

Press Release

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

Board of Directors approves interim report on the first half of the year to 30 June 2014

- **CONSOLIDATED REVENUES: €549.2 MILLION
-10.3% ON THE €612.3 MILLION TO 30 JUNE 2013
(-7% ON A LIKE-FOR-LIKE BASIS)**
- **CONSOLIDATED GROSS OPERATING PROFIT: €14.9 MILLION
AN INCREASE OF €20.2 MILLION COMPARED WITH -€5.3 MILLION TO 30 JUNE 2013**
- **CONSOLIDATED NET LOSS: -€11 MILLION
AN IMPROVEMENT OF €16.1 MILLION COMPARED WITH 30 JUNE 2013**
- **OPERATING COSTS DOWN BY €70 MILLION:
-13.1% COMPARED WITH 30 JUNE 2013**
- **NET FINANCIAL POSITION: -€368,9 MILLION
AN IMPROVEMENT OF €27.6 MILLION ON THE FIRST QUARTER OF 2014
AND IN LINE WITH THE FIRST HALF OF 2013; MARKED IMPROVEMENT EXPECTED BY YEAR END**
- **FURTHER CONFIRMATION OF A RECOVERY IN PROFITABILITY EXPECTED FOR THE
FULL YEAR 2014**

Segrate, 31 July 2014 - The Board of Directors of Arnoldo Mondadori S.p.A. met today, under the chairmanship of Marina Berlusconi, to examine and approve the interim report for the first half of the year to 30 June 2014, as presented by the chief executive, Ernesto Mauri.

THE MARKET SCENARIO

In the first six months of the year, the markets in which the Group operates continued to decline compared with the same period of the previous year.

In particular in Italy:

- the book sector saw a downturn of 9% in terms of copies and 6.6% in terms of value compared with the first half of 2013 (Source: Nielsen, figures to 14 June);
- the magazine market saw a fall in circulation of 9.6% (internal data to May), a slump of 14.3% in add-on sales (internal data to May) and a fall in advertising sales of 11.6% (Source: Nielsen, figures to May);

Meanwhile in France:

- magazine circulation was down in the newsstand channel by 8.1%;
- advertising sales were down 9.4% on the same period of 2013 (figures to May: internal data for circulation and Kantar Media for advertising).

GROUP PERFORMANCE IN THE PERIOD TO 30 JUNE 2014

In a context characterised by a marked decline, the Mondadori Group recorded a 10.3% fall in **consolidated revenues** for the period to **€549.2 million**, compared with €612.3 million in the first half of 2013; on a like-for-like basis, taking account of the contribution, effective from 1 January 2014, of the advertising sales activities to Mediamond S.p.A., a company consolidated on an equity basis, the reduction was 7%.

Consolidated gross operating profit came to **€14.9 million**, an increase of €20.2 million compared with the loss of €5.3 million in the first six months of 2013, thanks to the impact of actions on the product, cost reduction efforts and a fall in non-recurring charges. The **Magazine** area made a decisive contribution to this marked improvement given that, after years of continuous decline, it recorded a **total gross operating profit (Italy and France)** amounted to **€26.3 million, an increase of 50.3%**.

This particularly positive result, in excess of expectations, is the result of actions on the product and a reduction in operating costs, which were down by around €70 million (-13.1%).

Consolidated gross operating profit net of non-recurring items amounted to **€15.4 million**, an increase of 8.5% compared with the €14.2 million of the previous year.

Consolidated operating profit came to **€3.6 million**, a marked improvement on the -€17.7 million of the first half of 2013, with amortisations of tangible and intangible assets of €11.3 million, compared with €12.4 million in 2013.

Pre-tax profit and **consolidated net profit**, amounting respectively to **-€3.7 million** (-€28.2 million in the first half of 2013) and **-€11 million** (-€27.1 million in the first half of 2013), include higher financial charges due, in part, to higher interest rates resulting from the renegotiation of credit lines concluded in November last year, as well as a higher average level of debt.

