

**AGORA SA ANNOUNCES FINAL RESULTS FOR YEAR 2001
(PRESENTED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS)**

REVENUES PLN 777.1 MILLION, NET PROFIT PLN 177.9 MILLION

HIGHLIGHTS

- Revenues amounted to PLN 777.1 million (down 4.2%).
- D&A increased by 69.9% to PLN 90.1 million.
- Operating cost before D&A increased by 2.3% to PLN 549.4 million.
- Operating profit before other non-recurring charges amounted to PLN 137.5 million.
- EBITDA margin reached 29.4% while EBITDA margin on newspaper operations was 32.1%.
- Net profit of PLN 177.9 million.

Newspaper

In the fourth quarter, *Gazeta*'s average daily paid circulation reached 484,000 copies and was 4.4% up than in the same period of 2000. In 2001, paid circulation increased by 0.3% to 463,000 copies.

Advertising revenue in 2001 down by 9.3% to PLN 558.3 million.

In 2001, daily newspaper advertising market (excluding free press) declined by 10.9%, while its share in the overall advertising market declined by 1.1pp to 21.1% (according to Agora estimates corrected for average discount rate and not adjusted for inflation).

Gazeta's net revenue per ad page was to PLN 5,848, up 13.2%.

Local radio group

In 2001, Agora acquired stakes in 5 stations, expanding the group to 19.

Ad sales of local radio group fell by 2.5% to PLN 34.8 million.

Total radio advertising market dropped by 8.3%, while its local segment shrank 19.2% (according to Agora estimates corrected for average discount rate and not adjusted for inflation).

The group's EBITDA reached PLN 3.5 million, with EBITDA margin at 9.3%.

New office building

In 2001, capital expenditures for the new premises amounted to PLN 91.7 million, bringing the total since the beginning of the development works to PLN 124.7 million. The first stage of the works has been finished now and the departments are currently moving to the new premises (accepted February 2002, starts depreciating as of March 2002).

Other

As of October 2001, *City Magazine* (a free monthly published by City Magazine Sp. z o.o., wholly owned by Agora since April 2001) has been rolled out to Wrocław, Łódź and Katowice (in addition to Warsaw, Krakow, Poznań and Gdańsk). In 2001, ad revenue amounted to PLN 4.5 million (up 79.0%).

On October 15, 2001, Agora SA published the first Warsaw's issue of a free newspaper *Metro*. *Metro* in Wrocław kicked off on December 14, 2001,. The entry into the free press market is designed to strengthen Agora's SA position in the ad market.

Total internet sales amounted to PLN 3.8 million in 2001 (including ad sales of PLN 3.0 million) and rose by 7.2%. In the fourth quarter of 2001, www.gazeta.pl recorded 10.6 million visits and 126.7 million page-views, up by 49.8% and 19.3% from the third quarter, respectively.

Wanda Rapaczynski, President of the Management Board, said:

"It's been a truly dramatic year. Agora went through a difficult test – for the first time in our history we faced an advertising recession. Our team fought on several fronts, simultaneously engaged in implementing the growth strategy and battling for market position and financial performance of the Company. I am confident we passed the test. *Gazeta* and local radio stations produced solid results, better than market; and we made a significant leap forward in preparing the ground for Agora's expansion. Now we are readying the Company for the next challenge – successfully managing growth under continued adverse market conditions."

External and internal factors affecting the development of the Group

For the first time in its history Agora faced an advertising recession. The challenge for the Company was to maintain the market position and profitability of its core business under conditions of shrinking advertising spending and growing competition, while simultaneously implementing its growth strategy.

In our opinion, we acquitted ourselves honorably. Total revenues declined 4.2%, or less than the market, and the key financial measures remained at a respectably high level (EBITDA margin at 29.4%).

Polish economic and advertising market developments

In 2001, the world economy experienced a slowdown; by the end of the year many analysts came to the conclusion that the slowdown became a synchronized global recession. Poland's economic growth was much lower than forecasted at the beginning of last year; during the year both the economic performance, and further forecasts, kept declining. Low economic growth, in

conjunction with the threat of fiscal crisis, high unemployment and low visibility of future economic performance resulted in a declining business and consumer confidence, which in turn led to lower investment and consumption spending. In 2001 the readership of newspapers in Poland declined significantly. Independent audit data for the first 11 months of the year (no data for December available yet) show that the number of copies of daily newspapers sold was over 5% lower than in the previous year. The macroeconomic factors which were responsible for the decline were exacerbated by the new 7% VAT on sale of newspapers, imposed as of January 2001.

The macroeconomic effects also caused the first advertising recession since Poland's transformation 12 years ago. It is worth noting that the decline in advertising spending was much steeper than the real decline in GDP. This effect was in all likelihood caused by a combination of such factors as low liquidity, sharp decline in corporate profitability and a sharp loss of confidence in the economic situation.

The advertising market kept worsening quarter after quarter. According to Agora's estimates, in the first quarter of 2001 advertising spending grew nominally by 4.8% q-o-q. In the following quarters it declined systematically, by 1.4%, 9.0% and 15.2%, respectively. In the whole of 2001 advertising market shrank by 6.0%, with spending on TV declining by 3.0%, on print media by 7.0%, radio by 8.3% and outdoor advertising by 17.8%. The largest advertising categories which suffered the most included automotive, home, foods, cosmetics and finance (declines of 16%, 14%, 12%, 7%, and 15%, respectively). Among daily press advertisers, the largest impact was felt in such main categories as automotive, home construction, employment, and company announcements (30%, 26%, 15% and 16%, respectively). Advertising spending for most of these categories is considered to be a leading indicator of the economy. These data clearly demonstrate that in Poland the advertising recession was caused by the declining health of the economy, and not by a downturn in technology and telecom sectors, as in the US and Western Europe.

