



CAIRO COMMUNICATION

PRESS RELEASE

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Board of Directors approves the 3rd quarter report at 30 June 2004: “Settimanale DIPIU” magazine posts exceptional results, with the 14th issue selling around 950,000 copies. 2003-2004 9-month Group gross operating revenues and EBIT up 18.1% and 22.7% respectively. EBITDA improves to €13.2 million (+15,7%), exceeding 2002-2003 financial year’s figure

- 2003-2004 9-month (1 October 2003 to 30 June 2004) Group gross operating revenues increased by 18.1% to €150.9 million, while EBITDA rose by 15.7% to €13.2 million and EBIT improved by 22.7% to €6.9 million
- 2003-2004 3rd quarter (1 April to 30 June 2004) Group gross operating revenues increased by 19.1% to €51.8 million, while EBITDA rose by 2% to €4.9 million and EBIT improved by 6.7% to €2.7 million.
- “Settimanale DIPIU” magazine posted average sales of around 770,000 copies for its last ten issues, far exceeding the 1st year average monthly forecast of 350,000, with 14th issue sales rising to around 950,000 copies
- La7 TV network: 9-month advertising sales jumped 41% to around €66 million, three times the TV advertising time market growth rate for this period.

The Board of Directors of the Cairo Communication Group met today to approve the 3rd quarter report at 30 June 2004.

Group 2003-2004 9-month gross operating revenues rose by 18.1% to €150.9 million from €127.8 million for the same period last year. Group 2003-2004 9-month EBITDA improved by 15.7% to €13.2 million from €11.4 million and EBIT rose 22.7% to €6.9 million from €5.7 million during this time.

Group 2002-2003 9-month net finance income and profit before tax included a tax credit of €1.3 million arising from dividends received by the parent company Cairo Communication SpA from its subsidiary Cairo TV SpA.

Group 2003-2004 3rd quarter gross operating revenues rose by 19.1% to €51.8 million from €43.6 million for the same period last year. Group 2003-2004 3rd quarter EBITDA improved by 2% to €4.9 million from €4.8 million and EBIT rose 6.7% to €2.7 million from €2.55 million during this time.

Editing and advertising costs related to the launch of the new weekly magazine “Settimanale DIPIU” are expensed and allocated over the magazine’s first twelve months of print. Accordingly during this quarter were expensed €0.8 million pre-publishing and launch costs of the magazine. In the quarter advertising for issues subsequent the launch totalled €0.2 million, increasing the costs of the period to €1.0 million.

Group 9-month, quarterly and half-year results exclude income tax and income tax effects.

Group net financial assets rose to €105 million at 30 June 2004 from around €102.5 million at 31 March 2004.

The dynamism of Cairo Editore subsidiary during this quarter confirms the soundness of Cairo Group’s decision to strongly develop its Publishing business, targeting internal growth through the launch of new magazines. This is reflected in its 19 April 2004 launch of the “Settimanale DIPIU”, magazine, following a planning stage of just three months. This title is edited by Sandro Mayer, one of Italy’s best known and most capable editors.

“SettimanaleDIPIU” is enjoying extraordinary results and exceeding all sales forecasts, with the 14th issue selling around 950,000 copies. The last 10 issues have averaged sales of around 770,000, reflecting a strong sales growth trend. Advertising sales for this magazine have also increased sharply, in line with these excellent sales figures and at 30 July 2004 the advertising portfolio for the all 37 issues of 2004 will total revenues of more than €9 million.

The successful launch has led the Group to forecast a marked increase in sales and advertising revenues for this title, and accordingly an improvement in Group profitability margins. For the first twelve months, the Group is projecting sales of €40 million for “SettimanaleDIPIU” with a profit margin of around 20%.

Regarding its Rep-Advertising business, La7 TV network advertising sales performed very well, generating revenues of around €66 million for the 9 months from 1 October 2003 to 30 June 2004, up 41% over the same period last year.

Thematic TV channels advertising time sales also performed well for the 6-month period between 1 January and 30 June 2004, with Cartoon Network, Boomerang and CNN posting together 40% increases, while Discovery Channel, Discovery Civilization, Discovery Travel & Adventure and Discovery Science posted together even stronger increases of 61.5%, with Bloomberg rising by 11%.

About Cairo Communication

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 TV, the Internet and commercial TV.

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Consolidated financial statements and supporting analysis attached.

