CAIRO COMMUNICATION

Press Release

Cairo Communication closes the first half 2008 with a growth in consolidated results compared to the six-month period January - June 2007:

- **EBITDA of € 11.4 million,**
- **EBIT + 19.9% to € 10 million,**
- **Net Group profit + 18.7% to € 7.1 million.**

Milan, 28 August 2008*:* The Board of Directors of Cairo Communication, having met today, has reviewed and approved the first half report at 30 June 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 this present release, and in management's interim report, income statement data for the January-June 2008 six-month period are compared with pro forma income statement data for the January-June 2007 six-month period. The condensed half-year financial statements at 30 June 2008 present the results of the half-year report at 31 March 2007, for the six months from October 2006 to March 2007, as comparative data.

During the half year, gross consolidated sales were approximately € 139.9 million (€ 137.5 million for the half-year January-June 2007), a growth of 1,8 %. The gross consolidated operating margin (EBITDA), of approximately € 11.4 million was in line with the margin achieved in the same six months of 2007 (€ 11.4 million for January-June 2007), the operating result (EBIT) of approximately € 10 million grew by 19.9% compared to the same six months of 2007 (€ 8.3 million for January-June 2007, in which amortisation and writedowns espense items included the allocation of approximately € 1.7 million to a provision for non-recurring charges).

The financial results for the January-June 2008 half-year were negatively impacted by the costs sustained for the launch of the new "TV MIA" (€ 1.3 million), and of an additional € 0.7 million of subsequent advertising expenses to support the launch, for a total of € 2.0 million.

The Group net profit was € 7.1 million, a growth of 18.7 % compared to € 6 million achieved in the half-year January–June 2007. Discontinued operations registered a loss during the half-year of € 92 thousand (compared to a profit of € 573 thousand in the same six months of 2007, due to the conclusion of settlement agreements).

The net consolidated financial position at 30 June 2008 was a positive balance of approximately € 63.5 million, including an escrow account of approximately € 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 € 56.1 million (approximately € 74.1 million at 31 December 2007, net of this escrow account). The Annual General 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, also thanks to the launch of the new weekly "TV MIA" which generated circulation revenues of about € 2 million, Group magazine circulation sales of € 35.4 million in the January-June 2008 six-month period increased € 2.8 million compared to the same period in 2007, which is an extremely positive fact, given the general market trend. Advertising sales for the same magazines were € 28.3 million, in line with overall advertising sales achieved in the January-June 2007 six-month period.

In particular, “Settimanale DIPIU”, the second most sold magazine in Italy, with an average ADS circulation of 732,330 copies in the twelve months from May 2007 to April 2008, “DIPIU’ TV” (average ADS circulation of 561,518 copies in the twelve months from May 2007 to April 2008) and “Diva e Donna” (average ADS circulation of 226,926 copies in the twelve months from May 2007 to April 2008), generated total Group half-year sales of € 48.3 million (€ 47.7 million in the same six-months of 2007).

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.

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Investor Relations

Cairo Communication Group Consolidated financial statements at 30 June 2008

The main **consolidated income statement data** for the January-June 2008 half-year can be compared as follows to the pro forma values for the same six months of 2007:

(€ thousands)	30 June 2008 (Six months)	30 June 2007 (Six months pro-forma)(*)	31 March 2007 (Six months)
Sales	138,664	136,338	132,139
Advertising agency discount	(14,177)	(14,209)	(13,296)
Net operating revenues	**124,487**	**122,129**	**118,843**
Inventory movements	(15)	184	12
Other operating revenues	1,276	1,162	1,172
Operating revenues	**125,748**	**123,475**	**120,027**
Cost of sales	(103,042)	(101,348)	(100,105)
Personnel costs	(11,290)	(10,728)	(9,601)
Gross operating profit (EBITDA)	**11,416**	**11,399**	**10,321**
Depreciation and provision charges	(1,460)	(3,091)	(3,156)
Operating profit (EBIT)	**9,956**	**8,308**	**7,165**
Share in associates	7	0	0
Net finance income	1,401	1,628	1,454
Profit before tax	**11,364**	**9,936**	**8,619**
Income tax	(4,135)	(4,482)	(3,983)
Minority interests	1	(13)	6
Profit from continuing operations – Group share	**7,230**	**5,441**	**4,642**
Net profit/(loss) from discontinued operations	(92)	573	(428)
- attributable to minority interests	0	0	0
Net Group share of profit/(loss) from discontinued operations	**(92)**	**573**	**(428)**
Group Net profit	**7,138**	**6,014**	**4,214**

Reclassified formats which have not been subject to verification by the Audit Company

(*) Information which has not been subject to a limited audit review

Summary of the main consolidated balance sheet data at 30 June 2008

The main **consolidated balance sheet data** at 30 June 2008 can be compared as follows to the consolidated balance sheet at 31 December 2007:

(€ thousands)	30 June 2008	31 Dec 2007
Assets		
Intangible assets	3,373	3,302
Property, furniture and equipment	13,626	11,593
Investments	5,755	5,865
Prepaid taxes	4,241	4,509
Net current assets	(20,109)	(11,615)
Total assets	**6,886**	**13,654**
Non-current borrowings and provisions	5,371	5,723
Net financial assets	(63,479)	(81,425)
Shareholders’ equity	65,006	89,367
Minority interests	(12)	(11)
Total Equity and Liabilities	**6,886**	**13,654**

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The **net consolidated financial position** at 30 June 2008, compared with the consolidated balance sheet at 31 December 2007 is summarised in the following table:

(€ thousands)	30 June 2008	31 Dec 2007	Change
Cash and cash equivalents	55,687	60,799	(5,112)
Escrow account held jointly with Telepiù	7,415	7,343	72
Fixed current accounts	2,621	12,800	(10,179)
Fixed non current accounts	4,205	6,826	(2,621)
Short-term investments – other securities	79	79	-
Bank overdrafts	(17)	(42)	25
Bank loans	(6,511)	(6,380)	(131)
Total	**63,479**	**81,425**	**(17,946)**

Details of consolidated sales at 30 June 2008

Consolidated gross operating sales for the six months, broken down between sectors of activity can be analysed as follows, compared to the January-June 2007 six-month period:

(€ thousands)	**Six months ended 30 June 2008**				
	Publishing	**Advertising**	**Trovatore**	**Intra group eliminations**	**TOTAL**
Magazine over-the-counter sales	35,352	0	0	0	35,352
Print media advertising space sales	19,878	28,761	0	(19,743)	28,896
TV advertising time sales	0	70,312	0	0	70,312
Stadium signs ad space sales	0	2,226	0	0	2,226
Internet advertising time sales	0	306	175	(142)	339
Magazine subscription sales	1,545	0	0	0	1,545
Books and catalogues	605	0	0	0	605
VAT relating to publications	(635)	0	0	0	(635)
Other sales	0	276	0	(252)	24
Total Sales	**56,745**	**101,881**	**175**	**(20,137)**	**138,664**
Other operating revenues	951	325	**0**	**0**	**1,276**
Total Gross Operating Revenues	**57,696**	**102,206**	**175**	**(20,137)**	**139,940**

(€ thousands)	Six months ended 30 June 2007 (*)				
	Publishing	**Advertising**	**Trovatore**	**Intra group eliminations**	**Total**
Magazine over-the-counter sales	32,503	0	0	0	**32,503**
Print media advertising space sales	20,009	29,313	0	(20,412)	**28,910**
TV advertising time sales	0	71,693	0	0	**71,693**
Stadium signs ad space sales	0	1,519	0	0	**1,519**
Internet advertising time sales	0	0	368	(351)	**17**
Magazine subscription sales	1,680	0	0	0	**1,680**
Books and catalogues	622	0	0	0	**622**
VAT relating to publications	(607)	0	0	0	**(607)**
Other sales	0	0	0	0	0
Total sales	**54,207**	**102,525**	**368**	**(20,763)**	**136,337**
Other operating revenues	792	350	20	0	**1,162**
Total Gross Operating Revenues	**54,999**	**102,875**	**388**	**(20,763)**	**137,499**

(*)Information which has not been subject to a limited audit review

Summary of the main Parent Company income statement data to 30 June 2008

The main **Parent Company income statement data** for the first half-year 2008 can be compared as follows to the January-June 2007 half-year (pro forma values):

(€ thousands)	30 June 2008 (*) (Six months)	30 June 2007 (*) (Six months)	31 March 2007 (Six months)
Sales	93,388	94,589	89,654
Advertising agency discounts	(10,132)	(10,412)	(10,051)
Other operating revenues	102	234	131
Operating revenues	**83,358**	**84,411**	**79,734**
Cost of sales	(78,766)	(79,433)	(74,496)
Personnel costs	(1,137)	(1,143)	(1,135)
Gross operating profit (EBITDA)	**3,455**	**3,835**	**4,103**
Amortisation, depreciation and provision charges	(398)	(368)	(530)
Operating profit (EBIT)	**3,057**	**3,467**	**3,573**
Net finance income	1,288	1,470	1,376
Share in associates	6,320	77	0
Profit before tax	**10,665**	**5,014**	**4,949**
Income tax	(1,439)	(1,913)	(1,923)
Profit from continuing operations	**9,226**	**3,101**	**3,026**
Profit/(loss) from discontinued operations	(92)	0	
Net profit	**9,134**	**3,101**	**3,026**

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(*) Information which has not been subject to a limited audit review

Summary of the main Parent Company balance sheet data at 30 June 2008

The main **balance sheet data** for Cairo Communication S.p.A. at 30 June 2008 can be compared as follows to the balance sheet at 31 December 2007:

(€ thousands)	30 June 2008	31 Dec 2007
Assets		
Property, furniture and equipment	641	670
Intangible assets	432	479
Investments	19,918	16,900
Other non-current assets	3,360	7,540
Non-current security deposits	-	6,826
Net current assets	10,726	8,344
Total assets	**35,077**	**40,759**
Non-current liabilities	7,242	7,112
Net financial assets	(51,272)	(67,828)
Borrowings from subsidiaries	4,885	4,885
Shareholders' equity	74,222	96,590
Total equity and liabilities	**35,077**	**40,759**

Reclassified formats which have not been subject to verification by the Audit Company

The Parent Company's **net financial position** at 30 June 2008, compared with the position at 31 December 2007 is summarised in the following table:

Cairo Communication S.p.A.	30 June 2008	31 Dec 2007	Change
Cash and cash equivalents	36,952	47,606	(10,654)
Escrow account held jointly with Telepiù	7,415	7,343	72
Fixed current accounts	6,826	12,800	(5,974)
Marketable securities	79	79	0
Net financial assets	**51,272**	**67,828**	**(16,556)**
Borrowings from subsidiaries	(4,885)	(4,885)	0
Total	**46,387**	**62,943**	**(16,556)**