



Press Release

RCS MediaGroup Board of Directors: results at 31 March 2011 approved*

- **Consolidated revenue at EUR 472.9 million (EUR 472.6 million in 1Q 2010 on a like-for-like basis)**
- **Group advertising revenue up EUR 4.3 million (+2.7%) to EUR 163.5 million**
- **EBITDA before non-recurring income/expense at EUR 5.3 million (EUR -2.9 million in 1Q 2010 on a like-for-like basis)**
- **EBITDA after non-recurring income/expense at EUR 3.1 million (EUR -2.7 million in 1Q 2010 on a like-for-like basis)**
- **Net loss for the period at EUR 20.9 million, an improvement of around EUR 10 million compared with the same period of 2010**
- **Net financial debt at EUR 949.9 million, an improvement of around EUR 21 million compared with 31 December 2010**
- **Intervention Plan: further benefits generated of more than EUR 5 million, in addition to the EUR 226 million generated so far at 31 December 2010**
- **The Shareholders' Meeting has been called to resolve upon the extension of the corporate purpose, in order to allow the Company to directly carry out publishing activities, also in view of a process to be started with the aim of simplifying and rationalizing the corporate structure of the Group**

Milan, 12 May 2011 - At its meeting today, the Board of Directors of RCS MediaGroup, under the chairmanship of Piergaetano Marchetti, examined and unanimously approved the results at 31 March 2011. The main results for the first quarter of 2011 compared with those of the same period of 2010 are shown below.

Consolidated figures* (EUR million)	IQ 2011	IQ 2010 LIKE-FOR-LIKE*	IQ 2010 REPORTED**
Consolidated Group revenue	472.9	472.6	491.6
EBITDA before non-recurring expense/income	5.3	(2.9)	(7.1)
EBITDA after non-recurring expense/income	3.1	(2.7)	(6.9)
EBIT	(21.2)		(31.5)
Net loss	(20.9)		(30.8)

Balance sheet figures* (EUR million)	31/03/2011	31/12/2010
Net financial debt	949.9	970.8

Group performance in the first quarter of 2011

The macroeconomic environment in the first quarter of 2011 confirmed the general downward trend in the Group's traditional markets, partly offset by growth in online advertising revenue and a positive performance by the book market. Visibility on future macroeconomic trends remains poor, particularly as regards print media advertising revenue.

* GE Fabbri was sold on 21 January 2011: in 1Q10 this company had generated revenue of EUR 18.9 million and negative EBITDA of EUR 4.2 million. GE Fabbri was excluded from the basis of consolidation from 1 January 2011.

** Figure is as reported in the interim report detailing the Group's results at 31 March 2010.

Alternative performance indicators:

- EBITDA refers to the operating result before depreciation, amortisation and write-downs.

- Net financial position, a financial structure indicator, is calculated as current and non-current financial debt, net of cash and equivalents and current financial assets and non-current financial assets for derivative instruments.

The Group's **consolidated net revenue** totalled EUR 472.9 million compared with the EUR 472.6 million registered in the same period of 2010 on a like-for-like basis (EUR 491.6 million reported). This increase was mainly due to the positive performance of advertising revenue (up 2.7%).

Circulation revenue totalled EUR 243.1 million, down slightly (2.2%) compared with the first quarter of 2010 on a like-for-like basis, due to a positive contribution from the Italian Newspapers and Books divisions (excluding Partworks), which partially compensated for a decrease in revenue from Spanish Newspapers.

The Group's **advertising revenue**, which benefits from the leading positions of the Group's brands and the increasing integration between the press and multimedia formats, grew by EUR 4.3 million (2.7%), totalling EUR 163.5 million: the increase was due in particular to a good performance by Spanish Newspapers (up 8%) and Italian Newspapers (up 2.5%).

Other publishing revenue grew by EUR 1.6 million to EUR 66.3 million (EUR 64.7 million in the first quarter of 2010), particularly reflecting the positive results of the Books and Italian Newspapers divisions, which offset declines in revenue from Digicast and the Magazines division.

EBITDA before non-recurring income/expense was positive at EUR 5.3 million, up EUR 8.2 million compared with the first quarter of 2010 on a like-for-like basis (and up EUR 10 million compared with the reported figure for the first quarter), due to a stable performance in all business areas and in particular to improved results in the Italian Newspapers, Books and Spanish Newspapers divisions.

