



CAIRO COMMUNICATION

Press Release

Half-year report at March 31 2007

- **The half-year report confirms the results in the quarterly report at 31 March 2007, as approved on 15 May 2007: EBITDA of continuing operations up 25% to €10.3 million (€ 8.3 million for 2005-2006, inclusive of tax credits of € 2.6 million, not considering which EBITDA growth would have been 84%).**
- **Group share of net profit rose 99% to €4.2 million (€2.1 million for 2005-2006)**
- **Gross operating revenues up 6,4 % to €133.3 million (€125.3 million for 2005/2006) over the first six months of the 2006-2007 financial year.**

Milan, 18 July 2007: The Board of Directors of Cairo Communication, met today, examined and approved the half-year report at 31 March 2007.

As with the consolidated financial statements at 30 September 2006, the Group share of the financial results of the Diellesei SpA in liquidation subsidiary has been disclosed separately as “profit/(loss) from discontinued operations”. The income statements for the first half year and second quarter of the 2005-2006 financial year have been treated in the same way.

The half-year report confirms the results in the quarterly report at 31 March 2007, as approved on 15 May 2007: for continuing operations gross operating revenues totalled € 133.3 million (€ 125.3 million for 2005-2006), up 6,4 % on the same period last year. Gross operating profit (EBITDA) increased 25% to €10.3 million (€8.3 million for 2005-2006), operating profit (EBIT) rose by 8% to €7.2 million (€6.6 million for 2005-2006) and the Group share of net profit, totalling €4.2 million, rose by 99% (€2.1 million for 2005-2006). Group losses from discontinued operations amounted to € 0.4 million (€3.2 million for 2005-2006 with EBITDA negative for €4.1 million and EBIT negative for €6.8 million and consequently total Group EBITDA and EBIT amounted respectively at €4.2 million and at a loss of €0.2 million).

Profits for the first half of the 2005-2006 financial year included a tax credit of €2.6 million reducing the purchasing cost of paper, in accordance with Law No. 350 of 24/12/2003, not considering which EBITDA growth would have been 84%; given that such tax credit was not subject to corporate income tax the incidence of tax component for the current half year compared to the same half year of 2005-2006 increased.

The significant increase in amortisation and writedowns is mostly linked to the establishment of a provision of € 1.7 million for non-recurrent expenses established as part of an assessment by the INPGI.

In the second quarter of the 2006/2007 financial year, gross operating revenues were €64 million (€ 59,7 million for the 2005-2006 period), with an increase of 7,2 %. Gross operating profit (EBITDA) increased to €3.7 million (€2.8 million for 2005-2006, inclusive of tax credits of €0.8 million, not considering which EBITDA growth would have been 85%), operating profit (EBIT) totalled €1.5 million (€ 2 million for 2005-2006) and the Group share of net profit from continuing operations totalled €1 million (against a loss of €0.5 million for 2005-2006). Discontinued operations were in

substantial break even due to the recognition of debit write offs as part of settlement agreements (losses of €2.2 million were recorded for 2005-2006).

The financial results for the second quarter of the 2006/2007 financial year were affected by the considerable investment in advertising and support for the Group's weekly magazines (€1.7 million), slightly less than the investment made during the same period last year in relation to "Diva e Donna" and the launch of the two monthly titles "DipiùTV Cucina" and "Dipiù TV Stellare".

Net financial assets at 31 March 2007 totalled €82.3 million, including an escrow account of €7.3 million. Financial assets available at 31 March 2007 totalled €75 million (down from €85.2 million at 30 September 2006, net of the escrow account). The Shareholders' Meeting of 31 January 2007 decided to distribute dividends of €2.5 per share, for a total of €19.5 million.

"Settimanale Di Più", Italy's second best selling magazine with average ADS distribution figures of 789,460 copies for the April 2006 - March 2007 twelve month period, "Di Più TV" (average ADS distribution figures of 607,062 copies for the April 2006 - March 2007 twelve month period) and "Diva e Donna" (average ADS distribution figures of 239,838 copies for the April 2006 - March 2007 twelve month period), together generated in the half-year revenues of €44.7 million at Group level (€43.2 million for the same period of last year), confirming the extraordinary success achieved.

