MONDADORI

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 2012

- **CONSOLIDATED REVENUES OF €676.2 MILLION: -8.5% COMPARED WITH THE €738.7 MILLION AT 30 JUNE 2011**

- **GROSS OPERATING PROFIT OF €36 MILLION: -39% COMPARED WITH THE €59 MILLION AT 30 JUNE 2011**

- **CONSOLIDATED NET PROFIT OF €7.5 MILLION: -67% ON THE €22.7 MILLION AT 30 JUNE 2011**

- **NET FINANCIAL POSITION OF -€370 MILLION COMPARED WITH €335.4 MILLION AT THE END OF 2011**

Segrate, 26 July 2012 - 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 30th June 2012, as presented by the Group's Deputy Chairman and Chief Executive, Maurizio Costa.

THE MARKET SCENARIO

As is well known, the current market scenario continues to be difficult with all of the main indicators showing markedly negative trends. Prospects for a recovery are increasingly uncertain and remote. Meanwhile, there was a marked decline in the sectors of reference for the Mondadori Group, especially in Italy.

GROUP PERFORAMCE IN THE PERIOD TO 30th JUNE 2012

The Mondadori Group's figures for the first six months of 2012 substantially confirm the trend highlighted in the first quarter. In particular, revenues were down by 8.5% compared with the previous year, with a consequent impact on operating margins (-39%), a third of which was due, however, to the lower contribution of extraordinary items and higher organisational restructuring costs.
The first half ended with a net profit of €7.5 million and a negative net financial position of -€370 million, Actions will continue in the second half to reduce costs, in line with new guidelines drawn up in recent months to raise previously indicated targets and with a view to dealing with difficult market conditions that are likely to last beyond expectations.

Consolidated income statement (highlights)	1H11	**1H12**	**%**
*** Net revenues**	738.7	**676.2**	**-8.5**
* Personnel costs	-137.7	-142.0	3.1
Cost of sales and management	-542.0	-498.2	-8.1
EBITDA	59.0	**36.0**	**-39.0**
Amortizations	-11.1	-12.2	10.0
EBIT	47.9	**23.8**	**-50.3**
Net financial income (charges)	-10.4	-8.2	-21.2
PROFIT BEFORE TAXATION	37.5	**15.6**	**-58.4**
Taxes	-14.8	-6.5	-56.1
Minority interest	0.0	-1.6	ns
NET PROFIT	22.7	**7.5**	**-67.0**

(*) On a like-for-like basis, revenues from sales and services were down by 11.1%, and personnel costs fell by 3%.

Consolidated revenues amounted to **€676.2 million**, a fall on the €738.7 million in 2011.

Consolidated gross operating profit (EBITDA) came to **€36 million**, a reduction compared with €59 million in the same period of the previous year. The difference is due to lower capital gains and higher restructuring costs.

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Consolidated operating profit amounted to **€23.8 million**, compared with €47.9 million in the first half of last year, with amortizations and depreciations of tangible and intangible assets of €12.2 million (€11.1 million in 1H 2011).

Consolidated profit before taxation came to **€15.6 million**, compared with €37.5 million in the same period of last year. During the period financial charges amounted to €8.2 million, an improvement of €2.2 million compared with 2011.

Consolidated net profit for the period totalled **€7.5 million** (following the attribution of minority interest of €1.6 million), compared with €22.7 million in the same period of the previous year.

Gross cash flow in the first six months of 2012 amounted to **€19.7 million**, compared with €33.8 million in 1H 2011.

The Group's **net financial position** went from -€335.4 million at the end of 2011 to **-€370 million** at 30 June 2012 (-€399.2 million at 30 June 2011).

<u>Information regarding personnel</u>
As of 30 June 2012, the personnel employed by companies of the Group (both on temporary and permanent contracts) amounted to 3,745, a reduction on a comparable basis both with respect to the figure at the end of the year and at 30 June 2011 (-51, or -1.3%).
Obviously the difference takes account of changes during 2011 following the consolidation, in January 2012, of the French company Mondadori Axel Springer Snc and the Italian start-up Glaming Srl.
There was no change, meanwhile, in the scope since the figures for the first quarter of 2012 (3,764), with the reduction being entire attributable to gains in organisational efficiency.
Consequently, the company confirms the ongoing efficiency policy for contract staff, following the restructuring processes undertaken over the last two years, aimed at prolonging the positive effects of the structural containment of labour costs (-3% on a like-for-like basis).

