

**AGORA GROUP  
REPORT FOR  
THE FIRST QUARTER OF 2008**

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**AGORA GROUP**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**OF THE COMPANY'S RESULTS FOR THE FIRST QUARTER OF 2008**

**AGORA GROUP**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**OF THE COMPANY'S RESULTS FOR THE FIRST QUARTER OF 2008**

**REVENUE PLN 313.4 MILLION, NET PROFIT PLN 18.5 MILLION, OPERATING EBITDA PLN 54.2 MILLION, OPERATING CASHFLOW PLN 53.8 MILLION, FREE CASH FLOW PLN 25.6 MILLION**

*Unless indicated otherwise, all data presented herein represent the period of January-March 2008, while comparisons refer to the same period of 2007. All data sources are presented in part IV of this MD&A.*

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

- Revenues of the Group amounted to PLN 313.4 million and increased by 3.5% yoy. Advertising sales reached PLN 213.7 million (up 16.3%), revenues from copy sales PLN 53.3 million (up 4.5%) and book sales PLN 22.4 million (down 52.5%).
- According to Agora's estimates, in the first quarter of 2008, advertising spending for all media went up by PLN 228 million (16%). The fastest growing segments were Internet (39%) and outdoor (26%). Spending on TV grew by nearly 16%, on newspapers by over 10%.
- *Gazeta's* advertising sales reached PLN 128 million (up 11.3%) and its copy sales generated PLN 41 million in revenues (up 2.5%). During the period, *Gazeta* sold 430 thousand copies on average, while its share in total newspaper advertising spending grew to nearly 44%.
- AMS grew revenues by 15.9% to PLN 40 million and delivered 14.5% operating EBITDA margin.
- Revenues of magazines reached PLN 26.1 million (up 11.1%), of radio stations grew by 18.1% while that of *Metro* were up by 44%.
- In the first quarter of 2008 Agora's online business reached PLN 8.8 million in advertising sales (excluding thematic verticals), PLN 4.7 million more than last year. At the end of February 2008 Agora's 47 internet brands had 43.2% reach among internet users.
- In the first quarter of 2008 total operating expense of the Group reached PLN 290.8 million and increased by 2.4%. This was primarily due to expanded internet operations and extended outdoor panel portfolio.
- Operating EBITDA of the Group stood at PLN 54.2 million (up 14.1%), while its operating EBITDA margin reached 17.3%. The Group's net profit amounted to PLN 18.5 million, 31.2% more than in 2007.

**Marek Sowa, President of the Management Board said:**

"I am pleased to comment on another quarter of Agora's good financial results which reflect the growth potential and solid market position of our media. As promised, we continued to expand Agora's thematic media offer. We were developing our thematic services in the Internet and are currently strengthening our position in the classified market through a strategic investment in Trader.com (Polska)."

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

### 1. EXTERNAL FACTORS

#### 1.1. Advertising market

According to Agora's estimates based on public data sources, in the first quarter of 2008 advertisers spent ca PLN 1.7 billion (16% more than last year). All segment saw high growth rates, yet spending on Internet grew the fastest (by 39%) to reach PLN 87 million or 5.3% of total ad spend. Spending on outdoor outperformed the market rate and increased by 26%.

In the first quarter of 2008 advertising expenditures in television accounted for ca 48% of total ad spend and grew by nearly 16% over last year. Thematic channels increased advertising revenues by ca 24% to about PLN 90 million. During the period, spending for print was up by nearly 11% and was mainly driven by faster-than-expected growth rate of dailies (10%). This was due to rising popularity of national newspapers (up 18%) which competed for advertising budgets with TV stations which are now running at almost full advertising capacity. During the period, total prime-time ad inventory utilisation rate in the four largest television stations reached about 89%.

In the first quarter of 2008, advertising spending in radio stations grew by almost 15% over last year. National stations increased ad revenues by 22%, whereas local and regional broadcasters by 3% and 23%, respectively.

Regardless of higher-than-expected growth of total advertising spending in the first quarter of 2008, as of the date of this report, the Company maintains its estimates on total ad spend growth in 2008. Possible verification of those estimates will depend on the Company's analysis of the market trends in the second quarter of 2008.

#### 1.2. Newspaper competition

In the first quarter of 2008, *Gazeta Wyborcza* sold 430 thousand copies on average (down 9.3%). During the same period, paid circulation of number four national player, *Dziennik* reached 163 thousand copies and was 23.7% down over last year. *Rzeczpospolita* sold 161 thousand copies on average (0.9% more than last year), *Fakt* 527 thousand (0.5% fewer than last year) and *Super Express* 214 thousand copies (6.4% more than last year).

During the period *Gazeta* was the most read newspaper in Poland. Its weekly readership reach stood at 18.5% (5.6 million readers; CCS, weekly readership index). During the same period, *Fakt's* readership was 17.2%, and that of *Super Express* reached 8%. *Metro* recorded good readership rate of 7.7% i.e. 2.3 million people. Readership rates of other national dailies, *Dziennik* and *Rzeczpospolita* stood at 6.3% and 5.1%, respectively.

In the first quarter of 2008 *Gazeta* was also the most popular newspaper with advertisers. Its share in total newspaper ad spend was almost 44% and increased by 1 pp yoy. In comparison, *Dziennik* commanded 7% share and *Fakt* almost 6%. Agora's free newspaper *Metro* recorded a dynamic growth of revenues (from display ads up 46%) and increased its market share to ca 3.5%.

In October 2007 Polskapresse started publishing 11 local dailies. During the period of January-March 2008 the publisher recorded the following sales results of its titles: *Polska Bialystok* (0.9 thousand), *Polska Gazeta Opolska* (1.8 thousand), *Polska Kielce* (1 thousand), *Polska Koszalin* (0.7 thousand), *Polska Kujawy* (1.5 thousand), *Polska Lubuskie* (1.7 thousand), *Polska Mazowsze* (2.8 thousand), *Polska Metropolia Warszawska* (13.1 thousand), *Polska Olsztyn* (0.9 thousand), *Polska Rzeszow* (1.6 thousand), *Polska Szczecin* (1.2 thousand).

### 2. INTERNAL FACTORS

#### 2.1. Revenues

In the first quarter of 2008 the Group recorded a 3.5% growth of total revenues. The largest components of Agora's sales (68.2%) were advertising revenues of PLN 213.7 million which grew by 16.3%.

Revenues from circulation grew by 4.5% to PLN 53.3 million. This increase stems from 2.5% growth in *Gazeta's* copy sales revenues (dual pricing strategy) and a dynamic expansion of paid circulation of some magazine titles (revenues up by PLN 1 million).

In the said period, collections generated PLN 22.4 million which was 24.8 million less than in the corresponding period of last year.

The Company intends to point out to the fact that selling newspapers in dual prices with attractive supplements, as well as offering additional collections turned into a common market practice.

## **2.2. Operating cost**

In the first quarter of 2008 total operating cost of the Group reached PLN 290.8 million and grew by 2.4% (PLN 6.9 million) yoy. This growth reflects, by and large, the development of Agora's Internet operations, as well as expansion of AMS's panel portfolio (including new advertising faces on the Warsaw metro cars).

In the first quarter of 2008, staff cost of the Group stood at PLN 65.7 million and increased by 5.6% yoy. This was due to higher headcount in the Internet reflecting its dynamic expansion, as well as to the growth of the sales and investment teams in the outdoor business.

Higher marketing and promotion expense (PLN 53.3 million, up PLN 3.1 million) is related to execution of more dual-pricing projects and reflects intensive advertising campaigns of the Company's Internet brands.

The decline in cost of raw materials, energy and consumables by PLN 12.3 million to PLN 60.5 million reflects execution of fewer collections, primarily based on book sales.

The Group's headcount at the end of the first quarter of 2008 was 3,511 employees and increased by 108 FTEs as compared to the first quarter of 2007 or by 42 FTEs versus the fourth quarter of 2007.

As previously announced, the Company expects its staff cost to increase in the forthcoming quarters. This growth stems from a dynamic expansion of the Company's operations, including that of Internet, and reflects strong competition in the media market which leads to salary pressures. Agora expects its total 2008 staff cost to increase by about 11% yoy.

### III. FINANCIAL RESULTS

#### 1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the first quarter of 2008 include Agora SA, Agora Poligrafia Sp. z o.o., Art Marketing Syndicate SA Group (AMS Group), Agora TC Sp. z o.o., Agora Ukraine LLC, 7 subsidiaries of the radio business and jointly controlled entity A2 Multimedia Sp. z o.o. Detailed list of companies of the Agora Group is presented in the note to the financial statements.

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

*Tab. 1*

in PLN million	I Q 2008	I Q 2007	% change yoy
Sales	313.4	302.7	3.5%
Advertising (1)	213.7	183.7	16.3%
Copy sales (1)	53.3	51.0	4.5%
Collections	22.4	47.2	(52.5%)
Other	24.0	20.8	15.4%
Operating cost net, incl.:	(290.8)	(283.9)	2.4%
Raw materials, energy and consumables	(60.5)	(72.8)	(16.9%)
D&A	(19.8)	(18.9)	4.8%
Staff cost (2)	(65.7)	(62.2)	5.6%
Non-cash expense relating to share-based payments	(12.0)	(9.9)	21.2%
Promotion and marketing	(53.3)	(50.2)	6.2%
Operating profit - EBIT	22.6	18.8	20.2%
Finance cost, net, incl.:	3.4	2.1	61.9%
Revenue from short-term investment	5.8	3.5	65.7%
Interest on loans and similar costs	(2.2)	(1.6)	37.5%
Share of results of equity accounted investees	(0.2)	-	-
Profit before income tax	25.8	20.9	23.4%
Income tax expense	(7.3)	(6.8)	7.4%
Net profit for the period	18.5	14.1	31.2%
Attributable to:			
Equity holders of the parent	18.7	14.3	30.8%
Minority interest	(0.2)	(0.2)	-
	18.5	14.1	31.2%
EBIT margin (EBIT/Sales)	7.2%	6.2%	1.0pp
EBITDA	42.2	37.6	12.2%
EBITDA margin (EBITDA/Sales)	13.5%	12.4%	1.1pp
Operating EBITDA (2)	54.2	47.5	14.1%
Operating EBITDA margin (Operating EBITDA/Sales)	17.3%	15.7%	1.6pp

(1) excluding collections.

(2) excluding non-cash cost of share-based payments

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").

Agora's business lines operating contribution to the Group's financials is presented in the underneath table (see 2.1.).

