



The BoD approves the first half 2010 interim report

Revenues up 3.6% to 60.53 million euros

Ebitda at 3.68 million euros

Milan, 26th August 2010

The Board of Directors of Class Editori SpA, chaired by Victor Uckmar, met today to examine the publishing house's operations and consolidated results for the first half of the year.

- Consolidated Results

Total revenues for the first half of 2010 amounted to 60.53 million euros, an increase of 3.6% compared with the 58.44 million in the first half of 2009. Operating revenues were 55.74 million euros (55.86 million euros in 2009), including 0.34 million euros of revenues from TV Moda Srl, the majority holding of which was acquired during the period.

Operating costs amounted to 56.85 million euros, an increase in the same consolidation area of 3.04 million euro (5.7%) over the previous year. This increase in costs is mainly due to the unexpected and disputed increase in postal charges for the delivery of subscription products (in excess of 100% since April) and the investments in staff, technologies and contents for the development of digital and television activities, especially the Class News channel. These investments have not yet been able to generate turnover due to the continuous delays in the implementation of the Digital Terrestrial project by the authorities: in fact, both the switch-off in the main regions of the North and the allocation of channel numbering were delayed. The latter prevents users from being informed as to the channel number of the Class News channel, the absolute first Terrestrial Digital channel since the experimental phase of 2003.

The gross operating margin (ebitda) stood at 3.68 million euros (4.97 million euros in 2009). The six-monthly consolidated balance at 30th June 2010 closed with a pre-tax loss of 1.68 million euros; results after deducting minority interest and tax showed a loss of 0.79 million euros (+ 0.30 million euros in the corresponding period of 2009).

- Principal events of the period

The effects of the economic crisis which damaged markets all the world continue to be felt in the current year, also in Italy.

Advertising revenues deriving from printed products during the first six months of 2010 fell by an overall 2%, while newspapers substantially held their ground. Significant losses came from the magazine market, with falls of approximately 10% on monthly magazines.

In this context, the growth, though limited, in the publishing house's revenues, together with the stability of advertising revenues, are positive signals for Class Editori.

The significant recoveries in terms of cost and profitability achieved during the previous year made it possible to limit the effects of the crisis and adjust cost and operative levels on the basis of maximum efficiency and rationality.

However, in order to grasp and hold on to the first positive though timid signs of recovery it was necessary to invest not only in technological systems for the group's digital strategies, but also in contents, quality services and products, diversification of publishing programmes, and in communication.

The group's growth strategy, increasingly based on digital activities (electronic publishing and information, the Internet, TV and radio), has generated and continues to generate an increasing need not only for technologies but also for enrichment of programming, structures and professionalism.

In the digital TV sector, the publishing house signed two important partnership agreements with the General Electric/NBC Universal group (a former partner in the Class CNBC joint venture): the first concerns The Weather Channel, leader in weather forecasting, in order to provide very high quality weather information in Italy, with programmes explaining the evolution of the climate on the planet; the second concerns MSNBC, the information and non-fiction programming channel, currently a prime-time leader in the USA compared with its competitors' channels (CNN and Fox News).

In April, TV Moda Srl, 51% of which was acquired by the two founders, entered the management sphere of the Publishing House. Among other things, TV Moda, a television production company, publishes the TV Moda channel, entirely dedicated to Italian fashion and its protagonists, which it broadcasts on Sky platform number 812. As well as for its own channel, the company also produces content for other television networks and organises events such as the International Fashion Show, the last edition of which, featuring the collections of leading Italian and international designers, was held in Piazza Scala in Milan and broadcast by 50 international television stations.

During the period, the company subscribed 30% of the capital of Class HORSE TV, the first television channel entirely dedicated to the world of horses, and an official broadcaster recognised by Fédération Equestre Internationale (Fei) and Federazione Italiana Sport Equestri (Fise). Class Editori produces the channel on behalf of Class Horse tv Srl. The agreement makes it possible to extend the sphere of influence and notoriety of the Class brands on digital television to a target that is consistent with all the other channels, thus maximising the audience for advertising purposes.

During the first half of the year, Class Editori signed an agreement for the sale of 3% of the share capital of Milano Finanza Editori S.p.A. to minority investors, on the basis of a company valuation (also confirmed by an impairment test) of more than 90 million euros (2.56 million euros with respect to book values).

Considering the difficulties existing in the printed paper market, circulation figures for the period remained at a satisfactory level: *Class* enjoyed (updated moving average) a circulation of approximately 76,100 copies (80,000 copies in 2009), *Capital* approximately 78,000 copies (77,700 copies in 2009), and *MF/Milano Finanza* about 97,200 copies (98,000 in 2009).

Traffic on the publishing house's websites grew by 25% in terms of average pages viewed per day and 32% in terms of average individual browsers per day, passing from 1,097,787 to 1,371,453 average pages viewed per day in the first half and from 40,261 to 53,133 average individual browsers per day (average of the first six months of 2010 over the average of the first six months of 2009, source AW Report - Audiweb). In particular, a new traffic record was achieved in May with 1,441,753 average pages viewed per day and 58,859 individual browsers per day, rising to 2,027,469 and 78,155 respectively if the traffic data for the average working day is considered.

On 2nd June, a new digital news and information channel was added: Tablets. The iPad versions of *MF/Milano Finanza* and *Italia Oggi*, provided free of charge on Apple iTunes App Store since the launch of the Apple Tablet, were downloaded by almost 10,000 readers, proof of the great interest shown by readers and advertisers in innovative methods of using newspapers.

At 30th June 2010, the net financial position showed a negative position of 31.9 million euros (22.4 million euros at 31st December 2009; 33.4 million at 30th June 2009). The increase with respect to the end of the previous year was due to the investments made in the digital areas, service supplier advances and delays in collecting revenues from customers.