Under these conditions, media went to war for the declining pool of revenues, using pricing as the key weapon. Advertisers received huge discounts, which in some cases, particularly within the TV segment, often reached 80-90%. TV stations moved away from selling airtime to selling audience. This strategy significantly lowered cost of TV and made TV accessible to many smaller advertisers and shifted traditional print and radio advertising categories (such as retail) to TV stations.

Yet another factor which increased the competition in print media was the appearance of new entrants – several free newspapers. Free press does not compete with traditional newspapers for readers; however, it may be quite effective in attracting advertising budgets. Agora made an attempt to measure advertising spending on free newspapers. According to our estimate, in 2001 the free newspapers (excluding *City Magazine*) had an 11.6% share of the Warsaw market.

Finally, we witnessed ongoing consolidation in the radio market. Several players followed in Agora's footsteps in building groups of formatted local radio stations. This, on the one hand, led to an increased competition for radio assets, which drove up prices and, on the other hand, an increased competition for audience and advertising revenues in local radio markets, which forced narrower formatting and promotional battles.

The Group's activities

Sales

Effective editorial and promotional effects yielded a spectacular success: *Gazeta* was the only national daily in Poland to maintain the 2000 level of copy sales. In 2001, the average daily number of copies sold was 463 thousand (0.3% more than in the previous year), while revenue from copy sales grew 12.2%.

Advertising revenues were 9.3% lower than in 2000, while total advertising spend in daily newspapers (paid) declined 10.9%. *Gazeta's* share in newspaper advertising revenue grew by 0.6pp compared to 2000 and stood at 47.4%. Pricing strategy in keeping with market position led to the growth of net revenue per page by 13.2%.

Local radio stations delivered satisfactory results: stations maintained revenue levels and top audience ratings, making Agora the number one local and the number three commercial radios player in Poland. Ad revenue in Agora's local radio stations' group fell in 2001 just by 2.5%, while total radio advertising spend was 8.3% down and local down by as much as 19.2% (estimated expenses corrected for average discount rate, but not adjusted for inflation – source Agora). Share in radio advertising revenue grew by 0.7pp.

Advertising revenue of *City Magazine* (free monthly magazine published by City Magazine sp. z o.o., a company wholly owned by Agora since April 2001) grew by 79.0% in 2001 and amounted to PLN 4.5 million.

In response to competitive threat posed by free press, toward the end of the year the company launched two free newspapers, in Warsaw and in Wrocław.

Operating cost

In the second half of 2001 the company started implementing an intensive program of cost curtailment. Total 2001 operating expense (ex. D&A) stood at PLN 549.4 million and grew by only 2.3%.

The Group reduced expenses at all operating levels. In November 2001 the Management Board resolved to reduce staff levels. In total, 5% of all employees will have been laid off. At the end of December 2001, the Group employed 3,312 staff, 3.7% fewer than at the end of December 2000 and 3.3% fewer than at the end of September 2001.

Agora put in place a number of programs designed to reduce *Gazeta's* production costs while improving its attractiveness to readers and maintaining circulation levels. Despite the 20% EURO denominated increase in price of newsprint for 2001, total

newsprint cost declined by 0.4% compared to 2000. This effect was caused by a combination of 5.9% (PLN 9.6 million) decline in production volumes, resulting from various product changes, and the low EURO (PLN 14.8 million).

Future prospects

In 2002 Agora will face dual challenge – we will continue to be embattled by advertising recession while continuing to implement Agora's growth strategy.

The first few weeks of 2002 are the clear sign that the advertising market has not yet found its bottom and that the decline may continue for several months. We are not counting on a subsequent rapid recovery, we anticipate that the decline will be followed by a period of stagnation. The first signs of recovery will occur at the end of 2002 or on the cusp of 2002 and 2003.

This admittedly conservative scenario of market development is based on several macroeconomic premises. One, US economy – the flywheel of global market - has not yet started gathering recovery momentum; two, the recovery will be slower and shallower in Europe; three – and very important – Polish economy will need clear positive signals to create a consumption stimulus; as yet, such signals are not on the horizon.

Under this scenario, the Management Board of the Company does not expect revenue growth from existing operations; in fact, contending with a further, single digit decline. Our operating plan for 2002 was built on this assumption. Because of difficult market conditions, the plan assumes no periodic salary increases for staff in 2002. A bright point is the expected decline in newsprint prices. Agora estimates that on the average (for various types and weights of paper), the price will decline by 8.5%, expressed in EURO. The lower price, combined with continued lower production volumes, should deliver additional savings (provided however that the Polish zloty is not significantly decreased vis a vis EURO).

The Company will continue to carefully monitor its expense base. It should be noted, however, that cost cutting must be selective and should not extend to these expenses which are necessary to maintain market position, continue growth and implement expansion plans.

Current year will be a significant one for Agora's growth. Agora's strong cards include, on the one hand, its attractiveness as partner for many media companies in Poland and abroad, and, on the other hand - particularly under present economic conditions – its liquidity and strong financial position. In the last year, the Company focused on its growth strategy, announced publicly in February 2001. In the last 12 months we evaluated a broad gamut of investment opportunities in this market and in the region. After in-depth analysis, we rejected many potential transactions because in our opinion they failed to meet criteria necessary for building shareholder value. In a couple of cases, we lost the assets to stronger Western European competitors. But a number of transactions – a few of them significant in size – are quite advanced. When they close, Agora will need to equal to challenges of effectively managing newly acquired companies. We are fully aware of the importance of this task and are actively engaged in the process of getting the management ready.

