

AGORA S.A. ANNOUNCES INTERIM RESULTS FOR THE FIRST HALF OF 2000

REVENUES RISE 21.4% TO PLN 406.8 MILLION
NET PROFIT INCREASES TO PLN 96.1 MILLION

Highlights

- * Revenues rise by 21.4% to PLN 406.8 million
- * Operating profit up by 23.9% to PLN 119.1 million
- * EBITDA margin reaches 36%
- * Net profit of PLN 96.1 million (PLN 56.5 million in 1999)
- * Free float of the company increases to 28.8% from 16.3% since July 4th

Newspaper

- * Gazeta's paid circulation up by 3.1% to 467,000 copies
- * Advertising revenue up by 21.5% to PLN 308.8 million; the whole market increased by 7.1% and the press market by 17.2%
- * Newspaper revenue per ad page up by 15.4% to PLN 5,245
- * Gazeta's share in the local newspaper markets increases by 3.9% (lineage) and 1.9% (revenue)
- * Bialoleka printing plant started production and the extension to the Tychy printing plant is complete

Internet

- * Gazeta-on-line enriched by new portal elements and 11 thematic services
- * Gazeta's on-line offering becomes more and more popular - in June, 953,000 visits and 9.6 million pageviews
- * Banner ad revenue up by 361%

Radio

- * Local radio group increases to 13 radio stations
- * Ad Sales of local radio group grew by 47.3% to PLN 18.4 million
- * National audience share of the radio group reaches 10% (6.9% in 1999)

Wanda Rapaczynski, President of the Management Board, said:

"These interim results re-inforce Agora's position as the leader in the Polish media market. Gazeta's circulation and advertising revenue continued to grow, despite the fact that the ad market significantly weakened during the first half of this year. We continue our strategy of expansion: Gazeta has strengthened its position in the local newspaper markets, we launched two other printing plants, and have further developed the radio group.

We are very satisfied to see our Internet offering attract more and more users and advertisers. The Internet project remains our priority, and we are working intensely on expanding and enhancing our service."

OPERATING REVIEW

Gazeta Wyborcza
Paid Circulation

Gazeta continues to enrich its offering by adding new products and attractions (e.g. National Geographics - Wonders of the World supplement), new market segments (weekly children's supplement Cartoons, real estate

monthly supplement for subscribers), and its sale is supported by ongoing circulation promotion efforts. These activities resulted in a 3.1% growth (in comparison to 1999) of average daily copy sales of 467,000 copies.

Revenue from copy sales grew by 15.5% to PLN 78.2 million, with the average copy price increasing by 11.6% over the same period last year. Revenue from paid circulation accounts for 19.2% of the Company's revenue.

The paper is also attracting further subscribers. The number of copies sold in subscription grew by 8% and amounted to an average of 54,800 copies.

Friday issue with TV Guide saw copy sales grow by 11.7% i.e. by 70,000 copies. Gazeta continues to invest in local markets as it considers them a key area for further expansion. Early successes include a 9.6% increase of copy sales in Poznan and a 6.1% increase in Wroclaw.

Advertising Sales

The results of the first half of 2000 of the advertising market disappointed media. Increased inflation and lower consumer demand in Poland in the first half of 2000 caused the ad market growth to be lower than expected. Estimated real revenue growth for Polish TV and radio segments was 3.7% and 2.6% respectively relative to the same period in 1999, while the whole Polish ad market grew only by 7.1%, i.e. on the inflation level. However, print media recorded a positive growth of 17.2%. National dailies noted a drop in lineage by 3.5%, whereas local dailies saw an increase of 4.7% supporting Gazeta's further expansion in the local markets.

Gazeta's advertising revenue increased by 21.5% to PLN 308.8 million, equal to 75.9% of Company's revenue.

	I H 1999	I H 2000	% Growth 2000 / 1999
Advertising revenue (in PLN million)			
National advertising	136.4	168.7	23.7%
Share in total advertising revenue	53.7%	54.6%	
Local advertising (Warsaw excluded)	57.5	71.1	23.6%
Share in total advertising revenue	22.6%	23.0%	
Warsaw advertising	60.3	69.0	14.5%
Share in total advertising revenue	23.7%	22.4%	
Total	254.2	308.8	21.5%

Revenue growth was accompanied by a decrease of national advertising lineage by 5.8% and an increase of lineage in the local markets (except for Warsaw) by 8.7%. Warsaw lineage remained constant. Average number of advertising pages printed daily in all national and local editions increased to 390 (373 in 1H of 1999).

Sales of Inserts reached PLN 9 million and experienced dynamic growth, increasing by 48.9% from 1H in 1999.

Gazeta maintained its position in the national and Warsaw markets (63.3% and 83.6% respectively). In the remaining local markets it built its share from 22.9% to 24.8%. The above mentioned figures are calculated on the basis real revenue estimates. According to Agora this methodology reflects the market better than the previously used nominal method.

INTERNET

To build on the increasing popularity and sales of Gazeta-on-line Agora has focused on extending the current offering by enhancing it with an experiential design and additional services. By this time, www.gazeta.pl already embraces approximately 20,000 pages, and every day around 800 are constantly updated.

In May, Agora launched a new version of Gazeta-on-line, enriched by local services, 11 thematic ones, and catalogues. In June Gazeta on-line received over 953,000 visits, and 9.6 million page views (15.1% and 92% growth respectively in comparison to March 2000).

These efforts have already been noticed: Gazeta-on-line received an award for "Best of the European Web" and was selected for presentation in the Europe Oline portal in the section "Choice of the week for Poland". The award was presented for user friendliness, rich and constantly updated content.

