

Classeditori



Interim Report
June 2003

Corporate Officers and Powers

Board of Directors

Chairman °	Victor Uckmar
Vice Chairman and Managing Director °°	Paolo Panerai
Vice Chairman °	Pierluigi Magnaschi
Vice Chairman °°	Vittorio Terrenghi
Directors	Gabriele Capolino Maurizio Carfagna Paolo Del Bue Maria Martellini Luca Panerai Angelo Eugenio Riccardi

Powers

- ° Legal representation as conferred by the Company's by-laws
- °° Legal representation and powers of ordinary and extraordinary administration

Note: Information on the nature of powers vested with the corporate officers is provided in the report on operating performance in the corporate governance section.

Board of Statutory Auditors

Chairman	Carlo Maria Mascheroni
Acting Auditor	Lucia Cambieri
Acting Auditor	Vieri Chimenti
Substitute Auditor	Ferruccio Germiniani
Substitute Auditor	Pierluigi Galbusera

The members of the Board of Directors and of the Board of Statutory Auditors were appointed at the shareholders' meeting held on 4 May 2001 with a term of office that expires as of the date on which the shareholders' meeting is held for the purpose of approving the 2003 financial statements.

Independent Auditors

At the meeting held on 4 May 2001, the shareholders approved a mandate to Grant Thornton S.p.A. for the independent audit of the parent-company and consolidated financial statements for the 2001-2003 three-year period.

Class Editori S.p.A.
and subsidiary companies
Registered Office: Via Marco Burigozzo, 5, Milan, Italy

**REPORT ON OPERATING PERFORMANCE FOR THE
SIX MONTHS ENDING 30 JUNE 2003**

Class Editori and subsidiary companies closed the six months ending 30 June 2003 with a loss before taxes and minority interests of EUR 997,000.

The value of production for the first half of 2003 came to EUR 46,967,000 versus EUR 53,342,000 for the same period of 2002, with the 11.95-percent decrease essentially due to the overall contraction of advertising revenues.

Despite this decrease, Class Editori generated a significant operating profit, partly due to a cost-curtailment program which yielded more than EUR 2 million of savings in terms of production costs. The results of this program should be even more evident in the second half of the year when all of the cost-curtailment initiatives will have been fully implemented.

Highlights of the first half of 2003

In the first half of 2003, Class Editori's business was impacted by a series of negative factors, including a sluggish economy, decreases in capital spending and investments in advertising, and a weak level of confidence prompted by the ongoing problems in the Middle East after the combat in Iraq.

In responding to these developments, Class Editori demonstrated its capacity to strengthen its position in its target markets (newspapers, periodicals, electronic publishing, professional services and conferences, radio and television), by launching new operations, new products and new initiatives.

This effort was flanked by an ongoing drive to maximize the value of resources and to control costs, with the objective of offsetting at least a part of the revenue decline.

Turning to circulation for the period, *Class* sold an average of 83,700 copies per issue (ADS data), thus reflecting a slight decrease versus the 85,700 copies sold on average in the first half of 2002. *MF/Milano Finanza* sold an average of 109,200 copies (ADS data) against 133,000 in the first half of 2002, though readership remained steady at roughly 532,000 per copy (Audipress research).

During the first half of the year, the Company continued to develop new publishing products, either directly or through its subsidiaries. Highlights for the period are outlined below:

- The start-up of the Milano Finanza-Classica circuit which produces five daily radio broadcasts of economic and financial news in conjunction with an agreement between Class Editori and various local radio stations. Rounding out the Radio Classica-Milano Finanza project, the broadcasts reach roughly 1.2 million net contacts per day (Audiradio data) and more than 4.5 million net contacts during the week. Taking into account these numbers, the broadcast schedule and socio-geographic

segmentation of the listeners, the programming presents an appetizing target audience to advertisers.

- The creation of CFN/CNBC Mobile, the first television broadcast of financial news via mobile telephone. The service allows subscribers to view video clips of news using both GPRS and UMTS technology.
- The creation of Real Estate News, the first television news program in Italy dedicated to the property market; the program is broadcast by CFN/CNBC.
- The start-up of operations of MF/Dow Jones News, a news agency set up as a joint-venture with Dow Jones Newswires which is the only global agency doing business in the Italian language.

No changes were made in the portfolio of long-term equity investments during the first half of 2003.

Consolidated Profit and Loss Statement

Following are summary data from the reclassified consolidated profit and loss statement of Class Editori S.p.A.

(in EUR 000's)

	First Half 2003	First Half 2002	% Change	Full Year 2002
Sales revenues	46,967	53,342	(11.95)	103,510
Operating expenses	43,634	45,778	(4.7)	93,711
Gross margin	3,333	7,564	(55.94)	9,799
% of revenues	7,09	14,2		9,46
Depreciation and amortization	4,144	3,874	6.97	8,296
Operating profit	(811)	3,690		1,503
% of revenues		6,9		1,45
Net financial charges (income)	(201)	(81)	n.s.	442
Extraordinary charges (income)	213	137	n.s.	1,998
Adjustments to the value of financial assets	(178)	(407)		(7)
Profit before taxes	(977)	3,339		3,936
% of revenues		6,3		3,8
Income taxes				(2,811)
Minority interests	435	(264)		(66)
Net profit	(542)	3,075		1,059

Revenues include the following:

(in EUR 000's)

	First Half 2003	First Half 2002	% Change	Full Year 2002
Newsstand revenues	5,878	6,492	(9.5)	11,032
Subscription revenues	13,942	15,635	(10.9)	36,254
Advertising revenues	25,590	29,644	(13.7)	44,336
Other	1,308	1,399	(6.5)	11,888
Total revenues	46,718	53,170	(12.13)	103,510
Subsidies accrued	249	172	n.s.	
Increase in value of fixed assets due to internal improvements	0	0	n.s.	0
Total	46,967	53,342	(11.95)	103,510

The reduction of advertising revenues is reflective of an industry slump which began to take shape in 2001, and which has mainly impacted newspapers and national advertising.

Operating expenditures are summarized in the following table:

(in EUR 000's)

	First Half 2003	First Half 2002	% Change	Full Year 2002
Purchases	2,669	2,602	2.57	7,642
Services	30,554	30,599	(0.15)	62,722
Rentals	737	582	26.63	1,181
Personnel expense	7,937	8,116	(2.21)	16,961
Change in inventories	(186)	886	n.s.	1,040
Other	1,923	3,076	(37.48)	4,165
Total operating expenses	43,634	45,861	(4.86)	93,711

Purchases remained essentially on par with the first half of 2002. The decrease in personnel expense was made possible by the ongoing efforts to streamline staffing; such efforts should yield additional benefits in the second half of the year.

Expenditures for **services** are summarized in the following table:

(in EUR 000's)

	First Half 2003	First Half 2002	% Change	Full Year 2002
Production expenses	13,702	14,381	(4.72)	29,634
Editing expenses	4,002	4,740	(15.57)	4,613
Marketing and advertising	7,133	6,799	4.91	17,272
Distribution	3,560	3,284	8.40	7,148
Other	2,157	1,395	54.62	4,055
Total services	30,554	30,599	(0.15)	62,722

Expenditures for services incorporate a decrease in editing and production expenses resulting from the implementation of cost-containment measures and the streamlining of operations.

Total depreciation and amortization charges went from EUR 3,874,000 in the first half of 2002 to EUR 4,144,000 during the same period in 2003, with the change due to investments made in projects and in software.

Consolidated balance sheet

The reclassified consolidated **balance sheet** is summarized in the table below:
(in EUR 000's)

	First Half 2003	First Half 2002	Change	Full Year 2002
Trade accounts receivable	98,307	113,835	(15,528)	112,748
Inventory	1,943	1,941	2	1,756
Trade accounts payable	(32,536)	(41,835)	9,299	(36,768)
Other liabilities	(30,058)	(32,157)	2,099	(35,609)
Tangible fixed assets, net	7,299	10,968	(3,669)	8,152
Intangible fixed assets, net	31,014	33,714	(2,700)	33,395
Financial fixed assets	11,521	11,383	138	11,769
Reserves	(3,592)	(2,970)	(622)	(3,620)
Invested capital	83,898	94,879	(10,981)	91,823
Shareholders' equity	81,361	88,209	6,848	83,824
Minority interests	4,482	5,018	536	4,831
Net indebtedness	1,945	(1,652)	(3,597)	(3,168)

Total trade accounts receivable decreased from EUR 113,835,000 as of 30 June 2002 to EUR 98,307,000 as of 30 June 2003.

Data on accounts receivable are presented in the following table:
(in EUR 000's)

	First Half 2003	First Half 2002	Change	Full Year 2002
Due from customers	69,875	83,398	(13,523)	78,527
Due from subsidiaries/affiliates	6,671	11,318	(4,647)	12,640
Due from others	21,761	19,119	2,642	21,581
Total	98,307	113,835	(15,528)	112,748

Amounts due from customers decreased by 16.2 percent year on year.

Amounts due from affiliate companies are trade receivables due from the affiliate company, Italia Oggi Editori Erinne S.r.l.

Amounts due from others mainly include claims against the Italian Treasury for advance payments of taxes, publishing grants and other credits of a financial nature.

Reserves mainly consist of the staff severance indemnity reserve, the reserve for risks, and the taxed reserve for the writedown of receivables.

As of 30 June 2003, shareholders' equity amounted to EUR 81,361,000 versus 88,209,000 as of 30 June 2002.

Reference is made to the notes to the financial statements for information on the criteria and the method of consolidation.

Stock market performance (in EUR)

	First Half 2002	First Half 2003
Minimum share price	2.136	1.263
Maximum share price	4.144	1.712
Weighted average price	3.383	1.486
Total volume of shares traded	59,600,824	30,867,309
Minimum capitalization (EUR mn)	197	116
Maximum capitalization (EUR mn)	382	158
Average capitalization (EUR mn)	309	129.59
Number of shares	92,295,260	92,295,260

Review of business segments

A) Newspapers and agencies

The business segment includes the company, Milano Finanza Editori S.p.A., which publishes *MF/Milano Finanza*, and the news agency EXCO S.r.l.

Average circulation of *MF/Milano Finanza* during the first half of 2003 was 109,200 copies (ADS data).

The first-half results for the business segment are summarized as follows:

°(in EUR 000's)

	First Half 2003	First Half 2002	Change	% Change
Revenues	11,586	13,455	(1,869)	(13.9)
Direct operating expenses	7.719	8,677	(958)	(11.0)
Contribution margin	3,867	4,778	(911)	(19.1)
% of revenues	33.4	35.5		

° Data reclassified by management

The significant reduction of margins was caused mainly by the decline of advertising revenues (which accounted for more than 60 percent of the revenue decrease); this stream of revenues represents a very high portion of the contribution margin and net profitability. Even though significant progress has been made in cutting expenses since 2002 (due to a reduction in the number of pages in the publications and savings secured on the purchases of raw materials), the decrease in advertising revenues was still greater than the cost savings achieved and this prompted a decrease of contribution margin in both absolute and relative terms.

B) Magazines

The segment includes the following companies: Class Editori, Edis, Campus Editori, Lombard Editori and Global Finance.

The publication *Class* maintained its leading position in the reference market, with the average circulation at 83,700 copies (ADS data).

The segment's first-half results presented below are deemed impressive, particularly when considering the sluggishness of the market.

°(in EUR 000's)

	First Half 2003	First Half 2002	Change	% Change
Revenues	15,016	15,663	(647)	(4.1)
Direct operating expenses	12,043	13,646	(1,603)	(11.7)
Contribution margin	2,973	2,017	956	47.4
% of revenues	19.8	12.9		

° Data reclassified by management

The slight decrease in revenues is to be interpreted somewhat positively since it is mainly the result of a contraction of advertising volumes for *Global Finance*, a magazine published in New York. At the same time, the operating expenses for the segment were down markedly. Highlights for the first half include (i) the success of the "Musei d'Italia e d'Europa", a series of guidebooks going to press every two weeks and sold with the Company's main publications, and (ii) the results of the advertising sales for *Class* and *Gentleman*.

In general, despite the launch of new publications, the decrease in expenses led to a notable recovery of margins.

C) Electronic publishing

The business segment includes the following companies: e-Class S.p.A., Milano Finanza Service S.r.l., Class Click and Fainex S.p.A.

Class Editori is active in the online market for information through the subsidiary e-Class which distributes financial data and information on a real-time basis via satellite.

The first-half results for the business segment are summarized as follows:

°(in EUR 000's)

	First Half 2003	First Half 2002	Change	% Change
Revenues	12,496	14,094	(1,598)	(11.3)
Direct operating expenses	7,375	7,826	(451)	(5.8)
Contribution margin	5,121	6,268	(1,147)	(18.3)
% of revenues	41.0	44.5		

° Data reclassified by management

The reduction of the segment's profitability can be attributed to two distinct developments:

- 1) the loss of revenues from a mature business (MF Sat), partially exacerbated by the lacklustre performance of the financial markets and the reduced interest of market participants. In addition, the revenues for the first half of 2002 include a significant non-recurring sum realized upon the modification of a contract in place with a bank.
- 2) the reclassification and loss of roughly 50 percent of the revenues and margins due to the transfer of press-agency operations to the newly incorporated MF Dow Jones, a 50-50 joint venture with Dow-Jones whose earnings are included in the final consolidated result.

D) Professional services

The business segment includes the following companies: Classpi, Class Click, MF Conference (included in the "Salone dello Studente" activity) and DP. The distribution of revenues by activity is shown in the table below:

°(in EUR 000's)

	First Half 2003	First Half 2002	Change	% Change
Conferences / trade fairs	1,208	1,605	(397)	(24.7)
Projects				
Advertising concessionaire	2,522	2,943	(421)	(14.3)
DP/Analitica	19	21	(2)	(9.5)
Total revenues	3,749	4,569	(820)	(17.9)

° Data reclassified by management

The first-half results for the business segment are summarized as follows:

°(in EUR 000's)

	First Half 2003	First Half 2002	Change	% Change
Revenues	3,749	4,569	(820)	(17.9)
Direct operating expenses	3,548	4,019	(471)	(11.7)
Contribution margin	201	550	(349)	(63.4)
% of revenues	5.4	12.0		

° Data reclassified by management

The decrease in the contribution margin flanked by a significant reduction of costs. Roughly one-half of the decline in the margin can be attributed to the previously mentioned contraction of advertising revenues (which, in turn, translated into a reduction of the commissions due for advertising sales). The remaining 50 percent of the decrease stemmed from the contraction of revenues generated through the "Salone dello Studente" in Milan.