OPERATING REVIEW

The financial results of the Group presented herein include represent consolidated data for two companies: Agora SA and Agora Poligrafia Sp. z o.o. The remaining companies in which Agora SA owns shares, namely radio stations, City Magazine Sp. z o.o., Centrum Handlu Internetowego Sp. z o.o., are not consolidated since they are immaterial from the perspective of accounting standards.

The table below presents operating results of the main activities of the Agora Group:

Activities	Total revenues			Ad revenues			EBITDA		
	2001	2000	%growth	2001	2000	%growth	2001	2000	%growt
in PLN million									
Newspaper operations	771.9	803.5	(3.9%)	582.6	637.3	(8.6%)	248.1	283.3	(12.4%)
Internet	3.8	3.6	7.2%	3.0	2.9	3.2%	(14.7)	(6.2)	—
Local radio stations (1)	37.8	38.1	(0.8%)	34.8	35.7	(2.5%)	3.5	3.5	(0.1%)
TOK FM (2)	2.3	2.4	(6.6%)	1.8	2.0	(5.9%)	(4.7)	(8.1)	—
City Magazine (3)	4.5	2.5	79.3%	4.5	2.5	79.0%	(0.2)	(0.6)	—

- operations marked in gray are not consolidated in the Group's report
- (1) 19 stations in 2001, in which Agora owns from 19% to 100% of shares
- (2) Agora owns 41.6% stake
- (3) Agora owns 100% stake

GAZETA WYBORCZA

Paid circulation

Revenue from copy sales was up 12.2% to PLN 172.4 million, while the average net price per copy increased by 13.2% (excluding VAT) and distribution margin rose by 1.2pp. Revenue from paid circulation comprised 22.2% of the Company's revenue.

According to the Circulation Audit Office (ZKDP), total sales paid circulation of Polish daily newspapers decreased by over 5.2% between January and November 2001 (no data available for December 2001 yet). Thanks to active readership promotion, as well as

effective leverage of increased Polish and foreign newsflow, *Gazeta*'s average daily copy sales for 2001 reached 463,000 copies (up 0.3% y-o-y).

Gazeta is continuously expanding its readership offer – on September 4, 2001 we started publishing a new educational weekly supplement, *Kujon Polski*, and, as of September 24, *Gazeta*'s business section started appearing in an extended and diversified form; since November 2001, *Gazeta*'s local pages have a new layout.

Monday (with *Employment* and *Sport* supplements) and Friday (with *TV Guide*, *Sport* and *Komiksowo* supplements) editions of *Gazeta* continue to sell well (up 2.1% and 3.5% y-o-y, respectively).

Advertising Sales

Gazeta's advertising revenue amounted to PLN 558.3 million, 9.3% down y-o-y, and accounted for 71.8% of the Company's total revenue.

According to Agora estimates, Polish ad market decreased by 6.0% (figures are adjusted for discount rates and not adjusted for inflation), while the daily press market (excl. free press) declined by 10.9%. *Gazeta*'s share in the national daily ad market increased by 1.7pp to 64.8%, its Warsaw share decreased by 0.9pp to 82.1%, while share in other local markets was up by 0.2pp to 24.2%. *Gazeta*'s share in the total daily press ad market increased by 0.6pp, while the share of daily press in the total print ad market decreased by 2.6pp. In 2001, magazines recorded ad revenue at 2000 levels (0.2% down), thus increasing their share in the total ad market by 0.7pp (and by 2.6pp in the print ad market).

ADVERTISING REVENUE (in PLN million)	4Q'01	4Q'00	%growth '01/'00	2001	2000	%growth '01/'00
National advertising	75.1	90.4	(16.8%)	294.8	326.6	(9.7%)
<i>Share in total ad revenue</i>	<i>54.1%</i>	<i>53.7%</i>		<i>52.8%</i>	<i>53.1%</i>	
Local advertising (excl. Warsaw)	33.3	39.9	(16.6%)	135.0	146.0	(7.5%)
<i>Share in total ad revenue</i>	<i>24.0%</i>	<i>23.7%</i>		<i>24.2%</i>	<i>23.7%</i>	
Warsaw advertising	30.4	37.9	(19.9%)	128.5	142.7	(9.9%)
<i>Share in total ad revenue</i>	<i>21.9%</i>	<i>22.6%</i>		<i>23.0%</i>	<i>23.2%</i>	
TOTAL	138.8	168.2	(17.5%)	558.3	615.3	(9.3%)

The advertising lineage in the daily print ad market shrank by 15.2% (source: Agora). The lineage in national dailies fell by 16.1%, 15.3% in Warsaw dailies and 15.1% in other local dailies.

In 2001, *Gazeta*'s national advertising lineage decreased by 18.3%, Warsaw by 18.1%, other local by 20.5%.

The average number of advertising pages printed daily in all national and local editions of *Gazeta* reached 314 versus 393 in the previous year.

Cost of newsprint and printing of *Gazeta Wyborcza*

Gazeta's production volume decreased by 5.9% y-o-y, with the total of 22 billion pages printed. The share of color pages reached 83.2% (64.2% in 2000).

Gazeta Wyborcza's **newsprint cost** was PLN 152.4 million and accounted for 27.7% of total operating costs before D&A. A total of 65.3 thousand tons of newsprint were used, 4,415 tons fewer than last year (6.3% down). In spite of the increase of newsprint price in EURO by about 20%, the total newsprint cost was around the level of 2000 (a decrease of 0.4%), due to weak EURO and lower production volume.