Gazeta's editorial office is currently undergoing an adaptation process for multimedia activities. Six of the newspaper editorial teams currently work within the new system allowing journalists to simultaneously create content for print and Internet. News, appropriately formatted, quickly and without re-modelling goes directly on-line. This new, easy to use editorial system was created within the company and constitutes the base of the currently implemented Open Market content management system.

On-line advertising increased by 361% in the first half of 2000. In May Agora enriched its advertising offering by a new product - Business Cards - directed at medium and small enterprises. The Cards are extremely popular. By the end of June nearly 1,000 clients purchased 9,000 such units. 65% of orders came from outside of Warsaw, reflecting the efforts of Gazeta's local sales forces.

The Warsaw on-line sales team currently comprises 20 people, including five Product Managers in key advertising categories. Agora actively continues to create additional products.

Agora has also made significant progress with technology and has designed a consistent hardware, software and telecommunications infrastructure. The architecture is in course of being implemented. SUN Solaris servers are being installed and tuned as is the database Oracle 8i and Weblogic Bea portal builder, which enables dynamic and personalised pages to be created. Agora has also purchased and installed the Open Market system, which is currently being customized. The overall contracted investments amount to PLN 15 million of which PLN 2.5 million has been spent.

The internet team continues to grow with 70 people currently working for the project. Operating costs of the internet project were PLN 3.2 million in the first half of 2000.

Cost Structure

Operating costs (in million PLN)

	I H 1999	I H 2000	% growth 2000 / 1999
Raw material	84.1	92.4	9.8%
Newsprint GW	71.8	76.8	6.9%
Third party printing services	15.3	17.4	13.5%
Printing outsourced GW	15.2	17.0	11.9%
Staff costs	64.3	86.7	34.9%
Payroll	52.5	66.6	27.0%
D & A	21.5	25.1	16.5%
Other costs	53.8	66.1	22.6%
Total	239.0	287.7	20.4%

Operating costs increased by 20.4% to PLN 287.7 million.

Raw materials and energy account for 32.1% of operating costs or PLN 92.4 million. The total number of printed pages was 11.8 billion (8.3% more than in 1H 1999), of which 58.3% was in colour (53.5% in 1999). The printed circulation grew by 3.8% and the average pagecount by 4.3%. The increase in production volume translates into higher usage of newsprint - from 32,000 metric tones in 1999 to 35,000 in 2000 or by 9.0%. The newsprint costs in the first half of 2000 equalled PLN 76.8 million, only 6.9% more than in first half of 1999 due to the lower than expected exchange rate of DM.

Third party services consisted mainly of outside printing costs for Gazeta Wyborcza of PLN 17 million. Although the ongoing expansion of Agora's printing facilities, still 19.9% of production is outsourced (21.0% in 1999). Outsourced production volume will drop after the Pila printing plant commence production by the end of 2000.

Staff costs amounted to PLN 86.7 million and were 34.9% higher than in 1999 at the average FTEs growth of 14.3%. At the end of June 2000 the Company had 3,200 employees, representing growth of 16.0%.

Staff costs include a provision of PLN 4.8 million for unused vacations (PLN 1.8 million) and incentive plans (PLN 3 million). Payroll costs rose by 27% and totalled PLN 66.6 million.

Depreciation and Amortisation increased by 16.5% compared to the same period in 1999 due to depreciation of public offering costs (from May 1999) as well as IT investments.

Other costs. The most significant positions were advertising and representation costs, which increased by PLN 13.2 million and PLN 4.6 million, respectively. PLN 8 million was devoted to Agora's expansion in the local markets.

RADIO

Agora's radio group has added 3 radio stations since the beginning of the year and currently consists of 13 stations. Three new stations will soon be re-launched. As for now, only one of them is broadcasting in new format.

National audience share in the target group amounted to 10% (6.9% in the first half of 1999), strengthening the group's position as the leading player in the local markets.

Total ad revenue of the group reached PLN 18.5 million in the first half of 2000 (47.3% growth). Although the group invested in the three new stations, it was EBITDA positive of PLN 2 million (262,000 last year).

Super regional chat station TOK FM (with Agora's 29.2% stake), is steadily building its position in the Polish market, as the first Polish new & talk radio.

At the end of 1999 TOK FM entered into a credit facility agreement of PLN 13 million. The facility was guaranteed by the shareholders. Agora has provisioned material liabilities for TOK FM in the amount of PLN 0.6 million.

Despite the growing scale of the venture, radio stations are still not consolidated subject to Polish accounting standards.

TELEVISION

Agora is the owner of 12.12% of TKP, a holding company, which houses the operations of pay analogue and digital channel Canal+ and digital platform Cyfra+. At the end of June TKP had 427,657 subscribers, of whom 325,537 were digital. Due to the implementation of the customer base verification and removal of inactive subscribers, TKP will adjust the base downward by approximately 20,000 customers in July 2000. Wizja TV, the competing digital platform, accounted for around 340,000 subscribers.

FINANCIAL OVERVIEW

PROFIT AND LOSS ACCOUNT (PLN million)	IH 1999	IH 2000	% growth 2000/ 1999
Net revenue	335.1	406.8	21.4%
Operating cost	(239.0)	(287.7)	20.4%
Profit on operating activities	96.1	119.1	23.9%
Profit on ordinary activities	93.7	118.5	26.5%
Pretax profit	86.8	131.5	51.5%
Corporate income tax	(30.3)	(35.4)	16.8%
Net Profit	56.5	96.1	70.2%
EPS - net revenue per share in PLN	1.07	1.69	57.6%
EBITDA (PLN million)	117.6	146.4	24.5%
EBITDA margin	35.1%	36.0%	0.9pp

Operating profit increased by 23.9% to PLN 119.1 million from the same period in 1999.

Interest and other financial revenues reached PLN 11 million. In the first half of 1999, due to company's loans and currency deposits foreign exchange differences netted at a negative PLN 6.9 million.

