CAIRO COMMUNICATION

PRESS RELEASE

Milan, Italy **14 February 2006**

Approval of quarterly report at 31 December 2005

- **The first quarter of the 2005-2006 financial year sees gross operating revenues reach € 65,6 million, up 29% from € 51 million.**
- **EBITDA € 3.1 million compared to € 3.8 million in 2004-2005, EBIT totals € 2.2 million compared to € 3 million last year; due to the adoption of the IAS/IFRS accounting standards in the quarter were expensed all pre-publication and launch costs (€ 3.5 million) of the new weekly magazine for women, "Diva e Donna".**
- **"Diva e Donna", yet another great success for Cairo Editore, with average sales of 266,000 copies for the first ten issues. This follows the success of "Settimanale Di Più" (average sales of 830,724) and "Di Più TV" (average sales of 685,141).**

Milan, 14 February 2006: The Board of Directors of the Cairo Communication Group met today to review and approve the financial report for the first quarter of the 2005-2006 financial year ending 31 December 2005.

This quarter is the first since the expiry of the transition period introduced by Article 81b of the Consob regulations so these financial reports have been prepared in accordance with international accounting standards. Furthermore, in accordance with Article 82b of this Regulation, the presentation methods used for the financial reports for this quarter are those used in previous quarters. The Cairo Communication Group consolidated financial reports for the financial year ending 30 September 2006 will be the first to be prepared in accordance with international accounting standards.

This quarterly report includes a summary of the primary accounting principles adopted and the information required by the CONSOB press release No. 14990 of 14 April 2005, relating to the reconciliation of net equity at 1 October 2004 and at 30 September 2005 and the financial results of the year ended 30 September 2005, applying Italian accounting principles and the IAS/IFRS international accounting standards retrospectively.

The balance sheet as of 31 December 2005 is compared with balance sheet as of 30 September 2005, which figures 2005 have been restated in accordance with the IAS/IFRS accounting standards.

Income statement for the three months period ending 31 December 2005 is compared with income statement for the three months period ending 31 December 2004 restated in accordance with IAS/IFRS. The quarterly report also includes details regarding the effects of restatement in accordance with the IAS/IFRS accounting standards on the balance sheet and income statement at 31 December 2004.

During the first quarter of the 2005-2006 financial year, Cairo Communication Group gross operating revenues grew from € 51 million last year to € 65.6 million, an increase of 29%. This is largely due to the Group's new publishing initiatives and the strong growth in revenues from advertising sales on the La 7 TV network. Gross operating revenues comprise income from ordinary activities of € 65.1 million and other income of € 0.5 million. Revenue at Group level from the publishing business increased sharply, up 44% from € 21.2 million to € 30.4 million.

Gross operating profit (EBITDA) and operating profit (EBIT) totalled € 3.1 million (€ 3.8 million last year when restated in accordance with IAS/IFRS) and € 2.2 million respectively (€ 3 million last year when restated in accordance with IAS/IFRS).

The financial results for this quarter have been negatively impacted by expensing total pre-publication and launch costs, which in accordance with the accounting principles previously applied were spread over the first twelve months of publication, of the new publication "Diva e Donna", totalling € 3.5 million. When the figures for the first quarter of the 2004-2005 financial year are restated in accordance with IAS/IFRS, in that quarter there were no launch costs, so in this quarter there is an impact of € 3.5 million.

The financial results for this quarter have also been affected by costs, primarily personnel and general expenses, relating to Cairo Directory. At gross operating margin level, these total € 2.3 million. The same period last year, restated in accordance with IAS/IFRS, included Cairo Directory start-up costs of € 1.3 million, which in accordance with the accounting principles current at that time were partly capitalised (€ 1.2 million). A minority interest loss of € 1 million has been recorded in respect of the results of this subsidiary.

In accordance with the applicable CONSOB regulation, Cairo Communication Group financial statements for the 2005-2006 1st quarter ending 31 December 2005 have been prepared on a pre-tax basis, consistent with the financial statements prepared for the same period of the previous financial year.

At 31 December 2005, Group net financial assets amounted to €106,1million, comprising an escrow account of € 7.1 million and liquidity of € 99 million, compared to € 100.5 million at 30 September 2005 net of the same escrow account. The Shareholders' Meeting of Cairo Communication SpA of 30 January 2006 resolved to distribute € 23.5 million in dividends, € 3 per share before deductions, with a distribution date of 13 February.

Cairo Editore is enjoying a time of great growth. "Settimanale Di Più" is now the second best-selling magazine in Italy, with average sales of 830,724 copies over the December 2004-November 2005 twelve month period. "Di Più TV" recorded average sales of 685,141 copies between February and November 2005. September 2005 saw Silvana Giacobini, one of Italy's most successful and best known editors, appointed head of a new weekly magazine for women, "Diva e Donna" which went on sale on 16 November 2005. The first 10 issues sold an average of 266,000 copies, an extremely satisfying performance, in line with forecasts. Advertising sales for "Diva e Donna" also performed very well, with revenue of € 2.2 million for the six issues published during the 2005 calendar year.

About Cairo Communication

Cairo Communication Group is a leading Italian publisher for weekly magazines 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. It has recently entered into the telephone directory market.

