



*Quarterly Report
as at 30 September 2008*

MEDIASET GROUP

MEDIASET S.p.A. - via Paleocapa, 3 - 20121 Milan

Share capital EUR 614,238,333.28 wholly paid-in

Taxpayer's Code, VAT Number and registration number in the
Register of Companies of Milan: 09032310154

Internet site: www.mediaset.it

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CORPORATE BOARDS

Board of Directors	Chairman Deputy Chairman CEO Directors	Fedele Confalonieri Pier Silvio Berlusconi Giuliano Adreani Marina Berlusconi Pasquale Cannatelli Paolo Andrea Colombo Mauro Crippa Bruno Ermolli Luigi Fausti Marco Giordani Alfredo Messina Gina Nieri Carlo Secchi Attilio Ventura
Executive Committee		Fedele Confalonieri Pier Silvio Berlusconi Giuliano Adreani Gina Nieri
Internal Control Committee		Luigi Fausti (<i>Chairman</i>) Alfredo Messina Carlo Secchi
Remuneration Committee		Bruno Ermolli (<i>Chairman</i>) Paolo Andrea Colombo Attilio Ventura
Governance Committee		Attilio Ventura (<i>Chairman</i>) Paolo Andrea Colombo Luigi Fausti
Board of Statutory Auditors	Chairman Acting Auditors Substitute Auditors	Alberto Giussani Francesco Vittadini Silvio Bianchi Martini Mario D'Onofrio Antonio Marchesi
Independent Auditors		Reconta Ernst & Young S.p.A.

Mediaset Group: Financial Highlights

Main Income Statement Data

2007 full year			9 months 2008		9 months 2007	
mio €	%		mio €	%	mio €	%
4,082.1	100%	Total net Revenues	3,029.5	100%	2,816.1	100%
3,002.1	73.5%	Italy	2,295.2	75.8%	2,045.9	72.7%
1,081.6	26.5%	Spain	734.9	24.3%	771.0	27.4%
1,149.0	100%	Operating Profit	703.9	100%	787.8	100%
663.8	57.8%	Italy	379.6	53.9%	426.3	54.1%
485.2	42.2%	Spain	324.3	46.1%	361.5	45.9%
1,149.0	28.1%	Group Operating Profit (EBIT)	703.9	23.2%	787.8	28.0%
1,095.5	26.8%	Profit before Tax and Minority Interest	606.4	20.0%	756.5	26.9%
506.8	12.4%	Group Net Profit	355.8	11.7%	372.3	13.2%

Main Balance Sheet and Financial Data

31st December 2007		30/09/2008	30/09/2007
mio €		mio €	mio €
4,067.2	Net Invested Capital	4,206.0	3,867.1
2,858.4	Total Net Shareholders' Equity	2,729.7	2,700.0
2,557.7	Net Group shareholders' Equity	2,426.4	2,443.6
300.7	Minorities Shareholders' Equity	303.3	256.4
(1,208.8)	Net Financial Position	(1,476.3)	(1,167.1)
1,730.7	Operating Cash Flow	1,283.7	1,211.6
953.2	Investments	1,143.8	633.5
488.8	Dividends paid by the Parent Company	488.7	488.8
155.9	Dividends paid by Subsidiaries	155.9	155.9

Personnel

2007 full year			9 months 2008		9 months 2007	
	%		%	%		%
6,306	100.0%	Mediaset Group Personnel (headcount)	6,326	100.0%	6,239	100.0%
5,112	81.1%	Italy	5,145	81.3%	5,037	80.7%
1,194	18.9%	Spain	1,181	18.7%	1,202	19.3%
6,260	100.0%	Mediaset Group Personnel (average)	6,288	100.0%	5,909	100.0%
5,065	80.9%	Italy	5,098	81.1%	4,714	79.8%
1,195	19.1%	Spain	1,190	18.9%	1,195	20.2%

Main Indicators

2007 full year		9 months 2008	9 months 2007
28.1%	Operating Profit/Net Revenues	23.2%	28.0%
22.1%	Italy	16.5%	20.8%
44.9%	Spain	44.1%	46.9%
28.1%	EBIT/Net Revenues	23.2%	28.0%
26.8%	Pre-Tax and Minority Interest/Net Revenues	20.0%	26.9%
12.4%	Net Profit/Net Revenues	11.7%	13.2%
0.45	Consolidated Net Profit per Share (EUR)	0.31	0.33
0.43	Dividend per Share (EUR)	0.31	0.33

INTRODUCTION

This Quarterly Report (*Interim Report on Operations* in compliance with Art. 154 ter of Italian Law 195/2007) was drafted in accordance with the International Accounting Principles (IAS/IFRS) adopted for the drafting of the Group's Consolidated Annual Report as at 31 December 2007 and, in particular, with IAS 34 – *Interim Reports*.

The structure and the content of the re-classified consolidated accounting tables and mandatory accounting schemes included in this Report are in line with those established for the drafting of the Annual Report, while the Notes were drawn up in compliance with the minimum requirements provided for in IAS 34 – *Interim reports*. The information provided in this Quarterly Report is not comparable with that supplied in the financial statements drafted pursuant to IAS I.

This Quarterly Report is not subject to auditing by the Independent Auditors.

REPORT ON OPERATIONS AS AT 30 SEPTEMBER 2008

Group's financial highlights

Here follows a summary of the main results achieved by the Mediaset Group as at 30 September 2008 compared to the figures in the same period of 2007:

- **consolidated net revenues** amounted to **EUR 3,029.5 million**, showing a **7.6%** increase;
- **EBIT** is equal to **EUR 703.9 million**, against EUR 787.8 million posted in the first nine months of the previous year, a period in which extraordinary revenues for a total amount of EUR 23 million were registered, resulting from a re-classification of the post-employment benefit fund accrued as at 31 December 2006, following to changes in the relevant law provisions regulating post-employment benefit plans introduced in Italy last year. In homogenous terms, the change in EBIT mainly reflects the reduction in revenues from advertising posted in the third quarter in Spain. **EBIT margin** accounted for **23.2%**, against 28.0% posted in the same period of 2007;
- **Earnings before tax and minority interest** equalled **EUR 606.4 million** against EUR 756.5 million as at 30 September 2007; this variation is mainly due to the financial charges generating from an increase in the consolidated debt position following to the acquisitions completed over the second half of 2007 and the charges resulting from the equity method valuation of the shareholding held in Edam Acquisition I Coöperatief BV, entered under amortisation of *intangible assets*, as identified upon the Purchase Price Allocation (PPA), following to the acquisition by the latter company of the majority interest in the Endemol Group;
- **Net profit for the Group**, equalled **EUR 355.8 million**, against EUR 372.3 million as at 30 September 2007,

- **Consolidated net financial position** increased from EUR -1,208.8 million as at 31 December 2007 to **EUR -1,476.3 million** as at 30 September 2008. In the first nine months of this fiscal year, **free cash flow** from Group's operations, gross of income deriving from and payment relative to dividends, investments and disposals of shareholdings and Treasury shares, amounted to **EUR 548.4 million** against EUR 681.3 million in the same period of the previous year.

Analysis of results by geographical segments: Italy

- In the first nine months of 2008 **consolidated net revenues** from Group's operations in Italy reached **EUR 2,295.2 million**, a 12.2% increase over the same period of the previous year. Based on homogenous bases and excluding the contribution to growth deriving from the consolidation of the companies of the Medusa Group as a result of the acquisition of the activities relative to the distribution and management of theatres starting from the second half of 2007, the growth in the consolidated net revenues in the first nine months of 2008 is equal to 8.4%, as a result of the strong growth in revenues generated by Mediaset Premium.
- **Ebit** of Group's operations in Italy totalled **EUR 379.6 million**, against EUR 426.3 million as at 30 September 2007. This change is mainly attributable to a lower result registered at the end of the first half of the year. Instead, Ebit in the third quarter has recorded a little increase with reference to the result posted in the same period of the previous year. **Ebit margin** at the end of the nine months totalled **16.5%** against **20.8%** registered in 2007.
- **Gross advertising sales on Mediaset networks** reached **EUR 2,043.2 million** as at 30 September 2008, showing a **2.0%** increase against the same period in the previous year. This result is due to a growing trend registered in the third quarter despite the economic situation characterised by uncertainties which progressively resulted into the well-known financial turmoil, which hit all international markets at the end of September. In fact, gross advertising sales remained in line with the trend registered in the first half of the year.
- **Total TV costs** for the period rose only to a limited extent by +2.1%, in line with the trend registered in the first half of the year.
- **"Mediaset Premium" pay tv operations**: as at 30 September 2008, approximately 2.5 million cards were activated against approximately 1.6 million in the same period of the previous year.





As at 30 September 2008, **full day audience shares** in Italy totalled 8.9 million viewers, a 2.2% increase against the same period in 2007. This increase, which referred both to Day Time, Prime Time and late night programmes is attributed to both a larger coverage, which reached 650,000 units, and viewing time longer than 2 minutes. This was particularly significant in the second quarter as a result of the broadcasting of the European Football Cup.

From a social-demographic standpoint, this growth is particularly relevant for women. With regard to age brackets, it is worth specifying that the drop in the 15-34 target group (-2.1%) was more than offset by the over 35 target group.

In the period of reference Mediaset networks recorded a Full Day share of 39.4%, a Prime Time share of 39.8% and a Day Time share of 39.1%. Worth noting is the third ranking of Italia 1 for all age brackets and the 0.5% growth achieved by Rete 4 in Prime Time.

Here below are the results reached by each single network during the period of reference:

(Source: Auditel)

Share individuals - 9 months 2008	24 hours	Prime Time	Day Time 7:00-2:00
	20.2%	20.7%	19.9%
	10.9%	10.3%	11.1%
	8.3%	8.8%	8.1%
	39.4%	39.8%	39.1%

Considering the results obtained with the commercial target group aged 15- 64, Mediaset confirmed its leadership in all the three time windows, with Canale 5 and Italia 1 ranking first and third, respectively, in Full Day and Day Time.

With regard to the initial phase of the guarantee period of Autumn 2008, Mediaset networks recorded a Full Day and Day Time audience share of 39.1%, and a Prime Time share of 38.9%. Italia 1 improved its position in Prime Time, recording a 0.3% growth in the share, thus confirming its third position in Full Day and Day Time.

In the same period, Mediaset confirmed its leading position in all the three time windows for the 15-64 aged target group against its main competitor.

The table below shows the number of broadcasting hours of each Mediaset network in the first nine months of 2008.

