



## CAIRO COMMUNICATION

### Press release – Quarterly results at 30 September 2007

- **Strong growth in fourth quarter results for 2006/2007: EBITDA + 56% to € 5.5 million, EBIT + 70% to € 4.6 million. Group net profit €3.3 million compared to a loss of €3.6 million in 2005/2006.**
- **Yearly EBITDA + 41% to €23.5 million, EBIT + 40% to €18.6 million.**
- **Yearly Group net profit at € 12.5 million compared to € 0.1 million in 2005/2006.**
- **Television advertising revenues on La 7 + 29% in the quarter.**

**Milan, 14 November 2007:** The Board of Directors of Cairo Communication met today to examine and approve the quarterly results at 30 September 2007.

As in the consolidated financial statements at 30 September 2006, the net profit of the Group subsidiary Diellesei S.p.A. in liquidation has been shown separately in the “profits from discontinued operations” line. Correspondingly, the income statement for the fourth quarter of 2005/2006 has been reclassified.

Consolidated gross revenues for the quarter were €55.6 million (€50 million in 2005/2006), a growth of 11.3% versus the same period in the past year. Consolidated gross operating margins (EBITDA) and operating profit (EBIT) were € 5.5 million (€ 3.5 million in 2005/2006) and € 4.6 million (€ 2.7 million in 2005/2006) growing by 56% and 70% compared to the same quarter in the past year. Personnel costs for the quarter were impacted positively by € 271 thousands due to the change in the computation method used, in accordance with IAS, in the valuation of employee severance benefits. This change is associated with modifications made to regulations regarding pensions. The Group net profit was €3.3 million versus a loss of €3.6 million in 2005/2006.

During the quarter, discontinued operations recorded a profit of €0.5 million thanks to debt write-offs made within agreement settlements (a loss of €5.8 million was recorded for the same quarter in 2005/2006).

For the year, consolidated gross revenues were € 262.4 million (€ 243.8 million in 2005/2006), with a growth of 7,6 %. Consolidated gross operating margin (EBITDA) and operating profit (EBIT), which were €23.5 million (€16.6 million in 2005/2006) and €18.6 million (€ 13.3 million in 2005/2006), grew by 41% and 40% compared to the previous financial year. Group net profit was €12.5 million versus €0.1 in 2005/2006.

The 2005/2006 profit furthermore included a tax credit pursuant to Law 24/12/2003 n. 350 of €2.6 million deducted from the cost of paper, net of which EBITDA growth would have been 68%. Given that such tax credit was not subject to corporate income tax, the incidence of tax component for the current year compared to 2005/2006 increased.

Over the year, Group net profit from discontinued operations was €0.6 million (against a loss of €10.1 million in 2005/2006).

The consolidated net financial position at 30 September 2007 was positive for €85 million including an escrow account of €7.3 million held jointly with Telepiù S.r.l., opened during

2004 in relation to the arbitration pending with Telepiù S.r.l. Net of this figure, net financial assets total €77.7 million (at 30 September 2006 this was €85.2 million net of the joint account). The Annual General Meeting of 31 January 2007, voted to distribute a dividend of €2.5 per share, for a total of €19.5 million.

During 2006/2007, the magazines “Settimanale Di Più”, which is the second-highest selling magazine in Italy with average sales of 754,181 copies in the September 2006 – August 2007 twelve-month period, “DiPiù TV” (average sales of 577,523 copies in the September 2006 – August 2007 twelve-month period), and “Diva e Donna” (average sales of 240,434 copies in the September 2006 – August 2007 twelve-month period), generated total Group revenues of €96.3 million, confirming their extraordinary success to date.

In the 2007/2008 financial year, Cairo Editore will continue to pursue the optimisation of production, editorial and distribution costs. Special attention will furthermore be given to increasing advertising revenues, both in terms of prices as well as number of pages, particularly for “Diva and Donna”, but also for “Settimanale Dipiù” e “DipiùTV”. After the year 2006/07, which saw the consolidation of successful initiatives undertaken in the previous four years, Cairo Editore will evaluate the editorial and economics feasibility of launching new initiatives.

In the advertising business, advertising sales on the La 7 network for the July-September 2007 quarter was extremely positive, generating revenues of €20.1 million, a growth of 29% on the same quarter in the previous year. During the quarter, advertising sales for the women’s weekly “Diva e Donna” recorded extremely positive performance, growing by 12% compared to the same quarter in the previous year. (Advertising sales for Cairo Group magazines overall grew +7% million during the quarter.)

