

DAG Media, Inc. Reports Second Quarter Financial Results

Friday July 29, 6:00 pm ET

NEW YORK, July 29 /PRNewswire-FirstCall/ -- DAG Media Inc. (Nasdaq: [DAGM](#) - [News](#))

DAG Media, Inc., announced today that net advertising revenue for the quarter ended June 30, 2005 was \$713,000 versus advertising revenue of \$605,000 for the same period last year, an increase of \$108,000 or 17.9%. The increase in revenues was attributable primarily to the increase in revenues of the Jewish Master Guide also known as the Kosher Yellow Pages, recognized in the three month period ended June 30, 2005. Gross profit increased to \$596,000 for the quarter ended June 30, 2005 from \$453,000 in the three month period ended June 30, 2004. Net loss was \$16,000 or \$(0.01) per basic and diluted share (based on 3.113 million shares) compared with net loss of \$264,000 or \$(0.09) per basic and diluted share (based on 3.083 million shares).

Advertising revenues for the six month period ended June 30, 2005 was \$2,394,000 versus advertising revenues of \$3,041,000 for the six months ended June 30, 2004, a decrease of \$647,000, or 21.3%. Advertising revenues for the six months ended June 30, 2004 included \$466,000 of recognized revenues resulting from the ninth and last edition of the sold New Yellow Manhattan directory. The remaining \$181,000 decrease in revenues was attributable primarily to the decrease in revenues of the Jewish Israeli Yellow Pages, which had produced record high revenues in prior years offset by increased revenues from the eleventh and twelfth edition of the Jewish Master Guide, also known as the Kosher Yellow Pages, recognized in the three month period ended June 30, 2005. Gross profit decreased to \$2,069,000 for the six month period ended June 30, 2005 from \$2,493,000 in the six month period ended June 30, 2004. Net loss was \$202,000 or \$(0.06) per basic and diluted share (based on 3.118 million shares) compared with net loss of \$51,000 or \$(0.02) per basic and diluted share (based on 3.043 million shares). The increased loss was attributable to the reduction of recognized revenues related to the sold New Yellow Manhattan in addition to a decrease in revenue of the Jewish Israeli Yellow Pages.

The Company also reported cash, cash equivalents, other marketable securities and short-term investments of \$7,945,000 or \$2.49 per share. As of June 30, 2005 the Company also reported current assets of \$10,729,000, total assets of \$11,280,000, total shareholder's equity of \$7,671,000 and deferred revenues of \$2,438,000.

Assaf Ran, Chairman of the board and CEO stated, "As we focus to identify the right acquisition opportunity, we still work hard to ensure best possible performances from our current operations. I am fully committed to lead the company to a prosperous and better future."

DAG Media publishes and distributes Yellow Pages and business directories for domestic niche markets. We also operate several web sites that complement our directories at <http://www.newyellow.com>; <http://www.jewishyellow.com>; <http://www.jewishmasterguide.com>; and <http://www.theonlykosherdirectory.com>

Forward-looking statements in this release are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including, without limitation, continued acceptance of the Company's products, increased levels of competition, new products introduced by competitors, changes in the rates of subscriber acquisition and retention, and other risks detailed from time to time in the Company's periodic reports filed with the Securities and Exchange Commission.

(unaudited)

Assets June 30, 2005

Current assets:	
Cash and cash equivalents	\$ 3,499,517
Marketable securities	3,378,328
Short term investment -- insurance annuity contract -- at fair value	1,067,545
Total cash and cash equivalents, marketable securities and short terms investments	7,945,390
Trade accounts receivable, net of allowance for doubtful accounts of \$350,000	1,093,548
Directories in progress	1,253,074
Deferred tax assets	100,336
Other current assets	336,818
Total current assets	10,729,166
Property and equipment, net	166,570
Trademarks and other intangibles, net	264,988
Other assets	118,864
Total assets	\$11,279,588

Liabilities and Shareholders' Equity

Current liabilities:	
Accounts payable and accrued expenses	\$ 191,803
Accrued commissions and commissions payable	455,000
Advanced billing for unpublished directories	2,438,392
Income tax payable	523,587
Total current liabilities	3,608,782