RESULTS OF THE BUSINESS AREAS

- ***<u>BOOKS</u>***

The market for trade books in the first half of 2012 has confirmed the decline in both copies (-7.6%, Source: Nielsen) and value (-9.1%, Source: Nielsen) compared with the first half of 2011, with only a slight improvement compared with the figures reported for the first quarter of this year. The decrease affects all of the channels surveyed: bookshops, large-scale retail and online.

During the first half of 2012 the Mondadori Group, confirmed its leadership in the trade segment with a market share, in value terms, of 26.1% (Source: Nielsen), an increase compared with the first half of 2011.
Revenues in the books area amounted to **€144.6 million**, down 13.4% on the €166.9 million of the previous year; EBITDA and operating profit also showed a decline, with a significant improvement in the second quarter thanks to the containment of costs and extraordinary income.

Compared to the first quarter of the year trade book revenues saw a slowdown in the decline, thanks also to the *Fifty Shades* phenomenon, the EL James trilogy the first two volumes of which have over 30 million copies in just four months; in just three weeks, sales in Italy exceeded, 200,000 copies, immediately putting both titles at the top of the best-sellers list. There are also positive expectations for the final volume of the trilogy, published on 13 July 13, with an initial print run of 350,000 copies.
Also of note in the period are the excellent results of the new novels by John Grisham, Sveva Casati Modignani, Luciano Ligabue and Alessandro Del Piero.

In the second half, in addition to a strong publishing programme, that includes the publication of new titles by important authors, including Ken Follett and Paolo Giordano, the company expects to see the full effects of the *Fifty Shades* phenomenon, and sales of the new novel by Alessandro Piperno, winner of the *2012 Premio Strega*.

In the e-book market, which still in its infancy, the second quarter of 2012 saw a further increase in the sales trend and the number of daily downloads, thanks to titles that have also been successful in the traditional format, including, in particular, the *Fifty Shades* trilogy.
Strong growth is also expected as a result of the spread of devices and, of note here, is the agreement signed in July by Mondadori with Kobo for the launch in Italy of the Kobo Touch eReader.

- ***<u>MAGAZINES ITALY</u>***

In Italy the continuing economic crisis has led advertisers to cut back, postpone and reallocate their advertising investments as a result of the contraction of sales and the general climate of uncertainty. In the first five months of 2012, such behaviour has resulted in a decline in advertising spending in magazines of 14.6% (Source: Nielsen), a fall in newsstand circulation of 9.4% (-12% on a like-for-like basis; in terms of value, internal estimate) and a fall in revenues form add-on sales of 25.2% (in terms of value, internal estimate).

In such a difficult market environment, the Magazines Italy area reported revenues that were down 15.3% from €247.8 million to **€209.9 million**, with a consequent impact the final results, while confirming its market leadership (31.9%).
It should be noted that the figures for 2011 included a capital gain of €10.1 million, due to the sales of the company's stake in Hearst Mondadori Publishing Srl.

In particular, revenue trends were as follows:

- circulation (-9.9%) was penalised by the decline in subscriptions, a fall in the average number of copies sold at newsstands and a drop in average prices;
- add-on sales (-23.6%) were down mainly because of differences in the scheduling of collectibles and books and a downturn in unit sales of home video products and prices that were higher than the market average;
- advertising fell (-17.6%) as a result of a number of inconsistencies - such as the temporary suspension of publication of *Flair* (the new version is expected to be launched in September) and the closure of *Economy* - and the composition of the product portfolio, which is more exposed to a slump in investments in the interiors and FMCG sectors.

Properties
During the first half of 2012 the web sites of Mondadori's main magazine titles saw a marked improvement in traffic, along with a substantial increase in advertising revenues (+29% compared with the first half of 2011).
In particular, there were good performances in terms of traffic and advertising (as outlined below) by Donnamoderna.com, Grazia.it, Panorama.it and Panoramauto.it.

- ***ADVERTISING***

As already mentioned, in Italy, market trends in advertising spending in the first five months of the year saw an overall decline of 9.5% compared with the corresponding period of 2011, in a context of continuing uncertainty due to the economic and financial crisis and levels of confidence that remain at a minimum. With the exception of the internet, all media were in decline: television (-10%), radio (-5.5%), newspapers (-13.5%) and magazines (-14.6%).