Pretax profit increased by 51.5% to PLN 131.5 million from the same period in 1999. Such significant growth reflects a loss on financing activities in 1999.

Corporate income tax amounted to PLN 35.4 million. The effective tax rate was 27% at the nominal rate of 30%.

Net profit totalled PLN 96.1 million, an increase of 70.2% from net profit of PLN 56.5 million in 1999.

BALANCE SHEET (PLN million)

	30.06.1999	30.06.2000	% Growth
TOTAL ASSETS	821.8	1031.9	25.6%
Share in balance sheet total	100%	100%	
Current assets	432.2	359.7	-16.8%
Share in balance sheet total	52.6%	34.9%	
Fixed Assets	389.6	672.2	72.6%
Share in balance sheet total	47.4%	65.1%	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	821.8	1031.9	25.6%
Share in balance sheet total	100%	100%	
Short term liabilities	123.9	149.7	20.8%
Share in total liabilities	15.1%	14.5%	
Long term liabilities	80.4	98.5	22.7%
Share in total liabilities	9.8%	9.6%	
Equity	617.5	783.7	26.9%
Share in total liabilities	75.1%	75.9%	

As of 30 June, 2000 the Company's balance sheet was over PLN 1 billion equal to 25.6% growth on 30 June, 1999. The structure of total assets changed - the share of current assets in the balance sheet total decreased from 52.6% to 34.9%, whereas the fixed assets share went up from 47.4% to 65.1%. The changes are due to investment in printing facilities, IT and telecommunications.

CASH FLOW STATEMENTS (PLN million)

	I H 1999	I H 2000	% Growth 2000 / 1999
Net cash from operating activities	106.9	107.0	0.2%
Net cash from investing activities	(376.2)	(81.9)	-78.2%
Net cash from financing	283.6	0	-100%
Total movement of cash and cash equivalent	14.3	25.1	76.0%
At the end of period	31.5	61.5	95.1%

The Company's cash position is strong. At the first half of 2000, the Company had PLN 61.5 million in cash and PLN 170.2 million in short-term securities (purchase and sale of such securities is shown in investing activities). The proceeds were effectively allocated which resulted in a p.a. 16.4 % return in the first half of 2000.

Net cash from investing activities mainly include capital spendings (almost PLN 135 million for further extension of printing facilities, telecommunications and IT) and net revenue on sales of commercial securities of PLN 53.9 million.

Note: in the first half of 1999 net cash from financing activities mainly included IPO proceeds, public offering expenditure, and repayment of bank debt, while the allocation of IPO proceeds in the form of commercial securities were treated as net cash from investing activities.

ADDITIONAL INFORMATION

- * There have been changes in the Management Board of Agora: on May 30, 2000 Jerzy Thieme resigned his position.
- * The General Meeting of Shareholders resolved:
 - to allocate net profit to the reserve fund
 - to approve the annual financial results
 - to elected the following members of the Management Board for the second term of office:
 - Wanda Rapaczynski - President
 - Piotr Niemczycki - Vice President
 - Helena Luczywo - Member
 - to elect the following members of the Supervisory Board for another term of office: Tomasz Sielicki and Louis Zachary.

POST-BALANCE SHEET EVENTS

At the beginning of July, Agora entered into agreements with Koenig & Bauer for the purchase of two additional printing presses. The contract amounted to DEM 28 million.

Another step in the development of the company was the signing of a contract for the construction of Agora's headquarters with Porr Polska S.A.. The contract amounts to PLN 152.5 million. The first phase of construction works is to be completed by December 17, 2001 and the second phase - by August 12, 2002). The estimated expenditure presented in the prospectus was PLN 130 million. The increase of that amount is associated with worse than expected macroeconomic situation, as well as the introduction of a higher building standard.

It is an extremely important investment for the company as it will gather almost all the Warsaw team under one roof and significantly improve working conditions.

Due to the expiry of vesting period of series B and D shares, on 4 July, 2000 10,034,190 series B and 2,166,197 series D shares were admitted to the Warsaw Stock Exchange. The limit of shares on the basis of which GDRs can be issued grew to 24.7% of Agora's total shares outstanding.

The joint sale of employee stock was a significant event. In order to prevent a decrease of the company's share price Agora secured the co-operation with reliable consultants and the transaction was conducted by Schroder Salomon Smith Barney. The successful transaction was unprecedented in the Polish market. The costs were borne by the employees by means of a provision for the bank.

NOTES TO THE ACCOUNTS

Basis of Preparation

Presented consolidated financial statements for the second quarter and six months of 2000 have been prepared under International accounting principles accepted by the Agora SA Group for the purposes of preparation of the accounts on the balance sheet date which are set out in the Group's 1999 statutory accounts.

Exchange

Selected financial data were converted to EURO in the following manner:

* figures of the profit and loss statement for the 2nd quarter of 2000 were converted using the arithmetical average of average exchange rates published by the National Bank of Poland for the last day of every month within the quarter, i.e. 4.1010 PLN for 1 EURO.

* figures of the profit and loss statement for the first six months of 2000 were converted using the arithmetical average of average exchange rates published by the National Bank of Poland for the last day of every month within this period, i.e. 4.0624 PLN for 1 EURO.

* balance sheet entries were converted using the average exchange rate published by the National Bank of Poland for the last day of the quarter, i.e. 4.1590 PLN for 1 EURO.

Provisions

In the period from 1 January 2000 to 30 June 2000 there was a change in provisions resulting from:

- * increase in provisions for bad debt in the amount of PLN 986,000;
- * increase in provision for interest on long-term loans in the amount of PLN 672,000;

As at 30 June 2000 provision for deferred income taxes amounted to PLN 12,531 and increased by PLN 1,203 compared to 1 January 2000.

In the period from 1 April 2000 to 30 June 2000 a provision of PLN 600,000 was set up against a loan to an associated company.

