

**AGORA SA ANNOUNCES INTERIM RESULTS FOR THE FIRST HALF 2001
(PRESENTED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS)**

REVENUES PLN 406.5 MILLION, NET PROFIT PLN 157.7 MILLION

HIGHLIGHTS

- Revenues amounted to PLN 406.5 million
- D&A increased by 72.7% to PLN 43.3 million
- Operating profit amounted to PLN 88.1 million
- EBITDA margin reached 32.2% while EBITDA margin on newspaper operations was 35,1%
- Net profit of PLN 157.7 million

Newspaper

- While the daily press market declined by over 6% Gazeta's average daily paid circulation fell by 2.8% (a level of decrease in Q2 comparable to that of Q1 2001) to 454,000 copies
- Advertising revenue down by 1.6% to PLN 303.9 million
- Daily newspaper advertising market declined 2.6%, while its share in overall advertising market declined by 0.8pp (according to *Agora Monitoring* estimates corrected for average discount rate and not adjusted for inflation)
- Newspaper revenue per ad page up by 15.0% to PLN 6,035

Internet

- Total online revenue amounted to PLN 1.5 million (incl. advertising revenue of PLN 1.0 million) and increased by 6.5%
- In June 2001, Internet portal www.gazeta.pl recorded 2.7 million visits with 26.7 million page-views while www.wyborcza.pl (a part of the Internet portal) recorded 0.9 million visits and 6.2 million page-views

Local radio group

- Ad sales of local radio group fell by 3.3% to PLN 16.0 million while radio advertising market declined by 10% (according to *Agora Monitoring* estimates corrected for average discount rate and not adjusted for inflation)
- EBITDA reached PLN 1.3 million, with EBITDA margin of 7.5%
- National audience share in the target group (25-45 years old, cities above 100,000) in the first half of 2001 remained at the level of 2000.
- **New office building**
- In the first half of 2001, capital expenditures for the new office building amounted to PLN 22.9 million and totaled PLN 55.8 million since the beginning of the works (the first expenditure in June 1998)

Wanda Rapaczynski, President of the Management Board, said:

“The second quarter of the year showed further decline of the advertising market, reflecting the weaker economy. We have ahead of us the weakest third quarter of the year due to holiday slowdown; and the far from optimistic macroeconomic forecasts for the last three months of the year do not spell out the reversal of the trend. In the context of such adverse market conditions, Agora is focusing on several key priorities: advertising revenue and maintaining market share, curbing operating costs (which helps us to maintain healthy EBITDA margin) and active pursuance of the company's growth strategy.”

External and Internal Factors Important for the Development of the Group

Economic situation in Poland and the advertising market.

The Company's sales revenue in 2001

The Polish economy has continued its decline since the beginning of the year. Current macroeconomic forecasts envisage this year's real GDP growth at 1.7-2.5%, against the government budget predictions of 4.5%. Dwindling consumer demand and costs savings programs implemented by advertisers adversely affect the advertising market.

Increasing competition among the media led to adopting more aggressive discount policies and as a consequence, rate card data does not provide a reliable picture of the ad market.

According to rate card data then, Poland's ad market in the first half 2001 grew by 20.8%. The TV ad market experienced the most dynamic growth - rate card revenue increased by 41.6% over the same period last year. Print advertising market grew by 5.0% versus a decline in advertising lineage of about 10%. Only the radio and outdoor ad segments declined by 4.9% and 10.1%, respectively.

According to *Agora-Monitoring* estimates (corrected for average discount rate and not adjusted for inflation) advertising expenditure growth in the first half of 2001 reached 1.2%. The most heavily hit advertising categories include automotive, cosmetics and construction, whereas in the print segment these were automotive, construction, interior decorating and employment.

Market specialists confirm the decline of real advertising expenditure and advertisers receiving enormous discounts, which, in case of TV broadcasters, often exceed 50%. Also, TV stations have shifted from selling advertising blocks to selling the audience. In consequence, even middle-sized enterprises can now afford to advertise in TV and traditionally print and radio advertising categories are moving to television.

Agora expects a decline of real advertising spending in Poland, including print, for the whole year 2001. Owing to its strong position on the advertising and circulation market and the stable discount policy, the Company expects its total sales revenue for 2001 to be roughly flat on 2000.

Newsprint Cost of *Gazeta Wyborcza*

In spite of the increase in newsprint prices in DEM by about 20% in the first half of 2001, newsprint costs remained unchanged in comparison to the same period of 2000, reflecting 5.1% reduction in production volume due to changes in lay-out and structure of the products (cost savings of PLN 3.6 million), as well as low EURO exchange rate. Had the EURO rate remained at the level of 2000, newsprint cost would have been higher by PLN 10.6 million.

