



## **The Board of Directors approves the proposed 2005 financial statements**

**Group turnover at 111.3 million euros (+11.6%)**

**Gross operating margin at 8.6 million euros**

**Dividend of 0.010 euros per share**

Milan, 29th March 2006

The Board of Directors of Class Editori, chaired by professor Victor Uckmar, met earlier today to review the financial statements of the company and the consolidated financial statements of the group at 31st December 2005.

### **Consolidated Results**

Group turnover grew by 11.6% from 99.766 to 111.322 million euros. Sales revenues increased as a result of the 17.9% growth in advertising revenues (from 45.461 to 53.591 million euros) and the 12.1% growth in newsstand revenues (from 9.560 to 10.714 million euros).

Gross operating margin (Ebitda) amounted to 8.533 million euros, in line with the previous year's figure (8.864 million), with an incidence on revenues of 7.6%. Operating profits (Ebit) amounted to 994,000 euros (1.987 million in 2004).

Pre-tax profits came to 1.785 million euros (2.199 million in 2004); after deducting taxation and minority interests, net profits amounted to 0.553 million euros compared with the 0.112 million for the same period in 2004.

The net financial position improved by approximately 4 million euros with net liabilities falling from 14.5 to 10.5 million euros. This reduction was achieved by self-funding running costs for approximately 6.6 million euros, increasing the working capital for the year by approximately 9.5 million euros, net of asset and equity investments of approximately 11.8 million euros.

## **Company results**

Class Editori Spa closed 2005 with a turnover of 46.141 million euros, an approximately 7% increase compared with the previous year (43.215 million). Net profits amounted to 1.617 million euros (0.621 million euros in 2004).

## **Review of main business segments**

**Newspapers** – This area generated revenues of 34.489 million euros (29.157 million euros in 2004, +18.3%) and a margin of contribution of 12.980 million euros, a 7.8% increase over 2004 (12.046 million euros).

**Magazines** – Revenues in this segment amounted to 23.612 million euros (21.806 in 2004, +8.3%) and a margin of contribution of 3.234 million euros, 3.1% up on 2004.

**Electronic publishing** – Turnover came to 23.970 million euros (24.407 million in 2004, -1.8%) and a margin of contribution of 9.517 million euros (-7.2%).

**Professional services** – This area generated revenues of 8.479 million euros against 7.632 million in 2004 (+11%). The margin of contribution increased from 0.071 million to 0.662 million euros.

**Television and Radio** – Revenues in this segment amounted to 15.162 million euros (15.562 million euros in 2004, -2.6%), with a margin of contribution of 2.2 million euros (3.408 million in 2004).

## Business segment highlights

### Publishing

➤ *MF/Milano Finanza*, with an Audipress-certified readership of 531,000, 1% up on the last survey (527,000 readers), achieved an average circulation of 116,673 copies (Ads data), a 6% increase over the 110,300 copies in 2004. The newspaper thus consolidated its leadership in the financial and economic information sector.

➤ Average circulation of the monthly magazine, *Class*, amounted to 89,300 copies, a massive increase (+21%) compared with the 73,600 copies of 2004, thus strengthening its leadership in its reference market.

➤ The monthly magazine, *Gentleman*, confirmed its previous success with the general public and advertisers: during the three years since the magazine became a monthly, advertising revenues have increased by 64%.

➤ Class Editori and its parent company, Euroclass Multimedia Holding SA, purchased (through Country Class Editori Srl) the Capital magazine business unit from RCS Periodici Spa. With Capital, a magazine boasting an average circulation of 76,239 copies (source: Ads) and a readership of 368,000 (source: Audipress), the company has strengthened its leadership in all segments of the men's magazine market, where it also publishes Class, Gentleman and Patrimoni. The first issue of the new Capital magazine published by Class Editori came out in December 2005.

➤ In January 2005, *Milano Finanza* changed its graphic design and page layout in order to more fully and clearly satisfy the requirements of its readers. Since last summer, *Class* and *Case & Country* have been on sale with a completely new format and graphic design. Additionally, on 21st September, *MF*, the daily financial newspaper went on sale with a new graphic design, a new news summary and a more complete page layout. *Patrimoni*, the *MF/Milano Finanza* magazine, was also refreshed starting on 24th September.

