary, middle and high school.

In the primary school segment it seems there is a ban on the adoption of new textbooks, given the insignificant differences. A good performance was registered by the workbooks and holiday workbooks also performed well, in line with expectations.

Regarding the middle school segment, there were far fewer changes than expected; this fact significantly penalized the results of new textbooks, while catalogue books held steady.

Though to a lesser extent, the high school curricula also remained largely unchanged. However, there were some positive results for a few new textbooks: the new grammar book by Marcello Sensini, the Divina Commedia in a single volume and the English grammar books.

The digital copy of almost all new textbooks in hardcopy may be downloaded free of charge using the barcode printed on the cover of the purchased book.

More than eight hundred "Link you" events were organized throughout the country in the first half of 2013, involving a large number of promotion agencies. These events allowed the Publisher to present the digital content of the books to more than 12,000 teachers.

E-Books

The market segment posted ongoing growth; in the January-June 2013 period the four Mondadori Group Trade Publishers registered a 129% increase in total downloads against the same period in 2012.

The titles most downloaded in the year were: *Inferno,* by Dan Brown, with 40,108 copies; *Cinquanta sfumature di grigio, Cinquanta sfumature di rosso, Cinquanta sfumature di nero* by E.L. James, with 13,500, 12,500 and 12,000 copies, respectively (for a total of 182,500 copies across all formats); and *L'ex avvocato,* by John Grisham, with 10,500 copies. *E l'eco rispose,* by Khaled Hosseini, also performed well, as did the romance novels of the Category series and the titles associated with movie releases (*Il grande Gatsby,* by F. Scott Fitzgerald, *Bianca come il latte, rossa come il sangue,* by Alessandro D'Avenia and *Educazione siberiana,* by Nicolai Lilin).

The sales of Dan Brown's and John Grisham's books in digital format accounted for 10% and 9% of the hardcopy sales, respectively, confirming the excellent performance of the category, especially thrillers.

The number of e-books available in the sales platform exceeded 5,000 titles.

Distribution and logistics

Book Distribution is handled by the Group’s Distribution and Logistics unit and offers services for the management of inventory and distribution both for the Mondadori Group publishers and third party publishing houses.

In the first half of 2013 the production of school textbooks was entirely integrated in the flow of logistics, with positive effects in terms of saturation of the operating infrastructures and resources employed for the activity.

Third party publisher revenues, down 58.2%, mainly reflected the difficult situation faced by Baldini and Castoldi Dalai Editore.

Magazines

Mondadori is Italy's leading publisher in the sector for its market share and number of magazines and one of the most important in Europe. It has consolidated its presence over time in the sector, covering different business segments.
In addition to the publication of weekly and monthly magazines sold at newsstands and by subscription (also developed through the joint ventures with Gruner+Jahr and ACI), the Group also focused on the sector of combined sales and designed websites and portals that enabled it to reach a larger number of Mondadori readers by exploiting the relevant brands.

Through subsidiary Press-Di Distribuzione Stampa and Multimedia, the Group distributes its own magazines and third party magazines at the national level.
Through its subsidiary Mondadori France (among the first publishers of magazines in France with 27 titles) and the affiliated company Attica Publications, a leader in the magazines sector in the South-Eastern European markets, Mondadori is also active abroad through licensing agreements with international publishers for the publication of Italian magazines in foreign markets.
Moreover, Mondadori operates in the Chinese and Russian markets through two 50% owned joint ventures.

Magazines Italy

The persisting dire market scenario combined with the political uncertainty in Italy continue to negatively affect the performance of magazines. Available data at May 2013 show a decline in revenues at newsstands by 12.3% (internal source), with add-on sales down by 18.3% (internal source) and revenues from advertising by 24.4% (source: Nielsen).

The economic performance of Magazines Italy

Mondadori posted falling revenues in this area by 15.2%, down from euro 209.9 million to euro 177.9 million.
The largest contribution to this performance was attributable to Mondadori magazines (-16.2%) and was only partially compensated by the excellent growth in revenues from digital properties (+9.3%) and licensing (+14%).

Moreover, within the framework of the reorganization process designed to significantly impact on all cost items, the negotiation with Elcograf was positively concluded, targeting the reduction of graphics processing and printing fees, with significant savings expected at year end.

(Euro/million)	**1st half 2013**	**1st half 2012**
Revenues from magazines	160.0	192.3
Other revenues	17.9	17.6
	177.9	**209.9**
Operating costs	(174.3)	(195.1)
EBITDA	**3.6**	**14.8**
Amortisation, depreciation and impairment	(0.3)	(0.3)
EBIT	**3.3**	**14.5**

Mondadori titles

The Mondadori magazines reflected the negative trend of the markets of reference, registering an overall reduction of 16.2% (on a like-for-like basis, that is, net of the effects of the transfer of *Panorama Economy* and the transformation of *Flair* in an attachment to *Panorama*, -13.4%); in particular, revenues from advertising dropped 27.9% (on a like-for-like basis -21.8%) and revenues from circulation slumped by 13.1% against the previous year (on a like-for-like basis -9.7%).

It should be noted that this trend was affected by important activities and also significant distortions:

- in May three women's magazines were simultaneously re-launched, *Donna Moderna, Grazia* and *Tu Style*, thanks to which Mondadori is segment leader;
- in June *Casaviva, VilleGiardini, Panorama Travel* and *Men's Health* were closed, with the implementation of the redundancy and layoff procedure for journalists.

- in May 2012 *Panorama Economy* ceased operations, with a consequent impact on 2013 results;
- the transformation of *Flair* into an attachment beginning in September 2012.

In particular, the re-launch operations brought about very positive results, both in terms of copies and sales of advertising space.

In the first four issues after its re-launch, *Grazia* doubled sales at newsstands compared to the previous year, thanks to a "news and fashion" formula that combines glam and Italian style with the international spirit of the network.

Donna Moderna modified its formula, becoming more modern and younger, also thanks to a new format and new graphics.

Starting from an already excellent circulation, *Tu Style* increased sales at newsstands by 25% after the first four issues following its re-launch, confirming its positioning and winning formula as a weekly magazine dedicated to budget shopping.

The first four issues of the three magazines posted a combined average weekly circulation of 740,000 copies, up sharply against the previous year.

It should be noted that in the second quarter *Grazia Casa* underwent a restyling operation, changing its logo and expanding its content to include interior design, art, style and fashion.

Chi continued to perform well, thanks also to a revision of its content and different scoops published in the period. The latest ADS data for the month of May show an average circulation of 299,283 copies, up 9% against data of the same month in 2012 and up 4% in the second quarter of 2013 against the same period of the previous year.

TV Sorrisi e Canzoni fell by 7% compared to 2012, but with its 647,300 copies (source: ADS, May 2013) remained the most widely read weekly magazine in Italy.

Add-on sales

Sales of add-ons (DVDs, CDs, books and gadgets) plummeted in the first five months of 2013 (-18.3% in value, internal source); in this context Mondadori outperformed the market, limiting the reduction to 10.7%.

The reduction in sales is also the consequence of a targeted decision to rationalize initiatives for the purpose of minimizing economic risks and optimizing margins. This strategy resulted in a reduction in outlays and revenues, but also in a sharp increase in profitability.

The following were among the most successful initiatives: the Beatles, Pink Floyd (in co-edition with La Repubblica), the animation DVDs attached to *TV Sorrisi e Canzoni*, the first preview of *Panorama* and *Cake Décor,* supported by different Mondadori magazines.

Press-Di Distribuzione Stampa e Multimedia S.r.l.

Press-Di is the Mondadori Group distribution company dedicated to the circulation and sale of magazines, newspapers and multimedia products in the Newsstand, Large-Scale Retailer and Subscription channels.

Press-di is the second ranking Italian national distributor by market share in the Newsstand channel and is leader in the Large-Scale Retailer and Subscription channels.

The customer portfolio includes both publishers belonging to the Mondadori Group and independent publishers. Currently, sales generated from independent publishers account for 50% of the total. The most important customers include Disney, Bonelli, RBA and Sprea for magazines and Libero, Il Giornale and Avvenire for newspapers in the Newsstand and Large-Scale Retailer channels; and Disney, Condé Nast and Quadratum in the Subscription channel.

In the first half of 2013 the markets in which Press-di operates were hit hard by the current negative market scenario and the general reduction in consumer spending. As a result, the already negative trend registered in the corresponding period in 2012 and also in the second half of 2012 further worsened, in both copies and value.

The Newsstand/Large Retailers channel dropped from -9% of the previous year to -12% in value, while the Subscription channel decreased by 7% against -6% in 2012 (these figures refer to copies, since value figures are not available).

The fallout from this important reduction in volumes affected the entire distribution supply chain (national distributors, local distributors and newsstands), resulting in the shutting down of the activities of the national distributor Parrini, formerly the fourth market operator.

In such a negative context, net revenues equalled euro 30.5 million, down 11% over the previous year.

The Company firmly implemented actions to strengthen its competitive position: in the newsstand channel, through the acquisition of the distribution of small publishers, bringing in a turnover exceeding euro 11 million on an annual basis; in the subscription channel, through the development of negotiations with important publishers.

International

Since November 2012, international activities were concentrated in the newly established company Mondadori International Business S.r.l.
Revenues generated in the first half of 2013 came to euro 4.9 million, up 10% against the previous year. In particular, revenues from royalties increased by 14% thanks to the new editions added to the *Grazia International Network* in the last 12 months (South Africa, Poland, Spain and South Korea).

Sales from advertising were in line with the previous year, with a definitely better performance against the market of reference.
Since January 2013, Mondadori International Business S.r.l. extended its activities to international customers in the French and Swiss markets and it also started to operate as an exclusive agent for advertising in the Italian market for magazines not belonging to the Mondadori Group.

Investments: Mondadori is present in Greece, Bulgaria and Serbia through its stake in Attica Publications and in China and Russia through its investments in joint ventures with local partners.

- Despite the persisting extremely grim local economic conditions, Attica Publications gained a dominant position in the Greek magazines market. While the sector as a whole fell by almost 30% in Greece, Attica Publications' share only decreased by approximately 8%. In Greece, Attica Publications currently publishes 18 magazines and operates three radio stations, including Radio DJ, market leader in the international music radio ranking; in Bulgaria and Serbia it is the leading publisher through its subsidiaries, with seven and six magazines, respectively. The result for the first half of 2013 is positive and above projections.

- Mondadori Seec Advertising Co. Ltd., exclusive advertising agency for the Chinese edition of Grazia, launched in February 2009, recorded revenues of euro 6.2 million at 30 June 2013, up 28% against the same period in 2012.
- Mondadori Independent Media LLC, joint venture publisher of Grazia in Russia, recorded revenues of euro 2.5 million in the first half of 2013 (+9% over 2012).

Properties

In 2013, properties associated with the main magazines belonging to the Mondadori Group confirmed their ability to attract an increasing number of readers and also posted positive results in terms of sales of advertising, well above market trend (-0.3%, source: Nielsen, May).

Revenues generated from the sales of advertising for the main properties belonging to Mondadori grew comprehensively by 9.3% over 2012, thanks to the performance of www.donnamoderna.com, www.grazia.it and www.panorama-auto.it:

- www.donnamoderna.com confirmed its very positive performance in the period of reference both in terms of revenues from advertising, up 8% against 2012, and traffic levels, which further improved the already excellent results achieved in the first three months of the year, with a monthly average of almost 12 million single users. This enabled the Donnamoderna.com network not only to confirm its second place in the single users rankings, but also to climb to the top for page hits (Audiweb View, May 2013), confirming its leadership among women's magazines;
- www.grazia.it posted a +42% increase in revenues from advertising against the previous year thanks to the massive contribution of sales from advertising generated in the second quarter. Audience grew both in terms of single users (+34% June over June) and page hits (+14%), thanks to a mix of initiatives implemented to improve user experience and the treatment of publishing content (according to criteria of significance and prestige), as demonstrated by the positive performance of organic traffic that ensures stability also in periods not associated with major fashion events.
- www.panorama.it increased its audience in the second quarter of 2013, with 67% more single users and 51% more page hits against the same period of 2012, thanks also to the traffic level of the men's style/fashion segment, represented by the Icon channel;
- after the record-high traffic hit in March on the occasion of the Geneva Trade Show (page hits exceeding 15 million and approximately 1 million single users), www.panorama-auto.it confirmed the already very positive performance reached both in terms of single users and page hits, and now boasts a monthly average steadily above 11 million.

Magazines France

Also in the second quarter of the year, the market of reference for Mondadori France showed signs of deterioration both in terms of circulation and sales from advertising.

The economic performance of Magazines France

Mondadori France's consolidated revenues in the semester of reference totalled euro 176.9 million, down 8.6%; on a like-for-like basis *(Tele Star*, *Tele Poche* and *Autoplus* had an additional issue in 2012) revenues would have been 7.5% lower.

EBITDA for the period was equal to euro 13.9 million (euro 20.0 million in 2012). The difference is mainly due to the following internal and external factors:

- a lower number of issues of "automotive" and TV magazines;
- higher and massive investments in the development of digital products;
- reduced circulation of magazines due to a strike at Presstalis, the main operator in the French market;
- a comparison with the first semester of 2012, during which sales generated from advertising were still positive, with a sharp halt in the second half of the year (-4.9% at the end of 2012; source: Kantar Media).

(Euro/million)	1st half 2013	1st half 2012
Revenues from magazines	171.4	188.7
Other revenues	5.5	4.9
	176.9	**193.6**
Operating costs	(163.0)	(173.6)
EBITDA	**13.9**	**20.0**
Amortisation, depreciation and impairment	(6.0)	(5.9)
EBIT	**7.9**	**14.1**

Revenues from advertising: the market performance confirmed the trend registered in the first quarter with a 6.8% reduction in volume (source: Kantar Media, May), while Mondadori France posted a 3.1% reduction, confirming its second position as market operator, registering a performance above the market and increasing its share to 10.8%.

Revenues dropped by 11.9% (-10.4% on a like-for-like basis) as a result of the difficulties in the Food, Automotive and Apparel industries.

Revenues from circulation, including add-on sales (accounting for approximately 72% of total revenues), fell 8.2% in the period of reference; on a like-for-like basis the reduction would have been 6.8%.

In particular:

- sales at newsstands dropped 5.8%, in line with the market, which posted a 6.4% decrease in the January-May period (internal source);
- revenues from subscriptions fell 5.7% against the same period of the previous year and 2.3% excluding non-recurring items like the reduction in the portfolio of subscribers of *Pleine Vie*, following changes implemented by the important insurance company AG2R in the management of subscription contracts.

The expansion strategy continued with the successful publication of two new products: *Closer Teen* (a magazine dedicated to teens) and *Vital by Top Santé* (a magazine dedicated to fitness and wellbeing).
Mondadori also experimented a first "web to print" initiative by publishing the hardcopy version of the cooking website 750g.com (4 million single users in 2012, source: Nielsen).

Attention to publishing quality remains a priority: the restyling of *Modes&Travaux*, *Sport-Auto*, *Science&Vie Junior*, *Grand Gibier* and *Auto-Journal* was completed in the first half of the year, while in the second part of the year the makeovers of *AutoPlus, Grazia* and *Biba* are scheduled to start. Also in the second half of the year, two new magazines dedicated to games are due to be launched in collaboration with France Television (*Slam Magazine* and *Fort Boyard*) as well as a new magazine dedicated to cooking (*MasterChef,* in collaboration with the famous television format that will be broadcast in France starting this September).

