

RESULTS FOR TWELVE MONTHS TO 31 DECEMBER 1999

REVENUE RISES 25.4 % TO PLN 689.7 MILLION, NET PROFIT REACHES PLN 126.6 MILLION

Highlights

- Agora revenue rose by 25.4% to PLN 689.7 million (1998: PLN 549.9 million)
- Gazeta daily copy sales up 2.6% strengthening its market leading position
- Newspaper advertising revenue-per-page up 16.1%
- Local radio group ahead of expectations; sales increase to PLN 32 million (1998: PLN 13.6 million)
- Printing plant development programme on schedule
- Operating profit up 26.5 % to PLN 192.8 million (1998: PLN 152.4 million)
- Pretax profit of PLN 191.9 million
- Net profit of PLN 126.6 million
- Announcement of internet strategy

Wanda Rapaczynski, President of the Management Board said:

“We are delighted with this strong set of results. *Gazeta Wyborcza* continues to consolidate its position as Poland's leading newspaper publication. We have rapidly established a national radio presence, and we fully expect to mirror the successes of our existing media business when we launch our internet offering later this year.

We are also proud to have been elected as one of the Emerging Market Leaders by the World Economic Forum (Davos 2000) and to be one of the eight corporations from around the world to receive the Institutional Shareholder Services Award for Excellence Corporate Governance 2000. Finally, Agora's IPO was listed by Institutional Investor as one of the most noteworthy financings of 1999.”

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Notes:

These 12-month results are prepared under International Accounting Standards on a consolidated basis.

OVERVIEW

Despite a slowdown in Poland's economic growth, in the second half of 1999 the newspaper advertising market was still growing at a healthy year-on-year rate. Cumulated four quarters advertising sales revenue performed in line with our expectations.

With both increasing advertising revenues and increasing circulation, *Gazeta* continued to strengthen its position as the No. 1 newspaper group in Poland. Agora's radio interests also grow strongly. Agora's audience share in its target group of local music stations increased to 9.7% making it the largest player in Poland's local radio market. In January 2000, Agora announced its strategy for the internet. Agora will leverage the group's existing strengths in rich content, readership base and leading advertising position to create a powerful and exciting internet proposition. The internet is a top priority for Agora and the company is securing the best management and committing significant resource to ensure its successful development. In 2000, Agora will launch a national

portal and several local portals and build lifestyle verticals in key consumer areas. It will also seek to create business to business opportunities.

OPERATING REVIEW

Gazeta Wyborcza

Gazeta has strengthened its position as Poland's number 1 newspaper both in terms of circulation and revenues. Average daily circulation rose by 2.6 % to 560,108 and the average number of copies sold daily in 1999 rose 2.6% to 447,208. Average pagecount was 126 pages with an average cover price of 1.48 PLN.

Average number of advertising pages published daily in all national and local editions was 382 (354 in 1998). Revenue per ad page was 4,502 PLN (including classifieds), a 16.1 % increase from 1998. The growth in revenues was driven by the national market (up 27.8%) followed by Warsaw (up 24.8%). The local markets rose 18.5%. *Gazeta* also experienced a significant growth in revenues from inserts reaching more than PLN14 million, which translates into 55.4% growth in comparison to last year.

In April 1999 readers of *Gazeta* received an enriched offer via a new Saturday magazine (High Heels) targeted to women readers and the beauty and fashion ad segment. The performance of this glossy-style magazine was a great success, ahead of budget in terms of both advertising revenues and copy sales.

To leverage Friday potential, in November 1999 *Gazeta* re-designed its Friday supplement TV Guide.

Gazeta on-line now offers very rich content provided by the main section, all local sections, classifieds, as well as each of the thematic supplements, increasingly enriched by audiovisual materials. Agora sells banner advertising, as well as access to the newspaper's archives.

In December 1999 *Gazeta*-on line had 3.5 million page views and 500,000 visits; the latter figure grew to 650,000 in January 2000.

Gazeta's printing capacity expansion is continuing on schedule and will be completed by end of 2000. It will also give the paper greater production flexibility and automate its inserting capacity, as well as control over its printing cost base.

Radio

National audience share in Agora's target group of local music stations group increased to 9.7 %, making it the largest player in the local radio market in Poland. Nearly all stations achieved top ratings due to tight formatting. Several stations beat big national commercial stations in this category. The aggregate revenue of local stations group increased to PLN 32 million from PLN 13.6 million for the same period in 1998.