In the first half of 2012 Mondadori Pubblicità S.p.A. recorded total revenues of **€96 million** compared with €117.5 million in the same period of 2011, a fall of 18.3%.
Mondadori Magazines saw a slump in revenues of 18.3%, mainly due to the negative trends in the FMCG and interiors sectors. If account is taken of the JV titles and third party revenues the fall would have been of 23.4%, on a like-for-like basis, i.e. taking into account the closure of *Economy*, the temporary suspension of publication of *Flair* and the sale of *Cosmopolitan*, the decline would be about 20%.
Weeklies and monthlies have contributed in equal measure to the shortfall in revenues, in a particularly complex and competitive environment with a strong sensitivity on the part of advertisers to the price factor.
Revenues for radio advertising were down by 2.9% compared with the first half of 2011, with a similar trend for both the stations represented by the company.

On the internet the excellent recent performance of Mediamond continued, with an overall growth in revenues of 65% compared with 2011, based on sales for 32 vertical sites with a total of 12 million unique users.
In particular, we would underline the positive trends for Donnamoderna.com (+14%), Grazia.it (+54.4%) and Panorama.it (+48%); the RTI Group, optimal growth for TGcom (+18%) and Sport Mediaset (+45.2%).
Particularly positive were sales for the site www.video.mediaset.it, which was added to the portfolio in January 2012.

- ***MAGAZINES FRANCE***

In a difficult environment for the magazine market, Mondadori France performed well in the first half of 2012 with consolidated revenues which reached **€193.6 million**, an increase of 12.3% compared with €172.4 million in the same period of 2011.
On a comparable basis (excluding the effects of a change in the consolidation method for the joint-venture Editions Mondadori Axel Springer Snc) revenues were in line with the previous year.
The continuous improvement of the products and good results in advertising, combined with the constant monitoring of costs, have resulted in a 7.3% increase in gross operating profit, which amounted to €20 million (10.3% of revenues).

Advertising revenues: for the third consecutive year, Mondadori France, up 2.9% on the previous year, achieved a better performance than the market of reference on a like-for-like basis (-0.5% in terms of value in the first five months: Source Kantar Media). This excellent result is mainly due to the trend in upscale women's titles, including the weekly *Grazia* (+11.1%) and the monthly *Biba* (+14.4%), but also titles such as *L'Auto Journal* (+9.8%), *Sport Auto* (+7.7%) and *Mode & Travaux* (+9.8%).

Circulation revenues, which include both newsstand sales and subscriptions (70% of total revenues), saw a slight fall at the consolidated level, (-1.5% on a like-for-like basis). In particular:
- Newsstand sales, although down by 4.4% compared with the first half of last year, fell less than the market of reference (-5.3%, internal estimate);
- Subscriptions continued to grow (+1.5% compared with the same period of 2011) and, with a portfolio of more than three million subscribers, accounting for 33.6% of the revenues of Mondadori France.

Among the titles growing in terms of circulation, we would underline that *Grazia*, launched in 2009, confirmed its success in the first half of 2012, reaching sales of 187,000 copies (+ 3.3%).

During the period new versions of *Biba, Modes & Travaux* and *Auto Journal* were launched and the brand extension policy was continued with the launch of the quarterly *AutoPlus Classiques* and two weekly supplements to *Closer*: Closer *C'est leur histoire* and *Closer Plage*.

Investments in the digital sector continued in the first half of the year, with the result that all of the Group's French sites now share the same platform and while the dedicated structures have been reinforced.
Regarding the performance of the websites and digital versions of the titles, we would underline in particular the overall growth in both advertising revenues (+25%) and the Nielsen audience, which reached 4.8 million unique users in May 2012.
Finally, in terms of diversification, the *AutoReflex* portal consolidated its position in the market for small ads with a significant growth of its business customers, becoming a major player in the market.

<u>International activities</u>
Mondadori's International Activities confirmed the positive trend of 2011 with further expansion of the network during the first half of the year: the volume of business generated by the Group's international titles was around €80 million, a significant increase compared with 30 June 2011.