Mediaset Networks - Broadcasted programmes - 9 months 2008

Type	Canale 5		Italia 1		Retequattro		Mediaset Total	
Film	405	6.2%	853	13.0%	1,506	22.9%	2,764	14.0%
Tv Movie	424	6.4%	281	4.3%	222	3.4%	927	4.7%
Mini-series	120	1.8%	24	0.4%	161	2.4%	305	1.5%
Telefilm	636	9.7%	1,346	20.5%	1,746	26.6%	3,728	18.9%
Tv Romance	28	0.4%	-	0.0%	2	0.0%	30	0.2%
Sit-com	127	1.9%	857	13.0%	62	0.9%	1,046	5.3%
Soap	284	4.3%	-	0.0%	533	8.1%	817	4.1%
Telenovelas	-	0.0%	-	0.0%	330	5.0%	330	1.7%
Cartoons	-	0.0%	1,112	16.9%	-	0.0%	1,112	5.6%
Total TV Rights	2,024	30.8%	4,473	68.0%	4,562	69.4%	11,059	56.1%
News	1,239	18.8%	721	11.0%	613	9.3%	2,573	13.0%
Info	784	11.9%	163	2.5%	234	3.6%	1,181	6.0%
Sport	-	0.0%	185	2.8%	17	0.3%	202	1.0%
Events	12	0.2%	161	2.4%	14	0.2%	187	0.9%
Entertainment	2,156	32.8%	584	8.9%	560	8.5%	3,300	16.7%
Culture	63	1.0%	15	0.2%	152	2.3%	230	1.2%
Teleshopping	298	4.5%	274	4.2%	424	6.4%	996	5.0%
Total in-house productions	4,552	69.2%	2,103	32.0%	2,014	30.6%	8,280	42.0%
Total	6,576	100.0%	6,576	100.0%	6,576	100.0%	19,728	100.0%

Analysis of results by geographical segment: Spain

- In the first nine months of 2008, **consolidated net revenues of the Telecinco Group** reached **EUR 734.9 million**, showing a -4.7% reduction over the same period of the previous year.
- **Revenues from advertising sales** amounted to **EUR 691.0 million**, down -6.6% over the same period in 2007. This result reflected the negative trend in the Spanish advertising market, which worsened starting from May as a result of the enduring difficult economic situation in Spain, boosted down by the effects of the wider financial turmoil which hit the markets at the end of September. In such context, at the end of the nine-month period, Telecinco managed to keep its leadership in the advertising market, even due to its undisputed leadership in audience shares. With the only exception of August, the month of the Beijing Olympic Games broadcast by TVE-I, Telecinco was uninterruptedly the most watched network in Spain in the January-July period and in September.
- **EBIT**, considering an amount of overall costs in line with those of the previous year, equalled **EUR 324.3 million**, dropping from **EUR 361.5 million** of last year. **EBIT margin**, equal to 44.1%, confirms that Telecinco is one of Europe’s top broadcasters in terms of profitability.

In the first nine months of 2008, Telecinco confirmed its leadership in terms of audience shares, achieving a 18.4% share in the 24 hours, leaving its main competitors, TVE-I (16.7%) and Antena 3 (16.0%), behind.

(Source: Sofres)

	Audience share 9 months 2008	
	Individuals	Commercial target
24 hours	18.4%	20.1%
Prime Time	20.3%	22.0%
Day Time	17.6%	19.1%

In **Prime Time**, Telecinco recorded a 20.3% average share, 4.6% ahead of TVE-I and 4.8% ahead of Antena 3.

With regard to the **commercial target**, Telecinco strengthened its primacy in average daily audience shares, with a 20.1% share, ahead of Antena 3 by 3.8 % (16,3%) and TVE-I by 6.8% (13.3%), as well as in Prime Time, with a 22.0% share, outdistancing Antena 3 by 6.3% (15.7%) and TVE-I by 9.3% (12.7%).

All kinds of contents broadcasted by the network allowed the obtaining of those results: from tv-series to in-house entertainment productions, from news to big live sport events such as Formula 1 and King’s Cup championships.

The table below includes the Telecinco programme scheduling and shows with comparables regarding the first nine months of 2007 and 2008, the network's ongoing commitment and strategy to increasingly using in-house original productions.

Telecinco Broadcasted contents (hours)	9 months 2008		9 months 2007		Changes	
	Hours	%	Hours	%	Hours	%
Film	361	5.5%	383	5.8%	(22)	-5.7%
TV Movies, Mini-series and Telefilm	391	5.9%	513	7.8%	(122)	-23.8%
Cartoons	191	2.9%	201	3.1%	(10)	-5.0%
Total TV Rights	942	14.3%	1,097	16.7%	(154)	-14.0%
Quiz-game-show	1,291	19.6%	631	9.6%	660	104.6%
Sport	155	2.4%	165	2.5%	(10)	-6.1%
Documentaries and others	2,079	31.6%	2,603	39.7%	(524)	-20.1%
News	1,261	19.2%	1,335	20.4%	(74)	-5.5%
Fiction	795	12.1%	659	10.1%	136	20.6%
Others	52	0.8%	62	0.9%	(10)	-16.1%
Total in-house productions	5,634	85.7%	5,455	83.3%	179	3.3%
Total	6,576	100.0%	6,552	100.0%	24	0.4%

Analysis of results by geographical segments and areas of operations

An analysis of the consolidated income statement, balance sheet and cash flow situation was also carried out, in accordance with that established by IAS 14 on segment reporting, by separately highlighting the contribution to the Group results of the two geographical areas where Mediaset Group operates, Italy and Spain, considered as “primary segments” and by supplying the most important figures required by areas of operations, identified as “secondary segments”.

The form and content of the consolidated income statement, balance sheet and cash flow statement shown below correspond to those presented in the Consolidated Annual Report and are, therefore, reclassified with respect to those included in subsequent financial statements, in order to highlight some interim results and the balance sheet and financial aggregations, which are deemed as most significant to understanding the operating performance of the Group and of the individual Business Units. Though not envisaged by EU GAAP, the descriptions of the criteria adopted for their preparation and the relevant notes detailing the items included in the mandatory statements are supplied in accordance with the provisions set out in CONSOB Communication No. 6064293 of 28 July 2006 and in CESR Recommendation of 3 November 2005 (CESR/o5-178b), regarding alternative performance indicators (“Non GAAP Measures”).

Financial information and income statement data are provided with reference to the first nine months of 2008 and the third quarter of 2008; balance sheet data are supplied with reference to the period as at 30 September 2008 and as at 31 December 2007.

Economic results

The consolidated income statement below shows interim results regarding EBITDA, Operating result from operations and EBIT.

EBITDA represents the difference between consolidated net revenues and operating costs gross of non monetary charges regarding amortisation, depreciation and write-downs (net of any value recoveries) for current and non current assets.

The Operating result from operations is obtained by deducting from EBITDA non monetary charges regarding amortisation, depreciation and write-downs (net of any recoveries) of the value of current and non current assets.

EBIT is obtained by taking into consideration the Operating result from operations, the cost and revenue components which are generated by the disposal of consolidated stakes that, due to the kind of operation and the significance of its amount, are to be considered as non recurrent.

Revenues resulting from the re-classification of post-employment benefits as at 31 December 2006 were entered in the relevant statement of income of the first nine months of 2006, showing their non recurrent nature and the relevant reduction in Personnel expenses.

It should be noted that the equity method valuation adopted for the 33.3% equity interest held in Edam is recognised in the income statement of the geographical segment of Spain, because the stakes are owned by Mediacinco Cartera, a company included in the consolidation area of Gestevisión Telecinco.

(amounts in EUR millions)

Mediaset Group: Income statement				
	9 months		3rd Quarter	
	2008	2007	2008	2007
Total consolidated net revenues	3,029.5	2,816.1	757.4	739.0
Personnel expenses	382.0	328.5	118.2	111.0
<i>of which non recurring revenues</i>	-	(23.0)	-	-
Purchases, services, other costs	1,131.6	1,005.4	313.7	293.1
Operating costs	1,513.6	1,333.9	431.8	404.1
EBITDA	1,515.9	1,482.2	325.6	334.9
Rights Amortisations	697.1	599.3	218.8	215.4
Others amortisations and depreciations	114.8	95.0	47.2	31.6
Amortisations and depreciations	812.0	694.4	266.0	247.1
Operating profit	703.9	787.8	59.6	87.9
Gain/(Losses) from disposal of equity investments	-	-	-	-
EBIT	703.9	787.8	59.6	87.9
Financial income/(losses)	(60.3)	(34.4)	(24.0)	(14.9)
Income/(expenses) from equity investments	(37.3)	3.1	(13.2)	1.6
EBT	606.4	756.5	22.5	74.6
Income taxes	(136.3)	(254.2)	(1.8)	(18.5)
Net profit from continuing operations	470.1	502.4	20.7	56.1
Net profit from discontinued operations	-	-	-	-
Minority interests in net profit	(114.3)	(130.1)	(14.9)	(24.7)
Mediaset Group net profit	355.8	372.3	5.7	31.5

The following is an analysis of the percentage impact on consolidated net revenues of a few significant items of the Group's income statement.

	9 months		3rd Quarter	
	2008	2007	2008	2007
Total consolidated net revenues	100.0%	100.0%	100.0%	100.0%
Operating costs	50.0%	47.4%	57.0%	54.7%
EBITDA	50.0%	52.6%	43.0%	45.3%
Amortisation, depreciation and write-downs	23.0%	21.3%	28.9%	29.1%
Operating profit	23.2%	28.0%	7.9%	11.9%
EBIT	23.2%	28.0%	7.9%	11.9%
EBT	20.0%	26.9%	3.0%	10.1%
Mediaset Group net profit	11.7%	13.2%	0.8%	4.3%
Tax rate (EBT %)	22.5%	33.6%	8.0%	24.8%

Analysis of results by geographical segment: Italy

Here follows a summary of the reclassified Income Statement relative to the Mediaset Group Italian operations:

(amounts in EUR millions)

Italy: Income statement				
	9 months		3rd Quarter	
	2008	2007	2008	2007
Total consolidated net revenues	2,295.2	2,045.9	585.6	540.1
Personnel expenses	318.8	269.3	97.6	91.4
of which non recurring revenues	-	(23.0)	-	-
Purchases, services, other costs	894.0	776.3	239.8	220.8
Operating costs	1,212.8	1,045.6	337.4	312.1
EBITDA	1,082.4	1,000.3	248.2	227.9
Rights Amortisations	593.1	483.5	179.9	179.1
Others amortisations and depreciations	109.7	90.4	45.9	29.5
Amortisations and depreciations	702.8	573.9	225.8	208.6
Operating profit	379.6	426.3	22.5	19.3
Gain/(Losses) from disposal of equity investments	-	-	-	-
EBIT	379.6	426.3	22.5	19.3
Financial income/(losses)	(58.4)	(41.2)	(22.4)	(13.9)
Income/(expenses) from equity investments	(7.3)	0.5	(3.8)	0.2
EBT	314.0	385.6	(3.7)	5.6
Income taxes	(63.0)	(145.4)	(2.5)	(0.6)
Net profit from continuing operations	251.0	240.1	(6.2)	5.1
Net profit from discontinued operations	-	-	-	-
Minority interests in net profit	(2.4)	(0.4)	(0.5)	-
Mediaset Group net profit	248.6	239.7	(6.7)	5.0

The table below shows the percentage on consolidated net revenues of some key Income Statement components regarding this specific area.