The local radio group became EBITDA positive in March of 1999 and net income positive ahead of management expectations. EBITDA was PLN 4.0 million compared with a loss of 2.8 million in 1998.

Since the year end, Agora has continued to expand its radio interests. In January 2000, the company acquired stakes in 3 additional local radio stations and received one license.

The radio group results are not consolidated at this time.

TV

Agora owns a 12.12% stake in TKP, the holding company which houses an analogue and digital channel, Canal + and a digital platform Cyfra +. Figures for 1999 show deep appetite in the Polish market for digital services. By the end of 1999 Cyfra +'s digital subscriber portfolio reached approximately 300,000.

Internet

Agora intends to leverage its internet position off the group's existing strengths, namely well-recognized and powerful newspaper brand, extensive readership base, rich local and national content and a leading advertising

market position both in display and advertising. The development of the internet business is a key priority of Agora and the company is devoting the best management and resources to the project. The internet business is being headed by Helena Luczywo, a member of the management board and the driving force behind the newspaper content.

Later in 2000, Agora will launch a national portal and several local portals. The company will build lifestyle verticals focused on the most hot consumer areas and seek to create business to business products. Revenue will come from advertising (broadly targeted at the level of the portal and directed to specific audience and clients via lifestyle verticals) and overtime e-commerce.

FINANCIAL HIGHLIGHTS

Revenues rose 25.4 % to PLN 689.7 million (1998: PLN 549.9 million) as a result of rising newspaper sales and the strong growth in advertising revenues. Operating profit rose 26.5% to PLN 192.8 million (1998: PLN 152.4 million) and pretax profit increased to PLN 191.9 million and net profit reached PLN 126.6 million.

Operating costs were up by 25.0 % to PLN 496.9 million and before Depreciation & Amortisation (D&A) rose by 20.5 % to PLN 451.8 million. Operating margins before D&A (EBITDA) rose to 34.5% from 32.3% and operating margins post D&A (EBIT) fell to 28% from 28.3%. The falling EBIT margin resulted from an increase in D&A to PLN 45.1 million from PLN 22.4 million reflecting investments in printing capacity and IT.

Net operating cashflow increased to PLN 198 million compared to PLN 65 million for 1998.

OUTLOOK

Strong advertising growth is expected to continue, fuelled by both secular trends associated with GDP growth and structural changes in the Polish economy, such as: deregulation of fixed line telephony, new GSM & DCS licenses, increased competition in the automotive market, financial services and increasing demand for white goods and growing home/construction business. Completion of the new printing plants in 2000 will deliver significant benefits including an improved advertising package based on increased colour capacity and the removal of constraints on Gazeta's pagecount and other technical barriers, as well as automated inserting equipment.

Whilst Gazeta remains Agora's core business and a stepping stone to future expansion, the management is now focusing on potential growth in related media, assisted by a clean balance sheet.

As announced in January 2000, Agora intends to launch an internet offering later this year. Agora believes the group's existing strengths of a powerful newspaper brand, rich content and leading advertising position provide a strong and compelling platform for a very successful internet business.

NOTES TO THE ACCOUNTS

Basis of preparation

Presented consolidated financial statements for the twelve months of 1999 have been prepared under International Accounting Standards.

Provisions

In the period from 1 January, 1999 to 31 December, 1999 there was an increase in provisions resulting from:

- increase in provisions for substandard receivables in the amount of PLN 7,827,000;
- increase in provision for interest on long-term loans in the amount of PLN 2,222,000;

As at December 31, 1999 provision for deferred income taxes amounted to PLN 12,224,000 and increased by PLN 5,194,000 compared to January 1, 1999.

Litigation

The Agora SA Group has not entered into litigation or have been litigated for claims or liabilities that in total exceed 10% of the Company's equity.

5% shareholdings

According to the best knowledge of the Company the following shareholders hold more than 5% votes at the general Meeting of Shareholders (in parentheses share in the total number of votes at the end of 4th quarter 1999):

Agora-Holding Sp. z o.o. – 47.8% (47.8%);
Cox Poland Investment, Inc. – 12.19% (12.19%);
Bankers Trust Company – 9.67% (9.57%).

