

AGORA GROUP - IAS
AGORA SA ANNOUNCES INTERIM RESULTS FOR THE FIRST HALF OF 2002
(PRESENTED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS)

REVENUES PLN 382.9 MILLION, NET PROFIT PLN 47.9 MILLION

The consolidated results for the first half of 2002 include 20 subsidiaries and associated companies of the radio business. As of April 2002, the Group's results include also the financial results of 12 magazines.

HIGHLIGHTS

In the first half of 2002:

- Operating profit amounted to PLN 54.0 million
- EBITDA margin reached 27.8%
- Operating cash flow stood at PLN 94.0 million
- Cash at the end of June amounted to PLN 102.3 million, a credit line of PLN 500 million remained fully available (no drawings made yet)
- Active implementation of the growth strategy – 12 color magazines already on board, signed agreement to purchase AMS, Poland's leading outdoor company

Newspaper

In the first half of 2002:

- *Gazeta Wyborcza's* average paid circulation declined by 4.2%, its share in total daily newspaper market during the period Jan-May of the current year increased by 0.4 pp.
- *Gazeta's* advertising revenue down by 24.4% to PLN 229.7 million, its share in paid daily newspaper market grew by 1.4 pp to 49.4%.
- Net revenue per ad page upped by 0.9% to PLN 6,091.
- EBITDA margin of the press segment reached 32.8%.

Magazines (excluding *City Magazine*)

In the second quarter of 2002:

- Total revenue of PLN 18.5 million
- Advertising revenue at PLN 7.7 million, which translated into 4.8% share in the magazine advertising market.

Local radio group

In the first half of 2002:

- Advertising sales of local radio group increased by 17.1% to PLN 18.8 million (advertising sales solely for a group of 14 stations reflected in the report for the first half of 2001 increased by 4.7%), whereas total radio advertising market declined by 5.2% and local radio market slumped by 15%
- EBITDA was minus PLN 1.2 million, and EBITDA margin - minus 6.0%

Other

- Total online revenue hiked by 91.8% to PLN 2.8 million in the first half of 2002, while advertising revenue rose by 129.1% to PLN 2.4 million
- As of March 2002 the next phase of new headquarters development began (capex in the first half of 2002 amounted to PLN 56.7 million)

Member of the Management Board, head of New Business Development, Zbigniew Bak, said:

“The performance of the advertising market does not make you feel optimistic. In the context of the overall market gloom, we are pleased with the Group's performance. Thanks to joint efforts of our team, not only did the Company deliver sound EBITDA margin at the level of 28%, but also maintained advertising market share in all businesses. We are also happy with the Company's growth strategy, it is bringing expected results. We are getting bigger and soon, after AMS transaction is completed, we will become a leading player in two segments of the advertising market – daily press and outdoor. We are also going to spear no endeavours to strengthen Agora's position in two other segments – radio and magazines.“

All advertising data presented herein are according to Agora estimates corrected for estimated average discount rates, and are presented in current prices. The estimates are based on rate card data from the following sources: AGB Polska, CR Media and Agora Monitoring. Data on advertising spend in magazines is based on magazines monitored by Agora.

External and Internal Factors Important for the Development of the Group

The financial results and market performance of the Group show that our persistence in implementing the recessionary strategy brings its rewards. Although the Group's revenues (excluding radio stations and magazines) dropped by 13.9% in the first half of the year, thanks to efficient cost curbing program, EBITDA margin (excluding radio stations and magazine businesses) was maintained at the high level of 28.7%. The Group generated operating cash flow at the level of PLN 94.0 million.

The Group has also harvested the first crops of its development strategy: extended the publishing business via acquisition of 12 magazine titles and signed the agreement to purchase the leading Polish outdoor advertising company, AMS.

Economic situation in Poland and advertising market

According to estimates, GDP growth in the second quarter of 2002 was 0.7-1.0%, while the unemployment rate stood at the high level of 17.3%.

Advertising recession continues. Contrary to our expectations, the market did not reach its bottom in the first quarter of this year. The second quarter, although it brought better figures thanks to seasonality effect, still did not give impulse to the trend reversal. According to Agora estimates, total advertising spending in the second quarter of this year declined by 14.2% yoy: TV advertising decreased by 8.5%, print advertising went down by 22.3%, radio by 6.0% and outdoor by 13.1%. It is noticeable that TV and outdoor segments recorded higher yoy decline rates in the second quarter of this year than in the first. The decline is partly explained by the introduction of severe restrictions on the advertising of beer since last September because beer advertising campaigns are particularly intensive in the second and third quarters.

In the first half of 2002 the advertising market in Poland decreased by 14.4% yoy. The TV market went down by 7.5%, print market decreased by 24.1%, while radio and outdoor markets shrank by 5.2% and 8.9%, respectively.

The discounts pressure among media players did not ease either. On the contrary, in the second quarter of this year the price war intensified. Still, TV remains the cheapest medium on a CPM basis. It is also TV which grants the highest discounts exceeding even 60% on average.

The advertising recession gave rise to the market consolidation. Some of small advertising agencies went out of business while big and medium agencies joined efforts and created media houses. Thus, stronger players could negotiate better advertising rates and higher discounts. Smaller advertisers from some sectors, such as retail or construction, shifted part of their advertising spending to TV. The decline of the major ad categories adds up to the gloomy scenario. In the second quarter of 2002, we observed the strongest decrease in the following daily newspaper advertising categories: automotive (down 38%), construction (down 28%), employment (down 26%), retail (down 28%).

Operating review

Growth strategy

As recession continues, Agora effectively uses its financial strength to build up scale of its business.

In April, the Group extended its publishing business through a purchase of 12 color magazine titles. Now the magazine business is being integrated with the Group on the operating and financial level.

In the second half of June, Agora signed an agreement to purchase a majority stake in AMS – Poland's outdoor market leader. After completion of the acquisition process, we will prepare a three-year operating and development plan for the company.

The new business division continues to examine existing and look for new investment opportunities.

Sales

In the second quarter of this year the downward trend in the copy sales market did not reverse. According to the National Circulation Audit Office (ZKDP), the number of daily newspapers sold in the period of Jan-May decreased by 4.6% (copy sales of national dailies declined by 6%). Average paid circulation of *Gazeta Wyborcza* in the first half of this year amounted to 434 thousand copies, which translates into slower than the market decline of 4.2% yoy. Revenue from copy sales was up 11.3%.

Gazeta Wyborcza's advertising revenues in the first half of this year versus the first half of 2001 fell by 24.4%, while the paid daily newspaper market decreased by 27.2%. *Gazeta Wyborcza*'s share in the paid daily newspaper market amounted to 49.4%, up 1.4pp yoy.

Agora's radio stations have maintained their high audience ratings and thanks to their performance Agora is the leader in the local radio stations market and the third largest player in the commercial radio stations market in Poland. Our local stations' share in the total radio advertising market increased by 2pp in the first half of this year. Advertising revenues of our local radio stations jumped by 17.1%, while the total and local radio advertising markets shrank by 5.2% and 15%, respectively.

In the second quarter of this year, total advertising revenues of 12 magazines amounted to PLN 7.7 million, which translates into 4.8% share in the national magazine market.