EBITDA after non-recurring income/expense was EUR 3.1 million, compared with EUR -2.7 million in the first quarter of 2010 on a like-for-like basis (EUR -6.9 million reported), including net non-recurring expense of EUR 2.2 million in 2011 and net non-recurring income of EUR 0.2 million in 2010.

In the first quarter of 2011, the **Intervention Plan** announced in May 2009 generated further benefits of EUR 5.2 million. Added to the EUR 226 million already generated, total benefits now amount to more than EUR 231 million, and are essential for the Group to face the severe crisis that has affected the sector and sustain development.

EBIT was negative at EUR 21.2 million, an improvement of EUR 10.3 million compared to the figure of EUR -31.5 million for the first quarter of 2010, and reflects the positive developments described above.

Net financial expense totalled EUR 5.4 million (EUR 8.9 million in the first quarter of 2010). The positive change of EUR 3.5 million is mainly due to benefits from interest rate hedging.

The **net loss for the period** came in at EUR 20.9 million, an improvement of EUR 9.9 million compared with 2010.

Net financial debt decreased by a further EUR 20.9 million compared with 31 December 2010, totalling EUR 949.9 million, due to improved cash flow from ordinary operations and the sale of shareholdings in E-Box and GE Fabbri (the financial benefits from the sale of GE Fabbri will continue to be evident in the next few months).

The **average headcount** was 6,056, down by 156 compared with the same period of 2010, mainly due to the implementation of the reorganisation plans involving all areas of the Group. This was, however, partly offset by the strengthening of new media activities.

Comments on performance in the first quarter

The **Italian Newspapers** division generated **revenue** of EUR 146.4 million, up 6% compared with the same period of 2010. **Advertising revenue** grew by 2.5% to EUR 64.7 million. **Total online advertising revenue**, which registered steady growth (+25.5%), rose to 13.7% of the division's total advertising revenue. The *Corriere della Sera* multimedia system was almost in line with the first quarter of 2010, the *La Gazzetta dello Sport* multimedia system confirmed its positive trend by registering strong growth and City continued to decline. **Circulation revenue** increased from EUR 71.5 million to EUR 77.1 million, mainly reflecting steady sales at

newsstands and a good performance by add-on products.

Corriere della Sera and *La Gazzetta dello Sport* retain their leading positions in their sectors as regards total circulation, with average figures in the period of 482,000 and 294,000 respectively. *La Gazzetta dello Sport* remains the most read newspaper, with an average daily readership of 4.1 million, and *Corriere della Sera* registered another increase in readers (2.9%) compared with the previous quarter, returning to an average daily readership of over 3 million (source: Audipress 2011/I).

Measures to enhance the two publishing systems and develop new media activities across multiple platforms continued. All online traffic and readership indicators continued to register strong and steady growth, reaching 30.9 million non-duplicate monthly average unique users for the two titles (up 28%). The websites of *corriere.it* and *gazzetta.it* recorded average daily unique users on weekdays of 1.9 million (up 23%) and 946,000 (up 5%) respectively. At the end of March more than 24,000 subscriptions to the two websites for smartphone and tablet had been activated, with more than 770,000 applications downloaded. The Group further strengthened its presence in new media with the launch of the new release 1.7 of *Corriere della Sera* for iPad in the first quarter. The digital editions of the two newspapers had reached a total of 26,000 active subscribers at the end of March.

EBITDA was positive at EUR 15.9 million, an improvement versus the EUR 11.5 million reported for the same period in 2010 (including net non-recurring income of EUR 1.4 million and EUR 0.5 million respectively), mainly reflecting higher circulation and advertising revenue.

In Spain, **Unidad Editorial** registered **revenue** of EUR 116.7 million, compared with EUR 122.7 million in the same period of 2010. **Advertising revenue** totalled EUR 50.2 million, up 8% and substantially outperforming the market in all sectors in which the company operates, mainly due to positive results from *Marca* and online, TV and radio advertising. **Total online advertising revenue** rose to around 18% of the company's advertising revenue. **Publishing revenue** came in at EUR 55.4 million (EUR 65.8 million in the first quarter of 2010), mainly due to fewer launches of add-on products and to the decline in circulation.