	9 months		3rd Quarter	
	2008	2007	2008	2007
Total consolidated net revenues	100.0%	100.0%	100.0%	100.0%
Operating costs	52.8%	51.1%	57.6%	57.8%
EBITDA	47.2%	48.9%	51.5%	57.2%
Amortisation, depreciation and write-downs	25.8%	23.6%	30.7%	33.2%
Operating profit	16.5%	20.8%	3.8%	3.6%
EBIT	16.5%	20.8%	3.8%	3.6%
EBT	13.7%	18.8%	-0.6%	1.0%
Mediaset Group net profit	10.8%	11.7%	-1.1%	0.9%
Tax rate (EBT %)	20.1%	37.7%	-67.6%	10.7%

Here below is a description of the contribution to **EBIT** of Italian operations, with comparables from the previous year, in the **areas of operation** that have been identified in accordance with IAS 14, considering their importance and different operating and/or internal markets of reference.

The areas of operation are:

- **Free To Air commercial television**, the Group's traditional core business, includes the operations related to advertising sales and programme scheduling for the three nationwide networks currently broadcast in analogue mode and the operations linked to non-encrypted own channels broadcast in digital terrestrial technology;
- **Mediaset Premium**, relating to the supply of pay television events and programmes identified under the same brand;

- **Network Operator**, these operations are related to the management of an analogue broadcasting network for the transportation and broadcasting of free-to-air own channels and digital terrestrial broadcasting platforms (multiplex), including the network open to the main mobile telephone companies, to support the offer of a digital terrestrial television reserved to mobile phones by means of DVB-H technologyH;
- **Other non-television ancillary areas of operation** (internet, teletext, sale of services and content providing to mobile telephone companies, non television advertising concessions, teleshopping, publishing activities, licensing and merchandising). From the second half of 2008, these areas of operation include activities regarding the *distribution and management* of movie theatres belonging to the Medusa Group and starting from 28 April, they also include the production and marketing of Movie, TV miniseries and TV fiction regarding TaoDue Srl and Nova Films Srl.

Revenues for business segments breakdown	9 months			3rd Quarter		
	2008	2007	%	2008	2007	%
Free-to-air tv	1,788.5	1,758.9	1.7%	431.0	424.7	1.5%
Network Operator	152.6	135.3	12.8%	49.2	46.8	5.1%
Mediaset Premium	269.5	142.8	88.7%	83.8	50.3	66.6%
Other	285.7	107.5	165.8%	92.2	60.9	51.4%
Intracompany Eliminations and Adjustments	(201.0)	(98.5)	-104.1%	(70.6)	(42.6)	-65.7%
Total	2,295.2	2,045.9	12.2%	585.6	540.1	8.4%

Operating profit for business segments breakdown	9 months			3rd Quarter		
	2008	2007	EUR mln	2008	2007	EUR mln
Free-to-air tv	425.9	446.0	(20.1)	34.9	36.5	(1.6)
Network Operator	6.9	4.0	2.9	2.8	2.1	0.7
Mediaset Premium	(44.1)	(15.5)	(28.6)	(8.6)	(18.1)	9.5
Other	10.9	(9.2)	20.2	(3.5)	(2.2)	(1.2)
Intracompany Eliminations and Adjustments	(19.9)	1.1	(24.2)	(3.1)	1.1	(7.4)
Total	379.6	426.3	(49.8)	22.5	19.3	0.1

The analysis below refers to the income statements by single area of operation.

It should be noted that *infra-sector revenues and charges* highlight the net contribution resulting from the sale of activities and services provided or received between the various business units. In particular:

- *infra-sector revenues* of the Network Operator business unit refer to the valuation of the use of the analogue broadcasting network by non-encrypted TV channels (commercial free to air television) and of the broadcasting capacity of digital multiplexes utilised to broadcast the events offered by Mediaset Premium and by the non-encrypted channels broadcast in digital terrestrial technology;
- *infra-sector revenues* of “Other business units” refer to the distribution of rights for the portion related to *free to air* or *pay per view* use and TV film and fiction self production.

- *infra-sector costs* of the “Free to Air Television” business unit relate to the use of the broadcasting network and are shown net of the valuation for the use of publishing contents, services and technical infrastructures by the other Business Unit.

Free to Air tv	9 months		3rd Quarter	
	2008	2007	2008	2007
Mediaset Networks gross advertising revenues	2,043.2	2,002.5	487.7	479.9
Digital Networks gross revenues	5.0	2.2	1.8	0.9
Other television revenues	44.7	52.7	14.1	15.7
Agency discounts	(304.4)	(298.5)	(72.5)	(71.8)
Total Revenues	1,788.5	1,758.9	431.0	424.7
Personnel, purchases, services, other costs	(814.2)	(784.4)	(208.7)	(210.8)
Inter-segment operating costs	(58.2)	(56.8)	(20.2)	(22.5)
Total operating costs	(872.4)	(841.2)	(228.9)	(233.3)
EBITDA	916.1	917.7	202.2	191.4
Rights Amortisations	(443.6)	(432.9)	(146.3)	(143.3)
Others amortisations and depreciations	(46.5)	(38.8)	(20.8)	(11.6)
Amortisations and depreciations	(490.1)	(471.7)	(167.2)	(154.9)
Operating Profit	425.9	446.0	34.9	36.5
<i>revenues %</i>	23.8%	25.4%	8.1%	8.6%

Net of non-recurring revenues amounting to EUR 21.6 million recorded in the first half of 2007, EBIT regarding *Free to Air* was essentially in line with that registered in the previous year, in the nine-month period of last year as well as in the third quarter of 2008.

Network Operator	9 months		3rd Quarter	
	2008	2007	2008	2007
Revenues towards third parties	60.0	49.8	19.0	17.3
Inter-segment revenues	92.6	85.4	30.2	29.4
Total Revenues	152.6	135.3	49.2	46.8
Personnel, purchases, services, other costs	(97.8)	(86.9)	(30.1)	(29.7)
Total operating costs	(97.8)	(86.9)	(30.1)	(29.7)
EBITDA	54.8	48.4	19.1	17.1
Rights Amortisations	-	-	-	-
Others amortisations and depreciations	(47.8)	(44.4)	(16.2)	(15.0)
Amortisations and depreciations	(47.8)	(44.4)	(16.2)	(15.0)
Operating Profit	6.9	4.0	2.8	2.1
<i>revenues %</i>	4.5%	3.0%	5.7%	4.5%

The increase in revenues generated from **Network operator** operations is mainly attributable to income paid for the use of broadcasting capacity of digital networks.

Mediaset Premium	9 months		3rd Quarter	
	2008	2007	2008	2007
Total Revenues	269.5	142.8	83.8	50.3
Personnel, purchases, services, other costs	(133.4)	(81.8)	(47.9)	(26.6)
Inter-segment operating costs	(29.5)	(24.5)	(8.7)	(5.5)
Total operating costs	(162.9)	(106.3)	(56.6)	(32.1)
EBITDA	106.6	36.5	27.1	18.2
Rights Amortisations	(147.4)	(50.6)	(33.7)	(35.8)
Others amortisations and depreciations	(3.4)	(1.4)	(2.1)	(0.4)
Amortisations and depreciations	(150.8)	(52.0)	(35.8)	(36.2)
Operating Profit	(44.1)	(15.5)	(8.6)	(18.1)
<i>revenues %</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>

As far as **Mediaset Premium** television operations are concerned, in the first nine months of 2008 revenues generated from prepaid cards and scratch cards sales amounted to EUR 129.7 million, sharply up against EUR 88.8 million registered in the same period of last year. It should be noted that the revenues from the sale to distributors of prepaid and scratch cards (and similarly also the industrial direct costs and distribution costs) are booked based on the period of residual validity of the cards sold, which were not recharged, and the recharges. Revenues from this area of operation also include, for the period under investigation, EUR 132.7 million (EUR 50.1 million in the same period of the previous year) obtained from the sale to other platforms of the use of encrypted television rights. At the end of the nine-month period, the lower EBIT amount reflected the impact of higher costs relative to 2007-2009 football season contracts, including a substantial increase in pay per view rights starting from the second half of 2007, as well as the costs borne for the purchase of rights and development of the programme scheduling of the three channels, which expanded the *Premium Gallery* commercial offer starting from January 2008. The still negative EBIT amount in this area of operation improved considerably over the third quarter against the same period of last year, as a result of an improved cost trend, consequent to cost alignment with 2007 starting from this quarter.

Other	9 months		3rd Quarter	
	2008	2007	2008	2007
Multimedia	15.9	15.8	3.7	3.4
Teleshopping	25.0	24.0	8.5	8.7
Movie distribution and cinema	106.5	27.8	31.5	27.8
Production and commercialization fiction	0.2	-	0.2	-
Other advertising revenues	29.6	26.8	7.9	7.9
Inter-segment revenues	108.5	13.1	40.3	13.1
Total Revenues	285.7	107.5	92.2	60.9
Personnel, purchases, services, other costs	(199.6)	(93.5)	(70.3)	(46.0)
Inter-segment operating costs	(4.8)	(4.1)	(1.2)	(1.4)
Total operating costs	(204.4)	(97.6)	(71.5)	(47.4)
EBITDA	81.3	9.9	20.8	13.5
Rights Amortisations	(58.4)	(13.3)	(17.5)	(13.3)
Others amortisations and depreciations	(11.9)	(5.8)	(6.6)	(2.3)
Amortisations and depreciations	(70.3)	(19.1)	(24.1)	(15.6)
Operating Profit	10.9	(9.2)	(3.5)	(2.2)
<i>revenues %</i>	<i>3.8%</i>	<i>-8.6%</i>	<i>-3.8%</i>	<i>-3.6%</i>

As was previously indicated, starting from the second half of last year, Medusa Group's operations were also included in the Mediaset areas of operation. In the first nine months of 2008, Medusa is the second Italian film distributor with a 15.4% market share (13.9% in the same period of 2007), maintaining the third position among national movie theatre management companies. Revenues generated from TaoDue television productions in the nine-month period under investigation, equal to EUR 44 million, were recognised under infra-sector revenues, because they refer to productions developed for distribution and further exploitation on the Mediaset networks, based on the relevant stages of completion.

Analysis of results by geographical segment: Spain

Here follows the income statement referring to Spanish operations, corresponding to the consolidated figures of the Telecinco Group.

