

Year report SA-R 1999

(according to the § 46 section 8 of the Cabinets Decree as at 22 December 1998 - Dz.U. Nr 163, poz. 1160)

(for the issuer of securities providing production, building, trade or service business)

For the year comprising the period from: 1.01.1999 to 31.12.1999

date 20 April 2000

AGORA Spółka Akcyjna		
(full name of the issuer)		
AGORA SA	INNE	
(short name of the issuer)	(proper classification)	
00-732	WARSZAWA	
(postal code)	(locality)	
	Czerska	8/10
	(street name)	(street number)
(0-22) 840-09-11	(0-22) 840-00-67	
(telephone number)	(fax number)	(e-mail)
526-03-05-644	11559486	
(NIP)	(REGON)	

KPMG Polska Audyt Sp. z o.o.

date 18 April 2000

(Enterprise entitled to performe audit)

(date of issue)

Report roczny zawiera:

- Consolidated financial statements
- | | |
|---|---|
| <input checked="" type="checkbox"/> Introduction | <input checked="" type="checkbox"/> Schedule of changes in the equity |
| <input checked="" type="checkbox"/> Balance | <input checked="" type="checkbox"/> Cash flow |
| <input checked="" type="checkbox"/> Trade and profit and loss account | <input checked="" type="checkbox"/> Notes |

Appendix

- Appendix 1 - The report of the entitled entity to issue an audit report
- Appendix 2 - Letter of Management Board President
- Appendix 3 - Management Board's report on the Groups performance

SELECTED FINANCIAL DATA'S (Current period)	thousand PLN	thousand EURO
I. Net revenue from the sale of finished goods, merchandise and raw materi	694 154	163 920
II. Profit (loss) on operational activities	171 836	40 578
III. Profit before taxation	181 690	42 905
IV. Net profit (loss)	120 750	28 514
V. Assets (as at 31.12.1999)	952 459	228 468
VI. Total liabilities (as at 31.12.1999)	158 790	38 089
- short-term liabilities	79 689	19 115
VII. Equity (as at 31.12.1999)	772 007	185 182
VIII. Share capital (as at 31.12.1999)	56 758	13 615
IX. Number of shares (as at 31.12.1999)	56 757 525	
X. Book value per share (PLN/EURO) (as at 31.12.1999)	13,60	3,26
XI. Net profit per ordinary share (PLN/EURO)	2,13	0,50
XII. Declared dividend per one share (PLN/EURO)	-	-

Year report according to the law should be passed on to the Securities and Stock Exchange Board,
Stock Exchange of Securities in Warsaw S.A. and Polish Press Agency.

INTRODUCTION

Main activity of the Agora SA (Company) is newspaper and periodicals edition - EKD 2212 and advertising services EKD 7440 (press advertisement).

Presented financial statements contain data for the 12 months ended 31 December 1999 with comparative figures for the 12 months ended 31 December 1998.

The financial statements for both 1999 and 1998 were not adjusted for the issues stated in qualifications to the auditor's opinions. The qualifications were pointing that the Company did not adjust the financial statements for the provisions resulting from a permanent diminution in the value of the shares in associated companies. The appropriate adjustments, as it is further discussed in note 3 are included in the consolidated financial statements for the years ended 31 December 1999 and 1998.

There are no entities inside the Company that prepare their own financial statements.

PRINCIPAL ACCOUNTING POLICIES, METHODS FOR VALUATION OF ASSETS AND LIABILITIES AND MEASURING OF THE PROFIT FOR THE YEAR

The Company is keeping its books in accordance with provisions of Accounting Act, dated 29 September 1994.

1. Intangible fixed assets

Intangible fixed assets are valued at acquisition price or at development cost and are amortised using the straight line method over the following periods:

Computer software	2-3 years
Perpetual usufruct	10 years
Licences, patents and trademarks	5 years
Goodwill	5 years
Other	5 years

2. Tangible fixed assets

Tangible fixed assets are recorded at acquisition price or at the cost of production, reconstruction or improvement. Tangible fixed assets are subject to periodical statutory revaluation in accordance with the regulations of the Ministry of Finance. The most recent revaluation was carried out on 1 January 1995.

Tangible fixed assets are depreciated using the straight-line or reducing balance methods over their estimated useful lives. Depreciation commences from the month following the month in which a fixed asset was acquired or transferred from construction in progress. Until November 1999 tangible fixed assets of value lower than PLN 2,500 were fully depreciated in the month following the month in which a fixed asset was acquired or transferred from construction in progress. Starting from December 1999 they have been depreciated in the same month in which a fixed asset was acquired or transferred from construction in progress.

The principle depreciation rates used are as follows:

Buildings and constructions	2,5-10,0%
Plant and machinery	5,0-60,0%
Vehicles	14,0-20,0%
Other	10,0- 25,0%

Expenditure on repairs or maintenance of tangible fixed assets which do not improve or extend the useful life of the asset are expensed as incurred; significant improvements are capitalised.

Values added after the statutory revaluation were transferred to revaluation reserve (last statutory revaluation took place on 1 January 1995)

3. Assets under construction

Assets under construction are valued at either the acquisition price or the production cost of the tangible or intangible fixed assets which will be brought into use on completion.

4. Investments

Investments classified as long-term assets are carried at the lower of cost and net realisable value, less amounts provided for to recognise other than temporary diminution in the value of the investment.

Long term loans granted are valued at the actual amounts together with interest accrued to the balance sheet date less provisions.

Purchased loans and debts are valued at purchase cost.

5. Inventory

Inventory is valued at the lower of cost or cost of production which approximates actual cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Printing-ink is valued at actual prices, finished goods at net realisable value, goods for resale at cost, others on the first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

In the balance sheet inventory is stated net of provisions made for slow moving or obsolete stock.

6. Debtors, claims and creditors

Debtors, claims and creditors denominated in Polish Zloty are recorded at nominal value. At the balance sheet date they are valued at amounts required to be paid.

Debtors, claims and creditors denominated in foreign currencies are translated to Polish Zloty at the average NBP exchange rate at the transaction date unless customs documents (SAD) indicate a different rate. Foreign currency balances are restated at the balance sheet date at the average NBP exchange rate for the respective foreign currency.

Debtors balances at the balance sheet are stated net of provisions for doubtful debts.

7. Short-term securities

Short-term securities are carried at the lower of cost and net realisable value.

8. Cash in hand and at bank

Cash denominated in Polish Zloty is stated at nominal value.

Cash denominated in foreign currencies is translated to Polish Zloty using the average NBP exchange rate for the respective foreign currency at the balance sheet date. Exchange differences are disclosed as financial revenue or costs.

9. Inter-period settlements of costs and deferred income

Inter-period settlements represent prepaid costs concerning future reporting periods. Accruals consist of possible costs of a current period, that an amount or date of the liability are unknown at the year end. Deferred income represents payments received in connection with the future services and positive foreign exchange differences from valuation of assets and liabilities other than cash, shares and securities.

10. Equity

Share capital is disclosed in nominal value of registered shares, resulting from the Company's statute and commercial register. As at 31 December 1999 share capital was PLN 56,757,525 and represented 56,757,525 shares of nominal value of PLN 1 each.

Reserve capital has been created by transfers from net income, reduction of share capital with no payments, reduction of revaluation reserve connected with sale or liquidation of revalued fixed assets and share premium. The creation of reserves is in accordance with the statutes of the Company.

11. Provisions

Provisions represent provisions for doubtful debtors that reduce balance of debtors. The Company also recognises a provision for temporary difference relating to corporate income tax, caused by time differences between revenue or costs according to the accounting act and

tax regulations. Positive difference is disclosed as an obligatory charge on the net income, i.e. as a provision for a corporate income tax. Negative difference is disclosed as a prepaid expense if there is a possibility of its settlement within the next financial year and the following financial years. In the balance sheet positive and negative differences are presented net as a deferred tax provision or asset. For calculation of positive or negative difference state of settlements as at the year end is taken into consideration.

12. Bank credits and loans

Bank credits and loans denominated in Polish Zloty are carried at their principal amount. Bank credits and loans denominated in foreign currencies are carried at their principal amount translated to Polish Zloty at the average NBP exchange rate for the respective foreign currency at the balance sheet date.

13. Revenues and expenses

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of products or services to third parties. Revenues are recognised when the conditions of sale have been met and no significant uncertainties remain regarding the acceptance of the goods and/or services. Sales revenues are stated net of value added tax (VAT). Revenues and matching them costs are recognised on the accrual basis regardless the actual payment date.

The Company prepares profit and loss statement in the both calculative (by function) and comparative (by expenditure) formats.

14 Other operating revenue and expenses

Other operating revenue and expenses are connected with the Company's operation and have influence on the income from operating activities. Revenues represent: revenue from the sale of fixed assets, value of resolved provisions for doubtful debts and economy risk except for provisions connected with financial risk, fines and compensations received and fixed assets received as a contribution. Other operating costs represent: value of fixed assets sold, provisions created for doubtful debts and economy risk except for provisions connected with financial risk, fines and compensations paid, contributions made and adjustments of stocks value.

15. Financial revenue and expenses

Financial revenue and expenses represent interests resulting from bank credits and loans given and received, foreign exchange differences, commissions, revenue and expenses connected with ownership of shares and other securities including value of created and resolved provisions connected with financial risk, also interest received, results on short-term securities.

16. Foreign exchange differences

Foreign exchange differences arising from the balance sheet date restatement of cash, investments and securities are recorded as follows:

- gains - financial income,
- losses - financial expenses.

The excess of foreign exchange losses over gains resulting from the balance sheet date restatement of assets and liabilities (other than cash, investments and securities) denominated in a specific currency is included in financial expenses. An excess of foreign exchange gains over losses for a particular currency is included in deferred income.

17. Extraordinary gains and losses

Extraordinary gains and losses result from unrepeatable events that are not connected with regular Company's operation.

18. Motivation plan for the company's employees

In April 1998 Agora SA introduced an incentive plan (plan) for employees on management positions and non executive high performing employees in the Company and the subsidiaries. Employees included in the plan might be rewarded depending on stage of realisation of targets specified in the plan. The rewards will be paid in cash and shares. The Company has created a provision for costs resulting from the plan. The amount of the provision has been calculated as an estimated amount of rewards based on the realisation of planned targets.

19. Obligatory charges

An obligatory charge is corporate income tax. The corporate income tax in 1999 amounts to 34% of gross income calculated on base of the accounting regulations and adjusted for non taxable revenue and non tax deductible expenses, deductions allowed as specified in the tax regulations.

20. Investment relief

The fixed assets under the investment relief are depreciated using the rates set in the Company's depreciation plan. The depreciation of the finished assets under the scheme is not tax allowed cost up to the amount of an investment relief taken.

The amount of investment tax relief which is an acceleration of depreciation of tangible fixed assets reduce profit/loss before taxation for calculation of the tax base. The Company creates provisions for corporate income tax connected with the investment relief.

21. Significant differences between the presented financial statements prepared under the Polish Accounting Act (PAA) and financial statements under the International Accounting Standards (IAS)

Since under IAS Agora SA is obliged to prepare consolidated financial statements only, below are presented differences in accounting methods and policies adopted by the Company under the

PAA in comparison to IAS. The details regarding the differences and their quantification are presented in the consolidated financial statements of the Capital Group of Agora SA for the 12 months ended 31 December 1999. Additionally there are reconciliation of main figures of the financial statements under PAA and IAS.

1. Under IAS unrealised foreign exchange differences are recognised in the income statement of the period when they arise. An excess of foreign exchange gains over losses resulting from the balance sheet date restatement of assets and liabilities (other than cash, investments and securities) denominated in a foreign currency for a particular currency is included in deferred income.
2. In the consolidated financial statements the goodwill on acquisition of Cox's minority interest in ACTV Sp. z o.o. calculated under IAS exceeds value used under PAA by the gross amount of PLN 7,820 thousand.
3. In the IAS financial statements treasury bills are disclosed as cash equivalents while under PAA they are classified as short term investments.
4. In the IAS financial statements computer software is disclosed as tangible fixed assets while under PAA it is classified as intangible fixed assets.
5. Some revenues and expenses classified under PAA as financial which relate directly to the Company's operating activities, for example foreign differences on trade receivables and payables under IAS are classified as the operating expenses or revenues.
6. As a consequence of the above presented differences the difference in the differed tax provision appears, which alters the current years profit and retained earnings.

BALANCE SHEET

	Note	31 December 1999	31 December 1998
ASSETS			
I. Fixed assets		575 726	381 712
1. Intangible fixed assets	1	32 794	16 458
2. Tangible fixed assets	2	369 027	213 614
3. Financial fixed assets	3	173 905	151 640
4. Long-term debtors	4	-	-
II. Current assets		375 792	139 021
1. Inventory	5	17 201	16 029
2. Short-term debtors	6	82 070	68 437
3. Own shares for sale	7	-	-
4. Short-term securities	8	245 101	47 587
5. Cash and cash equivalents	9	31 420	6 968
III. Prepaid expenses and other assets	10	941	2 936
1. Deferred corporate income taxes recoverable		-	-
2. Other		941	2 936
Total assets		952 459	523 669
LIABILITIES AND SHAREHOLDERS' EQUITY			
I. Equity		772 007	271 501
1. Share capital	11	56 758	44 141
2. Outstanding share capital contributions (negative figure)		-	-
3. Reserve capital	12	593 743	164 032
4. Revaluation reserve		756	913
5. Other reserve capital	13	-	-
6. Foreign exchange rate differences on overseas branches		-	-
7. Accumulated profit/(loss) from previous years	14	-	-
8. Profit after taxation for the financial year		120 750	62 415
II. Provisions		9 365	6 876
1. Provisions for deferred tax	15	9 365	6 837
2. Other	16	-	39
III. Liabilities		158 790	234 405
1. Long-term liabilities	17	79 101	63 129
2. Short-term liabilities	18	79 689	171 276
VI. Accrued expenses and deferred income	19	12 297	10 887
Total equity and liabilities		952 459	523 669
Book value		772 007	271 501
Number of shares		56 757 525	44 140 500
Book value per share in PLN		13,60	6,15
Predicted number of shares		-	56 757 525
Diluted book value per share in PLN		-	11,48

Off balance sheet liabilities

	31 December 1999	31 December 1998
a) total value of guarantees given	111 518	98 518
- to subsidiaries	-	-
- to associates	13 000	-
- to parent company	-	-
- to other entities	98 518	98 518
b) other	-	-
Total off balance sheet liabilities	111 518	98 518

In March 1998 the Group provided a pledge on the TKP shares (held at that time of the carrying value of PLN 98 518 thousand) as a security for a bank loan granted to TKP. According to the representation of the bank TKP repaid the loan in full by the December 31, 1999. Therefore the pledge has expired and is now being removed out of a specific register.

PLN 13 000 thousand is a guarantee of a bank loan taken by Inforadio Sp. z o.o.

CONSOLIDATED PROFIT AND LOSS

		1.01.99 till 31.12.99	1.01.98 till 31.12.98
I. Net sales of merchandise and finished products		694 154	550 854
1. Net sales of finished products	20	690 178	546 918
2. Net sales of merchandise and materials	21	3 976	3 936
II. Cost of merchandise, finished products sold and materials		(357 191)	(285 653)
1. Cost of finished products sold	22	(353 674)	(281 929)
2. Cost of merchandise and materials sold		(3 517)	(3 724)
III. Gross profit on sales (I-II)		336 963	265 201
IV. Selling expenses		(54 568)	(39 727)
V. Administrative and general expenses		(97 058)	(65 839)
VI. Profit on sales (III-IV-V)		185 337	159 635
VII. Other operating revenues	23	2 799	2 342
VIII. Other operating expenses	24	(16 300)	(43 518)
IX. Profit on operating activities (VI+VII+VIII)		171 836	118 459
X. Dividends income	25	288	1
XI. Income from other financial assets	26	-	-
XII. Other financial income	27	62 062	24 167
XIII. Financial expenses	28	(52 496)	(37 964)
XIV. Profit on ordinary activities (IX+X+XI+XII-XIII)		181 690	104 663
XV. Extraordinary items (XV.1. - XV.2.)		-	31
1. Extraordinary gains	29	14	33
2. Extraordinary losses	30	(14)	(2)
XVI. Profit before taxation		181 690	104 694
XVII. Corporate income tax	31	(60 940)	(42 279)
XVIII. Other obligatory charges	32	-	-
XIX. Profit / (Loss) after taxation		120 750	62 415
Profit / (Loss) after taxation (for 12 months)		120 750	62 415
Weighted average number of ordinary shares		56 757 525	44 140 500
Net profit per ordinary share in PLN		2,13	1,41
Weighted average expected number of ordinary shares		-	56 757 525
Diluted profit / (loss) after taxation per ordinary share in PLN		-	1,10

CHANGES IN CONSOLIDATED EQUITY

	1.01.99 till 31.12.99	1.01.98 till 31.12.98
I. Equity opening balance	271 501	177 616
a) changes in the accounting policy	-	-
b) corrections of fundamental errors	-	-
Ia. Opening balance of equity after reconciliation to comparable data	271 501	177 616
1. Share capital opening balance	44 141	44 141
1.1. Changes in share capital	12 617	-
a) additions	12 617	34 975
- issue of shares	12 617	-
- company reorganization	-	34 975
b) disposals	-	(34 975)
- company reorganization	-	(34 975)
1.2. Share capital closing balance	56 758	44 141
2. Outstanding share capital contributions as at the beginning of the year	-	-
2.1. Changes in outstanding share capital contributions	-	-
a) additions	-	-
b) disposals	-	-

