

***AGORA GROUP  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
OF THE COMPANY'S RESULTS FOR THE FOURTH QUARTER OF 2004  
PRESENTED ACCORDING TO  
INTERNATIONAL FINANCIAL REPORTING STANDARDS***

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**OF THE COMPANY'S RESULTS FOR THE FOURTH QUARTER OF 2004**  
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REVENUE PLN 1 BILLION, EBITDA PLN 205 MILLION, OPERATING CASHFLOW PLN 188 MILLION

*Unless indicated otherwise, all data presented herein represent the period of January – December 2004, while comparisons refer to the twelve months of 2004 versus twelve months of 2003. All data sources are presented in part IV of this MD&A.*

*Unless explicitly stated otherwise, advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure and advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods. The estimates refer to advertising expenditures in four media (TV, print, radio and outdoor), which in case of print do not include classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: AGB Polska monitoring, CR Media monitoring, Agora Monitoring, Media Watch monitoring (distribution, copying and reproduction possible only under the permission of Media Watch, tel.+48 71 341 47 11).*

*In this MD&A Agora has corrected the advertising figures for 2003 and the previous years. The data referred to herein are based on the corrected estimates of the Company.*

## **I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP**

- Revenue of the Group exceeded PLN 1 billion and grew by 17% compared to 2003. Advertising sales increased by over 10%.
- In 2004, advertising spending grew 12% and was better than expected. The Group estimates 10% growth of the advertising market in 2005.
- *Gazeta* maintained a solid market position: in 2004, *Gazeta's* copy sales increased by 4.5%, while its share in the newspaper advertising market stood at close to 43%.
- 2004 revenue from book sales was over PLN 58 million. The project was profitable.
- Magazines, AMS, radios and internet met their 2004 operating targets.
- In 2004 the Group's EBITDA reached PLN 205 million, while its operating cashflow stood at PLN 188 million.
- Net profit of the Group was over PLN 66 million.
- The Management Board announces the Company's dividend policy.

### **Wanda Rapaczynski, President of the Management Board said:**

“We have reasons to be pleased. In 2004, for the first time in our history, Agora's revenues crossed the one billion PLN threshold, while our profits grew strongly. *Gazeta's* position remained unshakeable - it grew copy sales and advertising revenues, *Fakt's* entry notwithstanding. Our new ideas - books, *Avanti* - met with our readers' approval and added scale. I'd like to underscore that all these accomplishments were accompanied by a steady and material improvements in efficiency. In 2005 we expect the advertising market to continue expanding and we are well prepared to benefit from the growth.”

## II. EXTERNAL AND INTERNAL FACTORS IMPORTANT FOR THE DEVELOPMENT OF THE GROUP

### 1. EXTERNAL FACTORS

#### 1.1. Advertising market

In 2004, advertising spending increased by 12% and exceeded Group's expectations. The fastest growing segments were electronic media: television (13%) and radio (19%). This was due to increased spending by media (tough competition in the newspaper market) and FMCG advertisers. A significant surge was also recorded in construction, automotive and financial categories. Advertising spending for outdoor grew by 15% and for print by 9%. The growth of newspaper advertising was 9%, above Group's expectations.

Despite higher base in the fourth quarter of 2003, the growth rate of advertising expenditure in the fourth quarter of 2004 remained high. Such a good result of the quarter stems from a healthy performance of retail, automotive, financial and recruitment ads, as well as from a pre-Christmas surge in spending in the FMCG categories.

As was the case in the previous quarters, in the last three months of 2004 TV was very popular with advertisers. The segment saw a growth of 16%, mainly driven by cosmetics, telecom, financial and construction advertising.

In the fourth quarter of 2004, newspapers performed better than expected and grew revenues by almost 12%. The fastest growth was experienced by national newspapers (18%) which benefited from increased spending in automotive, financial and announcements (e.g. IPOs) categories, as well as in retail advertising. In the same period, local dailies grew advertising revenues by 8%, while Warsaw newspapers by 4%.

Similar growth levels to those of newspapers were achieved by magazines (around 12%). The most active clients of magazines were advertisers of food, health, cosmetics, automotive and financial products.

In the fourth quarter of 2004, radio saw the highest growth of advertising revenues (20%). Local stations were the fastest growing segment (33%). National and super-regional stations grew advertising revenues by 14% and almost 8%, respectively.

As expected, outdoor revenue growth weakened in the fourth quarter of 2004. Its level, however, was better than anticipated (increase of almost 9%). The growth was chiefly attributed to a surge in telecom and automotive categories, as well as a seasonal increase in FMCG and retail advertising.

#### 1.2. Print market - competition

According to the Circulation Audit Office (ZKDP), the total number of copies sold by all newspapers in 2004 decreased by 2.6% yoy; excluding *Fakt*, it fell by 7.3%. Average copy sales of *Fakt* reached 536 thousand, while that of *Gazeta Wyborcza* 436 thousand copies. In 2004 *Gazeta Wyborcza* sold 4.5% copies more than in 2003.

In the fourth quarter of 2004, paid circulation of all newspapers declined by 3.4% (excluding *Fakt*, a decline of 6.3%). During the period, *Gazeta* maintained copy sales on the level comparable to the peak at the end of 2003 (442 thousand). At the same time, average paid circulation of *Fakt* fell below the half million mark and was 489 thousand copies.

A year after the launch, *Fakt* had negative impact on circulation of *Super Express* (15.6% decline of copy sales), while local newspapers which lost 10.7% copies sold.

Readership trails circulation. In 2004 *Gazeta's* readership reached 19.2% (18.8% a year before), *Fakt* had 22.6% reach, while *Super Express* 11.4% (13.4% in 2003).

According to Agora's estimates *Fakt's* share in the total newspaper advertising market was still small and stood at around 4%, which translates into an estimate of PLN 34 million in advertising revenues.

The entry of Axel Springer's tabloid toughened competition among newspapers. The publishers competed with one another through more attractive readership offers, promotions, new supplements and decreased cover prices. Free newspapers also became more active. Since 15 November 2004 Agora's Warsaw *Metro* was rolled out to 10 Polish cities. Now, its average circulation reaches 269 thousand copies. A daily *Metropol* and bi-daily *Dzień Dobry* broadened their reach as well.

According to the Circulation Audit Office (ZKDP) in the period of January - October 2004, paid circulation of national monthlies declined by 9%. (101 titles available in ZKDP records). Almost all women's magazines lost readers. This decline is attributed to a gadget war among publishers, who are under pressure to attach expensive gifts for readers to copies of magazines, while increasing cover prices.

## **2. INTERNAL FACTORS**

### **2.1. Restructuring**

In 2004 the Group implemented the first phase of restructuring measures. These measures were aimed at increasing flexibility and improving operational effectiveness of the Group in the context of increased competition. Results of the restructuring are reflected in the financial and market performance of the Group in 2004. According to Agora's estimates restructuring translates into savings in the amount of PLN 42 million annually from 2005. Savings come mainly from lay-offs, as well as reductions of production cost and fixed cost and will be reinvested in promotion of *Gazeta*, new projects and improvements of management quality. Most of the restructuring cost was mainly incurred in the first quarter of 2004 and reached PLN 10.5 million in the entire 2004 (including write-offs for assets shed from the magazine portfolio).

### **2.2. Promotion cost**

In 2004 *Gazeta's* position in the newspaper market was of the primary importance to the Group. Increased spending on promotion and marketing of *Gazeta Wyborcza* was reflected in the newspaper's improved copy sales performance and market effectiveness. In 2004, total cost of promotion amounted to PLN 64 million (excluding the book project), of which PLN 54 million was spent in cash, and the remainder on barter (non-cash) contracts.

### **2.3. Publishing projects – books and encyclopaedia**

In June 2004 *Gazeta Wyborcza* started a big readership campaign. Every Tuesday a new book from the canon of the 20<sup>th</sup> century literature is sold together with *Gazeta* for PLN 15 plus the price of the newspaper. In 2004 the revenue from the sales of the book reached PLN 58.5 mln, and the project was profitable. The sales of the collection will last till 1 March 2005.

Popularity amongst readers and good results of the collection encouraged the Group to start a new publishing project - *Gazeta Wyborcza* Encyclopaedia. First copy of the 20-volume encyclopaedia hit the newsstands on 12 January 2005. The volumes are available on Wednesdays at the price of PLN 37 plus the price of the newspaper. The circulation of encyclopaedia will be between 50-70% of *Gazeta's* Wednesday circulation. According to the business plan, the project shall enhance *Gazeta's* copy sales and will generate a profit.

### **2.4. New businesses - reaching operating targets**

All new businesses met their operating targets. Magazines (excluding *Avanti*) and local radio stations (without *TOK FM* and new radio station in Lodz) reached positive EBITDA, while AMS generated PLN 5.6 million EBITDA.

## **3. PROSPECTS**

### **3.1. Advertising market and revenue**

Optimistic economic forecasts and improved growth rates for company investments are good signals for the advertising market in 2005. The Group expects a strengthening of growth trends in the durables: construction, real-estate, automotive and in finance.

According to Agora's estimates, total advertising spending in 2005 will increase by 10%. The fastest increase will be noted by TV (11%), which will increase its market share. Spending on press advertising will grow by slightly over 8%, out of which the newspapers will record an increase of almost 9%, and magazines of 8%. Outdoor and radio advertising will grow over 7%.