(amounts in EUR millions)

Spain: Income statement				
	9 months		3rd Quarter	
	2008	2007	2008	2007
Total consolidated net revenues	734.9	771.0	171.9	199.0
Personnel expenses	63.3	59.3	21.1	19.7
Purchases, services, other costs	238.1	229.7	73.4	72.4
Operating costs	301.4	289.0	94.5	92.1
EBITDA	433.5	481.9	77.4	106.8
Rights Amortisations	104.1	115.8	39.0	36.3
Others amortisations and depreciations	5.1	4.6	1.3	2.2
Amortisations and depreciations	109.2	120.5	40.3	38.5
Operating profit	324.3	361.5	37.1	68.4
Gain/(Losses) from disposal of equity investments	-	-	-	-
EBIT	324.3	361.5	37.1	68.5
Financial income/(losses)	(1.9)	6.9	(1.6)	(0.9)
Income/(expenses) from equity investments	(30.0)	2.6	(9.3)	1.4
EBT	292.4	371.0	26.2	68.9
Income taxes	(73.3)	(108.7)	0.7	(17.9)
Net profit from continuing operations	219.1	262.2	26.9	51.0
Net profit from discontinued operations	-	-	-	-
Minority interests in net profit	9.3	0.6	2.6	0.2
Mediaset Group net profit	228.4	262.8	29.5	51.2

The table below details the percentage impact on consolidated net revenues of some key Income Statement items referring to Spanish operations.

	9 months		3rd Quarter	
	2008	2007	2008	2007
Total consolidated net revenues	100.0%	100.0%	100.0%	100.0%
Operating costs	41.0%	37.5%	55.0%	46.3%
EBITDA	59.0%	62.5%	45.0%	53.7%
Amortisation, depreciation and write-downs	14.2%	15.0%	22.7%	18.2%
EBIT	44.1%	46.9%	21.6%	34.4%
EBT	39.8%	48.1%	15.2%	34.6%
Mediaset Group net profit	31.1%	34.1%	17.2%	25.7%
Tax rate (EBT %)	25.1%	29.3%	-2.7%	26.0%

The table below details the revenues of the Telecinco Group, highlighting its most significant items:

(amounts in EUR millions)

	9 months			3rd Quarter		
	2008	2007	%	2008	2007	%
Television advertising revenues	691.0	739.9	-6.6%	154.6	189.5	-18.4%
Other advertising revenues	12.6	10.7	18.7%	3.9	3.0	32.2%
Gross advertising revenues	703.7	750.5	-6.2%	158.5	192.4	-17.6%
Agency discounts	(32.9)	(32.6)	0.8%	(7.4)	(8.3)	-10.7%
Net advertising revenues	670.8	717.9	-6.6%	151.1	184.1	-17.9%
Other revenues	64.1	53.0	20.9%	20.8	14.9	39.1%
Total net consolidated revenues	734.9	771.0	-4.7%	171.9	199.1	-13.7%

The reduction in revenues reflected the decrease in **advertising revenues from television rights** referring to Telecinco, equal to -6.6%. **Other gross advertising revenues**, including advertising revenues generated from theme channels on digital terrestrial technology, Internet and Teletext, increased by **18.7%** in the period under investigation.

Other revenues were mainly attributable to the distribution of film and audiovideo content rights, as well as the revenues of merchandising and phone calls operations.

	9 months			3rd quarter		
	2008	2007	% changes	2008	2007	% changes
Operating costs	410.6	409.5	0.3%	134.8	130.6	3.2%
Personnel expenses	63.3	59.3	6.7%	21.1	19.7	7.1%
Purchases, services, other costs	238.1	229.7	3.7%	73.4	72.4	1.4%
Rights amortisations	104.1	115.8	-10.1%	39.0	36.3	7.4%
Other amortisations and depreciations	5.1	4.6	10.9%	1.3	2.2	-40.9%

Telecinco Group's **total operating costs** were in line with the previous year (**+0.3%**) reflecting, as already detailed in the half year report, the impact resulting from the use of the risk fund previously allocated to cover costs regarding copyright disputes. Net of this item, the increase of costs has been however extremely reduced, a +1.7% mainly attributable to the dynamic of the cost of broadcasted contents, with reference to which in-house productions costs prevail against tv rights amortisations.

EBITDA in the first nine-month period under investigation decreased by approximately EUR -48.5 million on a year-by-year basis. The percentage impact on consolidated net revenues consequently decreased from 62.5% as at 30 September 2007 to 59.0% in the same period of 2008.

As at 30 September 2008, **EBIT** for the Spanish segment totalled **EUR 324.3 million**, in line with EUR 361.5 million registered in the same period of 2007; **EBIT margin** went up to 46.9% from 44.1% in the previous year, confirming the achievement of one of the highest percentages among the European TV groups.

Below follows the analysis of the other items of the income statement with reference to the whole Mediaset Group.

	9 months		3rd quarter	
	2008	2007	2008	2007
Financial (income)/losses	-60.3	-34.4	-24.0	-14.9

The higher negative net balance in the financial income is mainly attributable to the increase in the average consolidated debt position in the quarter of reference against the same period of the previous year and higher average cost of debt as a result of the market rates trend in the period.

	9 months		3rd quarter	
	2008	2007	2008	2007
Income/(expenses) from equity investments	-37.3	3.1	-13.2	1.6

In the quarter under investigation, the result in investments mainly reflects charges resulting from the equity method valuation of the 33.3% stake held by Mediacinco in Edam.

In the first nine months of 2008, Edam generated consolidated revenues equal to EUR 948.3 million and EBITDA equal to EUR 162.1 million, corresponding to 17.1% of revenues (15.4% in the same period of 2007). The consolidated net result showed a loss equal to EUR -90.1 million, reflecting financial charges amounting to EUR 146.3 million and amortisation and depreciation regarding the intangible assets identified during the *Purchase Price Allocation* phase in the context of the acquisition of the majority stakes in Endemol amounting to EUR 117.9 million. As already mentioned in the first half interim report, with reference to such valuation process, it should be noted that as of 30 June 2008, in compliance with the terms established by the International Accounting Principle - *IFRS 3 Business Combination*, the *Purchase Price Allocation* was completed, definitely confirming the nature and the values identified during the provisional purchase price allocation as of 31 December 2007.

	9 months		3rd quarter	
	2008	2007	2008	2007
EBT	606.4	756.5	22.5	74.6
<i>Tax Rate (%)</i>	22.5%	33.6%	8.0%	24.8%
Net profit	355.8	372.3	5.7	31.5

Period EBIT is net of estimated income taxes according to the recognition defined by IAS 34, using the tax rate that is expected to be applied at the end of the current year. The reduction in the tax rate reflected the enforcement of the new ordinary tax rates applicable, starting from 2008, both in Italy (IRES reduced from 33% to 27.5%; IRAP from 4.25% to 3.9%) and in Spain (tax rate reduction from 32.5% to 30%) and the recognition of net revenues amounting to EUR 53.5 million, resulting from the use of deferred tax liabilities as well as the recognition of withholding taxes following to Mediaset S.p.A.'s adoption of the optional tax redemption regime applicable to some categories of assets, introduced in Italy by the 2008 Budget Law.

Balance sheet and financial position

Here follows the Summary Balance Sheet for the Group and for the geographical segments, reclassified in order to highlight the two macro aggregations which are **Net invested capital** and **Net financial position**, the latter comprising *Gross financial debt* reduced by *Cash and other cash equivalents* and by *Other financial assets*. The detail of the items which determine the *Net financial position* are shown in the notes be.

These tables are therefore different from the ones included in the Annual report, prepared according to the breakdown of the current and non current element of assets and liabilities.

The item *Equity investments and other financial assets* includes assets recognised in the Balance sheet under items *Equity investments in associated and joint companies* and *Other financial assets* (limited for the latter item to *equity investments* and to *non current receivables*, with the exclusion of *financial receivables* and *financial assets available for sale* which are included in the *Net financial position*).

The item *net working capital and other assets and liabilities* includes *current assets* (with the exclusion of *cash and cash equivalents* and of *current financial assets* which are included in the *Net financial position*), *assets and liabilities for advance paid and deferred taxes*, *non current assets held for sale*, *provisions for risks and charges*, *payables to suppliers* and *payables to taxation authorities*.

(amounts in EUR millions)

Balance Sheet Summary	30/09/2008	31/12/2007
Film and television rights	2,690.3	2,351.5
Goodwill and differences arising from consolidation	509.8	394.5
Other tangible and intangible non current assets	1,079.1	1,070.8
Equity investments and other financial assets	577.3	554.8
Net working capital and other assets/(liabilities)	(550.2)	(202.2)
Post-employment benefit plans	(100.4)	(102.2)
Net invested capital	4,206.0	4,067.2
Group shareholders' equity	2,426.4	2,557.7
Minority interests	303.3	300.7
Total Shareholders' equity	2,729.7	2,858.4
Net financial position	(1,476.3)	(1,208.8)

Below are separate balance sheet results for the two geographical segments, Italy and Spain, in the concerned periods.

It should be noted that the balance sheet situation regarding *Italian operations* includes – under the **Equity investments and other financial assets** item – the book value of the stake held in Gestelevision Telecinco as well as the 25% equity investment held in Mediacinco Cartera, the company owning a 33.3% shareholding in Edam, entirely consolidated by Telecinco, having the majority control with 75% of the shares. These investments are then eliminated at the end of the consolidation process. As a result, **Group's Shareholders' equity** of operations in Italy includes the dividends received by Telecinco, which are not shown in the income statement by geographical segment for reasons of clarity.

(amounts in EUR millions)

Balance Sheet Summary (geographical breakdown)	Italy		Spain	
	30/09/2008	31/12/2007	30/09/2008	31/12/2007
Film and television rights	2,525.1	2,205.0	165.2	146.5
Goodwill and differences arising from consolidation	146.4	41.0	-	-
Other tangible and intangible non current assets	950.7	970.6	128.4	100.2
Equity investments and other financial assets	762.4	719.6	464.3	472.3
Net working capital and other assets/(liabilities)	(408.1)	(132.5)	(142.1)	(69.6)
Post-employment benefit plans	(100.4)	(102.2)	-	-
Net invested capital	3,876.1	3,701.5	615.8	649.4
Group shareholders' equity	2,401.5	2,478.1	517.4	606.0
Minority interests	49.5	1.4	47.3	56.4
Total Shareholders' equity	2,451.0	2,479.5	564.7	662.5
Net financial position	(1,425.1)	(1,222.0)	(51.1)	13.2

The table below shows a summary of the balance sheet situation of the Group as at 30 September 2008, highlighting the effects deriving from the line-by-line consolidation of investments in the Telecinco Group.

(amounts in EUR millions)

Balance Sheet Summary (geographical breakdown) as at 30 September 2008	Italy	Spain	Eliminations/ Adjustments	Mediaset Group
Film and television rights	2,525.1	165.2		2,690.3
Goodwill and differences arising from consolidation	146.4	-	363.4	509.8
Other tangible and intangible non current assets	950.7	128.4		1,079.1
Equity investments and other financial assets	762.4	464.3	(649.4)	577.3
Net working capital and other assets/(liabilities)	(408.1)	(142.1)		(550.2)
Post-employment benefit plans	(100.4)	-		(100.4)
Net invested capital	3,876.1	615.8	(286.0)	4,206.0
Group shareholders' equity	2,401.5	517.4	(492.5)	2,426.4
Minority interests	49.5	47.3	206.5	303.3
Total Shareholders' equity	2,451.0	564.7	(286.0)	2,729.7
Net financial position	(1,425.2)	(51.1)		(1,476.3)

The summary of the **cash flow statement** by geographical segment, in order to assess the contribution of financial movements in the two periods, is shown below. Also, this table is reclassified with respect to the statement envisaged by IAS 7 used for the preparation of the mandatory cash flow statement scheme, highlighting changes in **Net financial position**, which represents the most significant indicator of the Group's ability to meet financial obligations.