City Magazine's advertising revenues in the first half of 2002 fell by 17.5% yoy, and amounted to PLN 1.7 million.

Operating costs (excluding magazine and radio businesses)

The cost curbing program implemented in the second half of 2001 brings its rewards. Operating costs (excluding D&A) amounted to PLN 127.1 million in the second quarter of this year, which is a 12.0% drop yoy (in the first half of the year the figure reached PLN 250.4 million, which is a 9.0% decrease yoy).

In the first half of the year, the newsprint cost of *Gazeta Wyborcza* was lower by 21.8% yoy. The decline is attributed to newsprint price in EURO lower by 7.7% yoy, savings of PLN 9.7 million resulting from 14.0% volume reduction which followed changes implemented to the layout and structure of the products, as well as still favorable PLN-EURO exchange rate.

Moreover, the staff costs in the second quarter of 2002 fell by 5.6% (in the first half of the year the decline was 3.7% yoy). The decrease was possible due to reduced employment and salary freeze imposed in 2002. Employment at the end of June amounted to 3,131 people which is 5.5% lower in comparison with December 2001 and 10.6% down versus June 2001.

Prospects for the remainder of the year

In line with our earlier announcements, Agora does not expect the reversal of the trend in the advertising market this year. Given the deeper than initially estimated slide in the advertising market, the Company's management board estimates a several percent decline in the Group's revenues in 2002 yoy.

The Group will continue to control its cost base on all operating levels.

Recently we have witnessed the significant strengthening of EURO vis a vis PLN. Should the trend be maintained, it will have a negative impact on the Group's costs.

FINANCIAL RESULTS

In consideration of the increase in the number of subsidiary and associated companies in radio and related businesses, and the impact they are beginning to have on the operating and net results of the Agora Group, the Management Board, following the advice of the Company's auditors as well as investors' request, decided to fully consolidate the financial statements of these companies into the consolidated financial statements of the Group.

Since the impact of the results of the previously not consolidated subsidiary and associated companies on the comparative financial statements is immaterial, the historical consolidated comparable financial statements have not been adjusted for this change and include solely the figures for Agora SA and Agora Poligrafia Sp. z o.o. The cumulative impact of this change in consolidation policy on shareholders' equity has been charged to shareholders' equity at the opening balance sheet as at January 1, 2002.

The financial statements of the Group for the first half of 2002 include consolidated data for the following companies:

Companies consolidated using the acquisition method		Agora's equity holding	Companies consolidated using the equity method		Agora's equity holding
1	Agora Poligrafia Sp. z o.o.	100%	15	Multimedia Plus Srem	48%
2	KKK Fm S.A. Wrocław	84%	16	Wibor Nowy Sacz	49%
3	Elita Sp. z o.o. Bvdgoszcz	99%	17	Jazz Sp. z o.o. Poznan	42%
4	Trefl sp. z o.o. Sopot	99.96%	18	BOR Sp. z o.o. Poznan	46%
5	IM 40 Sp. z o.o. Warszawa	72%	19	Inforadio Sp. z o.o. Warszawa	41.6%
6	LRR Sp. z o.o. Warszawa	100%	20	Radio Wanda Krakow	27%
7	O'le Sp. z o.o. Opole	100%			
8	Karolina Sp. z o.o. Tvchv	100%			
9	CITY Sp. z o.o. Czestochowa	100%			
10	ZUH UZNAM Sp. z o.o. Swinoujscie	100%			
11	ROM Sp. z o.o. Warszawa	100%			
12	Barvs Sp. z o.o. Tvchv	90%			
13	Agencia Reklamowa Jowisz Jelenia Gora	99%			
14	Radio Pomoze Bvdgoszcz	100%			

The remaining companies in which Agora SA owns shares (incl. City Magazine Sp. z o.o.) are not consolidated as they are totally immaterial.

CHANGES IN SIGNIFICANT BALANCES in the financial statements of the Group, as of and for the six months ended June 30, 2002, resulting from inclusion in the Group of the financial statements of subsidiary and associated companies operating in the radio and related businesses, are as follows:

In BALANCE SHEET:	PLN million
Fixed assets	(19.0)
<i>incl. goodwill on consolidation</i>	<i>20.4</i>
<i>incl. Long term investments like. shares and loans</i>	<i>(44.6)</i>
Current assets	9.1
Total Assets/Liabilities	(9.9)
Equity	(14.6)
Minority interests	0.9
Liabilities	3.8

in CASH FLOW STATEMENT:

Cash at the end of period	5.0
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in PROFIT AND LOSS ACCOUNT:

Net revenue	14.3
Operating profit	(1.5)
Share of profits/losses in associated companies	(0.9)
Pretax profit	(5.9)
Corporate income tax	(1.1)
Share of minority interests	(0.4)
Net profit (loss)	(7.4)

Gross amount of goodwill from consolidation of subsidiary and associated companies, operating in radio and related businesses as at June 30, 2002, amounted to PLN 24.9 million and is depreciated over the period of 10 years.

PROFIT AND LOSS ACCOUNT of the GROUP in PLN million	II Q 2002	II Q 2001	% change 2002vs. 2001	I H 2002	I H 2001	% change 2002 vs. 2001
Net revenue	217.3	208.5	4.2%	382.9	406.5	(5.8%)
Operating cost	(182.2)	(165.6)	10.1%	(328.9)	(318.4)	3.3%
Operating profit	35.1	42.9	(18.2%)	54.0	88.1	(38.7%)
Share in profit/loss of associated companies	(0.9)	-	-	(0.9)	-	-
Profit on disposal of investments*	-	104.0	-	-	104.0	-
Provisions for diminution in value of investments**	(0.8)	(12.1)	(93.6%)	(1.8)	(12.1)	(85.4%)
Interest & other fin. income and expense, net***	(0.2)	(1.9)	(113.1%)	5.3	(2.6)	-
Dividends received	-	2.4	-	-	2.4	-
Pretax profit	33.2	135.3	(75.5%)	56.7	179.8	(68.5%)
Corporate income tax	(1.4)	(13.9)	(90.1%)	(8.4)	(22.1)	(62.1%)
Share of minority interests	(0.4)	-	-	(0.4)	-	-
Net profit	31.4	121.4	(74.1%)	47.9	157.7	(69.6%)
EPS - net profit per 1 common share (PLN)	0.55	2.14	(74.1%)	0.84	2.78	(69.6%)
EBIT	36.1	42.6	(15.3%)	54.8	87.8	(37.6%)
EBIT margin (EBIT/Revenue)	16.6%	20.4%	(3.8pp)	14.3%	21.6%	(7.3pp)
EBITDA	64.3	63.8	0.7%	106.4	131.1	(18.9%)
EBITDA margin (EBITDA/Revenue)	29.6%	30.6%	(1.0pp)	27.8%	32.2%	(4.4pp)

* In 2001 a sum of PLN 104 million resulted from a transaction connected with disposal of 12.12% shares of Telewizyjna Korporacja Partycypacyjna S.A. (TKP). The transaction increased net profit by PLN 101.9 million.