In the first half of 2013, Mondadori France continued investing in the development of digital activities; the audience of the websites reached 5.0 million single users (source: Nielsen), up 21.5% over 2012. Also, sales rose 19% against the previous year.

The main actions in the period concerned the development of new websites, www.Autoplus.fr, www.Closermag.fr, www.Science-et-vie.com, including the networking of 25 years of archives, www.TopSante.com and www.Diapason.com as well as the *Tele-Star* applications for iPad and iPhone, *Auto-Journal* for iPad and the new versions of *Grazia* and *Sport-Auto* for iPad.

The digital newsstand platform for online subscriptions was entirely restyled (www.kiosquemag.com), offering a combination of hardcopy and digital magazine subscription, as well as entirely digital subscriptions with an important objective: to double the sales generated by the platform in the next two years.

www.NaturaBuy.fr, a website for classifieds, personals and auction sales for products associated with hunting and leisure time, confirmed its encouraging growth, with transactions up 18% against the same period in 2012.

Advertising services

The market

The perfomance of sales from advertising in the first five months of the year posted a 17.2% reduction against 2012, confirming the difficulties registered in the last years. Sales from advertising on Television, Dailies and Radio improved slightly against the previous months; with the exception of Magazines and Internet.

Advertising market (Euro/million)	**2013**	**2012**	**Var. %**
Television	1,618	1,930	(16.2%)
Magazines	239	316	(24.4%)
Dailies	387	504	(23.3%)
Radio	147	172	(14.6%)
Internet	212	213	(0.3%)
Other	229	284	(19.4%)
Total advertising market	**2,832**	**3,419**	**(17.2%)**

Source: Nielsen Media Research

The performance of the advertising agency

(Euro/million)	**1st half 2013**	**1st half 2012**
Revenues from advertising	75.3	94.3
Other revenues	1.5	1.7
	76.8	**96.0**
Operating costs	(80.3)	(99.2)
EBITDA	**(3.5)**	**(3.2)**
Amortisation, depreciation and impairment	(0.1)	(0.1)
EBIT	**(3.6)**	**(3.3)**

Mondadori Pubblicità posted a 20% reduction in revenues from advertising against the same period of the previous year.

On a like-for-like basis the drop in Periodici Mondadori would have been equal to -21.9%, but this is significantly above the market performance (Fcp -26.1% at June), also thanks to the re-launch initiative concurrently with the three main women's magazines *Grazia*, *Donna Moderna* and *Tu Style,* and the initiatives regarding the magazines dedicated to cooking and interior design.

However, when considering the magazines shut down, the drop is equal to -29.3%.

As to revenues from advertising on the Radio channel, the first half of 2013 recorded a 17.6% increase, thanks above all to the acquisition of the concession of Radio Italia Solo Musica Italiana as of 15 April 2013. This transaction resulted in a substantial change in Mondadori Pubblicità's positioning in the radio market. With 7.5 million listeners on an average day net of replicas (source: Eurisko Radiomonitor 2012), the agency ranks among the first three industry operators and is the leader among women, which enables it to develop important synergies with its portfolio of Magazines and the Web.

Mediamond, the joint venture selling advertising space on the web, outperformed the market, though slowing its rate of growth, with +19.9% over 2012; two noteworthy standouts were www.grazia.it (+42%) and Videomediaset (+40%).

Direct

The Direct Area, comprising retail business and direct marketing, operates through a network of 569 points of sale at 30 June 2013, including directly managed and franchised bookshops, multicenters, newsstands and book clubs through www.inMondadori.it and through Cemit Interactive Media, a market leader in the offering of diversified strategies for the design and development of one-to-one communication tools and CRM tools thanks to a vast databank of over 30 million private users and companies.

In the period of reference, the process for the rationalization of the points of sale continued with the shutting down of 28 locations and with the concurrent development of private label products and services concentrated on the new *InMondadori* brand.

The economic performance of the Direct Area

The table below, detailing the main economic indicators of the first half of the last two financial years, shows a reduction in sales equal to 2.4%.

(Euro/million)	1st half 2013	1st half 2012
Revenues	106.8	110.5
Other revenues	3.6	2.6
	110.4	**113.1**
Operating costs	(115.6)	(116.9)
EBITDA	**(5.2)**	**(3.8)**
Amortisation, depreciation and impairment	(2.7)	(2.9)
EBIT	**(7.9)**	**(6.7)**

The reduction significantly impacted the book club business and mail order sales in general, as well as e-commerce through the dedicated website; revenues generated by the network instead remained steady.

To counter this negative trend, greater emphasis was placed on further strengthening the customer loyalty programme through the Mondadori Card. This is currently only usable in physical locations, but in the coming weeks it will also be possible to use the Card on the e-commerce website.

As to products, the Box for You proposal was further developed, and now includes 33 different products, as was the Emporio Mondadori proprietary brand, which is also marketed in large retailers and third party stores.

Great results were obtained from the sale of the different versions of the Kobo e-reader, providing users with a top-notch tool to enjoy publishing content in a digital format.

In a competitive market scenario characterized by the progressive reduction in sales from advertising and the consolidation of digital-based communication tools, Cemit Interactive Media posted revenues in the first half of 2013 in line with 2012 figures.
These figures are even more encouraging if compared with the market of reference, which plummeted by 23.5% in the January-May period (source: Nielsen).

Radio

The Radio Area manages, through the subsidiary Monradio S.r.l., the national radio station R101, whose positioning, targeting an adult audience and featuring a broadcast format based on current news and entertainment, well represented by its most recent "Forever Fun" claim, is consistent with the Group's core business. The extensive and high quality distribution of its frequency extends throughout Italy.

The economic performance of the Radio Area

Revenues from advertising in the Radio Area showed a sharp decrease of 14.6% in the first five months of the year of reference, in line with the disappointing results posted by the general advertising market.

In this difficult context, revenues from advertising generated by *R101* reflected the plunge in investment by the main product categories, including the automotive industry, and amounted to euro 6.8 million at 30 June 2013, down 10.5% against 2012.

(Euro/million)	1st half 2013	1st half 2012
Revenues	6.8	7.6
Other revenues	-	-
	6.8	**7.6**
Operating costs	(8.4)	(8.0)
EBITDA	**(1.6)**	**(0.4)**
Amortisation, depreciation and impairment	(0.8)	(0.9)
EBIT	**(2.4)**	**(1.3)**

From a broadcasting standpoint, *R101* continued to implement actions targeting format restyling through the introduction of new programmes dedicated to current events ("*Buongiorno News*" by the editorial office, broadcast at the beginning of the day), cinema ("*Ti guido al cinema*") and gossip ("*Cotti e sparlati*") on the weekend.

Marketing actions concentrated on the organisation and sponsorship of important events throughout Italy, including the "*Stramilano*" city marathon and many other basketball and volleyball sports events. For the second consecutive year, *R101* toured with the "*Giro d'Italia*" bike race as official media partner, organizing events and animation (start, convoy, arrival and commercial village).

Numerous digital activities were developed in the period of reference on the www.r101.it website, resulting in a doubling of hits (source: Google Analytics), increasing the number of page hits to over 3.5 million and the average-per-month number of single users to over 200,000 (1.4 million and 200,000, respectively, in 2012).
Performance on the main social networks was also positive:
- Facebook: Fans 2013: approximately 280,000 (230,000 in March and 200,000 in 2012);
- Twitter Followers Canale R101 2013: approximately 22,000 (16,000 in March and 12,000 at the end of 2012).

Corporate and other business

The Corporate segment includes – besides organisations managing the Group’s financial assets – Parent Company functions providing services to Group companies and the different business areas.

These services are mainly associated with activities regarding ITC, administration, management control and planning, treasury and finance, human resources, legal and corporate affairs and public relations.

Revenues are mainly referred to amounts billed to subsidiaries and associated companies as well as other entities using the services described above.

Mondadori International

The financial assets owned by the Company at 30 June 2013 amounted to euro 73.9 million (euro 70.9 million at the end of 2012). In the period of reference, the Company posted a loss totalling euro 0.4 million.

Financial assets at 30 June 2013 include current accounts, cash equivalents and receivables due from the parent company as a result of intercompany current account management.

All floating rate bonds available for sale were transferred in the first half of 2013, generating a total of euro 0.5 million.

Financial position

Mondadori Group's financial position at 30 June 2013 showed a deficit of euro 367.3 million.

Net financial position (Euro/million)	**30/06/2013**	**31/12/2012**	**30/06/2012**
Cash and cash equivalents	81.8	166.8	66.9
Financial assets at fair value	-	-	-
Available-for-sale financial assets	-	13.3	10.8
Assets and liabilities resulting from derivative instruments	(10.8)	(14.9)	(14.4)
Other financial assets/(liabilities):	17.2	12.3	(8.3)
Loans (short and medium/long term)	(455.5)	(445.1)	(425.0)
Net financial position	**(367.3)**	**(267.6)**	**(370.0)**

It should be noted that the net financial position would show a deficit of euro 370.1 million if calculated according to the method recommended by Consob, as mentioned in Note 19 of the Explanatory Notes, as it would not include the balance of "Non-current financial assets".

Interest and exchange rate trends

2013 projections foresee lower growth levels than in 2012 in the most industrialized countries.

Despite the overcoming of systemic risks like the dissolution of the euro and the fiscal cliff in the US, there are still rather critical situations. The Eurozone economies, in fact, are still under pressure due to imbalanced public finance and a sharp credit squeeze in emerging markets.

In this context, the Euribor remained depressed, with an average value for the first half of 2013 equal to 0.209%; the average cost of Mondadori Group debt in the same period was equal to 3.28%.

The euro/dollar exchange rate in the first half of 2013 was equal to 1.313, with a trough of 1.36 at the end of January and a peak of 1.278 towards the end of March, showing a stabilization trend around 1.306 on average in the second quarter of 2013.

The British pound steadily depreciated against the euro (0.875 around mid-March), recovering slightly towards the end of the quarter. The average euro/sterling exchange rate in 2013 was equal to 0.851.

The overall credit lines available to the Group at 30 June 2013 amounted to euro 1,003.3 million, of which euro 705.5 committed.

The Group's short-term loans, totalling euro 297.8 million and unused at 30 June 2013, included overdraft credit lines on current accounts and advances subject to collection.

The main medium-long term loans are:

- euro 320 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 million and a Revolving Facility for euro 170 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 loan for euro 200 million, granted by Intesa Sanpaolo, with expiry in December 2016, broken down into a term loan for euro 50 million and a revolving facility for euro 150 million, used for a total of euro 105 million at 30 June; an Interest Rate Swap contract was attached to part of the term loan (euro 25 million), with expiry in January 2014;
- a float rate amortising loan for euro 78 million (of which euro 26 million with expiry on 1 July 2013), 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 December 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 and utilised for euro 15 million at 30 June.

The Group's committed credit lines are subject to financial covenants measured on a quarterly basis, whose average should meet specific year-end requirements.
The effects of the continuing recession and the Group's commitment to a process of organizational restructuring that includes costs and cash-outs, will result in a situation of default for the aforesaid covenants. For this reason, the Group has opened negotiations with all banks to obtain waivers to the covenants and/or credit lines under new conditions to replace the existing ones.

Personnel

Human resources

Employees with a fixed-term or permanent labour contract employed by the Group companies at 30 June 2013 totalled 3,574 people, showing a reduction in employee count by 129 units (-3.5%) against the end of 2012 and 171 units (-4.6%) against the same period of the previous year.
A similar trend is reflected by the cost of personnel (equal to euro 148.0 million in the first six months), which net of higher charges resulting from the re-organization process, decreased by 5.5% against the same period of the previous year.

The reduction in employee count involved all Group companies cross-sectionally, resulting from specific actions aimed at cost control implemented as of end of 2012. In particular, compared to the previous year, the Parent Company reduced its employee count by 7.1% and costs by 6.1% (net of extraordinary charges); the other Italian subsidiaries showed a reduction equal to 5.7% and 7.5%, respectively, while personnel cost for Mondadori France dropped by 2.9% while maintaining approximately the same employee count.

Particularly important for cost control purposes were the actions undertaken in the framework of the restructuing plan envisaged for employees of the Magazines and Central Units areas of Arnoldo Mondadori S.p.A., which are expected to continue until 2014, as well as the implementation of redundancy arrangements in different divisions of the Direct area. As to journalists employed in the Magazines area, where at the beginning of June a redundancy arrangement was reached for 87 people, it should be noted that redundancy and layoff procedures with reduced working hours were started, in anticipation of the approval of the 2013-2015 pre-retirement decree, which is expected to be enforced by year end and thus result in significant savings.

Amounts in euro thousands

The following table provides a detailed overview of Group personnel at 30 June 2013:

Personnel	**30/06/2013**	**31/12/2012**	**30/06/2012**
Arnoldo Mondadori Editore S.p.A.			
- Managers, journalists, office staff	1,077	1,126	1,167
- Blue collar workers	85	84	84
	1,162	**1,210**	**1,251**
Italian subsidiaries:			
- Managers, journalists, office staff	1,361	1,416	1,438
- Blue collar workers	56	55	65
	1,417	**1,471**	**1,503**
Foreign subsidiaries:			
- Managers, journalists, office staff	995	1,022	991
- Blue collar workers	-	-	-
	995	**1,022**	**991**
Total	**3,574**	**3,703**	**3,745**

Capital expenditure

During the first half of 2013, the Group made investments in technical assets for about euro 2.2 million, mostly for the purpose of replacing electronic office machinery, furniture, décor and equipment in the Direct Area and equipment for the radio business.

Goods were disposed of with a residual value of euro 0.4 million.

Main risks and uncertainties to which the Mondadori Group is exposed to

Since 2008, concurrently with the first drafting of the guidelines of its Internal Control System, the Mondadori Group has been implementing a risk management process envisaging the adoption of the "COSO - Enterprise Risk Management" model, aimed at identifying and managing the main risks it is exposed to, pursuant to the provisions of the Corporate Governance Code of listed companies and to Italian Legislative Decree 195/2007 on transparency.

In 2012 the Board of Directors approved the new guidelines and orientations of the internal control and risk management system in order to implement the recommendations set out in the December 2011 edition of the Corporate Governance Code.

The Mondadori Group defines and shares the Group's mission/vision and strategic objectives with the Group management. The strategic objectives are both quantitative and qualitative. Moreover, the Board of Directors defines the risk appetite associated with the attainment of the strategic objectives, as described above.

The Risk Management function, part of Internal Audit, is responsible for the management of the risks, exercising supervision over the activities and co-ordinating all parties involved.
The risks identified are classified according to an internally developed model and are subsequently measured both "as is", i.e. without any mitigation actions implemented by the management to reduce the entity of the risk factors, and at a residual level, i.e. by considering the mitigating effect of the actions.
Actual and residual risks are identified and assessed by the heads of the business unit or function, based on their area of competence, through a self-assessment process and also by indicating any mitigation actions.
The results of the risk management process are submitted to the specific evaluation of the Director in charge of risk management and internal control, the Risk and Control Committee, the Board of Auditors through the Internal Audit executive manager and, ultimately, the Board of Directors. Based on the information provided, additional in-depth analyses by competent structures and bodies may be requested.
The actual availability and efficiency of the mitigation actions recommended by the different functions during the assessment process are checked by Internal Audit.
Based on the results of the analyses carried out, the following is a brief summary of the main risks and uncertainties the Group is exposed to:

- risks related to the economic scenario;
- financial and credit risks;
- business risk: competitive scenario and strategic risk;
- regulatory risk;
- risk associated with brand protection.