The Group's **net financial position** on 30 June 2014 showed a deficit of **-€368.9 million**, an improvement on the situation in the first quarter of the year (-€396.5 million) and in line with the same period of 2013 (-€367.3 million) and at 31.12.2013. In addition to the seasonality of some of the Group's businesses, the net financial position was affected by expenditure for restructuring and a recovery in investments and benefitted from an influx of €31 million from the placement of a total of 29,953,500 ordinary shares completed in the month of June.

RESULTS OF THE BUSINESS AREAS

• BOOKS

In the second quarter of the year the trade books segment felt the impact of the negative economic situation that has slowed down the recovery in consumer spending and the buying of books. This resulted in a further fall in the market which (to June) recorded a fall of 9% in terms of copies and 6.6% in terms of value (Source: Nielsen, figures to 14 June); in the second quarter the fall, in value terms, was of -8% (-5.3% in Q1). The downturn was more marked in the large-scale retail channel and independent bookshops that were down, respectively, by 15% and 7.5% (Source: Nielsen, figures to 14 June).

Substantially confirming the company's market leadership, the share of the Mondadori Group's publishing houses was 25.5% (excluding large-scale retail sales), a slight fall compared with the same period of last year that was positively affected by the performance of the bestsellers *E l'eco rispose* by Khaled Hosseini and *Inferno* by Dan Brown.

First half revenues generated by the Book area amounted to **€128.5 million**, a 4.1% fall on the €134 million of the previous year.

The fall in revenues and margins was determined by the aforementioned market trend as well as a different publishing schedule which, compared with 2013, will feature an absolutely significant launch of titles for the Christmas period as well as the publication of new works by the well-know authors in the second half, including, Follett, Grisham, Cornwell, Corona, Littizzetto and Camilleri.

Regarding to e-books, revenues were up by almost 13% compared with the first half of 2013 thanks to a catalogue that is continuously expanding and that currently includes over 7,000 titles.

The fall in revenues had an impact on **gross operating profit** compared with the first half of 2013. However, targeted actions aimed at cutting costs in different areas, in particular production and logistics, made it possible to mitigate the impact (from €9.8 million in the first half of 2013 to **€5.4 million** on 30 June 2014).

• MAGAZINES ITALY

In a generally uncertain climate, the second quarter saw a continuation of the downturn, albeit at a less marked level than the previous year.

In this context the Magazines Italy area – faced with an overall fall in revenues of 9.9% (-8.3% on a like-for-like basis, considering titles that were closed or sold) that amounted to **€160.3 million**, compared with €177.9 million in the first half of 2013 – recorded a significant increase in **gross operating profit**, which rose from €3.6 million to **€11 million** in the first half of 2014 due to the focus on the segments in which the Group is leader (fashion, well-being, cooking), the launch of new titles (*Il mio Papa*), the redesign of *Panorama* and actions aimed at the structural reduction of industrial, editorial and photographic costs, as well as labour costs.

Revenues from Mondadori **titles** were particularly hit by the negative trends in the markets of reference, but the **Mondadori Group** nevertheless managed to increase its **market share** in terms of value to **33.2%**, compared with 32.6% in the first half of last year.

In particular:

- circulation revenues fell by 5.9% on a like-for-like basis, in a market that was down by 9.6%;

- gross advertising revenues were down by 8.5% on a like-for-like basis, in a market that was down by 11.6%;
- advertising sales for the web sites of the magazine brands recorded growth of 12.8% on a like-for-like basis compared with the same period of 2013, bucking the trend of a market that was down by 2.1% (Source: Nielsen, to May). Particularly positive results for the web sites *Donnamoderna.com* (+8.4%) and *Grazia.it* (+55.9%);
- in a market that in the first five months saw a fall of 14.3% in terms of value (internal source: Press-Di), add-on sales were down by 19.8%, following the decision to select and rationalise initiatives but, by comparison, affected also by the excellent performance achieved in 2013.

International activities

In the first half of 2014 Mondadori International Business recorded a **10% growth** in revenues compared with the previous year. The increase was mainly attributable to the *Grazia* network which now has 23 editions around the world, the launch, last November, of the first international edition under licence of *Icon* and advertising sales in Italy since last October on behalf of *El Pais*, Spain's leading daily newspaper.

