MONDADORI

PRESS RELEASE

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

Consolidated annual report and results for the year to 31 December 2010

- **CONSOLIDATED REVENUES OF €1,558.3 MILLION: +1.2% ON THE €1,540.1 MILLION OF 2009**
- **GROSS OPERATING PROFIT OF €140.2 MILLION: +32% COMPARED WITH €106.2 MILLION IN 2009**
- **CONSOLIDATED OPERATING PROFIT OF €114.2 MILLION: +59.1% ON THE €71.8 MILLION OF 2009**
- **CONSOLIDATED NET PROFIT OF €42.1 MILLION: +22.7% COMPARED WITH €34.3 MILLION IN 2009**
- **ADJUSTED CONSOLIDATED NET PROFIT OF €50.8 MILLION: MORE THAN DOUBLE THE €23.8 MILLION OF 2009**

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PROPOSED DIVIDEND OF: €0.17 PER ORDINARY SHARE

PROPOSAL FOR THE CANCELLATION OF PART OF THE TREASURY STOCK CORRESPONDING TO 5% OF THE SHARE CAPITAL

RENEWAL OF AUTHORISATION TO BUY BACK AND UTILISE OWN SHARES

Segrate, 21 March 2011 - The Board of Directors of Arnoldo Mondadori S.p.A. met today, under the Chairmanship of Marina Berlusconi, to examine and approve the consolidated balance sheet and management report for the year to 31st December 2010 as presented by the Group's Deputy Chairman and Chief Executive, Maurizio Costa.

GROUP PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2010

Consolidated income statement (highlights)	FY09	**FY10**	**% change**
Net revenues	1,540.1	**1,558.3**	**1.2%**
Personnel costs	(302.8)	(271.5)	-10.3%
Cost of sales and management	(1,131.1)	(1,146.6)	1.4%
EBITDA	106.2	**140.2**	**32.0%**
Amortizations	(34.4)	(26.0)	-24.4%
EBIT	71.8	**114.2**	**59.1%**
Net financial income (charges)	(22.4)	(23.9)	
Extraordinary income	14.5	-	
PROFIT BEFORE TAXATION	63.9	**90.3**	**41.3%**
Tax charges	(29.0)	(38.9)	
Extraordinary tax charges	-	(8.7)	
Minority interest	(0.6)	(0.6)	
NET PROFIT	34.3	**42.1**	**22.7%**
ADJUSTED NET PROFIT	23.8	**50.8**	**113.4%**

In terms of profitability, 2010 showed a substantial improvement on the previous year. In addition to an increase in revenues, all of the objectives for the year relating to reorganisation and the reduction of staff and operating costs were achieved.

In particular, the personnel rationalisation plan and reorganisation activities led to a reduction of 347 people in 2010, taking to around 700 the number for the three-year period (excluding the effects of the sale of the Printing division and the consolidation of Mondolibri). Further improvements are foreseen during 2011.
There was also a reduction in personnel costs for the year of 10.3%.
The year also saw the attainment of 93% of the plan to contain operating costs, which foresaw a saving of €170 million for the three-year period 2009/2011.

Consolidated revenues came to **€1,558.3 million**, an increase of 1.2% on the €1,540.1 million of 2009.

Consolidated gross operating profit totalled **€140.2 million**, up 32% from the €106.2 million of the previous year. While benefitting from lower restructuring costs than in 2009, this item was negatively impacted, for an analogous amount, by higher postal charges and, above all, by extraordinary charges from writedowns and the results of joint ventures in countries severely affected by the recession.
As a proportion of revenues, this represented a rise from 6.9% in 2009 to 9%.

Consolidated operating profit came to **€114.2 million**, a jump of 59.1% compared with the €71.8 million of 2009, with amortizations and depreciations on tangible assets of €26 million (€34.4 million in 2009).
As a proportion of revenues, this represented a rise from 4.7% in 2009 to 7.3%.

Consolidated pre-tax profit came to **€90.3 million**, an increase of 41.3% on the €63.9 million of 2009, with higher financial charges of €16 million due largely to a capital gain in 2009 of €14.5 million following the closure of a private placement and related derivatives.

Consolidated net profit amounted to **€42.1 million**, a 22.7% increase on the €34.3 million of the previous year: the result was affected by the payment of €8.7 million in line with new norms regarding the definition of pending tax litigation.