(amounts in EUR millions)

	Mediaset Group		Italy		Spain	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007	30/09/2008	30/09/2007
Net financial position at the beginning of the year	(1,208.8)	(568.3)	(1,222.0)	(964.4)	13.2	396.1
Free Cash Flow	548.4	681.3	272.1	319.0	276.3	362.3
- Cash Flow from operating activities (*)	1,283.7	1,211.6	936.2	811.5	347.5	400.1
- Investments in fixed assets	(1,143.8)	(633.5)	(984.1)	(500.9)	(159.7)	(132.6)
- Disposals of fixed assets	2.3	5.9	1.1	2.4	1.2	3.5
- Changes in net working capital and other current assets/liabilities	406.2	97.3	318.9	6.0	87.3	91.3
Change in consolidation area	(139.5)	(132.9)	(139.7)	(131.7)	0.2	(1.2)
(Re-purchases)/Sales of treasury shares	(1.3)	(30.3)	-	(2.4)	(1.3)	(27.9)
Share capital issues	-	-	-	-	-	60.0
Cash changes generated by equity investments	(33.0)	(473.4)	(9.6)	(68.9)	(23.4)	(464.5)
Dividends received	2.6	1.3	162.7	158.4	1.6	1.2
Dividends paid	(644.6)	(644.7)	(488.7)	(488.8)	(317.6)	(314.2)
Financial Surplus/Deficit	(267.5)	(598.8)	(203.2)	(214.4)	(64.3)	(384.4)
Net financial position at the end of the period	(1,476.3)	(1,167.1)	(1,425.2)	(1,178.8)	(51.1)	11.7

(*): Net profit +/- minority interests + amortisations +/- net provisions +/- valuation of investments recorded using the net equity method + changes in valuation reserves - gains/losses on equity investments

The Group's **free cash flow** amounted to **EUR 548.3 million**, compared to EUR 681.3 million in the same period of 2007.

Fixed assets increases included in the cash flow statement are briefly detailed in the table below:

	Mediaset Group		Italy		Spain	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007	30/09/2008	30/09/2007
Investments in TV and movie theatre rights	(982.4)	(526.4)	(859.2)	(397.7)	(123.3)	(128.7)
Changes in advances on TV rights	(88.9)	(34.7)	(56.8)	(34.5)	(32.1)	(0.2)
TV rights: investments and advances	(1,071.3)	(561.1)	(916.0)	(432.2)	(155.4)	(128.9)
Investments in other fixed assets	(72.5)	(72.4)	(68.1)	(68.7)	(4.4)	(3.7)
Total investments in fixed assets	(1,143.8)	(633.5)	(984.1)	(500.9)	(159.7)	(132.6)

It should be noted that in the first nine months of 2008, approximately EUR 435 million have been invested for the purchase of the encrypted multiplex rights of the main Serie A football clubs for the 2009/2010 season (Juventus, Milan, Inter, Roma, Lazio, Turin and Chievo), with a contra-entry in item **variation in current assets** under trade payables.

In the period under investigation, item **Variation in the consolidation area**, equal to EUR -139.5 million, includes EUR -104.1 million regarding the impact on *Net financial position* of the 75% equity investment made in TaoDue S.r.l.; EUR -14.3 million concerning outlays associated with the 49% equity investment made in Sportsnet Media Limited, through the non-cash investment of Publiasia Limited and New Century Advertising Co. Ltd, previously consolidated on a line-by-line basis. This item also includes an outlay equal to EUR 12.3 million relative to the increase in the shareholding held by the Group in Gestelevision Telecinco, vis-à-vis the purchase in the stock market of an interest equal to 0.41% in the capital of the same company and the payment of EUR 9 million to Fininvest S.p.A. concerning the price balance amount relative to the acquisition of the equity in Medusa Film, calculated based on the attainment of the performance targets relative to the 2007 film season, as envisaged in the relevant contracts entered into in July 2007 upon acquisition.

Item **Equity investments** mainly includes the investment made by Gestevisión Telecinco for the acquisition of a 29.24% shareholding in Caribevision TV Network LLC in the first quarter, equal to EUR 21.5 million. It should be noted that in the third quarter, EUR 4.9 million were invested to acquire a 25% shareholding in Nessma S.A., a company managing a satellite channel under the same brand broadcast in the Maghrebi area.

Group's employees

As at 30 September 2008, Mediaset Group's employees equal 6,326 units, rising 87 units against 6,239 units of the same period in the previous year.

It should be noted that, due to a change in the consolidation area relating to the acquisition of TaoDue S.r.l. and NovaFilms S.r.l. starting from the second quarter 2008, the number of employees at 30 September 2008 includes 14 people pertaining to those companies.

The increase of average workforce is mainly due to the incoming into the consolidation area of Medusa Group's companies, starting from the third quarter of the last year.

The tables below show the trend in the number of employees broken down by geographical segments:

Number of employees (including temporary staff)	ITALY		SPAIN	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
Managers	351	337	105	98
Journalists	389	367	125	127
Middle managers	834	799	85	88
Office workers	3,568	3,531	840	859
Industry workers	3	3	26	30
Total	5,145	5,037	1,181	1,202

Average workforce (including temporary staff)	ITALY		SPAIN	
	9 months 08	9 months 07	9 months 08	9 months 07
Managers	346	330	106	98
Journalists	377	354	126	125
Middle managers	809	764	85	86
Office workers	3,562	3,266	845	856
Industry workers	4	-	28	30
Total	5,098	4,714	1,190	1,195

Transactions with related parties

Transactions with related parties are not quantifiable, nor are they atypical and unusual, being part of the normal business of the Group companies. Such transactions are carried out under normal market conditions, considering the characteristics of the products and services provided. The detailed information regarding their effects on the balance sheet, income statement and cash flow statement of holding companies, subsidiaries and associated companies, comprising those required by Consob Regulation of 29 July 2006, are included under the explanatory note 13 of this report.

Foreseeable development

The deep financial turmoil that hit global markets during this fall has considerably changed the economic expectations on the two main geographical market segments in which the Group

operates: Italy and Spain. Following the estimations of the main international observers, these two countries will be probably facing a recessive scenario, with undoubted consequences on advertising investments.

In this context, Mediaset Group is operating both in Italy and in Spain in order to tackle in the best way the reduced visibility regarding the evolution in the short term of the advertising markets, with the objective of consolidating its leadership in terms of market share and editor's reference target. We confirm a strong television cost control policy, as well as a prosecution of the improving strategy in pay television operations.

During the month of October, Mediaset networks and Telecinco confirm their leadership on their relevant commercial audience share, while in Italy the growth of revenues and clients from Mediaset Premium operations is still going on.

In Italy in the first ten months of the year the gross advertising revenues concerning Mediaset networks recorded a growth of 1.6% with reference to the same period of the past year. Despite the incertitude on the market, the trend of the advertising revenues in the next two months of the year should determine on a year basis a positive result comparing to 2007.

In Spain, the conditions of the advertising market, which were already difficult in the middle of the year, will cause a reduction of the advertising revenues even in the last quarter. Those factors, even considering an extremely reduced increase in television costs, will make difficult to achieve a better consolidated net result facing the one recorded on 2007.

For the Board of Directors

The Chairman

MEDIASET GROUP

Consolidated Financial Statements
and explanatory notes

MEDIASET GROUP

CONSOLIDATED BALANCE SHEET

(EUR million)

	Notes	30/9/2008	31/12/2007
ASSETS			
Non current assets			
Property, plant and equipment	4	514.6	520.5
Television and movie rights	4	2,690.3	2,351.5
Goodwill and differences arising from consolidation	4	509.8	394.5
Other intangible assets	4	564.5	550.3
Investments in associates	4	499.2	486.5
Other financial assets		78.4	68.6
Deferred tax assets		332.4	335.5
TOTAL NON CURRENT ASSETS		5,189.2	4,707.4
Current assets			
Inventories		43.6	42.7
Trade receivables		993.8	1,212.8
Other receivables and current assets		253.6	297.4
Current financial assets		31.2	19.8
Cash and cash equivalents		75.3	157.0
TOTAL CURRENT ASSETS		1,397.5	1,729.7
Non current assets held for sale		-	-
TOTAL ASSETS		6,586.7	6,437.1

MEDIASET GROUP

CONSOLIDATED BALANCE SHEET

(EUR million)

	Notes	30/9/2008	31/12/2007
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		614.2	614.2
Share premium reserve		275.2	275.2
Treasury shares	5	(416.7)	(416.7)
Other reserves	7	465.7	477.2
Valuation reserve	6	14.2	0.4
Retained earnings		1,118.0	1,100.6
Net profit for the period		355.8	506.8
Group Shareholders' Equity		2,426.4	2,557.7
Minority interests in net profit		114.3	174.4
Minority interests in share capital, reserves and retained earnings		189.0	126.3
Minority interests		303.3	300.7
TOTAL SHAREHOLDERS' EQUITY		2,729.7	2,858.4
Non current liabilities			
Post-employment benefit plans		100.4	102.2
Deferred tax liabilities		77.3	164.1
Financial liabilities and payables		882.8	855.8
Provisions for non current risks and charges		173.1	174.9
TOTAL NON CURRENT LIABILITIES		1,233.6	1,297.0
Current liabilities			
Financial payables		673.2	518.0
Trade and other payables		1,433.5	1,329.6
Provisions for current risks and charges		43.4	56.9
Current tax liabilities		124.9	104.7
Other financial liabilities		19.3	42.3
Other current liabilities		329.1	230.2
TOTAL CURRENT LIABILITIES		2,623.4	2,281.7
Liabilities related to non current assets held for sale		-	-
TOTAL LIABILITIES		3,857.0	3,578.7
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		6,586.7	6,437.1

MEDIASET GROUP

CONSOLIDATED INCOME STATEMENT

(EUR million)

