CAIRO COMMUNICATION

PRESS RELEASE

Milan, Italy **23 May 2003**

- **Accounts for the half-year ending 31 March 2003 approved. In 2002-2003 2nd quarter (January to March 2003) significant improvement of sales and profitability, with gross operating revenues up 14.7%, EBITDA up 60% and EBIT up 115%.**

- **2002-2003 2nd quarter Group sales and profitability improved significantly over the same period last year with gross operating revenues up 14.7% to € 41.6 million, EBITDA up 60% to € 3.3 million and EBIT up 115% to € 1.2 million.**
- **2002-2003 half-year Group sales and profitability improved significantly over the same period last year with gross operating revenues up 5.5% to € 84.1 million, EBITDA up 27% to € 6.6 million and EBIT up 26% to € 3.1 million.**
- **La 7 TV network advertising-time sales doubled to € 15 million from € 7.4 million, with also Pay TV advertising-time sales enjoying a positive increase during the half-year.**
- **The 'For Men Magazine' launch was a success, with its first and second editions enjoying good circulation numbers and advertising sales.**

At its meeting today, the Board of Directors of Cairo Communication Group reviewed and approved the Group's consolidated financial statements for the half-year ending 31 March 2003.

2002-2003 half-year Group sales and profitability improved significantly over the same period last year with gross operating revenues up 5.5% to € 84.1 million, EBITDA up 27% to € 6.6 million (from $ 5.2 million in the previous half-year) and EBIT up 26% to € 3.1 million (from $ 2.5 million).

2002-2003 2nd quarter Group sales and profitability improved significantly over the same period last year with gross operating revenues up 14.7% to € 41.6 million, EBITDA up 60% to € 3.3 million (from around $ 2 million in the 2nd quarter of the previous year) and EBIT up 115% to € 1.2 million (from € 0.6 million).

Editing and advertising costs relating to the launch of the new magazine "For Men Magazine" are expensed and allocated to the first six editions of the magazine.

2002-2003 half year net finance income and profit before tax included a € 1.3 million tax credit arising from the dividend received by the parent company Cairo Communication SpA from its subsidiary Cairo TV SpA. Excluding this dividend tax credit, net finance income increased to € 1.5 million from € 1.2 million for the same period last year, despite a significant drop of about 13,6% in interest rates during this time.

2002-2003 half-year net exceptional expenses included € 0.5 million in tax settlement charges pursuant to the Group's compliance with Articles 8, 9 and 15 of Law 289 of 27 December 2002 and € 0.5 million in other exceptional charges which the Group incurred during the first quarter of 2002-2003.

Consolidated results for the half-years ending 31 March 2003 and 31 March 2002 both exclude income tax and income tax effects.

The Group had net financial assets of € 99.7 million at 31 March 2003 compared to net financial assets of € 100.2 million at 30 September 2002.

The Board of Directors has also co-opted Mr Marco Pompignoli in place of Mr. Giuliano Cesari, who resigned as a member of the Board of Directors due to commitments outside the Group.

During the 2nd quarter of 2002-2003 (January to March 2003), the Group has already achieved positive results from its advertising time sales contract with La 7 TV network, confirming the great potential of this commercial TV. In fact the Group doubled advertising-time sales for La 7 TV network to € 15 million from € 7.4 million realised during the same time last year.

In Autumn 2002, the Cairo Communication Group began developing new magazines following with the launch in March 2003 by its Cairo Editore subsidiary of the new "For Men Magazine". The first two editions were a notable success in terms of advertising sales and circulation sales (monthly average of 185,000 copies).
"For Men Magazine" was launched within the framework of the Group's objective to expand its publishing activities, and will be followed by the launch of a women's magazine in June or July 2003 and another magazine in late 2003 or early 2004, all under the Andrea Biavardi's edition.

The Group's Editoriale Giorgio Mondadori subsidiary, publisher of "Bell'Italia", "Bell'Europa", "In Viaggio", "Airone", "Gardenia", "Arte" and "Antiquariato" magazines, enjoyed a good level of profitability, sustaining its magazines with communications campaign and several publishing initiatives. As a result, "Bell'Italia" enjoyed a 36% rise in circulation at newsstand to 46,300 copies sold, in addition to about 26,000 subscribers totalling about 72,000 copies, for the 2nd quarter (January to March 2003) of the Group's 2002-2003 financial year.

The trend of Pay TV advertising-time sales continues to be positive in the quarter April-June 2003 (on May 21th backlog orders for such period amount to € 12,6 increasing by 25% compared to the figures of the same period of the previous fiscal year on the same date).

Cairo Communication Group is a leading Italian rep-advertising company and magazines publishing Group, recognised as one of the first to have developed a multimedia sales approach, beginning with print media and expanding later into pay and digital TV, Internet and commercial TV.