Cost Curbing Programs

The Company has taken further steps designed to reduce the cost of production without the detrimental effect on attractiveness and circulation of *Gazeta*. In addition, the operating costs are being reduced at any level of the organization. The Management Board has put hiring under particular scrutiny.

The Company does not reduce costs, which are essential for maintaining its market position, further growth and implementation of growth strategy.

OPERATING REVIEW

Gazeta Wyborcza

Paid Circulation

Revenue from copy sales was up 5.3% to PLN 82.4 million while the average net copy price increased by 11.1%. Revenue from paid circulation accounts for 20.3% of the Company's revenue.

According to preliminary data from Circulation Audit Office, in the first half of 2001 total daily newspaper market decreased by over 6%.

Average daily copy sales reached 454,000 copies – 2.9% or 13,000 copies less than in the first half 2000.

In June 2001, the Company managed to arrest the decline in average paid circulation. The average copy sales in June 2001 rose compared to May 2001, though the figure was lower than in June 2000.

Monday and Friday editions of *Gazeta* continue to sell well (up 1.2% and 2.0% yoy, respectively)

Advertising Sales

Gazeta's advertising revenue amounted to PLN 303.9 million in the first half of 2001, 1.6% down yoy. It accounted for 74.8% of the Company's total revenue.

According to Agora-Monitoring estimates, in the first half of 2001 the Polish ad market inched up by 1.2% (figures are not adjusted for inflation), while the daily newspaper market declined by 2.6%. *Gazeta's* share in the advertising market of national dailies increased by 2.2pp to 65.4%, while its share in the Warsaw market decreased to 81.9% (by 1.6pp), and on other local markets to 24.0% (decline of 0.8pp). *Gazeta's* share in the whole ad market edged down just by 0.4pp, with the share of print advertising in the whole market down by as much as 0.8pp.

ADVERTISING REVENUE

(in PLN million)	IIQ'01	IIQ'00	<i>%Growth</i> <i>'01/'00</i>	III'01	III'00	<i>%Growth</i> <i>'01/'00</i>
National advertising	88.1	97.3	<i>(9.5%)</i>	166.3	168.7	<i>(1.5%)</i>
Share in total ad revenue	55.8%	56.5%		54.7%	54.6%	
Local advertising (Warsaw excl.)	35.8	38.3	<i>(6.5%)</i>	69.3	71.1	<i>(2.5%)</i>
Share in total ad revenue	22.7%	22.3%		22.8%	23.0%	
Warsaw advertising	33.9	36.4	<i>(6.9%)</i>	68.3	69.0	<i>(0.9%)</i>
Share in total ad revenue	21.5%	21.2%		22.5%	22.4%	
TOTAL	157.8	172.0	<i>(8.3%)</i>	303.9	308.8	<i>(1.6%)</i>

The print ad market experienced a decrease in advertising lineage of about 10% in the first half of 2001 (source: *Agora-Monitoring*). The lineage in national dailies fell by 11.8%, in Warsaw dailies by 7.7% and in other local dailies by 10.8%.

In comparison, *Gazeta*'s national advertising lineage decreased by 12.9%, Warsaw by 11.1%, other local by 15.5%. The average number of advertising pages printed daily in all national and local editions of *Gazeta* reached 334 versus 390 in the first half of 2000.

In the first quarter of 2001, advertising revenue was 6.8% higher than in the first quarter of 2000. This figure reflected a weakening ad market. Although advertising revenue in the second quarter of 2001 was 8.0% higher than in the first quarter of 2001, it was still 8.3% down from the same period of 2000. This reflects a steep downward trend of the ad market.

Cost of newsprint and printing of *Gazeta Wyborcza*

Gazeta's production volume in the first half of 2001 decreased by 5.1% against the same period of 2000 (a total of 11.1 billion pages were printed). The share of color pages reached 78.6% (against 58.3% in the first half of 2000).

Gazeta Wyborcza's **newsprint** cost was PLN 76.7 million, which accounts for 27.9% of total operating costs without D&A. A total of 33.1 thousand tons of newsprint were used, 1,546 tons less than last year (a decrease of 4.5%). In spite of the increase of newsprint price in DEM by about 20%, the total newsprint cost was around the level posted in the first half of 2000 (a decrease of 0.1%), due to low EURO exchange rate and lower production volume.

External printing cost of *Gazeta* reached PLN 10.2 million (a decrease of 40.2%). External printing plants satisfy Agora's needs for heat-set technology (*High Heels*, *Color Magazine* and glossy cover of *TV Guide*). In the first half of 2001, 1.2 billion pages or 10.9% of the total production volume were printed externally (19.9% and 2.3 billion pages, respectively in 2000).

Cost of in-house printing (includes production in Białoleka, Piła, Agora Poligrafia printing plants) in the first half of 2001 reached PLN 47.8 million, of which almost 85% was fixed cost.