** In 2001 provisions were set up for granted guarantee of bank loan repayment (PLN 9.6 million) and a loan for the associated company Inforadio Sp. z o.o. (PLN 2.5 million).

*** In 2001 the Company incurred a financial expense resulting from long-term currency swaps entered into to hedge its payments in Euro.

Operating profits and costs of the Group are described in detail later in this report.

As of April 2002, the Group's result is also affected by a new segment: Magazines. The results of this segment are presented in another section of this report discussing in detail Agora's operations.

Provisions set up for investments in associated companies amounted to PLN 1.8 million.

Financial income and expenses, net include mainly interest income and expense, profit/loss on sales of securities and foreign exchange differences.

Income on short-term financial investments (securities, forward transactions, bank deposits) in the first half of 2002 amounted to PLN 6.5 million, including PLN 0.2 million of income on revaluation of securities as at June 30, 2002. Average yield on short-term financial investments (PLN denominated securities and bank deposits only) reached 9.1% p.a.

Deferred income tax

Due to planned reduction of the corporate income tax rates to 24% in 2003 and 22% in 2004, envisaged by the Polish law currently in place, those changes have been incorporated in the calculation of the provision for deferred tax of the Group. Had the provision for deferred taxation been calculated as before using historical rather than prospective tax rates, the Group's net result for the first six months of 2002 (as at June 30, 2002) would have been lower and the provision for deferred tax higher by PLN 7.5 million.

BALANCE SHEET of the GROUP in PLN million		30.06.2002	30.06.2001	%change 2002 vs. 2001
TOTAL ASSETS		1,197.8	1,127.8	6.2%
Fixed assets		961.2	759.2	26.6%
	<i>Share in balance sheet total</i>	80.2%	67.3%	
Current assets		236.6	368.6	(35.8%)
	<i>Share in balance sheet total</i>	19.8%	32.7%	
TOTAL LIABILITIES		1,197.8	1,127.8	6.2%
Equity		1,061.3	1,002.0	5.9%
	<i>Share in balance sheet total</i>	88.6%	88.8%	
Minority interests		0.9	-	-
	<i>Share in balance sheet total</i>	0.1%	-	
Long term liabilities		25.4	25.4	0.0%
	<i>Share in balance sheet total</i>	2.1%	2.3%	
Current liabilities		110.2	100.4	9.8%
	<i>Share in balance sheet total</i>	9.2%	8.9%	

Fixed assets

Following the acquisition of the assets and liabilities comprising the enterprise of the company "Proszynski i S-ka - Czasopisma" Sp. z o.o., the Group acquired 12 new magazine titles of gross book value of PLN 82.7 million (the Group will use an amortization period of 5 to 20 years for accounting purposes and 5 years for tax purposes).

Current assets

Reduction in current assets results from a decrease in cash and cash equivalents (i.e. cash position and short-term securities fell by PLN 134.0 million).

Long-term liabilities

Increase in provisions, compared to 30 June, 2001, results from increase in provisions for deferred tax (increase of PLN 8.8 million).

As at June 30, 2002, Agora did not make any drawings out of its PLN 500 million credit line.

CASH FLOW STATEMENT of the GROUP in PLN million		II Q 2002	II Q 2001	% change 2002 vs. 2001	I H 2002	I H 2001	% change 2002 vs. 2001
Net cash from operating activities		41.7	64.8	(35.6%)	94.4	119.9	(21.3%)
Net cash from investment activities		(98.5)	(27.3)	261.7%	(128.2)	(19.4)	556.8%
Net cash from financing activities		(1.8)	(1.8)	(2.9%)	(1.8)	(15.3)	(88.3%)
Total movement of cash and cash equivalents		(58.6)	35.7	-	(35.5)	85.2	-
Cash at the end of period (*)		102.3	132.5	(22.8%)	102.3	132.5	(22.8%)

(*) *excl. short term securities*

At the end of June 2002, the Group had PLN 102.3 million of cash and PLN 2.5 million of short term securities.

Cash flow from operating activities for the 6 months ended 30 June 2002 and for the second quarter of 2002 includes a one-off expenditure of PLN 12.6 million which represents repayment of net liabilities taken over together with the business of color magazines. Such a large amount of net liabilities results mostly from overdue liabilities for printing of the magazines.

Net cash from investment activities in the first half of 2002 includes a purchase of 12 magazines (PLN 73.5 million – purchase price and fees) and capital expenditures of PLN 94.4 million, in that: PLN 56.7 million for the Company's new premises, PLN 9.5 million for purchase of land for the new premises extension, PLN 0.6 million for the Internet project, PLN 4.5 million for IT and telecommunications investments, PLN 12.2 million for printing facilities.

Net cash from financing activities in 2001 relates mainly to EURO forward purchase contracts.

OPERATING REVIEW – MAJOR ACTIVITIES OF THE AGORA GROUP

I. THE PRESS SEGMENT

1. GAZETA WYBORCZA

1.1 REVENUE

Copy sales

With average copy price (excl. VAT) higher by 15.9% yoy, revenue from copy sales of *Gazeta Wyborcza* in the first half of 2002 increased by 11.3% to PLN 91.6 million and accounted for 23.9% of the Group's revenue.

According to preliminary data from the National Circulation Audit Office, in the period between January and May 2002 the number of copies sold of all daily newspapers went down by 4.6% (with paid circulation of national dailies down by 6%). Although June figures are not available yet, a deepening downward trend in paid circulation could be observed in that period.

In the period Jan-June 2002, *Gazeta's* paid circulation reached 434 thousand copies and was 4.2% lower than in the first half of 2001.

Advertising sales

In the first half of 2002, Polish advertising market decreased by 14.4% (14.7% in the first quarter and 14.2% in the second).

Print advertising market recorded a 24.1% decrease in sales in the first half of 2002 (26.3% in the first quarter and 22.3% in the second).

Advertising market of paid dailies was down by 27.2% (with a 31.4% decrease in the first quarter of 2002 and 23.5% in the second), while its share in total print market reached 50.6% (a decline of 2.2pp).

In the first half of 2002, *Gazeta's* share in paid dailies ad market rose by 1.4pp to 49.4% (up 0.3pp, to 65.2% in paid national dailies market, up 3.9pp to 85.9% in Warsaw paid dailies, and up 3.3pp to 27.3% in other local markets). In the second quarter of 2002, *Gazeta's* share in the advertising revenues from paid dailies was up 1.3pp and reached 48.7% yoy.

In the first half of 2002, advertising sales in *Gazeta Wyborcza* reached PLN 229.7 million, that is 24.4% less than in the first half of 2001, and accounted for 60.0% of the Group's revenue.