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Consolidated financial statements and results analysis are attached

Cairo Communication Group Consolidated Income Statement for the Half-Year ending 31 March 2003

(€ thousands)		
Half-year ending 31 March	**2003**	**2002**
Sales	82,025	76,986
Advertising agency discounts	(10,566)	(10,032)
Inventory movements	(327)	(355)
Other operating revenues	2,122	2,790
Operating revenues	**73,254**	**69,389**
Cost of sales	(61,574)	(59,958)
Personnel costs	(5,083)	(4,241)
Gross operating profit (EBITDA)	**6,597**	**5,190**
Depreciation and provision charges	(3,493)	(2,728)
Operating profit (EBIT)	**3,104**	**2,462**
Net finance income	2,804	1,228
Investments writedowns	0	(6)
Profit from ordinary activities	**5,908**	**3,684**
Net exceptional expenses	(1,133)	(2)
Minority interest	17	0
Profit before tax	**4,792**	**3,682**

Analysis of Half-Year Group Sales and Other Operating Revenues by Business Segment

(€ thousands)	**Half year ending 31 March 2003**			**Half year ending 31 March 2002**		
	Advertising	**Publishing**	**Total**	**Advertising**	**Publishing**	**Total**
TV advertising-time sales	50,673	-	**50,673**	33,896	-	**33,896**
Print media advertising space sales	19,867	-	**19,867**	30,036		**30,036**
Stadium signs and electronic billboards advertising space sales	174	-	**174**	1,842	-	**1,842**
Internet advertising-time sales	81	-	**81**	422	-	**422**
EGM advertising	-	6,049	**6,049**	-	5,890	**5,890**
Magazine over-the-counter sales	-	3,163	**3,163**	-	2,756	**2,756**
Magazine subscription sales	-	1,500	**1,500**	-	1,516	**1,516**
Audiovisual and other sales	-	66	**66**	-	26	**26**
Books and catalogues	-	639	**639**	-	750	**750**
VAT relating to publications	-	(187)	**(187)**	-	(148)	**(148)**
Total - Sales	70,795	11,230	**82,025**	66,196	10,790	**76,986**
Other operating revenues	1,107	1,015	**2,122**	2,219	571	**2,790**
Total - Gross Operating Revenues	71,902	11,245	**84,147**	68,415	11,361	**79,776**

Cairo Communication Group Consolidated Income Statement
for the 2nd Quarter ending 31 March 2003

(€ thousands)		
2nd quarter ending 31 March	**2003**	**2002**
Sales	40,514	35,380
Other operating revenues	1,116	908
Advertising agency discounts	(5,211)	(4,607)
Inventory movements	(336)	(72)
Operating revenues	**36,083**	**31,609**
Cost of sales	(30,046)	(27,281)
Personnel costs	(2,690)	(2,239)
Gross operating profit (EBITDA)	**3,347**	**2,089**
Depreciation and provision charges	(2,118)	(1,520)
Operating profit (EBIT)	**1,229**	**569**
Net finance income	687	582
Investment writedowns	0	(6)
Profit from ordinary activities	**1,916**	**1,145**
Net exceptional expenses	(661)	0
Minority interest	11	0
Profit before tax	**1,266**	**1,145**

Analysis of 2nd Quarter Group Sales and Other Operating Revenues by Business Segment

(€ thousands)	**Half year ending 31 March 2003**			**Half year ending 31 March 2002**		
	Advertising	**Publishing**	**Total**	**Advertising**	**Publishing**	**Total**
TV advertising-time sales	30,226	-	**30,226**	17,289	-	**17,289**
Print media advertising space sales	4,638	-	**4,638**	12,147	-	**12,147**
Stadium signs and electronic billboards advertising space sales	10	-	**10**	947	-	**947**
Internet advertising-time sales	26	-	**26**	78	-	**78**
EGM advertising	-	3,145	**3,145**	-	2,708	**2,708**
Magazine over-the-counter sales	-	1,696	**1,696**	-	1,365	**1,365**
Magazine subscription sales	-	765	**765**	-	703	**703**
Audiovisual and other sales	-	22	**22**	-	(23)	**(23)**
Books and catalogues	-	101	**101**	-	220	**220**
VAT relating to publications	-	(115)	**(115)**	-	(54)	**(54)**
Total - Sales	34,900	5,614	**40,514**	30,461	4,919	**35,380**
Other operating revenues	388	728	**1,116**	786	122	**908**
Total - Gross Operating Revenues	35,288	6,342	**41,630**	31,247	5,041	**36,288**

Cairo Communication Group

Consolidated Balance Sheet
at 31 March 2003

(€ thousands)	**31 March 2003**	**30 Sept. 2002**
ASSETS		
Property, plant and equipment	2,970	2,977
Intangible assets	22,543	17,432
Investments	214	218
Cairo Communication shares	1,118	328
Investment in non consolidated subsidiary	0	4,908
Other current assets	12,543	19,243
Total Assets	**39,388**	**45,106**
EQUITY AND LIABILITIES		
Shareholders' equity*	133,339	134,365
Minority interest	13	19
Non-current borrowings and funds	5,751	3,914
Net financial assets	(99,715)	(98,357)
Borrowings from unconsolidated subsidiary	0	5,165
Total Equity and Liabilities	**39,388**	**45,106**

** 31 March 2003 balance excludes income tax and income tax effects relating to half-year results.*

Cairo Communication Group
Consolidated Net Financial Position Statement
at 31 March 2003

(€ thousands)	**31 March 2003**	**30 Sept. 2002**	**Change**
Bank and cash	91,836	98,266	(6,430)
Short term investments	82	90	(8)
Marketable securities	1,799	0	1,799
Insurance financial income receivable	6,000	0	6,000
Bank loans	(2)	0	(2)
Net Financial Assets	**99,715**	**98,356**	**1,359**
Immobiledit borrowings	0	(5,165)	5,165
Net Financial Position	**99,715**	**93,191**	**6,524**

The Group's cash and bank at 31 March 2003 comprises a € 5.2 million receivable from the Group's holding company, as at 30 September 2002, and € 1.8 million in cash and bank held by Immobiledit Srl.

The Group's cash and bank at 30 September 2002 rises to € 100.2 million, when Immobiledit Srl's € 1.8 million in cash and bank is included.

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