



CAIRO COMMUNICATION PRESS RELEASE

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Accounts for the 3rd quarter and 9-month period ending 30 June 2003 approved: significant improvement in Group 2002-2003 3rd quarter (April to June 2003) sales up 18%, La 7 TV network advertising-time sales up 64% in the semester January – June 2003, EBIT up 62% in the 3rd quarter 2002/2003 .

- **2002-2003 3rd quarter Group sales and profitability improved significantly over the same period last year, with gross operating revenues up 18% to € 43.6 million, EBITDA up 69% to €4.8 million and EBIT up 62% to €2.6 million.**
- **2002-2003 9-month Group sales and profitability improved significantly over the same period last year, with gross operating revenues up 9% to € 127.8 million, EBITDA up 42% to €11.4 million and EBIT up 40% to €5.7 million.**
- **For Men Magazine enjoyed for its first four issues average monthly newstand sales of 160,000. Natural Style, a women's magazine, was launched at the end of June.**
- **La 7 TV network advertising-time sales were up 64% for the period January to June 2003.**

At its meeting today, the Board of Directors of Cairo Communication Group reviewed and approved the Group's consolidated accounts for the 3rd quarter and 9-month period ending 30 June 2003.

2002-2003 3rd quarter Group sales and profitability improved significantly over the same period last year, with gross operating revenues up 18% to €43.6 million from €37 million, EBITDA up 69% to €4.8 million from €2.8 million and EBIT up 62% to €2.6 million from €1.6 million.

2001-2002 3rd quarter profit before tax included a tax credit of € 2 million arising from dividends received by the parent company Cairo Communication SpA from its subsidiary Cairo TV SpA. Excluding this tax credit, 2001-2002 3rd quarter profit before tax amounted to €2.3 million; 2002-2003 3rd quarter, when no dividend and related tax credit were received, profit before tax reported a 42% increase on this amount.

2002-2003 9-month Group sales and profitability improved significantly over the same period last year, with gross operating revenues up 9% to €127.8 million from €116.8 million, EBITDA up 42% to €11.4 million from €8 million and EBIT up 40% to €5.7 million from €4 million.

2002-2003 9-month net financial income and profit before tax included a tax credit of some € 1.3 million relating to dividends received in the 1st quarter 2002/2003 by the parent company Cairo Communication SpA from its subsidiary Cairo TV SpA.

Consolidated results for the 3rd quarters and 9-months ending 30 June 2003 and 30 June 2002, as well as for the 2nd quarter and half-year ending 31 March 2003, exclude income tax and income tax effects.

The Group had net financial assets of €105,2 million at 30 June 2003 compared to net financial assets of €99,7 million at 31 March 2003.

Cairo Editore further developed projects begun in autumn 2002, with the March 2003 launch of “For Men Magazine”, which has achieved considerable success both in terms of advertising and readership (average 160,000 copies sold each month for the first four issues). This was followed by the launch at the end of June of the new monthly women’s magazine, “Natural Style”.

The dynamism of Cairo Editore validates the strategic decision made by the Cairo Group to focus on the development of its publishing activities, prioritising internal growth, the development of new titles not excluding a policy of growth via acquisitions. Thus, Ernesto Mauri, one of Italy’s most experienced managers in the publishing industry (Rusconi, Arnoldo Mondadori, La 7), and in particular in the magazine sector, has recently joined the Cairo Group. On 7 July 2003, he assumed the role of Chief Executive Officer of Cairo Editore and Editoriale Giorgio Mondadori.

The Group has already achieved positive results from its advertising-time sales with the La 7 TV network, confirming the great potential of this commercial TV. For the 3rd quarter of 2002-2003, the La 7 TV network advertising-time sales increased to €17.7 million from €12.5 during the same time last year. For the January to June 2003 six-month period it was obtained a 64% increase to €32.5 million from €19.8 million.

In a continuation of a trend already noted, TV advertising-time sales in the 2002-2003 3rd quarter for the Tele+ Group’s analogic and digital channels and thematic channels (Cartoon Network, Discovery Channel, Bloomberg and CNN) increased 9% on the same period last year. This growth was achieved despite a general downturn of 2.05 % in the TV advertising market (source: AC Nielsen).

The Italian pay TV market is currently undergoing major changes, with the arrival of Sky and the creation of a single national platform, involving the merger of Tele+’s activities with those of Stream. This has given rise to a number of meetings with the representatives of Sky Italia/Tele+ about the reorganisation of the channels of the two previous pay TV into a single platform.

According to indications received, Cairo Group has extended its exclusive sale of advertising time for Italian Serie A soccer matches (Anticipo and Posticipo, Diretta Gol, Calcio Sky), to include teams previously broadcast on Stream channels. Thus, the current package offered by Cairo includes all Sky’s Serie A teams, at present 11 of the 18 Serie A teams (Inter, Juventus, Milan, Lazio, Roma, Parma, Bologna, Udinese, Lecce, Siena, Reggina).