Please note, the market signals concerning planned or implemented price adjustments through increases of net rates, or rate cards increases (press, radio and outdoor) or decrease of discounts coupled with rate card adjustments (TV).

The Management Board would like to underscore that despite growing advertising expenditure for dailies in 2005, *Gazeta's* advertising sales are likely to grow at somewhat lower pace than the market due to the increased competition among newspapers.

### **3.2. Cost**

In consequence of broadening of scale of operations through new publishing projects: expansion of free-of-charge newspaper *Metro* to 10 cities in Poland, collection of books, encyclopaedia and *Gazeta Wyborcza's* other marketing projects, the Group plans to maintain high level of promotional spending in 2005.

Based on the estimated growth of advertising spending in 2005, the Group expects an increase in the cost of production and materials by 1%. Currently, production and materials cost constitutes 12% of the total operating cost; 10% of all cost is denominated in euro.

### **3.3. Agora's policy for returning profits to shareholders**

Agora SA remains first and foremost focused on growth and expects to use its capital for expansion opportunities - both acquisitions and organic growth projects - that will enhance long-term shareholder value. At the same time, as appropriate and as authorized by the AGM, it will return excess capital to the shareholders through a dual mechanism of (i) a dividend and (ii) share repurchases.

The Company will propose and, upon AGM's approval, pay a dividend of PLN 0.5 per share annually. This dividend amount represents ca 1% yield which will satisfy certain shareholders seeking a current return and allow the company to potentially broaden its shareholder base. The Company intends to propose such a dividend annually, subject to the discretion of the Management Board/Supervisory Board and subject to the earnings and prospects of the Company and market conditions.

If conditions warrant, the Company will also, from time to time, submit to the AGM a request for authorization of a share repurchase program as a means of returning excess capital to shareholders. The Company will review its situation on an annual basis, prior to the AGM, and resolve whether to submit such a request. If a request is submitted, it will include all relevant terms and conditions of the repurchase program. If the program is approved, the company will periodically report its results.

### **3.4. Regulatory environment**

#### ***3.4.1. New International Financial Reporting Standards***

Beginning 1 January 2005, all public companies in the EU are obliged to report in accordance with International Financial Reporting Standards (IFRS). Heretofore, the Agora Group has been preparing its financial statements in accordance with both IFRS and Polish accounting regulations for many years. Starting from the first quarter of 2005, financial statements of the Agora Group companies will be prepared in accordance with IFRS only.

As on 1 January 2005 significant amendments to IFRS concerning goodwill treatment and share-based payments came into force.

As of the date of introduction of the new standards, goodwill amortization will not be reflected in profit and loss account (annual non-cash expense for goodwill amortization amounts to PLN 13 million). At the same time, the Group will be obliged to conduct an annual impairment test.

With regards to IFRS 2 "Share-based payments", all shares acquired by employees prior to the end of 2004 do not affect the Group's P&L. The potential impact of future stock incentive plans is still under review.

### III. FINANCIAL RESULTS

#### 1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the four quarters of 2004 include Agora SA, Agora Poligrafia Sp. z o.o., the Art Marketing Syndicate S.A. Group (AMS Group), and 27 subsidiary and associated companies of the radio business. Detailed list of companies of the Agora Group was presented in financial statements for 2003. In the four quarters of 2004 the following changes occurred:

- three radio related companies (Wanda Sp. z o.o., Klakson Sp. z o.o. and Multimedia Plus Sp. z o.o.) are now fully consolidated with the financials of the Agora Group, while as of 31 December 2003 they were accounted for using the equity method,
- 49% shares in 8 radio related companies and 29%, 90% and 100% in three others controlled by Agora were contributed in kind to LRR Sp. z o.o. (a 100% subsidiary of Agora),
- Agora acquired a 48.51% stake in Tres Sp. z o.o., a broadcaster of local radio program *Radio Pabianice*,
- in the fourth quarter of 2004 two companies – Lokalne Radio w Opolu Sp. z o.o. and Radio Lokalne Zielona Góra Sp. z o.o. was demerged from Radio Klakson Sp. z o.o. Agora SA controls 100% shares in all three companies.

#### 2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

**Tab. 1**

in PLN million	IV Q 2004	IV Q 2003	% change yoy	I-IV Q 2004	I-IV Q 2003	% change yoy
Sales	277.6	233.6	18.8%	1,001.1	853.5	17.3%
Advertising	181.4	162.3	11.8%	642.1	581.5	10.4%
Copy sales	59.3	59.6	(0.5%)	237.9	226.4	5.1%
Other	36.9	11.7	215.4%	121.1	45.6	165.6%
Operating cost net, incl.:	(233.5)	(245.6)	(4.9%)	(918.8)	(849.0)	8.2%
Raw materials, energy and consumables	(55.8)	(49.9)	11.8%	(205.7)	(166.3)	23.7%
D&A	(26.3)	(29.8)	(11.7%)	(109.8)	(123.2)	(10.9%)
Staff cost	(55.0)	(57.2)	(3.8%)	(227.7)	(228.3)	(0.3%)
Promotion and marketing	(24.5)	(35.8)	(31.6%)	(99.5)	(75.5)	31.8%
Goodwill amortization	(3.6)	(4.4)	(18.2%)	(14.4)	(14.1)	2.1%
Restructuring	(1.4)	-	-	(10.5)	(0.5)	-
Operating profit / (loss) - EBIT	44.1	(12.0)	-	82.3	4.5	1,728.9%
Finance cost, net, incl.:	1.3	(2.7)	-	(4.1)	(9.5)	(56.8%)
Revenue from short-term investment	2.9	1.0	190.0%	7.2	3.6	100.0%
Interest on loans	(2.6)	(2.6)	-	(9.3)	(10.1)	(7.9%)
Allowance for losses on investment, net	0.4	(1.4)	-	(2.1)	(3.6)	(41.7%)
Share of results of associates	(0.1)	(0.5)	(80.0%)	(1.4)	(1.7)	(17.6%)
Profit / (loss) before income tax	45.3	(15.2)	-	76.8	(6.7)	-
Income tax expense	(6.8)	15.2	-	(9.5)	9.6	-
Minority interest	(0.4)	(0.2)	100.0%	(1.0)	(0.8)	25.0%
Net profit / (loss) for the period	38.1	(0.2)	-	66.3	2.1	3,057.1%
EBIT margin (EBIT/Sales)	15.9%	(5.1%)	21.0pp	8.2%	0.5%	7.7pp
EBITDA	73.8	21.1	249.8%	204.9	139.1	47.3%
EBITDA margin (EITDA/Sales)	26.6%	9.0%	17.6pp	20.5%	16.3%	4.2pp

Major products and services, as well as operating revenue and cost of the Agora Group are presented in detail in part IV of this MD&A (“Operating review – major lines of business of the Agora Group”).

The impact of the operating results of particular businesses on the Group's financials is presented in the table under point 2.1. below.

Restructuring cost includes payments resulting from lay-offs, as well as other costs related to the implementation of the planned restructuring measures in the Group. Out of the amount mentioned above, net cost of PLN 9.9 million was incurred to the balance sheet day and the remaining PLN 0.6 million constitutes a restructuring provision. Total restructuring cost amounted to PLN 10.5 million, including PLN 2 million of a write-off of goodwill of *City Magazine*.

Advertising market recovery and restructuring measures positively affected profitability ratios. All ratios presented in point 5 below improved – another very good quarter both in terms of sales and profit on sales, as well as net profit resulted in improvement of ratios in 2004 over 2003.

## 2.1. Results presented according to major lines of business of the Agora Group

**Tab. 2**

	Press and the Internet	Magazines (1)	Outdoor	Radio	Unallocated amounts	Eliminations	Total (consoli- dated) 12 months 2004
Total sales	763.3	91.9	113.4	49.7	22.4	(39.6)	1,001.1
% Share	76.2%	9.2%	11.3%	5.0%	2.2%	(4.0%)	100.0%
Total operating cost	(628.5)	(104.3)	(125.9)	(48.1)	(41.2)	29.2	(918.8)
EBIT	134.8	(12.4)	(12.5)	1.6	(18.8)	(10.4)	82.3
Finance cost, net							(4.1)
Share of results of associates							(1.4)
Income tax expense							(9.5)
Minority interest							(1.0)
Net profit (loss)							66.3
EBITDA	205.5	(6.5)	5.6	3.7	(6.0)	2.6	204.9
CAPEX	(16.4)	(0.1)	(12.0)	(0.9)	(0.4)	-	(29.8)

(1) including expenditure related to launch of new titles

The column “unallocated amounts” includes amounts which were not allocated to any of Agora's lines of business: Agora's radio division, cost of the Company's headquarters and operating cost of new business development division.

## 2.2. Finance cost, net

Higher revenue from short-term investment results from an increase in cash and monetary assets in 2004.

Lower financial interest on loans results from lower indebtedness (bank loans and commercial papers) of the AMS Group.