There was strong growth in licensing activities: in particular the editions of *Grazia* around the world reached twenty following the launch of the magazine in South Africa, in May.
On the advertising side, with continued growth in the fashion and interiors sectors in the Italian market, sales reached €3.1 million (+27% compared with the same period of 2011). There was an excellent performance by *Grazia* in France, Great Britain, Germany and, in particular, the Russian edition of the magazine, which saw sales rise by 66% compared with 2011.

Regarding its international investments, Mondadori is present in:
- Greece, Bulgaria and Serbia through its stake in Attica Publications, which, despite the continuing crisis in the Greek market, reported results in line with expectations, thanks to the effect of the restructuring plan put in place in 2011 and early 2012;
- China, with a 50% stake in Mondadori Seec Advertising Co. Ltd, the exclusive advertising sales company for the local edition of *Grazia* which confirmed the excellent performance recorded last year, ending the first half of 2012 with revenues of €4.8 million (+58% compared with the same period of 2011);
- Russia, with an edition of *Grazia* that, five years after its launch, recorded first half revenues in 2012 that were up 22% on the same period of 2011.

- ***<u>DIGITAL</u>***

Digital activities in the first half can be summarised as follows:
- publishing activities, e-books, properties, subscriptions and online advertising, in the businesses of reference: Books, Magazines Italy and Magazines France;
- e-commerce activities, conducted through the site www.bol.it, and online Bookclubs, Direct;
- diversification and investment activities in support of the business, gambling, apps and CRM, Other Business.

At 30 June 2012, all of the above-mentioned activities generated total revenues of **€21.4 million** and an EBITDA loss of €11.5 million.

- ***<u>DIRECT</u>***

Against the backdrop of an economic recession, there was a continuation of the activities begun in the first quarter designed to restore profitability and uncover new sources of revenue.
In particular, efforts continued on the streamlining of the network of bookshops while the range of products sold under the Emporio Mondadori and BoxForYou brands was expanded.

Total Direct revenues in the first half of the year amounted to **€113.1 million**, a fall of 11.6% on the €128 million at 30 June 2011 (it should be noted that the main economic indicators of the previous year have been restated to include, from the current year, the figures related to the activities of the website www.bol.it).

All areas were in decline, in particular:
• *retail* and other revenues, due to, in addition to general market conditions, the closure of some stores, in the second half 2011 and first half of 2012, and the introduction of a new commercial policy;
• *direct marketing*, as a result of the containment policies adopted by companies, a significant reduction consumer spending and the process of changing buying habits to the benefit of retailers;
• *e-commerce activities* (www.bol.it) were conditioned by the current situation in the market, a change in the competitive framework.

- ***RADIO***

The Italian radio advertising market in the first five months of 2012 recorded a downturn of 5.5%, with a particular slump of 12.6% in May (Source: Assoradio FCP).
R101 booked first half 2012 advertising revenues of **€7.6 million**, a fall of 7.3% compared with the €8.2 million in the same period of last year.
Of special note was the significant reduction of operating costs recorded in the first half of the year.

From an editorial point of view, the first half was characterised by a continuous process of renewal, with new programmes, new presenters and the strengthening of the schedule, especially at weekends. With regard to marketing activities, of special note was the organisation and sponsorship of major national events.

CORPORATE RATIONALIZATION
During today's meeting of the board of directors a proposed corporate restructuring plan - already discussed in general terms by the board at its meeting of 14 May 14 - was also approved, aimed at defining the process for the merger by incorporation with Arnoldo Mondadori Editore S.p.A. of 100% of the subsidiary Mondadori International S.p.A..
The project is part of the overall rationalisation of the various activities currently overseen by Mondadori International S.p.A., through the allocation of such activities to comparable business areas.
In particular, Mondadori International currently oversees the Group's foreign publishing holdings in Mondadori France (100%), Mondadori Independent Media (50%) and Attica Publications (41.9%) – as part of the International Activities of Magazines - participation in the joint venture with the Bertelsmann Group, Random House Mondadori, which is active in the book markets in Spain and Latin America, as well as financial assets, in particular, 4,517,486 shares of Mondadori itself.