Litigation

As at 30 June 2000 the Company has not entered into litigation or has been litigated for claims or liabilities that in total exceed 10% of the Company's equity.

5% Shareholdings

According to the best knowledge of the Company the following shareholders hold more than 5% votes at the general Meeting of Shareholders (in brackets share in the total number of votes at the end of 1st quarter 2000):

Agora-Holding Sp. z o.o.	- 47.8% (47.8%);
Cox Poland Investment, Inc.	- 12.2% (12.2%);
Bankers Trust Company	- 8.7% (9.2%).

International Accounting Standards

Agora SA

Consolidated balance sheets as at 30 June 2000 and 1999

(all amounts in PLN thousands unless otherwise indicated)

	As of 30 June	
	2000	1999
Assets		
Current assets:		
Cash and cash equivalents	61,496	31,528
Short-term securities	170,193	305,967
Accounts receivable and prepayments	109,768	79,462
Inventories	18,253	15,260
	<u>359,710</u>	<u>432,217</u>
Long-term assets:		
Property, plant and equipment	597,550	314,702
Intangible assets	33,899	40,904
Investments	40,767	33,952
	<u>672,216</u>	<u>389,558</u>
Total assets	<u>1,031,926</u> =====	<u>821,775</u> =====
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued charges	149,665	79,889
Short-term borrowings	-	44,013
	<u>149,665</u>	<u>123,902</u>
Long-term liabilities:		
Long-term borrowings	86,027	72,848
Deferred income taxes	12,531	7,507
	<u>98,558</u>	<u>80,355</u>
Shareholders' equity:		
Share capital	56,758	56,758
Share premium	367,138	367,138
Retained earnings and other reserves	359,807	193,622
	<u>783,703</u>	<u>617,518</u>
Total liabilities and shareholders' equity	<u>1,031,926</u> =====	<u>821,775</u> =====

Agora SA
Consolidated income statements for the six months ended 30 June 2000
and 1999
(all amounts in PLN thousands unless otherwise indicated)

	6 months ended 30 June	
	2000	1999
	<u> </u>	<u> </u>
Sales	406,795	335,129
Operating costs	(287,735)	(239,056)
Operating profit before associated undertakings and other charges	<u>119,060</u>	<u>96,073</u>
Other charges	-	-
Share of losses in associated undertakings	-	-
Amortisation of goodwill in associated undertakings	-	-
Provision for losses on other investments	(600)	(2,400)
Profit after associated undertakings and other charges	<u>118,460</u>	<u>93,673</u>
Interest and financial items	11,002	(6,861)
Dividends received	2,085	-
Profit before income taxes	131,547	86,812
Income taxes	(35,465)	(30,358)
Net profit for the period	<u>96,082</u>	<u>56,454</u>
Earnings per share (in PLN)	=====	=====
	1.69	1.07
	=====	=====

Agora SA
Consolidated cash flow statements for the six months ended 30 June 2000
and 1999

(all amounts in PLN thousands unless otherwise indicated)

	6 months ended 30 June	
	2000	1999
Operating activities		
Operating profit before associated undertakings and other charges	119,060	96,073
Depreciation of plant, property and equipment	21,817	18,908
Amortisation of intangible assets	3,249	2,610
(Profit)/loss on disposal of plant, property and equipment	2,286	228
	<u>146,412</u>	<u>117,819</u>
Other charges	-	-
Movement in operating working capital	(18,899)	(5,329)
	<u>127,513</u>	<u>112,490</u>
Net cash inflow before interest and tax		
Interest received	2,796	3,531
Interest paid	(76)	(2,767)
Foreign exchange result	(868)	13,571
Tax paid	(22,281)	(19,925)
	<u>107,084</u>	<u>106,900</u>
Net cash from operating activities		
Investing activities		
Capital expenditure, net	(134,807)	(63,788)
Acquisition of subsidiary undertaking, net of cash acquired	-	-
Increase of long-term investments, net	(4,364)	(2,156)
Redemption/(acquisition) of short-term securities	53,948	(310,537)
Result on foreign exchange forwards, future interest rate contracts	1,193	-
Dividends received	2,085	288
	<u>(81,945)</u>	<u>(376,193)</u>
Net cash used in investing activities		
Financing activities		
Increase / (decrease) in borrowings	-	(77,417)
Public offering equity contributions	-	379,755
Public offering expenditure	-	(18,760)
	<u>-</u>	<u>283,578</u>
Net cash from financing activities		

Change in cash and cash equivalents	25,139 =====	14,285 =====
Movements in cash and cash equivalents		
At star of period	36,357	17,243
Increase	25,139	14,285
At end of period	61,496 =====	31,528 =====

Agora SA

Consolidated statement of changes in shareholders' equity for the six months ended 30 June 2000

(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	56,758	367,138	262,576	1,039	687,511
Net profit for the period	-	-	96,082	-	96,082
Other movements	-	-	-	110	110
At 30 June 2000	56,758	367,138	358,658	1,149	783,703

Polish Accounting Standard
 Form SA-QS II/2000
 (quarter/year)

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

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

Management Board Members AGORA SA

For the quarter comprising the period from: 1.04.2000 to 30.06.2001

SELECTED FINANCIAL DATA (current year)

	'000 PLN		'000 EURO	
	2nd Qtr from 1/04/2000 to 30/06/2000	cumulatively from 1/01/2000 to 30/06/2000	2nd Qtr from 1/04/2000 to 30/06/2000	cumulatively from 1/01/2000 to 30/06/2000
I. Net Sale Revenue	221,834	406,795	54,093	100,137
II. Operating Profit (Loss)	67,595	120,659	16,483	29,701
III. Profit (Loss) Before Taxes	73,755	133,466	17,985	32,854
IV. Net Profit (Loss)	53,826	97,660	13,125	24,040
V. Assets (as at 30/06/2000)	1,025,211		246,504	
VI. Shareholders' Equity (as at 30/06/2000)	776,240		186,641	
VII. Number of Shares (as at 30/06/2000)	56,757,525		56,757,525	
VIII. Net Book Value per Share (in PLN) (as at 30/06/2000)	13.68		3.29	