**2.1. Financial results presented according to major lines of business of the Agora Group for the first quarter of 2008**

**Tab. 2**

in PLN million	Newspapers and Internet (1)	Magazines	Outdoor	Radio	Company's headquarters, New Business Development division	Elimina- tions	Total (consoli- dated) I quarter 2008
Total sales	233.3	26.1	40.0	18.0	-	(4.0)	313.4
% Share	74.4%	8.3%	12.8%	5.7%	-	(1.3%)	100.0%
Total operating cost	(212.1)	(22.5)	(39.2)	(17.9)	(2.7)	3.6	(290.8)
EBIT	21.2	3.6	0.8	0.1	(2.7)	(0.4)	22.6
Finance cost, net							3.4
Share of results of equity accounted investees							(0.2)
Income tax expense							(7.3)
Net profit							18.5
Attributable to:							
Equity holders of the parent							18.7
Minority interest							(0.2)
EBITDA	34.3	3.7	4.8	0.7	(1.0)	(0.3)	42.2
Operating EBITDA (2)	44.0	4.3	5.8	1.4	(1.0)	(0.3)	54.2
CAPEX	(5.2)	-	(18.5)	(0.9)	-	-	(24.6)

(1) including the Management Board costs and other overheads

(2) excluding non-cash cost of share-based payments.

**2.2. Finance cost, net**

Higher revenue from short-term investments in the first quarter of 2008 results from yoy increase in cash and monetary assets and higher interest rates.

### 3. BALANCE SHEET OF THE AGORA GROUP

**Tab. 3**

in PLN million	31/03/2008	31/12/2007	% change to 31/12/2007	31/03/2007	% change to 31/03/2007
Non-current assets	961.0	953.0	0.8%	965.0	(0.4%)
share in balance sheet total	58.1%	58.7%	(0.6pp)	61.3%	(3.2pp)
Current assets	691.8	670.1	3.2%	609.5	13.5%
share in balance sheet total	41.9%	41.3%	0.6pp	38.7%	3.2pp
<b>TOTAL ASSETS</b>	<b>1,652.8</b>	<b>1,623.1</b>	<b>1.8%</b>	<b>1,574.5</b>	<b>5.0%</b>
Equity attributable to equity holders of the parent	1,245.7	1,215.7	2.5%	1,189.3	4.7%
share in balance sheet total	75.4%	74.9%	0.5pp	75.5%	(0.1pp)
Minority interest	-	(0.1)	100.0%	(0.1)	(100.0%)
share in balance sheet total	-	-	-	-	-
Non-current liabilities and provisions	159.8	169.9	(5.9%)	196.5	(18.7%)
share in balance sheet total	9.7%	10.5%	(0.8pp)	12.5%	(2.8pp)
Current liabilities and provisions	247.3	237.6	4.1%	188.8	31.0%
share in balance sheet total	14.9%	14.6%	0.3pp	12.0%	2.9pp
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,652.8</b>	<b>1,623.1</b>	<b>1.8%</b>	<b>1,574.5</b>	<b>5.0%</b>

#### 3.1. Non-current assets

The increase in non-current assets versus 31 December 2007 stems mainly from higher spending on AMS's advertising panels and the recognition of a deferred tax asset.

#### 3.2. Current assets

The increase of current assets versus 31 December 2007 results mainly from the increase of cash and cash equivalents.

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

The decrease of non-current liabilities versus 31 December 2007 is caused mainly by the reclassification of bank loan in the amount of PLN 8.7 million from non-current to current part.

#### 3.4. Current liabilities and provisions

The increase of current liabilities and provisions versus 31 December 2007 results mainly from the increase in short-term borrowings as a result of the above re-classification.

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

*Tab. 4*

in PLN million	I Q 2008	I Q 2007	% change yoy
Net cash from operating activities	53.8	49.8	8.0%
Net cash from investment activities	33.8	(111.8)	-
Net cash from financing activities	(2.1)	(2.1)	-
Total movement of cash and cash equivalents	85.5	(64.1)	-
Cash and cash equivalents at the end of period	423.2	270.6	56.4%

As at 31 March 2008, the Agora Group had PLN 423.2 million in cash and in cash and cash equivalents (cash, bank accounts and bank deposits).

Considering the cash position and the available loan facility (PLN 800 million less the drawing of PLN 139.5 million), the Agora Group does not anticipate any liquidity problems with regards to its further investment plans.

##### 4.1. Operating activities

In the first quarter of 2008, the net cash inflow from operating activities was higher yoy due to the increase in net profit before taxation of the Agora Group and lower change in provisions yoy.

##### 4.2. Investment activities

Net inflow from investing activities in the first quarter of 2008 results from sales of short-term securities, in which the Company invested its free cash.

##### 4.3. Financing activities

In the first quarter of 2008 net cash from financing activities mainly included interest paid.

## 5. SELECTED FINANCIAL RATIOS [5]

**Tab. 5**

	I Q 2008	I Q 2007	% change yoy
<b>Profitability ratios</b>			
Net profit margin	6.0%	4.7%	1.3pp
Gross profit margin	43.7%	40.1%	3.6pp
Return on equity	6.1%	4.8%	1.3pp
<b>Efficiency ratios</b>			
Inventory turnover	8 days	8 days	-
Debtors days	68 days	62 days	9.7%
Creditors days	45 days	36 days	25.0%
<b>Liquidity ratio</b>			
Current ratio	2.8	3.2	(12.5%)
<b>Financing ratios</b>			
Gearing ratio (1)	-	-	-
Interest cover	10.7	11.9	(10.1%)
Free cash flow interest cover	12.2	24.0	(49.2%)

(1) as at 31 March 2008 and 31 March 2007 the Group had net cash position.

Definitions of financial ratios [5] 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. NEWSPAPERS AND INTERNET

**Tab. 6**

in PLN million	I Q 2008	I Q 2007	% change yoy
Total sales (1)	233.3	232.7	0.3%
Copy sales	41.3	40.0	3.3%
incl. <i>Gazeta Wyborcza</i>	41.0	40.0	2.5%
Advertising revenue (1)	146.9	125.6	17.0%
incl. <i>Gazeta Wyborcza</i> (1)(2)	128.0	115.0	11.3%
Collections	22.4	47.2	(52.5%)
Other revenue	22.7	19.9	14.1%
Total operating cost, including	(212.1)	(214.3)	(1.0%)
Raw materials, energy, consumables and printing services	(67.3)	(82.9)	(18.8%)
Staff cost (3)	(49.9)	(46.8)	6.6%
Non-cash expense relating to share-based payments	(9.7)	(8.1)	19.8%
D&A	(13.1)	(12.9)	1.6%
Promotion and marketing (1) (4)	(46.3)	(42.7)	8.4%
EBIT	21.2	18.4	15.2%
EBIT margin	9.1%	7.9%	1.2pp
EBITDA	34.3	31.3	9.6%
EBITDA margin	14.7%	13.5%	1.2pp
Operating EBITDA (3)	44.0	39.4	11.7%
Operating EBITDA margin	18.9%	16.9%	2.0pp

- (1) the amounts do not include the revenue and 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.
- (2) the amounts refer to total revenues from the dual media offers, i.e. published both in *Gazeta Wyborcza*, as well as on the websites *GazetaPraca.pl*, *GazetaDom.pl* and *Komunikaty.pl*.
- (3) excluding non-cash cost of share-based payments.
- (4) the amounts include start-up cost of new collections (the free-of-charge volume and initial promotion cost in media) and production and promotion cost of gadgets attached to *Gazeta*.
- (5) The "Newspaper and Internet" line of business cost includes the Agora's Management Board costs and other overheads

### 1. GAZETA WYBORCZA

#### 1.1. Revenue

##### 1.1.1. Copy sales

In the first quarter of 2008 *Gazeta Wyborcza* maintained its unquestionable leadership position among the opinion-making newspapers. During the period, average paid circulation of *Gazeta* went down by 9.3% yoy to 430 thousand copies. The decline stems from a high base in the same period of 2007, when Agora introduced dual-pricing which is currently a common market practice. *Gazeta's* revenues from copy sales increased by almost 2.5%.

In the first quarter of 2008 *Gazeta's* readers were offered several DVD movie collections (among others: *Movies with Stars*, *Family Movies*, a film *Cztery Pancerni i pies*), CDs with foreign language courses, *Carnival Hits*, tour guides on European cities, *Diseases manual*, dictionaries and a few one-off projects.

All publications were available with *Gazeta* at a higher price (from PLN 2.99 to PLN 6.99), while a stand-alone newspaper cost PLN 1.50. The model of *Gazeta's* cover price differentiation assumes that the excess marketing and promotion cost (including production and promotion cost of DVDs and CDs) is offset by additional revenues from copy sales of the newspaper.

In the first quarter of 2008 *Gazeta* posted very good readership results. During the period, the newspaper had 5.6 million readers (18.5%, CCS, weekly readership index) 45% of whom were university graduates, 45.5% lived in cities over 100 thousand inhabitants and 60.8% were under 45 years of age.

*Gazeta* is the most widely read newspaper in the Mazowieckie region (1 million or 26.8%, CCS index). The newspaper's average paid circulation in that area amounted to 104 thousand copies in the first quarter of 2008, while that of *Dziennik* stood at 41 thousand copies (# 5 player in the market) and its readership rate was 12.3%. In the first quarter of 2008 average paid circulation of new local dailies launched in October 2007 *Polska Metropolia Warszawska* and *Polska Mazowsze* amounted to 13 thousand copies and 3 thousand copies, respectively. In the period of January-March of 2008, their readership rates stood at 1.6% and 0.5%, respectively.

### 1.1.2. Advertising sales

In the first quarter of 2008, *Gazeta*'s net advertising revenues (including display advertising, classifieds and inserts) amounted to PLN 128 million (up 11.3% yoy). These figures include revenues from a dual-media offer, i.e. ads published in print and online (*GazetaPraca.pl*, *GazetaDom.pl*, *Komunikaty.pl* verticals).

In the first quarter of 2008, *Gazeta*'s share in all display advertising in dailies stood at almost 44% (up 1pp yoy).

*Gazeta*'s share in ad spending for national dailies was 44% and decreased by nearly 0.5pp yoy.

*Gazeta Wyborcza*'s share in the Warsaw advertising (display advertising excluding classifieds, inserts and obituaries) increased by nearly 3pp yoy and its share in the local display advertising (outside Warsaw) – went up by over 1pp yoy.

In the first quarter of 2008, *Gazeta*'s share of ad pages in the total pagecount amounted to ca 46%, while average number of paid ad pages published daily in all local and national editions reached ca 254.

### 1.1.3. Collections

Tab. 7

	I Q 2007	II Q 2007	III Q 2007	IV Q 2007	I Q 2008
Revenue from collections	47.2	33.6	15.4	31.0	22.4

In the first quarter of 2008 the Company run six collections and eight one-off projects. During the period *Gazeta* sold 1.5 million books and books with attached DVDs and CDs. Operating result of collections reached PLN 1.3 million.

In January Agora launched a continuation of a book collection *Masters of the Word* (a 6-volume series) and a 16 volume collection of Ryszard Kapuscinski's books. In March under the patronage of UNESCO, Agora offered a 16-volume *Encyclopedia of the World Sports* and a 5-volume series of books with tests for students (2008 edition).