### 3. BALANCE SHEET OF THE AGORA GROUP

**Tab. 3**

in PLN million	31/12/2004	30/09/2004	% change to 30/09/2004	31/12/2003	% change to 31/12/2003
Non-current assets	1,039.3	1,065.4	(2.4%)	1,133.6	(8.3%)
share in balance sheet total	71.9%	75.8%	(3.9pp)	82.3%	(10.4pp)
Current assets	407.0	340.1	19.7%	243.3	67.3%
share in balance sheet total	28.1%	24.2%	3.9pp	17.7%	10.4pp
<b>TOTAL ASSETS</b>	<b>1,446.3</b>	<b>1,405.5</b>	<b>2.9%</b>	<b>1,376.9</b>	<b>5.0%</b>
Equity	1,124.7	1,086.6	3.5%	1,065.2	5.6%
share in balance sheet total	77.8%	77.3%	0.5pp	77.3%	0.5pp
Minority interest	1.5	1.1	36.4%	1.3	15.4%
share in balance sheet total	0.1%	0.1%	-	0.1%	-
Non-current liabilities and provisions	158.1	165.7	(4.6%)	188.3	(16.0%)
share in balance sheet total	10.9%	11.8%	(0.9pp)	13.7%	(2.8pp)
Current liabilities and provisions	162.0	152.1	6.5%	122.1	32.7%
share in balance sheet total	11.2%	10.8%	0.4pp	8.9%	2.3pp
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,446.3</b>	<b>1,405.5</b>	<b>2.9%</b>	<b>1,376.9</b>	<b>5.0%</b>

#### 3.1. Non-current assets

Lower value of fixed assets versus 30 September 2004 results from the depreciation of tangible fixed assets and amortization of intangible assets.

#### 3.2. Current assets

The change in balance of current assets versus 30 September 2004 was affected mainly by the increase in short-term financial assets (increase in cash and short-term securities).

#### 3.3. Non-current liabilities and provisions

Lower non-current liabilities as compared to 30 September 2004, result mainly from reclassification of the PLN 8.7 million long-term liability (bank loan) to current liabilities as of 31 December 2004.

#### 3.4. Current liabilities and provisions

Increase in current liabilities over 30 September 2004 results from reclassification of the loan installment mentioned under point 3.3. above and increase in accruals. As at 31 December 2004 the short-term bank loans amounted to PLN 34.9 million. At the same time short-term provisions decreased mainly due to reversal of guarantee provision in the amount of PLN 1.4 million.

#### 4. CASH FLOW STATEMENT OF THE AGORA GROUP

*Tab. 4*

in PLN million	IV Q 2004	IV Q 2003	% change yoy	I-IV Q 2004	I-IV Q 2003	% change yoy
Net cash from operating activities	77.9	35.2	121.3%	188.2	132.9	41.6%
Net cash from investment activities	(47.6)	(11.4)	317.5%	(139.8)	(98.0)	42.7%
Net cash from financing activities	(2.6)	(6.1)	(57.4%)	(9.8)	(35.1)	(72.1%)
Total movement of cash and cash equivalents	27.7	17.7	56.5%	38.6	(0.2)	-
Cash and cash equivalents at the end of period	87.9	49.3	78.3%	87.9	49.3	78.3%

As at 31 December 2004, the Agora Group had PLN 228.8 million in cash and in short-term monetary assets, of which PLN 87.9 million was in cash and PLN 140.9 million in short-term monetary assets.

Considering the cash position and the available loan facility (PLN 500 million less the drawing of PLN 139.5 million), the Agora Group does not anticipate any liquidity problems with regard to its further investment plans.

##### 4.1. Operating activities

Net cash from operating activities significantly improved in the fourth quarter of 2004 in comparison to last year. The main factors behind it were: enhancement of profitability (please refer to profitability ratios) and operating efficiency.

##### 4.2. Investment activities

Higher net outflow from investing activities in the fourth quarter of 2004 was caused mainly by increased purchases of short-term securities (investments of free cash). In the fourth quarter of 2004 total net spending on short-term securities (treasury bonds and certificates in investment funds) amounted to PLN 40.4 million. Remaining outflows from investment activities related to purchases of fixed assets (PLN 6.3 million) and loans granted to related companies (PLN 1.8 million).

##### 4.3. Financing activities

In the fourth quarter of 2004 net cash from financing activities mainly included interests paid, whereas in the fourth quarter of 2003 the Group additionally repaid its loans.

**5. SELECTED FINANCIAL RATIOS [2]**

**Tab. 5**

	IV Q 2004	IV Q 2003	% change yoy	I-IV Q 2004	I-IV Q 2003	% change yoy
<b>Profitability ratios</b>						
Net profit margin	13.7%	(0.1%)	13.8pp	6.6%	0.2%	6.4pp
Gross profit margin	45.3%	33.8%	11.5pp	40.2%	34.2%	6.0pp
Return on equity	13.8%	(0.1%)	13.9pp	6.1%	0.2%	5.9pp
<b>Efficiency ratios</b>						
Inventory turnover	10 days	9 days	11.1%	10 days	10 days	-
Debtors days	42 days	40 days	5.0%	41 days	44 days	(6.8%)
Creditors days	31 days	30 days	3.3%	32 days	43 days	(25.6%)
<b>Liquidity ratio</b>						
Current ratio	2.5	2.0	25.0%	2.5	2.0	25.0%
<b>Financing ratios</b>						
Gearing ratio (1)	-	3.6%	-	-	3.6%	-
Interest cover	17.3	(5.7)	-	9.0	0.5	1,700.0%
Free cash flow interest cover	28.1	8.6	226.7%	17.3	9.2	88.0%

(1) as at 31 December 2004 the Group had net cash position.

Definitions of financial ratios [2] are presented at the end of part IV of this MD&A ("*Operating review – major lines of business of the Agora Group*").

## IV. OPERATING REVIEW - MAJOR LINES OF BUSINESS OF THE AGORA GROUP

### IV.A. PRESS AND THE INTERNET

**Tab. 6**

in PLN million	IV Q 2004	IV Q 2003	% change yoy	I-IV Q 2004	I-IV Q 2003	% change yoy
Total sales	210.7	179.7	17.3%	763.3	657.3	16.1%
Copy sales	47.1	47.0	0.2%	186.8	179.6	4.0%
incl. <i>Gazeta Wyborcza</i>	47.1	46.9	0.4%	186.8	179.4	4.1%
Advertising revenue	124.2	117.8	5.4%	446.3	423.4	5.4%
incl. <i>Gazeta Wyborcza</i>	122.8	115.7	6.1%	441.1	415.1	6.3%
Revenue from Internet activity	3.7	2.4	54.2%	11.9	8.1	46.9%
Other revenue	35.7	12.5	185.6%	118.3	46.2	156.1%
incl. sales of printing services	11.6	8.3	39.8%	43.4	30.0	44.7%
Total operating cost	(161.5)	(180.2)	(10.4%)	(628.5)	(597.0)	5.3%
Raw materials, energy and consumables	(52.8)	(43.4)	21.7%	(194.7)	(154.1)	26.3%
incl. newsprint for press (purchased by Agora)	(23.7)	(28.2)	(16.0%)	(94.3)	(100.5)	(6.2%)
Staff cost	(42.1)	(44.5)	(5.4%)	(172.1)	(178.0)	(3.3%)
D&A	(16.6)	(19.6)	(15.3%)	(70.7)	(83.5)	(15.3%)
Other operating cost net, incl.:	(50.0)	(72.7)	(31.2%)	(191.0)	(181.4)	5.3%
promotion and marketing (1)	(18.5)	(37.3)	(50.4%)	(72.9)	(64.0)	13.9%
outsourced printing services	(5.7)	(15.0)	(62.0%)	(32.0)	(37.6)	(14.9%)
restructuring	(1.0)	-	-	(7.1)	-	-
EBIT	49.2	(0.5)	-	134.8	60.3	123.5%
EBIT margin	23.4%	(0.3%)	23.6pp	17.7%	9.2%	8.5pp
EBITDA	65.8	19.1	244.5%	205.5	143.8	42.9%
EBITDA margin	31.2%	10.6%	20.6pp	26.9%	21.9%	5.0pp
Full-time employment at the end of the period (2)	2,714	3,054	(11.1%)	2,714	3,054	(11.1%)

(1) the amounts do not include the total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation on space which was not sold to external clients

(2) includes employees in the period of notice due to restructuring of the Company

### 1. GAZETA WYBORCZA

#### 1.1. Revenue

##### 1.1.1. Copy sales

In the fourth quarter of 2004, average copy sales of *Gazeta Wyborcza* amounted to 442.2 thousand copies and remained on last year's level. Weakening of sales growth is the effect of high base in the fourth quarter of 2003, due to running the largest advertising campaign in *Gazeta's* history.

##### 1.1.2. Advertising sales

In the fourth quarter of 2004, *Gazeta's* advertising revenue grew by 6.1% (monitoring refers to display advertising, classifieds and inserts).

According to Agora's estimates (adjusted price-list data) in the fourth quarter of 2004, *Gazeta* maintained its 42% share in display advertising in national, Warsaw and local dailies. For the second consecutive quarter in 2004, *Gazeta* maintained its market share, Axel Springer's tabloid notwithstanding.

*Gazeta's* share in the national display advertising stood at 50% and was down only 2pp, despite the entry of a new tabloid *Fakt*. The fall in *Gazeta's* share in the national newspaper advertising was stopped. For the last two quarters *Gazeta's* share remained unchanged.