### **Electronic publishing.**

✦ On 13th June, the company opened the Libero portal finance channel, Libero Finanza (<http://libero.milanofinanza.it>) and has been running it ever since. This partnership with the Libero portal confirms the role of Milano Finanza as the leading financial service and content provider on the Internet, through both [www.milanofinanza.it](http://www.milanofinanza.it) which attracts 250,000 visitors, 32,000 of which paying users, and leading portals such as Excite, Msn, Alice, Tiscali and Yahoo.

### **Home Banking**

✦ In May, Class Editori, together with Banca CR Firenze, launched the first home banking service on digital terrestrial TV to be provided to the general public in Italy. The propriety technological platform of Class Editori allows the bank's customers to tune in to the *Class News* digital terrestrial TV channel (on the multiplex transmitted by Mediaset) and carry out all the transactions that are currently possible with Internet banking directly from home, comfortably seated at home and using the TV remote control unit. This agreement confirms the company's leadership in interactive financial services and is an additional step forwards in the development of the TV business which is the sector with the strongest development potential within the scope of the company's strategy.

### **Television and Radio**

✦ In June, *Cfn/Cnbc*, the first global Italian-language financial digital TV channel, changed its name to Class CNBC in order to enhance brand recognition and make it easier for viewers to appreciate the connection with Class Editori. Class CNBC, on the air every day on Sky channel 505 and on the Rosso Alice web portal ([www.rossoalice.it](http://www.rossoalice.it)), has a new format, broadcasts from new studios and features new info-graphics and programme schedules.

✦ *Class Life*, the first TV channel dedicated to the pleasure of living, has been on the air every weekend since 24th September. The new channel, unique as regards target and content, addresses high and exclusive target of Class Editori and is broadcast on Class CNBC, on the Rosso Alice web portal and on the digital terrestrial TV, Class News. The channel, adapted for web transmission, has also been transmitted on the [www.classlife.it](http://www.classlife.it) portal since mid-March 2006.

✦ The catchment area of *Circuito Milano Finanza-Classica*, a national syndicate comprising various leading local radios, was consolidated during the year by registering an average daily audience of 2 million listeners (Audiradio-certified data).

## Post-balance sheet highlights

### Publishing

✦ Class Editori and Le Monde began developing joint initiatives at European level following the company's purchase of a stake in Le Monde, thus becoming the seventh most important shareholder of Le Monde SA, the management company publishing the Paris newspaper and the other publications of the group. The decision of Class Editori to invest in the French group was taken due to the affinities between the two groups, also bearing in mind that Le Monde, one of the most prestigious dailies in the world, has remained one of the very few newspapers in the world to be controlled by its employees and not by industrial and financial groups.

✦ In February, the financial, legal and political daily of Class Editori, ItaliaOggi, hit the newsstands with its new graphic design and contents. This revamped paper, which has achieved a circulation of almost 100,000 copies, stands out for its new cover page with large colour photos and political headlines, a different method of classifying news and more extensive use of colour on the inside pages. As regards contents, ItaliaOggi now includes politics in order to provide its professional target with details of legislative events.

✦ The *CartaSi Luna* project was launched in March. This project is based on the idea of linking the monthly magazine, Luna, with the CartaSi payment instrument in order to satisfy the requirements of the magazine's high target female readers. CartaSi Luna, which sets out to reach 120,000 holders within the next 24 months, is a revolution in the sector of women's magazines because, without degrading the quality of the paper with gadgets that have nothing to do with its contents, it promotes elevated circulation whilst developing a unique relationship of trust with its card holders.

Among the various conventions and advantages, holders will receive a subscription to the specially produced compact version of Luna. This generates an extraordinary circulation

which is of great interest for advertisers who can direct their communication to a target that can be defined according to its real purchase habits.

### **Future prospects**

On the bases of performance in 2005 and the early months of 2006, partly thanks to a series of operations concentrated on the company's publications, a significant improvement in profitability is expected.

### **Dividend**

The Board of Directors has decided to propose to the general shareholders' meeting the distribution of a dividend of 0.010 euros per share. This dividend will be paid on 11th May 2006 against removal of coupon n° 9 on 8th May.