In May, as part of the development of the digital activities of the *Grazia* International Network, it is worth underlining the acquisition of the marketplace *London-Boutiques.com*, an operation that is part of a more extensive project to launch, in the second half of the year, a global e-commerce platform using the *Grazia* brand.

With regard to holdings, Attica Publications, leader in the Greek magazine and radio broadcasting markets, after a positive first quarter, saw a fall in advertising revenues; Mondadori Seec Advertising Co. Ltd, the exclusive advertising sales company for the edition of *Grazia* published in China, saw an increase in revenues of 14% compared with the first half of 2013 and from April, the frequency of publication increased from monthly to weekly; Mondadori Independent Media LLC, the publisher of *Grazia* in Russia, closed the first half of the year with a fall in advertising revenues of 4%.

- **MAGAZINES FRANCE**

In the first half of 2014 the markets of reference in France saw a further decline, both in terms of newsstand sales (-8.1%; internal data to May) and advertising (-9.4%; internal figures based on Kantar Media data, to May).

Mondadori France performed decidedly better than the market keeping the fall to 2% in a market that was down by 8.1% and **reporting growth of 50.6% in internet activities**.

First half consolidated revenues generated by **Mondadori France** amounted to **€169.9 million**, -4% on the €176.9 million in the first half of 2013; on a like-for-like basis, considering the sale of *Le Film Français* finalised at the end of 2013 and the different number of issues of some titles, the fall was of 3.7%.

There was a marked difference in the performance of advertising revenues on print and for online: while the former saw a fall of 13.5% (-11% on a like-for-like basis), the latter were up by 49.3%, (51.1% on a like-for-like basis), as a result of which, digital sales now account for 10% of the total.

The advertising sales company remained among the main players in the market with a 10.5% share in terms of volume (Source: Kantar Media), making it the second player in the market.

Circulation revenues, that account for over 70% of total revenues, were down by 1.5% (-1,1% on a like-for-like basis):

- newsstand sales were down by 2%; some of the main titles, including *Closer*, *Pleine Vie* and *Top Santé*, saw growth of more than 10%;
- subscriptions remained stable thanks to the strong performance of *Télé-Star*, *Pleine Vie* and *Top Santé*.

During the first half Mondadori France launched a number of new products, such as *Le Journal de Lucky Luke*, *Slam*, *Histoire & Jeux* and *Fort Boyard*, and completed the redesign of *L'Auto-journal Évasion*, *Diapason*, *Modes & Travaux*, *Science & Vie*, *Top Santé*, *Grazia* and *Closer*, placing more focus on editorial quality.

The many activities carried out in recent quarters, and still ongoing, have made it possible, as indicated above, to launch new titles and realise significant reductions in editorial, industrial and general costs and thereby widely compensating for the fall in revenues.

Gross operating profit was up by 10.1% to €15.3 million from €13.9 million in the first half of 2013.

With regard to digital activities, since January 2014 advertising sales have been exclusively managed internally, cross-title editorial teams have been created and some of the main properties have been updated and further enhanced with new functions for tablets and smartphones.

These efforts have had a positive impact on the audience which, in April, the latest Nielsen figures available, had reached 6.5 million unique users (+26% on 2013), with a peak of 7.8 million in January; while on mobile, the increase in unique users was 67% compared with 2013 (Source: Nielsen, to April).

Activities are also continuing aimed at creating new efficiencies, in particular, a plan has been introduced for the reduction of the structure along with a project for the rationalisation of the locations.

- **ADVERTISING**

The figures for the area are not comparable given that, as already mentioned, from January 2014, the advertising sale activities of Mondadori Pubblicità S.p.A., a subsidiary of Arnoldo Mondadori Editore S.p.A., were contributed to Mediamond S.p.A., a 50-50 joint-venture set up in 2009 by Mondadori Pubblicità S.p.A. and Publitalia '80 S.p.A..

Revenues generated by the current **Mondadori Pubblicità** came to **€5.8 million**, a fall on the revenues generated by comparable activities in the first half of 2013 for the reasons outlined above.

Gross operating profit, that also includes the pro-quota results of Mediamond, consolidated on an equity basis, saw an improvement compared with the first half of 2013 (up from -€3.5 million to -€1.9 million), highlighting the first positive effects of the operation.