COST OF IN-HOUSE PRINTING

(in PLN million)	IIQ'01	IIQ'00	%Growth '01/'00	IH'01	IH'00	%Growth '01/'00
Total Fixed Costs	20.3	13.6	49.2%	40.5	24.8	63.2%
Staff costs	7.2	5.6	28.0%	13.7	10.3	33.4%
Average employment	731	578	26.6%	746	549	36.0%
D&A	9.5	3.4	181.5%	19.0	6.4	197.8%
Other Operating Costs	3.6	4.6	(21.8%)	7.8	8.1	(4.3%)
Variable Costs	3.7	3.7	(0.3%)	7.3	6.9	6.9%
TOTAL Fixed and Variable Costs	24.0	17.3	38.7%	47.8	31.7	51.0%

In the second half of 2000, the Company completed the construction of its three plants: D&A of the building in Białoleka and of printing presses in Białoleka, and Tychy started from August 2000. In December 2000, the company started to depreciate the building and printing presses of the Piła plant. These caused D&A grew by about 200%.

The decrease in other operating costs has been caused by lower cost of inserting of newspaper sections (as of 2001 inserting is automated).

INTERNET (with allocations)

In June 2001, there were 100 employees working on the project, including 5 allocations. Operating costs for the first half of 2001 reached PLN 13.8 million, incl. D&A of PLN 3.6 million and an advertising campaign of PLN 3.3 million. The Internet Project contributed negatively to the Company's net result by PLN 8.9 million. Capital expenditures (fixed assets, intangible assets and investments-in-progress) amounted to PLN 14.4 million.

In November 2000, as part of its internet activities Agora SA, along with ComputerLand S.A., set up a joint venture: Centrum Handlu Internetowego Sp. z o.o. (CHI)- e-shopping mall for small and middle sized businesses. The pilot version of the mall was launched in May 2001 and currently an advertising and sales campaign is in progress. Initial capital of CHI amounting to PLN 6 million was increased in June by PLN 3 million (currently being registered) and was taken up by the partners (50% each).

RADIO

Radio stations

GROUP OF LOCAL RADIO STATIONS

(in PLN million)	IIQ'01	IIQ'00	%Growth '01/'00	IH'01	IH'00	%Growth '01/'00
Total revenue	10.3	10.6	<i>(2.8%)</i>	17.3	17.8	<i>(2.9%)</i>
EBITDA	1.7	2.3	<i>(22.9%)</i>	1.3	1.9	<i>(30.8%)</i>
EBITDA margin	16.8%	21.2%	<i>(4.4pp)</i>	7.5%	10.5%	<i>(3.0pp)</i>
Number of Agora's local stations	14	13		14	13	

In June 2001, Agora SA purchased 24% of share capital of Kraków-based Radio Wanda Sp. z o.o.

In July 2001, Agora SA increased its stake in ROM Sp. z o.o., the broadcaster of Klasyka 103.7 FM radio station in Warsaw, to 100%; the Company also increased its stake in Radio Trefl Sp. z o.o. by 41% to 99.96% of its share capital.

In the super-regional station TOK FM, in which Agora SA owns 41.61% share, total sales revenue went up by 29%, and net loss amounted to PLN 5.4 million.

The radio venture is still not material from the perspective of Polish accounting standards and thus is not consolidated.

Radio Division

Radio Division's role in Agora SA structure is to supervise the radio operations. In the first half of 2001, the operating activities of the Division contributed negatively to the Company's net result by PLN 1.2 million.

In sum, the cost of Radio Division, taking into account set-up provisions, dividends, interests due on loans given to the radio stations (specified below in *Profit and Loss Account* section), the radio operations lowered the Group's net result by PLN 9.7 million.

NEW BUSINESS DEVELOPMENT DIVISION

In the first half of 2001, operating costs of the division were PLN 1.3 million (including legal and audit services of PLN 0.5 million), which decreased the Group's net result by PLN 0.9 million.

COST STRUCTURE

Operating costs

(in PLN million)	IIQ'01	IIQ'00	%Growth '01/'00	IH'01	IH'00	%Growth '01/'00
Raw materials and consumables	46.3	48.5	<i>(4.7%)</i>	93.6	91.7	<i>2.0%</i>
incl. newsprint GW	38.7	40.3	<i>(3.8%)</i>	76.7	76.8	<i>(0.1%)</i>
Staff costs	49.9	47.1	<i>5.9%</i>	96.5	86.7	<i>11.3%</i>
incl. payroll	40.7	38.8	<i>4.7%</i>	78.5	71.4	<i>10.0%</i>
D & A	21.2	13.2	<i>60.9%</i>	43.2	25.1	<i>72.7%</i>
Other costs	48.2	47.3	<i>1.8%</i>	85.1	84.2	<i>1.0%</i>
TOTAL operating costs	165.6	156.1	6.0%	318.4	287.7	10.7%
TOTAL operating costs before D&A	144.4	142.9	1.0%	275.2	262.6	4.8%

Raw materials and consumables

Newsprint used for *Gazeta Wyborcza* accounts for 82.0% of this costs category.