CONSOLIDATED BALANCE SHEET '000 PLN	as at 30/06/2000 (current year)	as at 31/03/2000 (current year)	as at 30/06/1999 (prior year)	as at 31/03/1999 (prior year)
ASSETS				
I. Fixed assets	665,501	592,713	378,918	350,058
1. Intangible fixed assets	38,122	38,491	43,712	43,713
2. Consolidated goodwill	-	-	-	-
3. Tangible fixed assets	586,612	512,301	301,254	272,442
4. Financial fixed assets	40,767	41,921	33,952	33,903
- shares in entities consolidated with the equity method	-	-	-	-

5. Long-term debtors	-	-	-	-
II. Current assets	358,575	343,630	430,911	526,072
1. Inventory	18,253	17,978	15,260	16,171
2. Short-term debtors	108,633	102,352	78,156	72,963
3. Own shares for sale	-	-	-	-
4. Short-term securities	186,820	200,134	326,938	80,084
5. Cash and cash equivalents	44,869	23,166	10,557	356,854
III. Prepaid expenses and other assets	1,135	1,764	1,306	3,018
1. Deferred corporate income taxes recoverable	-	-	-	-
2. Other	1,135	1,764	1,306	3,018
Total assets	1,025,211	938,107	811,135	879,148

LIABILITIES AND SHAREHOLDERS' EQUITY

I. Equity	776,240	722,417	607,042	568,914
1. Share capital	56,758	56,758	56,758	56,758
2. Outstanding share capital contributions (negative figure)	-	-	-	-
3. Reserve capital	620,658	488,425	488,212	416,286
4. Revaluation reserve	740	751	851	871
5. Other reserve capital	-	-	-	-
6. Foreign exchange rate differences on overseas branches	-	-	-	-
7. Foreign exchange rate differences on consolidation	-	-	-	-
8. Accumulated profit/(loss) from previous years	424	132,649	-	67,874
9. Profit after taxation for the financial year	97,660	43,834	61,221	27,125
II. Reserve capital from consolidation	-	-	-	-
III. Minority interest	-	-	-	-
II. Provisions	10,897	9,777	4,798	5,512
1. Provisions for deferred tax	10,897	9,777	4,798	-
2. Other	-	-	-	-
III. Liabilities	218,716	187,991	185,246	278,054
1. Long-term liabilities	86,027	80,083	72,848	73,285

2. Short-term liabilities	132,689	107,908	112,398	204,769
IV. Accrued expenses and deferred income	19,358	17,922	14,049	26,668
Total equity and liabilities	1,025,211	938,107	811,135	879,148

CONSOLIDATED
PROFIT AND LOSS
'000 PLN

	2nd Qtr from 1/04/2000 to 30/06/2000	cumulatively from 1/01/2000 to 30/06/2000	2nd Qtr from 1/04/1999 to 30/06/1999	cumulatively from 1/01/1999 to 30/06/1999
I. Net sales of merchandise and finished products	221,834	406,795	185,428	335,129
1. Net sales of finished products	220,434	404,314	183,855	333,310
2. Net sales of merchandise and materials	1,400	2,481	1,573	1,819
II. Cost of merchandise, finished products sold and materials	(99,080)	(185,687)	(87,001)	(161,831)
1. Cost of finished products sold	(97,910)	(183,702)	(86,262)	(160,110)
2. Cost of merchandise and materials sold	(1,170)	(1,985)	(739)	(1,721)
III. Gross profit on sales (I-II)	122,754	221,108	98,427	173,298
IV. Selling expenses	(20,643)	(38,064)	(14,552)	(24,748)
V. Administrative and general expenses	(32,165)	(56,939)	(24,980)	(44,632)
VI. Profit on sales (III-IV-V)	69,946	126,105	58,895	103,918
VII. Other operating revenues	3,470	4,223	863	1,372
VIII. Other operating expenses	(5,821)	(9,669)	(3,913)	(7,004)
IX. Profit on operating activities (VI+VII+VIII)	67,595	120,659	55,845	98,286
X. Dividends income	2,054	2,085	288	288

XI. Income from other financial fixed assets	-	-	-	-
XII. Other financial income	14,490	25,092	7,125	30,729
XIII. Financial expenses	(10,433)	(14,435)	(10,468)	(40,252)
XIV. Profit on ordinary activities (IX+X+XI+XII-XIII)	73,706	133,401	52,790	89,051
XV. Extraordinary items (XV.1. - XV.2.)	49	65	1	11
1. Extraordinary gains	49	66	1	11
2. Extraordinary losses	-	(1)	-	-
XVI. Goodwill amortisation	-	-	-	-
XVII. Consolidated reserve capital amortisation	-	-	-	-
XVIII. Profit before taxation	73,755	133,466	52,791	89,062
XIX. Corporate income tax	(19,929)	(35,806)	(18,695)	(27,841)
XX. Other obligatory charges	-	-	-	-
XXI. Net earnings from shares in associated entities	-	-	-	-
XXII. Minority interest share in profit	-	-	-	-
XXIII. Profit / (Loss) after taxation	53,826	97,660	34,096	61,221
Profit / (Loss) after taxation (for 12 months)	169,088		67,149	
Weighted average number of ordinary shares	56,757,525		56,757,525	
Net profit per ordinary share in PLN	2.98		1.18	

