



CAIRO COMMUNICATION

Press Release - Quarterly financial statements at June 30, 2007 approved

- **Strong growth of results during the 3rd quarter 2006/2007: EBITDA up 59% to €7,7 million, EBIT up 72 % to €6,8 million and Group share of net profit up 211% to €5 million**
- **During the first 9 months of the year, EBITDA from continuing operations rose 37% to €18 million from €13.1 million last year when this figure included a tax credit of €2.6 million against the cost of purchasing paper, net of which growth would be 70%.**

Milan, 2 August 2007: The Board of Directors of Cairo Communication, meeting today, examined and approved the financial statements at 30 June 2007.

As with the consolidated financial statements at 30 September 2006, the Group share of the financial results of the Diellesei SpA in liquidation subsidiary has been disclosed separately as “profit/ (loss) from discontinued operations”. The income statements for the first nine months and third quarter of the 2005/2006 financial year have been treated in the same way.

During this quarter, gross operating revenues totalled €73.5 million (€68.6 million for 2005/2006), up 8% on the same period last year. Gross operating profit (EBITDA) increased 59% to €7.7 million (€4.8 million for 2005/2006), operating profit (EBIT) rose by 72 % to €6.8 million (€4 million for 2005/2006) and the Group share of net profit, totalling €5 million, rose by 211% (€1.6 million for 2005/2006).

In the quarter, Group profit from discontinued operations amounted to €0.6 million due to the recognition of debit write offs as part of settlement agreements (against a loss of €1.1 million for the same period during 2005/2006, with a negative EBITDA of €1.5 million and negative EBIT of €1.6 million).

During the first nine months of this year, gross operating revenues increased 7% to €206.8 million (€193.8 million for the same period of 2005/2006). Gross operating profit (EBITDA) increased 37% to €18 million (€13.1 million for 2005/2006), operating profit (EBIT) rose by 33% to €14 million (€10.6 million for 2005/2006) and the Group share of net profit, totalling €9.2 million, rose by 147% (€3.7 million for 2005/2006).

The financial results for the first nine months of the 2005/2006 financial year included a tax credit of €2.6 million against the cost of purchasing paper, in accordance with Law No. 350 of 24/12/2003, net of which EBITDA growth would be 70%. Given that such tax credit was not subject to corporate income tax, the incidence of tax component for the current nine month period compared to the same period 2005/2006 increased.

In the nine months, Group profit from discontinued operations amounted to €0.1 million (against a loss of €4.3 million for the same period of 2005/2006, with a negative EBITDA of €5.7 million and negative EBIT of €8.4 million).

Net financial assets at 30 June 2007 totalled €75.2 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 € 67.9 million (€ 85.2 million at 30 September 2006 net of the escrow account). The Ordinary General Meeting of 31 January 2007 decided to distribute a dividend of €2.5 per share, for a total of €19.5 million.

During the October 2006 – June 2007 nine month period, “Settimanale Di Più”, Italy’s second best selling magazine with average ADS distribution figures of 783,224 copies for the May 2006 – April 2007 twelve month period, “Di Più TV” (average ADS distribution figures of 599,774 copies for the May 2006 – April 2007 twelve month period) and “Diva e Donna” (average ADS distribution figures of 236,469 copies for the May 2006 – April 2007 twelve month period), generated revenue of €71.2 million at Group level, confirming the extraordinary success enjoyed by these titles.

In the advertising business, in the April - June 2007 three month period La 7 advertising revenues increased by 20% on last year, reaching €35.2 million in a television advertising market which grew in the quarter just 1.4 % (source: AC Nielsen). The performance of the advertising revenues from La 7 during the July-August 2007 two month period confirms this strong growth trend. At 1 August the order portfolio for advertising for transmission over this two month period totalled €11.1 million, with an increase of 35 % on the same period last year.

Cairo Communication Group is a leading Italian magazine publishing 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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Cairo Communication Group Consolidated Financial Statements

Cairo Communication Group

Consolidated Income Statement at 30 June 2007 2006-2007 financial year Q3 & 9 months

<i>(€ thousands)</i>	30 June 2007 (9 months)	30 June 2007 (Q3)	30 June 2006 (9 months)	30 June 2006 (Q3)
Sales	205,344	73,205	191,923	67,930
Advertising agency discount	(21,189)	(7,893)	(18,943)	(6,777)
Net operating revenues	184,155	65,312	172,980	61,153
Inventory movements	76	65	422	37
Other operating revenues	1,467	295	1,918	656
Operating revenues	185,698	65,672	175,320	61,846
Cost of sales	(152,388)	(52,284)	(148,376)	(52,232)
Personnel costs	(15,294)	(5,692)	(13,815)	(4,766)
Gross operating profit (EBITDA)	18,016	7,696	13,129	4,848
Depreciation and provision charges	(4,029)	(874)	(2,557)	(894)
Operating profit (EBIT)	13,987	6,822	10,572	3,954
Net finance income	2,273	818	1,714	598
Investment writedowns	-	-	-	-
Profit before tax	16,260	7,640	12,286	4,552
Income tax	(7,192)	(3,209)	(4,233)	(1,822)
Minority interests	(4)	(10)	11	14
Profit from continuing operations –				
Group share	9,064	4,421	8,064	2,744
Profit /(loss) from discontinued operations	129	558	(5,729)	(1,138)
- attributable to minority interests	-	-	1,378	(7)
Profit/(loss) from discontinued operations	129	558	(4,351)	(1,145)
Net profit	9,193	4,979	3,713	1,599