2.2. Outstanding share capital contributions as at the year end	-	-
3. Reserve capital opening balance	164 032	58 222
3.1. Changes in capital reserves	429 711	105 810
a) additions	429 711	109 323
- share premium from IPO	367 138	-
- net profit appropriation (statutory)	-	-
- net profit appropriation (over statutory minimum value)	62 415	74 140
- fixed assets disposals	158	208
- company reorganization	-	34 975
	-	-
b) disposals	-	(3 513)
- from merging	-	(3 513)
- loss coverage	-	-
	-	-
3.2. Reserve capital closing balance	593 743	164 032
4. Revaluation reserve opening balance	913	1 113
4.1. Changes in revaluation reserves	(157)	(200)
a) additions	-	8
- due to merger of entities	-	8
- due to fixed assets revaluation	-	-
	-	-
b) disposals	(157)	(208)
- fixed assets disposals	(157)	(208)
	-	-
4.2. Revaluation reserve closing balance	756	913
5. Other capital reserve opening balance	-	-
5.1. Changes in other capital reserves	-	-
a) additions	-	-
	-	-
b) disposals	-	-
	-	-
5.2. Other capital reserve closing balance	-	-
6. Foreign exchange rate differences on overseas branches	-	-
7. Accumulated profit from previous years, opening balance	62 415	74 140
7.1. Accumulated profit from previous years opening balance	62 415	74 140
- changes in the accounting policy	-	-
- corrections of fundamental errors	-	-
7.2. Opening balance of accumulated profit from previous years after reconciliation to comparable data	62 415	74 140
a) additions	-	-
- net profit appropriation	-	-
b) disposals	(62 415)	(74 140)
- transfer to capital reserves	(62 415)	(74 140)
	-	-
	-	-
7.3. Closing balance of accumulated profit from previous years	-	-
7.4. Opening balance of accumulated loss from the prior year	-	-
- changes in the accounting policy	-	-
- adjustments of fundamental errors	-	-
comparable data	-	-
a) additions	-	-
- transfer of loss to be covered	-	-
	-	-
b) disposals	-	-
	-	-
7.6. Closing balance of accumulated loss from the prior year	-	-
7.7. Closing balance of accumulated profit/(loss) from the prior year	-	-
8. Net result	120 750	62 415
a) net profit	120 750	62 415
b) net loss	-	-
II. Closing balance of equity	772 007	271 501

CONSOLIDATED CASH FLOW STATEMENT

	1.01.99 till 31.12.99	1.01.98 till 31.12.98
A. CASH FLOW FROM OPERATING ACTIVITIES (I+/-II) - indirect method	178 828	95 520
I. Profit after taxation	120 750	62 415
II. Total adjustments	58 078	33 105
1. Depreciation	39 754	17 025
2. Foreign exchange rates (gains) / losses	12 308	6 654
3. Interests and dividends	8 435	(709)
4. (Profit) / Loss on investment activity	6 087	(4 056)
5. Change in other provisions	(39)	-
6. Corporate income tax (disclosed in profit and loss statement)	60 940	42 279
7. Corporate income tax paid	(61 072)	(39 216)
8. Change in inventory position	(1 172)	(7 438)
9. Change in accounts receivable position	(11 460)	(17 506)
10. Change in short-term liabilities (except for bank credits and loans)	11 758	14 362
11. Change in interperiod settlements	2 491	826
12. Change in deferred income	(2 398)	3 949
13. Other adjustments	(7 554)	16 935
B. CASH FLOW FROM INVESTMENT ACTIVITIES (I-II)	(386 957)	(167 796)
I. Cash inflows from investing activities	1 415 632	506 753
1. Sales of intangible fixed assets	-	-
2. Sales of tangible fixed assets	43	212
3. Sales of financial fixed assets including:	-	-
- in subsidiaries	-	-
- in associates	-	-
- in parent company	-	-
4. Sales of short-term securities	1 388 087	502 987
5. Long-term loans repaid	18 787	893
6. Dividends received	288	1
7. Interest received	27	2 660
8. Other	8 400	-
II. Cash outflows from investing activities	(1 802 589)	(674 549)
1. Purchase of intangible fixed assets	(3 925)	(11 739)
2. Purchase of tangible fixed assets	(122 447)	(102 604)
3. Purchase of financial fixed assets including:	(23 277)	(19 713)
- in subsidiaries	(585)	(19 357)
- in associates	(200)	(356)
- in parent company	-	-
4. Purchase of own shares	-	-
5. Purchase of short-term securities	(1 580 997)	(520 193)
6. Long-term loans granted	(3 748)	(10 230)
7. Other expenses	(68 195)	(10 070)
C. CASH FLOW FROM FINANCIAL ACTIVITIES (I-II)	232 581	66 490
I. Inflows from financial activities	379 755	71 010
1. Long-term bank credits and loans received	-	1 731
2. Issue of bonds and other long-term debt securities	-	-
3. Short-term bank credits and loans received	-	64 166
4. Issue of bonds and other short-term debt securities	-	-
5. Inflows from own shares issued	379 755	-
6. Capital payments	-	-
7. Other	-	5 113
II. Cash outflows from financing activities	(147 174)	(4 520)
1. Long-term bank credits and loans repaid	-	-
2. Redemption of bonds and other long-term securities	-	-
3. Short-term bank credits and loans repaid	(101 054)	-
4. Redemption of bonds and other short-term debt securities	-	-
5. Expenses related to shares and bonds issues	(18 761)	-
6. Redemption of shares	-	-
7. Dividends and other payments to shareholders	-	-
8. Payments to members of the Company's governing bodies	-	-
9. Charitable contributions	(615)	(362)
10. Payments of liabilities related to finance lease agreements	-	-
11. Interest paid	(4 494)	(3 868)
12. Other expenditures	(22 250)	(290)
D. NET CASH FLOWS, TOTAL (A+/-B+/-C)	24 452	(5 786)
E. CHANGE OF CASH POSITION IN BALANCE SHEET	24 452	(5 786)
- including change in cash position due to foreign exchange differences	(54)	(48)
F. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	6 968	12 754
G. CASH AND CASH EQUIVALENTS AND THE END OF THE FINANCIAL YEAR (F+/- D)	31 420	6 968

NOTES**Notes on consolidated balance sheet****Note 1.**

INTANGIBLE FIXED ASSETS	31 December 1999	31 December 1998
a) Settlement of start-up expenses or organisational expenses of raising additional capital	18 598	124
b) Research and development expenditure	-	-
c) Goodwill	2 416	3 199
d) Concessions, patents, licenses and similar assets	-	-
e) Computer software	8 290	9 235
f) Perpetual usufruct over land acquired	3 405	3 873
g) Other intangible fixed assets	85	27
h) Prepayments for intangible fixed assets	-	-
Total intangible fixed assets	32 794	16 458

TABLE OF INTANGIBLE FIXED ASSETS MOVEMENTS (by type of expenditure)									
	a) start-up expenses or organisational expenses of raising additional capital	b) research and development	c) goodwill	d) concessions, patents, licences and similar assets	e) computer software	f) perpetual usufruct of land	g) other intangible fixed assets	h) prepayments for intangible fixed assets	Total intangible fixed assets
a) gross value at the beginning of the year	140	-	3 917	-	11 469	4 679	29	-	20 234
b) additions:	21 348	-	-	-	3 806	-	115	-	25 269
- purchases	7	-	-	-	3 803	-	115	-	3 925
- transfer from prepayments	21 341	-	-	-	-	-	-	-	21 341
- others	-	-	-	-	3	-	-	-	3
c) disposals	-	-	-	-	(1 229)	-	-	-	(1 229)
- liquidation	-	-	-	-	-	-	-	-	-
- writing off fully amortised	-	-	-	-	(1 229)	-	-	-	(1 229)
d) gross value at the year end	21 488	-	3 917	-	14 046	4 679	144	-	44 274
e) accumulated amortisation at the beginning of the year	16	-	718	-	2 234	806	2	-	3 776
f) amortisation for the year	2 874	-	783	-	3 522	468	57	-	7 704
- planned	2 874	-	783	-	4 748	468	57	-	8 930
- liquidation	-	-	-	-	-	-	-	-	-
- writing off fully amortised	-	-	-	-	(1 229)	-	-	-	(1 229)
- others	-	-	-	-	3	-	-	-	3
g) accumulated amortisation at the year end	2 890	-	1 501	-	5 756	1 274	59	-	11 480
h) net value at year the end	18 598	-	2 416	-	8 290	3 405	85	-	32 794

In 1999 fully depreciated computer software of gross value PLN 1.229 thousand was removed from the register.

Note 2.

TANGIBLE FIXED ASSETS	31 December 1999	31 December 1998
a) Fixed assets, including:	146 542	146 858
- freehold land	8 105	8 105
- buildings and constructions	28 736	25 662
- equipment and machines	106 873	110 331
- vehicles	1 257	1 388
- other	1 571	1 372
b) Construction in progress	104 970	5 864
c) Prepayments for investments	117 515	60 892
Total tangible fixed assets	369 027	213 614

TABLE OF TANGIBLE FIXED ASSETS MOVEMENTS (by group)						
	- freehold land	- buildings and constructions	- machines and technical equipment	- vehicles	- other fixed assets	fixed assets, Total
a) opening balance of fixed assets, gross value	8 105	29 215	157 082	2 146	5 999	202 547
b) additions:	-	7 096	24 542	234	1 481	33 353
- purchases	-	714	16 218	234	1 281	18 447
- transfers from construction in progress	-	6 382	2 146	-	200	8 728
- donations	-	-	-	-	-	-
- built inhouse	-	-	6 155	-	-	6 155
- others	-	-	23	-	-	23
c) disposals:	-	(2 235)	(4 368)	(94)	(459)	(7 156)
- sale	-	(185)	(4)	(94)	(8)	(291)
- liquidation	-	(360)	(4 164)	-	(429)	(4 953)
- donations	-	(1 690)	(193)	-	-	(1 883)
- found missing	-	-	(7)	-	(3)	(10)
- others	-	-	-	-	(19)	(19)
d) closing balance of fixed assets, gross value	8 105	34 076	177 256	2 286	7 021	228 744
e) opening balance of cumulative depreciation	-	3 553	46 751	758	4 627	55 689
f) amortisation per period:	-	1 787	23 632	271	823	26 513
- planned	-	1 838	27 389	341	1 256	30 824
- liquidation	-	(41)	(3 690)	-	(414)	(4 145)
- donations	-	(5)	(70)	-	-	(75)
- sales	-	(5)	(4)	(70)	(8)	(87)
- found missing	-	-	(5)	-	(3)	(8)
- others	-	-	12	-	(8)	4
g) closing balance of cumulative depreciation	-	5 340	70 383	1 029	5 450	82 202
h) closing balance of fixed assets, net value	8 105	28 736	106 873	1 257	1 571	146 542

Unplanned depreciation write-offs of buildings amounting to PLN 2,004 thousand represent: a donation (net value of PLN 1,685 thousand), given up not completed leasehold improvements (net value of PLN 313 thousand), and fence liquidation (net value of PLN 6 thousand).

Unplanned depreciation write-offs of machines amounting to PLN 599 thousand represent: a donation (net value of PLN 123 thousand), disposing of obsolete computers (net value of PLN 474 thousand, out of it: PLN 192 thousand was charged to profit and loss statement and parts valued at PLN 192 thousand were added to inventory) and of missing fixed assets of PLN 2 thousand. Other unplanned depreciation charges of PLN 15 thousand relate to scrapping of other fixed assets.

FIXED ASSETS (OWNERSHIP STRUCTURE)	31 December 1999	31 December 1998
a) owned	146 542	146 858
b) utilised on the basis of rental, lease or other agreement of similar nature, including:	-	-
Total fixed assets	146 542	146 858

OFF-BALANCE FIXED ASSETS	31 December 1999	31 December 1998
Utilised on the basis of rental, lease or other agreement of similar nature, including:	-	-
- value of land under perpetual usufruct	-	-
-	-	-
Total off-balance fixed assets	-	-

Note 3.

FINANCIAL FIXED ASSETS	31 December 1999	31 December 1998
a) other shares, including:	150 777	125 631
- in subsidiaries	25 022	22 595
- in associated entities	4 652	4 424
- in a parent company	-	-
b) long term loans granted, including	12 128	26 009
- to subsidiaries	3 131	1 972
- to associated entities	8 591	5 371
- in a parent company	-	-
c) other securities, including:	-	-
- subsidiaries	-	-
- associated entities	-	-
- in a parent company	-	-
d) other property rights (by kind)	-	-
e) other financial fixed assets	11 000	-
- additional capital contributions to a subsidiary Agora-Poligrafia Sp. z o.o.	11 000	-
Total financial fixed assets	173 905	151 640

Shares are stated at acquisition price. Full picture of the influence of these investments on the position of the Company is presented in the consolidated financial statements of the Capital Group of Agora SA which includes additional provisions for a permanent diminution in value of the investments in TKP and Inforadio Sp. z o.o.

In March 1998 the Company provided a pledge on the TKP shares (held at that time) as a security for a bank loan granted to TKP. According to the representation of the bank TKP repaid the loan in full by the 31 December 1999. Therefore the pledge has expired and is now being removed out of a specific register.

As of 31 December 1999 the Company's share in capital of Telewizyjna Korporacja Partycypacyjna S.A. ("TKP") amounted to 12.12% of closing net book value totalling PLN 121 009 thousand (equal to the purchase cost), which in the consolidated accounts are valued at PLN 22,492 thousand (including provisions for the permanent diminution in value).

As of 31 December 1998, the Company had 20% stake in TKP of a carrying value equal to the purchase cost PLN 98,518 thousand (of nil value in the consolidated accounts), the Company had also a loan receivable valued at PLN 18,666 thousands.

Following TKP capital increase dated 8 April 1999 Group's share in TKP diluted to 17.9%.

On the 25 October 1999 TKP repaid the loan in the amount of PLN 22 492 thousand and on the same day the Company paid the same amount of money for the new shares. After the registration Company's share in TKP decreased to 12.12%. Since the acquisition of the new shares in TKP was effectively a conversion of the long term loan granted to TKP into equity and therefore did not require any additional funds.

As a consequence of the decrease in the Group's stake in TKP and since the Company does not exercise a significant influence over the operations and financial policy of TKP SA, it is no longer treated as an associate, as meant by the Accounting Act dated 24 September 1994, and therefore is no longer consolidated under the equity method.

Therefore the comparable data as at 31 December 1998 has been amended in a way that TKP related balances are not shown as balances of an associate, namely shares in associated companies and long term loans to associates are reduced by PLN 98 518 thousand and PLN 18 666 thousand, respectively.

As at 31 December 1999 shares in an associate Inforadio Sp. z o.o. shown in this financial statements at acquisition cost of PLN 2 857

thousand in the consolidated accounts are decreased by provision amounting to PLN 2 800 thousand. Consolidated accounts include also a provision for loans to Inforadio amounting to PLN 6 800 thousand.

CHANGE IN FINANCIAL FIXED ASSETS (DIVIDED INTO GROUPS)								
	a) shares:	- in subsidiaries	- in associated companies	- in parent Company	b) long-term loans granted:	- to subsidiaries	- to associated companies	- to parent Company
a) opening balance	125 631	22 595	4 424	-	26 009	1 972	5 371	-
b) additions	25 146	2 427	228	-	15 272	1 876	3 961	-
- purchases	23 607	888	228	-	-	-	-	-
- loan into shares swap	1 527	1 527	-	-	-	-	-	-
- interest accrued and	-	-	-	-	3 748	1 090	2 252	-
- loans granted	-	-	-	-	7 695	784	1 709	-
- stamp duty	12	12	-	-	-	-	-	-
- swap of debt into loan	-	-	-	-	2	2	-	-
- released provisions	-	-	-	-	3 827	-	-	-
- additional capital	-	-	-	-	-	-	-	-
c) disposals	-	-	-	-	(29 153)	(717)	(741)	-
- transfer to short term loan	-	-	-	-	(220)	(220)	-	-
- loans repaid	-	-	-	-	(22 633)	(141)	-	-
- provision for interest and revaluations	-	-	-	-	(6 051)	(356)	(492)	-
- loan into shares swap	-	-	-	-	(249)	-	(249)	-
- provision for a loan to Inforadio Sp. z o.o.	-	-	-	-	-	-	-	-
- additional capital	-	-	-	-	-	-	-	-
d) closing balance	150 777	25 022	4 652	-	12 128	3 131	8 591	-
Financial fixed assets, Total	150 777	25 022	4 652	-	12 128	3 131	8 591	-

	c) other securities:	- of subsidiaries	- of associated companies	- of a parent Company	d) other equity rights (divided into groups)			e) other financial fixed assets	Financial fixed assets, Total
					-	-	-		
a) opening balance	-	-	-	-	-	-	-	151 640	
b) additions	-	-	-	-	-	-	11 000	51 418	
- purchases	-	-	-	-	-	-	-	23 607	
- loan into shares swap	-	-	-	-	-	-	-	1 527	
- interest accrued and revaluations	-	-	-	-	-	-	-	3 748	
- loans granted	-	-	-	-	-	-	-	7 695	
- stamp duty	-	-	-	-	-	-	-	12	
- swap of debt into loan	-	-	-	-	-	-	-	2	
- released provisions	-	-	-	-	-	-	-	3 827	
- additional capital contributions	-	-	-	-	-	-	11 000	11 000	
c) disposals	-	-	-	-	-	-	-	(29 153)	
- transfer to short term loan	-	-	-	-	-	-	-	(220)	
- loans repaid	-	-	-	-	-	-	-	(22 633)	
- provision for interest and revaluation	-	-	-	-	-	-	-	(6 051)	
- loan into shares swap	-	-	-	-	-	-	-	(249)	
- provision for a loan to Inforadio Sp. z o.o.	-	-	-	-	-	-	-	-	
- additional capital contributions	-	-	-	-	-	-	-	-	
d) closing balance	-	-	-	-	-	-	11 000	173 905	
Financial fixed assets, Total	-	-	-	-	-	-	11 000	173 905	

SHARES IN SUBSIDIARIES AND AFFILIATED COMPANIES (INVESTMENTS)

