



CAIROCOMMUNICATION

Press Release – Quarterly report at 31 December 2007

- **Strong results growth for the October - December 2007 three month period. EBITDA up 15.4% to €7.6 million, EBIT up 20.5% to €6.8 million. Group share of net profit up 12.8% to €3,6 million.**
- **“TV MIA” sales average 530.000 copies in the first four issues.**

Milan, 14 February 2008: The Board of Directors of Cairo Communication, meeting today, examined and approved the quarterly 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, will therefore comprise just three months (until 31 December 2007).

During this quarter, gross operating revenues totalled €72.8 million (€69.3 million during the same period of 2006/2007), an increase of 5.1% on the same period last year. Gross operating profit (EBITDA) increased 15.4% 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 12.8% 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 entry 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).

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 745,173 copies for the November 2006 – October 2007 twelve month period, “Di Più TV” (average ADS distribution figures of 577,090 copies for the November 2006 – October 2007 twelve month period) and “Diva e Donna” (average ADS distribution figures of 238,992 copies for the November 2006 – October 2007 twelve month period) together generated revenue of €23.9 million at Group level (€23.6 million for the same period last year).

The good circulation performance of “Diva e Donna” allowed for a cover price increase 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, with no negative impact on total copies sold.

The first four issues of “TV Mia”, the new weekly television guide edited by Sandro Mayer, on sale since 21 January, have sold an average of 530,000 copies. Such results allow to forecast total “TV MIA” revenues at Group level of about Euro 9 million in the first year after the launch.

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.

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Investor Relations

Cairo Communication Group Consolidated Financial Statements

Cairo Communication Group

Consolidated Income Statement at 31 December 2007

(€thousands)	31 Dec. 2007 (Quarter)	31 Dec. 2006 (Quarter)
Sales	72,205	69,007
Advertising agency discount	(7,278)	(6,980)
Net operating revenues	64,927	62,027
Inventory movements	(98)	(108)
Other operating revenues	609	305
Operating revenues	65,438	62,224
Cost of sales	(52,394)	(51,041)
Personnel costs	(5,406)	(4,566)
Gross operating profit (EBITDA)	7,638	6,617
Depreciation and provision charges	(796)	(937)
Operating profit (EBIT)	6,842	5,680
Net finance income	883	645
Profit before tax	7,725	6,325
Income tax	(3,207)	(2,709)
Effect of the movement in the share of prepaid tax credits	(853)	-
Minority interests	7	9
Profit from continuing operations – Group share	3,672	3,625
Profit/(Loss) from discontinued operations	(84)	(444)
- attributable to minority interests	0	0
Loss from discontinued operations	(84)	(444)
Net profit	3,588	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	3,203	3,274
Intangible assets	11,675	9,167
Investments	5,890	5,865
Net current assets	(7,165)	(10,745)
EQUITY AND LIABILITIES	13,603	7,561
Non-current borrowings and provisions	5,722	6,815
Net financial assets	(81,426)	(85,010)
Shareholders' equity	89,318	85,759
Minority interests	(11)	(3)
Total Equity and Liabilities	13,603	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	7,344	7,310	34
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	(41)	(65)	24
Bank loans	(6,381)	(10,044)	3,663
Total	81,426	85,010	(3,584)

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

(€ thousands)	Quarterly position at 31 Dec. 2007			Quarterly position at 31 Dec. 2006		
	(3 months)			(3 months)		
	Publishing	Advertising	Total	Publishing	Advertising	Total
Magazine over-the counter sales	16,205	-	16,205	16,055	-	16,055
Print media advertising space sales	10,305	5,180	15,485	9,670	5,087	14,757
TV advertising sales	-	38,367	38,367	-	35,792	35,792
Stadium signs and space sales	-	851	851	-	1,066	1,066
Internet advertising time sales	-	6	6	-	9	9
Magazine subscription sales	814	-	814	847	-	847
Audiovisual and other sales	8	-	8	-	-	0
Books and catalogues	716	-	716	775	-	775
VAT relating to publications	(287)	-	(287)	(294)	-	(294)
Total sales	27,761	44,404	72,165	27,053	41,954	69,007
Other operating revenue	309	300	609	223	82	305
Total Gross Operating Revenues	28,070	44,704	72,774	27,276	42,036	69,312

Cairo Communication SpA Parent Company Financial Statements

Cairo Communication SpA Parent Company Income Statement at 31 December 2007

(€thousands)	31 Dec. 2007	31 Dec. 2006
Sales	50,540	47,131
Advertising agency discounts	(5,401)	(5,176)
Other operating revenues	122	36
Operating revenues	45,261	41,991
Cost of sales	(42,083)	(39,001)
Personnel costs	(632)	(588)
Gross operating profit (EBITDA)	2,546	2,402
Amortisation, depreciation and provision charges	(193)	(392)
Operating profit (EBIT)	2,353	2,010
Net finance income	849	589
Income from investments	1,780	-
Profit before tax	4,982	2,599
Income tax	(1,250)	(990)
Effect of the movement in the share of prepaid tax credits	(279)	-
Profit from continuing operations	3,453	1,609
Profit (Loss) from discontinued operations	(84)	-
Net profit	3,369	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
<u>Assets</u>		
Property, furniture and equipment	678	628
Intangible assets	479	427
Investments	17,322	14,097
Other non-current assets	7,540	7,540
Fixed non current accounts	6,826	6,826
Net current assets	7,930	731
Total assets	40,775	30,249
Non-current liabilities	7,112	7,060
Net financial assets	(67,829)	(74,934)
Borrowings from subsidiary	4,885	4,885
Shareholders' equity	96,607	93,238
Total Equity and Liabilities	40,775	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	7,344	7,310	34
Fixed current accounts	12,800	16,582	(3,782)
Marketable securities	79	79	-
Total	67,829	74,934	(7,105)
Borrowings from unconsolidated subsidiary	(4,885)	(4,885)	-
Total	62,944	70,049	(7,105)