Consolidated net profit for 2010, adjusted to take account of the aforementioned extraordinary item (tax charges for previous years) would amount to **€50.8 million**, more than double the €23.8 million net profit recorded in 2009, adjusted for capital gains.

With regard to the company's assets, **net assets** as of 31 December 2010 amounted to **€581 million**, compared with €546.3 million at the end of 2009.
The Group's **net financial position** went from -€372.9 million at the end of 2009 to -€342.4 million on 31.12.2010, an improvement of €30.5 million.
During the period 2008-2010, the level of indebtedness has been reduced by around € 200 million.

<u>Information concerning personnel</u>
On 31 December 2010 permanent and temporary contract staff employed by the companies of the Group amounted to 3,649.
An analysis of this figure, compared with the figure on 31.12.2009 and excluding the effects of the consolidation in April of Mondolibri (246 employees last year), clearly shows the benefits of the cost containment actions carried out.
As already indicated, there was total reduction of staff in 2010 of 347, which corresponds to 8.7% of the whole, when account is also taken of the reduction during the period at Mondolibri. Of this figure, 80% is related to the realisation of programmed reductions for the year foreseen by the restructuring plan and involving the Italian companies Arnoldo Mondadori Editore S.p.A. and Mondadori Pubblicità S.p.A., as well as the foreign subsidiary Mondadori France SA.
Significant rationalisation efforts have also involved the Direct area where, following reorganisation and a strategic review of sales outlets, a reduction of 7% in headcount was achieved.

THE BUSINESS AREAS
- ***<u>BOOKS</u>***

Total revenues generated by the Books area to 31 December 2010 amounted to **€413.9 million**, a slight fall (-2.2%) on the €423.1 million of 2009, with the second half of the year showing an improvement compared with the same period of the previous year.

Also in 2010 the Group confirmed its leadership in the sector with a market share of 27.1% and a high level editorial offer. Special note during 2010 were the prestigious successes of the novel *Canale Mussolini* by Antonio Pennacchi, winner of the Premio Strega 2010, and runner-up also in the Premio Campiello 2010; and *Accabadora* by Michela Murgia, winner of the Premio Campiello. Also of note was the award of the Nobel Prize for Literature to Mario Vargas Llosa.
The fall in revenues recorded by the school textbooks sector is the result of recently introduced educational reforms.

Operating profit was affected by losses suffered by the Random House Mondadori joint venture in markets severely affected by the international financial crisis. Adjusted to take account of non-recurring items, operating profit for 2010 was in line with that of the previous year.
October saw the launch of **e-book** sales, with a catalogue that by the end of the year had reached a total of 1,500 titles, available from the principal Italian e-commerce stores, including Bol.it. Prices are, on average, 40% lower than print editions for new titles and 25% lower for backlist titles. The biggest selling titles were *La caduta dei giganti* by Ken Follett, *Io e te* by Niccolò Ammaniti and *La solitudine dei numeri primi* by Paolo Giordano.

- ***MAGAZINES ITALY***

The Italian consumer magazine market in 2010 was again characterised by the recessionary trend that has affected the world's leading economies since the second half of 2008, with a decline in circulation, advertising investments and add-on sales.
The actions which have allowed Mondadori to successfully contrast this still problematic scenario - with a performance above that of the reference market – can be identified along tow distinct lines: the first aimed at exploiting the benefits of the multi-year reorganisation plan, and the second focused on sustaining the development of the product portfolio.

Magazine revenues in Italy in 2010 amounted to **€471.4 million**, a fall of 4.1% on the €491.8 million of the previous year.

After the marked slump in 2009, this result was achieved, in particular with regard to Mondadori titles, the main component of the area's business, by a series of phenomena:

- a 4% fall in **circulation revenues**, in line with the market of reference and the consequent maintenance of leadership and market share (34.2%);
- a fall of 8.7% in **revenues from add-on sales**, a markedly better performance than the market as a whole (-23.6%, in terms of value);
- a moderate slide in **advertising revenues** (-1.9%), which was better than the market (-5.4%, Source: Nielsen, in terms of value) and decidedly more resistant than the most qualified competitors in the magazine market;
- the particularly positive overall turnover of the Magazines area was the result of a good performance by weeklies. Meanwhile, with some significant exceptions for products involved in specific re-launches, the performance of monthlies was markedly weaker.