Staff costs

The average full time employment rose by 14.3% against the first half of 2000. The main factor contributing to the growth was employment increase in printing plants in the second half of 2000. At the end of June 2001, the Company had over 3,500 employees, 1.1% or 39 people less than at the end of March 2001.

Depreciation and Amortization

The increase in D&A costs results mainly from printing investments which were completed in the second half of 2000.

Other costs include: advertising and representation expenses (PLN 16.6 million), external printing of *Gazeta Wyborcza* (PLN 10.2 million), rental fees (PLN 7.5 million), telecommunication (PLN 6.6 million), IT services (PLN 6.1 million), legal services (PLN 3.6 million), newspaper transportation (PLN 3.3 million).

This category also comprises set-up and released provisions for bad debt, which increased this category of costs by PLN 7.5 million in the first half of 2001.

COST STRUCTURE (excluding Internet Project, Radio Division, New Business Development and New Office Building)**Operating costs**

(in PLN million)	IIQ'01	IIQ'00	%Growth '01/'00	IH'01	IH'00	%Growth '01/'00
Raw materials and consumables	46.2	48.5	(4.6%)	93.4	91.6	2.0%
Staff costs	47.0	45.1	4.2%	90.9	83.7	8.6%
incl. payroll	38.3	37.4	2.5%	74.1	69.2	7.2%
D & A	18.6	12.9	43.7%	39.6	24.7	60.3%
Other costs	42.8	46.2	(7.3%)	78.0	82.3	(5.2%)
TOTAL operating costs	154.6	152.7	1.3%	301.9	282.3	6.9%
TOTAL operating costs before D&A	136.0	139.8	(2.7%)	262.3	257.6	1.8%

FINANCIAL OVERVIEW**PROFIT AND LOSS ACCOUNT**

(in PLN million)	IIQ'01	IIQ'00	%Growth '01/'00	IH'01	IH'00	%Growth '01/'00
Net revenue	208.5	221.8	(6.0%)	406.5	406.8	(0.1%)
Operating costs	(165.6)	(156.1)	6.0%	(318.4)	(287.7)	10.7%
Operating profit	42.9	65.7	(34.7%)	88.1	119.1	(26.0%)
Profit on disposal of TKP shares	104.0			104.0		
Provision set-up for Inforadio Sp. z o.o.	(12.1)	(0.6)		(12.1)	(0.6)	
Profit after associated undertakings and other charges	134.8	65.1	107.2%	180.0	118.5	52.0%
Pretax profit	135.3	72.3	87.0%	179.8	131.5	36.7%
Corporate income tax	(13.9)	(19.6)	(29.1%)	(22.1)	(35.4)	(37.8%)
Net Profit	121.4	52.7	130.2%	157.7	96.1	64.2%
EPS - net revenue per share (in PLN)	2.14	0.93	130.2%	2.78	1.69	64.2%
EBITDA (PLN million)	63.8	78.8	(19.0%)	131.1	146.4	(10.5%)
EBITDA margin	30.6%	35.5%	(4.9pp)	32.2%	36.0%	(3.7pp)

Profit on disposal of 12.12% stake in Telewizyjna Korporacja Partycypacyjna S.A. (TKP), with net book value of PLN 22.5 million, was PLN 104.0 million (previously provided for in the amount of PLN 98.5 million). In accordance with the information disclosed in the first quarter 2001 report, the first transaction involved an exchange of 5.94% of TKP shares for a loan granted to Agora by its shareholder Cox Poland Investments, Inc (Cox) amounting to PLN 81.8 million, along with interests. The following transaction involved the sale by Agora and Cox of their respective stakes in TKP to PolCom Invest S.A. Agora received PLN 41.3 million for its stake (6.18% of TKP shares). TKP paid Agora PLN 3.6 million of interest, of which PLN 1.8 million was transferred to Cox pursuant to Strategic Alliance Agreement of 5 December 1997. Furthermore, Agora realised PLN 1.6 million of foreign exchange and interest gains on these transactions.

The transaction brought about an increase in tax of PLN 2.1 million, while the tax due on the back of the said transactions (paid in the first half) decreased by PLN 4.6 million.

The sale of TKP shares increased the Company's net result by PLN 101.9 million (calculated as of 30 June, 2001). This impact may change during the year since TKP transactions affect tax credits settlements (which depend on the financial result for the whole 2001).

Provisions set up for a repayment of a bank loan granted to the affiliated entity, Inforadio Sp. z o.o., and guaranteed by Agora in the amount of PLN 9.6 million and for shares and loans in the amount of PLN 2.5 million.