Agora SA

Consolidated balance sheets as at 31 December 1999 and 1998

(all amounts in PLN thousands unless otherwise indicated)

	As of 31 December	
	1999	1998
Assets		
Current assets:		
Cash and cash equivalents	36 357	17 243
Short-term securities	209 258	1 290
Accounts receivable and prepayments	84 727	71 803
Inventories	18 479	16 917
	<u>348 821</u>	<u>107 253</u>
Long-term assets:		
Property, plant and equipment	444 001	269 286
Intangible assets	36 883	22 018
Investments	38 329	31 464
	<u>519 213</u>	<u>322 768</u>
Total assets	<u>868 034</u>	<u>430 021</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued charges	89 084	65 262
Short-term borrowings	-	112 448
	<u>89 084</u>	<u>177 710</u>
Long-term liabilities:		
Long-term borrowings	79 101	63 128
Deferred income taxes	12 224	7 030
	<u>91 325</u>	<u>70 158</u>
Shareholders' equity:		
Ordinary shares	56 758	44 141
Retained earnings and other reserves	630 867	138 012
	<u>687 625</u>	<u>182 153</u>
Total liabilities and shareholders' equity	<u>868 034</u>	<u>430 021</u>

Starting 30 June 1999 the Group changed balance sheet presentation with respect to treasury bills. In order to reflect the intended use of such assets, they are now being presented under the "Cash and cash equivalents" caption of the balance sheet. The comparative balance sheet as of 31 December 1998 has been restated to conform to the current presentation. The effect of the change is an increase of the Cash and cash equivalents and decrease of Short - term securities by an amount of 4,810 KPLN as at 31 December 1999 and 10,123 KPLN as at 31 December 1998.

Agora SA

Consolidated income statements for the twelve months ended 31 December 1999 and 1998

(all amounts in PLN thousands unless otherwise indicated)

	12 months ended 31 December	
	1999	1998
Sales	689 689	549 894
Operating costs	(496 896)	(397 470)
Operating profit before associated undertakings and other charge:	192 793	152 424
Other charges		(34 743)
Share of losses in associated undertakings	-	(41 388)
Amortisation of goodwill in associated undertakings	-	(27 395)
Provision for losses on other investments	(4 400)	(5 200)
Profit after associated undertakings and other charges:	188 393	43 698
Interest and financial items	3 534	2 375
Profit (loss) before income taxes and minority interests	191 927	46 073
Income taxes	(65 367)	(41 896)
Net profit (loss) for the period	126 560	4 177
Earnings (losses) per share (in PLN)	2,31	0,09

Effective 30 June 1999 the Group changed income statement presentation with respect to financial income and costs (mainly: interest, foreign exchange differences) related to financing activities (bank loans and other borrowings), investment activities and items classified as cash and cash equivalents. Certain items now presented as interest and financial items were previously included in operating costs.

The comparative income statement for the 12 months ended 31 December 1998 has been restated to conform to the changed presentation.

The effect of the change is a decrease of the operating costs and decrease of interest and financial items by an amount of 131 KPLN in the income statement for the 12 months ended 31 December 1998.

Agora SA

Consolidated cash flow statements for the twelve months ended 31 December 1999 and 1998

(all amounts in PLN thousands unless otherwise indicated)

	12 months ended 31 December	
	1999	1998
Operating activities		
Operating profit before associated undertakings and other charges	192 793	152 424
Depreciation of plant, property and equipment	39 034	19 275
Amortisation of intangible assets	6 029	3 081
(Profit)/loss on disposal of plant, property and equipment	837	(468)
	238 693	174 312
Other charges	-	(34 743)
Movement in operating working capital	2 969	(37 673)
Net cash inflow before interest and tax	241 662	101 896
Interest received	6 973	3 137
Interest paid	(5 389)	(2 638)
Foreign exchange result	17 402	1 872
Tax paid	(62 375)	(39 129)
Net cash from operating activities	198 273	65 138
Investing activities		
Capital expenditure, net	(208 854)	(128 046)
Acquisition of subsidiary undertaking, net of cash acquired	-	(14 646)
Acquisition of minority interests	-	-
Acquisition of long-term investments, net	(4 942)	(12 255)
Redemption/(acquisition) of short-term securities	(207 889)	6 972
Net cash from foreign currency forwards and future rates agreement contract	4 547	-
Dividends received	288	-
Net cash used in investing activities	(416 850)	(147 975)
Financing activities		
Increase / (decrease) in borrowings	(123 304)	75 304
Additional capital contributions	379 755	-
Dividends paid	-	-
Public offering expenditure	(18 760)	-
Net cash from financing activities	237 691	75 304
Change in cash and cash equivalents	19 114	(7 533)
Movements in cash and cash equivalents		
At start of period	17 243	24 776
Increase	19 114	(7 533)
At end of period	36 357	17 243