The revenues of Mediamond S.p.A. saw an overall increase of 1.8%.

The **Mondadori brands** (magazines and web) recorded a like-for-like reduction of 6.7% compared with 2013. In particular:

- the fall in advertising revenues for magazine titles amounted 8.5%, in a market of reference that was down by -11.6% (Source: Nielsen, to May);
- advertising revenues for the web sites was up by 12.8% in a segment that was down by 2.1% (Source: Nielsen, to May).

- **RETAIL**

Also in the first half of the year the retail market continued to show signs of weakness in consumer spending. With regard to the products sold, the book segment saw a fall of 6.6%, in terms of value, during the period, a situation that worsened in the second quarter also as the result of a lack of bestsellers. The channel that was best able to contain the downturn in revenues was the bookshop chains channel, compared with independent bookshops and large-scale retail outlets.

In the non-book area, there was growth only in gift-boxes, mobile phones and e-readers, while consumer electronics showed a general slowdown.

The 2013 figures have been reclassified to take account of the configuration introduced in the Retail area from September 2013, when Cemit Interactive Media S.p.A. was included under *Other businesses and Corporate*.

In the first half of 2014 the **Retail** area recorded revenues of **€92.6 million**, an 8.9% fall compared with the €101.7 million of the same period of 2013.

A breakdown of revenues by category shows that books - the most important, accounting for 74% of the total – had the best performance (+3.5%) compared with the market of reference, while consumer electronics continued to record a fall greater than the general trend in the sector.

The negative trend in the club channel continued with a fall in revenues of 20% and, finally, also online sales through inMondadori.it were also down (by around -4%).

The impact on **gross operating profit** (-€5.5 million from the -€6.1 million to 30 June 2014) of the reduction in revenues from the clubs and the consumer electronics segment was more than compensated by the positive performance of books and the effects of cost reductions.

To contrast the generally recessive economic environment actions, already underway in the first quarter and aimed at recovering profitability, continued. In particular:

- a progressive review of the network with actions to rationalise the sales outlets (the opening of a directly-owned and run bookstore in a new shopping mall, the *Nave de Vero*, near Marghera, and the closure of a number of franchise outlets), and formats for the development of a new concept for the bookshop of the future;

- the rebranding of the entire network; a new offer, above all in consumer electronics; co-marketing activities with important partners in the banking and telecoms sectors;
- the maintenance of promotional, communication and advertising initiatives to support sales and gain market share for books;
- the continuation of reorganisation efforts with the application of a solidarity procedure (20% compared with 10% in 2013) at the offices in Milan and Rimini.

- **RADIO**

After a positive start in the first quarter, the second quarter the radio market saw a phase of turbulence that had an impact on the performance of di R101.

Revenues generated by **R101** in the first half amounted to **€5.9 million**, -13.2% compared with the €6.8 million at 30 June 2013

Gross operating profit (which went from -€1.6 million to -€2.7 million) was affected not only by the negative trend in revenues, but also by higher promotional and communication investments made in the second quarter to support the re-launch of the station.

Such efforts in the first half included, the launch at the end of March of the new R101, confirming greater engagement with sports events and partnerships with music events alongside national and international artists and their summer tours; the redesign of the look and content of the web site www.r101.it and the launch in June of the TV channel, on the digital terrestrial channel 66.

The launch of the TV platform, integrated with the radio station and other digital supports, will make it possible to offer a wide-ranging entertainment system.

- **DIGITAL**

The first half of 2014 saw the completion of the first step in strengthening the central control of the Digital Innovation area with the arrival of new and specialised resources. This has made it possible to give a greater impulse to digital projects functional to the different business units.

Total revenues were slightly down due to the fall in sales of marketing services (Cemit), while purely digital activities increased by 9.2% compared with the first half of 2013, as a result of the increase in e-books (+13%), the web sites of magazines in Italy (advertising revenues +12.8%) and France (advertising revenues +51.1%).

Information regarding personnel

As of 30 June 2014, the personnel employed by companies of the Group (both on temporary and permanent contracts) amounted to 3,213, a reduction of 361 (-10.1%) compared with 12 months previously and 223 (-6.5%) compared with December 2013.

