CAIRO COMMUNICATION

PRESS RELEASE

Milan, Italy **26 November 2003**

- **Accounts for the 2002-2003 financial year ending 30 September 2003 approved**
- **Significant improvement in Group profitability, with EBITDA and EBIT up 42.6% and 52.5% respectively, while Group gross operating revenues rose 6.8%**
- **Double dividend per share to € 1.60 from € 0.80 for 2001-2002.**

  - **EBITDA up 42.6% to € 13 million, EBIT up 52.5% to € 5.2 million and gross operating revenues up 6.8% to € 155.5 million over the previous financial year.**
  - **Proposal submitted to the Annual General Meeting of a € 1.60 dividend per share.**
  - **La 7 TV network advertising sales up 56.3% for the January-September 2003 nine-month period and up around 65.5% for the two-month period October-November 2003; reached the € 66 million gross revenues minimum guranteed**

At its meeting today, the Board of Directors of Cairo Communication Group reviewed and approved the Group's consolidated accounts for the financial year ended 30 September 2003.

2002-2003 financial year Group gross operating profit (EBITDA) improved by 42.6% to € 13 million from € 9.1 million for the previous financial year, while Group operating profit (EBIT) jumped 52.5% to € 5.2 million from € 3.4 million during this time. These strong results are all the more impressive considering that they incorporate € 1.4 million in pre-production and launch costs of two new magazines, "For Men Magazine" and "Natural Style", as well as € 0.6 million in marketing costs following the issue of the first two editions of these magazines.

2002-2003 financial year Group gross operating revenues increased by 6.8% to € 155.5 million from € 145.6 million for the previous financial year, despite a 2.5% contraction in the Italian advertising market during this time (Source: AC Nielsen).

The increase in 2002-2003 of depreciation and provision charges related primarily to the amortisation (€ 1.9 million) of the entrance fee paid at the onset of the advertising time sales contract with the La 7 TV network.

Net finance income incorporated tax credits of € 0.5 million, down from € 1.6 million in 2001-2002. When these above are excluded, net finance income was slightly inferior compared to the previous financial year, despite a 22% drop in interest rates over this time.

Profit before tax and net profit were adversely affected by € 1.3 million in net exceptional expenses.

In additiion, Cairo Communication Spa, the Group's parent company, reported taxable income of € 13.7 million, and was significantly adversely affected by a rise in income tax rate to 22% from 7% for the previous financial year, reflecting changes to tax laws concerning DIT and Super DIT.

The Group had net financial assets of € 104.1 million at 30 September 2003 compared to net financial assets of € 100.2 million at 30 September 2002.

The Board of Directors will propose to the next Annual General Meeting the payment of a dividend per share of € 1.60, effective from 22 December 2003. This dividend will be distributed from Cairo Communication SpA's 2002-2003 financial year net profit of € 10.2 million and for the difference of around € 2.1 million from the share premium reserve.

During the 2002-2003 financial year, Cairo Editore continued to develop projects initiated in Autumn 2002. In March 2003 it launched the monthly For Men Magazine" followed by the launch in late June 2003 of the monthly magazine "Natural Style", a women's magazine that promotes a healthy and natural lifestyle. Both these magazines enjoyed a successful launch, with "For Men Magazine" and "Natural Style" now posting average monthly circulation newstand sales of around 150,000 (first 6 issues) and 102,000 (first 3 issues) respectively.

There will be a further progression of the new publications venture development strategy over the next months. The publication of new magazines will allow an even more efficient use of existing structures.

The Group has already achieved excellent results from its advertising sales contract with the La 7 TV network. For the January - September 2003 9-month period, La 7 TV network advertising sales increased by 56.3% to € 43.7 million from € 27.9 million for the same period last year. The Group experienced an even greater increase in advertising-time sales for the two-month period October-November 2003, posting sales of around € 17 million to 26 November 2003, up 65.5% from € 10.3 million posted for the same two full months period last year. For the January – December 2003 period, total advertising sales, including backlog for December, have overcome the target of € 66 million gross revenues granted to the Publisher

Cairo Communication Group is a leading Italian advertising sales and magazine 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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2002-2003 financial year consolidated financial statements and results analysis are attached

Cairo Communication Group Consolidated Financial Statements

Cairo Communication Group
Consolidated Income Statement
for the 2002-2003 financial year ending 30 September 2003

(€ thousands)		
Financial year ending 30 September	**2003**	**2002**
Sales	152,905	141,114
Other operating revenues	2,526	4,467
Gross operating revenues	**155,431**	**145,581**
Advertising agency discounts	(19,528)	(17,764)
Inventory movements	(322)	(421)
Operating revenues	**135,581**	**127,396**
Cost of sales	(113,213)	(109,941)
Personnel costs	(9,385)	(8,353)
Gross operating profit (EBITDA)	**12,983**	**9,102**
Depreciation and provision charges	(7,795)	(5,700)
Operating profit (EBIT)	**5,188**	**3,402**
Net finance income	3,195	4,319
Profit from ordinary activities	**8,383**	**7,721**
Net exceptional expenses	(1,281)	(254)
Profit before tax	**7,102**	**7,467**
Income tax	(2,088)	(1,736)
Minority interest	27	15
Net profit	**5,041**	**5,746**