External printing cost of *Gazeta* reached PLN 20.6 million (a decrease of 40.0%). External printing plants satisfy Agora's needs for heat-set technology (*High Heels*, *Color Magazine* and glossy cover of *TV Guide*). In 2001, 2.4 billion pages or 11.1% of the total production volume were printed externally (19.2% or 4.5 billion pages, respectively in 2000).

Cost of in-house printing (includes production in Białoleka, Piła, and Agora Poligrafia printing plants) reached PLN 96.1 million, of which almost 84% was fixed cost.

COST OF IN-HOUSE PRINTING (in PLN million)	4Q'01	4Q'00	%growth '01/'00	2001	2000	%growth '01/'00
Total fixed costs	21.0	16.1	30.1%	81.0	58.2	39.1%
Staff costs	6.3	6.3	(0.4%)	26.6	22.5	18.0%
<i>Average employment</i>	<i>652</i>	<i>723</i>	<i>(9.8%)</i>	<i>710</i>	<i>618</i>	<i>14.9%</i>
D&A	9.8	5.0	94.9%	38.4	18.7	104.9%
Other operating costs	4.9	4.8	2.6%	16.0	17.0	(5.7%)
Variable costs	4.3	4.1	6.6%	15.1	14.4	4.9%
TOTAL Fixed and variable costs	25.3	20.2	25.4%	96.1	72.6	32.3%

In the second half of 2000, the Company completed the development of its three plants. The building in Białoleka, as well as printing presses in Białoleka and Tychy started depreciating as of August 2000. In December 2000, the company began to depreciate the building and printing presses of the Piła plant. These caused D&A to surge by about 105%.

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

In 2001, **total newsprint and printing cost (for both in-house and external plants) before D&A** reached PLN 230.7 million and was 4.4 % down y-o-y.

As of July 2001, the plants have been selling their surplus production capacity. In 2001, the revenue from these sales amounted to PLN 1.4 million; newsprint and other materials used for sold production amounted to PLN 0.8 million.

RADIO

Radio stations

GROUP OF LOCAL RADIO

STATIONS (in PLN million)	4Q'01	4Q'00	%growth '01/'00	2001	2000	%growth '01/'00
Total revenue (*)	12.1	11.8	3.1%	37.8	38.1	(0.8%)
<i>incl. ad revenue (*)</i>	<i>11.3</i>	<i>11.1</i>	<i>1.7%</i>	<i>34.8</i>	<i>35.7</i>	<i>(2.5%)</i>
EBITDA	2.3	1.3	73.4%	3.5	3.5	(0.1%)
EBITDA margin	19.1%	11.4%	7.7pp	9.3%	9.2%	0.1pp
Number of stations	19	14		19	14	

(*) Revenue not scaled against Agora's share

In 2001 Agora continued expansion of its radio group and acquired stakes in 5 stations.

In the fourth quarter of 2001, Agora SA acquired shares in Multimedia Plus Sp. z o.o. located in Śrem (the broadcaster of the local *Radio Wielkopolska*) and WIBOR Sp. z o.o. located in Nowy Sącz (which broadcasts *Radio Echo* in Nowy Sącz and Skawina).

Ad revenue in Agora's local radio stations' group fell in 2001 just by 2.5%, while total radio advertising spend was 8.3 % down and local down by as much as 19.2% (estimated expenses corrected for average discount rate, but not adjusted for inflation – source Agora). Agora's local radio stations group increased its share in radio advertising market by 0.7pp.

In the super-regional station TOK FM, in which Agora SA owns 41.6% stake, total sales revenue fell by 6,6% to PLN 2,3 million, and net loss amounted to PLN 9.8 million.

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

Radio Division's role in Agora SA structure is to supervise the radio operations.

In total, taking into account the cost of Radio Division as well as set-up provisions (PLN 13.7 million for Inforadio Sp. z o.o.) and dividends received (PLN 2.8 million), the radio operations lowered the Group's net result by PLN 10.5 million.

CITY MAGAZINE

In April 2001, Agora acquired City Magazine Sp. z o.o, the publisher of four free monthlies: *City Magazine Warszawa*, *City Magazine Kraków*, *City Magazine Poznań* and *City Magazine Trójmiasto*. In October 2001, *City Magazine* started publication in Wrocław, Łódź and Katowice. Total current circulation is approximately 159,000 copies.

City Magazine is a leading free monthly focused on entertainment, cultural events and leisure time targeting a group of 20-35 year-olds.

In 2001, ad revenue amounted to PLN 4.5 million (up 79.0%), net loss to PLN 1.0 million, and EBITDA was negative PLN 0.2 million.

| *The City Magazine Sp. z o.o. is not subject to consolidation.*

FREE PRESS

On October 15, 2001, Agora SA published the first issue of a free newspaper, *Metro*, distributed twice a week in Warsaw with a total circulation of 50,000 copies. On December 14, 2001, Wrocław's *Metro* kicked off (also twice a week with a circulation of 50,000 copies).

By entering the free press market, Agora SA aims to reinforce its position in the ad market as well as strengthen *Gazeta Wyborcza's* position in Warsaw and other Polish cities.

In 2001, *Metro* brought revenue of PLN 0.3 million, while operating cost amounted to PLN 0.4 million (including newsprint and other production materials of PLN 0.18 million).

INTERNET (with allocations)

Total online revenue in 2001 amounted to PLN 3.8 million (including advertising revenue of PLN 3.0 million) and increased by 7.2%.

In the fourth quarter of 2001, internet portal, www.gazeta.pl, recorded 10.6 million visits with 126.7 million page-views (up 49.8% and 19.3% from the third quarter, respectively).