In the fourth quarter of 2004 *Gazeta Wyborcza* increased its share by 2pp in a very competitive Warsaw display advertising market. In this period, combined share of the Warsaw section of *Gazeta Wyborcza* and *Metro* increased by 3pp in the Warsaw newspaper market. Free daily *Metro* grew advertising revenues by ca. 56%.

Revenues from display advertising in the local markets (outside Warsaw) increased by as much as 15% in the fourth quarter of 2004. Healthy sales growth translates into improved market share. According to Agora's estimates, *Gazeta's* share in local display advertising increased by nearly 2pp.

The share of ad pages in the total pagecount reached ca 44% (up nearly 8pp), while the average number of ad pages published daily in all local and national editions amounted to ca 284 (up by over 3%) [3]. Thanks to ongoing optimization of page space, the average daily number of editorial pages decreased by 12.4%.

### 1.1.3. Other revenues

Increase in other revenues was mainly attributed to a book project. Since June 2004, the books from the collection of international and Polish literature can be purchased together with *Gazeta Wyborcza* for PLN 15. Total revenues from the project amounted to PLN 58.5 million and the project was profitable. Due to popularity of the project, the series was enlarged to 40 editions. The project will end on 1 March 2005.

In the fourth quarter of 2004 the Group recorded a 39.8% increase in sale of printing services. This was caused both by growing sales to new and existing clients.

## 1.2. Cost of production of *Gazeta Wyborcza* (newsprint and printing services)

Tab. 7

Cost of production of <i>Gazeta Wyborcza</i> (newsprint and printing services) in PLN million	IV Q 2004	IV Q 2003	% change yoy	I-IV Q 2004	I-IV Q 2003	% change yoy
Fixed cost	16.8	18.4	(8.7%)	67.8	73.6	(7.9%)
incl. D&A	9.6	10.1	(5.0%)	38.4	40.5	(5.2%)
Variable cost	32.1	39.4	(18.5%)	137.8	143.9	(4.2%)
incl. newsprint	26.5	36.2	(26.8%)	110.8	118.7	(6.7%)
TOTAL fixed and variable cost	48.9	57.8	(15.4%)	205.6	217.5	(5.5%)

In the fourth quarter of 2004, the production volume sold to external clients increased by 45% as compared to the fourth quarter of 2003.

### 1.2.1. Newsprint and printing services

The change of newsprint cost and cost of printing services in the fourth quarter of 2004 was mainly affected by changing volume of production and lower average EUR/PLN exchange rate. In the fourth quarter of 2004, average EUR/PLN exchange rate was 8.3% lower than last year. Printing volume of *Gazeta Wyborcza* was 11.1% lower than in the fourth quarter of 2003, including a 48% decrease of printing volume in external printing plants. The main reasons for decreased production in external printing plants were changes in structure of printed titles and shift of *Duzy Format* (Large Format) production from external printing plant to Agora's in-house facility at the beginning of June 2004.

## 2. FREE PRESS

Until 15 November 2004, free daily *Metro* was distributed in Warsaw five times a week and its average daily circulation reached 133 thousand copies. On 15 November 2004 *Metro* was rolled out to 10 largest cities in Poland: Bydgoszcz, Katowice, Cracow, Lublin, Lodz, Poznan, Szczecin, Trojmiasto, Wroclaw and Warsaw with an average circulation of 269 thousand copies. Broadening of the newspaper's reach to 10 cities enhances Agora's offer in national and local advertising and strengthens its position in different advertising markets. A year since transferring *Metro* into a daily in Warsaw, the newspaper became one of the most widely read newspapers in Warsaw (during

the week *Metro* is read by ca. 27% inhabitants of Warsaw). First December readership data – a month after a rollout - reflect *Metro*'s potential to become one of the most frequently read newspaper in Poland (11% of weekly readership reach in 10 largest cities).

In the fourth quarter of 2004, *Metro* generated revenue of PLN 1.4 million, which was PLN 0.5 million more than in 2003. In the fourth quarter of 2004, *Metro*'s production cost (newsprint and printing services) was PLN 1.1 million. *Metro*'s share in the display advertising was ca 4% in the fourth quarter of 2004.

### **3. INTERNET [4]**

In the fourth quarter of 2004 and in the entire second half of 2004, Internet Division recorded positive EBITDA. Revenues grew, while operating cost remained flat. Another quarter in a row, depreciation declined due to full amortization of investments from the period of 2000-2001.

The number of unique users of *Gazeta.pl* increased by 17% to 3.7 million compared to the third quarter of 2004. When compared to the fourth quarter of 2003, the number of unique users of *Gazeta.pl* increased by 62%. During the same period, the number of Internet users in Poland increased by 23% to 7.8 million.

## IV.B. THE MAGAZINES

The debut of *Avanti* was successful despite strong competition and fall of copy sales in all segments of magazine market. Advertising revenue and copy sales exceeded expectations. Average copy sales of the first eight issues amounted to 158 thousand. In September the magazine *Avanti* was awarded a “Debut of the Year 2004” prize by *Media & Marketing Polska*.

On 14 December 2004 Proszynski Media Sp. z o.o. purchased magazine *Wiedza i Zycie* from Agora. This was the transaction sale of assets and rights to the title. Last issue prepared by Agora appeared in January.

**Tab. 8**

in PLN million	IV Q 2004	IV Q 2003	% change yoy	I-IV Q 2004	I-IV Q 2003	% change yoy
Total sales	22.9	20.6	11.2%	91.9	78.4	17.2%
Copy sales	12.3	12.6	(2.4%)	51.1	46.8	9.2%
Advertising revenue	10.6	8.0	32.5%	40.5	31.5	28.6%
Other revenue	-	-	-	0.3	0.1	200.0%
Total operating cost	(24.6)	(23.8)	3.4%	(104.3)	(89.9)	16.0%
Raw materials, energy and consumables	(0.3)	(0.2)	50.0%	(0.9)	(0.6)	50.0%
Staff cost	(4.7)	(4.9)	(4.1%)	(20.5)	(19.0)	7.9%
D&A	(1.5)	(1.7)	(11.8%)	(5.9)	(6.7)	(11.9%)
Other operating cost net, incl.:	(18.1)	(17.0)	6.5%	(77.0)	(63.6)	21.1%
promotion and marketing (1)	(6.7)	(6.5)	3.1%	(29.8)	(23.5)	26.8%
outsourced printing services	(8.8)	(7.9)	11.4%	(36.8)	(31.3)	17.6%
restructuring	(0.2)	-	-	(2.6)	-	-
EBIT	(1.7)	(3.2)	46.9%	(12.4)	(11.5)	(7.8%)
EBIT margin	(7.4%)	(15.5%)	8.1pp	(13.5%)	(14.7%)	1.2pp
EBITDA	(0.2)	(1.5)	86.7%	(6.5)	(4.8)	(35.4%)
EBITDA margin	(0.9%)	(7.3%)	6.4pp	(7.1%)	(6.1%)	(1.0pp)
Full-time employment at the end of the period	226	232	(2.6%)	226	232	(2.6%)

(1) the amounts do not include the total cost of cross-promotion of Agora’s different media (only the direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation on space which was not sold to external clients

Magazine’s EBITDA without new titles (*Avanti* and *Nasz Poradnik*) amounted to PLN 1.6 million in the fourth quarter of 2004 and PLN 2.9 million in 2004.

### 1. REVENUE

#### 1.1. Copy sales

**Tab. 9**

	IV Q 2004	IV Q 2003	% change yoy	I-IV Q 2004	I-IV Q 2003	% change yoy
Average copy sales (in thousand of copies)	1,087.9	1,099.8	(1.1%)	1,054.1	1,010.4	4.3%

Copy sales of December issue of monthly *Dziecko* amounted to record 88.4 thousand copies (Agora’s estimates). This is the highest circulation of *Dziecko* since 1996. The issue was accompanied with a choice of two Christmas fairy tales.

## **1.2. Advertising sales**

Increase in advertising revenue was mainly attributed to the new title, *Avanti* (ca. 20%). The remaining increase (ca 12.5%) stems from content and layout changes, as well as restructuring of the sales team.

In the fourth quarter of 2004, the magazines occupied 5.2% share in the magazine advertising market, this is a 1.0pp increase versus the previous year.

The national magazine market grew by 13.1% in the said period.

## **2. COST**

### **2.1. Cost of production of the Magazines (newsprint and printing services)**

Printing services in external printing plants include the cost of newsprint and printing services. The printing cost increased mainly due to introduction of *Avanti* and *Nasz Poradnik*.

### **2.2. Other cost**

Lower headcount and cost of payroll in the fourth quarter of 2004 result from restructuring – mainly *City Magazine* discontinuance.

Higher promotion and marketing costs in the fourth quarter of 2004 resulted mainly from *Avanti*'s promotion.

### IV.C. OUTDOOR (AMS GROUP)

The AMS's estimated share in outdoor market stood at 29.2% [5].