El Mundo confirmed its position as Spain's second-largest daily, with a circulation of 268,000 average daily copies. The average circulation of leading sports daily *Marca* was 244,000 copies (source: OJD).

Websites continued to record excellent performances: *elmundo.es* – further strengthening its global leadership in Spanish language general news websites – achieved an average of 28.8 million monthly unique users (up 20%); *marca.com* confirmed its position as absolute leader in Spanish sites, with an average of 31.8 million monthly unique users (up 48.8%), and *expansion.com* – leader in financial news, and which completely renewed its offer – posted an average of 3.2 million monthly unique users (up 38%). Subscribers to the online editions on *Orbyt* of *ElMundo.es*, *Marca* and *Expansión* passed the 29,000 mark.

EBITDA, which was negative due to seasonal factors at EUR 3.2 million, improved by EUR 1 million compared with the first quarter of 2010.

In the **Books division**, **revenue** grew by EUR 0.5 million on a like-for-like basis compared with the first quarter of 2010, reaching EUR 99.6 million (EUR 118 million reported for the same period of 2010). The most popular titles included *The Prague Cemetery* by Umberto Eco (Bompiani), *Vandali. L'assalto alle bellezze d'Italia* by Gian Antonio Stella and Sergio Rizzo (Rizzoli) and *Ma vie davant, ma vie d'après* by Philippe Bouvard (Flammarion).

EBITDA, which was negative at EUR 2.6 million due to seasonal factors, improved compared with the first quarter 2010 on a like-for-like basis and excluding non-recurring income/expense of EUR 3.6 million.

The **Magazines** division registered **revenue** of EUR 50.8 million, compared with EUR 51.5 million in the same period of 2010: **publishing revenue** totalled EUR 21.2 million, a slight increase of EUR 0.2 million over the first quarter of 2010, due to a positive performance at newsstands by *Io Donna* and *Oggi*. **Advertising revenue** declined from EUR 23.5 million to EUR 22.9 million.

The multimedia system publications for women saw positive results in terms of circulation and advertising revenue due to the performance of *A*, *Io Donna* and *Amica*, and the growth of *Leiweb.it*, which registered 2.7 million unique users (up 35% compared with the first quarter of 2010). The home furnishings multimedia system registered stable circulation figures at newsstands and growing traffic at *AtCasa.it*. The lifestyle sector and multimedia system publications for men showed a downturn in revenue, while the family multimedia system was stable overall, with a good performance by the weekly publication *Oggi*.

EBITDA was negative at EUR 4.5 million, an improvement of EUR 0.5 million compared with the first quarter of 2010.



The **Television division (Digicast)** posted **revenue** of EUR 5.9 million, compared with EUR 6.4 million in the same period of 2010, due to the interruption of programming on the Jimmy channel. Advertising revenue decreased slightly. **EBITDA** fell from EUR 2.5 million to EUR 2.2 million.

The **Dada Group** posted **revenue** of EUR 39.2 million, up from EUR 38.6 million in the first quarter of 2010 (which also included a contribution of EUR 0.2 million from E-Box). **EBITDA before non-recurring income/expense** increased from EUR 2.6 million to EUR 2.8 million (EUR 1.4 million net of non-recurring costs in the first quarter of 2011). The Dada.pro division accounted for 60% of the Group's revenue (55% in the same period in 2010).

Outlook

The macroeconomic climate in the first quarter of 2011 witnessed an easing in the slight recovery that had started in 2010, underscoring once again the difficulty operators face in predicting future trends in the sector. The overall trend, however, remains one of increasingly accentuated differences between the performances of the individual segments and various geographic regions.

Although aware of the risks and uncertainties that still exist in the macroeconomic environment, RCS MediaGroup confirms the forecast given in the financial statements at 31 December 2010 – namely, that it regards 2011 as a year of stabilisation and continuing transition towards innovative and challenging business models, following the guidelines set out in the Three-Year Plan for 2011-2013. In addition, it will focus even greater attention on Customer Relationship Management across all business areas, with the aim of prioritising the relationship with the reader and encouraging loyalty through integrated programmes at both Group and brand level.

Among the Group's activities, advertising revenue will continue to see a progressive increase in revenue from the online channel. Overall advertising revenue is forecast to improve, albeit modestly.

