CAIRO COMMUNICATION

Press Release

Cairo Communication: consolidated gross operating profit (EBITDA) achieved for the first nine months of 2009 was in line with last year, with strong growth in the Group's publishing segment results:

- **EBITDA of € 16.4 million**
- **Strong growth recorded in the results of the Group's publishing segment, EBITDA up 32.9 % to € 10.6 million and EBIT up 38.8 % to € 9.6 million**
- **La 7 advertising revenues for the eleven months January-November achieve contractual target for minimum guaranteed revenues for that period**

Milan, 12 November 2009: Meeting today, the Board of Directors of Cairo Communication reviewed and approved the interim report at 30 September 2009.

In the first nine months of the financial year, consolidated gross operating revenues were approximately € 179.6 million (compared to € 191.7 million in the first nine months of 2008), including operating revenues of € 178.6 million and other revenues of € 1 million, an overall decrease of 6.3 % compared to the nine months January-September 2008.

Consolidated gross operating profit (EBITDA), down 0.2% to € 16.4 million, is in line compared to the same nine months of 2008 (€ 16.4 million was recorded in the first nine months of 2008, which included costs sustained for the launch of the new weekly "TV MIA" of approximately € 2 million). Operating profit (EBIT) was approximately € 13 million (€ 14.3 million in January-September 2008), negatively impacted by an increase in the provision for bad debts compared to 2008.

The decrease in finance income was mainly due to the significant change in interest rates compared to the same period of 2008 (the one month Euribor average was 1.08% during the first nine months 2009 compared to 4.44% during the first nine months 2008).

Net profit was approximately € 8.2 million compared to € 10.3 million in the nine months January-September 2008.

During the quarter, consolidated gross revenues were approximately € 51.7 million (€ 51.8 million in third quarter 2008), including operating revenues of € 51.4 million and other revenues of € 0.3 million, an overall decrease of 0.2 % compared to the same quarter of 2008.

Consolidated gross operating profit (EBITDA), approximately € 5.1 million, increased by 3.6% compared to third quarter 2008 (€ 5 million). Operating profit (EBIT) was approximately € 4 million (€ 4.4 million in third quarter 2008). Net profit was € 2.4 million (compared to € 3.1 million in third quarter 2008).

Consolidated net financial position at 30 September 2009 was a positive balance of approximately € 48.8 million including an escrow account of approximately € 7.5 million, held jointly with Telepiù S.r.l., opened in 2004 in relation to the arbitration pending with Telepiù, whose outcome is expected by 1 February 2010. Net of this account the net financial position was approximately € 41.3 million (approximately € 55.2 million at 31 December 2008, net of this joint account). The Annual General Meeting on 29 April 2009 decided on the distribution of a cash dividend of € 0.20 per share, for a total of € 15.5 million, and the decrease in the net financial position is mainly due to this.

With reference to the **publishing segment**, in the nine months January-September 2009 the gross operating profit (EBITDA) and the operating profit (EBIT) recorded strong increases to approximately € 10.6 million and € 9.6 million respectively (compared to € 8 and € 6,9 million, respectively in the nine months January-September 2008). This result was made possible mainly due to the high quality of the Group's titles combined with a series of measures taken on the cost side to improve the effectiveness and efficiency of production, publishing and distribution processes.

Circulation revenues for Group magazines, € 55.8 million, grew by 2.6 % compared to the same period of 2008 (€ 55.4 million), in complete contrast to the general market trend. Advertising sales in the above magazines, of € 29.7 million, recorded an overall decline of 23.5 % compared to the same period of 2008 (€ 38.8 million), although this decline was lower than the 29.5% decrease recorded in the nine month period by the overall magazine advertising market according to FCP-FIEG Observatory data.

"Settimanale DIPIU" remains the second best selling magazine in Italy with an ADS average circulation of 739,718 copies in the twelve months August 2008 - July 2009. Also "DIPIU' TV" (with an average ADS distribution of 505,931 copies in the twelve months August 2008 - July 2009) and "Diva e Donna" (with an average ADS distribution of 197,630 copies in the twelve months August 2008 - July 2009) confirmed the highlevel of circulation achieved.