Commitments and contingencies --

Shareholders' equity:

Preferred shares -- \$.01 par value; 5,000,000 shares authorized; no shares issued	--
Common shares -- \$.001 par value; 25,000,000 authorized; 3,187,190 issued and 3,118,460 outstanding	3,187
Additional paid-in capital	8,547,857
Treasury stock, at cost- 68,730 shares	(231,113)
Deferred compensation	(40,380)
Accumulated other comprehensive income	(126,595)
Accumulated deficit	(482,150)
Total shareholders' equity	7,670,806
Total liabilities and shareholders' equity	\$11,279,588

DAG MEDIA, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2005	2004	2005	2004
Advertising revenues	\$ 713,487	\$ 604,593	2,393,561	\$ 3,040,612
Publishing costs	117,765	151,247	324,442	547,341
Gross Profit	595,722	453,346	2,069,119	2,493,271
Operating costs and expenses:				
Selling expenses	341,300	216,043	1,166,839	1,317,596
Administrative and general costs	523,772	686,180	1,330,200	1,270,688
Total operating costs and expenses	865,072	902,223	2,497,039	2,588,284
Loss from operations	(269,350)	(448,877)	(427,920)	(95,013)
Other income	252,936	125,115	225,501	243,784

(Loss) income from continuing operations before benefit for income taxes	(16,414)	(323,762)	(202,419)	148,771
Benefit for income taxes	--	137,680	--	--
(Loss) income from continuing operations	(16,414)	(186,082)	(202,419)	148,771
Discontinued Operations:				
Loss from operation of Blackbook, net of tax provision of \$1,806 and \$3,487 in 2004	--	(77,578)	--	(199,832)
Net loss	\$ (16,414)	\$ (263,660)	\$ (202,419)	\$ (51,061)
Basic and diluted net (loss) income per common share outstanding:				
Continuing operations	\$ (0.01)	\$ (0.06)	\$ (0.06)	\$0.05
Discontinued operations	--	(0.03)	--	\$ (0.07)
Total net loss per common share -- Basic and diluted	\$ (0.01)	\$ (0.09)	\$ (0.06)	\$ (0.02)
Weighted average number of common shares outstanding				
--Basic and diluted	3,112,731	3,083,460	3,118,460	3,043,212

DAG MEDIA, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30, 2005	2004
Cash flows from operating activities:		
Net loss	\$ (202,419)	\$ (51,061)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	44,621	54,063
Amortization of deferred compensation and non cash compensation	19,220	46,399
Bad debt expense	144,468	400,559
Tax benefit for stock options	15,940	137,680
Realized gain on sale of marketable securities	(101,073)	(157,331)
Deferred taxes	(100,336)	(181,486)
Changes in operating assets and liabilities:		
Accounts receivable	125,900	(230,411)
Directories in progress	235,620	(14,664)
Other current assets	(54,708)	123,578
Other assets	--	(4,411)
Accounts payable and accrued expenses	(7,369)	(171,528)
Accrued commissions and commissions payable	(95,000)	(33,000)
Advance billing for unpublished directories	(521,396)	(44,912)
Income taxes payable	(31,700)	--
Assets and Liabilities from discontinued operation	--	191,782
Net cash (used in) provided by operating activities	(528,232)	65,257
Cash flows from investing activities:		
Proceeds from sale of marketable securities	12,728,736	6,072,147
Purchase of fixed assets	(6,072)	(24,969)
Investment in marketable securities	(10,780,895)	(1,787,637)

Net cash provided by investing activities	1,941,769	4,259,541
Cash flows from financing activities:		
Dividend paid (\$0.48 per share)	(1,490,982)	(744,113)
Proceeds from forfeit of gain on sale of restricted stocks	---	10,279
Proceeds from exercise of stock options	29,220	156,142
Net cash used in financing activities	(1,461,762)	(577,692)
Net (decrease) increase in cash	\$ (48,225)	\$ 3,747,106
Cash and cash equivalents, beginning of period	3,547,742	1,201,819
Cash and cash equivalents, end of period	\$ 3,499,517	\$ 4,948,925

Source: DAG Media, Inc.