Digital

With the overall advertising market in 2010 showing growth (+3.8%, Source: Nielsen) compared with 2009, a very difficult year for advertising, the most dynamic medium in the year was the Internet, which grew by 20.1%.
Mondadori web sites, for which advertising is sold by Mediamond, saw a 40% increase in gross revenues, above all thanks to the performance of sites for women, in first place *Donnamoderna.com,* followed by *Graziamagazine.it*.

- ***ADVERTISING***

The Italian advertising market ended 2010 with total growth of 3.8%, confirming the progressive improvement - compared with 2009, a particularly bad year for advertising (Nielsen -13.4%) - in line with the positive signals that were first seen in the middle of the year, above all for certain media.
Mondadori Pubblicità closed the year with revenues of **€233.9 million**, a fall of 6.6% on the €250.4 million of 2009. On a comparable basis in terms of media, the fall was of just 1.9%.
Among the changes that characterised the year was the interruption of sales for *il Giornale* from November 2009, for the internet (passed to Mediamond) and the addition to the portfolio of Radio Kiss Kiss.

In **magazines**, after a positive final quarter, the titles published by Mondadori ended 2010 essentially in line (-0.8%), on a like-for-like basis, with the previous year, and distinguishing themselves, in a competitive context particularly affected by uncertain forecasts and a high level of volatility in advertising investments. There was a positive performance by weeklies (+1%), which benefitted from the strength of the entire women's segment.
With regard to **radio**, where there was overall growth of 16.5%, R101 sales were up (+5.1%) and sales for Radio Kiss Kiss, which began in March, were also positive.

- ***MAGAZINES FRANCE***

Revenues generated in 2010 by Magazines in France amounted to **€344.2 million**, an increase of 0.2% on the €343.5 million of 2009 (+6.2% net of titles sold and the effect of the launch of *Grazia*).
In a magazine market in which there was a healthy recovery in advertising pages and a slight fall in circulation, the results of Mondadori France demonstrate the wisdom of focusing on the portfolio of high-circulation titles and the success of the launch of *Grazia*, with figures clearly better than the market.

Mondadori France recorded a increase in **circulation** volumes of 1.7% (*Diffusion France Payée*), compared with a - 2.1% by competitors.
Circulation revenues (69% of the total) - which include both newsstand sales and subscriptions – were down by 1.3% at the consolidated level.
Excluding the titles sold or closed, there was an increase of 3.9%**,** mainly due to the positive sales of *Grazia* (51 issues compared with 18 in 2009) and a marked growth in subscription revenues, which, being less exposed to economic cycles, constitute an important asset (32.5% of magazine revenues in the period).

With regard to **advertising**, there was an 8% increase in consolidated revenues compared with the previous year. If the titles sold or closed are excluded, the increase was of 19.1%. These excellent results are above all due to a marked increase in advertising revenues for the Mondadori France "*haut de gamme*" women's titles, which now account for 27% of total advertising sales (13% in 2009).
Volume sales in the magazine advertising market in France in 2010 was up by 9.5% (Source: Kantar Media). In the same period Mondadori France recorded an excellent performance (+24.9% in terms of volume), increasing its market share by 1.2%.

<u>International activities</u>
In the period to 31 December 2010 the international activities of Mondadori Magazines generated total revenues of €142 million.
The 50-50 joint ventures in Russia and China performed decidedly better than the previous year and budget expectations, in particular with regard to advertising sales.
The Attica subsidiary was affected by the financial crisis in Greece and the Balkans, with a reduction in advertising revenues of around 27% (-21% on a like-for-like basis). Decisive ongoing efforts to reduce costs had a big impact on containing the loss of revenues in 2010 and are aimed at further contributing to re-balancing the results of 2011.
Other figures for the period show that licensing revenues were up by 36.4%, thanks to the positive performance of *Grazia* UK and *Grazia* Holland, as well as the German and French editions of the title, that had still to be launched in the first part of the previous year.
There was also an increase in revenues from advertising services in Italy for the network, both thanks to the new editions and the positive performance of existing titles (*Grazia* UK +14%, *Grazia* Russia +67%).