Advertising revenue of <i>Gazeta Wyborcza</i> in PLN million	II Q 2002	II Q 2001	% change 2002 vs. 2001	I H 2002	I H 2001	% change 2002 vs. 2001
A. Total revenue from GW ad sales	124.7	157.8	(21.0%)	229.7	303.9	(24.4%)
<i>Gazeta's</i> national advertising	64.5	88.1	(26.8%)	116.3	166.3	(30.1%)
<i>Share in <i>Gazeta's</i> ad revenue</i>	51.7%	55.8%		50.7%	54.7%	
<i>Gazeta's</i> local advertising (excl. Warsaw)	33.2	35.8	(7.4%)	60.9	69.3	(12.0%)
<i>Share in <i>Gazeta's</i> ad revenue</i>	26.6%	22.7%		26.5%	22.8%	
<i>Gazeta's</i> Warsaw advertising	27.0	33.9	(20.3%)	52.5	68.3	(23.2%)
<i>Share in <i>Gazeta's</i> ad revenue</i>	21.7%	21.5%		22.8%	22.5%	
B. <i>Gazeta's</i> inserts	5.4	4.9	9.6%	8.9	8.2	8.4%
C. Other ad sales	1.1	0.4	112.3%	1.6	0.9	75.6%
TOTAL AD REVENUE (A+B+C)	131.2	163.1	(19.5%)	240.2	313.0	(23.3%)

Advertising lineage of display ads in the daily print market recorded a decrease of about 18% in the first half of 2002. Display lineage in national dailies fell by 18%, in Warsaw dailies by 26%, and in other local dailies by 17%. In the second quarter of 2002, a slowdown of the downward trend in daily advertising lineage could be observed (versus the first quarter of 2002).

In the first half of 2002 *Gazeta's* national display lineage slipped by 22.1%, Warsaw by 22.2% and other local by 20.9%. Total advertising lineage fell by 24.4%, 26.6% and 24.8% respectively.

Net revenue per ad page in *Gazeta Wyborcza* increased by 0.9% to PLN 6,091. Net revenue per ad page in national advertising declined by 7.5% to PLN 34,820, in Warsaw advertising increased by 4.6% to PLN 6,700, and reached PLN 2,297 in other local advertising (up 17.0%).

1.2 COST of newsprint and printing

Gazeta's production volume decreased by 14.0% in the first half of 2002 yoy. A total of 9.6 billion pages were printed and color page share reached 92.0% (78.6% in 2001).

The cost of newsprint used for production of *Gazeta* was PLN 60.0 million and accounted for 21.6% of the Group's operating cost before D&A. 28.1 thousand tons of newsprint were used, that is 5.0 thousand tons less than last year (decline of 15.1%). Newsprint cost was 21.8% lower than in the first half of 2001 due to lower production volume, lower newsprint prices in EURO (about 7.7%), as well as favorable PLN/EURO exchange rate in the described period (on average higher only by 2.4% yoy).

External printing cost of *Gazeta* amounted to PLN 9.8 million (decrease of 3.9%). Agora outsources printing of products that require heat-set technology (*High Heels*, *Color Magazine* and cover of the *TV Guide*). In the first half of 2002, 1.1 billion pages were printed externally (9.1% less than in the first half of 2001), which accounted for 11.5% of the total production volume.

In-house printing cost (Białoleka, Piła, Agora Poligrafia) of *Gazeta Wyborcza* reached PLN 42.5 million, 85.2% of which was fixed cost.

In-house printing cost of GW in PLN million	II Q 2002	II Q 2001	% change 2002 vs. 2001	I H 2002	I H 2001	% change 2002 vs. 2001
Total fixed costs	17.5	20.4	(14.3%)	36.2	40.6	(10.8%)
Staff costs	5.4	7.2	(25.6%)	11.1	13.8	(19.6%)
<i>Average employment</i>	603	734	(17.9%)	607	750	(19.1%)
D&A	8.8	9.5	(7.9%)	18.2	19.0	(3.9%)
Other operating costs	3.3	3.7	(8.7%)	6.9	7.8	(11.8%)
Variable costs (mainly production materials)	3.2	3.7	(13.0%)	6.3	7.3	(14.4%)
TOTAL fixed and variable costs	20.7	24.1	(14.1%)	42.5	47.9	(11.3%)

Decrease in variable costs resulted from lower production volume.

Decrease in total fixed costs in comparison with 2001 is explained by cost curbing program implemented in 2001 and by coverage of a portion of fixed costs by external clients (the Group's in-house printing plants have been selling their surplus production capacity since July 2001).

Cost of newsprint and printing for *Gazeta Wyborcza* (in-house and external plants) without D&A amounted to PLN 94.0 million in the first half of 2002 and was lower by 18.8% yoy.

2. FREE PRESS

The free newspaper *Metro* is currently distributed in three cities in Poland (in Warsaw since October 2001, in Wrocław since December 2001, and in Katowice since April 2002) with current total circulation of 1.8 million copies per month. In the first half of 2002, revenue from publishing *Metro* reached PLN 1.1 million, while operating cost amounted to PLN 1.8 million and EBITDA was minus PLN 0.7 million.

The share of free press in the Warsaw market, defined as the market of paid dailies, free dailies and the free weekly *Dzień Dobry*, amounted to 13.5% between January and June 2002, whereas Agora's share in the so defined Warsaw market reached 76%. *Metro's* share in the Warsaw free press market amounted to 15.2% in Q2 versus 9.3% in Q1.

3. PRESS SEGMENT RESULTS (*Gazeta Wyborcza and other papers*)

in PLN million	II Q 2002	II Q 2001	% change 2002 vs. 2001	I H 2002	I H 2001	% change 2002 vs. 2001
Total revenue	182.5	207.5	(12.0%)	346.8	404.8	(14.3%)
<i>incl. advertising revenue</i>	132.3	163.9	(19.3%)	241.8	314.2	(23.0%)

Total operating cost	136.3	154.6	(11.9%)	270.4	301.9	(10.4%)
Raw materials and consumables	38.2	46.6	(18.1%)	76.3	93.8	(18.7%)
<i>incl. newsprint for GW</i>	30.1	38.7	(22.3%)	60.0	76.7	(21.8%)
Staff costs	43.6	47.0	(7.2%)	86.0	90.9	(5.4%)
<i>incl. payroll</i>	35.9	38.3	(6.3%)	70.7	74.1	(4.5%)
D & A	17.9	18.6	(3.8%)	36.5	39.6	(7.7%)
Other costs and services	36.6	42.4	(13.7%)	71.7	77.6	(7.6%)
TOTAL operating costs before D&A	118.4	136.0	(13.0%)	234.0	262.3	(10.8%)

EBIT	47.1	52.5	(10.4%)	77.1	102.6	(24.9%)
<i>EBIT margin</i>	25.8%	25.3%	0.5pp	22.2%	25.4%	(3.2pp)
EBITDA	65.0	71.1	(8.6%)	113.6	142.2	(20.1%)
<i>EBITDA margin</i>	35.6%	34.3%	1.3pp	32.8%	35.1%	(2.3pp)

II. MAGAZINES

In April 2002 Agora signed the agreement on the basis of which it acquired all the assets and liabilities comprising the business of the company "Proszynski i S-ka - Czasopisma" Sp. z o.o. (the Magazines).

Incorporation of the Magazines brought PLN 3.0 million of goodwill, which will be amortised for the period of 10 years.

In 2002, Agora aims to fully integrate the Magazines with the Company (introduction of Agora's procedures and standard employment contracts, standardization of the technological and production platforms), as well as implement changes in the organizational structure in order to improve operating effectiveness and reduce operating costs.

