



## **Board of Directors approves half-year statements**

**Total income up 13.1% to 65.56 million euro**

**Advertising +2.2%**

**EBITDA 4.45 million euro**

**Pre-tax profit 1.01 million euro (+87.4%)**

Milan, 28 August 2008

The Board of Directors of Class Editori SpA met today under the chairmanship of Victor Uckmar to examine the publishing house's activities and the consolidated results for the first six months of the year.

### **- Consolidated results**

Total income for the period was 65.56 million euro, 13.1% higher than the previous year. The decisive factor in the increase was essentially a rise in income from subscriptions, which went from 12.75 to 20.24 million euro (58.8%) after the consolidation of newly acquired Honyvem S.p.A and higher revenues from advertising. In spite of the fact that the advertising market in Italy returned negative figures during the first half year (7% lower for paid daily newspapers and 2.5% for periodicals - national commercial advertising), this publisher's income from advertising rose by 2.2%.

The gross operating margin (EBITDA) was 4.45 million euro, in line with the 2007 result (4.66 million euro) in spite of lower sales from newsagents', increased production costs, especially those connected with Honyvem's activity and the televisions, and increased distribution costs, which were affected by higher transport costs as a result of the rise in oil prices.

The operating result (EBIT) was 0.53 million euro (1.10 million euro in 2007) owing to the increase in the amortisation of the investments that were made; pre-tax profit was 0.17 million euro (1.04 million euro the previous year), affected by the rise in interest rates and the financial costs of investments.

The net consolidated financial position presented net borrowing of 30.18 million euro (12.76 million euro at 31 December 2007), mainly attributable to the purchase of Honyvem S.p.A., delays in payments from public bodies and longer payment times on the part of advertising customers owing to the particularly difficult phase this sector is experiencing.

### **- Areas of activity: significant events**

- This publisher confirmed its position as leader in the men's periodical segment with *Class*, which distributed about 77,800 copies during the period (mobile average); *Capital*, which distributed 88,900 copies (mobile average); and *Gentleman*, the leader for revenue from advertising.

- *MF/Milano Finanza* recorded an average circulation (mobile average) of 105,000 copies during the period.

- On sale at newsagents' since March has been *Luna&Gentleman Matrimoni*, the new Class Editori magazine with all the advice, help and information needed for a wedding. *Luna&Gentleman Matrimoni*, which owes its existence to the experience Class Editori gained with *LUNA* and *Gentleman*, immediately became the most influential magazine in its sector.

### **Electronic publishing**

- In January, Class Editori acquired the entire share capital of Honyvem S.p.A., a company that has been operating in the database, business information and credit report sector for 30 years. Honyvem is the only company operating in the business information sector that, like the leader, Cerved, has direct access, in their original form, to the 900,000 joint stock company financial statements in digital form, with a database that is fundamentally important not only for the assessment of creditworthiness but also for all marketing operations, sector by sector. In 2007 Honyvem had a turnover of about 15 million euro, with a growth rate of 62.68% in the last six years.

- The new *MF/Milano Finanza* ([www.milanofinanza.it](http://www.milanofinanza.it)) website has been on line since April. This is a fully-fledged financial and economic information portal. It was also thanks to this innovation that there was a 12% increase in the number of visitors to the Class Editori website during the first six months of this year compared with the same period last year, rising from a monthly average of 380,000 to one of 427,000 (source: *Nielsen Net Ratings Netview*).

### **- Management outlook**

There was a further deterioration in the Italian and international economic and financial scenario during the first summer months with an immediate effect on the media sector, above all with regard to the advertising revenue trend, with very unfavourable averages. In spite of this Class Editori is continuing to pursue its growth targets, adopting principles of economicality, raising the quality of the products and services offered and at the same time improving management efficacy and efficiency. The sale of N.s.r. to the parent company, with the right to buy it back, falls under the objective of rationalising equity investments.

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*Profit and Loss Account and Balance Sheet schedules follow*

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The Executive in charge of the preparation of the company's accounting documents, Emilio Adinolfi, declares as per paragraph 2 of Article 154 *bis* of the Italian Consolidated Financial Services Law that the accounting disclosures contained in this announcement correspond with the entries in the company's documents, books and accounting records.