No.	a	b	c	d	e	f	g	h	i	j	k	l
	Company (with its legal status)	location	Company's activity	Kind of relation	consolidation method used	control overtaking/ influence date	shares purchase price	amounts provided for (total)	shares balance sheet value	percentage of share in share capital	percentage of votes on Shareholders meeting	other than in j) or k) kind of domination
1	KKK FM SA	Wroclaw	local radio station	subsidiary	excluded from consolidation	1.02.98	443	-	443	49,0%	49,0%	majority in Management Board
2	Inforadio Sp. z o.o.	Warszawa	supra-regional radio station	affiliated	excluded from consolidation	1.02.98	2 857	-	2 857	29,2%	29,2%	-
3	Elita Sp. z o.o.	Bydgoszcz	local radio station	subsidiary	excluded from consolidation	1.02.98	2 039	-	2 039	98,4%	98,4%	-
4	Radio Trefl Sp. z o.o.	Sopot	local radio station	affiliated	excluded from consolidation	1.02.98	985	-	985	49,0%	49,0%	-
5	Jan Babczyszyn Radio Jazz FM Sp. z o.o.	Poznan	local radio station	affiliated	excluded from consolidation	1.02.98	353	-	353	42,0%	42,0%	-
6	IM 40 Sp. z o.o.	Warszawa	local radio station	subsidiary	excluded from consolidation	1.02.98	1 260	-	1 260	72,0%	72,0%	-
7	Radio Wawel Sp. z o.o.	Kraków	local radio station	subsidiary	excluded from consolidation	1.02.98	2	-	2	50,0%	50,0%	-
8	Lokalne Rozglosnie Radiowe Sp. z o.o.	Warszawa	radio activity	subsidiary	excluded from consolidation	1.02.98	804	-	804	100,0%	100,0%	-
9	O'LE Sp. z o.o.	Opole	local radio station	subsidiary	excluded from consolidation	1.02.98	469	-	469	100,0%	100,0%	-
10	Karolina Sp. z o.o.	Katowice	local radio station	subsidiary	excluded from consolidation	26.03.98	1 499	-	1 499	100,0%	100,0%	-
11	CITY Radio Sp. z o.o.	Czestochowa	local radio station	subsidiary	excluded from consolidation	25.06.98	1 699	-	1 699	100,0%	100,0%	-
12	Biuro Obslugi Radiowej Sp. z o.o.	Poznan	radio, TV, commercial services	affiliated	excluded from consolidation	9.09.98	430	-	430	46,0%	46,0%	-
13	BARYS Sp. z o.o.	Piotrków Trybunalski	radio, TV, commercial, market research services	affiliated	excluded from consolidation	17.12.99	28	-	28	10,2%	10,2%	majority in the Management Board
14	UZNAM Sp z o.o.	Swinoujscie	local radio station	subsidiary	excluded from consolidation	29.12.99	348	-	348	100,0%	100,0%	-
15	Agora Poligrafia Sp. z o.o.	Tychy	newspaper printing	subsidiary	full consolidation	16.02.98	1 068	-	1 068	100,0%	100,0%	-
16	Trans-Serwis SA	Warszawa	transport services	subsidiary	full consolidation	1.07.98	15 390	-	15 390	100,0%	100,0%	-

SHARES IN SUBSIDIARIES AND AFFILIATED COMPANIES (INVESTMENTS), cont.																
No.	a Company	m share capital of a company :					n Company's liabilities, including: - long- term	o Company's receivables: including: - long-term	p Total Company assets	r Sales revenue	s Outstanding share capital contribution	t dividends/shares in profits for last accounting year received or receivable				
		share capital	capital called but not paid in (a negative figure)	reserve capital	other capital items											
					unappropriated result from previous years	net profit/(loss)										
1	KKK FM SA	604	-	-	(1 635)	(1 465)	(170)	1 787	891	469	-	756	2 614	-	-	
2	Inforadio Sp. z o.o.	7 245	-	641	(30 039)	(14 382)	(15 657)	27 842	27 111	851	-	6 149	1 821	-	-	
3	Elita Sp. z o.o.	2 083	-	-	(2 333)	(1 584)	(749)	1 325	832	297	-	1 075	1 121	-	-	
4	Radio Trefl Sp. z o.o.	2 000	-	-	(2 826)	(1 716)	(1 110)	2 212	320	442	-	1 386	1 447	-	-	
5	Jan Babczyszyn Radio Jazz FM Sp. z o.o.	600	-	-	(538)	(429)	(109)	542	-	290	-	604	1 567	-	-	
6	IM 40 Sp. z o.o.	1 000	-	465	2 596	(591)	3 187	1 530	-	2 870	-	5 591	10 946	-	288	
7	Radio Wawel Sp. z o.o.	4	the Company has not started yet activities													
8	Lokalne Rozglosnie Radiowe Sp. z o.o.	804	-	-	25	(4)	29	10	-	111	-	839	1 348	-	-	
9	O`LE Sp. z o.o.	464	-	-	(1 119)	(451)	(668)	986	549	172	-	331	934	-	-	
10	Karolina Sp. z o.o.	1 100	-	-	(994)	(833)	(161)	1 440	904	473	-	1 652	3 192	-	-	
11	CITY Radio Sp. z o.o.	1 701	-	(28)	(2 392)	(2 097)	(295)	1 119	742	374	-	523	1 177	-	-	
12	Biuro Obslugi Radiowej Sp. z o.o.	935	-	-	(892)	(458)	(434)	1 886	-	1 202	-	1 929	8 653	-	-	
13	BARYS Sp. z o.o.	269	the Company has not started yet activities													
14	UZNAM Sp z o.o.	31	-	212	(236)	-	(286)	37	-	19	-	44	1 347	-	-	
15	Agora Poligrafia Sp. z o.o.	1 000	-	15 789	18 149	-	18 149	35 870	-	5 120	-	70 982	39 577	-	-	
16	Trans-Serwis SA	3 680	-	317	1 475	-	1 475	109	-	2 112	-	5 899	2 793	-	-	

SHARES IN OTHER ENTITIES (INVESTMENTS)								
	a	b	c	d	e	f	g	h
No.	Name of entity, legal form	Location	Activity	Book value of shares	% of share capital	Share in the total number of votes on shareholders meeting	Value of shares unpaid by the Company	Dividends received or due for the last year
1	Telewizyjna Korporacja Partycypacyjna SA	Warszawa	cable TV operator	121 009	12,12%	12,12%	-	-
2	Other	-	-	94	less than 1% in each company	less than 1% in each company	-	-
3								
4								
5								

LONG TERM LOANS GRANTED (CURRENCY STRUCTURE)	31 December 1999	31 December 1998
a) in Polish zloty	12 128	26 009
b) in foreign currencies (by currencies and after translation into PLN)	-	-
b1. unit/currency	-	-
thousand PLN	-	-
b2. unit/currency	-	-
thousand PLN	-	-
b3. unit/currency	-	-
thousand PLN	-	-
b4. other currencies in thousand PLN	-	-
Total long term loans granted	12 128	26 009

Long term loans were granted in Polish zloty (PLN), however, the loan agreements rules to translate the value of loan and due interest according to USD exchange rate binding on the day of loan repayment.

LONG TERM SECURITIES, SHARES AND OTHER PROPERTY RIGHTS (CURRENCY STRUCTURE)	31 December 1999	31 December 1998
a) in Polish zloty	150 777	125 631
b) in foreign currencies (by currencies and after translation into PLN)	-	-
b1. unit/currency	-	-
thousand PLN	-	-
b2. unit/currency	-	-
thousand PLN	-	-
b3. unit/currency	-	-
thousand PLN	-	-
b4. other currencies in thousand PLN	-	-
Total long term securities, shares and property rights	150 777	125 631

LONG TERM SECURITIES, SHARES AND OTHER PROPERTY RIGHTS (BY LIQUIDITY)	31 December 1999	31 December 1998
A. Readily marketable, quoted on the stock exchange (balance sheet value)	-	-
a) shares (balance sheet value):	-	-
- adjustments updating the value (balance)	-	-
- the value according to purchase price	-	-
b) bonds (balance sheet value)	-	-
- adjustments updating the value (balance)	-	-
- the value according to purchase price	-	-
c) other - grouped by kind (balance sheet value):	-	-
c1 ...	-	-
- adjustments updating the value (balance)	-	-
- the value according to purchase price	-	-
...	-	-
B. Readily marketable, quoted on the controlled over the counter market (balance sheet value)	-	-
a) shares (balance sheet value):	-	-
- adjustments updating the value (balance)	-	-
- the value according to purchase price	-	-
b) bonds (balance sheet value)	-	-
- adjustments updating the value (balance)	-	-
- the value according to purchase price	-	-
c) other - grouped by kind (balance sheet value):	-	-
c1 ...	-	-
- adjustments updating the value (balance)	-	-
- the value according to purchase price	-	-
...	-	-
C. Readily marketable, quoted neither on the stock exchange nor on the controlled over the counter markets (balance sheet value)	-	-
a) shares (balance sheet value):	-	-
- adjustments updating the value (balance)	-	-
- the value according to purchase price	-	-
b) bonds (balance sheet value)	-	-
- adjustments updating the value (balance)	-	-
- the value according to purchase price	-	-
c) other - grouped by kind (balance sheet value):	-	-
c1 ...	-	-
- adjustments updating the value (balance)	-	-
- the value according to purchase price	-	-
...	-	-
D. Securities with restricted marketability (balance-sheet value)	150 777	125 631
a) shares (balance sheet value):	150 777	125 631
- adjustments updating the value (balance)	-	-
- the value according to purchase price	150 777	125 631
b) bonds (balance sheet value)	-	-
- adjustments updating the value (balance)	-	-
- the value according to purchase price	-	-
c) other - grouped by kind (balance sheet value):	-	-
c1 ...	-	-
- adjustments updating the value (balance)	-	-
- the value according to purchase price	-	-
...	-	-
Total value per purchase price	150 777	125 631
Total adjustments updating the value (balance)	-	-
Total balance sheet value	150 777	125 631

OTHER FINANCIAL ASSETS (BY CURRENCY STRUCTURE)	31 December 1999	31 December 1998
a) in PLN	11 000	-
b) in foreign currency (per currency translated into PLN)	-	-
b1. unit/currency	-	-
thousand PLN	-	-
b2. unit/currency	-	-
thousand PLN	-	-
b3. unit/currency	-	-
thousand PLN	-	-
Total other financial assets	11 000	-

Note 4.

LONG TERM RECEIVABLES	31 December 1999	31 December 1998
a) trade long term receivables, including:	-	-
- from subsidiary companies	-	-
- from associated entities	-	-
- from parent company	-	-
b) other long term receivables, including	-	-
- from subsidiary companies	-	-
- from associated entities	-	-
- from parent company	-	-
Net long term receivables	-	-
c) provision for receivables (positive value)	-	-
Gross long term receivables	-	-

CHANGE IN LONG TERM RECEIVABLES	31 December 1999	31 December 1998
a) value as at the beginning of the period	-	-
b) additions:	-	-
c) disposals:	-	-
-	-	-
Long term receivables as at the end of the period	-	-

CHANGE IN PROVISION FOR LONG TERM RECEIVABLES	31 December 1999	31 December 1998
a) value as at the beginning of the period	-	-
b) additions:	-	-
-	-	-
c) disposal	-	-
-	-	-
d) writing down	-	-
-	-	-
Provision for long term receivables as at the end of the period	-	-

LONG TERM RECEIVABLES (BY CURRENCY STRUCTURE)	31 December 1999	31 December 1998
a) in Polish currency	-	-
b) in foreign currency (per currency translated into PLN)	-	-
b1. unit/currency	-	-
thousand PLN	-	-
b2. unit/currency	-	-
thousand PLN	-	-
b3. unit/currency	-	-
thousand PLN	-	-
b4. other currency in thousand PLN	-	-
Total long term receivables	-	-

Note 5.

INVENTORY	31 December 1999	31 December 1998
a) Raw materials	16 445	15 536
b) Semi-products and work in progress	-	-
c) Finished products	-	96

d) Merchandise	684	225
e) Prepayments for inventory	72	172
Total inventory	17 201	16 029

Note 6.

CURRENT DEBTORS	31 December 1999	31 December 1998
a) Trade debtors	63 565	56 688
- subsidiary companies	2 045	1 151
- associated entities	577	455
- parent company	-	-
b) Other debtors - subsidiary companies	-	154
c) Other debtors - associated entities	-	216
d) Other debtors - parent company	-	-
e) Taxation, subsidy and social security debtors	11 005	4 342
f) Dividends and other participation in earnings	-	-
g) Other debtors	7 500	7 037
h) Debtors subject to legal proceedings for which provision was not created	-	-
Net current debtors	82 070	68 437
i) Provision for doubtful debt (positive figure)	25 081	17 254
Current debtors, gross value	107 151	85 691

MOVEMENTS IN PROVISION FOR SHORT TERM DEBTS	31 December 1999	31 December 1998
a) Balance at the beginning of the year	17 254	10 810
b) Additions	13 992	10 324
- provision for debts subject to legal proceedings	4 669	1 924
- provision for outstanding interest	-	-
- provision for doubtful debts	9 323	8 400
c) Utilisation	(2 748)	(916)
- debts written-off	(1 376)	(916)
- penalty interest written-off	(1 372)	-
d) Release	(3 417)	(2 964)
- settlement of payments provided for	(2 974)	(2 964)
- reclassification to long term	(443)	-
Debt provision closing balance	25 081	17 254

DEBTORS (BY CURRENCY)	31 December 1999	31 December 1998
a) in Polish currency	105 993	85 096
b) in foreign currencies	1 158	595
b1. unit/currency thousand USD	202	-
thousand PLN	837	-
b2. unit/currency thousand DEM	78	117
thousand PLN	171	244
b3. unit/currency thousand GBP	-	14
thousand PLN	-	83
b4. unit/currency thousand CAD	-	10
thousand PLN	-	23
b5. unit/currency thousand FRF	59	224
thousand PLN	38	140
b6. unit/currency thousand CHF	112	105
Total short term debtors	107 151	85 691

AGEING OF TRADE DEBTORS (NOMINAL VALUE) AS AT THE YEAR END	31 December 1999	31 December 1998
a. Due within 1 month	38 595	41 740
b. Due between 1 and 3 months	829	154
c. Due between 3 and 6 months	392	-
d. Due between 6 months and 1 year	671	21
e. Due after 1 year	174	-
f. Overdue trade debtors	45 257	27 423
Total trade debtors (nominal value)	85 918	69 338
g. Provision for doubtful debts (negative figure)	(22 353)	(12 650)
Total trade debtors (net)	63 565	56 688

Trade debtors turnover related to regular sales cycle is:

- advertisements 7 - 21 days
- newspapers 7 - 25 days

AGEING OF OVERDUE TRADE DEBTORS (NOMINAL VALUE) AS AT THE YEAR END - UNSETTLED WITHIN:	31 December 1999	31 December 1998
a. 1 month	16 129	7 553
b. between 1 and 3 months	9 096	6 733
c. between 3 and 6 months	4 543	3 836
d. between 6 months and 1 year	6 174	3 571
e. after 1 year	9 315	5 730
Total overdue trade debtors (nominal value)	45 257	27 423
f. Provision for doubtful debts (negative figure)	(22 217)	(12 203)
Total overdue trade debtors (net)	23 040	15 220

Out of the total value of debtors of PLN 107 151 thousand the overdue debtors are:

- trade debtors of PLN 45 257 thousand , including PLN 23 040 thousand not provided for,
- receivables from the state budget of PLN 2.180 thousand, fully provided for.

As at 31 December 1999 disputed debtors amounted to PLN 2,490 thousand and were fully provided for.

Note 7.

OWN SHARES FOR SALE				
Amount	Amount	Purchase price	Purpose for purchasing	Purpose

SHARES OF AGORA SA IN POSSESSION OF RELATED COMPANIES			
Company name, location	Amount	Acquisition price	Balance sheet value

Note 8.

SHORT-TERM SECURITIES, SHARES AND OTHER PROPERTY RIGHTS	31 December 1999	31 December 1998
a) Shares	-	-
- in subsidiary companies	-	-
- in associated entities	-	-
- in parent company	-	-
b) Other short-term securities	245 101	37 464
- in subsidiary companies	31 033	36 809
- in associated entities	665	655
- in parent company	-	-
c) Other securities and property rights	-	10 123
- treasury bills	-	10 123
Total short-term securities, shares and property rights	245 101	47 587

SHORT-TERM SECURITIES, SHARES AND PROPERTY RIGHTS (BY CURRENCY)	31 December 1999	31 December 1998
a) in PLN currency	245 101	47 587
b) Denominated in foreign currencies	-	-
b1. unit/currency thousand USD	-	-
thousand PLN	-	-
b2. unit/currency	-	-
thousand PLN	-	-
b3. unit/currency	-	-
thousand PLN	-	-
b4. other currencies translated in thousand PLN	-	-
Total short-term securities, shares and property rights	245 101	47 587

SHORT-TERM SECURITIES, SHARES AND PROPERTY RIGHTS (BY LIQUIDITY)	31 December 1999	31 December 1998
A. Readily marketable securities, quoted on stock exchanges (balance-sheet value)	56 252	-
a) shares (balance-sheet value)	-	-
- market value (net)	-	-
- purchase cost	-	-
b) bonds (balance-sheet value)	56 252	-
- market value (net)	56 252	-
- purchase cost	54 831	-
c) other (balance-sheet value)	-	-
c1 ...	-	-
- market value (net)	-	-
- purchase cost	-	-
c2 ...	-	-
- market value (net)	-	-
- purchase cost	-	-
c3 ...	-	-
- market value (net)	-	-
- purchase cost	-	-
B. Readily marketable securities, quoted on regulated, over-the counter-market (balance-sheet value)	10 099	-
a) shares (balance-sheet value)	-	-
- market value (net)	-	-
- purchase cost	-	-
b) bonds (balance-sheet value)	10 099	-
- market value (net)	10 099	-
- purchase cost	10 252	-
c) other (balance-sheet value)	-	-
c1 ...	-	-
- market value (net)	-	-
- purchase cost	-	-
c2 ...	-	-
- market value (net)	-	-
- purchase cost	-	-
c3 ...	-	-
- market value (net)	-	-
- purchase cost	-	-

C. Readily marketable securities, not quoted on stock exchanges or regulated over-the-counter market (balance-sheet value)	178 750	47 587
a) shares (balance-sheet value)	-	-
- market value (net)	-	-
- purchase cost	-	-
b) bonds (balance-sheet value)	-	-
- market value (net)	-	-
- purchase cost	-	-
c) other, including participation unit (balance-sheet value)	178 750	47 587
c1 corporate bonds (balance sheet value)	-	37 464
- market value (net)	-	37 464
- purchase cost	-	33 919
c2 treasury bills (balance sheet bonds)	4 810	10 123
- market value (net)	4 810	10 123
- purchase cost	4 685	9 922
c3 depositary certificates	172 940	-
- market value (net)	172 940	-
- purchase cost	166 163	-
c4 shares in an investement funds	1 000	-
- market value (net)	1 000	-
- purchase cost	1 000	-
D. Securities with restricted marketability (balance-sheet value)	-	-
a) shares (balance-sheet value)	-	-
- estimated market value (net)	-	-
- purchase cost	-	-
b) bonds (balance-sheet value)	-	-
- estimated market value (net)	-	-
- purchase cost	-	-
c) other (balance-sheet value)	-	-
c1 ...	-	-
- estimated market value (net)	-	-
- purchase cost	-	-
c2 ...	-	-
- estimated market value (net)	-	-
- purchase cost	-	-
c3 ...	-	-
- estimated market value (net)	-	-
- purchase cost	-	-
Total purchase / aquisition cost	236 931	43 841
Total valuation adjustment (net)	8 170	3 746
Total market value	245 101	47 587
Total book value	245 101	47 587

Note 9.

