



**2006 first half sales rises to 59.4 million euros (+11.8%)**

**Advertising revenues rise by 17.5% to 35.3 million euros**

**Ebitda rises to 4 millions (+22.1%)**

**Consolidated pre-tax earnings 0.8 millions**

Milan, 12 September 2006

The Board of Directors of Class Editori held a meeting today chaired by Prof. Victor Uckmar in order to discuss the publisher's activities and consolidated results for the first half of this year.

## **Consolidated Results**

Sales for the first half totalled 59.4 million euros, a rise of 11.8% over the same period of 2005 (53.1 million euros). This performance was mainly due to the increase in advertising revenues, which rose from 30 to 35.3 million euros (+17.5%), and in newsagent revenues, up 23.1% (from 5.7 to 7 million euros).

Earnings before interest and taxes, depreciation and amortisation (Ebitda) increased by 22.1% from 3.2 to 4 million euros. The operating margin (Ebit) increased from 0.1 million euros (in 2005) to 0.818 million.

The pre-tax profit was 0.835 million euros compared to a loss of 0.2 million for the corresponding period in 2005. The net result pertaining to the group was 0.07 million (0.9 in 2005) because of the greater fiscal burden (1.0 million).

The net financial position changed from overall indebtedness of 10.5 million euros (on 31 December 2005) to net indebtedness of 13 million euros. About half the change was due to the payment (at the beginning of the year) of the subscription of the shareholding in Le Monde Sa, while the rest arose from investments in the first half.

## Significant events

### - Publishing

The monthly magazine *Class*, with average circulation of 84,900 copies (up 5.5% compared to the corresponding period in 2005, Ads figures), has retained its leadership in its reference market.

For the first time the accounts of the company publishing *Capital* have been consolidated in the Class Editori balance sheet using the integral method, following the purchase of that branch by Rcs Periodici. With *Capital*, which circulates over 86,000 copies on average (source: Ads), Class Editori boosted its leadership in the male monthlies market, which it entirely covers, already publishing *Class*, *Gentleman* and *Patrimoni*, making it the reference point for all companies whose communication target is the high male category.

*MF/ Milano Finanza* has achieved average circulation of around 110,600 copies (moving average, Ads figures), consolidating last year's result. The success of the series *I Grandi Classici dell'Economia* was consolidated during the period. For 20 weeks from February 25 this brought the best economic thinking of the last 300 years to the newsstands, attached to *MF/Milano Finanza*, with the works of the main authors from Adam Smith to Modigliani

The associated company Italia Oggi Editore-Erinne srl managed to enrich the contents and graphics of the newspaper *Italia Oggi*, with good results in both circulation and advertising revenue.

March witnessed the beginning of the *CartaSi Luna* project that stems from the idea of linking the monthly magazine Luna to a means of payment like CartaSi that meets the needs of its target high-income female readership, with the aim of reaching 120,000 card holders within 24 months.

In April the publishing house extended its range with two new titles, *IO & LEI* and *MFL-Magazine for Living*:

*IO & LEI*, the new magazine for the female readership of *ItaliaOggi*, is the first aimed at female economists, politicians and members of the legal profession who already read *ItaliaOggi* (37% of the readership) and have less time for shopping. *MFL- Magazine for Living* has also been launched, the new quarterly magazine from Class Editori dealing with the world of Italian design and fashion, based on the format of the popular *MFF - Magazine for Fashion*, combines the zest of fashion with design trends in a single publication that has no rivals on the Italian market. Both *Io & Lei* and *MFL-Magazine for Living* were very well received by experts and advertisers, who appreciated the original formula.

#### **- Radio**

Class Editori broke into the satellite radio sector through its subsidiary New Satellite Radio, which in turn holds a 35% stake in WorldspaceItaliaSpa. At the beginning of May, the company WorldSpace Italia received authorisation from the Ministry of Communications to start a satellite radio service based on the American XM and Sirius.

#### **Future prospects**

Despite the long-lasting crisis in publishing markets, especially in the newspaper area, the publishing house expects to continue to gain market shares in the advertising field and to end the financial period with a positive result.

## Consolidated profit and loss statement at 30 June 2006

(figures in thousand euros)

	30.06.05	ex. 2005 IAS	30.06.06
<b>Sales revenues</b>	53,161	111,322	59,415
Operating expenses	49,863	102,789	55,388
<b>Gross profit</b>	3,298	8,533	4,027
% of revenues	6.20	7.67	6.78
Depreciation and amortisation	3,193	7,539	3,209
<b>Operating result</b>	105	994	818
% of revenues	0.20	0.89	1.38
Charges/Net Financial Provisions	(305)	791	17
<b>Profit before taxes</b>	(200)	1,785	835
Income taxes	112	(1,558)	(1,081)
Minority interest	1,021	326	320
<b>Net profit</b>	933	553	74

## Revenues for period ending 30 June can be broken down as follows

(figures in thousand euros)

	30.06.05	30.06.06	Change %
Newsagent sales	5,710	7,030	23.11
Subscription revenues	12,889	12,631	(2.00)
Advertising revenues	30,051	35,308	17.49
Other revenues	4,042	4,092	1.23
<b>Total revenues</b>	52,692	59,061	12.08
Contributions to operating costs	469	354	(24.52)
<b>Total</b>	53,161	59,415	11.76

## Financial statement as of 30 June 2006

(figures in thousand euros)

ASSETS	31 December 2005	30 June 2006
Long-term intangible assets	28,130	34,045
Other intangible assets	9,258	10,422
<b>Intangible assets</b>	<b>37,388</b>	<b>44,467</b>
Tangible assets	8,070	7,651
Equity investments valued at equity	923	1,600
Other equity investments	5,173	3,216
Financial receivables	4	4
Other receivables	416	417
<b>NON-CURRENT ASSETS</b>	<b>51,974</b>	<b>57,355</b>
Inventory	4,112	3,798
Trade receivables	68,690	65,549
Securities	800	800
Financial receivables	11,508	11,823
Tax credits	7,329	7,767
Other receivables	6,248	7,028
Cash and cash equivalents	3,995	6,393
<b>CURRENT ASSETS</b>	<b>102,682</b>	<b>103,158</b>
<b>TOTAL ASSETS</b>	<b>154,656</b>	<b>160,513</b>

## Financial statement as of 30 June 2006

(figures in thousand euros)

	31 December 2005	30 June 2006
<b>LIABILITIES</b>		
Company capital	9,255	9,268
Share premium account	28,503	28,672
Legal reserve	2,544	2,544
Other reserves	32,716	32,014
Profit (loss) for the year	553	74
<b>Group net equity</b>	<b>73,571</b>	<b>72,572</b>
Minority interest	5,117	4,894
Minority profit (loss)	(326)	(320)
<b>Minority net equity</b>	<b>4,791</b>	<b>4,574</b>
<b>NET EQUITY</b>	<b>78,362</b>	<b>77,146</b>
Borrowings	6,542	6,035
Contingency reserves	895	687
Severance fund and other employee funds	3,432	3,829
<b>NON-CURRENT LIABILITIES</b>	<b>10,869</b>	<b>10,551</b>
Borrowings	8,787	14,730
Trade payables	35,402	30,793
Tax payables	4,808	5,348
Other payables	16,428	21,945
<b>CURRENT LIABILITIES</b>	<b>65,425</b>	<b>72,816</b>
<b>TOTAL LIABILITIES</b>	<b>76,294</b>	<b>83,367</b>
<b>LIABILITIES AND NET EQUITY</b>	<b>154,656</b>	<b>160,513</b>

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