Net of financial activities included primarily interests, dividends, result on sale of commercial securities, FX differences and costs of long-term EURO purchase contracts.

In the first half of 2001, the revenue on short-term financial investments (sale of commercial securities, forwards and bank deposits) amounted to PLN 18.4 million (including revenue accrued on commercial securities as of 30 June, 2001 of PLN 5.9 million). The average return on investments in securities was 17.9% p.a.

As earlier described in the annual report of 2000, in January 2001 the Group terminated one of its three EURO purchase contracts. Moreover, another EURO purchase contract was suspended for the period from January 2001 until July 2002. Withdrawal from the contract incurred a cost of PLN 7.3 million (including PLN 1.4 million of provision for the contract payment due in 2002). Also, following the execution of the remaining contract, in the first half of 2001 the Company incurred a realized loss amounting to PLN 3.6 million and booked a non-realized loss on FX differences in the amount of PLN 6.8 million (this amount results from a revaluation of all EURO purchases to be executed on the basis of the contract, made as of June 30, 2001 at the exchange rate of that day of 3.3783 PLN to 1 EURO).

The dividend received from the Warsaw-based *Pogoda* radio amounted to PLN 2.4 million.

Profit and loss account (excluding Internet Project, Radio Division, New Business, New Office Building and TKP transactions)

(in PLN million)	IIQ'01	IIQ'00	%Growth '01/'00	IH'01	IH'00	%Growth '01/'00
Operating profit	52.8	67.3	(21.6%)	102.9	122.0	(15.7%)
Pretax profit	50.3	72.3	(30.5%)	99.6	132.8	(25.0%)
Net Profit	35.5	52.0	(31.8%)	75.3	96.3	(21.7%)
EPS - net revenue per share in PLN	0.63	0.92	(31.8%)	1.33	1.70	(21.7%)
EBITDA (PLN million)	71.1	80.2	(11.3%)	142.2	149.0	(4.6%)
EBITDA margin	34.3%	36.4%	(2.1pp)	35.1%	36.8%	(1.7pp)

BALANCE SHEET (PLN million)

(in PLN million)	30.06.2001	30.06.2000	%Growth '01/'00
TOTAL ASSETS	1,127.8	1,013.4	11.3%
Current assets	379.9	359.7	5.6%
Share in balance sheet total	33.7%	35.5%	
Fixed Assets	747.9	653.7	14.4%
Share in balance sheet total	66.3%	64.5%	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,127.8	1,013.4	11.3%
Current liabilities	100.4	149.7	(32.9%)
Share in balance sheet total	8.9%	14.8%	
Long term liabilities	25.4	93.5	(72.9%)
Share in balance sheet total	2.3%	9.2%	
Equity	1,002.0	770.2	30.1%
Share in balance sheet total	88.8%	76.0%	

Current liabilities, compared to 30 June 2000, decreased by 32.9%. That was mainly caused by reduction in capex liabilities by PLN 53.5 million.

On the other hand, there was an increase in provisions as compared to 30 June 2000. This resulted from provisions set up for cost of closing long-term foreign currency contracts (PLN 1.4 million), and for the repayment of 63.63% of the bank loan granted to the affiliated company, Inforadio Sp. z o.o., guaranteed by Agora in the amount of PLN 9.6 million.

Long-term liabilities, as of 30 June 2000, decreased by the amount of a loan received from Cox along with interest following the exchange of a loan from Cox for 49% of Agora's shares in TKP S.A. (described more extensively in *Financial Overview* section above).

On 30 June 2001, the Company did not have any long-term debt, excluding liabilities related to long-term foreign currency contracts (PLN 8.8 million).

Moreover, provision for deferred income taxes increased by PLN 9.1 million on the back of the settlement of the sale transactions of TKP and exchange of the Cox loan (increase by PLN 8.5 million) and increasing difference between the depreciation expense and tax allowable depreciation.

CASH FLOW STATEMENTS

(in PLN million)	IIQ'01	IIQ'00	%Growth '01/'00	IH'01	IH'00	%Growth '01/'00
Net cash from operating activities	64.8	63.8	1.5%	119.9	107.0	12.0%
Net cash from investing activities	(27.3)	(45.4)	-	(19.4)	(81.9)	-
Net cash from financing activities	(1.8)	0.0	-	(15.3)	0.0	-
Total movement of cash and cash equivalents	35.7	18.4	93.6%	85.2	25.1	238.9%
At the end of period	132.5	61.5	115.5%	132.5	61.5	115.5%

At the end of the period, the Company had PLN 132.5 million in cash and PLN 106.3 million in short-term securities.

Net cash from investment activities include capital expenditure of PLN 94.6 million (PLN 22.9 million for the development of new office building, PLN 14.4 million for the internet project, PLN 21.7 million for IT and telecommunication investments, PLN 19.5 million for printing base investments), and net revenue from sales of commercial securities (PLN 47.4 million).