- ***<u>DIRECT & RETAIL</u>***

Total revenues generated by Direct and Retail at year-end came to **€279.7 million**, an increase of 30.2% compared with the €214.8 million of 2009, also thanks to the consolidation of Mondolibri S.p.A. from April 2010.
On a like-for-like basis, the increase would be of 6.5%, mainly thanks to new affiliations in the franchising network.

<u>Direct</u>
There was a slight recovery in the market for direct communications in 2010 was characterised and, in this context, Cemit Interactive Media S.p.A. identified both new clients and new operations that resulted in a 14.3% increase in revenues compared with 2009, while also maintaining high value added activities.
In the **e-commerce** (Bol.it) area, the company recorded strong growth (+28%) compared with the previous year. This increase, the highest in the sector among the relevant operators in the book sector, was achieved also thanks to improvements in customer service and the adoption of a more aggressive commercial policy.

<u>Retail</u>
During 2010 the expansion of the network in Italy continued, resulting in the generation of combined revenues of around € 202.7 million. By normalising franchising revenues (i.e. converting them from the disposal value to the retail price), the total reaches around €250 million and gives the area in a highly significant position in Italian bookselling and a predominant position in terms of the number of outlets (with a combined total of 517 outlets under the Edicolè, Librerie Mondadori, Gulliver and Mondadori Multicenter fascia).

- ***<u>RADIO</u>***

In 2010 the radio market saw revenues increase by 7.7% compared with the previous year, once again making it one of the best performing media.
The trend was markedly different between the first (+14.7% compared with 2009) and second halves of the year, which while remaining positive, was markedly less so, (+0.8%; Source: FCP Assoradio).

Advertising sales for **R101** generated net revenues of **€14.5 million**, an increase of 5.1% on the €13.8 million of 2009. Such revenues are essentially the company's share of total gross advertising sales of around €20.5 million.

There was also a big difference in the sales for R101 between the first and second halves of the year, due to a lower number of special initiatives and a performance that was decidedly better than the market average in the latter part of the year.

With regard to ratings, publication of the Audiradio national figures has been suspended: the last published figures refer to the first quarter of 2010 where R101 notched up a daily average of 2.5 million listeners and around 7 million over 21 days).

RESULTS OF THE PARENT COMPANY ARNOLDO MONDADORI EDITORE S.P.A.

The Annual Report of the parent company, Arnoldo Mondadori Editore SpA, for the year to 31 December 2010, shows a net profit of €51.7 million (€53.2 million on 31 December 2009), while gross operating profit came to €68.1 million (€42.3 million in 2009).
The improvement in the latter was due to the positive performance recorded by the Magazines area and the effects of staff reductions resulting from the implementation of the restructuring plan introduced in 2009.
The net profit figure was impacted by the payment of extraordinary tax charges of €8.7 million, resulting from new norms for the definition of pending tax litigation introduced by law N° 73 of 22 May 2010. This operation is related to an ongoing dispute with the Milan tax office regarding the year 1991.

DIVIDEND PROPOSAL

The Board of Directors agreed to propose to the Annual General Meeting of the Shareholders, called Thursday 21 April 2010 (or Friday 22 April on second calling), the distribution of a gross dividend of €0.17 per for each ordinary share (net of treasury stock) in circulation on the ex-dividend date.
In line with the dispositions of the “Regulations for organised markets managed by Borsa Italiana SpA” dividends will be paid as follows: coupon detachment 23 May 2011, payable from 26 May 2011.

FORECAST FOR THE FULL YEAR

With the absence of any changes in the trend and with no improvements in the forecasts, figures for consumer spending in the markets of relevance to the Mondadori Group for the first two months of 2011 do not show any significant signs of improvement in the short term or for the year as a whole.

Regarding the main areas of business:

- in Magazines, some slight signs of a recovery in advertising allow for reasonable optimism in terms of a recovery in revenues, thanks to the strength of the portfolio of titles both in Italy and in France and the ongoing commitment to the quality of the offer;
- the trade books area may be able to count on an important editorial programme, while Mondadori’s commitment to the development of e-books will continue to be strong;
- over the whole year, the maximum focus will be on digital activities, both in terms of the interaction with all of the other activities of the Group and in the development of new businesses, also linked to editorial content, the brands and the Mondadori communities.

Over the year, the reorganisation plan will continue, along with ongoing efforts to contain operating costs which have so far allowed the Group to recover profitability, also in extremely difficult trading conditions.