E) **Television and radio**

The business segment operates through CFN (Class Financial Network S.p.A.) and Radio Classica S.r.l, a national network dedicated to classical and financial news.

The first-half results for the business segment are summarized as follows:
°(in EUR 000's)

	First Half 2003	First Half 2002	Change	% Change
Revenues	3,871	5,562	(1,691)	(30.4)
Direct operating expenses	2,983	3,640	(657)	(18.0)
Contribution margin	888	1,922	(1,034)	(53.8)
% of revenues	22.9	34.6		

° Data reclassified by management

The revenues are mainly realized from advertising and from subscriptions to the television service. The production of contents and the broadcasting for third parties also generate revenues (in particular, the daily broadcast of financial news produced for LA7 and real estate news). The decrease in total revenues and in the contribution margin mainly reflect the ongoing difficulties in the advertising market.

Considering the majority of the costs are fixed, the drive to streamline spending and generate savings is even more significant.

Investments in subsidiaries and affiliates

Following is information on **subsidiary companies**:

MF Interactive f/k/a Alfa Media S.r.l.: The company, with its registered office in Milan, is the owner of the publication *In Aereo*. It closed the first half of 2003 with a pre-tax loss of EUR 726.

Campus Editori S.r.l.: The company, with its registered office in Milan, is the publisher and owner of the publication *Campus Web* and of the local editions of *Tutto Università* and the organizer of *Salone dello Studente*, a trade fair held at various Italian universities. The subsidiary closed the first half of 2003 with a pre-tax loss of EUR 32,247

PMF News Editori S.p.A.: The subsidiary operates on a real-time basis via satellite as a news agency; it closed the first half of 2003 with earnings of EUR 109,947.

Country Class Editore S.r.l.: The company, with its registered office in Milan, is the owner of the publication *Case & Country*. The company closed the first half of 2003 with a pre-tax profit of EUR 566.

Edis S.r.l.: The company, with its registered office in Milan, publishes the *L'Una* and closed the first half of 2003 with earnings of EUR 25,913.

Lombard Editori S.r.l.: The company, with its registered office in Milan, is the publisher and owner of *Lombard* magazine and closed the first half of 2003 with a pre-tax loss of EUR 115,427.

MF Conference S.r.l.: The company, with its registered office in Milan, organizes trade fairs and conferences, and closed the first half of 2003 with a pre-tax profit of EUR 25,546.

Milano Finanza Editori S.p.A.: The company, with its registered office in Milan, is the publisher of the weekly publications *Milano Finanza*, *MF*, *MF Fashion* and the monthly publication *M*. It closed the first half of 2003 with a pre-tax profit of EUR 78,704,

Milano Finanza Service S.r.l.: The company, with its registered office in Milan, is active in electronic publishing, and closed the first half of 2003 with a pre-tax loss of EUR 14,404.

CFN-CNBC Holding: The company, with its registered office in the Netherlands, holds the controlling interest in **CFN**, Class Financial Network S.p.A., and closed the first half of 2003 with a pre-tax loss of EUR 553,819.

Classpi - Class Pubblicità S.p.A.: The company, with its registered office in Milan, operates as a advertising concessionaire for Class Editori. It closed the first half of 2003 with a pre-tax profit of EUR 142,262.

DP Analisi Finanziaria: The company, with its registered office in Milan, is active in financial statement analysis and in the management of banks of financial data. In the first half of 2003, it earned a pre-tax profit of EUR 49,351.

EX.CO S.r.l.: The company, with its registered office in Milan, operates as a press agency and closed the first half of 2003 with a pre-tax profit of EUR 5,037.

e-Class S.p.A.: The company, with its registered office in Milan, operates in the satellite transmission of data and financial information. It closed the first half of 2003 with a pre-tax profit of EUR 5,121.

Global Finance Media Inc.: The company, with its operations headquartered in New York (USA), is the owner and publisher of the international magazine *Global Finance*. The company closed the first half of 2003 with a pre-tax loss of USD 347,692.

CFN Class Financial Network S.p.A.: The company, with its registered office in Milan, was set up for the purpose of launching a digital television channel specializing in economic and financial news. For the first half of 2003, the company posted a pre-tax loss of EUR 689,522.

Radio Classica S.r.l.: The company, with its registered office in Milan, was set up in September 2000 for the purpose of developing Class Editori's presence in the radio broadcasting sector. The creation of a national network is based on the use of innovative radio broadcasting technologies and namely, on digital signals via satellite and

broadcasting through the Internet. The company closed the first half of 2003 with a profit of EUR 827.

Fainex S.p.A.: The company, with its registered office in Vicenza, was acquired in early 2001 for the purpose of boosting Class Editori's presence in the business of real-time transmission of financial data via satellite. The company closed the first half of 2003 with pre-tax earnings of EUR 39,397.

MF Dow Jones News: The company, with its registered office at Via Burigozzo 5, Milan, was set up on 23 December 2002 from the 50-50 joint venture between Dow Jones and Company Inc. and Class Editori S.p.A., and is active in the production and sale of financial and economic news programs in the Italian language, which are broadcast live. The company closed its first period of activity with a pre-tax profit of EUR 112,605.

In the case of affiliate companies, Class Editori has certain relationships of a financial and commercial nature. Financial relationships with affiliates are settled on the basis of market interest rates.

The most significant relationship is with the company **Italia Oggi-Editori Erinne S.r.l.**, incorporating commercial agreements for services and in particular, the chargeback of operational costs, the crediting of advertising revenues, the national distribution of various publications, and transactions of a financial nature. Following are comments on transactions effected with Italia Oggi-Erinne S.r.l. during the first half of 2003:

- I) Class Editori S.p.A. charged EUR 2,068,000 to the affiliate for services.
- II) The affiliate charged Class Editori S.p.A. a total of EUR 2,815,000 to cover distribution costs, advertising revenues and cost recovery.
- III) Net charges for interest amounted to EUR 254,000.

In comparison with the data reported in the financial statements as of 31 December 2002, there were no significant changes in the first half of 2003 in the earnings and financial position of the affiliate companies and of other companies in which long-term investments are held.

Finally, appropriate adjustments were made to the values of investments booked with the net equity method in order to correct the differences between carrying value and the value of the investment as computed on the basis of the quota of net equity held.

Transactions with related parties

Aside from the relationships with subsidiaries and affiliates incorporated into the consolidated financial statements, Class Editori S.p.A. has not executed any other transactions with related parties, except for: a short-term financing arrangement priced at market rates for a total of EUR 1,600,000, and commercial transactions that are mainly linked to two lease contracts through which Class Editori is liable for the payment of EUR 1,518,000 of lease payments per annum. As of 30 June 2003, the receivables with related parties amounted to EUR 1,557,994 and the payables totalled EUR 89,499.

Investments / financial position

As of 30 June 2003, Class Editori had a consolidated cash and cash equivalents totaling EUR 21.5 million, determined as follows:
(in EUR 000's)

	First Half 2003	Full Year 2002
Profit for the period	(542)	1,059
Depreciation and amortization	4,144	8,296
Funds generated from operations	3,602	9,355
Change in working capital	4,471	(4,108)
Funds flow from operations and working capital (A)	8,073	5,247
Funds flow from investments activity (B)	662	8,269
Change in other payables / receivables	(28)	287
Change in debt	(4,390)	(3,419)
Change in minority interests	(349)	2,631
Funds flow from financing activity (C)	(4,767)	(501)
Change in cash and cash equivalents (A-B+C)	2,644	(3,523)
Opening balance of cash and cash equivalents	18,906	22,429
Closing balance of cash and cash equivalents	21,550	18,906

Personnel

	As of 30/06/03	As of 30/06/02	Change
Managers	24	26	-2
Journalists	86	100	-14
Office employees	130	130	0
	240	256	-16

Efforts to streamline staffing which got under way in 2002 were further pursued in the first half of 2003. This program has involved the redeployment and strengthening of the resource base in newly developed business segments.

Material events subsequent to 30 June 2003

No events occurred subsequent to the close of the first half which would involve significant risks or potential liabilities for the Company.

From the standpoint of operations, the Company has moved ahead with its regular business and has performed in line with the projections of management which take into account the current market difficulties. Leading industry indicators have provided some signs of a turnaround for the second half of 2003. Despite the uncertainty about the outlook for the financial markets, it appears that readership is once again on the rise.

Victor Uckmar
Chairman
Board of Directors

Class Editori S.p.A.
Registered Office: Via Marco Burigozzo, 5, Milan, Italy

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2003

The financial statements of Class Editori as of 30 June 2003 include the financial statements of Class Editori S.p.A. and the financial statements of the companies in which Class Editori S.p.A. directly or indirectly holds a quota of capital in excess of 50 percent or in which Class Editori S.p.A. exercises operational control.

Unless expressly indicated to the contrary, all amounts reported in these notes are expressed in euros.

Content and format of the consolidated financial statements

The consolidated financial statements of Class Editori S.p.A. and subsidiaries have been prepared in accordance with Law Decree No. 127 of 1991, and consist of the balance sheet, the profit and loss statement, and the notes to the financial statements.

The financial statements have been prepared in conformity with the accounting and consolidation principles provided by the Italian Civil Code pursuant to the provisions of Law Decree No. 127 of 1991 and the subsequent modifications thereto, and the principles issued by the Italian accounting profession ("Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri").

The financial statements have been prepared by the directors pursuant to Article 2423 and the articles thereafter of the Italian Civil Code, the provisions of which comply with Article 29 and the articles thereafter of the aforementioned Law Decree No. 127 of 9 April 1991.

The comparison between the balance of shareholders' equity and the earnings of the parent company as of 30 June 2003 and the comparable data of 31 December 2002 is contained provides through detailed schedules and notes to the parent company's financial statements.

The schedules detailing the companies consolidated on a line-by-line basis and the companies valued with the net equity method are provided along with these notes.

Consolidation criteria

Companies in which Class Editori S.p.A. directly or indirectly holds a quota of more than 50 percent as a long-term investment or in which Class Editori S.p.A. exercises control over operations have been consolidated on a line-by-line basis.

Investments in companies in which Class Editori S.p.A. owns less than 50 percent, investments held in companies which are to be sold, and investments whose earnings and financial position are not material to the consolidated financial statements taken as a whole have been valued on the basis of the net equity method.

The criteria adopted for the application of such methods contemplate the following:

- a) The net book value of the investments in the consolidated companies has been eliminated against the net equity of the companies in which the investments are held, with the concomitant line-by-line consolidation of the assets and liabilities of the consolidated companies. The difference of EUR 7,950,000 arising therefrom, net of the relative accumulated depreciation, has been booked to goodwill.
- On the basis of estimates prepared by the Company's directors with reference to the market and to generally accepted business practices, such goodwill is amortized over a 30-year period.
- This method has been defined in relation to the fact that the goodwill is essentially related to publications of Class Editori S.p.A. and its subsidiary companies, and by virtue of the continuity of the significant capital spending made in the past with respect to the same which has been aimed at maintaining the value of such intangible fixed assets and on the basis of the premise of that such investments will be continued over time.
- It is thus assumed that the intrinsic value of such intangible assets will be substantially maintained and will produce positive economic effects more or less over the 30-year period.
- b) Receivables and payables relative to all of the transactions taking place between consolidated companies have been eliminated. Any earnings or losses generated by commercial or financial transactions between the companies of the group have also been eliminated.
- c) The equity and retained earnings of minority interests have been disclosed in separate accounts in the consolidated balance sheet, while the quota of current earnings accruing to minority interests has been shown separately in the consolidated profit and loss statement.

Following is a summary of the exchange rates used for the conversion of financial statements not expressed in euros.

	Exchange Rate as of		Average Rates	
	30/06/03	30/06/02	2003	2002
US Dollar	1.1427	0.9975	1.1049	0.8979

Reconciliation between the equity and earnings of Class Editori S.p.A. and consolidated equity and earnings

Following is a reconciliation between the shareholders' equity as of 30 June 2003 and the earnings for the first half of 2003 of the parent company and the shareholders' equity as of 30 June 2003 and the earnings for the first half of 2003 as reported in the consolidated financial statements.

<i>(in EUR 000's)</i>	<u>Shareholders'</u> <u>Equity</u>	<u>Earnings</u>
Class Editori S.p.A.	76,666	144
Eliminations upon consolidation and positive (negative) adjustments:		
a) adjustment of the book values of subsidiary and affiliate companies to the relative value of shareholders' equity	(4,669)	(556)
b) goodwill, net of accumulated amortization	9,364	(130)
Consolidated financial statements	81,361	(542)

Valuation criteria

The most significant valuation criteria adopted in the preparation of the consolidated financial statements as of 30 June 2003 are summarized below.

Intangible fixed assets

Intangible fixed assets are recorded at purchase cost, inclusive of any ancillary charges, and are amortized on a straight-line basis in consideration of the residual possibility of using the assets which is in relation to the assets' useful life. Following is a schedule of periods of amortization used:

- Start-up and expansion costs	5 years
- Studies and projects	5 years
- Inaugural advertising	5 years
- Support advertising	5 years
- Goodwill	5 years
- Goodwill arising on consolidation	30 years
- Patents and trademarks	5 years
- Leasehold improvements	constant quotas in relation to contract term
- Software	5 years
- Expenditures of adaptation of premises	5 years
- Costs and expenses relative to leased assets	constant quotas in relation to contract term

Tangible fixed assets

Tangible fixed assets are recorded at purchase cost, inclusive of any ancillary charges and direct costs. Expenditures for normal maintenance are charged to the profit and loss statement as incurred. Expenditures which have the effect of extending the useful life of the assets or increasing their safety are capitalized.

The cost of fixed assets is depreciated annually on a straight-line basis using the maximum rates allowed by fiscal regulations. Such rates are deemed appropriate to allocate the cost over the estimated residual life of the asset. The depreciation rates applied are as follows:

Equipment	25%
Ordinary furnishings and equipment	12%
Computer equipment	20%
Auto vehicles	25%
Generic plant	10%

In the case of assets placed in service during the accounting period, depreciation is computed at 50 percent of the rates indicated above.

Financial fixed assets

Investments in non-consolidated subsidiaries and in affiliates are valued with the net equity method, if material.

Inventories

Raw materials, supplies and finished products are valued at the lower of purchase or production cost and market value with the application of the FIFO method.