Among Agora's one-off projects were books with music CDs of Polish musicians (i.e: *Meska Muzyka* Waglewski, Fisz, Emade and Shakin' *Dudi Zlota plyta – ciag dalszy*) and four book publications.

### 1.1.4. Other revenues

In the first quarter of 2008, the Company's revenues from sales of printing services increased by 14% due to more purchase orders from external clients.

## 1.2 Cost of production of *Gazeta Wyborcza*

**Tab. 8**

Cost of production of <i>Gazeta Wyborcza</i> in PLN million	I Q 2008	I Q 2007	% change yoy
Fixed cost	13.3	13.2	1.1%
incl. D&A	6.2	6.6	(5.5%)
Variable cost	35.7	38.0	(6.0%)
incl. newsprint	29.2	31.0	(5.7%)
TOTAL fixed and variable cost	49.0	51.2	(4.2%)

### 1.2.1. Newsprint and printing services

In the first quarter of 2008, despite the growth of printed volume, variable cost (including newsprint) decreased by 6% yoy. The cost of external services went down as well as newsprint prices (the EURO depreciated against the zloty).

## 2. FREE PRESS

In the first quarter of 2008 Agora's free newspaper strengthened its position among dailies. *Metro* is the only national free sheet issued from Monday to Friday in Poland.

*Metro's* total advertising revenues grew by 44%, while that of display ads increased by nearly 46% yoy. The newspaper's share in the national and local newspaper display advertising spending grew to almost 3.5%.

As was the case in previous quarters, in the first quarter of 2008 *Metro* posted very good daily readership results of 4.4% (CPW index). This result ranks *Metro* third among most read newspapers in Poland.

In line with its the business plan, *Metro* turned EBITDA positive in the first quarter of 2008.

## 3. INTERNET [6]

In February 2008 reach of Agora's Internet brands among Polish users grew to a 43.2%, while the number of users amounted to 6.2 million and increased by 20% yoy. During the same month, the number of page views from the territory of Poland amounted to 417.8 million (2.8% more than last year) which translates into a 78-minute long visit per user (up by 9.9% yoy).

In the first quarter of 2008 advertising revenues of Agora's internet offer (excluding ad sales of verticals: *GazetaPraca.pl*, *GazetaDom.pl* and *Komunikaty.pl*) grew by 114.6% yoy to PLN 8.8 million.

In the described period, the Company launched nine services and revamped one. At the end of the first quarter of 2008, Agora's Internet offer included 47 online brands, among which were two portals, nine advertising services (e.g. *GazetaPraca.pl*, *GazetaDom.pl*), seven social services (e.g. *Blox.pl*, *Bebo*), thirteen entertainment offers (e.g. *Plotek.pl*, *zCzuba.pl*) and several exclusive, thematic services, such as: *eDziecko.pl*, *Sport.pl* or *GazetaWyborcza.pl*.

New online services included: among others: business service *Bubleprawne.pl*, *Blox.ua* – the Ukrainian version of *Blox.pl*, *Kotek.pl* – an offer dedicated to teenage girls, *Reklamania.pl* – a service devoted to advertising, *UczymySie.pl* – an educational platform for parents and *Ugotuj.to* – a new culinary service, which replaced *Kuchnia.gazeta.pl* offer.

The Company continued to actively develop its thematic online offer. Its recruitment vertical got enriched with a new service *Pracawsprzedazy.pl* and *GazetaDom.pl* by interior design (*Wnetrza*) and home loans (*Kredyty*) offers. In the middle of February Agora introduced a new e-mail system (*Gazeta.pl*), equipped with the best worldwide solutions provided by *Google Gmail*.

*Gazeta.pl's* services are ranked among top market players. According to Megapanel PBI/Gemius, in February 2008 *GazetaDom.pl* remained first among real-estate services measured by number of real users, while *GazetaPraca.pl* was the second largest recruitment offer in the market. *Gazeta.pl's* information services were ranked third in *information, journalism and media* category.

At the beginning of 2008 Agora entered into cooperation with another important international partner. Since February 2008, the Company's online content enriches *MSN.pl* portal owned by Microsoft and is distributed to mobile operator *Play*. The Company expanded its cooperation with Nokia to mobile video via *Wideo.Gazeta.pl* and radio broadcast (*TOK FM* and *Tuba.fm*).

In the first quarter of 2008, A2 Multimedia Sp. z o.o. (the company controlled jointly by Agora SA and Grupa ATM SA) cooperated with TV4 on the production of *Big Brother 5* and *Happy Hour* series and produced its own programmes and Internet series. A2 Multimedia is continuously working on new projects.

#### IV.B. THE MAGAZINES [7]

**Tab. 9**

in PLN million	I Q 2008	I Q 2007	% change yoy
Total sales, including (1)	26.1	23.5	11.1%
Copy sales	12.0	11.0	9.1%
Advertising revenue (1)	14.0	12.3	13.8%
Total operating cost, including (1)	(22.5)	(20.2)	11.4%
Raw materials, energy, consumables and printing services	(8.5)	(7.4)	14.9%
Staff cost (2)	(4.7)	(4.4)	6.8%
Non-cash expense relating to share-based payments	(0.6)	(0.3)	100.0%
D&A	(0.1)	(0.1)	-
Promotion and marketing (1)	(7.1)	(6.6)	7.6%
EBIT	3.6	3.3	9.1%
EBIT margin	13.8%	14.0%	(0.2pp)
EBITDA	3.7	3.4	8.8%
EBITDA margin	14.2%	14.5%	(0.3pp)
Operating EBITDA (2)	4.3	3.7	16.2%
Operating EBITDA margin	16.5%	15.7%	0.8pp

(1) the amounts do not include revenues and 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.

(2) excluding non-cash cost of share-based payments.

### 1. REVENUE

#### 1.1. Copy sales

**Tab. 10**

	I Q 2008	I Q 2007	% change yoy
Average copy sales (in thousand of copies)	1,139.5	1,047.6	8.8%

In the first quarter of 2008, the Company's magazines reached 11.6% share in ad spending for national monthlies (in accordance with the rate card data).

#### 1.2. Advertising sales

In the first quarter of 2008, the Agora's magazines reached 5.5% share in all advertising in magazines (up ca 0.2 pp yoy).

### 2. COST

Higher operating cost in the first quarter of 2008 stems mainly from publishing a new monthly *Smart* (from October 2007) as well as higher circulation and page counts of particular magazines.

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

Tab. 11

in PLN million	I Q 2008	I Q 2007	% change yoy
Total sales, including: (1)	40.0	34.5	15.9%
Advertising revenue	39.2	33.7	16.3%
Total operating cost, including (1):	(39.2)	(33.2)	18.1%
Execution of campaigns	(9.1)	(7.3)	24.7%
Maintenance cost	(16.7)	(15.0)	11.3%
Staff cost (2)	(4.6)	(4.2)	9.5%
Non-cash expense relating to share-based payments	(1.0)	(0.8)	25.0%
Promotion and marketing	(1.0)	(1.6)	(37.5%)
D&A	(4.1)	(3.2)	28.1%
Other operating revenue /(cost) net	(0.1)	0.1	-
EBIT	0.8	1.3	(38.5%)
EBIT margin	2.0%	3.8%	(1.8pp)
EBITDA	4.8	4.4	9.1%
EBITDA margin	12.0%	12.8%	(0.8pp)
Operating EBITDA (2)	5.8	5.2	11.5%
Operating EBITDA margin	14.5%	15.1%	(0.6pp)
Number of advertising faces (3)	24,851	25,840	(3.8%)

- (1) *the amounts do not include the revenue, direct and variable costs of cross-promotion of Agora's other media on AMS panels if such promotion was executed without prior reservation.*
- (2) *excluding non-cash cost of share-based payments.*
- (3) *excluding advertising panels of Akcent Media Sp. z o.o. installed on petrol stations, small panels at bus shelters and in the Warsaw metro and advertising surface on buses and trams.*

#### 1. REVENUE

In the first quarter of 2008, outdoor advertising spending recorded a dynamic growth rate. This was due to rising popularity of *Premium* and *Superpremium* panels. The company's substantial increase in revenues reflects its strategic accomplishments to enhance its portfolio with the fastest growing panels and to enter new areas of outdoor advertising.

In the first quarter of 2008, estimated share of AMS in the outdoor advertising market (excluding transit advertising and advertising described in the footnote no. 1 beneath the above table) stood at 24.4% [8].

#### 2. COST

The increase of campaign execution expense in the first quarter of 2008 is a consequence of introducing new advertising offer in Warsaw metro cars and executing more advertising campaigns.

The increase of maintenance cost stems from expansion of *Premium* and *Superpremium* portfolio and reduction of standard billboards of lower maintenance unit cost.

Higher compensation expense is a consequence of reorganization of sales and investment departments reflecting intensive investment program.

D&A increase reflects the execution of the company's capex plan in 2006 and 2007 which is continued throughout 2008.

Lower promotion and marketing cost is a result of execution of fewer social and marketing campaigns.

### 3. IMPORTANT EVENTS

In the first quarter of 2008, AMS won a tender for newsstand furniture and poster pillars on the prestigious street in Warsaw – Krakowskie Przedmiescie. This contract reiterates AMS's long-standing experience in urban furnishing matched with the requirements of the cities.

#### IV.D. RADIO

Agora's radio group consists of 18 *Golden Oldies (Zlote Przeboje)* radio stations, six local radio stations (*Radio Roxy FM*) and a superregional news radio *TOK FM* broadcasting in nine cities. Agora's radio group also includes two AC format (Adult Contemporary) local stations.

Agora's radio stations operate in the largest urban areas in Poland.

#### 1. LOCAL RADIO STATIONS

In the first quarter of 2008 local radio stations reported a positive operating EBITDA of PLN 1.4 million, PLN 1.6 million higher than last year.

The results of the first quarter 2008 reflect a very high dynamic of ad sales connected with prosperity on the radio ad market.

The data presented in the table 12 is the sum of financials of local radio stations and Radio Division consolidated pro forma. The data below excludes the financials of *TOK FM*, described separately in point 2.

**Tab. 12**

in PLN million	I Q 2008	I Q 2007	% change yoy
Total sales, including: (3)	17.6	14.9	18.1%
Advertising revenue (1)	17.2	14.5	18.6%
Total operating cost, including: (3)	(17.3)	(16.2)	6.8%
Staff cost (2)	(5.5)	(5.9)	(6.8%)
Non-cash expense relating to share-based payments	(0.6)	(0.6)	-
Licenses, rental and telecommunication costs	(1.8)	(1.8)	-
D&A	(0.5)	(0.5)	-
Promotion and marketing (3)	(2.5)	(2.7)	(7.4%)
EBIT	0.3	(1.3)	-
EBIT margin	1.7%	(8.7%)	10.4pp
EBITDA	0.8	(0.8)	-
EBITDA margin	4.5%	(5.4%)	9.9pp
Operating EBITDA (2)	1.4	(0.2)	-
Operating EBITDA margin	8.0%	(1.3%)	9.3pp

(1) barter sales from Agora SA constituted 0.3% of advertising revenue in the period of January-March 2008 (0.5% in the same period of 2007).