INCOME STATEMENT	Notes	30/9/2008	30/9/2007
Sales of goods and services		2,993.2	2,789.8
Other revenues and income		36.3	26.3
TOTAL NET CONSOLIDATED REVENUES		3,029.5	2,816.1
Personnel expenses		382.0	328.5
Non recurring income			(23.0)
Purchases, services, other costs		1,131.6	1,005.4
Amortisation, depreciation and write-downs		812.0	694.4
Impairment losses and reversal of impairment on fixed assets		-	-
TOTAL COSTS		2,325.6	2,028.3
Gains/(Losses) from disposal of equity investments		-	-
EBIT		703.9	787.8
Financial losses		(166.8)	(97.6)
Financial income		106.5	63.2
Income/(expenses) from equity investments		(37.3)	3.1
EBT		606.4	756.5
Income taxes	9	136.3	254.2
NET PROFIT FROM CONTINUING OPERATIONS		470.1	502.4
Net Gains/(Losses) from discontinued operations		-	-
NET PROFIT FOR THE PERIOD		470.1	502.4
Attributable to:			
- Equity shareholders of the parent company		355.8	372.3
- Minority Interests		114.3	130.1
Earnings per share	10		
- Basic		0.31	0.33
- Diluted		0.31	0.33

MEDIASET GROUP

CONSOLIDATED CASH FLOW STATEMENT

(EUR million)

	30th September 2008	30th September 2007
CASH FLOW FROM OPERATING ACTIVITIES:		
Operating profit before taxation	666.4	792.1
+ Depreciation and amortisation	812.0	694.4
+ Other provisions and non-cash movements	18.0	(70.3)
+ Change in trade receivables	219.0	197.6
+ Change in trade payables	(40.5)	144.4
+ Change in other assets and liabilities	201.1	(110.1)
- Interests (paid)/received	(0.4)	(1.4)
- Income tax paid	(237.3)	(69.8)
Net cash flow from operating activities [A]	1,638.3	1,576.9
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from the sale of fixed assets	4.3	14.4
Proceeds from the sale of equity investments	0.0	3.1
Interests (paid)/received	(0.8)	(0.2)
Purchases in television rights	(982.4)	(526.4)
Changes in advances for television rights	(88.9)	(34.7)
Purchases of other fixed assets	(72.5)	(72.5)
Equity investments	(26.7)	(475.4)
Changes in payables for investing activities	144.4	(310.6)
Proceeds/(Payments) for hedging derivatives	(28.5)	(10.5)
Changes in other financial assets	(6.0)	11.6
Loans to other companies (granted)/repaid	(6.3)	-
Dividends received	2.6	1.3
Business Combinations/Changes in consolidation area	(139.5)	(87.2)
Net cash flow from investing activities [B]	(1,200.3)	(1,487.1)
CASH FLOW FROM FINANCING ACTIVITIES:		
Share capital issues	-	-
Change in treasury shares	(1.3)	(30.3)
Changes in financial liabilities	180.2	301.7
Dividends paid	(644.6)	(644.6)
Changes in other financial assets/liabilities	(6.7)	0.1
Interests (paid)/received	(47.3)	(27.2)
Net cash flow from financing activities [C]	(519.7)	(400.3)
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	(81.7)	(310.5)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]	157.0	447.4
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]	75.3	136.9

MEDIASET GROUP

MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' EQUITY

(EUR million)

	Share capital	Share premium reserve	Legal reserve and other reserves	Company's treasury shares	Valuation reserve	Retained earnings/(accumulated losses)	Profit/(loss) for the period	Total Group shareholders' equity	Total shareholders' equity attributable to minority interests	TOTAL SHAREHOLDERS' EQUITY
Balance at 1/1/2007	614.2	275.2	542.8	(413.9)	3.2	1,107.0	505.5	2,634.1	299.2	2,933.3
Allocation of the parent company's 2006 net profit	-	-	-	-	-	505.5	(505.5)	-	-	-
Dividends paid by the parent company	-	-	-	-	-	(488.7)	-	(488.7)	-	(488.7)
Dividends paid by subsidiaries to minority shareholders	-	-	-	-	-	-	-	-	(156.2)	(156.2)
Stock Option plan valuation	-	-	-	-	(1.8)	5.6	-	3.8	1.4	5.2
(Purchase)/sale of treasury shares	-	-	-	(2.3)	-	(13.8)	-	(16.1)	(14.1)	(30.2)
Gains/(losses) credited/(charged) to Equity										
Profits/(losses) from negotiation of treasury shares	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) from defined benefit plans	-	-	-	-	4.9	(7.6)	-	(2.7)	-	(2.7)
Financial asset valuation credited/(charged) to Equity	-	-	-	-	(6.4)	-	-	(6.4)	-	(6.4)
Changes in the consolidation area	-	-	(50.3)	-	-	1.7	-	(48.6)	(1.6)	(50.2)
Other changes	-	-	(4.1)	-	-	-	-	(4.1)	(2.4)	(6.5)
Profit/(loss) for the period	-	-	-	-	-	-	372.3	372.3	130.1	502.4
Balance at 30/06/2007	614.2	275.2	488.4	(416.2)	(0.1)	1,109.8	372.3	2,443.6	256.4	2,700.0
Balance at 1/1/2008	614.2	275.2	477.2	(416.7)	0.4	1,100.6	506.8	2,557.7	300.7	2,858.4
Allocation of the parent company's 2007 net profit	-	-	-	-	-	506.8	(506.8)	-	-	-
Dividends paid by the parent company	-	-	-	-	-	(488.7)	-	(488.7)	-	(488.7)
Dividends paid by subsidiaries to minority shareholders	-	-	-	-	-	-	-	-	(156.7)	(156.7)
Stock Option plan valuation	-	-	-	-	1.7	-	-	1.7	0.8	2.5
(Purchase)/sale of treasury shares	-	-	-	-	-	(0.6)	-	(0.6)	(0.7)	(1.3)
Gains/(losses) credited/(charged) to Equity										
Profits/(losses) from negotiation of treasury shares	-	-	-	-	-	-	-	-	-	-
Actuarial gains/(losses) from defined benefit plans	-	-	-	-	0.1	-	-	0.1	-	0.1
Financial asset valuation credited/(charged) to Equity	-	-	-	-	12.0	-	-	12.0	-	12.0
Changes in the consolidation area	-	-	(12.3)	-	-	-	-	(12.3)	44.9	32.6
Other changes	-	-	0.8	-	-	-	-	0.8	-	0.8
Profit/(loss) for the period	-	-	-	-	-	-	355.8	355.8	114.3	470.1
Balance at 30/06/2008	614.2	275.2	465.7	(416.7)	14.2	1,118.0	355.8	2,426.4	303.3	2,729.7

EXPLANATORY NOTES TO THE QUARTERLY REPORT AS AT 30 SEPTEMBER 2008

1. Drafting criteria

These Summary Quarterly Financial Statements, drafted in compliance with IAS 34 – Interim Financial Reporting, were prepared according to the same accounting principles and valuation criteria adopted for the drafting of the Group's Consolidated Financial Statements as at 31 December 2007, which we invite you to refer to, with the exception of some valuations and, specifically, those referring to the verification of possible impairment losses on fixed assets, which, lacking indicators, events and phenomena which may modify previously made valuations, are normally tested for impairment annually, when all necessary information is available to complete the process.

Taxes for the period under examination were calculated based on the best possible estimate of the weighted average expected for year end.

Mediaset Group's consolidated interim results reflected the seasonality of revenues from advertising, which are traditionally concentrated in the first part of the fiscal year.

All the amounts of the items included in these consolidated quarterly financial statements are expressed in EUR millions according to their relevance.

Lastly, it should be noted that for the purpose of converting into euros the USD denominated values of the affiliated companies acquired during the first quarter of 2008, the following exchange rates were applied: 1.5812 as at 31 March; 1.5764 as at 30 June, 1.4303 as at 30 September and an average exchange rate for the 31 March-30 September period equal to 1.5332.

This Quarterly Report is not subject to limited auditing by the Independent Auditors.

2. Amendments and new accounting principles

On 13 October, IASB amended IAS 39 – *Financial Instruments: Recognition and Measurement* and IFRS 7 – *Financial Instruments: Disclosures*. The amendments would permit reclassification, under particular and limited circumstances, of some financial instruments other than derivatives out of the *fair-value-through-profit-or-loss-category* into the *available-for-sale category* and/or *loans & receivables*, and out of *available-for-sale category* into *loans & receivables*. This amendment will take effect as of 1 July 2009. The Group has not adopted it yet, maintaining the previous classification method.

3. Main changes in the consolidation areas

In addition to the changes already reflected in the Half-Year Financial Statements as at 30 June 2008, during the quarter under examination the following corporate operations were completed, which implied changes in the consolidation area.

On 24 September 2008, RTI S.p.A. acquired a 48.25% interest in Tivù S.r.l., a company operating in the digital terrestrial promotion sector. Since such operation was completed very close to period end, such shareholding was valued according to the cost method instead of the equity method.

On 25 September 2008, the Group acquired a 25% interest in Nessma S.A. Nessma S.A. controls Nessma Entertainment Sarl, a company operating in the sector of satellite television in

the North of Africa (Algeria, Libya, Morocco and Tunisia). Since such operation was also completed very close to period end, such shareholding was valued according to the cost method.

On 26 September 2008, the acquisition of an additional 21.25% shareholding in TaoDue S.r.l. was completed. As a result of such acquisition, the overall shareholding owned by the Mediaset Group reached 75%. As already extensively detailed in the “Business combination” section, following to the completion of the relevant transactions, 25% of MedDue S.r.l. was transferred with subsequent dilution of the shareholding held in Medusa Film S.p.A., equal to 75% as at 30 September 2008.

4. Intangible and tangible assets and investments

The main period increases, in addition to those concerning television and film rights, an explanation of which has already been provided in the relevant report on operations, refer to the following types of assets:

- *Industrial buildings, plants and machinery*: EUR 58.9 million refer to mainly television broadcasting and telecasting networks;
- *Other intangible assets*: EUR 69.4 million mainly refer to the recognition of intangible assets regarding the allocation of the cost borne for the acquisition of a 75% equity interest in TaoDue S.r.l, as better detailed in the note 11 concerning “*Business combination*”. It should also be noted that the amounts relative to the options exercised in the period under examination regarding the encrypted rights of major Italian football clubs for the 2009/2010 First League season, comprehensively amounting to EUR 103.0 million, were reclassified out of the assets category into item *Television and film rights*.
- *Differences arising from consolidation* : EUR 121.9 million, of which EUR 112.2 million refer to the 75% equity interest acquisition in TaoDue and EUR 9.7 million to the equity interest increase (+0.41%) in Gestelevision Telecinco.
- *Investments in affiliated companies and joint ventures* : EUR 50.0 million, of which EUR 23.1 million refer to the acquisition of a 49% equity interest in Sportsnet Media Ltd., EUR 4.8 million to the acquisition of a 25% equity interest in Nessma S.A. and EUR 21.5 million to the acquisition of a 35.08% equity interest in Pegaso Television Inc.

5. Treasury shares

It should be noted that no operations for the purchase or sale of treasury shares have occurred during the first nine months of the year. As at 30 September 2008, Mediaset S.p.A. treasury shares are equal to 44,825,500 shares corresponding to EUR 416.7 million.