Receivables and payables

Receivables are stated at their estimated realizable value. Payables are stated at nominal value. Trade receivables and payables denominated in foreign currency are translated into euros on the basis of the exchange rates in effect as of the date on which the relative transactions are effected. Financial liabilities denominated in foreign currency have been restated in euros with any gains or losses booked to the reserve for the fluctuation of exchange rates.

Accruals and deferrals

Accruals and deferrals include income to be recognized in future periods and expenditures sustained during current periods but related to future periods. Amounts booked to the accounts are relative to costs and income allocated to two or more accounting periods, the amount of which varies over time.

Reserves for risks and charges

The provisions for risks and charges are set aside to cover charges of a specific nature which are certain or probable, but whose date of settlement or amount are not precisely known as of the close of the accounting period.

The provisions are estimated in accordance with the principle of prudence and by taking into account all known elements as of the date of the preparation of the financial statements.

Staff severance indemnity reserve

The staff severance indemnity reserve incorporates all amounts payable to full-time employees in relation to the commitments in effect as of the close of the accounting period, in accordance with the provisions of applicable laws and labour contracts in effect.

Recognition of revenues, income, expenses and charges

Revenues, income, expenses and charges are booked net of returns, discounts, rebates and premiums, as well as net of any taxes directly related to the sale of products and to the rendering of services.

The revenues of a financial nature are recognized in accordance with the matching principle.

Taxes on income for the period are recorded on the basis of an estimate of taxable income in conformity with prevailing regulations, also taking into account any deferred taxes. Transactions between companies of the group are effected on the basis of normal market conditions.

Income taxes

As provided by Article 3, Paragraph 5 of the CONSOB Resolution n. 8195 of 30 June 1994 and the subsequent modifications thereto, the Company has reported earnings for the first half of 2003 prior to taxes, and thus has not booked any provisions for deferred tax assets or liabilities recognized upon the application of the accounting principle relative to taxes on income.

Area of consolidation

Companies consolidated on a line-by-line basis

In addition to Class Editori S.p.A., the companies consolidated on a line-by-line basis are the following:

	<u>Percentage</u>
	<u>Owned</u>
- Milano Finanza Editori S.p.A. and subsidiaries:	86.045%
- Milano Finanza Services Editoriali S.r.l.	99.00%
- MF Editori S.r.l.	100.00%
- Lombard Editori S.r.l.	50.10%
- PMF News Editori S.p.A. (f/k/a Capitale Sud Editori S.p.A.)	89.00%
- Campus Editori S.r.l.	70.00%
- Milano Finanza Service S.r.l.	75.01%
- Edis S.r.l.	99.50%
- MF Conference S.r.l.	51.00%
- DP Analisi Finanziaria S.r.l.	94.73%
- EX.CO S.r.l.	70.70%
- Country Class Editori S.r.l.	60.00%
- MF Interactive TV S.p.A. (f/k/a Alfa Media S.r.l.) (80% directly held) (20% held through E-Class)	100.00%
- Classpi S.p.A. and subsidiaries:	51.00%
- Class Click S.p.A.	100.00%
- E-Class S.p.A. (f/k/a Tenfore Italia S.p.A.)	100.00%
- Global Finance Media Inc.	73.52%
- Class Financial Network S.p.A. °	2.45%
- CFN/CNBC B.V.	68.43%
- Radio Classica S.r.l.	99.00%
- Fainex S.p.A.	99.89%
- MF Dow Jones S.r.l. #	50.00%

° Consolidated on a line-by-line basis as it is 63.34-percent controlled by CFN CNBC Holding B.V.

Consolidated on a line-by-line basis as Class has control over the company's operations.

Companies valued with the net equity method

Affiliate companies of Class Editori S.p.A. valued with the net equity method include:

	<u>Percentage</u>
	<u>Owned</u>
- Telesia Systems S.r.l.	50.00%
- Italia Oggi Editori - Erinne s.r.l. and subsidiaries:	49.00%
- Italia Oggi s.r.l.	100.00%
- Class Professionale S.r.l (f/k/a BOL S.r.l.), through Erinne S.r.l. directly held by Class Editori S.p.A.	80.00%
	20.00%

In comparison with the financial statements as of 31 December 2002, no significant changes occurred in the first half of 2003 in the area of consolidation. The only variations regard the elimination of Agefi-Class S.A., Hasta S.p.A., Web Job S.p.A., companies which are inactive or in liquidation.

DETAILED SCHEDULES AND NOTES TO THE FINANCIAL STATEMENTS

ASSETS

Intangible fixed assets

Changes in the investment of intangible fixed assets may be summarized as follows:

(in EUR 000's)

Balance as of 31/12/2002	33,395
Net increase during the period	720
Amortization during the period	(3,101)
Balance as of 30/06/2003	31,014

A breakdown of goodwill allocated to the individual companies is provided in the table below:

(in EUR 000's)

	<u>Original Cost</u>	<u>Accumulated Amortization</u>	<u>Provision for the Period</u>	<u>Net Value</u>
1. Goodwill recognized upon consolidation:				
Milano Finanza Editori S.p.A.	3,443	564	57	2,822
Classpi Class Pubblicità S.p.A.	1,252	375	21	856
Campus Editori S.r.l.	89	26	2	61
DP Analisi S.r.l.	113	26	2	85
EX.CO. S.r.l.	98	23	2	73
E-Class S.p.A.	728	144	12	572
Global Finance Media Inc.	138	28	2	108
Global Finance Inc.	170	23	3	144
MF Editori	3,874	580	65	3,229
Total	9,905	1,789	166	7,950
2. Goodwill recorded in relation to:				
Global Finance Inc.	1,063	115	17	931
Class Editori S.p.A. in 1999	107	107	-	-
Edis S.r.l.	207	63	10	134
Radio Classica S.r.l.	5,472	1,094	274	4,104
CFN CNBC B.V.	7,848	320	202	7,292
Total	14,697	1,699	503	12,461

(°) The increases include roughly EUR 650,000 of capitalized costs for software, with the remainder due to the capitalization of costs for studies and projects.

Tangible fixed assets

Changes in the investment of tangible fixed assets may be summarized as follows:

(in EUR 000's)

Balance as of 31/12/2002	8,152
Increase during the period	444
Decrease during the period	(254)
Amortization during the period	<u>(1,043)</u>
Balance as of 30/06/2003	7,299

Financial fixed assets

Financial fixed assets consist of the following:

Investments in subsidiary companies

The balance represents investments in subsidiaries which have not been consolidated on a line-by-line basis inasmuch as they are either not material to the operations of the Group or are in the process of liquidation.

Investments in affiliate companies

The balance refers to the carrying value of investments in affiliate companies, and amounts to EUR 3,027,000 versus EUR 3,219,000 as of the end of 2002. The decrease is essentially attributable to the writedown at the time of the consolidation of investments held in Erinne S.r.l. and Telesia Sistemi S.r.l. which was made necessary by the losses reported by the companies as of 30 June 2003.

Investments in other companies

The investments total EUR 7,647,000 as of 30 June 2003, remaining unchanged with respect to the balance as of 31 December 2002.

Inventories

The inventory balance of EUR 1,943,000 compares with EUR 1,756,000 as of the end of 2002. Paper is valued with the use of the FIFO method, whereas photographic services, finished products and merchandise for sale are valued on the basis of purchase cost, which is equal to or less than market prices.

The account balance includes the following:

(in EUR 000's)	31/12/2002	30/06/2003
Paper	436	449
Photographic services	300	400
Total raw materials, supplies and materials for consumption	736	849
Finished products and merchandise	1,020	1,094
Advances	-	-
Total	1,756	1,943

Receivables

Trade accounts receivable

The balance went from EUR 78,527,000 to EUR 69,355,000, with detail as follows:

(amounts in EUR 000's)	31/12/2002	30/06/2003
Ordinary customers	57,287	48,487
Invoices to be issued	3,721	4,553
Distributors (Italia Oggi-Erinne)	18,436	17,263
Allowance for doubtful accounts	(917)	(948)
Total	78,527	69,355
Receivables due beyond one year	-	520
Total	78,527	69,875

The trade accounts receivable are mainly driven by commercial credit and advertising revenues billed by the subsidiary Classpi S.p.A., a sub-concessionaire for the advertising sales of the group.

Amounts due from subsidiary companies

The receivables total EUR 49,000 versus EUR 653,000 as of 31 December 2002, and are amounts due to E-Class by its subsidiaries (companies which have not been consolidated due to the fact that they are in liquidation).

Amounts due from affiliate companies

The receivables total EUR 6,622,000 versus EUR 11,987,000 as of 31 December 2002, for a decrease of EUR 5,365,000.

Amounts due from affiliate companies are almost entirely due from Italia Oggi-Erinne S.r.l.

Other receivables

Due within one year

The balance amounts to EUR 21,371,000 versus EUR 21,399,000 as of 31 December 2002.

Other receivables consist principally of amounts due from the Italian Treasury for advances on income taxes, publishing grants and other credits of a financial nature. There are no significant changes in the account in relation to the mix of receivables as of 31 December 2002.

Due beyond one year

The balance amounts to EUR 390,000 versus EUR 182,000 as of 31 December 2002.

Cash and cash equivalents

Cash on deposit with banks and post offices

The balances on deposit with banks and post offices are summarized in the following table:

(amounts in EUR 000's)	31/12/2002	30/06/2003
Balances in current accounts with banks and post offices	18,599	21,275

Cash and negotiable instruments on hand

The balance of EUR 17,000 covers amounts on hand at various offices of the consolidated companies. By comparison, the balance totaled EUR 49,000 at the end of 2002.

Accrued income and prepaid expenses

The balance of the account of EUR 2,937,000 as of 30 June 2003 compares with EUR 2,315,000 as of 31 December 2002. The amount as of 30 June 2003 refers to the prepayment of insurance and leasing costs incurred by group companies at the beginning of the year.

LIABILITIES AND SHAREHOLDERS' EQUITY

Changes in shareholders' equity

(in EUR 000's)	Balance as of 31/12/02	Internal transfer of profits	Dividends paid	Trans, Difference s	Other Changes	Profit for the period	Balance as of 30/06/03
Consolidated shareholders' equity:							
Share capital	9,229						9,229
Share premium reserve	28,194						28,194
Revaluation reserve	0						0
Legal reserve	2,544						2,544
Reserves required by by-laws	0						
Other reserves:	0						
Consolidation reserve	5,423	(152)			110		5,381
Reserve for fluctuation of exchange rates	0						
Other	37,375		(820)				36,555
Profit (loss) carried forward	0						
Profit (loss) for the period	1,059	152	(1,211)			(542)	(542)
Shareholders equity prior to minority interests	83,824	0	(2,031)	0	110	(542)	81,361
Minority interests:							
Capital and reserves of minority interests	4,765	66			86		4,917
Earnings (losses) of minority interests	66	(66)				(435)	(435)
Minority interests	4,831	0			86	(435)	4,482
Total net equity	88,655	0	(2,031)	0	196	(977)	85,843

The changes in shareholders' equity result from the accrual of earnings as of 30 June 2003, and the allocation of earnings for the year of 2002, which included the payment of dividends in the amount of EUR 2,031,000.

Reserves for risks and charges

Other

The account covers amounts set aside to handle charges relative pending legal disputes with employees and third parties as of 30 June 2003. The balance of EUR 1,151,000 compares with EUR 1,240,000 as of 31 December 2002.

Staff severance indemnity reserve

The balance of the reserve of EUR 2,441,000 incorporates the changes evidenced in the table below:

(amounts in EUR 000's)

Balance as of 31/12/2002	2,344
Amounts paid to terminated personnel	(235)
Provision for the period	332
Total	2,441

Average number of employees

	First Half 2003
Journalists	86
Managers	24
Office employees	130
Total	240

Payables

Due to banks

Payable within one year

The balance of EUR 8,937,000 compares with EUR 19,666,000 as of 31 December 2002, with a decrease of EUR 10,729,000. The amount outstanding as of 30 June 2003 include EUR 5,000,000 relative to a stand-by financing with the CARIPLO network of Banca Intesa which expires in less than 12 months.

Payable beyond one year

The balance of the account is EUR 8,500,000 versus zero as of 31 December 2002. The amount refers to the medium-/long-term portion of the stand-by financing with UniCredito which has an expiration date after 30 June 2004.

Due to other lenders

Payable within one year

Current maturities total EUR 718,000 compared with EUR 860,000 as of 31 December 2002.

Payable beyond one year

The balance of EUR 1,450,000 compares with EUR 1,548,000 as of 31 December 2002.

(in EUR 000's)

Balance as of 31/12/2002	2,408
New borrowings	-
Repayments during the period	(193)
Foreign-exchange differences	(47)
<u>Balance as of 30/06/2003</u>	<u>2,168</u>

Trade accounts payable

The balance of EUR 32,536,000 compares with EUR 36,718,000 as of 31 December 2002. The amount outstanding as of 30 June 2003 includes EUR 25,925,000 of amounts due for services and goods invoiced, and EUR 6,611,000 of amounts to be invoiced.

Due to affiliate companies

The balance is equal to EUR 1,356,000 versus EUR 3,184,000 as of 31 December 2002.

Taxes payable

The balance is equal to EUR 3,208,000 versus EUR 3,620,000 as of 31 December 2002.

Amounts due to social-welfare institutions

The balance of EUR 582,000 compares with EUR 813,000 as of 31 December 2002.

Other payables

The balance of EUR 13,852,000 compares with EUR 14,006,000 as of 31 December 2002. There were no significant changes in the mix of other payables with respect to the situation as of the end of 2002.

Accrued liabilities and deferred income

Accrued liabilities and deferred income amount to EUR 13,997,000 against EUR 16,273,000 as of 31 December 2002, with detail as follows:

(amounts in EUR 000's)	31/12/2002	30/06/2003
Accrued liabilities	12,407	10,544
Deferred income	3,866	3,453
Total	16,273	13,997

Accrued liabilities incorporate EUR 7,858,000 of payments due for returned publications.

Deferred income includes EUR 2,249,000 of subscription revenues.

MEMORANDUM ACCOUNTS

Guarantees released include guarantees for the Company's account released by Banca Popolare di Bergamo-Credito Varesino in favour of the Revenue Office relative to contests for prizes available to readers and subscribers. In addition, the balance includes guarantees in favour of the Value-Added Tax Office of Milan for the offsetting of value-added taxes at a group level.

Assets of third parties on deposit with the Company mainly consist of the residual of principal amounts on the lease of the Milan property located at and Via G. Galeazzo, 31.

Company assets on deposit with third parties include paper stocks with printers and merchandise to be acquired in lieu of cash payments for advertising.