ADDITIONAL INFORMATION

On 26 April 2001 Agora acquired City Magazine Sp. z o.o. for the sum of PLN 982,500. City Magazine is the publisher of four free monthlies: *City Magazine Warszawa*, *City Magazine Kraków*, *City Magazine Poznań* and *City Magazine Trójmiasto*. Each City Magazine is a leading free monthly focusing on entertainment, cultural events and leisure time. A fashionable and popular magazine, it is principally aimed at the 20-35 year-old market. The Warsaw edition averages 52 pages and contains up to 45% advertising. Total current circulation is approximately 105,000. The purchase price of PLN 982,500 may be increased by approximately PLN 818,000 if City Magazine reports 2001 revenues as stipulated in the contract and fulfils other conditions set forth in this contract.

On 8 June 2001, the Company purchased a 24% stake in Radio Wanda Sp. z o.o. (Polish limited liability company). The purchase price amounted to PLN 1,080,000. Agora holds shares representing 24% of Radio Wanda's share capital and 24% of all votes at the general Meeting of Shareholders.

Radio Wanda Sp. z o.o will apply for a license to broadcast a regional radio program in Krakow.

On 21 June 2001, all members of the Management Board, Wanda Rapaczynski, Piotr Niemczycki, Helena Łuczywo, Zbigniew Bąk, executed the Agreement on Limitation of Trading in Securities regulating the principles of trading in Agora's stock held in their possession. The purpose of the agreement is to set clear guidelines for trading in securities by individuals with access to inside information. Since Polish law does not provide such guidelines, Agora modelled the agreement on solutions adopted in the US and on the regulation of the London Stock Exchange.

Any material violation of the agreement shall be subject to monetary sanctions equivalent to the amount of the most recent annual incentive bonus preceding the violation, payable to charitable institution indicated by the remaining Board Members.

In addition to the execution of the agreement, Agora SA introduced a Code of Conduct for Securities Trading intended as a non-enforceable instruction for its employees. The Code recommends employees to use trading principles analogous to those set forth in the agreement.

On 27 June 2001 the Annual Shareholders Meeting convened. Among others, the resolution on amendments to the Company statute was adopted.

The Management Board took under advisement comments of certain minority shareholders and submitted to the Shareholders Meeting an amended draft of point 2 of resolution 1 (on amendments to the Company's statute), thus changing the proposed wording of §8 of the statute (authorized capital) as follows:

“§ 8.

1. In the three year period after registration of this amendment of the Statutes, the Company's Management Board shall be authorized to make one or several increases of the share capital by a total amount not greater than PLN 42,568,143 (authorized capital).

2. Management Board resolutions relating to delivery of shares in exchange for in-kind contributions shall not require consent of the Supervisory Board.

3. Subject to Section 4 within the limits of the authorized capital, the Management Board shall have the right to waive or to limit the pre-emptive rights upon consent of the Supervisory Board.

4. Authorization, mentioned in Section 3 above, is not applicable in case of increases of share capital which are to be offered to (i) individuals who currently work or who have worked on behalf of the Company or entities affiliated with the Company, pursuant to a contract of employment or other agreement such as mandate agreement or agreement for performance of a specific task or other agreement having similar effects, in the opinion of the Management Board, to a contract of employment, or (ii) an entity which will provide the shares subscribed thereby to persons referred to in point (i).”

The Shareholders Meeting also adopted the motion submitted during discussion on resolution No.1, and supported by the Management Board, to delete from the proposed wording of the §15 of the Company statute Section 5 that introduces certain restrictions relating to a review by a special auditor of a particular issue referring to the creation of the Company or conduct of the affairs thereof in compliance with Article 158b of the Law on Public Trading of Securities.

The wording of the remaining amendments proposed by the Management Board as announced on 19 June 2001 remained unchanged.

The resolution on amendments to the Company's statute was adopted unanimously.

Shareholders Meeting appointed two members of the supervisory board: prof. Stanisław Sołtysiński was appointed for the next three years long term of office, and Mr. John Mellott, representative of Cox Enterprises, Inc., was appointed for three years in place of Mr. Dean Eisner, whose term of office has expired.