### **General Shareholders' Meeting**

The first call of the General Shareholders' Meeting is for 9.00 on 29th April 2006 at the company headquarters in Via Burigozzo n° 5, while the second call has been fixed for 9.00 on 2nd May at the same location.

#### Agenda

- ✓ Presentation of the company and consolidated group financial statements at 31.12.2005 and the Reports of the Board of Directors, Board of Auditors and Independent Auditors.  
Connected resolutions;
- ✓ Proposal to purchase and place own shares, simultaneous cancellation of the unused portion deriving from the shareholders' resolution of 2nd May 2005 relative to the authorisation, purchase and placement of own shares.

### **Purchase of own shares**

During the next Shareholders' Meeting, the Board of Directors of Class Editori will propose renewal of the proxy for the purchase of own shares in order to grasp the opportunities permitted by current legislation in the corporate interest.

## Consolidated profit and loss statement at 31st December 2005

(amounts in '000 euros)

	31st Dec 2005 IAS	31st Dec 2005 IAS
Sales revenues	111,322	99,766
Operating expenses	102,789	90,902
Gross margin	8,533	8,864
% of revenues	7,67	8,88
Depreciation and amortisation	7,539	6,877
Operating profit	994	1,987
% of revenues	0,9	2
Net financial charges	791	212
Profit before taxes	1,785	2,199
Income taxes	1,558	2,080
Minority interest	326	-7
Net profit	553	112

## Breakdown of revenues at 31st December

(amounts in '000 euros)

	31st December 2005	31st December 2004	Change %
Newsstand revenues	10,714	9,560	12.1
Subscription revenues	33,730	35,660	-5.4
Advertising revenues	53,591	45,461	17.9
Other revenues	12,353	8,171	51.2
Total revenues	110,388	98,852	11.7
Contributions to operating costs	934	914	2.2
Increase in internal labour	0	0	n.n.
Total	111,322	99,766	11.6

## Consolidated balance sheet

ASSETS <i>(amounts in '000 euros)</i>	31st December 2005	31st December 2004
Long-term intangible assets	28,130	25,284
Other intangible assets	9,258	8,807
Intangible assets	37,388	34,091
Tangible assets	8,070	7,484
Equity investments valued at equity	923	1,088
Other equity investments	5,173	3,163
Financial receivables	4	4
Other receivables	416	419
NON-CURRENT ASSETS	51,974	46,249
Inventory	4,112	3,288
Trade receivables	68,690	74,930
Securities	800	350
Financial receivables	11,508	8,803
Tax receivables	7,329	6,350
Other receivables	6,248	9,322
Cash and cash equivalents	3,995	4,705
CURRENT ASSETS	102,682	107,748
TOTAL ASSETS	154,656	153,997

LIABILITIES (amounts in '000 euros)	31st December 2005	31st December 2004
Company capital	9,255	9,238
Share premium account	28,422	28,227
Legal reserve	2,544	2,544
Other reserves	32,664	33,375
Profit (loss) for the year	553	112
Group net equity	73,438	73,496
Minority interest	5,117	4,937
Minority profit (loss)	(326)	7
Minority net equity	4,791	4,944
NET EQUITY	78,229	78,440
Long-term borrowing	6,542	1,648
Contingency reserves	1,028	1,604
Severance fund and other employee funds	3,432	2,944
NON-CURRENT LIABILITIES	11,002	6,196
Short-term borrowing	8,787	17,909
Trade payables	35,402	27,358
Tax payables	4,808	3,650
Other payables	16,428	20,444
CURRENT LIABILITIES	65,425	69,361
TOTAL LIABILITIES	76,427	75,557
LIABILITIES AND NET EQUITY	154,656	153,997

## Profit and loss statement of Class Editori S.p.A.

(amounts in euros)	31st December 2005	31st December 2004
Revenues	23,357,708	22,346,648
Other operating revenues	23,784,182	20,868,673
Total revenues	46,141,890	43,215,321
Purchase costs	(2,822,312)	(2,606,652)
Service costs	(33,841,465)	(32,380,256)
Personnel expenses	(4,595,114)	(4,270,264)
Other operating expenses	(2,680,685)	(2,091,719)
Gross operating profit - Ebitda	2,202,314	1,866,430
Depreciation, amortisation and writedowns	(1,276,294)	(1,430,695)
Operating result – Ebit	926,020	435,735
Net financial income/(charges)	613,272	1,009,994
Profit (loss) before taxes	1,539,292	1,445,729
Income taxes	78,164	(823,824)
Net profit (loss)	1,617,456	621,905