PROFIT AND LOSS STATEMENT

The following information supplements the data supplied in the report relative to the operating performance of Class Editori S.p.A. and subsidiary companies.

Revenues are subdivided as follows:

(in EUR 000's)	First Half 2003	First Half 2002	% Change	2002
Newsstand revenues	5,878	6,492	(9.5)	11,032
Subscription revenues	13,942	15,635	(10.9)	36,254
Advertising revenues	25,590	29,644	(13.7)	44,336
Other	1,557	1,471	(0.65)	11,888
Total revenues	46,967	53,342	(11.95)	103,510

The reduction of advertising revenues is reflective of an industry slump which began to take shape in 2002, which has impacted the concessionaires, Classpi – Class Pubblicità, with regard to advertising in print publications and advertising on the Internet and the television channel.

Operating expenditures are summarized in the following table:

	First Half 2003	First Half 2002	% Change	2002
Purchases	2,669	2,602	2.6	7,642
Services	30,554	30,599	0.2	62,722
Rentals	737	582	26.6	1,181
Personnel expense	7,902	8,116	(2.6)	16,961
Change in inventories	(186)	886	n.s	1,040
Other	1,958	2,993	(34.6)	4,165
Total operating expenses	43,634	45,778	(4.7)	93,711

The purchases remained substantially in line with the figure for the first half of 2002. The decrease in personnel expense was made possible by the ongoing efforts to streamline staffing.

Expenditures for services are summarized in the following table:

(in EUR 000's)	First Half 2003	First Half 2002	% Change	2002
Production expenses	13,702	14,381	(4.8)	29,634
Editing expenses	4,002	4,740	(15.6)	4,613
Marketing and advertising	7,133	6,799	4.9	17,272
Distribution	3,560	3,284	8.4	7,403
Other	2,157	1,395	54.6	3,800
Total services	30,554	30,599	7.16	62,722

Expenditures for services incorporate a decrease in editing and production expenses resulting from the implementation of cost-containment measures and the streamlining of operations

Depreciation and amortization

Total depreciation and amortization charges went from EUR 3,874,000 in the first half of 2002 to EUR 4,144,000 during the same period in 2003, with the change due to new investments.

Financial income

Financial income amounts to EUR 1,142,000 versus EUR 695,000 for the corresponding period of 2002.

Financial charges

Financial charges amount to EUR 201,000 versus EUR 81,000 for the corresponding period of 2002.

Compensation to directors and statutory auditors accrued during the first half of 2003

Directors	EUR 80,276
Statutory Auditors	EUR 69,222

Victor Uckmar
Chairman
Class Editori S.p.A.

CLASS EDITORI S.p.A.
Consolidated Balance Sheet as of 30 June 2003,
31 December 2002 and 30 June 2002
(in EUR 000's)

ASSETS	<u>30/06/2002</u>	<u>31/12/2002</u>	<u>30/06/2003</u>
A) AMOUNTS RECEIVABLE FROM SHAREHOLDERS FOR CAPITAL CONTRIBUTIONS STILL DUE			
Amounts due	-	-	-
B) FIXED ASSETS:			
I) INTANGIBLE FIXED ASSETS			
1) start-up and expansion costs	219	602	119
2) research, development and advertising costs	2,477	1,925	2,009
3) industrial patent rights	3,270	3,853	148
4) concessions, licenses, trademarks & similar rights	-	-	2,418
5) goodwill	21,926	21,165	20,411
6) assets in development and advance payments	-	71	-
7) other	5,822	5,779	5,909
TOTAL	<u>33,714</u>	<u>33,395</u>	<u>31,014</u>
II) TANGIBLE FIXED ASSETS			
1) land and buildings	2,442	120	116
2) equipment and machinery	5,541	5,202	4,641
3) industrial and commercial equipment	377	293	258
4) other	2,608	2,537	2,284
TOTAL	<u>10,968</u>	<u>8,152</u>	<u>7,299</u>
III) FINANCIAL FIXED ASSETS			
1) investments in:			
a) subsidiary companies	811	897	847
b) affiliate companies	2,723	3,219	3,027
c) other companies	7,843	7,647	7,647
2) non-current receivables			
a) due from subsidiary companies			
a) amounts due within 12 months			
d) due from others			
a) amounts due within 12 months	6	6	-
TOTAL	<u>11,383</u>	<u>11,769</u>	<u>11,521</u>
TOTAL FIXED ASSETS (B)	<u>56,065</u>	<u>53,316</u>	<u>49,834</u>
C) CURRENT ASSETS			
I) INVENTORIES			
1) raw materials, supplies, materials for consumption	944	736	849
3) commissioned work in process	83	-	-
4) finished products	914	1,020	1,094
5) advance payments	-	-	-
TOTAL	<u>1,941</u>	<u>1,756</u>	<u>1,943</u>
II) ACCOUNTS RECEIVABLE			
1) trade accounts receivable			
within one year	83,398	78,527	69,355
beyond one year	-	-	520
2) due from subsidiary companies			
within one year	609	653	49
3) due from affiliate companies			
within one year	10,709	11,987	6,622
4) due from others			
within one year	18,960	21,399	21,371
beyond one year	159	182	390
TOTAL	<u>113,835</u>	<u>112,748</u>	<u>98,307</u>

III) CURRENT FINANCIAL ASSETS			
3) other equity investments	36	-	-
5) other securities	258	258	258
IV) CASH AND CASH EQUIVALENTS			
1) cash on deposit with banks and post offices	20,017	18,599	21,275
2) cash and negotiable instruments on hand	33	49	17
TOTAL	<u>20,050</u>	<u>18,648</u>	<u>21,292</u>
TOTAL CURRENT ASSETS (C)	<u>136,120</u>	<u>133,410</u>	<u>121,800</u>
D) ACCRUALS AND DEFERRALS			
1) accrued income and prepaid expense	1,617	2,315	2,937
TOTAL ASSETS (A + B + C + D)	<u>193,802</u>	<u>189,041</u>	<u>174,571</u>

CLASS EDITORI S.p.A.
Consolidated Balance Sheet as of 30 June 2003,
31 December 2002 and 30 June 2002
(in EUR 000's)

LIABILITIES AND SHAREHOLDERS' EQUITY	<u>30/06/2002</u>	<u>31/12/2002</u>	<u>30/06/2003</u>
A) SHAREHOLDERS' EQUITY:			
I) share capital	9,229	9,229	9,229
II) share premium reserve	30,643	28,194	28,194
IV) legal reserve	2,544	2,544	2,544
VII) other reserves:			
1) reserve	37,375	37,375	36,555
2) consolidation reserve	5,343	5,423	5,381
IX) profit (loss) for the period	3,075	1,059	(542)
TOTAL	<u>88,209</u>	<u>83,824</u>	<u>81,361</u>
Minority interests			
capital and reserves	4,754	4,765	4,917
profit (loss)	264	66	(435)
	<u>5,018</u>	<u>4,831</u>	<u>4,482</u>
B) RESERVES FOR RISKS AND CHARGES:			
2) taxes	-	36	-
3) other provisions	800	1,240	1,151
	<u>800</u>	<u>1,276</u>	<u>1,151</u>
C) STAFF SEVERANCE INDEMNITY RESERVE	<u>2,170</u>	<u>2,344</u>	<u>2,441</u>
D) ACCOUNTS PAYABLE			
3) due to banks			
payable within one year	19,526	19,666	8,937
payable beyond one year	-	-	8,500
4) due to other lenders			
payable within one year	833	860	718
payable beyond one year	1,637	1,548	1,450
5) advances			
payable within one year	34	50	-
6) trade accounts payable			
due within one year	41,801	36,718	32,536
due beyond one year	-	-	-
8) due to subsidiary companies			
payable within one year	4	28	-
9) due to affiliate companies			
payable within one year	2,479	3,184	1,356
10) taxes payable			
due within one year	5,698	3,620	3,208
12) due to social-welfare institutions			
payable within one year	624	813	582
13) other payables			
due within one year	6,603	14,006	13,852
TOTAL	<u>79,239</u>	<u>80,493</u>	<u>71,139</u>
E) ACCRUALS AND DEFERRALS			
1) accrued liabilities and deferred income	18,366	16,273	13,997
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u>193,802</u>	<u>189,041</u>	<u>174,571</u>
(A + B + C + D + E)			

MEMORANDUM ACCOUNTS

Guarantees released	11,585	25,435	26,301
Guarantees received from third parties	-	-	-
Leased assets	208	167	124
Assets held by third parties	3,992	3,761	3,792
Securities on deposit with third parties	657	1,035	642
Total memorandum accounts	<u>16,442</u>	<u>30,398</u>	<u>30,859</u>

CLASS EDITORI S.p.A.
Consolidated Profit and Loss Statement for the Six Months Ending 30 June 2003
and 30 June 2002 and for the Year Ending 31 December 2002
(in EUR 000's)

	<u>30/06/2002</u>	<u>31/12/2002</u>	<u>30/06/2003</u>
A) VALUE OF PRODUCTION			
1) revenues from sales and service	49,025	100,984	42,137
2) changes in inventories	-	-	-
5) other revenues and income:			
a) subsidies accrued	172	323	249
b) other revenues	4,145	2,203	4,581
TOTAL	<u>53,342</u>	<u>103,510</u>	<u>46,967</u>
B) COSTS OF PRODUCTION			
6) raw materials, supplies and materials for consumption	2,602	7,642	2,669
7) services	30,599	62,722	30,554
8) rentals	582	1,181	737
9) personnel:			
a) salaries and wages	5,935	11,651	5,808
b) social-welfare charges	1,743	3,384	1,762
c) provision for staff severance indemnities	342	779	332
e) other expenses	96	1,147	35
10) depreciation, amortization and writedowns:			
a) amortization of intangible fixed assets	2,665	6,047	3,101
b) depreciation of tangible fixed assets	1,126	2,249	1,043
c) writedowns of current receivables	83	148	171
11) changes in raw materials, supplies, materials for consumption	886	1,040	(186)
12) provisions to reserve for risks	354	940	209
13) other provisions	-	-	186
14) other operating expenses	2,639	3,077	1,357
TOTAL	<u>49,652</u>	<u>102,007</u>	<u>47,778</u>
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B)	<u>3,690</u>	<u>1,503</u>	<u>(811)</u>
C) FINANCIAL INCOME AND CHARGES			
15) Income from long-term equity investments			
b) affiliates	-	-	-
c) other	-	664	-
16) Other financial income			
a) from long-term receivables:			
from other companies	-	-	-
c) from securities classified as current assets	-	15	-
d) other financial income:			
from subsidiaries	11	-	23
from affiliates	218	398	187
from other sources	466	858	932
TOTAL	<u>695</u>	<u>1,935</u>	<u>1,142</u>
17) Financial charges			
interest and other financial charges			
b) paid to affiliate companies	-	-	-
d) paid to others	(776)	(1,493)	(1,343)
TOTAL (16+17)	<u>(81)</u>	<u>442</u>	<u>(201)</u>
D) VALUATION ADJUSTMENTS TO FINANCIAL ASSETS			

18 revaluations:			
a) of long-term equity investments	-	6	-
19 writedowns:			
a) of long-term equity investments	(407)	(13)	(178)
E) EXTRAORDINARY INCOME AND CHARGES			
20) extraordinary income:			
a) capital gains on sale of assets whose revenues are not booked to other income and revenues	-	-	4
b) other	341	2,955	327
21) extraordinary charges:			
a) capital losses on sale of assets whose costs are not booked to other operating expense	-	-	-
b) other	(204)	(957)	(118)
TOTAL EXTRAORDINARY ITEMS (20+21)	137	1,998	213
PROFIT (LOSS) BEFORE TAXES (A-B+C+D+E)	3,339	3,936	(977)
22) income taxes:			
a) current	-	(2,945)	-
b) deferred tax liabilities	-	(36)	-
c) deferred tax assets	-	170	-
MINORITY INTERESTS	(264)	(66)	435
26) Profit (loss) for the period	3,075	1,059	(542)

CLASS EDITORI S.p.A.
Statement of Changes in Financial Position
(in EUR 000's)

	<u>31/12/2002</u>	<u>30/06/2003</u>
FUNDS FROM OPERATIONS		
Profit for the period	1,059	(542)
Depreciation and amortization	8,296	4,144
Funds generated from operations	9,355	3,602
Change in inventory	1,071	(187)
Change in trade accounts receivable	(11,834)	8,652
Change in amounts due from subsidiary companies	984	604
Change in amounts due from affiliate companies	10,994	5,365
Change in other receivables	(1,700)	(180)
Change in accrued income and prepaid expenses	(2,137)	(622)
Change in trade accounts payable	(1,057)	(4,182)
Change in amounts due to subsidiary companies	(360)	(28)
Change in amounts due to affiliate companies	(10,857)	(1,828)
Change in other payables	8,693	(847)
Change in accrued liabilities and deferred income	2,095	(2,276)
Funds flow from operations and working capital (A)	5,247	8,073
INVESTMENT ACTIVITY		
Tangible fixed assets	(1,728)	190
Intangible fixed assets	10,083	720
Financial fixed assets	(86)	(248)
Funds flow from investment activity (B)	8,269	662
FINANCING ACTIVITY		
Change in amounts due to banks and other lenders	(429)	(2,469)
Change in reserve for risks	(21)	(125)
Change in staff severance indemnity reserve	308	97
Distribution of earnings	(4,061)	(1,211)
Change in reserves	1,071	(710)
Change in minority interests	2,631	(349)
Funds flow from financing activity (C)	(501)	(4,767)
Change in cash and cash equivalents (A)-(B)+(C)	(3,523)	2,644
Opening balance of cash and cash equivalents	22,429	18,906
Closing balance of cash and cash equivalents	18,906	21,550

Class Editori S.p.A.
Registered office: Via Marco Burigozzo, 5, Milan, Italy
REPORT ON OPERATING PERFORMANCE
as of 30 June 2003

Class Editori S.p.A. closed the first six months of 2003 with pre-tax profit of EUR 144,139. The value of production for the period came to EUR 24,652 million, rising in comparison with the EUR 23,106 million posted for the same period of 2002.

Circulation revenues amounted to EUR 2,421 million. At 83,700 (ADS data), the average circulation of *Class* decreased by 2.3 percent year on year, though the publication still held a leading position in its target market.

Advertising revenues declined by 16 percent year on year, reverberating the sluggish market conditions and the tough circumstances for advertising sales that were also evident in 2002. Advertising revenues thus totalled EUR 10,416,000 against EUR 12,302,000 in the first half of 2002, with roughly EUR 1,549,000 of the 2003 figure relative to fees for advertising sales for the account of Italia Oggi Editori-Erinne S.r.l..