According to the resolutions No. 10 and No. 11 of the Shareholders Meeting the members of the Management Board were granted conditional rights to purchase shares of the Company in the following numbers:

Wanda Rapaczynski – 1,277 series D shares and 47,327 series B shares

Piotr Niemczycki – 1,259 series D shares and 46,639 series B shares

Helena Łuczywo – 1,005 series D shares and 43,208 series B shares

Zbigniew Bąk – 216 series D shares and 18,685 series B shares

Ownership of Agora's shares and rights to these shares by members of the Management Board

a. shares

	Ownership at 31/03/2001	Change	Ownership at 30/06/2001
Wanda Rapaczynski	1,377,340	0	1,377,340
Piotr Niemczycki	1,832,930	0	1,832,930
Helena Łuczywo	1,373,394	(750)	1,372,644
Zbigniew Bąk	0	0	0

b. conditional right to purchase shares (under the condition of signing a lock-up agreement)

	Ownership at 31/03/2001	Change	Ownership at 30/06/2001
Wanda Rapaczynski	479	48,604	49,083
Piotr Niemczycki	472	47,898	48,370
Helena Łuczywo	472	44,213	44,685
Zbigniew Bąk	0	18,901	18,901

Ownership of Agora's shares and rights to these shares. (Members of the Supervisory Board)

	Ownership at 31/03/2001	Change	Ownership at 30/06/2001
Henryka Bochniarz	0	0	0
Dean Eisner	0	0	0
Tomasz Sielicki	33	0	33
Stanisław Sołtysiński*	-	-	-
Louis Zachary	0	0	0

* Stanisław Sołtysiński invests in a Blind Trust fund.

Shareholders entitled to execute more than 5% of the votes at the General Shareholder Meeting

	votes at 31/03/2001	Change	votes at 30/06/2001
Agora-Holding Sp. z o.o.	44.3%	0.3pp	44.6%
Cox Poland Investment, Inc.	12.2%	(1.9pp)	10.3%
Bankers Trust Company	10.0%	(1.9pp)	8.1%

POST BALANCE SHEET EVENTS

On 12 July 2001 2,870,845 additional common bearer shares of Agora SA were listed on the Warsaw Stock Exchange. These shares constitute 16% of the Company's free float.

Of these 2.5 million shares are in possession of shareholders who acquired the shares as a result of the Company's transformation into the joint stock company in 1998. The remaining shares constitute those acquired as a result of incentive plans implemented by Agora. On 1 July 2001 the lock-up on those shares has expired in accordance with the principles disclosed in the international offering circular.

On 6 July 2001 on the basis of conditional share purchase agreement Agora has become an owner of shares in ROM Sp. z o.o. constituting 51% of the share capital of the company, which broadcasts Warsaw local radio Kłasyka 103.7 FM. Together with previously owned shares Agora owns 100% of the share capital and is entitled to 100% votes on the General Shareholders Meeting. The purchase price amounted to PLN 779 thousand.

Following a sale agreement on 25 July 2001 Agora has become an owner of further shares in Trefl Sp. z o.o. constituting 41% of the share capital of the company. Together with previously owned shares Agora now owns 99,96% of the share capital in Trefl Sp. z o.o. and is entitled to 99,96% votes at the General Shareholders Meeting. The purchase price amounted to PLN 3.2 million.

NOTES TO THE ACCOUNTS

Provisions

In the period from 1 January 2001 to 30 June 2001 there were the following changes in provisions (in brackets figures for the second quarter 2001 alone):

- increase in provisions for bad debt in the amount of PLN 8,060 thousand (of PLN 5,000 thousand);
- decrease in provision for interest on long-term and short-term loans in the amount of PLN 3,170 thousand (of PLN 3,540 thousand);
- increase in provisions for shares and loans in the associated company in the amount of PLN 2,497 thousand;
- decrease in provisions for shares in Telewizyjna Korporacja Partycypacyjna S.A. in the amount of PLN 98,518 thousand.

As at 30 June 2001 provision for deferred income taxes amounted to PLN 16,610 thousand and increased by PLN 10,533 thousand compared to January 1, 2001.

In the six months ended 30 June 2001, Agora set up a provision amounting to PLN 1,374.5 thousand for a payment for suspending a EURO purchasing contract due in 2002.

In the second quarter of 2001, the Group set up provision for the guarantee given to a bank regarding the repayment of the bank loan taken by the affiliated company in the amount of PLN 9,600 thousand.

Litigation

As at 30 June 2001, the Group has not entered into litigation or have been litigated for claims or liabilities that in total exceed 10% of the Group's equity.

Changes in comparative figures

Effective as of 31 December 2000, the Company changed its policy regarding the costs of an initial public offering of its shares that took place in 1999 as described in the annual financials for 2000. Therefore, the comparative financial figures as at 30 June 2000 have been adequately changed. The changes, among others, decrease intangible fixed assets and the share premium by the amounts of PLN 18,502 thousand and PLN 13,492 thousand respectively and reduce the deferred tax provisions by PLN 5,010 thousand.