Risks related to the economic scenario

In the first half of 2013 the criticalities of the difficult economic scenario in Italy persisted, as evidenced by the various financial indicators. The negative growth in GDP reflected a downturn in internal demand, falling manufacturing data and consumer spending reflected the difficulties emerging from the labour market, weakened nominal income levels, particularly compared to inflation, and widespread uncertainty.
Forecasts for the second half of the year also predict a scenario with various factors of uncertainty and consequent effects on credit and investments correlated to levels of national and international demand, the confidence projections of consumers and businesses and, last but not least, the dynamics of the labour markets and tax policies.
It goes without saying that these market conditions generate significant negative effects on the Mondadori Group’s sectors of activity. The latest Risk Assessment again revealed that the main risk elements are the lower advertising investments of businesses and decreasing consumer spending. These are systemic factors that the entire publishing industry is

currently facing.

Business risk: competitive scenario and strategic risk

In addition to the persistent negative economic scenario, the media and the publishing industry is currently facing various uncertainties associated with business dynamics and future orientation. In fact, the transition towards new business models, including the development of digital media, represents elements of discontinuity that are already showing reverberations on the traditional market balance. It is therefore of the essence to react to the changes by re-thinking activities and, above all, improving traditional assets that are still the starting point for success (content, authors, brands, reader communities).

It is clear that in such a market scenario an additional risk factor is represented by competition, which is accentuated by the pressure exercised not only by traditional competitors, but also by extra-industry new entries. For this reason the Mondadori Group is currently implementing product strategies targeting ongoing investments in product quality, internal know-how development also through business synergies and the consolidation and expansion of the international network.

Financial and credit risks

The persisting issues linked to the current economic-financial situation represent the key risk factor, with significant reverberations on business trends and the Group's results.

In particular, the Group is exposed to a risk associated with the possibility of maintaining profitability levels with reverberations on the ability to generate cash flows, the definition of a mix of loans and holding values of its assets.

The risk associated with trade receivables is confirmed to emerge from the extension of average collection times (also when doing business with the Public Administration) and includes the risk of contract and counterparty default.

Given the afore described negative elements, the Mondadori Group has adopted policies and resolutions targeting the re-organisation of structures and processes with a view to reducing operating costs.

Regulatory risk

Given the variety of the business areas in which it is active, the Mondadori Group operates in a complex regulatory context, including Italian Legislative Decree 231/2001, Italian Legislative Decree 196/2003 on Privacy and Italian Law 262/2005 in the matter of protection of savings and fiscal fulfilments. Moreover, the regulatory evolution in terms of introduction of new regulations as well as changes to existing regulations may have an impact in terms of governance processes, but also, and above all, they may affect competitiveness and business market conditions.

For this purpose, Mondadori Group constantly monitors the new regulations and the new amendments introduced and plays a proactive role in discussions regarding the issuance of new regulatory provisions, also thanks to the involvement of the main category associations.

Risks associated with brand protection

The value and prestige of the brands, content, authors and reader communities represent a relevant asset for the Mondadori Group. For the purpose of protecting these intangible assets the Group constantly monitors the occurrence of events that may damage its image through the implementation of preventive initiatives and actions. In addition, the Group's commitment in relation to social responsibility issues, with particular focus on stakeholders and the social and environmental impact that the Group activities may generate is also worthy of note.

Relevant events occurred in the period

Renewal of the authorisation to purchase and sell Treasury Shares

The Shareholders' Meeting of 23 April 2013 resolved to renew the authorisation to purchase and sell Treasury Shares, following the expiry of the preceding authorisation resolved upon on 19 April 2012.

It should be noted that the Shareholders' Meeting of 19 April 2012 had authorised the purchase of a maximum number of no. 11,090,625 treasury shares, considering the overall number of 13,555,209 shares, already either directly or indirectly owned by the Company as at the date of the resolution, reaching a cap of 10% of the Company's capital.

During the term of the previous authorization, resolved upon by the Shareholders' Meeting on 19 April 2012, coming to expiry, Mondadori purchased no. 1,398,291 treasury shares, corresponding to 0.56% of the Company's capital in the market in the period going from 3 May to 15 June 2012, for a total price of euro 1,418,592.

In terms of daily prices and volumes, the purchase transactions were completed in compliance with the conditions established in EC Regulation 2273/2003.

Considering the number of shares already held in its portfolio, the treasury shares comprehensively held as at the date of the Shareholders' Meeting of 23 April 2013 correspond to no. 14,953,500 (6.067% of the Company's capital), of which no. 10,436,014 directly held by Arnoldo Mondadori Editore S.p.A. and no. 4,517,486 held by the subsidiary Mondadori International S.p.A.

The Shareholders' Meeting also resolved upon the authorisation, pursuant to Article 2357-ter of the Italian Civil Code, to sell treasury shares purchased or already included in the Company's portfolio.

Here below are the main elements of the repurchase plan authorised by the Meeting:

<u>Motivations:</u>
The renewal of the authorisation to purchase and sell treasury shares is deemed to maintain the possibility of seizing possible investment opportunities and trading on treasury shares, specifically empowering the Board of Directors as follows:

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

<u>Duration:</u>
Until the approval of the 2013 financial statements and in any case for a period not exceeding 18 months from the effective date of the resolution.

<u>Maximum number of purchasable Treasury Shares</u>
The new authorisation makes reference to the purchase of up to additional maximum no. 9,692,334 shares, equal to 3.933% of the Company's capital, that considering the no. 14,953,500 shares already either directly or indirectly owned by the Company as at the date of the Shareholders' Meeting as above indicated, makes up 10% of the Company's capital, represented by no. 24,645,834 shares.

<u>Criteria for purchasing Treasury Shares and indication of the minimum and maximum purchasing cap</u>
Purchases shall be made on the regulated markets pursuant to article 132 of Italian Legislative Decree no. 58 of 24 February 1998 and article 144-bis, paragraph 1, letter B of Consob Regulation no. 11971/1999 according to the operating criteria established in the

organization and management regulations of the same markets, which do not allow the direct combination of the purchase negotiation proposals with pre-determined sale negotiation proposals.

The minimum and maximum purchase price is determined under the same conditions established by the preceding Shareholders' Meeting authorisations and, therefore, at a minimum unit price not lower than the official Stock Exchange price of the day preceding the purchase transaction, reduced by 20%, and a maximum unit price not higher than the official Stock Exchange price of the day preceding the purchase transaction, increased by 10%.

In terms of daily prices and volumes the purchase transactions would be completed in compliance with the conditions established in EC Regulation 2273/2003, and, specifically:

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

Purchase of treasury shares in the first half of 2013

In the first half of 2013 Arnoldo Mondadori Editore S.p.A. or any of its subsidiaries did not purchase or sell any treasury shares held in portfolio.

As a result, as at 30 June 2013, the treasury shares comprehensively held for a total book value of euro 73.5 million remained unchanged compared to the number indicated upon the Shareholders' Meeting of 23 April 2013 (no. 14,953,500 equal to 6.067% of the Company's capital, of which no. 10,436,014 directly held in Arnoldo Mondadori Editore S.p.A.'s portfolio and no. 4,517,486 held by subsidiary Mondadori International S.p.A.).

Relevant events occurred after closure

Implementation of the waiver procedure for gaming

The Board of Directors of Glaming S.r.l. resolved to start the procedure to waive the gaming concession for the remote management of public games, following the Customs and Monopoly Agency decree that authorises the suspension of gaming revenues from 22 July.

The implementation of the procedure will result in the gradual suspension of revenue collection and operations, targeting the final discontinuity of the activity.

The resolution is consistent with the Group's objective to focus on its core business.

Other information

It is underscored that in the financial period of reference Arnoldo Mondadori Editore S.p.A. did not carry out any research & development activities. At closure or during the period of reference, it did not hold any shares in parent companies, not even through trusts or trustees.

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

Transactions with related parties

In compliance with the provisions set out in article 2391 bis of the Italian Civil Code and according to the general principles indicated in the "Regulation in the matter of transactions with related parties" ("Consob Regulation"), issued by Consob through Resolution no. 17221 of 12 March 2010 and subsequent changes, the Board of Directors approved the "Procedures in the matter of Transactions with Related Parties" (the "Mondadori Procedures") on 25 November 2010, subject to prior approval by a Committee exclusively composed of directors qualified as independent, in application of the Corporate Governance Code of Borsa Italiana S.p.A.

The "Mondadori Procedures" which replaced as of 1 January 2011 the preceding internal regulation adopted by the Board of Directors in the matter, describe the rules, roles, responsibilities and activities put in place in order to ensure substantial transparency and correctness of the transactions completed with related parties by the Company either directly or through its subsidiaries.

The "Mondadori Procedures" are available for consultation in the Governance section - governance system, regulation and procedures in the www.mondadori.it website.

With reference to the provisions set out in article 5, paragraph 8 of Consob Regulation, the following is reported relating to the period of reference:

- no transactions were concluded with related parties defined as relevant according to "Mondadori Procedures" in compliance with Consob Regulation;
- no transactions which had a significant impact on the Company's equity or performance were concluded with related parties as defined in article 2427, par. 2 of the Italian Civil Code,;

- no changes or developments relating to the transactions with related parties illustrated in the last Annual Report are reported which had a significant impact on the Company's equity or performance in the period of reference.

It should also be noted that, also with reference to Italian Legislative Decree no.173 of 3 November 2008, which modified, among others, article 2427 of Italian Civil Code and introduced no. 22 bis and ter, no transactions were concluded qualifying as atypical or unusual, outside normal business operations.

Transactions with related parties in the period of reference were regulated under normal market conditions; those concluded with subsidiary or affiliated companies referred to trade transactions and financial transactions with reference to intercompany current account operations managed by Arnoldo Mondadori Editore S.p.A., in which the various subsidiaries and associated companies participate based on their relevant debt and credit positions.

For further details, reference should be made to the Explanatory Notes to the Group's Consolidated Summary Financial Statements at 30 June 2013.

Participation in the regulatory simplification process adopted with Consob Resolution no. 18079 of 20 January 2012 Disclosure pursuant to article 70, par. 8, and article 71, par. 1-bis, of Consob Regulation no. 11971/99 and subsequent amendments

On and with effect from 13 November 2012, the Board of Directors of Arnoldo Mondadori Editore S.p.A., pursuant to article 3 of Consob Resolution no. 18079 of 20 January 2012 and in relation to the provisions set out in article 70, par. 8, and article 71, par. 1-bis of Consob Regulation no. 11971/1999, resolved to adopt the simplification procedure and exercise the option to derogate from the requirement to disclose information documents as set out in the aforementioned Consob Regulation for significant transactions such as mergers, spin-offs, capital increases by contribution in kind, acquisitions and transfers.

Relationship between the Parent Company's Shareholders' equity and result and the Group's Shareholders' equity and result

The following table shows a comparison between Arnoldo Mondadori Editore S.p.A.'s Shareholders' equity and result and the Group's consolidated Shareholders' equity and results in the first half of 2013.

(Euro/thousand)	Shareholders' equity	Net result for the period
Balance - Parent Company's financial statements	**459,853**	**(21,392)**
Dividends received by the Parent Company from subsidiary and associated companies		(500)
Cancellation of intercompany income	(7,990)	447
Equity and financial contribution from directly associated companies	7,340	(946)
Equity and financial contribution from subsidiary and indirectly associated companies, net of the aforementioned items	(80,134)	(4,758)
Balance - Group's consolidated financial statements	**379,069**	**(27,149)**

Foreseeable evolution

In the first half of 2013 all Group activities reflected the effects of the persisting crisis for which no improvement is expected in the remaining part of the year.

The initiatives undertaken by the Group to support the quality of the magazines, the publishing scheduling of books and the activities relating to the cost control policy are expected to yield positive results in the second part of the year, with EBITDA projections in line or even above the levels reached in the second half of 2012.

With reference to the entire financial year 2013, EBITDA is nevertheless expected to be lower than the previous year's level, considering also the positive extraordinary items registered in 2012 and the higher restructuring charges incurred in 2013.

For the Board of Directors
The Chairman
Marina Berlusconi

Half-Year Consolidated Summary Financial Statements as at 30 June 2013

Amounts in euro thousands

Group Consolidated Balance Sheet

Assets (Euro/000)	Note	**30/06/2013**	**31/12/2012 (*)**
Intangible assets	9	**739,831**	**745,999**
Property investments	10	**3,231**	**3,238**
Land and buildings		8,883	9,258
Plant and equipment		13,297	14,178
Other tangible assets		23,720	26,318
Property, plant and equipment	11	**45,900**	**49,754**
Investments valued at equity		57,982	59,125
Other investments		1,538	1,374
Total investments	12	**59,520**	**60,499**
Non-current financial assets	19	**2,871**	**5,571**
Anticipated tax assets	13	**47,054**	**50,630**
Other non-current assets	14	**2,780**	**1,965**
Total non-current assets		**901,187**	**917,656**
Tax receivables	15	**90,709**	**61,872**
Other current assets	16	**102,834**	**85,225**
Inventory	17	**129,263**	**129,627**
Trade receivables	18	**316,669**	**335,423**
Other current financial assets	19	**24,382**	**32,073**
Cash and cash equivalents	19	**81,814**	**166,838**
Total current assets		**745,671**	**811,058**
Assets available for sale or transferred		**-**	**-**
Total assets		**1,646,858**	**1,728,714**

Amounts in euro thousands

Group Consolidated Balance Sheet

Liabilities (Euro/000)	Note	**30/06/2013**	**31/12/2012 (*)**
Share capital		**64,079**	**64,079**
Share premium reserve		**170,625**	**210,200**
Treasury shares		**(73.497)**	**(73,497)**
Other reserves and results carried forward		**245,011**	**365,836**
Profit (loss) for the period		**(27,149)**	**(166,119)**
Group's Shareholders' equity	20	**379,069**	**400,499**
Minority shareholders' equity and reserves	20	**31,049**	**33,313**
Total Shareholders' equity		**410,118**	**433,812**
Provisions	21	**57,340**	**61,858**
Post-employment benefits	22	**50,185**	**53,877**
Non-current financial liabilities	19	**417,582**	**387,321**
Deferred tax liabilities	13	**90,543**	**89,393**
Other non-current liabilities		**-**	**-**
Total non-current liabilities		**615,650**	**592,449**
Income tax payables	23	**7,540**	**2,689**
Other current liabilities	24	**219,399**	**248,191**
Trade payables	25	**335,407**	**366,811**
Payables due to banks and other financial liabilities	19	**58,744**	**84,762**
Total current liabilities		**621,090**	**702,453**
Liabilities available for sale or transferred		**-**	**-**
Total liabilities		**1,646,858**	**1,728,714**

Amounts in euro thousands

Group Consolidated Income Statement

(Euro/000)	Note	**30/06/2013**	**30/06/2012 (*)**
Revenues from sales and services	26	**612,292**	**676,207**
Decrease (increase) of inventory	17	356	34
Cost of raw, ancillary, consumption materials and goods	27	79,937	98,541
Cost of services	28	371,756	400,683
Cost of personnel	29	147,998	141,950
Other (income) cost	30	17,705	4,089
Revenues (costs) from investments valued at equity	31	174	5,118
EBITDA		**(5,286)**	**36,028**
Depreciation and impairment loss on investments, plant and equipment	10-11	5,683	5,579
Amortisation and impairment loss on intangible assets	9	6,700	6,636
EBIT		**(17,669)**	**23,813**
Financial revenues (costs)	32	(10,554)	(8,212)
Revenues (costs) from other investments		-	-
Pre-tax result		**(28,223)**	**15,601**
Income tax	33	(2,080)	6,494
Result from operations		**(26,143)**	**9,107**
Revenues (costs) from assets/liabilities held for sale or transferred		-	-
Net result		**(26,143)**	**9,107**
Attributable to:			
- Minority shareholders		**1,006**	**1,549**
- Parent Company's shareholders		**(27,149)**	**7,558**
Net earnings per share (in euro units)	34	(0.12)	0.03
Diluted net earnings per share (in euro units)	34	(0.12)	0.03

(*) Following to the retrospective application as of 1 January 2013 of the amendment to IAS 19, comparative data was re-calculated.
In particular, compared to the data of the Group's consolidated annual report as at 31 December 2012, the result for the Group and the result of minority shareholders increased by euro 1,158,000 and euro 24,000, respectively. These effects were respectively allocated to a specific equity reserve and under item "Minority shareholders' equity and reserves". The Group's result increased by euro 22,000 compared to the data of the Consolidated Half-Year Report at 30 June 2012.

