



July 24, 2003

For immediate release

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NETGRAPHE INC. REPORTS EARNINGS FOR THE FIRST TIME

Montréal, Québec – Netgraphe Inc. today announced its unaudited consolidated results for the three-month period ended June 30, 2003. After posting operating income for two consecutive quarters, Netgraphe is now reporting net income of \$139,000 for the second quarter of 2003 and cumulative net income of \$35,000 for the first six months of the year.

“We are very proud to be announcing a net profit, not only for the quarter but for the year to date,” commented Bruno Leclaire, President and Chief Executive Officer. “With these results, we have achieved our objective six months ahead of schedule. Our latest endeavours have served as a springboard for the launch of new business models which will begin bearing fruit in the near future. In addition, our specialty sites Jobboom, MatchContact and Autonet have been steadily growing their market share.”

Revenues totalled \$6.8 million during the quarter ended June 30, 2003. Operating income before amortization, financial expenses and other charges was \$617,000, a \$1.5 million improvement from the operating loss of \$887,000 reported for the same period of 2002. Year-to-date operating income totals \$1.1 million, compared with a \$2.7 million loss at the same point last year.

The Company’s net income for the second quarter ended June 30, 2003 was \$139,000, after amortization of capital assets and intangible assets in the amount of \$311,000 and financial expenses in the amount of \$154,000. Net income per share is therefore negligible for now. However, the results compare very favourably with the net loss of \$2.3 million, or \$0.01 per share, posted in the second quarter of 2002.

The weighted average number of shares outstanding during the last quarter and the last 12-month financial year was 222.6 million. As at June 30, 2003, the Company had \$2.6 million in cash and cash equivalents.

Netgraphe Inc., a subsidiary of Quebecor Media Inc., is an integrated company offering e-commerce, information, communication and IT consulting services. Netgraphe owns the CANOE network, which serves over 5.5 million on-line visitors per month (source: MediaMetrix) and includes Canoe.ca, Canoe.qc.ca, La Toile du Québec (Toile.com), Webfin.com and Megagiciel.com. Netgraphe also operates a string of e-commerce sites: Jobboom.com (employment) Autonet.ca and Autonet.qc.ca (automobiles), MatchContact.com and ReseauContact.com (dating), Shop.canoe.ca (on-line shopping), ClassifiedExtra.ca and ClasseesExtra.ca (classifieds). Subsidiary Progisia Informatique offers IT consulting services including e-commerce, outsourcing, integration and secure

transaction environments. Netgrappe is listed on the Toronto Stock Exchange under the ticker symbol www.

Enc.: Financial results
(The complete Financial Statements and Management's Discussion and Analysis will be available at www.netgrappe.com)

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INFORMATION:

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NETGRAPHE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands of dollars, except per share amounts)
(unaudited)

	Three-month ended June 30		Six-month ended June 30	
	2003	2002	2003	2002
Revenues	\$ 6,760	\$ 6,755	\$ 13,794	\$ 14,141
Operating Expenses	6,143	7,642	12,733	16,812
Operating income (loss) before the undernoted items	617	(887)	1,061	(2,671)
Amortization	311	1,217	704	2,443
Financial expenses	154	135	312	273
Reserve for restructuring of operations (note 3)	-	-	-	1,450
Income (loss) before income taxes	152	(2,239)	45	(6,837)
Income taxes	13	36	10	75
Net income (loss)	\$ 139	\$ (2,275)	\$ 35	\$ (6,912)
Income (loss) per share (note 4)				
Basic and diluted	\$ -	\$ (0,01)	\$ -	\$ (0,03)
Weighted average number of shares outstanding (in thousands)	222,605	222,605	222,605	222,605

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF DEFICIT

(In thousands of dollars)
(unaudited)

	Three-month ended June 30		Six-month ended June 30	
	2003	2002	2003	2002
Balance at beginning				
As previously reported	\$ (194,417)	\$ (148,699)	\$ (193,909)	\$ (143,905)
Restatement due to a change in accounting policy on goodwill	-	(38,402)	-	(38,402)
As re-stated	(194,417)	(187,101)	(193,909)	(182,307)
Net income (loss)	139	(2,275)	35	(6,912)
Increase in equity component of convertible debentures	(425)	(166)	(829)	(323)
Balance at end	\$ (194,703)	\$ (189,542)	\$ (194,703)	\$ (189,542)

See accompanying notes to consolidated financial statements

NETGRAPHE INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of dollars)
(unaudited)

	Three-month ended June 30		Six-month ended June 30	
	2003	2002	2003	2002
Cash flows related to operating activities :				
Net income (loss)	\$ 139	\$ (2,275)	\$ 35	\$ (6,912)
Adjustments for :				
Amortization of capital assets	304	1,089	691	2,205
Amortization of intangible assets	7	128	13	238
Reserve for restructuring of operations	-	-	-	175
(Gain) loss on disposal of tangible assets	(3)	25	(3)	55
	447	(1,033)	736	(4,239)
Net change in non-cash operating working capital items related to operations	(579)	2,349	65	5,554
Cash flows (used by) provided by operating activities	(132)	1,316	801	1,315
Cash flows related to financing activities :				
Net decrease in bank indebtedness	-	-	-	(80)
Repayment of convertible debentures	(166)	(66)	(325)	(129)
Cash flows used by financing activities	(166)	(66)	(325)	(209)
Cash flows related to investing activities :				
Additions to capital assets	(108)	-	(137)	0
Increase in intangible assets, net of government assistance	(111)	-	(71)	0
Disposal of short-term investments	-	-	-	27
Cash flows (used by) provided by investing activities	(219)	-	(208)	27
(Net decrease) increase in cash and cash equivalents	(517)	1,250	268	1,133
Cash and cash equivalents at beginning	3,085	1,276	2,300	1,393
Cash and cash equivalents at end	\$ 2,568	\$ 2,526	\$ 2,568	\$ 2,526
Interest paid	\$ 157	\$ -	\$ 318	\$ -

See accompanying notes to consolidated financial statements

NETGRAPHE INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2003, with comparative figures as at December 31, 2002

(In thousands of dollars)

	2003 (unaudited)	2002 (audited)
Assets		
Current assets :		
Cash and cash equivalent	\$ 2,568	\$ 2,300
Accounts receivable (note 5)	5,743	6,349
Work in process and prepaid expenses	717	534
	9,028	9,183
Capital assets	827	1,378
Intangible assets	504	446
Goodwill	26,180	26,180
	\$ 36,539	\$ 37,187
Liabilities and Shareholders' Equity		
Current liabilities :		
Account payable and accrued charges (note 6)	\$ 5,364	\$ 6,623
Deferred revenues	2,883	1,982
Current portion of liability component of convertible debentures	755	685
	9,002	9,290
Liability component of convertible debentures	2,142	2,537
Shareholders' equity :		
Equity component of convertible debentures	14,962	14,133
Capital stock (note 7)	201,345	201,345
Contributed surplus	3,791	3,791
Deficit	(194,703)	(193,909)
	25,395	25,360
	\$ 36,539	\$ 37,187

See accompanying notes to consolidated financial statements