

Agora S.A.

Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2006

KPMG Audyt Sp. z o.o.
The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 12 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the unconsolidated financial statements
for the financial year ended
31 December 2006

OPINION OF THE INDEPENDENT AUDITOR

To the Shareholders' Meeting of Agora S.A.

We have audited the accompanying unconsolidated financial statements of Agora S.A. seated in Warszawa, ul. Czerska 8/10 ("the Company"), which comprise the balance sheet as at 31 December 2006, with total assets and total liabilities and equity of PLN 1,409,404 thousand, the profit and loss account for the year then ended with a net loss of PLN 9,981 thousand, the statement of changes in equity for the year then ended with a decrease in equity of PLN 7,337 thousand, the cash flow statement for the year then ended with an increase in cash amounting to PLN 112,289 thousand, and notes to the unconsolidated financial statements.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility, based on our audit, is to express an opinion on these unconsolidated financial statements, and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) ("the Accounting Act"), the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the accompanying unconsolidated financial statements of Agora S.A. have been prepared, in all material respects, and give a true and fair view of the financial position of the Company as at 31 December 2006, and the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's Statute that apply to the Company's unconsolidated financial statements and have been prepared from accounting records, that in all material respects have been properly maintained.

As required under the Accounting Act we also report that the Management's discussions and analysis on the Company's result includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the unconsolidated financial statements.

Signed on the Polish original

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Certified Auditor No. 90046/7419
Marcin Domagała

Signed on the Polish original

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For KPMG Audyty Sp. z o.o.
ul. Chłodna 51; 00-867 Warsaw
Certified Auditor No. 90046/7419
Marcin Domagała
Member of the Management Board

Warsaw, 12 April 2007



Agora S.A.

Report supplementing
the auditor's opinion
on the unconsolidated
financial statements
Financial Year ended
31 December 2006

KPMG Audyt Sp. z o.o.
The report supplementing the auditor's opinion
contains 12 pages
Report supplementing the auditor's opinion
on the unconsolidated financial statements
for the financial year ended
31 December 2006



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1 General

1.1 General information about the Company

1.1.1 Company name

Agora S.A.

1.1.2 Registered office

ul. Czerska 8/10
00-732 Warsaw

1.1.3 Registration in the National Court Register

Seat of the court: Regional Court in Warsaw, XIII Commercial Department of
the National Court Register
Date: 7 November 2001
Registration number: KRS 0000059944

1.1.4 Tax Office and Provincial Statistical Office registration

NIP: 526-030-56-44
REGON: 011559486

1.2 Auditor information

Name: KPMG Audyt Sp. z o.o.
Registered office: Warsaw,
Address: ul. Chłodna 51, 00-867 Warsaw
KRS number.: 0000104753
Registration court: District Court for the Capital City Warsaw in Warsaw, XII
Commercial Department of the National Court Register;
Share capital: PLN 125,000
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 458.

1.3 Legal status

1.3.1 Share capital

The Company was established for an indefinite period under the terms of its Statute dated 11 March 1998.

The share capital of the Company amounted to PLN 54,977,535.00 as at 31 December 2006 divided into 54,977,535 ordinary shares with a nominal value of PLN 1 each.

In the audited period the Company redeemed 1,779,990 own shares with a nominal value of PLN 1 each, what resulted in respective reduction of share capital.

As at 31 December 2006, the shareholder structure was as follows:

Name of the Shareholder	Number of shares	Voting rights (%)	Nominal value of shares of PLN '000	Percentage of share capital (%)
Agora - Holding Sp. z o.o.	9,071,994	36.3%	9,072.0	16.5%
Employees	4,336,825	6.0%	4,336.8	7.9%
Julius Baer Investment Management LLC	3,941,331	5.3%	3,941.3	7.2%
Others	37,627,385	52.4%	37,627.4	68.4%
	54,977,535	100.0%	54,977.5	100.0%

1.3.2 Related parties

The Company is a parent company of the Agora S.A. Group.

1.3.3 Management of the Company

The Management Board is responsible for management of the Company.

At 31 December 2006, the Management Board of the Company comprised the following members:

- Wanda Rapaczynski – President,
- Piotr Niemczycki – Vice-President,
- Zbigniew Bąk – Vice-President,
- Jarosław Szaliński – Member of the Management Board.

There were no changes in the Management Board of the Company during the year.

1.3.4 Scope of activities

The business activities listed in the Company's Statute include the following:

- Publishing of newspapers, books, periodical publications and other publishing activities,
- Printing newspapers,
- Other polygraph activity, not classified elsewhere,
- Assembly of texts and manufacturing of printing boards,
- Other services relating to polygraph activities,
- Advertising activities,
- Radio and television activity,
- Issuing sound records,
- Manufacturing of movies and video records.