As a result of the above, Mondadori could improve both revenues and operating profitability in 2011, with a determined commitment to the development of digital activities. Caution is, however, necessary in a period of such economic instability, heightened, as it is, by international tensions that could have a negative impact on the already weak recovery underway.

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PROPOSAL TO CANCEL PART OF THE TREASURY STOCK HELD AND CORRESPONDING TO 5% OF THE SHARE CAPITAL

Arnoldo Mondadori Editore S.p.A. directly holds 17,850,101 company shares, equivalent to 6.88% of the share capital and acquired at an average price of around €6.1697 per share. With an additional 4,517,486 Mondadori shares held by the subsidiary Mondadori International S.p.A., the total number of shares held, directly or indirectly, amounts to 22,367,587, or 8.62% of the share capital.

The board of directors will propose to an extraordinary meeting of the Shareholders the cancellation of 12,971,492 shares, with a nominal value of €0.26 per share, and corresponding to 5% of the share capital, while keeping in the portfolio, also to service stock option plans, 4,878,610 shares, in addition to the 4,517,486 held by Mondadori International.

The proposal to cancel a part of the shares held as treasury stock is explained by the fact that, in recent years, there have not been opportunities to use such stock as foreseen by the authorisations made by the shareholders, such as share swaps or conversions in financial instruments.
Cancellation, and the consequent reduction in the number of shares making up the share capital, would - while maintaining the necessary solidity to support future growth objectives - result in the optimisation of the company's capital structure and have a positive impact in terms of increasing both earnings per share and dividend per share.
In terms of the impact on the company's accounts, the "treasury stock", in compliance with international accounting principles, as a reduction in net assets would be reduced by around €80,030,000, against a reduction in the share capital of a nominal €3,372,587.92 – corresponding to 12,971,492 shares with a cancelled nominal value of €0.26 – and a reduction of the "share premium reserve" of around €76,658,000.
If approved by the Shareholders, the reduction in the share capital would become effective, subject to no objections being submitted, only after a period of ninety days from the registration of the resolution, as foreseen by article 2445 of the Italian Civil Code.

RENEWAL OF AUTHORISATION TO BUY BACK AND UTILISE COMPANY SHARES

Following the expiry, with the approval of the annual report for 2010, of the authorisation given by the Shareholders at the AGM of 27 April 2010, and with the aim of maintaining the legal conditions for eventual buy-backs and, in consequence, the possibility of pursuing eventual investment opportunities or other treasury stock operations, the board of directors will propose to the forthcoming Annual General Meeting the renewal of authorisation to buy back company shares.
The AGM of 27 April 2010 provided authorisation to effect share buy-backs up to a limit, considering the shares already held in the portfolio, of 15% of the share capital, or 38,914,474 ordinary shares.
Given the total of 22,367,587 shares (8.62% of the share capital) already directly or indirectly held at the date of the AGM, the authorisation thereby awarded the board the faculty to acquire a maximum number of 16,546,887 additional shares. No buy backs were made on the basis of the authorisation of 27 April 2010.

The Annual General Meeting of the Shareholders will also be asked to authorise the use of shares involved in such buy back operations or already in the company's portfolio, as per Art. 2357 of the Civil Code.
The highlights of the board of directors' proposal are as follows:

- **Underlying motivation**

The underlying reason for the request for authorisation to effect buy-backs and make use of company shares is that it will allow the Board of Directors to:

- use company shares for the exercise of options for the purchase of shares assigned to participants in the stock option plans put in place by the Shareholders;
- use company shares, either bought or in the portfolio, for the exercise of rights, also conversion rights, deriving from financial instruments issued by the company, its subsidiaries or third parties;
- use company shares, either bought or in the portfolio, as part or whole payment in any eventual acquisitions or equity investments that fall within the company's stated investment policy;
- take advantage, where and when considered strategic for the company, of investment opportunities, also in relation to available liquidity

- **Duration**

Until the approval of the Anuual Report for 2011.

- **Cap on the number of shares that may be bought**

In line with the expiring authorisation, the new authorisation would allow for the possible purchase of a maximum of 16,546,887 additional shares, given the number already directly or indirectly held by the company, as outlined above, an overall maximum of 15% of the current share capital.
If the proposed operation for the cancellation of 12,971,492 shares held in treasury stock is approved, with the consequent reduction in the share capital as outlined above, the authorisation would allow for the buy back of up to 10.52% of the share capital.

