



CAIRO COMMUNICATION

Press release

Cairo Communication closes first quarter 2008 with a growth in results on the January-March 2007 quarter:

- **EBITDA + 5.8 % to €3.9 million,**
- **EBIT + 115% to €3.2 million,**
- **Group net profit + 135% to €2.4 million.**

Milan, 14 May 2008: The Board of Directors of Cairo Communication, having met today, has reviewed and approved the quarterly report (interim management statements) at 31 March 2008.

The Extraordinary General Meeting on 21 December 2007 approved the change of the financial year end date from 30 September to 31 December of each year. The period ending 31 December 2007 was therefore only of three months. In the quarterly report, and in this press release, the financial data for the January-March 2008 quarter (the first quarter of the 2008 financial period) are compared with those of the January-March 2007 quarter (the second quarter of the 2006/2007 financial period).

In the quarter, gross consolidated sales were approximately € 66.4 million (€ 64 million in the January-March 2007 quarter), growing of 3.8 %. The gross consolidated operating margin (EBITDA) and the operating profit (EBIT) were approximately € 3.9 million and € 3.2 million, respectively, with a growth of 5.8 % and of 115 % compared to the same quarter of 2007 (€ 3.7 million and € 1.5 million, respectively, in the January-March 2007 quarter, during which the amortisation and write-down expense items included the allocation of € 1.7 million to a provision for risks for non-recurring expenses).

The financial results for the January-March 2008 quarter have been negatively impacted by € 1.3 million launch costs incurred for the weekly magazine “TV MIA”, the new television guide edited by Sandro Mayer, which has registered average sales of approximately 328,000 copies for its first 15 issues.

The Group net profit was € 2.4 million, with a growth of 135 % compared to € 1 million achieved in the January-March 2007 quarter. Discontinued operations registered a loss during the quarter of € 56 thousand (compared to a profit of € 16 thousand in the same quarter of 2007).

The net consolidated financial position at 31 March 2008 was positive of approximately € 65.5 million, including an escrow account of € 7.4 million held jointly with Telepiù S.r.l., opened in 2004 in relation to the arbitration pending with Telepiù S.r.l.: net of this account the net financial position was approximately € 58.1 million (at 31 December 2007 approximately € 74.1 million, net of the escrow account). The Shareholders’ Meeting on 28 January 2008 decided on the distribution of a cash dividend of € 4 per share, for a total of € 31.1 million with a dividend payment date of 11 February 2008.

With reference to the publishing sector, and thanks also to the launch of the new weekly magazine “TV MIA”, news stand circulation and advertising sales of the Group’s magazines in the January-March 2008 quarter, of € 17.9 million and € 11.7 million, respectively, have enjoyed an overall

increase compared to the same period of 2007, which is an extremely positive fact, given the general market trend.

In particular, “Settimanale DIPIU”, the second most sold magazine in Italy, with an average ADS circulation of 729,133 copies in the twelve months from February 2007 to January 2008, “DIPIU’ TV” (average ADS circulation of 572,002 copies in the twelve months from February 2007 to January 2008) and “Diva e Donna” (average ADS circulation of 235,685 copies in the twelve months from February 2007 to January 2008), have generated total Group sales of €23.2 million in the January-March 2008 quarter (€22.8 million in the same quarter in the prior financial period).

The manager responsible for preparing the company’s financial reports, Marco Pompignoli, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance (TUF), that the accounting information contained in this press release corresponds to the results documented in the books, accounting and other records of the company.

Cairo Communication Group is a leading Italian weekly magazine publisher and advertising sales group, recognised as one of the first to have developed a multimedia sales approach, beginning with print media and expanding later into TV and the Internet.

For more information, please contact:

Cairo Communication

Mario Cargnelutti +39 02 74813240

m.cargnelutti@cairocommunication.it

Investor Relations

Cairo Communication Group

Consolidated financial statements at 31 March 2008

(€ thousands)	31 March 2008 (Q1)	31 March 2007 (Q2)
Sales	65,676	63,132
Advertising agency discount	(6,551)	(6,316)
Net operating revenues	59,125	56,816
Inventory movements	(113)	120
Other operating revenues	750	867
Operating revenues	59,762	57,803
Cost of sales	(50,336)	(49,064)
Personnel costs	(5,506)	(5,035)
Gross operating profit (EBITDA)	3,920	3,704
Depreciation and provision charges	(725)	(2,219)
Operating profit (EBIT)	3,195	1,485
Net finance income	727	810
Profit before tax	3,922	2,295
Income tax	(1,443)	(1,274)
Minority interests	4	(3)
Profit from continuing operations – Group share	2,483	1,018
Profit/(loss) from discontinued operations	(56)	16
- attributable to minority interests	0	0
Profit/(loss) from discontinued operations	(56)	16
Net profit	2,427	1,034