In the first half of 2002, magazine advertising market fell by 19%. Share of magazines in the total print market rose by 1.9pp to 29.7%, whereas their share in the total ad market slid by 0.6pp. Agora's magazines (excl. *City Magazine*) had a 4.8% share of the magazines ad market in the first half of 2002.

The Magazines have over 5 million readers, which translates into 21% readership among national magazine readers in Poland (source: a PBC General poll carried out by SMG/KRC Poland Media S.A., index of seasonal cycle readership).

PLN million	II Q 2002
Total revenue	18.5
<i>incl. advertising revenue</i>	7.7
Operating cost	14.7
Profit (loss) on operating activities	3.6
Influence on net profit (loss) of the Group	2.6
<i>Full-time employment at the end of the period</i>	178
<i>Average monthly circulation [million copies] (total circulation of all titles)</i>	1.5

The Magazines segment affects the Group's result from the second quarter of 2002 (an impact on the first half of 2002 is equal to that on the second quarter).

We would like to underline that the above results of the second quarter significantly overstate operating profitability of the magazines segment. Since all the assets and liabilities comprising the magazines business of the company "Proszynski i S-ka - Czasopisma" Sp. z o.o. were incorporated into Agora's books in the second half of April 2002, Agora's profit and loss account includes almost all revenues from copy sales of the April magazine editions and almost all revenues of the May magazine editions, and not all costs incurred to produce those editions (for the most part just direct costs of the April and May editions and a small part of May's other costs). In addition, revenue from copy sales of the June and July editions was adjusted by estimated and not real level of returns (final adjustment will take place in the following period).

City Magazine

Agora owns also 100% of the shares in the company City Magazine Sp. z o.o., the publisher of free monthly *City Magazine* distributed in seven Polish cities. Current circulation in all the cities amounts to about 155 thousand copies per month. In the first half of 2002 ad revenue reached PLN 1.7 million (decline of 17.5%), net loss was PLN 1.1 million, and EBITDA minus PLN 1.0 million.

City Magazine Sp. z o.o. is not consolidated due to announced plans to incorporate it into Agora (does not meet the materiality condition).

III. RADIO

Radio operations lowered the Group's net result by PLN 9.7 million in the first half of 2002. This amount takes into account all the radio related activities of the Group including the impact of consolidation of 20 radio stations, the cost of Radio Supervision Division at parent company level and all other revenues and expenses related to radio activities.

Local radio stations

At the end of June 2002, the number of local radio stations in which Agora owns between 4% and 100% of shares was 24(*) (in the second quarter of 2002, Agora acquired a 4% stake in the Wrocław-based radio *Klakson* and 100% in radio *Pomozę* in Bydgoszcz).

(*)incl. *Twoje Radio Walbrzych* and *Twoje Radio Jelenia Góra*

The National Broadcast Council ultimately refused *Jowisz* Advertising Agency to prolong a broadcasting license for *Twoje Radio Walbrzych* radio and preliminarily refused to grant a license to *Twoje Radio Jelenia Góra* radio. In both those cases *Jowisz* shall appeal from the decisions of the National Radio and Television Council.

Agora's local radio stations Group in PLN million	II Q 2002	II Q 2001	% change 2002 vs. 2001	I H 2002	I H 2001	% change 2002 vs. 2001
Total revenue of the Group	11.6	10.3	12.5%	19.9	17.3	15.1%
<i>incl. ad revenue</i>	<i>11.1</i>	<i>9.6</i>	<i>15.0%</i>	<i>18.8</i>	<i>16.0</i>	<i>17.1%</i>
Net result	(3.0)	0.2	-	(4.8)	(1.1)	-
EBITDA	(0.8)	1.7	-	(1.2)	1.3	-
<i>Margin EBITDA (EBITDA/Revenue)</i>	<i>(7.1%)</i>	<i>16.8%</i>	<i>(23.9pp)</i>	<i>(6.0%)</i>	<i>7.5%</i>	<i>(13.5pp)</i>
Number of local stations at end of period	24 (*)	14		24 (*)	14	

The results of the local radio stations presented above are not adjusted to reflect actual Agora's share in equity of the respective radio stations where it is lower than 100%.

In the first half of 2002, the percentage of total sales that could be fully attributed to the Agora Group (reflecting actual Agora's shares in equity of the respective radio stations) was 76.6%.

Between January and June, 2002, advertising revenue Agora's group of local radio stations rose by 17.1% to PLN 18.8 million (for a group of 14 stations included in the report for the first half of 2001, ad sales rose by 4.7%), whereas the advertising market for all radio stations fell by 5.2%, and for local radio stations fell by 15%. Hence, our local radio stations group increased its share in the radio market by 2pp to 11.5%.

At the end of June 2002, our local radio stations employed 415 people. Average full-time employment reached 395 people in the first half of 2002.

In the superregional radio station TOK FM, where Agora owns 41.6% of shares, sales fell by 19.7% to PLN 1.0 million in the first half of 2002 (incl. ad sales of PLN 0.9 million, down by 7.8%). Net loss amounted to PLN 3.3 million, EBITDA was minus PLN 0.9 million.

IV. INTERNET (with allocations)

In June 2002, the number of visits in the *www.gazeta.pl* internet portal reached 5.6 million, with 81.2 million page-views.

in PLN million	II Q 2002	II Q 2001	% change 2002 vs. 2001	I H 2002	I H 2001	% change 2002 vs. 2001
Total revenue	1.7	0.8	124.8%	2.8	1.5	91.8%
<i>incl. advertising revenue</i>	<i>1.5</i>	<i>0.6</i>	<i>163.2%</i>	<i>2.4</i>	<i>1.0</i>	<i>129.1%</i>
Operating cost	8.1	9.0	(10.0%)	15.9	13.8	15.4%
Profit (loss) on operating activities	(6.4)	(8.3)	-	(13.0)	(12.3)	-
Influence on net profit (loss) of the Group	(4.6)	(6.0)	-	(9.4)	(8.9)	-
EBITDA	(2.7)	(5.7)	-	(5.6)	(8.7)	-

At the end of the first half of 2002, a total of 97 people worked for the internet project.

Between January and June 2002, the amount of PLN 0.5 million was spent on marketing (mostly advertising).

In the first half of 2002, D&A reached PLN 7.4 million (a 104.5% increase). In April 2001, part of the investments of the Internet project were put to use. They started to depreciate in May 2001.

Capital expenditure (fixed assets and intangible assets) amounted to PLN 0.6 million in the first half of 2002.