CASH AND CASH EQUIVALENTS	31 December 1999	31 December 1998
a. Cash in hand	258	306
b. Cash at bank	30 955	6 417
c. Other	207	245
Total cash and cash equivalents	31 420	6 968

CASH AND CASH EQUIVALENTS (BY CURRENCY)	31 December 1999	31 December 1998
a) PLN currency	29 206	6 206
b) in foreign currencies	2 214	762
b1. unit/currency thousand USD	135	213
thousand PLN	562	746
b2. unit/currency thousand DEM	9	6
thousand PLN	20	13
b3. unit/currency thousand EURO	389	-
thousand PLN	1 620	-
b4. unit/currency thousand CHF	-	1
thousand PLN	-	3
b6. other currencies in thousand PLN	12	-
Total cash and cash equivalents	31 420	6 968

Note 10.

MOVEMENT IN DEFERRED TAX ASSETS	31 December 1999	31 December 1998
Deferred tax asset at beginning of period	-	-
a) increases	-	-
-	-	-
b) decreases	-	-
-	-	-
Deferred tax asset at the end of period	-	-
Total prepaid expenses	-	-

OTHER PREPAID EXPENSES	31 December 1999	31 December 1998
a) prepaid expenses, incl.:	941	2 936
- rents	325	230
- insurance	72	63
- preparation of prospectus	-	2 580
- advertising	-	30
- import services	171	-
- press subscription	72	-
- computer services	104	-
- others	197	-
b) other prepaid expenses, incl.:	-	-
Total prepaid expenses	941	2 936

Note 11.

EQUITY							
Nominal value of one share = 1,00 PLN							
Series/ issue	Type of shares	Type of preference	Number of shares	Value of series/ issue in nominal value	Origin of capital	Registrati on date	Right to dividend (from date)
A	Registered	5 votes per share	4 281 600	4 282	conversion	1.04.98	1.01.97
B	Registered	none	39 108 900	39 109	conversion	1.04.98	1.01.97
C	Registered	5 votes per share	750 000	750	conversion	1.04.98	1.01.97
D	Registered	none	2 267 025	2 267	issued	29.03.99	1.01.98
E	ordinary share	none	9 000 000	9 000	issued	29.03.99	1.01.98
F	ordinary share	none	1 350 000	1 350	issued	29.03.99	1.01.98
Total number of shares			56 757 525				
Total equity				56 758			

Share capital comprises of 56,757,525 A, B, C, D, E and F series shares of 1 PLN face value each. :

4.281.600	Registered	series A
39.108.900	Registered	series B
750.000	Registered	series C
2.267.025	Registered	series D
9.000.000	Registered	series E
1.350.000	Registered	series F

A, B, C series of registered shares were distributed to the shareholders of the Company on transformation into the public company.

On the 29 March 1999 Agora SA increased share capital from the amount of 44,140,500 PLN to 56,757,525 PLN by issuing shares of D, E, F series.

Issue price of D series shares was 1 PLN per share, price of E and F series shares was 36 PLN per share.

New shares participate in dividends from 1 January 1998 onwards.

Note 12.

RESERVE CAPITAL	31 December 1999	31 December 1998
a) Share premium	367 138	-
b) Statutory reserves	-	-
c) Capital reserves established in accordance with the statute / (deed), in excess of legal requirements	225 017	162 994
d) Additional capital contributions from shareholders	1 038	1 038
e) Other	550	-
Total reserve capital	593 743	164 032

Note 13.

OTHER RESERVE CAPITAL (BY APPROPRIATION)	31 December 1999	31 December 1998
	-	-
	-	-
	-	-
	-	-
	-	-
Total other reserve capital	-	-

Note 14.

ACCUMULATED PROFIT / (LOSS) FROM PREVIOUS YEARS	31 December 1999	31 December 1998
a) Accumulated profit (positive figure)	-	-
b) Accumulated loss (negative figure)	-	-
Accumulated profit / (loss) from previous years	-	-

Note 15.

MOVEMENTS IN DEFERRED TAX PROVISION	31 December 1999	31 December 1998
Balance at beginning of year	6 837	3 775
a) additions:	17 200	9 962
- investment relief	6 784	7 331
- tax on valuation of bonds and t-bills	2 778	1 468
- tax on movement in provisions	-	410
- tax on realised foreign exchange losses	4 840	2
- tax on realised interest on loans and credits	588	130
- tax on unrealised foreign exchange gains	-	621
- tax on salaries	603	-
- tax on a difference between tax and accounting depreciation	1 587	-
- other	20	-
b) decreases:	(14 672)	(6 900)
- tax on depreciation of assets under an investment relief	(1 464)	(1 509)
- tax on prior year revaluation of bonds sold in current year	(1 274)	(646)
- tax on created provisions	(1 590)	(786)
- tax on accrued interest on loans and credits	(2 035)	(2 065)
- tax on unrealised negative foreign exchange rate differences	(7 039)	(1 610)
- change in tax rate	(1 249)	(284)
- other	(21)	-
Balance at the end of year	9 365	6 837

Note 16.

OTHER PROVISIONS	31 December 1999	31 December 1998
- provisions for certain and probable losses	-	39
-	-	-
Total other provisions	-	39

MOVEMENTS IN OTHER PROVISIONS (EXCLUSIVE OF RECEIVABLES PROVISION)	31 December 1999	31 December 1998
a) Balance of other provisions at the beginning of the year	39	39
- provision against certain and probable losses	39	39
b) additions	-	-
c) utilisation	(26)	-
- reimbursements received	(26)	-
d) released	(13)	-
e) Balance of other provisions at year end	-	39
- provision against certain and probable losses	-	39
e) Balance of other provisions at year end	-	39

Note 17.

LONG-TERM LIABILITIES	31 December 1999	31 December 1998
a) long-term bank credits, incl.:	-	-
- from parent company	-	-
b) long-term loans, incl.:	79 101	63 129
- from subsidiaries	-	-
- from associated entities	-	-
- from parent company	-	-
c) liabilities relating to long-term debt securities issued	-	-
d) liabilities relating to other securities	-	-
e) finance lease commitments	-	-
f) other long-term liabilities	-	-
Total long-term liabilities	79 101	63 129

AGEING OF LONG TERM LIABILITIES	31 December 1999	31 December 1998
a) between 1 and 3 years	-	-
b) between 3 and 5 years	-	-
c) after 5 years	79 101	63 129
Total long-term liabilities	79 101	63 129

LONG-TERM LIABILITIES (BY CURRENCY)	31 December 1999	31 December 1998
a) long-term liabilities in Polish currency	-	-
b) long-term liabilities in foreign currencies (translated into Polish currency)	79 101	63 129
b1. unit/currency thousands/ USD	19 068	18 016
thousands PLN	79 101	63 129
Total long-term liabilities	79 101	63 129

LONG TERM LIABILITIES FROM LOANS								
Name of an entity and its legal status	Location	Amount of loan according to the agreement		Amount of outstanding loan		Interest terms	Due date	Pledges
		PLN thousand	USD thousand	PLN thousand	USD thousand			
COX Poland Investments, Inc.	Wilmington, Delaware, USA	79 101	19 068	79 101	19 068	6,31% annually	10.09.2007	none

SHORT TERM LIABILITIES BY ISSUED DEBENTURE STOCK					
Debenture stock by kind	Face value	Interest terms	Redemption date	Guarantees / pledges	Other rights

Note 18.

SHORT-TERM LIABILITIES	31 December 1999	31 December 1998
a) bank credits, incl.:	-	73 203
- from subsidiaries	-	-
- from associated entities	-	-
- from parent company	-	-
b) loans, incl.:	-	-
- from subsidiaries	-	-
- from associated entities	-	-
- from parent company	-	-
c) liabilities relating to short-term debt securities issued	-	-
d) liabilities relating to other short-term debt securities issued	-	-
e) trade payables, to:	69 341	45 944
- subsidiaries	4 319	115
- associated entities	162	-
- parent company	-	-
f) advance payments received	-	-
g) bills of exchange payable	-	-
h) taxation, customs, social security payable	4 728	7 012
i) dividends payable	-	-
j) payables to employees	216	335
k) current portion of long-term liabilities, incl.:	-	39 245
- bank credits and loans	-	39 245
l) special funds	4 637	3 469
m) other short-term liabilities, incl.:	767	2 068
- interest on loans and credits	-	1 125
- deposits paid	-	200
- payables to employees	130	-
Total short-term liabilities	79 689	171 276

SHORT-TERM LIABILITIES (BY CURRENCY)	31 December 1999	31 December 1998
a) in Polish currency	57 405	40 226
b) in foreign currencies (translated into Polish currency)	22 284	131 050
b1. unit/currency thousands/ DEM	9 859	42 728
thousands PLN	21 424	89 366
b2. unit/currency thousands/ USD	203	11 548
thousands PLN	841	40 466
b3. unit/currency thousands/ CHF	-	217
thousands PLN	-	553
b4. unit/currency thousands/ ...	19	665
Total short-term liabilities	79 689	171 276

zobowiązania krótkoterminowe z tyt. kred i poz bank

zobowiązania krótkoterminowe z tyt wyemitow dluznych pap wart

SPECIAL FUND (BY APPRIOPRIATION)	31 December 1999	31 December 1998
- Social Fund	4 640	3 388
- Others	(3)	81
Total special funds	4 637	3 469

SHORT TERM LIABILITIES FROM LOANS								
Name of an entity and its legal status	Location	Amount of loan according to the agreement		Amount of outstanding loan		Interest terms	Due date	Pledges
		PLN thousand	USD thousand	PLN thousand	USD thousand			
razem		0		0				

LIABILITIES RELATING TO SHORT-TERM DEBT SECURITIES					
Debenture stock by kind	Face value	Interest terms	Redemptio	Guarantees / pledges	Other rights

Note 19.

ACCRUED EXPENSES AND DEFERRED INCOME	31 December 1999	31 December 1998
a) accrued expenses, including:	6 825	3 748
- holiday pay accrual	4 348	2 248
- accrual for employee incentive plan	1 500	1 500
- December'99 salaries paid in January	977	-
-		
b) deferred income, including:	5 472	7 139
- unrealised foreign exchange rate differences	2 330	3 256
- prepayments received for advertisements and subscriptions	2 634	3 127
- court costs to be recovered	397	253
- repaid Radio City debts	-	388
Total accrued expenses and deferred income	12 297	10 887

Additional balance sheet note**Calculation of book value per share and diluted book value:**

Book value per share has been calculated by dividing share capital (at balance sheet date) by the number of shares having subscription right at the balance sheet date.

Diluted book value per share has not been calculated since the Group is not planning any new shares issue.

YEAR 1998

Number of registered shares, having the subscription right as at 31 December 1998 amounted to 44.140.500. On 8 May 1998 Extraordinary Shareholders' Meeting took resolution on issuance of new shares of the following series:

D - 2.267.025 shares,

E - 9.000.000 shares,

F - 1.350.000 shares.

Total: 12.617.025 shares. Issue of new shares took place. On 29 March 1999 the Registry Court registered increase of the share capital by shares of D, E i F series. New shares have right to dividend with effect from 1 January 1998. Accordingly, the anticipated number of shares having the right to subscription amounts to: $44.140.500 + 12.617.025 = 56.757.525$ shares.

	PLN thousands
Share capital (as at 30 June 1998)	271 501
Increase in share capital - shares classes D, E, F (as at 31 March 1999)	12 617
Share premium (as at 31 March 1999)	367 138
Equity total:	651 256
Diluted book value PLN as at 31 December 1998	11.48

Note 20.

NET SALES OF FINISHED PRODUCTS (BY TYPE OF PRODUCTS)	1.01.99 till 31.12.99	1.01.98 till 31.12.98
- sale of advertising	540 183	432 178
- sale of publications	137 297	108 416
- sale of services of auxiliary activity	11 245	4 556
- other sale	1 453	1 768
Total net sales of finished products	690 178	546 918

Starting 1999 the Company changed the presentation of sales revenue. Now sales of advertising contain in addition to sales of press advertisements also revenue from other advertising.

NET SALES OF FINISHED PRODUCTS (BY GEOGRAPHIC AREA)	1.01.99 till 31.12.99	1.01.98 till 31.12.98
a. Domestic sales	689 771	546 748
b. Export sales	407	170
Total net sales of finished products	690 178	546 918

Note 21.

NET SALES OF MERCHANDISE AND MATERIALS (BY TYPE OF ACTIVITY)	1.01.99 till 31.12.99	1.01.98 till 31.12.98
- sales of materials	1 351	1 743
- sales of reinforcements and merchandise	2 439	2 111
- sales of albums	186	73
- other sales	-	9
Total net sales of merchandise and materials	3 976	3 936

NET SALES OF MERCHANDISE AND MATERIALS (BY GEOGRAPHIC AREA)	1.01.99 till 31.12.99	1.01.98 till 31.12.98
a. Domestic sales	3 976	3 936
b. Export sales	-	-
Total net sales of merchandise and materials	3 976	3 936

Note 22.

COST BY TYPE OF EXPENDITURE	1.01.99 till 31.12.99	1.01.98 till 31.12.98
a) materials and energy	161 976	137 124
b) external services	141 405	106 361
c) taxes and charges	2 073	2 228
d) payroll	112 338	73 738
e) social security on employee payroll	21 961	34 087
f) depreciation	39 754	17 025
g) other	25 697	17 007
Total cost by type of expenditure	505 204	387 570
Changes in stock and prepaid and accrued expenses	96	(75)
Selling costs (negative number)	(54 568)	(39 727)
Administrative and general expenses (negative number)	(97 058)	(65 839)
Cost of products sold	353 674	281 929

Note 23.

OTHER OPERATING INCOME	1.01.99 till 31.12.99	1.01.98 till 31.12.98
a) revenue from sales of fixed assets	43	212
b) subsidies	-	-
c) provision reversal	2 315	1 590
- payment of debts provided for	2 294	1 567
- reversal of provision for future losses	8	23
- of provision against certain and probable losses	13	-
d) other, including:	441	540
- donations obtained	128	118
- received contractual fines	9	130
- adjustment of prior period financial costs	-	107
- court fees returned	123	91
- liabilities written - off	85	9
Total other operating income	2 799	2 342

Note 24.

OTHER OPERATING EXPENSES	1.01.99 till 31.12.99	1.01.98 till 31.12.98
a) net book value of fixed assets sold	205	118
b) valuation adjustment to stock	-	-
c) unplanned depreciation charges	2 359	107
d) provisions created for:	9 695	7 066
- overdue debts	9 695	7 066
- state receivables	-	-
e) other, including:	4 041	36 227
- donations	862	740
- receivables written-off	909	51
- legal charges and suit costs	394	199
- cost of agreement with COX Poland Investment, Inc.	-	34 743
Total other operating expenses	16 300	43 518

Unplanned depreciation charges amounting to PLN 2,369 thousand resulted from:

1) donations	1 808
2) given up not completed leasehold improvements	313
3) liquidation of fixed assets	223
4) given up fixed assets construction	23
5) missing fixed assets	2
TOTAL	2 369

Note 25.

INCOME FROM SHARES IN OTHER ENTITIES	1.01.99 till 31.12.99	1.01.98 till 31.12.98
Income from shares in other entities, including:	288	1
1. from subsidiaries	288	-
2. from associates	-	-
3. from parent company	-	-
Total income from shares in other entities	288	1

Note 26.

INCOME FROM OTHER FINANCIAL FIXED ASSETS	1.01.99 till 31.12.99	1.01.98 till 31.12.98
Income from other financial fixed assets, including:	-	-
1. from subsidiaries	-	-
2. from associates	-	-
3. from parent company	-	-
Total income from other financial fixed assets	-	-

Note 27.

OTHER FINANCIAL INCOME	1.01.99 till 31.12.99	1.01.98 till 31.12.98
a) interest on loans granted, including:	6 124	3 072
- from subsidiaries	310	227
- from associates	584	216
- from parent company	-	-
b) other interest, including:	10 825	4 915
- from subsidiaries	-	-
- from associates	-	-
- from parent company	-	-
c) profit on sale of securities	-	3 346
d) gain on the revaluation of financial fixed assets and short term securities	8 170	4 519
e) foreign exchange gains	26 350	2 610
f) provision reversal, including:	4 492	4 748
- interest paid on outstanding debts	666	346
- reversal of revaluation of securities of joint companies	-	4 402
- foreign exchange on repaid TKP loan	3 826	-
g) other, including:	6 101	957
- net income on forex forwards and future interest rate contracts	4 547	-
- others	1 554	-
Total other financial income	62 062	24 167

Note 28.

