



CAIRO COMMUNICATION

Press release

Approval of financial Statements at 31 December 2007

- **The financial statements for the three month period ending 31 December 2007 confirm the results reported in the quarterly financial statements at 31 December 2007, approved on 14 February 2008.**
- **Strong results growth for the October - December 2007 three month period. EBITDA up 15.5% to €7.6 million, EBIT up 20.5% to €6.8 million. Group share of net profit up 13.4% to €3.6 million.**

Milan, 19 March 2008: The Board of Directors of Cairo Communication, meeting today, examined and approved the financial statements at 31 December 2007.

The Extraordinary General Meeting of Cairo Communication SpA of 21 December 2007 approved the proposal to modify the company Articles of Incorporation, setting the year end at 31 December instead of 30 September as it has been. The current period, the first following the end of the last financial year at 30 September 2007, comprises therefore just three months (until 31 December 2007). As a consequence results are not comparable to the ones of the previous twelve month 2006/2007 financial year. Variances are analysed referring to October-December 2006 quarterly report.

The financial statements at 31 December 2007 confirm the results in the quarterly report at 31 December 2007, as approved on last 14 February: during the quarter October-December 2007, gross operating revenues totalled € 72.8 million (€ 69.3 million during the same period of 2006/2007), with an increase of 5.1% on the same period last year. Gross operating profit (EBITDA) increased 15.5 % to € 7.6 million (€ 6.6 million for 2006/2007), operating profit (EBIT) rose by 20.5% from € 5.7 million in 2006/2007 to € 6.8 million. Group share of net profit reached € 3.6 million, an increase of 13.4% from € 3.2 million for the same period during 2006/2007.

Italian Financial Law has reduced the rates of IRES (corporate income tax) and IRAP (regional income tax) by 5.5% and 0.35% respectively, with effect from January 2008. This has led to a reduction in prepaid tax credits of € 853 thousand, with a corresponding charge to the Income Statement for this quarter. As a non-recurring expense, this figure is disclosed separately in the consolidated financial results for the period.

For this period, Group losses from discontinued activities totalled €84 thousand (€444 thousand for the same period of 2006/2007).

In the twelve month 2006/2007 financial year, consolidated gross revenues, consolidated gross operating margin (EBITDA) and operating profit (EBIT), were respectively €262.3 million, €23.5 million and €18.6 million. Group net profit was €12.5 million.

Net financial assets at 31 December 2007 totalled €81.4 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 €74.1 million (€77.7 million at 30 September 2007, net of the escrow account). The Annual General Meeting of 28 January 2008 decided to distribute a dividend of €4 per share, a total of €31.1 million.

During this period, sales revenues at the newsstand from Group titles totalled €16.2 million, largely in line with the figures for the same period of last year, which is an extremely positive result in view of the overall market performance. Advertising revenue on these titles for this period grew 5% on the same period of last year.

Of note, “Settimanale Di Più”, Italy’s second best-selling magazine, with average ADS distribution figures of 743,729 copies for the December 2006 – November 2007 twelve month period, “Di Più TV” (average ADS distribution figures of 577,866 copies for the December 2006 – November 2007 twelve month period) and “Diva e Donna” (average ADS distribution figures of 240,435 copies for the December 2006 – November 2007 twelve month period) together generated revenue of €23.9 million at Group level (€23.6 million for the same period last year).

“Diva e Donna” cover price increased of 20 cents from September 2007 and an increase of 10 cents was applied to the cover price of “Di Più TV” in October 2007.

The first seven issues of “TV Mia”, the new weekly television guide edited by Sandro Mayer, on sale since 21 January, have sold an average of 422,000 copies.

The Manager responsible for the preparation of Group financial statements, Mr. Marco Pompignoli, hereby declares, in accordance with Paragraph 2 Article 154 b of the Financial Securities Act, that the accounting figures contained in this press release correspond to the documented figures, the books and other accounting records.

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

Cairo Communication Group

Consolidated Income Statement at 31 December 2007

(€thousands)	31 Dec. 2007 (Three month)	30 Sept. 2007 (Twelve month)	31 Dec. 2006 (Quarter)
Sales	72,211	259,330	69,007
Advertising agency discount	(7,279)	(26,121)	(6,980)
Net operating revenues	64,932	233,209	62,027
Inventory movements	(130)	(15)	(108)
Other operating revenues	610	2,964	305
Operating revenues	65,412	236,158	62,224
Cost of sales	(52,443)	(192,719)	(51,041)
Personnel costs	(5,327)	(19,947)	(4,566)
Gross operating profit (EBITDA)	7,642	23,492	6,617
Depreciation and provision charges	(796)	(4,892)	(937)
Operating profit (EBIT)	6,846	18,600	5,680
Net finance income	879	2,946	645
Profit before tax	7,725	21,546	6,325
Income tax	(3,189)	(9,552)	(2,709)
Effect of the movement in the share of prepaid tax credits	(853)		-
Minority interests	7	(2)	9
Profit from continuing operations – Group share	3,690	11,992	3,625
Profit/(Loss) from discontinued operations	(84)	524	(444)
- attributable to minority interests	0	0	0
Loss from discontinued operations	(84)	524	(444)
Net profit	3,606	12,516	3,181