With reference to the **advertising segment,** the revenues for the sale of advertising space on the La 7 channel were approximately € 82.3 million, only slightly less that the contractually agreed minimum revenue target of € 82.8 million for the nine months, calculated on the basis of monthly revenues in the six years 2003-2008. Cairo Communication's share of this difference of € 0.5 million has been recorded as an expense of approximately € 0.35 million in the income statement. Specifically, during the third quarter of the financial year, television advertising revenues totalling € 21.3 million for La 7 and thematic channels Cartoon Network, Boomerang and CNN increased by 3.4 % compared to the same period of last year, an inversion of the trend recorded in the first six months, confirmed by the performance for October and November.

The concession contract for the sale of advertising space on La 7 provides for minimum guaranteed gross advertising revenues of € 37.2 million for the last quarter 2009. On the basis of the order book at 11 November 2009 for advertising transmitted and to be transmitted by the La7 channel in the two month period October-November, the contractual target for minimum revenue for that two month period, € 25.2 million, is more than achieved. La 7 advertising revenues for the eleven months January-November achieved the target for minimum revenue for that period and are already growing by about 2 % compared to previous year.

Because of the high quality of Group publications and the concession resources, it is believed that the objective of maintaining good levels of profitability in the last quarter of the year will be achieved. However, the evolution of the general economic situation could affect the full achievement of these objectives.

The manager responsible for preparing the company's financial report, Marco Pompignoli, declares pursuant to paragraph 2 of Article 154-bis of the Consolidated Law of Finance (TUF), that the accounting information contained in the press release corresponds to the results documented in the books, accounting and other records of the company.

Cairo Communication Group is a leading Italian weekly 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.

For further information, please contact:
Cairo Communication
Mario Cargnelutti +39 02 74813240
m.cargnelutti@cairocommunication.it
Investor Relations

This press release is also available on the Company's website: www.cairocommunication.it

Summary of the main consolidated income statement data to 30 September 2009

The main **consolidated income statement data** for the third quarter and the first nine months 2009 can be compared as follows to same periods of 2008:

(€ thousands)	30 Sept. 2009 (Nine months)	30 Sept. 2009 (Three months)	30 Sept. 2008 (Nine months)	30 Sept. 2008 (Three months)
Sales	178,593	51,436	190,096	51,432
Advertising agency discounts	(17,056)	(4,395)	(18,702)	(4,525)
Net operating revenues	**161,537**	**47,041**	**171,394**	**46,907**
Inventory movements	(71)	28	422	437
Other operating revenues	1,010	239	1,623	347
Operating revenues	**162,476**	**47,308**	**173,439**	**47,691**
Cost of sales	(130,073)	(36,988)	(140,601)	(37,559)
Personnel costs	(16,046)	(5,171)	(16,452)	(5,162)
Gross operating profit (EBITDA)	**16,357**	**5,149**	**16,386**	**4,970**
Amortisation, depreciation and writedowns	(3,355)	(1,160)	(2,056)	(596)
Operating profit (EBIT)	**13,002**	**3,989**	**14,330**	**4,374**
Net finance income	570	79	2,003	602
Share in associates	(79)	(42)	7	0
Profit before tax	**13,493**	**4,026**	**16,340**	**4,976**
Income tax	(5,209)	(1,551)	(5,939)	(1,804)
Minority interests	1	(1)	0	(1)
Group share in profit from continuing operations	**8,285**	**2,474**	**10,401**	**3,171**
Net profit/(loss) from discontinued operations	(114)	(31)	(147)	(55)
- attributable to minority interests	0	0	0	0
Net Group share of profit/(loss) from discontinued operations	**(114)**	**(31)**	**(147)**	**(55)**
Group net profit	**8,171**	**2,443**	**10,254**	**3,116**

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Summary of the main consolidated balance sheet data at 30 September 2009

The main **consolidated balance sheet data** at 30 September 2009 can be compared to the consolidated balance sheet at 31 December 2008 as follows:

(€ thousands)	30 Sept. 2009	31 Dec. 2008
Assets		
Property, furniture and equipment	2,945	3,205
Intangible assets	13,156	13,536
Investments	4,465	4,545
Prepaid tax	4,630	4,226
Net current assets	(5,336)	(12,425)
Total assets	**19,860**	**13,087**
Non-current borrowings and provisions	5,438	5,647
(Net financial assets)/Net indebtedness	(48,794)	(62,696)
Shareholders' equity - Group share	63,222	70,142
Minority interests	(6)	(6)
Total Equity and Liabilities	**19,860**	**13,087**

