



CAIRO COMMUNICATION

Press release

Approval of financial Statements at 30 September 2007

- **The financial statements for the 2006-2007 financial year confirm the results reported in the quarterly financial statements at 30 September 2007, approved on 14 November 2007.**
- **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.**
- **Dividends of €4 per share proposed to the Shareholders' Meeting.**

Milan, 12 December 2007: The Board of Directors of Cairo Communication met today to examine and approve the financial statements for the financial year ended 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.

The financial statements at 30 September 2007 confirm the results in the quarterly report at 30 September 2007, as approved on last 14 November: in the financial year, consolidated gross revenues were € 262.3 million (€ 243.8 million in 2005/2006), with a growth of 8 %. 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. Personnel costs 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. 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 €0.5 million (against a loss of €10.1 million in 2005/2006).

The Board of Directors will propose the distribution of dividends of € 4 per share, with coupon detachable on the 11 February 2008

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 financial year was extremely positive, generating in the fiscal year (October 2006 – September 2007) revenues of €118 million, a growth of 16,4% on the previous year.

The manager for the preparation of the Company’s Accounts Documents, Marco Pompignoli, declares in accordance with paragraph 2 of article 154 bis of the Testo Unico della Finanza (Financial Law) that the accounts information contained in this press release corresponds to the accounts’ documents, books and 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.

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Investor Relations

Cairo Communication Group Consolidated Financial Statements

Cairo Communication Group

Consolidated Income Statement for the 2006-2007 year ending 30 September 2007:

<i>(€ thousands)</i>	30 Sept. 2007 (FY)	30 Sept. 2006 (FY)
Sales	259,330	241,185
Advertising agency discount	(26,121)	(23,159)
Net operating revenues	233,209	218,026
Inventory movements	(15)	297
Other operating revenues	2,964	2,613
Operating revenues	236,158	220,936
Cost of sales	(192,719)	(186,926)
Personnel costs	(19,947)	(17,372)
Gross operating profit (EBITDA)	23,492	16,638
Depreciation and provision charges	(4,892)	(3,353)
Operating profit (EBIT)	18,600	13,285
Net finance income	2,958	2,244
Investment writedowns	(12)	78
Profit before tax	21,546	15,607
Income tax	(9,552)	(5,422)
Minority interests	(2)	13
Profit from continuing operations – Group share	11,992	10,198
Profit /(loss) from discontinued operations	524	(11,507)
- attributable to minority interests	-	1,380
Profit/(loss) from discontinued operations	524	(10,127)
Net profit	12,516	71

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
ASSETS		
Property, furniture and equipment	3,274	3,353
Intangible assets	9,167	9,544
Investments	5,865	5,995
Net current assets	(10,745)	(10,540)
EQUITY AND LIABILITIES	7,561	8,352
Non-current borrowings and provisions	6,815	8,574
Net financial assets	(85,010)	(92,395)
Shareholders' equity	85,759	92,658
Minority interests	(3)	(485)
Total Equity and Liabilities	7,561	8,352

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	16,582	-	16,582
Fixed non current accounts	6,826	-	6,826
Short-term investments – other securities	79	161	(82)
Current bank overdrafts	(65)	(327)	262
Bank loans	(10,044)	(12,500)	2,456
Total	85,010	92,395	(7,385)

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	129,621		111,325	111,325
Print media advertising space sales	39,037	18,076	57,113	38,333	17,856	56,189
Stadium signs ad space sales	-	3,102	3,102		2,192	2,192
Internet advertising time sales	-	33	33		23	23
Magazine over-the-counter sales	65,772	-	65,772	68,376		68,376
Magazine subscription sales	3,400	-	3,400	3,373		3,373
Audiovisual and other sales	33	48	81		48	48
Books and catalogues	1,555	-	1,555	1,058		1,058
VAT relating to publications	(1,347)	-	(1,347)	(1,399)		(1,399)
Total sales	108,450	150,880	259,330	109,741	131,444	241,185
Other operating revenues	1,924	1,040	2,964	1,057	1,556	2,613
Total Gross Operating Revenues	110,374	151,920	262,294	110,798	133,000	243,798

Cairo Communication SpA Parent Company Financial Statements

Cairo Communication SpA Parent Company Income Statement

for the financial year ended 30 September 2007

(€ thousands)	30 Sept. 2007 (FY)	30 Sept. 2006 (FY)
Sales	174,593	155,568
Advertising agency discounts	(18,716)	(16,040)
Other operating revenues	631	612
Operating revenues	156,508	140,140
Cost of sales	(146,986)	(131,458)
Personnel costs	(2,185)	(2,240)
Gross operating profit (EBITDA)	7,337	6,442
Amortisation, depreciation and provision charges	(848)	(1,475)
Operating profit (EBIT)	6,489	4,967
Net finance income	2,871	2,379
Investment writedowns	5,397	(4)
Profit before tax	14,757	(7,342)
Income tax	(3,764)	(2,868)
Profit from continuing operations	10,993	4,474
Profit (loss) from discontinued operations	980	(14,516)
Net profit	11,973	(10,042)

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
Assets		
Property, furniture and equipment	628	323
Intangible assets	427	574
Investments	14,097	14,150
Other non current assets	7,540	11,720
Fixed non current accounts	6,826	-
Net current assets	731	3,833
Total Assets	30,249	30,600
Non-current liabilities	7,060	9,687
Net financial assets	(74,934)	(84,700)
Borrowings from subsidiary	4,885	4,885
Shareholders' equity	93,238	100,728
Total Equity and Liabilities	30,249	30,600

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	16,582	-	16,582
Insurance financial products	0	6,000	(6,000)
Marketable securities	79	161	(82)
Total	74,934	84,700	(9,766)
Borrowings from unconsolidated subsidiary	(4,885)	(4,885)	0
Total	70,049	79,815	(9,766)

In the net financial position have not been included two fixed non current accounts (totalling Euro 6,826 thousands) opened in guarantee of financial debts of the subsidiary Diellesei S.p.A. in liquidazione.