**Tab. 10**

in PLN million	IV Q 2004	IV Q 2003	% change yoy	I-IV Q 2004	I-IV Q 2003	% change yoy
Total sales (1)	29.6	31.3	(5.4%)	113.4	102.6	10.5%
Advertising revenue	29.6	30.8	(3.9%)	112.6	96.4	16.8%
Advertising revenue, one off	-	-	-	-	4,9	-
Other revenue	-	0.5	-	0.8	1.3	(38.5%)
Total operating cost	(31.9)	(33.5)	(4.8%)	(125.9)	(116.2)	8.3%
Raw materials, energy and consumables	(2.6)	(3.4)	(23.5%)	(9.7)	(8.2)	18.3%
Staff cost	(3.6)	(3.4)	5.9%	(15.9)	(14.6)	8.9%
D&A	(4.9)	(5.4)	(9.3%)	(19.8)	(20.3)	(2.5%)
Other operating cost net, incl.:	(20.8)	(21.3)	(2.3%)	(80.5)	(73.1)	10.1%
rental fees for outdoor panels	(11.0)	(11.4)	(3.5%)	(43.8)	(46.7)	(6.2%)
execution of campaigns	(8.2)	(7.1)	15.5%	(32.3)	(27.1)	19.2%
EBIT	(2.3)	(2.2)	(4.5%)	(12.5)	(13.6)	8.1%
EBIT margin	(7.8%)	(7.0%)	(0.8pp)	(11.0%)	(13.3%)	2.3pp
EBITDA	2.2	2.2	-	5.6	4.0	40.0%
EBITDA margin	7.4%	7.0%	0.4pp	4.9%	3.9%	1.0pp
Full-time employment at the end of the period	297	299	(0.7%)	297	299	(0.7%)
Number of advertising faces (2)	23,824	22,849	4.3%	23,824	22,849	4.3%

(1) the amounts do not include the revenue and direct and variable costs of cross-promotion of Agora's other media on AMS panels if such promotion was executed without prior reservation on space which was not sold to external clients.

(2) excluding advertising panels of Akcent Media Sp. z o.o. installed on petrol stations and small panels at bus shelters

#### 1. REVENUE

Decline in advertising revenue of AMS in the fourth quarter of 2004 stems from decreased advertising spending of Agora (a fall of PLN 5.7 million). In the fourth quarter of 2003 *Gazeta Wyborcza* was actively promoted on AMS's panels after Springer's tabloid entry in October 2003.

AMS's advertising revenue to external clients grew by 18.4% in the fourth quarter of 2004 and by 28.1% in 2004.

#### 2. OPERATING COST

The increase of cost of campaign execution by PLN 1.1 million in the fourth quarter of 2004 results from higher print cost.

#### 3. IMPORTANT EVENTS

In the fourth quarter of 2004, AMS started offering ads on public transport vehicles in Warsaw. The demand for the new product was better than expected. Since January 2005 this product is also available in other 7 large cities.

## IV.D. RADIO

Agora's radio group consists of: superregional news radio *TOK FM* broadcasting in 8 largest cities and 27 local radio stations. Some 16 *Oldies* format stations play a key role in the local radio group.

### 1. LOCAL RADIO STATIONS

The data presented below is the sum of financials of local radio stations operated by the 26 radio companies in which Agora owns shares (except for the financials of the group of stations based in Poznan, which has been consolidated pro forma due to its operating model). The data below excludes the financials of the Head Office of the Radio Division which constitutes part of the organization structure of Agora SA and supervises operational activities of radio stations, as well as carries out national sales (the financials of the Head Office of Radio Division are presented separately in point 2).

**Tab. 11**

in PLN million	IV Q 2004	IV Q 2003	% change yoy	I-IV Q 2004	I-IV Q 2003	% change yoy
Total sales	15.9	11.8	34.7%	49.7	40.9	21.5%
Advertising revenue	14.6	11.3	29.2%	45.6	38.3	19.1%
Other revenue	1.3	0.5	160.0%	4.1	2.6	57.7%
Total operating cost	(13.2)	(12.8)	3.1%	(48.1)	(50.5)	(4.8%)
Raw materials, energy and consumables	(0.4)	(0.5)	(20.0%)	(1.1)	(1.2)	(8.3%)
Staff cost	(4.8)	(5.2)	(7.7%)	(20.0)	(22.6)	(11.5%)
D&A	(0.6)	(0.6)	-	(2.1)	(2.4)	(12.5%)
Other operating cost net, incl.:	(7.4)	(6.5)	13.8%	(24.9)	(24.3)	2.5%
promotion and marketing (1)	(1.9)	(0.9)	111.1%	(6.6)	(4.8)	37.5%
restructuring	-	-	-	(0.1)	-	-
EBIT	2.7	(1.0)	-	1.6	(9.6)	-
EBIT margin	17.0%	(8.5%)	25.5pp	3.2%	(23.5%)	26.7pp
EBITDA	3.3	(0.4)	-	3.7	(7.2)	-
EBITDA margin	20.8%	(3.4%)	24.2pp	7.4%	(17.6%)	25.0pp
Full-time employment at the end of the period (2)	393	366	7.4%	393	366	7.4%

(1) the amounts do not include the total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation on space which was not sold to external clients

(2) including employment of Agora's radio division

#### 1.1. Revenue

Local stations from Agora Group sell ads to local clients and, through national sales department in Radio Division in Agora, to national clients. Additionally national sales department is a broker for non-Agora's radio stations.

#### Market share of Agora's local radio stations group

**Tab. 12**

Cumulative:	Share in the advertising market	Share in the advertising market of local radio stations	Share in the audience market [5]	Zlote Przeboje's share in the audience market (1)
2004	10.6%	31.2%	11.2%	10.9%
2003	10.5%	32.0%	13.2%	10.9%

(1) without radio station in Lodz (*Tres Sp. z o.o.*), which was purchased in July 2004 (15 radio stations).

In 2004 Agora's local radio stations group maintained its position of the third largest radio player -behind *RMF FM* and *Radio Zet* - in the radio advertising market in Poland and in the audience market (in the cities of Agora's operations, 20-50 years of age, January -December 2004) [6].

Higher advertising revenue in 2004 was driven by 23.1% growth of local radio segment. National market saw a growth of 16.9%, while total radio advertising increased by ca. 18.7%. Advertising revenue in the fourth quarter of 2004 was the highest of all quarters, which reflects seasonality of the radio business.

2004 was crucial for *Oldies* format as the stations received a common brand *Złote Przeboje*. The rebranding without format modification proved successful: despite brand change *Oldies* stations maintained its 10.9% market share in the market (in the cities of Agora's operations, 30-50 years of age, January – December 2004).

### **1.2. Operating cost**

In the fourth quarter of 2004, *Złote Przeboje* was strongly promoted which translated into increase of promotion and marketing costs by ca PLN 1.0 million comparing to same period of 2003.

Decrease of operating costs in 2004 is caused by restructuring measures implemented in 2003 and continued in 2004. One of the outcomes is the reallocation of some costs to Radio Division in Agora.

## **2. RESULTS OF THE RADIO DIVISION IN THE STRUCTURE OF AGORA SA**

The radio division oversees the operations of the radio group and supervises national sales.

In 2004, EBITDA was a negative of PLN 4.2 million (deterioration of PLN 2.1 million comparing to 2003), whereas in the third quarter of 2004, EBITDA was a negative of PLN 1.1 million (deterioration of PLN 0.8 million comparing to the fourth quarter of 2003).

### **3. SUPERREGIONAL RADIO TOK FM**

In 2004, the revenue of the superregional radio station *TOK FM* reached PLN 1.9 million (PLN 0.6 million in the fourth quarter), EBITDA was a negative of PLN 3.8 million (negative PLN 0.8 million in the fourth quarter) and net loss amounted to PLN 3.3 million (a net profit of PLN 1.3 million was recorded in the fourth quarter due positive exchange differences in the amount PLN 2.1 million).

As a result of the changes introduced in October 2003, in 2004 *TOK FM* achieved 2% audience share in the Warsaw market (compared to 1.7% in 2003, Warsaw and in the age group of 15-75).

## NOTES

[1] The data on the number of copies sold of daily newspapers is based on the National Circulation Audit Office (ZKDP). The term "copy sales" used in this MD&A is consistent with the sales declarations of publishers to the National Circulation Audit Office.

Data on dailies' readership are based on PBC General (except for PBC Daily used for Metro data) research carried out by SMG/KRC A MILLWARD BROWN COMPANY on a random, nationwide sample of Poles over 15 years of age. Weekly readership index was used - percentage of respondents reading at least one edition of the title within 7 days of the survey. Size of the samples: nationwide PBC General in 2003 = 36,145, 2004 = 36,193; PBC Daily: sample in 10 cities where Metro is distributed December 2004 n = 1,096, 2004 Warsaw n = 4,083.