The project foresees in a preliminary measure - in line with the stated aim of asset allocation by areas of business - the concentration in a single corporate vehicle of all the Group's international activities in the magazine area, with the transfer to a new company, 100% owned by Arnoldo Mondadori Editore S.p.A., of the investments held by Mondadori International S.p.A. International in companies included in the International Activities of the Magazine Area, as mentioned above, based on the carrying value on the balance sheet as at 30 June 2012.
Consistently with this approach, the new company would also absorb the business unit for the management of licensing agreements and advertising sales for international editions of Mondadori titles, currently overseen by a business unit of the parent company.
Subsequently, there would be an intercompany transfer from the subsidiary Mondadori Pubblicità S.p.A. to the new company of the 50% stake, held by Mondadori SEEC (Beijing) Advertising Co. Ltd, a joint venture under Chinese law, aimed at developing advertising sales in the magazine sector in China.

As a result of these operations and upon completion of the project, within the first half of 2013, acts relating to the merger by incorporation with Arnoldo Mondadori Editore S.p.A. of will be defined Mondadori International S.p.A. will be defined, with the consequent effects in terms of a reduction in corporate and operating costs.

EXPECTATIONS FOR THE FULL YEAR
In the last months of the period Europe in general, but particularly Italy, saw a progressive deterioration of economic figures on all fronts: consumer spending, investments and, consequently, production.
Projections by leading research institutions and the Bank of Italy on changes in GDP have recently been revised down and currently foresee an overall fall of more than 2% for 2012. Moreover, the recession is expected to continue at least for the entire second half of the year with unemployment stable at around 10%, with even further decline in 2013.

Across the Eurozone great underlying uncertainty remains, with medium term prospects closely related to developments in the sovereign debt crisis and its effects on bank lending, consumer and business confidence, domestic demand, and the economies of both the U.S. and developing countries.
Mondadori's priorities are focused on actions to: consolidate its international activities, also through partnerships; develop digital activities; control quality and innovation in its editorial offer; reorganise processes and restructuring, in line with new guidelines identified to further increase the targets for reductions in operating costs.
Given this, an in the face of a market in ongoing difficulty, the company does not expect changes in the coming months that will make it possible to achieve the levels of operating profitability of last year.

§

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.*

§

The documentation relating to the analysts' presentation of the results for the first half of the year to 30 June 2012 is available in the Investor Relations section of the company's website (http://www.mondadori.com/Investor-relations/Presentations).

Enclosures:

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

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Encl. 1

Consolidated balance sheet (in €m)

Assets	30 June 2012	31 December 2011
Intangible assets	**941.8**	**947.3**
Fixed assets	**2.8**	**2.8**
Land and buildings	9.9	10.2
Plant and machinery	11.4	12.4
Other assets	29.0	30.7
Property, plant and machinery	**50.3**	**53.3**
Investments booked using net equity method	109.5	126.1
Other investments	1.0	1.0
Total investments	**110.5**	**127.1**
Non-current financial assets	**6.9**	**6.9**
Advanced taxes	**43.4**	**48.1**
Other non-current assets	**1.2**	**1.1**
Total non-current assets	**1,156.9**	**1,186.6**
Tax credits	**44.4**	**40.8**
Other current assets	**99.5**	**80.2**
Inventories	**136.9**	**137.1**
Trade receivables	**345.7**	**360.4**
Stocks and other current financial assets	**32.2**	**24.6**
Cash and equivalents	**66.9**	**82.9**
Total current assets	**725.6**	**726.0**
Assets destined to be sold or closed	**-**	**-**
Total assets	**1,882.5**	**1,912.6**

Liabilities	30 June 2012	31 December 2011
Share capital	**64.1**	**64.1**
Share premium reserve	**210.2**	**210.2**
Other reserves and results carried forward	**293.4**	**249.9**
Profit (loss) for the period	**7.5**	**49.6**
Total Group shareholders' equity	**575.2**	**573.8**
Minority capital and reserves	**33.5**	**35.1**
Total shareholders' equity	**608.7**	**608.9**
Reserves	**43.1**	**47.4**
Severance payments	**52.8**	**53.5**
Non-current financial liabilities	**412.9**	**412.8**
Deferred tax liabilities	**104.6**	**103.3**
Other non-current liabilities	**-**	**-**
Total non-current liabilities	**613.4**	**617.0**
Income taxes payable	**13.6**	**22.9**
Other current liabilities	**243.8**	**259.9**
Trade liabilities	**339.9**	**366.9**
Bank debts and other financial liabilities	**63.1**	**37.0**
Total current liabilities	**660.4**	**686.7**
Liabilities deriving from sales or closures	**-**	**-**
Total liabilities	**1,882.5**	**1,912.6**