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The **consolidated net financial position** at 30 September 2009, compared with the consolidated balance sheet at 31 December 2008 is summarised in the following table:

(€ thousands)	30 Sept. 2009	31 Dec. 2008	Change
Cash and cash equivalents	41,178	54,954	(13,776)
Escrow account held with Telepiù	7,537	7,489	48
Fixed current accounts	-	6,826	(6,826)
Short-term investments – other securities	79	79	-
Bank overdrafts	-	-	-
Bank loans	-	(6,652)	6,652
Total	**48,794**	**62,696**	**(13,902)**

Analysis of results by segment to 30 September 2009

The results achieved during the first nine months of 2009 according to the **main individual segments**, compared to the results by segment for the same period of 2008, can be analysed as follows:

Nine months to 30 Sept. 2009 *(€ thousands)*	Publishing	Advertising	Trovatore	Not allocated operations	Intra group eliminations	Total
Sales	78,833	120,854	249	-	(21,343)	178,593
Advertising agency discounts	0	(17,056)	0	-		(17,056)
Net operating revenues	**78,833**	**103,798**	**249**	-	**(21,343)**	**161,537**
Inventory movements	(71)	-	-	-	-	(71)
Other operating revenues	703	307		-	-	1,010
Operating revenues	**79,465**	**104,105**	**249**	-	**(21,343)**	**162,476**
Cost of sales	(56,234)	(94,958)	(224)	-	21,343	(130,073)
Personnel costs	(12,613)	(3,410)	(23)	-	-	(16,046)
Gross operating profit (EBITDA)	**10,618**	**5,737**	**2**	-	-	**16,357**
Amortisation, depreciation and writedowns	(973)	(2,384)	2	-	-	(3,355)
Operating profit (EBIT)	**9,645**	**3,353**	**4**	**-**	-	**13,002**
Net loss from associates	-	(79)	-	-	-	(79)
Net finance income	34	537	(1)	-	-	570
Profit before tax	**9,679**	**3,811**	**3**	-	-	**13,493**
Income tax	(3,597)	(1,604)	(8)	-	-	(5,209)
Minority interests	0	0	1	-	-	1
Group share in profit from continuing operations	**6,082**	**2,207**	**(4)**		-	**8,285**
Net profit/(loss) from discontinued operations	0	0	0	(114)	-	(114)
Group net profit for the period	**6,082**	**2,207**	**(4)**	**(114)**	-	**8,171**

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Nine months to 30 Sept. 2008 *(€ thousands)*	Publishing	Advertising	Trovatore	Not allocated operations	Intra group eliminations	Total
Sales	83,625	133,927	260	-	(27,716)	190,096
Advertising agency discounts	-	(18,702)	-	-	-	(18,702)
Net operating revenues	**83,625**	**115,225**	**260**	**-**	**(27,716)**	**171,394**
Inventory movements	422	-	-	-	-	422
Other operating revenues	1,239	384	-	-	-	1,623
Operating revenues	**85,286**	**115,609**	**260**	**-**	**(27,716)**	**173,439**
Cost of sales	(64,658)	(103,448)	(211)	-	27,716	(140,601)
Personnel costs	(12,643)	(3,779)	(30)	-	-	(16,452)
Gross operating profit (EBITDA)	**7,985**	**8,382**	**19**	**-**	**-**	**16,386**
Amortisation, depreciation and writedowns	(1,037)	(1,028)	9	-	-	(2,056)
Operating profit (EBIT)	**6,948**	**7,354**	**28**	**-**	**-**	**14,330**
Net loss from associates	-	-	-	-	-	-
Net finance income	11	2,001	(2)		-	2,010
Profit before tax	**6,959**	**9,355**	**26**	**-**	**-**	**16,340**
Income tax	(2,780)	(3,147)	(12)	-	-	(5,939)
Minority interests	-	-	-	-	-	
Group share in profit from continuing operations	**4,179**	**6,208**	**14**	**-**	**-**	**10,401**
Net profit/(loss) from discontinued operations	-	-	-	(147)	-	(147)
Group net profit for the period	**4,179**	**6,208**	**14**	**(147)**	**-**	**10,254**