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 3rd Quarter and 9-Month Period ending 30 June 2003

<i>(€ thousands)</i>	2002-2003 (9 months)	2002-2003 (3 rd quarter)	2001-2002 (9 months)	2001-2002 (3 rd quarter)
Sales	125,495	43,470	113,175	36,189
Other operating revenues	2,295	173	3,628	838
Gross operating revenues	127,790	43,643	116,803	37,027
Advertising agency discounts	(16,210)	(5,644)	(14,646)	(4,614)
Inventory movements	(1,515)	(1,188)	(292)	64
Operating revenues	110,065	36,811	101,865	32,477
Cost of sales	(91,526)	(29,952)	(87,396)	(27,439)
Personnel costs	(7,160)	(2,077)	(6,451)	(2,210)
Gross operating profit (EBITDA)	11,379	4,782	8,018	2,828
Depreciation and provision charges	(5,723)	(2,230)	(3,979)	(1,252)
Operating profit (EBIT)	5,656	2,552	4,039	1,576
Net financial income	3,451	647	3,908	2,687
Profit from ordinary activities	9,107	3,199	7,947	4,263
Net exceptional expenses	(1,130)	3	(2)	0
Minority interest	18	1	0	0
Profit before tax	7,995	3,203	7,945	4,263

Cairo Communication Group
Consolidated Balance Sheet
at 30 June 2003

<i>(€ thousands)</i>	30 June 2003	31 March 2003	30 Sept. 2002
ASSETS			
Property, plant and equipment	3,045	2,970	2,977
Intangible assets	21,215	22,543	17,432
Investments	1,667	214	218
Own shares	1,118	1,118	328
Marketable securities	0	0	4,908
Other current assets	10,329	12,532	19,243
Total Assets	37,374	39,377	45,106
EQUITY AND LIABILITIES			
Shareholders' equity*	136,542	133,339	134,365
Minority interest	0	2	19
Non-current borrowings and funds	6,009	5,751	3,914
Net financial assets	(105,217)	(99,715)	(98,357)
Borrowings from unconsolidated subsidiary	0	0	5,165
Total Equity and Liabilities	37,374	39,377	45,106

* 30 June 2003 balance excludes income tax and income tax effects relating to 9-month results.

Cairo Communication Group
Consolidated Net Financial Position Statement
at 30 June 2003

<i>(€ thousands)</i>	30 June 2003	31 March 2003	30 Sept. 2002
Bank and cash	97,338	91,836	98,266
Short term investments	82	82	90
Marketable securities	1,800	1,799	0
Insurance financial income receivable	6,000	6,000	0
Bank loans	(3)	(2)	0
Net Financial Assets	105,217	99,715	98,356
Immobilized borrowings	0	0	(5,165)
Net Financial Position	105,217	99,715	93,191

Analysis of 3rd Quarter Group Sales and Other Operating Revenues by Business Segment

<i>(€ thousands)</i>	3 rd quarter ending 30 June 2003			3 rd quarter ending 30 June 2002		
	Advertising	Publishing	Total	Advertising	Publishing	Total
TV advertising-time sales	29,962	0	29,962	11,258	-	11,258
Print media advertising space sales	6,743	0	6,743	18,393	-	18,393
Stadium signs and electronic billboards advertising space sales	54	0	54	958	-	958
Internet advertising-time sales	34	0	34	56	-	56
EGM advertising	0	3,600	3,600	-	2,967	2,967
Magazine over-the-counter sales	0	2,163	2,163	-	1,621	1,621
Magazine subscription sales	0	826	826	-	783	783
Audiovisual and other sales	0	10	10	-	0	0
Books and catalogues	0	71	71	-	214	214
VAT relating to publications	0	7	7	-	(61)	(61)
Total - Sales	36,793	6,677	43,470	30,665	5,524	36,189
Other operating revenues	130	43	173	714	124	838
Total - Gross Operating Revenues	36,923	6,720	43,643	31,379	5,648	37,027

Analysis of 9-Month Group Sales and Other Operating Revenues by Business Segment

<i>(€thousands)</i>	9 months ending 30 June 2003			9 months ending 30 June 2002		
	Advertising	Publishing	Total	Advertising	Publishing	Total
TV advertising-time sales	80,635	0	80,635	45,154	-	45,154
Print media advertising space sales	26,610		26,610	48,429	-	48,429
Stadium signs and electronic billboards advertising space sales	228	0	228	2,800	-	2,800
Internet advertising-time sales	115	0	115	478	-	478
EGM advertising		9,649	9,649		8,857	8,857
Magazine over-the-counter sales		5,326	5,326	-	4,377	4,377
Magazine subscription sales		2,326	2,326	-	2,299	2,299
Audiovisual and other sales		76	76	-	26	26
Books and catalogues		710	710	-	964	964
VAT relating to publications		(180)	(180)	-	(209)	(209)
Total - Sales	107,588	17,907	125,495	96,861	16,314	113,175
Other operating revenues	1,237	1,058	2,295	2,933	695	3,628
Total - Gross Operating Revenues	108,825	18,965	127,790	99,794	17,009	116,803