For more information, please contact:

Mario Cargnelutti
Cairo Communication - Investor Relations
tel: 39-(0)2-7481-3240
e-mail: m.cargnelutti@cairocommunication.it

Cairo Communication Group Consolidated Financial Statements and Supporting Analysis

Cairo Communication Group

Consolidated Income Statement

for 2005-2006 first quarter ending 31 December 2005 stated in accordance with IFRS/IAS:

(€ thousands)	31 December 2005	31 December 2004
Sales	65,064	50,312
Other operating revenues	539	644
Gross operating revenues	**65,603**	**50,956**
Advertising agency discounts	(6,581)	(5,221)
Inventory movements	146	14
Operating revenues	**59,168**	**45,749**
Cost of sales	(50,496)	(38,303)
Personnel costs	(5,548)	(3,628)
Gross operating profit (EBITDA)	**3,124**	**3,818**
Depreciation and provision charges	(911)	(800)
Operating profit (EBIT)	**2,213**	**3,018**
Net finance income	471	568
Profit from ordinary activities	**2,684**	**3,586**
Net exceptionals	0	
Minority interests	1,014	551
Profit before tax	**3,698**	**4,137**

Consolidated Balance Sheet

at 31 December 2005 stated in accordance with IFRS/IAS:

(€ thousands)	31 December 2005	30 September 2005
<u>Assets</u>		
Property, furniture and equipment	3,718	3,765
Intangible assets	11,543	11,483
Investments	6,017	6,013
Net current assets	(3,688)	(7,320)
Total Assets	**17,590**	**13,941**
Non-current liabilities and provisions	5,636	5,298
Net financial assets	(106,126)	(107,519)
Shareholders’ equity	119,851	117,986
Minority interests	(1,771)	(1,824)
Total Equity and Liabilities	**17,590**	**13,941**

** on a pre-tax basis and excluding income tax effects*

Consolidated Net Financial Position
at 31 December 2005:

(€ thousands)	31 December 2005	30 September 2005	Change
Bank and cash	103,987	100,376	3,611
Marketable securities:			
- Surety deposit	7,114	7,092	22
- Other securities	82	82	0
- Insurance financial income receivable	6000	6,000	0
Bank loans	(11,057)	(6,031)	(5,026)
Net financial assets	**106,126**	**107,519**	**(1,393)**

Analysis of 2005-2006 First Quarter Group Sales and Other Operating Revenues by Business Segment

	31 December 2005 (three months)			**31 December 2004 (three months)**		
(€ thousands)	**Publishing**	**Advertising**	**Total**	**Publishing**	**Advertising**	**Total**
Magazine over the counter sales	15,343	0	15,343	10,531	0	10,531
Print media advertising space sales	9,505	5,016	14,521	6,218	3,593	9,811
TV advertising time sales		33,265	33,265		28,880	28,880
Electronic billboard and stadium signs ad space sales		976	976	0	0	0
Internet advertising time sales		18	18	0	9	9
Magazine subscription sales	848	0	848	833	0	833
Audiovisual and other sales	6	0	6	57	0	57
Books and catalogues	285	83	368	415	0	415
VAT relating to publications	(281)	0	(281)	(224)	0	(224)
Total sales	**25,706**	**39,358**	**65,064**	**17,830**	**32,482**	**50,312**
Other operating revenues	257	282	539	295	349	644
Total Gross Operating Revenues	25,963	39,640	**65,603**	18,125	32,831	**50,956**

Cairo Communication SpA Parent Company Financial Statements

Cairo Communication SpA Parent Company Income Statement

For the three months ending 31 December 2005

(€ thousands)	31 December 2005	31 December 2004
Sales	44,775	38,777
Other operating revenues	119	628
Gross operating revenues	**44,894**	**39.405**
Agency discounts	(4,747)	(5,219)
Operating revenues	**40,147**	**34,186**
Cost of sales	(37,294)	(30,817)
Personnel costs	(653)	(1,325)
Gross operating profit (EBITDA)	**2,200**	**2,044**
Depreciation, amortisation and provision charges	(583)	(1,447)
Operating profit (EBIT)	**1,617**	**597**
Net financial income	462	536
Net exceptionals	0	0
Profit before tax	**2,079**	**1,133**

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Cairo Communication SpA Parent Company Balance Sheet

at 31 December 2005

(€ thousands)	31 December 2005	30 September 2005
Assets		
Property, furniture and equipment	354	386
Intangible assets	3,094	3,366
Investments	16,271	16,121
Treasury shares	1,986	86
Net current assets	31,482	23,323
Total Assets	**53,187**	**43,282**
Non-current liabilities and provisions	413	387
Net financial assets	(92,365)	(100,165)
Liability to parent company	4,885	4,885
Shareholders' equity	140,254	138,175
Total Equity and Liabilities	**53,187**	**43,282**

Cairo Communication SpA Parent Company Net Financial Position
at 31 December 2005

(€ thousands)	31 December 2005	30 September 2005	Change
Bank and cash	79,169	87,019	(7,850)
Surety deposit	7,114	7,092	22
Insurance financial income receivable	6,000	6,000	0
Marketable securities	82	82	0
Bank loans	0	(28)	28
Total	**92,365**	**100,165**	**(7,800)**
Liability to parent company	(4,885)	(4,885)	0
Net financial assets	**87,480**	**95,280**	**(7,800)**