Agora SA

Consolidated balance sheets as at 30 June 2001 and 2000

(all amounts in PLN thousands unless otherwise indicated)

	As of 30 June	
	2 001	2 000
Assets		
Current assets:		
Cash and cash equivalents	132 546	61 496
Short-term securities	106 340	170 193
Accounts receivable and prepayments	115 841	109 768
Inventories	25 210	18 253
	<u>379 937</u>	<u>359 710</u>
Long-term assets:		
Property, plant and equipment	701 930	597 550
Intangible assets	12 670	15 397
Investments	33 297	40 767
	<u>747 897</u>	<u>653 714</u>
Total assets	<u>1 127 834</u>	<u>1 013 424</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued charges	100 384	149 665
Short-term borrowings	-	-
	<u>100 384</u>	<u>149 665</u>
Long-term liabilities:		
Long-term borrowings	8 783	86 027
Deferred income taxes	16 610	7 521
	<u>25 393</u>	<u>93 548</u>
Shareholders' equity:		
Share capital	56 758	56 758
Share premium	353 646	353 646
Retained earnings and other reserves	591 653	359 807
	<u>1 002 057</u>	<u>770 211</u>
Total liabilities and shareholders' equity	<u>1 127 834</u>	<u>1 013 424</u>

Agora SA

Consolidated income statements for six months ended 30 June 2001 and 2000

(all amounts in PLN thousands unless otherwise indicated)

	6 months ended 30 June	
	<u>2 001</u>	<u>2 000</u>
Sales	406 544	406 795
Operating costs	<u>(318 439)</u>	<u>(287 735)</u>
Operating profit before other non-recurring charges	88 105	119 060
Other non-recurring charges	<u>-</u>	<u>-</u>
Operating profit after other non-recurring charges	88 105	119 060
Profit on disposal of long term investments	104 026	-
Provision for losses on associated investments	<u>(12 097)</u>	<u>(600)</u>
Profit after associated undertakings and other charges	180 034	118 460
Interest and financial items	(2 649)	11 002
Dividends received	<u>2 420</u>	<u>2 085</u>
Profit before income taxes	179 805	131 547
Income taxes	<u>(22 066)</u>	<u>(35 465)</u>
Net profit for the period	<u>157 739</u>	<u>96 082</u>
Earnings per share (in PLN)	<u>2,78</u>	<u>1,69</u>

Agora SA

Consolidated cash flow statements for the six months ended 30 June, 2001 and 2000

(all amounts in PLN thousands unless otherwise indicated)

	6 months ended 30 June	
	2 001	2 000
Operating activities		
Operating profit before associated undertakings and other charges	88 105	119 060
Depreciation of plant, property and equipment	41 391	21 035
Amortisation of intangible assets	1 891	4 031
(Profit)/loss on disposal of plant, property and equipment	(288)	2 286
	<u>131 099</u>	<u>146 412</u>
Movement in operating working capital	(5 803)	(18 899)
Net cash inflow before interest and tax	<u>125 296</u>	<u>127 513</u>
Interest received and paid	6 445	2 720
Foreign exchange result	(1 352)	(868)
Tax paid	(10 506)	(22 281)
Net cash from operating activities	<u>119 883</u>	<u>107 084</u>
Investing activities		
Capital expenditure, net	(94 134)	(134 807)
Net cash on sale and purchase of long-term investments	23 054	(4 364)
Redemption/(acquisition) of short-term securities	47 351	53 948
Result on foreign exchange forwards, future interest rate contracts	1 941	1 193
Dividends received	2 420	2 085
Net cash used in investing activities	<u>(19 368)</u>	<u>(81 945)</u>
Financing activities		
Increase / (decrease) in borrowings	-	-
Public offering equity contributions	-	-
Public offering expenditure	-	-
Net cash from foreign currency SWAP contracts	(15 327)	-
Net cash from financing activities	<u>(15 327)</u>	<u>-</u>
Change in cash and cash equivalents	<u>85 188</u>	<u>25 139</u>
Movements in cash and cash equivalents		
At start of period	47 358	36 357
Increase	85 188	25 139
At end of period	<u>132 546</u>	<u>61 496</u>

Agora SA

Consolidated statement of changes in shareholders' equity for six months ended 30 June 2001

(all amounts in PLN thousands unless otherwise indicated)

	Share capital	Share premium	Retained earnings	Other	Total
At 31 December 1998	44 141	-	128 543	8 625	181 309
Issue of ordinary shares	12 617	-	-	-	12 617
Other movements	-	-	7 587	(7 586)	1
Net profit for the year	-	-	126 446	-	126 446
Share premium from initial public offering	-	367 138	-	-	367 138
					-
At 31 December 1999 as previously reported	56 758	367 138	262 576	1 039	687 511
Changes in accounting policy	-	(13 492)	-	-	(13 492)
At 31 December 1999 restated	56 758	353 646	262 576	1 039	674 019
Net profit for the period	-	-	170 191	-	170 191
Other movements	-	-	-	108	108
At 31 December 2000	56 758	353 646	432 767	1 147	844 318
Net profit for the period	-	-	157 739	-	157 739
At 30 June 2001	56 758	353 646	590 506	1 147	1 002 057