In December 2001, there were 102 employees working on the project, including 4 allocations. Operating costs reached PLN 29.1 million, including D&A of PLN 10.6 million and promotion of PLN 4.4 million. The internet project contributed negatively to the

Company's net result by PLN 18.2 million. Capital expenditures (fixed assets, intangible assets and investments-in-progress) amounted to PLN 17.9 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). On September 26, 2001, CHI's commercial activities commenced with the launch of its e-shopping mall vendi.pl.

| *The Centrum Handlu Internetowego Sp. z o.o. is not subject to consolidation.*

To sum up, the internet venture, including revenue/cost of the internet project and provisions set up for CHI shares (PLN 4.0 million), decreased the Group's net result by PLN 22.2 million.

NEW BUSINESS DEVELOPMENT DIVISION

In 2001, operating costs of the division were PLN 2.5 million (including legal and audit services of PLN 1.3 million), which decreased the Group's net result by PLN 1.8 million.

COST STRUCTURE

Operating costs (in PLN million)	4Q'01	4Q'00	%growth '01/'00	2001	2000	%growth '01/'00
Raw materials and consumables	48.8	49.5	(1.4%)	184.3	185.5	(0.6%)
<i>incl. newsprint GW</i>	40.5	39.7	2.1%	152.4	153.0	(0.4%)
Staff costs	46.4	48.2	(3.9%)	191.2	179.1	6.8%
<i>incl. payroll</i>	39.5	40.9	(3.4%)	158.5	148.8	6.5%
D & A	24.2	11.5	110.7%	90.1	53.0	69.9%
Other costs	51.0	48.9	4.5%	173.9	172.4	0.8%
TOTAL operating costs	170.4	158.1	7.8%	639.5	590.0	8.4%
TOTAL operating costs before D&A	146.2	146.6	(0.3%)	549.4	537.0	2.3%

Raw materials and consumables

In 2001 newsprint used for *Gazeta Wyborcza* accounts for 82.7% of this category of costs.

Staff costs

To cope with the challenging macroeconomic climate, a cost cutting program has been implemented over the past six months. As the next phase of the program the management reviewed the staff costs. Consequently, the pay freeze for all staff in 2002 was implemented. All the above being insufficient, and after the work organization restructuring, the management board decided to reduce employment by 5%.

At the end of December 2001, the Company had over 3,312 employees, that is 126 less than in December 2000 and 114 less than in September 2001.

In 2001, the average full time employment rose by 7.7% y-o-y, mainly due to staff increase in printing plants in the second half of 2000.

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 35.7 million), external printing of *Gazeta Wyborcza* (PLN 20.6 million), rental fees (PLN 14.5 million), telecommunications (PLN 13.2 million), IT services (PLN 12.2 million), legal services (PLN 7.5 million), newspaper transportation (PLN 6.6 million).

This category also comprises set up provisions for bad debt (PLN 7.8 million).

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

Operating costs (in PLN million)	4Q'01	4Q'00	%growth '01/'00	2001	2000	%growth '01/'00
Raw materials and consumables	48.8	49.4	(1.3%)	184.1	185.2	(0.6%)
Staff costs	43.5	45.6	(4.6%)	179.8	171.2	5.0%
<i>incl. payroll</i>	37.1	39.0	(4.9%)	149.3	143.0	4.4%
D&A	20.6	10.6	94.8%	79.3	51.4	54.2%
Other costs	47.2	45.9	3.0%	160.8	166.2	(3.2%)
TOTAL operating costs	160.1	151.5	5.7%	604.0	574.0	5.2%
TOTAL operating costs before D&A	139.5	140.9	(1.0%)	524.7	522.6	0.4%

FINANCIAL OVERVIEW

PROFIT AND LOSS ACCOUNT

(in PLN million)	4Q'01	4Q'00	%growth '01/'00	2001	2000	%growth '01/'00
Net revenue	203.2	219.0	(7.2%)	777.1	810.7	(4.2%)
Operating costs	(170.4)	(158.1)	7.8%	(639.5)	(590.0)	8.4%
Operating profit before other non-recurring charges	32.8	60.9	(46.1%)	137.5	220.7	(37.7%)
Other non-recurring charges	(18.3)	(13.7)	33.9%	(20.3)	(13.7)	48.6%
Profit after other non-recurring charges	14.5	47.2	(69.3%)	117.2	207.0	(43.4%)
Profit on disposal of TKP shares	—	—	—	104.0	—	—
Provisions set-up for Inforadio Sp. z o.o. and CHI	(5.3)	0.6	—	(17.7)	—	—
Profit after other charges and charges on investments	9.2	47.8	(80.7%)	203.5	207.0	(1.7%)
Pretax profit	(1.7)	55.0	—	209.6	224.5	(6.7%)
Corporate income tax	(1.8)	(10.8)	(82.1%)	(31.6)	(54.3)	(41.8%)
Net Profit	(3.5)	45.0	—	177.9	170.2	4.6%
EPS - net revenue per share (PLN)	(0.06)	0.79	—	3.14	3.00	4.6%
EBITDA (PLN million)	58.1	71.6	(18.9%)	228.5	276.1	(17.2%)
EBITDA margin	28.6%	32.7%	(4.1 pp)	29.4%	34.1%	(4.7 pp)

Other non-recurring charges

In the fourth quarter of 2001, *other non-recurring charges* include:

- provision of PLN 12.5 million set up for used office equipment and leasehold improvements in the buildings to be abandoned in the beginning of 2002 due to completion of the first stage of works in the new office building as well as decommissioning of the old premises of *Gazeta Wyborcza*, where the second part of the new office building is to be constructed,
- provision of PLN 3.9 million (PLN 5.9 million total in 2001), for diminution in value of the old disassembled printing press,
- provision of PLN 1.5 million, for redundancies cost to be incurred in 2002 (a consequence of the program introduced in 2001),
- lay-offs cost incurred in 2001 amounting to PLN 0.4 million.