(2) excluding non-cash cost of share-based payments.

(3) the amounts do not include the revenues and 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.

*Audience share of Agora's local radio stations group in the first quarters 2008 and 2007*

**Tab. 13**

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Cumulative:	Audience share [9](1)
2008	8.6%
2007	8.0%

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(1) excluding Kiss FM and Rock Radio Mazowsze.

**2. SUPERREGIONAL RADIO TOK FM**

In the first quarter of 2008, radio *TOK FM* continued to grow audience share and revenues.

In the period of January-March 2008, *TOK FM* commanded 7.4% share in the Warsaw audience market (in its target group) as compared to 6.1% in the same period of 2007. In all cities of *TOK FM* operations, its audience share amounted to 4.6% (3.5% in the same period of 2007).

In the first quarter of 2008 revenues of the station increased by 71% yoy and its operating loss reduced.

**NOTES**

[1] Operating EBITDA = EBITDA + non-cash expense relating to share-based payments.

[2] The Group's net profit refers to "net profit attributable to equity holders of the parent".

[3] The estimates refer to advertising expenditures in five media (print, radio, TV, outdoor, internet). In this MD&A Agora has corrected the advertising figures for 2007 and the previous years. Unless explicitly stated otherwise, print and radio 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. In case of print the data do not include classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: Expert Monitor monitoring, Agora SA monitoring. Presented TV and internet figures for 2008 and the previous years are based on Starlink media house estimates and do not include sponsorships and teleshopping ads.

Average prime-time (6 p.m. – 11 p.m.) ad inventory utilisation rate based on AGB Polska estimates, processed by Agora SA.

Internet estimates do not include, among others, classified advertisements (such as: recruitment or real estate services etc.). Outdoor advertising figures are based on Izba Gospodarcza Reklamy Zewnętrznej estimates.

[4] The data on the number of copies sold of daily newspapers is derived from 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, research carried out by MillwardBrown SMG/KRC on a random, nationwide sample of Poles over 15 years of age. The following indices were used: CCS index (weekly readership index) - percentage of respondents reading at least one edition of the title within 7 days of the week and CPW index (average issue readership index). Size of the sample: nationwide PBC General for January- March 2007: n = 12,068, January- March 2008: n = 12,065, the Mazowieckie Region: January-March 2007: n = 1,564, January-March 2008: n = 1,566.

[5] Definition of ratios:

$$\text{Net profit margin} = \frac{\text{Net profit attributable to equity holders of the parent}}{\text{Sales of finished products, merchandise and materials}}$$

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

$$\text{Return on equity} = \frac{\text{Net profit attributable to equity holders of the parent}}{(\text{Equity attributable to equity holders of the parent at the beginning of the period} + \text{Equity attributable to equity holders of the parent at the end of the period}) / 2 / 4 \text{ for quarterly results}}$$

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

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

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

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

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

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

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

\* *Free cash flow = Net cash from operating activities + Purchase of property plant and equipment and intangibles*

*[6] Portal reach, real users, page views and spent time on the basis of Megapanel PBI/Gemius and cover internet users age 7 years and above, connecting to internets from the territory of Poland. Real users data of Agora's internet services are audited by Gemius SA.*

*[7] Average paid circulation of monthlies is based on the Agora's own data.*

*Rate card data of magazines are based on research carried out by Expert Monitor; commercial brand advertising; 121 magazines excluding specialist magazines.*

*[8] Source: report on sales of outdoor companies prepared by Izba Gospodarcza Reklamy Zewnętrznej (IGRZ) which include: AMS SA, Cityboard Media, Clear Channel Poland, Stroeer Out of Home Media, News Outdoor Poland, Gigaboard Polska, Mini Media/Publiprox, Business Consulting, CAM Media and Defi Poland. The report is prepared on the basis of financial data provided by member companies of IGRZ.*

*[9] Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarters of an hour of listening) for local radiostations: in cities of broadcasting and in the age group of 15+, from January to March (sample for 2007: 11,430, sample for 2008: 11,422); TOK FM: in Warsaw and in the age group of 15+, from January to March (sample for 2007: 1,501; sample for 2008: 1,059); for TOK FM: in cities of broadcasting and in the age group of 15+, from January to March (sample for 2007: 7,840, sample for 2008: 7,844).*

## V. ADDITIONAL INFORMATION

### 1. Significant contracts

- The Company executed the annexes concerning credit line agreement up to PLN 500 million entered into on 5 April 2002 with Bank Polska Kasa Opieki S.A. with its seat in Warsaw. Agora informed about the credit line agreement in the current report no 9/2002.

In the current report published on 28 March 2008 the Company informed about execution of Annex no. 7, which extended the drawing period of the credit line by one month, i.e. up to 30 April 2008.

In the current report published on 30 April 2008 the Company informed that on 29 April 2008 Agora executed Annex no. 8 that increased the amount of the credit line by PLN 300 million i.e. to PLN 800 million and extended the drawing period of the line by one year, i.e. up to 31 March 2009. There have been some amendments introduced into the schedule. The credit line has been divided into two parts, namely: A (PLN 500 million) and B (PLN 300 million). The part A is to be paid in 13 equal quarterly instalments, i.e. from March 2009 until March 2012. The part B is to be paid on a one-off basis by 31 December 2013. As a result appropriate amendments have been introduced into security agreements.

- In the current report published on 14 May 2008 the Company informed that on 14 May 2008 Agora signed a share purchase agreement ("SPA") with Pronto Invest B.V., based in Amsterdam, the Netherlands ("Pronto Invest"), a group company of Trader Media East Limited, based on the island of Jersey, United Kingdom ("TME") controlled by the leading Turkish media group Hurriyet, to acquire all of the shares in Poland-based Trader.com (Polska) Sp. z o.o. ("Trader.com") for USD 54,350 thousand, equivalent to PLN 119,542,825 (translated using the average exchange rate announced by the National Bank of Poland on 12 May 2008). The purchase price for the shares of Trader.com is in excess of 10% of Agora's equity, thus the SPA meets the criteria of a material agreement. The note 16 to the condensed interim consolidated financial statements presents more details on the above transaction.

### 2. Important events

- In the current report published on 3 January and 25 January 2008 the Company informed about a notification from BZ WBK AIB Asset Management S.A. with its registered seat in Poznan about more than 2% increase of the voting rights at a general meeting of shareholders of Agora SA.
- In the current report published on 7 February 2008 the Company informed about exceeding the 10% threshold by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych SA with its registered seat in Poznan. Furthermore, BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. informed the Company, in accordance with requirements of article 46 clause 1 item 1 of the Act on Investment Funds dated 27 May 2004 (Official Journal, No 146, item 1,546, with amendments) that BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. commissioned the management of investment portfolios of the funds to BZ WBK AIB Asset Management S.A. with its registered seat in Poznan. As a result BZ WBK AIB Asset Management S.A. is also obliged to take aforementioned shares into account in any notifications submitted to the Company.
- In the current report published on 14 February 2008 the Company informed that on 13 February 2008 Agora obtained notification that on 12 February 2008 the company under the business name A2 Multimedia Sp. z o.o., with its seat in Warsaw was registered by the relevant state registry court.
- In the current report published on 4 April 2008 the Company informed that on 28 March, 2008 the District Court for the capital city of Warsaw, XIII KRS Commercial Division, registered the merger of six radio companies exercising the licenses for broadcasting radio programs with Grupa Radiowa Agory Sp. z o.o. (GRA), a subsidiary of Agora SA.  
The companies that were merged with GRA include:
  - Multimedia Plus Sp. z o. o.,
  - Regionalne Przedsiębiorstwo Zwiaskowe Sp. z o. o.,
  - Tres Sp. z o.o.,
  - Bis-Media Sp. z o.o.,
  - Jan Babczyszyn Radio Jazz Fm Sp. z o. o.,
  - Lokalne Radio w Opolu Sp. z o.o.All aforementioned companies had their registered seats in Warsaw.
- In the current report published on 10 April 2008 the Company published resolution of the Supervisory Board concerning the concise evaluation of the situation of the Company in 2007.

- In the current report published on 11 April 2008 the Company informed that the Management Board of Agora SA, having received a positive opinion of the Supervisory Board, shall recommend to the General Meeting of Shareholders payment of dividend for the fiscal year 2007 in the amount of PLN 0.50 per share. The proposed dividend day is 14 July 2008 and the proposed distribution date 31 July 2008. In accordance with the dividend policy announced by the Company on 14 February, 2005, the Company shall pay an annual dividend in the above amount, unless there are counter-indications arising from the earnings and prospects of the Company or market conditions.
- In the current report published on 11 April 2008 the Company disclosed the report relating to Agora SA's compliance with the corporate governance rules in 2007.
- In the current report published on 11 April 2008 the Company disclosed the list of current reports released in 2007.
- In the current report published on 21 April 2008 the Company, acting pursuant to Art. 395 and 399 § 1 of the Commercial Companies Code, informed about convening for 20 June 2008, at 11:00 hours Annual General Meeting of Shareholders which will be held in Warsaw at Czerna 8/10. The agenda of the AGM was attached to the notice.
- In relation to current disclosure of 21 April 2008 regarding the convening of General Assembly of Shareholders, Agora informed that on 21 April, 2008 Agora-Holding Sp. z o.o. - shareholder holding 100% of the registered preference series A shares - has nominated the following candidates to the Management Board:
  1. Zbigniew Bak,
  2. Piotr Niemczycki,
  3. Marek Sowa,
  4. Jaroslaw Szalinski.
- In the current report published on 8 May 2008 the Company announced draft resolutions which the Management Board intends to submit to the Annual General Meeting of Shareholders convened for 20 June 2008.
- In the current report published on 14 May 2008 Agora informed that the Company signed a share purchase agreement to acquire 100% shares of Trader.com (Polska) Sp. z o.o. for USD 54,350 thousand, equivalent to PLN 119,542,825 (translated at the average exchange rate announced by the National Bank of Poland on 12 May 2008). The transaction ensures the Company's leadership in the print and Internet real-estate classifieds and the second position in the automotive category measured by number of real users. The share purchase agreement is conditional hence the purchase is possible only after all the conditions specified in the agreement are fulfilled and it does not depend upon any consent of regulatory authorities. The note 16 to the condensed interim consolidated financial statements presents more details on the above transaction.