FINANCIAL EXPENSES	1.01.99 till 31.12.99	1.01.98 till 31.12.98
a) interest on loans and credits, including:	8 751	5 257
- from subsidiaries	-	-
- from associates	-	-
- from parent company	-	-
b) other interest, including:	1	2 234
- from subsidiaries	-	-
- from associates	-	-
- from parent company	-	-
c) loss on sale of financial fixed assets and short term securities	3 566	-
d) loss on the revaluation of financial fixed assets and short term securities	-	-
e) foreign exchange losses	29 285	5 318
- realised	19 107	1 517
- unrealised	10 178	3 801
f) created provisions, including:	9 898	3 955
- for accrued interest on short term securities	-	-
- for interest accrued	4 707	2 671
- for loans granted to related companies	5 191	1 284
g) other financial expenses, including:	995	21 200
- cost of credit service	896	80
- shares in Agora Holding Sp. z o.o. written-off	-	19 070
Total financial expenses	52 496	37 964

Note 29.

EXTRAORDINARY GAINS	1.01.99 till 31.12.99	1.01.98 till 31.12.98
a) random effects	14	27
d) other, including:	-	6
Total extraordinary gains	14	33

Note 30.

EXTRAORDINARY LOSSES	1.01.99 till 31.12.99	1.01.98 till 31.12.98
a) random effects	5	2
d) other, including:	9	-
Total extraordinary losses	14	2

Note 31.

CORPORATE INCOME TAX	1.01.99 till 31.12.99	1.01.98 till 31.12.98
1. Profit before taxation	181 690	104 694
3. Permanent differences between profit (loss) before taxation and taxable income	10 192	22 414
4. Temporary differences between profit (loss) before taxation and taxable income	(11 120)	(8 016)
5. Other differences between profit (loss) before taxation and taxable income, including:	-	(324)
- prior period losses	-	-
6. Tax base	180 762	118 768
7. Corporate income tax according to rate 34%, 36% in 1998	61 459	42 757
8. Abandonment, exemption, deduction and reduction of tax	(3 047)	(2 919)
9. Corporate income tax payable	58 412	39 838
10. Deferred tax liability	-	-
- opening balance	11 866	5 004
- additions	11 169	8 799
- deferred tax liability of joint companies	-	666
- disposals	(5 124)	(2 603)
- closing balance	17 911	11 866
11. Deferred tax asset	-	-
- opening balance	5 029	1 229
- additions	10 687	4 451
- deferred tax asset of joint companies	-	45
- disposals	(7 170)	(696)
- closing balance	8 546	5 029
12. Difference between the increase of deferred tax liability and deferred tax asset	2 528	2 441
13. Corporate income tax commensurate with profit (loss) before taxation, presented in consolidate profit and loss account	60 940	42 279

Differences between corporate income tax presented in profit and loss statement and tax calculated from taxable income	31 December 1999	31 December 1998
Tax calculated from taxable income	61 459	42 757
1. Investment bonus	7 778	5 989
- tax from investment bonus	(2 645)	(2 156)
2. Donations	1 181	978
- tax relief on donations	(402)	(352)
3. Adjustment of tax from previous financial periods	-	(193)
4. Tax in merged companies	-	(218)
5. Future corporate income tax liabilities (34% of tax base in 1999), including:	8 432	6 643
- due to investment relief	5 321	5 822
- due to revaluation of securities held for resale	1 504	821
- due to the difference between tax and accounting depreciation	1 587	-
- others	20	-
6. Future corporate income tax receivables (34% of tax base in 1999), including:	(4 655)	(3 918)
- due to foreign exchange losses	(2 220)	(1 608)
- due to creation/release of provision for unused holiday pay and salaries	(988)	(376)
- due to accrued interest on loans and credits	(1 447)	(1 934)
7. Change in deferred taxation due to change in tax rates	(1 249)	(437)
- deferred tax liability	(2 388)	-
- deferred tax asset	1 139	-
8. Deferred tax assets written off as not recoverable	-	153
Corporate income tax presented in profit and loss account	60 940	42 279

OTHER OBLIGATORY REDUCTIONS OF PROFIT (LOSS), DUE TO:	1.01.99 till 31.12.99	1.01.98 till 31.12.98
	-	-
	-	-
	-	-
	-	-
Total other obligatory reductions of profit (loss)	-	-

Calculation of profit per share and diluted profit per share

Profit per share was calculated by dividing the net profit for 1999 by the weighted average number of shares that participate in dividends.

Diluted profit per share is calculated by dividing the net profit for the year by the predicted weighted average number of shares that participate in dividends (not applicable in 1999 - no new shares issue).

YEAR 1998

Number of registered shares, having the subscription right as at 31 December 1998 amounted to 44,140,500.

On 8 May 1998 Extraordinary Shareholders' Meeting took resolution on issuance of new shares of the following series:

D - 2.267.025 shares,

E - 9.000.000 shares,

F - 1.350.000 shares.

Total: 12.617.025 shares.

Issue of new shares took was registered on 29 March 1999. New shares have right to dividend with effect from 1 January 1998.

Accordingly, the anticipated number of shares having the right to subscription amounts to: 44,140,500+12,617,025= 56,757,525 shares.

	1 999	1 998
Diluted profit per share:	-	1.10

Proposed distribution of net profits of companies of the Group (PLN thousands):

The Management Board proposes to distribute the 1999 profit of 120 749 634.41 PLN as follows:

For retained earnings: 120 746 470.41 PLN

For special funds 3 164.00 PLN

Notes to the consolidated cash flow

THE STRUCTURE OF CASH IN THE STATEMENT OF CASH FLOW	1.01.99 till 31.12.99	1.01.98 till 31.12.98
Cash on hand	258	306
Cash at bank	1 298	4 481
Bank deposits	29 657	1 936
Bills of exchange, cheques received	12	20
Cash in transit	195	225
Total cash	31 420	6 968

The classification of Company's activity by operating, investing and financing activities in the statements of cash flow is as follows.

I. Cash flow from operating activities includes:

- 1) Inflow from sales of merchandise, finished products and services
- 2) Inflow included in "other operating revenue" excluding revenue from the sale of fixed assets, which are disclosed in cash flow from investing activities
- 3) Any expenses regarding costs of basic activity, such as: cost of merchandise sold, cost of finished products sold, selling expenses, administrative and general expenses
- 4) Expenses regarding costs included in "other operating expenses" excluding cost of fixed assets sold and cost of unplanned depreciation

II. Cash flow from investing activities includes:

- 1) Inflow from sales of:
 - fixed assets
 - shares and other financial fixed assets
 - short-term securities
- 2) Expenses regarding the purchase of:
 - fixed assets
 - shares and other financial fixed assets
 - short-term securities
- 3) Inflow from payment of short and long term loans granted by the Company to other entities as well as payment of interest on those loans
- 4) Expenses regarding the granting of long term loans to other entities
- 5) Inflow of dividends received
- 6) Interest received on bank deposits

III. Cash flow from financing activities includes:

- 1) Inflow of short and long term credits and loans received
- 2) Expenses regarding:
 - service of loans and credits received
 - payment of loans and credits
 - payment of interest on loans and credits received
- 3) Inflow from own share issues
- 4) Expenses regarding costs of own share issues
- 5) Expenses regarding payment of dividends and other payments to owners
- 6) Any inflow regarding "other financial revenue" except for interest on loans granted, interest on bank deposits and profit from sale of securities held for resale, which are disclosed in investing activities.
- 7) Any expenses regarding "other financial expenses" except for the loss on the sale of securities held for resale, which are disclosed in investing activities

Noty objaśniające do rachunku przepływów środków pieniężnych

1. Change in receivables:

change in opening and closing balance sheet balances	(13 632)
debt to shares swap	(1 528)
adjustment for change in income tax receivable	2 661
transfer from long term to short term debt	220
adjustment for investing expenses	572
debt to shares swap (not yet registered by the court)	249
others	(2)
Amount per cash flow statement	(11 460)

2. Change in payables	
change in opening and closing balance sheet balances	20 860
adjustment for change in income tax payable	(1)
shares purchased but not paid for	(341)
transfer of interest paid to financial activities	972
adjustment for increase in investing payables	(9 732)
others	
Amount per cash flow statement	11 758
3. Change in accruals and prepayments	
change in opening and closing balance of prepayments	1 995
change in opening and closing balance of accruals	3 077
intangibles purchases	(2 581)
others	
Amount per cash flow statement	2 491
4. Change in deferred income	
change in opening and closing balances	(1 667)
adjustment for revaluation of loans granted showed in investing activities	(1 625)
adjustment for foreign exchange differences on loans taken	894
others	
Amount per cash flow statement	(2 398)
5. Long term loans taken	
change in opening and closing balances	15 972
adjustment for foreign exchange revaluation	(10 744)
adjustment for interest accrued	(5 228)
others	
Amount per cash flow statement	0
6. Repayment of short term loans and borrowings	
change in opening and closing balances	(112 447)
Forex paid transferred to other expenses	11 393
others	
Amount per cash flow statement	(101 054)
7. Long term investments purchased	
change in opening and closing balances	(25 146)
debt to shares swap	1 528
shares purchased but not paid for	341
others	
Amount per cash flow statement	(23 277)
8. Loans granted	
change in opening and closing balances	13 881
adjustment for foreign exchange differences revaluation	1 625
transfer from long term to short term loans	(220)
repayment of loans	(18 787)
debt to shares swap	(249)
others	2
Amount per cash flow statement	(3 748)
9. Cash from the initial public offering	
cash equivalent to nominal shares value	12 617
share premium	367 138
others	
Amount per cash flow statement	379 755
10. "Other adjustments" in cash from operating activities	
revaluation of short term securities	(8 170)
others	616
Amount per cash flow statement	(7 554)
11. "Others" in cash inflows from investing activities	
forex on loans repaid	3 853

net incme on futures and forwards	4 547
others	
Amount per cash flow statement	8 400

12. "Others" in cash outflows from investing activities

change in opening and closing balances of prepayments for investments	(56 623)
purchase of shares	(572)
additional capital contribution to Agora SA	(11 000)
others	
Amount per cash flow statement	(68 195)

13. "Other expenditure" in cash from financing activities

forex on loans reapid	(22 250)
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ADDITIONAL EXPLANATORY NOTES

1. As at 31 December 1999 the Company had:

- open foreign currency forwards

currency date	CHF amount	purchase price CHF/PLN
10.01.2000	2 037 445,00	2,5998
01.02.2000	1 691 043,00	2,6238
02.05.2000	1 000 000,00	2,7164

- open future rate agreements contracts - protecting liabilities

amount (in PLN)	settlement date	closing date	contracted rate
5 000 000,00	26.01.2000	26.07.2000	17,10%
10 000 000,00	26.04.2000	26.06.2000	15,20%
20 000 000,00	25.05.2000	27.11.2000	15,40%
10 000 000,00	17.01.2000	17.07.2000	12,89%

The transactions were entered into to hedge against foreign currency exposure and as a short term investments in case of future rate agreements contracts.

2. In March 1998 the Company provided a pledge on the owned shares of Telewizyjna Korporacja Partycypacyjna SA (TKP SA), which it owns as of the balance sheet date, as a security for the bank loan taken by TKP SA in the amount of DEM 129,375 thousand. According to the representation of the bank TKP repaid the loan in full by the December 31, 1999. Therefore the pledge has expired and is now being removed out of a specific register.

TKP is involved in the arbitration of a dispute with @ Entertainment, Inc. relating to the termination of a letter of intent to merge the operation of @ Entertainment in Poland with those of TKP. Should the dispute be judged in a manner adverse to TKP, the Company may become liable for 22,5 per cent of any judgement awarded against TKP, (the total amount of which is limited to USD 10 million) which TKP fails to satisfy. Management of the Company believes that @ Entertainment has no basis for its claim against TKP and therefore no provision has been made in respect of this matter in the consolidated financial statements. The matter has been submitted to an arbitrator it is expected that the decision may be rendered in the mid of 2000.

3. The Company does not have any liability to the State, neither to local authorities on acquired buildings.
4. Until 31 December 1999 the companies comprising the Company has not terminated any activity and does not anticipate any termination in the current year.
5. The Company produced in-house for its own use microcomputers of the carrying value amounting to PLN 2 235 thousand, and improved existing for an amount of PLN 3 920 thousand, (in total PLN 6 155 thousand).
6. In the 12 months ended 31 December 1999 the Company spent PLN 205 million for capital expenditure, with no expenditures for environmental care. Till 31 December 2000 the Company plans to invest further PLN 271 million, including:
- building and equipping printing plant in Warsaw PLN 84 million,
 - building and equipping printing plant in Pile PLN 64 million,
 - extension of printing plant (building and machine) in Tychy PLN 62 million,
 - building the Company's head office building in Warsaw PLN 36 million.
- There are no plans to spend for environmental care in the year 2000.

7. All transactions made with related parties in the year 1999 are of a regular business nature, the material are listed below:
- printing services of Agora Poligrafia to Agora SA totalling PLN 37 129 thousand,
 - printing machinery lease (Agora SA leases to Agora Poligrafia), with rent totalling PLN 4 046 thousand,
 - office space rental (Trans-Serwis lets to Agora SA), with rent totalling PLN 2 774 thousand,

- loans granted by Agora SA to related companies, PLN 3 342 thousand in total, including:
 - PLN 244 thousand to Radio Trefl Sp. z o.o., (swap into shares)
 - PLN 560 thousand to Elita Sp. z o.o.
 - PLN 430 thousand to Radio O'le Sp. z o.o.
 - PLN 100 thousand to City Radio Sp. z o.o.
 - PLN 2 008 thousand to Inforadio Sp. z o.o.
- Agora SA purchased commercial papers issued by the related companies totalling PLN 36 522 thousand, including amounts of:
 - PLN 35 337 thousand purchased from Agora Poligrafia Sp. z o.o.
 - PLN 417 thousand purchased from Radio Trefl Sp. z o.o.
 - PLN 166 thousand purchased from Radio Jazz Sp. z o.o.
 - PLN 601 thousand purchased from IM-40 Sp. z o.o.
- The related companies repurchased commercial papers from Agora SA totalling PLN 42 483 thousand, including amounts of:
 - PLN 41 083 thousand repurchased by Agora Poligrafia Sp. z o.o.
 - PLN 500 thousand repurchased by Radio Trefl Sp. z o.o.
 - PLN 200 thousand repurchased by Radio Jazz Sp. z o.o.
 - PLN 700 thousand repurchased by IM-40 Sp. z o.o.

Additionally in 1999 Agora SA went into the two following transaction with a related party:

- in March 1999 Agora SA signed a bank loan agreement (amount granted PLN 150 million) with Bank Rozwoju Eksportu SA (former Agora's Supervisory Board Member is the bank's President)

All balances of settlements of debtors, creditors and loans as at 31 December 1999 in PLN thousand:

Company	% of owned capital	share of votes in %	Receivables	Liabilities	Loans granted	Commercial papers
Agora_Holding Sp. z o.o.	-	-	-	-	-	-
KKK FM SA	49%	49%	179	-	1 188	-
Jan Babczyszyn Radio Jazz FM Sp. z o.o.	42%	42%	1	-	-	190
IM 40 Sp. z o.o.	72%	72%	764	-	-	-
Radio Trefl Sp. z o.o.	49%	49%	213	8	-	475
Elita Sp. z o.o.	98%	98%	71	4	1 113	-
O'LE Sp. z o.o.	100%	100%	349	15	565	-
Inforadio Sp. z o.o.	29%	29%	32	-	9 378	-
Karolina Sp. z o.o.	100%	100%	123	-	904	-
Lokalne Rozg³oszenie Radiowe Sp. z o.o.	100%	100%	-	-	-	-
CITY Radio Sp. z o.o.	100%	100%	155	45	354	-
Biuro Obs³ugi Radiowej Sp. z o.o.	46%	46%	146	32	-	-
Radio Wawel Sp. z o.o.	50%	50%	-	-	-	-
Agora Poligrafia Sp. z o.o.	100%	100%	521	2 403	-	31 033
Trans Serwis SA	100%	100%	15	2 095	-	-
Barys Sp. z o.o.	10%	10%	-	-	-	-
Uznam Sp. z o.o.	100%	100%	-	-	-	-
TOTAL			2 569	4 602	13 502	31 698

Revenue related to transactions with related parties between 01.01.99 to 31.12.1999 in PLN thousand:

Company	Sales of products and services	Sales of merchandise and materials	Interest received	Other income
Agora Holding	9	-	-	-
KKK FM SA	157	2	70	-
Jan Babczyszyn Radio Jazz FM Sp. z o.o.	15	-	-	15
IM 40 Sp. z o.o.	936	-	-	65
Radio Trefl Sp. z o.o.	139	1	5	30
Elita Sp. z o.o.	139	3	57	-
O`LE Sp. z o.o.	194	-	31	-
Inforadio Sp. z o.o.	1 016	-	572	-
Karolina Sp. z o.o.	313	4	60	-
Lokalne Rozg³ocenie Radiowe Sp. z o.o.	9	-	6	-
CITY Radio Sp. z o.o.	136	-	85	-
Biuro Obs³ugi Radiowej Sp. z o.o.	338	-	7	-
Radio Wawel Sp. z o.o.	-	-	-	-
Agora Poligrafia Sp. z o.o	4 994	98	-	4525
Trans Serwis SA	12	-	-	-
Barys Sp. z o.o.	-	-	-	-
Uznam Sp. z o.o.	-	-	-	-
TOTAL	8 407	108	893	4 635

The Company created a provision for the interest received amounting to PLN 876 thousand.

Costs related to transactions with related parties in the period from 1 January 1999 till 31 December 1999 in PLN thousand.