Circulation figures will continue to be influenced by the ongoing development of the business model. The sharp acceleration in cross-media and digital projects will offset the drop in paper-based products, without ruling out a trend reversal for certain publications.

The Books division has contributed to multimedia development through the recent implementation of new publishing distribution platforms and the launch of the multimedia book. Revenue from the Books division is forecast to be broadly stable in 2011.

The Dada Group is operating in a difficult environment. The continuation of this scenario, and the measures to rationalise the Group's portfolio of activities, which led to the signing of the contract to sell the Group's shareholding in Dada.net to Buongiorno S.p.A. on 19 April, make it difficult at present to provide an outlook for the whole of 2011.

The positive, structural effects of the Intervention Plan launched in 2009, which far exceeded the original target of EUR 200 million and the costs of which were almost entirely booked in 2009, will continue to be felt in 2011, ensuring better organisation and resources for growth. However, given continuing market uncertainty, it is important not to regard the efficiency measures as complete: these require an additional, ongoing focus on costs and the improvement of production processes, after any measures to simplify the Group's organisation and structure. Equally, careful and constant monitoring will continue of net debt, which is expected to improve further in 2011.

Finally, this does not rule out an assessment of further revisions to the basis of consolidation of the Group (or of individual segments) in line with the market situation and in relation to non-core activities, also taking into account the outlook for each sector.

Barring unforeseen events, and notwithstanding the concerns raised by poor visibility and predictability, net profit is forecast to be better in 2011 than in 2010, sustained by structural interventions and the ongoing, determined pursuit of cost containment measures, accompanied as ever by investment and above all by actions to support the development of the Group's multimedia activities and to safeguard and enhance the quality of its products.



Proposal of amendments to Articles 2 (corporate purpose) and 19 (delegation of powers) of the Articles of Association. Rationalization and simplification process of the corporate structure of the Group.

The Board of Directors of RCS MediaGroup has resolved to start a rationalization and simplification programme of the corporate structure of the Group. The exact corporate perimeter involved in the programme will be defined in the near future. In any case, the process will exclusively involve Italian companies wholly controlled, directly or indirectly, by the Company. The programme is expected to be carried out through mergers of fully owned subsidiaries pursuant to Article 2505 of the Italian Civil Code and, therefore, resolved by the Board of Directors in accordance with Article 17 of the Articles of Association.

The amendment of the RCS MediaGroup corporate purpose, which is currently limited to the holding activity, is prodromic to such programme. The corporate purpose shall be extended to the publishing activities and to activities concerning the information in general, the advertising and activities related to all the above.

To this end, the Board of Directors has resolved to call the Extraordinary Shareholders' Meeting, at the Company's offices in Milan, via Balzan no. 3, on June 20, 2011, for the first call and, if necessary, on June 21, 2011, for the second call.

The Shareholders' Meeting will resolve upon the proposal concerning the extension of the corporate purpose as specified above (Article 2 of the Articles of Association), as well as the rewording of the Article 19 of the Articles of Association, in particular, in order to outline more precisely the governance, which is based on the Board of Directors, the Executive Committee and the Managing Director.

The possible approval by the Shareholders' Meeting of the extension of the corporate purpose implies the granting of the right of withdrawal to both the ordinary and saving shareholders that do not concur to the resolution.

Pursuant to Article 2437-ter, paragraph 3, of the Italian Civil Code, the consideration to be paid for the purpose of the exercise of the withdrawal right will be equal to the arithmetic average of the closing prices in the 6 months prior to the date of publication of the notice of call of the Extraordinary Shareholders' Meeting (as of today amounting to about Euro 1.162 with regard to the ordinary shares and about Euro 0.795 with regard to the saving shares).

The Company will communicate the exact settlement value of the ordinary and saving shares eligible for the withdrawal under the terms and formalities provided under the current legislation.

Riccardo Stilli, the director responsible for drawing up the company's accounting statements, hereby declares, pursuant to article 154-bis, paragraph 2 of the Testo Unico della Finanza law, that the information contained in this press release accurately represents the figures contained in the Group's accounting records.

The interim report detailing the Group's results at 31 March 2011 will be made available to the public at the company's registered office and Borsa Italiana S.p.A., as well as on the company's website www.rcsmediagroup.it, according to the established schedule.