During the first half of the year, the Company continued to develop new publishing products, either directly or through its subsidiaries. Highlights for the period are outlined below:

- The start-up of the Milano Finanza-Classica circuit which produces five daily radio broadcasts of economic and financial news in conjunction with an agreement between Class Editori and various leading local radio stations.
- The publication of the "I Grandi Musei d'Italia e d'Europa in 90 minuti", a set of 24 museum guides sold individually every two weeks with the Company's main publications.
- The creation of CFN/CNBC Mobile, the first television broadcast of financial news via mobile telephone. The service allows subscribers to view video clips of news using both GPRS and UMTS technology.
- The creation of Real Estate News, the first television news program in Italy dedicated to the property market; the program is broadcast by CFN/CNBC.

As far as operating expenses are concerned, the Company continued in the first half of 2003 with its various cost-containment measures, with the related developments outlined hereunder:

- Personnel expense went from EUR 2,678,000 in the first half of 2002 to EUR 2,457,000 in the same period of 2003, with the 8-percent reduction due to a process to streamline resources that will continue in the second half of the year.
- Purchases went from EUR 877,000 in the first half of 2002 to EUR 943,000 in the same period of 2003; the increase is due to the start-up of new publishing initiatives, though other operations continued to be streamlined.
- Outlays for services came to EUR 16,342,000 versus EUR 15,667,000 in the same period of 2002.
- Rentals totalled EUR 543,000 versus EUR 413,000 in the first half of 2002.

- Other operating expenses went from EUR 1,579,000 in early 2002 to the current level of EUR 2,237,000.

Depreciation and amortization totalled EUR 1,045,000, remaining closely in line with the comparable figure for 2002.

Taking into account the figures indicated above, the Company sustained an operating loss of EUR 402,000 for the first half of 2002 versus an operating profit of EUR 2,252,000 for the corresponding period of 2002.

Net financial income totalled EUR 507,000 compared with EUR 383,000 for the first half of 2002.

Extraordinary charges amounted to EUR 430 against EUR 41,000 in 2002, when the figure included various reversals of previously accrued income.

Extraordinary income went from EUR 215,000 in the first half of 2002 to EUR 40,000 in early 2003.

Changes worth noting in the balance sheet include:

Receivables, whose balance went from EUR 118,444,000 as of 31 December 2002 to EUR 97,823,000 as of 30 June 2003. The change was influenced partly by the improvement of receivable turnover.

Shareholders' equity amounted to EUR 76,667,000 versus EUR 82,600,000 as of the end of 2002.

The net financial position was EUR 3,640,000.

Relationships with subsidiary companies

In the case of subsidiary and affiliate companies, Class Editori has certain relationships of a financial and commercial nature which mainly involve the chargeback of operating expenses and the crediting of revenues generated through an advertising concession agreement. Financial relationships with the subsidiary and affiliate companies are settled on the basis of market interest rates (the Italian Banking Association prime rate).

In comparison with the data reported in the financial statements as of 31 December 2002, there were no significant changes in the first half of 2003 in the earnings and financial position of other companies in which long-term investments are held.

All long-term investments have been recorded at purchase cost and the quantitative aspects of such valuations are illustrated in the notes to the financial statements as of 30 June.

Though differences exist in some cases between the carrying value of other long-term investments and the quota of net equity of the same, there are no situations to indicate permanent impairment of value of the investments with respect to the purchase cost.

Transactions with related parties

The business with related parties of a commercial nature involving minor amounts is settled at the same conditions applied to suppliers and customers. As of 30 June 2003, the transactions with related parties included a short-term financing transaction in the amount of EUR 1,600,000 which bears interest at market rates.

Furthermore, in accordance with the provisions of Article 20 of Law 71 of 1993, it is hereby noted that none of the assets reported in the balance sheet as of 30 June 2003 has undergone any economic or monetary revaluation in the past.

Class Editori S.p.A. carries out its activity at its registered office in Via Burigozzo, 5, Milan as well as at the other operational offices listed hereunder:
Via Burigozzo, 8, Milan
Via Santa Maria in Via, 12, Rome

It is furthermore noted that there are currently no significant potential risks related to legal disputes with customers, suppliers and other third persons.

Subsequent to 30 June 2003, the trend of circulation for the Company's publications remained stable. Instead, the trend of advertising sales began to show some signs of mild improvement in the summer months, while the advance booking of space for the fall months appeared good in the case of periodicals. It is thus expected that the operating results for the year will be in line with the forecasts, taking into account the performance of the advertising market and the permanent contraction in newsstand sales.

Victor Uckmar
Chairman
Board of Directors

Class Editori S.p.A.
Registered Office: Via M. Burigozzo, 5, Milan, Italy
Share Capital: EUR 9,229,526
Registered on the Register of Businesses of Milan under n° 1205471
Fiscal code and value-added tax n. 08114020152

Notes to the financial statements for the six months ending 30 June 2003

Criteria for the preparation of the financial statements

The report hereunder complies with the provisions of Article 2423 and the articles thereafter of the Italian Civil Code. The notes to the financial statements have been prepared in accordance with Article 2427 of the Italian Civil Code, and constitute, pursuant to and for the effects of Article 2423, an integral part of the report.

Valuation criteria

The criteria used in the preparation of the financial statements as of 30 June 2003 remain unchanged with respect to the criteria used for the preparation of the financial statements for the previous period, in particular with regard to valuations and the continuity of the principles themselves.

The valuation of the financial statements accounts is based on the general criteria of prudence and accrual accounting, on the assumption of the company as a going concern. As provided by Article 10 of Law 72 of 1983, it is hereby noted that none of the assets reported in the financial statements as of 30 June 2003 has undergone any economic or monetary revaluation.

The valuation criteria adopted in the preparation of the financial statements are summarized hereunder.

Intangible fixed assets

Intangible fixed assets are recorded at purchase cost, net of amortization charged directly to the individual accounts.

Start-up and expansion costs and costs for research, development and advertising whose utility spreads over two or more years have been recorded as assets with the consent of the statutory auditors, and are amortized over a period of five years.

Goodwill booked upon the acquisition of assets has been recorded as an asset with the consent of the statutory auditors, and is amortized over a period of five years. Industrial patent rights and rights to the use of intellectual property, licenses, concessions and trademarks are amortized at an annual rate of 20 percent.

Leasehold improvements are amortized at rates commensurate with the term of the lease contracts to which the improvements are applicable.

Tangible fixed assets

Tangible fixed assets are recorded at purchase cost, inclusive of any ancillary charges, and stated net of accumulated depreciation.

Depreciation charged to the profit and loss statement is calculated by taking into consideration the expected use, purpose and wear and tear of the assets. Depreciation is based on the rates set forth below, which are reflective of the residual possibilities to use the assets. Such rates remain unchanged with respect to the prior period. In the case

of assets placed in service during the accounting period, depreciation is computed at 50 percent of the rates indicated.

- Land and buildings	3%
- Equipment and machinery	10%
- Equipment	25%
- Ordinary furnishings and equipment	12%
- Computer equipment	20%
- Auto vehicles	25%

Accounts receivable

Accounts receivable are stated at their estimated realizable value. The nominal value of the accounts receivable is adjusted to the estimated realizable value through provisions to the allowance for doubtful accounts.

Accounts payable

Accounts payable are stated at nominal value.

Accruals and deferrals

Accruals and deferrals are computed in accordance with the matching principle. In the case of amounts accrued or deferred over two or more accounting periods, the conditions giving rise to the original accrual or deferral have been verified and if necessary, adjustments have been made.

Inventories

Raw materials, supplies and finished products are valued at the lower of purchase or production cost and market value with the application of the FIFO method. There were no provisions made to the "reserve for inventory obsolescence" in order to adjust the final value of inventory since the carrying value is estimated to be equal to or less than the value at which the inventory could be liquidated or sold.

Long-term equity investments

Holdings in subsidiary, affiliate and other companies retained as long-term investments are stated at purchase or subscription cost. Reference is made to the tables hereunder for information on significant differences between carrying value and the book value of net equity. Despite such differences, there are no situations to indicate permanent impairment of value of the investments with respect to the purchase cost.

Reserves for risks and charges

The provisions for risks and charges are set aside to cover charges of a specific nature which are certain or probable, but whose date of settlement or amount are not precisely known as of the close of the accounting period.

The provisions are estimated in accordance with the principle of prudence and the matching principle. The Company has not established any generic risk reserves without the economic justification therefor.

Staff severance indemnity reserve

The staff severance indemnity reserve incorporates all amounts payable to full-time employees, in accordance with the provisions of applicable laws and labour contracts in effect.

Recognition of revenues

Revenues for the sale of products and/or the rendering of services are recognized at the time of the transfer of ownership and/or the completion of the service.

Revenues of a financial nature and those arising from the rendering of services are recognized in accordance with the matching principle.

As provided by Article 3, Paragraph 5 of the CONSOB Resolution n. 8195 of 30 June 1994 and the subsequent modifications thereto, the Company has reported earnings for the first half of 2003 prior to taxes, and thus has not booked any provisions for deferred tax assets or liabilities recognized upon the application of the new accounting principle relative to taxes on income.

Criteria for the conversion of amounts denominated in foreign currency

Receivables and payables denominated in foreign currency are translated into euros on the basis of the exchange rates in effect as of the date on which the relative transactions are effected. Such amounts are adjusted to reflect the exchange rates in effect as of the close of the accounting period. Any negative differences arising from such adjustment are booked to the reserve for the fluctuation of exchange rates.

Commitments, guarantees and risks

Commitments and guarantees are reported in the memorandum accounts at their contractual value.

Any risks for which the manifestation of a liability is probable are described in the notes to the financial statements, and provisions therefor have been established in accordance with the criteria applicable to the maintenance of the risk reserves.

Any risks for which the manifestation of a liability is only possible are described in the notes to the financial statements; in accordance with the accounting principles of reference, no provisions for such risks have been made to the risk reserves. Risks of a remote nature are not considered.

Employment data

The table hereunder provides a summary of the work force by job category, and the changes with respect to the end of the 2002.

Work Force	31/12/2002	30/06/2003	Change
Managers	15	14	-1
Office employees	38	35	-3
Journalists	24	22	-2
	77	71	-6

The employment contract in effect is the national contract for the publishing/graphics industry.

BALANCE SHEET

Assets

B) Fixed assets

I. Intangible fixed assets

Balance as of 31/12/2002	3,106,859
Balance as of 30/06/2003	2,716,845
	<u>-390,014</u>

Changes in intangible fixed assets

Account	Value as of 31/12/02	Increases	Decreases	Amortization	Value as of 30/06/03
1) Start-up and expansion costs	65,487	0	0	32,743	32,744
2) Research, development and advertising costs	829,247	118,949	0	144,440	803,756
3) Industrial patent rights	4,882	0	0	1,371	3,511
6) Assets under development	61,677	0	61,677	0	0
7) Other					
Software	1,627,528	202,746	0	291,351	1,538,920
Stock market listing	283,445	0	0	154,528	128,917
Other	234,593	19,277	0	44,873	208,997
T O T A L	2,145,566	222,023	0	490,755	1,876,834

The following tables provide a breakdown of the amounts included in start-up and expansion costs, and research, development and advertising costs.

Start-up and expansion costs

Account	Value as of 31/12/02	Increases	Decreases	Amortization	Value as of 30/06/03
Expenses for capital increase	65,487	0	0	32,744	32,744
T O T A L	65,487	0	0	32,744	32,744

There were no increases during the period.

Research, development and advertising costs

Account	Value as of 31/12/02	Increases	Decreases	Amortization	Value as of 30/06/03
Studies and projects	662,769	118,949	0	123,630	658,088
Advertising for launch of new products	166,478	0	0	20,810	145,668
T O T A L	829,247	118,949	0	144,440	803,756

The increase during the period is mainly related to the CRM project launched by Pricewaterhouse.

Industrial patent rights

The account includes expenditures sustained for trademarks and patents, the value of which is shown in the following table.

Account	Value as of 31/12/02	Increases	Decreases	Amortization	Value as of 30/06/03
Trademarks and patents	4,882	0	0	1,371	3,511
TOTAL	4,882	0	0	1,371	3,511

Goodwill

There were no increases in the account balance during the period.

Assets under development

There were no increases in the account balance during the period.

Account	Value as of 31/12/02	Increases	Decreases	Amortization	Value as of 30/06/03
Assets under development	61,677	0	61,677	0	0
TOTAL	61,677	0	61,677	0	0

Other intangible fixed assets

Account	Value as of 31/12/02	Increases	Decreases	Amortization	Value as of 30/06/03
Leasehold improvements - Burigozzo 8	78,914	19,277	0	14,851	83,340
Restructuring expenses - G. Galeazzo 31	50,293	0	0	6,287	44,006
Restructuring expenses - G. Galeazzo 29	11,222	0	0	7,567	3,655
Restructuring expenses - Calatafimi	11,642	0	0	1,940	9,702
Restructuring expenses - Editing Rome	9,101	0	0	2,275	6,826
Other leasehold improvements	36,082	0	0	4,898	31,184
	197,254	19,277	0	37,818	178,713
Software	1,27,528	202,746	0	291,351	1,538,920
Stock market listing	283,444	0	0	154,528	128,916
Tin-it portal	32,537	0	0	6,254	26,283
Other	4,803	0	0	801	4,002
TOTAL	2,145,566	222,023	0	490,755	1,876,834

II. Tangible fixed assets

Balance as of 31/12/2002	3,009,658
Balance as of 30/06/2003	2,711,923
	<u>-297.735</u>

Land and buildings

DESCRIPTION	AMOUNT
Historical cost	313,455
Accumulated depreciation	193,505
Balance as of 31 December 2002	119,950
Purchases during the period	0
Sales during the period	0
Depreciation charges	3,582
Balance as of 30 June 2003	116,368

Equipment and machinery

DESCRIPTION	AMOUNT
Historical cost	2,413,169
Accumulated depreciation	998,428
Balance as of 31 December 2002	1,414,741
Purchases during the period	5,535
Sales during the period	0
Depreciation charges	111,572
Balance as of 30 June 2003	1,308,704

The increase during the period is due to the normal upgrade of telephone and HVAC systems.