- **Method of acquisition and the price range**

Buy-backs would be effected on regulated markets as per art. 132 of the legislative decree of 24 February 1998 n. 58 and art. 144 bis, para. 1, B of Consob regulation 11971/99 according to operating procedures established by the regulations for the organisation and management of the markets themselves, which, does not permit the direct combination of offers to buy with predetermined offers to sell.
Consequently, the corresponding minimum and maximum price of sale will be determined at the same conditions that applied to previous authorisations agreed by the Shareholders, i.e. at a unit price not less than the official market price on the day prior to any operation, less 20%, and not more than the official market price on the day prior to any operation, plus 10%.
In terms of price and daily volumes, acquisition operations will in any case be conducted in line with the norms foreseen by the EU regulation 2273/2003.

Today at 3pm, at the company's headquarters in Segrate, the deputy chairman and chief executive, Maurizio Costa, and the CFO, and Carlo Maria Vismara, will present the results for 2010 approved today by the board of directors, to the financial community.
During the presentation management will also provide information regarding current activities and mid-term plans relative to the business in which the Group operates.

The executive responsible for the preparation of the company's accounts, Carlo Maria Vismara, 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.

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The Annual Report for the year ended 31 December 2010, containing the management report and the reports of the statutory auditors and the external auditors, along with all other legally required documentation, will be made publicly available by 31 March at the company's corporate offices, at the Borsa Italiana S.p.A., as well as on the corporate web site www.mondadori.it (in the Investor Relations section).

Enclosures:
1. *consolidated balance sheet*
2. *consolidated income statement*
3. *consolidated cash flow statement*
4. *balance sheet of Arnoldo Mondatori Editore S.p.A*
5. *income statement of Arnoldo Mondadori Editore S.p.A.*
6. *cash flow statement of Arnoldo Mondatori Editore S.p.A.*

(It should be noted that the auditing of the figures contained herein is still not complete).

Mondadori Press Office
Tel. +39 02 75423159 - Fax +39 02 75423637
Email: rapportistampa@mondadori.it
www.mondadori.it/Press

Investor Relations
Tel. +39.0275423695 - Fax +39 02 75422584
Email: dario.fumagalli@mondadori.it
www.mondadori.it/Investor-relations

Encl. 1

Consolidated balance sheet (in €m)

Assets	**31 December 2010**	**31 December 2009**
Intangible assets	**901.5**	**904.3**
Fixed assets	**2.4**	**2.5**
Land and buildings	10.7	11.4
Plant and machinery	5.5	7.2
Other assets	39.8	29.7
Property, plant and machinery	**56.0**	**48.3**
Investments booked using net equity method	131.5	143.3
Other investments	0.2	0.2
Total investments	**131.7**	**143.5**
Non-current financial assets	**1.9**	**0.5**
Advanced taxes	**45.7**	**46.2**
Other non-current assets	**1.3**	**2.9**
Total non-current assets	**1,140.5**	**1,148.2**
Tax credits	**28.7**	**23.6**
Other current assets	**81.7**	**87.0**
Inventories	**131.5**	**124.0**
Trade receivables	**385.2**	**378.3**
Stocks and other current financial assets	**31.9**	**41.4**
Cash and equivalents	**84.9**	**119.6**
Total current assets	**743.9**	**773.9**
Assets destined to be sold or closed	**-**	**-**
Total assets	**1,884,4**	**1,922,1**

Liabilities	**31 December 2010**	**31 December 2009**
Share capital	**67.5**	**67.5**
Share premium reserve	**286.9**	**286.9**
Other reserves and results carried forward	**182.7**	**155.8**
Profit (loss) for the period	**42.1**	**34.3**
Total Group shareholders' equity	**579.2**	**544.5**
Minority capital and reserves	**1.8**	**1.8**
Total shareholders' equity	**581.0**	**546.3**
Reserves	**43.4**	**58.4**
Severance payments	**53.2**	**59.0**
Non-current financial liabilities	**418.4**	**382.2**
Deferred tax liabilities	**91.2**	**89.1**
Other non-current liabilities	**-**	**0.1**
Total non-current liabilities	**606.2**	**588.8**
Income taxes payable	**22.6**	**20.4**
Other current liabilities	**251.0**	**256.7**
Trade liabilities	**380.9**	**357.7**
Bank debts and other financial liabilities	**42.7**	**152.2**
Total current liabilities	**697.2**	**787.0**
Liabilities deriving from sales or closures	**-**	**-**
Total liabilities	**1,884.4**	**1,922.1**