Company	Purchases of products and services	Purchases of merchandise and materials	Interest paid	Other costs
Agora_Holding Sp. z o.o.	-	-	-	-
KKK FM SA	60	2	-	-
Jan Babczyszyn Radio Jazz FM Sp. z o.o.	4	-	-	-
IM 40 Sp. z o.o.	106	-	-	-
Radio Trefl Sp. z o.o.	8	1	-	-
Elita Sp. z o.o.	4	3	-	-
O`LE Sp. z o.o.	12	-	-	-
Inforadio Sp. z o.o.	-	-	-	-
Karolina Sp. z o.o.	92	3	-	-
Lokalne Rozg³ocenie Radiowe Sp. z o.o.	-	-	-	-
CITY Radio Sp. z o.o.	31	-	-	-
Biuro Obs³ugi Radiowej Sp. z o.o.	81	-	-	-
Radio Wawel Sp. z o.o.	-	-	-	-
Agora Poligrafia Sp. z o.o	38 945	90	-	-
Trans Serwis SA	2 785	-	-	-
Barys Sp. z o.o.	-	-	-	-
Uznam Sp. z o.o.	-	-	-	-
TOTAL	42 128	99	-	-

8. The Group was not engaged in joint ventures that are not consolidated fully or under the equity method.

9. Employment:

The average number of employees in total:	2 605
including: - blue collars	179
- white collars	2 426
including: journalists	713

9. Salaries paid by the Company in the 12 months ended 31 December 1999 to:

Members of Board of Directors	PLN 1 359 thousand,
Supervisory Board Members	PLN 139 thousand

The members of the Board of Directors and the members of the Supervisory Board did not receive any salary from the subsidiary companies nor the associated entities.

10. In the 12 months ended 31 December 1999 the Company did not grant any guarantees or advances to the Board of Directors and Supervisory Board members.

11. In the financial statements for the 12 months ended 31 December 1999 no events regarding previous years have been included.

12. Significant post balance sheet events that took place.

- On the 10 January 2000 Agora SA purchased 49% stake in ROM Sp. z o.o., totalling to 6,705 shares, giving 49% of votes for the price of PLN 636 thousand. ROM Sp. z o.o. is the broadcaster of a local radio now named Klasyka FM.
- In February 2000 Agora SA purchased 80% stake in BARYS Sp. z o.o., totalling to 2,415 shares, for the price of PLN 500 thousand. After that transaction the Company has in total 90% of shares and votes of BARYS Sp. z o.o., which is providing services (including advertising) for local radio stations.
- According to the strategy publicly announced in January 2000 Agora SA intends to launch internet portals by the end of the current year. Management of Agora believes that its existing strengths being the Gazeta Wyborcza newspaper brand and extensive readership base, rich local and national content and a leading advertising market position, both in display and classifieds, will provide an appropriate base from which its internet strategy can be leveraged.

13. Legal predecessor of Agora SA was Agora-Gazeta Sp. z o.o. transferred on 1 April 1998 from limited liability company into public company. Closing balance of the limited liability company Agora-Gazeta Sp. z o.o. as of 31 March 1998 is also an opening balance of the public company Agora SA as of 1 April 1998.

14. In 1999 inflation ratio was lower than 20% and accordingly financial statements are not inflation adjusted.

15. The Company changed the financial statements presentation of an advertising revenue as described in the note 20.

As explained in note 3 TKP is no longer an associate to the Company, and therefore the comparative information for 1998 have been adequately amended.

There have been no other than described above differences between the financial information disclosed in the financial statements and the comparative figures in comparison to previously published financial statements.

16. There have been no differences (other than described above) between the financial information disclosed in the financial statements and the comparative figures in comparison to previously published financial statements.

17 The Company excluded from the consolidation the following subsidiary and associated companies as not significant based on the Accounting Act from 29 September 1994 article 56 point 2.

Until the date of completing of the financial statements only financial statements for 1999 of IM-40 Sp. z o.o. have been audited and the auditor issued a clean opinion. Audits of other companies excluded from consolidation have not been completed.

Numbers are in PLN thousand

	Company	Balance sheet total	Net sales revenues and financial income	% of Agora's balance sheet total	% of Agora's net sales revenues and financial income
1	Inforadio Sp. z o.o.	6 149	2 281	0.65 %	0.30 %
2	Elita Sp. z o.o.	1 075	1 130	0.11 %	0.15 %
3	KKK FM SA.	756	2 621	0.08 %	0.35 %
4	Radio Trefl Sp. z o.o.	1 386	1 453	0.15 %	0.19 %
5	Jan Babczyszyn Radio Jazz FM Sp. z o.o.	604	1 567	0.06 %	0.21 %
6	IM-40 Sp. z o.o.	5 591	11 103	0.59 %	1.47 %
7	O'le Sp. z o.o.	331	938	0.03 %	0.12 %
8	Lokalne Rozg³oœenie Radiowe Sp. z o.o.	839	1 431	0.09 %	0.19 %
9	Karolina Sp. z o.o.	1 652	3 218	0.17 %	0.43 %
10	City Radio Sp. z o.o.	523	1 178	0.05 %	0.16 %
11	Biuro Obs³ugi Radiowej Sp. z o.o.	1 929	8 660	0.20 %	1.14 %
12	Wawel Sp. z o.o.	-	-	-	-
13	Barys Sp. z o.o.	-	-	-	-
14	Uznam Sp. z o.o.	44	1 669	0.00 %	0.22 %
	Total	20 879	37 249	2.19 %	4.92 %
	Agora SA	952 459	756 504	100.00 %	100.00 %

18. The Year 2000 problem did not cause any problems to the Company' operations.

19 On the 28 June 1999 the General Shareholders Meeting of Agora SA decided to merge with Tran-Serwis SA, and on the 16 September 1999 the General Shareholders Meeting of Tran-Serwis SA decided to merge with Agora SA. Consequently Agora SA (the company) legally merged with its associate TRANS-SERWIS SA effective 1 January 2000. Since the economic materiality of the Trans-Serwis's operations is very small comparing to Agora, and the Company owns 100% of the Trans-Serwis SA the merger took place by transferring all of the assets of Trans-Serwis to Agora (as ruled in art. 463 point 1 of the Polish Commercial Code)and with no increase in the Company's capital (as provided by art. 464 § 3 of the Commercial Code).

Trans-Serwis was a 100% controlled subsidiary of Agora SA, which owned a land with a building in Czerska Street in Warsaw where the Gazeta Wyborcza is edited. on that site and one a second one owned by Agora SA, the Company plans to build a new building that would gather inside all Company's departments at present located at several different places in Warsaw.

The purpose of the merger is to simplify the organisation of the construction project and to make its financing transparent to the shareholders.

Below is disclosed a balance sheet of Agora SA as at 1 January 2000 after the merger with the Tran-Serwis SA.

Auditors' opinion
to
the shareholders of AGORA SA

We have audited the accompanying financial statements of Agora SA. These non-consolidated financial statements consist of: the introduction, the balance sheet as at 31 December 1999 with total assets of and total liabilities and equity of PLN 952,459 thousand; the profit and loss account for the period then ended with a net profit of PLN 120,750 thousand, the schedule of changes in shareholders' equity with an increase of PLN 500,506 thousand, the statement of cash flows for the period then ended with net increase in cash of PLN 24,452 thousand and the supplementary notes to the non-consolidated financial statements.

These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit.

We conducted the audit in accordance with International Standards on Auditing, section 7 of the Polish Accounting Act dated 29 September 1994 (Official Journal no.121, item 591 with subsequent amendments) and the professional norms established by the Polish National Council of the Certified Auditors. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Management of the Company has prepared both non-consolidated and consolidated financial statements for Agora SA and Agora group for the year ended 31 December 1999. In these non-consolidated financial statements of Agora SA, investments are accounted for on the cost basis. These companies are unlisted companies and no provision for permanent impairment has been made. In the consolidated financial statements, the investment in TKP SA has a net book value of PLN 22,492 thousand. As at 31 December 1999, in these non-consolidated financial statements, the carrying value of this investment is its cost of PLN 121,010 thousand. In addition there is a provision for losses in investments in associated companies of PLN 9,600 thousand which has not been recorded in these non-consolidated financial statements.

In our opinion, except for the effects of any adjustment which would be necessary, had we been able to determine the extent of permanent impairment in the investment referred to in the previous paragraph, these financial statements have been prepared from properly maintained accounting books and present fairly, in all material respects, the financial position of Agora SA as at 31 December 1999 and the results of operations in accordance with the accounting standards applied in Poland as set out in the Polish Accounting Act dated 29 September 1994 (Official Journal no.121, item 591 with subsequent amendments) which have been applied on a consistent basis as well as with additional requirements concerning issuers of securities allowed for public circulation.

As required under the Polish Accounting Act dated 29 September 1994 we also report that the information given in the directors' comment is consistent with the financial statements.

Chartered Accountant No. 796/1670
Bogdan Debicki, Partner

On behalf of KPMG Polska Audyt Sp. z o.o.
Robert Novakowski, Partner

Warsaw, 18 April 2000

AGORA SA

**AUDIT RAPORT
ON
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1999**

Contents

1	General	3
1.1	General information on the Company	3
1.2	Auditor information	3
1.3	Legal status	3
1.4	Prior period financial statements	5
1.5	Audit scope and responsibilities	5
2	Financial analysis of the Company	7
2.1	Summary of the financial statements	7
2.2	Selected financial ratios	9
2.3	Interpretation of ratios	10
3	Detailed report	11
3.1	Accounting records	11
3.2	Internal control	11
3.3	Asset counts	11
3.4	Supplementary notes	11
3.5	Statement of cash flows	12
3.6	Directors' comment	12
3.7	Information on the auditors' opinion	12

1 General

1.1 General information on the Company

1.1.1 Company name

Agora SA

1.1.2 Registered office

ul. Czerska 8/10
00-732 Warszawa

1.1.3 Commercial registration

Seat of the court: Warsaw
Date: 1 April 1998
Registration number: RHB 53260

1.1.4 Tax Office and Provincial Statistical Office registration

NIP: 526-030-56-44
REGON: 011559486

1.2 Auditor information

KPMG Polska Audyt Sp. z o. o.
Al. Jerozolimskie 65/79
00-697 Warsaw

KPMG Polska Audyt Sp. z o.o. is registered as a company authorised to audit financial statements (number 458).

1.3 Legal status

1.3.1 Share capital

The share capital of the Company as at 31 December 1999 amounts to PLN 56,757,525 divided into 56,757,525 shares with a nominal value of PLN 1 each.

On 29 March 1999 the share capital of the Company was increased by PLN 12,617,025 from PLN 44,140,500 to PLN 56,757,525.

The details concerning the above mentioned increase of share capital are described in the note No. 11 of the attached non-consolidated financial statements.

1.3.2 Scope of activities

The Company's Statute lists its business activities as follows:

- editing, publishing and sale of newspapers and magazines, books, brochures and special non-periodic items, printing posters, reproductions, artistic works, including foreign publishing,
- printing, including printing of newspapers and other items, editing and bookbinding;
- selling, marketing, advertising and promotion, including production and sale of television and radio advertisements,
- production, co-production, publishing and broadcasting of films and phonographic records,
- production, broadcasting in order to publish whole and unchanged items, distribution of television and radio programmes, including services such as "paid television films", "video at wish", thematic channels and other forms of paid television,
- IT services including network management,
- rendering of telecommunication services including data transfer by telecommunications networks,
- consulting, marketing research and other services for mass media companies,
- organisation and running of fairs, lotteries, auctions and sport meetings,
- rendering of office and accounting services including bookkeeping,
- management, distribution, hiring and installation of equipment for transmission and receipt of TV and radio signal, management of subscriber's services,
- arrangement of works for the needs of broadcasting, including interpreting, improving, adaptation and purchasing and selling copyrights (intangible property rights) connected with publishing and broadcasting activity,
- real estate management including real estate hiring, including owned and rented properties,
- investment activity including securities and activity connected with operation of pension and social funds for the Company and related parties,
- collecting and storing information of on all means, rendering information services for mass media and other forms of selling information,
- rendering agency and representation services for domestic and foreign clients as well as retailing and wholesaling of products at home and abroad.

1.3.3 Board of Directors

At 31 December 1999, the Board of Directors of the Company is comprised of the following members:

- Wanda Rapaczynski - the President
- Piotr Niemczycki - the Vice President
- Helena Luczywo - the Member of the Board
- Jerzy Thieme - the Member of the Board since 3 September 1999

1.4 Prior period financial statements

The financial statements for the period from 1 January 1998 to 31 December 1998 were audited by KPMG Polska Audyt Sp. z o.o. and received a qualified opinion.

The financial statements were approved at the shareholders' meeting on 28 June 1999 where it was resolved to distribute the profit for the prior financial year of PLN 62,415 thousand to reserve capital.

The closing balances as at 31 December 1998 have been properly recorded as the opening balances as at 1 January 1999.

The financial statements were submitted to the Registry Court on 7 July 1999 and were published in "Monitor Polski" No. B-514 of 4 October 1999.

1.5 Audit scope and responsibilities

In accordance with the contract dated 12 October 1999 we have audited the financial statements of the Company comprising:

- 1) introduction;
- 2) the balance sheet as at 31 December 1999 with total assets and total equity and liabilities of PLN 952,459 thousand;
- 3) the profit and loss statement for the period from 1 January 1999 to 31 December 1999 with a net profit of PLN 120,750 thousand;
- 4) the schedule of changes in shareholders' equity with an increase of PLN 500,506 thousand;
- 5) the statement of cash flows for the period from 1 January 1999 to 31 December 1999 with a decrease in cash of PLN 24,452 thousand;
- 6) supplementary notes.

We have conducted our audit in compliance with International Standards on Auditing, Chapter 7 of the Accounting Act (the Act), dated 29 September 1994 (Journal Laws No. 121, pos. 591 with amendments) and the auditing standards issued by the National Council of Chartered Accountants.

According to Art. 52 of the Act, the Company's directors are responsible for the preparation of the financial statements. We have conducted an independent audit of these financial statements in order to express an opinion thereon and present this, together with a written auditors' report to the Company's directors and shareholders.

On 18 April 2000, the Company's directors submitted a representation letter as to the completeness, fairness and accuracy of the financial statements presented for audit and,

amongst other things, confirmed that there were no undisclosed matters significantly influencing the information presented in the financial statements for the year ended 31 December 1999.

All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Polska Audyt Sp. z o.o. is independent of the Company and the scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Polska Audyt Sp. z o.o.

2 Financial analysis of the Company

2.1 Summary of the financial statements

2.1.1 Balance sheet (in thousand PLN)

ASSETS	<u>31.12.1999</u>	% of total	<u>31.12.1998</u>	% of total
Fixed assets				
Intangible fixed assets	32,794	3.4%	16,458	3.1%
Tangible fixed assets	369,027	38.7%	213,614	40.8%
Financial fixed assets	<u>173,905</u>	18.3%	<u>151,640</u>	29.0%
	575,726	60.4%	381,712	72.9%
Current assets				
Inventories	17,201	1.8%	16,029	3.1%
Accounts receivable and claims	82,070	8.6%	68,437	13.1%
Short term securities	245,101	25.7%	47,587	9.1%
Cash	<u>31,420</u>	3.3%	<u>6,968</u>	1.3%
	375,792	39.5%	139,021	26.5%
Interperiod settlements	941	0.1%	2,936	0.6%
TOTAL ASSETS	<u><u>952,459</u></u>	100%	<u><u>523,669</u></u>	100%
EQUITY AND LIABILITIES				
Equity				
Share capital	56,758	6.0%	44,141	8.4%
Reserve capital	593,743	62.3%	164,032	31.3%
Revaluation reserve	756	0.1%	913	0.2%
Profit or loss after taxation for the financial year	<u>120,750</u>	12.7%	<u>62,415</u>	11.9%
	772,007	81.1%	271,501	51.8%
Provisions	9,365	1.0%	6,876	1.3%
Long term liabilities	79,101	8.3%	63,129	12.1%
Short term liabilities and special funds				
Short term liabilities	75,052	7.9%	167,807	32.0%
Special funds	<u>4,637</u>	0.5%	<u>3,469</u>	0.7%
	79,689	8.4%	171,276	32.7%
Accruals and deferred income	12,297	1.3%	10,887	2.1%
TOTAL EQUITY AND LIABILITIES	<u><u>952,459</u></u>	100%	<u><u>523,669</u></u>	100%

2.1.2 Profit and loss account (in thousand PLN)

	<u>1.01.1999</u> <u>31.12.1999</u>	% of total sales	<u>1.01.1998</u> <u>31.12.1998</u>	% of total sales
Sales of merchandise and products				
Sales of merchandise and raw materials	3,976	0.6%	3,936	0.7%
Sales of finished products	<u>690,178</u>	99.4%	<u>546,918</u>	99.3%
	694,154	100.0%	550,854	100.0%
Cost of sold merchandise and finished products				
Cost of merchandise and raw materials sold	(3,517)	0.5%	(3,724)	0.7%
Cost of finished products sold	<u>(353,674)</u>	51.0%	<u>(281,929)</u>	51.2%
	<u>(357,191)</u>	51.5%	<u>(285,653)</u>	51.9%
Gross profit on sales	336,963	48.5%	265,201	48.1%
Selling expenses	(54,568)	7.9%	(39,727)	7.2%
Administrative and general expenses	(97,058)	14.0%	(65,839)	12.0%
Profit on sales	<u>185,337</u>	26.7%	<u>159,635</u>	29.0%
Other operating revenues				
Revenue from the sale of fixed assets	43	0.0%	212	0.0%
Other	<u>2,756</u>	0.4%	<u>2,130</u>	0.4%
	2,799	0.4%	2,342	0.4%
Other operating expenses				
Cost of fixed assets sold	(205)	0.0%	(118)	0.0%
Other	<u>(16,095)</u>	2.3%	<u>(43,400)</u>	7.9%
	<u>(16,300)</u>	2.3%	<u>(43,518)</u>	7.9%
Operating profit	171,836	24.8%	118,459	21.5%
Financial revenue				
Dividends received	288	0.0%	1	0.0%
Interest	16,949	2.4%	7,987	1.4%
Other	<u>45,113</u>	3.0%	<u>16,180</u>	2.9%
	62,350	9.0%	24,168	4.4%
Financial expenses				
Interest	(8,752)	1.3%	(7,491)	1.4%
Other	<u>(43,744)</u>	6.3%	<u>(30,473)</u>	5.5%
	<u>(52,496)</u>	7.6%	<u>(37,964)</u>	6.9%
Gross profit on business activities	181,690	26.2%	104,663	19.0%
Extraordinary gains	14	0.0%	33	0.0%
Extraordinary losses	<u>(14)</u>	0.0%	<u>(2)</u>	0.0%
Profit before taxation	181,690	26.2%	104,694	19.0%
Obligatory charges to the financial result				
Corporate income tax	(60,940)	8.8%	(42,279)	7.7%
Net profit	<u>120,750</u>	17.4%	<u>62,415</u>	11.3%

2.2 Selected financial ratios

	<u>1999</u>	<u>1998</u>
1. Return on sales		
<u>net profit</u> sales	17.4%	11.3%
2. Debtors turnover		
<u>trade receivables x 365 days</u> sales	45 days	46 days
3. Debt ratio		
<u>total liabilities x 100%</u> total liabilities and equity	18.9%	48.2%
4. Current ratio		
<u>current assets</u> current liabilities	4.7	0.8
5. Return on equity		
<u>net profit x 100%</u> shareholders' equity	15.6%	23.0%

2.3 Interpretation of selected financial ratios

Return on sales

The improvement of the return on sales ratio compared to 1998 results from recording in 1998 two events connected with the capital restructuring of Agora Group. As a result of this restructuring the Company wrote off shares in Agora Holding amounting to PLN 19,070 thousand which were recorded in financial costs and a payment to Cox Poland Investment Inc. amounting to PLN 34,743 thousand which was recorded in other operating costs.