Gross of extraordinary items, personnel costs (mounting to €117.4 million in the first six months) showed a significant fall (-20.7%) compared with the figures for the first half of 2013.

The significant fall in the headcount is attributable to important restructuring actions taken between the end of 2012 and last year, and is also influenced some imbalances in the scope of the company. Net of these extraordinary operations, compared with the situation in June 2013, the number of personnel was in any case down by 324 (-9.2%). The cost of personnel on a like-for-like basis, and net of restructuring charges was down by 10.9%.

EXPECTATIONS FOR THE FULL YEAR

In a market that still shows no clear signs of improvement, the positive performance in the first half – better than expected and the result of actions taken on the product, reorganisation and the reduction of costs, as well as the excellent performance of Magazines, both in Italy and France – makes it possible to estimate for the full year a level of gross operating profit higher than that of 2012, confirming what was stated during the presentation of the 2013 Annual Report and the Report on Q1 2014.

Also the second half of the year will see a continuation of the management initiatives aimed at improving the organic capacity of the Group to generate financial resources and actions aimed at the sale/realisation of non-strategic assets, with a view to reinforcing access to the resources necessary for investment. The net financial position is expected to be significantly better than the level in 2013.

The executive responsible for the preparation of the company's accounts, Oddone Pozzi, declares that, as per art. 2, 154 bis of the Single Finance Text, the accounting information contained in this release corresponds to that contained in the company's formal accounts.

The documentation relating to the presentation of the results for the first half of the year to 30 June 2014, will be made available through the authorised storage mechanism 1Info (www.1info.it), in the Investor Relations section of the company's website www.mondadori.it, on www.borsaitaliana.it and at the company's corporate offices.

Enclosures:

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

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Encl. 1

Consolidated balance sheet (in €m)

Assets	30 June 2014	31 December 2013
Intangible assets	619.1	617.5
Fixed assets	3.1	3.2
Land and buildings	8.2	8.5
Plant and machinery	10.4	11.7
Other assets	18.7	20.5
Property, plant and machinery	37.3	40.7
Investments booked using net equity method	37.0	38.2
Other investments	0.4	0.4
Total investments	37.4	38.6
Non-current financial assets	0.3	2.7
Advanced taxes	49.5	58.4
Other non-current assets	35.0	22.3
Total non-current assets	781.7	783.4
Tax credits	67.0	68.5
Other current assets	101.6	89.3
Inventories	118.3	124.0
Trade receivables	282.9	312.4
Stocks and other current financial assets	17.3	13.8
Cash and equivalents	18.3	65.7
Total current assets	605.4	673.7
Assets destined to be sold or closed	-	-
Total assets	1,387.1	1,457.1
Liabilities	30 June 2014	31 December 2013
Share capital	68.0	64.1
Share premium reserve	12.0	170.6
Other reserves and results carried forward	177.2	177.4
Profit (loss) for the period	(11.0)	(185.4)
Total Group shareholders' equity	246.2	226.7
Minority capital and reserves	29.9	32.0
Total shareholders' equity	276.1	258.7
Reserves	61.7	83.9
Severance payments	45.6	50.4
Non-current financial liabilities	341.4	398.8
Deferred tax liabilities	77.6	77.0
Other non-current liabilities	-	-
Total non-current liabilities	526.3	610.1
Income taxes payable	5.2	0.3
Other current liabilities	210.5	220.1
Trade liabilities	305.6	321.3
Bank debts and other financial liabilities	63.4	46.6
Total current liabilities	584.7	588.3
Liabilities deriving from sales or closures	-	-
Total liabilities	1,387.1	1,457.1

Encl. 2

Consolidated income statement (in €m)

