Press Release

Approval of quarterly report at 31 December 2006

- **The first quarter of the 2006-2007 financial year saw growth of results of continuing operations, compared to the same quarter of the previous year,**
- **Gross operating revenues were € 69.3 million, up 5.7% from € 65.6 million in 2005-2006, EBITDA was € 6.6 million, up 21.4% from € 5.5 million in 2005-2006 (when the results included a tax credit of € 1.8 million recognised against the cost of paper), EBIT was € 5.7 million up 21.9% from € 4.7 million in 2005-2006. Net profit attributable to the Group was € 3.2 million up 19.8% from € 2.7 million in 2005-2006. The net loss of discontinued operations, Diellesei in liquidation, was € 0.4 million compared to € 1.0 million in 2005-2006.**

Milan, 14 February 2007*:* The Board of Directors of Cairo Communication met today to review and approve the quarterly report at 31 December 2006.

With regard to the discontiunued operations of the subsidiary Diellesei S.p.A., "net loss from discontinued activities attributable to the Group" was reported separately in the quarterly report, as in the consolidated financial statements at 30 September 2006. The income statement for same quarter 2005-2006 has been reclassified in the same way.

During this quarter, due to the results of the new publishing initiatives and the increase in advertising revenues on La 7, gross operating revenues were € 69.3 million, up 5.7% from € 65.6 million for the same period of the previous year.

Gross operating profit (EBITDA), operating profit (EBIT) and Group net profit from continuing operations were up by 21.4%, 21.9% and 19.8% from € 5.5 million, € 4.7 million and € 2.7 million respectively compared to the same period of the previous year, when the results included a € 1.8 million tax credit recognised pursuant to Law 24/12/2003 n. 350 against the cost of purchasing paper; as such tax credit is not subject to corporate income tax, this fact is reflected in the difference of the incidence of tax component for the current quarter compared to the same quarter of 2005-2006.

The results of the quarter were negatively impacted by the loss of discontinued operations, Diellesei S.p.A., whose liquidation generated net operating costs of € 0.4 million compared to a net loss of € 1 million for the same period of the previous year.

Net financial assets at 31 December 2006 amounted to € 91.3 million including the escrow account of € 7.2 million. Net financial assets were € 84.1 million compared to € 85.2 million net of the same escrow account at 30 September 2006. The Shareholders' General Meeting of 31 January 2007 decided on the distribution of a dividend of € 2.5 per share, € 19.5 million in total.

"Settimanale Di Più", the second best selling magazine in Italy, with average ADS distribution figures of 784,669 copies for the December 2005-November 2006 twelve month period, "Di Più TV" (with average ADS distribution figures of 622,359 copies for the December 2005-November 2006 twelve month period) and "Diva e Donna" (with average ADS distribution figures of 238,611 copies for the December 2005-November 2006 twelve month period), together generated revenues during this quarter of € 22.5 million at Group level, compared to € 21,6 million for the same quarter of the previous year, confirming the extraordinary success achieved.

In 2006-2007, management will focus on consolidating and getting full value from current titles, in particular the successful initiatives of the last four years. Particular attention will be paid to the optimisation of cost structures in production, editorial cost and distribution and the development of the advertising sales of the Group magazines as well as of the media in concession (La 7, Cartoon Network, Boomerang, CNN and Bloomberg).

The quarterly financial statements of the parent company Cairo Communication S.p.A. at 31 December 2006, have been prepared in accordance the IAS/IFRS international accounting standards for the first time. As for the consolidated quarterly financial statements, taking advantage of the provisions of Article 82 of the stated Regulations, the preparation criteria used for the quarterly report are unchanged, as provided in annex 3D.

In the Appendix of the quarterly report is presented the information required by the CONSOB press release no 14990 of 24 April 2005 with reference to the reconciliation of the net equity of the parent company at 1 October 2005 and at 30 September 2006 and the profit from the year ended 30 September 2006, toghether with the reconciliation of net equity and profit for the period of the Parent Company at 31 December 2005, applying to the Italian accounting standards and those of IAS/IFRS respectively.

Cairo Communication Group is a leading magazine publishing and Italian 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:

Mario Cargnelutti, Marketing Director
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 2006-2007 first quarter ending 31 December 2006

(€ thousands)	31 Dec. 2006 (Q1)	31 Dec. 2005 (Q1)
Sales	69,007	65,064
Advertising agency discounts	(6,980)	(6,581)
Net sales	62,027	58,483
Inventory movements	(108)	146
Other operatine revenues	305	534
Operating revenues	**62,224**	**59,163**
Cost of sales	(51,041)	(49,490)
Personnel costs	(4,566)	(4,222)
Gross operating profit (EBITDA)	**6,617**	**5,451**
Amortisation, depreciation and provision charges	(937)	(793)
Operating profit (EBIT)	**5,680**	**4,658**
Net finance income	645	567
Profit before tax	**6,325**	**5,225**
Income tax	(2,709)	(1,537)
Minority interests	9	(2)
Profit from continuing activities attributable to the Group	**3,625**	**3,686**
Profit from discontinued activities	(444)	(1,715)
- attributable to minority interests	0	685
Loss from discontinued activities attributable to the Group	**(444)**	**(1,030)**
Net profit attributable to the Group	**3,181**	**2,656**