- Main events following 30 June 2010

On 13th July, the gala evening celebrating the 30th anniversary of *Capital* was held at Castello Sforzesco in Milan. The President of the Council, Silvio Berlusconi, together with leading Italian entrepreneurs participated in the tribute to the magazine which, more than any other, has contributed towards fostering business culture and promoting Italian style.

A further 10% of shares was acquired in the subsidiary, Assinform/Dal Cin Editore, increasing the overall holding from 65% to 75%;

From September on, the programmes and content of interest for the Italian public, acquired thanks to agreements with the MSNBC digital network and the leading multimedia platform in the world of weather forecasting, The Weather Channel, will be visible on the *Class News* channel, broadcast uncoded and free of charge on the digital terrestrial network. MSNBC is a legend of American journalism, the fastest growing all-

news network in the USA, whose evening audience has exceeded that of Cnn; The Weather Channel is a real and proper media phenomenon: in the year it was launched, 1982, few people believed that in a few years the channel would have been able to reach 100 million Tv, cell phone and Internet users so rapidly.

The Audiweb internet traffic data of the publishing house's websites subsequent to 30th June 2010 confirm the rapid growth registered in the first six months of the year.

- Future Prospects

In July, the publishing house's advertising revenues grew by 24% compared with the same month of 2009, a clear inversion of trend with respect to performance of the first six months. TV advertising revenues are also growing. Even though it is premature to decree a decided recovery in advertising revenues, thanks to the renewed and enriched television programming and the new commercial offers, advertising revenues are expected to grow significantly during the last four months of the year.

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The Income Statement and Balance Sheet tables follow below.

Pursuant to Par. 2 of Art. 154a of the Financial Consolidation Act, the Manager of Corporate Accounting Documents, Emilio Adinolfi, states that the accounting information included in this announcement corresponds to the documentary records, books and accounting entries.

- Consolidated Income Statement at 30th June 2010

<i>€uro/000</i>	30/06/09	31/12/09	30/06/10	Change (%)
Sales revenues	55,865	113,895	55,739	(0.2)
Other revenues and income	2,572	7,764	4,789	86.2
Total revenues	58,437	121,659	60,528	3.6
Operating costs	(53,463)	(108,562)	(56,848)	6.3
Gross profit	4,974	13,097	3,680	(26.0)
% of revenues	8.51	10.8	6.08	
Amortizations	(4,240)	(9,498)	(5,101)	20.3
Operating result	734	3,599	(1,421)	note below
% of revenues	1.26	3.0	(2.35)	
Net financial income and charges	(162)	(338)	(264)	63.0
Pre-tax profits	572	3,261	(1,685)	note below
Taxes	(579)	(1,804)	686	note below
Minority profit/(loss)	310	(849)	204	(34.2)
Net group profit	303	608	(795)	note below

- Revenues can be broken down as follows

<i>€uro/000</i>	30/06/09	30/06/10	Change (%)
Newsstand sales	5,144	4,891	(4.9)
Subscription revenues	20,394	20,354	(0.2)
Advertising revenues	30,090	30,310	0.7
Other revenues	2,545	4,789	88.2
Total revenues	58,173	60,344	3.7
Contributions for operating expenses	264	184	(30.3)
Total	58,437	60,528	3.6

- The consolidated net financial position is shown in the table below

€uro/000	31/12/2009	30/06/2010	Change 2009/2010	Change %
Securities	--	--		
Cash and cash equivalents	6,294	5,344	(950)	(15.1)
Short-term financial receivables	8,474	7,275	(1,199)	(14.1)
Long-term financial payables	(2,083)	(1,823)	260	12.5
Short-term financial payables	(35,107)	(42,649)	(7,542)	(21.5)
Net financial position	(22,422)	(31,853)	(9,431)	(42.1)

- Table showing the consolidated asset and financial situation at 30th June 2010

ASSETS (thousands of Euros)	31st December 2009	30th June 2010
Intangible fixed assets with an indefinite life	54,360	55,215
Other intangible fixed assets	15,952	16,667
Intangible fixed assets	70,312	71,882
Tangible fixed assets	6,678	6,997
Equity investments	2,890	3,211
Other equity investments	1,079	1,079
Financial receivables	-	-
Other receivables	2,535	2,592
NON-CURRENT ASSETS	83,494	85,761
Inventory	3,661	3,605
Trade receivables	74,884	74,326
Securities	-	-
Financial receivables	8,474	7,275
Tax receivables	7,381	9,222
Other receivables	8,893	17,340
Cash and cash equivalents	6,294	5,344
CURRENT ASSETS	109,587	117,112
TOTAL ASSETS	193,081	202,873

- Table showing the consolidated asset and financial situation at 30th June 2010

LIABILITIES (thousands of Euros)	31st December 2009	30th June 2010
Share capital	10,287	10,417
Share premium account	29,230	30,039
Legal reserve	2,544	2,544
Other reserves	29,020	28,656
Profit (loss) for the year	608	(795)
Group shareholders' equity	71,689	70,861
Minority capital and reserves	8,668	8,965
Minority profit (loss)	849	(204)
Minority shareholders' equity	9,517	8,761
NET EQUITY	81,206	79,622
Financial payables	2,083	1,823
Provisions for risks and charges	1,140	1,044
Severance fund and other employee funds	4,786	5,100
NON-CURRENT LIABILITIES	8,009	7,967
Financial payables	35,107	42,649
Trade payables	33,505	36,199
Tax payables	5,088	5,853
Other payables	30,166	30,583
CURRENT LIABILITIES	103,866	115,284
TOTAL LIABILITIES	111,875	123,251
LIABILITIES AND NET EQUITY	193,081	202,873