CONSOLIDATED CASH FLOW STATEMENT '000 PLN	2nd quarter from 1/04/2000 to 30/06/2000	cumulatively from 1/01/2000 to 30/06/1999	2nd quarter from 1/04/1999 to 30/06/1999	cumulatively from 1/01/1999 to 30/06/2000
A. CASH FLOW FROM OPERATING ACTIVITIES	64,282	107,588	33,345	109,173
(I+/-II) - indirect method				
I. Profit after taxation	53,826	97,660	34,096	61,221
II. Total adjustments	10,456	9,928	(751)	47,952
1. Profit (loss) of minority shareholders	-	-	-	-
2. Share in profit of consolidated companies, using equity method	-	-	-	-
3. Depreciation (including goodwill revaluation or capital reserve on consolidation)	12,198	23,103	10,321	19,555
4. Foreign exchange rates (gains) / losses	3,700	2,842	3,996	14,530
5. Interests and dividends	(244)	794	494	4,328
6. (Profit) / Loss on investment activity	(3,521)	(3,661)	5,562	5,171
7. Change in other provisions	-	-	-	(39)
8. Corporate income tax (disclosed in profit and loss statement)	19,929	35,806	18,695	27,841
9. Corporate income tax paid	(16,981)	(22,281)	(15,867)	(19,925)
10. Change in inventory position	(275)	226	911	1,657
11. Change in accounts receivable position	(3,801)	(28,022)	(10,778)	(13,688)
12. Change in short-term liabilities (except for bank credits and loans)	2,957	3,271	(3,303)	5,478

13. Change in interperiod settlements	3,423	4,786	2,219	(846)
14. Change in deferred income	(2,072)	887	(13,801)	1,103
15. Other adjustments	(4,857)	(7,823)	800	2,787
B. CASH FLOW FROM INVESTMENT ACTIVITIES (I-II)	(42,119)	(93,750)	(285,885)	(385,928)
I. Cash inflows from investing activities	68,930	267,572	721,690	903,853
1. Sales of intangible fixed assets	-	-	-	-
2. Sales of tangible fixed assets	2	275	3	27
3. Sales of financial fixed assets including:	-	-	-	-
- in subsidiaries	-	-	-	-
- in associates	-	-	-	-
- in parent company	-	-	-	-
4. Sales of short-term securities	66,533	263,973	721,393	903,514
5. Long-term loans repaid	-	34	-	-
6. Dividends received	2,054	2,085	288	288
7. Interest received	-	5	6	22
8. Other	341	1,200	-	2
II. Cash outflows from investing activities	(111,049)	(361,322)	(1,007,575)	(1,289,781)
1. Purchase of intangible fixed assets	(2,024)	(2,870)	(1,558)	(2,166)
2. Purchase of tangible fixed assets	(63,192)	(131,180)	(19,590)	(34,843)
3. Purchase of financial fixed assets including:	(1)	(1,284)	(51)	(421)
- in subsidiaries	(201)	(1,284)	(51)	(221)
- in associates	200	-	-	(200)
- in parent company	-	-	-	-
4. Purchase of own shares	-	-	-	-
5. Purchase of short-term securities	(43,846)	(221,842)	(974,297)	(1,223,981)
6. Long-term loans granted	(954)	(3,114)	(1,311)	(1,735)
7. Dividends paid to minority shareholders	-	-	-	-

8. Other expenses	(1,032)	(1,032)	(10,768)	(26,635)
C. CASH FLOW FROM FINANCIAL ACTIVITIES (I-II)	(460)	(516)	(93,757)	280,192
I. Inflows from financial activities	-	-	2,255	379,755
1. Long-term bank credits and loans received	-	-	-	-
2. Issue of bonds and other long-term debt securities	-	-	-	-
3. Short-term bank credits and loans received	-	-	-	-
4. Issue of bonds and other short-term debt securities	-	-	-	-
5. Inflows from own shares issued	-	-	-	379,755
6. Capital payments	-	-	-	-
7. Other	-	-	2,255	-
II. Cash outflows from financing activities	(460)	(516)	(96,012)	(99,563)
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	-	-	(77,418)	(77,418)
4. Redemption of bonds and other short-term debt securities	-	-	-	-
5. Expenses related to shares and bonds issues	-	-	(17,114)	(18,760)
6. Redemption of shares	-	-	-	-
7. Dividends and other payments to shareholders	-	-	-	-
8. Payments to members of the Company's governing bodies	-	-	-	-
9. Charitable contributions	(460)	(516)	(279)	(387)
10. Payments of liabilities related to finance lease agreements	-	-	-	-

11. Interest paid	-	-	(1,201)	(2,998)
12. Other expenditures	-	-	-	-
D. NET CASH FLOWS, TOTAL (A+/-B+/-C)	21,703	13,322	(346,297)	3,437
E. CHANGE OF CASH POSITION IN BALANCE SHEET	21,703	13,322	(346,297)	3,437
- including change in cash position due to foreign exchange differences	-	-	-	-
F. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	23,166	31,547	356,854	7,120
G. CASH AND CASH EQUIVALENTS AND THE END OF THE FINANCIAL YEAR (F+/-D)	44,869	44,869	10,557	10,557

Off balance sheet liabilities '000PLN	as at 30/06/2000 (current year)	as at 31/03/2000 (current year)	as at 30/06/1999 (prior year)	as at 31/03/1999 (prior year)
Off balance sheet liabilities	14,300	13,000	-	-
a) total value of guarantees given	14,300	13,000	-	-
- to subsidiaries	-	-	-	-
- to associates	14,300	13,000	-	-
- to parent company	-	-	-	-
- to other entities	-	-	-	-
b) other	-	-	-	-
Total off balance sheet liabilities	14,300	13,000	-	-

POLISH ACCOUNTING STANDARD
FORM SA-Q 11/2000
(QUARTER/YEAR)
UNCONSOLIDATED
SELECTED FINANCIAL DATA (current year)