6. Valuation reserves

	30/09/2008	31/12/2007
Financial assets for cash flow hedging purpose	(3.0)	(15.0)
Stock option plans	18.1	16.4
Equity investments valuation reserves	-	-
Actuarial Gains/(Losses)	(0.9)	(1.0)
Total	14.2	0.4

The table below summarises the changes that have occurred in these reserves in the period of reference:

Valuation reserves	Balance at 1/1	Increase/ Decrease	Through Profit and Loss Account	Opening balance adjustments of the hedged item	Fair Value adjustments	Deferred tax effect	Balance at 30/09
Financial assets for cash flow hedging purpose	(15.0)	(3.1)	(0.1)	22.5	(2.6)	(4.7)	(3.0)
Financial assets available for sale	-	-	-	-	-	-	-
Stock option plans	16.4	1.7	-	-	-	-	18.1
Actuarial Gains/(Losses) on defined benefit plans	(1.0)	0.1	-	-	-	(0.0)	(0.9)
Total	0.4	(1.3)	(0.1)	22.5	(2.6)	(4.7)	14.2

Valuation reserve for financial cash flow hedging instruments is set up within the framework of the valuation of qualified hedging derivative instruments with respect to the exchange rate risk and the interest risk.

With respect to financial instruments for the management of the interest rate risk, changes during the first nine months, amounting to EUR 0.3 million, primarily regard the change in the fair value of collar and IRS derivative instruments concerning contracts stipulated to hedge against financial liabilities.

Changes that occurred within the framework of valuation reserves for the financial instruments for the hedging of the exchange rate risk refer for EUR 22.5 million to the adjustment of the initial carrying value of television rights acquired in the period and EUR -3.2 million to changes in fair value.

The **Reserve for Stock Option Plans** includes the amount of costs accrued as at 30 September 2008, determined pursuant to IFRS 2, for the three-year Stock Option Plans granted by Mediaset in 2005, 2007 and 2008 and by its subsidiary Telecinco in 2005, 2006, 2007 and 2008 for the amount pertaining to the Group. Changes in the period equal to EUR 1.7 million refer to the cost amount accrued as at 30 September 2008 pertaining to the Group.

The **Reserve from the valuation of actuarial profits and losses** includes the actuarial components regarding the valuation of defined benefit plans, directly recognised in equity.

7. Legal reserve and other reserves

Changes in the period equal to EUR -11.5 million mainly refer to the changes in the consolidation reserve recognised following to the acquisition of the Medusa Group for the portion relative to the earnout accrued in the period under examination and the effect of the sale of the 25% stake of Medusa Film S.p.A. as a result of the acquisition of a 75% equity interest in TaoDue S.r.l.

8. Net financial position

Below is the breakdown of the **consolidated net financial position** pursuant to Consob Resolution No. 6064293 dated 27 July 2006, showing the Group's current and non current net financial debt.

Changes in the Net financial position occurred in the period of reference are thoroughly detailed in the relevant Group's Balance Sheet section of the relevant Report on Operations.

	30/09/2008	31/12/2007
Cash in hand and cash equivalents	1.3	0.6
Bank and postal deposits	74.0	156.4
Securities and other current financial assets	8.7	15.3
Total liquidity	84.0	172.4
Financial receivables from affiliated companies	-	-
Other financial receivables	7.5	3.5
Total current financial receivables	7.5	3.5
Due to banks	(673.4)	(518.0)
Debiti e passività finanziarie correnti	(4.5)	(1.4)
Financial liabilities due to affiliated companies and joint ventures	(8.4)	(10.6)
Current financial debt	(686.3)	(529.9)
Current Net Financial Position	(594.8)	(354.0)
Securities and other non current financial assets	0.3	0.3
Due to banks	(846.5)	(822.5)
Payables and other non current financial liabilities	(35.3)	(32.7)
Non current financial debt	(881.5)	(854.8)
Net Financial Position	(1,476.3)	(1,208.8)

Item **Securities and current financial assets** includes securities and derivative instruments to hedge interest rate risk related to financial liabilities.

The change mainly refers to the transfer of securities owned by subsidiary Gestelevision Telecinco S.A.

Item **Financial receivables** mainly includes government contributions pursuant to Italian Law No. 1,213 of 4/11/65, as amended by Italian Law No. 153 of 1/3/1994, received for film productions developed by Medusa Film S.p.A., following to resolutions made by the competent authorities, yet not paid, for a total of EUR 7.5 million.

Item **Payables and current financial liabilities**, shown net of the ineffective portion of derivative instruments to hedge currency exposure, mainly refers to the current amount of payables due to leasing companies equal to EUR 2.7 million and payables due to factoring companies amounting to EUR 1.0 million.

Item **Payables and non current financial liabilities** refers to the non current amount of payables due to leasing companies equal to EUR 28.9 million and EUR 5.4 million relative to subsidized loans.

Item **Financial liabilities due to affiliated companies and joint ventures** refers to financial liabilities related to current account relations managed on behalf of such companies by parent company Mediaset S.p.A.

The variation in item **Payables due to banks – non current portion** refers to a re-classification in item **Payables due to banks – current portion**, including EUR 50.0 million regarding a contract stipulated with Banca Popolare di Bergamo, EUR 35.0 million concerning a new loan contract stipulated with BNP Paribas and EUR 40.0 million concerning a larger use of the credit lines relative to the contract stipulated with Intesa S.Paolo.

The variation in item **Payables due to banks – current portion** refers to a re-classification in item **Payables due to banks – non current portion** and to a larger use of credit lines.

9. Income tax

	30 September 2008	30 September 2007
Current tax expenses (foreign companies)	77.8	112.2
Imposte correnti società estere	165.0	133.2
Deferred tax expense	-106.6	8.8
Total	136.3	254.2

The financial result for the period is net of income tax in compliance with the recognition method established in IAS 34. Income tax expenses should be recognised based on the best estimate of the weighted average annual income tax rate expected for year end. The reduction in the tax rate reflects the implementation of the new ordinary rates applied, since 2008, in Italy (IRES dropped from 33% to 27,5%), IRAP (from 4.25% to 3.9%) and in Spain (income tax rates reduced from 32.5% to 30%) and the recognition of net proceeds for EUR 53.5 million following to Mediaset S.p.A.'s adoption of the optional tax redemption regime introduced in Italy by the 2008 Budget Law.

10. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	30 September 2008	30 September 2007
Net profit for the period (millions of euro)	355.8	372.4
Weighted average number of ordinary shares (without own shares)	1,136,402,064	1,136,530,609
Basic EPS	0.31	0.33
Weighted average number of ordinary shares for the diluted EPS computation	1,136,402,064	1,136,530,609
Diluted EPS	0.31	0.33

Earnings per share are calculated by comparing the Group's net income to the weighted average number of outstanding shares in the period, net of treasury shares. The diluted earnings per share are calculated taking into account the number of outstanding shares and the potential dilution effect deriving from the allocation of treasury shares to the beneficiaries of already accrued stock option plans.

11. Business combinations

Acquisition of a 75% equity interest in TaoDue

On 28 April 2008, following to the agreements stipulated on 28 November 2007, MedDue S.r.l., a company fully owned by RTI S.p.A., acquired, for a price of EUR 107.5 million, a 53.75% interest in TaoDue Srl, a company that through the fully owned subsidiary NovaFilm Srl, carries out activities regarding the production and sale of films, television serials and dramas. On 26 September 2008, in compliance with Art. 2481 bis and Art. 2465 of the Italian Civil Code, MedDue resolved upon two reserved capital increase operations regarding RTI S.p.A., following to the transfer of the entire equity interest held by the latter in Medusa Film S.p.A., and C.Nesbitt and P.Valsecchi, who transferred a 46.25% equity interest held in TaoDue S.r.l., respectively. Upon completion of the afore described transactions, MedDue S.r.l. will be owned at 75% by RTI S.p.A., at 12.5% by P.Valsecchi and at 12.5% by C.Nesbitt, and it will fully control Medusa Film S.p.A. and TaoDue S.p.A.

The acquisition of the majority interest in TaoDue was accounted according to IFRS 3, by applying the purchase method, determining the fair values ascribable to the consolidated assets and liabilities of the two companies and the subsequent recognition of the goodwill calculated on the difference against the price paid for the acquisition, as shown in the table below:

(amounts in EUR millions)

	Book value of the acquired company	Fair Value Adjustments	Fair value
Net assets acquired			
Tv and movie rights	1.0		1.0
Other tangible and intangible assets	1.2	60.0	61.2
Equity investments	0.0		0.0
Inventories	2.8		2.8
Trade (payables)/receivables	10.0		10.0
Cash and cash equivalents	3.6		3.6
Post-employment benefit plans	(0.1)		(0.1)
Other assets/(liabilities)	(15.5)	(18.8)	(34.3)
Total net assets acquired (a)	3.1	41.2	44.3
Minority interests on net assets acquired (b)			(10.2)
Net assets acquired pertaining to the Group (a) - (b)			34.1
Goodwill			112.3
Total acquisition costs			146.4

With reference to the provisional purchase price allocation recognition, specific intangible assets, referable to exclusive commitments undertaken in favour of the company by its founders and directors, were identified. These assets are representative of that managerial factor that in the sector of audiovisual content creation and production is particularly relevant to ensure high standards of sector-specific professional know-how and business continuity.

Comprehensively, net of deferred taxes allocated on higher current amounts recognised to intangible assets following to *purchase price allocation*, the relevant fair value of net assets pertaining to the purchaser in every single transaction step was re-calculated in EUR 34.1 million.

The difference between acquisition cost, equal to EUR 146.4 million, including cash outflows and the amount consolidated upon transaction date relative to the transfer of a 25% equity interest in Medusa Film, and the fair value of net assets acquired, equal to EUR 34.1 million, resulted in the recognition of goodwill equal to EUR 112.2 million.

Mediaset Group's net outlays for such transaction amounted to EUR 104.1 million, corresponding to the difference between the payments made for the acquisition, including ancillary expenses directly attributable to business combination, and acquired net liquidity.

Cash and cash equivalents	3.6
Acquisition costs	(107.7)
Net cash flows deriving from the acquisition	(104.1)

12. Segment report

Below is the data requested by IAS 14 for the primary and secondary segments based on the current internal organisational structure and the Group executive reporting standards. It is worth noting that primary segments coincide with the geographical areas determined on the basis of operations' sites. Specific secondary sectors for the areas of activity have been mentioned only with respect to the geographical segment in Italy, since in Spain, which coincides with the Telecinco Group, there are no significant business segments other than the television core business.

12.1 Primary segments (geographical areas)

- The following tables show the main income statement and balance sheet data directly attributable to the two geographical segments of activity as at 30 September 2008.
- The relationships between the two segments almost exclusively refer to the dividends paid out by subsidiary company Gestelevision Telecinco. Data regarding inter-segment revenues refer to the cancellation of the stake held in Gestelevision Telecinco, whose book value is entered under the assets of the geographical segment Italy with subsequent recognition of the consolidation difference and they include a 25% stake held by Mediaset in Mediacinco (the remaining 75% is owned by Telecinco) as well as a loan granted by Mediaset to Mediacinco equal to EUR 59.7 million.
- Non monetary costs refer to allocations to provisions for risks and charges and to the costs for stock option plans and, in the first quarter of 2007, they included extraordinary revenues resulting from the re-determination of post-employment benefit as of 31.12.2007.