Industrial and commercial equipment

DESCRIPTION	AMOUNT
Historical cost	51,959
Accumulated depreciation	37,479
Balance as of 31 December 2002	14,480
Purchases during the period	0
Sales during the period	0
Depreciation charges	3,319
Balance as of 30 June 2003	11,161

Other assets

Ordinary furnishings and equipment

DESCRIPTION	AMOUNT
Historical cost	1,777,811
Accumulated depreciation	1,208,135
Balance as of 31 December 2002	569,677
Purchases during the period	0
Sales during the period	0
Depreciation charges	55,539
Balance as of 30 June 2003	514,138

Other assets

Computer equipment

DESCRIPTION	AMOUNT
Historical cost	3,455,701
Accumulated depreciation	2,596,016
Balance as of 31 December 2002	859,685
Purchases during the period	72,205
Sales during the period	0
Depreciation charges	193,910
Balance as of 30 June 2003	737,980

The increase during the period is relative to the purchase of new equipment.

Other assets

Auto vehicles

DESCRIPTION	AMOUNT
Historical cost	161,185
Accumulated depreciation	133,694
Balance as of 31 December 2002	27,491
Purchases during the period	0
Sales during the period	0
Depreciation charges	7,512
Balance as of 30 June 2003	19,979

Other assets

Cellular telephones

DESCRIPTION	AMOUNT
Historical cost	7,479
Accumulated depreciation	3,845
Balance as of 31 December 2002	3,634
Purchases during the period	744
Sales during the period	0
Depreciation charges	785
Balance as of 30 June 2003	3,593

III. Financial fixed assets

Balance as of 31/12/2002	22,411,480
Balance as of 30/06/2003	<u>22,411,480</u>
	<u>0</u>

Investments

Account	Value as of 31/12/02	Increases	Decreases	Other	Value as of 30/06/03
Subsidiary companies	12,784,631	0	0	0	12,784,631
Affiliate companies	3,244,927	0	0	0	3,244,927
Other companies	6,381,922	0	0	0	6,381,922
TOTAL	22,411,480	0	0	0	22,411,480

Investments in subsidiary companies

Account	Value as of 31/12/01	Purchases	Sales	Value as of 30/06/02
MF Interactive	307,882	0	0	307,882
C.F.N.	13,119	0	0	13,119
CFN/CNBC Holding	3,551,818	0	0	3,551,818
Campus Editori	319,521	0	0	319,521
Classpi	1,383,537	0	0	1,383,537
Country Editori	6,197	0	0	6,197
DP Analisi Finanz.	159,069	0	0	159,069
e-Class	993,963	0	0	993,963
Edis	13,175	0	0	13,175
Ex.Co.	115,686	0	0	115,686
Global Finance	1,330,289	0	0	1,330,289
Lombard Editori	25,616	0	0	25,616
MF Conference	7,682	0	0	7,682
MF Service	23,943	0	0	23,943
Milano Finanza Edit.	3,647,693	0	0	3,647,693
PMF News Editori	92,588	0	0	92,588
Radio Classica	9,900	0	0	9,900
Fainex	732,953	0	0	732,953
MF Dow Jones News	50,000	0	0	50,000
TOTAL	12,784,631	0	0	12,784,631

Investments in affiliate companies

Account	Value as of 31/12/02	Purchases	Sales	Other	Writedowns	Value as of 30/06/03
Borsa 7 Editori	178,986	0	0	0	0	178,986
Editorial Class	14,611	0	0	0	0	14,611
Telesia Sistemi	2,065,828	0	0	0	0	2,065,828
Italia Oggi Edit. Erinne	883,436	0	0	0	0	883,436
Business On Line	2,066	0	0	0	0	2,066
Emprimer	100,000	0	0	0	0	100,000
TOTAL	3,244,927	0	0	0	0	3,244,927

Investments in other companies

Account	Value as of 31/12/02	Purchases	Sales	Other	Writedowns	Value as of 30/06/03
Analitica	7	0	0	0	0	7
Il Manifesto	10,329	0	0	0	0	10,329
Proxitalia	4,695	0	0	0	0	4,695
Consedit	28	0	0	0	0	28
MF Servizi Editoriali	103	0	0	0	0	103
E-finance Consulting	66,989	0	0	0	0	66,989
Agefi Group S.A.	283,771	0	0	0	0	283,771
Cad It	6,016,000	0	0	0	0	6,016,000
TOTAL	6,381,922	0	0	0	0	6,381,922

Following is additional information relative to long-term equity investments held directly by the Company or indirectly through subsidiary companies, affiliates or other companies.

Company	Location	Share Capital	% Held	Profit (Loss)	Carrying Value	Shareholders' Equity
Campus Editori	Milan	50,000	70,000	(32,247)	319,520.66	69,172
PMF News Editori	Milan	156,000	89,000	109,947	92,587.91	608,384
Country Editori	Milan	10,400	60,000	566	6,197.48	10,892
Edis	Milan	10,400	99,500	25,912	13,174.81	117,039
Lombard Editori	Milan	52,000	50,100	(115,427)	25,615.75	14,788
MF Conference	Milan	10,329	51,000	25,546	7,682.17	286,359
Milano Finanza Edit.	Milan	291,837	86,045	77,109	3,647,693.24	2,482,644
MF Service	Milan	10,000	75,010	-45,101	23,943.46	15,121
Yachting Class	Milan	10,329	99,500	4,531	11,690.03	0
DP Analisi Finanz.	Milan	47,500	94,730	49,351	159,068.72	101,679
Ex.Co.	Milan	17,000	70,700	5,037	115,686.35	42,103
Global Finance M.	USA	100 \$	73,520	(304,083) \$	1,330,289.26	-1,363,855
e- Class SPA	Milan	608,400	100,000	5,121	993,962.62	1,722,290
Classpi	Milan	260,000	51,000	142,262	1,383,536.95	342,015
Editorial Class	Spain	60,101	44,000	14,611	14,611.12	n.a.
CFN CNBC Holding	Netherlands	702,321	68,43	(553,819)	3,551,818	7,064,900
Italia Oggi Erinne	Milan	10,000	49,000	(42,272)	883,435.78	361,421
MF Services Editoriali	Milan	10,400	1,000	337	103.29	196
Class Professionale	Milan	10,400	20,000	87,896	2,065.83	26,080
Analitica °	Milan	25,500	0,030	150,863	7.23	-150,856
Borsa 7 Editori	Milan	52,000	14,000	114,767	53,827.33	64,219
Il Manifesto °	Rome	454,171	0,0579	10,101	10,329.14	228
GSC-Proxitalia °	Rome	258,228	3,000	(80,884)	4,695.11	7,735
Consedit	Milan	20,000	0,270	n.a.	27.89	n.a.
C.F.N.	Milan	627,860,48	2,45	689,522	13,118.72	45,003
Agefi Group S.A.	Switzerland	CHF 4,080,000	1,250	n.a.	283,771.45	n.a.
Agefi-Class SA	Switzerland	CHF 500,000	50,000	n.a.	n.a.	n.a.
e-finance consulting °	Milan	104,000	3,000	173,181	108,482.40	90,730
Radio Classica	Milan	10,000	99,000	828	9,900	22,238
Cad It	Milan	4,669,600	2,090	n.a.	6,016,000	n.a.
Fainex	Milan	676,000	98,76	39,397	712,295	1,651,360
Telesia °	Milan	124,000	50,000	(131,845)	2,065,828	1,179,376
Emprimer S.p.A.	Milan	1,000,000	10	n.a.	100,000	n.a.
MF Interactive	Milan	300,000	80	(726)	307,881.57	277,674

° The data refer to the financial statements as of 31 December 2002.

Pursuant to Article 2426 of the Italian Civil Code, it is noted that the long-term equity investments are carried at cost. Though some differences exist between the carrying value of other long-term investments and the book value of net equity of the same, there are no situations to indicate permanent impairment of value of the investments with respect to the purchase cost. Additional information on such differences is provided as follows:

- Alfa Media S.r.l.: This is the company which is the owner of the publication "In Aereo".
- Campus Editori S.r.l.: This is the company which is the owner of the publication "Campus" the value of which is not included in the investment.
- Classpi - Class Pubblicità S.p.A.: The company, which is a sub-concessionaire, manages the sale of advertising for all of materials published by Class Editori S.p.A.
- Milano Finanza Editori S.p.A.: This is the company which is the owner of the publications "Milano Finanza" and "MF". This investment, which is considered strategic for the Class Editori Group, has a carrying value that is well below its real value, as confirmed by the company's rapidly expanding results.
- Milano Finanza Service S.r.l.: The investment is considered strategic inasmuch as the company is successfully developing and marketing new multimedia and electronic publishing products for the Class Editori Group. This investment thus represents the key to entering the new markets of electronic publishing and multimedia.
- DP Analisi Finanziaria S.r.l.: The company handles the publication of manuals marketed to the insurance and financial services industries.
- Italia Oggi Editori - Erinne S.r.l.: This company is the owner of the publication "Italia Oggi", and its carrying value is well below its real value.

- ExCo S.r.l.: This company has operated as a press agency since 1992. It supplies news on the basis of multiple-year contracts. Given the unique nature of the company's relationships and its earnings prospects, it is deemed that there are no possibilities for any loss of value on the controlling interest.
- Global Finance Media Inc.: A 61.83-percent interest in the company was acquired in 1996, and currently, the interest stands at 73.52 percent.
- CFN S.p.A.: The company was established on 10 November 1998 with the purpose of launching a digital television channel to broadcast economic and financial news.
- Agefi-Class: This is a joint venture set up in 2000 between Class Editori and Agefi Group for the purpose of developing online trading activity in Switzerland.
- e-Finance Consulting S.p.A.: The company is the Italian leader in supplying Internet solutions to banks and financial institutions. It was acquired in May 2000 and Class Editori S.p.A. owns 3 percent of the capital. The carrying value is deemed appropriate in relation to the company's highly innovative activity and the results obtained to date.
- Cad It: The investment was made at the end of 2000, The company is the absolute leader in supplying software for the financial areas and back offices of banks. The earnings performance in 2000 was extremely strong.
- Telesia Sistemi: The investment was made in 2001. The company is specialized in planning, developing and managing video information systems for the public and is considered strategic for the Class Editori Group.

In light of the foregoing, the carrying value of the investments has been maintained, even if exceeding the value of the same as based on the book value of net equity. The Company has no plans to amortize such incremental value since it is not possible to define the term of future enjoyment of the investments.

Investments booked as fixed assets represent long-term and strategic investments for the company.

Other investments are recorded at acquisition or subscription cost.

The Company has not written down the value of any investments carried at cost as a result of permanent impairment of value, and thus, there are no cases of the "reinstatement of value."

With respect to equity investments booked as fixed assets, there are no restrictions on the investing company's ability to transfer, sell or pledge such assets, and there are no option rights or other similar claims.

During the first half of 2003, the companies in which the investments are held did not approve any paid or bonus capital increases. The Company has not effected any significant transaction with the companies in which it holds investments.

C) Current assets

Inventories

Balance as of 31/12/2002	1,047,451
Balance as of 30/06/2003	<u>1,110,150</u>
	<u>62,699</u>

The criteria adopted for the valuation of the inventories remain unchanged with respect to the previous period, and are reviewed in the first part of these notes. Inventories include the following accounts:

Goods	559,058
Paper	228,157
Editorial services	<u>322,935</u>
	<u>1,110,150</u>

Accounts receivable

Balance as of 31/12/2002	118,443,754
Balance as of 30/06/2003	<u>97,822,833</u>
	<u>-20,620,921</u>

Trade accounts receivable

Account	Value as of 31/12/02	Value as of 30/06/03	Changes
Ordinary customers	7,302,006	5,201,676	-2,100,330
Invoices to be issued	706,029	1,042,755	336,726
Bills in portfolio	40,000	24,000	-16,000
Credit card customers	3,555	4,964	1,409
Allowance for doubtful accounts	-164,084	-126,479	37,605
TOTAL	7,887,506	6,146,917	-1,740,589

The nominal value of the accounts receivable is adjusted to the estimated realizable value through provisions to the allowance for doubtful accounts. The following table illustrates the changes in the allowance for doubtful accounts during the first half of 2003.

Description	Allowance pursuant to Article 2426 of the Italian Civil Code	Total
Balance as of 31/12/2002	164,084	164,084
Usage during the period	-40,805	-40,805
Provision during the period	3,200	3,200
Balance as of 30/06/2003	126,479	126,479

Amounts due from subsidiary companies

Balance as of 31/12/2002	89,949,146
Balance as of 30/06/2003	73,590,996
	<u>-16,358,150</u>

Account	Current Account Advances	Trade Receivables	Invoices to be Issued / Credit Notes to be Received	Total as of 30 June 2003
Milano Finanza Edit.	6,897,069	0	-2,526,714	4,370,355
Country Editori	2,365	0	0	2,365
Milano Finanza Service	7,853,769	0	54,886	7,908,655
Lombard Editori	0	0	83,795	83,795
MF Dow Jones	411,700	0	124,750	536,450
Edis	0	0	48,797	48,797
DP Analisi Finanziaria	297,627	0	7,736	305,363
E-Class	27,090,311	615,119	681,762	28,387,192
Ex. Co	940,519	0	1,736	942,256
MF Interactive TV	378,785	23,656	6,764	409,204
Classpi	6,138,590	0	287,881	6,426,471
Campus Editori	1,537,246	0	117,227	1,654,473
C.F.N.	8,852,073	0	30,568	8,882,641
Radio Classica	5,041,212	0	141,464	5,182,676
Global Finance	2,817,977	106,096	0	2,924,073
Fainex	0	0	308,928	308,928
CFN/CNBC Holding Finanz.	0	5,217,302	0	5,217,302
TOTAL	68,259,244	5,962,173	-630,420	73,590,996

The receivables due from Classpi are linked to the sale of advertising.