[2] Definition of ratios:

$$\text{Net profit margin} = \frac{\text{Net profit (loss)}}{\text{Sales of finished products, merchandise and materials}}$$

$$\text{Gross profit margin} = \frac{\text{Profit (loss) on sales}}{\text{Sales of finished products, merchandise and materials}}$$

$$\text{Return on equity} = \frac{\text{Net profit (loss)}}{(\text{Equity at the beginning of the period} + \text{Equity at the end of the period}) / 2 / (1 \text{ for four quarters results and } 4 \text{ for quarterly results})}$$

$$\text{Debtors days} = \frac{(\text{Trade receivables at the beginning of the period} + \text{Trade receivables at the end of the period}) / 2}{\text{Sales of finished products, merchandise and materials} / \text{no. of days}}$$

$$\text{Creditors days} = \frac{(\text{Trade creditors at the beginning of the period} + \text{Trade creditors at the end of the period}) / 2}{\text{Cost of sales} / \text{no of days}}$$

$$\text{Inventory turnover} = \frac{(\text{Inventories at the beginning of the period} + \text{Inventories at the end of the period}) / 2}{\text{Cost of sales} / \text{no of days}}$$

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}}$$

$$\text{Gearing ratio} = \frac{\text{Current and non-current liabilities from loans} - \text{cash and cash equivalents} - \text{highly liquid short-term monetary assets}}{\text{Total liabilities}}$$

$$\text{Interest cover} = \frac{\text{Operating profit} / (\text{loss})}{\text{Interest charge}}$$

$$\text{Free cash flow interest cover} = \frac{\text{Free cash flow}}{\text{Interest charge}}$$

[3] Data based on modified methodology of share of ad pages calculation, complying with regulations in VAT act.

*[4] Data on the number of Internet users and unique users: own calculation on the basis of NetTrack research, carried out by SMG/KRC A MILLWARD BROWN COMPANY and GemiusTraffi, Gemius S.A.*

*[5] The data refer to campaigns carried out in 12 largest agglomerations.(source: MEDIA WATCH monitoring 2003-2004. distribution. copying and reproduction possible only under the permission of Media Watch. tel. +48 71 341 47 11). Data do not include advertising campaigns realized outside of the 12 largest agglomerations, where AMS is the leader.*

*[6] Audience market data referred herein are based on Radio Track surveys, carried out by SMG/KRC A MILLWARD BROWN COMPANY (all places, all days and all quarters of an hour of listening) for local radio stations: in the cities of broadcasting and in the age group of 20-50, from January to December; for TOK FM: in Warsaw from January to December; for Złote Przeboje: in the cities of broadcasting and in the age group of 30-50 from January to December.*

## V. ADDITIONAL INFORMATION

- On 20 October 2004 the Extraordinary General Meeting of Shareholders amended the Company's Statute. Based on the resolutions of EGM, after filing the amendments by the Registry Court, rights executed from 1,267,460 of ordinary registered series B shares of Agora were changed. The full text of EGM resolutions was officially disclosed in the current report on 21 October 2004.
- In the current report of 3 November 2004 the Company informed of acquisition, based on the agreement concerning share disposal, of shares constituting 52% of share capital in the company Multimedia Plus Sp. z o.o. with its seat in Srem. After the transaction Agora SA stake in the company's capital increased to 76% which entitles Agora to exercise 76% of votes at the General Meeting of Shareholders.
- On 4 December 2004 the Extraordinary General Meeting of Shareholders of Agora's subsidiary – Radio Klakson Sp. z o.o. with its seat in Wroclaw – adopted a resolution on division of the company. As a result of the division three companies were established: – Radio Klakson Sp. z o.o. with its seat in Wroclaw, Radio Lokalne Zielona Góra Sp. z o.o. with its seat in Zielona Gora and Lokalne Radio w Opolu Sp. z o.o. with its seat in Opole. Agora SA holds 100% of shares in each of the three companies.
- On 13 December 2004 Agora entered into Annex no. 3 to the loan agreement with Bank Polska Kasa Opieki SA. Subject to the Annex, a pledge by registration established on future rights of the trade mark *Wiedza i Życie* was annulled. The Annex also cancelled all other securities established on the title *Wiedza i Życie* for the purpose of securing the consumed amount of the loan.
- In the current report of 15 December 2004 Agora informed of disposal by its affiliated entity - Art Marketing Syndicate S.A. – of a whole stake AMS SA. had held in the company IDM Serwis Sp. z o.o.
- On 20 December 2004 members of Agora's Management Board entered into agreements with Millennium Dom Maklerski SA. The agreements concern orderly disposal of the Company's shares owned by members of the Board and they define rules of processing orders placed by Management Board members at broker's discretion. Detailed information on the above-mentioned agreements were officially disclosed by the Company in the current report on 21 December 2004.
- In the current report of 29 December 2004 the Company informed of acquisition from Agora-Holding Sp. z o.o. by 298 natural persons of the total of 1,065,726 ordinary registered series B shares of Agora. Purchase of the shares by the above-mentioned natural persons was executed as a result of fulfillment of conditional right to shares approved by Agora's General Meeting of Shareholders on 24 June 2004.

### 1. Changes in ownership of shares and rights to shares by Management Board members in the fourth quarter of 2004

On 29 December 2004 Agora informed of acquisition by four members of Agora's Management Board of the total of 171,228 ordinary registered series B shares of Agora SA. from Agora-Holding Sp. z o.o. Purchase of the above-mentioned shares was executed as a result of conditional right to shares approved by Agora's General Meeting of Shareholders on 24 June 2004.

Changes in ownership of shares by the Management Board members resulting from disposal of shares are depicted in the table below:

**Tab. 13**

a. shares	as of 31 December 2004	decrease	increase	as of 30 September 2004
Wanda Rapaczynski	1,401,857	0	38,543	1,363,314
Piotr Niemczycki	1,748,373	0	37,981	1,710,392
Zbigniew Bak	155,850	0	85,486	70,364
Jaroslaw Szalinski	9,218	0	9,218	0

b. rights to shares	as of 31 December 2004	decrease	increase	as of 30 September 2004
Wanda Rapaczynski	0	(38,543)		38,543
Piotr Niemczycki	0	(37,981)		37,981
Zbigniew Bak	0	(85,486)		85,486
Jaroslaw Szalinski	0	(9,218)		9,218

## 2. Changes in ownership of shares by Supervisory Board members in the fourth quarter of 2004

*Tab. 14*

	as of 31 December 2004	decrease	increase	as of 30 September 2004
Anna Fornalczyk	0	0	0	0
Tomasz Sielicki	33	0	0	33
Stanislaw Soltysinski(1)	-	-	-	-
Louis Zachary	0	0	0	0
Sanford Schwartz	0	0	0	0

(1) Stanislaw Soltysinski invests in a „blind trust” fund

## 3. Shareholders entitled to exercising over 5% of total voting rights at the General Meeting of Shareholders, either directly or through affiliates as of the date of publication of the quarterly report

To the best of the Company's knowledge as of the day of publication of the report for the fourth quarter of 2004, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

*Tab. 15*

	no. of shares	% of share capital	no. of votes	% of voting rights
Agora-Holding Sp. z o.o.	10,458,636	18.43%	27,585,036	36.40%
Cox Poland Investment. Inc.	5,668,450	9.99%	7,568,663	9.99%

## VI. ADDITIONAL INFORMATION TO THE REPORT

In the period from 1 January 2004 to 31 December 2004 the following provisions were changed (in brackets changes for fourth quarter of 2004):

- decrease in provision for certain and probable losses (including guarantee granted to Inforadio Sp. z o.o.) by PLN 6,499 thousand (decrease by PLN 1,844 thousand),
- decrease in the retirement severance provision by PLN 187 thousand (decrease by PLN 33 thousand),
- increase in the provision for restructuring by PLN 640 thousand (increase by PLN 197 thousand),
- reversal of provision for operating costs of Centrum Handlu Internetowego Sp. z o.o. in the amount PLN 707 thousand.

As of 31 December 2004 the Group has not granted guarantees for loans that in total exceed 10% of the Group's equity.

As for 31 December 2004 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.

Warsaw, 14 February 2005

Wanda Rapaczynski – President of the Management Board .....

Piotr Niemczycki – Deputy President of the Management Board \*

Zbigniew Bak – Deputy President of the Management Board .....

Jaroslaw Szalinski – Member of the Management Board .....

\* Piotr Niemczycki did not sign Management Discussion and Analysis due to absence in the fourth quarter of 2004.

AGORA SA

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
as at 31 December 2004 and for 12 month period ended thereon  
with comparative figures  
prepared under  
INTERNATIONAL FINANCIAL REPORTING STANDARDS

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**Agora SA****Consolidated balance sheets as at 31 December 2004 and 31 December 2003**

(all amounts in PLN thousands unless otherwise indicated)

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	As at 31 December	As at 31 December
Note	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Non-current assets:		
Property, plant and equipment	742,632	820,079
Intangible assets	253,408	258,645
Investments	20,696	30,597
Investments in associates	5,180	8,602
Receivables and prepayments	1,415	1,055
Deferred tax assets	15,910	14,567
	<u>1,039,241</u>	<u>1,133,545</u>
Current assets:		
Inventories	18,586	15,166
Accounts receivable and prepayments	154,339	124,014
Income tax receivable	3,650	5,564
Short-term securities and other financial assets	142,571	49,288
Cash and cash equivalents	87,897	49,301
	<u>407,043</u>	<u>243,333</u>
Total assets	<u>1,446,284</u>	<u>1,376,878</u>

**Agora SA****Consolidated balance sheets as at 31 December 2004 and 31 December 2003**

(all amounts in PLN thousands unless otherwise indicated)

	As at 31 December 2004	As at 31 December 2003
	Note	
<b>Shareholders' equity and liabilities</b>		
Shareholders' equity:		
Share capital	56,758	56,758
Share premium	353,646	353,646
Retained earnings and other reserves	714,286	654,842
	<u>1,124,690</u>	<u>1,065,246</u>
Minority interest	<u>1,554</u>	<u>1,273</u>
Non-current liabilities:		
Interest bearing loans and borrowings	3 104,721	139,564
Retirement severance provision	1,437	1,622
Deferred tax liabilities	49,003	42,318
Provisions	20	1,034
Deferred revenues and accruals	2,886	3,728
	<u>158,067</u>	<u>188,266</u>
Current liabilities:		
Retirement severance provision	20	22
Accounts payable	85,354	81,429
Income tax liabilities	10	253
Short-term borrowings	3 34,872	623
Provisions	2,566	8,118
Deferred revenues and accruals	39,151	31,648
	<u>161,973</u>	<u>122,093</u>
Total liabilities and shareholders' equity	<u>1,446,284</u>	<u>1,376,878</u>

Accompanying notes are an integral part of these interim consolidated financial statements.