### Consolidated Profit and Loss Account for the first half year

<i>Thousands of euro</i>	30/06/07	31/12/07	30/06/08	Variation (%)
Income from sales	55.663	116.731	63.326	13,8
Other income and proceeds	2.291	5.115	2.232	(2,6)
<b>Total Income</b>	<b>57.954</b>	<b>121.846</b>	<b>65.558</b>	<b>13,1</b>
Operating costs	(53.290)	(110.409)	(61.106)	14,7
<b>Gross Operating Margin</b>	<b>4.664</b>	<b>11.437</b>	<b>4.452</b>	<b>(4,5)</b>
Percentage on income	8,05	9,39	6,79	
Amortisation	(3.567)	(7.627)	(3.923)	10,0
<b>Operating Result</b>	<b>1.097</b>	<b>3.810</b>	<b>529</b>	<b>(51,8)</b>
Percentage on income	1,89	3,13	0,81	
Net financial income and costs	(58)	(45)	(357)	515,5
<b>Pre-Tax Profit</b>	<b>1.039</b>	<b>3.765</b>	<b>172</b>	<b>(83,4)</b>
Tax	(1.240)	(2.747)	(634)	(48,9)
Third-party profit (loss)	390	(80)	147	(62,3)
Group result	189	938	(315)	n.s.

## Income breakdown

<i>Thousands of euro</i>	30/06/07	30/06/08	Variation (%)
Sales from newsagents'	5.700	5.368	(5,8%)
Income from subscriptions	12.746	20.238	58,8%
Advertising revenue	36.788	37.585	2,2%
Other income	2.388	2.232	(6,5%)
<b>Total Income</b>	<b>57.622</b>	<b>65.423</b>	<b>13,5</b>
Contribution to operating costs	332	135	(59,3)
<b>Total</b>	<b>57.954</b>	<b>65.558</b>	<b>13,1</b>

## Financial position

<i>Thousands of euro</i>	31/12/2007	30/06/2008	Variation 2008/2007	%
Securities	800	--	(800)	(100)
Current assets	4.892	4.151	(741)	(15,1)
Non-current financial liabilities	(3.938)	(3.504)	434	11,0
Current financial liabilities	(14.513)	(30.832)	(16.319)	(112,4)
<b>Net Financial Position</b>	<b>(12.759)</b>	<b>(30.185)</b>	<b>(17.426)</b>	<b>(136,6)</b>

## Consolidated Balance Sheet at 31 June 2008

ASSETS	31 December 2007	30 June 2008
<i>Thousands of euro</i>		
Indefinite-term intangible assets	34.050	52.919
Other intangible assets	13.320	13.786
Intangible fixed assets	47.370	66.705
Tangible fixed assets	8.354	8.192
Investments measured at net equity	1.765	1.286
Other investments	786	776
Financial receivables	-	-
Other receivables	509	568
NON-CURRENT ASSETS	58.784	77.527
Inventories	4.243	4.280
Trade receivables	66.610	77.388
Securities	800	-
Financial receivables	17.680	15.561
Tax receivables	6.298	6.749
Other receivables	9.290	12.525
Cash and cash equivalents	4.892	4.151
CURRENT ASSETS	109.813	120.654
<b>TOTAL ASSETS</b>	<b>168.597</b>	<b>198.181</b>

## Consolidated Balance Sheet at 30 June 2008

<b>LIABILITIES</b> <b>Thousands of euro</b>	<b>31 December 2007</b>	<b>30 June 2008</b>
Share capital	10.264	10.264
Premium reserve	28.966	28.966
Statutory reserve	2.544	2.544
Other reserves	32.387	32.178
Profit (loss) for the period	938	(315)
Net Group equity	75.099	73.637
Third-party capital and reserves	4.875	4.967
Third-party profit (loss)	80	(147)
Net third-party equity	4.955	4.820
<b>NET EQUITY</b>	<b>80.054</b>	<b>78.457</b>
Financial payables	3.938	3.504
Provision for risks and charges	266	409
Severance indemnity and other employee funds	4.194	4.913
<b>NON-CURRENT LIABILITIES</b>	<b>8.398</b>	<b>8.826</b>
Financial payables	14.513	30.832
Trade payables	34.827	38.279
Tax payables	6.103	5.389
Other payables	24.702	36.398
<b>CURRENT LIABILITIES</b>	<b>80.145</b>	<b>110.898</b>
<b>TOTAL LIABILITIES</b>	<b>88.543</b>	<b>119.724</b>
<b>LIABILITIES AND NET EQUITY</b>	<b>168.597</b>	<b>198.181</b>