	'000 PLN		'000 EURO	
	2nd Qtr from 1/04/2000 to 30/06/2000	Cumulatively from 1/01/2000 to 30/06/2000	2nd Qtr from 1/04/2000 to 30/06/2000	Cumulatively from 1/01/2000 to 30/06/2000
I. Net Sale Revenue	223,125	409,259	54,407	100,743
II. Operating Profit (Loss)	61,706	109,351	15,047	26,918
III. Profit (Loss) Before Taxes	68,788	123,715	16,773	30,454
IV. Net Profit (Loss)	48,989	88,162	11,946	21,702
V. Assets (as at 30/06/2000)	1,109,893		266,865	
VI. Shareholders' Equity (as at 30/06/2000)	860,354		206,866	
VII. Number of Shares (as at 30/06/2000)	56,757,525		56,757,525	
VIII. Net Book Value per Share (in PLN) (as at 30/06/2000)	15.15		3.64	

Balance Sheets

'000 PLN	as at 30/06/2000 (current year)	as at 31/03/2000 (current year)	as at 30/06/1999 (prior year)	as at 31/03/1999 (prior year)
ASSETS				
I. Fixed Assets	745,688	666,397	446,696	404,880
1. Itangible assets	38,122	38,490	35,283	17,935
2. Tangible fixed assets	528,013	453,800	254,885	231,867
3. Financial fixed assets	179,553	174,107	156,528	155,078
4. Long-term receivables	-	-	-	-
II. Current Assets	363,117	358,555	464,220	560,785
1. Inventories	17,307	17,155	14,317	15,268
2. Accounts receivable	109,530	101,436	77,475	73,271
3. Own shares for sale	-	-	-	-
4. Current marketable securities	191,456	218,643	362,476	115,907
5. Cash and cash equivalent	44,824	21,321	9,952	356,339
III. Deferred settlements	1,088	1,693	1,244	2,964

1. Deferred tax asset	-	-	-	-
2. Deferred expenses	1,088	1,693	1,244	2,964
Total Assets	1,109,893	1,026,645	912,160	968,629

Balance Sheets

'000 PLN	as at 30/06/2000 (current year)	as at 31/03/2000 (current year)	as at 30/06/1999 (prior year)	as at 31/03/1999 (prior year)
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LIABILITIES AND SHAREHOLDERS' EQUITY

I. Shareholders' Equity	860,354	811,368	707,004	671,104
1. Share capital	56,758	56,758	56,758	56,758
2. Not paid-up capital	-	-	-	-
3. Reserve capital	714,270	593,513	593,658	526,334
4. Revaluation reserve capital	740	751	841	861
5. Other reserve capital	-	-	-	-
6. Foreign exchange gains (losses) on foreign branches translation	-	-	-	-
7. Accumulated profit (loss)	424	121,173	-	62,415
8. Net profit (loss)	88,162	39,173	55,747	24,736
IV. Reserves	10,899	9,780	4,798	5,512
1. Accrued income taxes	10,899	9,780	4,798	5,512
2. Other reserve	-	-	-	-
V. Liabilities	219,448	187,741	186,683	265,747
1. Long-term debt	86,027	80,083	72,848	73,285
2. Current liabilities	133,421	107,658	113,835	192,462
VI. Accrued expenses and deferred income	19,192	17,756	13,675	26,266
Total Liabilities and Shareholders' Equity	1,109,893	1,026,645	912,160	968,629

PROFIT AND LOSS ACCOUNTS

to	to	2nd Qtr from 1/01/2000 to 30/06/1999	cumulatively from 1/04/1999 to 30/06/1999	2nd Qtr from 1/01/1999 30/06/2000	cumulatively from 1/04/2000 30/06/2000
I. Net Sales Revenue		223,125	409,259	186,950	337,324
1. Net sales of products		221,689	406,728	185,930	335,461
2. Net sales of merchandise and materials		1,436	2,531	1,020	1,863

II. Cost of Sales	(106,718)	(200,451)	(94,790)	(175,058)
1. Cost of products sold	(105,548)	(198,466)	(93,943)	(173,337)
2. Cost of merchandise and materials sold	(1,170)	(1,985)	(847)	(1,721)
III. Gross Profit (Loss) on Sales (I-II)	116,407	208,808	92,160	162,266
IV. Selling Expenses	(20,688)	(38,109)	(14,721)	(24,976)
V. General and Administrative Expenses	(31,657)	(55,896)	(24,478)	(44,235)
VI. Profit (Loss) on Sales (III-IV-V)	64,062	114,803	52,961	93,055
VII. Other Operating Income	3,465	4,217	835	1,314
VIII. Other Operating Expenses	(5,821)	(9,669)	(3,905)	(6,994)
IX. Operating Profit (Loss) (VI+VII-VIII)	61,706	109,351	49,891	87,375
X. Equity Income	2,054	2,085	288	288
XI. Income on Other Financial Fixed Assets	-	-	-	-
XII. Other Financial Income	14,806	26,041	6,786	31,060
XIII. Financial Expenses	(9,827)	(13,827)	(7,579)	(35,752)
XIV. Gross Profit (Loss) on Business Activities (IX+X+XI+XII-XIII)	68,739	123,650	49,386	82,971
XV. Extraordinary Result (XV.1.- XV.2.)	49	65	1	11
1. Extraordinary gain	49	66	1	11
2. Extraordinary loss	-	(1)	-	-
XVI. Profit (Loss) Before Taxes	68,788	123,715	49,387	82,982
XVII. Corporate Income Tax	(19,799)	(35,553)	(18,376)	(27,235)
XVIII. Other Obligatory Profit Decreases (Loss Increases)	-	-	-	-
XIX. Net Profit (Loss)	48,989	88,162	31,011	55,747
Net Profit (Loss) /for 12 monthes ended June 30/	153,165		102,719	
Weighted Average Number of Shares	56,757,525		56,757,525	
Net Profit per Share (PLN)	2.70		1.81	