**3. Changes in ownership of shares and rights to shares by Management Board members in the first quarter of 2008 and until the date of publication of the report**

*Tab. 14*

a. shares	as of 31 March 2008	decrease	increase	as of 31 December 2007
Marek Sowa	0	0	0	0
Piotr Niemczycki	1,548,373	0	0	1,548,373
Zbigniew Bak	68,006	0	0	68,006
Jaroslaw Szalinski	3,552	0	0	3,552

b. rights to shares	as of 31 March 2008	decrease	increase	as of 31 December 2007
Marek Sowa	0	0	0	0
Piotr Niemczycki	0	0	0	0
Zbigniew Bak	0	0	0	0
Jaroslaw Szalinski	0	0	0	0

c. shares	as of 15 May 2008	decrease	increase	as of 31 March 2008
Marek Sowa	0	0	0	0
Piotr Niemczycki	1,548,373	0	0	1,548,373
Zbigniew Bak	68,006	0	0	68,006
Jaroslaw Szalinski	3,552	0	0	3,552

The members of the Management Board participate in the incentive plan described in the note 5 of the financial statements.

**4. Changes in ownership of shares or other rights to shares (options) by Supervisory Board members in the first quarter of 2008**

*Tab. 15*

shares	as of 31 March 2008	decrease	increase	as of 31 December 2007
Slawomir S. Sikora	0	0	0	0
Tomasz Sielicki	33	0	0	33
Andrzej Szlezak	0	0	0	0
Richard Bruce Rabb	0	0	0	0
Sanford Schwartz	0	0	0	0

The members of the Supervisory Board did not have any rights to shares (options).

**5. Shareholders entitled to exercise 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 first quarter of 2008, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

*Tab. 16*

	no. of shares	% of share capital	no. of votes	% of voting rights
Agora-Holding Sp. z o.o.	8,021,992	14.59%	25,148,392	34.88%
Companies from Julius Baer Group (1):	-	-	-	6.43%
Julius Baer Investment Management LLC (2)	3,941,331	7.2%	3,794,001	5.3%
Julius Baer International Equity Fund (1)	3,858,789	7.02%	3,858,789	5.35%
BZ WBK AIB Asset Management S.A. (3)	10,120,227	18.41%	10,120,227	14.04%
BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (4)	7,254,247	13.19%	7,254,247	10.06%

(1) as of 14 March 2007

(2) as of 29 June 2006

(3) as of 23 January 2008

(4) as of 4 February 2008

Data update is performed on the basis of the official notifications from Shareholders entitled to over 5 % of total voting rights at the General Meeting of Shareholders.

**AGORA GROUP**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**as at 31 March 2008 and for 3 month period ended thereon**

**Agora Group**  
**Consolidated balance sheet as at 31 March 2008**  
(all amounts in PLN thousands unless otherwise indicated)

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	As at 31 March 2008	As at 31 December 2007	As at 31 March 2007
<b>Assets</b>			
<b>Non-current assets:</b>			
Intangible assets	292,524	289,871	283,489
Property, plant and equipment	619,865	616,036	634,554
Investments	237	3,162	7,431
Investments in equity accounted investees	1,807	-	1,234
Receivables and prepayments	7,027	6,970	6,928
Deferred tax assets	39,518	37,026	31,410
	<u>960,978</u>	<u>953,065</u>	<u>965,046</u>
<b>Current assets:</b>			
Inventories	14,726	17,501	14,784
Accounts receivable and prepayments	253,847	249,257	218,618
Income tax receivable	78	2,199	3,914
Short-term securities and other financial assets	13	63,455	101,508
Cash and cash equivalents	423,155	337,660	270,585
	<u>691,819</u>	<u>670,072</u>	<u>609,409</u>
<b>Total assets</b>	<u>1,652,797</u>	<u>1,623,137</u>	<u>1,574,455</u>

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

**Agora Group**  
**Consolidated balance sheet as at 31 March 2008**  
(all amounts in PLN thousands unless otherwise indicated)

	Note	As at 31 March 2008	As at 31 December 2007	As at 31 March 2007
<b>Equity and liabilities</b>				
<b>Equity attributable to equity holders of the parent:</b>				
Share capital		54,978	54,978	54,978
Share premium		290,506	290,506	290,506
Foreign currency translation reserve		(39)	(21)	-
Retained earnings and other reserves		900,301	870,220	843,835
		<u>1,245,746</u>	<u>1,215,683</u>	<u>1,189,319</u>
Minority interest		<u>(32)</u>	<u>(95)</u>	<u>(142)</u>
<b>Total equity</b>		<u>1,245,714</u>	<u>1,215,588</u>	<u>1,189,177</u>
<b>Non-current liabilities:</b>				
Deferred tax liabilities		62,107	63,416	63,636
Interest bearing loans and borrowings	3	95,727	104,430	130,538
Retirement severance provision		1,334	1,334	1,187
Deferred revenues and accruals		586	767	1,115
		<u>159,754</u>	<u>169,947</u>	<u>196,476</u>
<b>Current liabilities:</b>				
Retirement severance provision		130	130	143
Accounts payable		128,928	138,742	116,002
Income tax liabilities		3,304	177	948
Short-term borrowings	3	43,527	34,810	8,654
Provisions		2,725	2,876	2,509
Deferred revenues and accruals		68,715	60,867	60,546
		<u>247,329</u>	<u>237,602</u>	<u>188,802</u>
<b>Total equity and liabilities</b>		<u>1,652,797</u>	<u>1,623,137</u>	<u>1,574,455</u>
Weighted average number of shares		<u>54,977,535</u>	<u>54,977,535</u>	<u>54,977,535</u>

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

**Agora Group**  
**Consolidated income statement for three months ended 31 March 2008**  
(all amounts in PLN thousands unless otherwise indicated)

		Three months ended	Three months ended
	Note	31 March 2008	31 March 2007
Sales	4	313,420	302,727
Cost of sales		<u>(176,427)</u>	<u>(181,471)</u>
<b>Gross profit</b>		136,993	121,256
Selling expenses		(80,823)	(74,130)
Administrative expenses		(33,436)	(29,635)
Other operating income		2,548	6,419
Other operating expenses		<u>(2,698)</u>	<u>(5,112)</u>
<b>Operating profit</b>	4	22,584	18,798
Finance income		5,914	3,954
Finance costs		(2,516)	(1,865)
Share of results of equity accounted investees		<u>(223)</u>	<u>(1)</u>
<b>Profit before income taxes</b>		25,759	20,886
Income tax expense		<u>(7,292)</u>	<u>(6,787)</u>
<b>Net profit for the period</b>		<u>18,467</u>	<u>14,099</u>
<b>Attributable to:</b>			
Equity holders of the parent		18,660	14,272
Minority interests		<u>(193)</u>	<u>(173)</u>
		<u>18,467</u>	<u>14,099</u>
Earnings per share (in PLN)		<u>0.34</u>	<u>0.26</u>

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

**Agora Group****Consolidated statement of changes in equity for three months ended 31 March 2008**

(all amounts in PLN thousands unless otherwise indicated)

	Equity attributable to equity holders of the parent						Minority interest	Total equity
	Share capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings and other reserves	Total		
<b>Three months ended 31 March 2008</b>								
<b>As at 31 December 2007</b>	54,978	-	290,506	(21)	870,220	1,215,683	(95)	1,215,588
Net profit / (loss) for the period	-	-	-	-	18,660	18,660	(193)	18,467
Currency translation	-	-	-	(18)	-	(18)	-	(18)
Total recognized income and expense for the period	-	-	-	(18)	18,660	18,642	(193)	18,449
Additional contribution of minority shareholder	-	-	-	-	-	-	256	256
Adjustment from consolidation of subsidiaries previously accounted for using equity method	-	-	-	-	(617)	(617)	-	(617)
Share-based payments	-	-	-	-	12,038	12,038	-	12,038
<b>As at 31 March 2008</b>	54,978	-	290,506	(39)	900,301	1,245,746	(32)	1,245,714

**Agora Group**
**Consolidated statement of changes in equity for three months ended 31 March 2008**

(all amounts in PLN thousands unless otherwise indicated)

	Equity attributable to equity holders of the parent						Minority interest	Total equity
	Share capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings and other reserves	Total		
<b>Twelve months ended 31 December 2007</b>								
<b>As at 31 December 2006</b>	54,978	-	290,506	-	819,685	1,165,169	(503)	1,164,666
Net profit / (loss) for the period	-	-	-	-	100,264	100,264	(83)	100,181
Currency translation	-	-	-	(21)	-	(21)	-	(21)
Total recognized income and expense for the period	-	-	-	(21)	100,264	100,243	(83)	100,160
Additional contribution of minority shareholder	-	-	-	-	-	-	1,557	1,557
Adjustment from consolidation of subsidiaries previously accounted for using equity method	-	-	-	-	160	160	-	160
Share-based payments	-	-	-	-	32,577	32,577	-	32,577
Dividends declared	-	-	-	-	(82,466)	(82,466)	-	(82,466)
Dividends of subsidiaries	-	-	-	-	-	-	(1,066)	(1,066)
<b>As at 31 December 2007</b>	54,978	-	290,506	(21)	870,220	1,215,683	(95)	1,215,588

**Agora Group**

**Consolidated statement of changes in equity for three months ended 31 March 2008**

(all amounts in PLN thousands unless otherwise indicated)

	Equity attributable to equity holders of the parent						Minority interest	Total equity
	Share capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings and other reserves	Total		
<b>Three months ended 31 March 2007</b>								
<b>As at 31 December 2006</b>	54,978	-	290,506	-	819,685	1,165,169	(503)	1,164,666
Net profit / (loss) for the period	-	-	-	-	14,272	14,272	(173)	14,099
Total recognized income and expense for the period	-	-	-	-	14,272	14,272	(173)	14,099
Additional contribution of minority shareholder	-	-	-	-	-	-	534	534
Share-based payments	-	-	-	-	9,878	9,878	-	9,878
<b>As at 31 March 2007</b>	54,978	-	290,506	-	843,835	1,189,319	(142)	1,189,177

**Agora Group****Consolidated cash flow statement for the three months ended 31 March 2008**

(all amounts in PLN thousands unless otherwise indicated)

	Three months ended 31 March 2008	Three months ended 31 March 2007
<b>Cash flows from operating activities</b>		
Profit before income taxes	25,759	20,886
Adjustments for:		
Share of results of equity accounted investees	223	1
Depreciation of property, plant and equipment	17,763	17,328
Amortization of intangible assets	2,021	1,598
Interest, net	2,101	1,564
(Profit)/ loss on investing activities	(747)	206
(Decrease) / increase in provisions	(151)	(2,352)
(Increase) / decrease in inventories	2,775	3,804
(Increase) / decrease in receivables and prepayments	(3,171)	(23,077)
(Decrease) / increase in payables	(6,243)	12,640
(Decrease) / increase in deferred revenues and accruals	6,982	10,496
Other adjustments	12,043	9,294
Cash generated from operations	59,355	52,388
Income taxes paid	(5,592)	(2,638)
<b>Net cash from operating activities</b>	53,763	49,750
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment, and intangibles	66	22
Loan repayment received	4	39
Interest received	399	15
Disposal of short-term securities	63,431	-
Purchase of property plant and equipment, and intangibles	(28,154)	(11,837)
Acquisition of subsidiaries (net of cash acquired), associates and jointly controlled entities	(1,913)	-
Acquisition of short-term securities	-	(100,000)
<b>Net cash used in investing activities</b>	33,833	(111,761)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	314
Interest paid	(2,101)	(2,123)
Other	-	(300)
<b>Net cash used in financing activities</b>	(2,101)	(2,109)
<b>Net increase / (decrease) in cash and cash equivalents</b>	85,495	(64,120)
Cash and cash equivalents		
At start of period	337,660	334,705
At end of period	423,155	270,585

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

**1. General information**

Agora SA with its registered seat in Warsaw, Czerna 8/10 street ("the Company") principally produces, sells and promotes daily newspapers (including flagship *Gazeta Wyborcza*), magazines, and other periodicals and carries out the internet activity. The Company also controls 7 radio operating companies and is active in the outdoor segment through an acquired subsidiary, Art Marketing Syndicate SA ("AMS").