*Cairo Communication 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.*

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Investor Relations

## Cairo Communication Group Consolidated Financial Statements

Cairo Communication Group

**Consolidated Income Statement** for the 2006-2007 year, and 4<sup>th</sup> quarter ending 30 September 2007:

<i>(€ thousands)</i>	30 Sept. 2007 (FY)	30 Sept. 2007 (Q4)	30 Sept. 2006 (FY)	30 Sept. 2006 (Q4)
Sales	259,330	53,986	241,185	49,262
Advertising agency discount	(26,121)	(4,932)	(23,159)	(4,217)
Net operating revenues	233,209	49,054	218,026	45,045
Inventory movements	(15)	(91)	297	(125)
Other operating revenues	3,101	1,634	2,613	696
<b>Operating revenues</b>	<b>236,295</b>	<b>50,597</b>	<b>220,936</b>	<b>45,616</b>
Cost of sales	(192,435)	(40,287)	(186,647)	(38,271)
Personnel costs	(20,370)	(4,836)	(17,651)	(3,836)
<b>Gross operating profit (EBITDA)</b>	<b>23,490</b>	<b>5,474</b>	<b>16,638</b>	<b>3,509</b>
Depreciation and provision charges	(4,892)	(863)	(3,353)	(796)
<b>Operating profit (EBIT)</b>	<b>18,598</b>	<b>4,611</b>	<b>13,285</b>	<b>2,713</b>
Net finance income	2,949	677	2,322	608
Investment writedowns	-	-	-	-
<b>Profit before tax</b>	<b>21,547</b>	<b>5,288</b>	<b>15,607</b>	<b>3,321</b>
Income tax	(9,561)	(2,369)	(5,422)	(1,189)
Minority interests	(2)	2	13	2
<b>Profit from continuing operations –</b>				
<b>Group share</b>	<b>11,984</b>	<b>2,921</b>	<b>10,198</b>	<b>2,134</b>
Profit/(loss) from discontinued operations	524	394	(11,507)	(5,778)
- attributable to minority interests	-	-	1,380	2
<b>Profit/(loss) from discontinued operations</b>	<b>524</b>	<b>394</b>	<b>(10,127)</b>	<b>(5,776)</b>
<b>Net profit</b>	<b>12,508</b>	<b>3,315</b>	<b>71</b>	<b>(3,642)</b>

*Reclassified balances, which have not been verified by the Statutory Auditors*

Cairo Communication Group

**Consolidated Balance Sheet**

at 30 September 2007

<i>(€ thousands)</i>	30 Sept. 2007	30 Sept. 2006
<b>ASSETS</b>		
Property, furniture and equipment	3,274	3,353
Intangible assets	9,167	9,544
Investments	5,866	5,995
Net current assets	(10,737)	(10,540)
<b>EQUITY AND LIABILITIES</b>	<b>7,570</b>	<b>8,352</b>
Non-current borrowings and provisions	6,837	8,574
Net financial assets	(85,014)	(92,395)
Shareholders' equity	85,751	92,658
Minority interests	(4)	(485)
<b>Total Equity and Liabilities</b>	<b>7,570</b>	<b>8,352</b>

*Reclassified balances, which have not been verified by the Statutory Auditors*

Cairo Communication Group  
**Consolidated Net Financial Position Statement**  
at 30 September 2007

(€thousands)	30 Sept. 2007	30 Sept. 2006	Change
Cash and cash equivalents	64,322	97,872	(33,550)
Escrow account held with Telepiù	7,310	7,189	121
Fixed current accounts	23,408	-	23,408
Short-term investments – other securities	83	161	(78)
Current bank overdrafts	(65)	(327)	262
Bank loans	(10,044)	(12,500)	2,456
<b>Total</b>	<b>85,014</b>	<b>92,395</b>	<b>(7,381)</b>

**Analysis of 2006-2007 4<sup>th</sup> Quarter Group Sales and Other Operating Revenues by Business Segment (publishing and advertising, which includes *Il Trovatore*):**

(€thousands)	4 <sup>th</sup> quarter ending 30 September 2007			4 <sup>th</sup> quarter ending 30 September 2006		
	(three months)			(three months)		
	Publishing	Advertising	TOTAL	Publishing	Advertising	TOTAL
TV advertising time sales	-	22,136	<b>22,136</b>	0	17,604	<b>17,604</b>
Print media advertising space sales	9,358	4,088	<b>13,446</b>	8,998	3,658	<b>12,656</b>
Stadium signs ad space sales	-	517	<b>517</b>	0	369	<b>369</b>
Internet advertising time sales	-	7	<b>7</b>	0	7	<b>7</b>
Magazine over-the-counter sales	17,214	0	<b>17,214</b>	18,142	0	<b>18,142</b>
Magazine subscription sales	873	0	<b>873</b>	850	0	<b>850</b>
Audiovisual and other sales	33	48	<b>81</b>	0	(65)	<b>(65)</b>
Books and catalogues	158	0	<b>158</b>	106	0	<b>106</b>
VAT relating to publications	(446)	0	<b>(446)</b>	(407)	0	<b>(407)</b>
Total sales	27,190	26,796	<b>53,986</b>	27,689	21,573	<b>49,262</b>
Other operating revenues	106	1,528	<b>1,634</b>	229	467	<b>696</b>
<b>Total Gross Operating Revenues</b>	<b>27,296</b>	<b>28,324</b>	<b>55,620</b>	<b>27,918</b>	<b>22,040</b>	<b>49,958</b>