30th September 2008	ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues from external customers	2,294.6	734.9		3,029.5
Inter-segment revenue	0.6	-	(0.6)	-
Consolidated net revenues	2,295.2	734.9	(0.6)	3,029.5
%	76%	24%		100%
Operating profit	379.6	324.3	-	703.9
%	54%	46%		100%
EBIT	379.6	324.3	-	703.9
Financial income/(losses)	(58.4)	(1.9)	-	(60.3)
Income/(expenses) from equity investments valued	(7.3)	(30.0)	-	(37.3)
Income/(expenses) from other equity investments	161.7	-	(161.7)	-
EBT	475.6	292.4	(161.6)	606.4
Income taxes	(63.0)	(73.3)	-	(136.3)
Profit/(losses) pertaining to minority interests	(2.4)	9.3	(121.2)	(114.3)
Group Net Profit	410.2	228.4	(282.8)	355.8
OTHER INFORMATION				
Assets	5,978.6	960.1	(352.0)	6,586.7
Liabilities	3,527.6	395.4	(66.0)	3,857.0
Investments in tangible and intangible non current assets	984.1	159.7	-	1,143.8
Amortization	702.8	109.2	-	812.0
Impairment losses	-	-	-	-
Other non monetary expenses	28.7	1.1	-	29.8

(*) Including the change in item *advances for the purchase of rights*

30th September 2007	ITALY	SPAIN	Eliminations/ Adjustments	MEDIASET GROUP
MAIN INCOME STATEMENT FIGURES				
Revenues from external customers	2,045.1	771.0		2,816.1
Inter-segment revenue	0.8	-	(0.8)	-
Consolidated net revenues	2,045.9	771.0	(0.8)	2,816.1
%	73%	27%		100%
Operating profit	426.3	361.5	-	787.8
%	54%	46%		100%
EBIT	426.3	361.5	-	787.8
Financial income/(losses)	(41.2)	6.9	-	(34.4)
Income/(expenses) from equity investments valued with t	0.5	2.6	-	3.1
Income/(expenses) from other equity investments	158.4	-	(158.4)	-
EBT	544.0	371.0	(158.4)	756.5
Income taxes	(145.4)	(108.7)	-	(254.2)
Profit/(losses) pertaining to minority interests	(0.4)	0.6	(130.3)	(130.1)
Group Net Profit	398.2	262.8	(288.7)	372.3
OTHER INFORMATION				
Assets	5,558.5	1,008.5	(342.5)	6,224.5
Liabilities	3,335.8	434.4	(245.7)	3,524.5
Investments in tangible and intangible non current assets	500.9	132.6	-	633.5
Amortization	573.9	120.5	-	694.4
Impairment losses	-	-	-	-
Other non monetary expenses	(2.1)	7.6	-	5.5

(*) Including the change in item *advances for the purchase of rights*

12.2 Secondary segments (areas of operation)

The operating segments defined in geographical area Italy, considering the actual significance and the organisation and business structure of the Group, are those already indicated in the relevant Half-Year Report on Operations:

30th September 2008	FREE TO AIR TELEVISION	NETWORK OPERATOR	PAY PER VIEW	OTHER AND ADJUSTMENTS	GEOGRAPHICAL SEGMENT ITALY
Revenues from external customers	1,788.5	152.6	269.5	84.6	2,295.2
%	78%	7%	12%	4%	100%
Television rights	1,596.3	-	782.2	146.6	2,525.1
Other tangible and intangible non current assets	294.7	513.7	11.9	130.4	950.7
Goodwill	2.5	6.2	-	137.7	146.4
Trade receivables	612.1	54.3	88.4	67.7	822.5
Inventories	26.0	3.5	4.5	7.2	41.1
Operating assets	2,531.7	577.6	887.0	489.5	4,485.8
Investments in television rights (*)	314.9	-	491.6	52.7	859.2
Other investments	26.4	35.5	4.4	1.8	68.1
Investments in tangible and intangible assets	341.3	35.5	496.0	54.5	927.3

(*) Excluding the change in item *advances for the purchase of rights*

30th September 2007	FREE TO AIR TELEVISION	NETWORK OPERATOR	PAY PER VIEW	OTHER AND ADJUSTMENTS	GEOGRAPHICAL SEGMENT ITALY
Revenues from external customers	1,758.9	49.8	142.8	94.4	2,045.9
%	86%	2%	7%	5%	100%
Film and Television rights	1,707.3	-	414.3	22.2	2,143.8
Other tangible and intangible non current assets	359.0	507.1	113.2	31.5	1,010.7
Goodwill	2.6	6.2	-	31.4	40.2
Trade receivables	605.7	41.9	89.6	75.1	812.4
Inventories	17.6	3.8	3.4	4.6	29.4
Operating assets	2,692.1	559.1	620.4	164.8	4,036.4
Investments in film and television rights (*)	356.6	-	35.4	5.7	397.7
Other investments	30.7	32.3	5.0	0.7	68.7
Investments in tangible and intangible assets	387.4	32.3	40.4	6.4	466.4

(*) Excluding the change in item *advances for the purchase of rights*

Comments regarding the breakdown and changes in revenues in the operating segments above described are already included in the relevant Report on Operations.

Main secondary segment operations mainly refer to **television rights**. Specifically:

- for the **Free-to-air area**, the library (films, dramas, short TV series, television series, cartoons), self-produced long dramas, entertainment rights, news and sports programmes that feed the three generalistic channels;
- for the **Pay-per-view area**, the sports, cinema and entertainment rights reserved to the Mediaset Premium offer. In particular, sports rights include the broadcasting rights for the main Italian football clubs for the 2009/2010 season.

13. Transactions with related parties

The Group carried out trade operations with the holding company and its affiliated companies, joint ventures and subsidiaries under normal market conditions.

The table below is a summary of the effects reflected on the income statement and balance sheet of the Group originating from the trade operations carried out with related parties:

	Trade receivables	Trade payables	Other receivables/ (payables)	Revenues	Operating costs	Financial income/ (charges)
Fininvest S.p.A.	0.6	1.5	(9.0)	0.6	4.5	(0.0)
Associated companies						
A.C. Milan S.p.A.	0.4	137.4	-	0.1	0.4	-
Alba Servizi Aerotrasporti S.p.A.	0.0	0.6	-	0.1	3.5	-
Arnoldo Mondadori Editore S.p.A.	2.5	0.1	-	10.8	0.7	-
Banca Mediolanum S.p.A.	0.7	0.0	-	2.7	-	-
Il Teatro Manzoni S.p.A.	0.5	0.8	-	0.0	0.7	-
Mediolanum Vita S.p.A.	-	-	-	-	-	-
Quinta Communication S.A.	-	1.8	-	-	-	-
Servizi Milan S.r.l.	1.0	-	-	-	7.7	-
Altre Società Consociate	7.6	2.2	(0.0)	5.9	7.6	0.0
Total parent company and associated	13.3	144.6	(9.0)	20.1	25.1	(0.0)
Joint control companies						
Boing S.p.A.	1.2	1.7	(7.9)	1.7	3.7	(0.3)
Fascino Produzione e Gestione Teatro S.r.l.	-	4.7	(0.4)	-	24.8	(0.1)
MediaVivere S.r.l.	3.2	6.1	-	0.6	13.4	-
Premiere Megaplex S.A.	-	-	-	-	-	-
Titanus Elios S.p.A.	-	-	-	-	3.5	-
Tivù S.r.l.	-	-	-	-	-	-
Affiliated companies						
Aprok Imagen S.L.	0.0	0.3	-	(0.0)	0.7	-
Auditel S.r.l.	-	-	-	-	4.3	-
Beigua S.r.l.	-	-	-	-	-	-
Campus Multimedia In-Formazione	0.0	0.0	-	0.1	0.2	-
Canal Factoria de Ficción S.A.	-	-	-	-	-	-
CaribeVision TV Network	0.7	-	-	0.7	-	-
Edam Acquisition Holding Cooperatief U.A.	0.2	17.5	-	0.1	51.4	-
Producciones Mandarin S.L.	0.4	5.2	-	0.7	10.9	-
La Fabrica De La Tele (già Hormigas Blancas Producció	0.2	4.6	-	0.0	12.5	-
Publici Television S.A.	0.2	-	-	0.8	-	-
Sportsnet Media Ltd.	-	-	4.3	-	-	-
Total joint control and affiliates	6.2	40.2	(4.0)	4.7	125.4	(0.3)
Other related parties	0.5	25.1	-	0.3	6.9	-
TOTAL	19.9	209.9	(13.0)	25.1	157.3	(0.3)

Revenues and trade receivables of the Fininvest Group and the Mediolanum Group mainly referred to sales of television advertising slots; while costs and trade payables were mainly attributable to the purchase of television rights and productions. Payables due to Fininvest S.p.A., amounting to EUR 10.5 million, included EUR 9.0 million concerning a liability accrued as at 30 September 2008 as a result of the contractually established price balance paid for the acquisition of the Medusa equity interest, determined based on the performance of the film distribution activities of Medusa Film in 2008.

The transactions with Edam Acquisition Holding Cooperatief U.A. mainly refer to the companies of the Endemol Group, controlled by it, through which the Group acquires both television formats and content, both in Italy and in Spain.

The transactions referred to in item *other related parties* mainly include transactions between Telecinco Group and Vocento Group (minority shareholder) for the purchase of television content.

The main impact on the consolidated cash flows generated by transactions with related parties was attributable, in addition to dividend payout to Fininvest S.p.A. for EUR 188.2 million, to the payment to Fininvest S.p.A. of the price, equal to EUR 9.0 million, agreed for the acquisition of an equity interest in Medusa, and outlays for the acquisition of rights from Milan A.C. for a total of EUR 11.9 million.

Lastly, it should also be noted that in the first nine months of the year, rights were acquired from Milan A.C., amounting to EUR 106.0 million relative to encrypted multi-platform rights for the 2009-2010 season following to the exercise of the relevant option right.

14. Transactions resulting from atypical and/or unusual operations

In compliance with Consob Resolution No. DEM 60644296 of 28 July 2006, it is hereby specified that during the first half of 2008 the Group did not carry out any atypical and/or unusual transaction as defined in the same Resolution.

15. Events occurred after 30 September 2008

No significant events have occurred after period closure.

In compliance with Art. 154-bis, par. 2 of the Financial Consolidation Act, Mr. Andrea Goretti, Executive Manager responsible for the drafting of Mediaset S.p.A. corporate accounting documents, hereby declares that the accounting data and information contained herein reflect the results of accounting documents, books and entries.

For the Board of Directors
The Chairman