Amounts in euro thousands

Group's consolidated comprehensive income statement

(Euro/000)	Note	**30/06/2013**	**30/06/2012**
Net result before minority interest		**(26,143)**	**9,107**
Income (loss) deriving from the conversion of currency denominated financial statements of foreign companies	20	-	-
Other income (loss) from companies valued at equity	20	(26)	52
Effective portion of income (loss) on cash flow hedge instruments	19	3,952	(2,713)
Income (loss) deriving from assets held for sale (fair value)	19	2,221	(487)
Actuarial income (loss)		2	(11)
Tax impact on other income (loss)		(433)	490
Total other income (loss) net of taxes		5,716	(2,669)
Comprehensive income for the period		**(20,427)**	**6,438**
Attributable to:			
- Minority shareholders		**1,006**	**1,549**
- Parent Company's shareholders		**(21,433)**	**4,889**

For the Board of Directors
The Chairman
Marina Berlusconi

Amounts in euro thousands

Table of changes in the Group’s Consolidated Shareholders’ Equity at 30 June 2012

Euro/000	Note	Share capital	Share premium reserve	Treasury shares	Stock option reserve	Cash flow hedge reserve	Fair value reserve	Currency reserve	Reserves discounting post-employment benefits	Other reserves	Income (loss) for the period	Total Group's FP	Minority shareholders’ FP	Total
Balance at 1 January 2012		**64,079**	**210,200**	**(70,456)**	**5,949**	**(10,459)**	**(4,396)**	**(2,230)**	**(211)**	**331,539**	**49,796**	**573,811**	**35,068**	**608,879**
- Allocation of net income										49,796	(49,796)	-		-
- Dividend payout												-	(3,681)	(3,681)
- Changes in the consolidation area										(554)		(554)	554	-
- Disposal of Treasury shares	20											-		-
- Transactions on Treasury shares	20			(3,041)								(3,041)		(3,041)
- Stock options	29				99							99		99
- Other changes	20									(38)		(38)	(2)	(40)
- Comprehensive income (loss)						(2,225)	(487)	65	(9)	(13)	7,558	4,889	1,549	6,438
Balance at 31 December 2012		**64,079**	**210,200**	**(73,497)**	**6,048**	**(12,684)**	**(4,883)**	**(2,165)**	**(220)**	**380,730**	**7,558**	**575,166**	**33,488**	**608,654**

Table of changes in the Group’s Consolidated Shareholders’ Equity at 30 June 2013

Euro/000	Note	Share capital	Share premium reserve	Treasury shares	Stock option reserve	Cash flow hedge reserve	Fair value reserve	Currency reserve	Reserves discounting post-employment benefits	Other reserves	Income (loss) for the period	Total Group's FP	Minority shareholders’ FP	Total
Balance at 1 January 2013		**64,079**	**210,200**	**(73,497)**	**3,756**	**(12,846)**	**(2,221)**	**93**	**(1,246)**	**378,300**	**(166,119)**	**400,499**	**33,313**	**433,812**
- Allocation of net income			(39,575)							(126,544)	166,119	-		-
- Dividend payout												-	(3,270)	(3,270)
- Changes in the consolidation area														-
- Disposal of Treasury shares	20											-		-
- Transactions on Treasury shares	20													
- Stock options	29				(2,372)					2,372				
- Other changes	20									3		3		3
- Comprehensive income (loss)						3,519	2,221	(21)	2	(5)	(27,149)	(21,433)	1,006	(20,427)
Balance at 31 December 2013		**64,079**	**170,625**	**(73,497)**	**1,384**	**(9,327)**	**0**	**72**	**(1,244)**	**254,126**	**(27,149)**	**379,069**	**31,049**	**410,118**

For the Board of Directors
The Chairman - Marina Berlusconi

Amounts in euro thousands

Consolidated Cash flow Statement

(Euro/000)

	Note	30/06/2013	30/06/2012
Net result for the period		(27,149)	7,558
Adjustments			
Amortisation, depreciation and impairment	9-10-11	12,383	12,215
Income tax for the period	33	(2,080)	6,494
Stock options	29	-	98
Fund provisions (utilisation) and post-employment benefits		(8,459)	(16,734)
Capital loss (gain) from the transfer of intangible assets, properties, plant and equipment, investments		148	(97)
Capital loss (gain) from financial assets valuation	32	(501)	(118)
(Revenues) costs of companies valued at equity	31	(174)	(5,598)
Net financial costs on loans and transactions with derivatives	32	7,202	6,995
Cash flow generated from operations		**(18,630)**	**10,813**
Trade receivable (increase) decrease		20,961	19,793
Inventory (increase) decrease		1,683	5,483
Trade payable increase (decrease)		(25,583)	(26,840)
Income tax payments		(6,915)	(14,983)
Advances and post-employment benefits		(4,795)	(1,611)
Net difference for other assets/liabilities		(57,510)	(33,788)
Cash flow generated from (absorbed by) operations		**(90,789)**	**(41,133)**
Price collected (paid) net of cash transferred / acquired			-
(Purchase) disposal of intangible assets		(1,272)	(2,330)
(Purchase) disposal of properties, plant and equipment		(7,133)	(1,358)
(Purchase) disposal of investments		497	21,078
(Purchase) disposal of financial assets		16,632	(10,247)
Cash flow generated from (absorbed by) investment activities		**8,724**	**7,143**
Net difference in financial liabilities		4,390	28,283
Payment of net financial costs on loans and transactions with derivatives		(7,349)	(7,280)
(Purchase) transfer of treasury shares	20	-	(3,041)
Dividends paid out	20	-	-
Cash flow generated from (absorbed by) financing activities		**(2,959)**	**17,962**
Increase (decrease) in cash and cash equivalents		**(85,024)**	**(16,028)**
Cash and cash equivalents at the beginning of period	19	**166,838**	**82,942**
Cash and cash equivalents at the end of period	19	**81,814**	**66,914**
Cash and cash equivalents composition			
Cash, cheques and securities		1,648	2,192
Bank and postal deposits		80,166	64,722
	19	**81,814**	**66,914**

For the Board of Directors
The Chairman
Marina Berlusconi

Amounts in euro thousands

Group Consolidated Balance Sheet pursuant to Consob Regulation no. 15519 of 27 July 2006

Assets (Euro/000)	Note	**30/06/2013**	of which related parties (note 37)	**31/12/2012**	of which related parties (note 37)
Intangible assets	9	**739,831**	**-**	**745,999**	**-**
Property investments	10	**3,231**	**-**	**3,238**	**-**
Land and buildings		8,883	-	9,258	-
Plant and equipment		13,297	-	14,178	-
Other tangible assets		23,720	-	26,318	-
Property, plant and equipment	11	**45,900**	**0**	**49,754**	**0**
Investments valued at equity		57,982	-	59,125	-
Other investments		1,538	-	1,374	-
Total investments	12	**59,520**	**0**	**60,499**	**0**
Non-current financial assets	19	**2,871**	**2,500**	**5,571**	**5,144**
Anticipated tax assets	13	**47,054**	**-**	**50,630**	**-**
Other non-current assets	14	**2,780**	**-**	**1,965**	**-**
Total non-current assets		**901,187**	**2,500**	**917,656**	**5,144**
Tax receivables	15	**90,709**	**28,525**	**61,872**	**15,847**
Other current assets	16	**102,834**	**77**	**85,225**	**226**
Inventory	17	**129,263**	**-**	**129,627**	**-**
Trade receivables	18	**316,669**	**35,425**	**335,423**	**40,339**
Other current financial assets	19	**24,382**	**6,844**	**32,073**	**3,589**
Cash and cash equivalents	19	**81,814**	**-**	**166,838**	**-**
Total current assets		**745,671**	**70,871**	**811,058**	**60,001**
Assets held for sale or transferred		**-**	**-**	**-**	**-**
Total assets		**1,646,858**	**73,371**	**1,728,714**	**65,145**

Amounts in euro thousands

Group Consolidated Balance Sheet pursuant to Consob Regulation no. 15519 of 27 July 2006

Liabilities (Euro/000)	Note	**30/06/2013**	of which related parties (note 37)	**31/12/2012**	of which related parties (note 37)
Share capital		**64,079**	**-**	**64,079**	**-**
Share premium reserve		**170,625**	**-**	**210,200**	**-**
Treasury shares		**(73,497)**	**-**	**(73,497)**	**-**
Other reserves and results carried forward		**245,011**	**-**	**365,836**	**-**
Profit (loss) for the period		**(27,149)**	**-**	**(166,119)**	**-**
Group's Shareholders' equity	20	**379,069**	**0**	**400,499**	**0**
Minority shareholders' equity and reserves	20	**31,049**	**-**	**33,313**	**-**
Total Shareholders' equity		**410,118**	**0**	**433,812**	**0**
Provisions	21	**57,340**	**-**	**61,858**	**-**
Post-employment benefits	22	**50,185**	**-**	**53,877**	**-**
Non-current financial liabilities	19	**417,582**	**68,983**	**387,321**	**70,251**
Deferred tax liabilities	13	**90,543**	**-**	**89,393**	**-**
Other non-current liabilities		**-**	**-**	**-**	**-**
Total non-current liabilities		**615,650**	**68,983**	**592,449**	**70,251**
Income tax payables	23	**7,540**	**85**	**2,689**	**1,160**
Other current liabilities	24	**219,399**	**66**	**248,191**	**55**
Trade payables	25	**335,407**	**21,323**	**366,811**	**24,601**
Payables due to banks and other financial liabilities	19	**58,744**	**2,532**	**84,762**	**3,879**
Total current liabilities		**621,090**	**24,006**	**702,453**	**29,695**
Liabilities held for sale or transferred		**-**	**-**	**-**	**-**
Total liabilities		**1,646,858**	**92,989**	**1,728,714**	**99,946**

Amounts in euro thousands

Group Consolidated Income Statement pursuant to Consob Regulation no. 15519 of 27 July 2006

(Euro/000)	Note	**30/06/2013**	of which related parties (note 37)	of which non-recurring costs (revenues) (note 36)	**30/06/2012**	of which related parties (note 37)	of which non-recurring costs (revenues) (note 36)
Revenues from sales and services	26	**612,292**	**23,237**	**-**	**676,207**	**25,637**	**-**
				-			
Decrease (increase) of inventory	17	356	-	-	34	-	-
Cost of raw, ancillary, consumption materials and goods	27	79,937	5,818	-	98,541	7,693	-
Cost of services	28	371,756	9,225	-	400,683	12,770	-
Cost of personnel	29	147,998	-	16,725	141,950	-	-
Other (income) cost	30	17,705	(627)	-	4,089	(761)	(3,928)
Revenues (costs) from investments valued at equity	31	174	-	-	5,118	-	122
EBITDA		**(5,286)**	**8,821**	**(16,725)**	**36,028**	**5,935**	**4,050**
Depreciation and impairment loss on investments, plant and equipment	10-11	5,683	-	-	5,579	-	-
Amortisation and impairment loss on intangible assets	9	6,700	-	-	6,636	-	-
EBIT		**(17,669)**	**8,821**	**(16,725)**	**23,813**	**5,935**	**4,050**
Financial revenues (costs)	32	(10,554)	(1,272)	-	(8,212)	(1,126)	-
Revenues (costs) from other investments		-	-	-	-	-	-
Pre-tax result		**(28,223)**	**7,549**	**(16,725)**	**15,601**	**4,809**	**4,050**
Income tax	33	(2,080)		(4,129)	6,494	-	153
Result from operations		**(26,143)**	**7,549**	**(12,596)**	**9,107**	**4,809**	**3,897**
Revenues (costs) from assets/liabilities held for sale or transferred		-	-	-	-	-	-
Net result		**(26,143)**	**7,549**	**(12,596)**	**9,107**	**4,809**	**3,897**
Attributable to:							
- Minority shareholders		**1,006**		**-**	**1,549**	**-**	**22**
- Parent Company’s shareholders		**(27,149)**		**(12,596)**	**7,558**	**-**	**3,875**

Accounting principles and explanatory notes to the financial statements

Accounting principles and other information

1. General information

The core business of Arnoldo Mondadori Editore S.p.A. and of its directly or indirectly owned companies (hereinafter jointly referred to as the "Mondadori Group" or the "Group") is the performance of activities in the publishing sector of books, magazines, radio broadcasting and the sale of advertising space.

The Group also carries out retailing activities through directly owned stores and franchised stores scattered throughout Italy and a direct marketing and mail order selling activity for publishing products.

In 2011 Mondadori extended its offer of products and services of all of its business areas, to be used with cutting edge technology.

Arnoldo Mondadori Editore S.p.A. has its legal offices in Milan, via Bianca di Savoia 12.
The headquarters are located in Segrate, Milan, Strada privata Mondadori.

The Parent Company Arnoldo Mondadori Editore S.p.A. is listed on the Mercato Telematico Azionario (MTA) (Italian electronic share market) of Borsa Italiana S.p.A.

The advertisement of Mondadori Group's half-year consolidated financial statements ended at 30 June 2013 was authorised by the Board of Directors' resolution of 30 July 2013.

2. Form and content

The Group's interim consolidated report includes the Group's consolidated interim summary financial statements and was drafted in compliance with IAS 34 and Article 154 ter of the Finance Consolidation Act and therefore does not include all supplementary information requested in the annual report and should be construed jointly with the Group's consolidated financial statements ended as at 31 December 2012

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

- current and non-current assets and current and non-current liabilities are shown separately in the consolidated balance sheet;
- in the consolidated income statement, the analysis of costs is carried out on the basis of the nature of the costs, since the Group decided that this method is more representative than an analysis by function;

- the consolidated comprehensive income statement contains revenue and cost items that are not recognised under profit (loss) for the period as required or allowed by the other IAS/IFRS accounting standards;
- the cash flow statement has been prepared using the indirect method.

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

The amounts shown in the tables and in these notes are expressed in euro thousands unless otherwise specified.

It should be noted that 2012 data was recalculated as a result of the application of the provisions set out in the new IAS 19 which came into force retroactively as of 1 January 2013, as per Note 4.

3. Consolidation principles

In the first semester of 2013 no changes were made to the consolidation area.