**Agora SA****Consolidated income statements for three and twelve months ended 31 December 2004  
with comparative figures for 2003**

(all amounts in PLN thousands unless otherwise indicated)

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	Note	Three months ended 31 December 2004	Twelve months ended 31 December 2004	Three months ended 31 December 2003	Twelve months ended 31 December 2003
Sales	4	277,587	1,001,087	233,590	853,507
Cost of sales		<u>(151,865)</u>	<u>(598,342)</u>	<u>(154,630)</u>	<u>(561,586)</u>
Gross profit		125,722	402,745	78,960	291,921
Selling expenses		(48,165)	(183,930)	(56,778)	(157,876)
Administrative expenses		(26,764)	(108,437)	(27,281)	(113,103)
Other operating income		6,048	18,392	8,051	23,669
Other operating expenses		<u>(12,718)</u>	<u>(46,485)</u>	<u>(14,982)</u>	<u>(40,138)</u>
Operating profit / (loss)	4	44,123	82,285	(12,030)	4,473
Finance cost, net		935	(1,901)	(1,276)	(6,191)
Share of results of associates		(107)	(1,417)	(447)	(1,689)
Gain on disposal of shares in subsidiaries and associates		-	-	-	322
Allowance for losses on investments, net		<u>390</u>	<u>(2,118)</u>	<u>(1,392)</u>	<u>(3,577)</u>
Profit / (loss) before income taxes		45,341	76,849	(15,145)	(6,662)
Income tax expense		(6,774)	(9,453)	15,221	9,616
Minority interests		<u>(487)</u>	<u>(1,080)</u>	<u>(254)</u>	<u>(836)</u>
Net profit / (loss) for the period		<u>38,080</u>	<u>66,316</u>	<u>(178)</u>	<u>2,118</u>
Earnings per share (in PLN)		<u>0.67</u>	<u>1.17</u>	<u>0.00</u>	<u>0.04</u>

Accompanying notes are an integral part of these interim consolidated financial statements.

**Agora SA****Consolidated statement of changes in shareholders' equity for twelve months ended 31 December 2004 with comparative figures for 2003**

(all amounts in PLN thousands unless otherwise indicated)

	<u>Share capital</u>	<u>Share premium</u>	<u>Retained earnings</u>	<u>Other</u>	<u>Total</u>
<b>Twelve months ended 31 December 2003</b>					
<b>As at 31 December 2002</b>	<u>56,758</u>	<u>353,646</u>	<u>651,528</u>	<u>1,147</u>	<u>1,063,079</u>
Adjustment from consolidation of subsidiary previously consolidated as associate company	-	-	49	-	49
Net profit / (loss) for the period	-	-	2,118	-	2,118
<b>As at 31 December 2003</b>	<u>56,758</u>	<u>353,646</u>	<u>653,695</u>	<u>1,147</u>	<u>1,065,246</u>
<b>Twelve months ended 31 December 2004</b>					
<b>As at 31 December 2003</b>	<u>56,758</u>	<u>353,646</u>	<u>653,695</u>	<u>1,147</u>	<u>1,065,246</u>
Change of accounting policy	-	-	(6,872)	-	(6,872)
Net profit / (loss) for the period	-	-	66,316	-	66,316
<b>As at 31 December 2004</b>	<u>56,758</u>	<u>353,646</u>	<u>713,139</u>	<u>1,147</u>	<u>1,124,690</u>

Accompanying notes are an integral part of these interim consolidated financial statements.

**Agora SA****Consolidated cash flow statement for the twelve months ended 31 December 2004  
with comparative figures for 2003**

(all amounts in PLN thousands unless otherwise indicated)

	Twelve months ended 31 December	
	2004	2003
<b>Cash flows from operating activities</b>		
Net profit / (loss) before income taxes	76,849	(6,662)
Adjustments for:		
Share of results of associates	1,417	1,689
Depreciation of plant, property and equipment	103,340	116,914
Amortisation of intangible assets and goodwill	20,931	20,344
Foreign exchange (gain) / loss	897	(31)
Interest, net	9,121	9,431
Investment (income) / cost	10,065	11,437
(Decrease) / increase in provisions	(6,761)	(4,032)
(Increase) / decrease in inventories	(3,420)	(426)
(Increase) / decrease in receivables and prepayments	(30,592)	11,699
(Decrease) / increase in payables	2,243	(27,039)
(Decrease) / increase in deferred revenues and accruals	6,909	1,453
Other adjustments	(463)	(320)
Cash generated from operations	190,536	134,457
Income taxes (paid) / returned	(2,351)	(1,566)
Net cash from operating activities	188,185	132,891
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment and intangibles	1,197	843
Disposal of subsidiaries (net of cash disposed) and associates	-	400
Disposal of financial assets	200	17,168
Loan repayment received	-	220
Interest received	34	-
Redemption/(acquisition) of short-term securities	(97,215)	(53,997)
Payment from former shareholders of AMS SA	-	10,000
Other	1,498	-
Purchase of property plant and equipment and intangibles	(30,195)	(44,019)
Acquisition of subsidiary (net of cash acquired) and associates	(4,722)	(14,693)
Dividends paid to minority shareholders	(799)	(1,008)
Loans made	(9,819)	(11,185)
Other	-	(1,749)
Net cash used in investing activities	(139,821)	(98,020)

**Agora SA****Consolidated cash flow statement for the twelve months ended 31 December 2004  
with comparative figures for 2003**

(all amounts in PLN thousands unless otherwise indicated)

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	Twelve months ended 31 December	
	<u>2004</u>	<u>2003</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	2	-
Repayment of borrowings	(619)	(15,890)
Repayment of debt instruments issued	-	(9,000)
Payment of finance lease liabilities	-	(196)
Interest and fees paid	<u>(9,151)</u>	<u>(9,965)</u>
Net cash used in financing activities	(9,768)	(35,051)
Net increase / (decrease) in cash and cash equivalents	<u>38,596</u>	<u>(180)</u>
Cash and cash equivalents		
At start of period	49,301	49,481
At end of period	<u>87,897</u>	<u>49,301</u>

Accompanying notes are an integral part of these interim consolidated financial statements.

## Agora SA

### Notes to the condensed consolidated financial statements for twelve months ended 31 December 2004 with comparative figures for 2003

(all amounts in PLN thousands unless otherwise indicated)

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#### 1. General information

Agora SA with its registered seat in Poland, 00-732 Warsaw, Czerska 8/10 street ("the Company") principally produces, sells and promotes *Gazeta Wyborcza* the daily newspaper, magazines and other periodicals in Poland and controls or exercises significant influence over 27 radio operating companies (28 stations broadcasting at 31 December 2004). Additionally the Company is active in the outdoor segment through an acquired subsidiary, Art Marketing Syndicate SA ("AMS").

The Group comprises Agora SA and 24 subsidiaries. Additionally Agora SA exercises significant influence over 7 associate companies. During 2004, the scope of consolidation has been affected by acquisitions of a 51% and a 73% interests in Radio Klakson Sp. z o.o. and Radio Wanda Sp. z o.o. respectively and Agora SA controls 100% shares in both companies. Additionally Agora increased its share in Multimedia Plus Sp. z o.o. from 24% to 76%.

In addition the Group acquired a 49% interest in Tres Sp. z o.o., which is accounted for using equity method.

The Group operates in all the major cities in Poland.

Financial statements are presented for twelve months ended 31 December 2004, with comparative figures presented for twelve months ended 31 December 2003.

The financial statements were authorised for issue by the directors on 14 February 2005.

#### 2. Significant accounting policies

The Consolidated Balance Sheet as of 31 December 2004, the Consolidated Income Statement, the Consolidated Cash Flows Statement and the Consolidated Statement of Changes in Shareholders' Equity for the twelve months ended 31 December 2004 have not been audited yet. The Consolidated Balance Sheet as of 31 December 2003, the Consolidated Income Statement, the Consolidated Cash Flows Statement and the Consolidated Statement of Changes in Shareholders' Equity for the twelve months ended 31 December 2003 have been audited.

The Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". Except as described below, in the preparation of these condensed consolidated financial statements, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2003. The Consolidated Financial Statements as at 31 December 2003 have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). The 31 December 2004 Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as at 31 December 2003.