In the quarter January-March 2007, La 7 advertising revenues increased by 15,5 % compared to the same period of the previous financial year, totalling about €31.2 million, against the - 4,7 % (source: AC Nielsen) of TV advertising market in the quarter. Moreover La7 advertising revenues for the April - June 2007 quarter confirmed the growth trend, generating revenues totalling about €35.2 million, with an increase of 20 % compared to revenues for the same period of the previous financial year.

Cairo Communication Group is a leading Italian advertising sales and magazine publishing 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.

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Consolidated and parent company financial statements attached.

Cairo Communication Group Consolidated Financial Statements

Cairo Communication Group

Consolidated Income Statement 2006-2007 financial year HY & Q2

(€ thousands)	31 March 2007 (HY)	31 March 2007 (Q2)	31 March 2006 (HY)	31 March 2006 (Q2)
Sales	132,139	63,132	123,993	58,929
Advertising agency discount	(13,296)	(6,316)	(12,165)	(5,584)
Net operating revenues	118,843	56,816	111,828	53,345
Inventory movements	12	120	385	239
Other operating revenues	1,172	867	1,261	727
Operating revenues	120,027	57,803	113,474	54,311
Cost of sales	(100,105)	(49,064)	(96,144)	(46,654)
Personnel costs	(9,601)	(5,035)	(9,048)	(4,826)
Gross operating profit (EBITDA)	10,321	3,704	8,282	2,831
Depreciation and provision charges	(3,156)	(2,219)	(1,663)	(870)
Operating profit (EBIT)	7,165	1,485	6,619	1,961
Net finance income	1,454	810	1,116	549
Investment writedowns	0	0	0	0
Profit before tax	8,619	2,295	7,735	2,510
Income tax	(3,983)	(1,274)	(2,411)	(874)
Minority interests	6	(3)	(3)	(1)
Profit from continuing operations – Group share	4,642	1,018	5,321	1,635
Profit/(loss) from discontinued operations	(428)	16	(4,591)	(2,876)
- attributable to minority interests	0	0	1,385	700
Profit/(loss) from discontinued operations	(428)	16	(3,206)	(2,176)
Net profit	4,214	1,034	2,115	(541)

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

Cairo Communication Group

Consolidated Balance Sheet

at 31 March 2007

(€ thousands)	31 March 2007	30 September 2006
ASSETS		
Property, furniture and equipment	3,303	3,353
Intangible assets	9,390	9,544
Investments	5,969	5,995
Net current assets	(15,070)	(10,540)
Total Assets	3,592	8,352
EQUITY AND LIABILITIES		
Non-current borrowings and provisions	8,454	8,574
Net financial assets	(82,287)	(92,395)
Shareholders' equity	77,437	92,658
Minority interests	(12)	(485)
Total Equity and Liabilities	3,592	8,352

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

Cairo Communication Group
Consolidated Net Financial Position Statement
at 31 March 2007

(€thousands)	31 March 2007	30 September 2006	Change
Cash and cash equivalents	87,267	97,872	(10,605)
Escrow account	7,246	7,189	57
Short-term investments – other securities	161	161	0
Current bank overdrafts	(266)	(327)	61
Bank loans	(12,121)	(12,500)	379
Total	82,287	92,395	(10,108)

Analysis of Group Sales and Other Operating Revenues by Business Segment:

<i>(€ thousands)</i>	Half year ending 31 March 2007			Half year ending 31 March 2006		
	Publishing	Advertising	TOTAL	Publishing	Advertising	TOTAL
Magazine over-the-counter sales	33,009	0	33,009	32,536	0	32,536
Print media advertising space sales	17,240	8,583	25,823	17,454	8,886	26,340
TV advertising time sales	0	69,177	69,177	0	61,765	61,765
Stadium signs ad space sales	0	1,898	1,898	0	1,544	1,544
Internet advertising time sales	0	18	18	0	18	18
Magazine subscription sales	1,708	0	1,708	1,693	0	1,693
Audiovisual and other sales	0	0	0	6	60	66
Books and catalogues	1,115	0	1,115	642	0	642
VAT relating to publications	(609)	0	(609)	(611)	0	(611)
Total sales	52,463	79,676	132,139	52,720	72,273	123,993
Other operating revenues	854	318	1,172	694	567	1,261
Total Gross Operating Revenues	53,317	79,994	133,311	52,414	72,840	125,254