Amounts due from affiliate companies

Balance as of 31/12/2002	11,987,457
Balance as of 30/06/2003	6,621,804
	<u>-5,365,653</u>

Account	Current Account Advances	Trade Receivables	Invoices to be Issued / Credit Notes to be Received	Total as of 30 June 2003
Italia Oggi Edit. Erinne	2,744,661	3,129,637	262,156	6,136,454
B.O.L.	474,074	0	11,275	485,350
TOTAL	3,128,735	3,129,637	273,431	6,621,804

Other receivables

Balance as of 31/12/2002	8,619,645
Balance as of 30/06/2003	8,463,116
	<u>-156,529</u>

Due within one year

Account	Value as of 31/12/02	Value as of 30/06/03	Changes
Dividends receivable	564,000	0	564,000
Advances against a building	100,713	62,359	-38,354
Receivables from Case Editori	538,635	539,729	1,094
Due from Class Click	15	0	-15
Due from Hasta	258,731	64,484	-194,247
Due from Yachting	0	35,277	35,277
Due from MF Servizi Editoriali	1,534,889	1,700,469	165,580
Prepayment of regional productivity tax	507,047	507,047	0
Prepayment of corporate income tax	2,532,401	2,532,401	0
Due from Treasury for proforma VAT	506,316	73,842	-432,474
Due from Treasury for VAT account	0	1,293,962	1,293,962
Credit notes from suppliers	231,020	138,116	-92,904
Advances to suppliers	6	319	313
Due from Initalia Network	10,604	0	-10,604
Due from Treasury - tax credit on dividends	70,918	72,254	1,336
Due from Treasury for prepaid taxes	102,000	0	-102,000
Due from Treasury	12,045	12,233	188
Due from Treasury for taxes withheld on income from banks	50,060	60,272	10,212
Employee advances	82,052	50,990	-31,062
Other receivables	1,411,875	1,003,001	-408,874
TOTAL	8,513,327	8,146,755	-366,572

Supplier advances include expenditures for services, materials for consumption and general expenditures, and such amounts are thus allocated to other receivables since they do not result in physical inventory.

Due beyond one year

Account	Value as of 31/12/02	Value as of 30/06/03	Changes
Tax credit on provision to staff severance indemnity reserve	35,222	35,222	0
Security deposits:			
- Rentals	51,000	263,625	212,625
- Telephone	11,844	11,844	0
- Electricity	1,597	1,597	0
- Other	6,655	4,072	-2,582
TOTAL	106,318	316,361	210,043

Current financial assets

The account include EUR 258,228 of bonds issued by Banca di Roma bearing interest at the rate of 5.8 percent.

Cash and cash equivalents

Balance as of 31/12/2002	14,942,057
Balance as of 30/06/2003	19,302,884
	<u>4,360,827</u>

Bank deposits

Bank	Value as of 31/12/02	Value as of 30/06/03	Changes
BNL	57,627	0	-57,627
Banca Popolare BG Credito Varesino	0	225,834	225,834
Banca Popolare di Sondrio	0	25,930	25,930
Cassa di Risparmio Parma & Piacenza	0	14,268	14,268
Banca Toscana	15,419	0	-15,419
Banca Popolare di Verona	6,283	0	-6,283
Banca di Roma	2,330	2,008,716	2,006,386
Banca Popolare di Milano	55,162	3,987	-51,175
Banca Popolare di Vicenza	7,942	0	-7,942
CARIPO	4,316	0	-4,316
Ist. Bancario San Paolo Torino	3,192	0	-3,192
Monte Paschi Siena	1,708	0	-1,708
UniCredit Banca	14,767,614	17,011,727	2,244,113
TOTAL	14,922,334	19,291,203	4,175,883

The balance represents the cash and cash equivalents as of the close of the first half of 2003. The accounting balances have been reconciled as of 30 June 2003 with those provided by bank statements.

Amounts on deposit with the post office and cash on hand

The amounts include the balance in the current account with the post office as of 30 June 2003 and the cash on hand.

D) Accruals and deferrals

Balance as of 31/12/2002	1,198,824
Balance as of 30/06/2003	1,927,367
	<u>728,543</u>

As of 30 June 2003, there were no accruals or deferrals with a term of more than five years. A breakdown of prepayments is provided in the following table.

Description	Amount
Insurance expenses	80,474
Rental and leasing	670,839
Maintenance	11,620
Chargeback of distribution costs	750,000
Other	414,434
	<u>1,927,367</u>

Liabilities and Shareholders Equity

A) Shareholders' equity

Balance as of 31/12/2002	78,553,337
Balance as of 30/06/2003	76,667,001
	<u>-1,886,336</u>

Account	Value as of 31/12/02	Increases	Decreases	Value as of 30/06/03
Share capital	9,229,526	0	0	9,229,526
Share premium reserve	28,193,957	0	0	28,193,957
Legal reserve	2,543,881	0	0	2,543,881
Extraordinary reserve	37,375,229	0	819,730	36,555,499
Distribution of prior period earnings	0	1,210,745	1,210,745	0
Sub-Total	77,342,592	1,210,745	2,030,475	76,522,862
Earnings for the period	1,210,745			144,139
TOTAL	78,553,337			76,667,001

The share capital consists of:

Shares	Number	Par Value
Ordinary		
- Category A	92,235,260	EUR 0.10
- Category B	60,000	EUR 0.10
Total	92,295,260	

As of 30 June 2003, the Company had a total of 92,295,260 shares outstanding. In addition, shareholders' equity includes the following amounts:

Share premium reserve	28,193,957
Legal reserve	2,543,881
Extraordinary reserve	36,555,499
Profit for the period	144,139

Amounts held in the following reserves do not constitute taxable income to shareholders in the event of distribution, regardless of the period in which such reserves were established.

Description	31/12/2002	Increases	Decreases	30/06/2003
Share premium reserve	28,193,957	0	0	28,193,957

There are no other reserves or other funds which constitute taxable income for the company in the event of distribution, regardless of the period when they were established for the bonus increase of share capital with the use of the reserve.

B) Reserves for risks and other charges

Balance as of 31/12/2002	345,224
Balance as of 30/06/2003	345,224
	<u>0</u>

Changes

Description	31/12/2002	Increases	Decreases	30/06/2003
Other reserves for risks and future charges	345,224	-	-	345,224
Total	345,224	-	-	345,224

C) Staff severance indemnity reserve

Balance as of 31/12/2002	964,180
Balance as of 30/06/2002	969,969
	<u>5,789</u>

Details on the change in the account balance are provided in the following table:

Account	Reserve as of 31/12/02	Transfers	Usage	Provisions	Value as of 30/06/03
Managers	230,237	0	0	33,159	263,396
Journalists	393,051	464	60,344	35,293	368,464
Trainees	23,688	-464	9,991	2,335	15,568
Office employees	317,204	0	27,093	32,430	322,541
TOTAL	964,180	0	97,428	103,217	969,969

The reserve represents the actual amount due by the Company to all employees as of 30 June 2003, net of any advance payments made.

The amount of the severance indemnity reserve relative to expired employment contracts, the payment of which was due before 30 June 2003, or contracts which will expire within the six months subsequent to 30 June 2003, has been recorded in Account D.13 of the balance sheet among other payables.

D) Payables

Balance as of 31/12/2002	81,093,172
Balance as of 30/06/2003	63,066,541
	<u>-18,026,631</u>

Due to banks

Bank	Value as of 31/12/02	Value as of 30/06/03	Changes
Banca di Roma	164,048	7	-164,041
Banco Popolare Vicentina	0	418,639	418,639
Banca Popolare Bergamo-Cred. Varesino	116,404	0	-116,404
Ist. Bancario S. Paolo Torino	0	71,222	71,222
Banca Popolare Verona	0	1,249,941	1,249,941
Monte Paschi Siena	0	5,623	5,623
CARIPO	0	48,382	48,382
Banca Popolare di Sondrio	79,262	0	-79,262
Cassa di Risparmio Parma e Piacenza	19,103	0	19,103
BNL	84,294	43,241	-41,053
Credito Italiano	2,952	529	-2,423
Banca Toscana	0	429	429
Banca di Roma (standby financing)	18,900,000	13,500,000	-5,400,000
TOTAL	19,366,062	15,338,013	-4,028,049

Amounts due to other lenders

The balance of EUR 323,944 is the residual amount due on two subsidized loan facilities with Centrobanca and Mediocredito Centrale.

Advance payments

There were no advances during the first half of 2003.

Trade accounts payable

Account	Value as of 31/12/02	Value as of 30/06/03	Changes
Class Click	221,434	73,754	-147,680
Initialia	0	1,861	1,861
Suppliers	8,065,937	9,311,654	1,245,717
Invoices and notes to be received	834,826	1,819,409	984,583
Hasta	745,512	130,386	-615,126
TOTAL	9,867,709	11,337,064	1,469,355

Amounts due to subsidiary companies

Account	Current Account Advances	Trade Payables	Invoices to be Issued / Credit Notes to be Received	Total as of 30 June 2003
Milano Finanza Edit.	0	7	3,576,741	3,576,748
MF Conference	299,934	0	18,565	318,499
E-Class	0	0	500,000	500,000
Classpi	0	2,179,000	1,300,000	3,479,000
C.F.N.	0	0	65,451	65,451
Edis	879,616	334,215	523,968	1,437,799
Lombard Editori	724,660	0	2,790	727,450
Campus Editori	0	0	219,887	219,887
PMF News Editori	8,108,337	55	178,301	8,286,693
Radio Classica	0	7,476	800,000	807,476
Fainex	267,396	0	6,148	273,544
CFN/CNBC Holding Finanz.	0	6,418,950	0	6,418,950
TOTAL	10,279,943	8,639,703	7,191,851	26,111,497

Amounts due to affiliate companies

Account	Current Account Advances	Trade Payables	Invoices to be Issued / Credit Notes to be Received	Total as of 30 June 2003
Italia Oggi Edit. Erinne	0	0	735,660	735,660
Telesia	620,000	0	0	620,000
TOTAL	620,000	0	735,660	1,355,660

Taxes payable

Account	Value as of 31/12/02	Value as of 30/06/03	Changes
Employees taxes withheld	179,749	88,982	-90,767
Taxes withheld on amounts paid to free-lance professionals	8,640	24,469	15,829
Other personal income taxes withheld	0	5,111	5,111
Corporate income tax payable	600,864	498,864	-102,000
Regional productivity tax payable	201,712	201,712	0
TOTAL	999,965	828,138	-171,827

The account covers liabilities for taxes.

Amounts due to social welfare institutions

Account	Value as of 31/12/02	Value as of 30/06/03	Changes
Social security	3,372	3,206	-166
BYBLOS	1,991	1,591	-400
ENSARCO	1,261	0	-1,261
INPGI	63,714	39,911	-23,803
INPDAI	63,227	0	-63,227
CASAGIT	12,356	7,71	-4,645
PREVINDAI	18,079	18,754	675
FASI	9,041	8,236	-805
Other	365	808	444
TOTAL	243,365	144,382	-98,983

Other payables

Account	Value as of 31/12/02	Value as of 30/06/03	Changes
Due to Class Click	3,753,881	3,925,200	171,319
Due to Yachting	4,573	0	-4,573
Due to other lenders	3,010,000	1,600,000	-1,410,000
Dividends payable	0	2,048,327	2,048,327
Employee salaries and wages due	4,068	0	-4,068
Other payables	38,434	54,316	15,882
Credit notes to be issued to customers	181,648	0	-181,648
TOTAL	6,992,604	7,627,843	468,493

E) Accruals and deferrals

Balance as of 31/12/2002	3,462,398
Balance as of 30/06/2003	4,212,975
	<u>750,577</u>

As of 30 June 2003, there were no accruals or deferrals with a term of more than five years. The breakdown of the account is provided in the following table.

Description	Amount
Quota of bonus pay equal to one month	156,475
Accrued holiday pay	789,668
Items to be returned	2,961,932
	3,908,075
Accrued liabilities - MF Dow Jones	205,000
Deferred subscriber income	99,900
Total	4,212,975

Memorandum accounts

The memorandum accounts total EUR 2,203,283, and include:

GUARANTEES RELEASED: guarantees released for the account of the Company by Banca Popolare di Bergamo-Credito Varesino in favour of the Revenue Office relative to sweepstakes offered for readers and subscribers (EUR 81,927) and other guarantees in favour of Compagnia Immobiliare Azionaria S.p.A. (EUR 850,000).

THIRD-PARTY ASSETS WITH COMPANY: the residual principal obligation on a financial lease covering the property at Via G. Galeazzo 31, Milan.

COMPANY ASSETS WITH THIRD PARTIES: the value of paper held by printers (EUR 228,157), goods held by third parties (EUR 277,145, including EUR 97,096 of computer equipment), and securities on deposit with Monte Titoli (EUR 642,104).

PROFIT AND LOSS STATEMENT

Value of production

Balance as of 30/06/2002	24,652,270
Balance as of 30/06/2003	23,105,800
	<u>-1,546,470</u>

Revenues from sales and service

Account	Value as of 30/06/02	Value as of 30/06/03	Changes
Publications	1,224,668	2,420,900	1,196,232
Advertising	12,302,234	10,415,934	-1,886,300
Other revenues	85,603	5,000	-80,603
TOTAL	13,612,505	12,841,834	-770,671

Other revenues and income

Account	Value as of 30/06/02	Value as of 30/06/03	Changes
Services to subsidiaries	8,667,564	7,020,245	-1,647,319
Services to affiliates	1,515,969	1,416,383	-99,586
Recovery of costs from subsidiaries	54,962	844,023	789,061
Recovery of costs from affiliates	0	107,881	107,881
Recovery of personnel costs from subsidiaries	102,000	23,735	-78,265
Recovery of personnel costs from affiliates	0	3,412	3,412
Sale of goods	5,701	6,559	858
Sale of goods to subsidiary companies	7,304	0	-7,304
Sale of goods to affiliate companies	736	0	-736
Sale of paper	4,304	0	-4,304
Other revenues	508,989	709,857	200,868
TOTAL	10,867,529	10,132,095	-735,434

Costs of production

Balance as of 30/06/2002	22,400,648
Balance as of 30/06/2003	23,508,322
	<u>1,107,674</u>

Details of the costs of production

Account	Value as of 30/06/02	Value as of 30/06/03	Changes
Purchase of raw materials	877,108	942,741	65,633
Services	15,667,585	16,342,464	674,879
Rentals	413,667	542,868	129,201
Personnel expense	2,678,963	2,456,919	-222,043
Depreciation, amortization, risk provisions	1,117,294	1,048,728	-68,566
Change in inventories	66,725	-62,699	-129,424
Other operating expenses	1,579,306	2,237,301	657,995
TOTAL	22,400,647	23,508,322	1,107,675

Costs for services

Account	Value as of 30/06/02	Value as of 30/06/03	Changes
Production costs	884,945	1,331,897	446,952
Editorial costs	1,148,601	1,077,925	-70,676
Advertising	1,313,678	1,758,384	444,706
Promotion and entertainment	109,566	239,773	130,207
Marketing expenses	326,702	332,923	6,221
Distribution expenses	856,328	1,082,969	226,641
General expenses	2,773,820	2,618,186	-155,634
Maintenance	148,829	5,311	-143,518
Other expenses	8,705,116	7,895,096	-210,020
TOTAL	15,667,585	16,342,464	674,879

Other expenses include charges by Classpi S.p.A. as compensation for its activity as a sub-concessionaire in the sale of advertising for Class Editori S.p.A. and the chargeback of operating expenses by subsidiary and affiliate companies.