V. THE GROUP EXCLUDING THE MAGAZINES and the influence of consolidation of the RADIO-RELATED COMPANIES:

Selected items of the Profit and Loss Account in PLN million	II Q 2002	II Q 2001	% change 2002 vs. 2001	I H 2002	I H 2001	% change 2002 vs. 2001
Net revenue	184.5	208.5	(11.5%)	350.1	406.5	(13.9%)
Operating profit	33.0	42.9	(23.1%)	51.8	88.1	(41.2%)
Pretax profit	35.5 *	135.3	(73.8%)	59.0	179.8	(67.2%)
Net profit	36.2 *	121.4	(70.1%)	52.7	157.7	(66.6%)
EPS – net revenue per share (PLN)	0.64	2.14	(70.1%)	0.93	2.78	(66.6%)
EBIT	33.8	42.6	(20.7%)	52.5	87.8	(40.2%)
<i>EBIT margin (EBIT/Revenue)</i>	<i>18.3%</i>	<i>20.4%</i>	<i>(2.1pp)</i>	<i>15.0%</i>	<i>21.6%</i>	<i>(6.6pp)</i>
EBITDA	58.2	63.8	(8.8%)	100.3	131.1	(23.5%)
<i>EBITDA margin (EBITDA/Revenue)</i>	<i>31.6%</i>	<i>30.6%</i>	<i>1.0pp</i>	<i>28.7%</i>	<i>32.2%</i>	<i>(3.5pp)</i>

*) Due to adjustment of the deferred tax in the second quarter of 2002 (see note on deferred income tax in Financial Results discussion above), net profit for the Group excluding the Magazines and the impact of consolidation of the radio-related companies, is higher than pretax profit in the second quarter of 2002.

In 2001, the Group's result was affected by the transaction connected with the disposal of 12.12% shares of Telewizyjna Korporacja Partycypacyjna S.A. (TKP). The transaction increased pretax profit by PLN 104 million and net profit by PLN 101.9 million.

In 2001, provisions were set up for granted guarantee of bank loan repayment (PLN 9.6 million) and a loan for the affiliated company Inforadio Sp. z o.o. (PLN 2.5 million). A total of PLN 12.1 million of provisions were set up for Inforadio Sp. z o.o.

In 2001, the cost incurred by the Company on long term EURO purchase forward contract was charged to financing operations.

Operating cost in PLN million	II Q 2002	II Q 2001	% change 2002 vs. 2001	I H 2002	I H 2001	% change 2002 vs. 2001
Raw materials and consumables	38.6	46.7	(17.4%)	77.3	93.9	(17.7%)
<i>incl. newsprint GW</i>	<i>30.1</i>	<i>38.7</i>	<i>(22.3%)</i>	<i>60.0</i>	<i>76.7</i>	<i>(21.8%)</i>
Staff costs	46.6	49.9	(6.6%)	92.0	96.5	(4.7%)
<i>incl. payroll</i>	<i>38.4</i>	<i>40.7</i>	<i>(5.6%)</i>	<i>75.6</i>	<i>78.5</i>	<i>(3.7%)</i>
D & A	24.4	21.2	15.3%	47.8	43.3	10.5%
Other operating costs	41.9	47.8	(12.2%)	81.1	84.7	(4.3%)
Total operating cost	151.5	165.6	(8.5%)	298.2	318.4	(6.4%)
Total operating cost before D&A	127.1	144.4	(12.0%)	250.4	275.1	(9.0%)

Raw materials and consumables

Newsprint used for production of *Gazeta* in the first half of 2002 accounted for 77.5% of this category of cost.

Staff costs

At the end of June 2002, the Group (excl. the Magazines and Radio stations) employed 3,131 full-time employees, that is 5.5% less than at the end of December 2001 and 10.6% less than in June 2001. Average full-time employment in the first half of 2002 was 10.2% lower than in the first half of 2001.

D&A

Main reasons for the increase in D&A include: depreciation of the new office building started as of March 2002, D&A of major investments in the Internet Project started in May 2001 (put to use in April 2001).

Other operating costs

Major items in this category of costs include: advertising and representation expenses (PLN 17.6 million), external printing of *Gazeta Wyborcza* (PLN 9.8 million), rental fees (PLN 4.3 million), telecommunications (PLN 5.2 million), IT services (PLN 6.0 million), legal services (PLN 6.3 million), newspaper transportation (PLN 3.3 million).

This category also comprises costs related to changes in the level of provision for bad debts. In the first half of 2002, due to new procedures of credit control and debt collection introduced in 2001, Agora recorded a net gain of PLN 1.1 million due to a reduction in the level of provision for bad debts (this compares to a respective net loss of PLN 7.5 million incurred in the first half of 2001 due to an increase in that provision).

ADDITIONAL INFORMATION

- On April 5, 2002 Agora entered into a long-term syndicated loan agreement with Bank Polska Kasa Opieki S.A., with its registered seat in Warsaw. The value of the loan is up to PLN 500 million PLN. The loan may be drawn in tranches in the period ending on March 30, 2004. The loan may be used to finance completion of the construction of the new Agora's premises in Warsaw, purchase of fixed and financial assets, capital increases in entities in which Agora may purchase shares, as well as financing of current working capital needs. The base schedule set by the agreement provides for repayment of the principal of the loan in 16 equal quarterly installments between 31st March 2004 and 31st December 2007. The agreement permits for amendments to this schedule. Interest will be payable monthly or quarterly. The interest rate of the loan shall be set based on the WIBOR rate for the given interest period plus a margin for the bank. Detailed information on the loan agreement was provided in the current release on April 5, 2002.
- On April 19, 2002 in execution of the investment agreement dated February 18, 2002 (RNS Number: 6687R) Agora signed an agreement to purchase the enterprise of "Proszynski i S-ka Czasopisma" Sp. z o. o. (a limited liability company), which included the following titles published by that company: *Poradnik Domowy* (Good Housekeeping), *Cztery Katy* (Hearth & Home), *Ladny Dom* (House Beautiful), *Kwietnik* (Flower and Garden), *Bukiety* (Bouquets), *Ogrody, Ogrodki, Zielence* (Beautiful Gardens), *Kuchnia Magazyn Dla Smakoszy* (Cuisine, Fine Cooking), *Dziecko - Miesiecznik Troskliwych Rodzicow* (My Child - The Monthly for Caring Parents), *Motomagazyn* (Automotive Magazine), *Poster Motomagazyn* (Poster Automotive Magazine), *Wiedza i Zycie* (Science and Life). The average monthly circulation of the purchased magazines amounted to 1.8 million copies. The aggregate revenues of the magazines reached PLN 62.3 million, of which 49% came from advertising. At the end of 2001 magazines had 4% share in the total magazine advertising market and around 5 million readers, which translates into 21.9% share in the magazine readership market in Poland. The purchase price amounted to PLN 72.7 million. The transfer of assets to Agora was executed immediately after the payment of the above-specified amount. Pursuant to the purchase agreement, the final price was adjusted for "Proszynski i S-ka - Czasopisma" balance in taxes and social security fees due as of the date of the asset transfer. Additionally, the final price may be adjusted for the amount of the accounts receivable acquired by Agora and not collected until December 31, 2002. Pursuant to the purchase agreement, Agora shall not reduce the number of employees (currently 224) and cooperators of the acquired magazines until December 31, 2002.
- On June 17, 2002, Agora SA entered into an agreement which will enable it to acquire a majority interest in AMS. AMS is the leader in the outdoor advertising market in Poland. Transaction will be implemented in three phases, the last of which provides for announcement of a public tender for all of the AMS shares. The price offered in the public tender will be PLN 46 per share. The obligation to announce the public tender is conditioned on the satisfaction of all conditions precedent set forth to the benefit of Agora in the agreement. Such conditions precedent include, without limitation, (i) satisfaction by the Sellers of their obligation to nominate to the management boards of AMS and Adpol Sp. z o.o. candidates proposed by Agora, (ii) satisfaction by the Sellers of their obligation to effect the resignations of all current members of the supervisory boards of AMS and Adpol Sp. z o.o., (iii) the average market share price for the most recent six months not being higher than PLN 46, and (iv) confirmation of accuracy of all representations and warranties set forth in the Agreement.
The consummation of the phase 1 of the transaction will be subject to the satisfaction, until August 16, 2002, of all conditions precedent set forth to the benefit of Agora in the Agreement, which include, without limitation, (i) lack of material differences between the audited consolidated financial statements of the AMS group for the year 2001 and the consolidated financial statements of the AMS group for the year 2001 prepared by the management of AMS and attached to the Agreement, (ii) obtaining the consent of President of the Competition and Customer Protection Office to Agora's acquisition of all shares of AMS, (iii) obtaining the consent of the Securities and Exchanges Commission to Agora's acquisition of AMS shares representing in excess of 50% of all votes at the general meeting of shareholders of AMS, and (iv) obtaining the consent of the Supervisory Board of AMS to Agora's acquisition of certain registered shares of AMS.
In the event that Agora acquires 100% of all AMS shares, the aggregate purchase price will be PLN 172,543,762 and the average price per share paid by Agora will be PLN 40.92. Agora will finance its purchase of AMS shares from its own funds and from an existing credit line.
On August 2, 2002 according to the information obtained by Agora, two of the above conditions were satisfied.
On July 16, 2002 the Supervisory Board of AMS adopted a resolution concerning the consent to AMS shareholders (who are party to the Agreement) to sell all the AMS series A shares, i.e. 200,025 registered preferred shares (5 votes per one share). The AMS Series A Shares are not publicly traded. Those shares, having the total nominal value of PLN 400,050, constitute 4.75% of the AMS share capital and 19.93% of the overall number of votes at the AMS general meeting of shareholders all series A shares are to be acquired by Agora.
On July 17, 2002 the President of the Competition and Customer Protection Office issued the decision No. DDF-40/2002, whereby he granted a consent to Agora to obtain control over AMS through the purchase of shares of this company.
- On June 24, 2002 Shareholders Meeting has changed the composition of the Supervisory Board. Stanislaw Soltysinski was elected the Chairman of the Supervisory Board, in place of Henryka Bochniarz, who decided that that she will not be a candidate for reelection for the next term. Anna Fornalczyk was elected a Member of the Supervisory Board after Stanislaw Soltysinski, for a term of office which shall terminate in 2004. Brian Cooper from Cox Newspapers, Inc. was elected a Member of the Supervisory Board after John Mellott from Cox Enterprises, for a term of office which shall terminate in 2004.