Sintesi dei principali dati patrimoniali consolidati al 31 dicembre 2006

I principali **dati patrimoniali consolidati** del bilancio consolidato al 31 dicembre 2006 possono essere confrontati come segue con i valori del bilancio consolidato al 30 settembre 2006:

(€ thousands)	31 Dec. 2006	30 Sep . 2006
Assets		
Intangible assets	3,364	3,353
Property, furniture and equipment	9,440	9,544
Investments	5,975	5,995
Net current assets	(6,182)	(10,540)
Total Assets	**12,597**	**8,352**
Non-current liabilities and provisions	8,063	8,574
Net financial assets	(91,299)	(92,395)
Shareholders' equity	95,848	92,658
Minority interest	(15)	(485)
Total Equity and Liabilities	**12,597**	**8,352**

Consolidated Net Financial Position at 31 December 2006

(€ thousands)	31 Dec. 2006	30 Sep. 2006	Change
Cash and cash equivalents	96,787	97,872	(1,085)
Escrow account	7,217	7,189	28
Short term investments – other securities	161	161	0
Current bank overdrafts	(366)	(327)	(39)
Bank loans	(12,500)	(12,500)	0
Total	**91,299**	**92,395**	**(1,096)**

Analysis of 2006-2007 First Quarter Group Sales and Other Operating Revenues by Business Segment

Gross revenue from sales and services	**1st quarter ending 31 December 2006**			**1st quarter ending 31 December 2006**		
(€ thousands)	**Publishing**	**Advertising**	**Total**	**Publishing**	**Advertising**	**Total**
Magazine sales	16,055		16,055	15,343	0	15,343
Print media advertising space sales	9,670	5,087	14,757	9,505	5,016	14,521
TV advertising time sales		35,792	35,792		33,265	33,265
Electronic billboard and stadium signs ad space sales		1,066	1,066		976	976
Internet advertising time sales		9	9		18	18
Magazine subscription sales	847		847	848	0	848
Audiovisual and other sales			0	6	0	6
Books and catalogues	775		775	285	83	368
VAT relating to publications	(294)		(294)	(281)	0	(281)
Total - Sales	**27,053**	**41,954**	**69,007**	**25,706**	**39,358**	**65,064**
Other operating revenues	223	82	305	257	282	539
Total - Gross Operating Revenues	27,276	42,036	**69,312**	25,963	39,640	**65,603**

Cairo Communication SpA Parent Company Financial Statements

Cairo Communication SpA Parent Company Income Statement

For the three months ending 31 December 2006 – prepared for the first time using IAS/IFRS principles-compared to the same period of the previous year as restated in accordance with IAS principles.

(€ thousands)	31 Dec. 2006	31 Dec. 2005
Sales	47,131	44,775
Advertising agency discounts	(5,176)	(4,747)
Other operating revenues	36	35
Operating revenues	**41,991**	**40,063**
Cost of sales	(39,001)	(37,135)
Personnel costs	(588)	(653)
Gross operating profit (EBITDA)	**2,402**	**2,275**
Amortisation, depreciation and provision charges	(392)	(400)
Operating profit (EBIT)	**2,010**	**1,875**
Net finance income	589	462
Profit before tax	**2,599**	**2,337**
Income tax	(990)	(910)
Net profit	**1,609**	**1,427**

Cairo Communication SpA Parent Company Balance Sheet at 31 December 2006

Compared with the balacne sheet at 30 September 2006 as restated in accordance with IAS principles

(€ thousands)	31 Dec. 2006	30 Sep. 2006
Assets		
Intangible assets	270	323
Property, furniture and equipment	548	574
Investments	13,751	14,155
Net current assets	26,952	15,548
Total Assets	**41,521**	**30,600**
Non-current liabilities and provisions	7,986	9,687
Net financial assets	(73,687)	(84,700)
Liability to parent company	4,885	4,885
Shareholders' equity	102,337	100,728
Total Equity and Liabilities	**41,521**	**30,600**

Cairo Communication SpA Parent Company Net Financial Position at 31 December 2006
:

Cairo Communication S.p.A.	31 Dec. 2006	30 Sep. 2006	Change
Casha nd cash equivalents	66,309	71,350	(5,041)
Escros account	7,217	7,189	28
Insurance financial products	0	6,000	(6,000)
Marketable securities	161	161	0
Bank loans		0	0
Net financial assets	**73,687**	**84,700**	**(11,013)**
Liability to parent company	(4,885)	(4,885)	0
Net financial position	**68,802**	**79,815**	**(11,013)**