CASH FLOW STATEMENTS	2nd Qtr from 1/01/2000 to 30/06/1999	cumulatively from 1/04/1999 to 30/06/1999	2nd Qtr from 1/01/1999 to 30/06/2000	cumulatively from 1/04/2000 to 30/06/2000
A. Net Cash Flow from Operating Activities	56,883	92,064	33,652	100,417
I. Net Profit (Loss)	48,989	88,162	31,011	55,747
II. Total Adjustments	7,894	3,902	2,641	44,670
1. Depreciation	11,855	22,453	9,762	18,481
2. Foreign exchange (gains)/losses	3,700	2,842	3,997	14,531
3. Interest and dividends (collected) and paid	(245)	793	1,779	4,328
4. (Profit)/Loss on sale and liquidation of investment activities	(4,095)	(4,418)	4,396	4,005
5. Other provisions	-	-	-	(39)
6. Corporate income tax charged on profit before taxation	19,799	35,553	18,376	27,235
7. Corporate income tax paid	(16,850)	(22,065)	(15,596)	(19,351)
8. Change in inventories	(152)	(106)	951	1,712
9. Change in accounts receivable	(5,613)	(31,115)	(6,362)	(13,396)
10. Change in current liabilities (except for loans and bank credits) including special funds	3,378	2,999	(2,687)	6,545
11. Change in accruals and prepayments	3,399	4,573	160	(789)
12. Change in deferrred income	(2,073)	1,061	(13,532)	1,401
13. Other items	(5,209)	(8,668)	1,397	7
B. Net Cash Flow from Investing Activities	(32,919)	(78,257)	(286,304)	(377,635)
I. Cash Provided by Investing Activities	83,131	294,973	736,198	934,152
1. Sale of intangible assets	-	-	-	-
2. Sale of tangible fixed assets	2	275	3	27
3. Sale of shares and other securities, including those in:	-	-	-	-
- subsidiary companies	-	-	-	-
- associated companies	-	-	-	-
- the parent company	-	-	-	-

4. Sale of current marketable securities	80,733	291,373	735,902	933,814
5. Long-term loans collected	-	34	-	-
6. Dividends collected	2,054	2,085	288	288
7. Interest received	-	5	5	21
8. Other income	342	1,201	-	2
II. Cash Used in Investing Activities	(116,050)	(373,230)	(1,022,502)	(1,311,787)
1. Purchase of intangible assets	(2,243)	(2,865)	(741)	(1,349)
2. Purchase of tangible fixed assets	(61,974)	(125,093)	(21,425)	(29,306)
3. Purchase of shares and other securities including those in:	-	(1,283)	(50)	(420)
- subsidiary companies	-	(1,283)	(50)	(220)
- associated companies	-	-	-	(200)
- the parent company	-	-	-	-
4. Purchase of own shares (other securities)	-	-	-	-
5. Purchase of current marketable securities	(43,846)	(221,843)	(987,965)	(1,252,100)
6. Long-term loans extended	(955)	(3,114)	(1,546)	(1,970)
7. Other expenses	(7,032)	(19,032)	(10,775)	(26,642)
C. Net Cash Flow from Financing Activities	(461)	(516)	(93,735)	280,202
I. Cash Provided by Financing Activities	-	-	2,267	379,755
1. Long-term bank credits and loans raised	-	-	-	-
2. Bonds and other long-term securities issued	-	-	-	-
3. Current bank credits and loans raised	-	-	-	-
4. Commercial papers issued	-	-	-	-
5. Shares issued	-	-	2,267	379,755
6. Additional paid-in capital	-	-	-	-
7. Other income	-	-	-	-
II. Cash Used in Financing Activities	(461)	(516)	(96,002)	(99,553)
1. Long-term bank credits and loans repaid	-	-	-	-
2. Bonds and other long-term securities redeemed	-	-	-	-
3. Current bank credits and loans repaid	-	-	(68,082)	(68,082)

4. Commercial papers redeemed	-	-	-	-
5. Expenses connected with share issue	-	-	(17,115)	(18,761)
6. Write down of share value	-	-	-	-
7. Dividends and other payments made to shareholders	-	-	-	-
8. Remuneration of supervisory board	-	-	-	-
9. Charitable contributions	(461)	(516)	(279)	(387)
10. Payment of liabilities related to finance lease agreements	-	-	-	-
11. Interest paid	-	-	(1,191)	(2,988)
12. Other expenses	-	-	(9,335)	(9,335)
D. Net Change in Cash and Cash Equivalents (A+/-B+/-C)	23,503	13,291	(346,387)	2,984
E. Balance Sheet Change in Cash and Cash Equivalents, including:				
- change in cash related to foreign exchange results	(279)	(163)	(11,041)	12
F. Balance at Beginning of Year	21,321	31,533	356,339	6,968
G. Balance at End of Year (F+/- D)	44,824	44,824	9,952	9,952

CONTINGENT LIABILITIES

	as at 30/06/2000 (current year)	as at 31/03/2000 (current year)	as at 30/06/1999 (prior year)	as at 31/03/1999 (prior year)
a) Total value of guarantees extended, including those to:	14,300	13,000	-	-
- subsidiary companies	-	-	-	-
- associated companies	14,300	13,000	-	-
- the parent company	-	-	-	-
b) Other contingent liabilities, specifically:	98,518	98,518	98,518	98,518
- guarantees extended	98,518	98,518	98,518	98,518
Total Contingent Liabilities	112,818	111,518	98,518	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 31 December 1999. Therefore the pledge has expired and is now being removed out of a specific register.

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