As at 31 March 2008 the Group comprised Agora SA, 14 subsidiaries and a one jointly controlled entity A2 Multimedia Sp. z o.o. The Group carries out activity in all major cities of Poland and in Ukraine – through Agora Ukraine LLC. Financial statements were prepared as at and for three months ended 31 March 2008, with comparative figures presented as at and for three months ended 31 March 2007.

The financial statements were authorized for issue by the Management Board of Agora SA on 15 May 2008.

**2. Statement of compliance**

The Consolidated Balance Sheet as of 31 March 2008, the Consolidated Income Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the three months ended 31 March 2008 have not been audited or reviewed. The Consolidated Balance Sheet as of 31 December 2007, the Consolidated Income Statement, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the twelve months ended 31 December 2007 have been audited by independent auditor who issued unqualified opinion.

The Condensed Consolidated Financial Statements have been prepared under International Accounting Standard 34 "Interim Financial Reporting", according to art. 45 point 1a-1c of Accounting Act (Official Journal from 2002, No 76, item 694 with amendments), regulations issued based on that Act and the Minister of Finance Decree of 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1,744).

These unconsolidated and consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS), adopted by the European Union. As at the day of publication of these interim consolidated financial statements, taking into account the adaptation process of IFRS by the European Union, there are no differences between IFRS and IFRS adopted by the European Union with respect to the financial reporting of the Group.

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 2007. The Consolidated Financial Statements as at 31 December 2007 have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB ("IFRIC") published in the form of regulations of the European Union. The 31 March 2008 Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as at 31 December 2007.

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

As at 31 March 2008 the Group had a PLN 500 million long-term loan facilities available from Bank Pekao SA, on the basis of the credit line agreement dated 5 April 2002. The loan liability as at 31 March 2008 amounted to PLN 139,254 thousand, including PLN 95,727 thousand presented in the non-current part.

Additionally, Group's subsidiary - Inforadio Sp. z o.o. has loan liability to a minority shareholder in the amount of PLN 21,095 thousand.

**4. Sales and segment information**

	Three months ended 31 March 2008	Three months ended 31 March 2007
<b>Sales</b>		
Press and other media	275,890	269,919
Outdoor	48,151	41,808
Consolidation eliminations	<u>(10,621)</u>	<u>(9,000)</u>
Consolidated	<u>313,420</u>	<u>302,727</u>
<b>Operating profit</b>		
Press and other media	16,579	12,212
Outdoor	7,612	7,549
Consolidation eliminations	<u>(1,607)</u>	<u>(963)</u>
Consolidated	<u>22,584</u>	<u>18,798</u>
<b>(Impairment loss recognized) / reversal of impairment losses</b>		
Press and other media	(790)	(395)
Outdoor	(251)	71
Consolidation eliminations	<u>-</u>	<u>-</u>
Consolidated	<u>(1,041)</u>	<u>(324)</u>

**5. Share-based payment**

In Agora Group the share incentive plans fuelled by Agora's shares are run. This plans fall within the scope of IFRS 2 "Share-based Payment" which came into force from 1 January 2005.

Eligible employees are entitled to purchase investment certificates in closed end mutual fund. The fair value of certificates is determined by applying valuation techniques and is included in staff cost with corresponding increase in equity.

According to transitional provisions of IFRS 2, the standard should be applied to equity instruments that were granted after 7 November 2002 and vested or will vest after 1 January 2005. All restricted stock purchased within incentive plans up to 2004 inclusive was granted to employees either before 7 November 2002 or was vested before 1 January 2005. Consequently, shares purchased by employees up to the end of 2004 fall outside scope of IFRS 2 and they do not affect the income statement of the Group.

During periods covered by these financial statements, the following incentive plans were carried out in the Group:

A. Incentive plan based on investment certificates

B. Employee Stock Purchase Plan and Stock Incentive Plan for management (carried out until the end of 2004).

A. Incentive plan based on investment certificates (carried out from 2005)

Eligible employees participate in an incentive plan based on investment certificates in Participatory Closed Mutual Fund (PCMF), managed by Skarbiec Towarzystwo Funduszy Inwestycyjnych SA.

The number of certificates granted depends on meeting performance criteria, not on market conditions.

The details about the incentive plans carried out in 2005 and in 2006 were presented in the consolidated financial statements for the year of 2006 and about the incentive plan carried out in 2007 – in the consolidated financial statements for the year of 2007.

**Agora Group****Notes to the condensed consolidated financial statements for three months ended 31 March 2008**

(all amounts in PLN thousands unless otherwise indicated)

The impact of share-based payments on the financial statements of the Agora Group:

	Three months ended 31 March 2008	Three months ended 31 March 2007
Income statement – staff cost	12,038	9,878
Equity	<u>12,038</u>	<u>9,878</u>

The impact on the financial statements of the Group described above, result exclusively from recognition of costs in 2008 of the plans carried out in 2006-2007; in 2007 of the plans carried out in 2005-2007).

The table below shows the number of certificates purchased by the employees of the Group in incentive schemes (in number of certificates, including certificates purchased by the Management Board of Agora SA):

	Three months ended 31 March 2008	Three months ended 31 March 2007
At the beginning of the period	1,247,227	1,332,057
Granted	-	-
Forfeited	(4,535)	(9,318)
Vested	-	-
At the end of the period	<u>1,242,692</u>	<u>1,322,739</u>

Investment certificates acquired by Management Board of Agora SA (number of certificates):

	As at 31 March 2008	Vested in the first quarter of 2008	Granted in the first quarter of 2008	As at 31 December 2007
Incentive plan 2006 (C and D series)				
Marek Sowa	-	-	-	-
Wanda Rapaczynski (1)	11,155	-	-	11,155
Piotr Niemczycki	8,143	-	-	8,143
Zbigniew Bak	5,948	-	-	5,948
Jaroslaw Szalinski	7,919	-	-	7,919
	<u>33,165</u>	<u>-</u>	<u>-</u>	<u>33,165</u>
	As at 31 March 2008	Vested in the first quarter of 2008	Granted in the first quarter of 2008	As at 31 December 2007
Incentive plan 2007 (E series)				
Marek Sowa	10,000	-	-	10,000
Piotr Niemczycki	13,480	-	-	13,480
Zbigniew Bak	19,694	-	-	19,694
Jaroslaw Szalinski	14,535	-	-	14,535
	<u>57,709</u>	<u>-</u>	<u>-</u>	<u>57,709</u>

(1) Wanda Rapaczynski was the President and the Member of the Management Board of Agora SA till 30 August 2007

## Agora Group

### Notes to the condensed consolidated financial statements for three months ended 31 March 2008

(all amounts in PLN thousands unless otherwise indicated)

Vesting date and vesting period for purchased certificates:

Certificates	Vesting date	Vesting period	Time interval	No. of certificates
D	25 June 2008	21 months	October 2006 – June 2008	33,165
E	25 June 2008	9 months	October 2007 – June 2008	57,709

In the first quarter of 2008 non-cash expense of the investment certificates acquired by Management Board recognized according to IFRS 2 amounted to PLN 831 thousand (in the first quarter of 2007: PLN 1,815 thousand).

#### B. Employee Stock Purchase Plan and Stock Incentive Plan for management (carried out until the end of 2004)

In these plans, Agora Holding Sp. z o.o. sold Agora's shares to eligible employees for fixed price of PLN 1 for each share with following restrictions: they were registered, not admitted for public trade and could not be sold for a period up to 10 years.

During the vesting period Agora Holding Sp. z o.o. has an irrevocable right to buy back shares for PLN 1 in case of non-compliance with share incentive plan regulations by employees.

The number of shares granted depended on eligible managers meeting performance criteria (non-market criteria). Movements in the shares outstanding are as follows (including shares granted to Members of the Management Board of Agora SA):

	Three months ended 31 March 2008	Three months ended 31 March 2007
At the beginning of the period	1,780,554	3,280,013
Granted	-	-
Forfeited	-	-
Vested	-	-
At the end of the period	1,780,554	3,280,013

The shares granted have vesting and selling restrictions (with selling obligation) for the period from 5 to 10 years (up to 2010).

The shares not yet vested as at 31 December 2004 were granted before 7 November 2002; consequently they are outside the scope of IFRS 2 (they are not valued and recognized in the books). As a result they do not affect the results and equity of the Group.

All shares have full dividend and voting rights.

The movements in shares purchased by Management Board of Agora are shown in point V.3 of the Management Discussion and Analysis.

#### **6. Provisions and impairment losses**

In the period from 1 January 2008 to 31 March 2008 the following impairment losses were changed:

- impairment loss for receivables: increase by PLN 464 thousand,
- impairment loss for inventory: increase by PLN 2,265 thousand,
- impairment loss for property, plant and equipment and intangible assets: decrease by PLN 442 thousand.

Additionally in the period from 1 January 2008 to 31 March 2008 the following provisions were changed:

- provision for certain and probable losses decrease by 114 thousand,
- provision for restructuring: decrease by PLN 37 thousand.

**7. Equity**

According to IAS 29 "Financial Reporting in Hyperinflationary Economies", the Polish economy was regarded as hyperinflationary up to 1996.

IAS 29 requires the share capital of the Group to be restated by applying the general price index.

Retrospective application of IAS 29 with regard to equity would result in an increase of share capital of the Group with corresponding decrease of retained earnings by the same amount.

Consequently, the restatement of equity due to hyperinflation does not affect the value of equity of the Group, only the structure of the equity is affected.

Polish regulations, commercial code in particular, do not rule the way how this type of adjustment should be carried out (especially adjustments to equity of companies).