- Ownership of Agora's shares and rights to these shares by members of the Management Board:
 - On April 11, 2002 Ms. Helena Luczywo, a member of Agora SA Management Board, sold on the Warsaw Stock Exchange 50,000 shares of Agora SA at the average price of 62.20 PLN (15.22 USD) per share. These shares constitute 3.6 % of the total number of shares in Agora SA held by Ms. Luczywo on April 10, 2002. After the disposal Ms. Helena Luczywo holds 1,332,329 shares in Agora SA.
 - On June 19, 2002 Ms. Wanda Rapaczynski, President of Agora SA Management Board, sold on the Warsaw Stock Exchange 5,000 shares of Agora SA at the average price of 55.20 PLN (13.75 USD) per share. These shares constitute 0.4 % of the total number of shares in Agora SA held by Ms. Rapaczynski on June 18, 2002. After the disposal Ms. Wanda Rapaczynski holds 1,411,423 shares in Agora SA.
 - On June 24, 2002 on the basis of resolutions of the Shareholders Meeting, a member of the Management Board, Zbigniew Bak, was granted a conditional right to purchase Agora shares from Agora-Holding Sp. z o.o. in the amount of 73,583. In case of satisfaction of conditions which are set in the rules of incentive plans and agreements between Agora SA and Agora-Holding Sp. z o.o., which include, without limitation, locking-up those shares, Zbigniew Bak will be eligible to purchase the shares at par value.

a. Shares

	Ownership at 31/03/2002	Change	Ownership at 30/06/2002
Wanda Rapaczynski	1,416,423	(5,000)	1,411,423
Piotr Niemczycki	1,871,282	0	1,871,282
Helena Luczywo	1,382,329	(50,000)	1,332,329
Zbigniew Bak	18,901	0	18,901

b. Conditional right to purchase shares

	Ownership at 31/03/2002	Change	Ownership at 30/06/2002
Wanda Rapaczynski	0	0	0
Piotr Niemczycki	0	0	0
Helena Luczywo	0	0	0
Zbigniew Bak	0	73,683	73,683

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

	Ownership at 31/03/2002	Change	Ownership at 30/06/2002
Henryka Bochniarz	0	0	0
John Mellott	0	0	0
Tomasz Sielicki	33	0	33
Stanisław Soltysinski*	-	0	-
Louis Zachary	0	0	0

* Stanislaw Soltysinski 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 31/03/2002				
Agora-Holding Sp. z o.o. (*)	15,356,476	27.06%	32,482,876	42.83%
Cox Poland Investment, Inc.	5,818,450	10.25%	7,774,690	10.25%
Deutsche Bank Trust Company Americas	5,504,794	9.70%	5,504,794	7.26%
Change				
Agora-Holding Sp. z o.o.	0	0	0	0
Cox Poland Investment, Inc.	0	0	0	0
Deutsche Bank Trust Company Americas	(202,281)	(0.36pp)	(202,281)	(0.27pp)
Ownership at 30/06/2002				
Agora-Holding Sp. z o.o.	15,356,476	27.06%	32,482,876	42.83%
Cox Poland Investment, Inc.	5,818,450	10.25%	7,774,690	10.25%
Deutsche Bank Trust Company Americas	5,302,513	9.34%	5,302,513	6.99%

(*) In the quarterly reports for the fourth quarter of 2001 and first quarter of 2002 there was an error in the table showing the number of votes which Agora-Holding Sp. z o.o. could execute from its shares in Agora SA. On 30/09/2001 from 16,681,463 shares in Agora, Agora-Holding could execute 33,807,863 votes, and not 33,787,223 votes. On 31/12/2001 from 15,355,351 shares in Agora, Agora-Holding Sp. z o.o. could execute 32,481,751 votes, and not 32,461,111 votes. On 31/03/2002 from 15,356,476 shares in Agora, Agora-Holding Sp. z o.o. could execute 32,482,876 votes, and not 32,462,236 votes. The following table shows correctly the changes in the number of shares held by Agora-Holding Sp. z o.o. in that period and the total number of votes at the General Meeting for which it was entitled:

	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%	33,807,863	44.58%
Change				
Agora-Holding Sp. z o.o.	(1,326,112)	(2.34pp)	(1,326,112)	(1.75pp)
Ownership at 31/12/2001				
Agora-Holding Sp. z o.o.	15,355,351	27.05%	32,481,751	42.83%
Change				
Agora-Holding Sp. z o.o.	1,125	0.01pp	1,125	0.00pp
Ownership at 31/03/2002				
Agora-Holding Sp. z o.o.	15,356,476	27.06%	32,482,876	42.83%