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RCS MediaGroup

Restated consolidated income statement

(EUR million)	1Q 2011 (4) A	%	1Q 2010 (4) B	%	Difference A-B
Revenue	472.9	100.0	491.6	100.0	(18.7)
<i>Circulation revenue</i>	243.1	51.4	267.7	54.5	(24.6)
<i>Advertising revenue (1)</i>	163.5	34.6	159.2	32.4	4.3
<i>Other publishing revenue (2)</i>	66.3	14.0	64.7	13.2	1.6
Operating expense	(348.2)	(73.6)	(375.7)	(76.4)	27.5
Personnel expense	(114.6)	(24.2)	(116.3)	(23.7)	1.7
Impairment losses on receivables	(4.2)	(0.9)	(4.3)	(0.9)	0.1
Increases in provisions for risks	(2.8)	(0.6)	(2.2)	(0.4)	(0.6)
EBITDA (3)	3.1	0.7	(6.9)	(1.4)	10.0
Amortisation of intangible assets	(14.9)	(3.2)	(13.9)	(2.8)	(1.0)
Depreciation of property, plant and equipment	(9.4)	(2.0)	(10.0)	(2.0)	0.6
Impairment losses on non-current assets	0.0	0.0	(0.7)	(0.1)	0.7
Operating profit (loss)	(21.2)	(4.5)	(31.5)	(6.4)	10.3
Net financial income (expense)	(5.4)	(1.1)	(8.9)	(1.8)	3.5
Net gains (losses) from financial assets/liabilities	2.3	0.5	0.7	0.1	1.6
Share of profits (losses) of equity-accounted investees	(2.6)	(0.5)	(0.9)	(0.2)	(1.7)
Profit (loss) before tax	(26.9)	(5.7)	(40.6)	(8.3)	13.7
Income taxes	3.4	0.7	5.8	1.2	(2.4)
Profit (loss) from continuing operations	(23.5)	(5.0)	(34.8)	(7.1)	11.3
Profit/(loss) from assets held for sale and discontinued operations	0.0	0.0	0.0	0.0	0.0
Profit (loss) for the year	(23.5)	(5.0)	(34.8)	(7.1)	11.3
(Profit) loss attributable to non-controlling interests	2.6	0.5	4.0	0.8	(1.4)
(Profit) loss attributable to owners of the parent	(20.9)	(4.4)	(30.8)	(6.3)	9.9

(1) Advertising revenue in 1Q11 includes EUR 88.7 million realised through RCS Pubblicità (of which EUR 66.2 million from Italian Newspapers, EUR 20.8 million from Magazines and EUR 1.7 million from the sale of advertising space on behalf of external publishers) and EUR 74.8 million generated directly by publishers (of which EUR 50.2 million by Spanish Newspapers, EUR 8.1 million by Italian Newspapers, EUR 5.9 million by Blei, EUR 5.5 million by Dada, EUR 5 million by Magazines, EUR 0.6 million by Dicast and EUR 0.5 million by eliminations between Group companies).

Advertising revenue in 1Q10 includes EUR 90.5 million realised through RCS Pubblicità (of which EUR 67.2 million from Italian Newspapers, EUR 21.1 million from Magazines and EUR 2.2 million from the sale of advertising space on behalf of external publishers) and EUR 68.7 million generated directly by publishers (of which EUR 46.2 million by Spanish Newspapers, EUR 7.4 million by Blei, EUR 5.6 million by Italian Newspapers, EUR 5.4 million by Magazines, EUR 4.2 million by Dada, EUR 0.7 million by Dicast and EUR 0.8 million by eliminations between Group companies).

(2) Other publishing revenue mainly refers to the revenue of the Dada Group, revenue from the sale of film rights by the Unidad Editorial Group, revenue from the television activities of Dicast and the Unidad Editorial Group, royalty revenue from third parties, revenue associated with sporting events in Italy and Spain, and revenue from the sale of customer lists and children's boxed sets by companies in the Sfera Group.

(3) Earnings before interest, tax, depreciation, amortisation and impairment.

(4) GE Fabbri, a partwork publisher operating in foreign markets, including through various direct subsidiaries, was sold on 21 January 2011. In 1Q10, it generated revenue of EUR 18.9 million and EBITDA of EUR -4.2 million.