4. Drafting criteria

The Mondadori Group’s Interim Summary Financial Statements were drafted on the understanding of business continuity, adopting the same accounting principles used for the preparation of the consolidated financial statements for the year ended as at 31 December 2012, except for those which went into effect as of 1 Januarty 2013, as specified here below

IFRS 13 – Fair value measurement

On 12 May 2011 IASB issued IFRS 13 – Fair value measurement, clarifying how to measure fair value for accounting purposes. It applies to all IFRS principles that require or permit the calculation at fair value or the presentation of information based on fair value, with a few limited exclusions. In addition, this principle requires disclosure of information regarding fair value determination (fair value hierarchy) more extended than the one currently requested by IFRS 7. The amendment is effective retroactively as of 1 January 2013 and does not have any significant impact on the Group's financial statements.

IAS 19 - Employee benefits

On 16 June 2011 IASB issued an amendment to IAS 19 - Employee benefits, eliminating the option to account for actuarial gains and losses with the so-called "corridor approach" and requiring that all actuarial gains and losses be immediately recognized in "Other comprehensive income", so that the entire net amount of the provisions for defined benefits net of plan-targeted assets) be recognized in the consolidated balance sheet.

The amendments also include that differences, between one financial year and the next, in the provisions for defined benefits and plan-based assets are divided into three parts:

- the cost items associated with the working performance in the financial year must be recognised under income statement as "Service costs";

- net financial expenses calculated by applying the appropriate discount rate to the net balance of the defined benefit provision net of assets resulting from the initial balance of the period must be recognized under income statement as such;
- actuarial gains and losses deriving from the new calculation of assets and liabilities must be recognised in "Other comprehensive income/(loss)".

In addition, the performance of assets included under net financial expenses as above indicated must be calculated based on the discount rate of liabilities and no longer on the expected performance of assets.

This amendment also requires disclosures of new information in the explanatory notes to the financial statements. The amendment is effective retroactively as of 1 January 2013 and does not have any significant impact on the Group's financial statements.

5. Use of estimates

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

For more information about the main accounting estimates, reference should be made to the "Annual Report" drafted as at 31 December 2012.

6. Seasonal nature of business activities

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

7. Segment information

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

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

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

8. Business combinations, acquisitions and disposals

In the first semester of 2013 no transactions were completed that qualify as business combinations, acquisitions or disposals of Group companies.

9. Intangible assets

In the period "Intangible assets" did not register any significant purchase or sale transactions; the reduction in the balance is therefore essentially attributable to period amortisation.

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

Here below is shown a table reporting 2012 figures and the figures relative to the first half of 2013.

Intangible assets with definite useful life (Euro/thousand)	Magazines	Customer lists	Charges on shop lease contract taking over	Software	Licenses, patents and rights	Other intangible assets	Intangible assets under construction and advances	Total
Cost at 31/12/2011	248,000	8,000	31,487	21,327	1,906	4,270	143	315,133
Acquisitions	-	-	-	1,871	6	70	32	1,979
Disposals	-	-	-	(251)	-	-	-	(251)
Changes in the consolidation area	-	-	-	91	-	-	-	91
Other changes	-	-	-	(322)	-	28	(143)	(437)
Cost at 31/12/2012	248,000	8,000	31,487	22,716	1,912	4,368	32	316,515
Amortization and impairment loss at 31/12/2011	37,937	-	12,006	18,198	1,296	3,916	-	73,353
Amortization	8,145	1,333	1,592	2,076	169	232	-	13,547
Impairment/ (reinstatement of value)	-	-	1,850	-	-	-	-	1,850
Disposals	-	-	-	(251)	-	-	-	(251)
Changes in the consolidation area	-	-	-	34	-	-	-	34
Other changes	-	-	-	(441)	-	4	-	(437)
Amortization and impairment loss at 31/12/2012	46,082	1,333	15,448	19,616	1,465	4,152	0	88,096
Net book value at 31/12/2011	210,063	8,000	19,481	3.129	610	354	143	241,780
Net book value at 31/12/2012	**201,918**	**6,667**	**16,039**	**3,100**	**447**	**216**	**32**	**228,419**

Intangible assets with definite useful life (Euro/thousand)	Magazines	Customer lists	Charges on shop lease contract taking over	Software	Licenses, patents and rights	Other intangible assets	Intangible assets under construction and advances	Total
Cost at 31/12/2012	248,000	8,000	31,487	22,716	1,912	4,368	32	316.515
Acquisitions	-	-	-	342	-	7	55	404
Disposals	-	-	(45)	(4)	-	-	-	(49)
Changes in the consolidation area	-	-	-	-	-	-	-	0
Other changes	-		-	33	-	(950)	(32)	(949)
Cost at 30/06/2013	248,000	8,000	31,442	23,087	1,912	3,425	55	315,921
Amortization and impairment loss at 31/12/2012	46,082	1,333	15,448	19,616	1,465	4,152	-	88,096
Amortization	4,072	667	692	889	68	25	-	6,413
Impairment/ (reinstatement of value)	-	-	-	-	287	-	-	287
Disposals	-	-	(45)	(4)	-	-	-	(49)
Changes in the consolidation area	-	-	-	-	-	-	-	0
Other changes	-	-	-	(2)	-	(950)	-	(952)
Amortization and impairment loss at 30/06/2013	50,154	2,000	16,095	20,499	1,820	3,227	0	93,795
Net book value at 31/12/2012	201,918	6,667	16,039	3,100	447	216	32	228,419
Net book value at 30/06/2013	**197,846**	**6,000**	**15,347**	**2,588**	**92**	**198**	**55**	**222,126**

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

Here below is shown a table reporting 2012 figures and the figures relative to the first half of 2013.

Intangible assets with an indefinite useful life (Euro/thousand)	Magazines	Series	Imprints	Radio frequencies	Goodwill	Total
Cost at 31/12/2011	98,158	31,509	6,530	127,396	459,670	723,263
Acquisitions	-	-	135	1,658	5,759	7,552
Disposals	-	-	-	(1,450)	-	(1,450)
Changes in the consolidation area	-	-	-	-	-	0
Other changes	-	-	-	-	(3,857)	(3,857)
Cost at 31/12/2012	98,158	31,509	6,665	127,604	461,572	725,508
Impairment loss 31/12/2011	10,226	-	3,627	2,911	976	17,740
Impairment/ (reinstatement of value)	868	-	1,487	46,324	142,181	190,860
Other changes	-	-	-	-	(672)	(672)
Impairment loss 31/12/2012	11,094	0	5,114	49,235	142,485	207,928
Net book value at 31/12/2011	87,932	31,509	2,903	124,485	458,694	705,523
Net book value at 31/12/2012	**87,064**	**31,509**	**1,551**	**78,369**	**319,087**	**517,580**

Intangible assets with an indefinite useful life (Euro/thousand)	Magazines	Series	Imprints	Radio frequencies	Goodwill	Total
Cost at 31/12/2012	98,158	31,509	6,665	127,604	461,572	725,508
Acquisitions	-	-	29	178	-	207
Disposals	-	-	-	(155)	-	(155)
Changes in the consolidation area	-	-	-	-	-	0
Other changes	-	-	-	-	-	0
Cost at 30/06/2013	98,158	31,509	6,694	127,627	461,572	725,560
Impairment loss 31/12/2012	11,094	-	5,114	49,235	142,485	207,928
Impairment/ (reinstatement of value)	-	-	-	-	-	0
Other changes	-	-	-	(73)	-	(73)
Impairment loss 30/06/2013	11,094	0	5,114	49,162	142,485	207,855
Net book value at 31/12/2012	87,064	31,509	1,551	78,369	319,087	517,580
Net book value at 30/06/2013	**87,064**	**31,509**	**1,580**	**78,465**	**319,087**	**517,705**

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

Amortisation, impairment loss and reversal of impairment on intangible assets

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

Amortization and impairment loss of intangible assets (Euro/thousand)	**1st half 2013**	**1st half 2012**
Magazines	4,072	4,072
Customer lists	667	667
Charges on shop lease contract taking over	692	798
Software	889	901
Licenses, patents and rights	68	85
Other intangible assets	25	113
Total amortisation of intangible assets	**6,413**	**6,636**
Impairment of intangible assets	287	-
Reversal of impairment loss on intangible assets	-	-
Total impairment (reversal) of intangible assets	**287**	**0**
Total amortization and impairment loss of intangible assets	**6,700**	**6,636**

Impairment test process

Upon drafting these interim financial statements, Top Management verified the up-to-dateness of the forecasts included in the three/five-year budget plans used to estimate the fair value and the value in use as at 31 December 2012 in order to determine the possible reversal of impairment on magazines, series, imprints, interest and goodwill.

The analysis conducted, despite the difficult market scenario, did not reveal any significant impairment indicators and therefore it confirmed the assumptions adopted in the preparation of the plans. For more information and for the description of the impairment test process used by the Group reference should be made to the "Annual Report".

Here below is a detailed analysis, updated to 30 June 2013, of the value of assets, broken down by Cash Generating Unit.

Cash Generating Unit (Euro/thousand)	Magazines	Customer lists	Series	Imprints	Radio frequencies	Goodwill	Location	Total
Group of CGU magazines former Silvio Berlusconi Editore	83,579					731		84,310
Group of CGU magazines former Elemond	1,647			12		228		1,887
CGU Einaudi			2,991			286		3,277
CGU Sperling & Kupfer			1,817			731		2,548
CGU Mondadori Education			18,933			12,042		30,975
CGU Piemme			7,768	519		5,059		13,346
Group of CGU R101				372	78,465			78,837
Group of CGU Mondadori France	197,577	6,000				295,010		498,587
Group of CGU location retail							15,347	15,347
Other CGU	2,107			677		5,000		7,784
	284,910	**6,000**	**31,509**	**1,580**	**78,465**	**319,087**	**15,347**	**736,898**

10 Property investments

Changes in the period in the "Property investment" item refer to capex aimed at increasing the value of the already owned properties and the relevant amortisation and depreciation, equal to euro 55,000.

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

11. Property, plant and equipment

The table below shows the item's composition and changes in the period of reference and in 2012.

Investments, equal to euro 2,208 thousand, mainly referred to radio equipment, furniture, fittings and office automation equipment in replacement of obsolete assets.

Property, plant and equipment (Euro/thousand)	Land	Instrumental buildings	Plant and machinery	Other assets	Total
Cost at 31/12/2011	1,434	19,693	38,569	132,694	192,390
Acquisitions	-	36	883	7,602	8,521
Disposals	-	-	(181)	(4,926)	(5,107)
Changes in the consolidation area	-	-	8	10	18
Other changes	-	-	9,568	(9,609)	(41)
Cost at 31/12/2012	1,434	19,729	48,847	125,771	195,781
Depreciation and impairment loss at 31/12/2011	-	10,912	26,164	102,043	139,119
Depreciation	-	710	3,474	7,224	11,408
Impairment/ (reinstatement of value)	-	283	-	-	283
Disposals	-	-	(174)	(4,617)	(4,791)
Changes in the consolidation area	-	-	-	8	8
Other changes	-	-	5,205	(5,205)	0
Depreciation and impairment loss at 31/12/2012	0	11,905	34,669	99,453	146,027
Net book value at 31/12/2011	1,434	8,781	12,405	30,651	53,271
Net book value at 31/12/2012	**1,434**	**7,824**	**14,178**	**26,318**	**49,754**

Property, plant and equipment (Euro/thousand)	Land	Instrumental buildings	Plant and machinery	Other assets	Total
Cost at 31/12/2012	1,434	19,729	48,847	125,771	195,781
Acquisitions	-	15	259	1,934	2,208
Disposals	-	-	(455)	(2,143)	(2,598)
Changes in the consolidation area	-	-	-	-	0
Other changes	-	(56)	741	(906)	(221)
Cost at 30/06/2013	1,434	19,688	49,392	124,656	195,170
Depreciation and impairment loss at 31/12/2012	-	11,905	34,669	99,453	146,027
Depreciation	-	342	1,741	3,545	5,628
Impairment/ (reinstatement of value)	-	-	-	-	0
Disposals	-	-	(305)	(1,908)	(2,213)
Changes in the consolidation area	-	-	-	-	0
Other changes	-	(8)	(10)	(154)	(172)
Depreciation and impairment loss at 30/06/2013	0	12,239	36,095	100,936	149,270
Net book value at 31/12/2012	1,434	7,824	14,178	26,318	49,754
Net book value at 30/06/2013	**1,434**	**7,449**	**13,297**	**23,720**	**45,900**

Depreciation of properties, plant and machinery

Depreciation for the period under item “Depreciation and impairment loss of property, plant and equipment” in income statement, amount to euro 5,628 thousand, in line with the same period of 2012.

Depreciation of properties, plant and machinery (Euro/thousand)	**1st half 2013**	**1st half 2012**
Instrumental buildings	342	355
Plant and machinery	1,741	1,159
Equipment	829	1,411
Electronic office equipment	1,185	1,173
Office furniture, and machines	818	828
Vehicles and transport vehicles	6	37
Leasehold improvements	667	540
Other assets	40	24
Depreciation of properties, plant and machinery	**5,628**	**5,527**
Impairment of tangible assets	-	-
Reversal of impairment loss on tangible assets	-	-
Total impairment (reversal) of tangible assets	**0**	**0**
Total depreciation and impairment loss of tangible assets	**5,628**	**5,527**

Leased assets

It should be noted that compared to the situation as at 31 December 2012, no new contracts have been stipulated nor have any expired. In addition, such contracts do not place any restrictions or liens on the distribution of dividends, underwriting of other leasing contracts or finance agreements.

12. Investments

At the end of the first semester "Investments" totalled euro 59,520 thousand, in line with the value registered at 31 December 2012. Since no changes occurred in the consolidation area, the difference refers to the equity principle evaluation.

Investments: (Euro/thousand)	**30/06/2013**	**31/12/2012**
Investments valued at equity	57,982	59,125
Investments in other companies	1,538	1,374
Total investments	**59,520**	**60,499**

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

Investments valued at equity – Details (Euro/thousand)	**30/06/2013**	**31/12/2012**
Investments in joint ventures:		
- Gruner + Jahr/Mondadori S.p.A.	1,864	1,958
- Milano Distribuzione Media S.r.l.	-	253
- Harlequin Mondadori S.p.A.	654	865
- Edizioni EL S.r.l.	2,813	3,020
- Attica Publications Group	29,961	29,530
- ACI-Mondadori S.p.A.	370	478
- Mediamond S.p.A.	1,409	1,307
- Mondadori Independent Media LLC	776	845
- Mondadori Seec Advertising Co. Ltd	260	-
- EMAS Digital S.a.s.	8,523	8,676
Total investments in joint ventures:	**46,630**	**46,932**
Investments in associated companies:		
- Mach 2 Libri S.p.A.	4,699	4,969
- Mach 2 Press S.r.l.	281	415
- Società Europea di Edizioni S.p.A.	6,318	6,673
- Venezia Accademia Società per i servizi museali S.c.ar.l.	29	34
- Campania Arte S.c.ar.l.	22	22
- Consorzio Covar (in liquidation)	2	2
- Consorzio Forma	1	1
- Roccella S.c.ar.l.	0	21
- Novamusa Val di Mazara S.c.ar.l.	-	18
- Novamusa Valdemone S.c.ar.l.	-	21
- Novamusa Val di Mazara S.c.ar.l.	-	17
Investments in associated companies:	**11,352**	**12,193**
Total investments valued at equity	**57,982**	**59,125**

The following tables show the changes in the investments in other companies valued at equity as a result of the different consolidation criteria applied to Milano Distribuzione Media S.r.l. following the dilution of interest held.