Encl. 2

Consolidated income statement (in €m)

	FY 2010	FY 2009	% change
Income from sales of goods and services	1,558.3	1,540.1	1.2%
Personnel costs	271.5	302.8	(10.3%)
Cost of sales and management (*)	1,143.2	1,133.4	0.9%
Income (charges) from investments calculated on a net equity basis	(3.4)	2.3	n.s.
Gross operating profit	**140.2**	**106.2**	**32.0%**
- as a proportion of revenues	*9.0%*	*6.9%*	
Depreciation of property, plant and machinery	12.8	13.5	(5.2%)
Depreciation of intangible assets	13.2	20.9	(36.8%)
Operating profit	**114.2**	**71.8**	**59.1%**
- as a proportion of revenues	*7.3%*	*4.7%*	
Net financial income (charges)	(23.9)	(7.9)	202..5%
Other financial income (charges)	-	-	-
Profit for the period before taxation	**90.3**	**63.9**	**41.3%**
Tax charges (income)	47.6	29.0	64.1%
Minority interest	(0.6)	(0.6)	-
Net profit	**42.1**	**34.3**	**22.7%**

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

Encl. 3

Consolidated cash flow statement (in €m)

	Note	31 December 2010	31 December 2009
Net profit for the period		42.1	34.3
Adjustments			
Depreciations, amortization and impairment		26.0	34.4
Tax charges		47.6	29.0
Stock options		0.7	1.2
Charges to provisions and leaving entitlements		5.6	12.7
Capital losses (gains) on disposals of tangible assets, property, plant and equipment		(0.9)	(2.1)
Capital losses (gains) on valuations of financial assets		0.5	(6.0)
(Income) charges from companies booked at net equity		3.4	(2.3)
Net financial charges on loans and derivative operations		18.3	10.8
Adjusted net profit from operating activities		**143.3**	**112.0**
(Increase) decrease in trade receivables		(1.8)	31.7
(Increase) decrease in inventories		(1.2)	0.3
Increase (decrease) in trade payables		0.1	(0.8)
Income tax payments		(47.8)	(42.1)
Payment of advances and leaving entitlements		(12.0)	(6.6)
Net changes in other current assets/liabilities		(11.1)	8.9
Cash flow from (used in) operating activities		**69.5**	**103.4**
Payment of business combination net of cash acquired	1	1.9	-
(Investments in) disposals of intangible assets		(2.5)	7.0
(Investments in) disposals of property, plant and equipment		(12.9)	7.8
(Investments in) disposals of equity investments		1.6	0.4
(Investments in) disposals of financial assets		5.4	38.2
Cash flow from (used in) investment activities		**(6.5)**	**53.4**
Net changes in financial liabilities		(69.7)	(343.5)
Net financial charges on loans and derivative operations		(21.9)	(24.2)
(Purchase) disposal of treasury stock	14	(6.1)	-
Dividends paid	14	-	-
Cash flow from (used in) financial activities		**(97.7)**	**(367.7)**
Increase (decrease) in cash and cash equivalents		**(34.7)**	**(210.9)**
Cash and cash equivalents at beginning of period	13	**119.6**	**330.5**
Cash and cash equivalents at end of period	13	**84.9**	**119.6**

Composition of cash and cash equivalents at beginning of period			
Cash, cheques and valuables in hand		1.2	1.4
Bank and post office deposits		83.7	118.2
	13	**84.9**	**119.6**

Encl. 4

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

ASSETS	31 DECEMBER 2010	31 DECEMBER 2009
Intangible assets	91.1	91.5
Fixed assets	2.4	2.5
Land and buildings	8.3	8.9
Plant and machinery	4.8	5.5
Other assets	3.9	3.4
Property, plant and machinery	**17.0**	**17.8**
Investments	642.4	604.7
Non-current financial assets	50.6	-
Advanced taxes	20.8	21.6
Other non-current assets	0.5	0.4
Total non-current assets	**824.8**	**738.5**
Tax credits	14.9	6.4
Other current assets	39.1	119.6
Inventories	31.6	31.3
Trade receivables	222.6	204.4
Stocks and other current financial assets	93.7	104.5
Cash and equivalents	73.4	35.4
Total current assets	**475.3**	**501.6**
Assets destined to be sold or closed	-	-
Total assets	**1,300.1**	**1,240.1**