The improvement of this ratio was also influenced by the increase in the financial revenues resulting from the growth of revenues due to forward transactions, foreign exchange gains and interest on bank deposits connected with the investments of funds received from the issue of shares.

Debtors turnover

Debtors turnover ratio remains at a similar level as in the previous year.

Debt ratio and current ratio

Debt ratio as well as current ratio significantly improved as compared with the previous year mainly due to significant funds received from the issue of shares, which were partially used to pay off bank loans and to purchase securities.

Return on equity

The return on equity ratio decreased as compared to the previous year, due to the increase of share capital by PLN 12,617 thousand as the result of issuing new shares (see note No 11 to the attached non-consolidated financial statement) and by the increase of reserve capital due to the sales of shares over their nominal value amounting to PLN 367,138 thousand.

3 Detailed report

3.1 Accounting records

The Company's accounting principles, chart of accounts and procedures are the responsibility of management and have been approved by the Board of Directors.

The financial statements are supported by an accounting system which includes books of original entry, subledgers and supporting documents which are safeguarded by the Company.

3.2 Internal control

Internal control is enforced by the Management Board.

During the conduct of our audit of the financial statements we have reviewed the underlying system of internal control in order to determine the extent of our audit procedures. Our review should not be relied upon to disclose all irregularities or material weaknesses of the system.

During our audit we have not discovered any significant irregularities in the internal control system.

3.3 Asset counts

The Company performed physical counts of assets in accordance with the requirements and time frame specified in the Act. In 1999 the following categories of assets were included in the counts:

- tangible fixed assets
- trade receivables and payables
- inventories
- cash
- intangible fixed assets
- construction in progress

Count differences were recorded in the period covered by the financial statements.

3.4 Supplementary notes

All information included in the supplementary notes to the financial statements are presented accurately and completely by the Company when read in conjunction with the financial statements taken as a whole.

3.5 Statement of cash flows

The statement of cash flows has been properly prepared and is consistent with the balance sheet and profit and loss account.

3.6 Directors' comment

The information presented in the directors' comment on the Company's activities is consistent with the financial statements.

3.7 Information on the auditors' opinion

Based on our audit of the financial statements as of and for the year ending 31 December 1999 we have issued a qualified opinion.

Chartered Accountant No. 796/1670
Bogdan Debicki, Partner

On behalf of KPMG Polska Audyt Sp. z o.o.
Robert Novakowski, Partner

Warsaw, 18 April 2000

To Agora Shareholders:

In May of 1999 Agora and *Gazeta Wyborcza* celebrated their tenth anniversary. We held an *al fresco* party for approximately 10,000 people and an international discussion panel attended by key politicians who had sat on the opposite sides of negotiating tables during democratic transitions in Spain, Chile and Poland. The panel culminated with an award of *Gazeta's* "Man of the Decade" prize to Vaclav Havel, President of the Czech Republic, and a dinner given in his (and our) honor by the President of Poland.

The anniversary was an occasion to look back at the last ten years, to wax sentimental about the beginnings of *Gazeta* in the nursery school premises at Iwicka Street in Warsaw, to take great pride in the accomplishments of the team which, in the memorable Spring of 1989, set out to publish the first independent newspaper in Poland in nearly 50 years, over the following decade built an innovative newspaper and a formidable company and which, in a defining moment in the spring of 1999, took it public, making most of the employees shareholders in the process.

In reflecting on this success, we asked the inevitable questions: where we are now? where do we go from here? where do we want to be a decade hence?

Where are we today? Our core businesses – newspaper publishing and radio - are in excellent shape. *Gazeta* goes from strength to strength, with circulation expanding annually thanks to a combination of editorial excellence, unique national/local market approach, breadth of product array augmented by new title introductions and a focused promotion strategy. *Gazeta* continues to improve its overwhelming advertising share advantage in the national and the Warsaw markets and can boast of new victories in local markets outside of Warsaw where we are making significant investments to challenge entrenched competitors. New printing and automated inserting equipment capacity which will come on line this year will liberate *Gazeta* from constraints on production, enabling it to further consolidate its position and take full advantage of the growth of Poland's advertising market.

Our radio business, although small compared to *Gazeta*, is turning out to be a winner. Several years ago we took a bet on Poland's local radio market and on a strategy of formatted stations. Today, as we become a leading radio player, it is clear that the bet is paying off. The business is expanding, with ratings and revenues growing strongly, and profitability well ahead of schedule. Our task for the future is straightforward: continue executing the strategy and keep expanding the radio group to achieve operating scale. Unlike print, broadcast media are heavily regulated in Poland and our ability to achieve expansion goals hinges to some extent on the attitude of the Broadcast Council.

In addition, our investment in pay TV, a 12.12% stake in TKP S.A. (Canal+ Polska and Cyfra+) is performing well, ending March 2000 with 320,000 digital subscribers.

We have a terrific team, well respected in Poland and abroad – hardworking, with courage to innovate, market and business savvy, tremendous dedication to the company and an appetite for new challenges. Our culture of flat management structure, direct communication and investment in staff makes us an attractive place to work for both old and new employees. And we have made sure that the compensation they receive is competitive in the Polish labor market. Shared ownership and stock incentive plans for the over 300 top managers and other star performers ensure that the team's pride as well as its self-interest are firmly tied with the growth of Agora's value.

The company has financial resources necessary for expansion. Though Polish economic growth slowed in 1999, Agora's revenue increased strongly by 26% and we expect growth to continue over our three year planning horizon. The publishing business is very profitable, with 35% EBITDA margin in 1999. The company has cash, open lines of credit and, given its clean balance sheet, a

significant additional borrowing capacity. The listing of the company opened up a host of other funding options and gave us currency in the form of stock.

Where do we go from here? First, keep growing our core businesses. The newspaper – with its successful ubiquitous market strategy, combining national and local presence on the one hand, and, on the other hand, general and thematic or sectoral approach – is not only the main cash contributor but also the main springboard for the success in new media. Hence, we intend to continue the battle for the local markets – both to improve *Gazeta*'s position and to widen the addressable market for our on-line offering. Second, expand the business in Poland and, over time, internationally. In order to identify and implement new business opportunities we are currently building a business development team which will bring new, specialized skills. In the first decade, the company primarily grew organically by developing its core business. The strategy built a solid foundation on which we can now superimpose much faster growth through partnerships and acquisitions.

For a media company like Agora, internet presents a unique and exciting opportunity for business expansion. We can get closer to the consumer online than in print, with customized information, interactive decision tools and enablement to instantly act on those decisions. We can get closer to the advertiser with an expanded offer of tailored marketing products and lead generation for online transactions. And in the process we can expand revenue sources – from broadly cast advertising in print to targeted advertising, direct marketing and transactional income online.

We anticipate that the Polish internet market will grow rapidly and as of the beginning of this year we made internet our number one developmental priority. For about three years, we have had an electronic edition of our newspaper (www.gazeta.pl); it has attracted a strong following, making it the number three site in Poland. In preparation for expansion of our internet presence we have examined carefully what Western publishers have done on line in order to build our own business model. It follows the European approach of leveraging content, content gathering and content presentation advantages to build useful, easy to use thematic services under a common brand umbrella. The goal of these services is to provide users with tailored, actionable information and, at the same time, to deliver to advertisers targeted users interested in purchase.

The project is underway, with dedicated staff and funding and launch expected later this year. The success of our on line project hinges, on one hand, on the speed and excellence of execution of content and technology, sales and marketing strategy, and, on the other hand, on wise alliances with partners who have complementary assets and skills. Building such alliances is an important task of the project team.

A little over a year ago Agora became a public company. Being public raised the profile of the company and brought it unanticipated – though certainly welcome – recognition. Our IPO was named one the most notable financings of 1999 by Institutional Investor, Agora was elected an Emerging Market Leader by World Economic Forum and one of the eight companies worldwide to win the Institutional Shareholder Services 2000 Award for Excellence in Corporate Governance. Throughout the year, we built and implemented procedures to help us make good on our promises of quality information, transparency and communications with shareholders. In this spirit, we launched our corporate website (www.agora.pl) intended to give our shareholders quick updates at a glance and to facilitate their interaction with the company.

We have come a long way from Iwicka Street. Agora is today Poland's leading media company. Management vision and the quality of execution brought us this far and position us well to rise to the challenge of globalization ahead of us. In a few years Poland will become a member of the European Union. It is our job to ensure that by then Agora achieves sufficient stature to become an active player in the European media consolidation.

Management Board :

Wanda Rapaczynski

Piotr Niemczycki

Helena Luczywo

Jerzy Thieme

Warsaw, April 18th, 2000.

AGORA SA**Management Board's Report to the Non-consolidated Financial Statements for the year ended 31 December, 1999**

Accounting principles applied by the company are based on provisions of Accounting Law dated Sept. 29, 1994 and are described in detail in the annual non-consolidated report. In the opinion of the Management Board, these principles give an accurate and fair description of Agora's fixed and financial assets and its operating results and profitability.

Moreover, in the non-consolidated report investments are shown at cost, without provision for permanent impairment of value. Details of the impact of those investments on the Company's financial position are shown in the consolidated report, which therefore presents a more complete financial picture of the Company.

FINANCIAL RESULTS

1999 was an important year for the Group. Agora's public offering and listing on the stock exchanges in Warsaw and in London was very successful and yielded a significant injection of cash. Agora continued its growth which was reflected in PLN 120.8 million net profit.

PROFIT AND LOSS ACCOUNT

Main positions in million PLN	1998	1999	% change 1999//1998
Net revenues from sale of finished goods, merchandise	550.9	694.2	26.0%
Profit on sales	159.6	185.3	16.1%
Profit on other operating activities	(41.1)	(13.5)	-
Profit on operating activities	118.5	171.8	45.1%
Profit on financing activities	(13.8)	9.9	-
Profit on ordinary activity	104.7	181.7	73.6%
Net of extraordinary items	0.0	0.0	-
Pretax profit	104.7	181.7	73.5%
Corporate income tax	(42.3)	(60.9)	44.1%
Net profit	62.4	120.8	93.5%
EPS	1.41	2.13	50.5%
EBITDA	170.2	211.6	24.3%
EBITDA margin	30.9%	30.5%	-0.4 p.p.

NET REVENUE FROM SALES OF FINISHED GOODS, MERCHANDISE AND RAW MATERIALS

Agora SA, the parent entity, is the publisher of the national daily *Gazeta Wyborcza* and the sales of its circulation and advertising still constitute a dominant part of Agora's revenue (97.1% in 1998 and 96.7% in 1999). Therefore, the quality of the newspaper remains one of the key priorities of the Company. Virtually, 100% of Agora's revenue comes from the domestic market.

In 1999 net revenue from sales of finished goods, merchandise and raw materials were PLN 694.2 million, 26.0% above year previous, at the average annual inflation rate of 7.3%. Net sales accounted for 99.4% of total revenue and had the following structure:

TRANSLATION

Net revenue from sales of finished goods	1998	1999	% change 1999 / 1998
Advertising sales	432.2 <i>share</i> 78.5%	540.2 <i>share</i> 77.8%	25.0%
Copy sales	108.5 <i>share</i> 19.7%	137.3 <i>share</i> 19.8%	26.6%
Other sales	6.2 <i>share</i> 1.1%	12.7 <i>share</i> 1.8%	102.7%
Total sales	546.9 <i>share in total revenue</i> 99.3%	690.2 <i>share in total revenue</i> 99.4%	26.2%

Such impressive results were accomplished by an ongoing effect to maintain and improve *Gazeta's* number one position in the Polish market. In April 1999 *Gazeta's* readers were offered a new glossy-style supplement (*Wysokie Obcasy - High Heels*) addressed to women readers and targeted at the beauty and fashion advertising sector. Launch of the new product was a part of a more complex project to reorganise supplements published around the weekend: colour Magazine was shifted from Friday to Thursday, re-designed TV Guide was moved to Friday, freeing Saturday for *High Heels*.

Advertising revenue reached PLN 540.2 million, 25% more than in 1998. The most significant part are revenues from sales of advertising space in *Gazeta Wyborcza* (including its local and thematic supplements) which accounted for 96.6% of total advertising sales. Total advertising space sold in *Gazeta* grew 7.7% in relation to previous year, while the average share of advertising pages to total pages remained at the level of 58% (the average pagecount, however, grew by 6.2% from 118 to 126 pages). This dynamic growth was achieved as a result of consistent pricing policy (across categories and regions). The average net revenue per advertising page reached PLN 4500, as compared to 3900 achieved in the preceding year, i.e. 7.8 % above inflation.

Additional 3.4% of advertising revenues came from other advertising services, mainly sales of pre-printed inserts and sales of ads on mobile billboards (PLN 18.2 million as compared to PLN 13.3 million in 1998).

The average daily copy sales of *Gazeta* grew to 447 208 copies, 2.6% above year previous. Total revenues from copy sales amounted to PLN 137.3 million (revenue for *Gazeta Wyborcza* reached PLN 135.4 million), 26.6% more than in 1998 year and constituted, as in the preceding year, 19.9% share of total revenues.

The structure of *Gazeta's* copy sales has remained stable in the past few years. In 1999 27% of copies were sold in the Warsaw region, followed by Silesia with 11.6% and Wroclaw (7.9%). *Gazeta* is mainly distributed by retail outlets. The sales via subscription constitutes only 11.6% of total paid circulation (10% in 1998). Agora continues to diversify its distribution network. RUCH S.A. remains the biggest distributor with over 53% of copies sold, the second is Kolporter S.A. (almost 19% of copies sold), and than Jarz Press S.A. (over 9%) and Garmond Ltd (almost 5%).

Other sales include the revenue from related parties (i.e. lease of printing facility to Agora-Poligrafia, fees for accounting services for radio companies), as well as royalties, sales of digital archives and sales of materials and products to staff (cafeterias) .

OPERATING COSTS

The operating cost structure reflects the business of the Company:

Cost by type of expenditure (PLN million)	1998	1999	% change 1999/1998
Raw materials	137.1	162.0	18.1%
<i>newsprint of Gazeta Wyborcza</i>	<i>121.7</i>	<i>143.1</i>	<i>17.6%</i>
Third party services	106.4	141.4	32.9%
<i>outside printing of Gazeta Wyborcza</i>	<i>36.8</i>	<i>30.9</i>	<i>-16.1%</i>
<i>onside printing of Gazeta Wyborcza</i>	<i>14.4</i>	<i>36.4</i>	<i>151.7%</i>
Staff costs	107.8	134.3	24.6%
<i>payroll and fringe</i>	<i>104.5</i>	<i>130.0</i>	<i>24.4%</i>
Depreciation and Amortisation	17.0	39.8	133.5%
Other costs	19.3	27.7	44.4%
Total costs	387.6	505.2	30.4%

In 1999 Agora's most significant expense items by category were raw materials and energy (32% of all operating expenses, i.e. PLN 162 million). Among raw materials, the most significant position is newsprint which amounted to PLN 143.1 million, representing the growth of 17.6% compared to 1998. There were two factors influencing such growth of newsprint costs, an increase in production volume which translates into higher usage of newsprint to 63 thousand metric tones in 1999 as compared to 58 thousand metric tones in 1998 (9.3% growth) and the increase in newsprint unit price by 7.5%. 95% of newsprint used in production of *Gazeta Wyborcza* is imported from abroad, chiefly from Germany and Finland.

Third party services, the second most significant expense group, totalled PLN 141.4 million and consisted mainly of outside printing costs of *Gazeta Wyborcza* (PLN 67.3 million or 48% share including Agora-Poligrafia). These costs increased by 31.1% compared to 1998, as a result of printing quality improvement and introduction of more colour pages (in 1999 share of colour pages to total pages in supplier plants grew to 60.4% from 39.2% in 1998).

In line with its strategy Agora is expanding its proprietary printing facilities. In 1998 Agora-Poligrafia - a wholly owned subsidiary - commenced production in its new printing plant located in Special Economic Zone in the southern Poland. In 1999 the plant continued its expansion. Therefore, the share of production outsourced has been declining from 72% to 46% in 1998. In 1999 over 79% of production was in-house.

In 1999 total number of printed pages reached 21.5 billion (8.74% more than in 1998 year), of which 55.2% were in colour (40.7% in 1998).

Other third party services. The most significant positions in this group are rents (PLN 14.6 million or 10.3% share), computer services (PLN 11.3 million or 8% share), telecommunication services (PLN 9.2 million or 6.5% share), other production related services such as telecom links and

TRANSLATION

inserting of newspaper's sections (PLN 7 million or 5% share), transport of press (PLN 6.1 million or 4.3% share), legal services (PLN 4.1 million 2.9% share), inserting of pre-printed materials (PLN 3.7 million or 2.6% share).

Staff costs amounted to PLN 134.3 million and were 24.6% higher than in 1998 at the average permanent headcount growth of over 11%. At year end the Company had 2678 permanent employees (2470 at the end of 1998) which translates into growth by 8.4%. Among the staff 727 were journalist positions, 182 production jobs. In 1998 these figures were 696 and 198, respectively.

Increase in D&A by 133.5% compared to previous year reflected investments in printing and IT.