Encl. 2

Consolidated income statement (in €m)

	1st half 2012	1st half 2011	% change
Income from sales of goods and services	676.2	738.7	(8.5%)
Personnel costs	142.0	137.7	3.1%
Cost of sales and management (*)	503.3	554.3	(9.2%)
Income (charges) from investments calculated on a net equity basis	5.1	12.3	(58.5%)
Gross operating profit	**36.0**	**59.0**	**(39.0%)**
- as a proportion of revenues	*5.3%*	*8.0%*	
Depreciation of property, plant and machinery	5.6	5.6	-
Depreciation of intangible assets	6.6	5.5	20.0%
Operating profit	**23.8**	**47.9**	**(50.3%)**
- as a proportion of revenues	*3.5%*	*6.5%*	
Net financial income (charges)	(8.2)	(10.4)	(21.2%)
Other financial income (charges)	-	-	
Profit for the period before taxation	**15.6**	**37.5**	**(58.4%)**
Tax charges (income)	6.5	14.8	(56.1%)
Minority interest	(1.6)	-	n.s.
Net profit	**7.5**	**22.7**	**(67.0%)**

(*) 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)

	30 June 2012	30 June 2011
Net profit for the period	7.5	22.7
Adjustments		
Depreciations. amortization and impairment	12.2	11.1
Tax charges	6.5	14.8
Stock options	0.1	0.3
Charges to provisions and leaving entitlements	(16.7)	(4.3)
Capital losses (gains) on disposals of tangible assets. property. plant and equipment	(0.1)	(0.2)
Capital losses (gains) on valuations of financial assets	(0.1)	0.7
(Income) charges from companies booked at net equity	(5.6)	(12.3)
Net financial charges on loans and derivative operations	7.0	8.2
Adjusted net profit from operating activities	**10.8**	**41.0**
(Increase) decrease in trade receivables	19.8	25.2
(Increase) decrease in inventories	5.5	(0.3)
Increase (decrease) in trade payables	(26.8)	(43.2)
Income tax payments	(15.0)	(1.3)
Payment of advances and leaving entitlements	(1.6)	(1.7)
Net changes in other current assets/liabilities	(33.8)	(36.2)
Cash flow from (used in) operating activities	**(41.1)**	**(16.5)**
Payment of business combination net of cash acquired	-	(0.1)
(Investments in) disposals of intangible assets	(2.3)	(8.8)
(Investments in) disposals of property. plant and equipment	(1.4)	(1.3)
(Investments in) disposals of equity investments	21.1	14.9
(Investments in) disposals of financial assets	(10.3)	1.8
Cash flow from (used in) investment activities	**7.1**	**6.5**
Net changes in financial liabilities	28.3	1.5
Net financial charges on loans and derivative operations	(7.3)	(7.1)
(Purchase) disposal of treasury stock	(3.0)	-
Dividends paid	-	(40.3)
Cash flow from (used in) financial activities	**18.0**	**(45.9)**
Increase (decrease) in cash and cash equivalents	**(16.0)**	**(55.9)**
Cash and cash equivalents at beginning of period	**82.9**	**84.9**
Cash and cash equivalents at end of period	**66.9**	**29.0**

Composition of cash and cash equivalents		
Cash. cheques and valuables in hand	2.2	1.3
Bank and post office deposits	64.7	27.7
	66.9	**29.0**

Encl. 4

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

Assets	30 June 2012	31 December 2011
Intangible assets	**90.6**	**90.6**
Fixed assets	**2.8**	**2.8**
Land and buildings	7.7	8.0
Plant and machinery	4.0	4.5
Other assets	3.6	3.9
Property. plant and machinery	**15.3**	**16.4**
Investments	**621.0**	**638.9**
Non-current financial assets	**50.0**	**50.0**
Advanced taxes	**14.8**	**19.8**
Other non-current assets	**0.8**	**0.4**
Total non-current assets	**795.3**	**818.9**
Tax credits	**25.7**	**25.2**
Other current assets	**50.4**	**40.4**
Inventories	**30.1**	**30.6**
Trade receivables	**178.0**	**195.1**
Stocks and other current financial assets	**137.0**	**100.2**
Cash and equivalents	**42.7**	**62.0**
Total current assets	**463.9**	**453.5**
Assets destined to be sold or closed	**-**	**-**
Total assets	**1,259.2**	**1,272.4**