LIABILITIES	31 DECEMBER 2010	31 DECEMBER 2009
Share capital	67.5	67.5
Share premium reserve	286.9	286.9
Treasury stock	(110.1)	(104.0)
Other reserves and results carried forward	222.1	167.6
Profit (loss) for the period	51.7	53.2
Total shareholders' equity	**518.1**	**471.2**
Reserves	27.5	36.4
Severance payments	24.4	32.5
Non-current financial liabilities	265.0	140.0
Deferred tax liabilities	19.9	19.0
Other non-current liabilities	-	-
Total non-current liabilities	**336.8**	**227.9**
Income taxes payable	14.3	17.6
Other current liabilities	69.5	74.9
Trade liabilities	174.0	159.9
Bank debts and other financial liabilities	187.4	288.6
Total current liabilities	**445.2**	**541.0**
Liabilities deriving from sales or closures	-	-
Total liabilities	**1,300.1**	**1,240.1**

Encl. 5

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

	FY 2010	FY 2009
Income from sales of goods and services	**751.4**	**776.3**
Decrease (increase) in inventories	(0.4)	3.4
Cost of raw, ancillary and consumable materials and goods	181.1	183.3
Cost of services	385.2	395.0
Personnel costs	116.3	144.6
Various charges (income)	(1.6)	6.4
Gross operating profit	**70.8**	**43.6**
Depreciation of property, plant and machinery	3.6	4.0
Depreciation of intangible assets	1.2	1.3
Operating profit	**66.0**	**38.3**
Financial income (charges)	(6.7)	4.1
Investment income (charges)	23.1	28.4
Profit before taxation	**82.4**	**70.8**
Income taxes	30.7	17.6
Net profit	**51.7**	**53.2**

Encl. 6

Cash flow statement for Arnoldo Mondadori Editore S.p.A (in €m)

	31 December 2010	31 December 2009
Net profit for the period	51.7	53.2
Adjustments		
Depreciations, amortization and writedowns	21.4	22.8
Tax charges for the period	30.7	17.6
Stock options	0.6	1.0
Charges to provisions and leaving entitlements	(7.5)	3.2
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(0.1)	(0.8)
Income from investments – dividends	(39.7)	(45.9)
Financial charges on loans and derivative operations	7.5	(15.0)
Adjusted net profit from operating activities	**64.6**	**36.1**
(Increase) decrease in trade receivables	(18.2)	21.7
(Increase) decrease in inventories	(0.4)	3.4
Increase (decrease) trade payables	12.4	(2.7)
Income tax payments	(30.7)	(20.1)
Increase (decrease) in provisions and leaving entitlements	(5.8)	(6.3)
Net changes in other assets/liabilities	61.6	19.3
Cash flow from (used in) operating activities	**83.5**	**51.4**
(Investments in) disposals of intangible assets	(0.4)	(0.4)
(Investments in) disposals of property, plant and equipment	(1.5)	(1.3)
(Investments in) disposals of equity investments	(16.3)	(8.8)
Income from investments – dividends	39.7	45.9
(Investments in) disposals of securities and other non-current financial assets	(77.2)	4.5
Cash flow from (used in) investment activities	**(55.7)**	**39.9**
(Increase) decrease in payables to banks	(101.2)	47.4
(Purchase) sale of treasury stock	(6.1)	-
Net changes in other non-current financial assets/liabilities	125.6	(216.7)
Financial income (charges) on loans and derivatives operations	(8.1)	0.4
Dividends paid	-	-
Cash flow from (used in) financial activities	**10.2**	**(168.9)**
Increase (decrease) in cash and cash equivalents	**38.0**	**(77.6)**
Cash and cash equivalents at beginning of period	**35.4**	**113.0**
Cash and cash equivalents at end of period	**73.4**	**35.4**

Composition of cash and cash equivalents at beginning of period		
Cash, cheques and valuables in hand	-	-
Bank and post office deposits	73.4	35.4
	73.4	**35.4**