Here after is shown a table detailing the composition of investments in other companies.

Investments in other companies - Details (Euro/thousand)	**30/06/2013**	**31/12/2012**
Investments in other companies:		
- Milano Distribuzione Media S.r.l.	164	-
- Società Editrice Il Mulino S.p.A.	101	101
- Consuledit S.r.l.	1	1
- Consorzio Sistemi Informativi Editoriali Distributivi	10	10
- Immobiliare Editori Giornali S.r.l.	52	52
- Audiradio	23	23
- Consorzio Forte Montagnolo	1	1
- Consorzio Riqualificazione Monte Gennaro	1	1
- Consorzio Camaldoli 1	2	2
- Consorzio Antenna Colbuccaro	8	8
- Aranova Freedom S.c.ar.l.	30	30
- Club Dab Italia	30	30
- Consorzio Edicola Italiana	10	10
- CTAV	3	3
- MLP	758	758
- Presstalis	341	341
- Sem Issy Media	3	3
Total investments in other companies	**1,538**	**1,374**

13. Deferred tax assets and liabilities

The following tables detail “Anticipated tax assets” and “Deferred tax liabilities”.

“Anticipated tax assets” decreased as a result of the utilisation of some funds subject to taxation recognised as at 31 December 2012; “Deferred tax liabilities” rose as a result of the difference between balance sheet items and the intangible assets tax values.

(Euro/thousand)	**30/06/2013**	**31/12/2012**
Anticipated IRES	44,294	47,773
Anticipated IRAP	2,760	2,857
Total anticipated tax assets	**47,054**	**50,630**
Deferred IRES	86,395	85,515
Deferred IRAP	4,148	3,878
Total deferred tax liabilities	**90,543**	**89,393**

14. Other non-current assets

“Other non-current assets” (euro 2,780 thousand against euro 1,965 thousand) increased as a result of new down-payments in favour of third parties.

15. Tax receivables

The increase in “Tax receivables” (euro 90,709 thousand against euro 61,872 thousand) is mainly due to higher VAT receivable amounts and the payment of tax advance amounts by the French Group companies.

16. Other current assets

"Other current assets" rose from euro 85,225 thousand as at 31 December 2012 to euro 102,834 thousand as at 30.06.2013. This increase is mainly attributable to the seasonal nature of some specific businesses. In particular, Books and School Textbooks, showing a credit position towards agents and part of the authors as at the end of the first semester as a result of the advance amounts paid for provisions and rights and not yet covered by sales.

17. Inventory

"Inventory" (euro 129,263 thousand against euro 129,627 thousand at 31 December 2012) did not change substantially in the period of reference.
However, the increased value due to the higher concentration of production resulting from the seasonal nature of specific segments is offset by a reduction in the number of copies as a result of the circulation control policy implemented.

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

It should be noted that no inventory is subject to restriction to cover liabilities.

18. Trade receivables

"Trade receivables" (euro 316,669 thousand against euro 335,423 thousand in 2012) were substantially affected by the seasonal nature of some specific businesses and overall reduced sales especially regarding advertising spaces and magazines.

Trade receivables (Euro/thousand)	**30/06/2013**	**31/12/2012**
Receivables from customers	281,244	295,084
Receivables from associated companies	34,118	39,002
Receivables from parent companies	1	-
Receivables from affiliated companies	1,306	1,337
Total trade receivables	**316,669**	**335,423**

For the detailed breakdown of receivables due from associated companies, parent company and affiliated companies reference should be made to the Annex "Transactions with related parties".

Commercial transactions with these companies are carried out under standard market conditions.

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

19. Financial situation

In the first semester 2013 all assets qualified as available for sale were transferred; the remaining portion of financial assets includes other receivables due from associated and/or third party companies and financial accruals and deferrals.

At 30 June 2013 the actual interest rate on the existing loans was equal to 1.888%.

Indebtedness (Euro/thousand)	**31/12/2012**	**Increases**	**Decreases**	**30/06/2013**
Pool/Club Deal loan	150,000	-	-	150,000
2013-2016 bilateral loan	100,000	-	(50,000)	50,000
2016 bilateral loan rev.	45,000	60,000	-	105,000
Pool Popolari loan	78,000	-	-	78,000
Mediobanca loan	65,000	-	-	65,000
GE Capital loan	7,500	-	-	7,500
Total	**445,500**	**60,000**	**(50,000)**	**455,500**

The Group's committed credit lines are subject to financial covenants measured on a quarterly basis, whose average should meet specific year-end requirements.
The effects of the persistent difficult market scenario and the Group's commitment in the process of organizational restructuring that includes costs and cash-out, will result in a situation of default for the aforesaid covenants. For this reason, the Group has opened negotiations with all banks to obtain waivers to the covenants and/or credit lines under new conditions replacing the existing ones.

Here below is the net financial position in accordance with Consob recommendations. If the balance of “Non-current financial assets” were added, the net financial position would show a deficit of euro 367,259 thousand.

Net financial position (Euro/thousand)		**30/06/2013**	**31/12/2012**
A	Cash	1,528	1,994
	- Bank deposits	79,177	163,996
	- Postal deposits	1,109	848
B	Other cash and cash equivalents	80,286	164,844
C	**Cash and cash equivalents and other financial assets (A+B)**	**81,814**	**166,838**
D	Securities held for trading		
	- Financial receivables due from associated companies	6,844	3,589
	- Financial assets receivables at fair value	-	-
	- Available-for-sale financial assets	-	13,320
	- Derivatives and other financial assets	17,538	15,164
E	Receivables and other current financial assets	24,382	32,073
F	**Current financial assets (D+E)**	**24,382**	**32,073**
G	Current payables due to banks	564	1,363
	- Bonds	-	-
	-Loans	-	-
	- Borrowings	52,695	76,567
H	Current portion of non-current debt	52,695	76,567
	- Financial payables due to associated companies	2,532	3,879
	- Derivatives and other financial assets	2,953	2,953
I.	Other current financial liabilities	5,485	6,832
L	**Payables due to banks and other current financial liabilities (G+H+I)**	**58,744**	**84,762**
M	**Current net financial position (C+F-L)**	**47,452**	**114,149**
	- Bonds	-	-
	-Loans	-	-
	- Borrowings	402,787	368,572
N	Debt non-current portion	402,787	368,572
O	Other non-current financial liabilities	14,795	18,749
P	**Non-current net debt (N+O)**	**417,582**	**387,321**
Q	**Net debt (M-P)**	**(370,130)**	**(273,172)**

20. Shareholders' equity

Changes in “Shareholders’ equity” during the period are mainly attributable to a resetting to zero, with consequent recognition in income statement for the period, of the fair value reserve following to the transfer of all financial assets valued at fair value.

It should be noted that the share capital of the parent company Arnoldo Mondadori Editore S.p.A. remained unchanged against 31 December 2012 and that the entity controlling the Mondadori Group is Fininvest S.p.A.

Reserves attributable to minority shareholders refer to Edizions Mondadori Axel Springer S.n.c.

21. Provisions

“Provisions” (euro 57,340 thousand against euro 61,858 thousand) registered a drop mainly as a result of the updating of the risks for litigations.

22. Post-employment benefits

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

Post-employment benefits (Euro/thousand)	**30/06/2013**	**31/12/2012**
Provision for post-employment benefits (TFR)	43,107	46,531
Provision for supplementary agents' indemnity (FISC)	6,684	6,952
Provision for retirement and similar obligations	394	394
Total post-employment benefits	**50,185**	**53,877**

With reference to the supplementary retirement programmes, the first item is deemed to decrease along with the turnover, the second item is essentially in line with the balance of year end.

Post-employment benefits and the supplementary agents' indemnity have been determined by applying an actuarial method in compliance with IAS 19 and IAS 37. The parameters used for the calculation are in line with those of 31 December 2012.

As a result of the application of the amendment to IAS 19 with retroactive effect as of 1 January 2013, comparative data was recalculated.
In particular, the Group's result and the result of minority shareholders improved by euro 1,158 thousand and euro 24 thousand, respectively, against the consolidated values as of 31 December 2012. These effects were allocated to reserve under net equity and under item "Minority shareholders' equity and reserves".

23. Income tax payables

This item (euro 7,450 thousand) includes the residual payable accrued in 2012 and the tax burden accrued in the period, net of payments made.

24. Other current liabilities

This item decreased significantly (euro 219,399 thousand against euro 248,191 thousand at 31 December 2012). This difference is mainly attributable to the seasonal nature of the school textbook business in particular and of books in general, concentrating costs for the payment of provisions and copyrights in the second semester of the year.

25. Trade payables

The same considerations made for "Trade receivables" apply to "Trade payables": the seasonal nature of some businesses is also reflected on the payables to suppliers, decreasing this item's balance amount from euro 366,811 thousand as at 31 December 2012 to euro 335,407 thousand as at 30 June 2013.

For the detailed breakdown of payables due to associated companies, parent company and affiliated companies reference should be made to the Annex "Transactions with related parties".

Commercial transactions with these companies are carried out under standard market conditions.

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

26. Revenues from sales and services

“Revenues from sales and services”, equal to euro 612,292 thousand, were down 9.4% against the values as at 30 June 2012 as a result of a reduction registered in all business segments in which the Group operates.
For more detailed information reference should be made to the “Interim Report on Operations”.

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

The lower costs incurred for the purchase of raw materials and goods are mainly attributable to third party products attached to magazines, books, publishing products and merchandising sold in the network of proprietary and franchised bookshops as well as in museum bookshops.

Cost of raw, ancillary, consumption materials and goods (Euro/thousand)	**1st half 2013**	**1st half 2012**
Paper	23,183	27,834
Electricity, water, gas and fuel	-	4,010
Other production materials	18	2,645
Total cost of raw and ancillary materials	**23,201**	**34,489**
Goods for re-sale	52,299	58,042
Consumption and maintenance materials	982	1,791
Other	3,455	4,219
Total cost of consumption materials and goods	**56,736**	**64,052**
Total cost of raw, ancillary, consumption consumption materials and goods	**79,937**	**98,541**

28. Cost of services

“Cost of services” in the semester decreased substantially against 2012 mainly as a result of the performance of the different activities which registered lower sales.
Particularly visible was the reduction in variable costs, including "Rights and royalties", "Consultancy services and third party collaborations", "Provisions and commissions", "Third party graphical processing". "Publisher's share" increased as a result of the agreement entered into by Radio Italia Solo Musica Italiana and Mondadori Pubblicità for the sale of advertising spaces.

Cost of services (Euro/thousand)	**1st half 2013**	**1st half 2012**
Rights and royalties	51,407	55,533
Consultancy services and third party collaborations	37,304	40,611
Commissions	25,572	28,845
Third party graphical processing	113,314	125,684
Transport and shipping	31,535	32,315
Purchase of advertising space and promotion expenses	29,639	32,501
Travel and other expense reimbursements	4,716	5,769
Maintenance expenses	3,510	4,059
Warehouse and porterage expenses	6,944	7,666
Telephone and postal expenses	4,733	5,430
Catering and cleaning services	4,232	4,428
Market research	3,490	2,473
Insurance	1,755	1,780
Subscriptions management	15,932	17,112
Publisher's share	13,194	9,792
Bank services and commissions	1,394	1,203
Directors' and statutory auditors' fees	1,732	1,670
Other services	21,353	23,812
Total cost of services	**371,756**	**400,683**

It should also be noted that item "Directors' and statutory auditors' fees" comprises fees paid to Directors and Statutory Auditors for euro 1,477 thousand and euro 255 thousand, respectively.

29. Cost of personnel

"Cost of personnel" at the end of the first semester 2013 totalled euro 147,998 thousand against euro 141,950 thousand as at 30 June 2012. This value reflects charges resulting from the process of corporate restructuring, net of which it would be 5.5% lower.

The table below shows information regarding Group employees.

Employees	**Actual** **1st half 2013**	**Actual** **1st half 2012**	**Average** **1st half 2013**	**Average** **1st half 2012**
Executives	139	150	144	153
Journalists	863	885	883	902
White collars and managers	2,431	2,561	2,457	2,573
Blue collars	141	149	139	143
Total	**3,574**	**3,745**	**3,623**	**3,771**

30. Other (income) cost

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

In the first semester of 2013 lower revenues and higher expenses were registered against the same period of 2012 (euro 17,705 thousand in 2013 and euro 4,089 thousand in 2012).

Other revenues in the previous year included the contribution on the use of paper, while other expenses required the allocation of provisions for the adjustment of specific assets items in the year.

31. Result from investments valued at equity

The table below details 2013 and 2012 results of companies valued at equity.

Against the first semester of 2012 the balance, net of non-recurring effects, increased by euro 0.8 million.

Revenues (costs) from investments valued at equity (Euro/thousand)	**1st half 2013**	**1st half 2012**
- Gruner + Jahr/Mondadori S.p.A.	(94)	145
- Harlequin Mondadori S.p.A.	290	350
- Milano Distribuzione Media S.r.l.	(83)	31
- ACI-Mondadori S.p.A.	(104)	(36)
- Attica Publications Group	399	3
- Società Europea di Edizioni S.p.A.	(798)	(580)
- Gruppo Random House Mondadori	-	2
- Mach 2 Libri S.p.A.	(270)	(181)
- Mach 2 Press S.r.l.	(134)	(99)
- Edizioni EL S.r.l.	227	330
- Mondadori Independent Media LLC	(20)	(59)
- Venezia Musei Società per i servizi museali S.c. a r.l.	-	(37)
- Mediamond S.p.A.	102	12
- Venezia Accademia Società per i servizi museali S.c. a r.l.	(5)	(1)
- Mondadori Seec Advertising Co. Ltd	894	(7)
- EMAS Digital S.a.s.	(153)	(462)
- Roccella S.c.ar.l.	(21)	-
- Novamusa Val di Mazara S.c.ar.l.	(18)	-
- Novamusa Valdemone S.c.ar.l.	(21)	-
- Novamusa Val di Mazara S.c.ar.l.	(17)	-
Capital gain from transfer of Mondadori Printing S.p.A.	-	5,707
Total income (cost) from investments valued at equity	**174**	**5,118**

32. Financial revenues (costs)

This income statement item decreased against the same period of 2012 as a result of increased cost of money and other non-monetary financial components classified under financial revenues and costs.

This item is detailed here below:

Financial revenues (costs) (Euro/thousand)	**1st half 2013**	**1st half 2012**
Total interest and other financial income	1,642	2,554
Total interest expense and other financial costs	(12,548)	(10,859)
Total income (loss) on currency transactions	(149)	(25)
Income (cost) from financial assets	501	118
Total financial revenues (costs)	**(10,554)**	**(8,212)**

33. Income tax

As already mentioned before, taxes for the period reflect the lower performance reached by the Group in the various business segments in which it operates.

Income tax (Euro/thousand)	**1st half 2013**	**1st half 2012**
IRES tax on income for the period	(9,602)	(2,052)
IRAP for the period	3,080	3,484
Total current taxes	**(6,522)**	**1,432**
Deferred / (anticipated) taxes for IRES	3,918	5,588
Deferred / (anticipated) taxes for IRAP	367	518
Total deferred / (anticipated) taxes	**4,285**	**6,106**
Other tax items	157	(1,044)
Total income taxes	**(2,080)**	**6,494**

IRES on income for the period is mainly attributable to the positive effects deriving from the negative taxable amounts of the companies adhering to the consolidated tax regime applied to the parent company Fininvest.