Liabilities	30 June 2012	31 December 2011
Share capital	**64.1**	**64.1**
Share premium reserve	**210.2**	**210.2**
Treasury stock	**(38.7)**	**(35.6)**
Other reserves and results carried forward	**284.6**	**230.4**
Profit (loss) for the period	**24.7**	**55.3**
Total shareholders’ equity	**544.9**	**524.4**
Reserves	**24.3**	**29.3**
Severance payments	**24.1**	**24.5**
Non-current financial liabilities	**254.7**	**253.9**
Deferred tax liabilities	**22.3**	**21.2**
Other non-current liabilities	**-**	**-**
Total non-current liabilities	**325.4**	**328.9**
Income taxes payable	**7.3**	**10.1**
Other current liabilities	**64.5**	**71.3**
Trade liabilities	**171.2**	**182.2**
Bank debts and other financial liabilities	**145.9**	**155.5**
Total current liabilities	**388.9**	**419.1**
Liabilities deriving from sales or closures	**-**	**-**
Total liabilities	**1,259.2**	**1,272.4**

Encl. 5

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

	1st Half 2012	**1st Half 2011**
Income from sales of goods and services	316.3	376.6
Personnel costs	59.0	59.4
Cost of sales and management (*)	239.9	287.4
Gross operating profit	**17.4**	**29.8**
Depreciation of property, plant and machinery	1.7	1.7
Depreciation of intangible assets	0.3	0.2
Operating profit	**15.4**	**27.9**
Financial income (charges)	(3.3)	(3.5)
Investment income (charges)	17.1	42.0
Profit before taxation	**29.2**	**66.4**
Income taxes	4.5	10.8
Net profit	**24.7**	**55.6**

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

Encl. 6

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

	30 June 2012	30 June 2011
Net profit for the period	24.7	55.6
Adjustments		
Depreciations, amortization and writedowns	16.5	7.7
Tax charges for the period	4.4	10.8
Stock options	0.1	0.3
Charges to provisions and leaving entitlements	(12.9)	(0.8)
Capital losses (gains) on disposals of tangible assets, property, plant and equipment	(3.3)	(9.9)
Income from investments – dividends	(27.9)	(37.9)
Financial charges on loans and derivative operations	3.4	3.6
Adjusted net profit from operating activities	**5.0**	**29.4**
(Increase) decrease in trade receivables	17.0	25.4
(Increase) decrease in inventories	4.8	7.4
Increase (decrease) trade payables	(11.2)	(16.8)
Income tax payments	-	-
Increase (decrease) in provisions and leaving entitlements	(3.0)	(3.5)
Net changes in other assets/liabilities	(12.4)	(14.7)
Cash flow from (used in) operating activities	**0.2**	**27.2**
(Investments in) disposals of intangible assets	(0.4)	(0.5)
(Investments in) disposals of property, plant and equipment	(0.3)	(1.7)
(Investments in) disposals of equity investments	6.6	8.1
Income from investments – dividends	27.9	37.9
(Investments in) disposals of securities and other non-current financial assets	(36.8)	(45.3)
Cash flow from (used in) investment activities	**(3.0)**	**(1.5)**
(Increase) decrease in payables to banks	(9.5)	(36.1)
(Purchase) sale of treasury stock	(3.0)	-
Net changes in other non-current financial assets/liabilities	0.4	(9.0)
Financial income (charges) on loans and derivatives operations	(3.6)	(3.8)
Dividends paid	(0.8)	(40.3)
Cash flow from (used in) financial activities	**(16.5)**	**(89.2)**
Increase (decrease) in cash and cash equivalents	**(19.3)**	**(63.5)**
Cash and cash equivalents at beginning of period	**62.0**	**73.4**
Cash and cash equivalents at end of period	**42.7**	**9.9**

Composition of cash and cash equivalents		
Cash, cheques and valuables in hand	-	-
Bank and post office deposits	42.7	9.9
	42.7	**9.9**