Cairo Communication Group
Consolidated Balance Sheet
at 30 September 2003

(€ thousands)	**30 September 2003**	**30 September 2002**
Assets		
Property, furniture and equipment	3,049	2,977
Intangible assets	19,510	17,432
Investments	209	218
Own shares	1,118	328
Marketable securities	77	4,908
Other current assets	11,651	19,243
Total Assets	**35,614**	**45,106**
Equity and Liabilities		
Shareholders equity	133,588	134,365
Minority interest	0	19
Non-current borrowings and funds	6,153	3,914
Net financial assets	(104,127)	(98,357)
Borrowings from unconsolidated subsidiary	0	5,165
Total Equity and Liabilities	**35,614**	**45,106**

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

(€ thousands)	**30 Sept. 2003**	**30 Sept. 2002**	**Change**
Bank and cash	98,065	98,266	(201)
Short term investments	6,083	90	5,993
Marketable securities	0	0	0
Insurance financial income receivable	0	0	0
Bank loans	(21)	0	(21)
Net Financial Assets	**104,127**	**98,356***	**5,771**
Immobiledit borrowings	0	(5,165)	5,165
Net Financial Position	**104,127**	**93,191**	**10,936**

** At 30 September 2002, the Group's unconsolidated subsidiary Immobiledit Srl held some € 1.8 million in current financial assets, effectively enabling the Group to have access to € 100.2 million in net financial assets at this date.*

Analysis of 2002-2003 Financial Year Consolidated Income Statement by Business Segment

(€ thousands)	**Advertising**		**Search Engine (Il Trovatore)**		**Publishing**	
Financial year ending 30 September	**2003**	**2002**	**2003**	**2002**	**2003**	**2002**
Sales	127,037	119,337	164	61	25,704	21,717
Other operating revenues	1,924	3,517	7	11	595	939
Gross operating revenues	**128,961**	**122,854**	**171**	**72**	**26,299**	**22,656**
Agency discounts	(19,528)	(17,764)	-	-	-	-
Inventory movements	-	-	-	-	(322)	(422)
Operating revenues	**109,433**	**105,090**	**171**	**72**	**25,977**	**22,234**
Cost of sales	(93,617)	(94,466)	(272)	(270)	(19,324)	(15,205)
Personnel costs	(3,949)	(3,496)	-	-	(5,436)	(4,857)
Gross operating profit (EBITDA)	**11,867**	**7,128**	**(101)**	**(198)**	**1,217**	**2,172**
Depreciation and provision charges	(6,227)	(4,160)	(25)	(19)	(1,543)	(1,521)
Operating profit (EBIT)	**5,640**	**2,968**	**(126)**	**(217)**	**(326)**	**651**
Net finance income	2,979	4,318	(1)	(1)	217	2
Profit from ordinary activities	**8,619**	**7,286**	**(127)**	**(218)**	**(109)**	**653**
Net exceptional income/(expenses)	(1,134)	-	(7)	-	(140)	(254)
Profit before tax	**7,485**	**7,286**	**(134)**	**(218)**	**(249)**	**399**
Income tax	(2,182)	(1,857)	-	-	94	121
Minority interest	-	15	27	-	-	-
Net profit	**5,303**	**5,444**	**(107)**	**(218)**	**(155)**	**520**

Analysis of 2002-2003 Financial Year Group Sales and Other Operating Revenues by Business Segment

(€ thousands)

Financial year ending	**30 September 2003**			**30 September 2002**		
	Advertising	**Publishing**	**Total**	**Advertising**	**Publishing**	**Total**
TV advertising time sales	97,777	-	**97,777**	53,189	-	**53,189**
Print media advertising space sales	29,080	14,023	**43,103**	63,189	11,718	**74,907**
Stadium signs and electronic billboards advertising space sales	201	-	**201**	2,458	-	**2,458**
Internet advertising time sales	143	-	**143**	562	-	**562**
Magazine over-the-counter sales	-	7,776	**7,776**	-	6,159	**6,159**
Magazine subscription sales	-	3,176	**3,176**	-	3,051	**3,051**
Audiovisual and other sales	-	78	**78**	-	85	**85**
Books and catalogues	-	907	**907**	-	966	**966**
VAT relating to publications	-	(256)	**(256)**	-	(263)	**(263)**
Total - Sales	**127,201**	**25,704**	**152,905**	**119,398**	**21,716**	**141,114**
Other operating revenues	1,931	595	**2,526**	3,528	939	**4,467**
Total - Gross Operating Revenues	129,132	26,299	**155,431**	122,926	22,655	**145,581**