POST BALANCE SHEET EVENTS

- On July 12 and 15, 2002 Mr. Piotr Niemczycki, Vice-President of Agora SA Management Board, sold on the Warsaw Stock Exchange 8,557 shares of Agora SA at the average price of 50.74 PLN (12.17 USD) per share. These shares constitute 0.5% of the total number of shares in Agora SA held by Mr. Niemczycki on July 11, 2002. After the disposal Mr. Piotr Niemczycki holds 1,862,725 shares in Agora SA.
- On July 26, 2002 the Management Board of Agora decided to merge Agora with the company City Magazine Sp. z o.o., with its seat in Warsaw. The merger shall be executed in accordance with art. 492 §1.1 of the Polish Companies Commercial Code (PCCC) through a transfer of all of City Magazine's assets to Agora. Given that City Magazine is a wholly owned subsidiary of Agora, the merger shall be executed without increasing the share capital of Agora or granting Agora's shares in return for the City Magazine's assets, as provided in art. 515 of the PCCC.

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2002, the Group has not entered into litigation or has been litigated for claims or liabilities that in total exceed 10% of the Group's equity.

Agora SA

Consolidated balance sheets as at 30 June 2002 and 2001

(all amounts in PLN thousands unless otherwise indicated)

	As at 30 June	
	2 002	2 001
Assets		
Long-term assets:		
Property, plant and equipment	799 254	701 930
Intangible assets	107 810	12 670
Consolidation goodwill	20 423	-
Investments	33 751	44 555
	<u>961 238</u>	<u>759 155</u>
Current assets:		
Cash and cash equivalents	102 310	132 546
Short-term securities	2 527	106 340
Accounts receivable and prepayments	116 624	104 583
Inventories	15 139	25 210
	<u>236 600</u>	<u>368 679</u>
Total assets	<u>1 197 838</u>	<u>1 127 834</u>
Shareholders' equity and liabilities		
Shareholders' equity:		
Share capital	56 758	56 758
Share premium	353 646	353 646
Retained earnings and other reserves	650 913	591 653
	<u>1 061 317</u>	<u>1 002 057</u>
Minority interests	<u>932</u>	<u>-</u>
Long-term liabilities:		
Long-term borrowings	-	8 783
Deferred income taxes	25 384	16 610
	<u>25 384</u>	<u>25 393</u>
Current liabilities:		
Accounts payable and accrued charges	110 205	100 384
Short-term borrowings	-	-
	<u>110 205</u>	<u>100 384</u>
Total liabilities and shareholders' equity	<u>1 197 838</u>	<u>1 127 834</u>

Agora SA

Consolidated income statements for six months ended 30 June 2002 and 2001
(all amounts in PLN thousands unless otherwise indicated)

	6 months ended 30 June	
	<u>2 002</u>	<u>2 001</u>
Sales	382 864	406 544
Operating costs	<u>(328 881)</u>	<u>(318 439)</u>
Operating profit	53 983	88 105
Interest in associates	(863)	-
Gain on disposal of long term investment	-	104 026
Provision for losses on investments	(1 762)	(12 097)
Interest and financial items	5 343	(2 649)
Dividends received	<u>-</u>	<u>2 420</u>
Profit before income taxes	56 701	179 805
Income taxes	(8 368)	(22 066)
Minority interests	<u>(423)</u>	<u>-</u>
Net profit for the period	<u>47 910</u>	<u>157 739</u>
Earnings per share (in PLN)	<u>0,84</u>	<u>2,78</u>

Agora SA

Consolidated cash flow statements for six months ended 30 June 2002 and 2001

(all amounts in PLN thousands unless otherwise indicated)

	6 months ended 30 June	
	2 002	2 001
Operating activities		
Operating profit	53 983	88 105
Depreciation of plant, property and equipment	48 688	41 391
Amortisation of intangible assets and goodwill	2 838	1 891
Loss on disposal of plant, property and equipment	846	(288)
	<u>106 355</u>	<u>131 099</u>
Movement in operating working capital	(1 037)	(5 803)
Net cash inflow before financial items and income taxes	<u>105 318</u>	<u>125 296</u>
Interest received net	4 770	6 445
Foreign exchange translation gains / (losses)	889	(1 352)
Tax paid	(3 671)	(10 506)
Net of acquired subsidiary assets and liabilities and magazines business	(12 873)	-
Net cash from operating activities	<u>94 433</u>	<u>119 883</u>
Investing activities		
Capital expenditure, net	(94 049)	(94 134)
Acquisition of subsidiary and associate undertakings and magazines business, net of cash acquired	(77 802)	-
Net cash on sale and purchase of long-term investments	(12 587)	23 054
Redemption of and income from short-term securities	55 704	47 351
Net gains on forward foreign exchange and future interest rate contracts	555	1 941
Dividends received	-	2 420
Net cash used in investing activities	<u>(128 179)</u>	<u>(19 368)</u>
Financing activities		
Increase / (decrease) in borrowings	-	-
Interest and fees paid	(1 788)	-
Public offering expenditure	-	-
Net cash used for foreign currency loan swap contracts	-	(15 327)
Net cash from financing activities	<u>(1 788)</u>	<u>(15 327)</u>
Change in cash and cash equivalents	<u>(35 534)</u>	<u>85 188</u>
Movements in cash and cash equivalents		
At start of period	137 844	47 358
Increase/(Decrease)	(35 534)	85 188
At end of period	<u>102 310</u>	<u>132 546</u>

Opening balance of cash as at 1 January 2001 was increased by the opening balance of cash in subsidiary companies that were consolidated for the first time in the financial statements. Consequently balance increased by PLN 4 964 thousand from PLN 132 880 thousand (Group's closing balance as at 31 December 2001) to PLN 137 844 thousand.

Agora SA

Consolidated statement of changes in shareholders' equity for six month ended 30 June 2002

(all amounts in PLN thousands unless otherwise indicated)

	Share capital	Share premium	Retained earnings	Other	Total
At 31 December 2000	<u>56 758</u>	<u>353 646</u>	<u>432 767</u>	<u>1 147</u>	<u>844 318</u>
Net profit for the period	-	-	176 290	-	176 290
At 31 December 2001	<u>56 758</u>	<u>353 646</u>	<u>609 057</u>	<u>1 147</u>	<u>1 020 608</u>
Opening balance adjustment from first time consolidation of subsidiaries and associates			(7 201)		(7 201)
Net profit for the period	-	-	47 910	-	47 910
At 30 June 2002	<u>56 758</u>	<u>353 646</u>	<u>649 766</u>	<u>1 147</u>	<u>1 061 317</u>

As a result of consolidating for the first time of a set of subsidiary and associate companies, as specified in the management comments, opening balance of equity as at 1 January 2001 was decreased by PLN 7 201 thousands that represents Group's share in equity of the consolidated companies at that date and amortisation of the consolidation goodwill for the period up to 1 January 2002.