	1H 2014	% of revenues	1H 2013	% of revenues	% change
Income from the sale of goods and services (*)	549.2	100.0%	612.3	100.0%	(10.3%)
Personnel costs (**)	117.4	21.4%	148.0	24.2%	(20.7%)
Cost of raw materials, auxiliaries, and consumables (***)	96.5	17.6%	80.3	13.1%	20.2%
Cost of services	316.7	57.7%	371.8	60.7%	(14.8%)
Use of third-party assets (****)	17.7	3.2%	21.4	3.5%	(17.3%)
Other charges (income)	(16.2)	(3.0%)	(3.7)	(0.6%)	n.s.
Income (charges) from investments calculated on a net equity basis	(2.2)	-	0.2	-	n.s.
Adjustments for non-recurring items: (positive)/negative	(0.5)		19.5		
Gross operating profit net of non-recurring items	15.4		14.2		8.5%
Gross operating profit	14.9	2.7%	(5.3)	(0.9%)	n.s.
Depreciation of property, plant and machinery	4.8		5.7		(15.8%)
Depreciation of intangible assets	6.5		6.7		(3.0%)
Operating profit	3.6	0.7%	(17.7)	(2.9%)	n.s.
Net financial income (charges)	(12.3)		(10.5)		17.1%
Other financial income (charges)	-	-	-	-	-
Profit for the period before taxation	(8.7)	(1.6%)	(28.2)	(4.6%)	(69.1%)
Tax charges (income)	1.1		(2.1)		n.s.
Minority interest	(1.2)		(1.0)		20.0%
Net profit	(11)	(2.0%)	(27.1)	(4.4%)	(59.4%)

(*) Considering the contribution of the business activity Mondadori Pubblicità S.p.A. to Mediamond S.p.A., revenues showed a fall of 7%.

(**)Considering the contribution of the business activity Mondadori Pubblicità S.p.A. to Mediamond S.p.A., and net of restructuring costs, personnel costs were down by 10.9%.

(***) Includes the balance sheet item "Decrease (increase) of inventory".

(****)Includes the balance sheet item "Other charges (income)".

Encl. 3

Consolidated cash flow statement (in €m)

Consolidated cash flow statement	30 June 2014	30 June 2013
Net profit for the period	(11.0)	(27.1)
<i>Adjustments</i>		
Depreciations, amortization and impairment	11.3	12.4
Tax charges	1.1	(2.1)
<i>Stock options</i>	-	-
Charges to provisions and leaving entitlements	(19.2)	(8.5)
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	0.8	0.2
Capital losses (gains) on valuations of financial assets	-	(0.5)
(Income) charges from companies booked at net equity	2.2	(0.2)
Net financial charges on loans and derivative operations	9.6	7.2
Adjusted net profit from operating activities	(5.2)	(18.6)
(Increase) decrease in trade receivables	(6.0)	21.0
(Increase) decrease in inventories	5.8	1.7
Increase (decrease) in trade payables	9.9	(25.6)
Income tax payments	(2.3)	(6.9)
Payment of advances and leaving entitlements	(3.8)	(4.8)
Net changes in other current assets/liabilities	(22.6)	(57.6)
Cash flow from (used in) operating activities	(24.2)	(90.8)
Payment of business combination net of cash acquired	(1.1)	-
(Investments in) disposals of intangible assets	(4.6)	(1.3)
(Investments in) disposals of property, plant and equipment	(2.2)	(7.1)
(Investments in) disposals of equity investments	(0.7)	0.5
(Investments in) disposals of financial assets	5.9	16.6
Cash flow from (used in) investment activities	(2.7)	8.7
Net changes in financial liabilities	(40.7)	4.4
Net financial charges on loans and derivative operations	(11.0)	(7.3)
Increase of share capital	15.9	
(Purchase) disposal of treasury stock	15.3	-
Dividends paid	-	-
Cash flow from (used in) financial activities	(20.5)	(2.9)
Increase (decrease) in cash and cash equivalents	(47.4)	(85.0)
Cash and cash equivalents at beginning of period	65.7	166.8
Cash and cash equivalents at end of period	18.3	81.8
Composition of cash and cash equivalents		
Cash, cheques and valuables in hand	0.8	1.6
Bank and post office deposits	17.5	80.2
	18.3	81.8