34. Earnings per share

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

	1st half 2013	**1st half 2012**
Net income for the period (Euro/000)	(27,149)	7,558
Average number of outstanding ordinary shares (no./000)	231,505	233,175
Basic earnings per share (Euro)	**(0.12)**	**0.03**

Diluted earnings per share are calculated by dividing net profit for the year attributable to the Group, by the weighted average number of outstanding ordinary shares in the period of reference.

	1st half 2013	**1st half 2012**
Net income for the period (Euro/000)	(27,149)	7,558
Average number of outstanding ordinary shares (no./000)	231,505	233,175
Number of options with diluted effect (euro/000)	0	0
Diluted earnings per share (Euro)	**(0.12)**	**0.03**

35. Commitments and contingent liabilities

As at 30 June 2013 the Mondadori Group had made commitments amounting to euro 135,714 thousand and, as at the end of the last financial year, these were almost entirely represented by sureties issued for VAT reimbursement claims and competitions and prizes.

With reference to pending tax litigations, it should be noted that in the semester of reference no new events have occurred after the disclosures made in the financial statements at 31 December 2012.

Therefore, for more details reference should be made to the Explanatory notes no. 27 and no. 28 of the Financial Statements of Arnoldo Mondadori Editore S.p.A. and to the Explanatory note no. 31 of the Group's Consolidated Financial Statements drafted on the same date.

36. Non-recurring (income) cost

In accordance with Consob Resolution No. 15519 of 27 July 2006, it should be noted that the Mondadori Group reported non-recurring revenues (costs) relating to restructuring charges and expenses for IRES adjustments recognized in 2012 pursuant to Article 11, par. 1, letter a), 1-bis, 4-bis of Italian Law Decree 446/1997 following the enforcement of the relevant amendment.
The net effect on income statement in the first semester of 2013 totalled euro 12.6 million.

37. Related parties

Transactions carried out with related parties, including intercompany transactions, do not qualify as either atypical or unusual, since they refer to standard business activities performed by Group companies. When performed out of the scope of standard market conditions or when they are imposed by specific regulatory conditions, transactions with related parties are in any case carried out at arm’s length.

Transactions with parent companies, affiliated and associated companies

Here below are the details regarding the economic and financial effects of transactions with parent, associated and affiliated companies, comparing the figures of 2013 with both the first half of 2012 and the full year 2012.

Transactions with related parties: figures as at 30 June 2013

(Euro/000)	Trade receivables	Financial receivables	Tax receivables	Other current assets	Trade payables	Financial payables	Tax payables	Other current liabilities	Revenues	Purchase of raw materials	Purchase of services	Other (rev.) costs	Financial revenues (costs)
Parent Companies:													
- Fininvest S.p.A.	1	-	28,525	-	2	-	85	-	-	-	5	4	-
Affiliated Companies													
- Gruner + Jahr/Mondadori S.p.A.	4,124	144	-	-	3,973	-	-	52	1,056	-	1,613	(71)	-
- Mach 2 Libri S.p.A.	20,731	-	-	-	30	-	-	-	13,529	-	31	-	-
- MDM Milano Distribuz. Media S.r.l. (until 27/5/2013)	-	-	-	-	-	-	-	-	-	-	36	-	-
- Venezia Musei Società per i serv. museali S.c.a r.l.	260	-	-	-	-	-	-	-	-	-	-	-	-
- Harlequin Mondadori S.p.A.	1,685	-	-	-	-	2,275	-	8	169	2,406	-	(50)	-
- Gruppo Attica Publications	125	507	-	-	16	-	-	-	28	-	20	-	13
- Edizioni EL S.r.l.	673	-	-	22	4,319	-	-	6	438	2,879	6	(300)	-
- Società Europea di Edizioni S.p.A.	590	-	-	-	3,224	-	-	-	1,402	46	-	(9)	-
- ACI-Mondadori S.p.A.	194	522	-	-	737	-	-	-	466	4	564	(51)	(1)
- Consorzio COVAR (in liquidation)	-	-	-	4	-	-	-	-	-	-	-	-	-
- EMAS Digital S.A.S.	-	5,152	-	-	-	-	-	-	-	-	-	-	26
- Roccella S.c.a r.l. (in liquidation)	-	165	-	-	14	-	-	-	-	-	-	-	-
- Campania Arte S.c.a r.l.	24	134	-	-	12	-	-	-	-	-	-	-	-
- Mondadori Independent Media LLC	119	-	-	-	-	-	-	-	70	-	-	-	-
- Venezia Accademia Soc. per i serv. museali S.c.a r.l.	-	25	-	-	15	-	-	-	-	-	22	-	-
- Mediamond S.p.A.	5,275	-	-	51	1,064	257	-	-	4,864	-	988	(289)	1
- Mondadori Seec Advertising Co. Ltd	318	2,695	-	-	275	-	-	-	3	-	73	-	-
- Mach 2 Press S.r.l.	-	-	-	-	138	-	-	-	-	-	477	-	-
Total affiliated companies	**34,118**	**9,344**	**0**	**77**	**13,817**	**2,532**	**0**	**66**	**22,025**	**5,335**	**3,830**	**(770)**	**39**

Amounts in euro thousands

Transactions with related parties: figures as at 30 June 2013

(Euro/000)	Trade receivables	Financial receivables	Tax receivables	Other current assets	Trade payables	Financial payables	Tax payables	Other current liabilities	Revenues	Purchase of raw materials	Purchase of services	Other (rev.) costs	Financial revenues (costs)
Associated Companies:													
- RTI - Reti Televisive Italiane S.p.A.	440	-	-	-	2,437	-	-	-	250	467	116	(5)	-
- Publitalia '80 S.p.A.	-	-	-	-	4,750	-	-	-	-	-	5.042	-	-
- Digitalia '08 S.r.l. (former Promoservice Italia S.r.l.)	373	-	-	-	-	-	-	-	-	-	30	-	-
- Banca Mediolanum S.p.A.	34	-	-	-	-	-	-	-	97	-	-	-	-
- Medusa Film S.p.A.	-	-	-	-	153	-	-	-	-	16	22	-	-
- Radio e Reti S.r.l.	9	-	-	-	-	-	-	-	-	-	-	-	-
- Isim S.p.A.	-	-	-	-	2	-	-	-	-	-	-	-	-
- Mediaset S.p.A.	-	-	-	-	-	-	-	-	-	-	-	-	-
- Media Shopping S.p.A.	11	-	-	-	10	-	-	-	18	-	12	-	-
- Publieurope Ltd	439	-	-	-	-	-	-	-	847	-	168	(1)	-
- Towertel S.p.A.	-	-	-	-	152	-	-	-	-	-	-	145	-
- Mediobanca S.p.A.	-	-	-	-	-	68,983	-	-	-	-	-	-	(1,311)
Total associated companies	**1,306**	**0**	**0**	**0**	**7,504**	**68,983**	**0**	**0**	**1,212**	**483**	**5,390**	**139**	**(1,311)**
Other related parties:													
- Sin&rgetica S.r.l.	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other related parties	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total related parties	**35,425**	**9,344**	**28,525**	**77**	**21,323**	**71,515**	**85**	**66**	**23,237**	**5,818**	**9,225**	**(627)**	**(1,272)**
% incidence	**11.2%**	**34.3%**	**31.4%**	**0.1%**	**6.4%**	**15.0%**	**1.1%**	**n.s.**	**3.8%**	**7.3%**	**2.5%**	**n.s.**	**12.1%**

Transactions with related parties: balance sheet figures as at 31 December 2012 and financial figures as at 30 June 2012

(Euro/000)	Trade receivables	Financial receivables	Tax receivables	Other current assets	Trade payables	Financial payables	Tax payables	Other current liabilities	Revenues	Purchase of raw materials	Purchase of services	Other (rev.) costs	Financial revenues (costs)
Parent Companies:													
- Fininvest S.p.A.	-	-	15,847	-	7	-	1,160	-	-	-	26	4	-
Affiliated Companies													
- Gruner + Jahr/Mondadori S.p.A.	4,882	-	-	-	6,249	97	-	52	2,090	36	2,497	(234)	(15)
- Mach 2 Libri S.p.A.	24,378	-	-	-	75	34	-	-	13,788	-	21	1	24
- MDM Milano Distribuzione Media S.r.l.	1,000	-	-	-	19	-	-	-	-	-	170	(295)	-
- Venezia Musei Società per i serv. museali S.c.a r.l.	260	-	-	-	-	-	-	-	-	-	-	-	-
- Harlequin Mondadori S.p.A.	181	-	-	200	217	3,163	-	-	212	2,703	-	(50)	(22)
- Gruppo Attica Publications	187	507	-	-	25	-	-	-	94	-	26	-	-
- Edizioni EL S.r.l.	718	-	-	22	4,990	-	-	3	430	3,075	6	(12)	-
- Gruppo Random House Mondadori (until 30/11/2012)	-	-	-	-	-	-	-	-	69	-	-	-	-
- Società Europea di Edizioni S.p.A.	585	-	-	-	1,979	-	-	-	1,799	122	16	2	-
- ACI-Mondadori S.p.A.	297	-	-	-	633	1	-	-	556	6	707	(51)	(2)
- Consorzio COVAR (in liquidation)	-	-	-	4	-	-	-	-	-	-	-	-	-
- EMAS Digital S.A.S.	-	5,127	-	-	-	-	-	-	-	-	-	-	63
- Roccella S.c.a r.l. (in liquidation)	-	165	-	-	60	-	-	-	-	-	-	-	-
- Campania Arte S.c.a r.l.	32	134	-	-	23	-	-	-	-	-	-	-	-
- Mondadori Independent Media LLC	90	-	-	-	-	-	-	-	120	-	-	(15)	-
- Venezia Accademia Soc. per i serv. museali S.c.a r.l.	9	25	-	-	47	-	-	-	-	1	97	(32)	-
- Mediamond S.p.A.	5,851	80	-	-	1,165	584	-	-	4,683	-	1,178	(258)	(4)
- Mondadori Seec Advertising Co. Ltd	532	2,695	-	-	202	-	-	-	262	-	99	-	-
- Mach 2 Press S.r.l.	-	-	-	-	434	-	-	-	-	-	490	-	-
Total affiliated companies	**39,002**	**8,733**	**0**	**226**	**16,118**	**3,879**	**0**	**55**	**24,103**	**5,943**	**5,307**	**(944)**	**44**

Amounts in euro thousands

Transactions with related parties: balance sheet figures as at 31 December 2012 and financial figures as at 30 June 2012

(Euro/000)	Trade receivables	Financial receivables	Tax receivables	Other current assets	Trade payables	Financial payables	Tax payables	Other current liabilities	Revenues	Purchase of raw materials	Purchase of services	Other (rev.) costs	Financial revenues (costs)
Associated Companies:													
- RTI - Reti Televisive Italiane S.p.A.	521	-	-	-	2,704	-	-	-	527	1,463	35	-	-
- Publitalia '80 S.p.A.	-	-	-	-	4,912	-	-	-	-	-	6,678	-	-
- Digitalia '08 S.r.l. (former Promoservice Italia S.r.l.)	181	-	-	-	-	-	-	-	-	-	51	-	-
- Fininvest Gest. Servizi S.p.A. (former Finedim It. S.p.A.)	3	-	-	-	-	-	-	-	-	-	-	21	-
- Banca Mediolanum S.p.A.	38	-	-	-	-	-	-	-	97	-	-	-	-
- Medusa Film S.p.A.	21	-	-	-	524	-	-	-	31	251	122	-	-
- Alba Servizi Aerotrasporti S.p.A.	-	-	-	-	16	-	-	-	-	-	-	27	-
- Radio e Reti S.r.l.	9	-	-	-	-	-	-	-	-	-	-	-	-
- Isim S.p.A.	-	-	-	-	2	-	-	-	-	-	-	-	-
- Mediaset S.p.A.	8	-	-	-	103	-	-	-	1	-	85	-	-
- A.C. Milan S.p.A.	34	-	-	-	-	-	-	-	-	-	-	-	-
- Media Shopping S.p.A.	10	-	-	-	27	-	-	-	7	-	-	-	-
- Publieurope Ltd	485	-	-	-	-	-	-	-	871	-	219	-	-
- The Space Cinema 2 S.p.A. (former Medusa Cin. S.p.A.)	-	-	-	-	19	-	-	-	-	-	-	-	-
- Taodue S.r.l.	24	-	-	-	-	-	-	-	-	-	-	-	-
- Milan Entertainment S.r.l.	3	-	-	-	-	-	-	-	-	-	-	-	-
- Towertel S.p.A.	-	-	-	-	-	-	-	-	-	36	62	131	-
- Mediobanca S.p.A.	-	-	-	-	-	70.251	-	-	-	-	-	-	(1,170)
Total associated companies	**1,337**	**0**	**0**	**0**	**8,307**	**70.251**	**0**	**0**	**1,534**	**1,750**	**7,252**	**179**	**(1,170)**
Other related parties:													
- Sin&rgetica S.r.l.	-	-	-	-	169	-	-	-	-	-	185	-	-
Total other related parties	**0**	**0**	**0**	**0**	**169**	**0**	**0**	**0**	**0**	**0**	**185**	**0**	**0**
Total related parties	**40,339**	**8,733**	**15,847**	**226**	**24,601**	**74,130**	**1,160**	**55**	**25,637**	**7,693**	**12,770**	**(761)**	**(1,126)**
% incidence	**12.0%**	**23.2%**	**25.6%**	**0.3%**	**6.7%**	**15.7%**	**43.1%**	**n.s.**	**3.8%**	**7.8%**	**3.2%**	**n.s.**	**13.7%**

38. Valuations at fair value

Specific financial assets and liabilities are valued at fair value at year end. The table below provides information in relation to the determination of the fair value (values in euro thousands).

Financial assets/liabilitites	**Fair value at 30 June 2013 (euro thousands)**	**Fair value hierarchy**	**Valuation principles and main inputs**
Interest rate swap	(10,838)	Level 2	*Discounted cash flow*. The projection flows were updated on the basis of the curves of the forward rates calculated at the end of the period of observation and of contractual fixing, also taking the counterparty's credit risk into account.
Currency derivatives	(41)	Level 2	*Discounted cash flow.* Currency-denominated flows were updated on the basis of the interest rate curves of the forward exchange rates calculated at the end of the period of observation and of the strikes established with banks, also taking the counterparty's credit risk into account.
Investments in other companies	1,538	Level 3	In consideration of the nature of investments in other companies, mainly consortia, the cost may be considered as representing the fair value.

39. Operating segments

General information

In compliance with IFRS 8, the following is a description of the organisational structure of the Group, including the following business areas:

- Books;
- Magazines, with the further distinction between Magazines Italy, Advertising and Magazines France;
- Direct and Retail;
- Radio;
- Central Units.

Periodic corporate reporting is based on this structure and used by management to define actions and strategies, to evaluate investment opportunities and the allocation of resources.
The structure is also related to the different types of products and/or services from which the Group generates revenues and margins:

- the Books segment generates revenues from the sale of books (both electronic and hardcopy), including non-fiction, fiction, educational, art and other books; revenues from the sale of publishing rights to third parties and revenues from the management of museums;
- the Magazines segment, in Italy and France, generates revenues from the sale of magazines (newsstands, subscription and other minor sale channels), royalties from third party publishers for the publication under licence of proprietary magazines, revenues from so-called add-on sales and revenues from advertising; advertising sales of the Italian company

Mondadori Pubblicità are outlined separately, because it also generates significant revenues from third party publisher activities, in addition to operating in such capacity on behalf of the parent company and Monradio for Radio R101;

- the Direct segment generates revenues from direct marketing activities and mail order sales, as well as from a chain of proprietary and franchised retail outlets;
- the Radio segment generates revenues from the broadcast of commercials on the Group's radio station R101;
- lastly, the Corporate segment and other businesses generate revenues from service activities carried out by the Parent Company in favour of associated companies or companies that do not belong to the Group.