Profit on disposal of 12.12% stake in Telewizyjna Korporacja Partycypacyjna S.A. (TKP) was PLN 104.0 million - described more extensively in the report for the second quarter of 2001. The sale of TKP shares increased the Company's net result by PLN 101.9 million.

Provisions set up for the 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 4.1 million (PLN 1.3 million in the fourth quarter of 2001). Furthermore, in the fourth quarter of 2001, a PLN 4.0 million provision was set up for shares of Centrum Handlu Internetowego Sp. z o.o. (CHI).

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

In 2001, the revenue on short-term financial investments (sale of commercial securities, forwards and bank deposits) amounted to PLN 35.3 million (including revenue accrued on commercial securities as of December 31, 2001 of PLN 6.5 million). The average return on investments in securities (only PLN-denominated securities and bank deposits) was 18.9% p.a.

In 2001, due to unexpected long-term weakness of the EURO against PLN, the Group decided to terminate the EURO purchase contracts. Closing three EURO purchase contracts incurred a cost of PLN 26.1 million (PLN 14.3 million in the fourth quarter of 2001), in 2000 realized costs of PLN 8.5 million and unrealized FX losses of PLN 5.7 million.

The dividend received from the Warsaw-based *Pogoda* radio amounted to PLN 2.4 million, from the Katowice-based *Karolina* radio amounted to PLN 0.4 million.

Profit and loss account before non-recurring charges (excluding Internet Project, Radio Division, New Business Development, New Office Building and TKP transactions)

(in PLN million)	4Q'01	4Q'00	%growth '01/'00	2001	2000	%growth '01/'00
Operating profit before other non-recurring charges	40.6	64.5	(37.0%)	167.9	229.5	(26.8%)
Pretax profit	29.6	71.7	(58.7%)	170.3	244.2	(30.3%)
Net profit	25.2	56.5	(55.4%)	131.5	182.9	(28.1%)
EPS - net revenue per share (PLN)	0.44	0.99	(55.4%)	2.32	3.22	(28.1%)
EBITDA (PLN million)	62.0	74.3	(16.6%)	248.1	283.3	(12.4%)
EBITDA margin	30.9%	34.4%	(3.6pp)	32.1%	35.3%	(3.1pp)

BALANCE SHEET

(in PLN million)	31.12.2001	31.12.2000	%growth '01/'00
TOTAL ASSETS	1,157.9	1,051.5	10.1%
Current assets	313.1	319.1	(1.9%)
	<i>Share in balance sheet total</i>	27.0%	30.3%
Fixed assets	844.8	732.4	15.3%
	<i>Share in balance sheet total</i>	73.0%	69.7%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,157.9	1,051.5	10.1%
Current liabilities	113.5	116.2	(2.3%)
	<i>Share in balance sheet total</i>	9.8%	11.0%
Long term liabilities	22.1	91.0	(75.7%)
	<i>Share in balance sheet total</i>	1.9%	8.7%
Equity	1,022.3	844.3	21.1%
	<i>Share in balance sheet total</i>	88.3%	80.3%

Current liabilities, as of December 31, 2000, decreased by 2.3%, mainly due to reduction in liabilities for newsprint supply by PLN 6.7 million.

On the other hand, there was an increase in provisions as compared to December 31, 2000. This resulted from provisions set up 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 December 31, 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 in detail in the report for the second quarter of 2001).

On December 31, 2001, the Company did not have any long-term debt.

Moreover, a provision for deferred income tax increased by PLN 16.1 million on the back of the settlement of the sale of TKP and exchange of the Cox loan transactions (up by PLN 7.2 million), as well as increasing difference between the depreciation expense and tax allowable depreciation.

CASH FLOW STATEMENTS

(in PLN million)	4Q'01	4Q'00	%growth '01/'00	2001	2000	%growth '01/'00
Net cash from operating activities	50.5	56.3	(10.3%)	219.1	216.0	1.4%
Net cash from investing activities	(75.2)	(58.0)	—	(99.7)	(198.6)	—
Net cash from financing activities	(17.2)	(4.0)	—	(33.9)	(6.4)	—
Total movement of cash and cash equivalents	(41.9)	(5.7)	—	85.5	11.0	677.4%
At the end of period	132.9	47.4	180.6%	132.9	47.4	180.6%

At the end of the period, the Company had PLN 132.9 million in cash and PLN 56.7 million in short-term securities.

Net cash from investment activities include capital expenditure of PLN 210.1 million (PLN 91.7 million for the development of new office building, PLN 17.9 million for the internet project, PLN 32.7 million for IT and telecommunication investments, PLN 45.6 million for printing base investments), and net proceeds from sales of commercial securities of PLN 103.0 million.

Net cash from financing activities in 2001 represents mainly from the EURO purchase contracts expenditure.

ADDITIONAL INFORMATION

- On December 10, 2001, on the basis of share purchase agreement of November 30, 2001 Agora became an owner of shares constituting 24.9% of the share capital of WIBOR Sp. z o. o., which entitle Agora to 24.9% of all votes at the General Meeting

of Shareholders. The purchase price amounted to PLN 2.3 million. WIBOR Sp. z o.o. broadcasts a regional radio program *Radio Echo* in Nowy Sącz and Skawina.