Reclassified balances, which have not been verified by the Audit Company

Cairo Communication Group
Consolidated Balance Sheet
at 30 June 2007

(€thousands)	30 June 2007	30 Sept. 2006
ASSETS		
Property, furniture and equipment	3,247	3,353
Intangible assets	9,268	9,544
Investments	5,963	5,995
Net current assets	(4,633)	(10,540)
EQUITY AND LIABILITIES	13,845	8,352
Non-current borrowings and provisions	6,645	8,574
Net financial assets	(75,232)	(92,395)
Shareholders' equity	82,434	92,658
Minority interests	(2)	(485)
Total Equity and Liabilities	13,845	8,352

Reclassified balances, which have not been verified by the Audit Company

Cairo Communication Group
Consolidated Net Financial Position Statement
at 30 June 2007

(€thousands)	30 June 2007	30 Sep. 2006	Change
Cash and cash equivalents	59,714	97,872	(38,158)
Escrow account	7,277	7,189	88
Fixed current accounts	19,203	-	19,203
Short-term investments – other securities	161	161	-
Current bank overdrafts	(15)	(327)	312
Bank loans	(11,108)	(12,500)	1,392
Total	75,232	92,395	(17,163)

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

(€thousands)	3 rd quarter ending 30 June 2007			3 rd quarter ending 30 June 2006		
	(three months)			(three months)		
	Publishing	Advertising	TOTAL	Publishing	Advertising	TOTAL
TV advertising time sales	-	38,308	38,308	-	31,955	31,955
Print media advertising space sales	12,439	5,405	17,844	11,881	5,312	17,193
Stadium signs ad space sales	-	687	687	-	279	279
Internet advertising time sales	-	8	8	-	(2)	(2)
Magazine over-the-counter sales	15,549	-	15,549	17,698	-	17,698
Magazine subscription sales	819	-	819	830	-	830
Audiovisual and other sales	-	-	-	(6)	54	48
Books and catalogues	282	-	282	310	-	310
VAT relating to publications	(292)	-	(292)	(381)	-	(381)
Total sales	28,797	44,408	73,205	30,332	37,598	67,930
Other operating revenues	73	222	295	129	527	656
Total Gross Operating Revenues	28,870	44,630	73,500	30,461	38,125	68,586

Analysis of 2006 - 2007 Financial Year First 9 months Group Sales and Other Operating Revenues by Business Segment:

(€thousands)	3 rd quarter ending 30 June 2007			3 rd quarter ending 30 June 2006		
	(nine months)			(nine months)		
	Publishing	Advertising	Publishing	Advertising	Publishing	Advertising
TV advertising time sales	-	107,485	107,485	-	93,721	93,721
Print media advertising space sales	29,679	13,988	43,667	29,335	14,198	43,533
Stadium signs ad space sales	-	2,585	2,585	-	1,823	1,823
Internet advertising time sales	-	26	26	-	16	16
Magazine over-the-counter sales	48,558	-	48,558	50,234	-	50,234
Magazine subscription sales	2,527	-	2,527	2,523	-	2,523
Audiovisual and other sales	-	-	-	-	113	113
Books and catalogues	1,397	-	1,397	952	-	952
VAT relating to publications	(901)	-	(901)	(992)	-	(992)
Total sales	81,260	124,084	205,344	82,052	109,871	191,923
Other operating revenues	927	540	1,467	823	1,095	1,918
Total Gross Operating Revenues	82,187	124,624	206,811	82,875	110,966	193,841

Cairo Communication SpA Parent Company Financial Statements

Cairo Communication SpA Parent Company Income Statement

At 30 June 2007

2006-2007 Q3 & FIRST 9 MONTHS

(€ thousands)	30 June 2007 (9 months)	30 June 2007 (Q3)	30 June 2006 (9 months)	30 June 2006 (Q3)
Sales	141,720	52,066	128,098	45,542
Advertising agency discounts	(15,588)	(5,537)	(13,458)	(4,539)
Other operating revenues	270	139	483	72
Operating revenues	126,402	46,668	115,123	41,075
Cost of sales	(118,434)	(43,938)	(107,747)	(38,569)
Personnel costs	(1,731)	(596)	(1,744)	(567)
Gross operating profit (EBITDA)	6,237	2,134	5,632	1,939
Amortisation, depreciation and provision charges	(760)	(230)	(1,034)	(336)
Operating profit (EBIT)	5,477	1,904	4,598	1,603
Net finance income	2,136	760	1,791	633
Investment writedowns	0	0	(8,296)	(1,200)
Profit before tax	7,613	2,664	(1,907)	1,036
Income tax	(2,903)	(980)	(2,479)	(873)
Net profit	4,710	1,684	(4,386)	163

Reclassified balances, which have not been verified by the Audit Company

Cairo Communication SpA Parent Company Balance Sheet

at 30 June 2007

(€ thousands)	30 June 2007	30 Sept. 2006
Assets		
Property 2005/2006 furniture and equipment	256	323
Intangible assets	483	574
Investments	13,747	14,155
Net current assets	14,340	15,548
Total Assets	28,826	30,600
Non-current liabilities	8,037	9,687
Net financial assets	(70,083)	(84,700)
Borrowings from unconsolidated subsidiary	4,885	4,885
Shareholders' equity	85,987	100,728
Total Equity and Liabilities	28,826	30,600

Reclassified balances, which have not been verified by the Audit Company

Cairo Communication SpA Parent Company Net Financial Position Statement

At 30 June 2007

Cairo Communication S.p.A.	30 June 2007	30 Sep. 2006	Change
Cash and cash equivalents	43,442	71,350	(27,908)
Telepiù escrow account	7,277	7,189	88
Fixed current accounts	19,203		19,203
Insurance financial products	-	6,000	(6,000)
Marketable securities	161	161	0
Bank loans	0	0	0
Total	70,083	84,700	(14,617)
Borrowings from unconsolidated subsidiary	(4,885)	(4,885)	0
Total	65,198	79,815	(14,617)