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Details of consolidated sales to 30 September 2009

Consolidated gross operating sales for the first nine months, broken down between the main segments of activity (publishing, advertising and Il Trovatore), can be analysed as follows, compared to the same period of 2008:

(€ thousands)	**Interim report at 30 Sept. 2009 (nine months)**				
	Publishing	**Advertising**	**Trovatore**	**Intragroup Eliminations**	**TOTAL**
Magazine over-the-counter sales	55,782	0	0	0	55,782
Print media advertising space sales	20,878	30,232	0	(20,737)	30,373
TV advertising time sales	0	87,482	0	0	87,482
Stadium signs ad space sales	0	2,119	0	0	2,119
Internet advertising time sales	0	609	19	0	628
Magazine subscription sales	2,232	0	0	0	2,232
Books and catalogues	978	0	0	0	978
VAT relating to publications	(1,037)	0	0	0	(1,037)
Other sales	0	412	230	(606)	36
Total sales	**78,833**	**120,854**	**249**	**(21,343)**	**178,593**
Other operating revenues	703	307	0	0	1,010
Total gross operatoing revenues	**79,536**	**121,161**	**249**	**(21,343)**	**179,603**

(€ thousands)	Interim report at 30 Sept. 2008 (nine months)				
	Publishing	**Advertising**	**Trovatore**	**Intragroup Eliminations**	**TOTAL**
Magazine over-the-counter sales	54,364	0	0	0	54,364
Print media advertising space sales	27,265	39,478	0	(27,126)	39,617
TV advertising time sales	0	90,902	0	0	90,902
Stadium signs ad space sales	0	2,752	0	0	2,752
Internet advertising time sales	0	399	260	(230)	429
Magazine subscription sales	2,271	0	0	0	2,271
Books and catalogues	794	0	0	0	794
VAT relating to publications	(1,074)	0	0	0	(1,074)
Other sales	5	396	0	(360)	41
Total sales	**83,625**	**133,927**	**260**	**(27,716)**	**190,096**
Other operating revenues	1,239	384	0	0	1,623
Total gross operatoing revenues	**84,864**	**134,311**	**260**	**(27,716)**	**191,719**

Consolidated gross operating sales for the quarter, broken down between the main segments of activity (publishing, advertising and Il Trovatore), can be analysed as follows, compared to the same period of 2008:

(€ thousands)	Interim report at 30 Sept. 2009 (three months)				
	Publishing	**Advertising**	**Trovatore**	**Intragroup Eliminations**	**TOTAL**
Magazine over-the-counter sales	20,037	0	0	0	20,037
Print media advertising space sales	6,261	9,106	0	(6,272)	9,095
TV advertising time sales	0	21,286	0	0	21,286
Stadium signs ad space sales	0	193	0	0	193
Internet advertising time sales	0	244	5	0	249
Magazine subscription sales	745	0	0	0	745
Books and catalogues	261	0	0	0	261
VAT relating to publications	(442)	0	0	0	(442)
Other sales	0	137	77	(202)	12
Total sales	**26,862**	**30,966**	**82**	**(6,474)**	**51,436**
Other operating revenues	238	1	0	0	239
Total gross operatoing revenues	**27,100**	**30,967**	**82**	**(6,474)**	**51,675**

(€ thousands)	Interim report at 30 Sept. 2008 (three months)				
	Publishing	**Advertising**	**Trovatore**	**Intragroup Eliminations**	**TOTAL**
Magazine over-the-counter sales	19,012	0	0	0	19,012
Print media advertising space sales	7,387	10,717	0	(7,383)	10,721
TV advertising time sales	0	20,590	0	0	20,590
Stadium signs ad space sales	0	526	0	0	526
Internet advertising time sales	0	93	85	(88)	90
Magazine subscription sales	726	0	0	0	726
Books and catalogues	189	0	0	0	189
VAT relating to publications	(439)	0	0	0	(439)
Other sales	5	120	0	(108)	17
Total sales	**26,880**	**32,046**	**85**	**(7,579)**	**51,432**
Other operating revenues	288	59	0	0	347
Total gross operatoing revenues	**27,168**	**32,105**	**85**	**(7,579)**	**51,779**