Consequently, due to lack of impact on equity of the Group following the hyperinflationary adjustment and lack of regulations in Polish law, the Group did not post any adjustment to equity as a consequence of IAS 29 application.

**8. Capital and investment commitments**

Contractual capital and investment commitments (mainly relating to fixed and intangible assets) existing at the balance sheet date amounted to PLN 5,728 thousand (31 December 2007: PLN 7,348 thousand, 31 March 2007: PLN 3,061 thousand).

**9. Contingencies**

As of 31 March 2008 the Group had contingent liabilities in respect of 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
<u>Guarantees provided by Agora SA</u>				
Bank Pekao SA	Agora's employees	31 Mar 2008 - 29 Jan 2011	686	-
<u>Guarantees provided by AMS SA</u>				
Gmina Wroclaw	AMS SA	31 Mar 2009 - 31 Dec 2009	752	-
Miejskie Zaklady Autobusowe Sp. z o.o.	AMS SA	30 Nov 2008	115	-
Others	AMS SA	31 Dec 2008	109	-
			1,662	-

The total amount of the guarantees does not exceed 10% of the Group's equity.

**Advertising panels of the AMS group situated near the side of a road**

Due to increasing business risk connected with placing the advertising panels on the waysides, AMS has started in Warsaw to move its Backlight (18, 32 square meters), Billboard (18 square meters) and Cityscroll (9 square meters) panels and mount them in new localizations outside the waysides. These activities in the long term help to maintain the sale potential of Premium and Superpremium segment, whatever will be the decisions concerning company's panels located on the waysides.

## Agora Group

### Notes to the condensed consolidated financial statements for three months ended 31 March 2008

(all amounts in PLN thousands unless otherwise indicated)

Simultaneously, the Management Board of AMS does not abandon its efforts to keep at least a part of its panels' portfolio on the waysides in Warsaw. Due to this strategy, the Management Board of AMS decided to set up provisions for all fees connected with advertising panels for which AMS awaited positive decisions and for all possible spending concerning the panels, for which the risk of receiving negative decisions is higher. As at 31 March 2008, the provided provisions amounted to PLN 4,869 thousand. The Management Board of AMS will monitor the legal situation concerning the use of waysides and adjust its accounting policy as for providing provisions and recognition of impairment losses connected with its assets.

#### 10. Court cases

As for 31 March 2008 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.

#### 11. Seasonality

Advertising revenues are subject to seasonality – revenues earned in the first and third quarter are lower than in the second and fourth quarter.

#### 12. Related-party transactions

##### (a) Management Board's remuneration

Remuneration of Management Board members of Agora SA paid pursuant to employment and management contracts amounted to PLN 700 thousand (three months ended 31 March 2007: PLN 517 thousand).

Management Board members did not acquire shares in the period of three months ended 31 March 2008.

##### (b) Other related parties

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

	Three months ended 31 March 2008	Three months ended 31 March 2007
<b>Related companies</b>		
Sales	23	186
Purchases of goods and services	(57)	(825)
Interest on loans payable	-	15
	As at 31 March 2008	As at 31 March 2007
<b>Related companies</b>		
Receivables	26	39
Payables	32	597

All transactions carried out between related parties are of routine nature.

#### 13. Functional currency and presentation currency for the consolidated financial statements and condensed unconsolidated financial statements of Agora SA and the translation method of the foreign subsidiary's financial data

Agora SA's functional and presentation currency for the presented consolidated financial statements is Polish zloty.

Selected financial data presented in the financial statements has been translated into EURO in the following way:

- income statement and cash flow statement figures using arithmetic average of exchange rates published by NBP and ruling on the last day of each month during the first quarter. For the first quarter of 2008 EURO 1 = PLN 3.5574, for the first quarter of 2007 EURO 1 = PLN 3.9104,

- balance sheet figures using the average exchange rates published by NBP and ruling as at the balance sheet date. Exchange rate as at 31 March 2008 – EURO 1 = 3.5258; as at 31 March 2007 – EURO 1 = PLN 3.8789.

**Agora Group****Notes to the condensed consolidated financial statements for three months ended 31 March 2008**

(all amounts in PLN thousands unless otherwise indicated)

The financial statement of Agora Ukraine LLC – a subsidiary of Agora SA for the consolidation purposes were translated to zlotys in the following way:

- income statement and cash flow statement figures using arithmetic average of exchange rates published by NBP and ruling on the last day of each month during the first quarter. For the first quarter of 2008 UAH 1 = PLN 0.4628.

- balance sheet figures using the average exchange rates published by NBP and ruling as at the balance sheet date. Exchange rate as at 31 March 2008 – UAH 1 = PLN 0.4457.

**14. Selected consolidated financial data together with translation into EURO**

	PLN thousand		EURO thousand	
	Three months ended 31 March 2008	Three months ended 31 March 2007	Three months ended 31 March 2008	Three months ended 31 March 2007
Sales	313,420	302,727	88,104	77,416
Operating profit	22,584	18,798	6,348	4,807
Profit before income taxes	25,759	20,886	7,241	5,341
Net profit for the period attributable to equity holders of the parent	18,660	14,272	5,245	3,650
Net cash from operating activities	53,763	49,750	15,113	12,722
Net cash used in investing activities	33,833	(111,761)	9,511	(28,580)
Net cash used in financing activities	(2,101)	(2,109)	(591)	(539)
Net increase / (decrease) in cash and cash equivalents	85,495	(64,120)	24,033	(16,397)
Total assets	1,652,797	1,574,455	468,772	405,902
Non-current liabilities	159,754	196,476	45,310	50,653
Current liabilities	247,329	188,802	70,148	48,674
Equity attributable to equity holders of the parent	1,245,746	1,189,319	353,323	306,612
Share capital	54,978	54,978	15,593	14,174
Weighted average number of shares	54,977,535	54,977,535	54,977,535	54,977,535
Earnings per share (in PLN / in EURO)	0.34	0.26	0.10	0.07
Book value per share (in PLN / in EURO)	22.66	21.63	6.43	5.58

**15. Description of the Group**

The list of companies from the Group:

		% of shares held (effectively)	
		31 March 2008	31 December 2007
<b>Subsidiaries consolidated</b>			
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	Art Marketing Syndicate SA (AMS), Poznan	100.0%	100.0%
3	Radio Trefl Sp. z o.o., Warsaw (1)	100.0%	100.0%
4	IM 40 Sp. z o.o., Warsaw	72.0%	72.0%
5	Grupa Radiowa Agory Sp. z o.o., Warsaw	100.0%	100.0%
6	Barys Sp. z o.o., Warsaw (1)	100.0%	100.0%
7	Agencja Reklamowa Jowisz Sp. z o.o., Warsaw (1)	100.0%	100.0%
8	Adpol Sp. z o.o., Warsaw (2)	100.0%	100.0%
9	Akcent Media Sp. z o.o., Poznan (2)	100.0%	100.0%
10	Multimedia Plus Sp. z o.o., Warsaw (3)	-	100.0%
11	Lokalne Radio w Opolu Sp. z o.o., Warsaw (3)	-	100.0%
12	Inforadio Sp. z o.o., Warsaw	66.1%	66.1%
13	Regionalne Przedsiębiorstwo Zwiaskowe Sp. z o.o., Warsaw (3)	-	100.0%
14	Tres Sp. z o.o., Warsaw (3)	-	100.0%
15	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
16	BOR Sp. z o.o., Warsaw	100.0%	100.0%
17	Jan Babczyszyn Radio Jazz FM Sp. z o.o., Warsaw (3)	-	100.0%
18	Bis Media Sp. z o.o., Warsaw (3)	-	100.0%
19	Agora Ukraine LLC, Kiev	100.0%	100.0%
20	Media System Sp. z o.o., Warsaw (2)	100.0%	100.0%
<b>Jointly controlled entities accounted for the equity method</b>			
21	A2 Multimedia Sp. z o.o., Warsaw	50%	-
<b>Companies excluded from consolidation and equity accounting</b>			
22	Polskie Badania Internetu Sp. z o.o., Warsaw	20.0%	20.0%
23	Projekt Inwestycyjny Sp. z o.o., Warsaw	100.0%	100.0%
24	Polskie Badania Outdooru Sp. z o.o., Warsaw (2)	41.0%	41.0%

(1) indirectly through GRA Sp. z o.o.

(2) indirectly through AMS SA

(3) companies merged with GRA Sp. z o.o. on 28 March 2008

**16. Post-balance sheet events**

- On 11 April 2008 the Company informed that the Management Board of Agora SA, having received a positive opinion of the Supervisory Board, shall recommend to the General Meeting of Shareholders payment of dividend for the fiscal year 2007 in the amount of PLN 0.50 per share. The proposed dividend day is 14 July 2008 and the proposed distribution date 31 July 2008.
- On 29 April 2008 Agora executed Annex no. 8 that increased the amount of the credit line by PLN 300 million i.e. to PLN 800 million and extended the drawing period of the line by one year, i.e. up to 31 March 2009. There have been some amendments introduced into the schedule. The credit line has been divided into two parts, namely: A (PLN 500 million) and B (PLN 300 million). The part A is to be paid in 13 equal quarterly instalments, i.e. from March 2009 until March 2012. The part B is to be paid on a one-off basis by 31 December 2013. As a result appropriate amendments have been introduced into security agreements.

- On 14 May 2008 Agora SA informed that on 14 May 2008 the Company signed a share purchase agreement (“SPA”) with Pronto Invest B.V., based in Amsterdam, the Netherlands (“Pronto Invest”), a group company of Trader Media East Limited, based on the island of Jersey, United Kingdom (“TME”) controlled by the leading Turkish media group Hurriyet, to acquire all of the shares in Poland-based Trader.com (Polska) Sp. z o.o. (“Trader.com”) for USD 54,350 thousand, equivalent to PLN 119,542,825 (translated using the average exchange rate announced by the National Bank of Poland on 12 May 2008).

The transaction does not entail the acquisition of an international IT competency centre (“ICC”) used for TME operations outside of Poland which was separately managed but located within the structure of Trader.com and was transferred to a separate legal entity (TMECC Sp. z o.o.) which is now not related to Trader.com and will remain the property of Pronto Invest. Pronto Invest, as well as TME have given a number of representations and warranties in respect of the state of Trader.com and the extraction of ICC; the breach of some of these representations and warranties can trigger penalties in amounts up to the purchase price, in which case compensation in excess of the amount of the penalty cannot be sought. The Company guarantees payment of the purchase price if all the closing conditions are met.