There were the following changes in accounting policies followed in 2004, compared to those used in preparation of the Consolidated Financial Statements as at 31 December 2003:

(a) changes in accounting policies

Beginning 1 January 2004 the Group adopted revised International Accounting Standard 39 "Financial Instruments: Recognition and Measurement", ("IAS 39") dated 31 March 2004, which among the others specifies that financial instruments such as derivatives embedded into foreign currency contracts are not separated from the host contracts if these contracts are in currencies which are commonly used in the economic environment in which transactions take place. The Group has lease outdoor location contracts and contracts for supply of services and goods denominated in foreign currencies (United States Dollars and Euro), which are commonly used currencies for these type of contracts in Poland. As a result of early adoption of IAS 39, the Group derecognised financial derivatives embedded into the contracts described above in the amount of PLN 6,872 thousand, which represented fair value of these embedded derivatives at 31 December 2003, net of deferred tax. Due to insignificance of the amount the Group reduced opening balance of consolidated equity at 1 January 2004 by the amount of PLN 6,872 thousand and no adjustments were made to the comparative information for the prior periods.

- (b) changes in presentation and classification of certain balances (in comparison to financial statements prepared as at 31 December 2003):
- change to the balance sheet presentation of the certain short-term financial assets with maturities up to 3 months (“buy sell back” treasury papers and investment fund certificates), which are now presented as “Short-term securities and other financial assets”, while they were presented as “Cash and cash equivalents” in the financial statements as at 31 December 2003. The balance sheet as at 31 December 2003 have been restated accordingly; “cash and cash equivalents” have been decreased and “short-term securities and other financial assets” have been increased by PLN 41,248 thousand,
  - separate disclosure of deferred tax asset and deferred tax liability resulting in an increase in the balance sheet total in the amount of PLN 14,567 thousand as at 31 December 2003 (being the amount of deferred tax asset),
  - separate disclosure of “Non-current receivables and prepayments” previously shown in “Non-current investments” and “Accounts receivable and prepayments”,
  - disclosure of “Income tax receivable” and “Income tax liability” on the face of the balance sheet - previously shown in “Accounts receivable and prepayments” and “Accounts payable and accrued charges” respectively,
  - separate disclosure of “Retirement severance provision” previously shown in “Long term provisions, deferred credits”,
  - separate disclosure of non-current and current “Deferred revenues and accruals” previously shown in “Accounts payable and accrued charges”,
  - separate disclosure of “Cost of sales”, “Selling expenses”, “Administrative expenses”, “Other operating income” and “Other operating expenses”; all previously shown in “Operating costs”,
  - in the cash flow statement the change is the more detailed breakdown of cash flows from operating activities and separate disclosure of inflows and outflows from investing and financing activities. Additionally dividends paid to minority shareholders have been transferred from financing to investing activities.
- As a consequence of change in balance sheet presentation of short-term financial assets, “net cash used in investing activities” for twelve months ended 31 December 2003 has been increased by PLN 39,208 thousand and “net cash from operating activities” decreased by PLN 1,469 thousand in comparison to previously reported figures.

The comparative information, except as stated otherwise, as at 31 December 2003 and for the twelve months then ended have been restated, accordingly.

**Agora SA****Notes to the condensed consolidated financial statements for twelve months ended 31 December 2004 with comparative figures for 2003**

(all amounts in PLN thousands unless otherwise indicated)

**3. Long-term and short-term borrowings**

As at 31 December 2004 the Group had a PLN 500 million long-term loan facility available from Bank Pekao SA, on the basis of the loan agreement dated 5 April 2002. The tranches drawn as at 31 December 2004 amounted to PLN 139,480 thousand (of which PLN 104,610 thousand was classified as a long term and PLN 34,870 thousand as short term).

**4. Sales and segment information**

	Three months ended 31 December 2004	Twelve months ended 31 December 2004	Three months ended 31 December 2003	Twelve months ended 31 December 2003
<b>Sales</b>				
Press and other media	248,787	894,566	209,485	764,095
Outdoor	37,317	141,276	33,973	120,322
Consolidation eliminations	(8,517)	(34,755)	(9,868)	(30,910)
Consolidated	<u>277,587</u>	<u>1,001,087</u>	<u>233,590</u>	<u>853,507</u>
<b>Operating profit / (loss)</b>				
Press and other media	42,538	80,923	(7,937)	11,541
Outdoor	2,024	3,412	(4,313)	(6,770)
Consolidation eliminations	(439)	(2,050)	220	(298)
Consolidated	<u>44,123</u>	<u>82,285</u>	<u>(12,030)</u>	<u>4,473</u>
<b>Impairment of assets</b>				
Press and other media	(2,899)	(5,917)	(372)	(4,972)
Outdoor	242	(3,387)	(3,362)	(4,567)
Consolidation eliminations	10	9	4	114
Consolidated	<u>(2,647)</u>	<u>(9,295)</u>	<u>(3,730)</u>	<u>(9,425)</u>
<b>Restructuring</b>				
Press and other media	(1,417)	(10,538)	-	-
Outdoor	-	-	(389)	(879)
Consolidation eliminations	-	-	-	-
Consolidated	<u>(1,417)</u>	<u>(10,538)</u>	<u>(389)</u>	<u>(879)</u>

In 2004 the restructuring started in Agora SA. The aim of the process is to enhance the effectiveness of Agora SA. Part of the process is the reduction in operating costs through change in managing the business such as centralization of certain operations (finance, payroll) and optimization of material costs. Restructuring cost includes payments resulting from lay-offs as well as other costs related to the implementation of the planned restructuring measures in the Group. Of the amount mentioned above, net cost of PLN 9,957 thousand was incurred to the balance sheet date and the remaining PLN 581 thousand constitutes a restructuring provision. Total restructuring cost amounted to PLN 10,538 thousand, including PLN 2,020 thousand of a write-off of goodwill of *City Magazine*.

**5. Capital and investment commitments**

Contractual capital and investment commitments (mainly relating to fixed assets) existing at the balance sheet date amounted to PLN 7,622 thousand (31 December 2003: PLN 18,309 thousand).

**6. Contingencies**

**Agora SA****Notes to the condensed consolidated financial statements for twelve months ended 31 December 2004 with comparative figures for 2003**

(all amounts in PLN thousands unless otherwise indicated)

As of 31 December 2004 the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, other than those noted below.

Benefiting party	Debtor	Valid till	Amount	Provisions booked
	Guarantees provided by Agora SA			
Bank BPH SA	BOR Sp. z o.o.	-	1,450	-
Pekao SA	Agora's employees	31.03.2008 / 31.05.2008	513	-
	Guarantees provided by AMS SA			
VOX Chemia Sp. z o.o.	AMS SA	31.12.2012	1,467	-
PKiN Sp. z o.o.	AMS SA	31.01.2006	200	-
PKN Orlen SA	AMS SA	30.12.2004	41	-
Urząd Miasta Gdańsk	AMS SA	30.11.2004	43	-
Zakład Gospodarki Mieszkaniowej Bielsko Biała	AMS SA	-	6	-
			<u>3,720</u>	<u>-</u>

**7. Seasonality**

The business of the Group does not present significant cyclical patterns.

**Agora SA****Notes to the condensed consolidated financial statements for twelve months ended 31 December 2004 with comparative figures for 2003**

(all amounts in PLN thousands unless otherwise indicated)

**8. Related-party transactions****(a) Directors' remuneration and other benefits**

Remuneration of Management Board members of Agora SA paid pursuant to employment and management contracts amounted to PLN 2,409 thousand (12 months ended 31 December 2003: PLN 2,145 thousand).

Agora's shares owned by the Management Board members acquired in accordance with the employee incentive plans:

	Acquired during twelve months of 2004	Acquired during twelve months of 2003	Total shares owned at 31.12.2004	Total shares owned at 31.12.2003
Wanda Rapaczynski	38,543	27,411	1,401,857	1,385,314
Piotr Niemczycki	37,981	27,011	1,748,373	1,882,691
Zbigniew Bąk	85,486	59,466	155,850	140,728
Jarosław Szaliński	9,218	-	9,218	-

**(b) Other related parties**

There were no material transactions and balances with related parties other than disclosed below:

	Three months ended 31 December 2004	Twelve months ended 31 December 2004	Three months ended 31 December 2003	Twelve months ended 31 December 2003
<b>Associates and non-consolidated subsidiaries</b>				
Impairment losses on loans granted	(1,019)	(7,776)	(2,421)	(7,345)
			As at 31 December 2004	As at 31 December 2003
<b>Associates and non-consolidated subsidiaries</b>				
Loans granted			12,883	15,909

**9. Events after the balance sheet date**

On 24 January 2005 Agora sold 100% shares in Centrum Handlu Internetowego Sp. z o.o. for PLN 2,544 thousand. The carrying amount of these shares in consolidated financial statements amounted to PLN 1,293 thousand.

**Agora SA**

**Notes to the condensed consolidated financial statements for twelve months ended 31 December 2004  
with comparative figures for 2003**

(all amounts in PLN thousands unless otherwise indicated)

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Warsaw, 14 February 2005

Wanda Rapaczynski – President of the Management Board .....

Piotr Niemczycki – Deputy President of the Management Board \*

Zbigniew Bak – Deputy President of the Management Board .....

Jaroslaw Szalinski – Member of the Management Board .....

\* Piotr Niemczycki did not sign financial statements due to absence in the fourth quarter of 2004.