Encl. 4

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

Assets	30 June 2014	31 December 2013
Intangible assets	90.9	90.4
Fixed assets	3.1	3.2
Land and buildings	6.6	6.8
Plant and machinery	2.9	3.0
Other assets	1.6	2.4
Property, plant and machinery	11.1	12.2
Investments	245.5	248.5
Non-current financial assets	200.0	200.2
Advanced taxes	17.2	22.2
Other non-current assets	10.6	15.5
Total non-current assets	578.4	592.2
Tax credits	51.6	51.1
Other current assets	49.7	45.2
Inventories	27.2	28.3
Trade receivables	150.0	144.7
Stocks and other current financial assets	121.2	139.9
Cash and equivalents	12.7	53.0
Total current assets	412.4	462.2
Assets destined to be sold or closed	-	-
Total assets	990.8	1,054.4
Liabilities	30 June 2014	31 December 2013
Share capital	68.0	64.1
Share premium reserve	12.0	170.6
Treasury stock	-	(73.5)
Other reserves and results carried forward	124.6	329.2
Profit (loss) for the period	(14.3)	(315.0)
Total shareholders' equity	190.3	175.4
Reserves	36.0	52.6
Severance payments	19.0	20.8
Non-current financial liabilities	336.4	394.8
Deferred tax liabilities	25.9	25.1
Other non-current liabilities	-	-
Total non-current liabilities	417.3	493.3
Income taxes payable	-	-
Other current liabilities	51.1	57.5
Trade liabilities	150.8	143.4
Bank debts and other financial liabilities	181.3	184.8
Total current liabilities	383.2	385.7
Liabilities deriving from sales or closures	-	-
Total liabilities	990.8	1,054.4

Encl. 5

Separate income statement for Arnoldo Mondadori Editore S.p.A. (in €m)

	1 st Half 2014	1 st Half 2013
Income from sales of goods and services	248.2	271.6
Personnel costs	45.8	67.8
Cost of sales and management (*)	189.6	212.7
Gross operating profit	12.8	(8.9)
Depreciation of property, plant and machinery	1.1	1.7
Depreciation of intangible assets	0.3	0.3
Operating profit	11.4	(10.9)
Financial income (charges)	(4.8)	(4.8)
Investment income (charges)	(20.1)	(8.5)
Profit before taxation	(13.5)	(24.2)
Income taxes	0.8	(2.8)
Net profit	(14.3)	(21.4)

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

	30 June 2014	30 June 2013
Net profit for the period	(14.3)	(21.4)
<i>Adjustments</i>		
Depreciations, amortization and writedowns	22.0	11.0
Tax charges for the period	(0.8)	(2.8)
Stock options	-	-
Charges to provisions and leaving entitlements	(22.1)	(8.2)
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(0.4)	-
Income from investments – dividends	(0.5)	(0.5)
Financial charges on loans and derivative operations	0.7	4.1
Adjusted net profit from operating activities	(15.4)	(17.8)
(Increase) decrease in trade receivables	(4.0)	24.0
(Increase) decrease in inventories	1.0	4.0
Increase (decrease) trade payables	11.3	(14.9)
Income tax payments	5.3	(0.6)
Increase (decrease) in provisions and leaving entitlements	(2.2)	(2.8)
Net changes in other assets/liabilities	(0.3)	(26.5)
Cash flow from (used in) operating activities	(4.3)	(34.6)
(Investments in) disposals of intangible assets	(2.4)	(1.5)
(Investments in) disposals of property, plant and equipment	(2.0)	-
(Investments in) disposals of equity investments	(16.5)	(8.1)
Income from investments – dividends	0.5	0.5
(Investments in) disposals of securities and other non-current financial assets	18.7	(43.4)
Cash flow from (used in) investment activities	(1.7)	(52.5)
(Increase) decrease in payables to banks	16.3	(25.2)
Increase of share capital	15.9	-
(Purchase) sale of treasury stock	15.3	-
Net changes in other non-current financial assets/liabilities	(70.8)	26.2
Financial income (charges) on loans and derivatives operations	(11.0)	(3.3)
Dividends paid	-	-
Cash flow from (used in) financial activities	(34.3)	(2.3)
Increase (decrease) in cash and cash equivalents	(40.3)	(89.4)
Cash and cash equivalents at beginning of period	53.0	161.5
Cash and cash equivalents at end of period	12.7	72.1
Composition of cash and cash equivalents		
Cash, cheques and valuables in hand	-	-
Bank and post office deposits	12.7	72.1
	12.7	72.1