- According to the share purchase agreement dated December 11, 2001, Agora became the owner of shares constituting 48% of the share capital of Multimedia Plus Sp. z o.o., which entitle Agora to 48% of all votes at the General Meeting of Shareholders. The purchase price amounted to PLN 800 thousand. Multimedia Plus Sp. z o.o. broadcasts a regional radio program *Radio Wielkopolska*.
- On December 27, 2001, 190 beneficiaries of incentive plans purchased from Agora-Holding a total of 22,406 common registered series D shares of Agora and 276 beneficiaries purchased from Agora-Holding a total of 1,318,240 common registered series B shares of Agora. The purchase took place due to the execution of the conditional rights to purchase shares resulting from the incentive plans implemented by Agora and Agora-Holding. The granting of the conditional rights to purchase shares was confirmed by the General Meeting of Shareholders of Agora dated June 27, 2001. The unit purchase price for share is PLN 1.00. The Series D shares are subject to lock-up until July 2003. The Series B shares are subject to lock-up until July 2006 in such a way that each year the lock-up will expire in respect to 20% of the initial number of shares unless appear other conditions provided for in the agreements between Agora and Agora-Holding and between Agora-Holding and each of the purchasers of the above shares.
- In the course of cost cutting program implemented by Agora, the Company made approximately 170 redundancies at the end of the year, which constitute about 5% of the Company's employees.
- Ownership of Agora's shares and rights to these shares by members of the Management Board:
 - From November 8, 2001 to November 9, 2001 Helena Łuczywo, a member of the Management Board of Agora SA, sold on the Warsaw Stock Exchange 25,000 shares at the average price of PLN 52.31 (USD 12.86) per share. These shares constitute a 1.8 % stake in Agora SA held by Łuczywo on November 7, 2001.
 - In addition, at the same time Wanda Rapaczynski, President of Agora SA, sold 10,000 shares at the average price of PLN 52.39 (USD 12.88) per share. These shares constitute a 0.7 % stake in Agora held by Rapaczynski on November 7, 2001.
 - On December 27, 2001, four members of the Management Board acquired from Agora-Holding Sp. z o. o. a total number of 5,180 common registered series D shares and 155,859 common registered series B shares of Agora. The purchase took place due to the execution of the conditional rights to purchase shares resulting from the incentive plans implemented by Agora and Agora-Holding. The granting of the conditional rights to purchase shares was approved by the General Meeting of Shareholders of Agora on June 27, 2001.

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

	Ownership at 30/09/2001	Change	Ownership at 31/12/2001
Wanda Rapaczynski	1,377,340	39,083	1,416,423
Piotr Niemczycki	1,832,930	48,370	1,881,300
Helena Łuczywo	1,362,644	19,685	1,382,329
Zbigniew Bąk	0	18,901	18,901

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

	Ownership at 30/09/2001	Change	Ownership at 31/12/2001
Wanda Rapaczynski	49,083	(49,083)	0
Piotr Niemczycki	48,370	(48,370)	0
Helena Łuczywo	44,685	(44,685)	0
Zbigniew Bąk	18,901	(18,901)	0

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

	Ownership at 30/09/2001	Change	Ownership at 31/12/2001
Henryka Bochniarz	0	0	0
John Mellott	0	0	0
Tomasz Sielicki	33	0	33
Stanisław Sołtysiński*	-	0	-
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

	Number of shares	% stake in share capital	Number of votes at AGM	% share in number of votes at AGM
Ownership at 30/09/2001				
Agora-Holding Sp. z o. o.	16,681,463	29.39%	33,787,223	44.55%
Cox Poland Investment, Inc.	5,818,450	10.25%	7,774,690	10.25%
Bankers Trust Company	6,122,676	10.79%	6,122,676	8.07%
Change				
Agora-Holding Sp. z o. o.	(1,326,112)	(2.34pp)	(1,326,112)	(1.75pp)
Cox Poland Investment, Inc.	0	0.00pp	0	0.0pp
Bankers Trust Company	(617,882)	(1.09pp)	(617,882)	(0.81pp)
Ownership at 31/12/2001				
Agora-Holding Sp. z o. o.	15,355,351	27.05%	32,461,111	42.80%
Cox Poland Investment, Inc.	5,818,450	10.25%	7,774,690	10.25%
Bankers Trust Company	5,504,794	9.7%	5,504,794	7.26%

POST BALANCE SHEET EVENTS

- On January 4, 2002 Piotr Niemczycki, Vice-president of the Management Board, sold on the Warsaw Stock Exchange 10,018 shares of Agora SA at the price of PLN 59.00 PLN (USD 14.98) per share. These shares constitute a 0.5 % stake in Agora SA held by Niemczycki on January 3, 2002.
- On January 18, 2002 Agora SA purchased shares in WIBOR Sp. z o. o. representing 24.08% of the share capital. The purchase price amounted to PLN 2.2 million. Together with previously owned shares, Agora now owns shares representing 48.98% of the share capital of WIBOR sp. z o. o. which entitle Agora to 48.98% of all votes at the General Meeting of Shareholders.

NOTES TO THE ACCOUNTS

Provisions

In the period from January 1, 2001 to December 31, 2001, there were the following changes in provisions (in brackets figures for the fourth quarter of 2001 alone):

- increase in provisions for bad debt in the amount of PLN 7,064 thousand (decrease of PLN 1.159 thousand);
- decrease in provisions for interest on long-term and short-term loans in the amount of PLN 1,763 thousand (increase of PLN 741 thousand);
- increase in provisions for shares and loans in the amount of PLN 8,107 thousand (increase of PLN 5,309 thousand);
- decrease in provisions for shares in Telewizyjna Korporacja Partycypacyjna S.A. (TKP) in the amount of PLN 98,518 thousand (no change).

As at December 31, 2001, the provision for deferred income taxes amounted to PLN 22,132 thousand and increased by PLN 16,055 thousand compared to January 1, 2001.