The share transfer is expected to be completed in the following days, after the parties fulfil the closing conditions stipulated in the SPA, the most significant of which are: (i) signing certain operational agreements and an indemnity agreement regarding the separation of ICC (ii) termination of an agreement regarding confidentiality entered into between TME and Agora, (iii) waiver of Trader.com obligation under a guarantee issued as security for a loan granted to one of the companies of the TME group (iv) no material adverse change in the operations of Trader.com occurring prior to closing. Non-fulfillment of any of the closing conditions by 30 June 2008 shall cause the SPA to expire. No regulatory approvals are required for the transaction. The payment will be made in cash, on the closing date. As a result of the transaction Agora will own 100 % of the share capital of Trader.com, entitling Agora to exercise 100% of voting rights at the general meeting of shareholders.

The purchase price for the shares of Trader.com is in excess of 10% of Agora's equity, thus the SPA meets the criteria of a material agreement.

**17. Condensed unconsolidated financial statements of Agora SA****Unconsolidated balance sheet as at 31 March 2008**

	As at 31 March 2008	As at 31 December 2007	As at 31 March 2007
<b>Assets</b>			
<b>Non-current assets:</b>			
Intangible assets	85,622	84,392	83,660
Property, plant and equipment	404,759	412,714	438,735
Investments	307,504	305,372	308,516
Receivables and prepayments	55,600	61,617	77,640
Deferred tax assets	22,234	20,529	16,314
	<u>875,719</u>	<u>884,624</u>	<u>924,865</u>
<b>Current assets:</b>			
Inventories	10,724	13,020	10,776
Accounts receivable and prepayments	197,667	192,887	174,017
Income tax receivable	-	2,107	1,928
Short-term securities and other financial assets	415	63,856	100,572
Cash and cash equivalents	399,228	308,139	234,928
	<u>608,034</u>	<u>580,009</u>	<u>522,221</u>
<b>Total assets</b>	<u>1,483,753</u>	<u>1,464,633</u>	<u>1,447,086</u>

**Agora Group****Notes to the condensed consolidated financial statements for three months ended 31 March 2008**

(all amounts in PLN thousands unless otherwise indicated)

	As at 31 March 2008	As at 31 December 2007	As at 31 March 2007
<b>Equity and liabilities</b>			
<b>Equity:</b>			
Share capital	54,978	54,978	54,978
Share premium	290,506	290,506	290,506
Other reserves	74,240	64,015	44,742
Retained earnings	705,210	697,935	709,099
	<u>1,124,934</u>	<u>1,107,434</u>	<u>1,099,325</u>
<b>Non-current liabilities:</b>			
Deferred tax liabilities	60,347	62,763	65,698
Interest bearing loans and borrowings	95,727	104,430	130,537
Retirement severance provision	1,168	1,168	1,077
Deferred revenues and accruals	-	4	-
Other	162	186	71
	<u>157,404</u>	<u>168,551</u>	<u>197,383</u>
<b>Current liabilities:</b>			
Retirement severance provision	97	97	140
Accounts payable	107,137	112,780	96,451
Deferred tax liabilities	2,240	-	-
Short-term borrowings	43,527	34,810	8,057
Provisions	1,328	1,308	1,285
Deferred revenues and accruals	47,086	39,653	44,445
	<u>201,415</u>	<u>188,648</u>	<u>150,378</u>
<b>Total equity and liabilities</b>	<u>1,483,753</u>	<u>1,464,633</u>	<u>1,447,086</u>
Weighted average number of shares	<u>54,977,535</u>	<u>54,977,535</u>	<u>54,977,535</u>

## Unconsolidated income statement for three months ended 31 March 2008

	Three months ended 31 March 2008	Three months ended 31 March 2007
Sales	256,765	254,040
Cost of sales	(134,025)	(145,661)
<b>Gross profit</b>	<b>122,740</b>	<b>108,379</b>
Selling expenses	(84,317)	(75,452)
Administrative expenses	(25,483)	(24,942)
Other operating income	1,483	5,662
Other operating expenses	(1,785)	(4,334)
<b>Operating profit</b>	<b>12,638</b>	<b>9,313</b>
Finance income	6,365	3,636
Finance costs	(7,396)	(2,033)
<b>Profit before income taxes</b>	<b>11,607</b>	<b>10,916</b>
Income tax expense	(4,331)	(3,718)
<b>Net profit for the period</b>	<b>7,276</b>	<b>7,198</b>
Earnings per share (in PLN)	0.13	0.13

**Agora Group****Notes to the condensed consolidated financial statements for three months ended 31 March 2008**

(all amounts in PLN thousands unless otherwise indicated)

**Unconsolidated statement of changes in equity for three months ended 31 March 2008**

	<u>Share capital</u>	<u>Treasury shares</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
<b>Three months ended 31 March 2008</b>						
<b>As at 31 December 2007</b>	<u>54,978</u>	<u>-</u>	<u>290,506</u>	<u>64,015</u>	<u>697,935</u>	<u>1,107,434</u>
Net profit	-	-	-	-	7,276	7,276
<b>Total recognised income for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,276</u>	<u>7,276</u>
Share-based payments	-	-	-	10,225	-	10,225
Other	-	-	-	-	(1)	(1)
<b>As at 31 March 2008</b>	<u>54,978</u>	<u>-</u>	<u>290,506</u>	<u>74,240</u>	<u>705,210</u>	<u>1,124,934</u>
<b>Twelve months ended 31 December 2007</b>						
<b>As at 31 December 2006</b>	<u>54,978</u>	<u>-</u>	<u>290,506</u>	<u>36,357</u>	<u>701,901</u>	<u>1,083,742</u>
Net profit	-	-	-	-	78,500	78,500
<b>Total recognised income for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,500</u>	<u>78,500</u>
Share-based payments	-	-	-	27,658	-	27,658
Dividends declared	-	-	-	-	(82,466)	(82,466)
<b>As at 31 December 2007</b>	<u>54,978</u>	<u>-</u>	<u>290,506</u>	<u>64,015</u>	<u>697,935</u>	<u>1,107,434</u>

**Agora Group****Notes to the condensed consolidated financial statements for three months ended 31 March 2008**

(all amounts in PLN thousands unless otherwise indicated)

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	<u>Share capital</u>	<u>Treasury shares</u>	<u>Share premium</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Total equity</u>
<b>Three months ended 31 March 2007</b>						
<b>As at 31 December 2006</b>	<u>54,978</u>	<u>-</u>	<u>290,506</u>	<u>36,357</u>	<u>701,901</u>	<u>1,083,742</u>
Net profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,198</u>	<u>7,198</u>
<b>Total recognised income for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,198</u>	<u>7,198</u>
Share-based payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,385</u>	<u>-</u>	<u>8,385</u>
<b>As at 31 March 2007</b>	<u>54,978</u>	<u>-</u>	<u>290,506</u>	<u>44,742</u>	<u>709,099</u>	<u>1,099,325</u>

## Unconsolidated cash flow statement for the three months ended 31 March 2008

	Three months ended 31 March 2008	Three months ended 31 March 2007
<b>Cash flows from operating activities</b>		
Profit before income taxes	11,607	10,916
Adjustments for:		
Depreciation of property, plant and equipment	10,442	10,884
Amortization of intangible assets	1,441	1,144
Foreign exchange loss	5,158	128
Interest, net	1,217	337
(Profit) / loss on investing activities	(441)	1,320
(Decrease) / increase in provisions	20	(2,441)
(Increase) / decrease in inventories	2,296	3,537
(Increase) / decrease in receivables and prepayments	(5,362)	(23,703)
(Decrease) / increase in payables	(2,311)	14,873
(Decrease) / increase in deferred revenues and accruals	7,429	12,704
Other adjustments	10,285	7,800
Cash generated from operations	41,781	37,499
Income taxes (paid) / returned	(4,107)	(1,800)
<b>Net cash from operating activities</b>	37,674	35,699
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment, and intangibles	64	-
Dividends received	-	13,000
Repayment of loans granted	102	150
Interest received	1,276	1,241
Disposal of short-term securities	63,431	-
Repayment of finance lease receivables	1,404	1,647
Purchase of property plant and equipment, and intangibles	(8,454)	(4,681)
Acquisition of subsidiaries, associates and jointly controlled entities and other investments in subsidiaries, associates and jointly controlled entities	(2,030)	-
Acquisition of short-term securities	-	(100,000)
Loans granted	(242)	(476)
<b>Net cash used in investing activities</b>	55,551	(89,119)
<b>Cash flows from financing activities</b>		
Interest paid	(2,101)	(2,123)
Other	(35)	(335)
<b>Net cash used in financing activities</b>	(2,136)	(2,458)
<b>Net increase / (decrease) in cash and cash equivalents</b>	91,089	(55,878)
Cash and cash equivalents		
At start of period	308,139	290,806
At end of period	399,228	234,928

**Additional information to unconsolidated financial statements of Agora SA**

In the period from 1 January 2008 to 31 March 2008 the following impairment losses and provisions were changed:

- impairment loss for receivables: increase by PLN 135 thousand,
- impairment loss for financial assets: increase by PLN 1,826 thousand,
- impairment loss for inventory: increase by PLN 2,177 thousand,
- provision for certain and probable losses: increase by PLN 20 thousand.

**Selected unconsolidated financial data together with translation into EURO**

	PLN thousand		EURO thousand	
	Three months ended 31 March 2008	Three months ended 31 March 2007	Three months ended 31 March 2008	Three months ended 31 March 2007
Sales	256,765	254,040	72,178	64,965
Operating profit	12,638	9,313	3,553	2,382
Profit before income taxes	11,607	10,916	3,263	2,792
Net profit	7,276	7,198	2,045	1,841
Net cash from operating activities	37,674	35,699	10,590	9,129
Net cash used in investing activities	55,551	(89,119)	15,616	(22,790)
Net cash used in financing activities	(2,136)	(2,458)	(600)	(629)
Net increase / (decrease) in cash and cash equivalents	91,089	(55,878)	25,605	(14,290)
Total assets	1,483,753	1,447,086	420,827	373,066
Non-current liabilities	157,404	197,383	44,643	50,886
Current liabilities	201,415	150,378	57,126	38,768
Equity	1,124,934	1,099,325	319,058	283,412
Share capital	54,978	54,978	15,593	14,174
Weighted average number of shares	54,977,535	54,977,535	54,977,535	54,977,535
Earnings per share (in PLN / in EURO)	0.13	0.13	0.04	0.03
Book value per share (in PLN / in EURO)	20.46	20.00	5.80	5.16

**Agora Group**

**Notes to the condensed consolidated financial statements for three months ended 31 March 2008**

(all amounts in PLN thousands unless otherwise indicated)

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Warsaw, 15 May 2008

Marek Sowa – President of the Management Board

  
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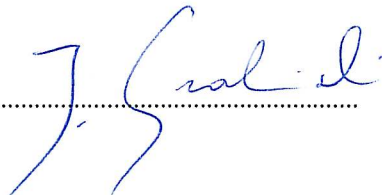
Piotr Niemczycki – Deputy President of the Management Board

  
.....

Zbigniew Bak – Deputy President of the Management Board

  
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Jaroslaw Szalinski – Member of the Management Board

  
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