**Analysis of 2006 - 2007 Financial Year Second Quarter Group Sales and Other Operating Revenues
by Business Segment:**

	2nd quarter ending 31 March 2007			2nd quarter ending 31 March 2006		
(€thousands)	Publishing	Advertising	Total	Publishing	Advertising	Total
Magazine sales	16,954	0	16,954	17,193	0	17,193
Print media advertising space sales	7,570	3,496	11,066	7,949	3,870	11,819
TV advertising time sales	0	33,385	33,385	0	28,500	28,500
Electronic billboard ad space sales	0	0	0	0	0	0
Stadium signs ad space sales	0	832	832	0	568	568
Internet advertising time sales	0	9	9	0	0	0
Magazine subscription sales	861	0	861	845	0	845
Audiovisual and other sales	0	0	0	0	59	59
Books and catalogues	340	0	340	274	0	274
VAT relating to publications	(315)	0	(315)	(330)	0	(330)
Total Sales	25,410	37,722	63,132	25,931	32,997	58,928
Other operating revenues	631	236	867	437	290	727
Total Operating Revenues	26,041	37,958	63,999	26,368	33,287	59,655

Cairo Communication SpA Parent Company Financial Statements

Cairo Communication SpA Parent Company Income Statement

2006-2007 HY & Q2

These financial statements for the Cairo Communication SpA Parent Company have been prepared using the IAS/IFRS international accounting standards for the first time. Figures from last year have been restated using the IAS/IFRS international accounting standards, for increased transparency.

<i>(€ thousands)</i>	31 March 2007 (HY)	31 March 2007 (Quarter)	31 March 2006 (HY)	31 March 2006 (Quarter)
Sales	89,654	42,523	82,556	37,781
Advertising agency discounts	(10,051)	(4,875)	(8,919)	(4,172)
Other operating revenues	131	95	411	376
Operating revenues	79,734	37,743	74,048	33,985
Cost of sales	(74,496)	(35,495)	(69,178)	(32,043)
Personnel costs	(1,135)	(547)	(1,177)	(524)
Gross operating profit (EBITDA)	4,103	1,701	3,693	1,418
Amortisation, depreciation and provision charges	(530)	(138)	(698)	(298)
Operating profit (EBIT)	3,573	1,563	2,995	1,120
Net finance income	1,376	786	1,158	696
Investment writedowns	0	0	(7,096)	(7,096)
Profit before tax	4,949	2,349	(2,943)	(5,280)
Income tax	(1,923)	(933)	(1,606)	(696)
Net profit	3,026	1,416	(4,549)	(5,976)

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

Cairo Communication SpA Parent Company Balance Sheet

at 31 March 2007

<i>(€ thousands)</i>	31 March 2007	30 September 2006
Assets		
Property, furniture and equipment	249	323
Intangible assets	549	574
Investments	13,747	14,155
Net current assets	2,335	15,548
Total Assets	16,880	30,600
Non-current liabilities	8,010	9,687
Net financial assets	(80,306)	(84,700)
Borrowings from unconsolidated subsidiary	4,885	4,885
Shareholders' equity	84,291	100,728
Total Equity and Liabilities	16,880	30,600

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

**Cairo Communication SpA Parent Company Net Financial Position Statement
at 31 March 2007**

Cairo Communication S.p.A.	31 March 2007	30 September 2006	Change
Cash and cash equivalents	72,899	71,350	1,549
Escrow account	7,246	7,189	57
Insurance financial products	0	6,000	(6,000)
Marketable securities	161	161	0
Bank loans	0	0	0
Net financial assets	80,306	84,700	(4,394)
Borrowings from unconsolidated subsidiary	(4,885)	(4,885)	0
Net financial position	75,421	79,815	(4,394)