In the first quarter of 2001, Agora set up a provision amounting to PLN 1,374 thousand for a payment for suspending a EURO purchasing contract due in 2002. In the fourth quarter of 2001 this provision was released due to Agora's withdrawal from the contract.

In the period from January 1, 2001 to December 31, 2001, the Company 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.

In the period from January 1, 2001 to December 31, 2001, the Company set up a provision for its old disassembled printing press in the amount of PLN 5,890 thousand (in the fourth quarter an increase of PLN 3,890 thousand). The book value of the press amounts to PLN 5,890 thousand (includes PLN 4,748 thousand net book value of the press and its disassembly costs in the amount of PLN 1,142 thousand).

In the fourth quarter of 2001, the Company set up a provision for lay-offs cost in the amount of PLN 1,522 thousand and a provision in the amount of PLN 12,509 thousand for used office equipment and leasehold improvements in the buildings to be abandoned, as well as decommissioning of the old editorial office building of *Gazeta Wyborcza*.

Litigation

As at December 31, 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

To ensure comparability of the data, figures concerning share purchase expenditure were moved from short-term liabilities to fixed assets. Data as at December 31, 2000 has been corrected by the amount of PLN 3,681 thousand.

Agora SA

Consolidated balance sheets as at 31 December 2001 and 2000

(all amounts in PLN thousands unless otherwise indicated)

	As at 31 December	
	2 001	2 000
Assets		
Current assets:		
Cash and cash equivalents	132 880	47 358
Short-term securities	56 671	142 077
Accounts receivable and prepayments	107 937	104 021
Inventories	15 658	25 666
	<u>313 146</u>	<u>319 122</u>
Long-term assets:		
Property, plant and equipment	770 894	663 902
Intangible assets	13 664	14 602
Investments	60 221	53 877
	<u>844 779</u>	<u>732 381</u>
Total assets	<u>1 157 925</u>	<u>1 051 503</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued charges	113 525	109 950
Short-term borrowings	-	6 230
	<u>113 525</u>	<u>116 180</u>
Long-term liabilities:		
Long-term borrowings	2	84 928
Deferred income taxes	22 132	6 077
	<u>22 134</u>	<u>91 005</u>
Shareholders' equity:		
Share capital	56 758	56 758
Share premium	353 646	353 646
Retained earnings and other reserves	611 862	433 914
	<u>1 022 266</u>	<u>844 318</u>
Total liabilities and shareholders' equity	<u>1 157 925</u>	<u>1 051 503</u>

Agora SA

Consolidated income statements for the year ended 31 December 2001 and 2000

(all amounts in PLN thousands unless otherwise indicated)

	Year ended 31 December	
	<u>2 001</u>	<u>2 000</u>
Sales	777 069	810 722
Operating costs	<u>(639 532)</u>	<u>(590 043)</u>
Operating profit before other non-recurring charges	137 537	220 679
Other non-recurring charges	<u>(20 288)</u>	<u>(13 653)</u>
Operating profit after other non-recurring charges	117 249	207 026
Gain on disposal of long term investements	104 026	-
Provision for losses on investments	<u>(17 707)</u>	<u>-</u>
Profit after associated undertakings and other charges	203 568	207 026
Interest and financial items	3 218	7 409
Dividends received	<u>2 809</u>	<u>10 105</u>
Profit before income taxes	209 595	224 540
Income taxes	<u>(31 647)</u>	<u>(54 349)</u>
Net profit for the period	<u>177 948</u>	<u>170 191</u>
Earnings per share (in PLN)	<u>3,14</u>	<u>3,00</u>

Agora SA

Consolidated cash flow statements for the year ended 31 December, 2001 and 2000

(all amounts in PLN thousands unless otherwise indicated)

	Year ended 31 December	
	2 001	2 000
Operating activities		
Operating profit before associated undertakings and other charges	137 537	220 679
Depreciation of plant, property and equipment	84 995	49 244
Amortisation of intangible assets	5 087	3 782
(Profit)/loss on disposal of plant, property and equipment	852	2 373
	<u>228 471</u>	<u>276 078</u>
Movement in operating working capital	(1 483)	(14 610)
Net cash inflow before interest and tax	<u>226 988</u>	<u>261 468</u>
Interest received and paid	17 649	4 625
Foreign exchange result	(6 492)	(2 014)
Tax paid	(18 680)	(48 106)
Other non-recurring expenses	(366)	-
Net cash from operating activities	<u>219 099</u>	<u>215 973</u>
Investing activities		
Capital expenditure, net	(210 092)	(285 364)
Net cash on sale and purchase of long-term investments	424	(13 834)
Redemption/(acquisition) of short-term securities	103 049	89 193
Result on foreign exchange forwards, future interest rate contracts	4 138	1 339
Dividends received	2 809	10 105
Net cash used in investing activities	<u>(99 672)</u>	<u>(198 561)</u>
Financing activities		
Increase / (decrease) in borrowings	-	-
Public offering equity contributions	-	-
Public offering expenditure	-	-
Net cash from foreign currency SWAP contracts	(33 905)	(6 411)
Net cash from financing activities	<u>(33 905)</u>	<u>(6 411)</u>
Change in cash and cash equivalents	<u>85 522</u>	<u>11 001</u>
Movements in cash and cash equivalents		
At start of period	47 358	36 357
Increase	85 522	11 001
At end of period	<u>132 880</u>	<u>47 358</u>

Agora SA

Consolidated statement of changes in shareholders' equity for the year ended 31 December 2001

(all amounts in PLN thousands unless otherwise indicated)

	Share capital	Share premium	Retained earnings	Other	Total
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	-	-	177 948	-	177 948
At 31 December 2001	56 758	353 646	610 715	1 147	#####