Summary of the main Parent Company income statement data to 30 September 2009

The main **Parent Company income statement data** for the first nine months of 2009 can be compared as follows to the same period of 20

(€ thousands)	30 Sept. 2009 (9 months)	30 Sept. 2009 (3 months)	30 Sept. 2008 (9 months)	30 Sept. 2008 (3 months)
Sales	90,790	23,674	122,783	29,395
Advertising agency discounts	0	0	(13,157)	(3,025)
Other operating revenues	125	23	124	22
Operating revenues	**90,915**	**23,697**	**109,750**	**26,392**
Cost of sales	(85,912)	(22,053)	(103,757)	(24,992)
Personnel costs	(1,614)	(486)	(1,639)	(501)
Gross operating profit (EBITDA)	**3,389**	**1,158**	**4,354**	**899**
Amortisation, depreciation and writedowns	(276)	(91)	(597)	(199)
Operating profit (EBIT)	**3,113**	**1,067**	**3,757**	**700**
Net finance income	466	51	1,928	560
Share in associates	8,428	2	6,240	0
Profit before tax	**12,007**	**1,120**	**11,925**	**1,260**
Income tax	(1,336)	(380)	(1,881)	(441)
Net profit/(loss) from continuing operations	**10,671**	**740**	**10,044**	**819**
Net profit/(loss) from discontinued operations	(114)	(31)	(147)	(55)
Net profit	**10,557**	**709**	**9,897**	**764**

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Summary of the main Parent Company balance sheet data at 30 September 2009

The main **balance sheet data** for Cairo Communication S.p.A at 30 September 2009 can be compared as follows to the balance sheet at 31 December 2008:

(€ thousands)	30 Sept. 2009	31 Dec. 2008
Balance sheet items		
Property, furniture and equipment	455	585
Intangible assets	261	374
Investments	18,147	18,145
Other non-current assets	419	3,781
Non-current restricted bank deposits	-	-
Net current assets	33,816	8,347
Total assets	**53,098**	**31,232**
Non-current borrowings and provisions	698	7,349
(Net financial assets)/Net debt	(21,903)	(54,943)
Borrowings from subsidiaries	4,885	4,885
Shareholders' equity	69,418	73,941
Total equity and liabilities	**53,098**	**31,232**

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The Parent Company's **net financial position** at 30 September 2009, compared with the position at 31 December 2008 is summarised in the following table:

(€ thousands)	**30 Sept. 2009**	**31 Dec. 2008**	**Change**
Cash and cash equivalents	14,287	40,548	(26,261)
Escrow account held with Telepiù	7,537	7,489	48
Fixed current accounts	-	6,827	(6,827)
Marketable securities	79	79	-
Net financial assets	**21,903**	**54,943**	**(33,040)**
Borrowings from subsidiaries	(4,885)	(4,885)	-
Total	**17,018**	**50,058**	**(33,040)**

Alternative performance indicators

In the present press release, in order to provide a better understanding of the management performance of the Cairo Communication Group, in addition to the conventional financial indicators provided by IFRS, there are some alternative performance indicators which however should not be considered as a substitute for those provided by IFRS.

Alternative performance indicators used are as follows:

· **EBITDA:** this indicator is used by Cairo Communication as a target to check internal management and for external presentations (analysts and investors) and represents a unit of measurement to evaluate the operating performance of the Group and the Parent Company together with **EBIT**. These indicators are determined as follows:

Profit before tax of continuing operations

- Financial income/ (expense)
- Income from investments

EBIT- Operating profit

+ Amortisation, depreciation and writedowns
+ Receivables writedowns
+ Movement in provisions for risks and charges

EBITDA –Earnings Before Interest, Taxation, Depreciation, Amortisation and writedowns.

The Cairo Communication Group also considers that the **net financial position** represents a valid indicator of its own capacity to meet its financial commitments, both current and future. As disclosed in the table included in the present report, which indicates the values used to calculate the net financial position, this heading at the consolidated level, includes cash and cash equivalents, the restricted deposits, the securities and the other current financial assets, net of the current and non-current bank borrowings.