Personnel expense

The account includes the costs for full-time employees.

Depreciation and amortization

The account shows the charges for depreciation of tangible fixed assets and amortization of intangible fixed assets, the details of which are provided in the discussion of the specific assets.

Risk provisions

The account consists of the provisions made for credit risk.

Other operating expenses

Account	Value as of 30/06/02	Value as of 30/06/03	Changes
Compensation to company officers	66,800	63,405	-3,395
Donations	0	259,480	259,480
Other taxes	20,259	49,474	29,215
Expenses for stock market listing	8,675	14,904	6,229
Costs to be recovered	948,085	1,321,646	373,561
Uncollectible receivables	0	12,770	12,770
Other charges	535,487	515,622	-19,865
TOTAL	1,579,306	2,237,301	657,995

Financial income and charges

Balance as of 30/06/2002	383,094
Balance as of 30/06/2003	507,131
	<u>124,037</u>

Other financial income

Account	Value as of 30/06/02	Value as of 30/06/03	Changes
Interest on deposits with banks & post offices	94,218	37,824	-56,394
Interest on other amounts receivable	138,253	1,403	-136,850
	232,471	39,227	-193,244
Interest from Alfamedia	5,776	6,764	988
Interest from Campus Editori	67,016	27,086	-39,930
Interest from Classpi	7,644	287,881	280,237
Interest from DP Analisi Fin.	6,331	7,736	1,405
Interest from Edis	76,056	44,451	-31,605
Interest from Ex. Co.	1,393	1,736	343
Interest from Hasta	1,089	0	-1,089
Interest from Lombard	10,437	17,637	7,200
Interest from Milan Finanza Ed.	249,462	412,395	162,933
Interest from MF Service	30,081	54,886	24,805
Interest from Radio Classica	130,355	141,464	11,109
Interest from e-Class	129,432	159,605	30,173
Interest from Yachting Class	3,442	0	-3,442
	718,514	1,161,641	443,127
Interest from Italia Oggi Erinne	207,744	168,550	-39,194
Interest from MF Serv. Editoriali	15,420	21,626	6,206
Interest from B.O.L.	9,912	11,275	1,363
	233,076	201,451	-31,625
TOTAL	1,184,061	1,402,319	218,258

Interest and other financial charges

Account	Value as of 30/06/02	Value as of 30/06/03	Changes
Interest to C.F.N.	36,140	65,451	29,311
Interest to Fainex	31,889	6,148	-25,741
Interest to MF Conference	16,202	18,565	2,363
Interest to PMF News	175,027	178,301	3,274
	259,258	268,465	9,207
Interest to Class Click	58,358	73,754	15,396
Interest on amounts payable to banks	110,099	92,940	-17,159
Interest on amounts payable to suppliers	341	42,726	42,385
Interest on standby financing	0	137,426	137,426
Interest on financing	322,463	167,961	-154,502
Interest on receivables transfers	403	1,144	741
Bank commissions and fees	48,299	21,501	-26,798
Home banking	0	408	408
Commissions on credit cards	1,746	0	-1,746
Other interest expense	0	88,863	88,863
	541,709	626,723	85,014
TOTAL	800,967	895,188	94,221

Extraordinary income and charges

Balance as of 30/06/2002	173,999
Balance as of 30/06/2003	39,530
	<u>-134,469</u>

Extraordinary income of EUR 39,960 includes the reversal of previously expensed items.

Extraordinary charges include the following:

Account	Value as of 30/06/02	Value as of 30/06/03	Changes
Reversal of previously accrued income	0	430	430
Reimbursement of damages and settlements	37,472	0	-37,472
Capital losses on long-term equity investments	4,061	0	-4,061
TOTAL	41,533	430	-41,103

Other information

The aggregate compensation to the Company's directors and statutory auditors is set forth in the table hereunder as required by the law.

<i>Office</i>	<i>Compensation</i>
Directors	28,405
Statutory auditors	35,000

These financial statements, which consist of the balance sheet, the profit and loss statement, and the notes, provide an accurate and fair representation of the Company's capital, financial position and earnings for the accounting period referenced and correspond with the results recorded in the Company's accounting records.

Victor Uckmar
Chairman
Board of Directors

CLASS EDITORI S.p.A.
Registered Office: Via M. Burigozzo, 5 - Milan, Italy
Share capital: EUR 9,229,526
Fiscal code and value-added tax n. 08114020152
Registered on the Register of Businesses of the Milan Chamber of Commerce under
n.1205471
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Financial Statements as of 30/06/2003

ASSETS	30/06/02	31/12/02	30/06/03
B) FIXED ASSETS			
<i>I) INTANGIBLE FIXED ASSETS</i>			
1) start-up and expansion costs	98,231	65,487	32,744
2) research, development and advertising costs	776,415	829,247	803,756
3) industrial patent rights	10,282	4,882	3,511
5) goodwill	10,734	0	0
6) assets in development and advance payments	0	61,677	0
7) other	2,723,431	2,145,566	1,876,834
<i>I. Total intangible fixed assets</i>	<u>3,619,093</u>	<u>3,106,859</u>	<u>2,716,845</u>
<i>II) TANGIBLE FIXED ASSETS</i>			
1) land and buildings	2,441,814	119,950	116,368
2) equipment and machinery	1,525,895	1,414,741	1,308,704
3) industrial and commercial equipment	17,799	14,480	11,161
4) other	1,636,333	1,460,487	1,275,690
<i>II. Total tangible fixed assets</i>	<u>5,621,841</u>	<u>3,009,658</u>	<u>2,711,923</u>
<i>III) FINANCIAL FIXED ASSETS</i>			
1) investments in:			
a) subsidiary companies			
- amounts due within 12 months	12,725,663	12,784,631	12,784,631
b) affiliate companies			
- amounts due within 12 months	3,119,768	3,244,927	3,244,927
c) other companies			
- amounts due within 12 months	6,578,354	6,381,922	6,381,922
1) Total investments	<u>22,423,785</u>	<u>22,411,480</u>	<u>22,411,480</u>
<i>III. Total financial fixed assets</i>	<u>22,423,785</u>	<u>22,411,480</u>	<u>22,411,480</u>
B) Total fixed assets	<u>31,664,719</u>	<u>28,527,997</u>	<u>27,840,248</u>

C) CURRENT ASSETS			
<i>I) INVENTORIES</i>			
1) raw materials, supplies, materials for consumption	443,028	459,423	551,092
4) finished products	657,185	588,028	559,058
<i>I. Total inventories</i>	<u>1,100,213</u>	<u>1,047,451</u>	<u>1,110,150</u>
<i>II) ACCOUNTS RECEIVABLE</i>			
1) trade accounts receivable			
within one year	6,611,520	7,887,506	6,146,917
2) due from subsidiary companies			
within one year	83,815,451	89,949,146	76,590,996
3) due from affiliate companies			
within one year	10,709,045	11,987,457	6,621,804
5) due from others			
within one year	14,941,633	8,513,327	8,146,755
beyond one year	110,450	106,318	316,361
	<u>15,052,082</u>	<u>8,619,645</u>	<u>8,463,116</u>
<i>II. Total accounts receivable</i>	<u>116,188,098</u>	<u>118,443,754</u>	<u>97,822,833</u>
<i>III) CURRENT FINANCIAL ASSETS</i>			
6) other securities	258,228	258,228	258,228
<i>III. Total current financial assets</i>	<u>258,228</u>	<u>258,228</u>	<u>258,228</u>
<i>IV) CASH AND CASH EQUIVALENTS</i>			
1) cash on deposit with banks	18,894,194	14,922,334	19,291,203
2) cash on deposit with post offices	4,978	18,474	10,783
4) cash and negotiable instruments on hand	2,656	1,249	898
<i>IV. Total cash and cash equivalents</i>	<u>18,901,828</u>	<u>14,942,057</u>	<u>19,302,884</u>
C) Total current assets	<u>136,448,367</u>	<u>134,691,490</u>	<u>118,494,095</u>
D) ACCRUALS AND DEFERRALS			
1) prepaid expense	880,760	1,198,824	1,927,367
D) Total accruals and deferrals	<u>880,760</u>	<u>1,198,824</u>	<u>1,927,367</u>
TOTAL ASSETS (A+B+C+D)	<u>168,993,846</u>	<u>164,418,311</u>	<u>148,261,710</u>

LIABILITIES AND SHAREHOLDERS' EQUITY	30/06/03	31/12/02	30/06/03
A) SHAREHOLDERS' EQUITY:			
I) share capital	9,229,526	9,229,525	9,229,525
II) share premium reserve	30,642,935	28,193,957	28,193,957
IV) legal reserve	2,543,881	2,543,881	2,543,881
VII) other reserves	37,375,228	37,375,229	36,555,499
IX) profit (loss) for the period			
IX) profit (loss) for the period	2,808,715	1,210,745	144,139
A) Total shareholders' equity	82,600,285	78,553,337	76,667,001
B) RESERVES FOR RISKS AND CHARGES			
3) other provisions	0	345,224	345,224
B) Total reserves for risks and charges	0	345,224	345,224
C) STAFF SEVERANCE INDEMNITY RESERVE			
Staff severance indemnity reserve	897,439	964,180	969,969
C) Total staff severance indemnity reserve	897,439	964,180	969,969
D) ACCOUNTS PAYABLE			
3) due to banks			
payable within one year	18,321,831	19,366,062	6,838,013
payable beyond one year	0	0	8,500,000
	18,321,831	19,366,062	15,338,013
4) due to other lenders			
payable within one year	148,096	151,487	54,920
payable beyond one year	322,519	296,772	269,024
	470,615	448,259	323,944
5) advances			
payable within one year	33,601	0	0
6) trade accounts payable			
due within one year	11,634,263	9,867,709	11,337,064
8) due to subsidiary companies			
payable within one year	40,706,975	38,323,338	29,111,497
9) due to affiliate companies			
payable within one year	2,478,939	4,851,870	1,355,660
11) taxes payable			
due within one year	1,950,413	999,965	828,138
12) due to social-welfare institutions			
payable within one year	225,052	243,365	144,382
13) other payables			
due within one year	7,043,159	6,992,604	7,627,843
D) Total accounts payables	82,864,848	81,093,172	66,066,541
E) ACCRUALS AND DEFERRALS			
Accrued liabilities	2,519,436	3,317,979	3,908,075
Deferred income	111,838	144,419	304,900
E) Total accruals and deferrals	2,631,274	3,462,398	4,212,975
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY (A+B+C+D+E)	168,993,846	164,418,311	148,261,710
MEMORANDUM ACCOUNTS			
	30/06/02	31/12/02	30/06/03
Guarantees released			
Third parties holding guarantees	51,927	81,927	931,927
Assets of third parties held by company			
Leased assets	0	166,813	123,950
Company's assets held by third parties			
Assets held by third parties on deposit	207,883	1,034,542	919,249
Assets held by third parties for processing	0	182,341	0
Suppliers for company's assets in process	581,785	290,014	228,157

PROFIT AND LOSS STATEMENT	30/06/02	31/12/02	30/06/03
A) VALUE OF PRODUCTION			
1) revenues from sales and services	13,612,505	26,178,843	12,841,834
5) other revenues and income:	10,867,529	21,077,983	10,132,095
b) other revenues	172,236	302,833	131,871
A) Total value of production	24,652,270	47,559,659	23,105,800
B) COSTS OF PRODUCTION			
6) raw materials, supplies and materials for consumption	877,108	1,992,128	942,741
7) services	15,667,585	37,199,387	16,342,464
8) rentals	413,667	834,660	542,868
9) personnel:			
a) salaries and wages	1,932,022	3,698,574	1,794,112
b) social-welfare charges	578,293	1,083,852	545,162
c) provision for staff severance indemnities	137,179	315,681	103,621
e) other expenses	31,469	61,888	14,024
9) Total personnel expense	2,678,962	5,159,995	2,456,919
10) depreciation, amortization and writedowns:			
a) amortization of intangible fixed assets	680,846	1,436,717	669,309
b) depreciation of tangible fixed assets	410,312	820,331	376,219
c) writedown of current assets	0	112,235	3,200
10) Total depreciation, amortization and writedowns	1,091,157	2,369,283	1,048,728
11) changes in raw materials, supplies and materials for consumption	66,725	119,487	-62,699
12) provisions to reserve for risks	26,137	300,000	0
14) other operating expenses	1,579,306	1,338,321	2,237,301
B) Total costs of production	22,400,648	49,313,261	23,508,322
Difference between value and cost of production (A-B)	2,251,622	-1,753,602	-402,522
C) FINANCIAL INCOME AND CHARGES			
15) Income from long-term equity investments			
a) other companies	0	564,000	0
15) Total income from long-term investments	0	564,000	0
16) Other financial income			
c) from securities classified as current assets	0	14,976	0
d) other financial income:			
d1 other financial income	248,980	522,177	60,852
d2 other financial income (subsidiaries)	717,425	1,809,723	1,154,878
d3 other financial income (affiliates)	217,656	398,204	186,589
d) Other financial income	1,184,061	2,730,104	1,402,319
16) Total other financial income	1,184,061	2,745,080	1,402,319
17) Interest and financial charges			
1 Interest and other financial charges (subsidiaries)	259,259	361,136	268,465
5 Interest and other financial charges (third parties)	541,708	1,436,227	626,723
17) Total interest and other financial charges	800,967	1,797,363	895,188
C) Total financial income and charges (15+16-17)	383,094	1,511,717	507,131

E) EXTRAORDINARY INCOME AND CHARGES

<i>20) extraordinary income:</i>			
extraordinary income	215,533	2,322,687	39,960
<i>20) Total extraordinary income</i>	<u>215,533</u>	<u>2,322,687</u>	<u>39,960</u>
<i>21) extraordinary charges:</i>			
extraordinary charges	41,533	160,481	430
<i>21) Total extraordinary charges</i>	<u>41,533</u>	<u>160,481</u>	<u>430</u>
E) Total extraordinary items (20-21)	<u>173,999</u>	<u>2,162,206</u>	<u>39,530</u>
Profit before taxes (A-B+C+D+E)	2,808,715	1,920,321	144,139
22) Income taxes for the period	0	709,576	0
23) Profit for the period	2,808,715	1,210,745	144,139