Other costs amounted to 27.7 million, which represents a growth of 44.4 % or by 8.4 million compared to 1998 (representation and promotion costs grew by PLN 7 million). The most significant positions in this group are advertising, promotion and representation costs (17.7 million or 63.9% share in total other costs), business trips (5.4 million or 19.5% share) and fees and taxes (2.1 million) or 7.6% share).

PROFIT ON SALES in 1999 reached PLN 185.3 million, 16.1% more than in 1998.

OTHER OPERATING RESULTS

Net of other operating revenues and costs amounted to a negative 13.5 million in 1999 and consisted mainly of gifts and changes in provisions. In the year previous net of other operating revenue and expenses reached a negative of 41.1 million due to one time payment of 34.7 million to Cox pursuant to Strategic Alliance Agreement.

Net of financial revenue and expense reached PLN 9.9 million and consisted mainly of interest paid and received, result on sale of marketable securities and foreign exchange differences, netted in 1998 a negative 13.8 million . This amount includes PLN 19.1 million of non-cash redemption of shares due to restructuring of the Company.

FINANCIAL RESULTS

Pretax profit in 1999 reached PLN 181.7 million which translates into 73.5% growth in relation to 1998. However, after excluding non-recurring items in 1998, i.e. one time payment of 34.7 million zł for Cox Poland Investments, Inc. and non-cash redemption of shares of PLN 19.1 million, pretax profit would represent a 14.6% growth in relation to preceding year.

Corporate income tax in 1999 amounted to PLN 60.9 million which represented an effective income tax rate of 33.5% compared to statutory rate of 34%. These figures in previous year were 40.4% and 36 %, respectively.

Net profit in 1999 amounted to PLN 120.8 million and adjusting for extraordinary 1998 items, grew 16.4% compared to year previous.

BALANCE SHEET

Main balance sheet items (PLN million)	31.12.199 8	31.12.199 9	% change 1999/1998
TOTAL ASSETS	523.7	952.5	81.9%
<i>share in total assets</i>	<i>100%</i>	<i>100%</i>	
Fixed assets	381.7	575.7	50.8%
<i>share in total assets</i>	<i>72.9%</i>	<i>60.4%</i>	
Current assets	142.0	376.7	165.4%
<i>share in total assets</i>	<i>27.1%</i>	<i>39.6%</i>	
LIABILITIES AND SHAREHOLDER'S EQUITY	523.7	952.5	81.9%
<i>share w sumie bilansowej</i>	<i>100%</i>	<i>100%</i>	
Equity and provisions	278.4	781.4	180.7%
<i>share in total liabilities</i>	<i>53.2%</i>	<i>82.0%</i>	
Short-term liabilities and accrued expenses	245.3	171.1	-30.3%
<i>share in total liabilities</i>	<i>46.8%</i>	<i>18.0%</i>	

1999 brought an increase the balance sheet total while the structure of the balance sheet underwent significant changes. The main factor was Agora's IPO. As a result of issuance of 12.6 million shares the share and reserve capital of the company were increased by PLN 12.6 million and by PLN 362.3 million, respectively. It resulted in significant increase balance sheet total.

Fixed assets grew by 50.8%. The growth was driven primarily by purchase of printing equipment for the Warsaw and Tychy plants and IT investments. The decrease in short-term liabilities was connected with the repayment of the Company's two loans outstanding debt (CSFB and RCB). At the end of the year the Company had no bank debt.

CASHFLOW STATEMENTS

Main cashflow positions (PLN million)	1998	1999	% change 1999/1998
Net cash from operating activities	95.5	178.8	87.2%
Net cash from investing activities	(167.8)	(387.0)	130.6%
Net cash from financing activities	66.5	232.6	249.8%
Total movements of cash and cash equivalents	(5.8)	24.5	-
At end of period	7.0	31.4	348.6%

The Company's cash position was excellent owing to a large inflow of proceeds from the IPO and good operating results. For the end of the period the Company had PLN 31.4 million in cash and PLN 245.1 million in short-term securities (purchase and sale of such securities is shown in investment activities positions). Uses of funds comprised primarily capital spendings (PLN 183.0 million) and placement of proceeds from the IPO in short-term securities (PLN 193.0 million). Financial activities positions reflect inflow from share offering, costs related to the IPO and repayment of bank debt.

SUPPLEMENTARY INFORMATION

TRANSLATION

Significant contracts and dependence on suppliers and clients. As a part of its operating activities, the company enters into many agreements and contracts. The most significant are contracts to purchase newsprint and paper, to buy printing services, distribution contracts and agreements for sale of advertising lineage with advertising agencies.

Except for the distribution agreement with RUCH SA, the value of none of these represents more than 10% of annual revenue of the company. RUCH is *Gazeta's* main distributor, although its share of the total *Gazeta* circulation is systematically declining. In 1999, 53% of all copies of *Gazeta* were sold via RUCH, down from 56% in 1998. The value of copies of *Gazeta* sold via RUCH reached over 71 million PLN in 1999, or about 10.3% of total revenues of the company (in 1998, the figures were 58 million PLN and 10.5% of revenues, respectively).

Agora SA as a shareholder in TKP extended security in respect of bank loan to TKP in the amount of DEM 129.4 million, comprising, among other, all shares in TKP held by the company. In 1999 TKP repaid the loan and Agora's shares are being released from pledge.

TKP is involved in an arbitration dispute with @Entertainment. If the result of the arbitration is adverse to TKP, the shareholders may become liable for damages of up to USD 10 million, pro rata, should TKP fail to pay said damages. The result is expected in the mid of 2000.

Investments. In October 1999 TKP, the company operating pay TV Canal+ Polska repaid shareholder loans, with repayment to Agora in the amount of US\$ 5.46 million, and simultaneously shareholders increased the company's capital. As a result, Agora's current stake in TKP is 12.12%. The amount of Agora's investment in TKP remained unchanged pursuant to the above operations.

In 2000 Agora acquired shares in three more radio stations increasing the size of the group to 13 and received one broadcasting license. Agora and its respective partners financed the radio stations via loans (loans outstanding in 1999 were PLN 3.3 million and repayment dates on these financings are defined by their respective agreements, with the latest repayment date by 2005) and by buying commercial papers issued by the stations (the amount of commercial papers on the books of the Company at December 31, 1999 was PLN 0.7 million).

Agora-Poligrafia is implementing a portion of the printing project of the Company and to fund the expense it issues commercial paper which is bought by Agora. The total amount of Agora Poligrafia paper held by Agora at December 31, 1999 was 31.0 million PLN. Due to change of funding method (from November 1999 additional payments to share capital) this amount will disappear in 2000.

Capital expenditures. In 1999 the Company made further investments to develop its printing infrastructure (executed contracts with Poz-Building for construction of printing plant facilities, new agreements with Ferag for mailroom equipment for the Group's printing plants in Bialoleka and Pila, and payments for previously contracted printing presses and other equipment) in the amount of PLN 143.0 million and representing 78.1% of all capital spending.

Expenditures related to IT and telecommunications improvement in 1999 amounted to PLN 21.7 million and represented another 11.9% of all capital expenditure.

In addition, in 1999 Agora made improvements and repairs on both owned and leased buildings. Together with the preliminary expense related to the preparation of documentation for the Agora new building, the total spending in this area was PLN 11.8 million or 6.4% of capital spending.

TRANSLATION

Practically all of the above investments and expenditures were financed from Agora's funds. The last draw-down on the CSFB loan in the amount of DEM 5 million was used to prepay printing presses contracted; however, the entire loan was repaid in April 1999. In sum, in 1999 the Company spent PLN 183 million for these assets, PLN 173 million from own funds and PLN 10 million from proceeds from bank loans. In 1998 these figures were: 124.4 million, 109.6 million and 14.8 million, respectively.

Related party transactions. Transactions between the Company and its related entities exceeded in some cases the amount of 500,000 Euro. Details concerning these transactions may be found in the Additional Note 7 to the annual report.

Information about loans granted and received are described in detail in Notes 3 and 17 to the annual report and in the position "off balance sheet liabilities".

Funding. The Company finances its activities primarily from cash from operations and from proceeds of issuance of stock (around PLN 375 million). In 1999 cash from operations amounted to PLN 178.7 million and was used to fund capital asset projects. In 1999 such projects (including all expenditures for fixed assets, intangible assets and investments in progress) absorbed PLN 183.0 million, compared to PLN 124.4 million in 1998. The Company's long term debt as of December 31, 1999 amounted to PLN 79.1 million and consists entirely of an exchangeable loan to Cox Poland Investments, Inc. As of December 31, 1999 the Company had PLN 31.4 million in cash and PLN 245.0 million in short-term securities.

Liquidity ratio (measured by current assets divided by short-term liabilities) for the close of 1999 was equal to 4.7, compared to 0.8 in 1998. The change is accounted for by the significant influx of cash (from the public offering of shares) and by repayment of debt. The Group is implementing a rich program of development and investments (completion of printing projects, construction of facility in Warsaw, development of the internet offering) which will absorb the excess of cash.

The Company did not encounter in 1999 any difficulties in meeting its financial obligations and does not anticipate such difficulties in the future. As an additional liquidity assurance, on March 12, 1999 the company signed a 150 million PLN loan agreement; Agora may draw on the loan until end of February 2001. In December 1999 the Company was granted a loan by RCB up to the amount of PLN 12.6 million which may be drawn by the end of 2004.

The company has sufficient means to complete its three year investment program. The most important elements of the program include completion of the printing infrastructure expansion, development of the internet offering, construction of the Group's facility in Warsaw and further computerisation. Within the next three years these projects will cost the total of PLN 530 million.

4 Non-recurring events and factors

The most important event in 1999 was Agora's IPO, which next to huge cash injection brought about wide range of regulatory disclosures and obligations. The Company built and implemented procedures to which help Agora provide its shareholders with immediate and quality information about the Company's results, plans and strategy. The Company is open to meetings with investors and analysts, which resulted in broadening the coverage of Agora by more institutions and most qualified equity analysts. Being public raised the profile of the Company and brought it recognition. Our IPO was named one the most notable financings of 1999 by Institutional Investor, Agora was elected an Emerging Market Leader by World Economic Forum and one of the eight companies worldwide (

TRANSLATION

among Sony, Bank of Montreal or BP-Amoco) to win the Institutional Shareholder Services 2000 Award for Excellence in Corporate Governance.

During 1999 the company was making a thorough analysis and research of the Internet market development. Agora announced its Internet strategy in January 2000.

Due to thorough preparations to Y2K problem (implementation of power generators) did not affect the computer systems of the Company's operations.

In accordance with earlier agreements, on December 31, 1999 Trans-Serwis S.A. (a company acquired by Agora SA in 1998) was deleted from the commercial register and as of January 1, 2000 incorporated into Agora by transfer of all its assets without simultaneous increase in the Company's capital.

Financial transactions with members of governing bodies. Detailed information on this subject is included in Additional Notes 10 and 11 of the annual report.

Shareholding structure of the Group as of December 31, 1999 and as of the date of the preparation of the commentary to the annual report is presented in Note 12 of the annual report.

4.1.1 GROWTH OF THE COMPANY

Further growth of the company is contingent on the continued improvement of market and financial results of *Gazeta Wyborcza*, radio group and successful launch of its Internet offering. The Company's growth depends, in turn, on several important factors.

(i) Political and economic situation in Poland. Optimistic GDP growth forecasts and declining inflation lead to better financial position of individual households and companies and thus to growth in consumption which translates directly into growth of advertising spending. Additionally, structural changes in the economy, i.e. pension fund reform, privatisations and increased competition in such market segments as telecommunications and financial services will generate new advertising budgets. The company anticipates further growth of the advertising market in the next three years of 23%, 17% and 15%, respectively. 1999.

(ii) World newsprint and paper prices. Newsprint and paper account for about a third of the company's cost base and changes in unit prices have a direct impact on the Company's profit margins. Historically, newsprint prices are cyclical and high price cycles affect adversely all publishers. 1998 witnessed relatively low newsprint prices (the last high price phase of the cycle took place in 1994-1996). In 1999 the real (euro-denominated) prices remained stable. In 2000 the industry expectation is for about 4% increase in unit price.

(iii) Currency exchange rates. The Company generates revenues in Polish zloty. Production materials, and most importantly newsprint, are contracted mostly in euro, as are deliveries of equipment for the printing plants. Significant and long lasting weakening of the zloty could have a negative impact on operating profits by causing an increase in the zloty newsprint expense. Weak zloty could also lead to an increase in actual expenditure for capital projects (printing expansion). The recent floating of zloty may mean a broader range of its volatility in relationship to other currencies in the future. Heretofore, zloty was kept within +/- 15% range to parity. Currently, the currency may fluctuate without limit. The Group is exploring the possibility of long-term hedging of the cost of newsprint to limit currency exposure.

TRANSLATION

(iv) Operating effectiveness and safety. Daily process of *Gazeta's* preparation and production. requires careful planning, disciplined management systems and effective work organisation. The company constantly searches for way to improve effectiveness and reliability of key production processes via automation and implementation of modern technologies for pre-press, printing, advertising sales, and distribution of *Gazeta*, as well as of financial planning and management and communications between various operating units and branches of the Company.

(v) Production technology and capacity. Provision of sufficient production capacity and modern colour capabilities is a condition sine qua non for leveraging *Gazeta's* growth opportunities and thus the Company's investment priority. At the beginning of 2001 the Company will complete its expansion of printing facilities. Once implemented, these changes will result in the entire offset production being executed in-house. As a result the Company will be able to fully control its cost base and configure its advertising offer in a flexible way.

(vi) Growth of the radio activities of the Group depends on the rate of growth of advertising market and its development in the relevant local markets. The radio business needs operating scale which, in turn, depends on the speed with which new radio stations can be added to the group. The Group is growing the radio operation by acquiring shares in existing radio stations and applying to the Broadcast Council for new licences. The attitude of the Broadcast Council is an important factor affecting the growth of the radio operations.

(vii) The internet expansion requires expenditures and will dilute earnings. The success of the Group's Internet offering depends to a large extent on the development of Poland's internet market, including removal of the technological and logistics barriers, such as access or enablement of on line transactions.

(viii) The Company's team. In the eleven years of its existence the company has hired and trained extremely valuable staff. Maintaining their job satisfaction and loyalty to the company and their further professional growth are key goals of the company. To this end, the company has implemented several programs which broaden stockholding among company's employees, including incentive plans for managers and non-executive star performers and an employee stock purchase program.

5 Growth perspectives

The Group's Strategy includes further development of *Gazeta Wyborcza*, of the radio business, development & launch of the Internet offering and expansion into related media. The Company will grow organically by expanding existing business and by forming alliances and equity relationships with other Polish companies and, over time, internationally.

In addition the Group's long-term expansion strategy may be implemented by means of M&A transactions. The future price of Agora's stock may have impact in the context of such transactions.

5.1.1 GOVERNING BODIES OF THE COMPANY

On June 26, 1999 the Annual Meeting of Shareholders elected new Supervisory Board of the Company which is composed of Henryka Bochniarz (President), Stanisław Sołtyński, Tomasz Sielicki, Louis Zachary and Dean Eisner.

On September 3, 1999 the Management Board elected another member, Jerzy Thieme.

As of December 31, 1998 members of the company's Management Board owned the Company's stock as follows:

TRANSLATION

Wanda Rapaczynski: 1 287 150 series B shares with aggregate par value of 1 287 150 PLN

Helena Luczywo: 1 287 150 series B shares with aggregate par value of 1 287 150 PLN

Piotr Niemczycki: 1 761 100 series B shares with aggregate par value of 1 761 100 PLN

In addition the members of the Management Board are conditionally eligible for the following Company stock:

Wanda Rapaczynski: 1 286 series D shares with aggregate par value of PLN 1 286

Piotr Niemczycki: 1 261 series D shares with aggregate par value of PLN 1 261

Helena Luczywo: 925 series D shares with aggregate par value of PLN 925

Members of the supervisory board do not hold the company's stock and all members of governing bodies do not own stock or shares in other companies which are part of the Agora Group nor did they purchase shares of Agora SA in the IPO.

STOCKHOLDERS AND AGREEMENTS WHICH MAY AFFECT FUTURE SHAREHOLDING STRUCTURE

Shareholding structure of the Group as of December 31, 1999 and as of the date of the preparation of the commentary to the annual report is presented in Note 10 of the annual report

Agreements which may affect future structure of ownership:

1) B Share Lock-up Agreement between brokerage house Dom Maklerski BIG-BG, Agora-Holding and 96 key employees on 29 December, 1998

96 key employees holding 18,865,900 series B shares agreed not to dispose and/or encumber series B shares held by them on the following terms and conditions: after 1 July, 2000 each of them will be entitled to sell not more than 20% of series B shares held by such shareholder and after 1 July of each subsequent calendar year the number of shares which such shareholder will be entitled to sell will increase by an additional 10 per cent. of the total number of series B shares held by each such shareholder.

2) D Share Lock-up Agreement signed by and among brokerage house Dom Maklerski BIG-BG, Agora-Holding and employees on 28 January 1999

According to the terms of the agreement any transfer or encumbrance of 2,178,761 series D shares will be restricted until 1 July, 2000.

3) Preliminary Understanding dated 19 June, 1999 between Agora-Holding and Agora with an annex dated June 19, 1999 and Preliminary Understanding for the sake of third person dated July, 5 1999.

Agora and Agora-Holding committed to agree details of transfer series D shares to the employees of Agora for the purposes of Agora's employee incentive plans. The transferred shares will be locked-up for two years.

Under the Preliminary Understanding for the sake of third person describes the above mentioned details for the purposes of incentive plan of 1998/99.

4) Preliminary Understanding dated 28 May, 1999 between Agora-Holding and Agora

The companies agreed to enter into a final agreement providing for the rules of disposition of at least 90% of the Agora's series B shares by Agora-Holding to the employees of the Agora who agree to transfer restrictions similar to those applying with respect to series B shares described in item 1) above.

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Warsaw, 18 April 2000

.....
Wanda Rapaczynski
President

.....
Piotr Niemczycki
Vice-president

.....
Helena Luczywo
Member of the Board

.....
Jerzy Thieme
Member of the Board