1.4 Prior period financial statements

The unconsolidated financial statements for the period ended 31 December 2005 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The unconsolidated financial statements were approved at the Shareholders' Meeting on 26 June 2006 where it was resolved to allocate the profit for the prior financial year of PLN 134,953 thousand as follows:

- PLN 27,489 thousand to be paid as dividend,
- PLN 107,464 thousand to be transferred to reserve capital.

The closing balances as at 31 December 2005 have been properly recorded as the opening balances of the audited year.

The unconsolidated financial statements were submitted to the Registry Court on 30 June 2006 and were published in Monitor Polski B No 294 on 16 February 2007.

1.5 Audit scope and responsibilities

This report was prepared for the Shareholders' Meeting of Agora S.A. seated in Warszawa, ul. Czerska 8/10, and relates to the unconsolidated financial statements comprising: the balance sheet as at 31 December 2006, with total assets and total liabilities and equity of PLN 1,409,404 thousand, the profit and loss account for the year then ended with a net loss of PLN 9,981 thousand, the statement of changes in equity for the year then ended with a decrease in equity of PLN 7,337 thousand, the cash flow statement for the year then ended with an increase in cash amounting to PLN 112,289 thousand and notes to unconsolidated financial statements.

The audited Company prepares its unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of the Shareholders' Meeting dated 20 October 2004.

The unconsolidated financial statements have been audited in accordance with the contract dated 12 July 2006, concluded on the basis of the resolution of the Supervisory Board dated 31 August 2005 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the unconsolidated financial statements in the Company's head office during the period from 5 March 2007 to 30 March 2007.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with other applicable regulations.

Our responsibility is to express an opinion, and to prepare a supplementing report, on the unconsolidated financial statements, and whether the unconsolidated financial statements are derived from properly maintained accounting records, based on our audit.



Agora S.A.

*Report supplementing the opinion on the unconsolidated financial statements
for the financial year ended 31 December 2006
TRANSLATION*

Management of the Company submitted a statement dated the same date as this report as to the true and fair presentation of the unconsolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the unconsolidated financial statements.

All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of the unconsolidated financial statements of the Company fulfill independence requirements. The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.

2 Financial analysis of the Company

2.1 Summary of the unconsolidated financial statements

2.1.1 Balance sheet

ASSETS	31.12.2006 PLN '000	% of total	31.12.2005 PLN '000	% of total
Non-current assets				
Intangible assets	84,088	6.0	83,093	5.8
Property, plant and equipment	447,703	31.8	486,717	33.9
Long-term financial assets	309,090	21.9	295,534	20.6
Long-term receivables and prepayments	79,546	5.6	95,979	6.7
Deferred tax assets	14,429	1.0	13,488	0.9
Total non-current assets	934,856	66.3	974,811	68.0
Current assets				
Inventories	14,313	1.0	15,056	1.1
Short-term receivables and prepayments	163,103	11.6	183,424	12.8
Income tax receivable	5,281	0.4	8,764	0.6
Short-term financial assets	1,045	0.1	73,481	5.1
Cash and cash equivalents	290,806	20.6	178,517	12.5
Total current assets	474,548	33.7	459,242	32.0
TOTAL ASSETS	1,409,404	100.0	1,434,053	100.0
EQUITY AND LIABILITIES				
Equity				
Share capital	54,978	3.9	56,758	4.0
Treasury shares	-	-	(119,952)	8.4
Share premium	290,506	20.6	353,646	24.7
Other reserve capital	36,357	2.6	6,336	0.4
Retained earnings	701,901	49.8	794,291	55.4
Total equity	1,083,742	76.9	1,091,079	76.1
Non-current liabilities				
Deferred tax liabilities	64,954	4.6	60,514	4.2
Long-term loans and credits	104,610	7.4	139,480	9.7
Provisions for retirement benefits	1,077	0.1	995	0.1
Long-term accruals	-	-	4	-
Other long-term liabilities	71	-	35	-
Total non-current liabilities	170,712	12.1	201,028	14.0
Current liabilities				
Provisions for retirement benefits	140	-	143	-
Trade and other payables	83,928	6.0	112,430	7.8
Short-term loans and credits	35,415	2.5	-	-
Provisions for liabilities	3,725	0.3	3,089	0.3
Short-term accruals	31,742	2.2	26,284	1.8
Total current liabilities	154,950	11.0	141,946	9.9
Total liabilities	325,662	23.1	342,974	23.9
TOTAL EQUITY AND LIABILITIES	1,409,404	100.0	1,434,053	100.0