Reclassified balances, which have not been verified by the Audit Company

Cairo Communication Group

Consolidated balance sheet at 31 March 2008

(€ thousands)	31 March 2008	31 Dec. 2007
<u>ASSETS</u>		
Property, furniture and equipment	3,319	3,302
Intangible assets	11,747	11,593
Investments	5,865	5,865
Net current assets	(20,287)	(7,106)
Total assets	644	13,654
Non-current borrowings and provisions	5,592	5,723
Net financial assets	(65,547)	(81,425)
Shareholders' equity	60,614	89,367
Minority interests	(15)	(11)
Total Equity and Liabilities	644	13,654

Reclassified balances, which have not been verified by the Audit Company

Cairo Communication Group

Consolidated Net Financial Position Statement at 31 March 2008

(€thousands)	31 March 2008	31 Dec. 2007	Change
Cash and cash equivalents	44,991	60,799	(15,808)
Escrow account held jointly with Telepiù	7,379	7,343	36
Fixed current accounts	12,800	12,800	0
Fixed non current accounts	6,826	6,826	0
Short-term investments – other securities	79	79	0
Bank overdrafts	(87)	(42)	(45)
Bank loans	(6,441)	(6,380)	(61)
Total	65,547	81,425	(15,878)

Cairo Communication Group

Analysis of Group Sales and Other Operating Revenues by Business Segment

<i>(€ thousands)</i>	Quarter ending 31 March 2008				
	(3 months)				
	Publishing	Advertising	Trovatore	Intra group eliminations	TOTAL
Magazine over-the-counter sales	17,885	-	0	0	17,885
Print media advertising space sales	8,220	11,788	0	(8,124)	11,884
TV advertising time sales	0	33,532	0	0	33,532
Stadium signs ad space sales	0	1,306	0	0	1,306
Internet advertising time sales	0	89	71	(61)	99
Magazine subscription sales	760	0	0	0	760
Books and catalogues	517	0	0	0	517
VAT relating to publications	(319)	0	0	0	(319)
Other income	0	138	0	(126)	12
Total sales	27,063	46,853	71	(8,311)	65,676
Other operating revenues	593	157	0	0	750
Total Gross Operating Revenues	27,656	47,010	71	(8,311)	66,426

(€ thousands)

Quarter ending 31 March 2007

(3 months)

	Publishing	Advertising	Trovatore	Intra group eliminations	Total
Magazine sales	16,954	0	0		16,954
Print media advertising space sales	7,570	11,390	0	(7,894)	11,066
TV advertising time sales	0	33,385	0		33,385
Electronic billboard ad space	0	0	0		0
Stadium signs ad space sales	0	820	0		820
Internet advertising time sales	0	0	299	(290)	9
Magazine subscription sales	861	0	0		861
Books and catalogues	340	0	0		340
VAT relating to publications	(315)	0	0		(315)
Other income		138	0	(126)	12
Total sales	25,410	45,733	299	(8,310)	63,132
Other operating revenue	631	236	0	0	867
Total Operating Revenues	26,041	45,969	299	(8,310)	63,999

Cairo Communication S.p.A. Parent Company

Income Statement for the three months ending 31 March 2008

(€ thousands)	31 March 2008 (quarter)	31 March 2007 (quarter)
Sales	43,108	42,523
Advertising agency discounts	(4,895)	(4,875)
Other operating revenues	41	95
Operating revenues	38,254	37,743
Cost of sales	(36,187)	(35,495)
Personnel costs	(558)	(547)
Gross operating profit (EBITDA)	1,509	1,701
Amortisation, depreciation and provision charges	(222)	(138)
Operating profit (EBIT)	1,287	1,563
Net finance income	685	786
Investment writedowns	0	0
Profit before tax	1,972	2,349
Income tax	(633)	(933)
Profit from continuing operations	1,339	1,416
Profit/(loss) from discontinued operations	(56)	0
Net profit	1,283	1,416

Reclassified balances, which have not been verified by the Audit Company

Cairo Communication SpA Parent Company

Balance Sheet at 31 March 2008

(€thousands)	31 March 2008	31 Dec. 2007
Assets		
Property, furniture and equipment	656	670
Intangible assets	463	479
Investments	17,322	16,900
Other non-current assets	7,540	7,540
Non-current security deposits	6,826	6,826
Net current assets	(2,574)	8,344
Total assets	30,233	40,759
Non-current liabilities	7,190	7,112
Net financial assets	(48,533)	(67,828)
Borrowings from unconsolidated subsidiary	4,885	4,885
Shareholders' equity	66,691	96,590
Total equity and liabilities	30,233	40,759

Cairo Communication SpA parent Company

Net Financial Position Statement at 31 March 2008

Cairo Communication S.p.A.	31 March 2008	31 Dec. 2007	Change
Cash and cash equivalents	28,275	47,606	(19,331)
Escrow account held jointly with Telepiù	7,379	7,343	36
Fixed current accounts	12,800	12,800	0
Marketable securities	79	79	0
Net financial assets	48,533	67,828	(19,295)
Borrowings from unconsolidated subsidiary	(4,885)	(4,885)	0
Total	43,648	62,943	(19,295)