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

For the Board of Directors
The Chairman
Marina Berlusconi

Amounts in euro thousands

Segment information: figures as at 30 June 2013

(Euro/000)	Books	Magazines Italy	Magazines France	Advertising	Direct	Radio	Corporate and other business	Adjustments for consolidation	Consolidated result
Revenues from sales and services from external customers	**118,214**	**132,940**	**176,919**	**74,540**	**107,837**	**188**	**1,654**	**-**	**612,292**
Revenues from sales and services from other sectors	**15,777**	**45,010**	**14**	**2,265**	**2,572**	**6,602**	**8,200**	**(80,440)**	**0**
Revenues (costs) from investments valued at equity	165	858	(153)	102	-	-	(798)	-	174
EBITDA	**9,815**	**3,597**	**13,874**	**(3,510)**	**(5,177)**	**(1,652)**	**(22,233)**	**-**	**(5,286)**
EBIT	**9,185**	**3,305**	**7,899**	**(3,565)**	**(7,938)**	**(2,441)**	**(24,114)**	**-**	**(17,669)**
Financial revenues (costs)	-	-	-	-	-	-	(10,554)	-	(10,554)
Result before taxes and minority interests	**9,185**	**3,305**	**7,899**	**(3,565)**	**(7,938)**	**(2,441)**	**(34,668)**	**-**	**(28,223)**
Income tax	-	-	-	-	-	-	(2,080)	-	(2,080)
Minority shareholders' result	-	-	1,006	-	-	-	-	-	1,006
Net result	**9,185**	**3,305**	**6,893**	**(3,565)**	**(7,938)**	**(2,441)**	**(32,588)**	**-**	**(27,149)**
Amortisation, depreciation and impairment	630	292	5,975	55	2,761	789	1,881	-	12,383
Non-monetary costs	2,920	1,880	1,789	1,339	1,803	28	8,584	-	18,343
Non-recurring revenues (costs)	(539)	(3,937)	(480)	-	(622)	-	(7,018)	-	(12,596)
Investments	715	100	725	17	375	630	257	-	2,819
Investments valued at equity	8,220	33,512	8,523	1,409	-	-	6,318	-	57,982
Total assets	302,651	225,691	598,020	88,817	136,128	91,866	283,901	(80,216)	1,646,858
Total liabilities	142,736	211,719	156,322	76,330	83,061	5,482	629,658	(68,568)	1,236,740

	Revenues from sales and services	Fixed assets
Italy	422,903	280,494
France	166,819	508,468
Other EU countries	16,389	-
USA	337	-
Other countries	5,844	-
Consolidated result	**612,292**	**788,962**

Amounts in euro thousands

Segment information: figures as at 30 June 2012 and balance sheet figures as at 31 December 2012

(Euro/000)	Books	Magazines Italy	Magazines France	Advertising	Direct	Radio	Corporate and other business	Adjustments for consolidation	Consolidated result
Revenues from sales and services from external customers	**125,729**	**149,139**	**193,626**	**94,529**	**110,485**	**99**	**2,600**	**-**	**676,207**
Revenues from sales and services from other sectors	**18,830**	**60,800**	**10**	**1,451**	**2,577**	**7,457**	**8,481**	**(99,606)**	**0**
Revenues (costs) from investments valued at equity	463	(22)	(462)	12	-	-	5,127	-	5,118
EBITDA	**14,120**	**14,808**	**20,044**	**(3,220)**	**(3,820)**	**(446)**	**(5,458)**	**-**	**36,028**
EBIT	**13,480**	**14,440**	**14,117**	**(3,245)**	**(6,668)**	**(1,273)**	**(7,038)**	**-**	**23,813**
Financial revenues (costs)	-	-	-	-	-	-	(8,212)	-	(8,212)
Result before taxes and minority interests	**13,480**	**14,440**	**14,117**	**(3,245)**	**(6,668)**	**(1,273)**	**(15,250)**	**-**	**15,601**
Income tax	-	-	-	-	-	-	6,494	-	6,494
Minority shareholders' result	103	-	1,446	-	-	-	-	-	1,549
Net result	**13,377**	**14,440**	**12,671**	**(3,245)**	**(6,668)**	**(1,273)**	**(21,744)**	**-**	**7,558**
Amortisation, depreciation and impairment	640	368	5,927	25	2,848	827	1,580	-	12,215
Non-monetary costs	2,864	1,636	1,096	788	2,792	35	167	-	9,378
Non-recurring revenues (costs)	1,510	2,420	-	-	98	-	(153)	-	3,875
Investments	883	348	9,278	577	4,435	2,481	2,676	-	20,678
Investments valued at equity	8,990	33,479	8,676	1,307	-	-	6,673	-	59,125
Total assets	294,911	231,058	606,714	92,042	150,032	92,174	356,771	(94,988)	1,728,714
Total liabilities	151,094	225,882	163,402	84,660	118,504	5,676	628,373	(82,689)	1,294,902

	Revenues from sales and services	Fixed assets
Italy	471,719	285,273
France	180,023	513,718
Other EU countries	15,948	-
USA	316	-
Other countries	8,201	-
Consolidated result	**676,207**	**798,991**

Table of investments

Table of investments - ARNOLDO MONDADORI EDITORE S.P.A.

Here below is a table including relevant investments (above 10% of the share capital) held by Arnoldo Mondadori Editore S.p.A. directly or indirectly through subsidiaries pursuant to Article 2359 of the Italyn Civil Code

As at 30 June 2013

Company name	Share capital		% interest held	Ownership	Shareholder	%	Legal offices	Tax code	Date of establishment
ACI-Mondadori S.p.A. (Italy)	EUR	590,290	50%	direct	Arnoldo Mondadori Editore S.p.A.	50%	Milan - via Bianca di Savoia 12	13277400159	11/17/2000
Aranova Freedom S.c.ar.l. (Italy)	EUR	19,200	16.67%	indirect	Monradio S.r.l.	16.67%	Bologna, Via Guinizzelli 3	02532501208	24/01/2005
Campania Arte S.c.ar.l. (Italy)	EUR	100,000	22%	indirect	Mondadori Electa S.p.A.	22%	Rome - Via Tunisi 4	09086401008	18/07/2006
Cemit Interactive Media S.p.A. (Italy)	EUR	3,835,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Turin - corso Giulio Cesare 268	04742700018	13/12/1984
Club Dab Italy S.c.ar.l. (Italy)	EUR	240,000	12.5%	indirect	Monradio S.r.l.	12.5%	Milan - Foro Bonaparte 71	97174850152	01/02/1996
Editrice Portoria S.p.A. in bankrupcy (Italy)	EUR	364,000	16.786%	direct	Arnoldo Mondadori Editore S.p.A.	16.786%	Milan - via Chiossetto 1	02305160158	26/03/1975
Edizioni EL S.r.l. (Italy)	EUR	620,000	50%	indirect	Giulio Einaudi Editore S.p.A.	50%	Trieste - San Dorligo della Valle - via J. Ressel 5	00627340326	07/05/1984
Edizioni Piemme S.p.A. (Italy)	EUR	566,661	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	00798930053	29/09/1982
Electa S.r.l. (Italy)	EUR	20,000	100%	indirect	Mondadori Electa S.p.A.	100%	Milan - via Bianca di Savoia 12	07136630964	08/09/2010
Giulio Einaudi Editore S.p.A. (Italy)	EUR	23,920,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Turin - via U. Biancamano 2	08367150151	03/06/1986
Glaming S.r.l. (Italy)	EUR	20,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	07428570969	21/04/2011
Gruner + Jahr/Mondadori S.p.A. (Italy)	EUR	2,600,000	50%	direct	Arnoldo Mondadori Editore S.p.A.	50%	Milan - Via Luisa Battistotti Sassi 11/a	09440000157	19/09/1988
Harlequin Mondadori S.p.A. (Italy)	EUR	258,250	50%	direct	Arnoldo Mondadori Editore	50%	Milan - via Marco D'Aviano	05946780151	15/10/1980

					S.p.A.		2		
Mach 2 Libri S.p.A. (Italy)	EUR	646,250	34.91%	direct indirect	Arnoldo Mondadori Editore S.p.A. Sperling & Kupfer Ed. S.p.A.	30.91% 4%	Peschiera Borromeo (MI) - via Galileo Galilei 1	03782990158	06/05/1983
Mach 2 Press S.r.l. (Italy)	EUR	200,000	40%	indirect	press-di Distribuzione Stampa e Multimedia S.r.l.	40%	Peschiera Borromeo (MI) - via Galileo Galilei 1	07014150960	27/04/2010
MDM Milan Distribuzione Media S.r.l. (Italy)	EUR	611,765	17%	indirect	press-di Distribuzione Stampa e Multimedia S.r.l.	17%	Milan - via Carlo Cazzaniga 19	10463540152	02/10/1991
Mediamond S.p.A. (Italy)	EUR	1,500,000	50%	indirect	Mondadori Pubblicità S.p.A.	50%	Milan - via Bianca di Savoia 12	06703540960	30/07/2009
Mondadori Direct S.p.A. (Italy)	EUR	2,700,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	00212560239	19/11/1946
Mondadori Education S.p.A. (Italy)	EUR	10,608,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	03261490969	10/01/2001
Mondadori Electa S.p.A. (Italy)	EUR	1,593,735	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Trentacoste 7	01829090123	23/02/1989
Mondadori Iniziative Editoriali S.p.A. (Italy)	EUR	500,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	03619240967	08/07/2002
Mondadori International S.p.A. (Italy)	EUR	350,736,076	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - Via Bianca di Savoia 12	07231790960	18/09/1970
Mondadori International Business S.r.l. (Italy)	EUR	2,800,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	08009080964	29/10/2012
Mondadori Pubblicità S.p.A. (Italy)	EUR	3,120,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	08696660151	12/02/1987
Monradio S.r.l. (Italy)	EUR	3,030,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	04571350968	15/10/2004
press-di Distribuzione Stampa e Multimedia S.r.l. (Italy)	EUR	1,095,000	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	03864370964	19/02/2003
Roccella S.c.ar.l. in	EUR	100,00	49.5%	indirect	Mondadori Electa	49.5%	Napoli - vico	05053571211	21/03/2005

liquidation (Italy)		0			S.p.A.		Sergente Maggiore 21		
Società Europea di Edizioni S.p.A. (Italy)	EUR	2,528,875	36.89838 %	direct	Arnoldo Mondadori Editore S.p.A.	36.89838 %	Milan - via G. Negri 4	017905901 50	27/02/1974
Sperling & Kupfer Editori S.p.A. (Italy)	EUR	1,555,8 00	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	008027801 55	03/11/1927
Sporting Club Verona S.r.l. - Società Sportiva Dilettantistic a (Italy)	EUR	100,00 0	100%	direct	Arnoldo Mondadori Editore S.p.A.	100%	Milan - via Bianca di Savoia 12	072316009 61	3/12/2010
Venice Accademia Società per i servizi museali S.c.ar.l. (Italy)	EUR	10,000	25%	indirect	Mondadori Electa S.p.A.	25%	Venice - via L. Einaudi 74	038088202 72	11/01/2008
Venice Musei Società per i servizi museali S.c.ar.l. in liquidation (Italy)	EUR	10,000	34%	indirect	Mondadori Electa S.p.A.	34%	Venice - via L. Einaudi 74	035343502 71	22/04/2004
ABS Finance Fund Sicav in liquidation (Luxembour g)	EUR	1,548,753,85	70.57%	indirect	Mondadori Internation al S.p.A.	70.57%	Luxembou rg - 19-21 Boulevard du Prince Henri		03/02/1999
Attica Publications S.A. (Greece)	EUR	4,590,000	41.987%	indirect	Mondadori Internation al S.p.A.	41.987%	Greece - Atene - Maroussi, 40 Kifissias Avenue		01/08/1994
Editions Mondadori Axel Springer S.n.c. (France)	EUR	152,500	50%	indirect	Mondadori France SAS	50%	France - Montroug e Cedex - 8, rue Francois Ory		12/09/1999
EMAS Digital S.a.s.	EUR	15,275,400	50.000%	indirect	Mondadori France SAS	50.000%	France - Levallois Perret - 68, rue Marjolin		09/13/2011
Mondadori France S.a.s. (France) (former AME France S.àr.l.)	EUR	50,000,000	100%	indirect	Mondadori Internation al S.p.A.	100%	France - Montroug e Cedex - 8, rue Francois Ory		23/06/2004
Mondadori	RUBL	92,232,160	50%	indirect	Mondadori	50%	Russia -		26/12/2007

Indipendent Media LLC (Russia)	O				International S.p.A.		Moscow - 3, Bldg. 1, Polkovaya Str.		
Mondadori Magazines France S.a.s. (France)	EUR	60,557,458	100%	indirect	Mondadori France SAS	100%	France - Montrouge Cedex - 8, rue Francois Ory		03/30/2004
Mondadori Seec (Beijing) Advertising Co. Ltd	CNY	40,000,000	50%	indirect	Mondadori Pubblicità S.p.A.	50%	China - Beijing - Chaoyang District - Fan Li Plaza, 22, Chaowai Avenue, Level 10, Room B2		26/09/2008
Naturabuy S.a.s. (France)	EUR	9,150	60%	indirect	Mondadori France SAS	60%	France - Montrouge Cedex - 8, rue Francois Ory		25/04/2007

Statement to the Half-Year Consolidated Summary Financial Statements pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent changes and supplements

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

1. The undersigned Ernesto Mauri in his capacity as CEO and Carlo Maria Vismara in his capacity as Corporate Reporting Officer for Arnoldo Mondadori Editore S.p.A., also in compliance with the provisions set out in art. 154-bis, par. 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998, hereby declare:
   - the adequacy in relation to the Group's characteristics and
   - the effective application of the administrative and accounting procedures for the drafting of the Group's interim consolidated summary financial statements for the first half of 2013.

2. The valuation of the adequacy of the administrative and accounting procedures for the drafting of the Group's interim abbreviated consolidated financial statements as at 30 June 2013 was carried out based on a specific process defined by Arnoldo Mondadori Editore consistently with the *Internal Control – Integrated Framework* model issued by the *Committee of Sponsoring Organizations of the Treadway Commission*, which groups together a set of general principles of reference for internal control generally accepted at the international level.

3. We also hereby declare that:

   3.1 the Group's interim consolidated summary financial report as at 30 June 2013:
   - a) was drafted in compliance with the applicable international accounting standards acknowledged at the EU level pursuant to EC regulation no. 1606/2002 of the EU Parliament and Council of 19 July 2002 and, specifically, IAS 34 – Interim Financial Reporting, as well as the provisions set out for the implementation of Article 9 of Italian Legislative Decree n. 38/2005;
   - b) reflects the accounting books and entries;
   - c) provides a true and fair description of the financial position and results of operations of the Company and the businesses included in the consolidation area.

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

30 July 2013

The CEO	The Corporate Reporting Officer
(Ernesto Mauri)	(Carlo Maria Vismara)