## Balance sheet of Class Editori S.p.A.

ASSETS (amounts in euros)	31st December 2005	31st December 2004
Long-term intangible assets	122,464	-
Other intangible assets	571,148	950,851
Intangible assets	693,612	950,851
Tangible assets	2,186,762	2,272,199
Other equity investments	23,382,475	18,566,572
Financial receivables	2,218,626	2,047,486
Other receivables	340,194	340,194
NON-CURRENT ASSETS	28,821,669	24,177,302
Inventory	1,189,076	1,091,325
Trade receivables	53,019,706	38,800,468
Financial receivables	41,010,052	43,513,677
Tax receivables	2,433,759	2,937,228
Other receivables	1,627,990	3,041,276
Cash and cash equivalents	579,501	1,250,071
CURRENT ASSETS	99,860,084	90,634,045
TOTAL ASSETS	128,681,753	114,811,347

<b>LIABILITIES</b> (amounts in euros)	<b>31st December 2005</b>	<b>31st December 2004</b>
Company capital	9,255,338	9,238,097
Share premium account	28,422,301	28,227,537
Legal reserve	2,543,881	2,543,881
Other reserves	30,461,642	30,195,990
Profit (loss) for the year	1,617,456	621,905
<b>NET EQUITY</b>	<b>72,300,619</b>	<b>70,827,411</b>
Long-term borrowing	183,516	183,516
Contingency reserves	345,224	345,224
Severance fund and other employee funds	1,055,191	944,741
<b>NON-CURRENT LIABILITIES</b>	<b>1,583,931</b>	<b>1,473,481</b>
Short-term borrowing	20,035,170	18,313,607
Trade payables	26,835,620	18,120,452
Tax payables	739,769	1,893,877
Other payables	7,186,644	4,182,519
<b>CURRENT LIABILITIES</b>	<b>54,797,203</b>	<b>42,510,455</b>
<b>TOTAL LIABILITIES</b>	<b>56,381,134</b>	<b>43,983,936</b>
<b>LIABILITIES AND NET EQUITY</b>	<b>128,681,753</b>	<b>114,811,347</b>

## **Class Editori**

Class Editori is Italy's top financial news, lifestyle and luxury good products publisher. Founded in 1986 by Paolo Panerai, the company has developed on new technologies to become a multimedia information provider.

The company activities currently embrace newspapers (MF/Milano Finanza and italia Oggi) and periodicals (Capital, Class, Gentleman, Luna...), together with press agencies (MF-DowJonesNews, a joint venture with Dow Jones & Co.).

The company is also involved in the new media, including satellite digital TV (Class CNBC - formerly Cfn/Cnbc - in partnership with NBC-Vivendi Universal, Dow Jones, General Electric and Mediaset), terrestrial digital TV (Class News, the new all-news TV channel on the multiplex transmitted by Mediaset) and Class Life, the first TV channel dedicated to the pleasure of living. The company's multimedia offer is completed with Class Editori, a technological platform for interactive financial services on terrestrial digital TV, Corporate TV services for banks and companies, as well as radio (Radio Classica/Milano Finanza) and video information systems (Telesia Sistemi) transmitted on airport and metro TV networks.

Class Editori also produces information and provides services for economics (Class Professionale) and finance (Milano Finanza Intelligence Unit) operators, as well as data and news via satellite (MF Sat) and trading information and platforms via the Internet (MF Trading, [www.milanofinanza.it](http://www.milanofinanza.it), [www.italiaoggi.it](http://www.italiaoggi.it)).

*Class Editori* shares (Ticker: CLE) have been listed at the Milan Stock Exchange since 30th November 1998.

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**For further information, please contact:**

**Gian Marco Giura**

Corporate Communication Manager

- Investor Relations -

Tel: 02-58219395

Fax: 02-58219452

E-mail: **Investors and analysts**, [ir@class.it](mailto:ir@class.it)

**Press**, [press@class.it](mailto:press@class.it)