2.1.2 Profit and loss account

	1.01.2006 - 31.12.2006 PLN '000	% of total sales	1.01.2005 - 31.12.2005 PLN '000	% of total sales
Revenue	936,134	100.0	1,035,256	100.0
Cost of sales	(537,416)	57.4	(538,288)	52.0
Gross profit on sales	398,718	42.6	496,968	48.0
Distribution expenses	(304,603)	32.5	(280,952)	27.1
Administrative expenses	(105,662)	11.3	(101,886)	9.8
Other operating income	12,989	1.4	16,500	1.6
Other operating expenses	(21,485)	2.3	(19,599)	1.9
Operating profit/(loss) before financing costs	(20,043)	2.1	111,031	10.8
Finance income	39,863	4.3	70,571	6.8
Finance expenses	(26,561)	2.9	(21,997)	2.2
Profit/(loss) before tax	(6,741)	0.7	159,605	15.4
Income tax expense	(3,240)	0.4	(24,652)	2.4
Profit/(loss) for the period	(9,981)	1.1	134,953	13.0
Profit/(loss) for the period				
Basic earnings per share (PLN)	(0.18)		2.40	
Diluted earnings per share (PLN)	(0.18)		2.40	

2.2 Selected financial ratios

	2006	2005	2004
1. Return on sales			
<u>profit for the period x 100%</u> revenue	negative value	13.0%	4.8%
2. Return on equity			
<u>profit for the period x 100%</u> equity - profit for the period	negative value	14.1%	3.9%
3. Debtors' days			
<u>average trade receivables (gross) x 365 days</u> revenue	63 days	56 days	54 days
4. Debt ratio			
<u>liabilities x 100%</u> equity and liabilities	23.1%	23.9%	20.8%
5. Current ratio			
<u>current assets</u> current liabilities	3.1	3.2	2.7

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables are comprised of the average of trade receivables to related and other parties at the beginning and at the end of the period, excluding allowances for receivables.

2.3 Interpretation of selected financial ratios

Return on sales and return on equity

Return on sale and return on equity show negative values due to the loss generated by the Company in the current financial year. Net loss resulted primarily from decrease in revenues from sale of "Gazeta Wyborcza" due to increased competition on daily newspapers market and resulting decrease in the average copy sales of "Gazeta Wyborcza" and its unit sale price. Furthermore there was a decrease in sales revenue from special publishing projects (books, CDs etc.), which generate relatively higher margins. Simultaneously, the Company incurred higher marketing expenses in daily newspapers segment.

Debtors' days

Deterioration in debtors' days as compared to the prior year resulted from decrease in sales and relatively high average trade receivables. At the end of the prior year, the Company had significant balance of trade receivables from sale of special publishing projects.



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*Report supplementing the opinion on the unconsolidated financial statements
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Debt ratio

The debt ratio remains at the level comparable to prior year.

Current ratio

The current ratio remains at the level comparable to prior year and remains relatively high.

3 Detailed report

3.1 Proper operation of the accounting system

The Company maintains current documentation describing the applied accounting principles, adopted by the Management Board, to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system. Our assessment covered in particular:

- appropriateness and consistency of the accounting principles used,
- correctness of the documentation of business transactions,
- fairness, accuracy and verifiability of the books of account, including the matching of accounting entries with supporting documentation and the financial statements,
- compliance of the adopted policies relating to safeguarding of accounting records, books of account and the financial statements with the Accounting Act.

On the basis of the work performed we have not identified material irregularities in the accounting system, which have not been corrected and that could have a material impact on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

3.2 Asset verification

The Company performed a physical verification of assets in accordance with the requirements and time frame specified in Art. No. 26 of the Accounting Act. The following categories of assets were included in the verification:

- cash;
- accounts receivable;
- inventories.

Count differences have been recorded in the period covered by the unconsolidated financial statements.

3.3 Notes to the unconsolidated financial statements

All information included in notes to the unconsolidated financial statements is, in all material respects, presented accurately and completely. This information should be read in conjunction with the unconsolidated financial statements taken as a whole.

3.4 Management's discussions and analysis on the Company's result

Management's discussions and analysis on the Company's result includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the unconsolidated financial statements.

3.5 Information on the opinion of the independent auditor

Based on our audit of the unconsolidated financial statements as at and for the year ended 31 December 2006, we have issued an unqualified opinion.

Signed on the Polish original

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Certified Auditor No. 90046/7419
Marcin Domagała

Signed on the Polish original

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For KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Certified Auditor No. 90046/7419
Marcin Domagała
Member of the Management Board

Warsaw, 12 April 2007