Cairo Communication Group
Consolidated Financial Statements and Supporting Analysis

Consolidated Income Statement
for the 9 month period ending 30 June 2004

<i>(€thousands)</i>	2003-2004	2002-2003
	9 months	9 months
Sales	149,438	125,495
Other operating revenues	1,522	2,295
Gross operating revenues	150,960	127,790
Advertising agency discounts	(18,908)	(16,210)
Inventory movements	26	(1,515)
Operating revenues	132,078	110,065
Cost of sales	(110,383)	(91,526)
Personnel costs	(8,519)	(7,160)
Gross operating profit (EBITDA)	13,176	11,379
Depreciation and provision charges	(6,234)	(5,723)
Operating profit (EBIT)	6,942	5,656
Net finance income	2,204	3,451
Profit from ordinary activities	9,146	9,107
Net exceptional expenses	(174)	(1,130)
Minority interest	22	18
Profit before tax	8,994	7,995

Analysis of Group Sales and Other Operating Revenues by Business Segment
for the 9 month period ending 30 June 2004

<i>(€thousands)</i>	2003-2004			2002-2003		
	9-months			9-months		
	Advertising	Publishing	Total	Advertising	Publishing	Total
TV advertising time sales	109,879		109,879	80,635	0	80,635
Print media advertising space sales	8,279	14,954	23,233	26,610	9,649	36,259
Stadium signs and electronic billboards advertising space sales	10		10	228	0	228
Internet advertising time sales	74		74	115	0	115
Magazine over-the-counter sales	-	13,455	13,455		5,326	5,326
Magazine subscription sales	-	2,562	2,562		2,326	2,326
Audiovisual and other sales	-	111	111		76	76
Books and catalogues	-	545	545		710	710
VAT relating to publications	-	(431)	(431)		(180)	(180)
Total - Sales	118,242	31,196	149,438	107,588	17,907	125,495
Other operating revenues	962	560	1,522	1,237	1,058	2,295
Total - Gross Operating Revenues	119,204	31,756	150,960	108,825	18,965	127,790

**Consolidated Income Statement
for the 3rd quarter ending 30 June 2004**

<i>(€ thousands)</i>	2003-2004	2002-2003
	3 months	3 months
Sales	51,777	43,470
Other operating revenues	500	173
Gross operating revenues	52,277	43,543
Advertising agency discounts	(6,034)	(5,644)
Inventory movements	(15)	(1,188)
Operating revenues	46,228	36,811
Cost of sales	(38,211)	(29,952)
Personnel costs	(3,137)	(2,077)
Gross operating profit (EBITDA)	4,880	4,782
Depreciation and provision charges	(2,156)	(2,230)
Operating profit (EBIT)	2,724	2,552
Net finance income	650	647
Profit from ordinary activities	3,374	3,199
Net exceptional expenses	(2)	3
Minority interest	3	1
Profit before tax	3,375	3,203

**Analysis of Group Sales and Other Operating Revenues by Business Segment
for the 3rd quarter ending 30 June 2004**

<i>(€ thousands)</i>	2003-2004			2002-2003		
	Advertising	Publishing	Total	Advertising	Publishing	Total
TV advertising time sales	33,148	-	33,148	29,962	0	29,962
Print media advertising space sales	3,468	6,268	9,736	6,743	3,600	10,343
Stadium signs and electronic billboards advertising space sales	0	-	0	54	0	54
Internet advertising time sales	28	-	28	34	0	34
Magazine over-the-counter sales	-	8,138	8,138	0	2,163	2,163
Magazine subscription sales	-	858	858	0	826	826
Audiovisual and other sales	-	78	78	0	10	10
Books and catalogues	-	(3)	(3)	0	71	71
VAT relating to publications	-	(206)	(206)	0	7	7
Total - Sales	36,664	15,133	51,777	36,793	6,677	43,470
Other operating revenues	347	153	500	130	43	173
Total - Gross Operating Revenues	36,991	15,286	52,277	36,923	6,720	43,643

**Consolidated Balance Sheet
at 30 June 2004**

<i>(€ thousands)</i>	30 June 2004	31 Dec. 2003	30 Sept. 2003
Assets			
Property, furniture and equipment	3,052	2,994	3,049
Intangible assets	15,450	16,558	19,510
Investments	154	191	209
Own shares	519	248	1,195
Other current assets	12,930	11,246	11,663
Total Assets	32,105	31,267	35,626
Equity and Liabilities			
Shareholders equity	131,030	127,548	133,588
Minority interest	(10)	(6)	12
Non-current borrowings and funds	6,075	6,258	6,153
Net financial assets	(104,990)	(102,533)	(104,127)
Total Equity* and Liabilities	32,105	31,267	35,626

* Equity at 30 June 2004 includes the profit before tax for the nine month period.

**Consolidated Net Financial Position Statement
at 30 June 2004**

<i>(€ thousands)</i>	30 June 2004	31 Dec. 2003	30 Sept. 2003
Bank and cash	88,885	96,521	98,066
ABN Amro Treasury Fund	10,085	0	0
Insurance financial product	6,000	6,000	6,000
Other marketable securities	82	82	82
Bank loans	(62)	(70)	(21)
Net Financial Assets	104,990	102,533	104,127