RCS MediaGroup

Restated consolidated balance sheet

(EUR million)	31 March 2011	%	31 December 2010	%
Intangible assets	1,579.2	79.4	1,588.9	78.1
Property, plant and equipment	357.3	18.0	364.9	17.9
Investment property	1.0	0.1	1.0	0.0
Non-current financial assets	354.7	17.8	344.7	16.9
Non-current assets	2,292.2	115.3	2,299.5	113.0
Inventories	160.9	8.1	163.4	8.0
Trade receivables	564.6	28.4	668.1	32.8
Trade payables	(638.5)	(32.1)	(699.9)	(34.4)
Other assets/liabilities	(98.9)	(5.0)	(94.4)	(4.6)
Working capital	(11.9)	(0.6)	37.2	1.8
Provisions for risks and charges	(76.3)	(3.8)	(87.0)	(4.3)
Deferred tax liabilities	(146.2)	(7.4)	(144.9)	(7.1)
Employee benefits	(70.0)	(3.5)	(69.9)	(3.4)
Net capital employed: operations	1,987.8	100.0	2,034.9	100.0
Net capital employed: assets held for sale	0.0	0.0	3.3	3.3
Net capital employed	1,987.8	100.0	2,038.2	100.0
Equity	1,037.9	52.2	1,067.4	52.4
Non-current financial liabilities	884.8	44.5	860.6	42.2
Current financial liabilities	149.5	7.5	182.2	8.9
Non-current financial assets recognised for derivatives	(5.7)	(0.3)	(3.1)	(0.2)
Cash and cash equivalents and current financial assets	(78.7)	(4.0)	(68.9)	(3.4)
Net financial debt (1)	949.9	47.8	970.8	47.6
Total sources of funding	1,987.8	100.0	2,038.2	100.0

(1) Indicator of financial structure, calculated as current and non-current financial liabilities, less cash and cash equivalents, current financial assets and non-current financial assets recognised for derivatives. Net financial position as defined by Consob in its Communication DEM/6064293 dated 28 July 2006 excludes non-current financial assets and is therefore equal to EUR 955.6 million (EUR 973.9 million at 31 December 2010).

RCS MediaGroup

Breakdown of revenue by business

(EUR million)	1Q 2011					1Q 2010				
	Revenue	EBITDA	% of revenue	EBIT	% of revenue	Revenue	EBITDA	% of revenue	EBIT	% of revenue
Italian Newspapers	146.4	15.9	10.9%	11.6	7.9%	138.1	11.5	8.3%	6.9	5.0%
Spanish Newspapers	116.7	(3.2)	(2.7)%	(9.9)	(8.5)%	122.7	(4.2)	(3.4)%	(11.6)	(9.5)%
Books (1)	99.6	(2.6)	(2.6)%	(4.1)	(4.1)%	118.0	(9.0)	(7.6)%	(10.8)	(9.2)%
Magazines	50.8	(4.5)	(8.9)%	(4.8)	(9.4)%	51.5	(5.0)	(9.7)%	(5.4)	(10.5)%
Advertising	95.4	(3.0)	(3.1)%	(3.4)	(3.6)%	98.2	(2.7)	(2.7)%	(3.1)	(3.2)%
Dada	39.2	1.4	3.6%	(1.8)	(4.6)%	38.6	2.6	6.7%	(0.4)	(1.0)%
Television	5.9	2.2	37.3%	(0.8)	(13.6)%	6.4	2.5	39.1%	0.1	1.6%
Corporate	12.7	(3.1)	(24.4)%	(8.0)	n.a.	13.6	(2.5)	(18.4)%	(7.2)	n.a.
Sundry and eliminations	(93.8)	0.0	n.a.	0.0	n.a.	(95.5)	(0.1)	n.a.	(0.0)	n.a.
Total	472.9	3.1	0.7%	(21.2)	(4.5)%	491.6	(6.9)	-1.4%	(31.5)	(6.4)%

(1) GE Fabbri, a partwork publisher operating in foreign markets, including through various direct subsidiaries, was sold on 21 January 2011. In 1Q10, it generated revenue of EUR 18.9 million and EBITDA of EUR -4.2 million.