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

Cairo Communication Group

Consolidated Balance Sheet at 31 December 2007

(€thousands)	31 Dec. 2007	30 Sept. 2007
ASSETS		
Property, furniture and equipment	3,302	3,274
Intangible assets	11,593	9,167
Investments	5,865	5,865
Net current assets	(7,106)	(10,745)
EQUITY AND LIABILITIES	13,654	7,561
Non-current borrowings and provisions	5,723	6,815
Net financial assets	(81,425)	(85,010)
Shareholders' equity	89,367	85,759
Minority interests	(11)	(3)
Total Equity and Liabilities	13,654	7,561

Reclassified balances, which have not been verified by the Statutory Auditor

Cairo Communication Group

Consolidated Net Financial Position Statement at 31 December 2007

(€thousands)	31 Dec. 2007	30 Sept. 2007	Change
Cash and cash equivalents	60,799	64,322	(3,523)
Escrow account held with Telepiù	7,343	7,310	33
Fixed current accounts	12,800	16,582	(3,782)
Fixed non current accounts	6,826	6,826	-
Short-term investments – other securities	79	79	-
Current bank overdrafts	(42)	(65)	23
Bank loans	(6,380)	(10,044)	3,664
Total	81,425	85,010	(3,585)

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

(€ thousands)	31 Dec. 2007 (3 months)				
	Publishing	Advertising	ITrovatore	Interco'	Total
Magazine over-the counter sales	16,221	-			16,221
Print media advertising space sales	10,522	15,471	-	(10,460)	15,533
TV advertising sales	-	38,367	-	-	38,367
Stadium signs and space sales	-	839	-	-	839
Internet advertising time sales	-	-	65	(59)	6
Magazine subscription sales	814	-	-	-	814
Audiovisual and other sales	3	-	-	-	3
Books and catalogues	716	-	-	-	716
Other revenues	-	125	-	(125)	-
VAT relating to publications	(288)	-	-	-	(288)
Total sales	27,988	54,802	65	(10,644)	72,211
Other operating revenue	282	327	-	-	610
Total Gross Operating Revenues	28,270	55,129	65	(10,644)	72,821

(€ thousands)	Quarterly position at 31 Dec. 2006				
	(3 months)				
	Publishing	Advertising	ITrovatore	Interco'	Total
Magazine over-the counter sales	16,055	-	-	-	16,055
Print media advertising space sales	9,670	14,414	-	(9,327)	14,757
TV advertising sales	-	35,792	-	-	35,792
Stadium signs and space sales	-	1,066	-	-	1,066
Internet advertising time sales	-	-	83	(74)	9
Magazine subscription sales	847	-	-	-	847
Audiovisual and other sales	-	-	-	-	0
Books and catalogues	775	-	-	-	775
Other revenues		125	-	(125)	
VAT relating to publications	(294)	-	-	-	(294)
Total sales	27,053	51,397	83	(9,526)	69,007
Other operating revenue	223	82	-	-	305
Total Gross Operating Revenues	27,276	51,479	83	(9,526)	69,312

Cairo Communication SpA Parent Company Financial Statements

Cairo Communication SpA Parent Company Income Statement at 31 December 2007

(€ thousands)	31 Dec. 2007 (Three month)	30 Sept. 2007 (Twelve month)	31 Dec. 2006 (Quarter)
Sales	50,545	174,593	47,131
Advertising agency discounts	(5,401)	(18,716)	(5,176)
Other operating revenues	125	631	36
Operating revenues	45,269	156,508	41,991
Cost of sales	(42,088)	(146,986)	(39,001)
Personnel costs	(632)	(2,185)	(588)
Gross operating profit (EBITDA)	2,549	7,337	2,402
Amortisation, depreciation and provision charges	(193)	(848)	(392)
Operating profit (EBIT)	2,356	6,489	2,010
Net finance income	849	2,871	589
Income from investments	1,781	5,397	-
Profit before tax	4,986	14,757	2,599
Income tax	(1,270)	(3,764)	(990)
Effect of the movement in the share of prepaid tax credits	(279)	-	-
Profit from continuing operations	3,437	10,993	1,609
Profit (Loss) from discontinued operations	(84)	980	-
Net profit	3,353	11,973	1,609

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

**Cairo Communication SpA Parent Company Balance Sheet
at 31 December 2007**

(€thousands)	31 Dec. 2007	30 Sept. 2007
Assets		
Property, furniture and equipment	670	628
Intangible assets	479	427
Investments	16,900	14,097
Other non-current assets	7,540	7,540
Fixed non current accounts	6,826	6,826
Net current assets	8,344	731
Total assets	40,759	30,249
Non-current liabilities	7,112	7,060
Net financial assets	(67,828)	(74,934)
Borrowings from subsidiary	4,885	4,885
Shareholders' equity	96,590	93,238
Total Equity and Liabilities	40,759	30,249

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

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

Cairo Communication S.p.A.	31 Dec. 2007	30 Sept. 2007	Change
Cash and cash equivalents	47,606	50,963	(3,357)
Escrow account held with Telepiù	7,343	7,310	33
Fixed current accounts	12,800	16,582	(3,782)
Marketable securities	79	79	-
Total	67,828	74,934	(7,106)
Borrowings from unconsolidated subsidiary	(4,885)	(4,885)	-
Total	62,943	70,049	(7,106)