## Analysis of 2006-2007 Financial Year Group Sales and Other Operating Revenues by Business

### Segment:

(€thousands)	Consolidated Income Statement at 30 Sept. 2007			Consolidated Income Statement at 30 Sept. 2006		
	(FY)			(FY)		
	Publishing	Advertising	TOTAL	Publishing	Advertising	TOTAL
TV advertising time sales	-	129,621	<b>129,621</b>		111,325	<b>111,325</b>
Print media advertising space sales	39,037	18,076	<b>57,113</b>	38,333	17,856	<b>56,189</b>
Stadium signs ad space sales	-	3,102	<b>3,102</b>		2,192	<b>2,192</b>
Internet advertising time sales	-	33	<b>33</b>		23	<b>23</b>
Magazine over-the-counter sales	65,772	-	<b>65,772</b>	68,376		<b>68,376</b>
Magazine subscription sales	3,400	-	<b>3,400</b>	3,373		<b>3,373</b>
Audiovisual and other sales	33	48	<b>81</b>		48	<b>48</b>
Books and catalogues	1,555	-	<b>1,555</b>	1,058		<b>1,058</b>
VAT relating to publications	(1,347)	-	<b>(1,347)</b>	(1,399)		<b>(1,399)</b>
<b>Total sales</b>	<b>108,450</b>	<b>150,880</b>	<b>259,330</b>	<b>109,741</b>	<b>131,444</b>	<b>241,185</b>
Other operating revenues	1,033	2,068	<b>3,101</b>	1,052	1,561	<b>2,613</b>
<b>Total Gross Operating Revenues</b>	<b>109,483</b>	<b>152,948</b>	<b>262,431</b>	<b>110,793</b>	<b>133,005</b>	<b>243,798</b>

### Cairo Communication SpA Parent Company Financial Statements

#### Cairo Communication SpA Parent Company Income Statement

for the financial year ended 30 September 2007 and the 4<sup>th</sup> quarter 2006/2007

(€ thousands)	30 Sept. 2007	30 Sept. 2007	30 Sept. 2006	30 Sept. 2006
	(FY)	(Q4)	(FY)	(Q4)
Sales	174,593	32,873	155,568	27,470
Advertising agency discounts	(18,716)	(3,128)	(16,040)	(2,582)
Other operating revenues	631	361	612	129
<b>Operating revenues</b>	<b>156,508</b>	<b>30,106</b>	<b>140,140</b>	<b>25,017</b>
Cost of sales	(146,977)	(28,543)	(131,458)	(23,711)
Personnel costs	(2,185)	(454)	(2,240)	(496)
<b>Gross operating profit (EBITDA)</b>	<b>7,346</b>	<b>1,109</b>	<b>6,442</b>	<b>810</b>
Amortisation, depreciation and provision charges	(847)	(87)	(1,475)	(441)
<b>Operating profit (EBIT)</b>	<b>6,499</b>	<b>1,022</b>	<b>4,967</b>	<b>369</b>
Net finance income	2,950	814	2,379	588
Results of investments	6,298	6,298	(14,520)	(6,224)
<b>Profit before tax</b>	<b>15,747</b>	<b>8,134</b>	<b>(7,174)</b>	<b>(5,267)</b>
Income tax	(3,762)	(859)	(2,868)	(389)
<b>Net profit</b>	<b>11,985</b>	<b>7,275</b>	<b>(10,042)</b>	<b>(5,656)</b>

*Reclassified balances, which have not been verified by the Statutory Auditors*

## Cairo Communication SpA Parent Company Balance Sheet

at 30 September 2007

(€thousands)	30 Sept. 2007	30 Sept. 2006
<b>Assets</b>		
Property, furniture and equipment	628	323
Intangible assets	427	574
Investments	14,098	14,155
Net current assets	8,293	15,548
<b>Total Assets</b>	<b>23,446</b>	<b>30,600</b>
Non-current liabilities	7,075	9,687
Net financial assets	(81,764)	(84,700)
Borrowings from subsidiary	4,885	4,885
Shareholders' equity	93,250	100,728
<b>Total Equity and Liabilities</b>	<b>23,446</b>	<b>30,600</b>

*Reclassified balances, which have not been verified by the Statutory Auditors*

## Cairo Communication SpA Parent Company Net Financial Position Statement

at 30 September 2007

Cairo Communication S.p.A.	30 Sept. 2007	30 Sept. 2006	Change
Cash and cash equivalents	50,963	71,350	(20,387)
Escrow account held with Telepiù	7,310	7,189	121
Fixed current accounts	23,408	0	23,408
Insurance financial products	0	6,000	(6,000)
Marketable securities	83	161	(78)
Bank loans	0		
<b>Total</b>	<b>81,764</b>	<b>84,700</b>	<b>(2,936)</b>
Borrowings from subsidiary	(4,885)	(4,885)	0
<b>Total</b>	<b>76,879</b>	<b>79,815</b>	<b>(2,936)</b>